

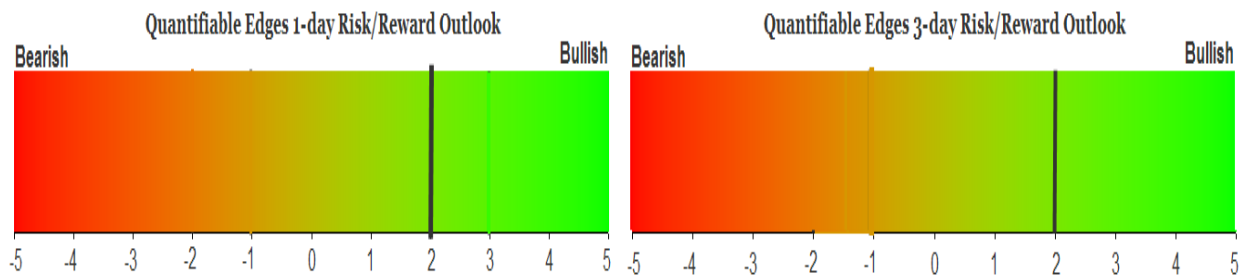
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 22, 2022

Volume 15 Issue 245

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The gap and go action on Wednesday suggests a possible pullback Thursday.
- “Twas 3 Nights Before Christmas” bullish seasonality triggered at the close on Wednesday.

Short-term Outlook

The Bottom Line

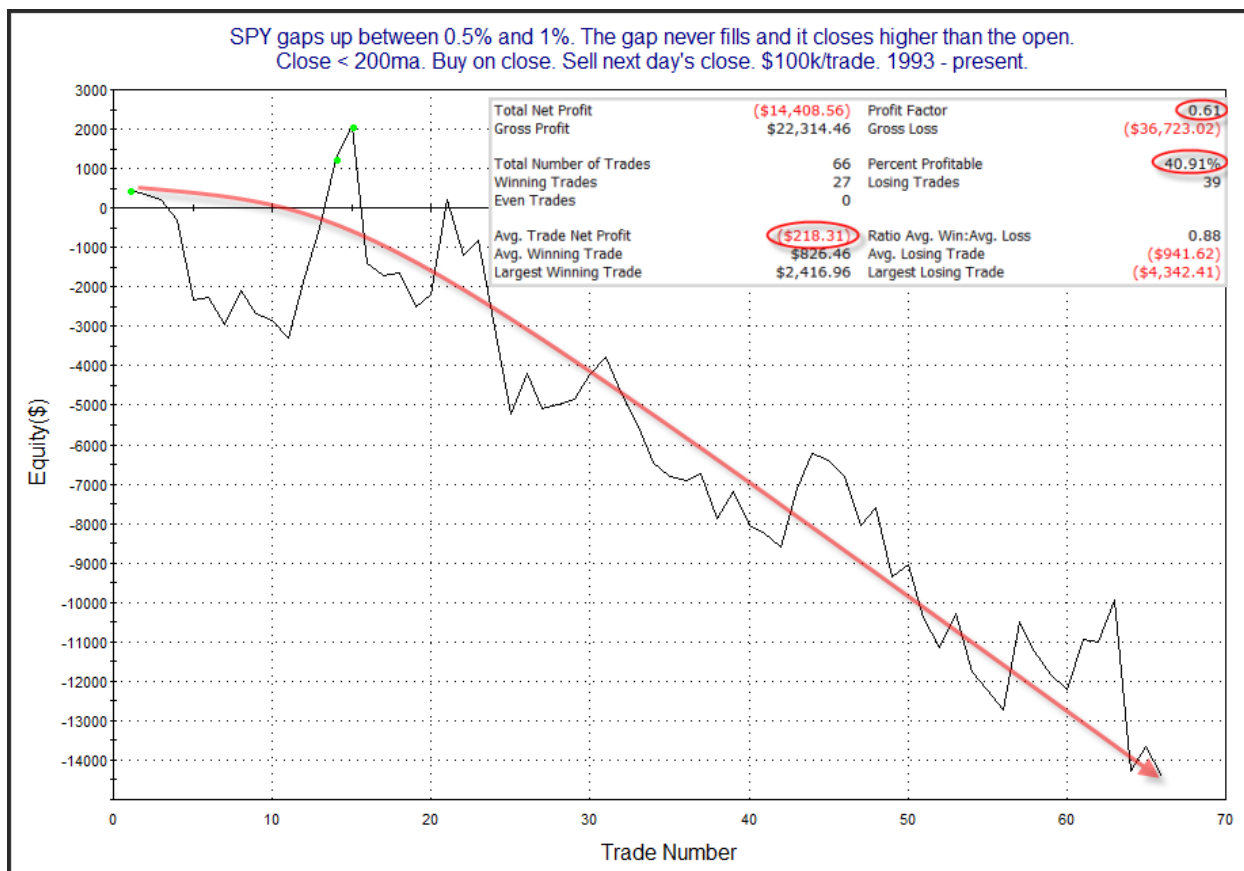
The Aggregator is bullish but the Differential Pivot is inverted. The bullish edge won't last beyond Thursday unless there is substantial selling.

The Evidence

Wednesday was a good day for the market. The SPX rose 1.49%, the NASDAQ gained 1.54%, and the Russell 2000 rallied 1.65%. Breadth was positive with the NYSE Up Issues % coming in at 76% and the Up Volume % at 87%. NYSE total volume declined for the 3rd day in a row.

The “Twas 3 Nights Before Christmas” study that I shared in last night’s letter kicked in at the close on Wednesday, so I have added it to the active list.

There was one other 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 recently in the 12/9/22 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 as well.

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



With tonight's studies 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 3852.50. That is 0.7% *below* 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 down at least 0.7% in order to remain "oversold". Anything other than that and it will be considered "overbought" vs expectations at Thursday's close.

So the Aggregator is bullish. But that won't last long unless SPX suffers some selling on Thursday. I typically view inverted pivots as opportune times to take profits. That is because upside is now quite limited. But I took some SPY off the table at the close on Wednesday. So rather than jump out of the 2nd half of my position immediately, I will let it ride through Thursday, and then perhaps sell near the close.

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

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(1/4)	12/16/2022	\$383.27	\$386.23	0.77%	<i>sold on close</i>
SPY(1/4)	12/20/2022	\$379.23	\$386.23	1.85%	sell @ \$385.00 LIMIT ON CLOSE

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