

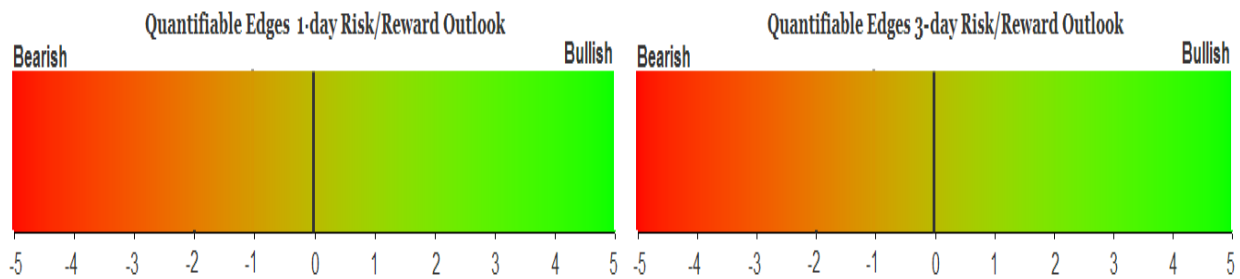
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 22, 2023

Volume 16 Issue 55

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Fed Day odds don't look great, and the announcement is a huge wildcard.

Short-term Outlook

The Bottom Line

The Aggregator is neutral, evidence is underwhelming, and risks are elevated heading into the Fed meeting.

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

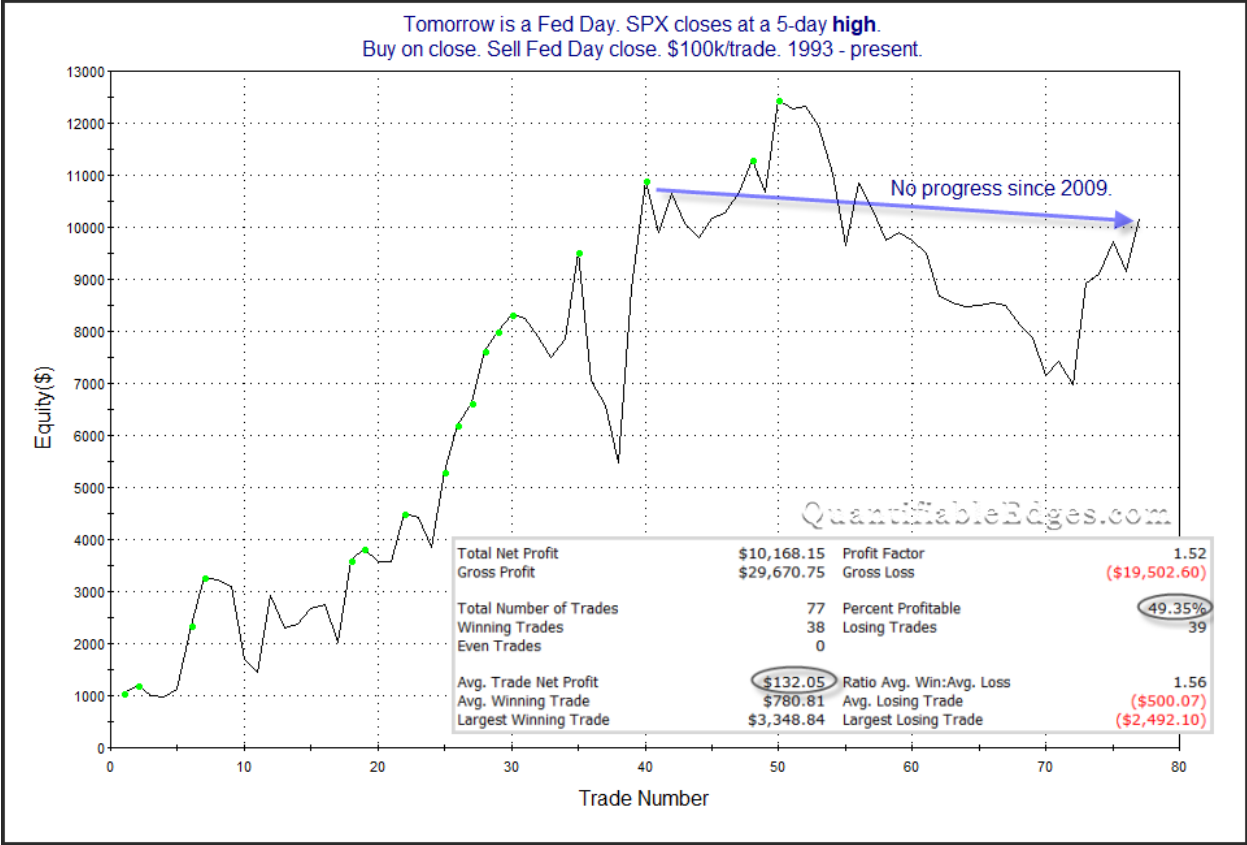
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 21, 2023	Dn close on 10-hi volume ->NR7 .	1-5 days	Bullish	2.65%	-1.30%	-3.25%
Active - Long Term						
February 2, 2023	SPX Golden Cross	int term	Bullish			
January 23, 2023	NASDAQ Leading	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

