

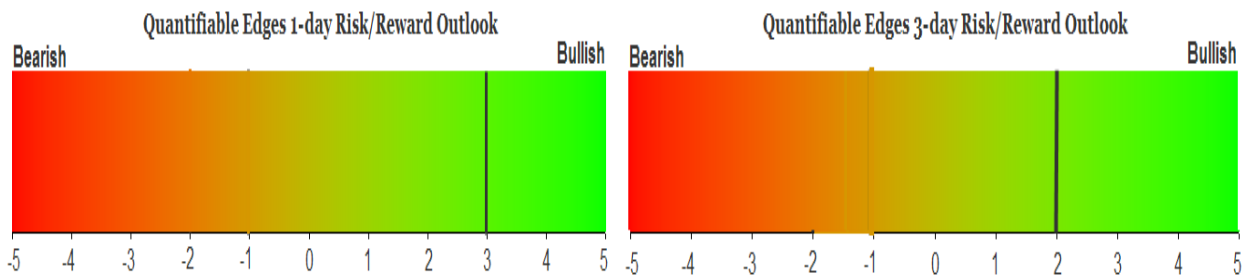
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 24, 2023

Volume 16 Issue 37

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

## Tonight's Research Points

- A couple of studies are suggesting the bounce from the intermediate-term low looks like a short-term positive.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish. I believe there is a solid 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
<b>Active - Short Term</b>						
February 24, 2023	20-low. Gap up, fill, close up 0.5%	1-2 days	Bullish			
February 24, 2023	20-low cls yest. 20-intra low then up cls	1-6 days	Bullish	2.30%	-1.55%	-2.90%
February 21, 2023	1st 10-low close in 30+ days. >200	1-8 days	Bullish	2.50%	-1.90%	-4.15%
<b>Active - Long Term</b>						
February 24, 2023	20-low cls yest. 20-intra low then up cls	1-10 days	Bullish	3.00%	-1.80%	-3.30%
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 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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
February 22, 2023	Unfl gap dn, 10-intra low. Dn 3 in row	1-2 days	Bullish			
February 22, 2023	Gap dn frm 5-low. C<O but > 200	1-2 days	Bullish			

