

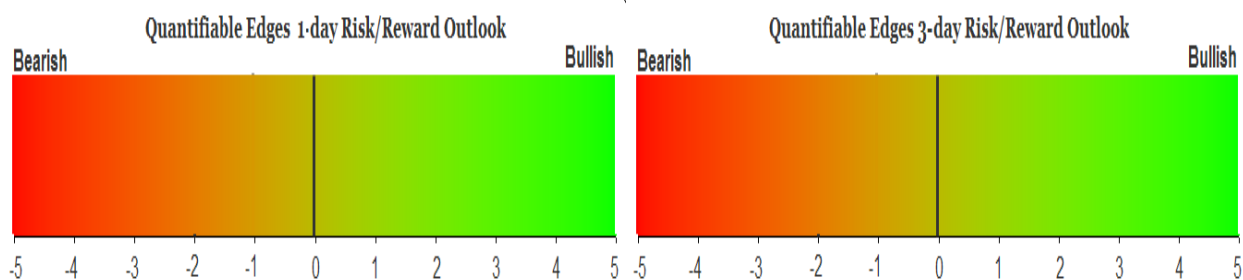
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 24, 2023

Volume 16 Issue 15

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- The strong move up in SOX could be a downer for the next couple of weeks.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That is where I am at as well.

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 24, 2023	SOX rises 5% on day and closes > 200ma	1-10 days	Bearish			
January 23, 2023	NASDAQ Leading	int term	Bullish			
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
January 23, 2023	SPX up 1% from open to close opex Fri	1 day	Bullish			
January 23, 2023	SPX up 1% & crosses 200ma	1 day	Bearish			