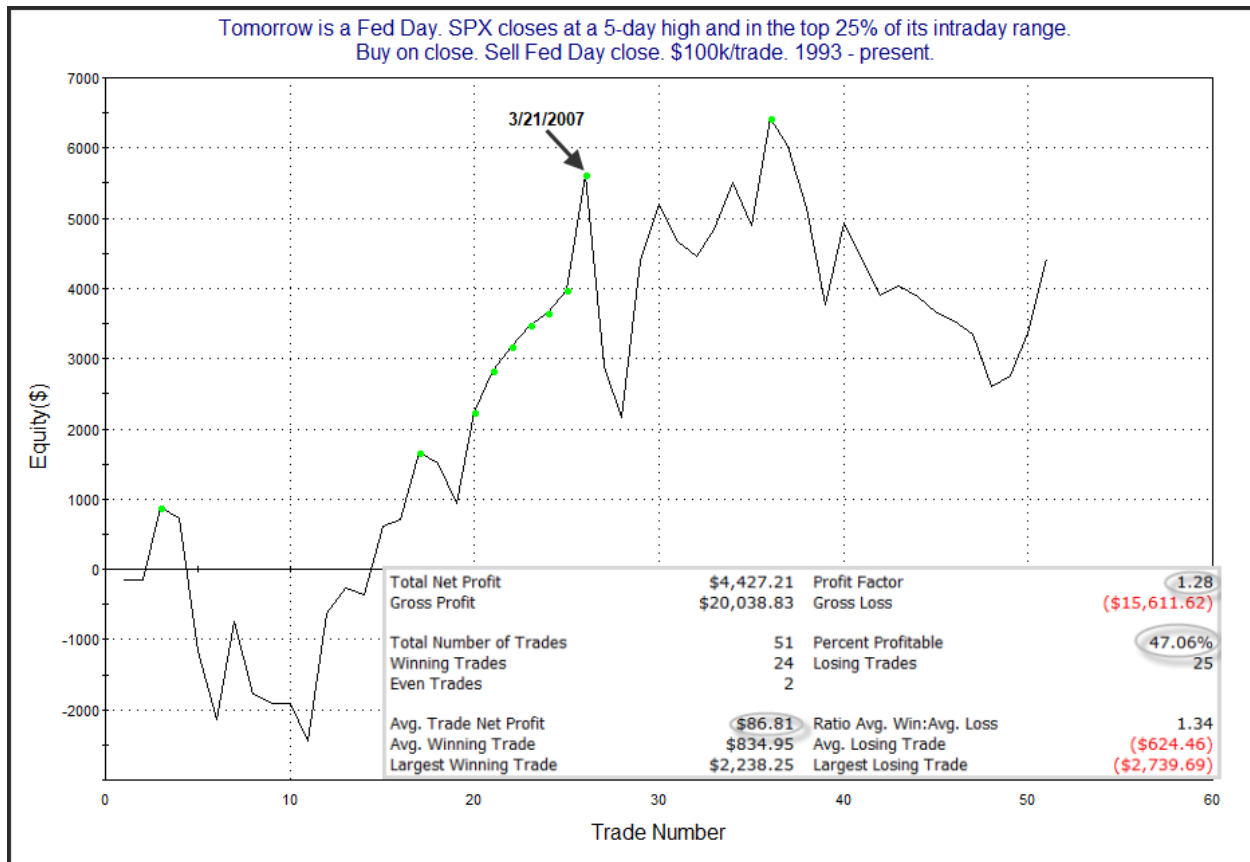
Traders rushed into the market on Tuesday ahead of Wednesday’s Fed announcement. The SPX gained 1.3%, the NASDAQ rose 1.6%, and the Russell 2000 rallied 1.9%. Breadth was positive with the NYSE Up Issues % coming in at 78% and the Up Volume % at 84%. NYSE total volume declined from Monday’s level.

Wednesday is going to be all about the Fed. Will they keep rates the same, increase by 0.25%, or 0.50%? What will they say about the banking crisis? What hints will they drop about future rates moves? (Spoiler: I’m sure the phrase “data dependent” will be used at some point.) Where will the new dot plot suggest the terminal rate is likely to be? Oh yeah, and inflation comments will be key as well. Frankly, I cannot recall another Fed meeting that has had so much uncertainty about what the Fed will do/say. And with so much on the table, anything can happen. And the 1st move after the announcement may not be the direction the market heads into the close. Overall, it should be quite a spectacle.

For those hoping that strong rally will ensue following the announcement, the rally the last two days dampened the odds of that happening. The study below is copied from Sunday’s letter. It shows that Fed Days after 5-day highs have not shown the strong bullish tendency that other Fed Days have exhibited.



Many times in the past I have shown that the closing range of the day before the Fed Day also tends to skew the odds. Weak closes lead to strong Fed Day odds. Strong closes are the least appealing. The study below adds the % closing range to the 5-day high study above.



Odds here are marginally worse. Overall, the rally that last two days likely has taken some of the pop out of a possible rally tomorrow. But with such a wide range of possible decisions, anything can happen. No new studies are being added to 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 below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation stayed flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3904.90 on Wednesday. That is 2.4% below Tuesday's close. Therefore, SPX will need to close down 2.4% on Wednesday in order to flip from overbought to oversold versus recent expectations. That is a big number, but I would not rule out anything tomorrow.

So the Aggregator is neutral. Fed Day odds are not appealing, and risk is certainly elevated. I am content to see how the market reacts to the announcement, and then evaluate any new evidence that emerges. This is not a favorable reward/risk setup. We may see one soon.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/20 – neutral

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.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
IBM(1/3)	3/16/2023	\$122.96	\$126.90	3.20%	<i>sold on open</i>

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