

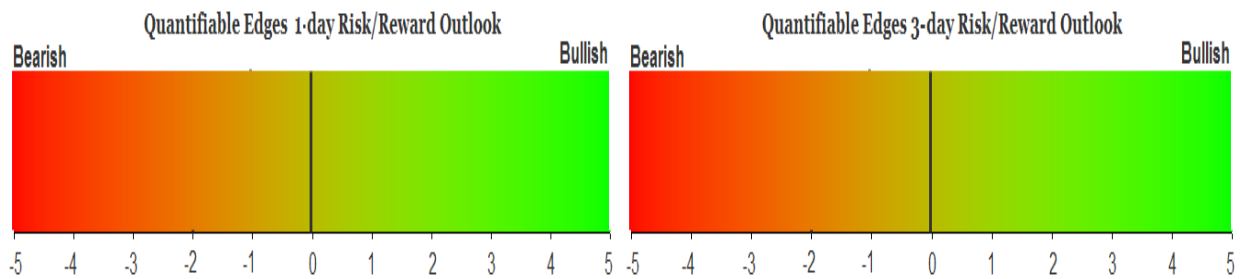
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 17, 2022

Volume 15 Issue 33

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Flat | 5 |

Tonight's Research Points

- The 2-day bounce from a 10-day low that failed to close above the 10ma suggests more upside in the next couple of days.

Short-term Outlook

The Bottom Line

Evidence favors more upside, but with the market overbought and volatile, the aggregator is neutral and risks are elevated.

The Evidence

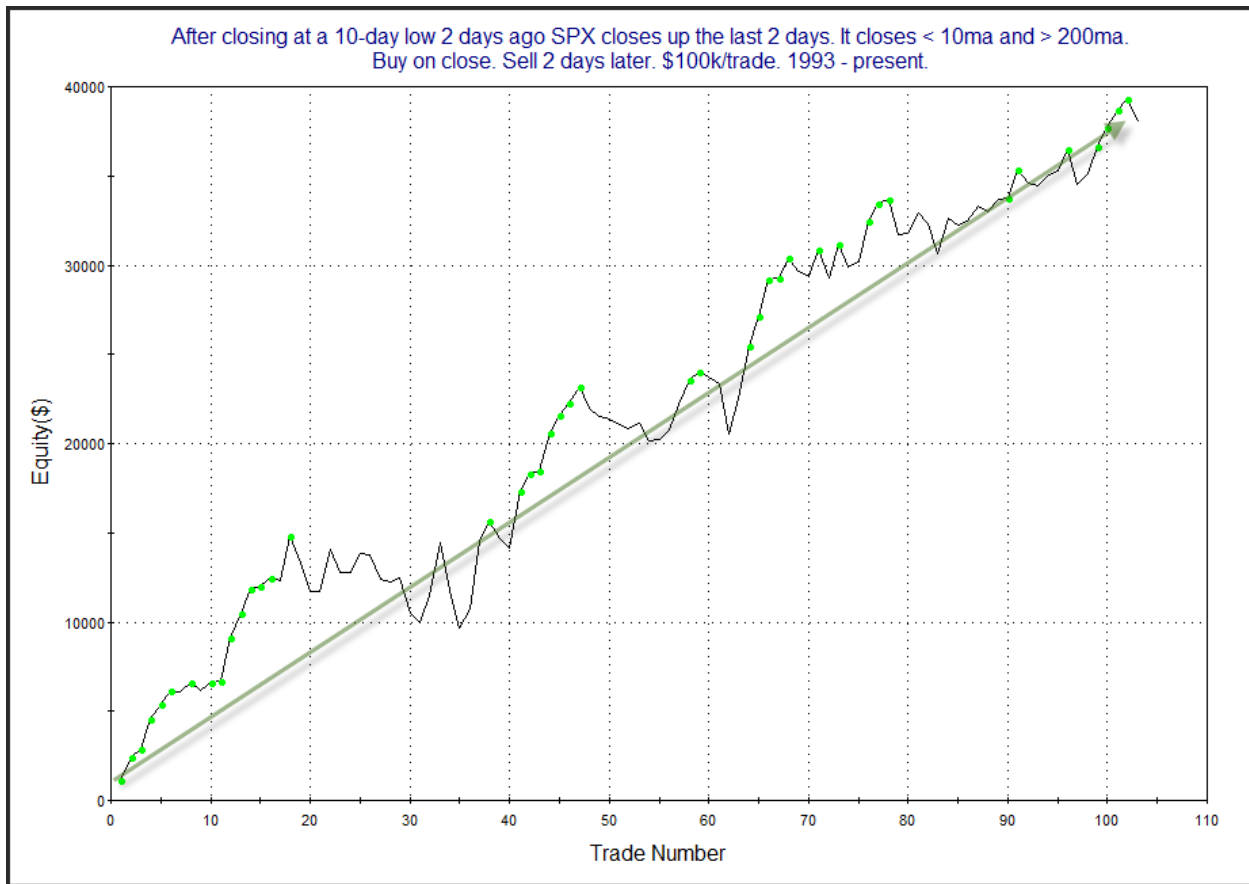
Wednesday was back and forth, and the finish did not show big changes from the day before. The SPX closed up 0.1%, the NASDAQ declined 0.1%, and the Russell 2000 rose 0.1%. Breadth was positive with the NYSE Up Issues % coming in at 63% and the Up Volume % at 55%. NYSE total volume declined some from Tuesday's level.

