

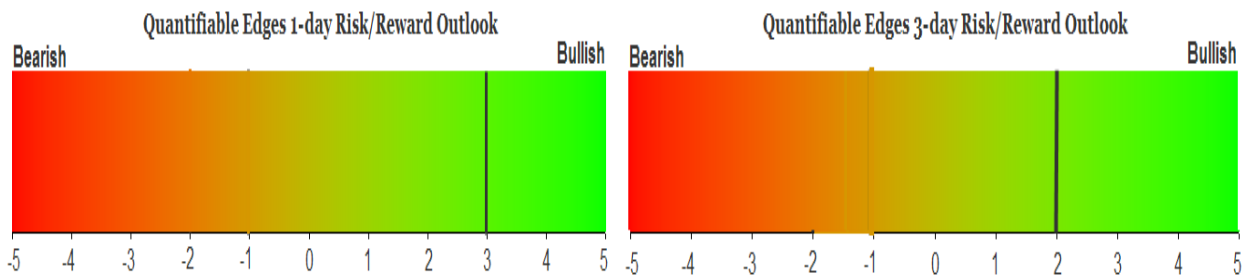
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 28, 2023

Volume 16 Issue 39

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	3

Tonight's Research Points

- Tuesday afternoon's action will help determine odds for Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I believe there is a solid upside edge.

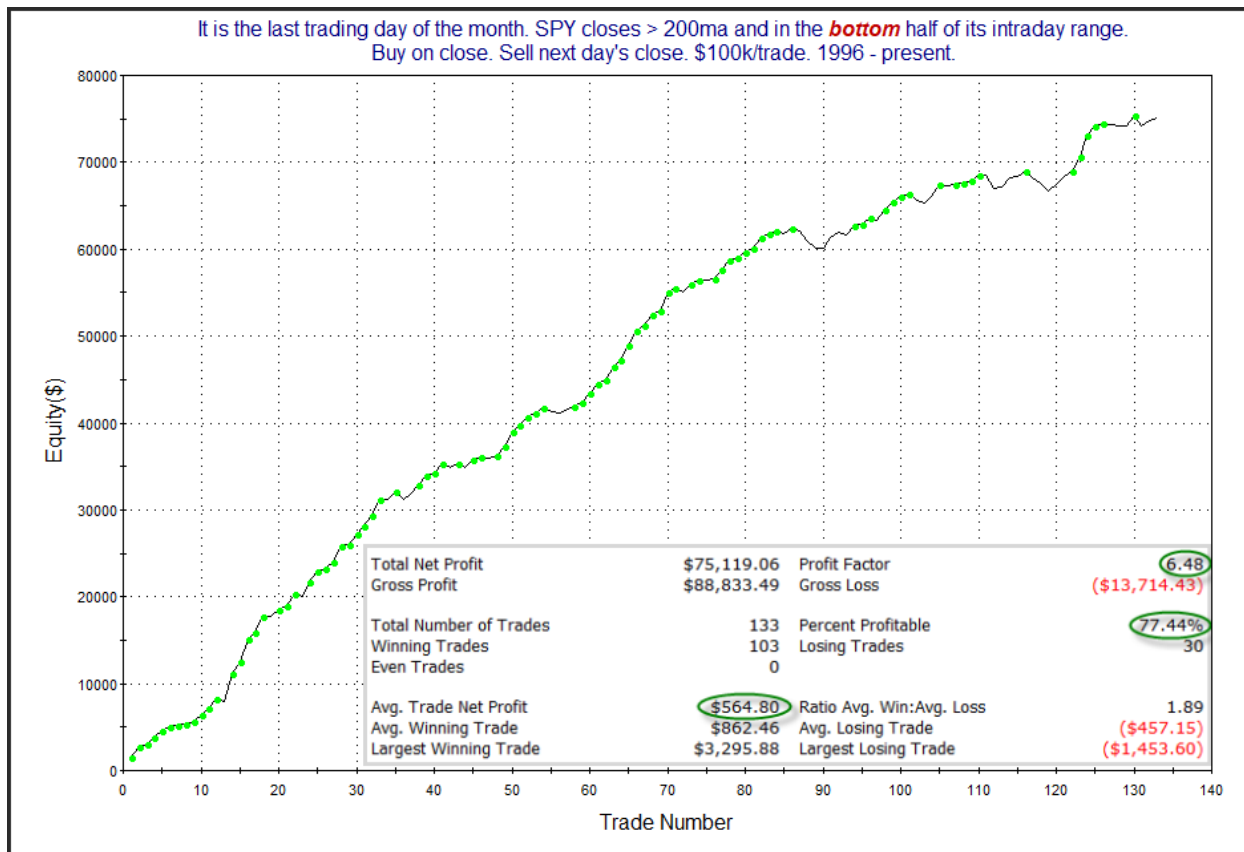
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 27, 2023	Yest 20-intra lo & cls 1% above. Dn 2day	1-4 days	Bullish	2.50%	-0.90%	-2.00%
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%
Active - Long Term						
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
February 27, 2023	20-low cls yest. Close up. New 20-lo cls	1 day	Bullish			
February 24, 2023	20-low. Gap up, fill, close up 0.5%	1-2 days	Bullish			

