

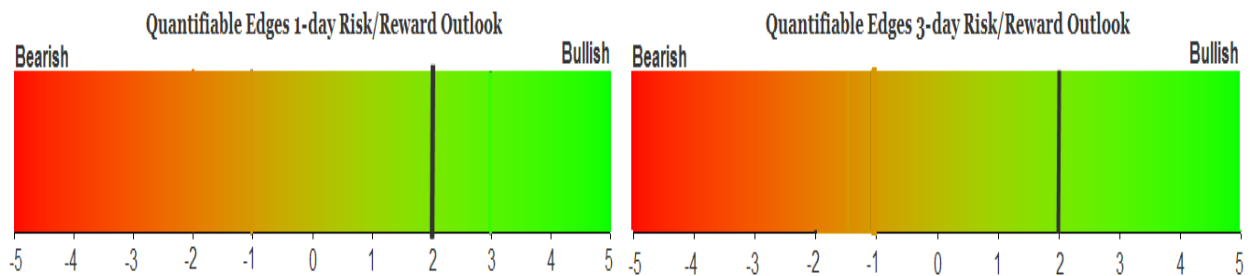
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 19, 2023

Volume 16 Issue 12

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

## Tonight's Research Points

- Extra weak breadth that does not come with a 10-day low in the SPX has often seen a bounce over the last 20 years.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. There appears to be a mild upside edge.

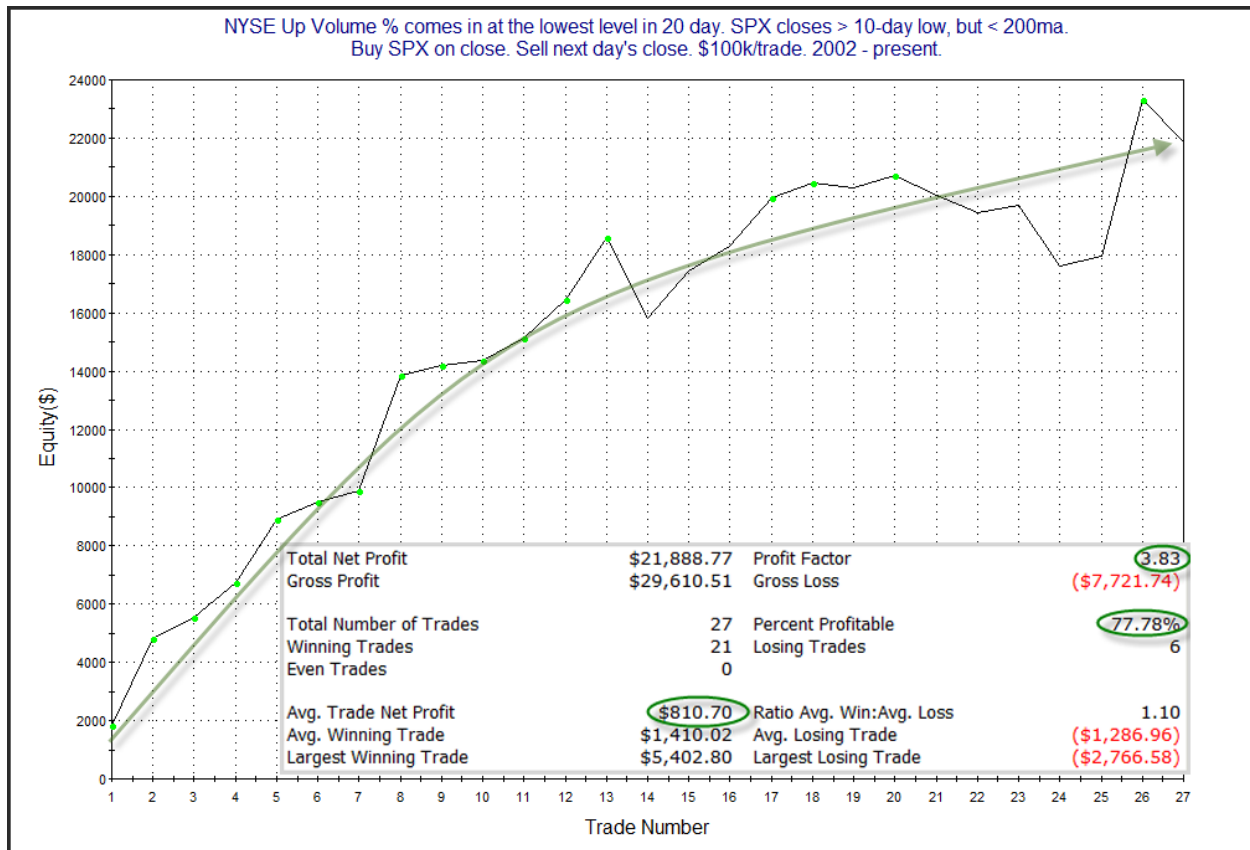
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
January 19, 2023	Lowest Up Vol % in 20 days. C > 10-lo	1 day	Bullish			
<b>Active - Long Term</b>						
January 13, 2023	QE Triple 70 Thrust	1-80 days	Bullish			
January 13, 2023	Deemer Breakaway Momentum	1-6 months	Bullish			
January 13, 2023	Whaley ADT5 > 73.66	1-12 months	Bullish			
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**

