

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 9, 2023

Volume 16 Issue 46

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- No compelling new evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Like last night, I am a little less optimistic.

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

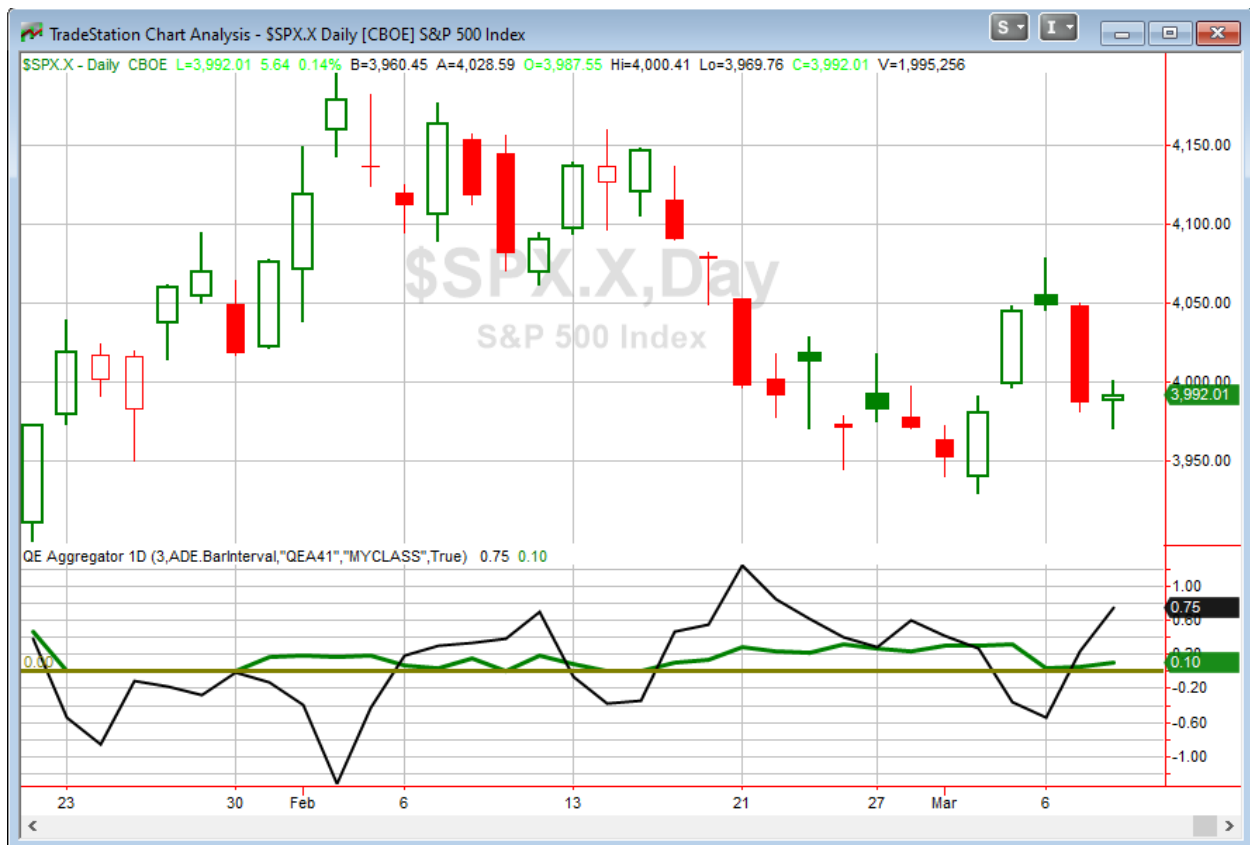
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 7, 2023	NYSE Up Vol < 40%. SPX up > 200	1-8 days	Bullish	1.80%	-1.20%	-2.60%
Active - Long Term						
March 3, 2023	20-low cls yest. 20-intra low then up cls	1-10 days	Bullish	3.00%	-1.80%	-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 ADI5 > 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

Wednesday saw a good amount of wiggling, and the final wiggle left the major indices modestly positive. The SPX rose 0.1%, the NASDAQ gained 0.5%, and the Russell 2000 inched up 0.04%. Breadth was mixed with the NYSE Up Issues % coming in at 52% and the Up Volume % at 48%. NYSE total volume came in at the lowest level in over a month.

I did find it notable today that both the NYSE and the NASDAQ saw more stocks making 52-week lows than there has been since the end of December. With SPX not near a 2-month low (and even up over the last couple of months) I created a few studies to see whether the new lows suggested a significant edge. Unfortunately, all my filters came up with underwhelming results. Still, this may be worth keeping an eye on. We have seen new highs and new lows serve as useful indicators in other situations (such as when the SPX is hitting new highs). Nothing else really stood out based on Wednesday's action, and no new studies will be making 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 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 Thursday. This could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4074.11 on Thursday. That is a sizable 2.1% above Wednesday's close. Therefore, SPX will need to rally at least 2.1% on Thursday in order to flip from oversold to overbought vs recent expectations. A more likely scenario for working off the oversold condition is a multi-day rally or consolidation.

So the Aggregator is bullish. But like last night, I am still not all that excited. We have not seen new and confirming bullish evidence emerge the last two days, and that is giving me pause. We also have the employment report due Friday morning. That could be a substantial market mover. So entering on Thursday just ahead of jobs with a very moderate edge seems a bit aggressive. I'll see how Thursday plays out and then perhaps jump into a position on Friday after the employment data has been released.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/6 – bullish

The intermediate-term outlook was last updated in the 3/6/23 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

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 tonight.

Current Open Trade Ideas

None

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