

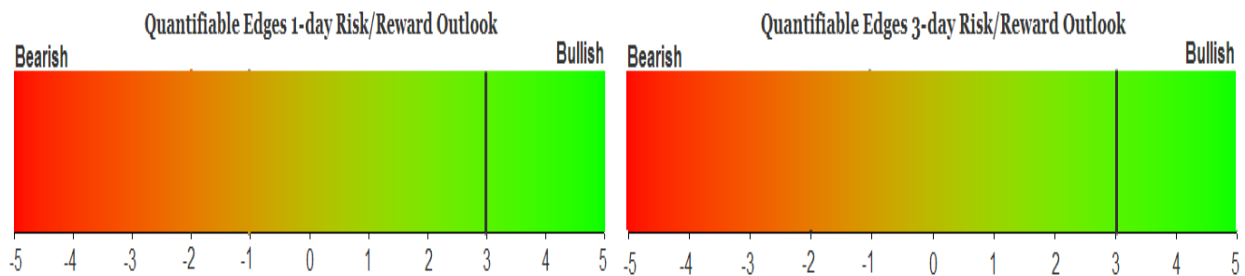
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 23, 2022

Volume 15 Issue 182

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	4

Tonight's Research Points

- The McClellan Oscillator is showing one of its lowest readings of the past year while SPX is at a 50-day low. That combination often makes for a bounce the next day.

Short-term Outlook

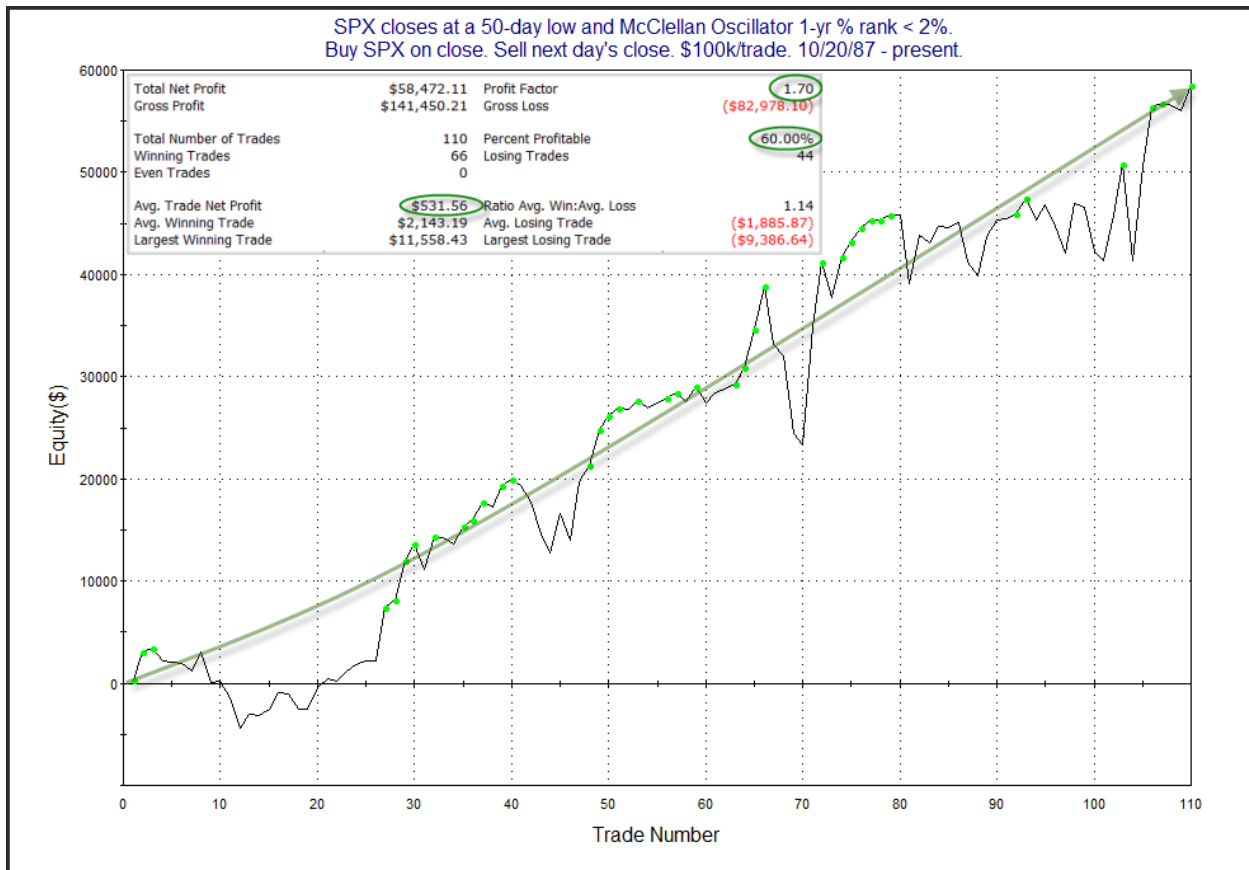
The Bottom Line

The Aggregator is bullish. I like the long side for the short-term.

