

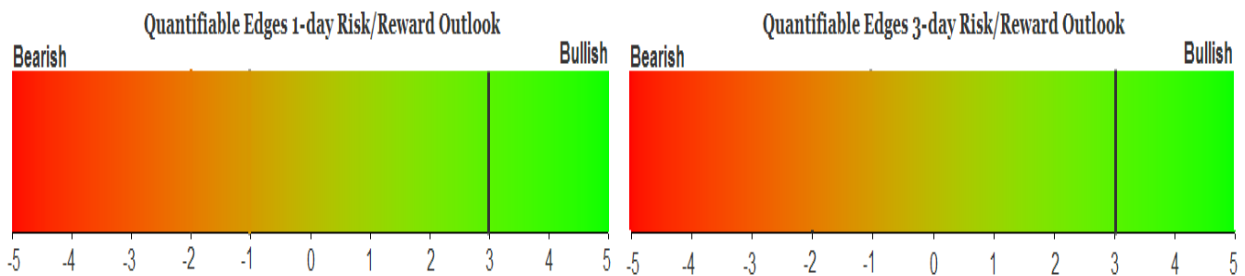
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 3, 2021

Volume 14 Issue 147

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Weak closes at 5-day lows often lead to a bounce – especially heading into a “Turnaroud” Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I believe there is good chance we see a bit of a bounce in the coming days.

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						
August 3, 2021	5-low bottom range on Monday > 200	1-5 days	Bullish	2.10%	-1.05%	-2.15%
July 29, 2021	Fed Day. SPX down 2+ days	1-6 days	Bullish			
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%
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)						
August 2, 2021	Weak afternoon to end month on Fri	1 day	Bullish			
July 27, 2021	1st down day after 5 up to 50-high	1-4 days	Bullish	1.10%	-0.80%	-1.65%
July 23, 2021	SPX up. Up Vol % < 40%. SPX > 200	1-7 days	Bullish	1.80%	-1.10%	-2.20%

The Evidence

Monday started well but finished mixed. The SPX closed down 0.2%, the NASDAQ rose 0.1%, and the Russell 2000 declined 0.5%. Breadth was negative with the NYSE Up Issues % coming in at 46% and the Up Volume % at 43%. NYSE total volume declined some from Friday's level.

There were some studies that appeared in the Quantifinder tonight that considered 1) SPX closed poorly and at a short-term low, and 2) "Turnaround" Tuesday is coming up. The study below was last seen in the 12/3/19 letter, and it combined all these concepts. Stats are all updated.

SPX closes in the bottom 10% of its daily range and at a 5-day low. Close > 200ma. It is Monday. 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	59,612.07	49	41	8	83.67	7,070.28	-3,720.99	1,730.21	-1,415.81	1.22	6.26	1,216.57
4	43,713.80	49	40	9	81.63	5,187.49	-3,019.20	1,455.38	-1,611.26	0.90	4.01	892.12
3	33,415.67	49	34	15	69.39	5,339.18	-3,515.67	1,434.62	-1,024.10	1.40	3.18	681.95
2	28,103.61	49	33	16	67.35	4,809.66	-2,261.76	1,220.97	-761.78	1.60	3.31	573.54
1	26,954.27	49	37	12	75.51	5,117.46	-1,611.03	887.40	-489.96	1.81	5.58	550.09

These numbers are quite impressive from day 1. And 1 week out they are very strong. Below is a look at the 1-day and 5-day profit curves.



The strong and steady upslopes serve as some confirmation of the upside edge suggested by the stats table. I have added this study to the Active List tonight.

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



With today'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 also 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 could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4435.78 on Tuesday. That is 1.1% above Monday's close. So SPX will need to close up at least 1.1% on Tuesday in order to flip from oversold to overbought vs recent expectations.

So there appears to be an upside edge. Evidence continues to point higher, and SPX is becoming more oversold. So I again like the long side. I have one lot of SPY already. A 2nd potential entry did not fill on Monday, with SPY closing 9 cents above the limit price. I'll try again to get a fill on Tuesday. I like the odds and reward/risk appears favorable.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/2 – somewhat bullish

The intermediate-term outlook was last updated in the 8/2 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.

SPY – Buy ¼ index position @ \$437.50 LIMIT. Based on the short-term outlook above, I will look to add to my SPY position if I can get a decent fill on Tuesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	7/30/2021	\$438.51	\$437.59	-0.21%		Aggregator

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