

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 13, 2022

Volume 15 Issue 9

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	1

## Tonight's Research Points

- Moderate 2-day bounces from 10-day lows during uptrends usually have farther to go.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is now neutral. That is where I am as well.

**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>						
January 13, 2022	SPX up 2 from 10-low. Close<10ma	1-2 days	Bullish			
January 12, 2022	NASDAQ up 2 from 10-low. Close<10ma	1-2 days	Bullish			
January 7, 2022	SPX down 3 from 50-high to 10-low	1-8 days	Bullish	2.50%	-1.40%	-3.40%
<b>Active - Long Term</b>						
November 22, 2021	Hindenburg Omen Cluster	1-35 days	Bearish	-6.90%	3.20%	5.80%
November 8, 2021	QE4 tapering	int term	Bullish but Weakening			
November 4, 2021	SPX 50-day %b > 100	1-50 days	Bullish			
November 1, 2021	Best 6 Months	1-6 months	Bullish			
July 9, 2020	Golden Cross	int term	Bullish			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
January 11, 2022	5 lower closes > 20-day low	1-2 days	Bullish			
January 11, 2022	Unfilled gap down, 10-low, 3+ dn days	1-2 days	Bullish			
January 6, 2022	1% down. Decliners 2x Advancers. 4Low	1-5 days	Bullish	2.30%	-2.00%	-4.50%

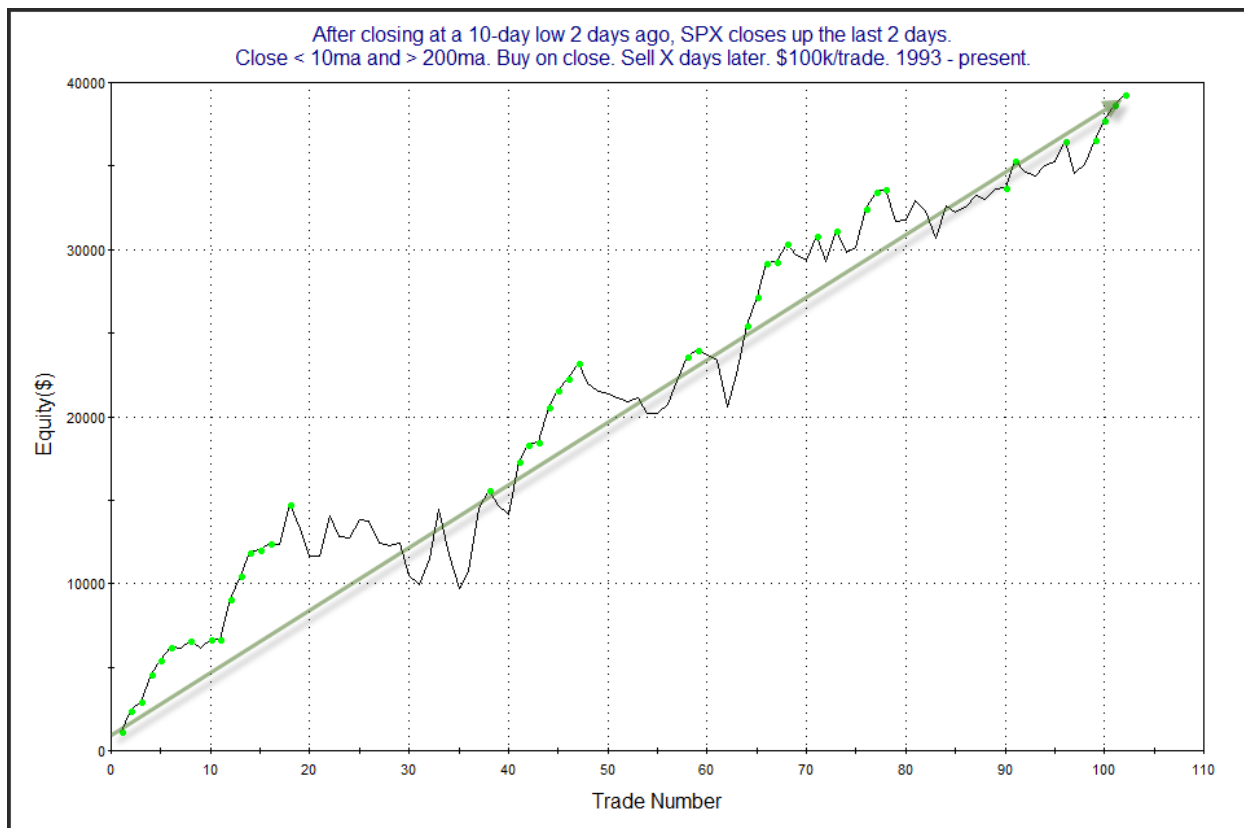
**The Evidence**

The market had a mixed day on Wednesday. The SPX gained 0.3%, the NASDAQ rose 0.2%, and the Russell 2000 declined 0.8%. Breadth was positive with the NYSE Up Issues % coming in at 51% and the Up Volume % at 58%. NYSE total volume declined some from Tuesday's level.

Last night I showed a study that looked at 2-day bounces in the NASDAQ from a 10-day low that failed to move the index above the 10ma. I mentioned it had not triggered in the SPX, but that SPX numbers were strong and the curve was even more impressive than the NASDAQ curve. Wednesday the same setup did trigger for SPX. So I updated the SPX version, which was last seen in the 10/7/21 letter.

