

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 17, 2023

Volume 16 Issue 52

## Market Overview



## Signals Overview

Aggregator	CBI Reading
<b>Short</b>	<b>1</b>

## Tonight's Research Points

- In recent years, 1% plus moves through the 200ma have often seen selling the next day.
- During uptrends, opex Friday has often seen selling after the open.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bearish, but I am leaning more neutral.

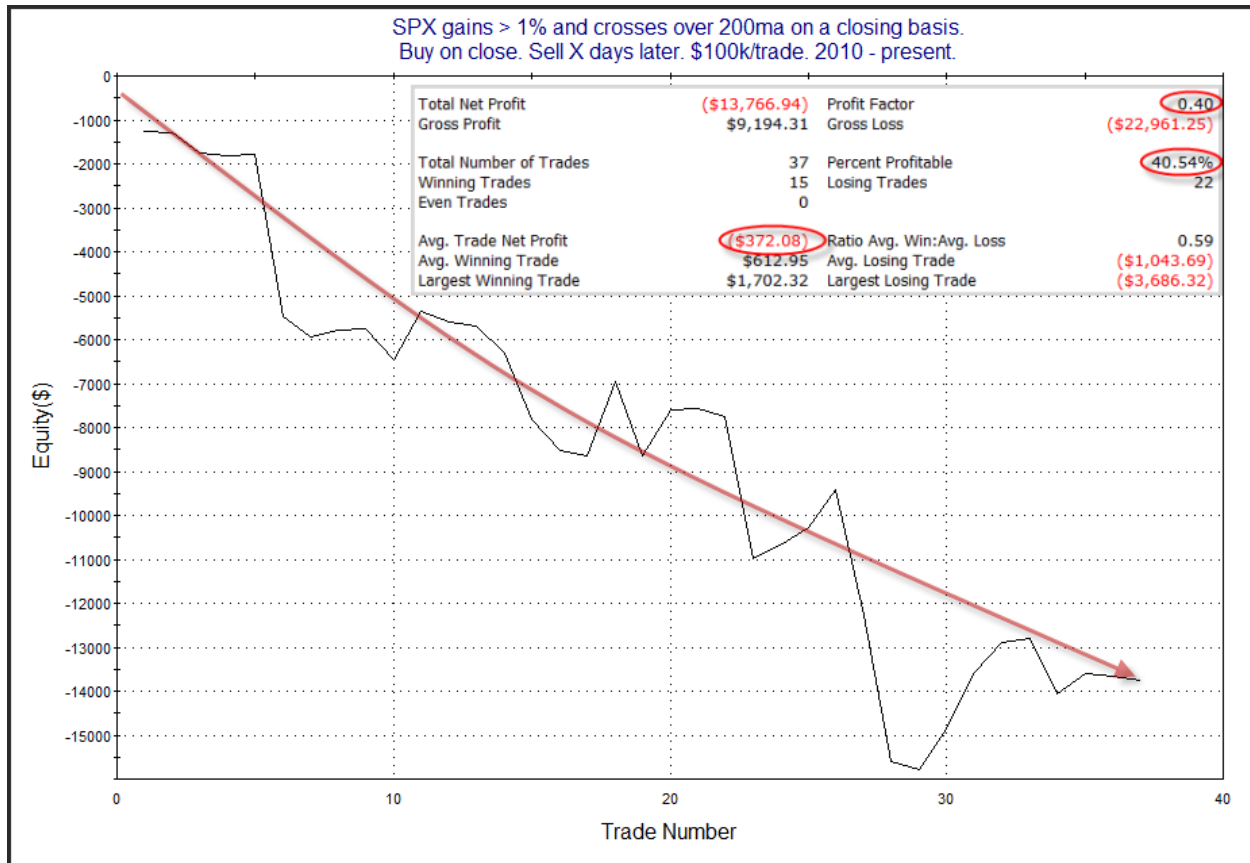
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
March 17, 2023	1% gain through 200ma	1 day	Bearish			
<b>Active - Long Term</b>						
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 saw a big bounce. The SPX rose 1.8%, the NASDAQ jumped 2.5%, and the Russell 2000 gained 1.45%. Breadth was positive with the NYSE Up Issues % coming in at 74.6% and the Up Volume % at 75.0%. NYSE total volume declined some from Wednesday’s level.

