

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 12, 2022

Volume 15 Issue 120

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Turnaround Tuesday evidence is suggesting a bounce.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. With evidence mixed and overbought/oversold tenuous, I am as well.

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

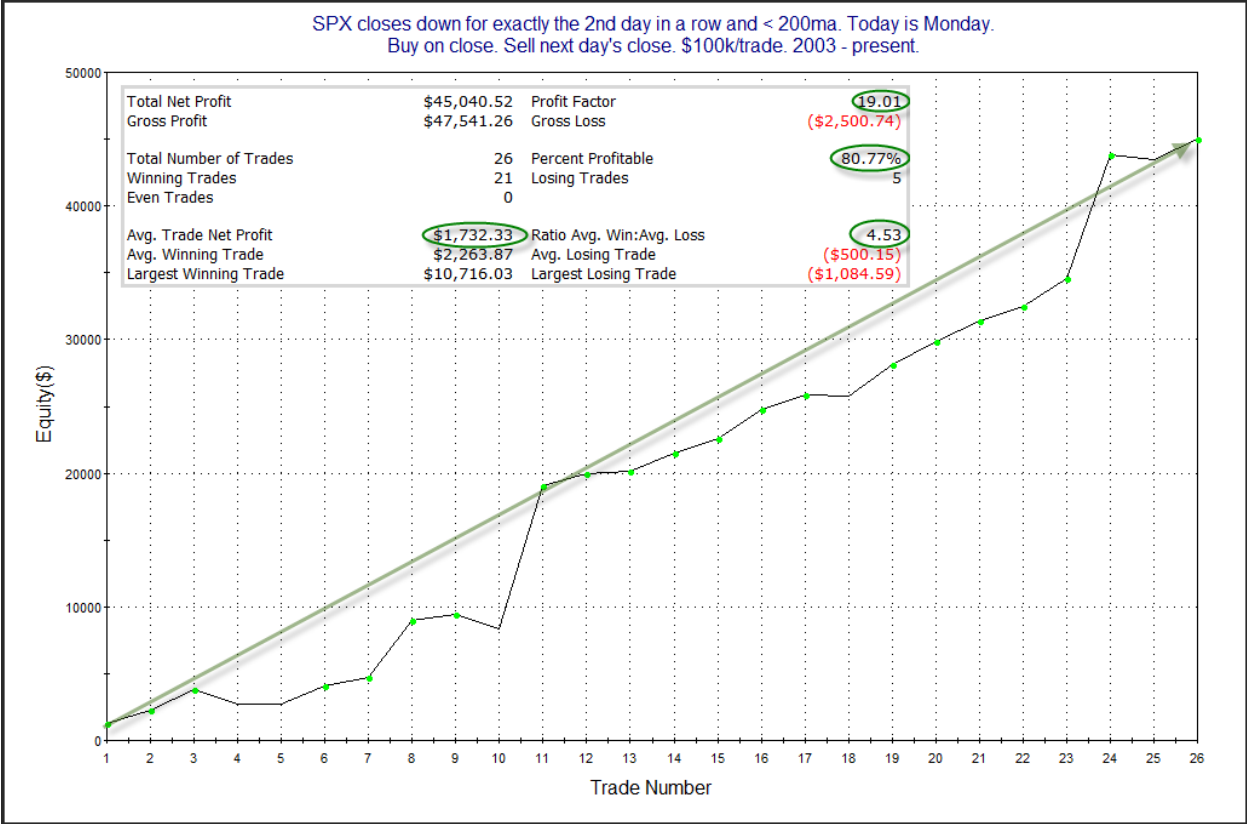
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 12, 2022	2 days down < 200. Turn Tues coming	1 day	Bullish			
July 11, 2022	SPY down. RSI(2) > 85.	1-2 days	Bearish			
Active - Long Term						
July 11, 2022	NASDAQ Leading	int term	Bullish			
June 13, 2022	Inverse Zweig Breadth Collapse	1-3 months	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

The market struggled on Monday. SPX closed down 1.15%, the NASDAQ tumbled 2.3%, and the Russell 2000 dropped 2.1%. Breadth was negative with the NYSE Up Issues % coming in at 31% and the Up Volume % at 16.5%. NYSE total volume rose slightly from Friday’s low level.

