

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 7, 2022

Volume 15 Issue 192

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	1

## Tonight's Research Points

- Friday's employment report could generate a strong reaction, and increases risk.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is neutral. I don't see a compelling reason to get involved in a new index position at this point.

**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
<b>Active - Short Term</b>						
October 6, 2022	Opn Gap Dn 1%. Fill gap & close dn < 200	1-2 days	Bullish			
October 5, 2022	Up 1% 2 days. 10-high < 200ma	1-4 days	Bearish	-3.20%	1.20%	2.20%
October 5, 2022	3% rally on low volume	1-3 days	Bearish	-4.80%	1.40%	2.60%
October 4, 2022	1% drop to 50-low. Next day ttl reverse	1-5 days	Bullish	3.70%	-2.50%	-5.70%
<b>Active - Long Term</b>						
September 27, 2022	CBI reaches 10+. SPX 50-low < 200	1-17 days	Bullish	7.30%	-4.10%	-8.20%
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 saw some selling. The SPX finished down 1.0%. the NASDAQ lost 0.7%, and the Russell 2000 fell 0.6%. Breadth was negative with the NYSE Up Issues % coming in at 31% and the Up Volume % at 26%. NYSE total volume rose some from Wednesday's level.

Action Thursday was not terribly extreme and it did not trigger any price-action based studies suggesting a substantial edge. There was a lot of Fed talk, and that seems to be a big talking point these days. And with the Fed being "data dependent", there is some anticipation of Friday's BLS Employment Report. It will be released at 8:30am EST. Employment Days often see volatility, and that has certainly been the case in 2022. This can be seen in the table below.

SPX Performance On Employment Days Over the Last Year.  
Buy close of day before. Sell close on Employment Day. \$100k/trade.

