

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 9, 2022

Volume 15 Issue 236

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	3

Tonight's Research Points

- The gap and go action on Thursday suggests a possible pullback Friday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side, but the upside edge appears to be weakening. I will scale back on my long index position if I can get a favorable fill on Friday.

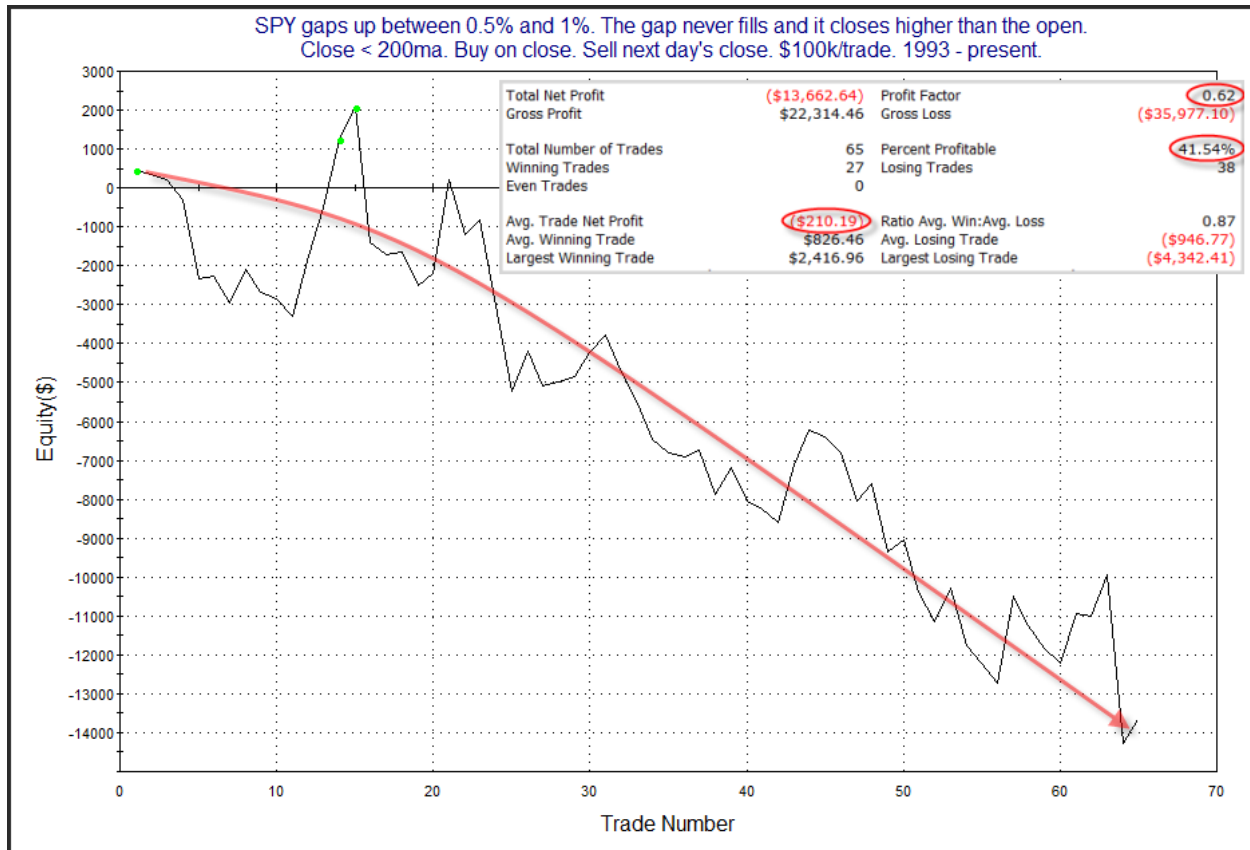
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 9, 2022	Gap up >0.5% < 1% no fill	1-2 days	Bearish			
December 8, 2022	SPY nr5 inside < 200. Not low vol20	1-2 days	Bearish			
December 8, 2022	5 lower closes < 200ma	1-8 days	Bullish	4.30%	-2.00%	-4.85%
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			

