

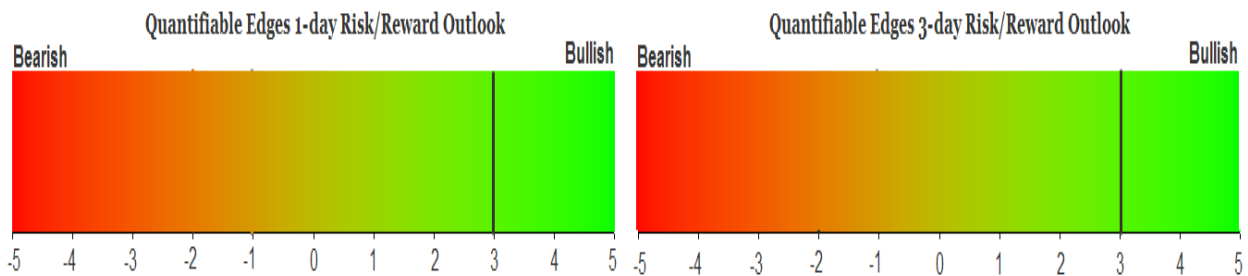
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 20, 2021

Volume 14 Issue 137

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

### *Short-term Outlook*

#### *The Bottom Line*

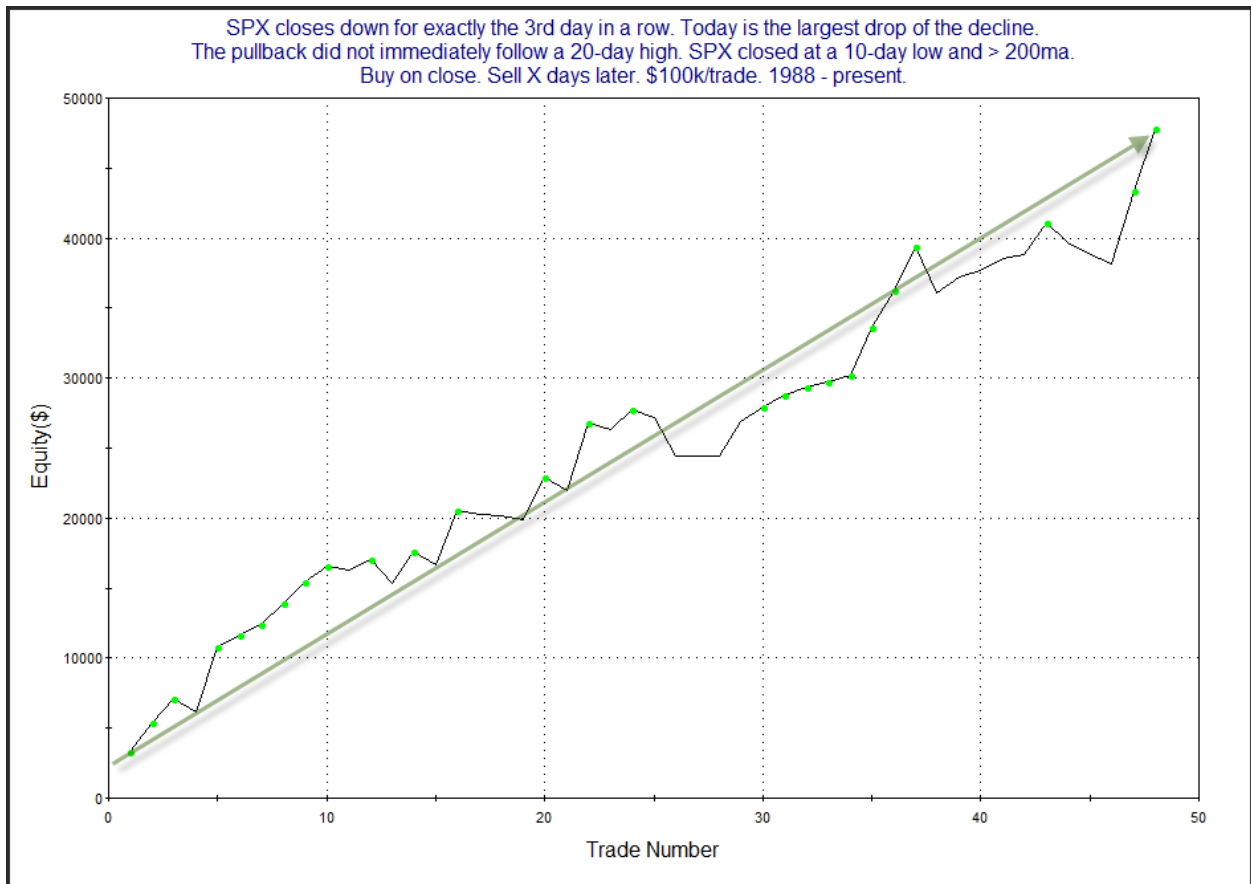
The Aggregator is bullish. The market appears oversold and primed for a bounce.

