

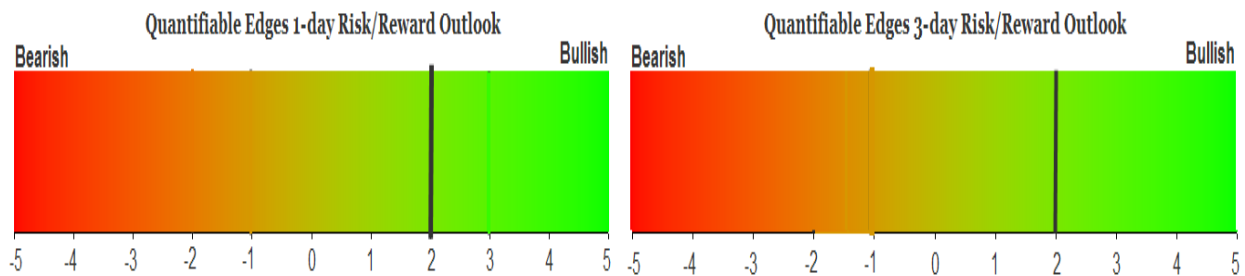
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 12, 2021

Volume 14 Issue 196

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	3

## Tonight's Research Points

- Turnaround Tuesday has not shown its typical bullish edge under similar circumstances.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is long. Evidence is only moderate, but SPX is fairly oversold short-term, so there appears to be decent upside edge.

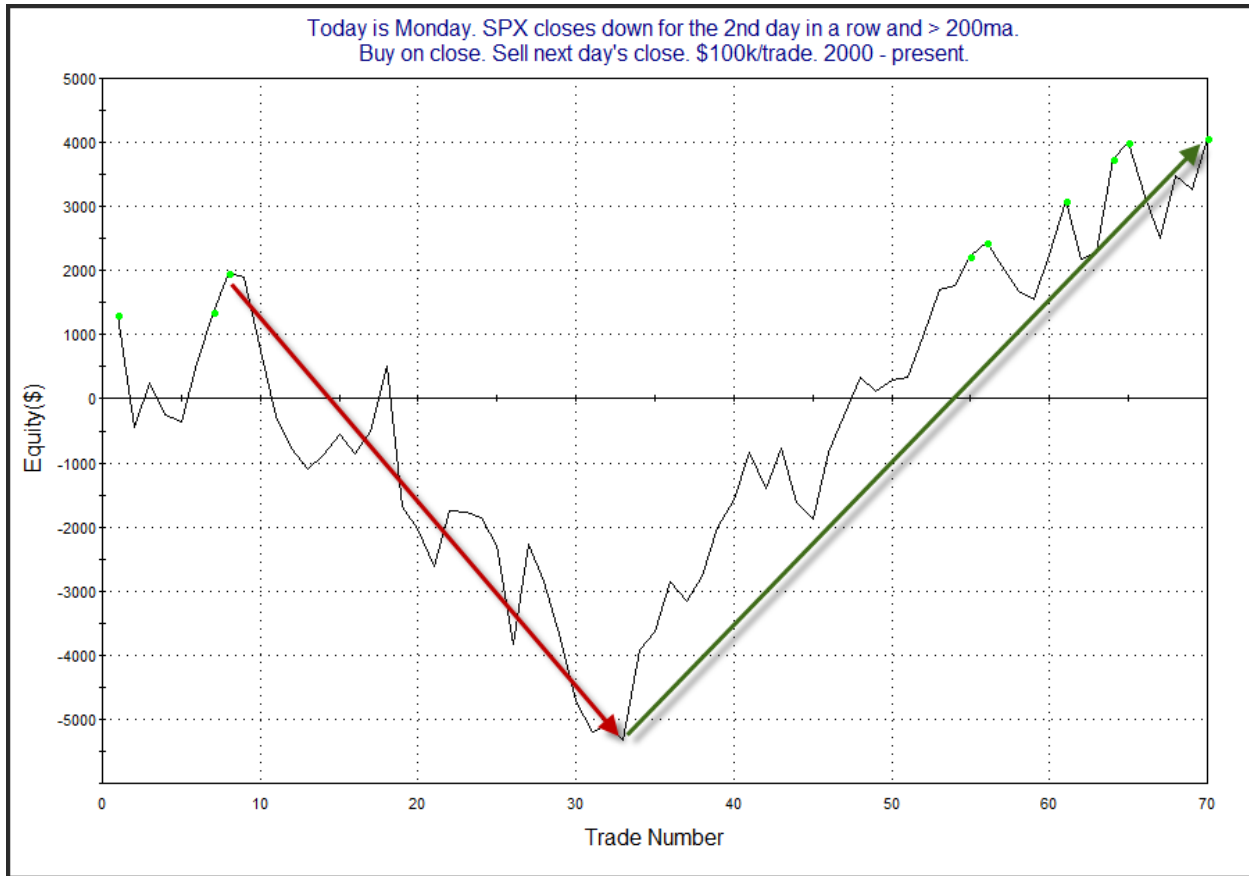
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
October 11, 2021	Opex week in October Bullish	1-4 days	Bullish	1.70%	-1.20%	-2.60%
October 7, 2021	SPX up & > 200. NYSE Up vol % < 40.	1-7 days	Bullish	1.70%	-1.20%	-2.30%
<b>Active - Long Term</b>						
October 4, 2021	21-day low Thursday. Up Friday	1-25 days	Bullish			
October 1, 2021	SPX dn > 1% 3rd day in last 10. > 200ma	1-20-days	Bullish			
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**

