

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 18, 2023

Volume 16 Issue 95

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Compelling studies continue to evade us.

### *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			

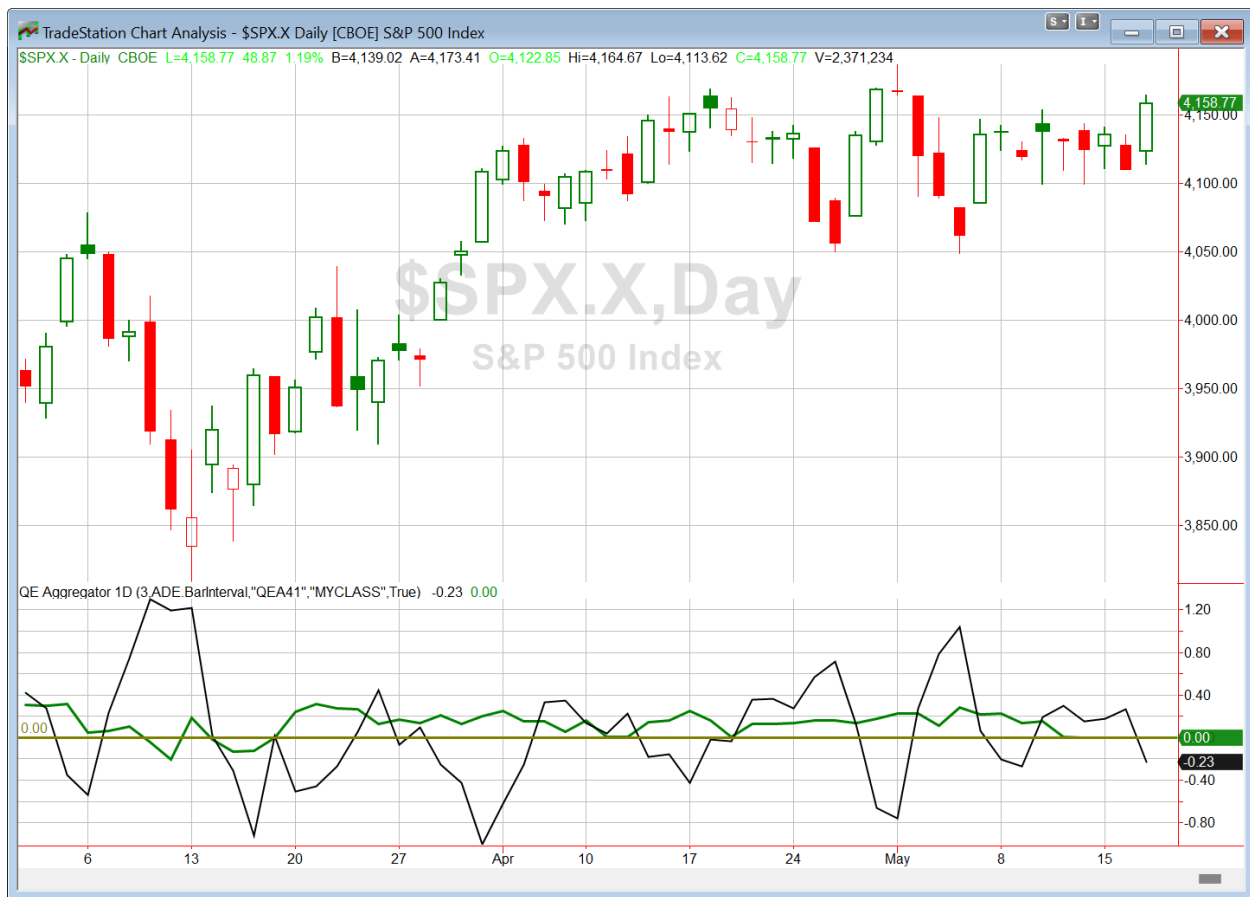
***The Evidence***

Wednesday saw a solid rise in the market. The SPX gained 1.2%, the NASDAQ climbed 1.3%, and the Russell 2000 rallied 2.2%. Breadth was strong with the NYSE Up Issues % coming in at 77% and the Up Volume % at 82%. NYSE total volume rose some from Tuesday's level.

So we had a decent rally. And it got SPX back near the top of its multi-month range. But it is still refusing to break out. Part of the credit for the rally on Wednesday was positive news leaks about the debt-ceiling debate. Personally, I have seen enough politics to feel old and cynical. Neither side wants to actually get an agreement done early. If they do, then it won't look like they are fighting as hard as they can for their constituents. Perhaps both sides already know what the deal will eventually be. But there is still plenty of time for political maneuvering. I'd be very surprised if anything was signed until the last possible day before a partial shutdown...at the *earliest*. I expect we will hear both positive and negative spins from both sides before the final agreement is reached. Wednesday's celebration won't be the last market move due to "news" on this issue. We will probably see several zig-zags over the next few weeks.

Nothing compelling emerged with regards to price action, seasonality, or any other metric we follow. I swear this market will provide a tradable edge someday. Just not today.

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



With evidence still 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 dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are flat and SPX is overbought. 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 stayed 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, assuming it eventually does. Meanwhile, the Differential Pivot will be 4136.09 on Thursday. That is 0.5% below Wednesday's close. Therefore, SPX will need to close down at least 0.5% on Thursday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. And there is still very little evidence to go on. Nothing for me to do except remain alert, aware, and ready to pounce when the next favorable opportunity arrives.

*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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