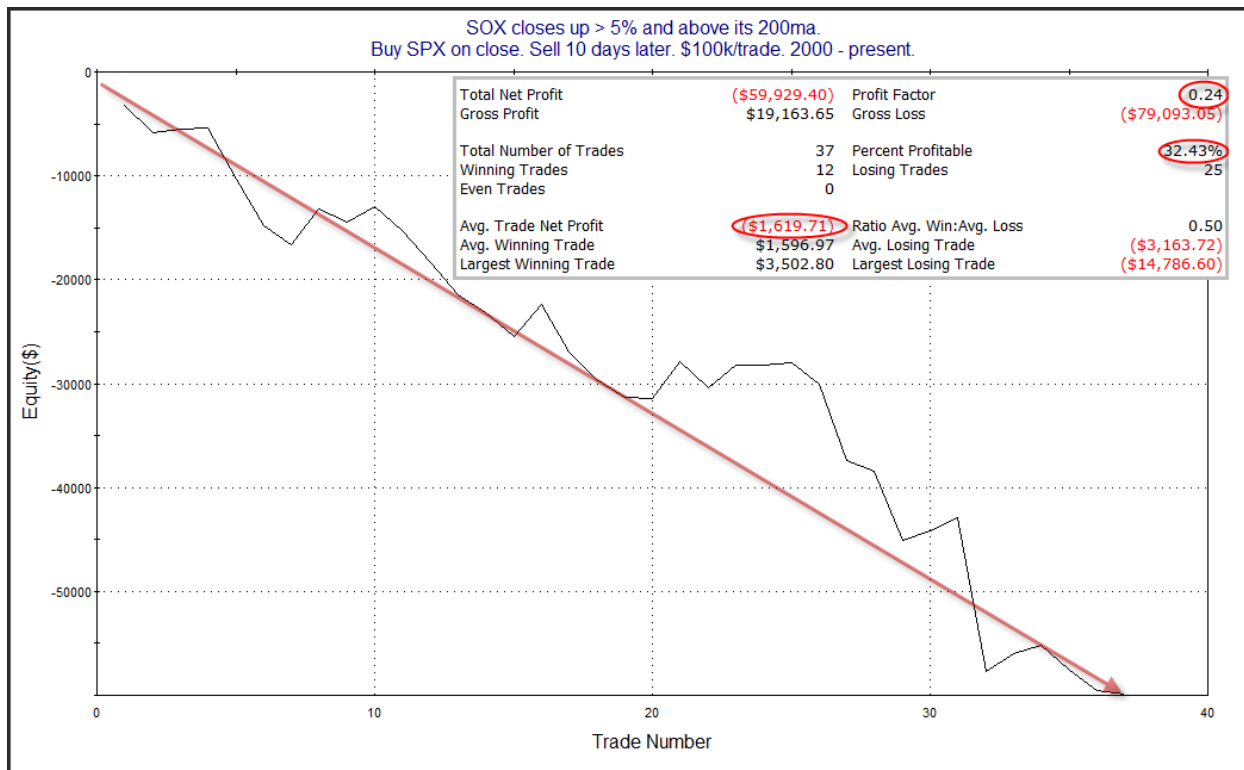
The Evidence

Monday was a good day for the market. The SPX gained 1.2%, the NASDAQ jumped 2.0%, and the Russell 2000 climbed 1.25%. Breadth was strongly positive with the NYSE Up Issues % coming in at 72% and the Up Volume % at 76%. NYSE total volume declined from Friday's high level.

Monday's action did not trigger anything compelling from the Quantifinder. But I did find it interesting how strong the move up in the SOX index was, as it slightly exceeded 5% on the day. I decided to look back at other times the SOX rallied 5% or more in one day and closed above the 200ma. I was most interested in how the broader SPX did following such moves in the SOX. Results can be found below.

