

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 14, 2023

Volume 16 Issue 133

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- 5 days in a row of strong breadth has typically been followed by more upside.

## *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>						
July 14, 2023	Up Vol > 65% 5 days in a row. SPX > 200ma	1-50 days	Bullish	4.90%	-4.50%	-9.00%
<b>Active - Long Term</b>						
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 ADT <sub>5</sub> > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
July 13, 2023	Unfill gap up. 20-day high. CIs < open	1-2 days	Bullish	0.80%		

**The Evidence**

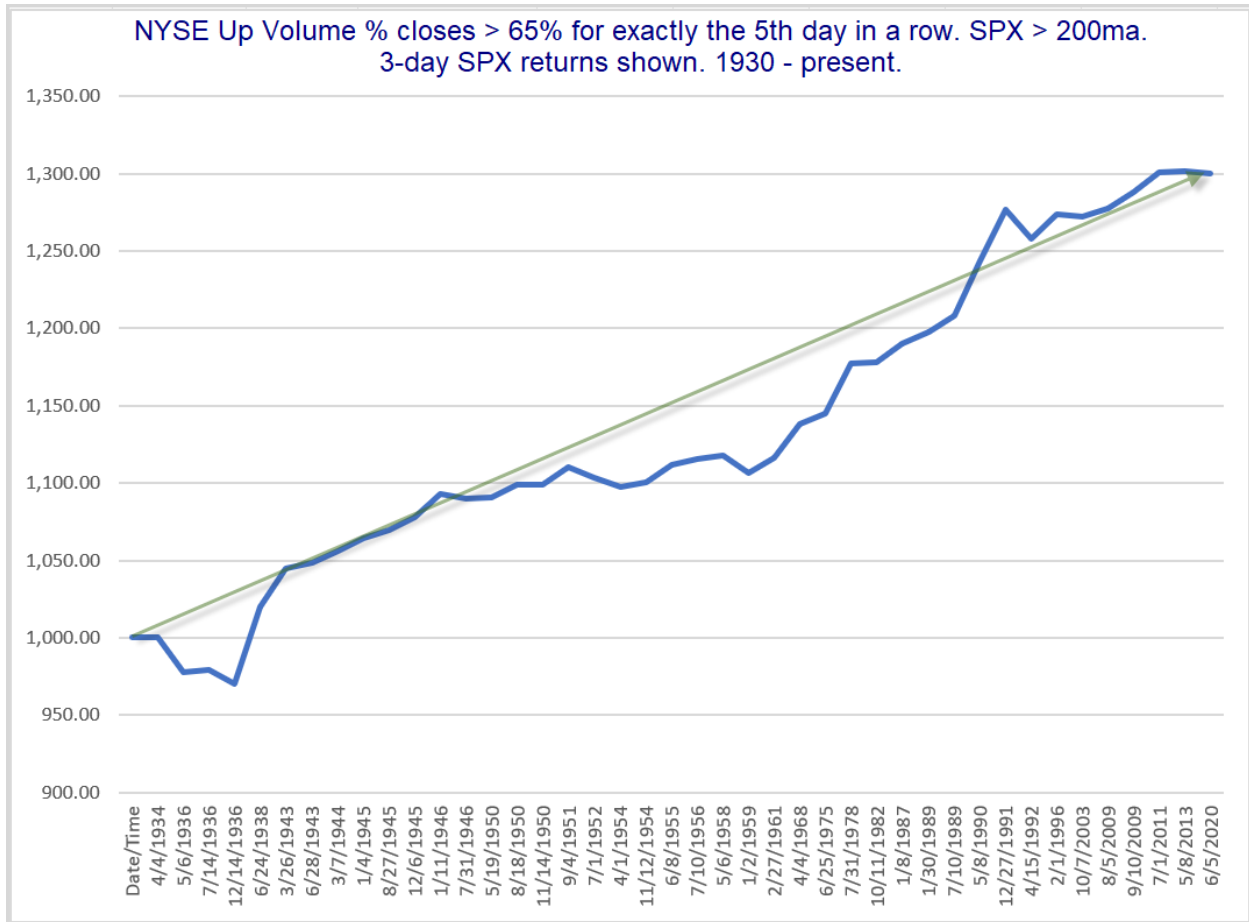
The market ramp higher continued on Thursday. The SPX climbed 0.85%, the NASDAQ gained 1.6%, and the Russell 2000 rallied 0.9%. Breadth was strong once again with the NYSE Up Issues % coming in at 68% and the Up Volume % at 71%. NYSE total volume rose some from Wednesday's level.

