

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 21, 2022

Volume 15 Issue 75

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Strong breadth near a short-term high and a down close suggest short-term bullish implications.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. We have some evidence pointing higher, but not much, and the SPX is already overbought. Not a very favorable setup. I agree with the Aggregator and am also neutral.

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 21, 2022	5-high then down close. Breadth strong	1-3 days	Bullish	1.60%	-0.80%	-1.80%
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			

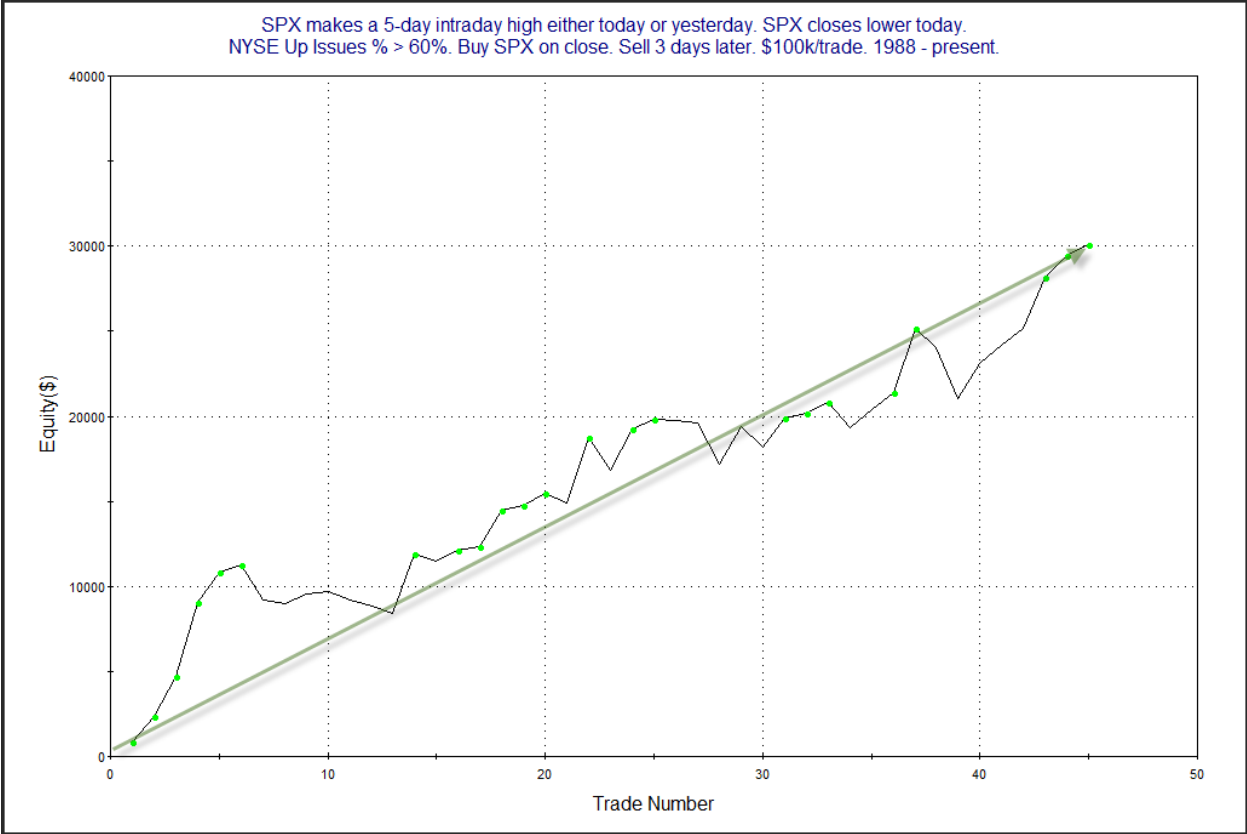
The Evidence

Wednesday saw mixed results and mostly small ranges from the major indices. The SPX closed down 0.1%, the NASDAQ tumbled 1.2%, and the Russell 2000 rose 0.4%. Breadth was positive with the NYSE Up Issues % coming in at 64% and the Up Volume % at 62%. NYSE total volume rose a little from Tuesday's level.

There was one study from the Quantifinder that I found quite interesting. It examined other times the market made a short-term high in the last day or so, then closed lower, but breadth remained squarely positive. Last seen in the 4/29/20 letter, results are updated below.