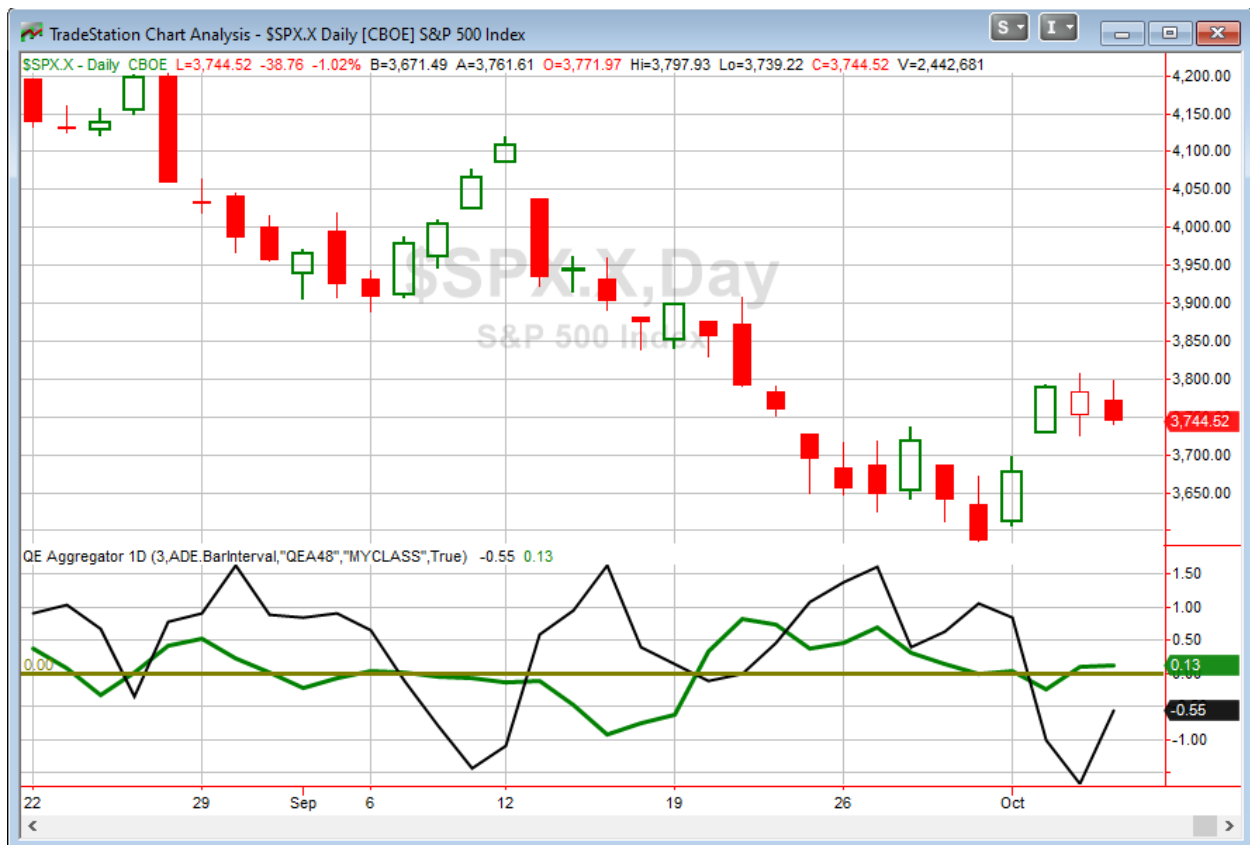
Date/Time	Signal	Price	% Profit	Run-up Drawdown
10/7/2021	Buy	\$438.66	-0.18%	\$279.21
10/8/2021	Sell	\$437.86		(\$333.69)
11/4/2021	Buy	\$466.91	0.35%	\$800.36
11/5/2021	Sell	\$468.53		\$0.00
12/2/2021	Buy	\$457.40	-0.87%	\$632.20
12/3/2021	Sell	\$453.42		(\$1,848.64)
1/6/2022	Buy	\$467.94	-0.40%	\$268.38
1/7/2022	Sell	\$466.09		(\$700.77)
2/3/2022	Buy	\$446.60	0.47%	\$1,378.14
2/4/2022	Sell	\$448.70		(\$617.71)
3/3/2022	Buy	\$435.71	-0.81%	\$0.00
3/4/2022	Sell	\$432.17		(\$1,793.07)
3/31/2022	Buy	\$451.64	0.28%	\$402.22
4/1/2022	Sell	\$452.92		(\$552.50)
5/5/2022	Buy	\$413.81	-0.60%	\$238.59
5/6/2022	Sell	\$411.34		(\$1,947.28)
6/2/2022	Buy	\$417.39	-1.64%	\$0.00
6/3/2022	Sell	\$410.54		(\$1,883.32)
7/7/2022	Buy	\$388.99	-0.08%	\$424.05
7/8/2022	Sell	\$388.67		(\$855.81)
8/4/2022	Buy	\$414.17	-0.17%	\$0.00
8/5/2022	Sell	\$413.47		(\$1,101.37)
9/1/2022	Buy	\$396.42	-1.05%	\$1,295.28
9/2/2022	Sell	\$392.24		(\$1,534.68)

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I will note that every Employment Day in 2022 saw an intraday drawdown of over 0.5%, but only February and September saw a run-up of at least 0.5%. I don't find this streak to be predictive, but I do believe that Friday's employment report is a wildcard, and I would not be surprised if it was followed by a sizable market move.

No new studies are being added to the active list tonight.

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 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 positive but SPX is overbought. This is considered a neural 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 set to remain positive on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 3782.78 on Friday. That is 1.0% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up over 1% on Friday in order to remain short-term overbought vs recent expectations. Anything less than that and it will be considered "oversold" as of Friday's close.

The Aggregator is flat. No new evidence emerged tonight. Existing evidence remains mixed. And we have a potentially volatile employment report being released before the open on Friday. So...no thanks to a new index trade. I'll wait for evidence to line up better and reward/risk appear favorable. Perhaps the reaction to the report will stretch the market in a way that could suggest a tradable edge for next week.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 10/3 – neutral*

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

CMCSA – 1/3 @ \$30.26 (bought @ limit)

### ***Broad Market Large Cap CBI – 1(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
CMCSA(1/3	10/3/2022	\$29.84	\$30.05	0.70%	Catapult

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