

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 16, 2023

Volume 16 Issue 93

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Yawn.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is neutral. I am too.

*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>						
None						
<b>Active - Long Term</b>						
May 1, 2023	NASDAQ Leading	int term	Bullish			
February 2, 2023	SPX Golden Cross	int term	Bullish			
January 13, 2023	Deemer Breakaway Momentum	1-6 months	Bullish			
January 13, 2023	Whaley ADT <sub>5</sub> > 73.66	1-12 months	Bullish			
December 1, 2022	SPX goes from < 15% above 50 to > 90%	1-6 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

***The Evidence***

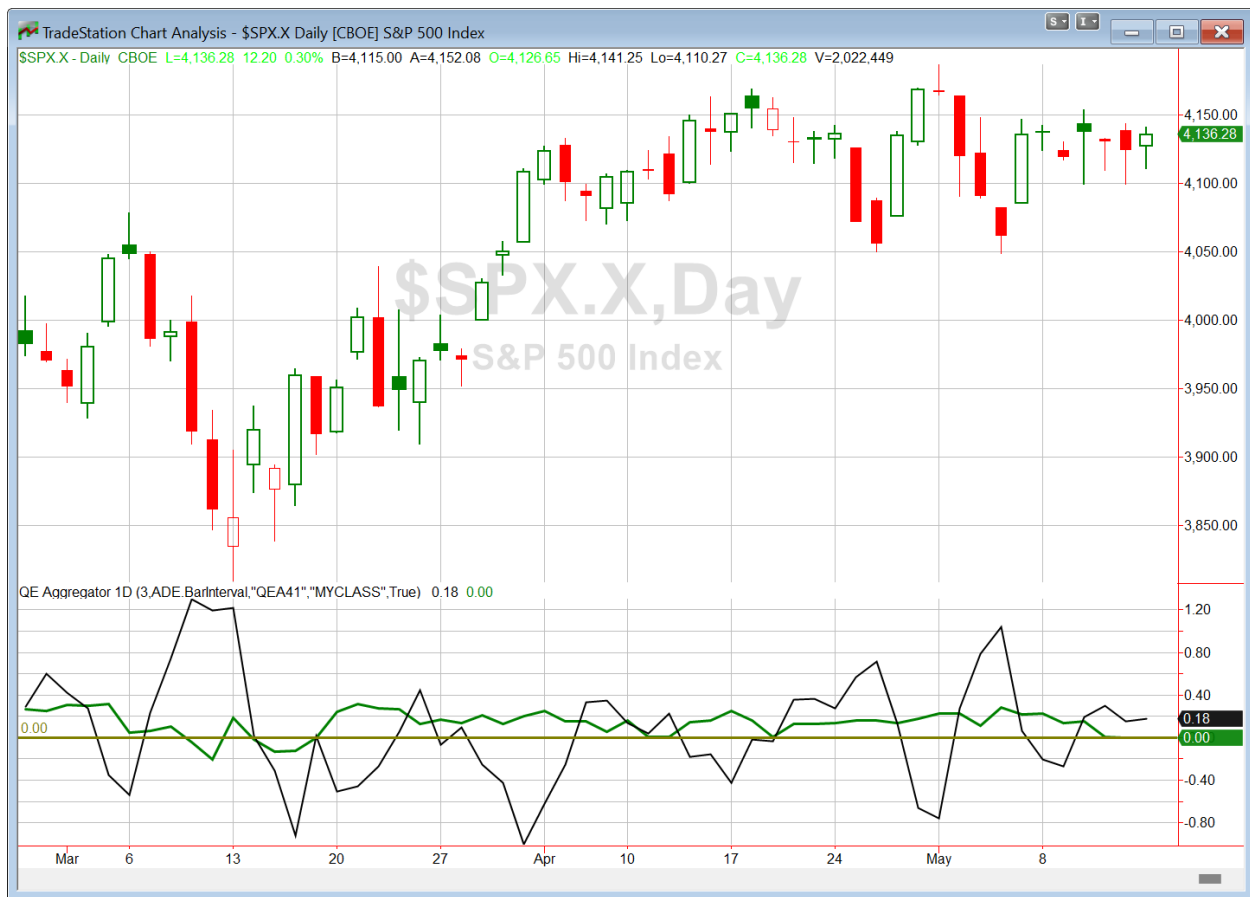
Monday was an up day. The SPX rose 0.3%, the NASDAQ gained 0.7%, and the Russell 2000 rallied 1.2%. Breadth was weak with the NYSE Up Issues % coming in at 67% and the Up Volume % at 64%. NYSE total volume rose some from Friday's level.

On Monday, SPY posted an inside day (with a lower high and higher low than the day before). That was preceded by an outside day (with a higher high and lower low than the day before) on Friday, an inside day on Thursday, and an outside day on Wednesday. That kind of 4-day inside-outside action has never happened before. Beyond that, nothing interesting is happening with SPX price action. The sideways trend continues.

The NASDAQ did close at its highest level since August. So that is something. But the slow drift higher lately is not enough to suggest any kind of strong short-term directional edge. I feel like a broken record, but I simply am not seeing anything suggesting a strong edge.

I will note briefly that the 3/10 Offset HV for SPX closed very low. This means that the 3-day HV is substantially lower than the 10-day HV of 3 days ago. In other words, there has been a volatility contraction. These contractions are often followed by volatility expansions. This elevates risk. And when directional edges are lacking it makes little sense to take on new positions with elevated risk. Hopefully the range expansion does come soon. That should help to generate some meaningful edges. Until then, patience.

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



With evidence lacking, the green Aggregator Line remained right at zero. Zero readings mean expectations are flat 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 flat and SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines fail to close on the same side of zero. Therefore, the Aggregator formation turned flat at the close.

The short-term list is bare, and the intermediate-term outlook is neutral. So expectations over the next few days will depend largely on any new evidence that emerges. Meanwhile, the Differential Pivot will be 4142.62 on Tuesday. That is 0.15% above Monday's close. Therefore, SPX will need to close up at least 0.15% on Tuesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is neutral, and Monday did not change anything. I am not seeing any compelling evidence suggesting a short-term edge. The combination of opex this week and the low 3/10 Offset HV could certainly lead to some strong moves. But right now the direction of those moves is up in the air. I'll wait until there is a clear directional edge before looking to take on my next index position.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 5/15 – 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 tonight.

## **Current Open Trade Ideas**

None

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