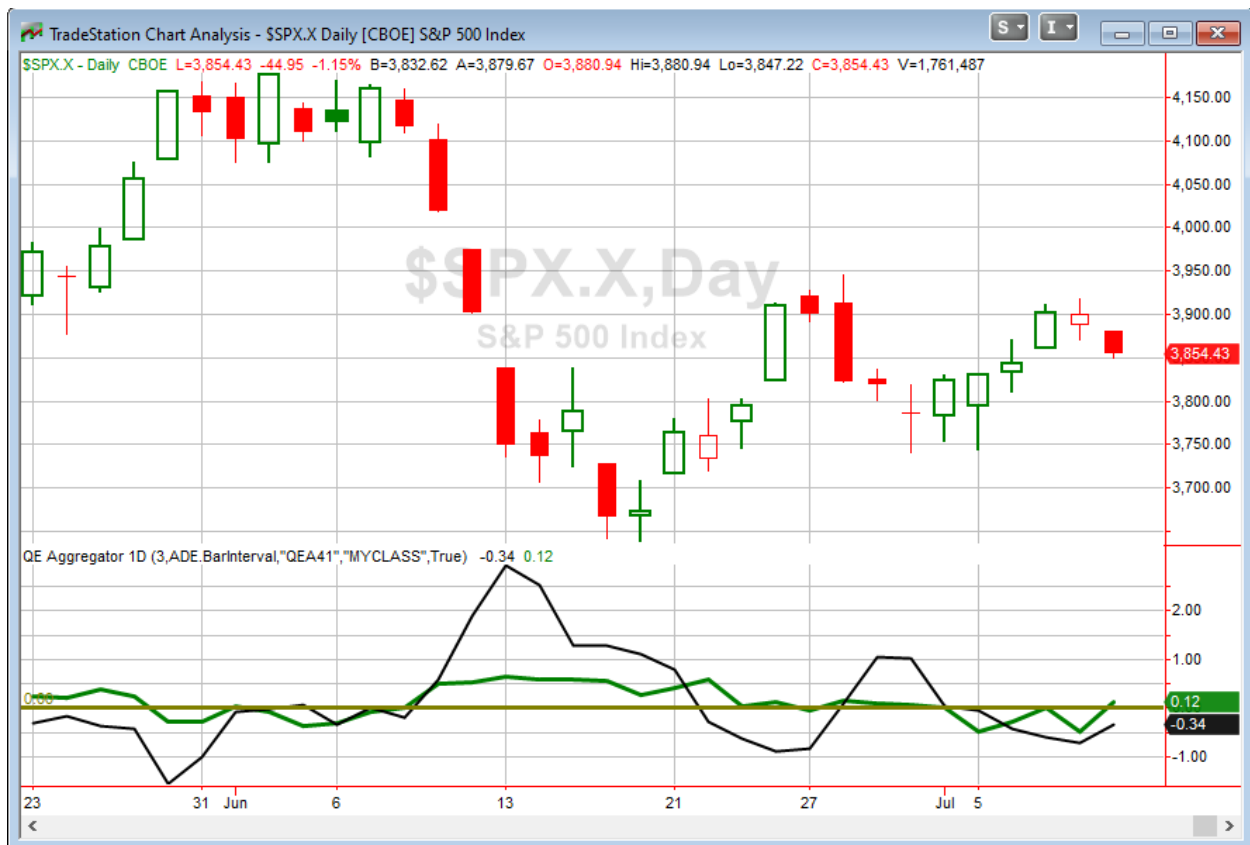
There were a few studies in the Quantifinder that noted the tight range and low SPY volume. But like we have seen with some other (formerly) bearish studies lately, the edge has not played out well over the last few years. So I will not be discussing any of them tonight.

An edge that has played out for a long time and continues to, is the fact that “Turnaround Tuesday” tends to be the favorite day of the week for a pullback to bounce. Even 2-day pullbacks heading into Tuesdays have shown a strong tendency to bounce since 2003. This can be seen in the study below, updated from the 6/19/18 letter.



Those are very strong numbers and an impressive profit curve. I have added this study to the active list tonight.

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



With today's evidence considered, the green Aggregator line inched 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.

With both short-term active studies expiring on Tuesday, expectations will be highly dependent on any new evidence that emerges. Meanwhile, the Differential Pivot will be *inverted at 3872.49*. That is 0.5% *above* 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 up at least 0.5% in order to remain overbought vs recent expectations. If it fails to rise at least that much, it will be considered "oversold" as of Tuesday's close.

So the Aggregator is neutral. Evidence is mixed and both short-term studies are set to expire on Tuesday. Meanwhile, overbought/oversold is also tenuous with the Differential Pivot inverted. That adds up to a whole lot of uncertainty. This is not a setup suggesting a strong edge. Like the Aggregator, I too am neutral.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/11– neutral

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
MO(1/3)	6/21/2022	\$45.31	\$41.95	-7.42%	sell on open

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