

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 19, 2022

Volume 15 Issue 73

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- A 20-day low close is setting SPX up for a potential Turnaround Tuesday.
- The SOX strength on a day NASDAQ declined suggests a bounce on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is still bullish, but there is not much visibility beyond Tuesday.

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						
April 19, 2022	NASDAQ down. SOX up > 1%	1 day	Bullish			
April 19, 2022	SPX 20-day low < 200ma. Its Monday	1 day	Bullish			
April 18, 2022	Tax Day & Day After Bullish	1-2 days	Bullish			
Active - Long Term						
April 12, 2022	QQQ 5 lower lows, today the largest dn	1-20 days	Bullish	10.05%	-4.40%	-7.60%
April 6, 2022	3 1% down days in 10 days > 200	1-20 days	Bullish	4.20%	-3.50%	-8.50%
April 4, 2022	QQQ 1st 5 low in 10 days < 200ma	1-10 days	Bullish	3.40%	-1.70%	-3.50%
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
November 1, 2021	Best 6 Months	1-6 months	Bullish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
April 14, 2022	SPX up > 1% on lowest volume 20 days	1-2 days	Bearish			

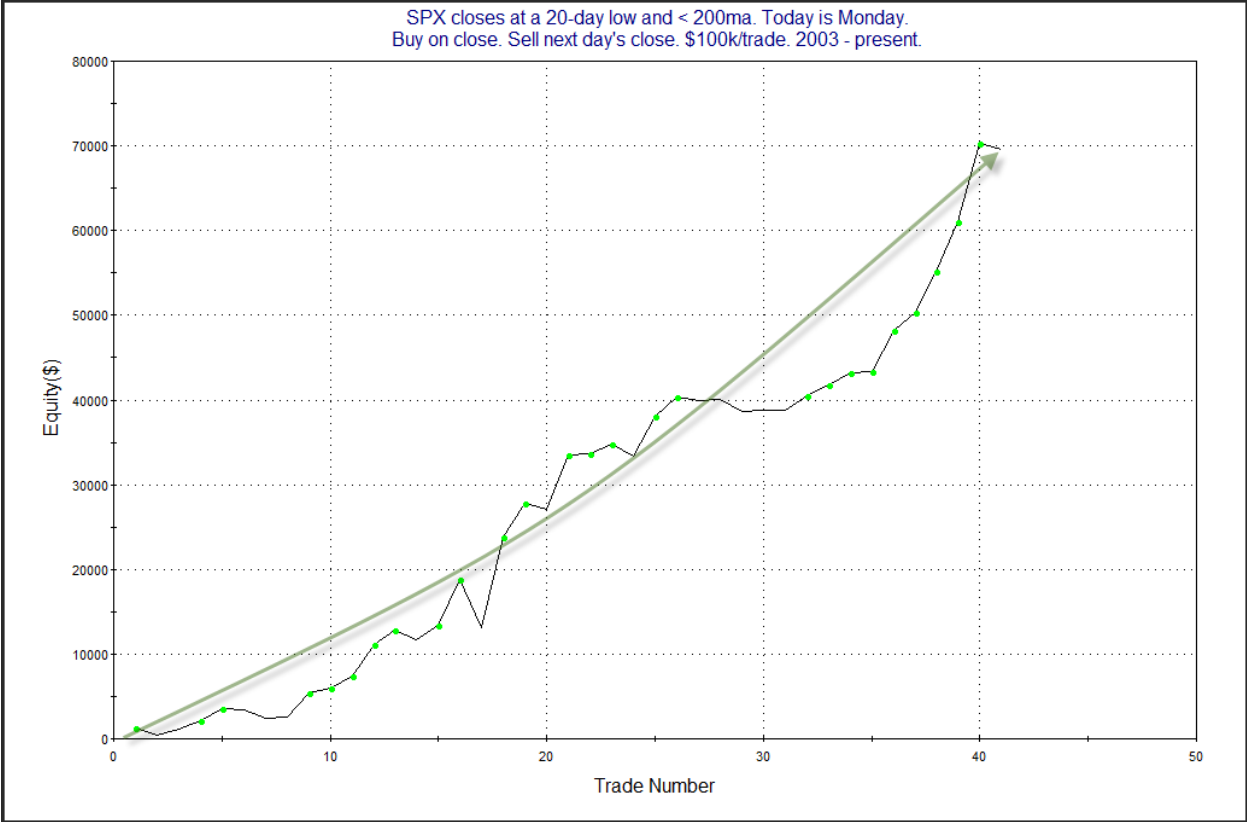
The Evidence

Monday saw back and forth action and finished largely unchanged. The SPX closed down 0.02%, the NASDAQ declined 0.1%, and the Russell 2000 fell 0.7%. Breadth was negative with the NYSE Up Issues % coming in at 38% and the Up Volume % at 11%. NYSE total volume spiked higher.