The Evidence

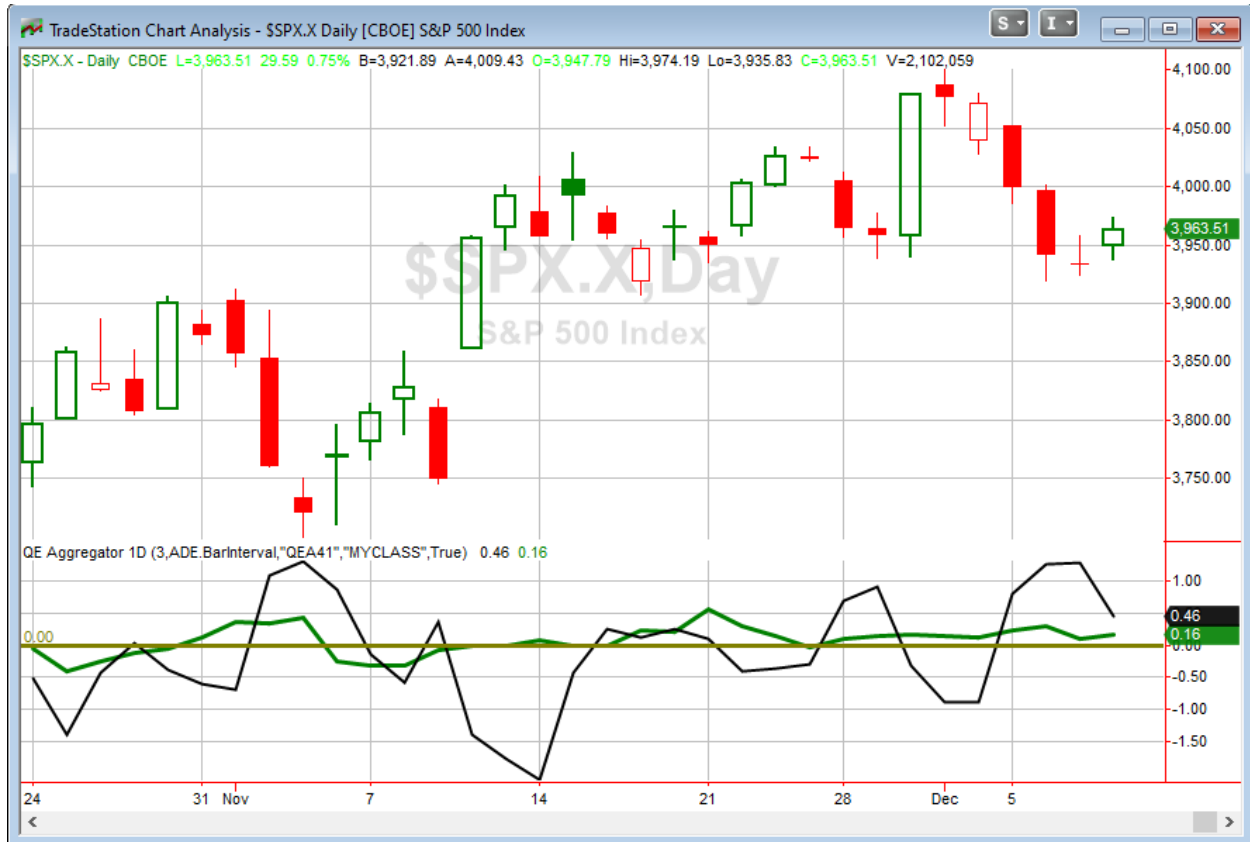
Thursday was the 1st up day in a while. The SPX rose 0.75%, the NASDAQ gained 1.1%, and the Russell 2000 climbed 0.6%. Breadth was positive with the NYSE Up Issues % coming in at 56% and the Up Volume % at 63%. NYSE total volume declined some from Wednesday's level.

There was only one study I found that appeared compelling. It considered the price action on Thursday, including the unfilled up-gap and the fact that SPY is still below its 200ma. It was last seen in the 11/23/22 letter, and is updated below.



Stats are moderately negative, but the curve makes the study more compelling. I have included this study on the active list tonight.

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



Even 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, expectations are set to remain positive on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3967.64 on Friday. That is just 0.1% above Thursday's close. Therefore, SPX will only need to close up a little over 0.1% on Friday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is still bullish. It is worth noting that while the 3-day expectations are positive, 1-day expectations are actually negative. Tonight's study combined with the bearish study from last night are causing that to happen. This leaves Friday in doubt, even though a move higher is expected over the next few days. I am long. With the Differential Pivot so close by, I will look to exit part of my position on Friday if there is a gap up at the open, or if the market closes a bit higher.

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

GS – 1/3 @\$362.91 (bought @ limit)

GS – 1/3 @\$359.92 (bought @ limit)

New

GS – 1/3 @\$358.08 (buy @ limit)

Broad Market Large Cap CBI – 3(GS-3)

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.

GS – But 1/3 Catapult position @ \$358.08 LIMIT. From the Catapult section above, this is the 3rd and final lot of GS.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	12/6/2022	\$399.42	\$396.24	-0.80%	see note below
SPY(1/4)	12/7/2022	\$392.00	\$396.24	1.08%	Aggregator
GS(1/3)	12/7/2022	\$362.49	\$358.08	-1.22%	Catapult
GS(1/3)	12/8/2022	\$359.92	\$358.08	-0.51%	Catapult

I will look to exit part of my SPY position on a gap up or a close above the Differential Pivot. I will put in an order to sell 1 lot of SPY at \$397.00 LIMIT ON OPEN. If not filled on open, I will immediately cancel the order and then look to sell that lot at \$396.75 LIMIT ON CLOSE.

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