

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 15, 2022

Volume 15 Issue 176

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The pause Wednesday after the massive selloff on Tuesday did nothing to trigger compelling new evidence.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That is where I am at as well.

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

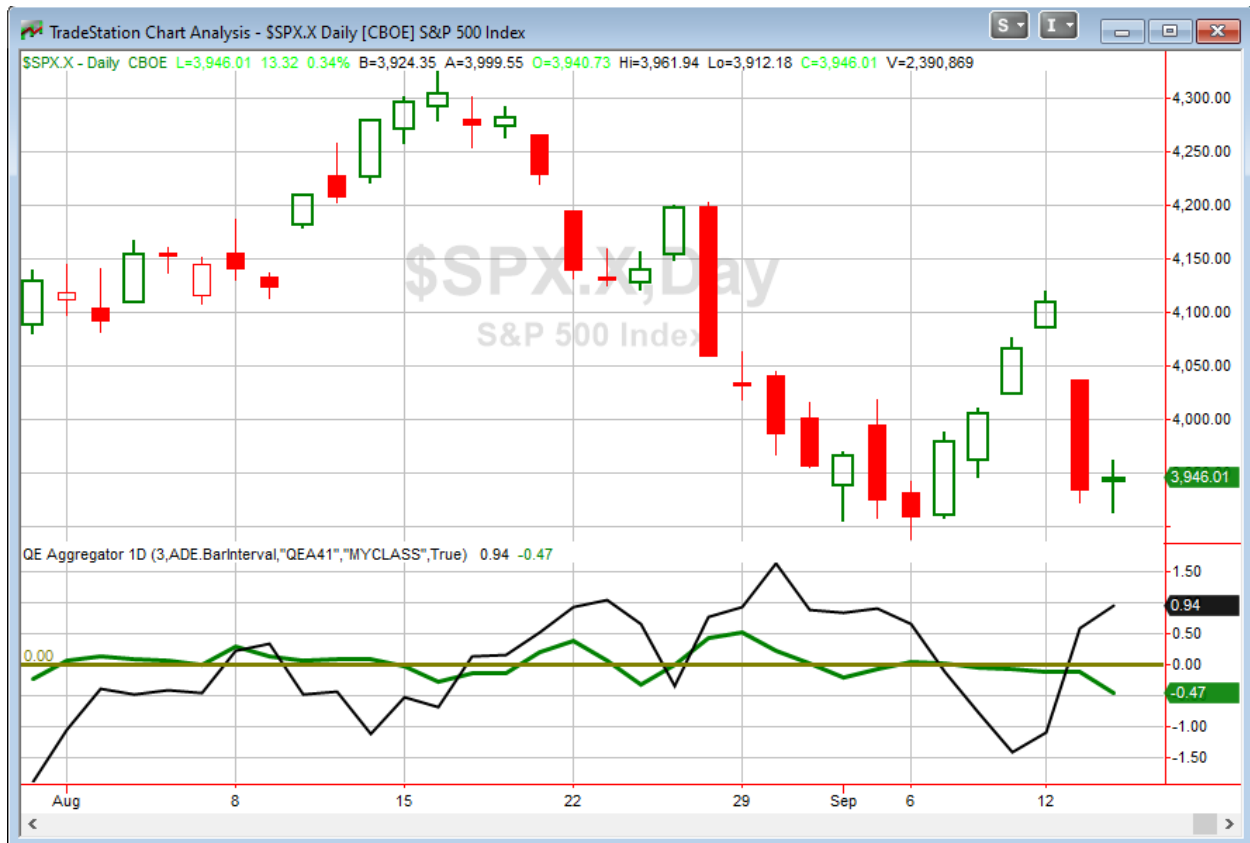
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 14, 2022	3% drop from 5-hi. No 10-lo < 200ma	1-5 days	Bearish	-5.20%	2.30%	5.50%
Active - Long Term						
August 23, 2022	10ema breadth collapse	1 month	Bearish			
August 16, 2022	SPX 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%
May 2, 2022	Worst 6 Months with Jan-April selling	1-6 months	Bearish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
September 14, 2022	5% Up Volume. No 10-low. < 200	1 day	Bullish			

The Evidence

Wednesday saw a mild rebound from Tuesday's big drop. The SPX rose 0.3%, the NASDAQ rallied 0.7%, and the Russell 2000 gained 0.4%. Breadth was mixed with the NYSE Up Issues % coming in at 49% and the Up Volume % at 51%. NYSE total volume rose from Tuesday's level.

Not much to say tonight. Wednesday's action seemed like just a pause after the big selloff on Tuesday. Last night's studies pointed to a possible lift Wednesday, but then likely more declines. Nothing emerged on Wednesday that changed that or offered any compelling new evidence. So I will keep the writing short and won't be adding any new studies to the active list tonight.

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



Without any new studies tonight, the green Aggregator line remained below zero. Negative readings mean expectations are for downside over the next over the next few days. Meanwhile the black Differential Line held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. 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 list of active studies, expectations are slated to remain negative on Thursday. Of course this could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 4093.79. That is a sizable 3.7% above Wednesday's close. Therefore, SPX will need to close up at least 3.7% on Thursday to flip from oversold to overbought vs recent expectations. More likely, it will take a multi-day rally or consolidation to work off the oversold condition.

So the Aggregator is neutral. And nothing has really changed from last night. While the market is strongly oversold on a short-term basis, indications suggest it is more likely to become more oversold, rather than quickly rally. There seems to be plenty of risk and not much conviction based on the evidence. Not my kind of setup. I'll continue to wait for a more favorable reward/risk scenario to emerge before taking on my next index trade.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/12 – neutral

The intermediate-term outlook was last updated in the 9/12/22 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

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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