

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 5, 2022

Volume 15 Issue 64

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The bounce appears that it has further to go, based on action over the last 3 days.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish, but the market is primed to flip to “overbought” on Tuesday. So I am not terribly excited by the current setup.

**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
<b>Active - Short Term</b>						
April 5, 2022	Up 2 < 3 ago. Close > 200ma.	1-2 days	Bullish			
April 4, 2022	QQQ 1st 5 low in 10 days < 200ma	1-3 days	Bullish	1.60%	-1.00%	-1.90%
April 1, 2022	Early April bullish	1-4 days	Bullish			
April 1, 2022	SPX 1st 5 low in 10 days > 10ma	1-5 days	Bullish			
March 30, 2022	Breakaway Gap	1-5 days	Bullish			
March 30, 2022	Up 2% over 3 days. Offse HV < 0.25	1-5 days	Bullish			
<b>Active - Long Term</b>						
April 4, 2022	QQQ 1st 5 low in 10 days < 200ma	1-10 days	Bullish	3.40%	-1.70%	-3.50%
March 28, 2022	NASDAQ leading	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
November 1, 2021	Best 6 Months	1-6 months	Bullish			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
March 31, 2022	Unfilled gap down after unfilled up 20-hi	1-3 days	Bearish			

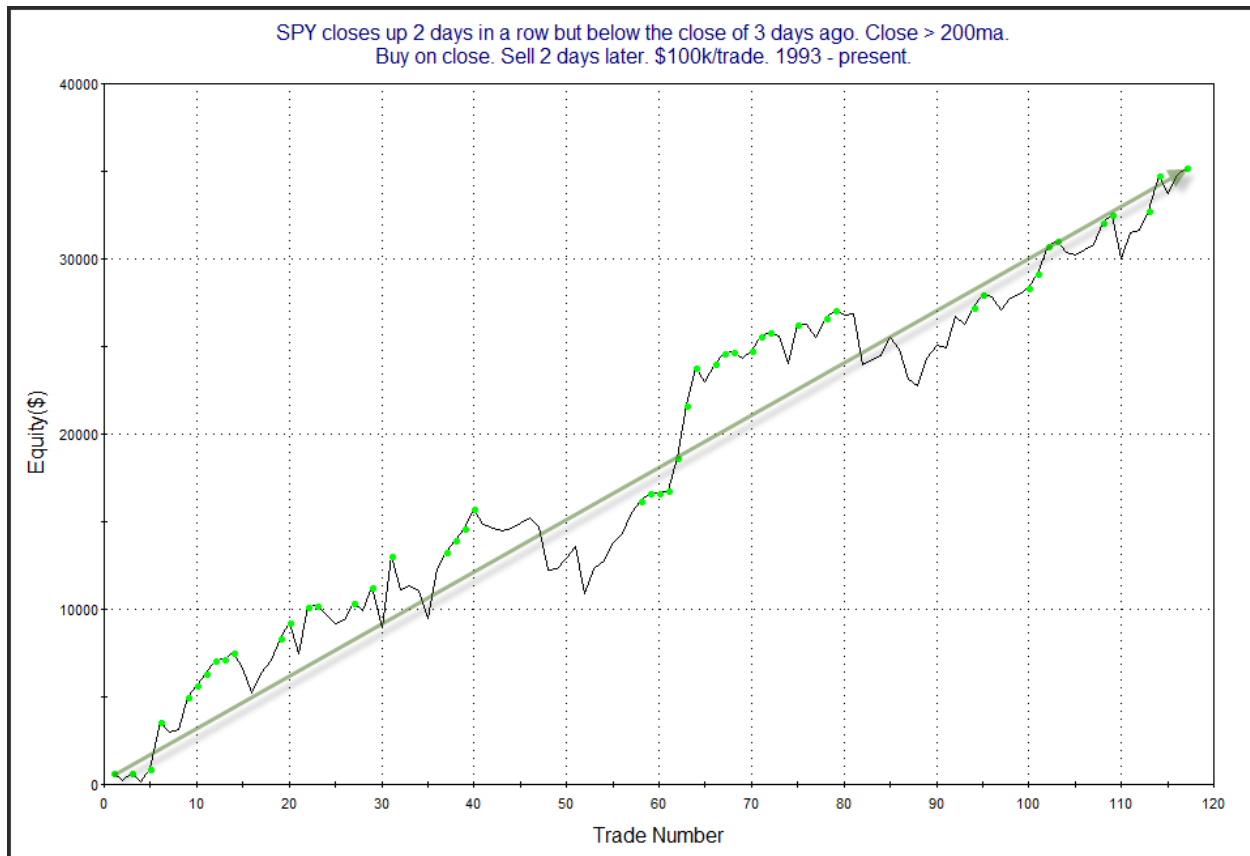
**The Evidence**

Monday saw steady buying and the market finished near its highs for the day. The SPX gained 0.8%, the NASDAQ rose 1.9%, and the Russell 2000 inched up 0.2%. Breadth was positive with the NYSE Up Issues % coming in at 55% and the Up Volume % at 62%. NYSE total volume declined some from Friday's level.

One way to look at the bounce over the last couple of days is noting that the rally failed to close above the close of 3 days ago. In other words, the last 2 days have failed to make up for the losses of the 1-day drop on Thursday. This triggered the below study from the 11/15/21 letter.

