

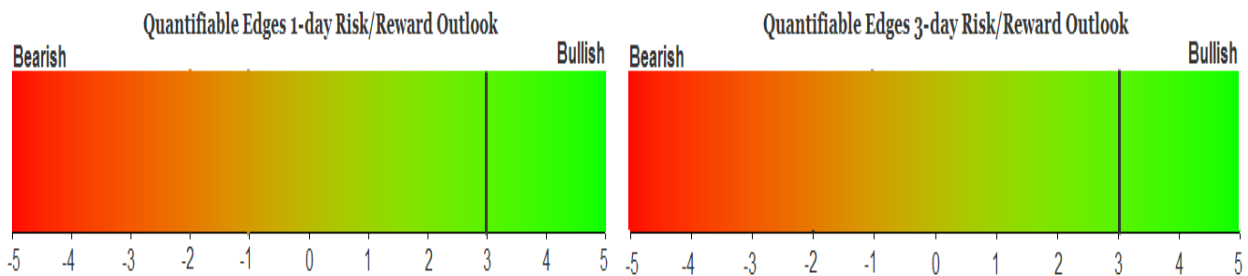
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 7, 2022

Volume 15 Issue 234

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- Multiple down days and a 10-day low on a Tuesday are suggesting a Wednesday bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side.

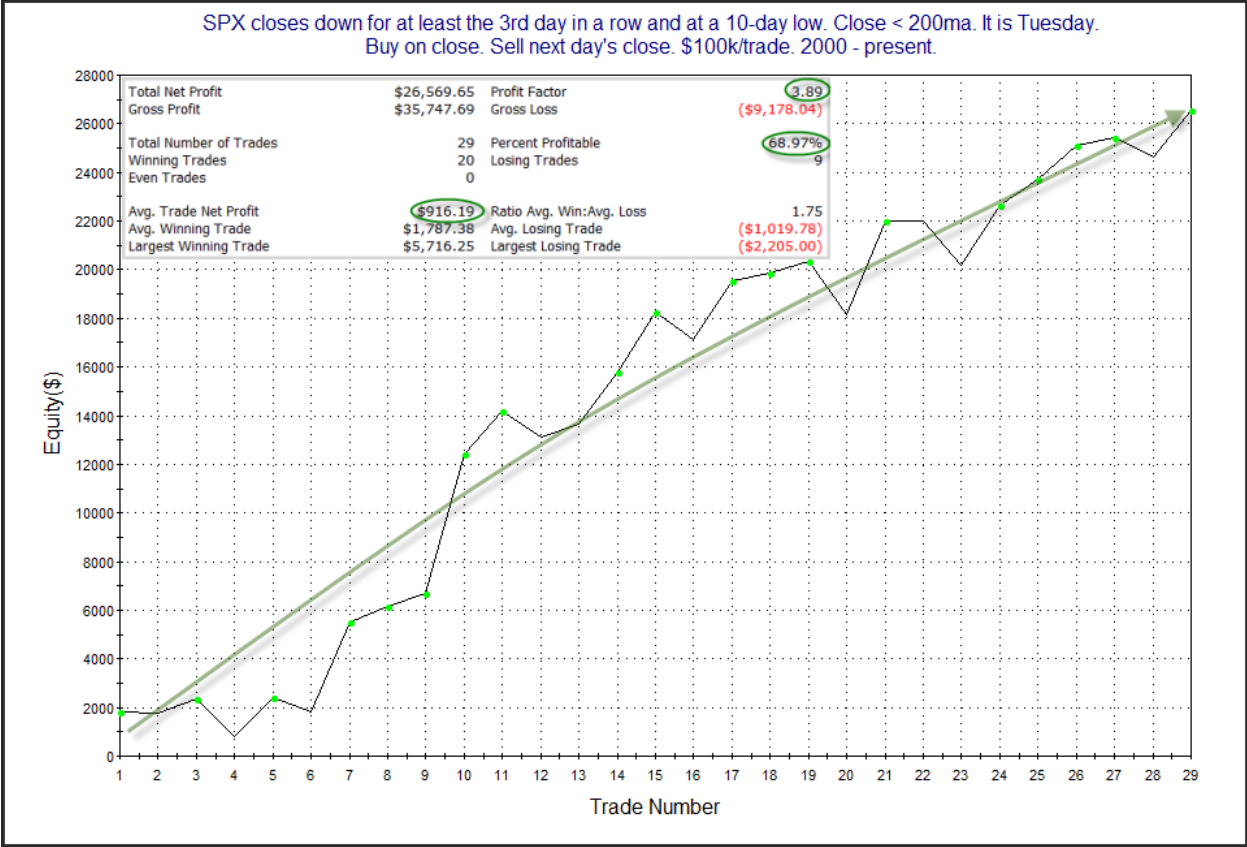
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 7, 2022	Dn 3+. 10-low. < 200. Its Tues.	1 day	Bullish			
Active - Long Term						
December 2, 2022	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.35%	-8.80%
December 1, 2022	SPX goes from < 15% above 50 to > 90%	1-6 months	Bullish			
October 31, 2022	Best 6 Months 3rd Yr. Pres Cycle	1-6 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
December 6, 2022	Dn 3. Monday. Close < 200	1 day	Bullish			
December 6, 2022	Dn 3 from 50-high. <10ma > 10-low	1-4 days	Bullish			
December 1, 2022	5 low to 50 high in 1 day	1-4 days	Bearish			
December 1, 2022	Up 3% on highest volume in 20 day	1-5 days	Bullish			
December 1, 2022	End month at high of month	1-5 days	Bullish			

