

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 30, 2023

Volume 16 Issue 61

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The last 5 days have now closed within the previous day's range. After a 1% selloff in an uptrend this type of consolidation has often been followed by a pop.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That is where I am as well. Evidence is suggesting more upside in the coming days, but the market is already short-term overbought. Not an ideal setup.

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 27, 2023	Week after 4th Fri in March bullish	1-5 days	Bullish	2.10%	-1.10%	-2.30%
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
March 27, 2023	SPY up 2 < 3 ago > 200	1-2 days	Bullish			
March 24, 2023	Gap up, 0075% rise -> close < open	1-3 days	Bullish	1.90%	-1.60%	-3.50%
March 23, 2023	Up yest -> outside down 1% > 200 2day	1-4 days	Bullish	1.80%	-1.00%	-2.00%

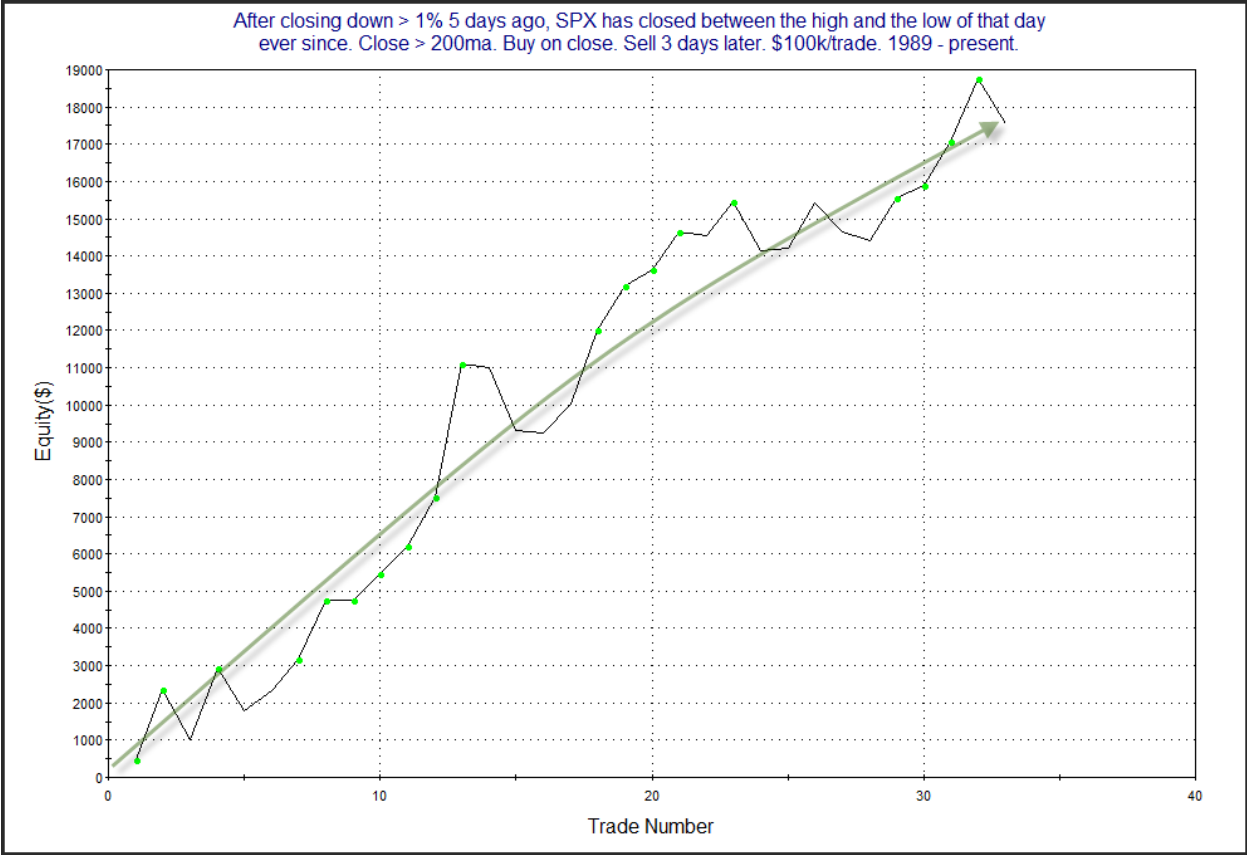
The Evidence

Wednesday saw a nice rally. The SPX closed up 1.4%, the NASDAQ gained 1.8%, and the Russell 2000 climbed 1.1%. Breadth was positive with the NYSE Up Issues % coming in at 79% and the Up Volume % at 86%. NYSE total volume rose some from Tuesday’s level.

After a big down day last Wednesday the market has chopped around and made little progress. In fact, it has closed within the range of that 1 bar every day for the last week. The bulls failed to push the market up above the Fed Day high, but the bears have not managed to drop the SPX back out of the range either. This triggered the study below, which I last discussed in the 9/18/20 Letter.

