

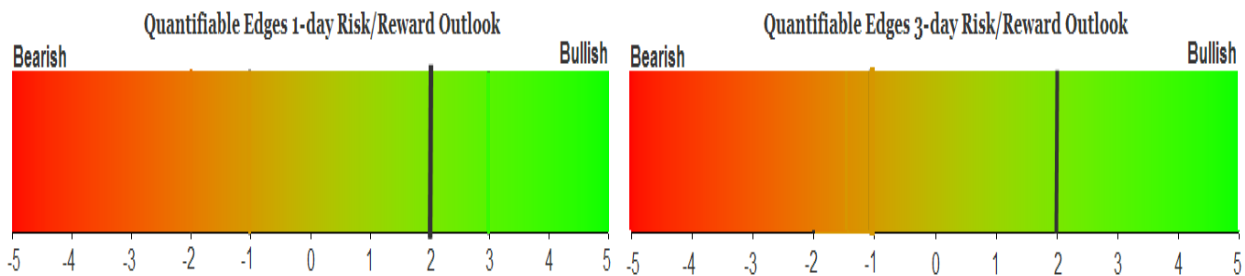
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 20, 2023

Volume 16 Issue 13

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- 3-day pullbacks often suggest an upside edge when SPX is above the 200ma. Below it you don't always see that edge.

Short-term Outlook

The Bottom Line

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

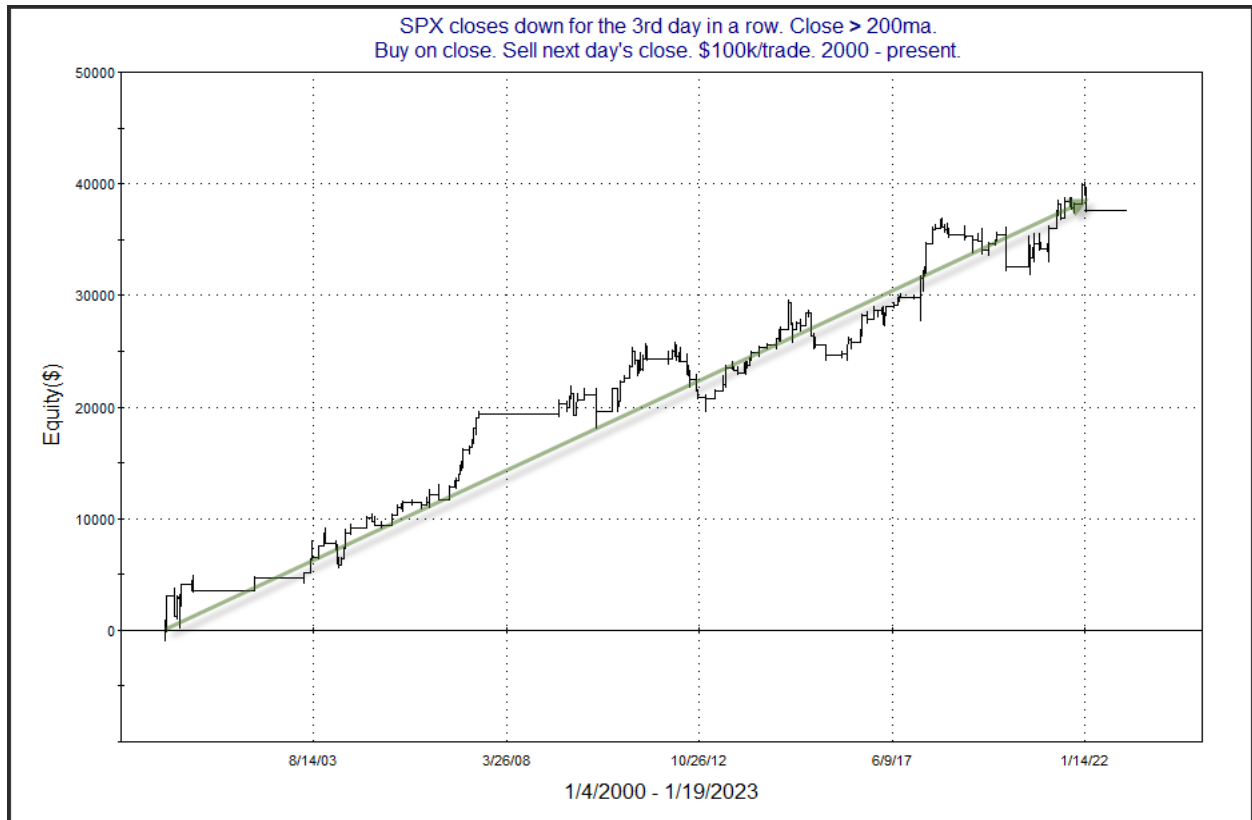
Summary of Recent Active Studies (see Letters from listed dates for details)