I mentioned yesterday that another down close would likely trigger some Turnaround Tuesday studies, and that was the case. The one below was last featured in the 3/24/20 letter. It considers the facts that SPX is in a long-term downtrend and at an intermediate-term low.

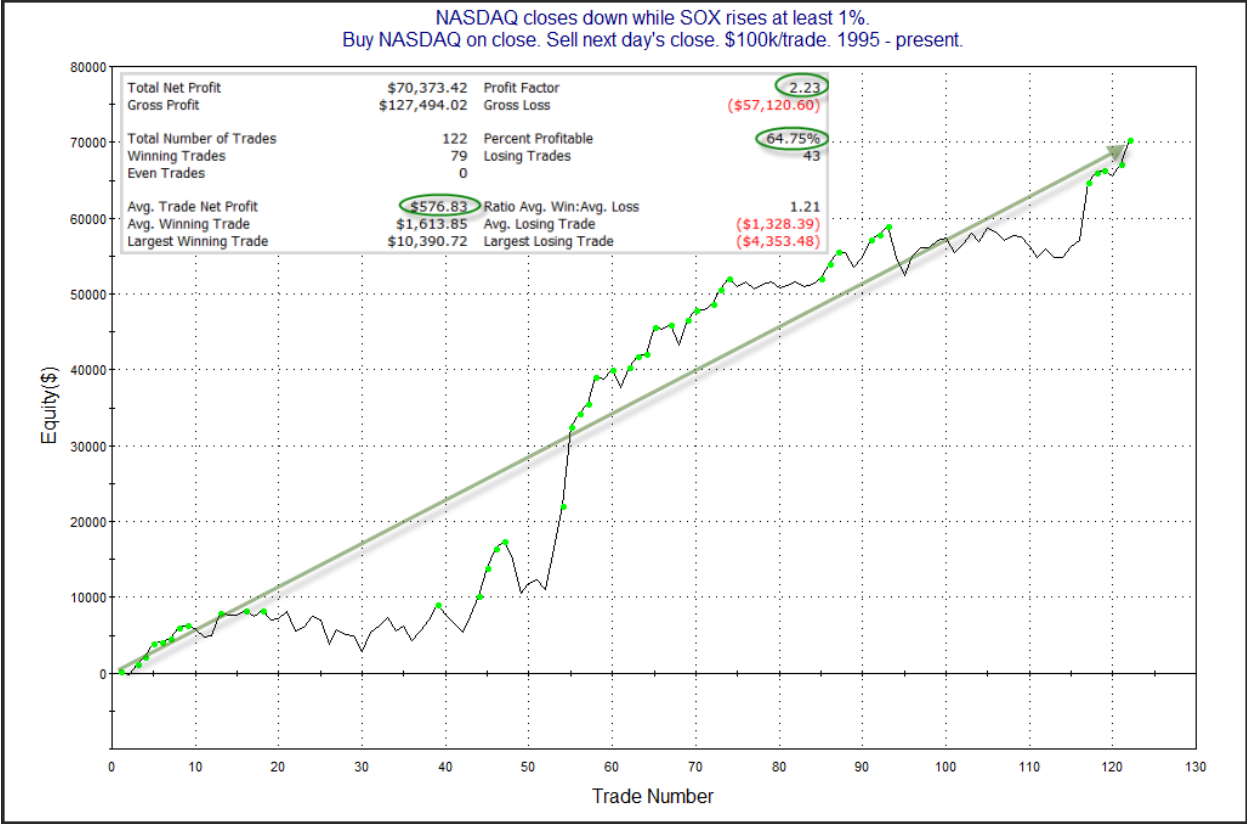
SPX closes at a 20-day low and < 200ma. Today is Monday. Buy on close. Sell X days later. \$100k/trade. 2003 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	94,096.12	33	25	8	75.76	21,519.33	-18,329.76	5,709.53	-6,080.27	0.94	2.93	2,851.40
9	93,408.25	34	27	7	79.41	13,525.47	-18,648.00	5,276.01	-7,006.27	0.75	2.90	2,747.30
8	91,322.23	34	27	7	79.41	15,803.97	-17,685.00	4,947.18	-6,035.94	0.82	3.16	2,685.95
7	99,385.98	34	25	9	73.53	17,319.54	-12,544.56	5,314.35	-3,719.18	1.43	3.97	2,923.12
6	98,048.54	34	25	9	73.53	18,349.11	-9,917.10	5,262.06	-3,722.56	1.41	3.93	2,883.78
5	68,860.22	40	27	13	67.50	17,127.00	-12,975.48	4,470.17	-3,987.27	1.12	2.33	1,721.51
4	79,269.57	41	28	13	68.29	14,020.11	-14,820.98	4,016.53	-2,553.32	1.57	3.39	1,933.40
3	75,584.08	41	30	11	73.17	17,277.48	-13,815.18	3,761.97	-3,388.63	1.11	3.03	1,843.51
2	63,883.31	41	27	14	65.85	10,479.04	-6,763.30	3,110.78	-1,436.27	2.17	4.18	1,558.13
1	69,584.83	41	30	11	73.17	10,716.03	-5,702.04	2,766.99	-1,220.45	2.27	6.18	1,697.19

Not only do the numbers look strong on Tuesday, but the setup has often seen good follow through over the next several days. Below is the 1-day profit curve.