The SPX moved back up above its 200ma with its strong gains. This action triggered the study below, last seen in the 1/23/23 letter.

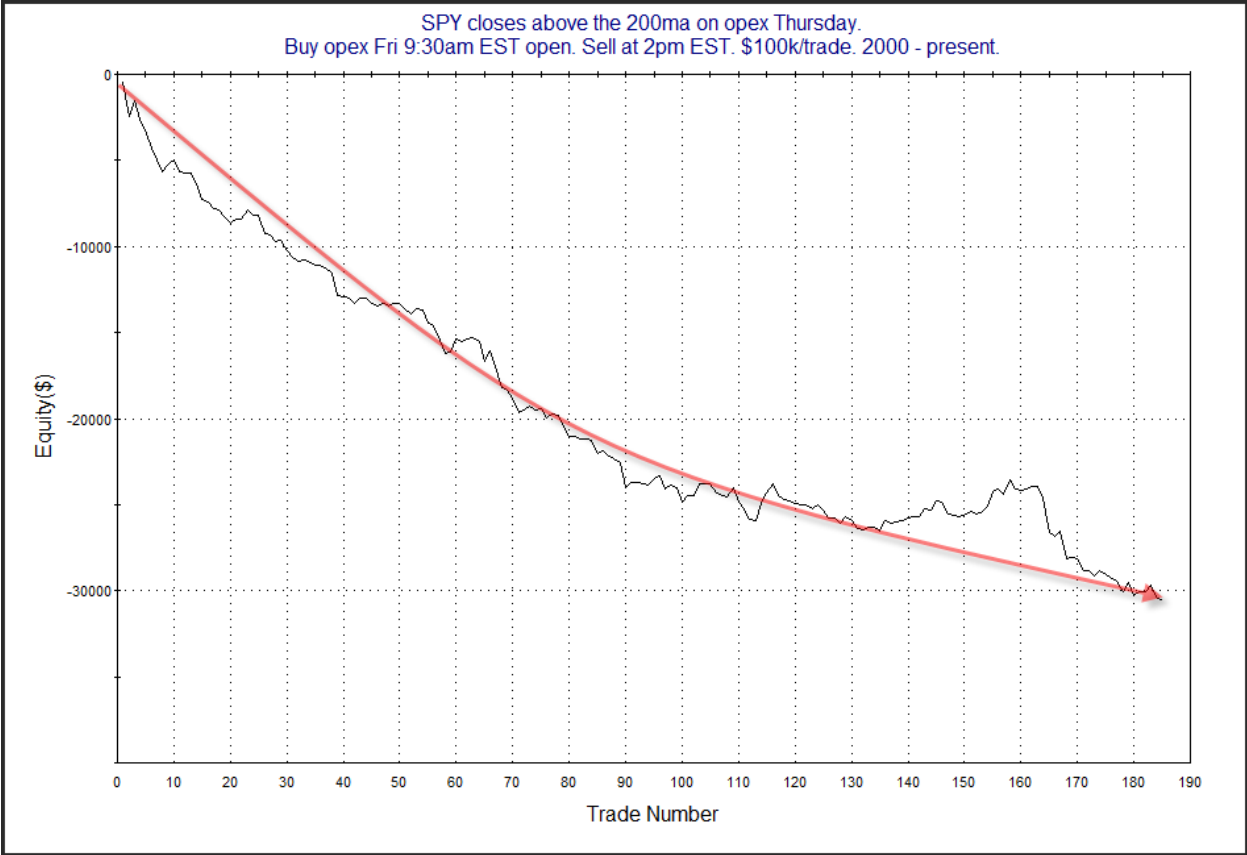


The persistent move from upper left to lower right is impressive and so are the stats. This would suggest a bearish tendency for the day after such a strong move through the 200ma. I have added this study to the active list for tonight.

