

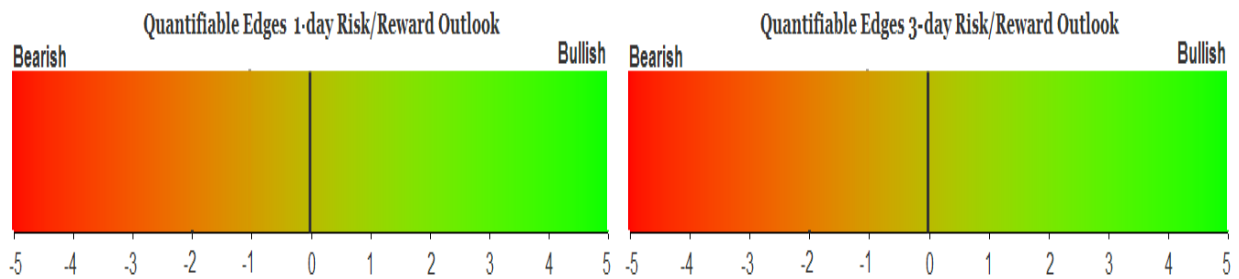
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 14, 2021

Volume 14 Issue 133

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- When SPX has posted a 20-day high and a poor close in the past it has typically led to more gains.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Me 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
Active - Short Term						
July 14, 2021	SPX 20-high & close btm 10% daily rng	1-6 days	Bullish	1.60%	-1.10%	-2.10%
Active - Long Term						
July 8, 2021	Russell btm 25% 20-day rng. SPX top 25%	1- 40 days	Bullish			
July 6, 2021	SPX 200 hi. Mc Osc < 0 12 days in row	1-45 days	Bearish	-6.50%	2.45%	4.50%
July 2, 2021	SPX RSI2 > 99	1-15 days	Bullish	2.30%	-1.50%	-3.00%
June 28, 2021	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.40%	-8.80%
June 14, 2021	NASDAQ leading	int term	Bullish			
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)						
July 12, 2021	SPX up 1%. Lowest volume 20 days	1-2 days	Bearish			
July 8, 2021	Russell 2000 dn 3 days. SPX 3-day high	1-4 days	Bullish			
July 8, 2021	SPX 50-high. VXX 5-high.	1-4 days	Bearish			

The Evidence

Tuesday was marked by afternoon selling that left all the indices lower. The SPX finished down 0.35%, the NASDAQ declined 0.4%, and the Russell 2000 tumbled 1.9%. Breadth was negative with the NYSE Up Issues % coming in at 24.9% and the Up Volume % at 24.6%. NYSE total volume declined some from Monday's level.