The Evidence

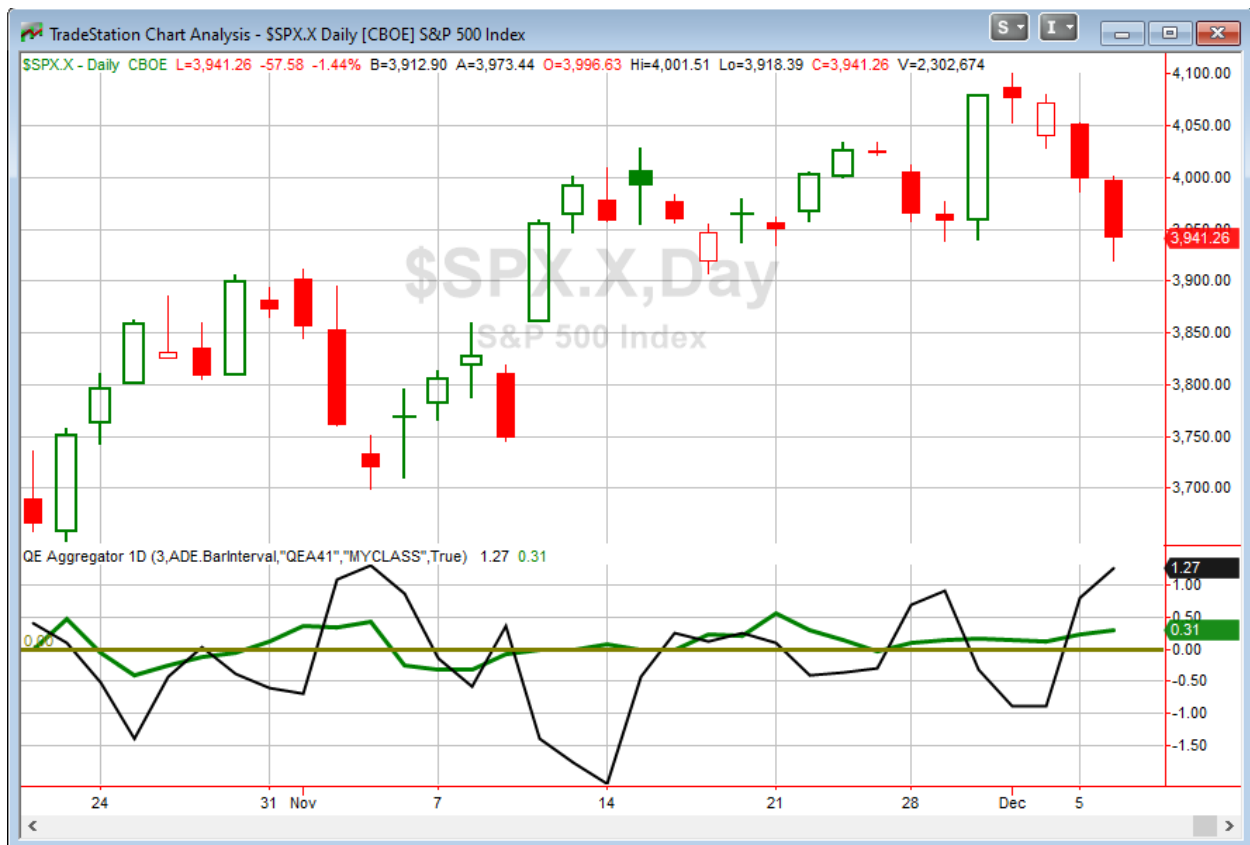
Tuesday was a 2nd day of strong selling, and the 4th lower close in a row. The SPX finished down 1.4%, the NASDAQ lost 2.0%, and the Russell 2000 dropped 1.5%. Breadth was negative with the NYSE Up Issues % coming in at 29% and the Up Volume % at 29%. NYSE total volume rose some from Monday's level.

Tuesday had a chance for a Turnaround, and failed. Often when that happens, Wednesday ends up bouncing. There were a few studies in the Quantifinder suggesting a short-term bounce. The study below is a combination of a couple of them. I found these results more impressive than either of the other individual results.



The average return the next day was a sizable 0.9%, and the move from lower left to upper right by the profit curve is quite steady. This study is impressive enough to warrant consideration, and I have added it to the active list tonight. It is also notable that the big move down on Tuesday caused all the other bullish studies on the active list to reach more than 1 standard deviation beyond normal. That caused them to be removed from the list. So the active list is suddenly quite small.

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



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean expectations are for upside 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.

Based on the current list of active studies, along with the slightly bullish intermediate-term bias, expectations are set to remain positive on Wednesday. This could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4085.26 on Wednesday. That is a sizable 3.65% above Tuesday's close. Therefore, SPX will need to close up at least 3.65% on Wednesday in order to flip from oversold to overbought vs expectations. It will almost certainly take a multi-day rally or consolidation to work off the oversold condition.

So the Aggregator is bullish. Evidence is suggesting a bounce is likely. But evidence is a bit light. Still, the amount of oversold is substantial, giving the current setup favorable reward/risk. I like the long side. I took some long exposure on Tuesday. I may scale in a little further on Wednesday if I can get a favorable fill.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 12/5 – slightly bullish*

The intermediate-term outlook was last updated in the 12/5/22 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

New

GS – 1/3 @\$362.91 (buy @ limit)

Broad Market Large Cap CBI – 1(GS)

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.

SPY – Buy ¼ index position @ \$392.00 LIMIT, if not filled before the close, enter at \$39382 LIMIT ON CLOSE. Based on the short-term outlook above, I will scale in with another lot on Wednesday if I can get a favorable fill.

GS – But 1/3 Catapult position @ \$362.91 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of GS.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	12/6/2022	\$399.42	\$393.83	-1.40%	Aggregator

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