

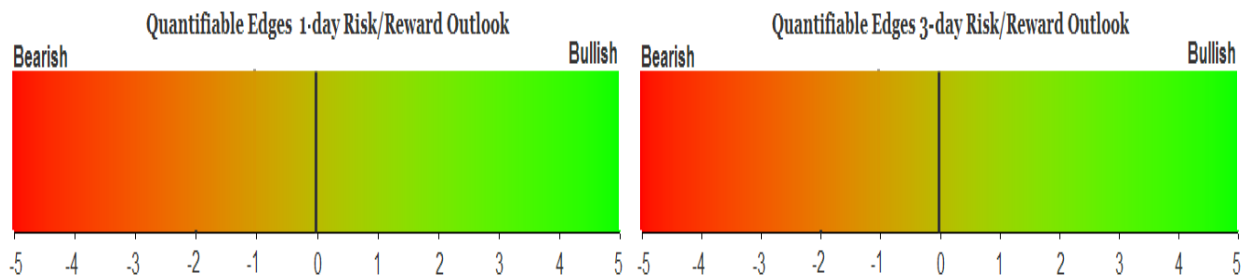
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 20, 2022

Volume 15 Issue 201

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is flat. I don't see a worthwhile edge right here.

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

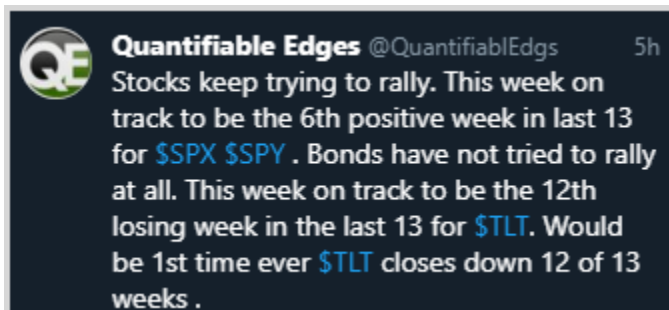
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
October 14, 2022	SPY 20-low. Up 2% on high vol 5.	1-5 days	Bullish	4.50%	-2.20%	-3.80%
<b>Active - Long Term</b>						
September 27, 2022	CBI reaches 10+. SPX 50-low < 200	1-17 days	Bullish	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**

The stock market struggled on Wednesday as bonds were once again hammered. SPX closed down 0.7%, the NASDAQ lost 0.85%, and the Russell 2000 tumbled 1.7%. Breadth was positive with the NYSE Up Issues % coming in at 72% and the Up Volume % at 82%. NYSE total volume declined some from Tuesday’s level.

The SPX close of 3695 is just 2 points above where it was 19 trading days ago (Sep 23<sup>rd</sup>). Action over the last 4 weeks has been what I refer to as “violently sideways”. Essentially, it is a lot of back and forth chop with no net directional progress and no moves lasting more than a few short days. These kind of markets tend to be frustrating and dangerous for many traders and investors. And when the market is mid-range as it is now, compelling edges can be hard to come by. That seems to be the case here, with the Quantifinder coming up blank on Wednesday.

The bond selloff has been extremely persistent. I noted the following on Twitter today:



Bonds are strongly oversold, but they have been for a long time. 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 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 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.

With the last of the active short-term studies set to expire, and the intermediate-term outlook neutral, expectations are set to flatten out on Thursday. This could easily change based on new evidence that emerges. Meanwhile, the Differential Pivot will be *inverted* at 3711.40. That is 0.4% *above* Wednesday'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 0.4% on Thursday in order to remain "overbought". Anything less than that and SPX will be considered oversold vs recent expectations as of Thursday's close.

So the Aggregator is flat. Evidence is weak, and the market is in the middle of its recent range. Additionally, the Differential Pivot is inverted and expectations are set to turn neutral on Thursday. This all adds up to nothing. With high volatility it basically means little edge and high risk. No thanks. Of course price movement and new evidence on Thursday will have a large impact on the outlook going forward. I suspect it won't be too long before the next edge emerges, but it is not possible to determine a direction on it just yet. I'll remain sidelined and patient.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 10/17 – neutral***

The intermediate-term outlook was last updated in the 10/10/22 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**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
AMT(1/3)	10/13/2022	\$179.87	\$195.01	8.42%	<i>sold on open</i>
NEE(1/3)	10/13/2022	\$71.59	\$74.24	3.70%	<i>sold on open</i>

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