

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 26, 2022

Volume 15 Issue 163

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- No new compelling evidence emerged on Thursday. Friday has the potential to see strong reactions to economic numbers and Fed speak.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Seems like a good time to wait for a more compelling setup to emerge.

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						
None						
Active - Long Term						
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			

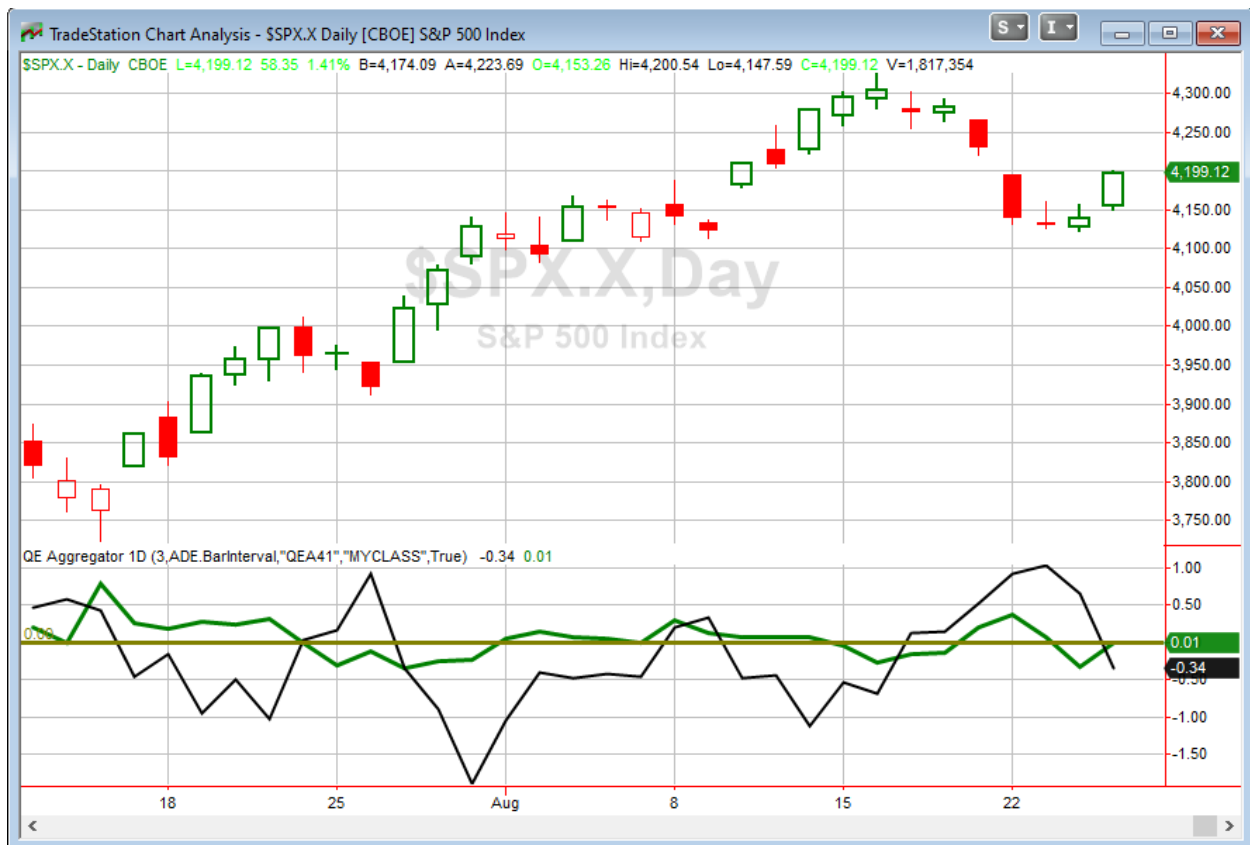
The Evidence

Thursday was a strong day for the market. The SPX rallied 1.4%, the NASDAQ gained 1.7%, and the Russell 2000 rose 1.5%. Breadth was positive with the NYSE Up Issues % coming in at 79% and the Up Volume % at 86%. NYSE total volume was light despite the strong price action and breadth.

The gains the last 2 days have been fairly strong, but they still have not made up for the losses of the previous 2 days. I looked back at other times when SPX closed below its 200ma, up 2 days in a row and gained a least 1.5% over the 2 days, but still finished below the close of 4 days ago. Results were greatly mixed and not suggestive of an edge. Neither were other studies I explored. Additionally, the Quantifinder came up completely blank. So I won't be adding any new studies to the Active List tonight.

As a reminder, Friday is a busy day in the economic world. Inflation readings will be released at 8:30am, and then Jerome Powell will speak at 10am EST. Also at 10am, the Michigan Consumer Sentiment numbers will be released. So there is potential for a sizable move in either direction. Additionally, Fridays late in the summer often see low volume. And prices can sometime get pushed easier on these low-volume days when there is nobody offering strong resistance to the move. So while we don't have anything suggesting a short-term edge right now, there is plenty of potential for Friday's action to generate some compelling edges to explore this weekend.

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



Without any new evidence emerging, the green Aggregator inched slightly above zero. Positive readings mean expectations are for upside over the next over the next few days. Meanwhile the black Differential Line dropped 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.

With the short-term active list now bare, expectations are based solely on the intermediate-term outlook. Expectations over the next few days be strongly influenced by any new evidence that emerges. Meanwhile, the Differential Pivot will be 4155.03. That is 1.05% below Thursday's close. Therefore, SPX will need to close down at least 1.05% on Friday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. Evidence is light, the market is moderately overbought, and there are some wildcards in place with regards to economic announcements on Friday. All this leaves me content to remain sidelined for the time being. Friday's action could make things interesting again. I'll look closely this weekend.

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)

Broad Market Large Cap CBI – 1(MMM)

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
<i>SPY(1/4)</i>	<i>8/22/2022</i>	<i>\$413.35</i>	<i>\$415.24</i>	<i>0.46%</i>	<i>sold on open</i>
MMM(1/3)	8/23/2022	\$141.00	\$142.76	1.25%	Catapult
NEE(1/3)	8/24/2022	\$87.96	\$89.39	1.63%	<i>sell on open</i>

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