The Evidence

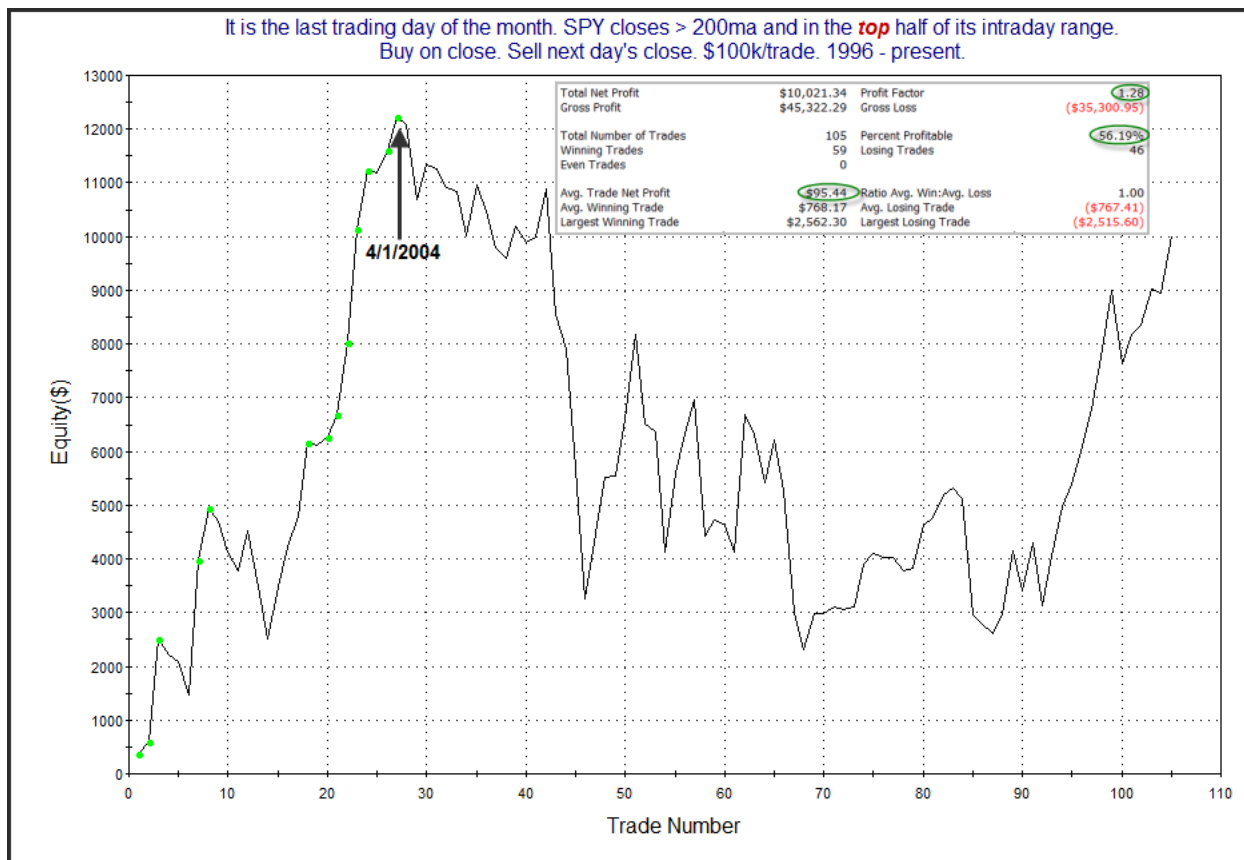
Monday started strong, but finished with just mild gains. The SPX rose 0.3%, the NASDAQ rallied 0.6%, and the Russell 2000 also climbed 0.3%. Breadth was positive with the NYSE Up Issues % coming in at 59% and the Up Volume % at 54%. NYSE total volume rose some from Friday's level.

Nothing compelling triggered in the Quantifinder tonight, so let's look at some "1st of Month" studies. The 1st trading day of the month often plays out for the bulls. But the edge over time has been correlated to how SPY closed on the last day of the month. This can be seen in the studies below, which also use a 200ma filter. I have shown them many times over the years. First let's look at times the market closed in the bottom half of its range on the last day of the month.



