

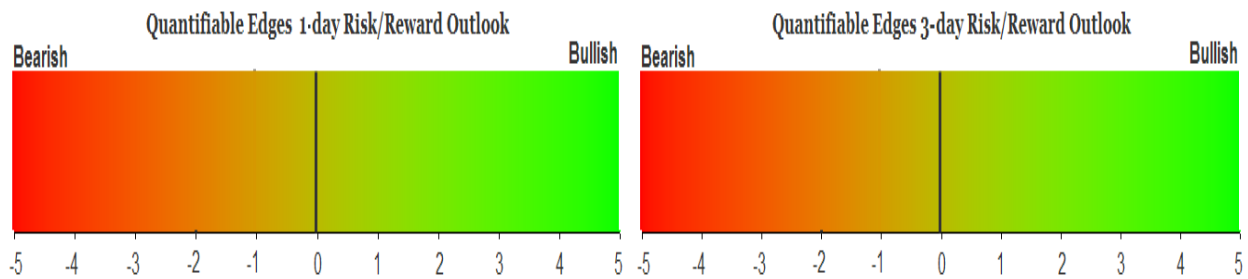
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 5, 2021

Volume 14 Issue 85

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Studies tonight did not show compelling results.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. Evidence points a little lower, but SPX is already oversold.

**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
May 4, 2021	May 1st closes up	1-4 days	Bearish	-2.15%	0.90%	2.20%
April 29, 2021	20-day hi & bottom 10% intraday close	1-6 days	Bullish	1.60%	-1.10%	-2.15%
<b>Active - Long Term</b>						
May 3, 2021	Worst 6 Months	1-6 months	Bearish			
April 22, 2021	% of SPX stocks > 100ma exceeds 94%	int term	Bullish			
July 9, 2020	Golden Cross	int term	Bullish			
March 23, 2020	QE4	int term	Bullish			

**The Evidence**

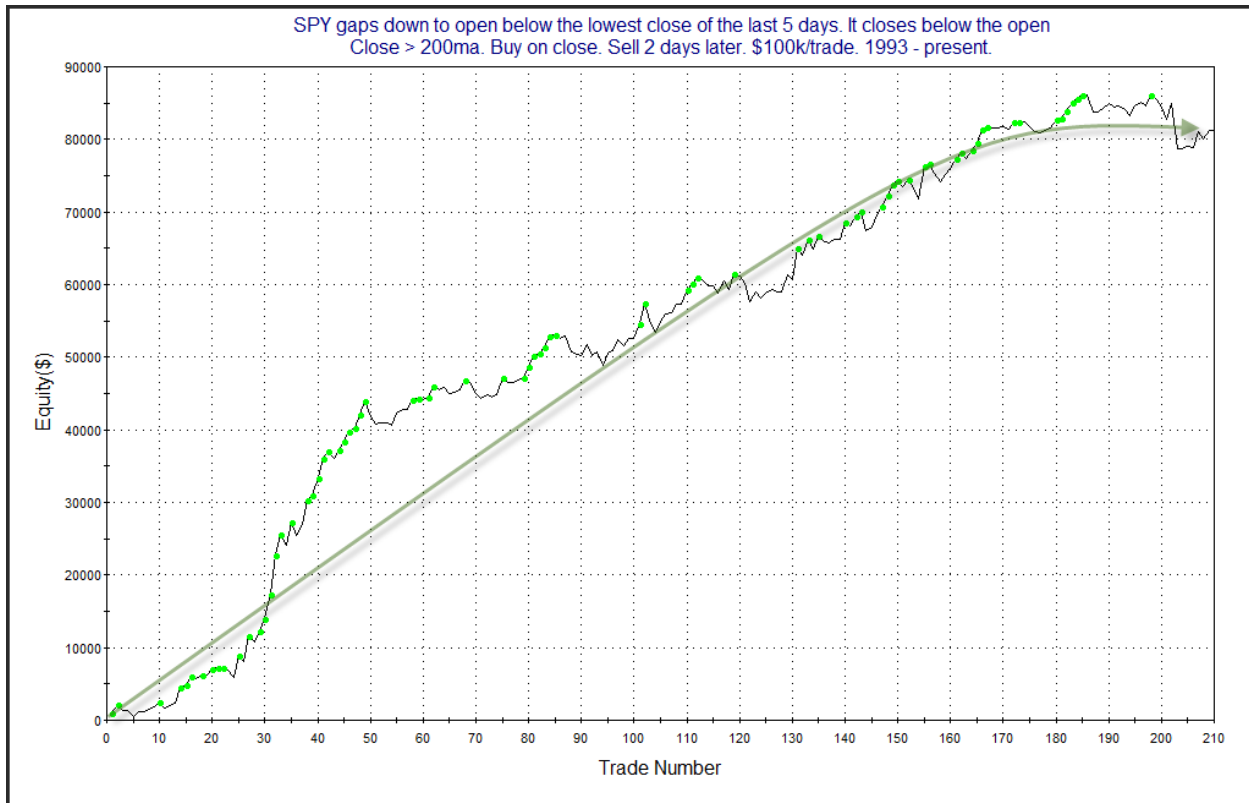
Morning selling was partially reversed in the afternoon on Tuesday. SPX closed down 0.7%, the NASDAQ fell 1.9%, and the Russell 2000 lost 1.3%. Breadth was negative with the NYSE Up Issues % coming in at 43% and the Up Volume % at 36%. NYSE total volume rose some from Monday's level.