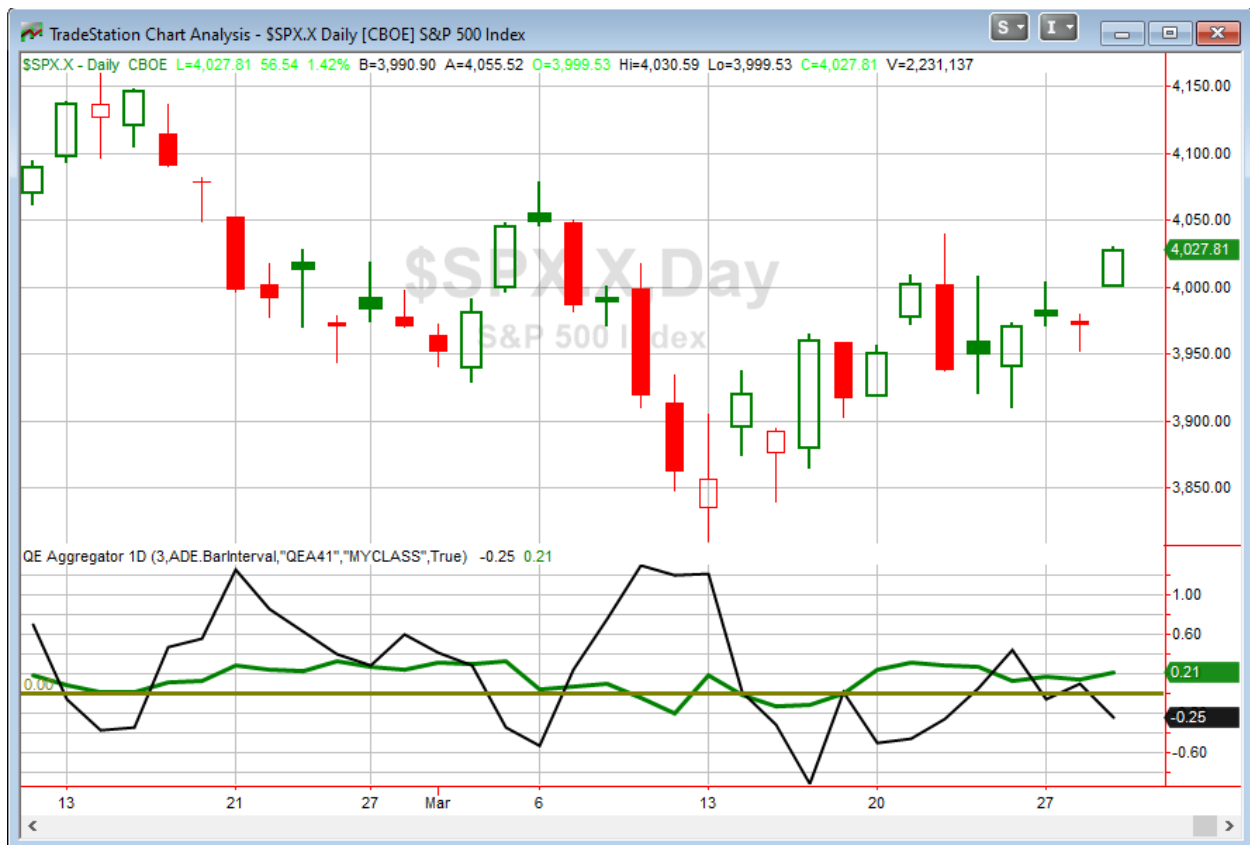
After closing down > 1% 5 days ago, SPX has closed between the high and the low of that day ever since. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1989 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-1,130.82	33	18	15	54.55	3,757.60	-5,937.53	1,806.18	-2,242.80	0.81	0.97	-34.27
4	2,267.15	33	21	12	63.64	3,706.56	-3,482.61	1,274.16	-2,040.85	0.62	1.09	68.70
3	17,558.86	33	23	10	69.70	3,552.64	-1,683.76	1,109.01	-794.84	1.40	3.21	532.09
2	9,560.76	33	20	13	60.61	2,111.20	-2,202.55	1,020.95	-835.25	1.22	1.88	289.72
1	7,014.16	33	22	11	66.67	1,760.80	-1,663.20	699.92	-762.18	0.92	1.84	212.55

Over the last 34 years or so the SPX has burst higher out of this “failed selloff” and consolidation on a consistent basis. But the implications are only bullish for a few short days. After that there does not appear to be a decided edge for either the bulls or the bears. Below is a look at a 3-day profit curve.



The strong upslope serves as some confirmation of the bullish numbers. I have included this study on the active list tonight.

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 fell 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 turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3999.50. That is 0.7% below Wednesday's close. Therefore, SPX will need to close down at least 0.7% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Evidence is pointing higher but SPX is already short-term overbought. Thus reward/risk is not great. I'll continue to wait for a more compelling setup to emerge before taking on a new index trade.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/27 – slightly bullish

The intermediate-term outlook was last updated in the 3/27/23 Letter. It can be found in the most recent weekly letter on the website. <http://quantifiableedges.com/current-weekly-letter/>

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

None

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