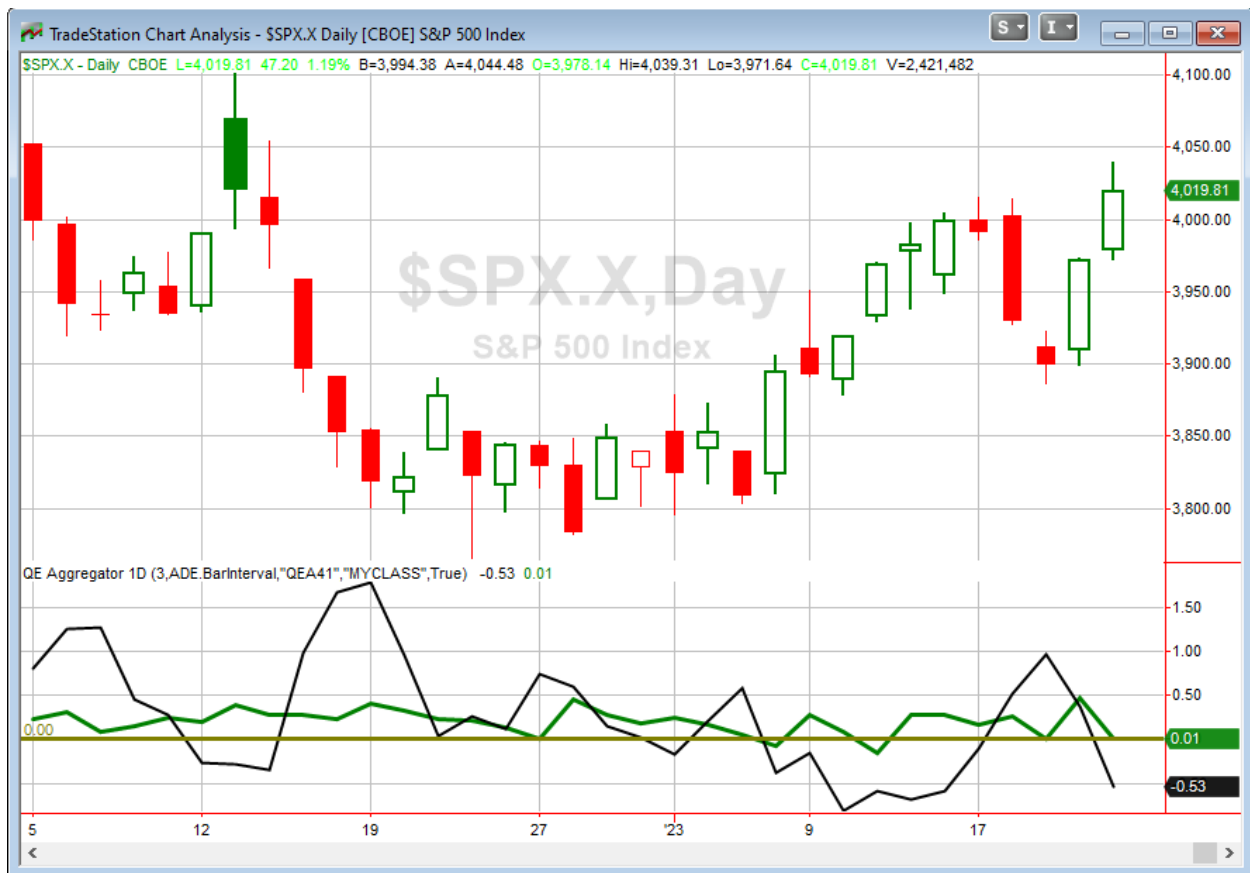
SOX closes up > 5% and above its 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2000 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-59,929.39	37	12	25	32.43	3,502.80	-14,786.60	1,596.97	-3,163.72	0.50	0.24	-1,619.71
9	-58,568.31	37	14	23	37.84	5,134.01	-21,924.22	1,600.08	-3,520.41	0.45	0.28	-1,582.93
8	-49,665.92	38	17	21	44.74	4,174.09	-19,628.54	1,498.90	-3,578.44	0.42	0.34	-1,307.00
7	-45,600.54	39	14	25	35.90	4,869.18	-16,076.56	1,966.86	-2,925.47	0.67	0.38	-1,169.24
6	-33,255.76	40	16	24	40.00	5,552.91	-16,460.42	2,062.44	-2,760.62	0.75	0.50	-831.39
5	-18,513.95	40	18	22	45.00	5,396.71	-12,003.36	1,799.92	-2,314.20	0.78	0.64	-462.85
4	-9,422.45	42	19	23	45.24	3,807.65	-16,867.40	1,755.84	-1,860.15	0.94	0.78	-224.34
3	5,222.96	44	22	22	50.00	4,134.33	-5,821.14	1,578.26	-1,340.85	1.18	1.18	118.70
2	-9,478.99	47	24	23	51.06	3,163.05	-13,654.06	1,090.48	-1,550.03	0.70	0.73	-201.68
1	-4,217.82	49	23	26	46.94	2,842.84	-4,788.90	738.00	-815.07	0.91	0.80	-86.08

Over the first 4-5 days results were inconsistent. But looking out 2 weeks the numbers looked a bit bearish. So I took a closer look at the 2-week results.



That is a compelling looking curve to go along with the strongly bearish numbers. I am not overly excited by this one, since performance over the 1st week was inconsistent. I did not add it to the short-term list. I did add it to the intermediate-term list, but more as a “something to watch” rather than a “something to be concerned about”.

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



With tonight's evidence considered, the green Aggregator Line remained slightly above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

With the short-term active list now bare, expectations are primed to remain positive based on the intermediate-term outlook. Of course expectations will be greatly influenced by any new evidence that emerges. Meanwhile, the Differential Pivot will be 3913.68 on Tuesday. That is 2.6% below Monday's close. Therefore, SPX would need to close down 2.6% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is now flat. I am not seeing compelling short-term evidence, and the market is strongly overbought. This does not appear to be a favorable setup for a new index trade. I will see how Tuesday plays out, and evaluate any new evidence that emerges before considering new positions.

Intermediate-term Outlook (2 weeks – 2 months) – updated 1/23 – bullish

The intermediate-term outlook was last updated in the 1/23/23 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 (bought 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	\$396.72	2.08%	<i>sold on open</i>
KHC(1/3)	1/19/2023	\$39.66	\$40.26	1.51%	Catapult

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Michigan, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360, LLC. ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2022 Quantifiable Edges, LLC.