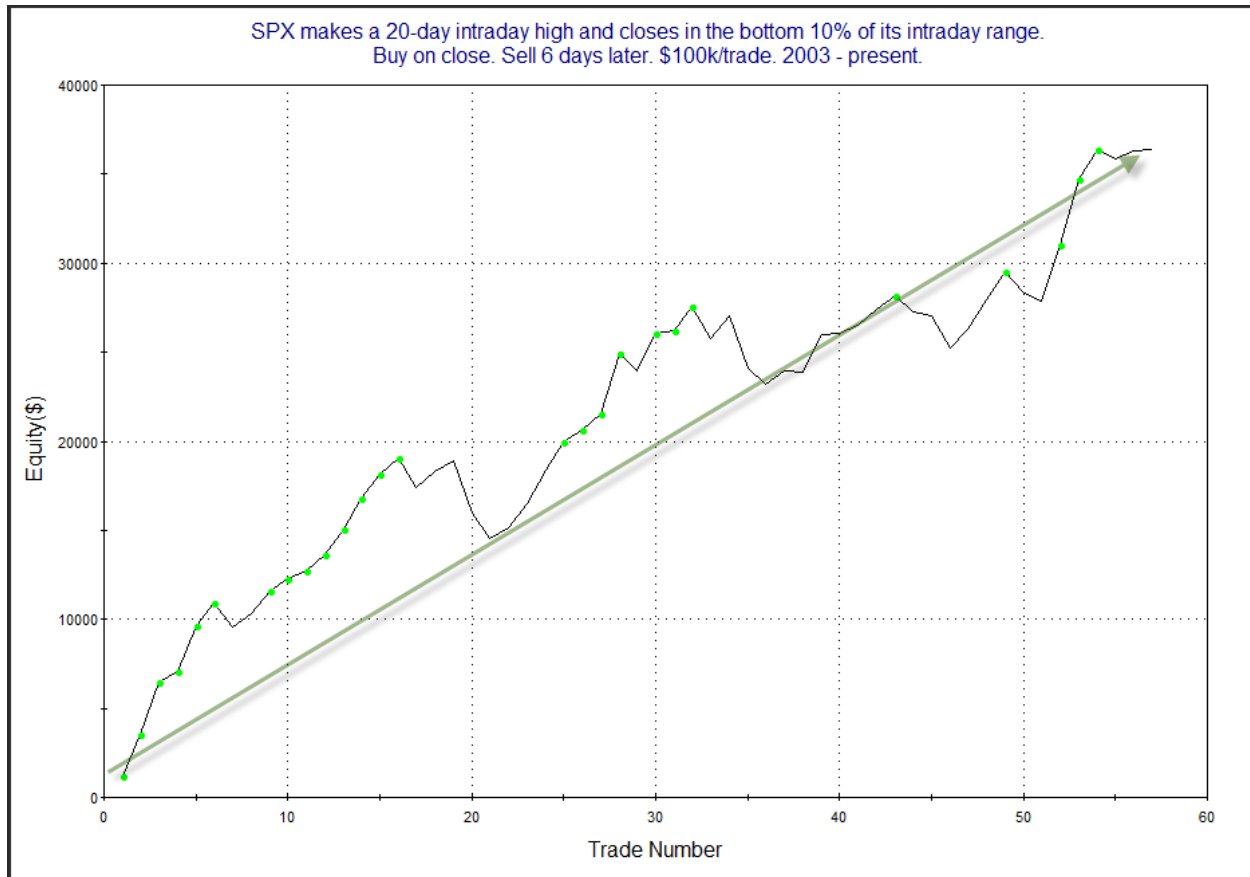
Before the afternoon decline, the SPX managed to make a new 20-day intraday high. The new high followed by a poor and downward close triggered the study below, which was last seen in the 6/10/21 subscriber letter. Results are all updated.

SPX makes a 20-day intraday high and closes in the bottom 10% of its intraday range.
Buy on close. Sell X days later. \$100k/trade. 2003 - 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
10	46,609.28	54	40	14	74.07	4,119.18	-3,210.80	1,715.47	-1,572.11	1.09	3.12	863.13
9	46,162.61	54	40	14	74.07	3,613.36	-3,775.10	1,666.55	-1,464.24	1.14	3.25	854.86
8	44,671.54	55	42	13	76.36	4,483.84	-3,803.24	1,609.74	-1,764.42	0.91	2.95	812.21
7	36,388.16	56	42	14	75.00	3,761.94	-4,159.32	1,459.76	-1,780.13	0.82	2.46	649.79
6	36,351.48	57	42	15	73.68	3,703.30	-2,942.40	1,320.89	-1,275.05	1.04	2.90	637.75
5	25,244.62	57	39	18	68.42	4,377.84	-3,566.84	1,082.23	-942.35	1.15	2.49	442.89
4	17,646.49	59	38	21	64.41	5,024.25	-2,332.44	1,021.62	-1,008.34	1.01	1.83	299.09
3	14,981.60	59	37	22	62.71	3,368.93	-3,384.50	895.41	-824.94	1.09	1.83	253.93
2	15,962.14	59	34	25	57.63	3,288.48	-1,575.22	874.23	-550.47	1.59	2.16	270.54
1	10,539.91	60	39	21	65.00	2,588.08	-2,471.25	571.69	-559.81	1.02	1.90	175.67