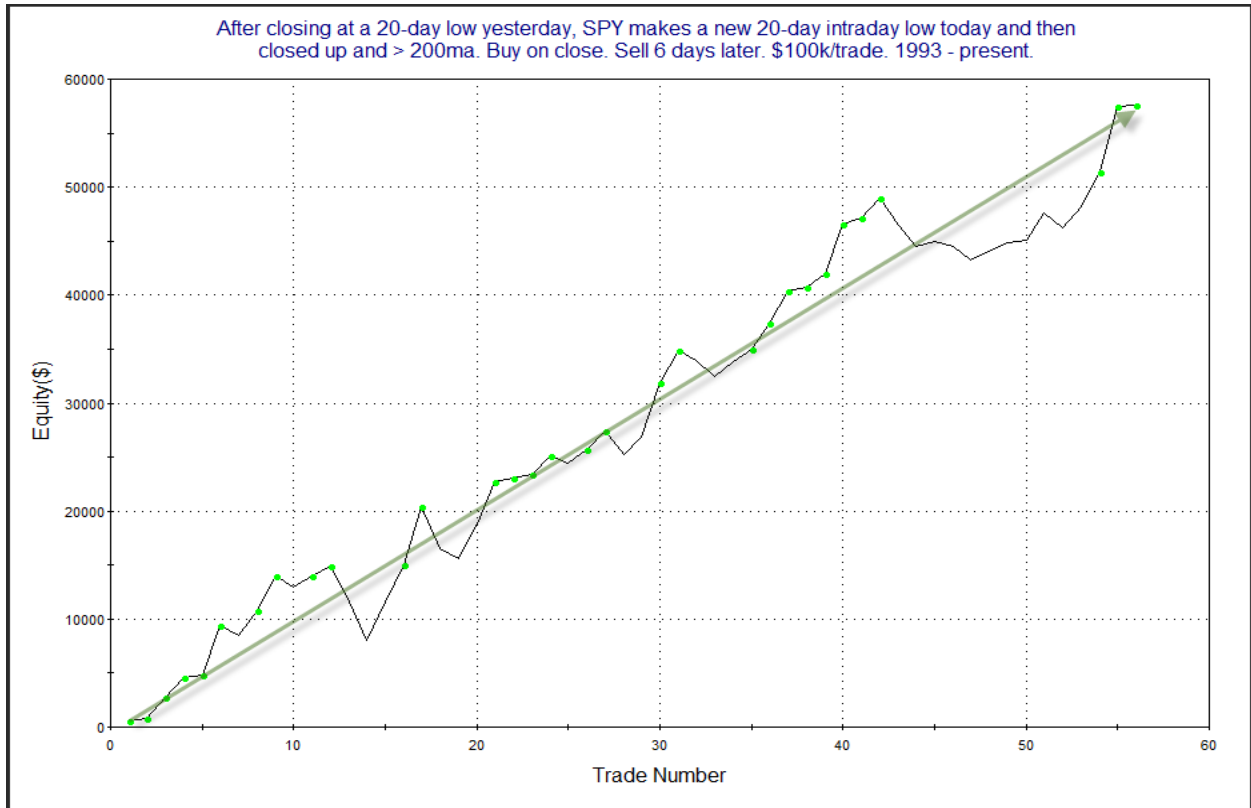
**The Evidence**

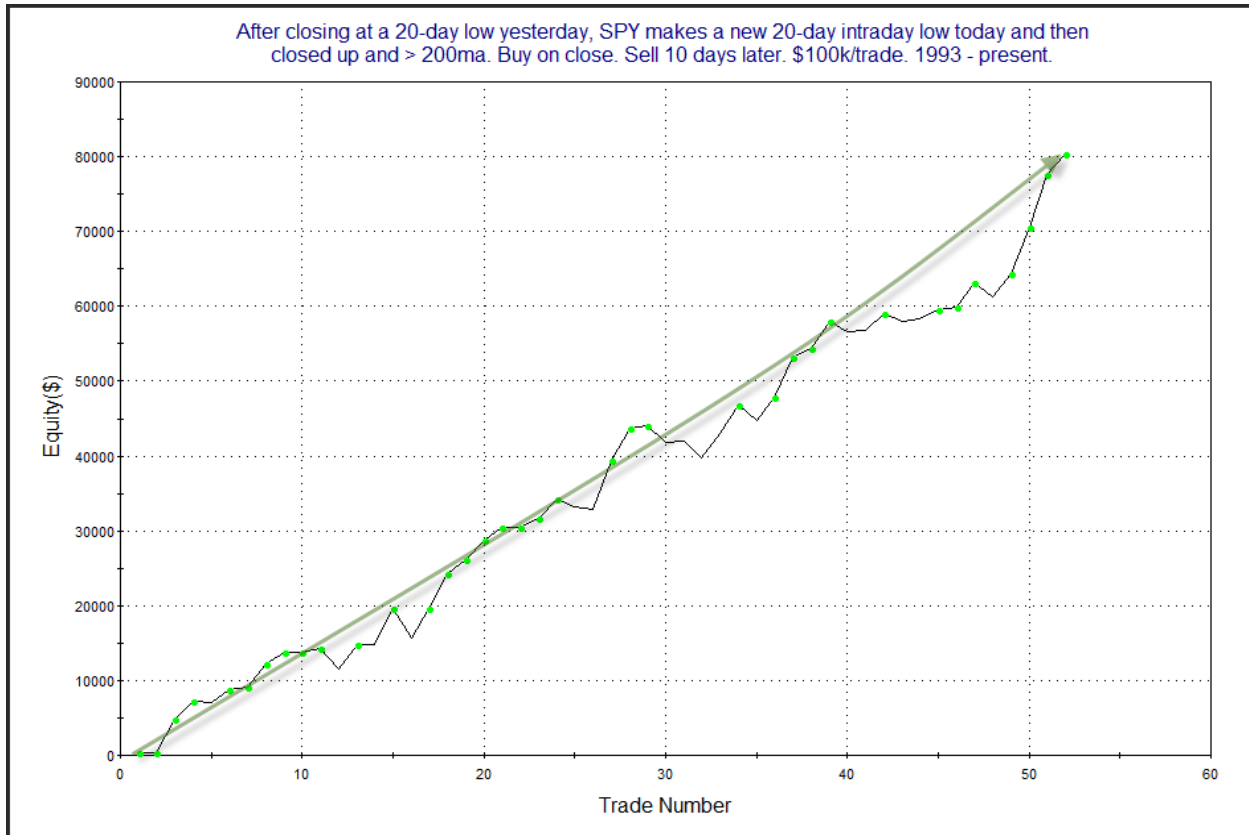
The market bounced some on Thursday. The SPX gained 0.5%, the NASDAQ rose 0.7%, and the Russell 2000 also rallied 0.7%. Breadth was positive with the NYSE Up Issues % coming in at 66% and the Up Volume % at 56%. NYSE total volume declined some from Wednesday's level.

