

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 27, 2022

Volume 15 Issue 206

## Market Overview



## Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Short      | 0           |

## Tonight's Research Points

- No new compelling evidence emerged tonight.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is again short. It appears that there may be more downside in the next day or two.

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

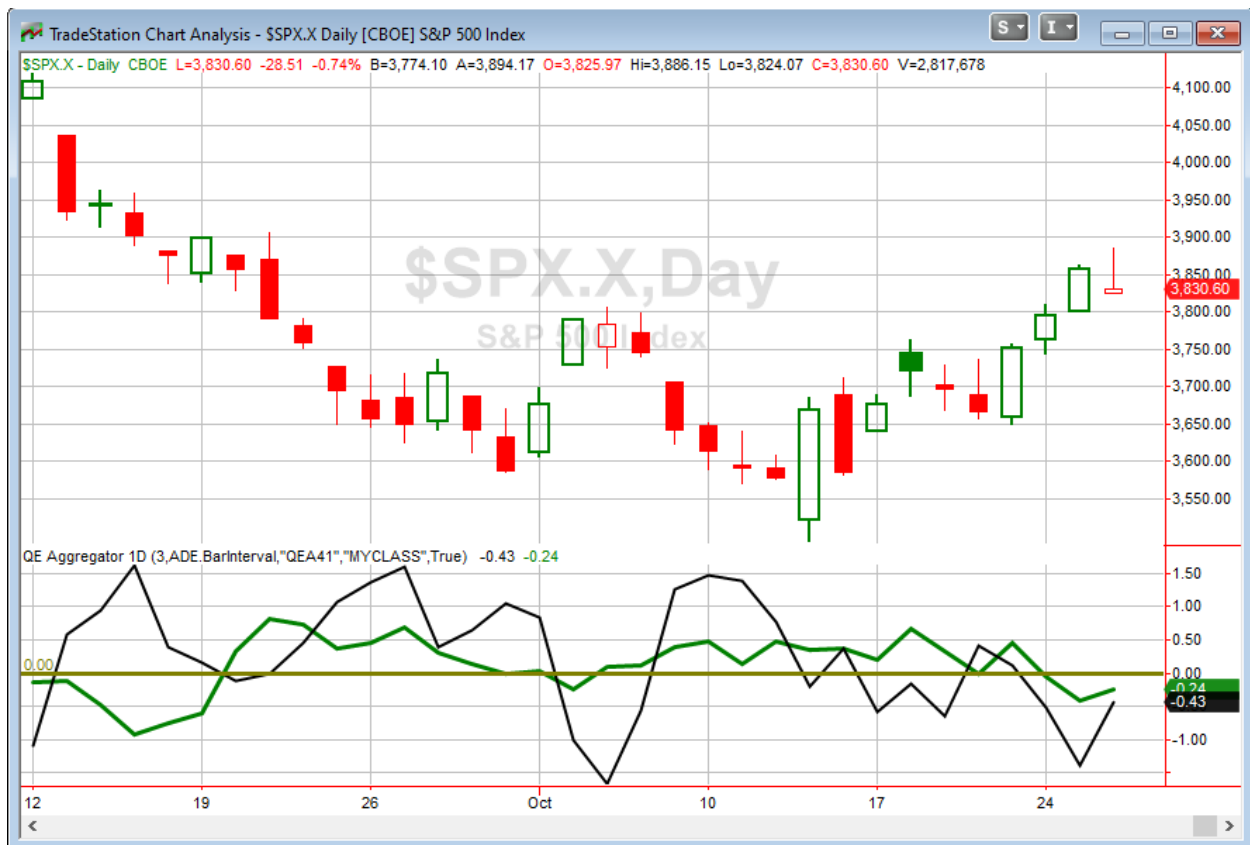
| Study Date                 | Description                           | Time span  | Bias    | Avg Run-up | Avg DrawDn | Avg DrawDn - 1 Std Dev |
|----------------------------|---------------------------------------|------------|---------|------------|------------|------------------------|
| <b>Active - Short Term</b> |                                       |            |         |            |            |                        |
| October 26, 2022           | SPX Mc Osc reaches 54 or higher       | 1-2 days   | Bearish |            |            |                        |
| October 25, 2022           | SPY up 1% 2x. 10-day high & < 200ma   | 1-4 days   | Bearish | -3.25%     | 1.20%      | 2.15%                  |
| <b>Active - Long Term</b>  |                                       |            |         |            |            |                        |
| 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***

Wednesday was a back and forth day that finished mixed. SPX lost 0.7%, the NASDAQ tumbled 2.0%, and the Russell 2000 climbed 0.5%. Breadth was positive with the NYSE Up Issues % coming in at 60% and the Up Volume % at 65%. NYSE total volume declined for the 3<sup>rd</sup> day in a row.

This is just one of those nights where I went through a number of ideas, and came up without any compelling evidence. The SPX did not decline much, and is still clearly quite overbought on a short-term basis. The NASDAQ fell harder but remains up over the last several days and well above its 10-day moving average. META (formerly Facebook) disappointed on earnings after the close and dropped over 20% in the after-hours. But neither the SPX nor QQQ seemed to care, as they were both trading above their 4pm closing prices late in the evening. Not sure what that means, but I found it interesting that META is no longer the powerhouse that it was just 2 years ago. I won't be adding any new studies to the active list tonight.

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



Without any new studies being added tonight, the green Aggregator line remained below zero. Negative readings mean expectations are for downside over the next few days. Meanwhile the black Differential Line also held below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation stayed short at the close.

Based on current evidence, expectations are set to remain negative on Thursday. Of course this could easily change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 3812.00 on Thursday. That is 0.5% below Wednesday's close. Therefore, SPX would need to close down at least 0.5% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is again short. Evidence from the past couple of days continues to suggest more of a pullback. And SPX is still overbought. Reward/risk appears to favor the bears. I have a small short position. Without any new compelling evidence emerging tonight, I don't have a good reason to add to the position. I'll hold it until Thursday's close. If Thursday turn out to be a large down day, then I will look to cover my position at the close.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 10/24 – neutral***

The intermediate-term outlook was last updated in the 10/24/22 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                                  |
|-------------|------------|-------------|---------------|-------------|--|
| SPY(S)(1/4) | 10/25/2022 | \$378.87    | \$382.02      | -0.83%      | <i>cover @ \$378.25 limit on close</i> |
|             |            |             |               |             |  |

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