

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 30, 2022

Volume 15 Issue 187

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	10

Tonight's Research Points

- No new compelling studies emerged tonight.

Short-term Outlook

The Bottom Line

Similar to last night. The Aggregator is still bullish. But evidence is now mixed, and I am inclined to start scaling out if I see further gains.

The Evidence

Thursday was a big disappointment after the market had put in a nice bounce on Wednesday. The SPX dropped 2.1%. the NASDAQ tumbled 2.8%, and the Russell 2000 fell 2.35%. Breadth was negative with the NYSE Up Issues % coming in at 17% and the Up Volume % at 14%. NYSE total volume declined some from Wednesday's level.

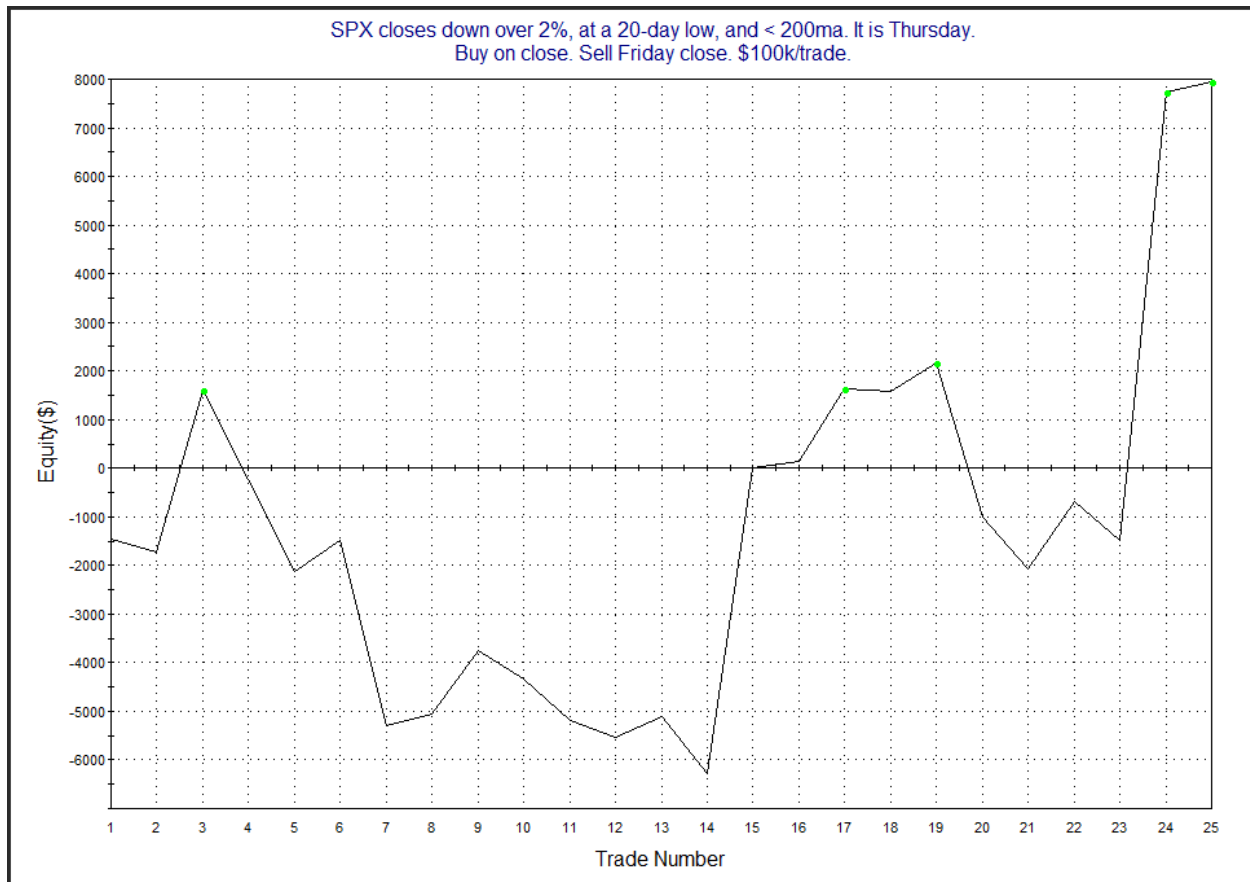
I looked at a lot tonight. But I really did not like anything I saw in terms of suggesting a consistent edge. I'll provide a couple of examples.

While SPX made a new 100-day intraday and closing low on Thursday, there were breadth and volatility divergences. The VIX closed lower than it did 2 days ago. The number of new 52-week lows on the NYSE was higher than 2 days ago. And the number of S&P 500 stocks above their 50ma was higher than 2 days ago. So lots of divergences. But do those divergences matter? The study below includes all these as filters.

