

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 12, 2022

Volume 15 Issue 153

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The large spike to a 10-day high and down close on Thursday is a pattern that is often followed by a rise over the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am also.

The Evidence

Thursday started strong but finished mixed. The SPX closed down 0.1%, the NASDAQ lost 0.6%, and the Russell 2000 rose 0.3%. Breadth was positive with the NYSE Up Issues % coming in at 59% and the Up Volume % at 63%. NYSE total volume declined some from Wednesday's level.

The strong morning followed by an afternoon reversal triggered an old study from way back in the 12/5/11 letter. It looked at times SPX made a 10-day high which was also at least 1% above the previous day's close, and then turned down and finished negative on the day. I have updated the stats for the study below.

SPX makes 10-day intraday high at least 1% above yesterday's close. It then closes down on the day. Buy on close. Sell X days later. \$100k/trade. 1991 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	16,503.68	30	17	13	56.67	5,850.63	-6,485.62	2,536.48	-2,047.42	1.24	1.62	550.12
9	19,976.75	30	20	10	66.67	8,190.60	-8,537.38	2,501.98	-3,006.28	0.83	1.66	665.89
8	41,800.58	30	22	8	73.33	10,424.04	-5,865.61	2,967.62	-2,935.88	1.01	2.78	1,393.35
7	52,535.58	30	23	7	76.67	7,960.55	-5,421.50	3,036.60	-2,472.31	1.23	4.04	1,751.19
6	43,750.95	30	20	10	66.67	6,923.40	-4,235.49	3,103.85	-1,832.61	1.69	3.39	1,458.36
5	33,586.82	32	23	9	71.88	9,111.96	-4,550.71	2,392.99	-2,383.55	1.00	2.57	1,049.59
4	27,848.49	32	20	12	62.50	6,906.05	-3,248.62	2,458.55	-1,776.88	1.38	2.31	870.27
3	15,449.88	33	21	12	63.64	3,979.80	-5,449.78	1,878.67	-2,000.17	0.94	1.64	468.18
2	22,214.19	33	21	12	63.64	5,340.72	-6,019.99	1,984.66	-1,621.97	1.22	2.14	673.16
1	10,413.58	33	20	13	60.61	3,351.09	-2,932.39	1,210.98	-1,062.00	1.14	1.75	315.56

Numbers here are impressive. Of course there are no long-term filters on this study. Being that SPX could be viewed in an intermediate-term uptrend, or a long-term downtrend, I looked at it with a few different filters.

First...a 50-day high instead of just a 10-day high...

SPX makes **50-day** intraday high at least 1% above yesterday's close. It then closes down on the day.
Buy on close. Sell X days later. \$100k/trade. 1991 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	12,317.73	14	10	4	71.43	2,837.07	-2,581.91	1,857.23	-1,563.64	1.19	2.97	879.84
9	13,620.73	14	11	3	78.57	5,293.53	-4,820.35	1,933.55	-2,549.43	0.76	2.78	972.91
8	20,913.76	14	11	3	78.57	5,855.85	-3,524.58	2,469.57	-2,083.83	1.19	4.35	1,493.84
7	24,967.57	14	11	3	78.57	6,687.78	-3,163.99	2,698.56	-1,572.20	1.72	6.29	1,783.40
6	22,054.46	14	10	4	71.43	6,431.88	-3,218.56	2,752.48	-1,367.57	2.01	5.03	1,575.32
5	10,497.24	15	11	4	73.33	3,942.12	-4,550.71	1,700.97	-2,053.35	0.83	2.28	699.82
4	13,725.97	15	10	5	66.67	5,326.08	-2,581.70	2,196.57	-1,647.95	1.33	2.67	915.06
3	12,036.51	15	12	3	80.00	3,532.86	-2,993.86	1,499.85	-1,987.24	0.75	3.02	802.43
2	9,664.64	15	9	6	60.00	3,925.02	-1,814.72	1,697.61	-935.65	1.81	2.72	644.31
1	3,413.38	15	9	6	60.00	2,402.40	-1,474.46	882.68	-755.12	1.17	1.75	227.56

Numbers here also look strong, again peaking after 7 days.

