

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 8, 2022

Volume 15 Issue 26

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- No new compelling evidence emerged on Monday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral, and I am too.

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

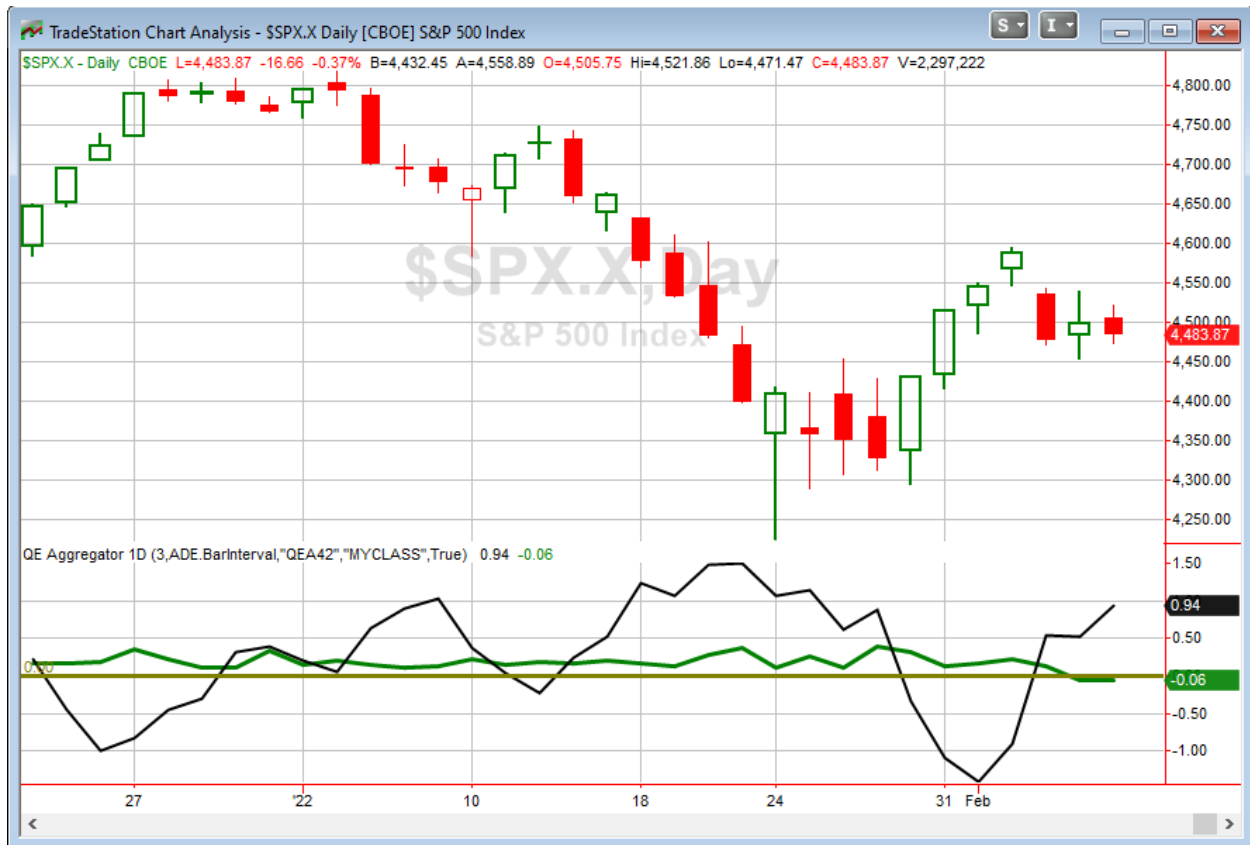
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 4, 2022	2% drop from 5-high. Close > 5-low.	1-4 days	Bearish	-3.30%	2.30%	3.90%
February 1, 2022	VIX 10% above 10ma t 10% below 4 dys	1-8 days	Bullish	2.00%	-1.20%	-2.60%
Active - Long Term						
January 31, 2022	Up close from 21-day low on a Friday	1-20 days	Bullish			
January 27, 2022	CBI >= 10. SPX 50-day low.	1-18 days	Bullish			
January 27, 2022	20-day low. Up close, then inside day dn	1-10 days	Bullish			
January 19, 2022	SPX dn > 1% 3x in 10 days > 200ma	1-20 days	Bullish	4.30%	-3.40%	-8.40%
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			

The Evidence

Back and forth action on Monday saw the market finish mixed. The SPX lost 0.4%, the NASDAQ dropped 0.6%, and the Russell 2000 rose 0.5%. Despite the gains, breadth was positive with the NYSE Up Issues % coming in at 53% and the Up Volume % at 58%. NYSE total volume declined some from Friday's level.

I am going to keep it short tonight. Primarily because I am not seeing anything worth much discussion. The indices have spent the last few days chopping around. They are mostly around the middle of their recent ranges. I not seeing extremes with regards to price, volume, breadth, volatility, or anything else on Monday. So I'll give another day and see if something more meaningful happens.

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



Without any new studies triggering on Monday, the green Aggregator Line remained below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile the black Differential Line held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. 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 stayed flat at the close.

Based on the current studies on the active list, expectations are scheduled to stay negative on Tuesday. It would take some new bullish evidence to change this. Meanwhile, the Differential Pivot will be 4501.41 on Monday. That is 0.4% above Monday's close. Therefore, SPX will need to close up 0.4% on Tuesday to flip from oversold to overbought vs recent expectations.

So the Aggregator is neutral. Evidence remains is mixed and weak, and the market has been volatile. Still not a combination that interests me. I'll continue to wait until an opportunity emerges that does interest me.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/7 – neutral

The intermediate-term outlook was last updated in the 2/7/22 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

New

GILD – 1/3 @ \$63.76 (buy @ limit)

Broad Market Large Cap CBI – 1(GILD)

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.

GILD – Buy 1/3 Catapult position at \$63.76 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of GILD.

Current Open Trade Ideas

None

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