

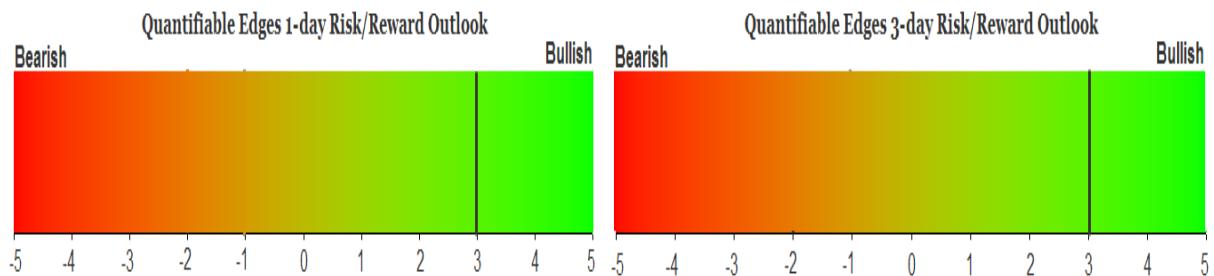
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 26, 2023

Volume 16 Issue 79

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- The 1st dip below the 10ma in over 25 days is typically not the end of the uptrend, and has been buyable for both the short and intermediate-term.
- The gap to a new low and further selling suggest SPY is about ready to bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side.

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						
April 26, 2023	1st Cls < 10ma in 25+ days	1-9 days	Bullish	2.40%	-1.10%	-2.35%
April 26, 2023	Gap 5 low. Close < open > 200	1-5 days	Bullish			
April 24, 2023	Bullish opex week fails to materialize	1-5 days	Bullish			
April 21, 2023	SPY 1st 5-low in 10. Close > 10ma.	1-5 days	Bullish	1.40%	-1.15%	-2.30%
Active - Long Term						
February 2, 2023	SPX Golden Cross	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)						
April 25, 2023	SPY up 2 < 3 ago and > 200ma	1-2 days	Bullish			

