

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 24, 2022

Volume 15 Issue 161

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	2

## Tonight's Research Points

- 3-day pullback under similar circumstances have shown a moderate 1-day upside edge.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish. There appears to be a moderate upside edge for Wednesday, but still not much visibility beyond that.

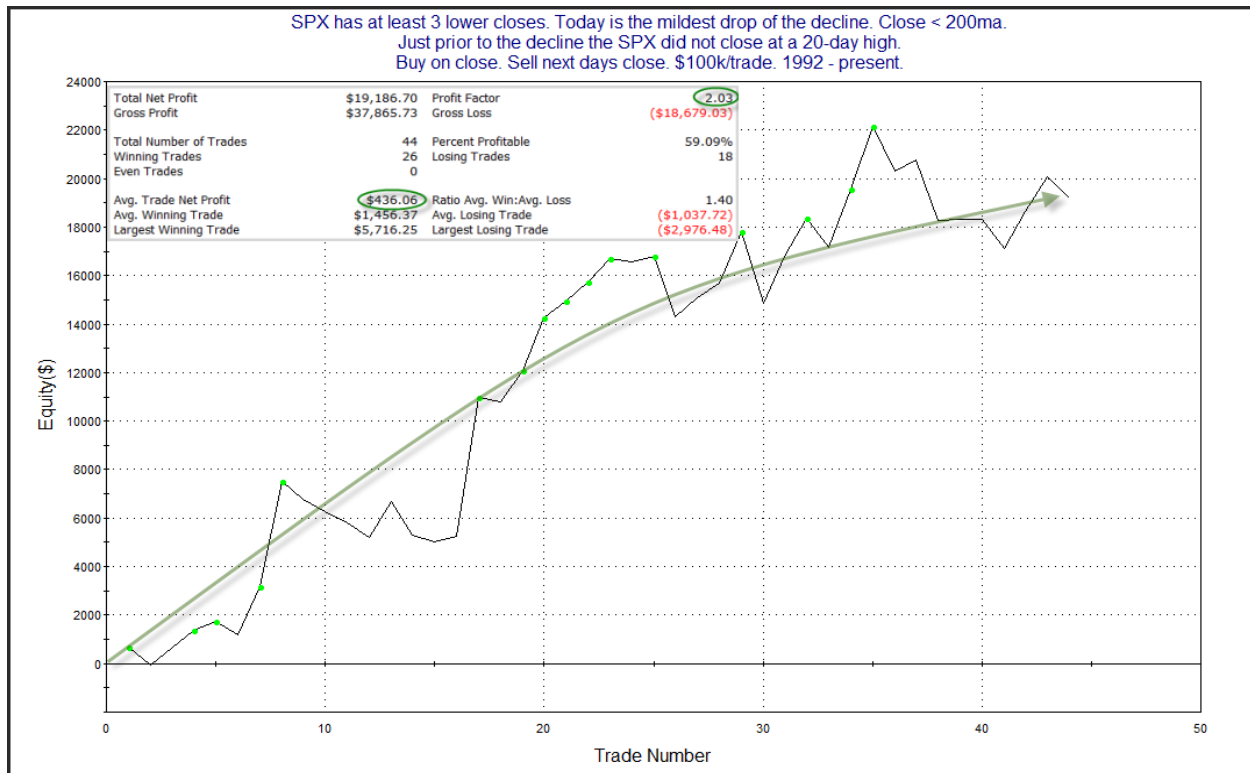
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
August 24, 2022	3+ days lower. Today mild. < 200	1 day	Bullish			
August 23, 2022	Up Issue % < 30% 2 days. No 20-low	1-2 days	Bullish			
August 22, 2022	SPX dn 1%. Bad breadth. 4 low < 200	1-3 days	Bullish	2.40%	-2.10%	-4.40%
<b>Active - Long Term</b>						
August 23, 2022	10ema breadth collapse	1 month	Bearish			
August 16, 2022	SPX goes from < 15% above 50 to > 90%	1-6 months	Bullish			
August 15, 2022	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.35%	-8.80%
August 11, 2022	50-day high breakout on 90% Up Vol	1-40 days	Bullish	8.00%	-1.80%	-4.40%
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**