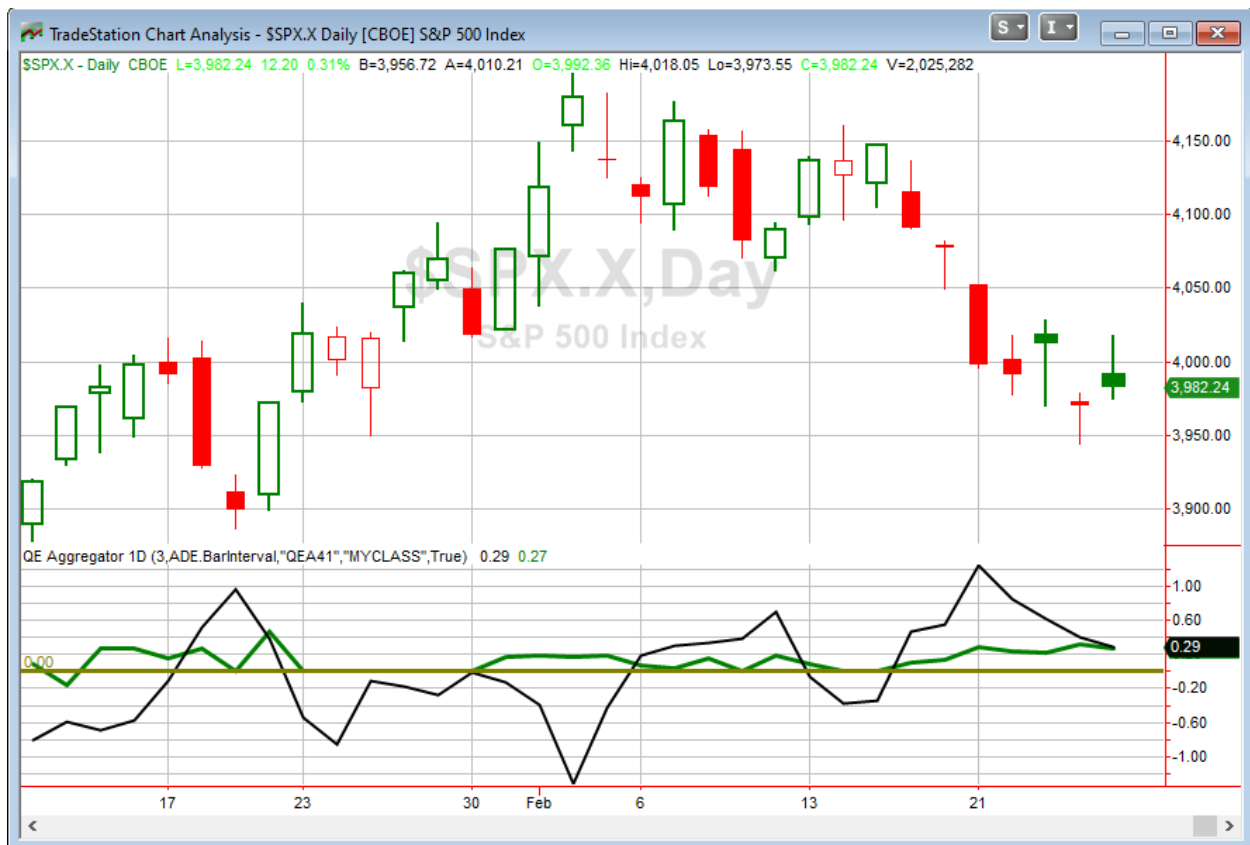
The stats here are outstanding. Gains absolutely blow away losses in every category. Gross gains are 6.5x the size of gross losses. That's a very impressive stat when you are looking at a sample size of 133 instances. And despite a few recent failures, the curve has shown progress over a long period of time. This setup certainly appears to provide a 1-day bullish edge.

But what about times where SPY closed in the top half of its intraday range?



We see here huge inconsistency. And since 2004 there has been a net loss. The 1st day of the month has performed much better with some afternoon selling leading up to the day. This is something traders may want to keep in mind as we reach the afternoon on Tuesday.

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 Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will 4041.48 on Tuesday. That is 1.5% above Monday's close. Therefore, SPX will need to close up at least 1.5% on Tuesday in order to flip from oversold to overbought vs recent expectations.

Monday did not change much. The Aggregator is again bullish. Evidence is pointing higher. And SPX is oversold enough that there is ample room to the upside before SPX would flip to overbought. I continue to like the bullish case. I already have some long index exposure. I will not change my index allocation at this point, but will continue to hold another day and then evaluate once again tomorrow night.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/27 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

AXP – 1/3 @ \$173.48 (bought @ limit)

GM – 1/3 @ \$39.18 (bought @ limit)

New

PFE – 1/3 @ \$40.78 (buy @ limit)

Broad Market Large Cap CBI – 3(AXP, GM, PFE)

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.

PFE – Buy 1/3 Catapult position @ \$40.78 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots for PFE.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	2/21/2023	\$403.06	\$397.73	-1.32%		Aggregator
SPY(1/4)	2/22/2023	\$398.00	\$397.73	-0.07%		Aggregator
AXP(1/3)	2/22/2023	\$173.48	\$173.30	-0.10%		Catapult
GM(1/3)	2/27/2023	\$39.18	\$39.31	0.33%		Catapult

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