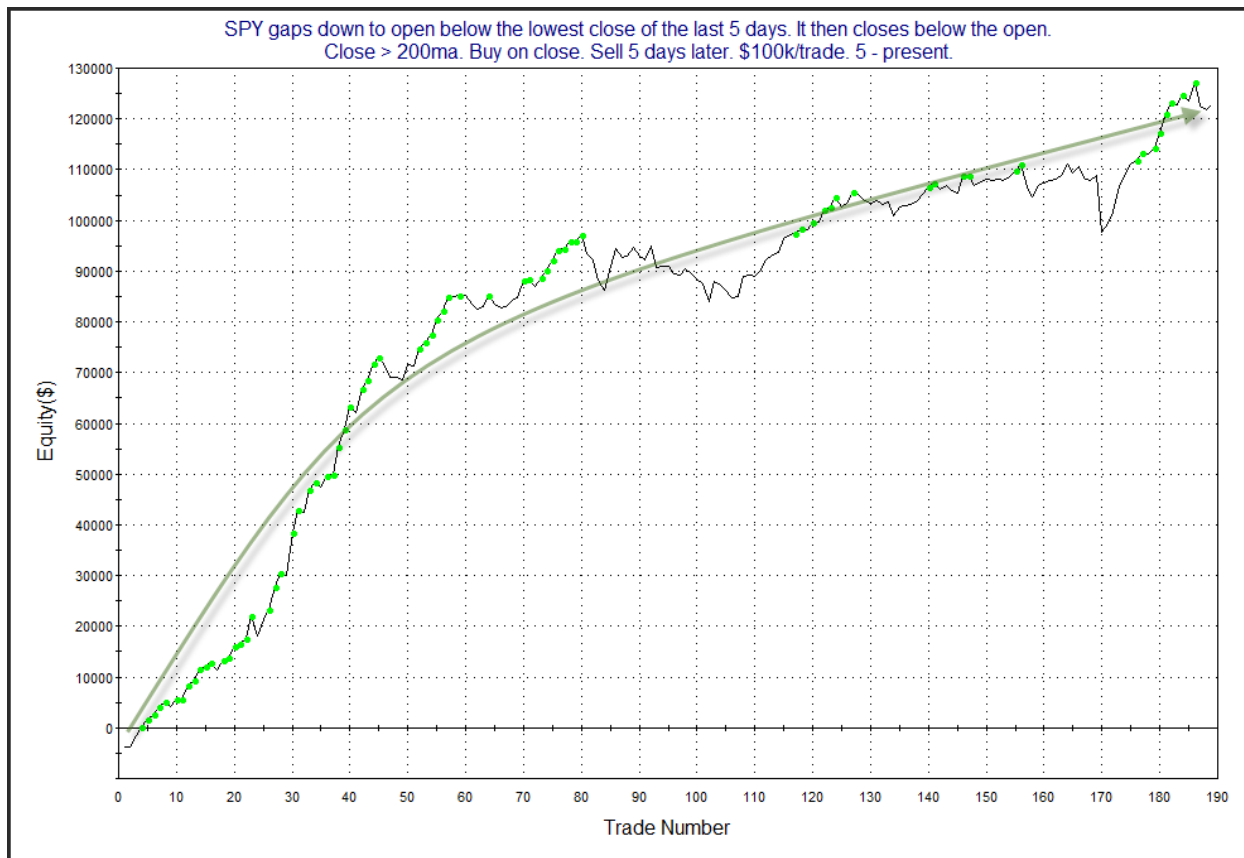
The Evidence

Tuesday saw the biggest selloff in a while. The SPX lost 1.6%, the NASDAQ dropped 2.0%, and the Russell 2000 fell 2.4%. Breadth was negative with the NYSE Up Issues % coming in at 17% and the Up Volume % at 13%. NYSE total volume rose some from Monday’s level.

There were a couple of Quantifinder studies that triggered that are worth some consideration. This 1st study was last seen in the 7/27/20 letter. It looked at times that SPY gapped down to a short-term low, and then sold off further during the day, while in a long-term uptrend. I have updated the results below.

SPY gaps down to open below the lowest close of the last 5 days. It then closes below the open. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 5 - 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	122,876.46	189	126	62	66.67	8,239.74	-11,128.78	1,754.44	-1,583.60	1.11	2.25	650.14
4	108,900.91	198	132	66	66.67	5,581.02	-10,755.03	1,619.60	-1,589.18	1.02	2.04	550.00
3	94,002.90	207	126	80	60.87	5,117.85	-6,572.02	1,524.00	-1,225.27	1.24	1.96	454.12
2	88,761.56	220	139	78	63.18	5,477.88	-6,228.17	1,165.57	-939.14	1.24	2.21	403.46
1	57,376.23	239	154	85	64.44	5,764.38	-4,181.76	820.83	-812.14	1.01	1.83	240.07

The numbers here look fairly bullish. Here is the 5-day profit curve.



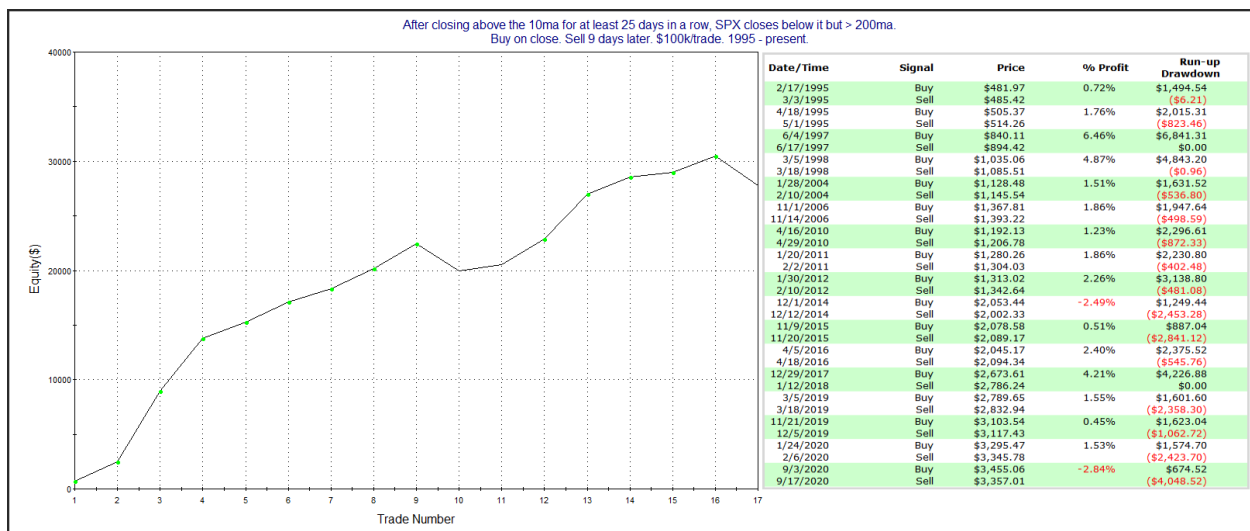
While not quite steady, the move up has been persistent. This study appears to be worth some consideration. I have added it to the active list tonight.

