

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 28, 2021

Volume 14 Issue 208

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

## Tonight's Research Points

- No new evidence emerged on Wednesday.

### *Short-term Outlook*

#### *The Bottom Line*

Evidence is leaning bullish and the SPX is very slightly oversold. There appears to be a mild bullish edge.

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

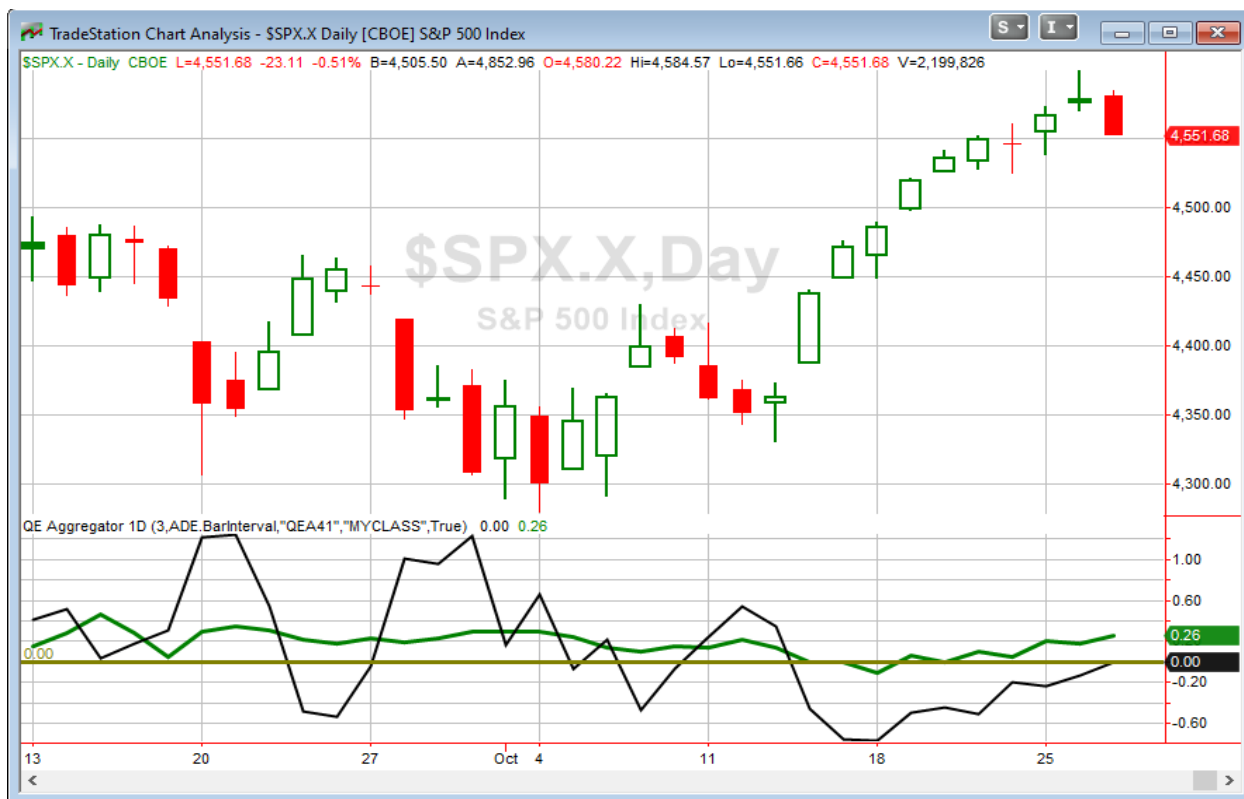
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
October 27, 2021	Unfil gap up. 20-high. Close < open.	1-2 days	Bullish			
October 25, 2021	Week after day after 4th Fri Oct bullish	1-4 days	Bullish			
October 25, 2021	5 up to 50-high then down 1	1-4 days	Bullish	1.10%	-0.80%	-1.60%
October 22, 2021	SPX up. Up Vol % < 40%	1-7 days	Bullish	1.70%	-1.15%	-2.25%
<b>Active - Long Term</b>						
October 25, 2021	5 up to 50-high then down 1	1-10 days	Bullish	1.80%	-1.10%	-2.30%
October 21, 2021	RSI2 > 99	1-10 days	Bullish			
October 20, 2021	5 up over 3% < 50-high > 200ma	1-15 days	Bullish	3.00%	-1.70%	-3.20%
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***

Wednesday started off well, but afternoon selling left the induces mostly lower. The SPX closed down 0.5%, the NASDAQ was basically breakeven with a 0.13 point gain, and the Russell 2000 tumbled 1.9%. Breadth was negative with the NYSE Up Issues % coming in at 29% and the Up Volume % at 24%. NYSE total volume declined some from Tuesday's level.

Nothing compelling triggered tonight. That is not very surprising. After a persistent push to a new high, we finally had a pause on Wednesday. But at this point it is just a 1-day pullback. A one-day pullback is not exactly an extreme condition. And it is "extremes" that often generate edges. Of course an "extreme" could be something as small as a short-term high or low, or a rally or pullback of a few days. But tonight nothing compelling triggered in the Quantifinder, and the few other ideas I played with did not generate anything worth discussing either. So I will keep it brief tonight.

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



Without any new studies triggering, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line moved just barely above zero. So little so, that it is indiscernible on the chart. 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 slated to remain positive on Thursday. There is a small chance this could change if strongly compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4583.00 on Thursday. That is 0.7% above Wednesday's close. Therefore, SPX would need to close up 0.7% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now bullish. But at this point this appears to be a very weak bullish signal. While expectations are positive, there was no confirming evidence that emerged on Wednesday. And the "overbought" reading was only accomplished by a fraction of a point in the last few seconds of the trading day. I don't often get excited about buying the 1<sup>st</sup> down day from a high level, and nothing I am seeing tonight is getting me very excited about it now. Despite the bullish Aggregator, I am inclined to wait at least one more day and see what the setup looks like tomorrow night.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 10/25 – somewhat bullish**

The intermediate-term outlook was last updated in the 10/25 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***

BIIB – 1/3 @\$266.57 (bought @ limit)

***Broad Market Large Cap CBI – 1 (BIIB)***

**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
BIIB(1/3)	10/21/2021	\$266.30	\$259.95	-2.38%		Catapult

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