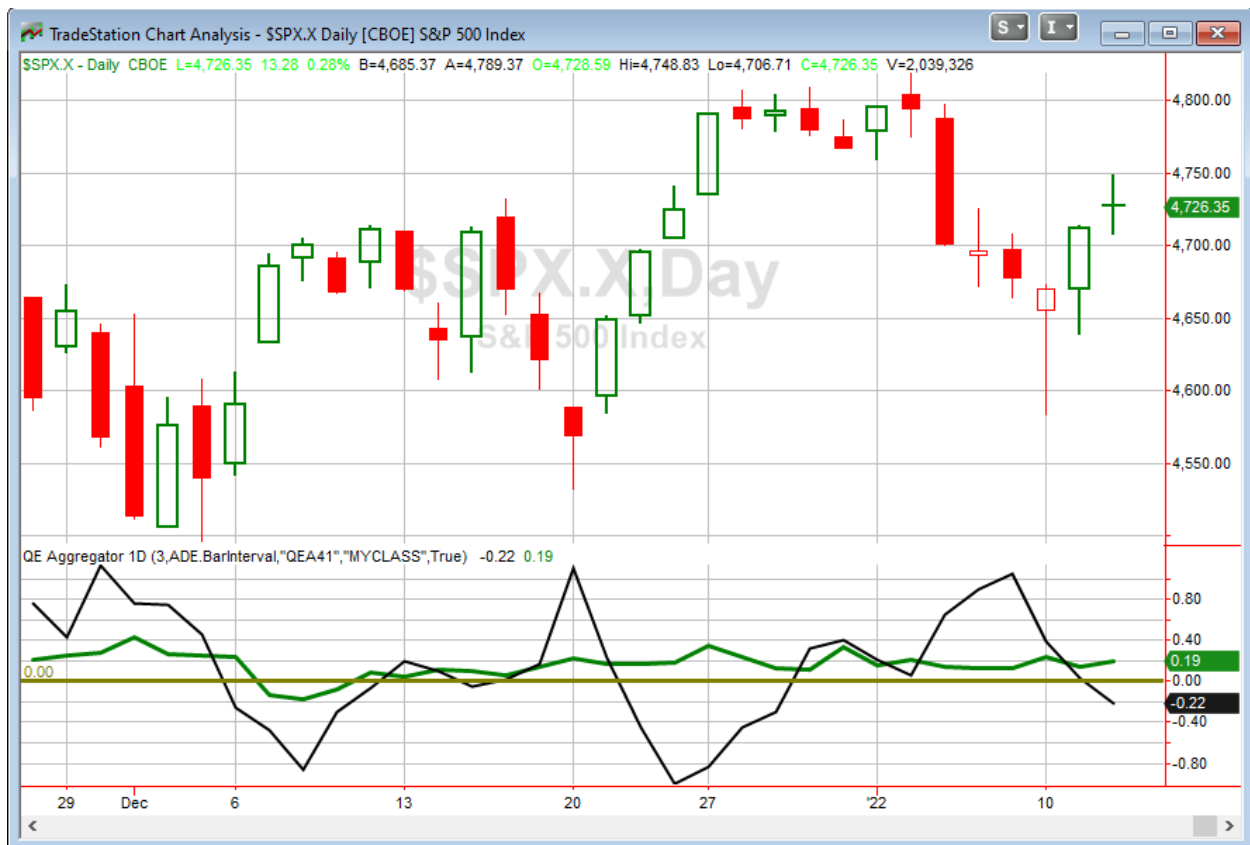
After closing at a 10-day low 2 days ago, SPX closes up the last 2 days. Close < 10ma and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	33,864.94	99	62	37	62.63	4,522.00	-4,385.11	1,543.03	-1,670.35	0.92	1.55	342.07
4	40,933.67	100	63	37	63.00	4,528.65	-4,255.02	1,492.39	-1,434.78	1.04	1.77	409.34
3	39,895.40	102	69	33	67.65	3,167.68	-3,993.04	1,215.68	-1,332.92	0.91	1.91	391.13
2	39,322.29	102	65	37	63.73	3,844.65	-2,822.04	1,126.92	-916.95	1.23	2.16	385.51
1	21,314.85	102	63	39	61.76	2,699.42	-3,044.52	753.26	-670.28	1.12	1.82	208.97

Stats here suggest a bit of an upside edge, especially over the 1st couple of days. Below is a look at a profit curve that assumes a 2-day holding period.



It has moved from lower left to upper right on a fairly steady basis for a very long time, and is again making new highs. This serves as some confirmation of the potential bullish edge. I have added this study to the active list tonight.

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



With tonight's evidence considered, 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 dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current studies on the active list, expectations are scheduled to remain positive on Thursday. This could certainly change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4692.61 on Thursday. That is 0.7% below Wednesday's close. Therefore, SPX will need to close down at least 0.7% on Thursday to flip from overbought to oversold vs recent expectations.

So the Aggregator is now neutral. That is basically where I am as well. We could certainly see a further bounce, and the short-term evidence is pointing that way. But the rally over the last couple of days has SPX short-term overbought vs recent expectations already. I exited my long index position on Wednesday. I'll wait for the market to set up again before taking on the next index position.

### ***Intermediate-term Outlook (2 weeks – 2 months) – updated 1/10 – neutral***

The intermediate-term outlook was last updated in the 1/10/22 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***

UNH – 1/3 @ \$469.65 (bought @ limit)

### ***Broad Market Large Cap CBI – 1(UNH)***

### **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	Notes
<b><i>SPY(1/4)</i></b>	<b><i>1/6/2022</i></b>	<b><i>\$467.94</i></b>	<b><i>\$471.59</i></b>	<b><i>0.78%</i></b>	<b><i>sold on open</i></b>
UNH(1/3)	1/7/2022	\$467.69	\$473.72	1.29%	Catapult
<b><i>ADBE(1/3)</i></b>	<b><i>1/10/2022</i></b>	<b><i>\$500.00</i></b>	<b><i>\$533.09</i></b>	<b><i>6.62%</i></b>	<b><i>sold on open</i></b>

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