

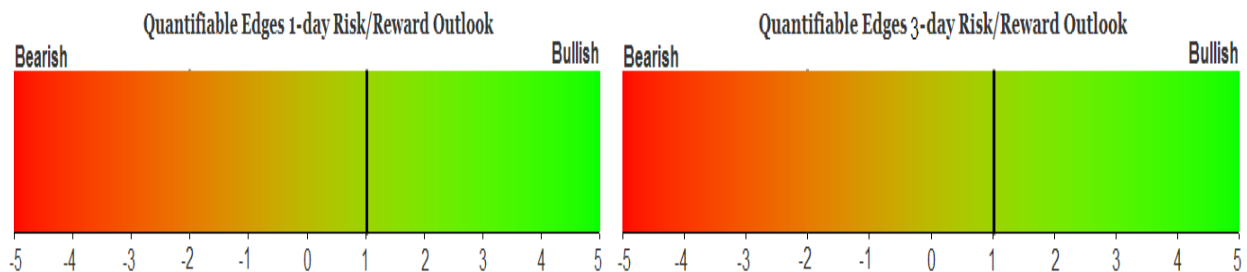
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 28, 2022

Volume 15 Issue 248

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- No compelling new evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish but evidence is light and the market has been abnormally weak for late December. I believe there is a small upside edge.

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						
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

Tuesday was a down day for the major indices. SPX dropped 0.4%, the NASDAQ lost 1.4%, and the Russell 2000 fell 0.65%. Breadth was mixed with the NYSE Up Issues % coming in at 44% and the Up Volume % at 51%. NYSE total volume rose some from Friday's light level.

Again the only studies to appear in the Quantifinder looked at the low volume and tight range. Both of these are expected when traders are taking extra time off. So I did not consider those studies to truly be relevant. I would not be surprised to see more studies related to low volume and low volatility over the next few days. I'm keeping it short tonight. No new studies were added to the active list, and the lone study from last night expired.

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



Without any new studies being added, 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.

With the short-term active list now bare, expectations are leaning just slightly bullish thanks to the bullish intermediate-term outlook. Any new evidence that emerges in the coming days will have a substantial impact on expectations. Meanwhile, the Differential Pivot will be 3851.83 on Wednesday. That is 0.6% above Tuesday's close. Therefore, SPX will need to close up at least 0.6% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. But evidence is light and downside risk seems elevated with the recent volatility. I think the bulls have a very mild edge right now. I have a small long position. I will look to sell that only if SPX closes above the Differential Pivot on Wednesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 12/27 – slightly bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

TSLA – 1/3 @ \$123.15 (bought @ LIMIT)

New

TSLA – 1/3 @ \$109.10 (buy @ LIMIT)

Broad Market Large Cap CBI – 2(TSLA-2)

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.

TSLA – Buy 1/3 Catapult position @\$109.10 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of TSLA.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	12/20/2022	\$379.23	\$382.91	0.97%	<i>sell if SPX closes > 3851.83</i>
TSLA(1/3)	12/27/2022	\$117.50	\$109.10	-7.15%	Catapult

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