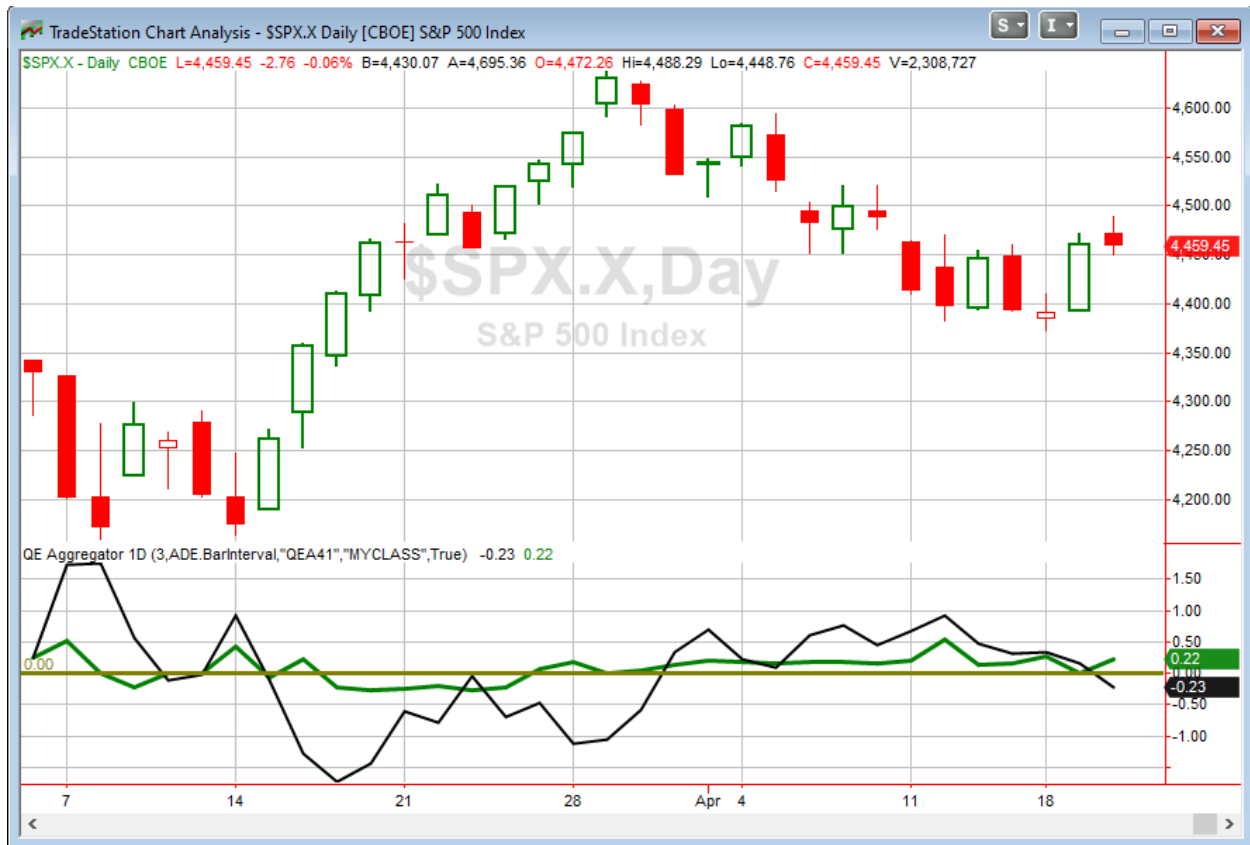
SPX makes a 5-day intraday high either today or yesterday. SPX closes lower today. NYSE Up Issues % > 60%. Buy SPX on close. Sell X days later. \$100k/trade. 1988 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	16,874.15	43	28	15	65.12	4,586.15	-6,119.33	1,612.13	-1,884.37	0.86	1.60	392.42
4	36,229.38	45	28	17	62.22	8,095.62	-3,969.70	2,047.05	-1,240.47	1.65	2.72	805.10
3	30,096.08	45	30	15	66.67	4,370.82	-3,028.47	1,535.00	-1,063.60	1.44	2.89	668.80
2	25,815.54	45	31	14	68.89	4,825.17	-2,625.30	1,257.85	-941.28	1.34	2.96	573.68
1	22,323.85	45	28	17	62.22	3,351.09	-1,606.00	1,027.09	-378.50	2.71	4.47	496.09

This suggests a possible upside edge over the next few days. Below is a look at the 3-day profit curve.



That is a fairly steady rise from lower left to upper right. This acts as some confirmation of the upside edge suggested by the stats table. I have added this study to the active list tonight.

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



With tonight's evidence considered, the green Aggregator line remained rose above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line fell 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 fail to close on the same side of zero. Therefore, the Aggregator formation stayed flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Thursday. Of course this could easily change if compelling new bearish evidence emerges on Thursday. Meanwhile, the Differential Pivot will be 4416.33 on Thursday. That is 1.0% below Wednesday's close. Therefore, SPX would need to close down 1.0% or more on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. We have some evidence suggesting an upside edge over the next few days, but SPX is already overbought, which negatively impacts reward/risk. I don't feel compelled to put new money at risk in this situation. I'll wait for a more favorable reward/risk setup before taking on my next index position.

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
<i>SPY(1/4)</i>	<i>4/13/2022</i>	<i>\$438.03</i>	<i>\$446.92</i>	<i>2.03%</i>	<i>sold on open</i>

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