SPY did post a higher close, but not before making a new intermediate-term intraday low. The market sold off for 2 hours from 10am to noon, and then regained most of that selloff in the afternoon. The study below was last seen in the 10/4/19 letter. It looks at reversals from intermediate-term lows like we saw on Thursday. All stats are updated.

After closing at a 20-day low yesterday, SPY makes a new 20-day intraday low today and then closed up and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - 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	80,287.43	52	40	12	76.92	7,038.69	-3,844.83	2,487.12	-1,599.79	1.55	5.18	1,543.99
9	75,516.44	53	38	15	71.70	8,087.07	-4,258.20	2,691.26	-1,783.43	1.51	3.82	1,424.84
8	66,075.22	54	40	14	74.07	7,290.18	-4,268.86	2,376.80	-2,071.19	1.15	3.28	1,223.62
7	69,757.11	55	38	17	69.09	7,447.74	-3,531.11	2,452.84	-1,379.46	1.78	3.97	1,268.31
6	57,617.78	56	41	15	73.21	6,114.54	-3,952.19	2,055.93	-1,778.36	1.16	3.16	1,028.89
5	53,113.79	56	39	16	69.64	6,138.78	-3,450.35	1,906.53	-1,327.56	1.44	3.50	948.46
4	42,326.90	56	38	18	67.86	4,108.68	-2,284.36	1,597.00	-1,019.95	1.57	3.31	755.84
3	24,115.94	60	36	24	60.00	4,462.50	-3,560.24	1,364.04	-1,041.22	1.31	1.97	401.93
2	22,136.78	62	39	23	62.90	4,105.50	-4,266.50	1,276.42	-1,201.89	1.06	1.80	357.04
1	13,979.60	62	37	25	59.68	2,562.30	-2,512.28	964.72	-868.61	1.11	1.64	225.48

The stats here suggest a solid upside edge over the next couple of weeks. Much of it came in the 1<sup>st</sup> 6-7 days. Below are looks at both the 6 and 10-day profit curves.





