

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 6, 2023

Volume 16 Issue 4

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- No compelling new evidence emerged on Wednesday.
- Friday is an Employment Day, and we could see a strong reaction.

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
Active - Short Term						
January 3, 2023	5-high, down close, Up Issue > 60%	1-3 days	Bullish	1.60%	-0.90%	-2.15%
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)						
January 3, 2023	Gap up > 0.5%, close down < 200	1-2 days	Bullish			

The Evidence

Thursday was a down day that kept the market in its recent range. The SPX lost 1.2%, the NASDAQ fell 1.5%, and the Russell 2000 dropped 1.1%. Breadth was negative with the NYSE Up Issues % coming in at 41% and the Up Volume % at 42%. NYSE total volume declined some from Wednesday's level.

The story right now seems to be the range we are locked in. Until that range breaks, we may not see strong edges emerge. I am not seeing any tonight. I am also a bit under the weather, having caught a cold from my daughter. So I am going to keep it brief. No new studies are being added to the active list. Friday, with the jobs report being released at 8:30am EST, has the potential for a strong reaction – in either direction. As I noted last night, the direction lately on jobs report days has been mostly down. But the tendency is not strong enough to consider it an edge – just a cold streak.

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 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 last of the short-term studies set to expire, and the intermediate-term outlook neutral, expectations are set to turn flat on Friday. Of course any new evidence that emerges would have a strong influence on expectations. Meanwhile, the Differential Pivot will be 3851.45 on Friday. That is 1.1% above Thursday's close. Therefore, SPX will need to close up at least 1.1% on Friday to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. But I remain unenthused. Evidence is light, and expectations beyond Friday are completely dependent on any new evidence that emerges. Additionally, the market is rangebound and we have an Employment Report wildcard that could trigger a big move on Friday. This seems like a good time to remain sidelined and see what new clues the market provides. I'll remain patient and observant.

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	\$110.34	-6.09%	Catapult
TSLA(1/3)	12/28/2022	\$109.10	\$110.34	1.14%	Catapult

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