

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 15, 2021

Volume 14 Issue 177

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	9

## Tonight's Research Points

- Action over the last couple of days has been disappointing by a few measures., especially its failure to bounce despite the good starts to the days.

## *Short-term Outlook*

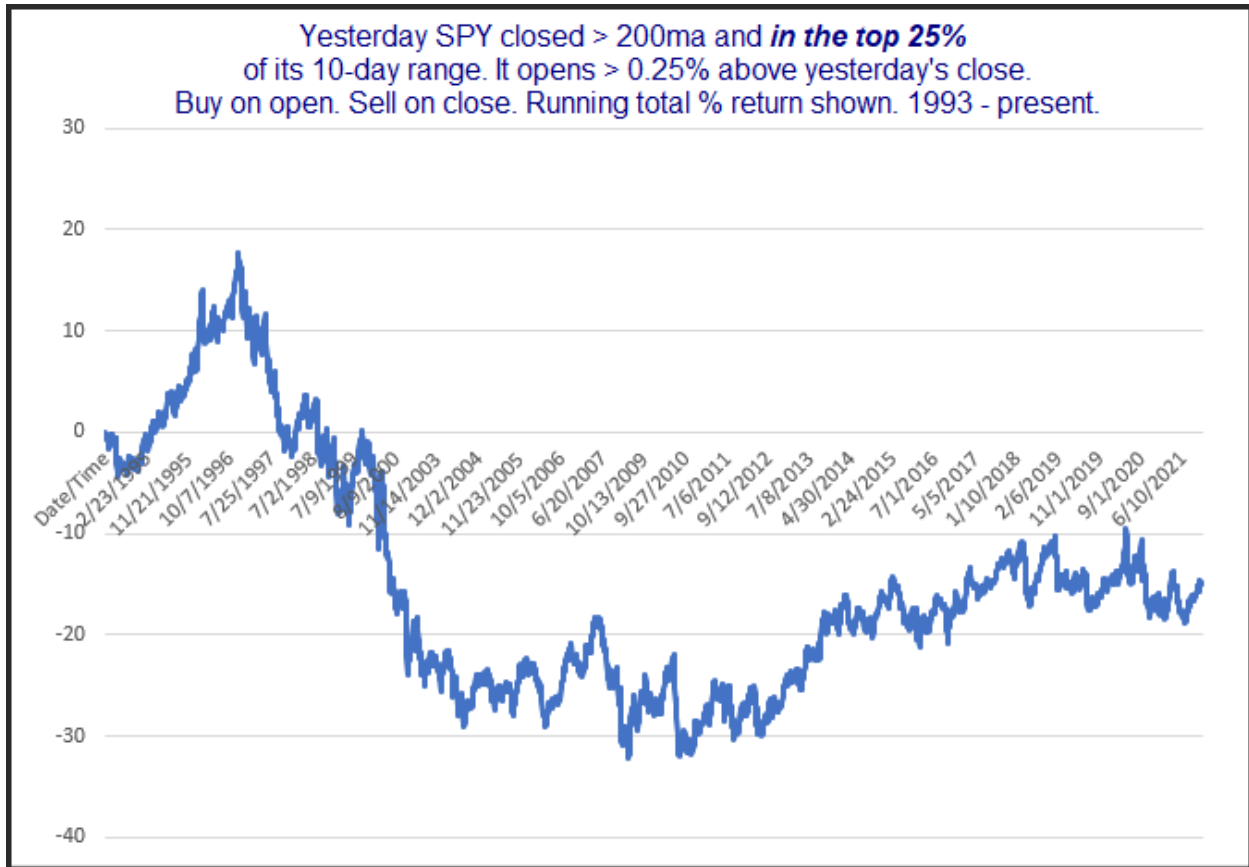
### *The Bottom Line*

The Aggregator is bullish and I still like the long side. I am just starting to get a bit wary if the recent market misbehavior, and I will likely lighten up on my index position as soon as we get a small pop higher.

