

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 3, 2023

Volume 16 Issue 42

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	8

Tonight's Research Points

- The intraday reversal from the 20-day low suggest more of a bounce in the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is again bullish. It appears there should be more to this bounce in the coming days.

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						
March 3, 2023	20-low cls yest. 20-intra low then up cls	1-6 days	Bullish	2.30%	-1.55%	-2.90%
March 2, 2023	Yest 20-low. Gap down cls < open today	1-5 days	Bullish	2.60%	-1.10%	-2.20%
March 2, 2023	20-low > 200ma. CBI of 8 or 9.	1-4 days	Bullish	2.50%	-0.80%	-1.60%
February 27, 2023	Yest 20-intra lo & cls 1% above. Dn 2day	1-4 days	Bullish	2.50%	-0.90%	-2.00%
February 21, 2023	1st 10-low close in 30+ days. >200	1-8 days	Bullish	2.50%	-1.90%	-4.15%
Active - Long Term						
March 3, 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			

The Evidence

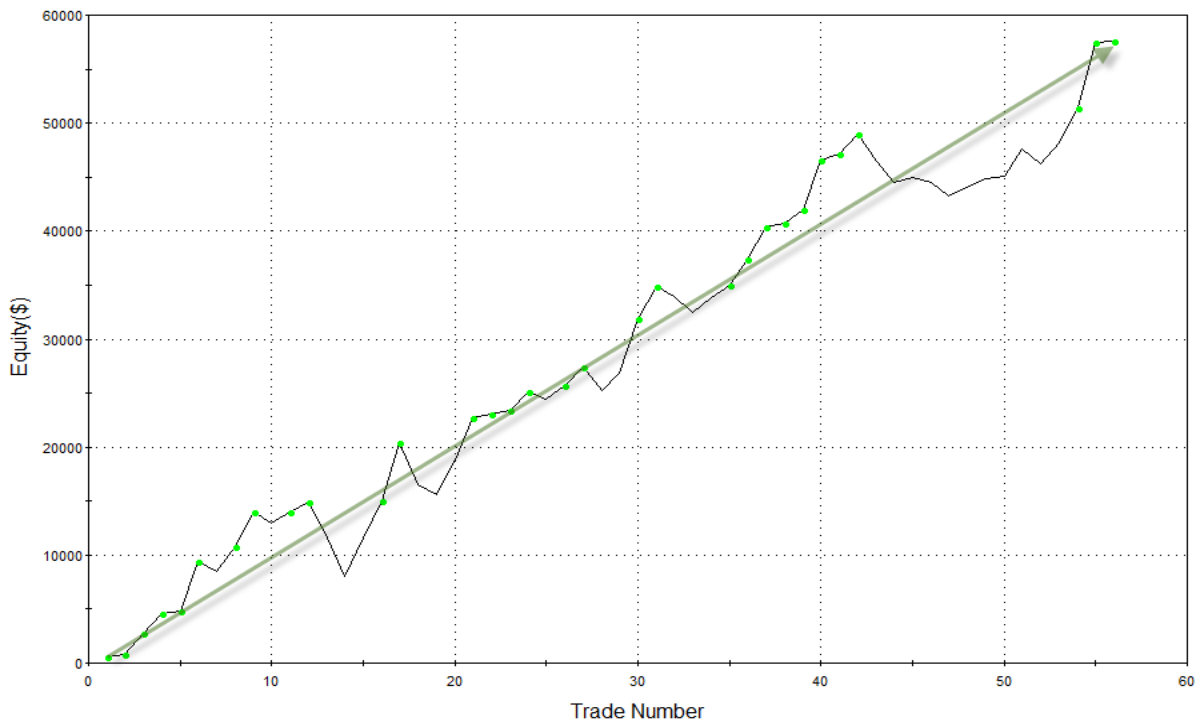
Thursday started poorly but rebounded nicely. The SPX gained 0.76%, the NASDAQ rose 0.73%, and the Russell 2000 climbed 0.22%. Breadth was positive with the NYSE Up Issues % coming in at 54% and the Up Volume % at 61%. NYSE total volume declined some from Wednesday's level.

SPY did post a higher close, but not before making a new intermediate-term intraday low and a quick dip below the 200ma. The study below was last seen recently in the 2/24/23 letter. It looks at reversals from intermediate-term lows like we saw on Thursday. All stats are updated.