SPX makes a 100-day intraday low and a 100-day closing low. The VIX closes below a 5-day high. NYSE new lows is NOT the highest in the last 5 days. The % of S&P 500 stocks above their 50ma is NOT the lowest in the last 5 days. Forward SPX results shown. 1990 - present.												
Ticker	Date/Time	Close	Next Day % Chg	2-Day %Chg	3-Day %Chg	4-Day %Chg	5-Day %Chg	6-Day %Chg	7-Day %Chg	8-Day %Chg	9-Day %Chg	10-Day %Chg
\$\$PX	1/26/1990	325.8	-0.18	-0.87	1.01	0.92	1.57	1.86	1.18	2.44	2.2	2.4
\$\$PX	1/30/1990	322.98	1.89	1.8	2.46	2.75	2.07	3.33	3.09	3.29	2.2	2.49
\$\$PX	3/20/2001	1142.62	-1.79	-2.19	-0.24	0.88	3.46	0.93	0.47	1.55	0.28	-3.16
\$\$PX	4/20/2005	1137.5	1.97	1.29	2.16	1.25	1.66	0.5	1.7	2.17	2.08	3.35
\$\$PX	2/27/2009	735.09	-4.66	-5.27	-3.02	-7.15	-7.03	-7.97	-2.11	-1.87	2.13	2.92
\$\$PX	10/29/2018	2641.25	1.57	2.67	3.75	3.1	3.67	4.32	6.54	6.27	5.29	3.22
\$\$PX	3/16/2020	2386.13	6	0.5	0.97	-3.4	-6.23	2.56	3.75	10.22	6.51	10.08
\$\$PX	5/12/2022	3930.08	2.39	1.98	4.04	-0.16	-0.75	-0.73	1.11	0.29	1.24	3.25
\$\$PX	9/27/2022	3647.29	1.97	-0.19	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
\$\$PX	9/29/2022	3640.47	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Average	1.02	-0.03	1.39	-0.23	-0.20	0.60	1.97	3.05	2.74	3.07
		Median	1.89	0.50	1.59	0.90	1.62	1.40	1.44	2.31	2.17	3.07
		Win %	67%	56%	75%	63%	63%	75%	88%	88%	100%	88%

When you look out 8-10 days the results appear quite favorable. But it has been a bumpy ride getting out that far, and instances are low. The results here don't excite me. And I looked at other combinations of these divergences and seemed to keep coming up with uninspiring results.

I also decided to examine the fact that tomorrow is Friday. Thursday had a strong selloff and a new low. What are the chances traders would want to reverse such selling headed into the weekend? The study below is one look I took based on this thinking.



Very inconsistent results. And that seemed to be the theme tonight. I also looked at the fact that Friday is the last trading day of the month. Again...nothing. So bottom line is I won't be adding any new studies to the active lists tonight.

I will note that the CBI remained at 10. Wednesday's bounce made it difficult for new triggers to occur, since it partially relieved stocks from being so extremely oversold. Thursday's drop made it more difficult for the current Catapult triggers to reach exit targets. So we may see the CBI stuck at (or near) 10 for the next couple of days at least.

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



Without any new studies making the cut tonight, 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.

It is tough to say where expectations will fall tomorrow. If nothing new emerges and SPX does not make a new low, then we could see negative short-term expectations for a day. But any new evidence could easily change this. Meanwhile, the Differential Pivot will be 3701.34. That is 1.7% above Thursday's close. So SPX will need to close up at least 1.7% on Friday in order 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 still bullish. But evidence is not as compelling as it was a couple of days ago. I generally try and be patient in waiting for a bounce when the CBI is this high. And a bounce from such an oversold level will often be ferocious. Note in the chart above how steep the move lower has been over the last few weeks. From the 8/16 close to Thursday's close SPX is down over

15.4%. There should be plenty of shorts at this point that can add fuel to a sharp short-covering rally lasting a few days. (See early September for an example.) Still, without bullish evidence emerging the last couple of days, I will look to lighten up a little bit on Friday if SPX closes much higher. I still like the long side. I just don't want to be too stubborn with a sizable position.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/26 – neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

CHTR – 1/3 @ \$353.03 (bought @ limit)

CHTR – 1/3 @ \$333.96 (bought @ limit)

T – 1/3 @ \$16.24 (bought @ limit)

CHTR – 1/3 @ \$321.66 (buy @ limit)

T – 1/3 @ \$16.01 (buy @ limit)

T – 1/3 @ \$15.67 (buy @ limit)

INTC – 1/3 @ \$26.97 (buy @ limit)

ADBE – 1/3 @ \$276.96 (buy @ limit)

INTC – 1/3 @ \$26.89 (buy @ limit)

CMCSA – 1/3 @ \$30.26 (buy @ limit) – *not filled. Cancel for now.*

Broad Market Large Cap CBI – 10(CHTR-3, T-3, INTC-2, ADBE, CMCSA)

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
SPY(1/4)	9/22/2022	\$376.58	\$362.79	-3.66%	<i>Sell @ \$364.00 LIMIT ON CLOSE</i>
CHTR(1/3)	9/22/2022	\$352.03	\$312.59	-11.20%	Catapult
SPY(1/4)	9/23/2022	\$367.95	\$362.79	-1.40%	Aggregator
CHTR(1/3)	9/23/2022	\$330.98	\$312.59	-5.56%	Catapult
<i>MMM(1/3)</i>	<i>9/23/2022</i>	<i>\$113.73</i>	<i>\$112.96</i>	<i>-0.68%</i>	<i>sold on open</i>
T(1/3)	9/23/2022	\$16.10	\$15.53	-3.54%	Catapult
SPY(1/4)	9/26/2022	\$364.31	\$362.79	-0.42%	Aggregator
CHTR(1/3)	9/26/2022	\$321.44	\$312.59	-2.75%	Catapult
<i>MMM(1/3)</i>	<i>9/26/2022</i>	<i>\$112.76</i>	<i>\$112.96</i>	<i>0.18%</i>	<i>sold on open</i>
T(1/3)	9/26/2022	\$15.91	\$15.53	-2.39%	Catapult
<i>MMM(1/3)</i>	<i>9/27/2022</i>	<i>\$113.00</i>	<i>\$112.96</i>	<i>-0.04%</i>	<i>sold on open</i>
T(1/3)	9/27/2022	\$15.67	\$15.53	-0.89%	Catapult
INTC(1/3)	9/27/2022	\$26.97	\$26.38	-2.19%	Catapult
ADBE(1/3)	9/27/2022	\$276.96	\$278.25	0.47%	Catapult
INTC(1/3)	9/28/2022	\$26.89	\$26.38	-1.90%	Catapult

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