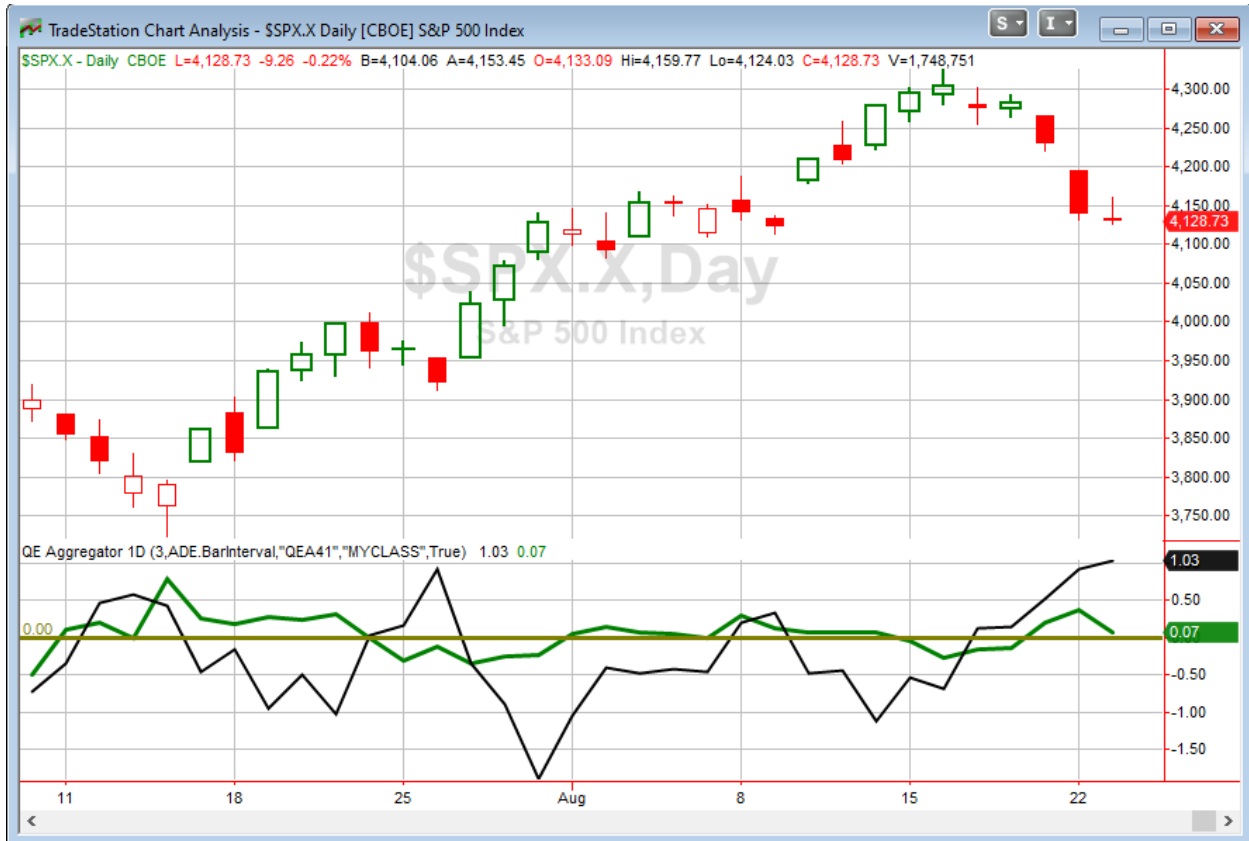
Not much got accomplished on Tuesday. The SPX closed down 0.2%, the NASDAQ lost less than 0.01%, and the Russell 2000 rose 0.2%. Breadth was mixed with the NYSE Up Issues % coming in at 47% and the Up Volume % at 57%. NYSE total volume declined some from Monday's level.

There were a few studies that appeared in the Quantifinder related to 3+ day pullbacks. The one below examined such pullbacks when SPX was below the 200ma and the current day saw a mild decline. Last discussed in the 9/28/15 letter, I have updated the results below.



The stats and profit curve point to a moderate 1-day edge. Looking out further, the edge was unclear. I have included this study on the active list tonight. With action so mild, nothing else really stood out on Tuesday.

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



With tonight's evidence considered, the green Aggregator remained above zero. Positive readings mean expectations are for upside over the next over the next few days. Meanwhile the black Differential Line also held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

With all 3 short-term studies set to expire on Wednesday, expectations will be largely dependent on any new evidence that emerges. Meanwhile, the Differential Pivot will be 4223.15. That is a sizable 2.3% above Tuesday's close. It will likely take a multi-day rally or consolidation to work off the current oversold condition.

So the Aggregator is bullish. We have multiple studies suggesting a bounce on Wednesday, but there is not great visibility beyond that. I would not be surprised if the market went into a holding pattern over the next couple of days as it awaits the release of Powell's speech at the Jackson Hole conference on Friday morning. If we see continued selling and/or spikes in the VIX ahead of that, it could make for a nice setup on Thursday afternoon or Friday morning to get positioned ahead of the speech and the reaction. But I am getting ahead of myself. Right now I don't feel evidence is strong enough to add to my current partial index position. We'll see how things play out on Wednesday and make adjustments as appropriate.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 8/22 – slightly bullish***

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

#### ***Open Catapult Triggers***

MMM – 1/3 @ \$141.59 (bought @ limit)

*New*

NEE – 1/3 @ \$87.96 (buy @ limit)

***Broad Market Large Cap CBI – 2(MMM, NEE)***

### **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.*

**NEE – Buy 1/3 Catapult position @ \$87.96 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of NEE.

## **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>
SPY(1/4)	8/22/2022	\$413.35	\$412.35	-0.24%	bought @ close
MMM(1/3)	8/23/2022	\$141.00	\$141.75	0.53%	Catapult

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