

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 26, 2022

Volume 15 Issue 100

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Down markets heading into month-end tend to finish the month well.

Short-term Outlook

The Bottom Line

Basically the same as last night. The Aggregator is neutral. Evidence is moderate and I am not seeing a compelling setup. I don't expect it will take too long before one emerges.

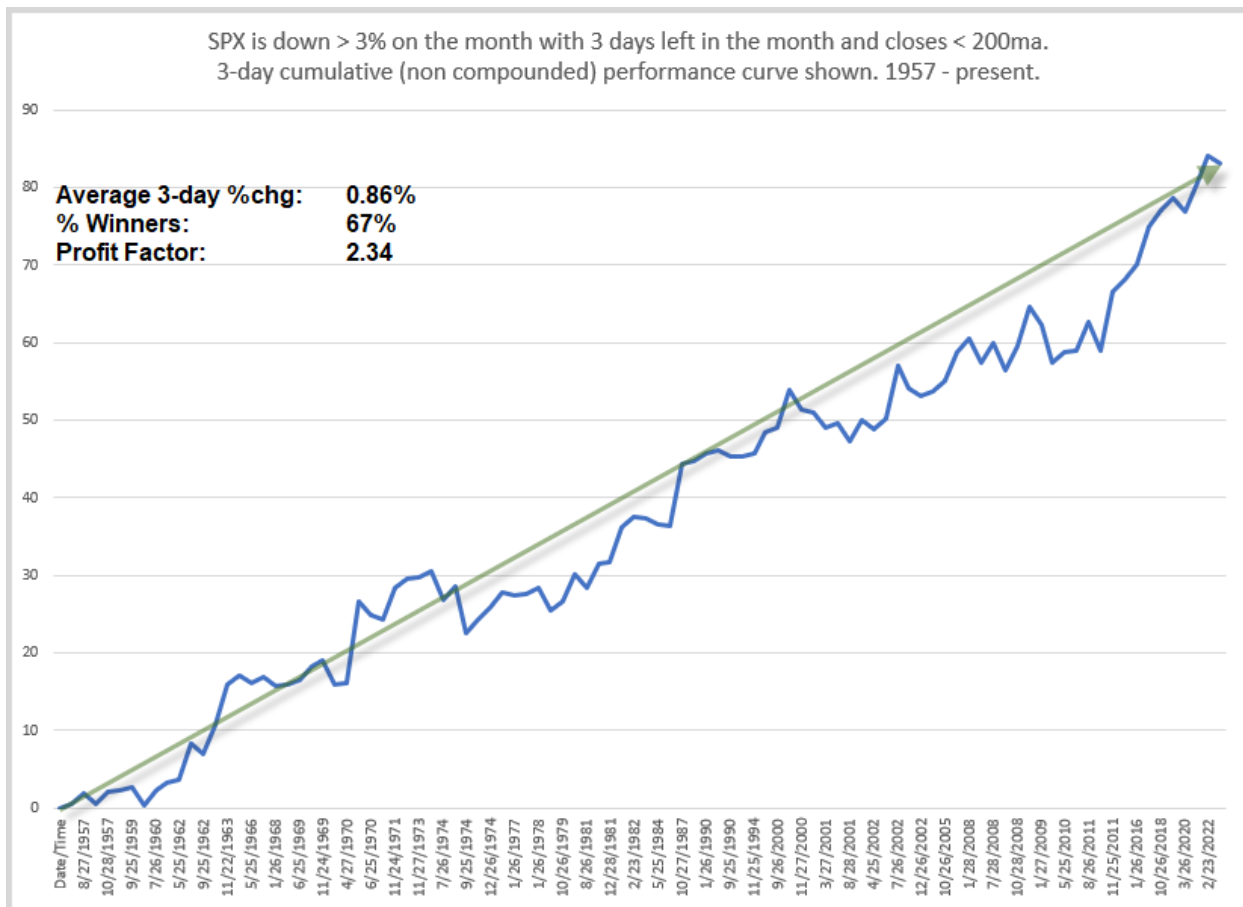
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 26, 2022	SPX down > 3% mtd w/ 3 days left	1-3 days	Bullish			
May 23, 2022	Fri 50-intraday low then up close	1-4 days	Bullish	3.20%	-1.30%	-2.90%
Active - Long Term						
May 16, 2022	Up from 50-low on a Friday	1-25 days	Bullish	5.80%	-3.80%	-8.10%
May 12, 2022	NASDAQ breadth oversold at 100 Low	1-19 days	Bullish			
May 9, 2022	5 weeks lower and < 40-week avg	1-8 weeks	Bearish			
May 2, 2022	Worst 6 Months with Jan-April selling	1-6 months	Bearish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

The Evidence

Wednesday was back and forth but finished well. The SPX closed up 0.95%, the NASDAQ gained 1.5%, and the Russell 2000 rallied 1.95%. Breadth was positive with the NYSE Up Issues % coming in at 79% and the Up Volume % at 84%. NYSE total volume declined some from Tuesday's level.

For the 2nd night in a row the Quantifinder is not triggering anything compelling. SPX and NDX are near the middle of their 2-week ranges, and mid-range is not a great place to find edges. So perhaps it is not that much of a surprise that new evidence is somewhat lacking. I did look tonight at other instances of SPX heading into the last 3 days of the month with a decent-sized loss month-to-date. Results seemed to show an upside tendency for the last 3 days of the month. This can be seen in the chart below.



This suggests a moderate but fairly consistent upward inclination to finish off the month. I decided the numbers and curve were strong enough to merit some consideration, and have included this on the active list.

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



With tonight's evidence considered, the green Aggregator remained 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 stayed flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 4007.35 on Thursday. That is 0.7% *above* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up over 0.7% in order to remain overbought. Anything other than that and it will flip to oversold vs recent expectations as of Thursday's close.

So the Aggregator is again neutral. I don't see a strong setup at this point, and I intend to demand one before getting involved in this volatile market. I will continue to exercise patience and give it at least another day to see how the market acts and what new studies emerge on Thursday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/23 – somewhat bearish

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
COST(1/3)	5/20/2022	\$422.93	\$440.11	4.06%	<i>sell on open</i>

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