

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 17, 2022

Volume 15 Issue 51

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The strong move higher appears to suggest mildly bullish short-term implications.

Short-term Outlook

The Bottom Line

The Aggregator is neutral, and I am as well.

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 17, 2022	SPX up 2%. Highest volume 5. Cls<200	1-3 days	Bullish			
Active - Long Term						
March 14, 2022	Pres Cycle neg, NAS lagging, SP Death X	int term	Bearish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
March 10, 2022	Yest 50-low high vol. Today up lo vol.	1-9 days	Bearish	-5.00%	2.30%	3.80%
February 22, 2022	CBI hits 10. SPX < 200ma.	1-17 days	Bullish	6.70%	-3.80%	-7.80%
November 1, 2021	Best 6 Months	1-6 months	Bullish			

The Evidence

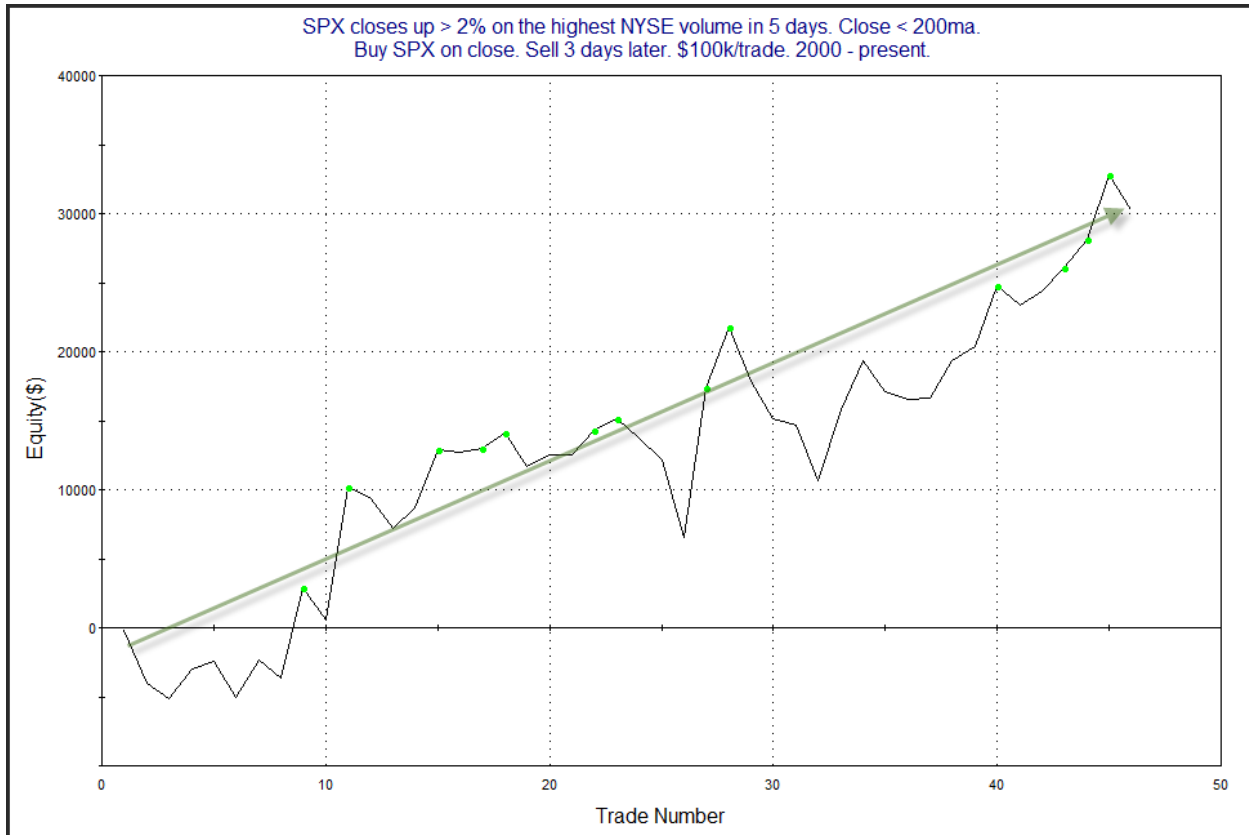
The market loved what Powell had to say, and a big rally ensued. The SPX gained 2.4%, the NASDAQ jumped 3.8%, and the Russell 2000 rose 3.1%. Breadth was positive with the NYSE Up Issues % coming in at 79% and the Up Volume % at 84%. NYSE total volume rose for the 4th day in a row.

