

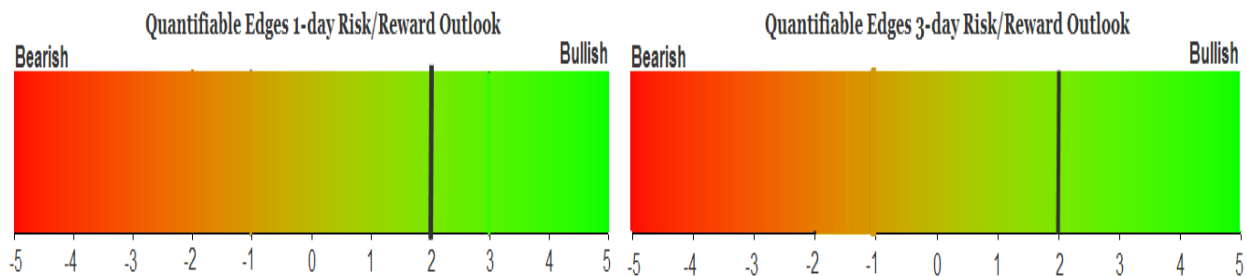
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 11, 2023

Volume 16 Issue 68

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The SOX strength on a day NASDAQ declined suggests a bounce on Tuesday.
- The CPI report on Wednesday morning could bring increased volatility.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. There appears to be a mild upside edge. But if the close much higher on Tuesday, the Aggregator will likely turn neutral, or perhaps even bearish.

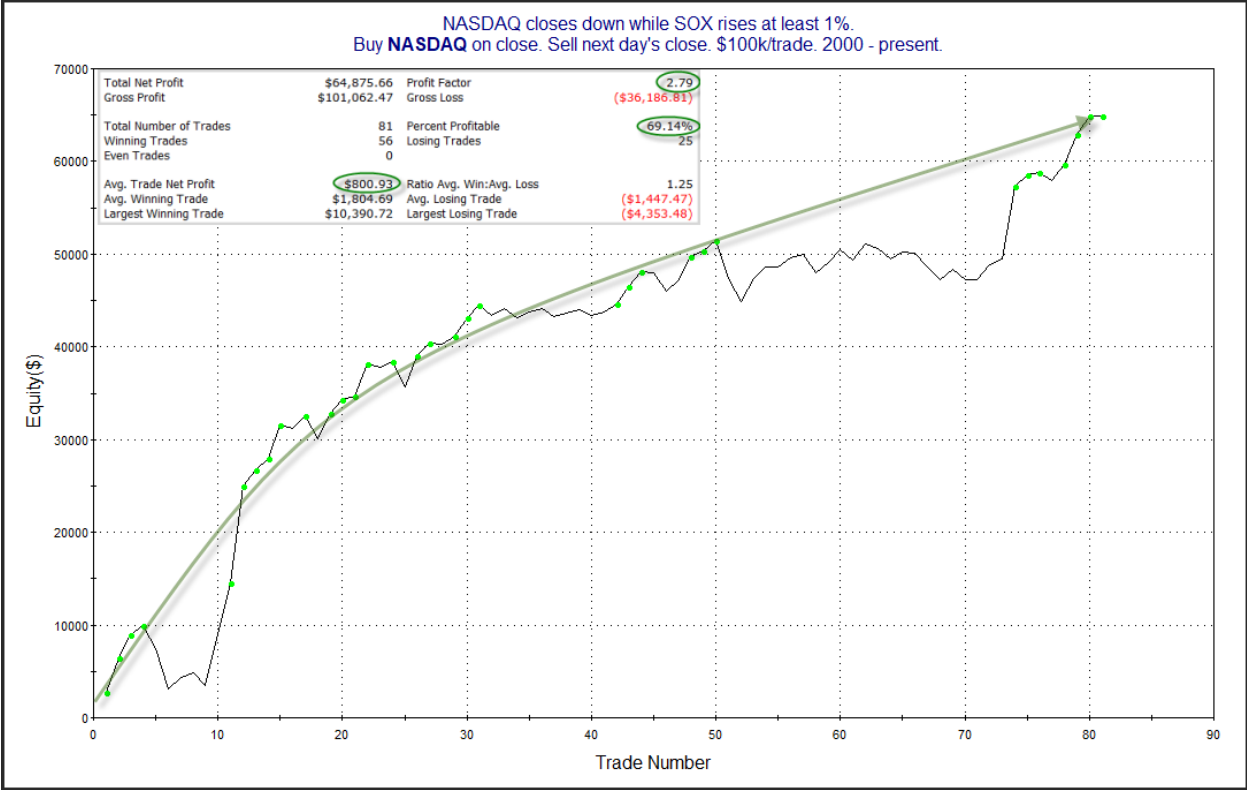
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
April 11, 2023	NASDAQ dn. SOX up > 1%	1 day	Bullish			
<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			