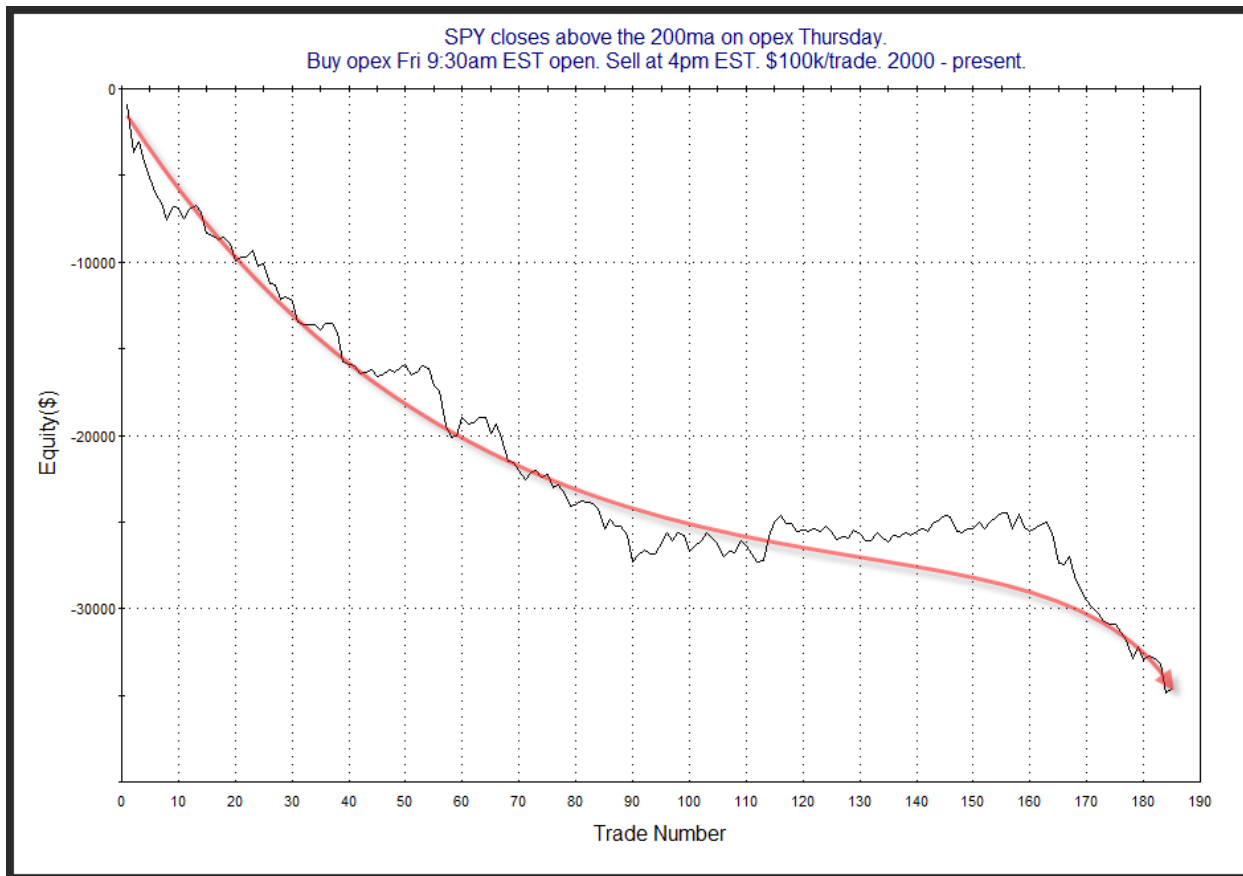
It is also notable that Friday is monthly options expiration. Options expiration has long been a day that has seen weakness after the opening bell. Below is a study, last seen in the 2/17/23 letter, showing results of purchasing SPY at the open and then exiting at different times during the day.

SPY closes above the 200ma on opex Thursday. Buy Opex Friday 9:30am EST open. Sell at time shown on left. \$100k/trade. 2000 - present.												
OE Op-Ex Fri Intra Short: timeofday	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
1,600	-36,379.11	189	76	113	40.21	2,954.22	-2,746.58	350.44	-557.64	0.63	0.42	-192.48
1,500	-30,209.40	189	77	111	40.74	1,978.77	-2,315.18	313.63	-489.72	0.64	0.44	-159.84
1,400	-29,888.24	189	63	126	33.33	2,638.36	-2,000.00	331.92	-403.17	0.82	0.41	-158.14
1,300	-27,199.36	189	67	121	35.45	2,461.85	-1,324.62	309.47	-396.15	0.78	0.43	-143.91
1,200	-23,540.44	189	67	122	35.45	2,917.06	-1,318.40	302.56	-359.12	0.84	0.46	-124.55
1,100	-17,550.93	189	71	117	37.57	1,690.78	-968.50	248.75	-300.96	0.83	0.50	-92.86
1,000	-13,545.28	189	57	132	30.16	1,681.49	-629.00	173.71	-177.62	0.98	0.42	-71.67

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Most of the downside would have been achieved by exiting at 2pm. Below is a look at a profit curve the 2pm exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.