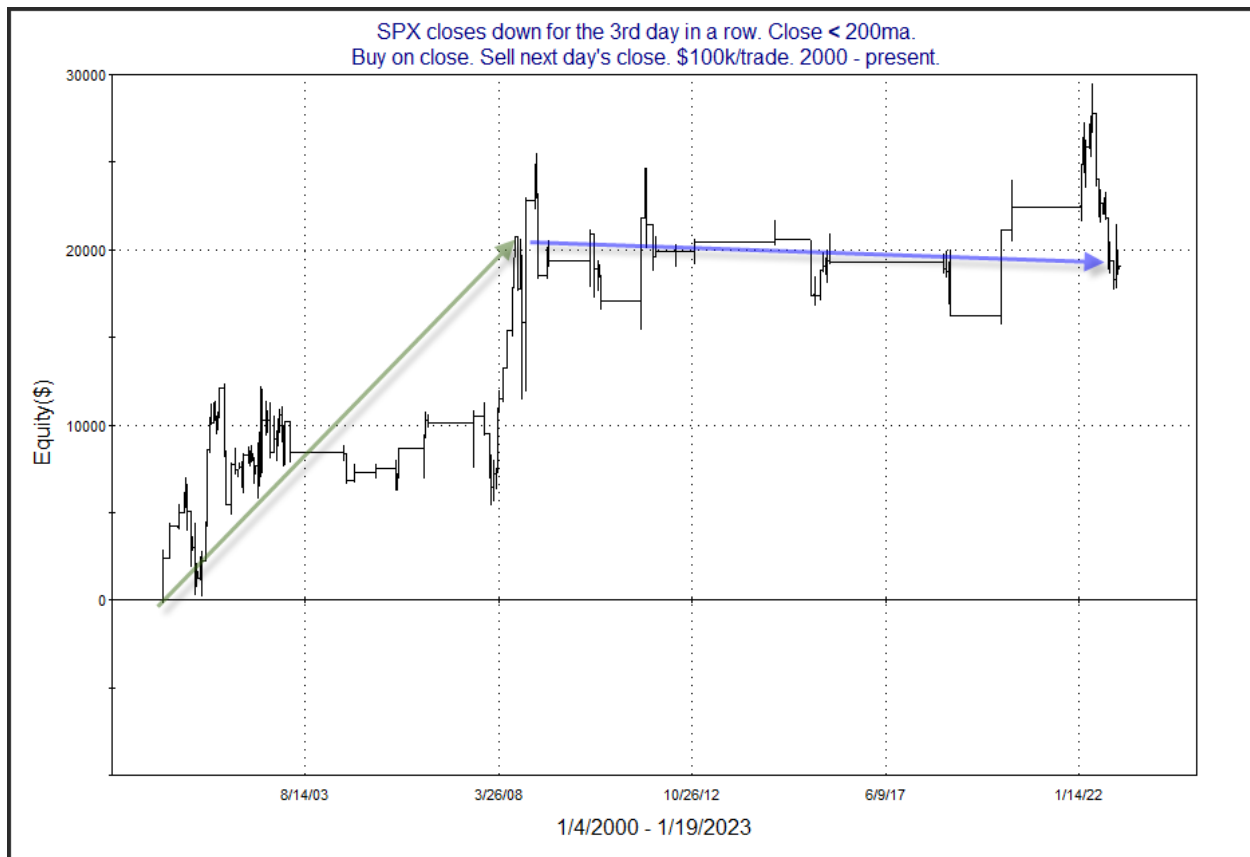
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
January 13, 2023	QE Triple 70 Thrust	1-80 days	Bullish			
January 13, 2023	Deemer Breakaway Momentum	1-6 months	Bullish			
January 13, 2023	Whaley ADT5 > 73.66	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

Thursday saw some selling for the 3rd day in a row The SPX declined 0.8%, the NASDAQ fell 1.0%, and the Russell 2000 lost 1.0%. Breadth was weak with the NYSE Up Issues % coming in at 41% and the Up Volume % at 30%. NYSE total volume declined some from Wednesday’s level.

