

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 4, 2022

Volume 15 Issue 147

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The SPY pattern and unfilled gap higher suggest a downside edge for Thursday.

Short-term Outlook

The Bottom Line

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

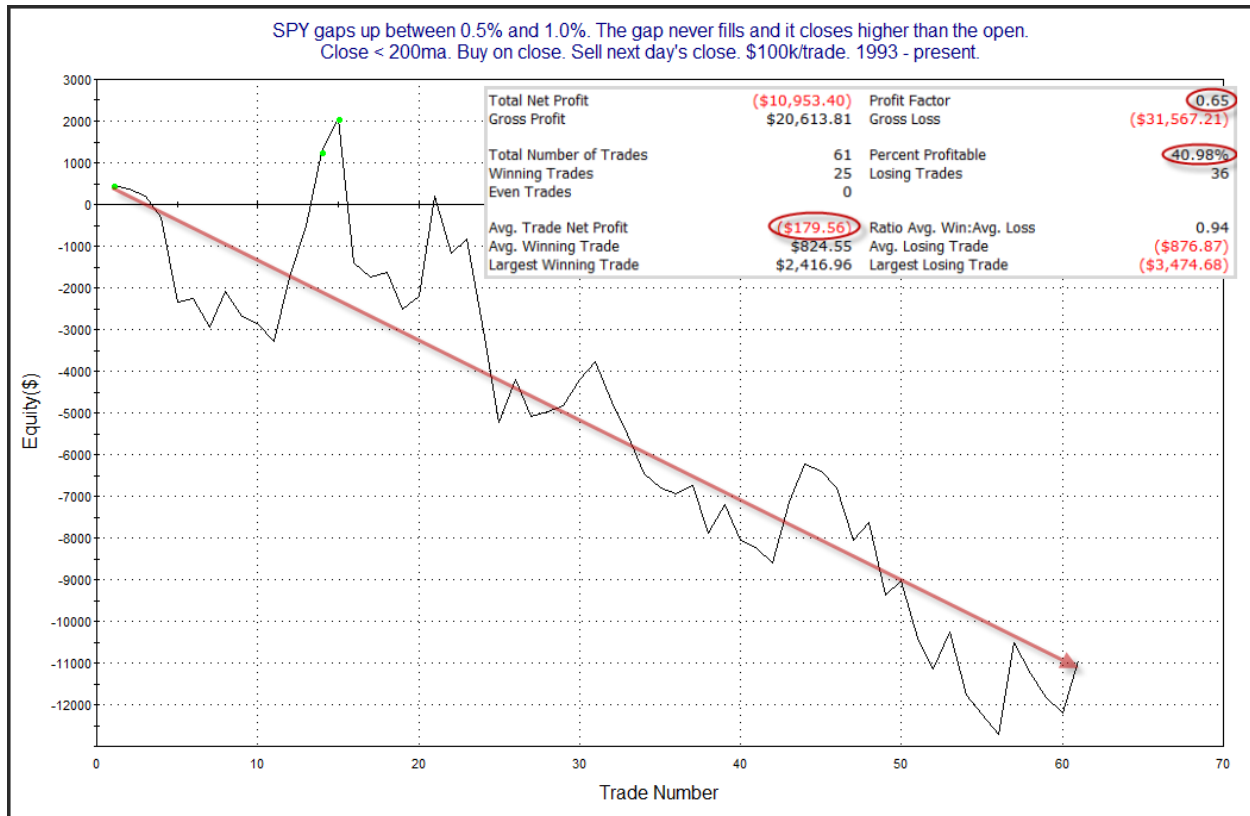
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 4, 2022	SPY gap up. Close > open. Close < 200	1 day	Bearish			
August 1, 2022	Close month on high of month.	1-5 days	Bullish	2.10%	-1.30%	-2.75%
Active - Long Term						
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

