

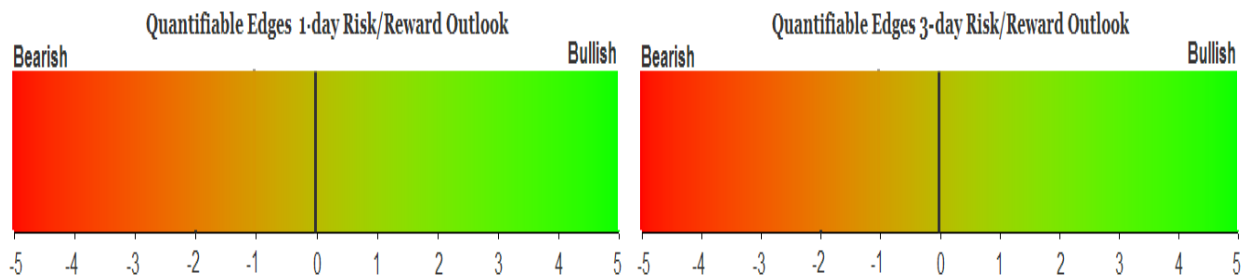
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 10, 2022

Volume 15 Issue 28

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- No new compelling evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral, and I am not seeing a powerful short-term directional 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
Active - Short Term						
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
February 4, 2022	2% drop from 5-high. Close > 5-low.	1-4 days	Bearish	-3.30%	2.30%	3.90%

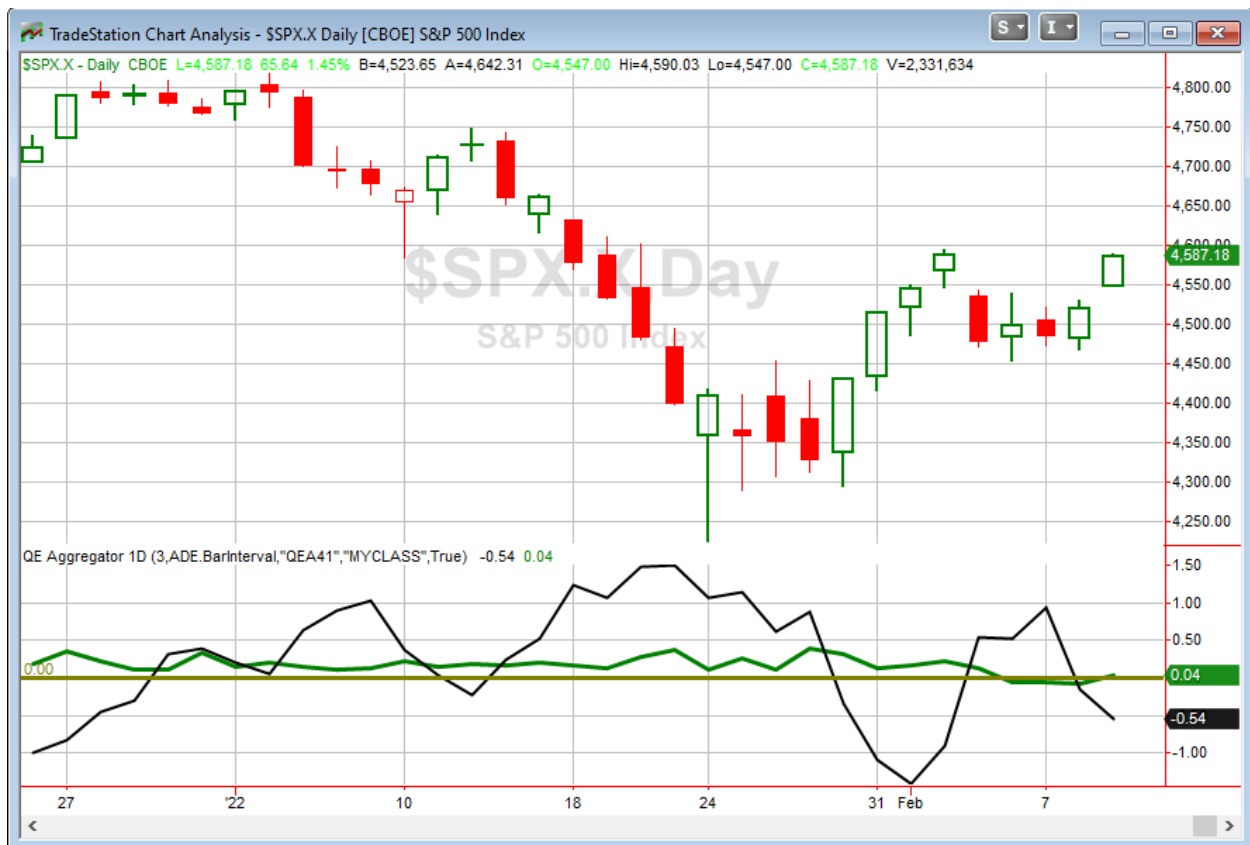
The Evidence

Wednesday saw the market start strong and finish stronger. The SPX finished up 1.45%, the NASDAQ rose 2.1%, and the Russell 2000 climbed 1.9%. Breadth was positive with the NYSE Up Issues % coming in at 72% and the Up Volume % at 82%. NYSE total volume rose some from Tuesday's level.

We have been void of any compelling studies the last few days, and Wednesday again provided no strong clues for the short or intermediate-term. I did look at several dead ends in trying to find a possible edge worth talking about. For instance, the strong move by the NDX through its 200ma triggered some studies that I talked about a long time ago. But in reviewing them again tonight, they no longer appeared to hold an edge. The profit curves flattened out greatly over the last several years, and if there ever truly was an edge, it was no longer apparent.

I will note that the SPX and NDX closed just a little below their 2/2/22 swing high close, while a few other indices (like RUT and NASDAQ) moved above it. A close above there could be a mini-milestone. Whether it would be a short-term high to be bought or to be sold is yet to be determined, but a short-term extreme would at least give new perspective for analysis. No new studies are being added tonight.

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



Without any new studies triggering on Wednesday, but a bearish one expiring, the green Aggregator Line moved above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained 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.

We have the last remaining short-term study set to expire on Thursday. And with the intermediate-term outlook neutral, that means expectations over the next few days will be greatly dependent on any new evidence that emerges. Meanwhile, the Differential Pivot will be 4482.55 on Thursday. That is 2.3% below Wednesday's close. Therefore, SPX will need to close down a very large 2.3% on Thursday to flip from overbought to oversold vs recent expectations. More likely it will take more than one day to work off the overbought condition.

So the Aggregator is back to neutral. I never really left neutral. And before I do, I am going to need a good reason to bet on a direction here. Evidence has been lacking the last few days, but that never lasts very long. So I'll continue to keep my powder dry and remain alert to any new clues the market may provide.

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)

GILD – 1/3 @ \$63.70 (bought @ limit)

New

GILD – 1/3 @ \$63.38 (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 \$63.38 LIMIT. From the Catapult section above, this is the 3rd and final possible lot of GILD.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
GILD(1/3)	2/8/2022	\$63.76	\$63.38	-0.60%	Catapult
GILD(1/3)	2/9/2022	\$63.70	\$63.38	-0.50%	Catapult

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