

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 27, 2021

Volume 14 Issue 101

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Narrow-range inside days under similar circumstances have often been followed by a rise the next day.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. I am too.

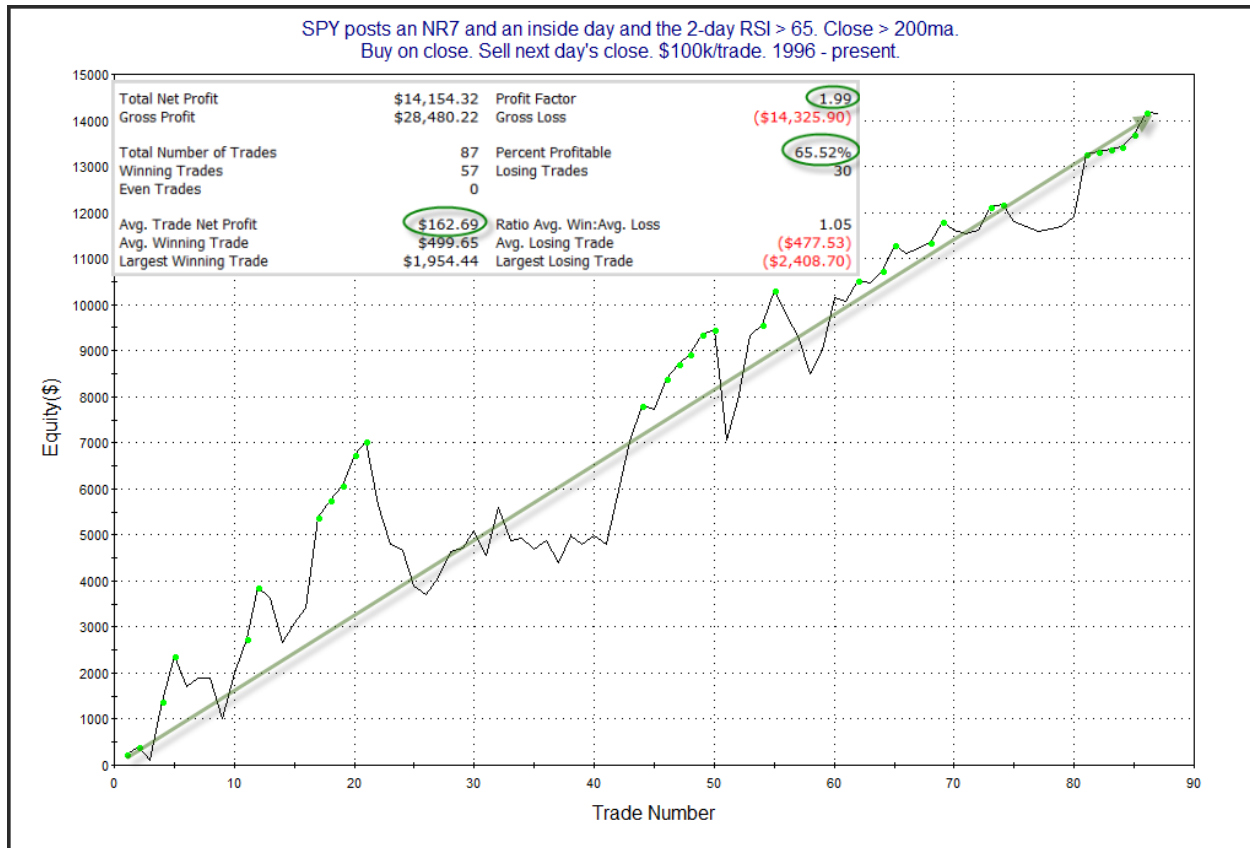
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
May 27, 2021	Narrow range inside day. RSI2 > 65	1 day	Bullish			
<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***

