

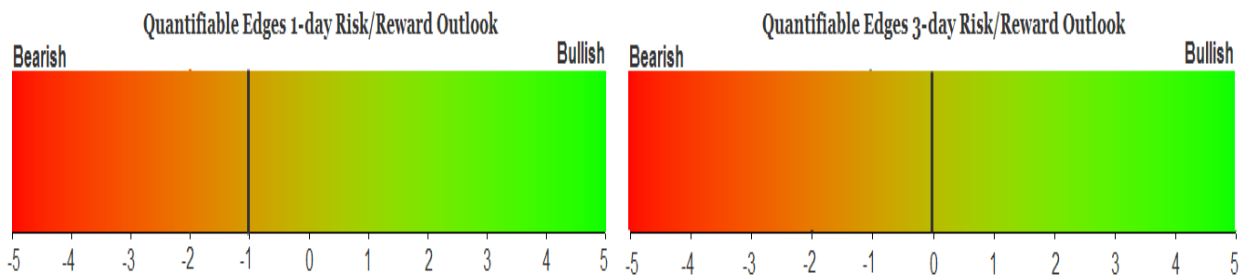
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 21, 2022

Volume 15 Issue 137

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No compelling new evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Very little has changed since last night. Evidence is mixed but leaning bullish. SPX is overbought. This does not appear to be a great reward/risk scenario.

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

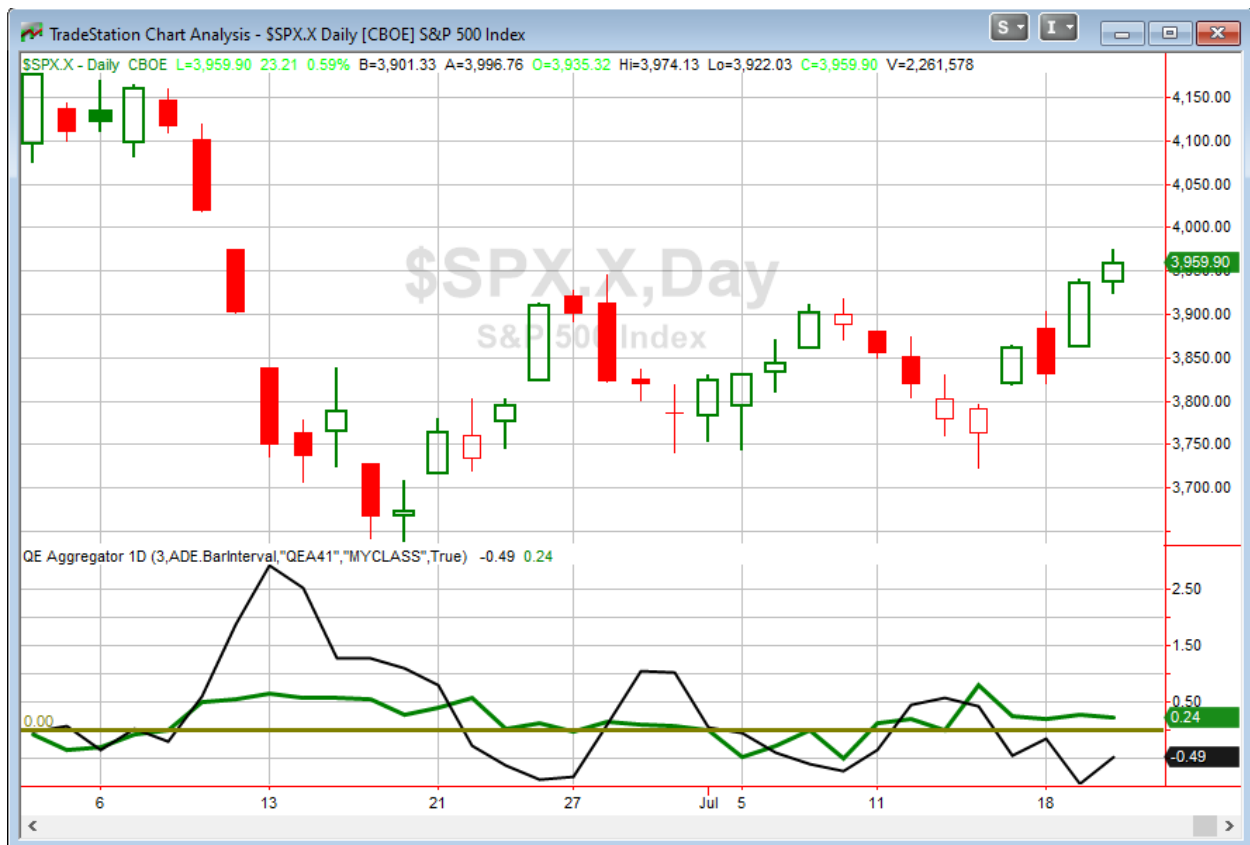
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 18, 2022	SPY unfilled up. Dn next day no fill.	1 day	Bearish			
July 18, 2022	Gap up & cls dn. < 200ma. Volume low	1-2 days	Bullish			
Active - Long Term						
July 11, 2022	NASDAQ Leading	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 recent rally continued on Wednesday. SPX rose 0.6%, the NASDAQ jumped 1.58%, and the Russell 2000 climbed 1.59%. Breadth was positive with the NYSE Up Issues % coming in at 67% and the Up Volume % at 62%. NYSE total volume rose some from Tuesday's level.

The market got stretched more to the upside, and breadth also improved further. Price action studies last night suggested that overbought in an uptrend is likely to be followed by a reversion downward. The breadth study we saw suggested breadth was so strong that the upside momentum could persist a bit longer. Wednesday the breadth study won out. While some things looked a bit more stretched today than they did yesterday, there was nothing new and compelling that appeared in the Quantifinder (there were some repeats from yesterday that are still active), and I was unable to spot anything new I really liked. So after a late night researching last night, I am going to keep the letter short tonight. No new studies are being added to the active list.

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



Without any new studies making the cut, the green Aggregator line 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.

With the current list of active studies, expectations are slated to remain positive on Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3876.82. That is 2.1% below Wednesday's close. Therefore, SPX will need to close down at least 2.1% on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is still neutral. Nothing really has changed since last night. Overbought, but the evidence is leaning upwards. I will note that the 1-day odds point lower, but I am not interested in trying to take advantage of a mild 1-day edge in this market without any real conviction beyond that. I'll continue to wait until a more compelling setup emerges before attempting a new index trade.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/18– neutral

The intermediate-term outlook was last updated in the 7/18/22 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

None

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