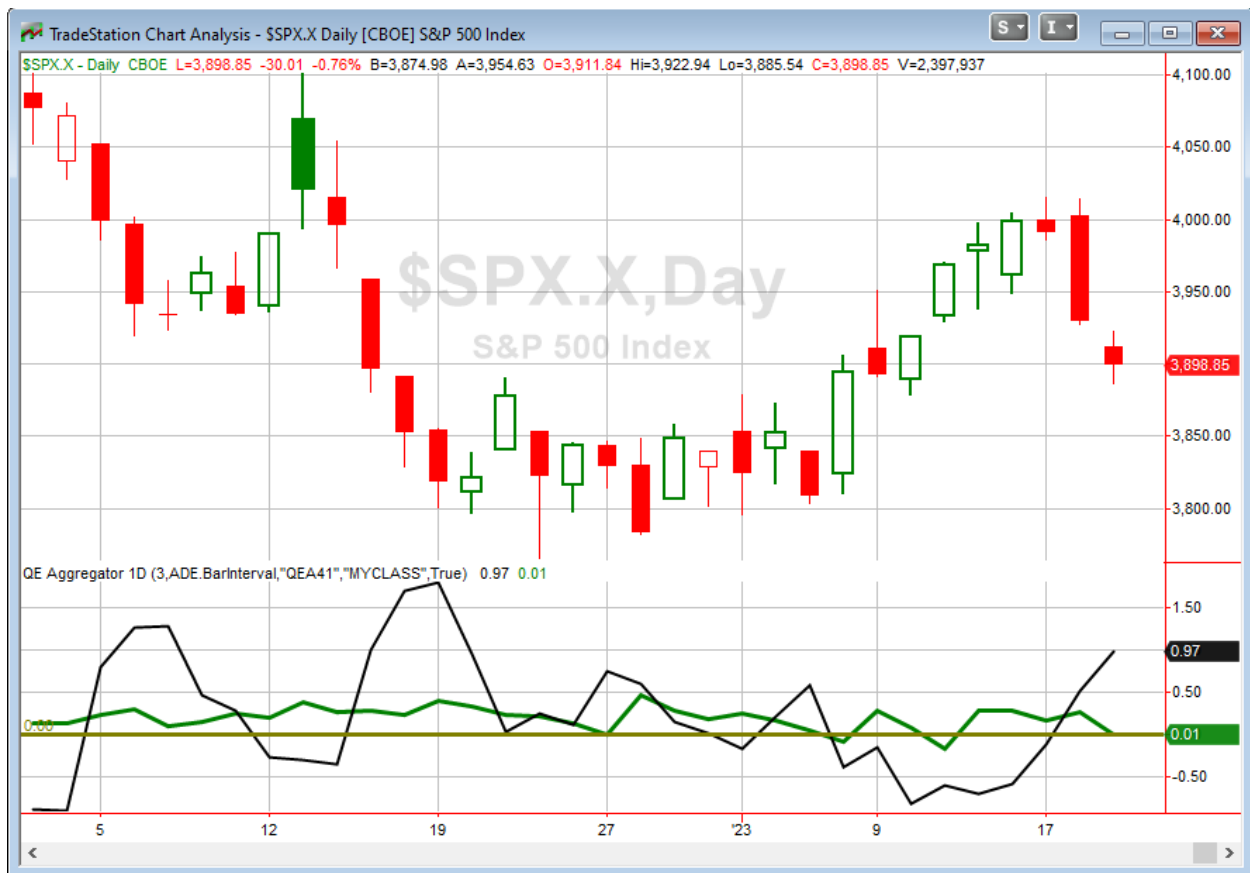
So SPX has now closed down 3 days in a row. When SPX is above the 200ma, that typically generates some short-term bullish studies. But 3-day pullbacks don’t supply the same edge when below the 200ma. The 2 studies below demonstrate this. The top one shows the 1-day return following a 3-day pullback when SPX is above the 200ma, and the bottom one looks at instances below the 200ma.





The difference is obvious. The bottom one has chopped sideways for the last 15 years while the profit curve in the top study shows a persistent move higher. I did not identify any studies tonight suggesting a strong edge, so nothing is being added to the Active List. This leaves the short-term section of the list now bare.

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



Without any new studies making the cut 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 rose further 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 list now bare, expectations are positive based on the bullish intermediate-term outlook. Of course expectations over the next few days will be greatly influenced by any new evidence that emerges. Meanwhile, the Differential Pivot will be 4017.48 on Friday. That is 3.0% above Thursday's close. Therefore, SPX will need to close up a sizable 3.0% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is again long. Evidence is very light, but SPX is quite oversold, and with a positive intermediate-term backdrop, I believe the bulls have a bit of an edge right here. Our long idea from last night's letter triggered at the close. I don't think the edge is strong enough to add to that small position. I do think it is worthwhile to hold onto it for now.

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

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.

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	1/19/2023	\$388.64	\$388.64	0.00%	Aggregator
KHC(1/3)	1/19/2023	\$39.66	\$40.04	0.96%	Catapult

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