The last 5 days have seen strong breadth and strong returns from broader indices like the Russell 2000. Thursday marked the 5<sup>th</sup> day in a row that the NYSE Up Volume % closed > 65%. It is quite unusual to see such a thing. The study below examines all previous occurrences, along with the forward returns for the SPX. It was originally published in the 12/1/2008 letter and has been updated.

NYSE Up Volume % closes > 65% for exactly the 5th day in a row. SPX > 200ma.  
Forward SPX returns shown. 1930 - present.

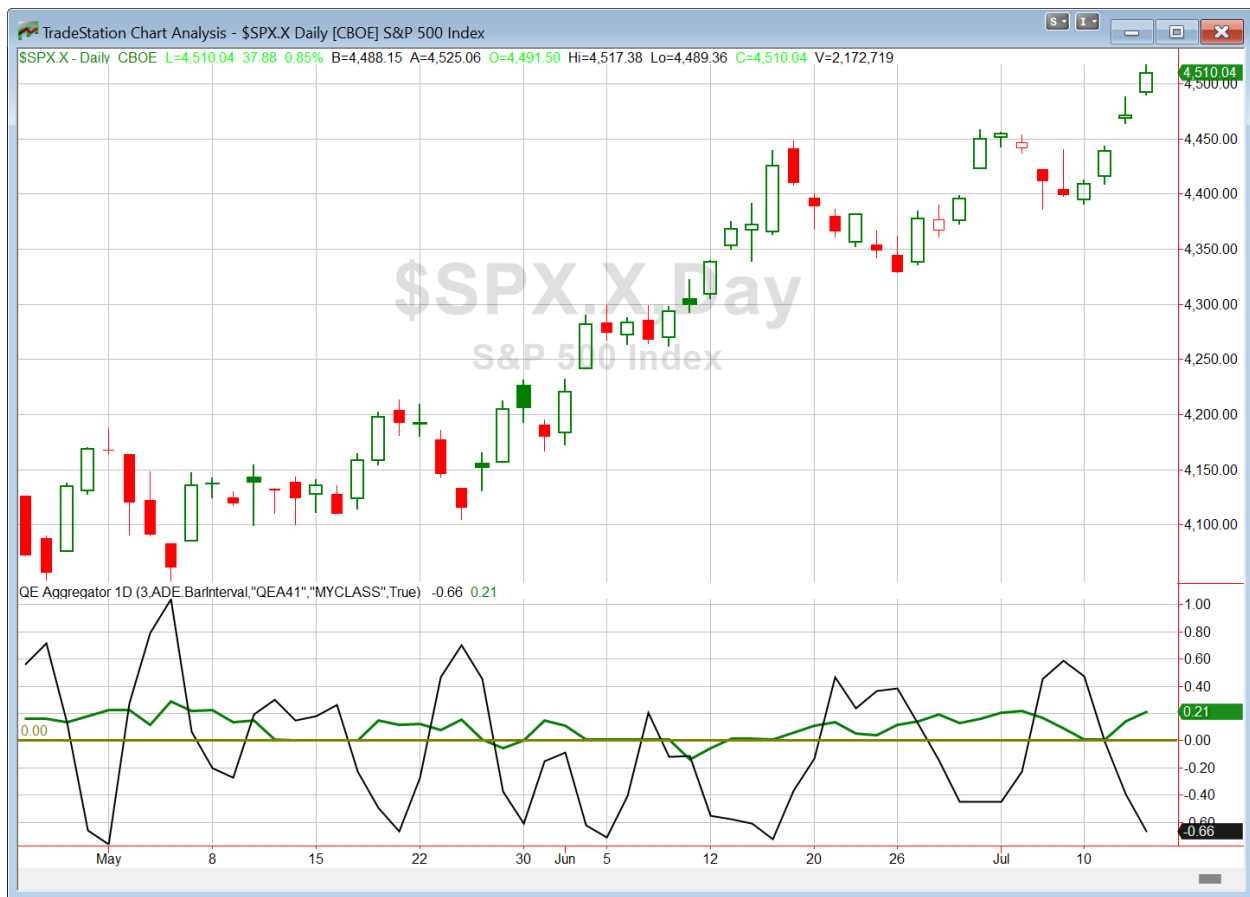
Ticker	Date/Time	SPX Close	Next Day % Chg	2-Day %Chg	3-Day %Chg	4-Day %Chg	5-Day %Chg
\$SPX	4/4/1934	10.87	0.28	0.74	0	1.47	1.38
\$SPX	5/6/1936	14.18	-1.83	-1.97	-2.26	-2.26	-1.48
\$SPX	7/14/1936	15.63	0.06	0	0.19	1.28	1.92
\$SPX	12/14/1936	17.32	0	-0.17	-0.92	-1.85	-3.87
\$SPX	6/24/1938	11.15	0.99	0.9	5.11	3.68	6.82
\$SPX	3/26/1943	11.3	1.68	2.57	2.48	2.57	2.3
\$SPX	6/28/1943	12.32	-0.32	0.24	0.32	0.24	0.41
\$SPX	3/7/1944	12.01	0.83	0.58	0.75	1.92	1.75
\$SPX	1/4/1945	13.49	-0.22	0.67	0.74	1.48	1.41
\$SPX	8/27/1945	15.27	0.33	0.2	0.52	-0.79	1.57
\$SPX	12/6/1945	17.5	0.23	1.03	0.8	-0.74	-1.2
\$SPX	1/11/1946	18.13	1.1	1.27	1.38	1.16	0.94
\$SPX	7/31/1946	17.96	0.28	0.33	-0.28	-0.56	0.39
\$SPX	5/19/1950	18.68	-0.43	0.16	0.05	0.05	-0.05
\$SPX	8/18/1950	18.68	0.11	0	0.75	0.59	-0.75
\$SPX	11/14/1950	19.86	-0.2	-0.7	0	0.35	0.1
\$SPX	9/4/1951	23.28	0.6	0.82	1.07	1.46	0.95
\$SPX	7/1/1952	25.12	-0.24	-0.28	-0.6	-0.64	-1.04
\$SPX	4/1/1954	27.17	0.15	0.33	-0.59	-0.22	0.77
\$SPX	11/12/1954	33.54	-0.21	0.09	0.27	-0.3	-0.27
\$SPX	6/8/1955	39.22	-0.54	0.08	1.02	1.15	1.71
\$SPX	7/10/1956	48.54	0.31	0.08	0.37	1.24	1.59
\$SPX	5/6/1958	44.01	-0.18	-0.05	0.18	-0.59	-0.89
\$SPX	1/2/1959	55.44	0.4	0.27	-0.99	-0.07	0.6
\$SPX	2/27/1961	63.3	0.22	0.21	0.87	1.03	1.18
\$SPX	4/4/1968	93.84	-0.59	1.18	1.95	2.87	2.93
\$SPX	6/25/1975	94.62	0.2	0.2	0.6	0.24	-0.47
\$SPX	7/31/1978	100.68	-0.02	2.22	2.81	3.22	2.85
\$SPX	10/11/1982	134.47	-0.02	1.67	0.07	-0.67	1.68
\$SPX	1/8/1987	257.28	0.56	1.17	1.04	2.08	3.19