While SPX has risen fairly strongly over the last 2 days, the rally still did not manage to close above its 10-day moving average. In the 10/7/19 letter I looked at other 2-day bounces from 10-day lows that failed to exceed the 10ma. I have updated that study below.

After closing at a 10-day low 2 days ago SPX closes up the last 2 days. It closes < 10ma and > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1993 - present.

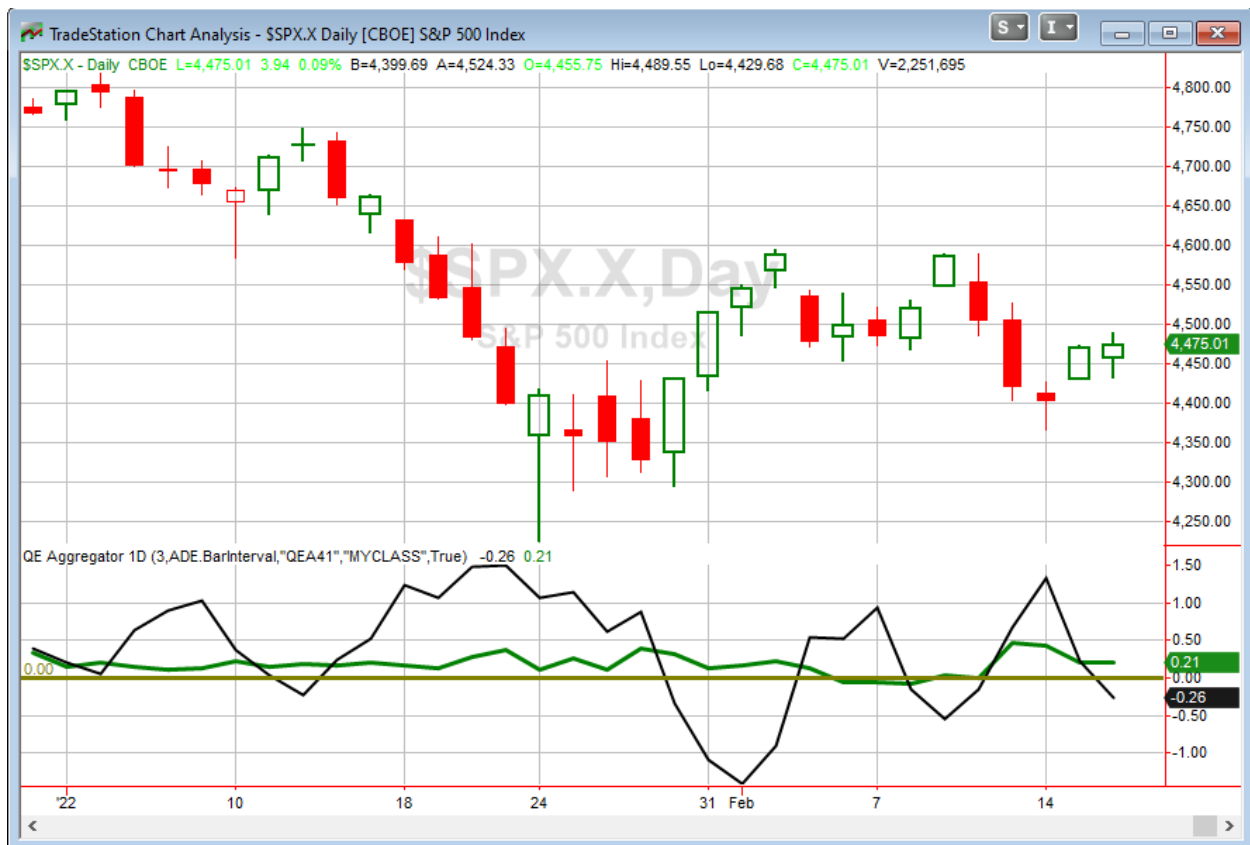
| X Days | All: Net Profit | All: Total Trades | All: Winning Trades | All: Losing Trades | All: % Profitable | All: Max Winning Trade | All: Max Losing Trade | All: Avg Winning Trade | All: Avg Losing Trade | All: Win/Loss Ratio | All: ProfitFactor | All: Avg Trade |
|--------|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 5 | 28,748.92 | 100 | 62 | 38 | 62.00 | 4,522.00 | -5,116.02 | 1,543.03 | -1,761.03 | 0.88 | 1.43 | 287.49 |
| 4 | 36,868.28 | 101 | 63 | 38 | 62.38 | 4,528.65 | -4,255.02 | 1,492.39 | -1,504.01 | 0.99 | 1.65 | 365.03 |
| 3 | 36,761.36 | 103 | 69 | 34 | 66.99 | 3,167.68 | -3,993.04 | 1,215.68 | -1,385.89 | 0.88 | 1.78 | 356.91 |
| 2 | 37,988.79 | 103 | 65 | 38 | 63.11 | 3,844.65 | -2,822.04 | 1,126.92 | -927.92 | 1.21 | 2.08 | 368.82 |
| 1 | 19,901.13 | 103 | 63 | 40 | 61.17 | 2,699.42 | -3,044.52 | 753.26 | -688.86 | 1.09 | 1.72 | 193.21 |