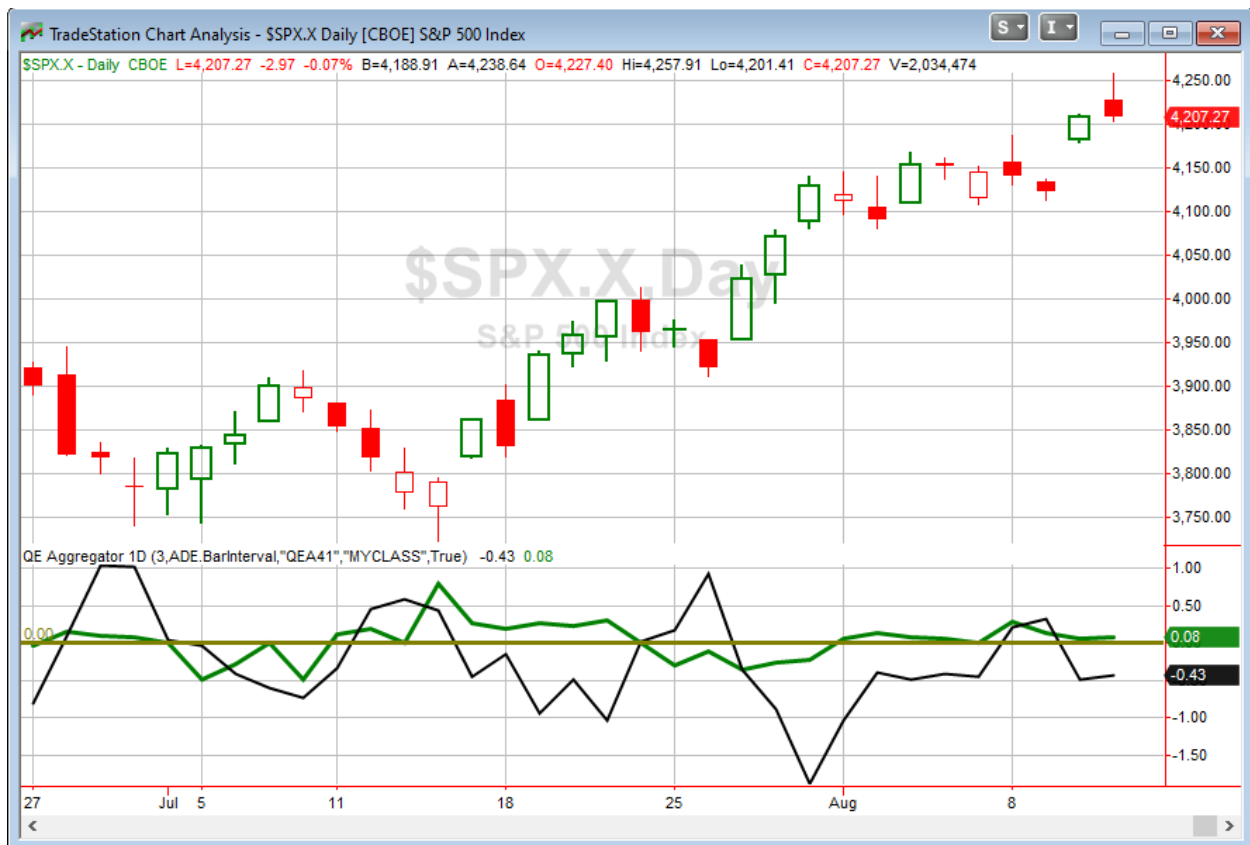
Next, I used the original 10-day high, but looked at instances below the 200ma.

SPX makes **10-day** intraday high at least 1% above yesterday's close. It then closes down on the day.
Close < 200ma. Buy on close. Sell X days later. \$100k/trade. 1991 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	847.13	16	6	10	37.50	5,850.63	-6,485.62	3,965.16	-2,294.38	1.73	1.04	52.95
9	-131.56	16	8	8	50.00	8,190.60	-8,537.38	3,387.91	-3,404.36	1.00	1.00	-8.22
8	18,021.91	16	10	6	62.50	10,424.04	-5,865.61	3,878.20	-3,460.02	1.12	1.87	1,126.37
7	24,526.23	16	11	5	68.75	7,960.55	-5,421.50	3,661.80	-3,150.71	1.16	2.56	1,532.89
6	23,338.53	16	10	6	62.50	6,923.40	-4,235.49	3,841.99	-2,513.57	1.53	2.55	1,458.66
5	23,446.80	17	12	5	70.59	9,111.96	-4,550.71	3,235.27	-3,075.28	1.05	2.52	1,379.22
4	17,939.72	17	10	7	58.82	6,906.05	-3,248.62	3,098.59	-1,863.74	1.66	2.38	1,055.28
3	6,877.60	18	10	8	55.56	3,979.80	-5,449.78	2,332.33	-2,055.71	1.13	1.42	382.09
2	15,054.21	18	12	6	66.67	5,340.72	-6,019.99	2,402.96	-2,296.89	1.05	2.09	836.34
1	9,500.06	18	11	7	61.11	3,351.09	-2,932.39	1,696.14	-1,308.21	1.30	2.04	527.78

Here again, numbers look strong. I noted that the 4-day numbers are also strong across all 3 versions. In looking at the curves I elected to include this as a 4-day edge on the Active List.

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



With tonight's evidence considered, the green Aggregator line remained above zero. Positive readings mean expectations are for upside over the next 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.

Based on the current active list, expectations are slated to remain positive on Friday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4138.50. That is 1.6% below Thursday's close. Therefore, SPX will need to close down at least 1.6% on Friday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is neutral. Evidence is mostly positive, but with SPX overbought, reward/risk is not great/ I'll remain sidelined and re-evaluate over the weekend.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/8 – 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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