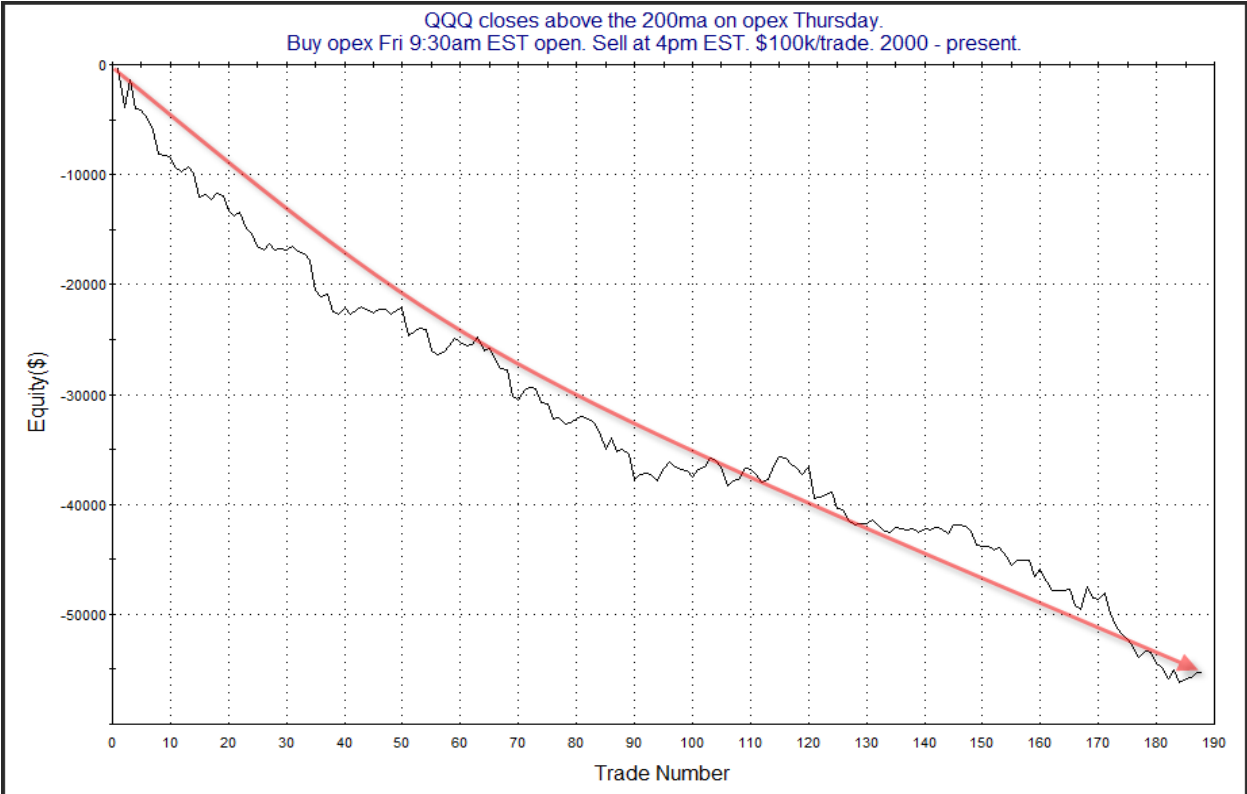