### The Evidence

Whenever I go on vacation the market seems to go haywire. I always hope for quiet days so I can keep the research brief. Next vacation I will buy some straddles before I leave. That way, either I get to enjoy my vacation, or the market pays me extra for hassling me while I'm away. The most compelling studies I found tonight are shown below. Few comments in this abbreviated report.

SPX closes down for exactly the 3rd day in a row. Today is the largest drop of the decline.  
The pullback did not immediately follow a 20-day high. SPX closed at a 10-day low and > 200ma.  
Buy on close. Sell X days later. \$100k/trade. 1988 - present.

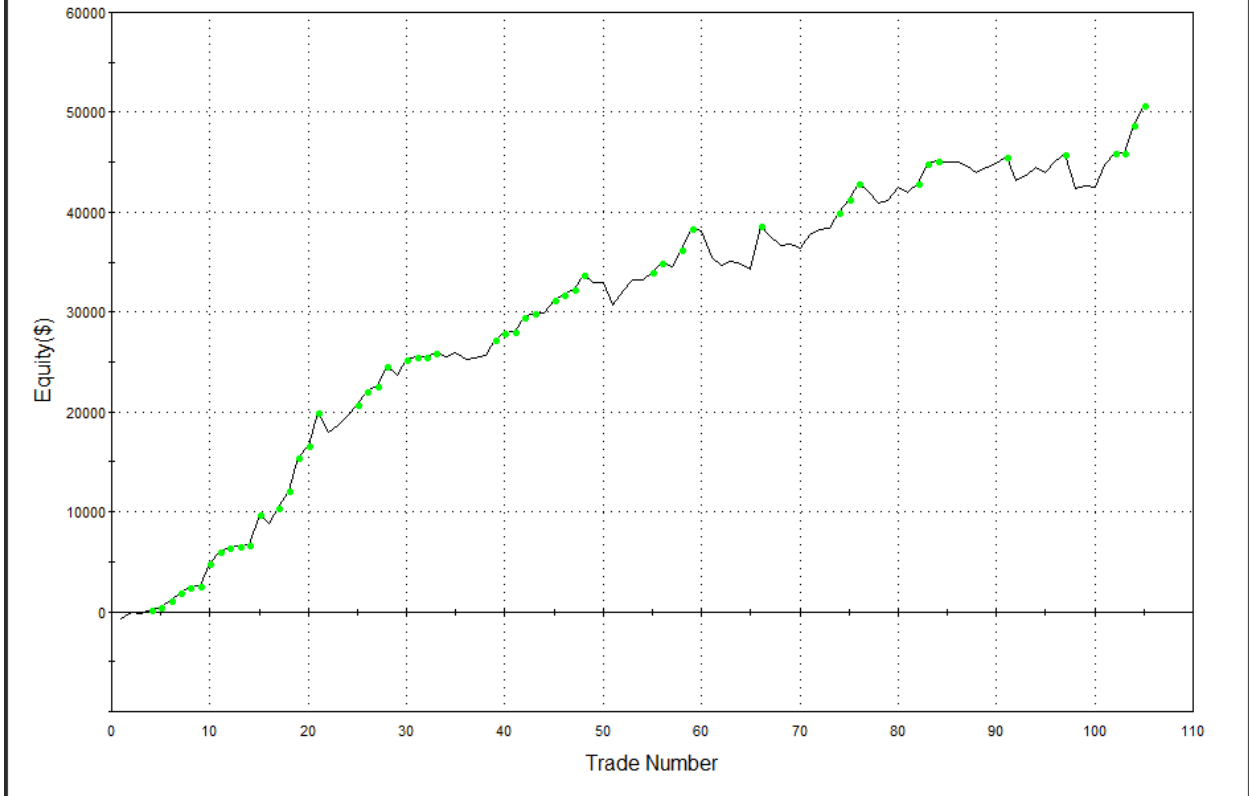
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	47,782.34	48	31	17	64.58	5,172.30	-3,385.80	2,042.47	-913.77	2.24	4.08	995.47
4	36,268.11	49	33	16	67.35	4,731.13	-3,863.84	1,740.37	-1,322.75	1.32	2.71	740.17
3	29,949.60	49	31	18	63.27	3,940.55	-4,464.88	1,589.17	-1,073.04	1.48	2.55	611.22
2	27,745.65	49	31	18	63.27	3,744.45	-7,559.56	1,312.83	-719.56	1.82	3.14	566.24
1	15,566.50	49	34	15	69.39	2,503.90	-1,814.24	779.09	-728.16	1.07	2.43	317.68