So do the last 2 days mean the end of the selloff? Or is it just a sharp, short-covering rally in a downtrend before the next leg lower? I wish I knew. I think more time and evidence is needed to make an educated guess.

From a short-term perspective, the sharp 2-day rally was interesting. It provided some evidence, but nothing overwhelming. In the past I examined 2% up days, and the impact that volume had over the next few days. I found those that came on the highest volume of the last 5 days had positive results over the short-term, while lower volume rallies often struggled. The high-volume filter triggered on Wednesday, and I have updated those results, which were last seen in the 4/20/20 letter.

SPX closes up > 2% on the highest NYSE volume in 5 days. Close > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2000 - 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	36,693.52	45	32	13	71.11	9,334.72	-17,314.65	2,666.57	-3,741.28	0.71	1.75	815.41
4	33,992.32	45	28	17	62.22	11,930.04	-11,413.39	2,721.73	-2,483.30	1.10	1.81	755.38
3	30,256.80	46	25	21	54.35	10,868.60	-5,686.53	2,947.26	-2,067.84	1.43	1.70	657.76
2	522.60	48	22	26	45.83	7,112.64	-6,598.86	2,098.44	-1,755.50	1.20	1.01	10.89
1	177.82	48	23	25	47.92	6,420.72	-4,142.00	1,181.05	-1,079.46	1.09	1.01	3.70

The numbers here look moderately bullish over the next 3-5 days. (Days 1 and 2 show no edge.) In looking at the profit curves, the 3-day was the smoothest.



Choppy, but somewhat confirming. After some deliberation, I decided to include this study on the active list tonight.

I also looked at other times SPX posted back to back 2% up days while under the 200ma.

SPX closes up > 2% for at least the 2nd day in a row. Close < 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 1960 - 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	9,621.07	21	12	9	57.14	5,839.33	-9,713.70	3,070.24	-3,024.65	1.02	1.35	458.15
4	-569.78	21	12	9	57.14	5,239.40	-9,744.66	2,312.13	-3,146.15	0.73	0.98	-27.13
3	-1,979.48	22	12	10	54.55	5,198.31	-11,884.77	2,623.93	-3,346.67	0.78	0.94	-89.98
2	9,009.12	22	10	12	45.45	5,468.05	-5,283.52	2,865.46	-1,637.12	1.75	1.46	409.51
1	3,602.64	24	16	8	66.67	3,270.66	-3,916.44	1,381.87	-2,313.41	0.60	1.19	150.11

Numbers here were not inspiring. Looking out 3-5 days you'll note that the Max Win and Max Loss were both huge, even with the low number of total instances. It is a volatile environment, and it may stay volatile.

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



With tonight's evidence considered, the green Aggregator line moved back above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line held 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 easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4185.43 on Thursday. That is 4.0% below Wednesday's close. Therefore, SPX will need to close down a massive 4.0% on Thursday for SPX to flip from overbought to oversold vs recent expectations. A more likely scenario for working off the overbought condition would be a multi-day pullback or consolidation.

So the Aggregator formation has changed again – tonight to neutral. A continuation of the momentum of the last couple of days is certainly possible. But that is not an obvious outcome. We could certainly reverse back down as well. And with the market so short-term overbought, and so volatile, reward/risk is not very favorable. I'll stand aside and wait for a more compelling setup to emerge.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/14 – slightly bearish

The intermediate-term outlook was last updated in the 3/14/22 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

None

Broad Market Large Cap CBI – 0

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.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
PM(1/3)	3/1/2022	\$101.07	\$93.00	-7.98%	<i>sold on open Wednesday</i>
PYPL(1/3)	3/8/2022	\$93.04	\$102.38	10.04%	<i>sold on open Wednesday</i>
NFLX(1/3)	3/8/2022	\$349.80	\$357.53	2.21%	<i>sell on open</i>
NFLX(1/3)	3/14/2022	\$338.72	\$357.53	5.55%	<i>sell on open</i>
CMCSA(1/3)	3/14/2022	\$45.02	\$46.23	2.69%	<i>sell on open</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.