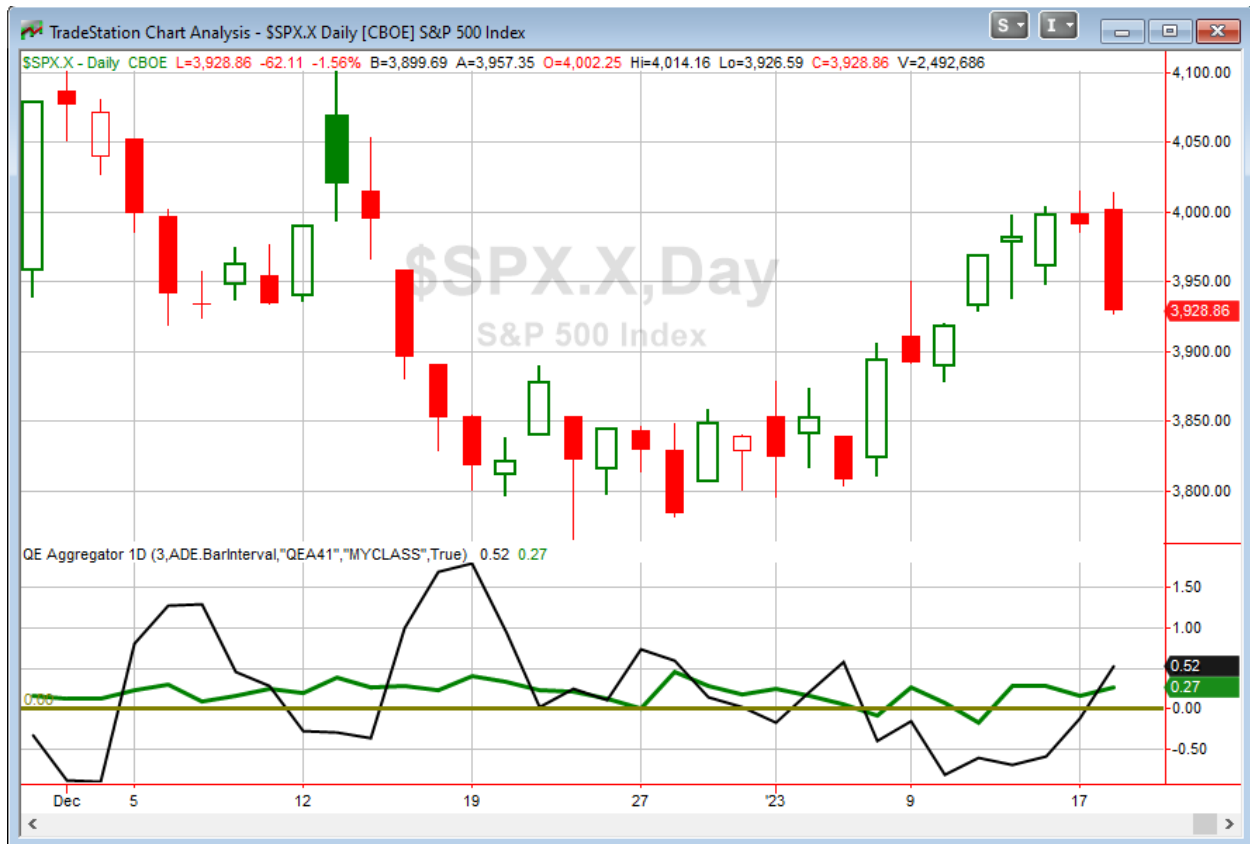
Wednesday saw a good bit of selling. The SPX declined 1.6%, the NASDAQ fell 1.2%, and the Russell 2000 lost 1.6%. Breadth was weak with the NYSE Up Issues % coming in at 35% and the Up Volume % at 16%. NYSE total volume declined some from Tuesday’s level.

The NYSE Up Volume % of 16% is the lowest we have seen in a while. It triggered an old study from the 8/26/08 letter that I have redone below.



This study was done with Tradestation data. The curve and stats appear to suggest an upside edge the next day. I have added this study to the active list. I also removed the study from last night since Wednesday's move was abnormally large in the wrong direction compared to past instances.

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



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 rose 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.

The last of the short-term studies is set to expire on Thursday. If no new evidence emerges, expectations will remain positive based on the bullish intermediate-term outlook. Of course expectations over the next few days will be greatly influence by any new evidence that emerges. Meanwhile, the Differential Pivot will be 4013.66 on Thursday. That is 2.2% above Wednesday's

close. So SPX will need to close up a sizable 2.2% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now long. There is not a lot of short-term evidence, but there is a hint of an upside edge. And the market has quickly become substantially oversold. I like the long side some. I'd be a bit more comfortable with taking on long index exposure if we get a 3<sup>rd</sup> consecutive down day on Thursday. I therefore won't rush into a trade on Thursday, but may look to enter near the close.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 1/17 – bullish***

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***

*New*

KHC @ \$39.66 (buy 1/3 @ limit)

***Broad Market Large Cap CBI – 1(KHC)***

**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.*

**KHC – Buy 1/3 Catapult position @ \$39.66 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of KHC.

**SPY – Buy ¼ index position @ \$390.50 LIMIT ON CLOSE.** Based on the short-term outlook above, I will look to start building an index position if Thursday closes down a fair amount.

**Current Open Trade Ideas**

**None**

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