

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 9, 2022

Volume 15 Issue 27

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	2

Tonight's Research Points

- No new compelling evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is now short, but I am still leaning more neutral.

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

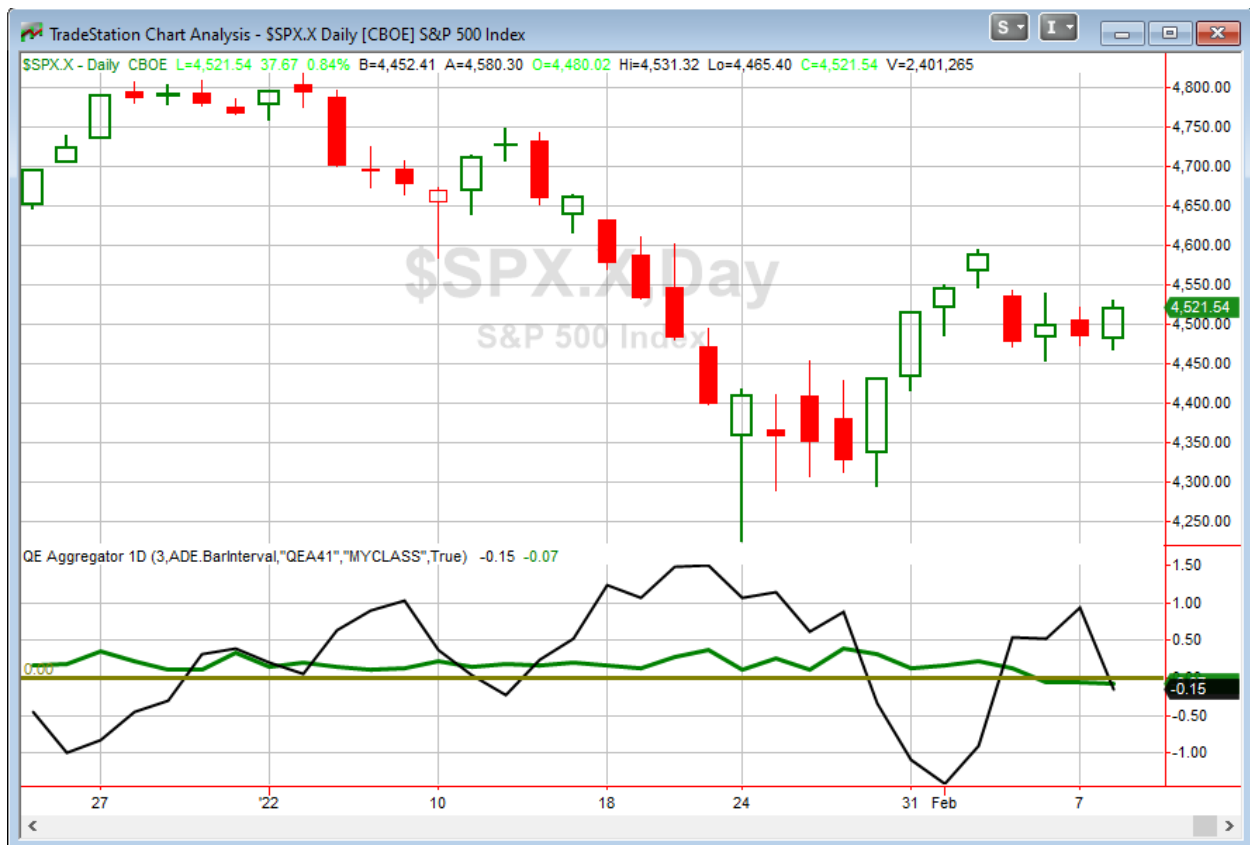
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 4, 2022	2% drop from 5-high. Close > 5-low.	1-4 days	Bearish	-3.30%	2.30%	3.90%
February 1, 2022	VIX 10% above 10ma t 10% below 4 dys	1-8 days	Bullish	2.00%	-1.20%	-2.60%
Active - Long 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

Tuesday was a rally day for the market. The SPX gained 0.8%, the NASDAQ rose 1.3%, and the Russell 2000 jumped 1.6%. Breadth was positive with the NYSE Up Issues % coming in at 61% and the Up Volume % at 66%. NYSE total volume rose some from Monday's level.

As far as I can tell, the market rose on Tuesday because it had closed down on Monday. That is the kind of back and forth we've been seeing over the last week. Unfortunately, this has meant no real progress, and nothing new and compelling emerged on Tuesday based on the action that I am seeing. So I'll keep it short for a 2nd night in a row. No new studies are being added tonight.

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



Without any new studies triggering on Tuesday, 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 dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation turned short at the close.

Based on the current studies on the active list, expectations are scheduled to flip to positive on Wednesday. It would take some new bearish evidence to change this. Meanwhile, the Differential Pivot will be 4513.94 on Wednesday. That is 0.2% below Tuesday's close. Therefore, SPX will need to close down about 0.2% on Wednesday to flip from overbought to oversold vs recent expectations.

So the Aggregator is now bearish. But it is not a setup that is getting me excited. While expectations are negative, the bearish influence is thanks to just one study, and it is set to expire on Wednesday. So the bearish Aggregator formation is likely to be short-lived. I'll continue to wait for a more compelling risk/reward opportunity before taking on a new index position.

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

GILD – 1/3 @ \$63.76 (bought @ limit)

New

GILD – 1/3 @ \$63.70 (buy @ limit)

Broad Market Large Cap CBI – 2(GILD-2)

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 \$63.70 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of GILD.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
GILD(1/3)	2/8/2022	\$63.76	\$63.70	-0.09%	Catapult

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