

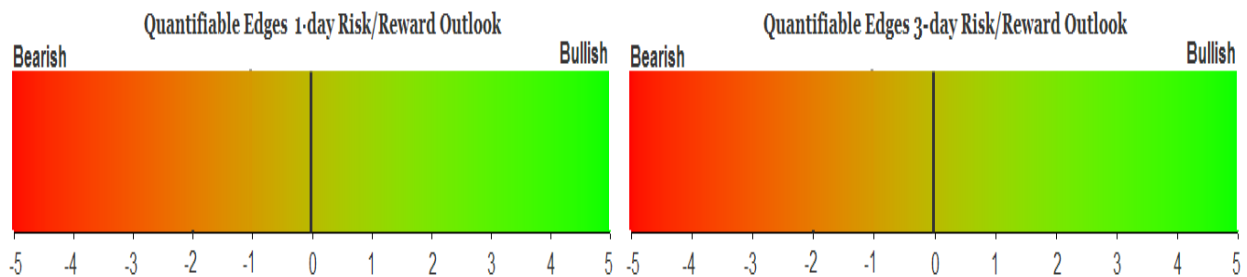
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 26, 2021

Volume 14 Issue 141

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Friday did not trigger anything in the way of new, compelling evidence.
- The Seasonality Calendar for SPX does not look great for the next 4 weeks.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am neutral as well.

