

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 2, 2022

Volume 15 Issue 145

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- No new compelling evidence triggered on Monday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral, but the 1-day and 2-day measures still suggest a small downside edge.

*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
<b>Active - Short Term</b>						
August 1, 2022	Close month on hig of month.	1-5 days	Bullish	2.10%	-1.30%	-2.75%
August 1, 2022	Up 3 days into EOM. Close < 200	1-2 days	Bearish	-3.20%	1.20%	2.20%
July 29, 2022	SPY up 1% 2x 10-high < 200ma	1-4 days	Bearish	-3.20%	1.20%	2.20%
<b>Active - Long Term</b>						
August 1, 2022	NYSE Up Issues % > 70% 3 straight days	1-80 days	Bullish	9.85%	-4.72%	-11.90%
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***

Monday saw modest selling across the major indices. SPX finished down 0.3%, the NASDAQ lost 0.2%, and the Russell 2000 declined 0.1%. Breadth was mixed with the NYSE Up Issues % coming in at 53% and the Up Volume % at 45%. NYSE total volume came in lighter than Friday.

The mild action on low volume did not trigger any compelling Quantifinder studies. It also did not lead me to find anything new. I was out of the office on Monday, and I am somewhat glad not to have to do a large amount of research tonight. Monday's quiet action did not appear to carry a lot of meaning. So I will keep it short, and let you know that I am not adding any new studies to the active list.

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



Without any new evidence emerging tonight, the green Aggregator line inched above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line is still below zero. The negative Differential Line reading means that SPX is strongly 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.

Based on the current active list, expectations are set to remain positive on Tuesday. This could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4042.25 on Tuesday. That is 1.85% below Monday's close. So SPX will need to close down at least 1.85% on Tuesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is now neutral. But while 3-day expectations are positive, both Tuesday and Wednesday are leaning bearish. I have some short exposure. Often when the Aggregator turns neutral, I simply look to get out of my positions without hesitation. In this case, with the market still so overbought, and 1-day expectations still negative, I am not inclined to cover my short without a decent fill. I'm trying to balance a little here between being patient and stubborn. So if we get a little bit of a dip on Tuesday, I will take my loss and wait for the next trade. I won't be buying into a big gap up at this point, though.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 8/1 – improving but still 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
SPY(s)(1/4)	7/28/2022	\$406.07	\$410.77	-1.16%	<i>cover @ \$410.25 LIMIT</i>

*As expressed in the short-term section above, I will look to cover my SPY short if we get a bit of a dip on Tuesday.*

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