

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 2, 2022

Volume 15 Issue 40

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	4

Tonight's Research Points

- VIX closing at a 100-day high while SPX is below its 100-day low has often been followed by a quick SPX rebound.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Evidence is a little light, but the market is quite oversold, making for favorable reward/risk.

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						
March 2, 2022	VIX 100-high. SPX > 100-low < 200ma	1-2 days	Bullish			
February 25, 2022	50 low yest. 5th lower low up close	1-4 days	Bullish	3.95%	-2.40%	-5.70%
Active - Long Term						
February 22, 2022	CBI hits 10. SPX < 200ma.	1-17 days	Bullish	6.70%	-3.80%	-7.80%
January 31, 2022	Up close from 21-day low on a Friday	1-20 days	Bullish			
November 8, 2021	QE4 tapering	int term	Bullish but Weakening			
November 1, 2021	Best 6 Months	1-6 months	Bullish			
July 9, 2020	Golden Cross	int term	Bullish			

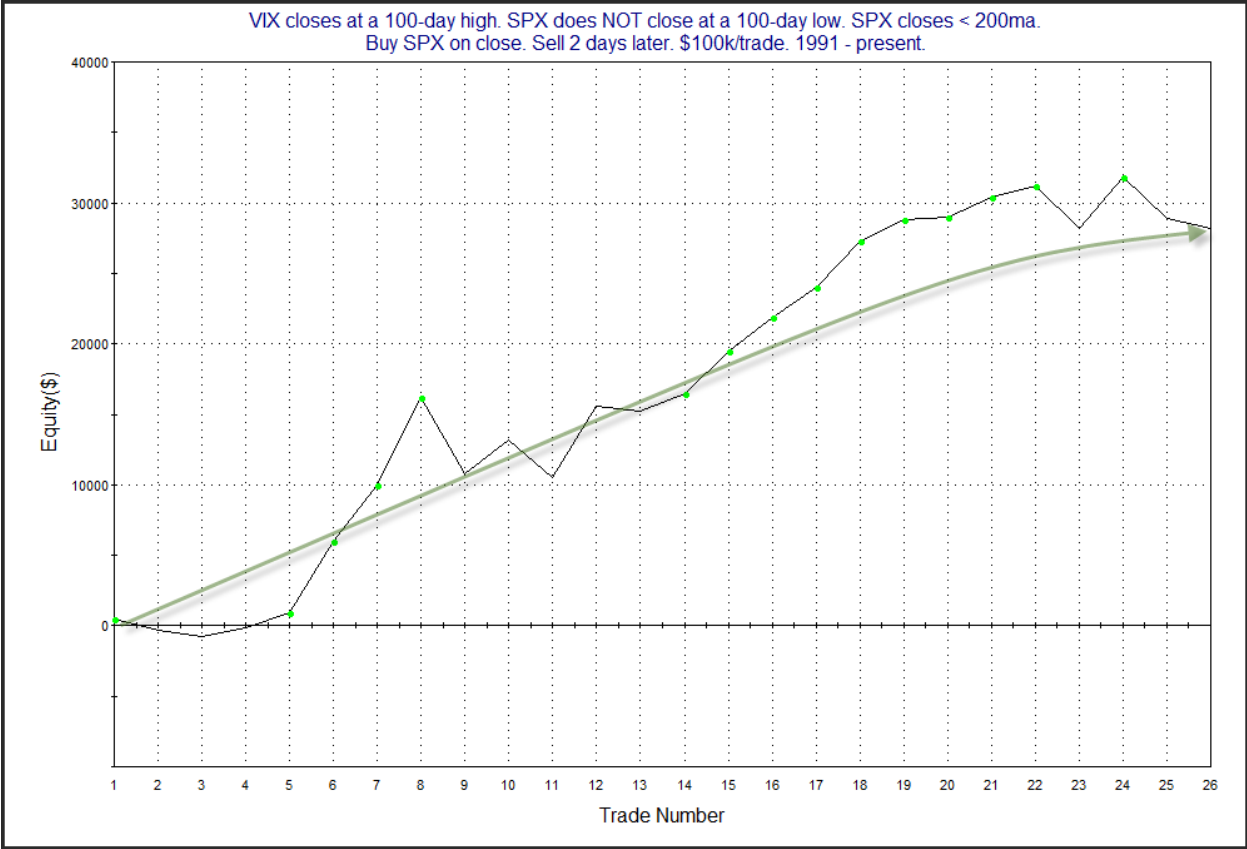
The Evidence

Tuesday was another tough day for the market. The SPX finished down 1.55%, the NASDAQ lost 1.6%, and the Russell 2000 fell 1.9%. Breadth was negative with the NYSE Up Issues % coming in at 40% and the Up Volume % at 33%. NYSE total volume declined some from Monday's level.

The selloff on Tuesday came with a dose of fear, as options became more expensive. This was seen in the VIX closing at 33.32. which is the highest closing price for the VIX since January of 2021. In the 1/30/18 letter I looked at other times the VIX closed at a 100-day high and SPX did NOT close at a 100-day low. Tonight I also added a 200ma filter to the study.

VIX closes at a 100-day high. SPX does NOT close at a 100-day low. SPX closes < 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 1991 - 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	17,752.46	24	15	9	62.50	9,157.20	-11,533.34	3,481.16	-3,829.44	0.91	1.52	739.69
4	8,888.64	24	15	9	62.50	8,810.76	-16,227.09	3,493.98	-4,835.68	0.72	1.20	370.36
3	15,589.37	25	18	7	72.00	8,432.34	-7,622.67	2,433.40	-4,030.26	0.60	1.55	623.57
2	28,207.44	26	18	8	69.23	6,245.15	-5,441.80	2,475.24	-2,043.36	1.21	2.73	1,084.90
1	21,598.04	30	19	11	63.33	4,754.10	-7,451.73	2,264.97	-1,948.76	1.16	2.01	719.93

The stats table here suggests a bullish risk/reward over the next 1-2 days. Below is a look at the 2-day profit curve.



Not perfect, but it does move from lower left to upper right. Overall, I would say that the study is worth some consideration. I have therefore added it to the Active List tonight.

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



With tonight's evidence considered, the green Aggregator line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line moved 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 turned long at the close.

Based on the current active list, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4436.03 on Wednesday. That is 3.0% above Tuesday's close. So SPX will need to close up at least 3.0% on Wednesday to flip 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 now long. Evidence is not overwhelming, but it does suggest a bounce. And the last two days have left SPX quite oversold. I am not going to rush in aggressively here. But I do like the setup enough that I will look to start scaling into an index position if SPX closes down again on Wednesday.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 2/28 – neutral*

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

GILD – 1/3 @ \$63.38 (bought @ limit)

PM – 1/3 @ \$102.79 (bought @ limit)

Broad Market Large Cap CBI – 4(GILD-3, PM)

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.

SPY – Buy ¼ index position @ 429.97 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to start scaling into an index position if SPY closes down again on Wednesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
GILD(1/3)	2/8/2022	\$63.76	\$60.26	-5.49%	Catapult
GILD(1/3)	2/9/2022	\$63.70	\$60.26	-5.40%	Catapult
GILD(1/3)	2/10/2022	\$63.00	\$60.26	-4.35%	Catapult
HD(1/3)	2/24/2022	\$300.00	\$320.25	6.75%	<i>Sell on open</i>
PM(1/3)	3/1/2022	\$101.07	\$101.44	0.37%	Catapult

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