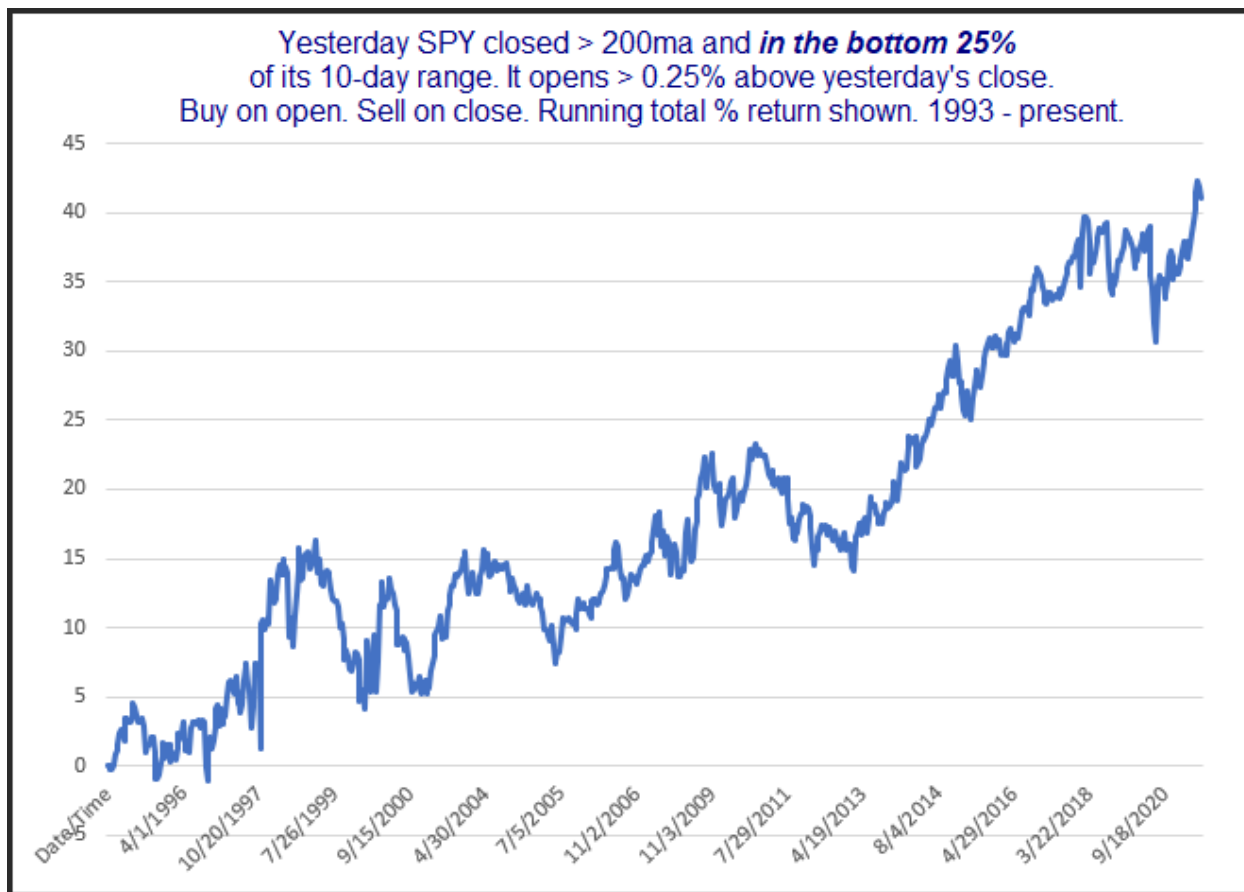
### ***The Evidence***

Tuesday saw another gap up that failed to follow through to the upside. The SPX closed down 0.6%, the NASDAQ dropped 0.45%, and the Russell 2000 tumbled 1.4%. Breadth was negative with the NYSE Up Issues % coming in at 28% and the Up Volume % at 25%. NYSE total volume declined some from Monday's level.

The failure to follow through on the gap up was disappointing – both Tuesday and Monday. I say this because a gap up from an oversold condition tends to carry and upside edge when looking from open to close. But both days saw the market sell off. To illustrate what I am talking about consider the charts below. This 1<sup>st</sup> one shows how the SPY performed following gaps up from short-term overbought conditions when also above the 200ma.



(Note the total is additive, not compounded.) Here there does not appear to be a consistent tendency. The next chart looks at times the gap up took place after SPY had closed low in its 10-day range the day before.