The SPX was on a streak of closes above the 10ma for quite a while before Tuesday. But that streak has now come to an end. The move in SPX below the 10ma triggered the study below, from the 1/27/20 letter. It looked at times SPX closed above the 10ma for at least 25 days, and then closed below it. The results below look back to 1990, and are all updated.

After closing above the 10ma for at least 25 days in a row, SPX closes below it but > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1995 - present.

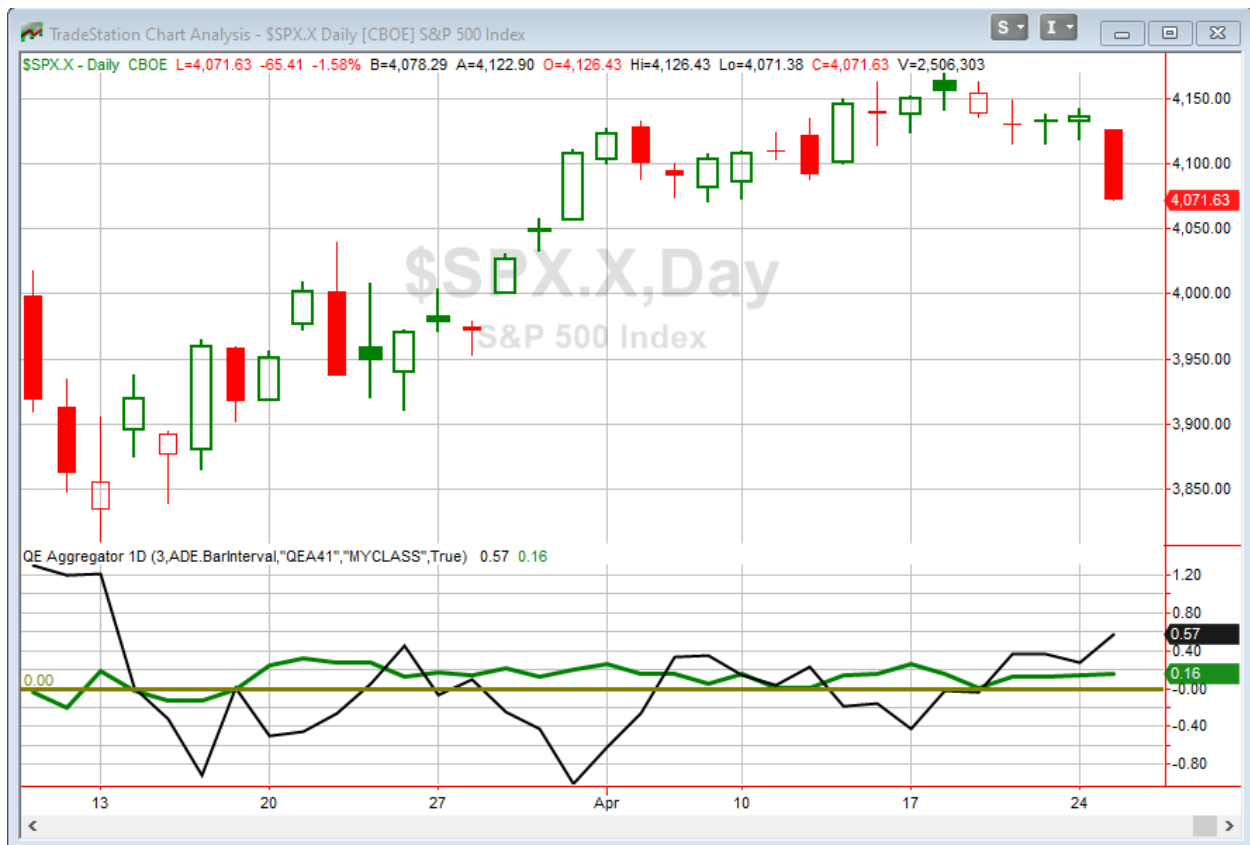
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
20	39,900.21	17	13	4	76.47	8,155.20	-4,685.35	3,875.26	-2,619.55	1.48	4.81	2,347.07
19	44,838.25	17	14	3	82.35	7,014.72	-2,879.27	3,562.09	-1,677.01	2.12	9.91	2,637.54
18	41,663.03	17	15	2	88.24	7,372.62	-2,577.68	3,062.59	-2,137.93	1.43	10.74	2,450.77
17	34,736.69	17	14	3	82.35	6,128.68	-3,348.52	3,035.11	-2,584.94	1.17	5.48	2,043.33
16	37,893.47	17	15	2	88.24	6,065.41	-2,896.88	2,898.64	-2,793.04	1.04	7.78	2,229.03
15	34,026.99	17	15	2	88.24	6,311.04	-6,743.75	3,010.37	-5,564.27	0.54	4.06	2,001.59
14	32,242.69	17	15	2	88.24	6,691.37	-5,837.16	2,892.68	-5,573.75	0.52	3.89	1,896.63
13	29,373.37	17	15	2	88.24	5,807.04	-6,107.92	2,510.72	-4,143.75	0.61	4.54	1,727.85
12	30,303.06	17	14	3	82.35	6,972.21	-3,905.72	2,692.37	-2,463.37	1.09	5.10	1,782.53
11	29,765.41	17	15	2	88.24	6,887.72	-4,872.00	2,567.40	-4,372.80	0.59	4.40	1,750.91
10	26,788.17	17	14	3	82.35	5,825.05	-3,796.52	2,435.65	-2,436.97	1.00	4.66	1,575.77
9	27,754.95	17	15	2	88.24	6,462.89	-2,745.40	2,196.91	-2,599.34	0.85	6.34	1,632.64
8	25,606.36	17	14	3	82.35	6,404.58	-1,947.96	2,034.82	-960.38	2.12	9.89	1,506.26
7	20,100.80	17	13	4	76.47	6,326.04	-1,508.08	1,842.23	-962.05	1.91	6.22	1,182.40
6	16,941.17	17	13	4	76.47	5,157.46	-2,002.56	1,692.05	-1,263.89	1.34	4.35	996.54
5	14,327.10	17	13	4	76.47	3,505.74	-3,194.52	1,616.19	-1,670.83	0.97	3.14	842.77
4	14,407.09	17	12	5	70.59	3,206.40	-3,244.36	1,753.88	-1,327.89	1.32	3.17	847.48
3	10,200.50	17	13	4	76.47	2,805.12	-1,630.30	1,202.23	-1,357.12	0.89	2.88	600.03
2	4,946.28	17	10	7	58.82	2,130.10	-3,450.16	1,099.89	-864.65	1.27	1.82	290.96
1	3,405.37	17	11	6	64.71	1,975.68	-1,555.20	595.86	-524.85	1.14	2.08	200.32