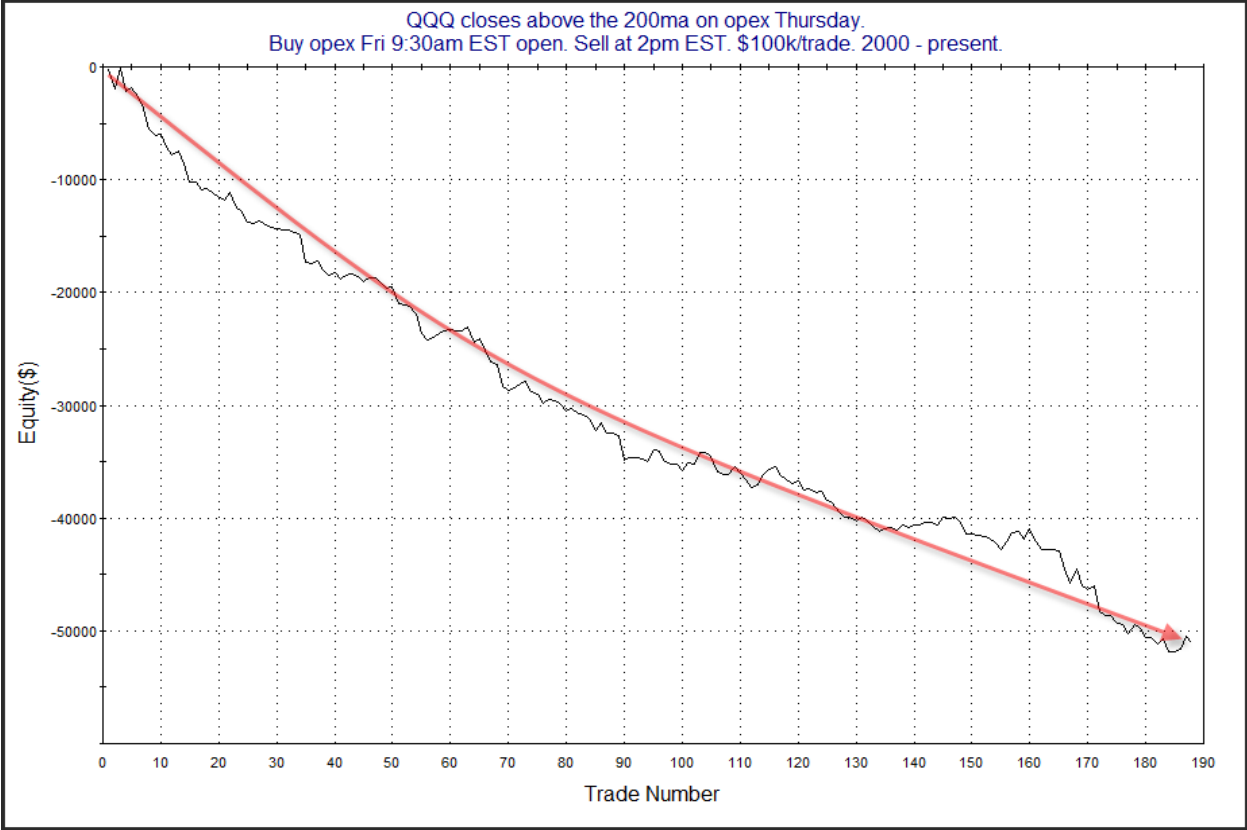