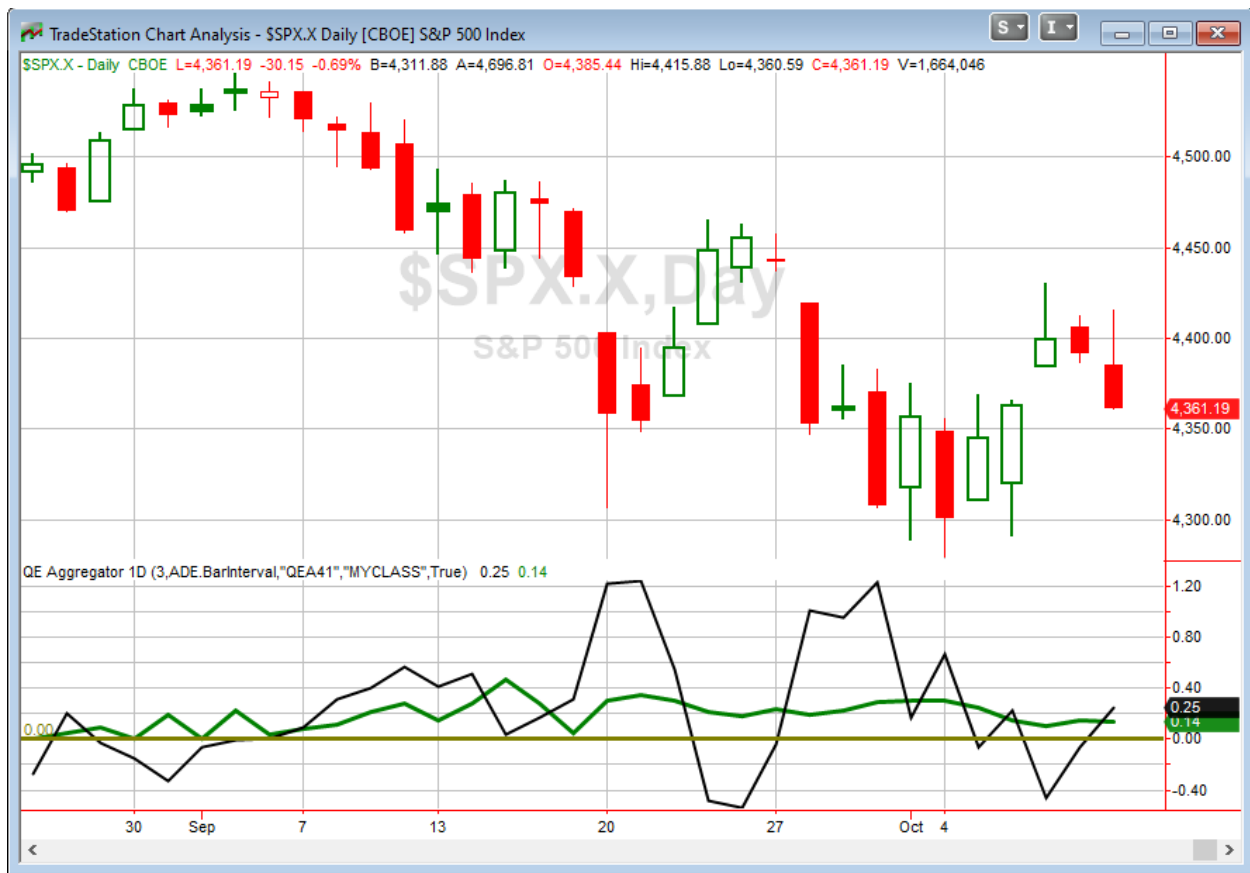
A good morning did not hold, and the market suffered an afternoon selloff. The SPX finished down 0.69%, the NASDAQ lost 0.64%, and the Russell 2000 fell 0.56%. Breadth was negative with the NYSE Up Issues % coming in at 45% and the Up Volume % at 44%. NYSE total volume sank some from Thursday's level.

