

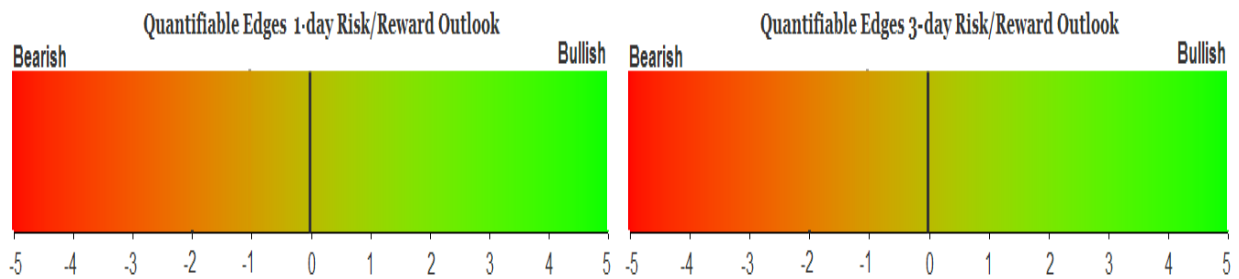
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 17, 2022

Volume 15 Issue 221

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 neutral. I am as well.

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
Active - Short Term						
None						
Active - Long Term						
October 31, 2022	Best 6 Months 3rd Yr. Pres Cycle	1-6 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