Instances are a little low, but the numbers are heavily lopsided in favor of the bullish case. The edge seems to persist up to 4 weeks, but 2/3 of the gains were realized in the 1st nine trading days. Below is a look at the individual instances and profit curve assuming a 9-day holding period.



The curve and the trade list are impressive. I have added this study to 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 also 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 list, expectations are set to remain positive on Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 4123.67 on Wednesday. That is 1.3% above Tuesday's close. Therefore, SPX will need to close up around 1.3% on Wednesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. Evidence is building and there is ample room to the upside before SPX would flip to overbought. I like the long side. I have a small amount of long exposure already. I will look to add to it if I can get a favorable fill on Wednesday. Futures did rally after some strong earnings reports on Tuesday, so a fill might not happen. But I'll be ready if the market pulls back to Tuesday's closing price.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/24 – slightly bullish

The intermediate-term outlook was last updated in the 4/24/23 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

New

META @ \$207.55 (buy 1/3 @ limit)

MSFT @ \$275.42 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 2 (META, MSFT)

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.

META – Buy 1/3 Catapult position @ \$207.55 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of META.

MSFT – Buy 1/3 Catapult position @ \$275.42 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of MSFT.

SPY – Buy ¼ index position @ \$406.00 LIMIT. Based on the short-term outlook above, I will look to buy if SPY moves a little below Tuesday’s close.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	4/24/2023	\$411.99	\$406.08	-1.43%	Aggregator

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