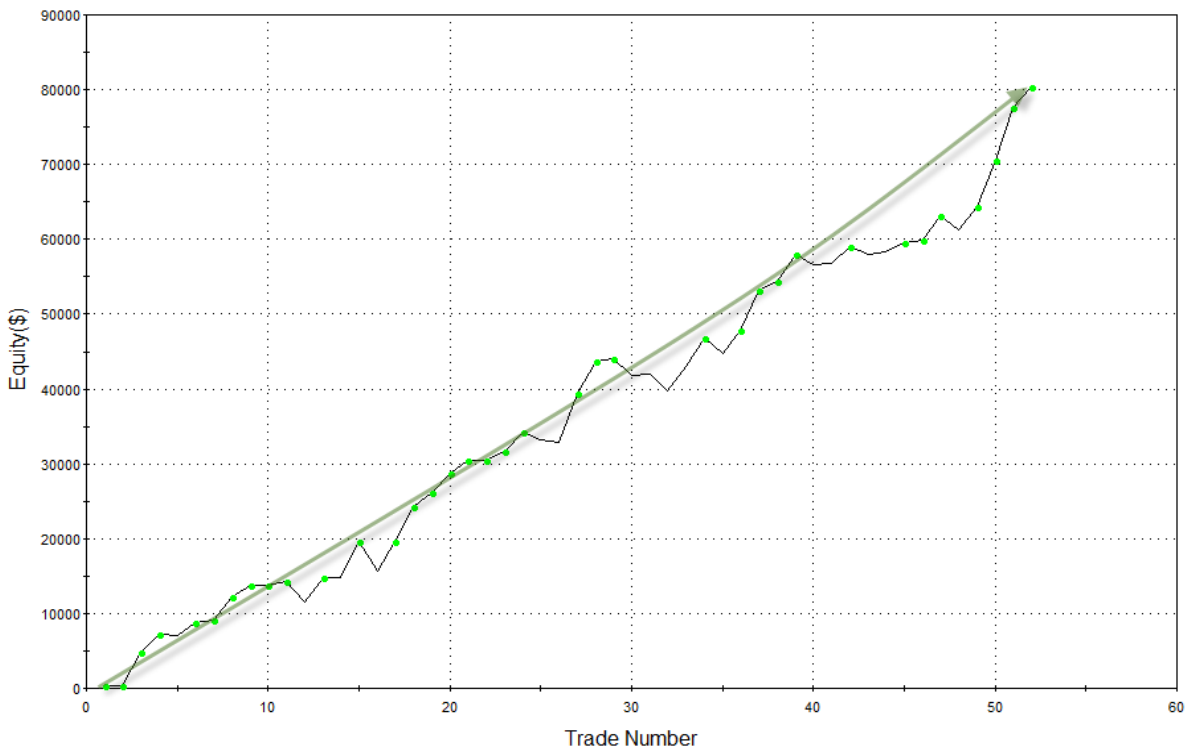
After closing at a 20-day low yesterday, SPY made a new 20-day intraday low today, and then closed up and > 200ma. Buy on close. Sell X days later. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: 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	52,404.13	57	39	17	68.42	6,138.78	-3,450.35	1,906.53	-1,291.21	1.48	3.39	919.37
4	40,852.82	57	38	19	66.67	4,108.68	-2,284.36	1,597.00	-1,043.85	1.53	3.06	716.72
3	23,020.34	61	36	25	59.02	4,462.50	-3,560.24	1,364.04	-1,043.40	1.31	1.88	377.38
2	21,407.21	63	39	24	61.90	4,105.50	-4,266.50	1,276.42	-1,182.21	1.08	1.75	339.80
1	12,913.88	63	37	26	58.73	2,562.30	-2,512.28	964.72	-876.19	1.10	1.57	204.98

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

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 6 days later. \$100k/trade. 1993 - present.

