

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 15, 2022

Volume 15 Issue 31

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	3

Tonight's Research Points

- Turnaround Tuesday looks promising.

Short-term Outlook

The Bottom Line

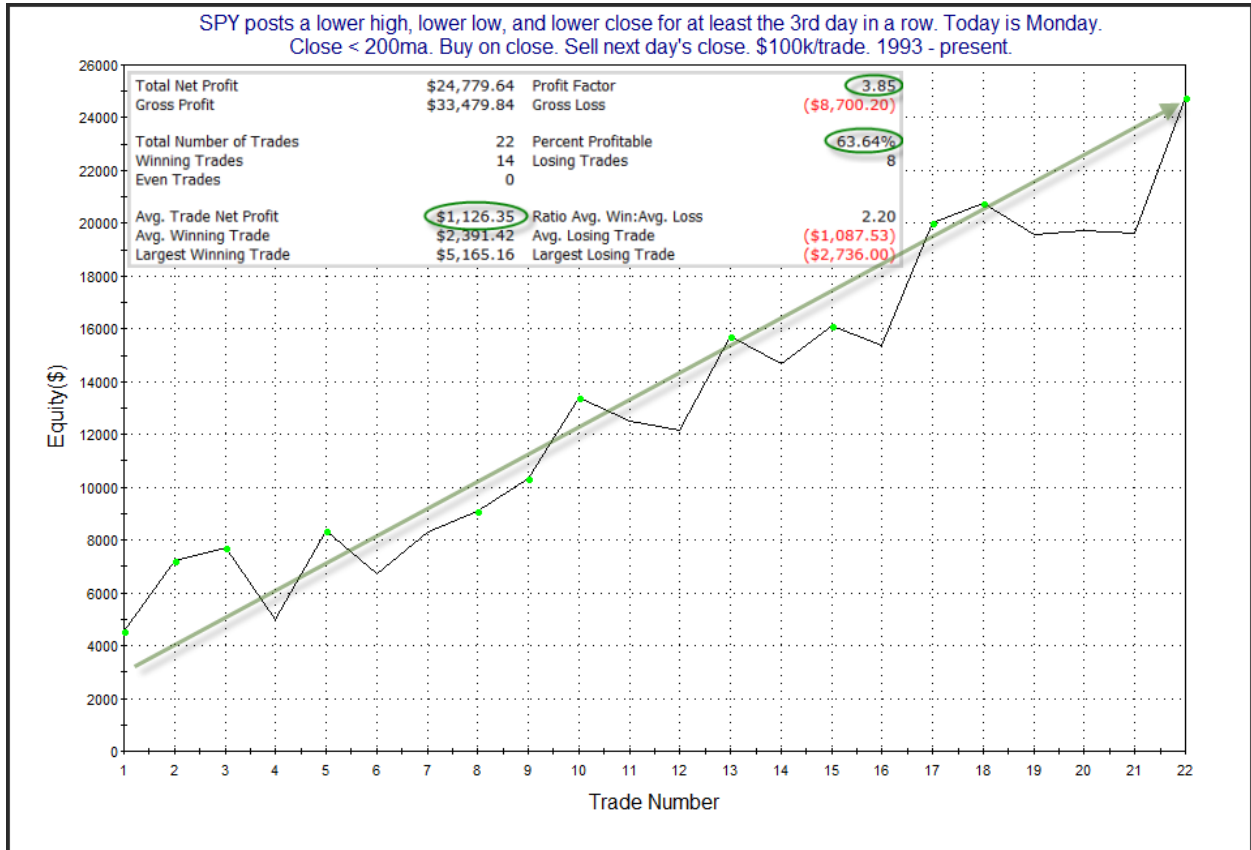
More bullish evidence on Monday suggests Tuesday has a good chance to see a bounce.

The Evidence

Back and forth action on Monday left the indices mostly lower. The SPX finished down 0.4%, the NASDAQ 0.23 *points*, and the Russell 2000 dropped 0.5%. Breadth was negative with the NYSE Up Issues % coming in at 28% and the Up Volume % at 24%. NYSE total volume declined some from Friday’s level.

Tuesday’s have a well-earned reputation for the most likely day of the week to see a bounce when a pullback is happening. There were a number of Turnaround Tuesday studies that triggered on Monday. Two of my favorites that triggered are below.

The first one noted that SPY has not just closed lower the last 3 days, but also made a lower high and a lower low. Last seen in the 6/14/16 letter, I have updated the results below.



Both the numbers and the curve are suggestive of an upside edge. I have included this study on the active list tonight.

