

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 8, 2021

Volume 14 Issue 172

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Tuesday was the 1st time SPY closed at a 5-day low in a while, while still closing above its 10ma. That has typically meant a bounce in the next several days.

Short-term Outlook

The Bottom Line

Bullish evidence is building and the SPX is short-term oversold. I believe there is a moderate upside edge for the short-term.

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						
September 8, 2021	1st 5-low in 10 days. Close > 10ma	1-5 days	Bullish	1.50%	-1.10%	-2.30%
September 7, 2021	Rally into Labor Day week	1-4 days	Bearish	-1.60%	1.00%	2.00%
September 3, 2021	20-high and partial reversal	1-5 days	Bullish	1.60%	-0.70%	-1.30%
Active - Long Term						
August 30, 2021	NASDAQ Leading	int term	Bullish			
July 6, 2021	SPX 200 hi. Mc Osc < 0 12 days in row	1-45 days	Bearish	-6.50%	2.45%	4.50%
May 3, 2021	Worst 6 Months	1-6 months	Bearish			
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)						
September 3, 2021	20-high and partial reversal	1-2 days	Bullish			

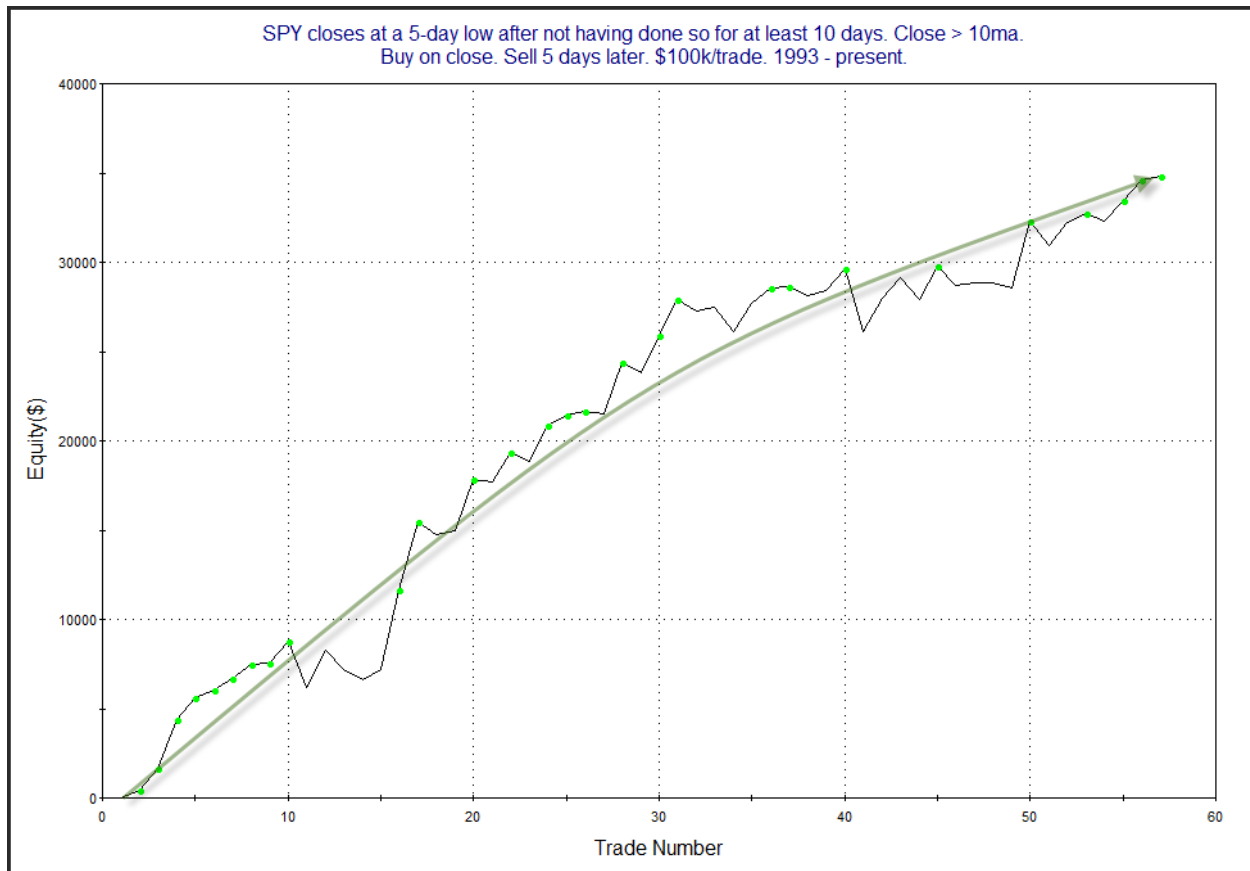
The Evidence

Tuesday was another mixed day. The SPX lost 0.3%, the NASDAQ gained 0.1%, and the Russell 2000 declined 0.7%. Breadth was mixed with the NYSE Up Issues % coming in at 31% and the Up Volume % at 54%. NYSE total volume rose some from the last few days.

Tuesday's action caused SPY to close in an interesting position. Traders could look at the chart and say it is "short-term oversold" due to the fact that it closed at a 5-day low. They might also say it is "short-term overbought" since it closed above its 10-day moving average. I have found that edges often arise when something is short-term overdone in one timeframe, but overdone in another direction in another timeframe. The study below looks at the current discrepancy. It was last seen in the 7/16/21 letter and has been updated.