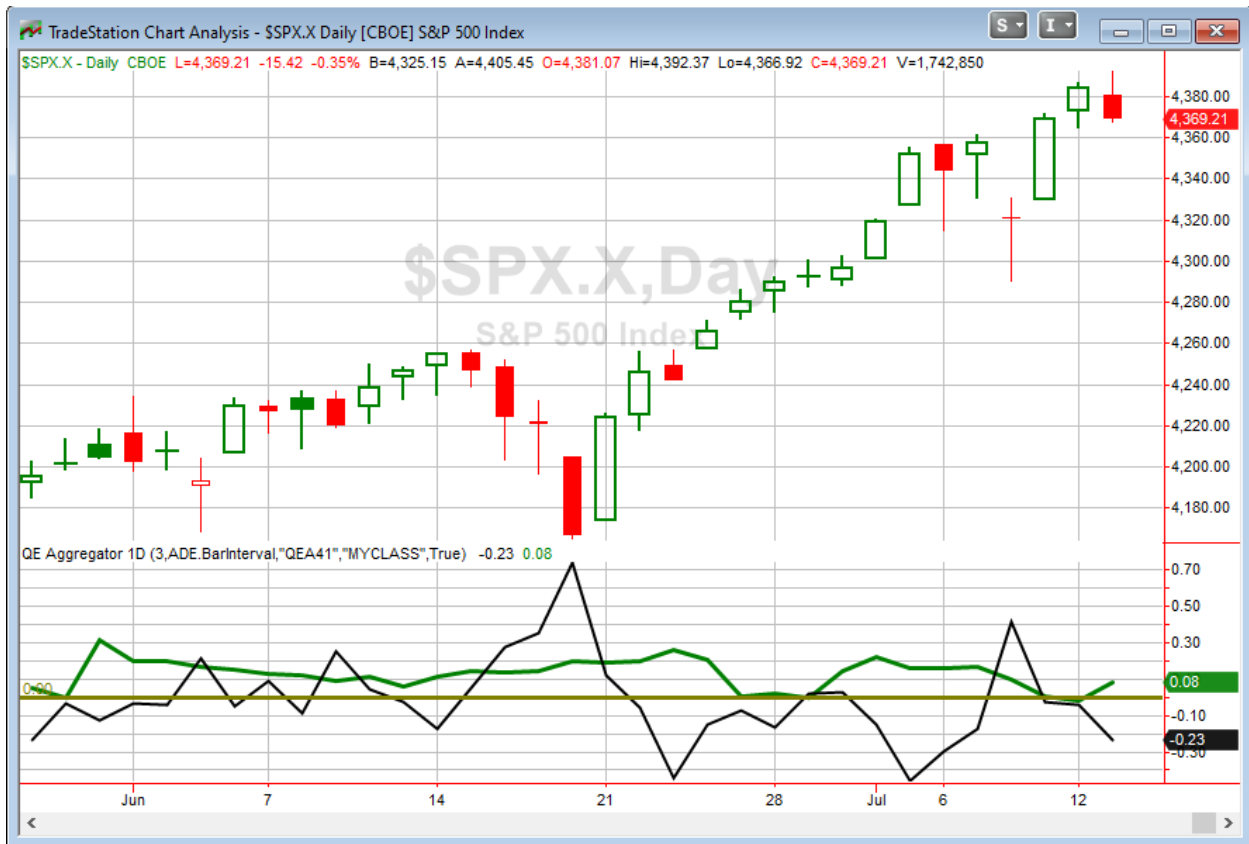
57 of 60 instances (95%) closed above the entry price at some point in the next 5 days. The failures triggered on 12/30/04, 12/31/04, and 1/26/21.

Results here seem to suggest an upside edge. Below is the profit curve for the 6-day holding period.



The curve shows a strong, persistent move from lower left to upper right. And with such a high percentage of instances closing higher at some point, this study looks appealing. I have added it to the active list.

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



With tonight's evidence considered, the green Aggregator Line rose back above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained under 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 close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current active list, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at 4381.35* on Wednesday. That is 0.3% *above* Tuesday's close. An inverted pivot means

that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up at least 0.3% in order to remain overbought vs recent expectations. Anything less than that and SPX will be considered oversold as of Wednesday's close.

The Aggregator is neutral. With evidence mildly bullish, the market moderately overbought, and the Differential Pivot inverted, we still don't seem to have a great reward/risk setup. I'll remain patient and alert. PPI numbers come out in the morning and Powell is talking at noon. These could both offer opportunities for the market to react strongly, and that could create a more favorable edge to play perhaps on Thursday or Friday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/12 – somewhat bullish

The intermediate-term outlook was last updated in the 7/12 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 tonight.

Current Open Trade Ideas

None

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