

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 14, 2021

Volume 14 Issue 198

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is long. I still think there is an upside edge, and am looking for some follow-through from Wednesday's bounce.

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						
October 11, 2021	Opex week in October	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%
Active - Long Term						
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
October 13, 2021	SPX down. NYSE Up Issue % > 60%	1 day	Bullish			
October 13, 2021	3-day pullback from < 20-day high	1 day	Bullish			

The Evidence

Morning weakness was followed by afternoon strength on Wednesday, and the major indices managed moderate gains. The SPX finished up 0.3%, the NASDAQ rose 0.7%, and the Russell 2000 climbed 0.3%. Breadth was positive with the NYSE Up Issues % coming in at 62% and the Up Volume % at 56%. NYSE total volume rose some from Tuesday's level.

It has been a lot of chopping back and forth going nowhere the last few weeks, and days, and hours. Between the choppy action and the fact that SPX is right in the middle of its 2-week range, we are in a spot where strong edges become less common. The Quantifinder does not come up blank very often, but tonight it did. And I did not find anything significant in testing out a few ideas of my own. So I am going to keep the letter brief.

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



Without any new evidence emerging 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 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 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 4378.63 on Thursday. That is 0.3% above Wednesday's close. Therefore, SPX would need to close up more than 0.3% on Thursday to flip from oversold to overbought versus recent expectations.

So the Aggregator is still bullish. Evidence is dwindling a bit, and the market does not need to rise too much in order to flip from oversold to overbought. Still, with evidence leaning positive and the market somewhat oversold, there does still appear to be an upside edge. It just is not as strong as we saw yesterday. I have a small long index position, and I am content to hold it for now.

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)

TMUS – 1/3 @ \$117.19 (bought @ limit)

AMGN – 1/3 @ \$206.70 (bought @ limit)

AMGN – 1/3 @ \$201.89 (buy @ limit) – *not filled, cancel for now*

QCOM – 1/3 @ \$122.95 (buy @ limit) – *not filled, cancel for now*

Broad Market Large Cap CBI – 6(TMUS-3, AMGN-2, QCOM)

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.

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
TMUS(1/3)	10/8/2021	\$123.18	\$116.46	-5.46%		Catapult
TMUS(1/3)	10/11/2021	\$120.98	\$116.46	-3.74%		Catapult
TMUS(1/3)	10/12/2021	\$117.19	\$116.46	-0.62%		Catapult
SPY(1/4)	10/12/2021	\$433.62	\$435.18	0.36%		Aggregator
AMGN(1/3)	10/13/2021	\$202.82	\$203.61	0.39%		Catapult

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