

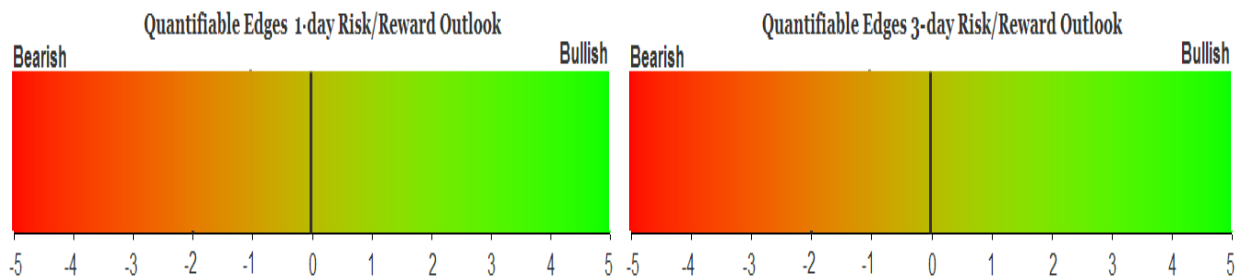
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 2, 2023

Volume 16 Issue 83

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The Fed Day edge on Wednesday will be greatly influenced by action on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

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

Active - Short Term						
May 1, 2023	End of month at high of month	1-5 days	Bullish	1.90%	-1.10%	-2.30%
Active - Long Term						
May 1, 2023	NASDAQ Leading	int term	Bullish			
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			

The Evidence

The market did not accomplish much on Monday. The SPX lost 0.04%, the NASDAQ fell 0.11%, and the Russell 2000 inched up 0.01%. Breadth was negative with the NYSE Up Issues % coming in at 41% and the Up Volume % at 44%. NYSE total volume declined some from Friday's level.

The price action did nothing to inspire compelling new studies. It is worth noting that Wednesday is a Fed Day. Fed Days have historically shown an upside tendency. [I have documented this tendency](#) in great detail over the years, including the 2011 book, [The Quantifiable Edges Guide to Fed Days](#). One interesting observation I have noted about Fed Days is that the bullish tendency is greatly impacted by stock market action leading up to the Fed Day. This is something that often happens with other seasonal tendencies as well (like turn of the month). In the past I have broken down Fed Day performance based on the quartile that the SPY closed in of the daily range on the day before the Fed Day. The basic finding was that the worse the close, the better the Fed Day edge. Below are updated stats for the 4 quartiles from highest to lowest in the daily range.

<p>Tomorrow is a Fed Day. SPY closes in the TOP 25% of its intraday range. Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.</p>			
TradeStation Performance Summary			Expand ▾
All Trades			
Total Net Profit	\$8,253.02	Profit Factor	1.30
Gross Profit	\$35,807.43	Gross Loss	(\$27,554.41)
Total Number of Trades	91	Percent Profitable	48.35%
Winning Trades	44	Losing Trades	45
Even Trades	2		
Avg. Trade Net Profit	\$90.69	Ratio Avg. Win:Avg. Loss	1.33
Avg. Winning Trade	\$813.81	Avg. Losing Trade	(\$612.32)
Largest Winning Trade	\$2,238.25	Largest Losing Trade	(\$2,739.69)

Tomorrow is a Fed Day. SPY closes > 50% and <= 75% of its intraday range.
Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

TradeStation Performance Summary

Expand ▾

All Trades

Total Net Profit	\$17,056.16	Profit Factor	1.96
Gross Profit	\$34,860.93	Gross Loss	(\$17,804.77)
Total Number of Trades	56	Percent Profitable	51.79%
Winning Trades	29	Losing Trades	26
Even Trades	1		
Avg. Trade Net Profit	\$304.57	Ratio Avg. Win:Avg. Loss	1.76
Avg. Winning Trade	\$1,202.10	Avg. Losing Trade	(\$684.80)
Largest Winning Trade	\$4,704.07	Largest Losing Trade	(\$2,246.40)

Tomorrow is a Fed Day. SPY closes > 25% and <= 50% of its intraday range.
Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

