

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 3, 2022

Volume 15 Issue 146

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- No new compelling evidence triggered on Tuesday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. I am not seeing a strong short-term edge at the moment.

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

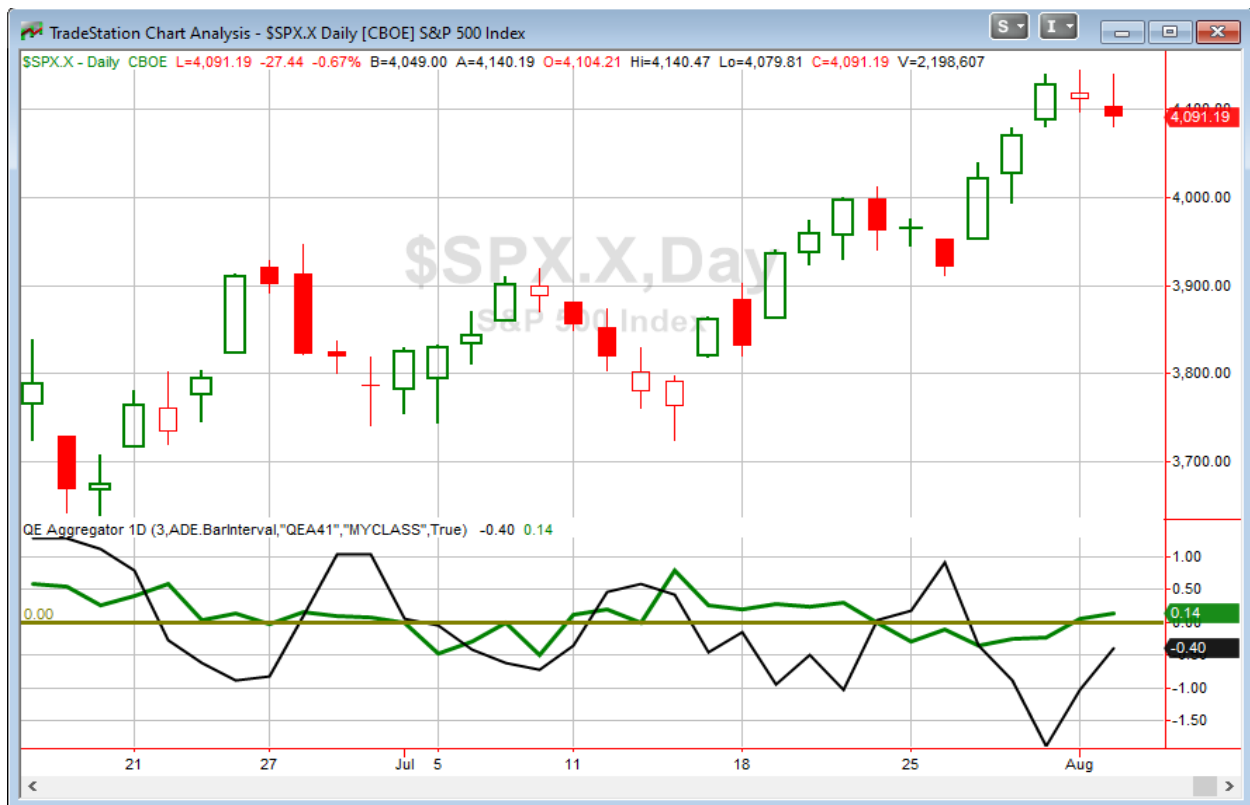
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
August 1, 2022	Close month on hig of month.	1-5 days	Bullish	2.10%	-1.30%	-2.75%
July 29, 2022	SPY up 1% 2x 10-high < 200ma	1-4 days	Bearish	-3.20%	1.20%	2.20%
<b>Active - Long Term</b>						
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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
August 1, 2022	Up 3 days into EOM. Close < 200	1-2 days	Bearish	-3.20%	1.20%	2.20%

***The Evidence***

Tuesday was a 2<sup>nd</sup> day of modest selling. SPX finished down 0.7%, the NASDAQ lost 0.2%, and the Russell 2000 declined 0.05%. Breadth was negative with the NYSE Up Issues % coming in at 45% and the Up Volume % at 43%. NYSE total volume rose some from Monday's level.

I hate to go 2 nights in a row with nothing terribly interesting to discuss, but I am not seeing great clues based on action from Tuesday. The last 2 days have been very moderate pullbacks, and action that typically generates compelling edges is often more extreme.

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



Without any new evidence emerging tonight, the green Aggregator remained 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 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 active list, expectations are set to remain positive on Wednesday. This could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be *slightly inverted* at 4095.97 on Wednesday. That is 0.1% *above* Tuesday'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 rise a little over 0.1% in order to remain "overbought". Otherwise, it will flip to "oversold" vs recent expectations as of Wednesday's close.

So the Aggregator is neutral. Evidence is mixed. It is leaning bullish, but could finish either way on Wednesday depending on what new evidence emerges. Meanwhile, the market will finish oversold on any down close and overbought on nearly any up close. So conditions tomorrow are very up in the air. There does not appear to be a substantial edge now, and anticipating one for Wednesday's close is not easy. I will wait until a more substantial reward/risk opportunity emerges before jumping back in with my next index trade.

*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**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
<b>SPY(s)(1/4)</b>	<b>7/28/2022</b>	<b>\$406.07</b>	<b>\$409.12</b>	<b>-0.75%</b>	<b>covered on open</b>

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