Stats here seem to 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. This serves as some confirmation of the potential bullish edge.

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



With Wednesday's evidence considered, the green Aggregator line closed 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 active list, expectations are set to remain positive on Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4441.31 on Thursday. That is 0.75% below Wednesday's close. So SPX will need to close down at least 0.75% on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. I am as well. The market is volatile and overbought, while still showing a moderate upside edge. This does not suggest great risk/reward. I'll wait until a more favorable opportunity presents itself before looking to take on new index exposure.

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)

New (Note – I failed to notice a TMO trigger last night so I have shown both of them tonight.)

TMO – 1/3 @ \$556.67 (buy @ limit)

TMO – 1/3 @ \$550.35 (buy @ limit)

Broad Market Large Cap CBI – 5(GILD-3, TMO-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.

TMO – Buy 1/3 Catapult position @ \$556.67 LIMIT. From the Catapult section above, this is the 1st of up to 3 lots of TMO.

TMO – Buy 1/3 Catapult position @ \$550.35 LIMIT. From the Catapult section above, this is the 2nd of up to 3 lots of TMO.

Current Open Trade Ideas

| Symbol | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes |
|-----------------|------------------|-----------------|-----------------|--------------|-----------------------------|
| GILD(1/3) | 2/8/2022 | \$63.76 | \$61.90 | -2.92% | Catapult |
| GILD(1/3) | 2/9/2022 | \$63.70 | \$61.90 | -2.83% | Catapult |
| GILD(1/3) | 2/10/2022 | \$63.00 | \$61.90 | -1.75% | Catapult |
| SPY(1/4) | 2/14/2022 | \$439.92 | \$446.60 | 1.52% | <i>sold on close</i> |

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Michigan, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360, LLC. ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2022 Quantifiable Edges, LLC.