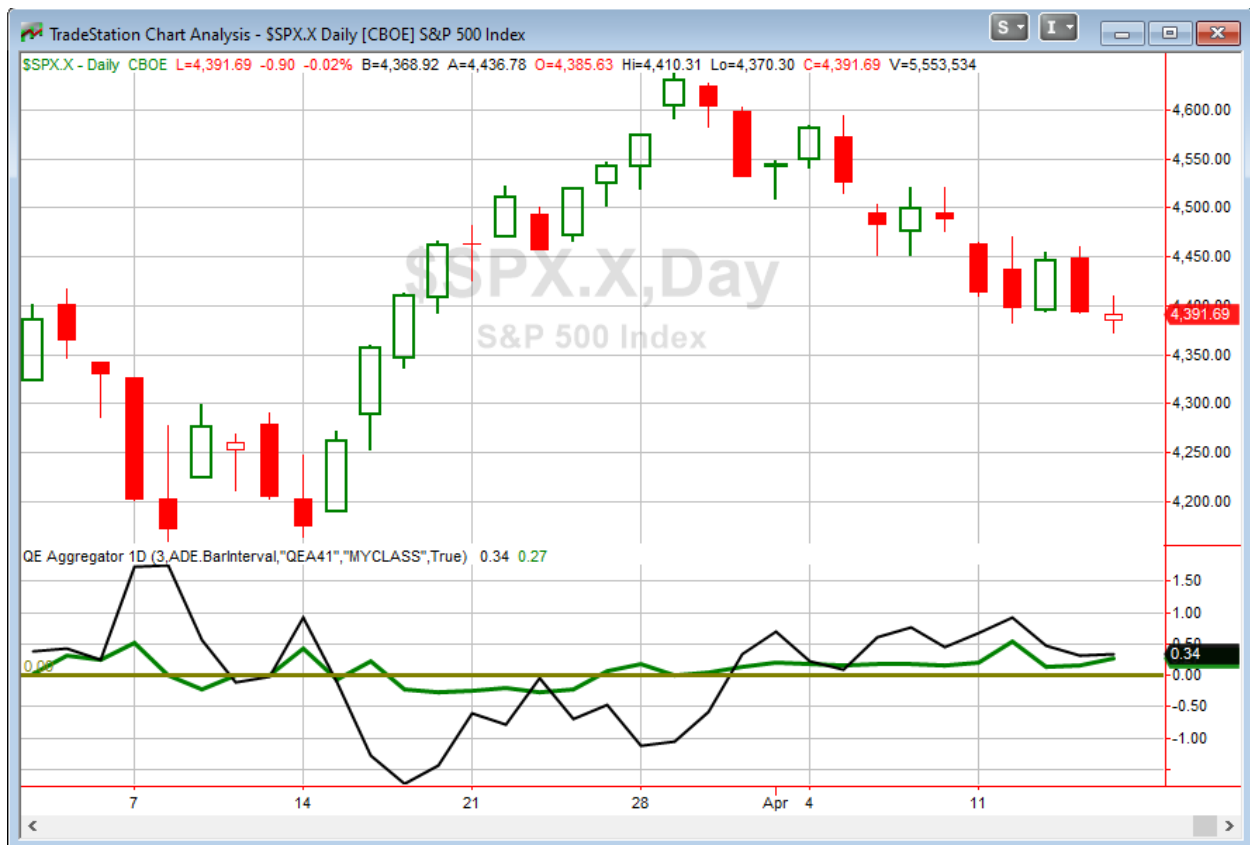
The strong upslope serves as some confirmation of the bullish edge suggested by the numbers.

Despite the decline in the NASDAQ, the SOX rose strongly, closing up 1.9%. When the SOX does well on a day the NASDAQ declines, that has often been followed by a rise in the NASDAQ the next day. This can be seen in the study below, which was last featured in the 1/8/20 letter.



Not exactly a steady rise, but the move and numbers are impressive nonetheless. I have included this study on the active list tonight.

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



With today's evidence 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 above zero. Therefore, the Aggregator formation stayed long at the close.

Based on the current active list, expectations are set to turn neutral on Tuesday. This is because all 3 active short-term studies will be expiring. Of course this could change if new evidence emerges. Meanwhile, the Differential Pivot will be 4484.16 on Monday. That is 2.1% above Monday's close. Therefore, SPX will need to close up a very large 2.1% on Tuesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is still bullish. And Tuesday looks good for a bounce. But I don't have a whole lot of visibility beyond that. I have a small amount of long exposure, and I'll just stick to that for the time being.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/18 – neutral

The intermediate-term outlook was last updated in the 4/18/22 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 tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	4/13/2022	\$438.03	\$437.97	-0.01%	Aggregator

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