

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 27, 2023

Volume 16 Issue 18

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- No compelling new evidence emerged on Thursday.

Short-term Outlook

The Bottom Line

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

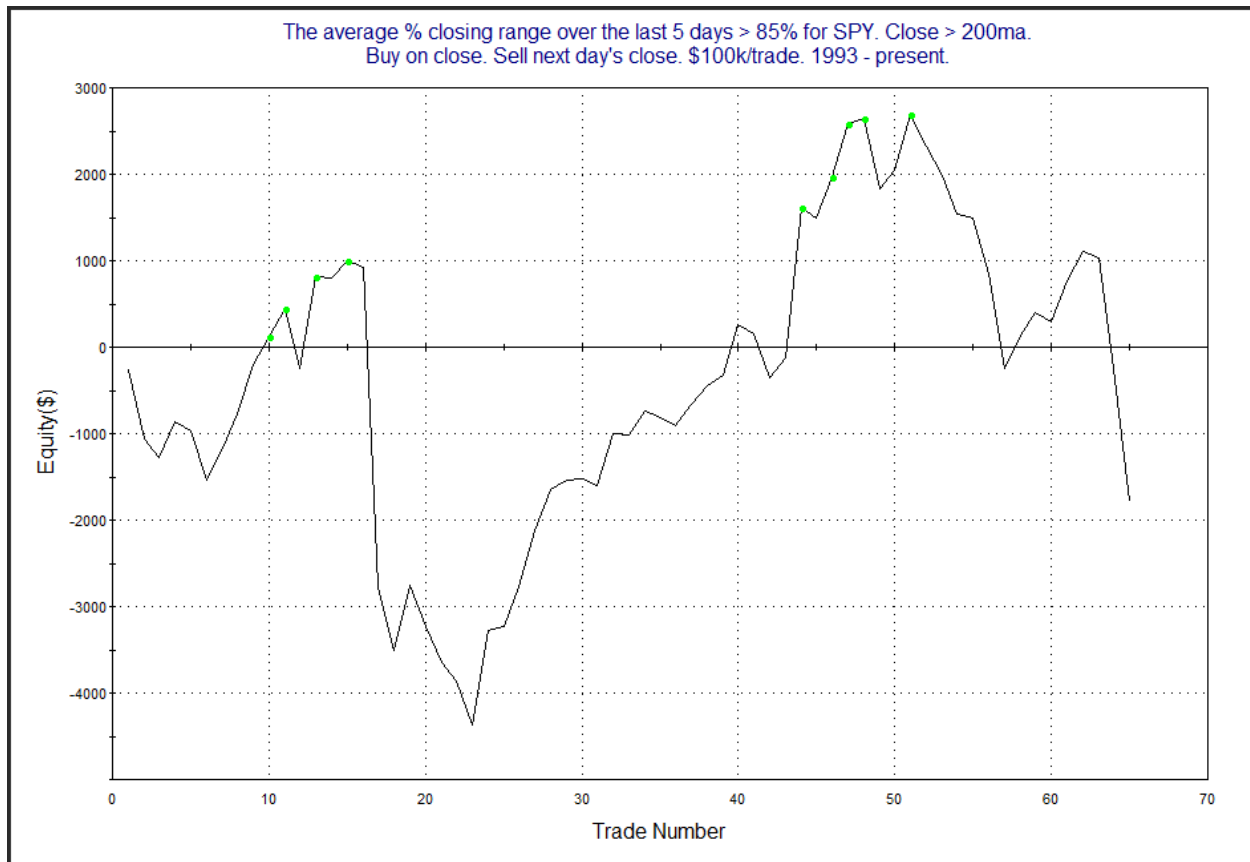
Summary of Recent Active Studies (see Letters from listed dates for details)

