

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 6, 2023

Volume 16 Issue 127

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I'm still not excited about new index positions. But the market will flip from overbought to oversold vs expectations on Thursday unless it rallies. So we could see better reward/risk for the bulls in the coming days.

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

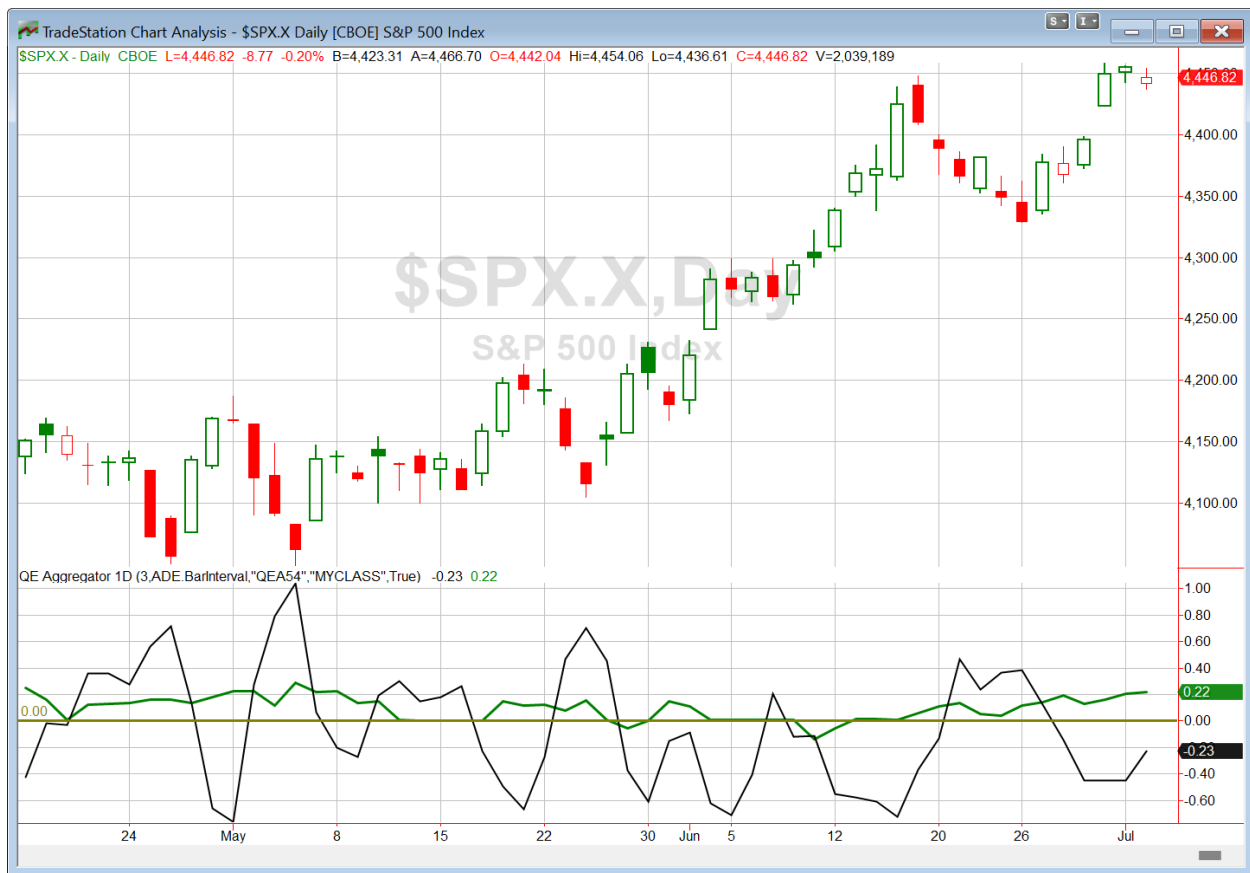
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 5, 2023	3 days up to a 200-day high. Monday.	1-2 days	Bullish			
July 3, 2023	Close month at high of month	1-5 days	Bullish	1.90%	-1.10%	-2.40%
Active - Long Term						
June 23, 2023	Up Vol < 40% SPX up and > 200ma	1-10 days	Bullish	2.15%	-1.50%	-3.30%
June 20, 2023	5up to 50-high. Down 1. > 200ma	1-10 days	Bullish	1.85%	-1.10%	-2.30%
June 20, 2023	20-high.Close btm 10%.	1-10 days	Bullish	2.00%	-1.50%	-2.90%
June 16, 2023	RSI(2) cross over 99.	1-15 days	Bullish	2.30%	-1.50%	-2.95%
June 5, 2023	SPX 50-day %b crosses 100	1-50 days	Bullish	4.90%	-4.50%	-9.00%
May 22, 2023	SPX 50-day high < 1/2 SPX stocks > 50ma	1-12 months	Neutral			
May 1, 2023	NASDAQ Leading	int term	Bullish			
February 2, 2023	SPX Golden Cross	int term	Bullish			
January 13, 2023	Whaley ADT5 > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

The Evidence

The market lost some ground on Wednesday. The SPX declined 0.2%, the NASDAQ also fell 0.2%, and the Russell 2000 tumbled 1.3%. Breadth was negative with the NYSE Up Issues % coming in at 30% and the Up Volume % at 36%. NYSE total volume was higher than Monday's shortened session as you would expect.

Today was the 1st day down from a long-term high. The first day of a pullback won't often tell us a whole lot. And Wednesday's action did not provide much in the way of short-term insight. So without any new compelling evidence emerging tonight, I am going to keep this real short and save my energy for tomorrow night when there may be substantially more to talk about.

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



With today'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 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 studies, expectations are set to remain positive on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at 4471.80* on Thursday. That is 0.6% *above* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up at least 0.6% in order to remain overbought vs recent expectations. Anything less than that and it will be considered "oversold" as of Thursday's close.

So the Aggregator is neutral. There is still some evidence pointing higher, but with the market overbought, reward/risk is sub-optimal. With the Differential Pivot inverted, we could easily see the market turn oversold and the Aggregator turn bullish. But I won't be getting excited about it unless we also see some confirming bullish evidence. I'll remain sidelined and patient on Thursday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/3 – 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
<i>KHC(1/3)</i>	<i>6/27/2023</i>	<i>\$35.55</i>	<i>\$35.74</i>	<i>0.53%</i>	<i>sold on open</i>

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