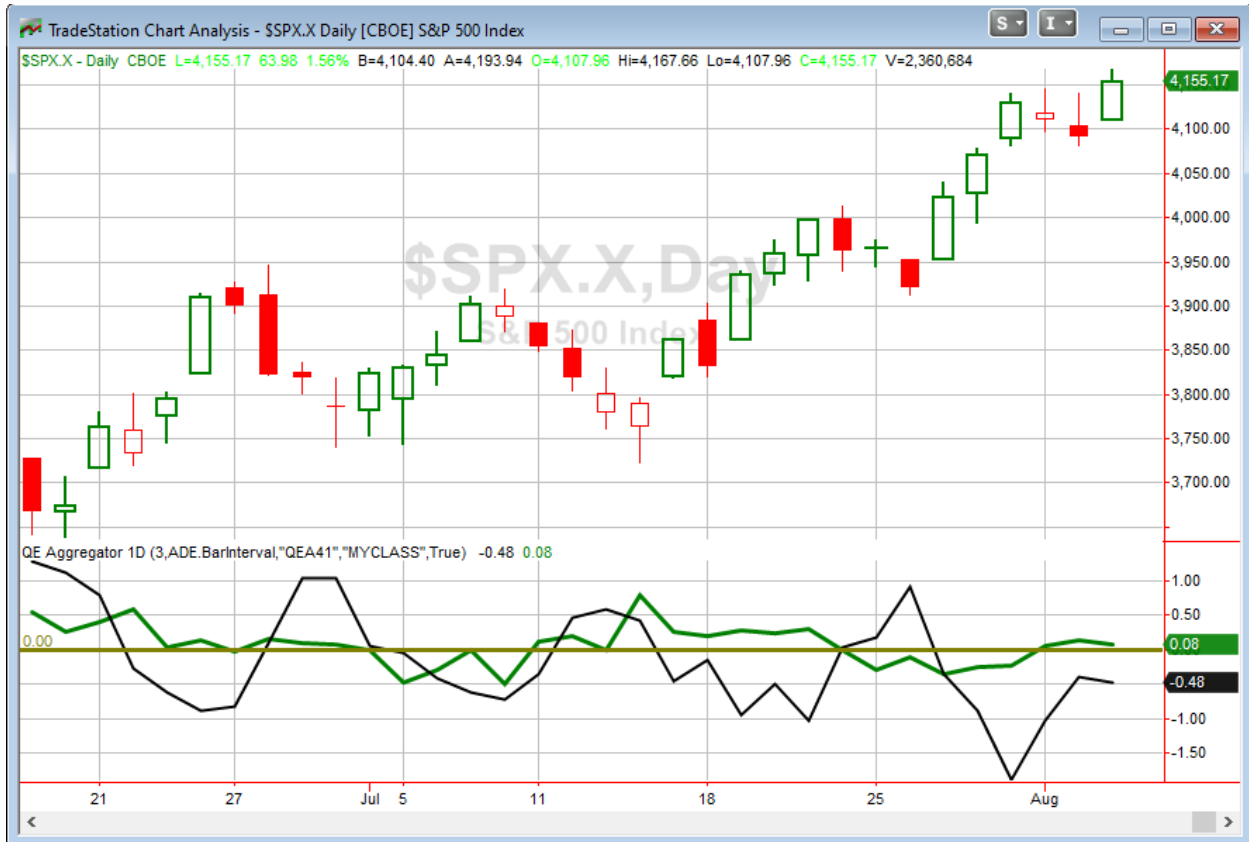
The market shot higher on Wednesday. SPX finished up 1.6%, the NASDAQ rallied 2.6%, and the Russell 2000 climbed 1.4%. Breadth was positive with the NYSE Up Issues % coming in at 70% and the Up Volume % at 67%. NYSE total volume declined some from Tuesday’s level.

Action did not trigger a whole lot Wednesday. But we did see once interesting study that we have seen a few times recently. Last seen in the 7/28/22 letter it considers the unfilled up-gap and the long-term downtrend. Updated results can be found below.



Stats are moderately negative, but the curve makes the study more compelling. I have included this study on the active list again tonight.

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



Even 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 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 4099.95 on Thursday. That is 1.3% below Wednesday's close. Therefore, SPX will need to close down at least 1.3% on Thursday in order to turn from overbought to oversold vs recent expectations..

Very little has changed since last night. The Aggregator is neutral. Evidence is mixed. It is leaning bullish, but could finish either way on Wednesday depending on what new evidence emerges. The primary difference is that the market is now solidly overbought. But there still does not appear to be a substantial edge. I will wait until a more favorable 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

None

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