

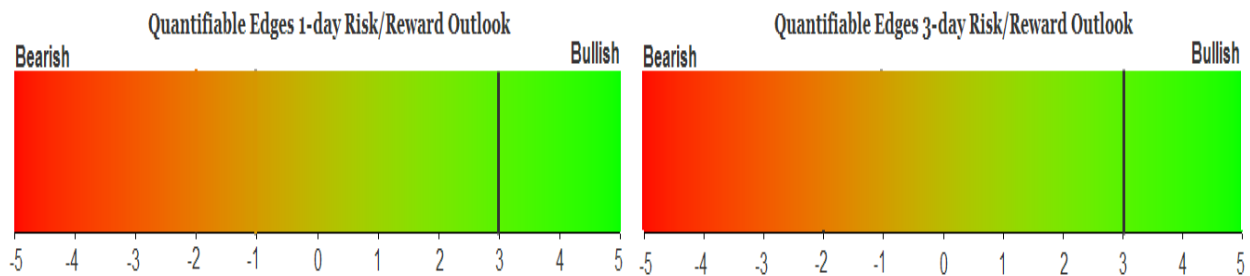
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 9, 2021

Volume 14 Issue 173

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- 3 down days from a 50-day high that closes < 10ma but above 10-day low suggest an upside edge.

Short-term Outlook

The Bottom Line

Bullish evidence is building and the SPX is short-term oversold. I believe there is a decent 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 9, 2021	3 dn from 50 < 10ma > 10-low	1-4 days	Bullish	1.60%	-0.90%	-2.00%
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			

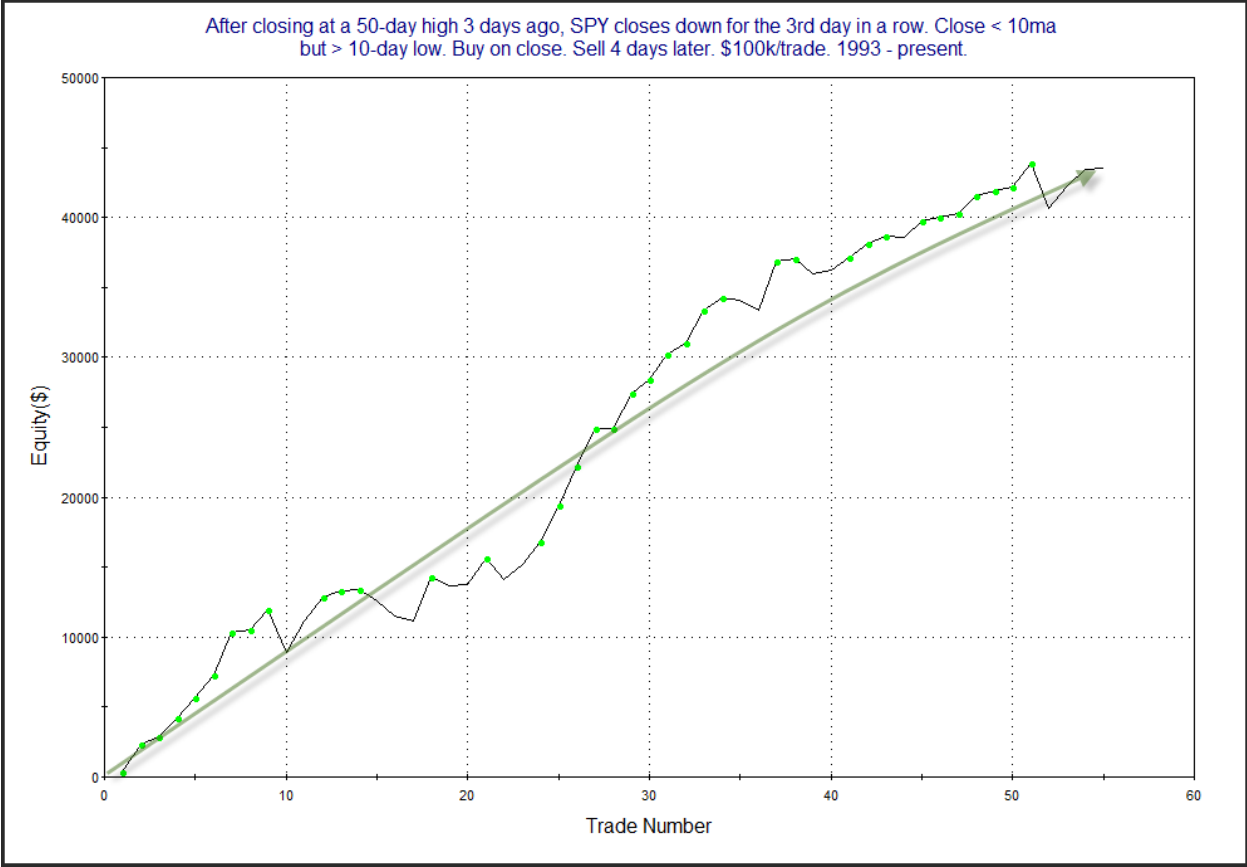
The Evidence

Wednesday was down across the board. The SPX lost 0.1%, the NASDAQ dropped 0.6%, and the Russell 2000 declined 1.1%. Breadth was negative with the NYSE Up Issues % coming in at 39% and the Up Volume % at 31%. NYSE total volume declined some from Tuesday's level.