This is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table and profit curves below.

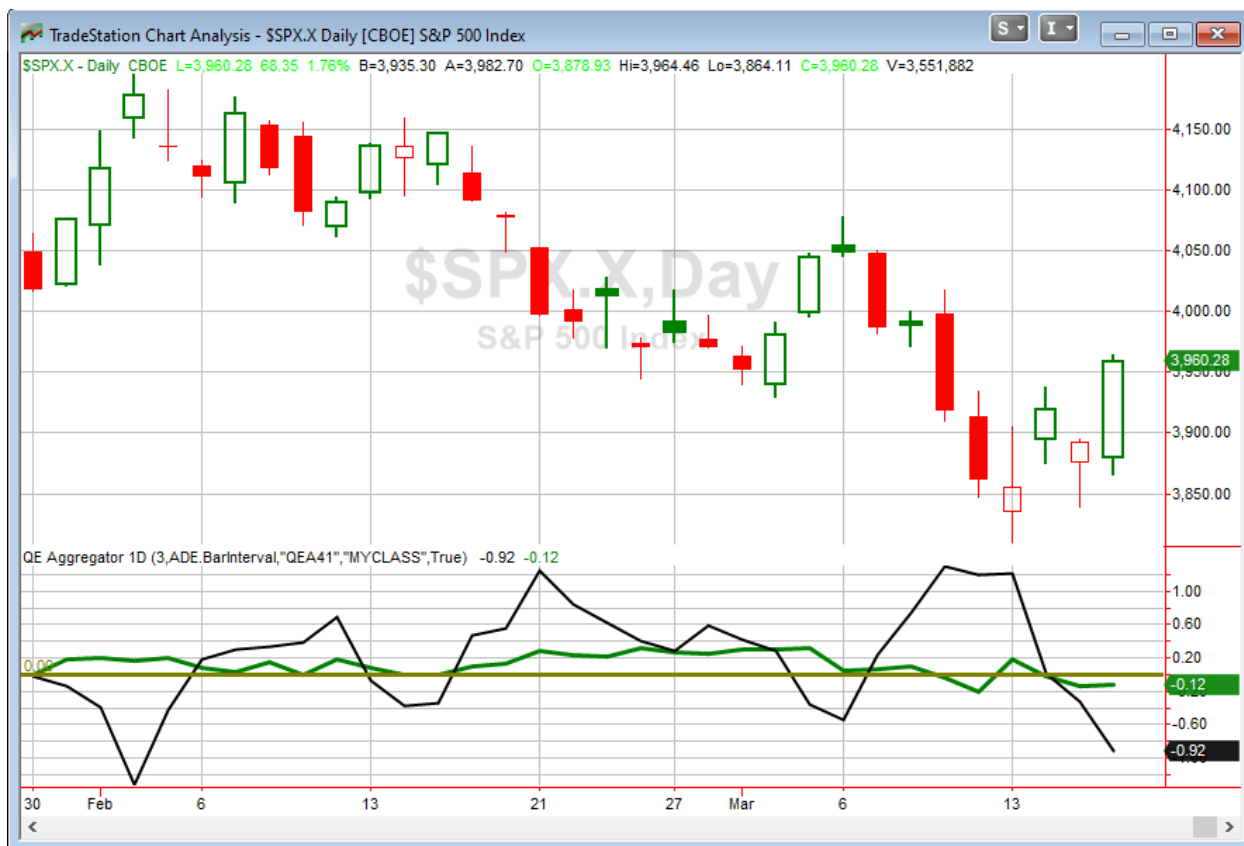
QQQ closes above the 200ma on opex Thursday.  
Buy opex Fri 9:30am EST open. Sell at time shown on left. \$100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	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
1,600	-55,297.61	188	73	115	38.83	2,510.56	-3,518.64	438.41	-759.14	0.58	0.37	-294.14
1,500	-49,800.59	188	68	118	36.17	1,726.01	-2,575.80	408.90	-657.68	0.62	0.36	-264.90
1,400	-51,108.50	188	61	125	32.45	1,818.31	-2,418.42	388.32	-598.37	0.65	0.32	-271.85
1,300	-43,599.05	188	65	122	34.57	1,652.17	-2,376.36	363.43	-551.00	0.66	0.35	-231.91
1,200	-42,563.56	188	64	120	34.04	2,473.64	-1,834.30	352.56	-542.73	0.65	0.35	-226.40
1,100	-33,392.75	188	65	123	34.57	1,984.45	-1,928.16	360.07	-461.77	0.78	0.41	-177.62
1,000	-26,680.63	188	58	129	30.85	1,319.89	-1,192.98	222.73	-306.97	0.73	0.33	-141.92



The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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



With tonight's evidence considered, the green Aggregator Line remained below zero. Negative readings mean expectations are for downside over the next few days. Meanwhile the black Differential Line also held below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation stayed short at the close.

Based on the current active studies, expectations are set to turn slightly positive on Friday. This is thanks to the intermediate-term bias. Of course any new studies that emerge will have a substantial influence on expectations. Meanwhile, the Differential Pivot will be 3913.57 on Friday. That is

1.2% below Thursday's close. Therefore, SPX will need to close down at least 1.2% on Friday in order to flip from overbought to oversold versus recent expectations.

So the again Aggregator is short, but again the setup is not very appealing. Expectations are only slated to remain bearish for one day. Beyond that, evidence is unclear. Unless you have a day-trade timeframe, I don't see a good reason to get involved in such a volatile market without a significant directional edge. I'm leaning more neutral than bearish.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 3/13 – slightly bullish***

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

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

IBM – 1/3 @ \$123.28 (buy @ limit)

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

### **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	Notes
IBM(1/3)	3/16/2023	\$122.96	\$124.70	1.42%	Catapult

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