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			

The Evidence

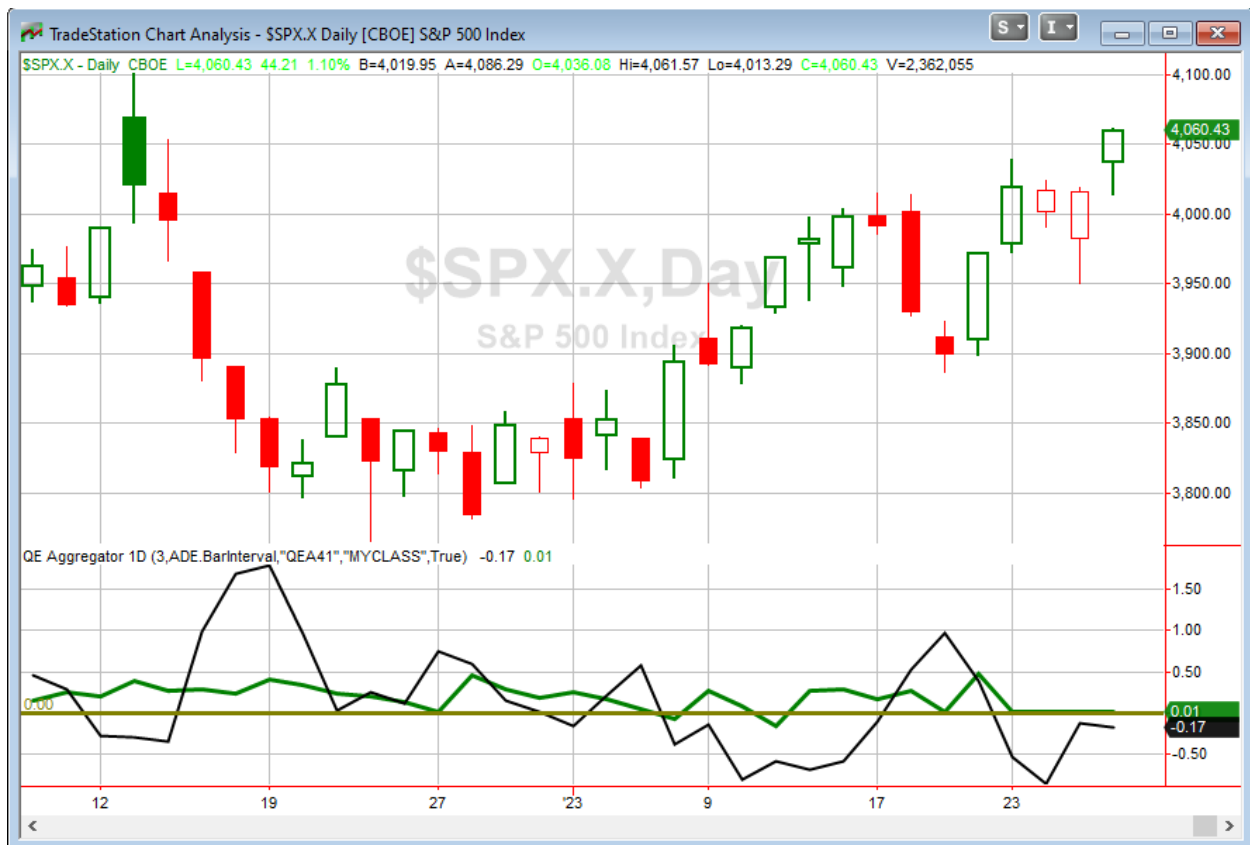
Thursday saw solid gains for the major indices. The SPX closed up 1.1%, the NASDAQ rallied 1.8%, and the Russell 2000 rose 0.7%. Breadth was positive with the NYSE Up Issues % coming in at 69% and the Up Volume % at 66%. NYSE total volume rose some from Wednesday's level.

Thursday was the 5th day in a row that we saw SPY close in the top 30% of its intraday range. Regardless of how the market has begun the day, it has consistently finished strongly over the last week. That seems interesting, but I did not find it predictive. I looked at it a few different ways, including the little study below.



That certainly looks like directionless chop to me. And that is basically what I kept finding. So nothing will be added to the active list tonight. This has been about the dulllest week I can recall in a long time with regards to short-term edges. I'm am just not seeing compelling evidence suggesting a playable edge.

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



Without any new studies triggering on Thursday, 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 still bare, expectations are primed to remain slightly positive Friday 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 4036.24 on Friday. That is 0.6% below Thursday's close. Therefore, SPX will need to close down at least 0.6% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again neutral. The market remains overbought, but we are not seeing any evidence that overbought will quickly revert. A short-term edge is still lacking. So I will continue to wait until a more favorable reward/risk opportunity arises. We don't often go too long without some hints from the market. No sense putting new capital at risk without a good reason.

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	\$39.66	0.00%	Catapult

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