

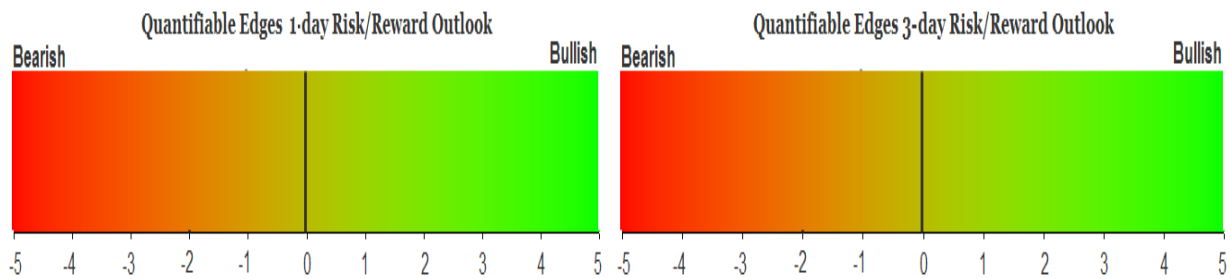
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 16, 2023

Volume 16 Issue 32

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No compelling new evidence emerged...again. This market is a yawn.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. 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						
February 2, 2023	SPX Golden Cross	int term	Bullish			
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 was choppy for much of the day, but a late push made the numbers look pretty good. The SPX finished up 0.3%, the NASDAQ rose 0.9%, and the Russell 2000 gained 1.1%. Breadth was positive with the NYSE Up Issues % coming in at 57.5% and the Up Volume % at 66%. NYSE total volume declined some from Tuesday's level.

I love trading. Primarily because the market is so interesting. There are so many forces at play, and they are constantly changing. Studying behavior and finding small edges to exploit is a constant challenge and one I enjoy. But sometimes an interesting market can quickly turn dull. And this market has not done anything inspiring in several days. February has basically just been sideways chop. Of course, things can turn exciting even more quickly than they turn dull. So this won't last forever. But tonight I feel like I am on an endless loop with nothing to discuss in the way of new and compelling evidence. No new studies will be added to the active list tonight.

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



Without any new studies being added 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 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.

Based on the current active studies, expectations are set to remain positive on Thursday. This could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be *slightly inverted* at 4148.76 on Thursday. That is just over 1 *point* above Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up a little more than 1 point in order to remain overbought. Any flat or down close would lead to SPX being considered "oversold" vs expectations as of the close on Thursday.

So the Aggregator is neutral. It could easily flip to bullish or bearish on Thursday depending on new evidence. For now there is little for me to do but wait. I will note that we have been overbought for a few days now, and no evidence has emerged suggesting a bearish edge. That is a good thing. We know to be careful when shorting with a bullish intermediate-term outlook. And

shorting can be especially tricky in the weeks following breadth thrust and momentum studies like we have seen in recent weeks. So while being sidelined can be boring, it is often the correct play for a short-term trader like myself. I'll be ready when the next favorable reward/risk opportunity avails itself.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/13 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

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.

Current Open Trade Ideas

None

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