

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 9, 2022

Volume 15 Issue 172

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	5

Tonight's Research Points

- No compelling new evidence emerged on Thursday.

Short-term Outlook

The Bottom Line

The Aggregator is bearish. But weak evidence has me feeling neutral.

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

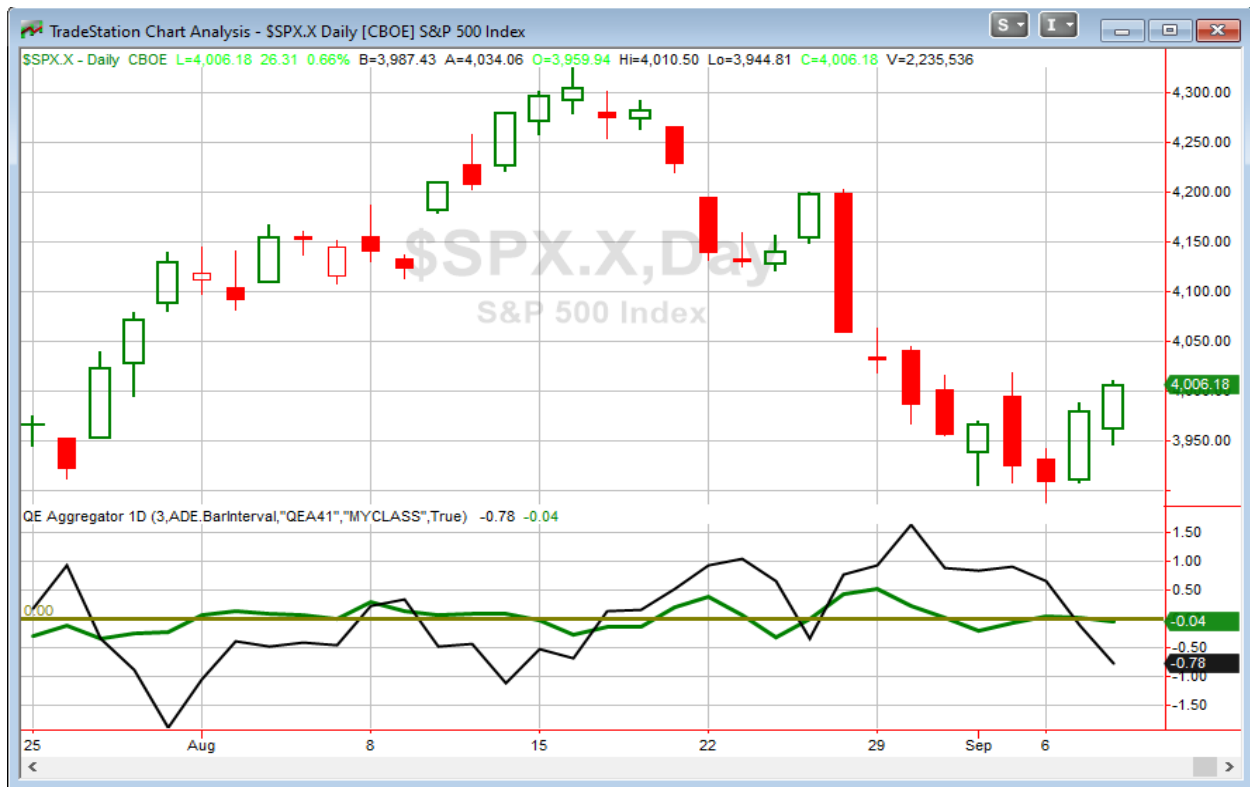
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 6, 2022	20-low. Up day. Then gap up & new 20l	1-4 days	Bullish	2.80%	-1.80%	-3.40%
September 6, 2022	1% drop before US-only 3-day weekend	1-4 days	Bearish	-3.00%	1.20%	2.30%
Active - 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 1, 2022	NYSE Up Issues % > 70% 3 straight days	1-80 days	Bullish	9.85%	-4.72%	-11.90%
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 started weak, but recovered nicely. The SPX rose 0.7%, the NASDAQ climbed 0.6%, and the Russell 2000 gained 0.8%. Breadth was positive with the NYSE Up Issues % coming in at 55% and the Up Volume % at 70%. NYSE total volume rose some from Wednesday's level.

This was the 3rd day in a row that the Quantifinder came up with a blank. I can't remember the last time that happened. Of course it is not very surprising that nothing showed up tonight. We are simply looking at a 2-day bounce that has brought SPX back to neutral (basically right at its 10-day moving average). While I feel bad not having something interesting to talk about tonight, I am not inclined to mine a bunch of data to uncover a marginal looking edge. That can be a dangerous game. It is generally a better idea to wait for an edge that is more clear to avail itself, rather than relying on something that is marginal at best. So no new studies are being added to the active list tonight.

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



Without any new studies being added tonight, the green Aggregator dropped slightly below zero. Negative readings mean expectations are for downside 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 negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation turned short at the close.

With both active short-term studies set to expire on Friday and the intermediate-term outlook neutral, expectations are currently set to turn flat on Friday afternoon. Of course any new evidence that emerges based on Friday's action could easily change this. Meanwhile, the Differential Pivot will be 3896.84. That is a sizable 2.7% below Thursday's close. Therefore, SPX will need to close down at least 2.7% on Friday to flip from overbought to oversold vs recent expectations. More likely, it will take a multi-day pullback or consolidation to work off the overbought condition.

So the Aggregator is bearish. But evidence is mixed and set to turn neutral. The downside edge here seems minimal, and I am not inclined to trade based on a borderline setup in this volatile market environment. I'll wait to see how Friday unfolds and what new evidence emerges before considering a new index position.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 9/6 – neutral*

The intermediate-term outlook was last updated in the 9/6/22 Letter. It can be found in the [most recent weekly letter](#) on the website.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

- T – 1/3 @ \$17.19 (bought @ limit)
- VZ – 1/3 @ \$41.30 (bought @ limit)
- T – 1/3 @ \$16.79 (bought @ limit)
- VZ – 1/3 @ \$41.10 (bought @ limit)
- VZ – 1/3 @ \$41.08 (buy @ limit)

Broad Market Large Cap CBI – 5(T-2, VZ-3)

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
T(1/3)	9/6/2022	\$17.19	\$16.77	-2.44%	Catapult
VZ(1/3)	9/6/2022	\$41.30	\$41.32	0.05%	Catapult
T(1/3)	9/7/2022	\$16.76	\$16.77	0.06%	Catapult
VZ(1/3)	9/7/2022	\$41.10	\$41.32	0.54%	Catapult
VZ(1/3)	9/8/2022	\$41.00	\$41.32	0.78%	Catapult

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