The Evidence

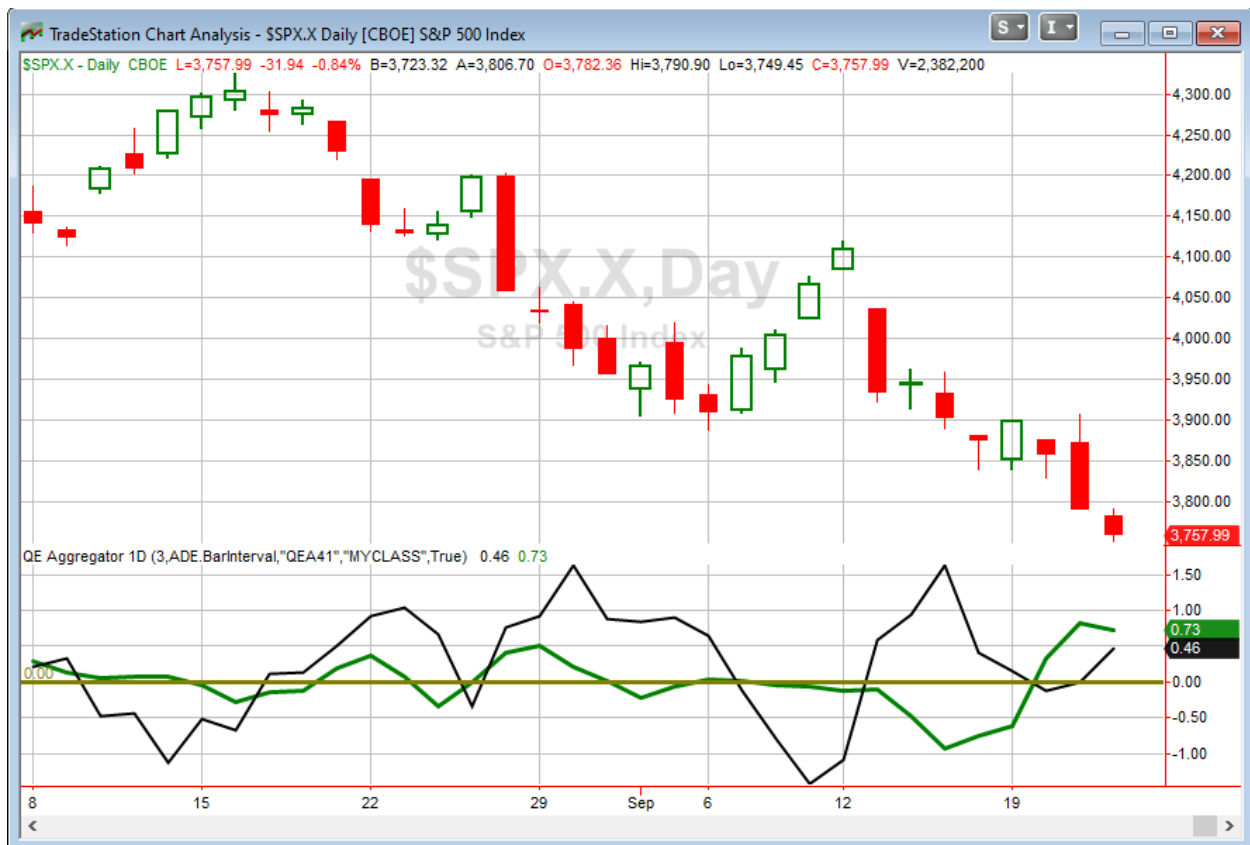
More pain for the bulls on Thursday. The SPX finished down 0.8%, the NASDAQ lost 1.4%, and the Russell 2000 dropped 2.3%. Breadth was negative with the NYSE Up Issues % coming in at 18% and the Up Volume % at 21%. NYSE total volume rose some from Wednesday's level.

One compelling study I examined tonight looked at the McClellan Oscillator. Using Tradestation advance/decline data the McClellan Oscillator came in at -299.64 on Thursday afternoon. That puts it among the lowest 1.2% of readings over the course of the last year. The study below looked at other times the % Rank of the McClellan Oscillator was < 2% and the SPX closed at a 50-day low. It was last seen in the 10/11/18 letter. I updated the 1-day results below.



The numbers are all positive. And while the curve is choppy, it has successfully wound its way from lower left to upper right. So there does appear to be an upside edge with the combination of oversold price and oversold breadth. I have added this study to the active list tonight.

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 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.

Based on the current list of active studies, expectations are set to remain positive on Friday. This is unlikely to change. Meanwhile, the Differential Pivot will be 3814.74. That is 1.5% above Thursday's close. Therefore, SPX will need to close up at least 1.5% on Friday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish for the 2nd day in a row. I again believe there is a short-term upside edge. I took some long exposure on Thursday. In volatile markets Fridays can sometimes see outsized moves – especially to the downside. Traders will sometimes want to exit positions before the weekend and this can cause an overreaction lower. I mention this because while I like the long side, I am not inclined to increase my market position on Friday until the end of the day. If we do get one of those selloffs where people flee ahead of the weekend, I'll happily buy that. But I won't step in early only to get run over.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/19 – neutral

The intermediate-term outlook was last updated in the 9/19/22 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

CHTR – 1/3 @ \$353.03 (buy @ limit)

New

CHTR – 1/3 @ \$333.96 (buy @ limit)

MMM – 1/3 @ \$114.14 (buy @ limit)

T – 1/3 @ \$16.24 (buy @ limit)

Broad Market Large Cap CBI – 4(CHTR-2, MMM, T)

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.

CHTR – Buy 1/3 Catapult position @ \$333.96 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of CHTR.

MMM – Buy 1/3 Catapult position @ \$114.14 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of MMM.

T – Buy 1/3 Catapult position @ \$16.24 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of T.

SPY – Buy ¼ index position @ \$373.25 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to add to my current long position if SPY closes down a bit on Friday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	9/22/2022	\$376.58	\$374.22	-0.63%	sold on open
CHTR(1/3)	9/22/2022	\$352.03	\$333.96	-5.13%	sold on open

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