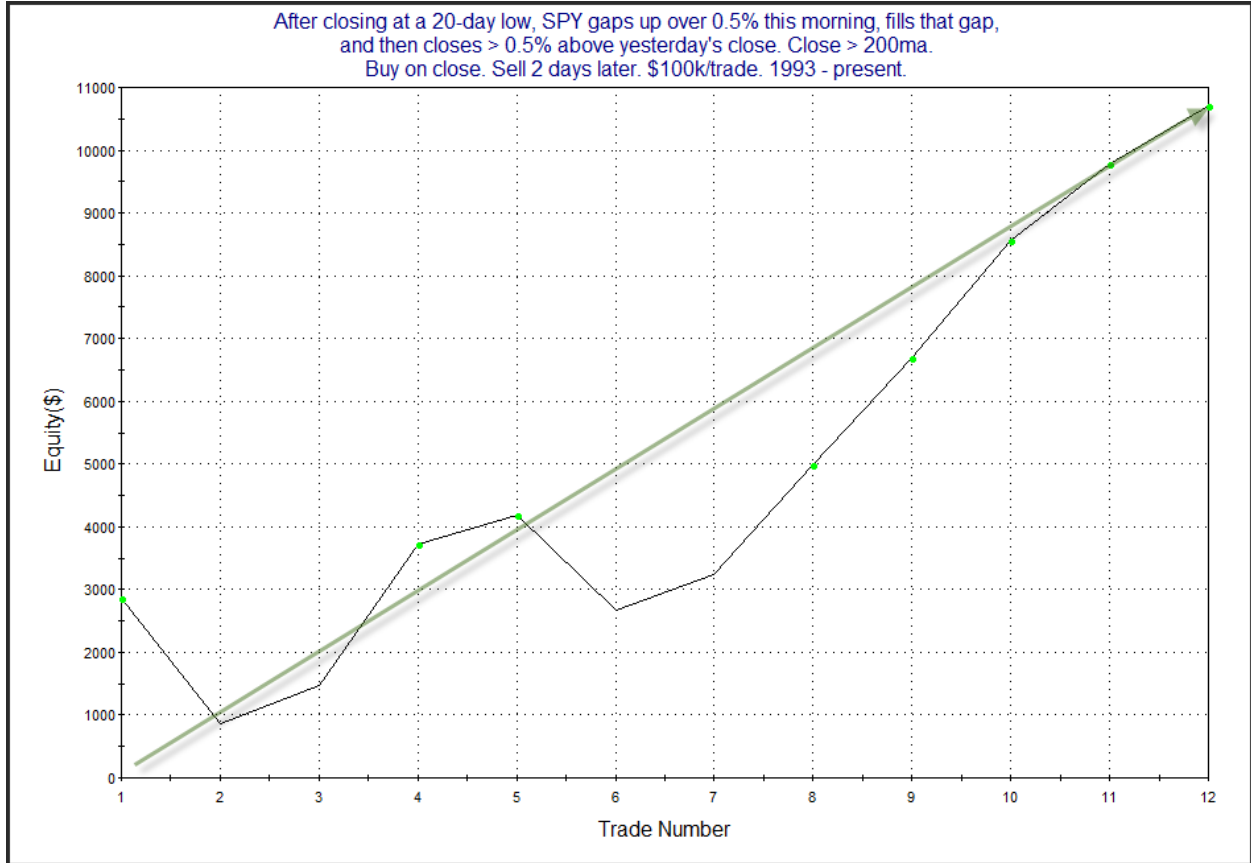
The strong upslopes serve as some confirmation of the bullish tendency. I have included this study on the short and intermediate-term active lists.

There was another study that emerged with bullish implications that is worth review. It required a sizable gap up, gap fill, and then move back up. It was last seen in the 3/3/20 letter. I have updated the results below.

After closing at a 20-day low, SPY gaps up over 0.5% this morning, fills that gap, and then closes > 0.5% above yesterday's close. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