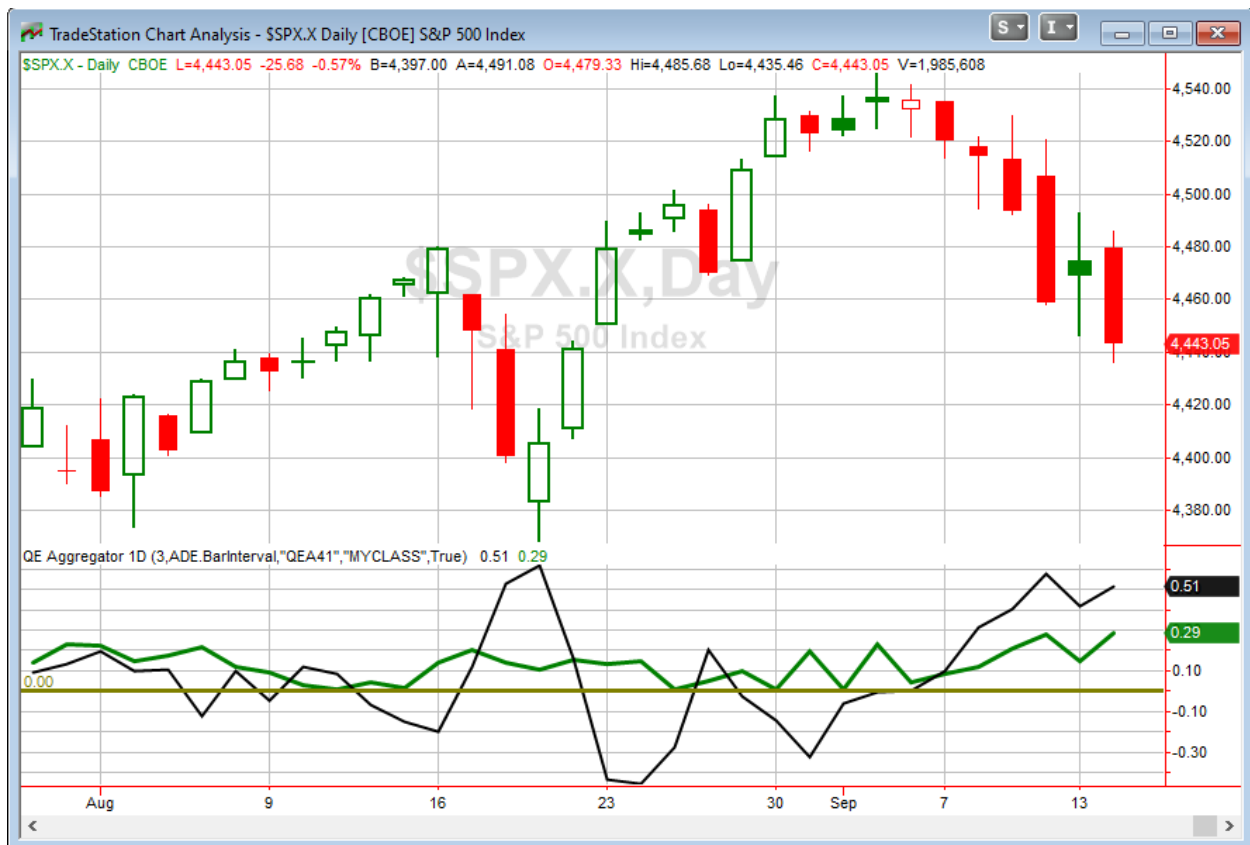


Here we see an upside tendency. And that tendency failed to play out both Monday and Tuesday this week. Hence the reason I said the action was disappointing.

But it has also been disappointing because we have seen a good number of bullish studies over the last few days, and they simply have not been working out. Additionally, despite being oversold, I am not seeing anything in the way of compelling new bullish evidence for tonight. So the market is not doing what it is “supposed” to do. When the market does not do what it is “supposed” to do, that can sometimes be a warning of potential further trouble ahead.

So right now I feel as though my exposure could be a little high. But I still believe there is an upside edge. And an up day at this point could see a substantial rebound, with recent shorts scurrying to cover. So I am inclined to wait for a bit of a bounce before lightening up on my index positions.

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



Without any new studies being added tonight, the green Aggregator Line again remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also held 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. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4485.53 on Wednesday. That is 1.0% above Tuesday's close. Therefore, SPX will need to close up at least 1.0% on Wednesday if it is to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. The market is clearly oversold. And despite the lack of new evidence and the fact that the market has been misbehaving, I still think that up is more likely than down over the next few days. So I will hold onto my current index position for the time being and re-evaluate again tomorrow night.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 9/13 – somewhat bullish*

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

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

LLY – 1/3 @ \$240.00 (bought @ limit)

TMUS – 1/3 @ \$131.44 (bought @ limit)

LLY – 1/3 @ \$239.50 (bought @ limit)

TMUS – 1/3 @ \$130.81 (bought @ limit)

FDX – 1/3 @ \$257.55 (buy @ limit) – *not filled – cancel for now*

LLY – 1/3 @ \$237.96 (buy @ limit)

TMUS – 1/3 @ \$130.02 (buy @ limit)

PFE – 1/3 @ \$44.58 (buy @ limit)

*New*

ADBE – 1/3 @ \$645.01 (buy @ limit)

***Broad Market Large Cap CBI – 9(LLY-3, TMUS-3, FDX, PFE, ADBE)***

### **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.*

**ADBE – Buy 1/3 Catapult position @ \$645.01 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots for ADBE.

## Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	9/8/2021	\$450.89	\$444.17	-1.49%		Aggregator
SPY(1/4)	9/9/2021	\$448.98	\$444.17	-1.07%		Aggregator
SPY(1/4)	9/10/2021	\$445.44	\$444.17	-0.29%		Aggregator
CHTR(1/3)	9/10/2021	\$785.41	\$761.86	-3.00%		sell on open
LLY(1/3)	9/10/2021	\$240.00	\$233.09	-2.88%		Catapult
TMUS(1/3)	9/10/2021	\$131.44	\$128.92	-1.92%		Catapult
LLY(1/3)	9/13/2021	\$239.50	\$233.09	-2.68%		Catapult
TMUS(1/3)	9/13/2021	\$130.81	\$128.92	-1.44%		Catapult
MSFT(1/3)	9/13/2021	\$295.71	\$299.79	1.38%		sell on open
PFE(1/3)	9/14/2021	\$44.58	\$44.71	0.29%		Catapult
LLY(1/3)	9/14/2021	\$237.96	\$233.09	-2.05%		Catapult
TMUS(1/3)	9/14/2021	\$130.02	\$128.92	-0.85%		Catapult

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