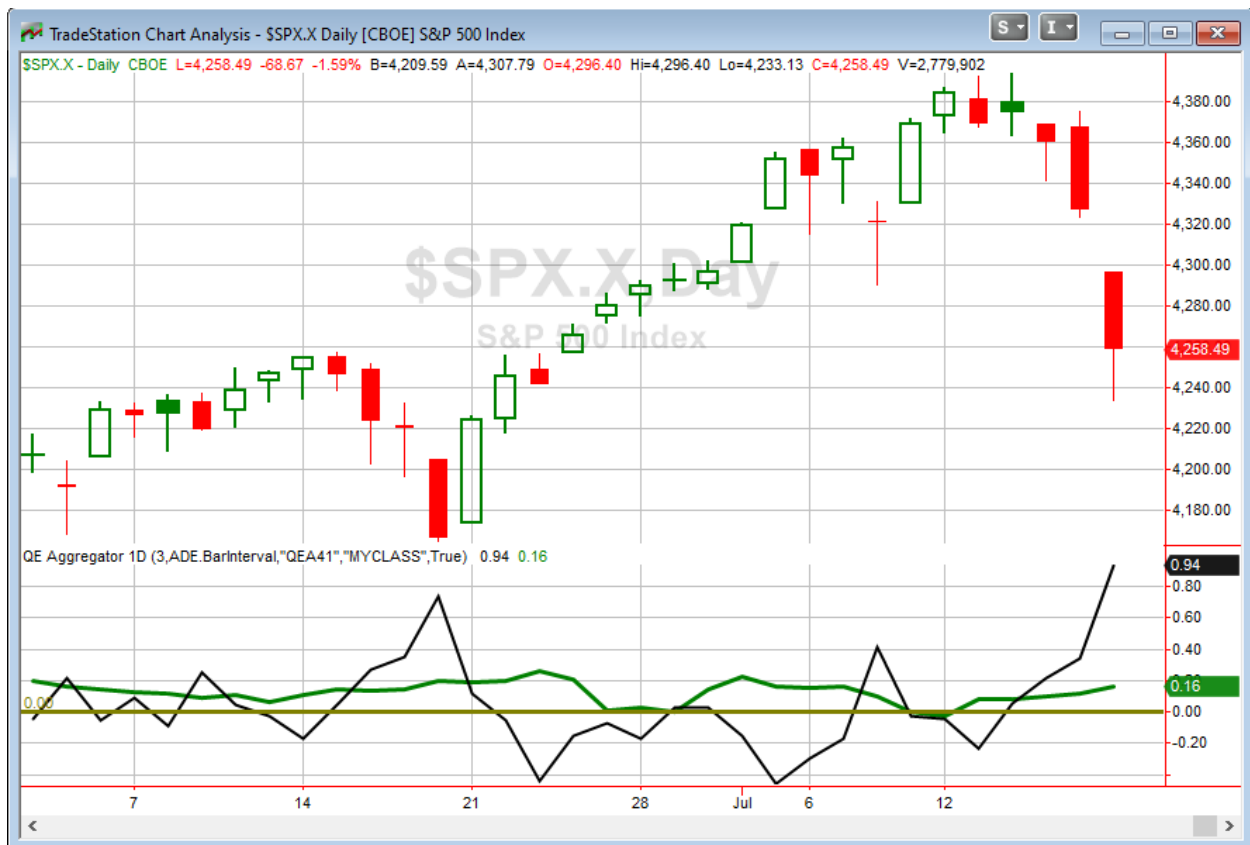
Yesterday SPY closed at a 5-day low (but not a 20-day low). Today it gapped down and closed below the open. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

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	77,871.12	102	71	30	69.61	5,165.28	-5,063.85	1,632.95	-1,268.95	1.29	3.05	763.44
4	43,547.05	102	69	33	67.65	4,647.50	-8,109.60	1,434.92	-1,680.69	0.85	1.79	426.93
3	47,499.23	104	66	37	63.46	4,290.00	-7,722.10	1,437.78	-1,280.93	1.12	2.00	456.72
2	50,687.67	105	75	30	71.43	4,305.42	-3,385.20	1,027.29	-878.63	1.17	2.92	482.74
1	28,786.58	109	76	33	69.72	2,143.68	-4,181.76	775.15	-912.88	0.85	1.96	264.10

Yesterday SPY closed at a 5-day low (but not a 20-day low). Today it gapped down and closed below the open. Close > 200ma. Buy on close. Sell 2 days later. \$100k/trade. 1993 - present.



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



With tonight's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained 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 formation stayed long at the close.

Based on the current active list, expectations are set to remain positive on Tuesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 4369.49 on Tuesday. That is 2.6% above Monday's close. Therefore, SPX will need to close up over 2.6% if it is to flip from oversold to overbought vs recent expectations on Tuesday afternoon.

We are quite oversold on a short-term basis and I am seeing evidence that a bounce is likely. But we have had some bullish studies get run over the last couple of days. So a bit of caution is warranted. I have 2 lots of SPY on now. I won't look to add a 3<sup>rd</sup> on Tuesday, but I likely would Wednesday morning if the market continues to sell off and we see more bullish evidence build up. There was one Catapult that triggered on Tuesday, which I have listed down below.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 7/19 – somewhat bullish*

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

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

*New*

WBA – 1/3 @ \$45.58 (buy @ limit)

### ***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.*

**WBA – Buy 1/3 Catapult position @ \$45.58 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots for WBA.

## **Current Open Trade Ideas (I'll do a spreadsheet with prices tomorrow night)**

SPY – ¼ position from Friday's close.

SPY – ¼ position from Monday's close

LRCX – Long from Monday's open

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