I have written a substantial number of times about "Turnaround Tuesday". Over the years Tuesday has exhibited the strongest proficiency for the market to reverse a pullback of any day of the week. But in the case of 2-day pullbacks, which are quite short, they have not been as consistent. This is something I last examined in the 12/22/20 letter. Below I have updated the chart from that letter.



We see here a complete reversal. Maybe the former downside edge is now an upside edge. Or maybe there is no real edge at all under these circumstances. If I just knew about the last 35 instances, I would likely be convinced of an upside edge. But I know what came before it. And I have no good explanation for the sudden performance shift. So I am not quite ready to say this is compelling bullish evidence. But if it continues to show an upward tendency I'll be changing my mind soon.

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



With today's evidence considered, 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 moved above zero. 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 turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4421.31 on Tuesday. That is 1.4% above Tuesday's close. Therefore, SPX would need to close up at least 1.4% on Tuesday to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is just moderate, but there is plenty of room to the upside before SPX would turn overbought. This helps reward potential. It made be a little early to get back into a long position here, but I'm willing to take small position on Tuesday if I can get a favorable fill. I like the long side. I don't yet love it. But I like it enough to start scaling in with a small amount.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 10/11 – neutral**

The intermediate-term outlook was last updated in the 10/11 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***

TMUS – 1/3 @ \$123.18 (bought @ limit)

TMUS – 1/3 @ \$121.22 (bought @ limit)

***New***

TMUS – 1/3 @ \$117.19 (buy @ limit)

***Broad Market Large Cap CBI – 3(TMUS-3)***

**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.*

**TMUS – Buy 1/3 Catapult position @ \$117.19 LIMIT.** From the Catapult section above, this is the 3<sup>rd</sup> and final lot for TMUS.

**SPY – Buy ¼ index position @ \$433.50 LIMIT ON OPEN. If not filled on open, cancel order and look to enter @ \$434.00 LIMIT ON CLOSE.** Based on the short-term outlook above, I won't buy into an intraday selloff here, but if I can get a gift down opening or a close that is somewhat lower, then I'll start building an index position.

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
TMUS(1/3)	10/8/2021	\$123.18	\$117.19	-4.86%		Catapult
TMUS(1/3)	10/11/2021	\$120.98	\$117.19	-3.13%		Catapult

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