\$SPX	1/30/1989	294.99	0.84	0.71	0.63	0.67	0.36
\$SPX	7/10/1989	327.07	0.52	0.84	0.88	1.46	1.64
\$SPX	5/8/1990	342.01	0.25	0.53	2.92	3.73	3.59
\$SPX	12/27/1991	406.46	2.14	2.62	2.66	3.17	2.83
\$SPX	4/15/1992	416.28	-0.06	-1.47	-1.45	-1.55	-1.12
\$SPX	2/1/1996	638.46	-0.41	0.47	1.23	1.8	2.76
\$SPX	10/7/2003	1039.25	-0.53	-0.05	-0.11	0.59	0.98
\$SPX	8/5/2009	1002.72	-0.56	0.77	0.44	-0.83	0.31
\$SPX	9/10/2009	1044.14	-0.14	0.5	0.81	2.36	2.04
\$SPX	7/1/2011	1339.67	-0.13	-0.03	1.01	0.31	-1.51
\$SPX	5/8/2013	1632.69	-0.37	0.06	0.07	1.08	1.6
\$SPX	6/5/2020	3193.93	1.2	0.41	-0.12	-6.01	-4.78
		<b>Average</b>	<b>0.15</b>	<b>0.46</b>	<b>0.64</b>	<b>0.62</b>	<b>0.84</b>
		<b>Win %</b>	<b>52.4%</b>	<b>76.2%</b>	<b>73.8%</b>	<b>66.7%</b>	<b>71.4%</b>

We are looking at a lot of green and some solid averages. I also generated a profit curve assuming a 3-day holding period for each instance.



That is an impressive curve over a long period of time. I have included this study on the Active List for tonight. I will also note that the strong move higher on Thursday caused the Wednesday night study to meet its target, so it has been removed from the list.

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 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 list, expectations are set to remain positive on Friday. Of course this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4443.16 on Friday. That is 1.5% below Thursday's close. Therefore, SPX will need to close down at least 1.5% on Friday in order to flip from overbought to oversold vs recent expectations.

So my overall outlook is basically the same as last night. The Aggregator is neutral. Evidence is still pointing higher, but the rally has SPX at new highs and short-term overbought. So risk/reward is not greatly favorable. I intend to remain sidelined until the next compelling opportunity arrives.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 7/10 – 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**

None.

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