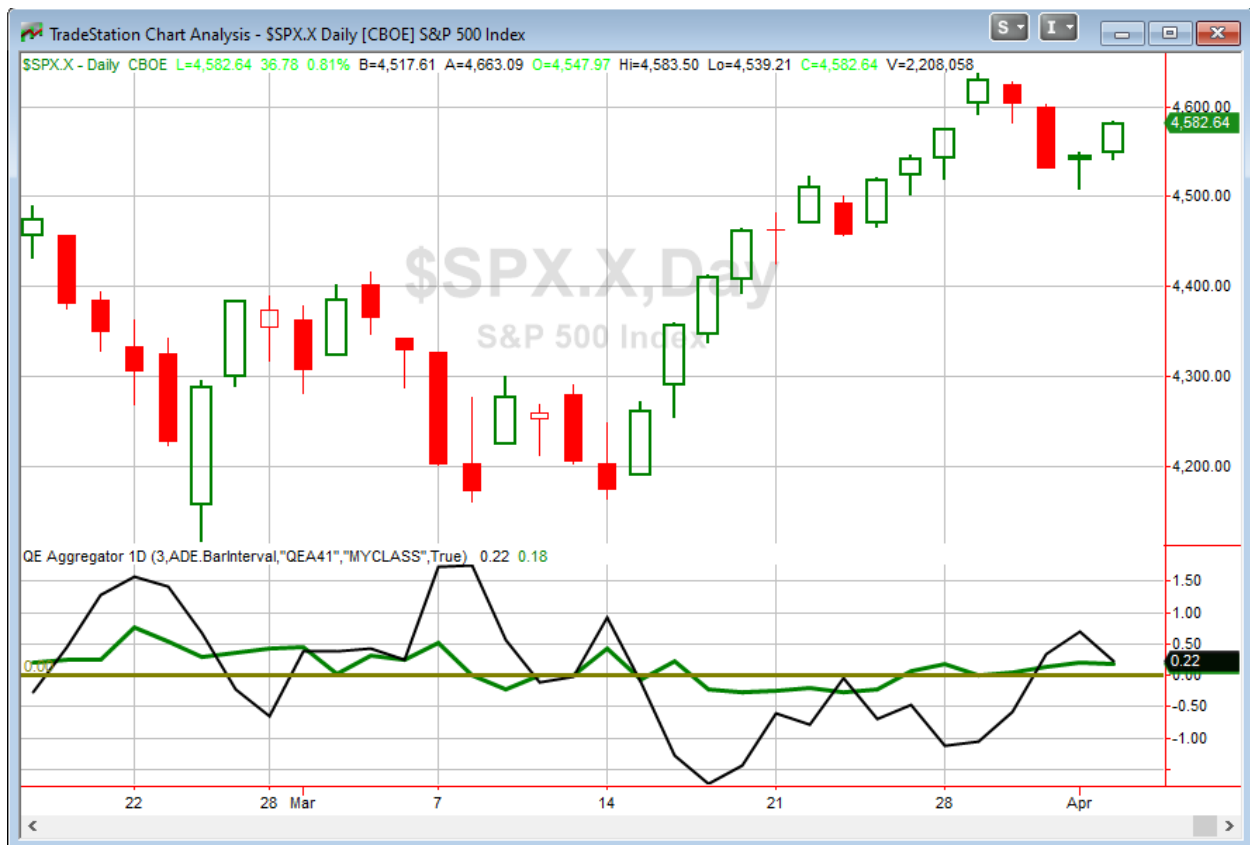
SPY closes up 2 days in a row but below the close of 3 days ago. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	24,477.81	114	67	46	58.77	4,717.70	-6,549.84	1,449.86	-1,579.62	0.92	1.34	214.72
4	35,423.34	116	77	39	66.38	4,698.60	-4,384.89	1,261.84	-1,583.04	0.80	1.57	305.37
3	30,483.92	117	75	42	64.10	3,000.00	-4,092.24	1,119.98	-1,274.15	0.88	1.57	260.55
2	35,192.57	117	79	38	67.52	4,088.25	-2,932.22	896.03	-936.67	0.96	1.99	300.79
1	20,508.51	117	70	45	59.83	3,732.75	-1,777.90	674.61	-593.65	1.14	1.77	175.29

This suggests a 2-day upside edge. Let's check the curve for confirmation.



This is an appealing curve that is again at new highs. So it appears this bounce has a pretty good chance of continuing higher over the next day or two.

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



With tonight's study included, the green Aggregator line remained above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line also held 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 on 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. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at 4538.57* on Tuesday. That is 1.0% *below* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down about 1% in order to remain "oversold" vs recent expectations. Anything other than that and it will flip to "overbought" as of Tuesday's close.

I generally view inverted pivots as opportune times to take some profits if I am in a position. Unfortunately, my orders went unfilled on Friday and Monday. While there is still an apparent upside edge, the market will likely be viewed as overbought on Tuesday. So risk/reward is not great. Therefore, I'll stand aside for now and wait for the next favorable setup to emerge before looking to take on my next index position.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 4/4 – neutral***

The intermediate-term outlook was last updated in the 4/4/22 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**

**None.**

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