TradeStation Performance Summary

Expand ▾

All Trades

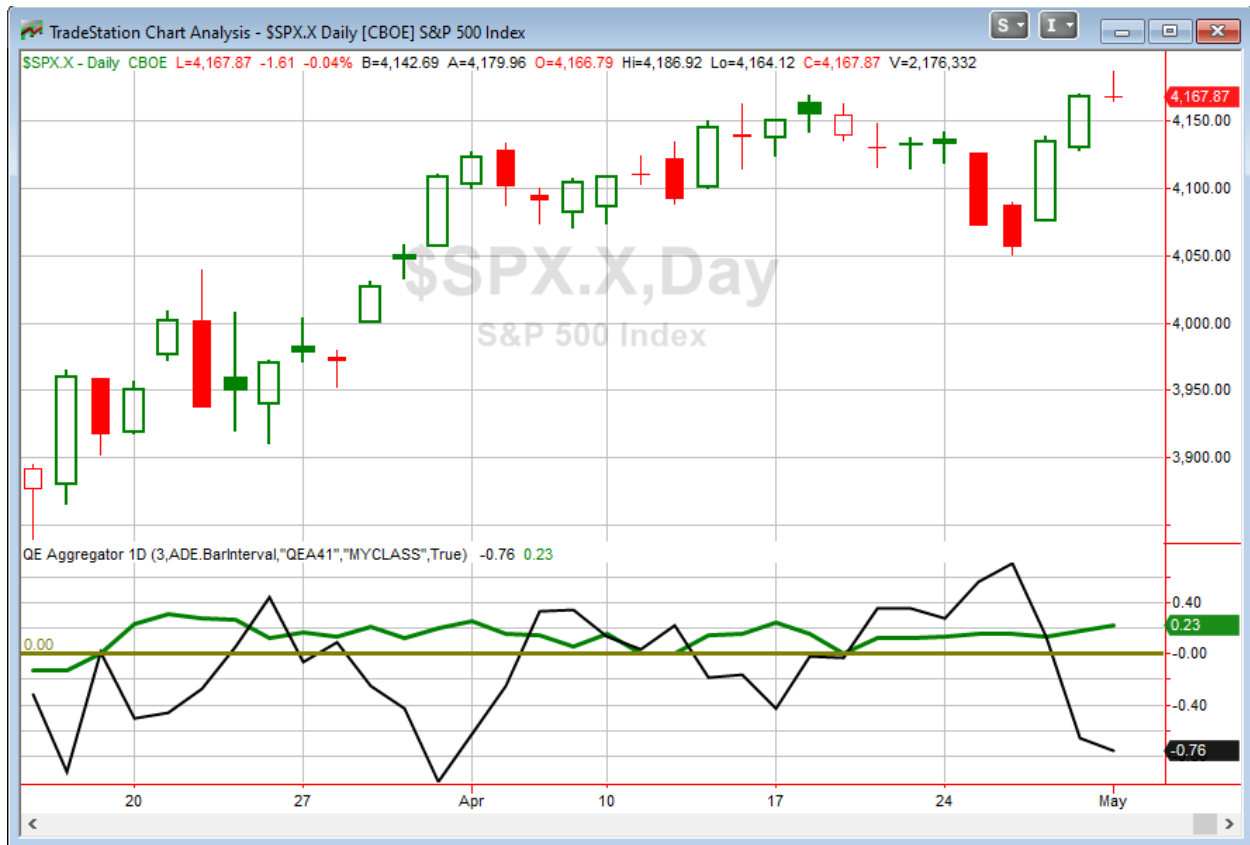
Total Net Profit	\$13,807.85	Profit Factor	2.09
Gross Profit	\$26,498.43	Gross Loss	(\$12,690.58)
Total Number of Trades	48	Percent Profitable	64.58%
Winning Trades	31	Losing Trades	17
Even Trades	0		
Avg. Trade Net Profit	\$287.66	Ratio Avg. Win:Avg. Loss	1.15
Avg. Winning Trade	\$854.79	Avg. Losing Trade	(\$746.50)
Largest Winning Trade	\$2,943.00	Largest Losing Trade	(\$2,066.62)

Tomorrow is a Fed Day. SPY closes in the BOTTOM 25% of its intraday range.
Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

TradeStation Performance Summary Expand ▾			
All Trades			
Total Net Profit	\$25,798.46	Profit Factor	3.16
Gross Profit	\$37,727.36	Gross Loss	(\$11,928.90)
Total Number of Trades	45	Percent Profitable	73.33%
Winning Trades	33	Losing Trades	12
Even Trades	0		
Avg. Trade Net Profit	\$573.30	Ratio Avg. Win:Avg. Loss	1.15
Avg. Winning Trade	\$1,143.25	Avg. Losing Trade	(\$994.07)
Largest Winning Trade	\$4,645.80	Largest Losing Trade	(\$2,945.28)

So what we see here is that the lower SPY has closed in its range the day before, the stronger the Fed Day edge has been. When there has been a lot of confidence or complacency leading up to the announcement, that has nearly eliminated the edge. This might also be attributed to some frontrunning. On the other hand, when there has been anxiety heading into the announcement, then the bullish edge has been greatly enhanced. This could be worth keeping in mind as we approach the close on Tuesday.

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



With Friday's rally and this weekend'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 below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is strongly 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 active list, expectations are set to remain positive on Tuesday. This could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4154.21 on Tuesday. That is 0.3% below Friday's close. Therefore, SPX would need to close down at least 0.3% to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. Evidence is mild but leaning higher. And while the market is overbought currently, that could easily wear off in the next day or so. Overall, there does not seem to be a strong and compelling edge. Like the aggregator, I am neutral. I intend to wait for a more compelling reward/risk setup before taking on new index exposure.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/1 – 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 tonight.

Current Open Trade Ideas

None

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