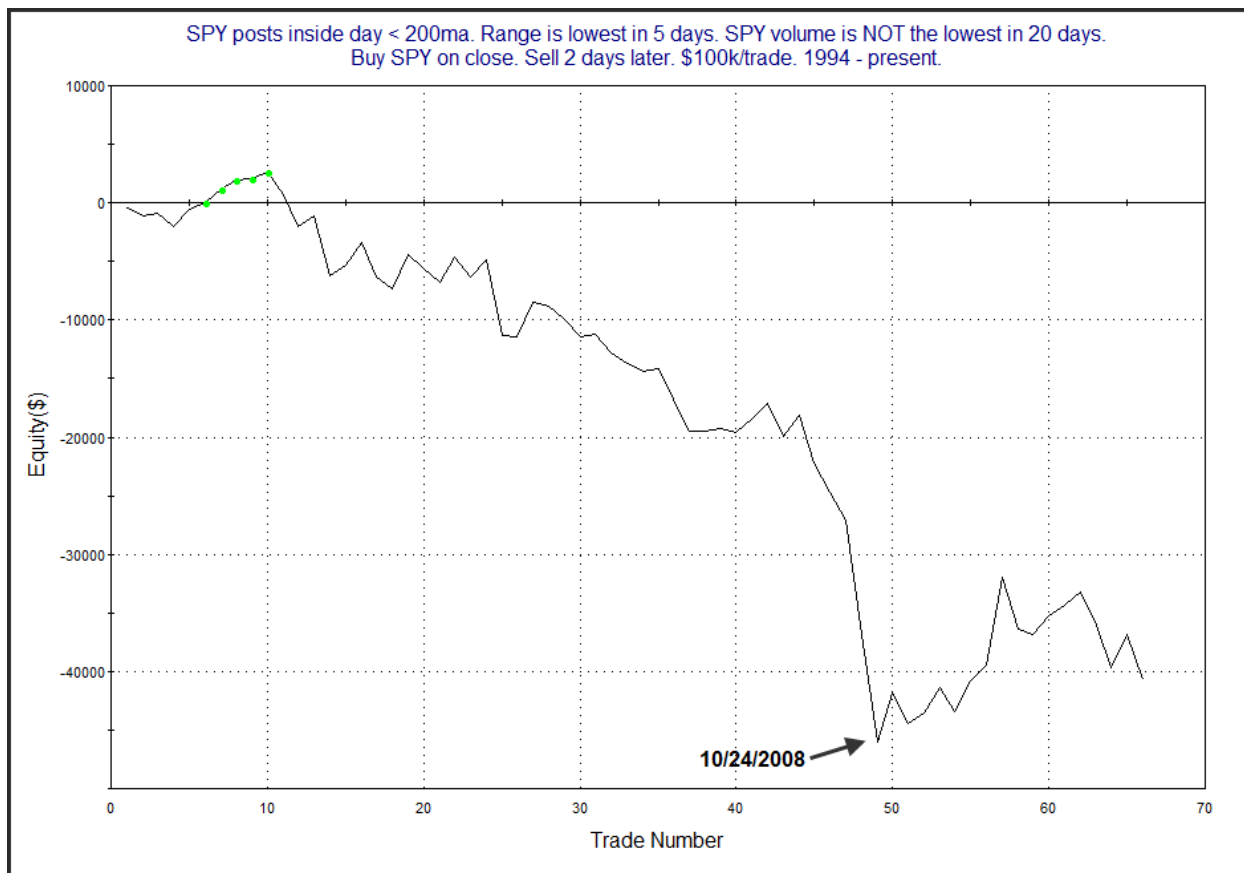
The Evidence

Wednesday saw declines for the major stock indices. SPX lost 0.8%, the NASDAQ dropped 1.5%, and the Russell 2000 tumbled 1.9%. Breadth was negative with the NYSE Up Issues % coming in at 34% and the Up Volume % at 18%. NYSE total volume came in fairly light.

Wednesday was a very quiet day for the market. The range was tight. Volume was low. There were several studies that appeared in the Quantifinder that noted the quietness in one way or another. They seemed to hint at a possible downside edge. But after carefully reviewing them, the old bearish edges simply have not seemed to play out over the last several years. This is similar to the VIX study we saw last night. Below is an example of a study I looked at. It was last seen in the 1/25/19 letter and has been updated.

SPY posts inside day < 200ma. Range is lowest in 5 days. SPY volume is NOT the lowest in 20 days. Buy SPY on close. Sell X days later. \$100k/trade. 1994 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-955.53	51	28	23	54.90	7,128.80	-22,420.44	2,809.48	-3,461.78	0.81	0.99	-18.74
9	-6,836.82	52	31	20	59.62	7,940.80	-13,956.81	2,327.14	-3,948.90	0.59	0.91	-131.48
8	-6,157.02	56	31	25	55.36	8,479.60	-12,665.31	2,270.28	-3,061.43	0.74	0.92	-109.95
7	-31,859.99	58	28	29	48.28	8,773.10	-23,729.16	2,312.87	-3,331.74	0.69	0.67	-549.31
6	-31,016.77	60	27	33	45.00	7,888.00	-21,834.96	2,072.48	-2,635.57	0.79	0.64	-516.95
5	-14,945.61	61	28	32	45.90	8,586.35	-15,971.55	2,104.19	-2,308.21	0.91	0.80	-245.01
4	-26,728.75	62	30	32	48.39	6,497.00	-13,801.83	1,723.95	-2,451.48	0.70	0.66	-431.11
3	-40,743.66	66	30	36	45.45	7,413.70	-9,763.74	1,616.63	-2,478.96	0.65	0.54	-617.33
2	-32,059.51	70	35	35	50.00	5,188.70	-7,287.40	1,043.26	-1,959.24	0.53	0.53	-457.99
1	-17,708.33	70	34	36	48.57	4,485.60	-5,444.46	939.57	-1,379.27	0.68	0.64	-252.98

Stats hint at a bearish tendency over the next 1-3 days. But below is the 3-day profit curve.



As you can see, it has been a long time since the setup has exerted a downside edge. Other profit curves looked just as bad or worse. Obviously I will not be adding this study to the active list tonight. In fact, none of the studies I looked at made the cut.

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



Without any new evidence making the cut tonight, the green Aggregator closed right at zero. Zero readings mean expectations are breakeven over the next few days. Meanwhile the black Differential Line inched above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are breakeven and SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close fail to close on the same side of zero. Therefore, the Aggregator formation stayed flat at the close.

With the short-term active list blank and the intermediate-term outlook neutral, expectations over the next few days will be largely dependent on new evidence that emerges. Meanwhile, the Differential Pivot will be 3960.45 on Thursday. That is less than 0.1% above Wednesday's close. Therefore, SPX will remain oversold on any down close, but turn overbought with almost any higher close on Thursday.

So the Aggregator remains neutral. Wednesday did not really change anything. I remain in search of some evidence that will tip us off about a short-term directional edge. It is rare to have so few active studies for several days in a row. So I suspect the market will do something that will generate an edge fairly shortly. I'll wait until that happens before putting out my next index trade idea.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/14 – neutral

The intermediate-term outlook was last updated in the 11/14/22 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

None

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