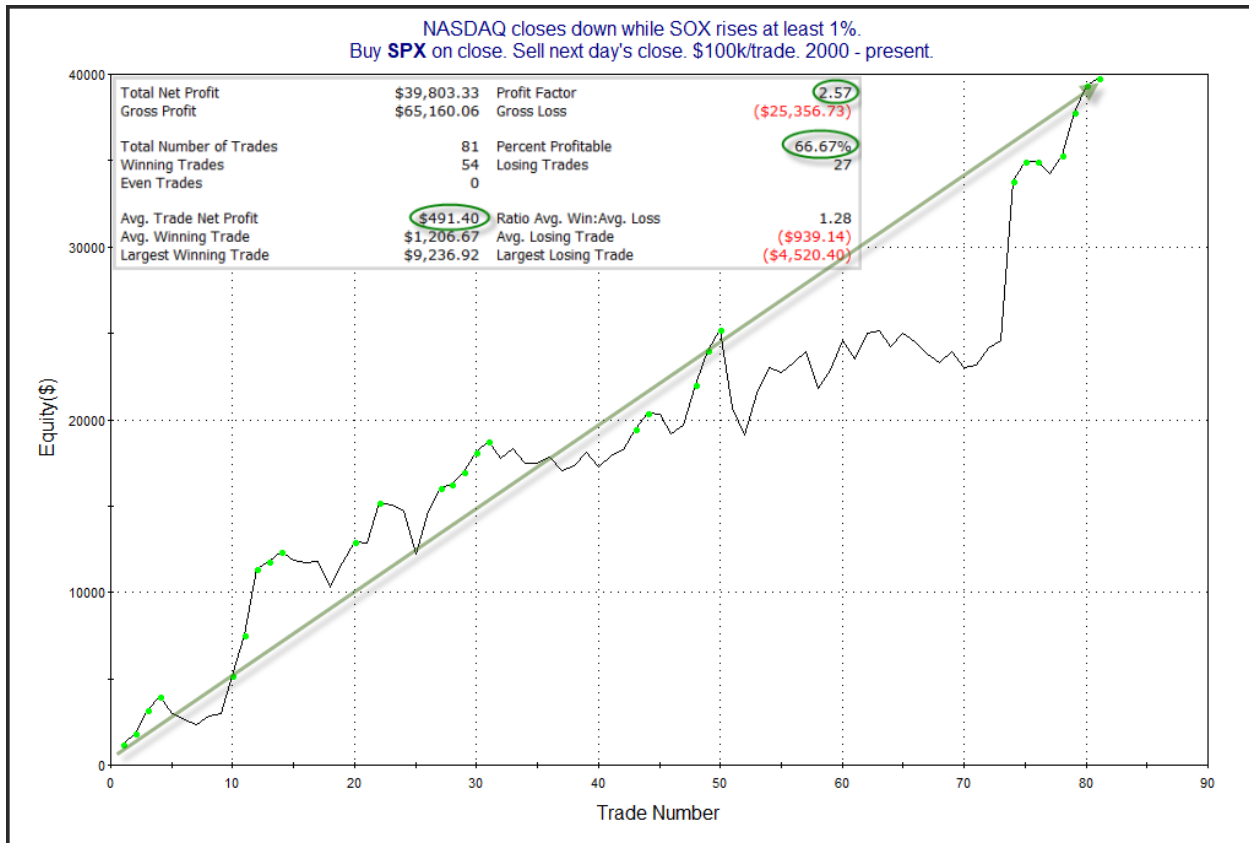
***The Evidence***

Monday saw the large cap indices struggle in the morning but bounce back near breakeven in the afternoon. The SPX closed up 0.1%, the NASDAQ declined 0.03%, and the Russell 2000 climbed 1.0%. Breadth was positive with the NYSE Up Issues % coming in at 65% and the Up Volume % at 70%. NYSE total volume rose some from Thursday's level.

Despite the decline in the NASDAQ, the Semiconductor Index (SOX) rose strongly, closing up 1.8%. When the SOX does well on a day the NASDAQ declines, that has often been followed by a rise in the NASDAQ the next day. This can be seen in the study below, which was last featured in the 4/19/22 letter.



Not exactly a steady rise, but the move and numbers are impressive nonetheless. Below is a look at how the SPX has performed when the NASDAQ/SOX have acted this way.



Results here appear steadier but less explosive. Overall, the study appears worthy of some consideration, and I have added it to the Active List tonight.

