

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 19, 2021

Volume 14 Issue 95

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- NDX is threatening a 5th straight down week – something that has not happened since 2012.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but I'd like to see some additional evidence before looking to jump in to a long position.

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
Active - Short Term						
May 17, 2021	2 unfilled up gaps from 20-low	1-7 days	Bullish	2.60%	-0.80%	-1.60%
May 14, 2021	2% dn to 10-low then 1% up	1-5 days	Bullish	3.00%	-1.40%	-2.70%
May 13, 2021	3 dn from 50-high to 10 low	1-8 days	Bullish	2.45%	-1.40%	-3.50%
Active - Long Term						
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
May 17, 2021	Tax Time	1-2 days	Bullish			

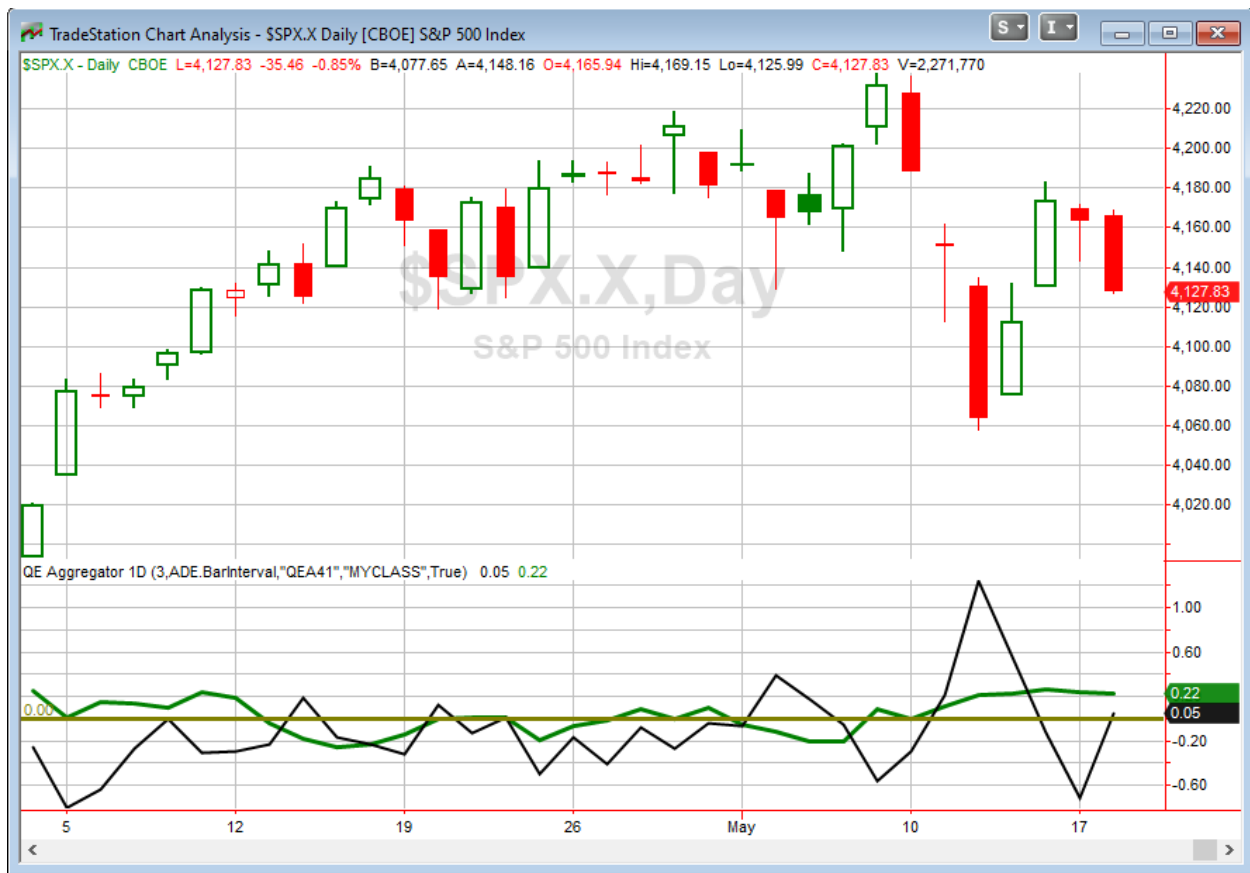
The Evidence

Most of Tuesday was just choppy action, then some big selling came in during the last 15 minutes of the day that took the indices quite a bit lower. SPX finished down 0.85%, the NASDAQ lost 0.6%, and the Russell 2000 dropped 0.7%. Breadth was negative with the NYSE Up Issues % coming in at 45% and the Up Volume % at 41%. NYSE total volume declined some from Monday's level.

With near 1200 studies to check, it is a little unusual that nothing triggered in the Quantifinder. It is especially unusual on a day that the SPX declines as much as it did on Tuesday. But action still appears choppy on the daily chart and SPX is still in the middle-third of its 10-day trading range. So it is not stretched in either direction.

NDX has sold off the 1st two days of this week. It is down 1.3% over the last couple of days. And coming into this week, NDX had closed down 4 weeks in a row. So it will need to rally over the next few days to avoid a 5th straight down week. That might not seem like a big deal, but NDX has not closed down 5 weeks in a row since 2012. So I'll keep an eye on that, and if it happens, I'll evaluate it further this weekend. For tonight I won't be adding any new studies to the active list.

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



With tonight's evidence considered, the green Aggregator line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line moved back above 0. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator signal turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if strong bearish evidence emerges. Meanwhile, the Differential Pivot will be 4202.76 on Wednesday. That is 1.8% above Tuesday's close. Therefore, SPX would need to close up at least 1.8% on Wednesday in order to flip from oversold to overbought vs recent expectations.

The Aggregator is now bullish, but we have not seen any additional evidence over the last two days supporting the bullish narrative. So I am not excited about buying into this based on some studies from last week and a barely-oversold condition. I'll give it another day. Often a 3-day decline will trigger some evidence. So more selling tomorrow could likely get me to look for some SPY exposure on Thursday. I am just not there quite yet.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/17 – neutral

The intermediate-term outlook was last updated in the 5/17/21 Letter. It can be found in the most recent weekly letter on the website.

<http://quantifiableedges.com/current-weekly-letter/>

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.

Current Open Trade Ideas

None.

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