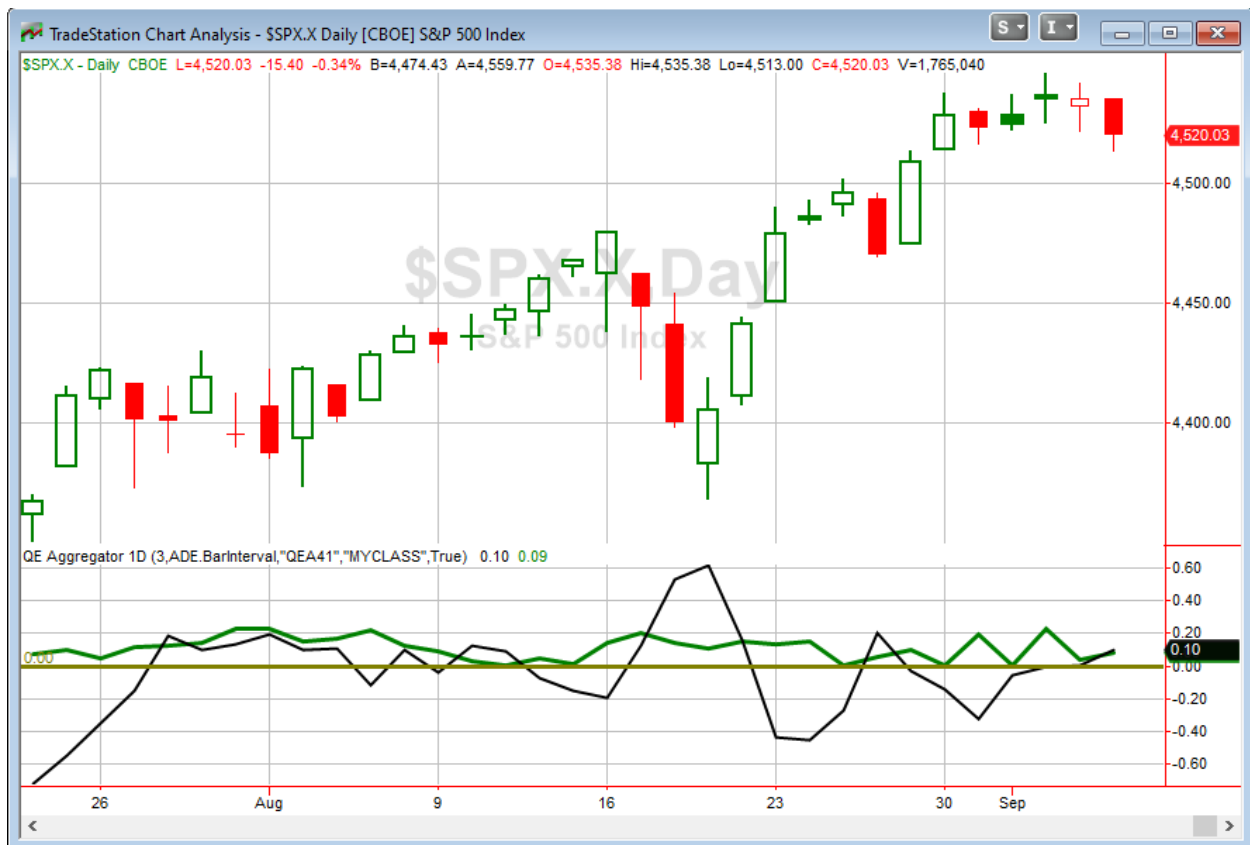
SPY closes at a 5-day low after not having done so for at least 10 days. Close > 10ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	34,803.04	57	38	19	66.67	4,496.34	-3,570.00	1,352.50	-873.25	1.55	3.10	610.58
4	29,348.52	57	37	20	64.91	3,240.45	-2,475.20	1,240.29	-827.11	1.50	2.77	514.89
3	23,830.15	57	39	18	68.42	3,452.40	-3,393.78	1,094.74	-1,048.03	1.04	2.26	418.07
2	13,190.90	57	35	22	61.40	3,809.72	-3,737.28	975.22	-951.91	1.02	1.63	231.42
1	6,094.73	57	32	25	56.14	2,225.48	-3,909.03	708.89	-663.59	1.07	1.37	106.93

Results here suggest a solid edge over the next 1-5 days. Below is the 5-day profit curve.



The strong and persistent upslope is impressive, and serves as some confirmation of the bullish edge suggested by the numbers. I have added this study to the Active List tonight.

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



With tonight's evidence considered, the green Aggregator Line moved a little further above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also rose further 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 list of active studies, expectations are set to remain positive on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4556.27 on Wednesday. That is 0.8% above Tuesday's close. Therefore, SPX will need to close up at least 0.8% on Wednesday if it is to flip from oversold to overbought vs recent expectations.

So the Aggregator formation is bullish for the 2nd day. But now the setup is a bit more appealing. We are seeing some confirming evidence suggesting a bullish edge. There is also ample room to the upside for profit opportunity before the bullish Aggregator signal would turn neutral or short. While I would find a deeper pullback a bit more appealing, this seems like a reasonable spot to start scaling into a long SPY position.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/7 – somewhat bullish

The intermediate-term outlook was last updated in the 9/7 Letter. It can be found [in the most recent weekly letter](#) on the website.

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 @ \$451.50 LIMIT. Based on the short-term section above, I will look to start scaling into an index position if SPY manages any kind of dip on Wednesday.

Current Open Trade Ideas

None

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Michigan, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360, LLC. ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2021 Quantifiable Edges, LLC.