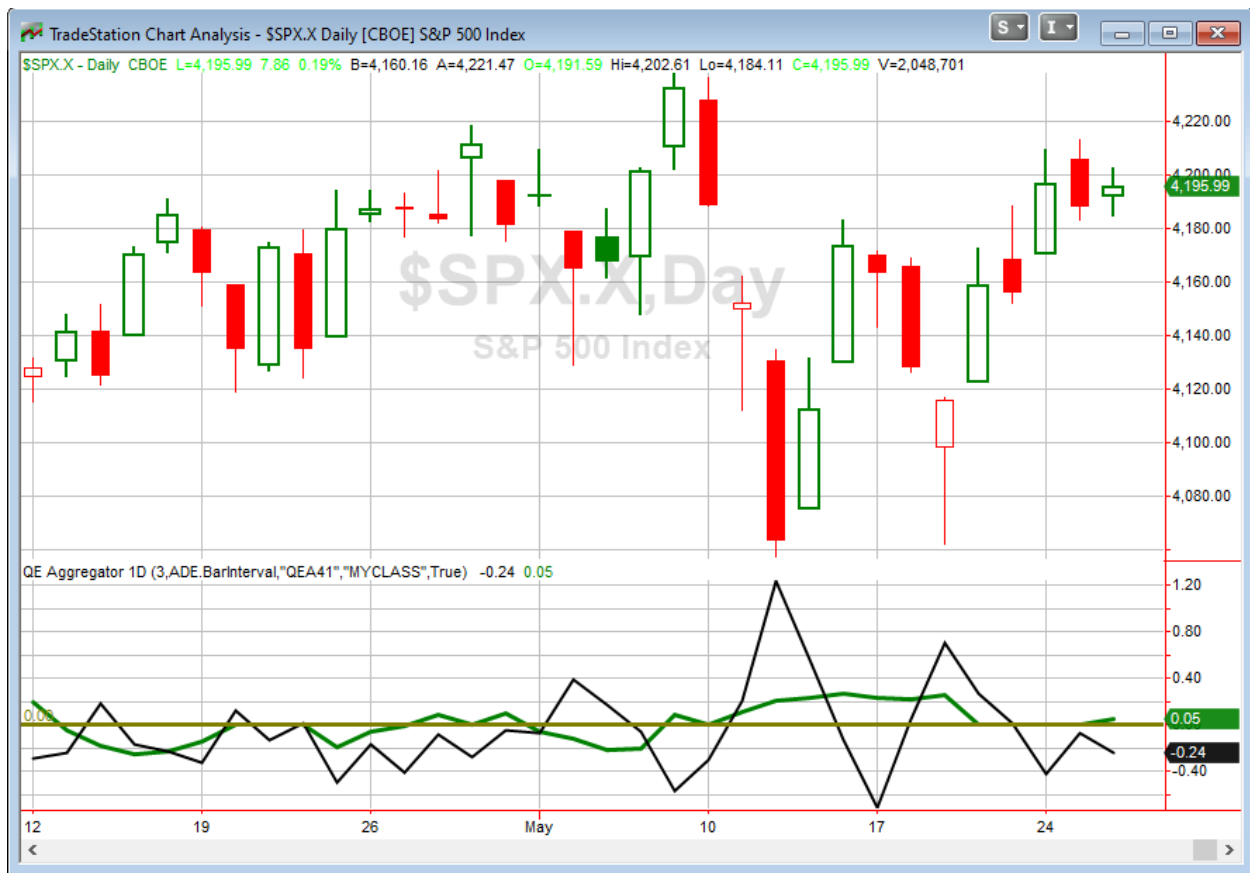
The market reversed direction for the 5<sup>th</sup> day in a row on Wednesday. SPX finished up 0.2%, the NASDAQ gained 0.6%, and the Russell 2000 rallied 2.0%. Breadth was positive with the NYSE Up Issues % coming in at 67% and the Up Volume % at 81%. NYSE total volume rose some from Tuesday’s level.

The mild up day triggered a study that I have not featured in a long time. Back in the 8/4/10 letter I looked at narrow-range inside days that occur when the market is short-term overbought. “Narrow range” in this case looks for an NR7 day. That is a day where the high to low range is the smallest of the last 7 days. Tony Crabel wrote about these days many years ago. An “inside day” is a day that has a lower high and a higher low than the previous day. NR7s and Inside Days are two ways to suggest the market action was quiet. Below is an updated look at that old study.



There has certainly been some choppiness along the way, but this curve has made its way from lower left to upper right over an extended period of time and a good number of instances. I think it is worth some consideration and have added it to the Active List tonight.

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



With tonight's study considered, the green Aggregator line moved above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line closed below 0. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines fail to close on the same side of zero. Therefore, the Aggregator signal stayed flat at the close.

With the active studies list so small, expectations over the next few days will be largely dependent on any new evidence that emerges. Meanwhile, the Differential Pivot will be slightly inverted at 4197.03 on Tuesday. That is about a point *above* Wednesday's close. This means that the Differential Line will rise above zero on any SPX down close, and will finish below zero if SPX rises much over 1 point.

So we have a little short-term evidence suggesting some upside follow through is likely tomorrow. But the Aggregator overall remains neutral. There is still not a compelling edge, and I intend to exercise patience until there is.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 5/24 – neutral***

The intermediate-term outlook was last updated in the 5/24/21 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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