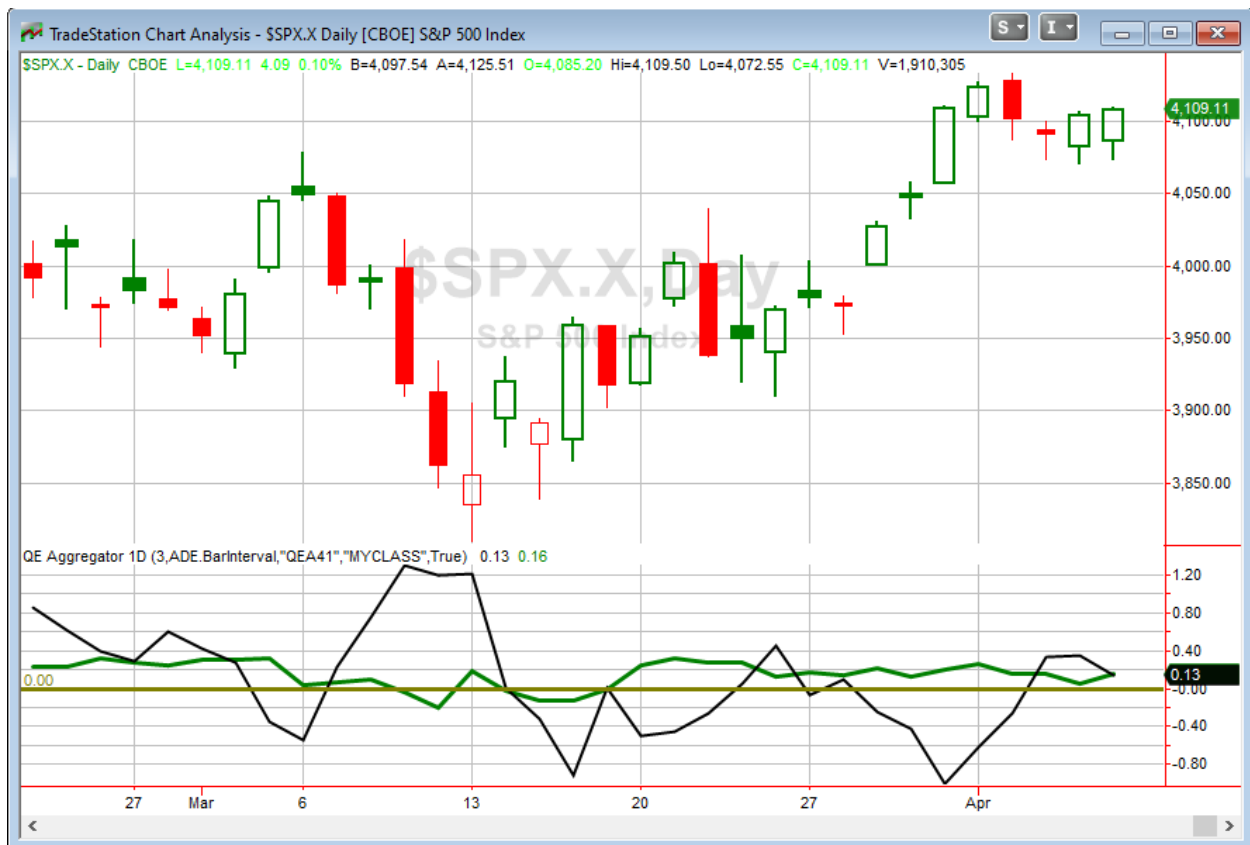
Wednesday the CPI data will be released. That is an important number. The table below shows how much volatility the release has created over the last 11 months.

## SPX Action on Recent CPI Release Dates

Reference Month	Release Date	SPX True Range	SPX % Change
Apr-22	May 11, 2022	120.27	-1.65%
May-22	June 10, 2022	117.66	-2.91%
Jun-22	July 13, 2022	70.37	-0.45%
Jul-22	August 10, 2022	88.56	2.13%
Aug-22	September 13, 2022	189.13	-4.32%
Sep-22	October 13, 2022	193.83	2.60%
Oct-22	November 10, 2022	209.76	5.54%
Nov-22	December 13, 2022	110.4	0.73%
Dec-22	January 12, 2023	60.2	0.34%
Jan-23	February 14, 2023	64.76	-0.03%
Feb-23	March 14, 2023	81.87	1.65%
	<b>Average</b>	<b>118.80</b>	<b>0.33%</b>
	<b>All other days ATR since 5/11/22</b>	<b>69.61</b>	

The last 4 months have not been quite as volatile. Still, we see here that CPI is capable of generating some extremely strong reactions. This will elevate risk somewhat heading into Wednesday.

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 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 list of active studies, expectations are set to remain positive on Tuesday. Of course, expectations could very easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4113.40. That is 0.1% above Monday's close. Therefore, SPX will only need to close up 0.1% on Tuesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is still bullish. SPX is mildly oversold, and there is a small amount of evidence pointing higher. This is not an incredibly strong signal, and Wednesday's CPI report will up the potential risk for Wednesday and beyond. I have a small index position right now. I will not add to it on Wednesday. But if SPX closes above the Differential Pivot, I will look to take my profits and exit the position near the close.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 4/10 – slightly bullish*

## **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
SPY(1/4)	4/6/2023	\$406.77	\$409.61	0.70%	<i>sold 1/2 @ \$409.19</i>

***Note: I will look to sell the remaining SPY near the close if SPX closes > 4113.39.***

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