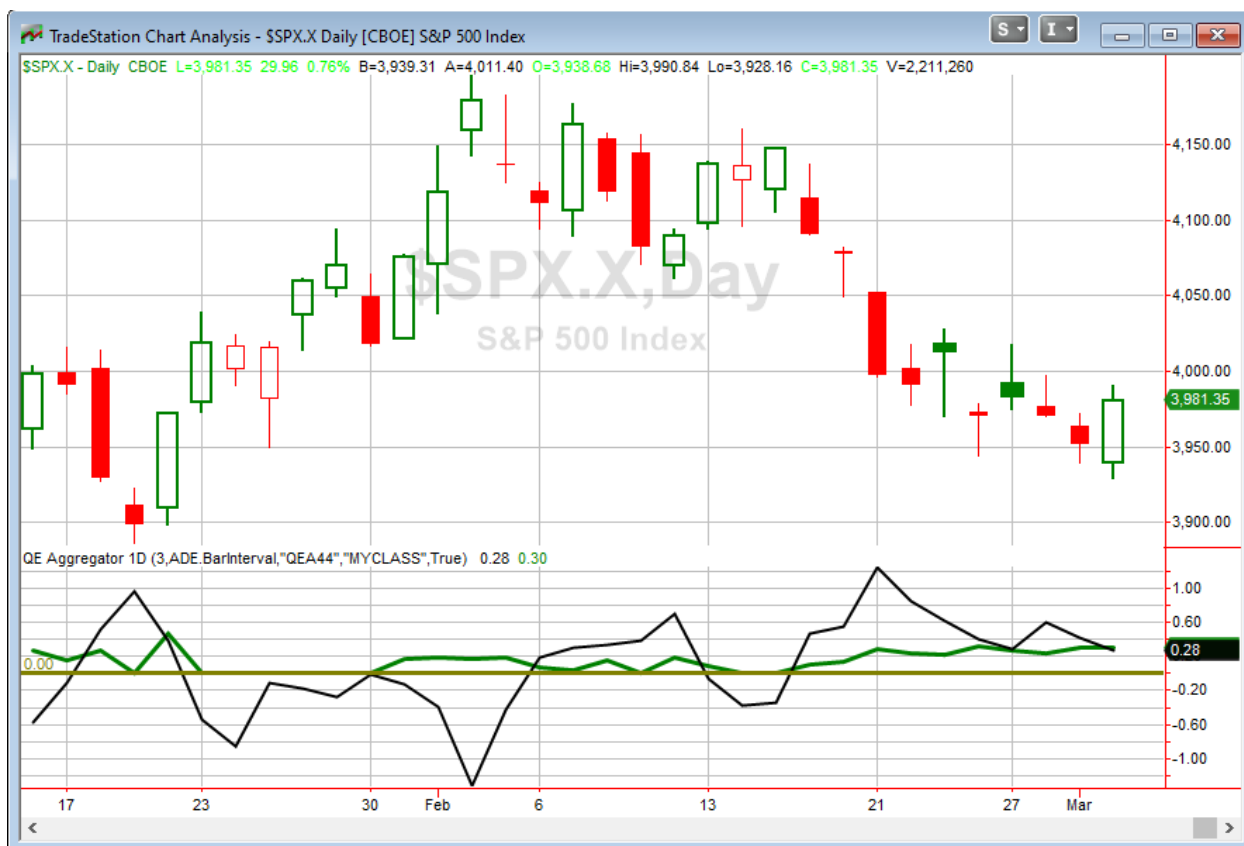


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The strong upslopes serve as some confirmation of the bullish tendency. I have re-posted this study on the short and intermediate-term active lists.

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 is unlikely to change, unless there is very compelling new bearish evidence. Meanwhile, the Differential Pivot will be 4003.52 on Friday. That is 0.6% above Thursday's close. Therefore, SPX will need to close up at least 0.6% on Friday in order to flip from oversold to overbought vs recent expectations.

The Aggregator remains bullish. The bounce has nice characteristics so far, and there is still a ways to go before it would turn the SPX from oversold to overbought. I still like the long side. I will hold my SPY position through Friday, only looking to exit half at the close if SPX finishes above the Differential Pivot.

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

The intermediate-term outlook was last updated in the 2/27/23 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

PFE – 1/3 @ \$40.78 (bought @ limit)

PFE – 1/3 @ \$40.57 (bought @ limit)

IBM – 1/3 @ \$129.30 (bought @ limit)

JNJ – 1/3 @ \$153.26 (bought @ limit)

PFE – 1/3 @ \$40.18 (bought @ limit)

IBM – 1/3 @ \$128.19 (bought @ limit)

JNJ – 1/3 @ \$152.57 (bought @ limit)

New

JNJ – 1/3 @ \$152.45 (buy @ limit)

Broad Market Large Cap CBI – 8(PFE-3, IBM-2, JNJ-3)

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.

JNJ – Buy 1/3 Catapult position @ \$152.45 LIMIT. From the Catapult section above, this is the 3rd and final possible lot for JNJ.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	2/21/2023	\$403.06	\$397.81	-1.30%		<i>sell on SPX close > 4003.51</i>
SPY(1/4)	2/22/2023	\$398.00	\$397.81	-0.05%		Aggregator
<i>AXP(1/3)</i>	<i>2/22/2023</i>	<i>\$173.48</i>	<i>\$174.04</i>	<i>0.32%</i>		<i>sold on open</i>
GM(1/3)	2/27/2023	\$39.18	\$39.53	0.89%		<i>sell on open</i>
PFE(1/3)	2/28/2023	\$40.50	\$40.62	0.30%		Catapult
PFE(1/3)	3/1/2023	\$40.56	\$40.62	0.15%		Catapult
IBM(1/3)	3/1/2023	\$128.90	\$128.93	0.02%		Catapult
JNJ(1/3)	3/1/2023	\$153.01	\$152.45	-0.37%		Catapult
PFE(1/3)	3/2/2023	\$40.06	\$40.62	1.40%		Catapult
IBM(1/3)	3/2/2023	\$128.19	\$128.93	0.58%		Catapult
JNJ(1/3)	3/2/2023	\$151.75	\$152.45	0.46%		Catapult

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