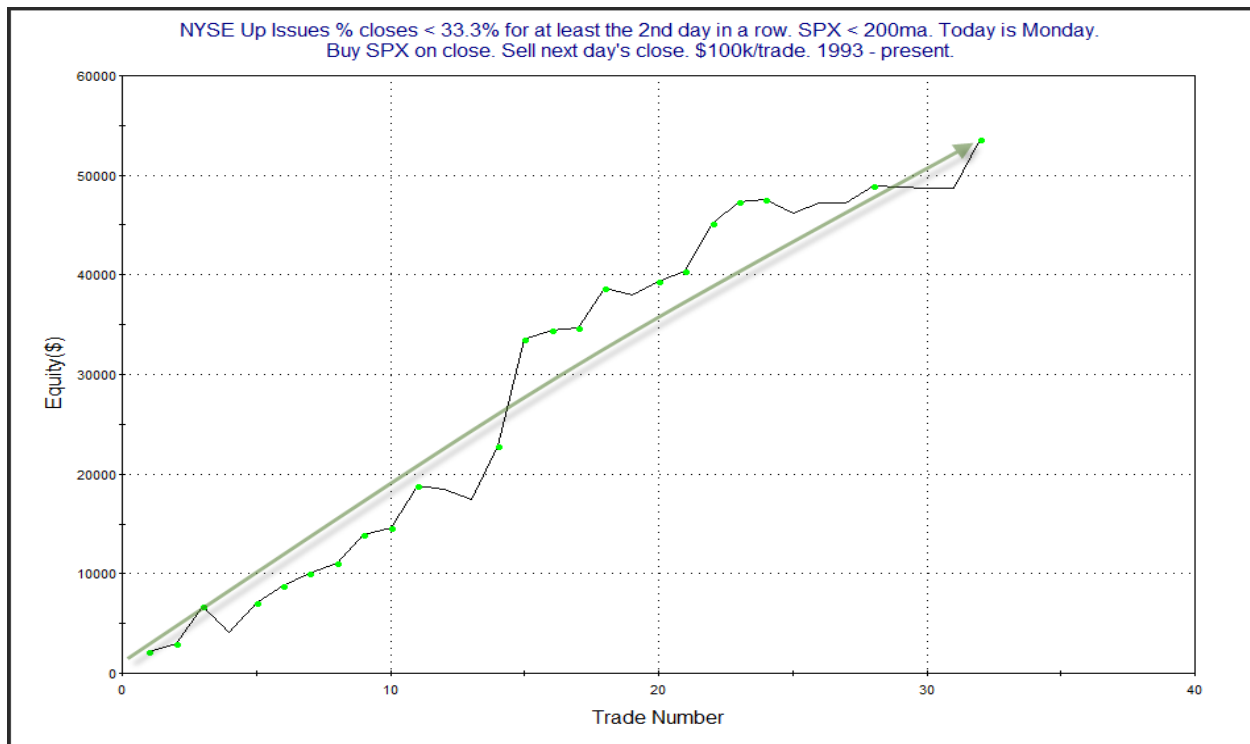
In the 11/13/18 letter I showed another Turnaround Tuesday related study. It required the Up Issues % close below 33.3% for at least the 2nd day in a row. Results are updated.

NYSE Up Issues % closes < 33.3% for at least the 2nd day in a row. SPX < 200ma. Today is Monday.
Buy SPX 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	52,795.99	32	21	11	65.63	13,733.46	-12,975.48	4,874.26	-4,505.77	1.08	2.07	1,649.87
4	60,901.50	32	22	10	68.75	14,020.11	-5,934.24	3,856.85	-2,394.92	1.61	3.54	1,903.17
3	39,703.23	32	23	9	71.88	12,304.89	-11,502.27	3,231.75	-3,847.46	0.84	2.15	1,240.73
2	44,971.82	32	23	9	71.88	9,496.89	-5,167.89	2,516.83	-1,435.02	1.75	4.48	1,405.37
1	53,640.88	32	24	8	75.00	10,716.03	-2,680.15	2,495.79	-782.27	3.19	9.57	1,676.28