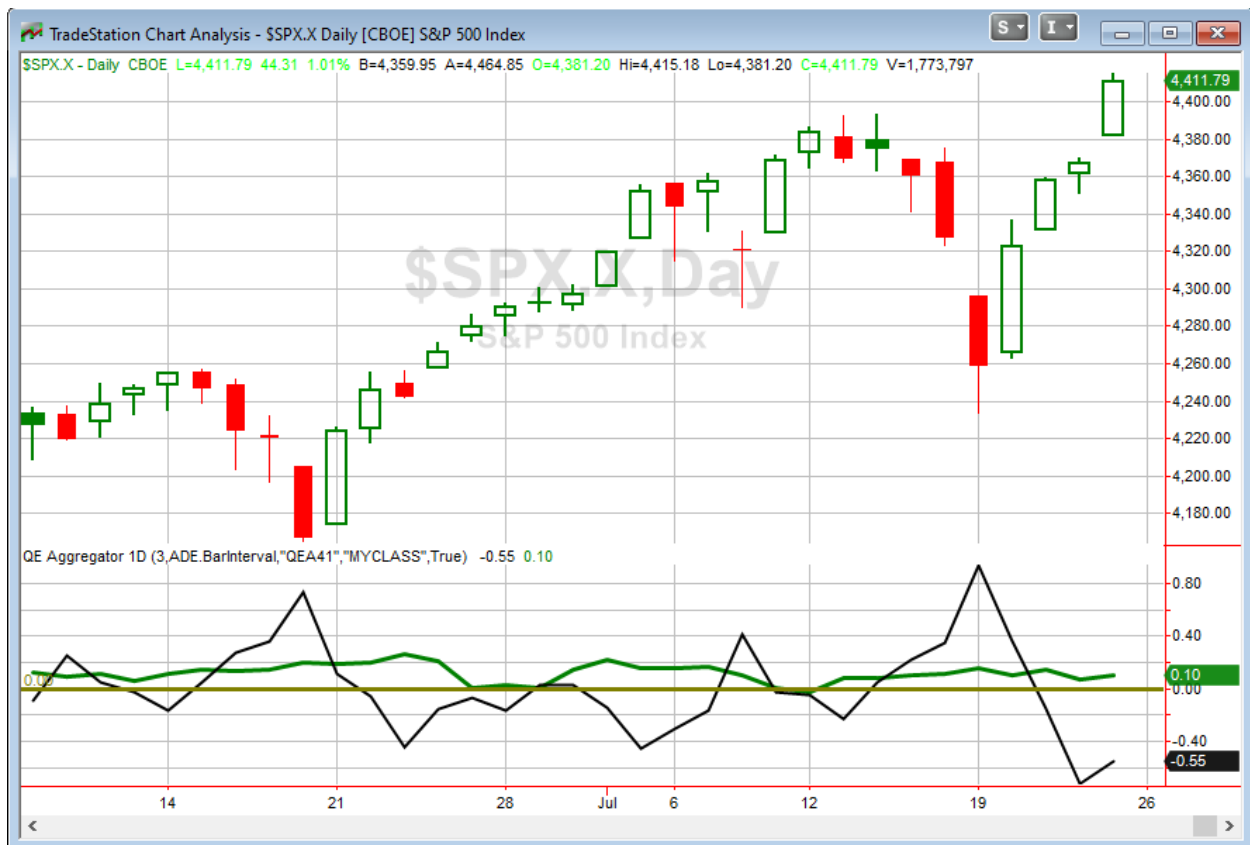
The Evidence

Friday was a rally day. The SPX rose 1.0%, the NASDAQ gained 1.0%, and the Russell 2000 climbed 0.5%. Breadth was mixed with the NYSE Up Issues % coming in at 62% and the Up Volume % at 39%. NYSE total volume rose some from Wednesday's level.

The letter is abbreviated this weekend. So below are bullet points I am considering as we move into the week.

- There were no compelling studies from the Quantifinder (that were not recent repeats) that triggered on Friday.
- SPX has rebounded strongly the last 4 days, and is quite overbought as you'll see below in the Aggregator chart.
- The poor volume breadth was highly divergent from the positive advance/decline breadth. This was partially thanks to some strong selloffs in Chinese ADRs. The advance/decline breadth seems to better represent market action on Friday.
- There is certainly potential for volatility this upcoming week. We have several earnings reports from large tech companies that are due. These include AAPL, FB, MSFT, AMZN, and GOOGL – most of the heavy hitters. Additionally, Wednesday is a Fed Day, which could become a volatility event on its own.
- Seasonality looks weak both this upcoming week, and beyond.

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



Once again 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 below 0. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is strongly 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 stayed flat at the close.

Based on the current active list, expectations are set to remain positive on Monday. This could certainly change if compelling bearish evidence emerges. Meanwhile, the Differential Pivot will be 4376.35 on Monday. That is 0.8% below Friday's close. Therefore, SPX will need to close down about 0.8% if it is to flip from overbought to oversold vs recent expectations on Monday afternoon.

Friday changed nothing for me. Expectations remain mildly positive, but the market is clearly overbought in the short-term. So reward/risk does not appear strongly favorable. The Aggregator is neutral and so am I. I will wait for a better setup before putting money back to work.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/26 – somewhat bullish

Combo #1	Combo #2	Combo #3
Flat	Long	Long

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 3 can be either flat or long. None of them look to short. More information on these signals can be found in the [Quantifiable Edges Market Timing Course](#), which is included with all annual subscriptions. Detailed descriptions of these combination approaches [can be found in Lesson 8](#). Subscribers may also download detailed hypothetical historical performance reports covering 12/31/71 – 3/7/14 in [Lesson 11, Course Downloads](#). (You must go through the course first in order to access the Downloads.) *This week there was no change to the combo systems.*

The major averages posted solid returns this past week. The SPX rose 2.0%, the NASDAQ gained 2.8%, and the Russell 2000 climbed 2.15%. The SPX and NASDAQ both closed at all-time highs on Friday, so the uptrend is clearly intact at this point.

Below is the July Seasonality Calendar, and the preliminary Calendar for August.

This week's action did not have a big impact on my intermediate-term view. Evidence is mixed but still seems to be leaning bullish. The trend is up and momentum is favorable. The leading NASDAQ is also a positive. Lastly for the bulls, the Fed's continued pumping should remain a massive plus for a while longer. Bears can point to the weak intermediate-term seasonality. Breadth has not been good, and we have seen mixed studies with regards to that. Overall, I still give the bulls the edge for the time being. This means that I will remain more cautious with short-side trades than long trades.

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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