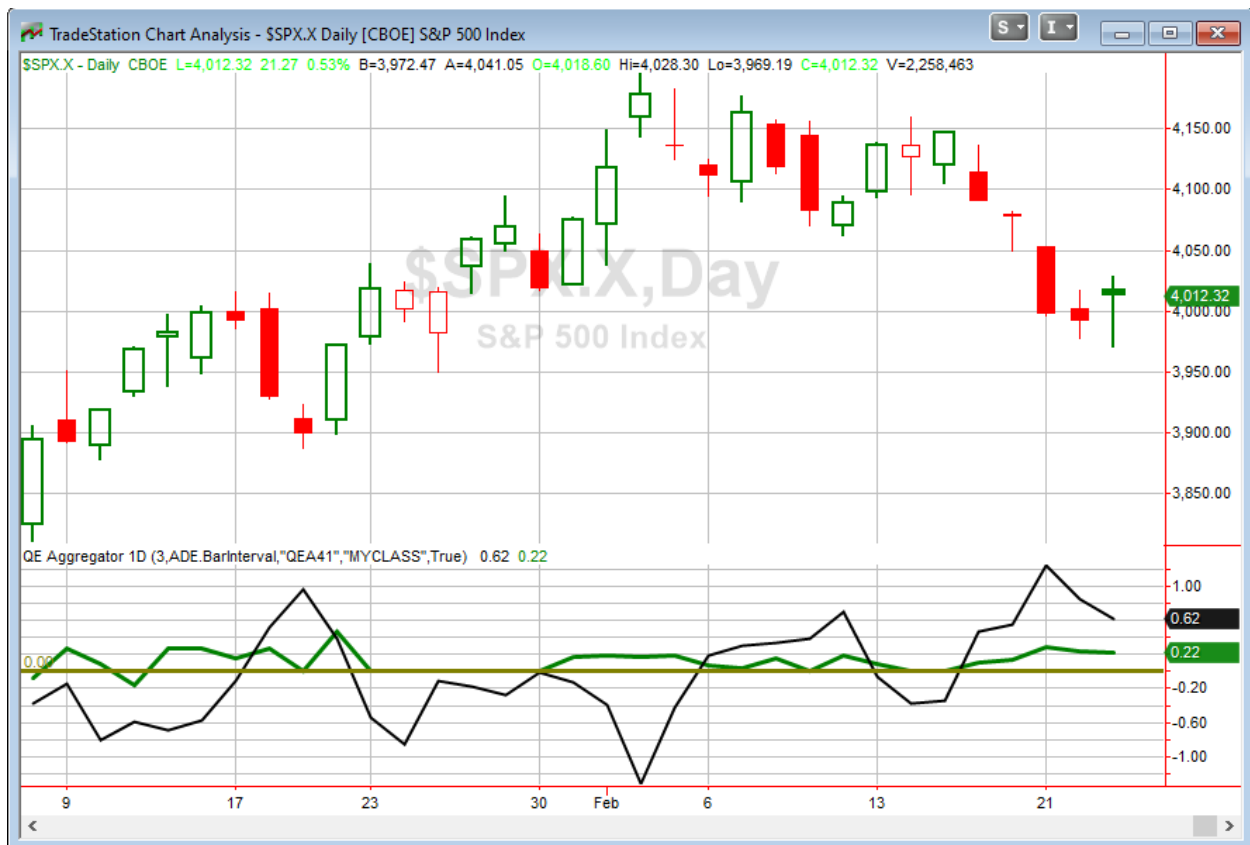
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	14,604.69	12	11	1	91.67	5,029.50	-11,259.78	2,351.32	-11,259.78	0.21	2.30	1,217.06
4	13,965.48	12	10	2	83.33	4,404.46	-3,756.49	1,918.64	-2,610.44	0.73	3.67	1,163.79
3	8,836.18	12	8	4	66.67	3,090.38	-2,141.49	1,714.47	-1,219.90	1.41	2.81	736.35
2	10,701.14	12	10	2	83.33	2,858.42	-1,993.10	1,421.12	-1,755.04	0.81	4.05	891.76
1	-627.42	12	6	6	50.00	1,466.88	-2,858.55	882.09	-986.66	0.89	0.89	-52.29

Numbers look strong. I will note that the oversized max losing trades when looking out 4 and 5 days occurred in March of 2020, which is not a big surprise. Below is a look at the 2-day profit curve.



While instances are low, the numbers and the curve are impressive. It appears that the reversal action off the new lows signals a possible short-term turning point. I found this study compelling enough to include it on the short-term active list tonight.

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



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean expectations are for upside over the next few days. Meanwhile the black Differential Line also held 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.

Based on the current active studies, expectations are set to remain positive on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will 4018.08 on Friday. That is just 0.14% above Thursday's close. Therefore, SPX will need to close up a mild 0.14% on Friday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. Thursday's reversal from an intermediate-term low area showed some bullish tendencies. And despite the move higher on Thursday, SPX is going to need to see more gains on Friday if it is to work off the current oversold condition. I continue to like the long side. I already have a moderate sized position. I will look to exit part of it if SPX closes above the Differential Pivot on Friday. Then I will likely exit the rest on Monday morning. If SPX sells off and remains oversold, I'll hold my current index position through the weekend.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 2/21 – bullish*

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

AXP – 1/3 @ \$173.48 (bought @ limit)

### ***Broad Market Large Cap CBI – 1(AXP)***

## **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	Stop	Notes
SPY(1/4)	2/21/2023	\$403.06	\$400.66	-0.60%		<i>sell on SPX close &gt; 4018.07</i>
SPY(1/4)	2/22/2023	\$398.00	\$400.66	0.67%		Aggregator
AXP(1/3)	2/22/2023	\$173.48	\$175.14	0.96%		Catapult

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