

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 26, 2023

Volume 16 Issue 17

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	1

## Tonight's Research Points

- No compelling new evidence emerged on Wednesday.

## *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)*

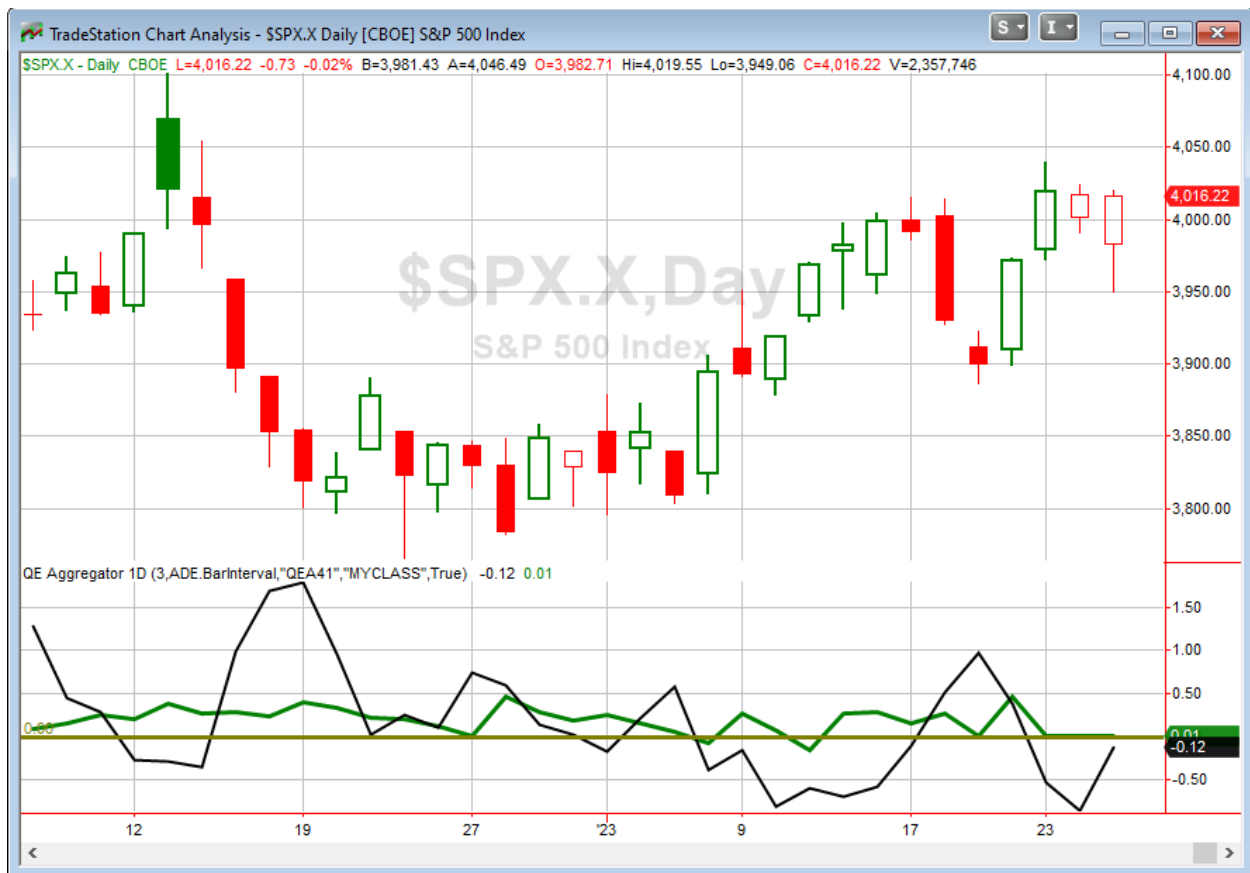
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
None						
<b>Active - Long Term</b>						
January 24, 2023	SOX rises 5% on day and closes > 200ma	1-10 days	Bearish			
January 23, 2023	NASDAQ Leading	int term	Bullish			
January 13, 2023	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			

***The Evidence***

Wednesday started weak, but finished near breakeven. The SPX closed down a mere 0.73 points, the NASDAQ fell 0.2%, and the Russell 2000 gained 0.25%. Breadth was positive with the NYSE Up Issues % coming in at 54% and the Up Volume % at 63%. NYSE total volume rose some from Tuesday's level.

The flat finish did not help to trigger compelling new studies. There were a few in the Quantifinder that looked at sizeable gaps down that reversed, but none of them have seen the edge persist in recent years. So I am going to keep it short tonight. There remains a lack of short-term evidence. Perhaps we will get more substantial action on Thursday that could trigger some meaningful studies. Nothing will be added to the active list tonight.

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



Without any new studies triggering on Wednesday, 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 held 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 stayed flat at the close.

With the short-term active list now bare, expectations are primed to remain positive Thursday 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 *inverted* at 4039.36 on Thursday. That is 0.6% *above* Wednesday's close. An inverted pivot means the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to rise at least 0.6% on Thursday in order to remain overbought versus recent expectations. Anything other than that and it will flip to oversold as of Thursday's close.

So the Aggregator is again neutral. Very little has changed since last night. A short-term edge is lacking and I don't see a good reason to put capital at risk until the next favorable entry opportunity arises. So I will sit and observe another day.

**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
KHC(1/3)	1/19/2023	\$39.66	\$39.95	0.73%	Catapult

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