

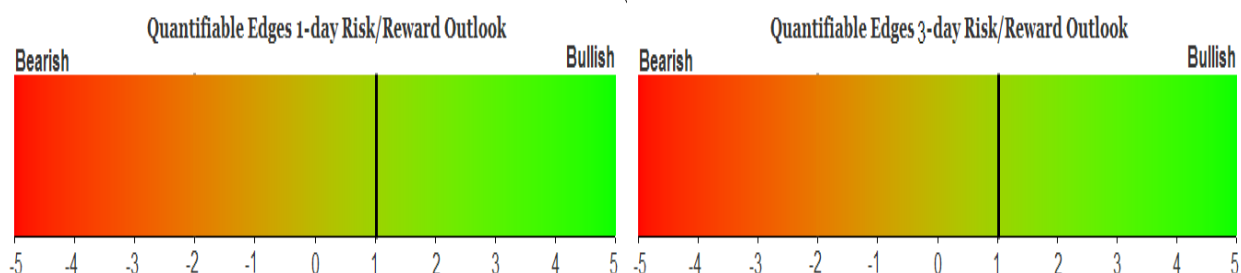
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 5, 2023

Volume 16 Issue 3

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	2

## Tonight's Research Points

- No compelling new evidence emerged on Wednesday.
- Friday is an Employment Day, and Employment Days have struggled recently.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish, but I am not terribly enthused about the current setup.

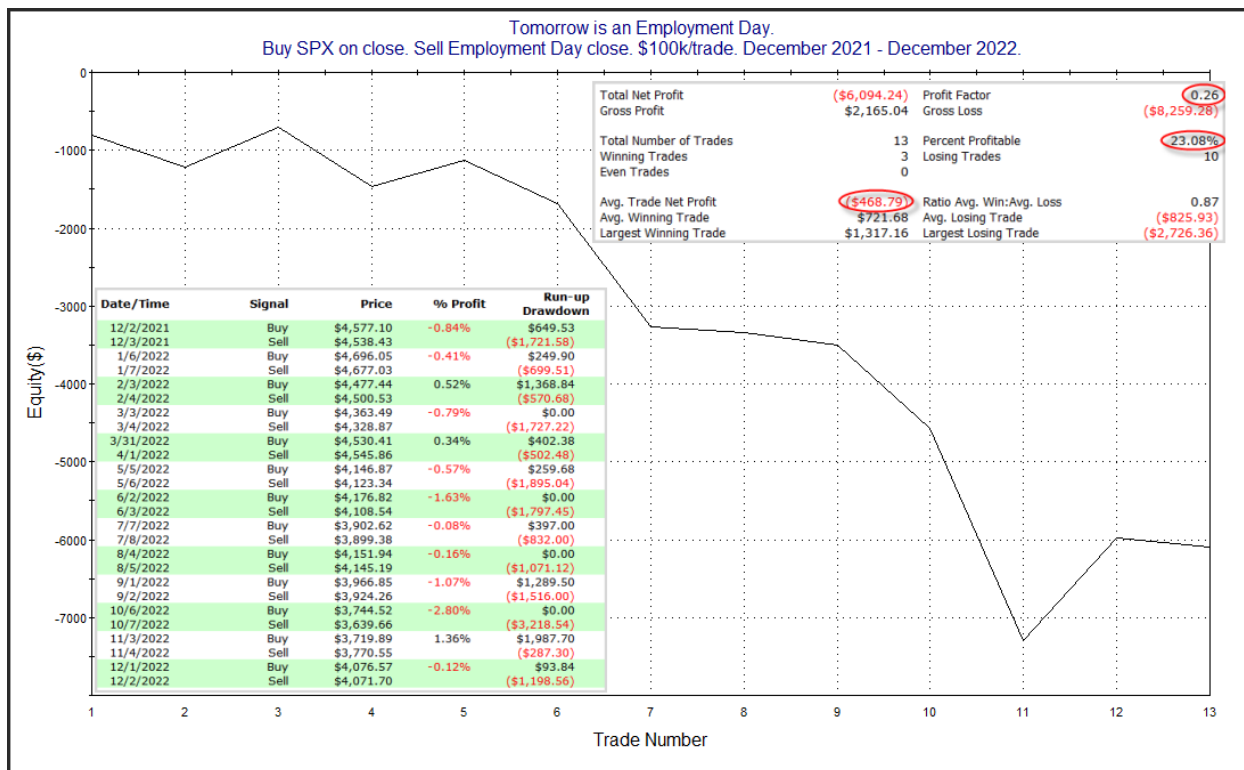
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
January 3, 2023	5-high, down close, Up Issue > 60%	1-3 days	Bullish	1.60%	-0.90%	-2.15%
January 3, 2023	Gap up > 0.5%, close down < 200	1-2 days	Bullish			
<b>Active - Long Term</b>						
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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
December 29, 2022	1% drop between Christmas & New Years	1-5 days	Bullish	3.20%	-1.40%	-2.95%

**The Evidence**

Wednesday saw some back and forth, but it finished well for the bulls. The SPX closed up 0.75%, the NASDAQ gained 0.7%, and the Russell 2000 rallied 1.25%. Breadth was strong with the NYSE Up Issues % coming in at 80% and the Up Volume % at 86%. NYSE total volume rose for the 6<sup>th</sup> day in a row.

The SPX remains locked in the same range it has for the last two weeks. Choppy, range-bound trading often fails to suggest a compelling edge. And my search tonight came up empty, which did not really surprise me. But Thursday and Friday we have some Fed speeches and Friday morning is the release of the jobs report, about 1 hour before the NYSE open. So we could see some fireworks in the next few days that will break us out of this range, and perhaps trigger some compelling studies. While there is no telling at this point what the reaction to the Friday employment report will be, I will note that the market has generally struggled on Employment Days over the last 13 months. This can be seen in the chart below.



November was the only report that saw a strong upside reaction. It's a new year, so perhaps everybody will love the jobs report in 2023. But it has been a downer lately, so the new year may need a new attitude to see the market rally on Friday. We may get some more hints on Thursday. That's all I have for tonight.

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



Without any new studies making the list tonight, the green Aggregator Line remained above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line moved back 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 turned long at the close.

Based on the current active studies, expectations are set to remain positive on Thursday. This could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3875.45 on Thursday. That is 0.6% above Wednesday's close. Therefore, SPX will need to close up at least 0.6% on Thursday to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. I am not overly enthusiastic, though. We did not see any new confirming evidence emerge tonight. Additionally, with upcoming news capable of breaking the market out of this range and triggering a sizable move, risk is a bit elevated. My neutral intermediate-term bias has me approaching trades with a bit more caution. So I am not inclined to look to take advantage of this bullish setup just yet. I'm going to need more convincing before jumping into my next index trade.

**Intermediate-term Outlook (2 weeks – 2 months) – *updated 1/3 – neutral***

The intermediate-term outlook was last updated in the 1/3 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***

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

TSLA – 1/3 @ \$109.10 (bought @ 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.*

**None tonight.**

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
TSLA(1/3)	12/27/2022	\$117.50	\$113.64	-3.29%	Catapult
TSLA(1/3)	12/28/2022	\$109.10	\$113.64	4.16%	Catapult

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