There were a few studies that triggered in the Quantifinder suggesting an upside edge. The 3-day pullback study below is one I found especially compelling. It considered the fact that the 3-day pullback was occurring right after a high was hit. Additionally, it required that the pullback was deep enough to put it below the 10ma, but *not* deep enough to see it at a 10-day closing low. It was last seen in the 8/13/18 subscriber letter, and I have updated the stats.

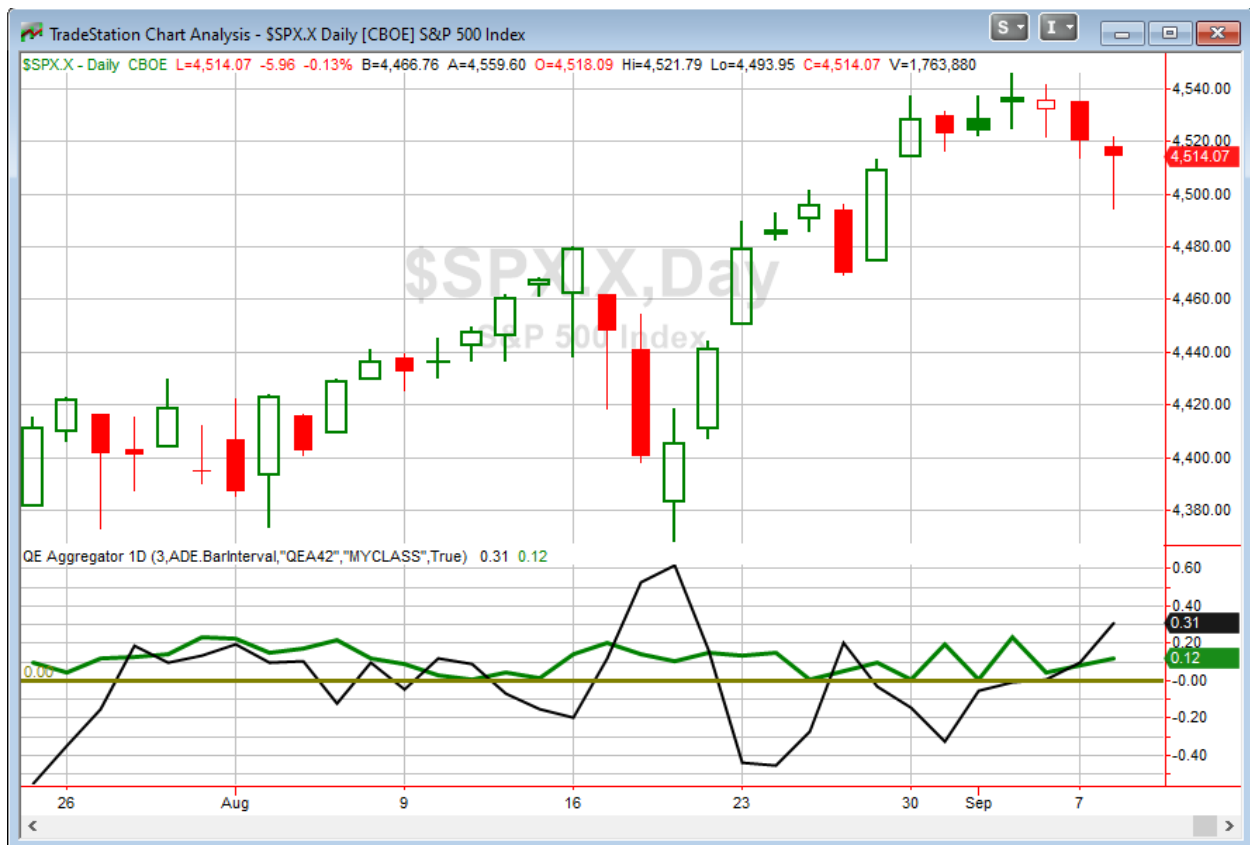
After closing at a 50-day high 3 days ago, SPY closes down for the 3rd day in a row. Close < 10ma but > 10-day low. Buy on close. Sell X days later. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	37,958.42	55	38	17	69.09	3,522.94	-3,453.71	1,534.87	-1,198.05	1.28	2.86	690.15
4	43,569.66	55	44	11	80.00	3,543.50	-3,235.68	1,283.58	-1,173.43	1.09	4.38	792.18
3	26,377.24	55	37	18	67.27	3,543.50	-4,572.96	1,226.25	-1,055.23	1.16	2.39	479.59
2	14,301.22	55	37	18	67.27	2,332.48	-2,781.35	864.14	-981.78	0.88	1.81	260.02
1	7,658.29	55	34	21	61.82	2,060.16	-2,031.09	694.00	-758.93	0.91	1.48	139.24

Under these circumstances, it appears bounces have been both reliable and powerful. The 1st four days show some very impressive stats. Below is a look at the profit curve assuming a 4-day exit technique.



The curve appears to provide confirmation of the bullish tendency suggested by the stats table.

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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4547.92 on Thursday. That is 0.75% above Wednesday's close. Therefore, SPX will need to close up at least 0.75% on Thursday if it is to flip from oversold to overbought vs recent expectations.

So the Aggregator formation is again bullish. Evidence is mounting and the market is becoming more overbought. I like the long side for a short-term rally. I took a small long position on Wednesday. I will look to add to that position if SPX closes down much more on Thursday.

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 @ \$449.00 LIMIT ON CLOSE. Based on the short-term section above, I will look to add a 2nd lot to my long position if SPY closes down at \$449 or lower on Thursday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	9/8/2021	\$450.89	\$450.91	0.00%		Aggregator

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