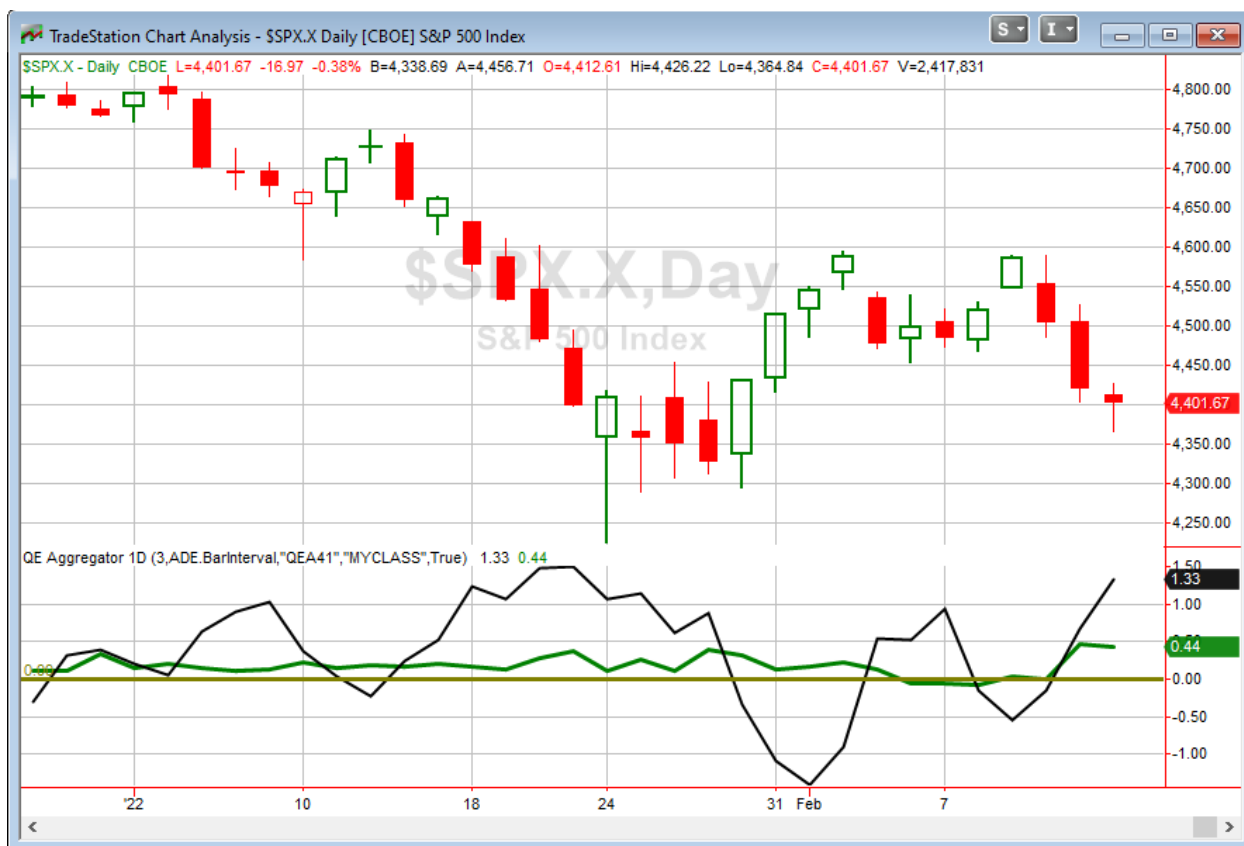
All 32 instances closed above the entry price at some point in the next 4 days.

This appears to have been a powerful combination. The curve below assumes a 1-day holding period (Turnaround Tuesday.)



Here again we see a strong, consistent upslope that confirms the bullish tendency.

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



With Monday's evidence considered, the green Aggregator line closed well above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also remained above zero. 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 stayed long at the close.

Based on the current active list, expectations are set to remain positive on Tuesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4500.43 on Tuesday. That is 2.2% above Monday's close. So it would take a rally of at least 2.2% on Tuesday in order to flip SPX from oversold to overbought vs recent expectations. More likely, it will take a few days to work off the oversold condition.

So the Aggregator is bullish. I have some long exposure. I considered looking to take on a bit more on Tuesday. But I decided to give it another day before potentially adding to my position. More aggressive traders could certainly look to take advantage of the upside edge – especially if the market gaps lower to start the day. I'll simply maintain my current small position and re-evaluate on Tuesday night.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/14 – neutral

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)

GILD – 1/3 @ \$63.38 (buy @ limit)

Broad Market Large Cap CBI – 3(GILD-3)

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
GILD(1/3)	2/8/2022	\$63.76	\$61.11	-4.16%	Catapult
GILD(1/3)	2/9/2022	\$63.70	\$61.11	-4.07%	Catapult
GILD(1/3)	2/10/2022	\$63.00	\$61.11	-3.00%	Catapult
SPY(1/4)	2/14/2022	\$439.92	\$439.02	-0.20%	Catapult

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