Action was interesting in that SPY left an unfilled gap down, and both opened and closed in the top 25% of its intraday range. I looked at other such instances above the 200-day moving average. There were only 6, and they were basically split right down the middle over the next few days as to whether they moved up or down. So...an oddity, but not an edge.

There was a study from the Quantifinder that looked at unfilled gaps down to short-term lows while in a long-term uptrend. It was last seen in the 2/24/20 letter. Unfortunately, the results do not look as compelling as they once did. Below is an updated table.

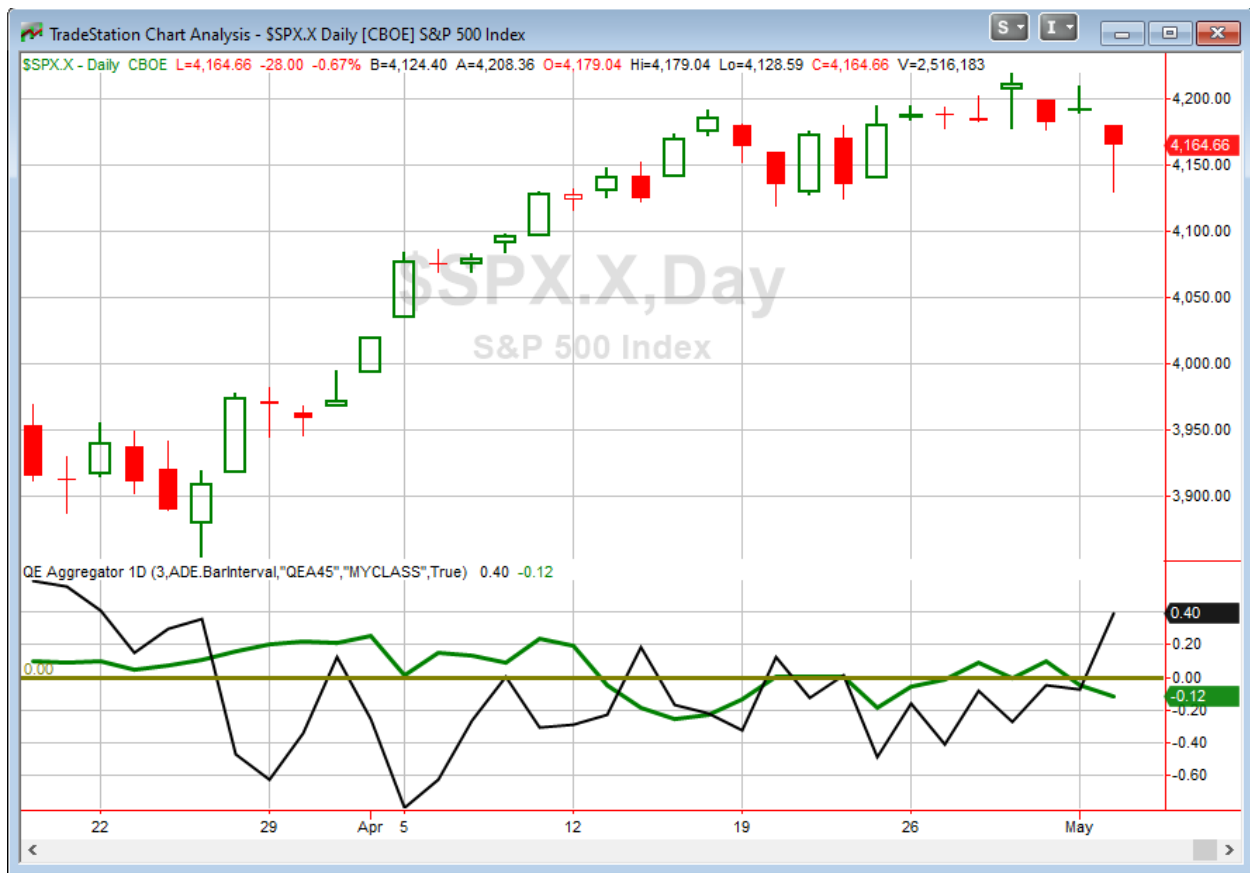
SPY gaps down to open below the lowest close of the last 5 days. It closes below the open Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	115,707.71	179	121	57	67.60	8,239.74	-11,128.78	1,705.92	-1,591.38	1.07	2.28	646.41
4	100,641.45	188	126	62	67.02	5,581.02	-10,755.03	1,594.89	-1,617.97	0.99	2.00	535.33
3	87,643.04	197	120	76	60.91	5,117.85	-6,572.02	1,483.56	-1,189.27	1.25	1.97	444.89
2	81,205.78	210	132	75	62.86	5,477.88	-6,228.17	1,144.34	-931.29	1.23	2.16	386.69
1	55,066.88	229	149	80	65.07	5,764.38	-4,181.76	811.96	-823.94	0.99	1.84	240.47

This would seem to suggest an upside edge over the next few days. But the curves have all flattened out substantially. As an example, the 2-day curve is below.



This curve has not many any real progress over the last 45 instances. The other curves were even worse. Am not inclined to include this study on the active list tonight. In fact, I will not be adding any new studies.

I have updated [the Aggregator chart](#) below.



Without any new studies being added tonight, the green Aggregator line remained below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile the black Differential Line rose above 0. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator signal turned flat at the close.

Based on the current active studies, expectations are slated to remain negative on Wednesday. Of course this could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 4188.91 on Wednesday. That is 0.6% above Tuesday's close. Therefore, SPX would need to close up at least 0.6% on Wednesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is neutral. Evidence is moderately bearish but the SPX is already oversold. This makes for underwhelming reward/risk. And the outlook appears as though it could easily move to bullish or bearish depending how things unfold the next day or so. I'll wait for more clarification and a more favorable reward/risk setup before putting on my next index trade.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 5/3 – neutral*

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

**None**

### ***Broad Market Large Cap CBI – 0***

## **Additional New Trade Ideas**

*A full listing of system triggers can be found at the [numbered systems page](#) each night. I will cherry pick some of my favorite setups from the S&P 100 and ETF lists along with occasional other trade ideas to track below.*

**None tonight.**

## **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
AMGN(1/3)	4/29/2021	\$235.07	\$247.36	5.23%		sell on open
AMGN(1/3)	4/30/2021	\$234.27	\$247.36	5.59%		sell on open

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