

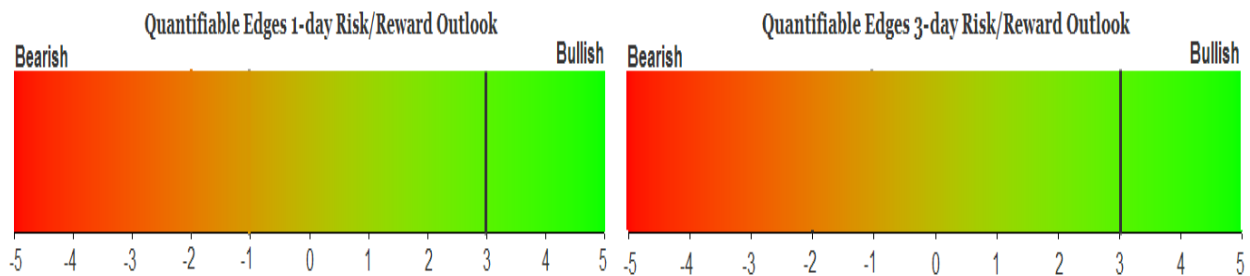
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 11, 2023

Volume 16 Issue 153

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	4

Tonight's Research Points

- The reversal pattern from the 20-day low suggests the bounce could last a few more days.
- An outside day and close near the bottom of the short-term range during a long-term uptrend has consistently been followed by a bounce.
- The mid-day drop after a strong start is something that has often been followed by gains.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I still like the long side.

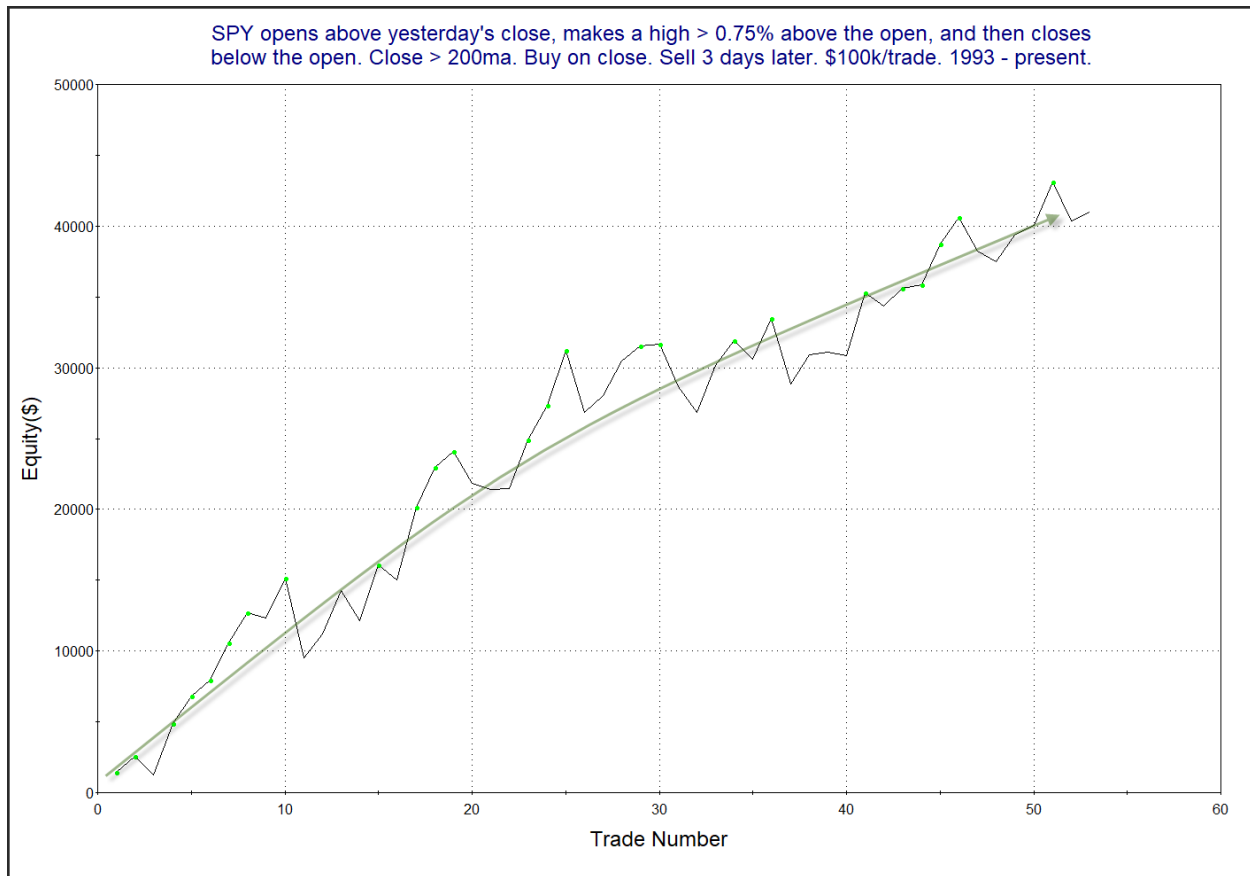
The Evidence

Early on looked like the market was going to have a great day. But a late-morning reversal saw the stocks drop for several hours and then finish mixed. The SPX rose 0.03%, the NASDAQ gained 0.12%, and the Russell 2000 dropped 0.42%. Breadth was weak with the NYSE Up Issues % coming in at 44% and the Up Volume % at 48%. NYSE total volume rose some from Wednesday's level.

Thursday's action did not feel great, but it sure triggered a good amount of bullish evidence. The movement in SPY triggered an interesting study last seen in the 3/24/23 letter. It found evidence suggesting the swoon after the initial run-up was potentially bullish for the next few days. Stats have been updated below.

SPY opens above yesterday's close, makes a high > 0.75% above the open, and then closes below the open. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	42,863.37	50	36	14	72.00	5,473.48	-8,618.72	2,143.91	-2,451.24	0.87	2.25	857.27
4	19,905.91	52	33	19	63.46	4,871.32	-12,608.53	2,310.82	-2,965.86	0.78	1.35	382.81
3	41,004.75	53	36	17	67.92	5,141.52	-5,587.56	2,119.81	-2,076.96	1.02	2.16	773.67
2	15,333.42	54	34	20	62.96	4,153.36	-5,249.75	1,456.86	-1,709.98	0.85	1.45	283.95
1	3,841.33	54	30	24	55.56	2,359.84	-4,490.79	956.88	-1,036.04	0.92	1.15	71.14

Evidence appears to point higher over the next few days. Below is a look at the 3-day profit curve.



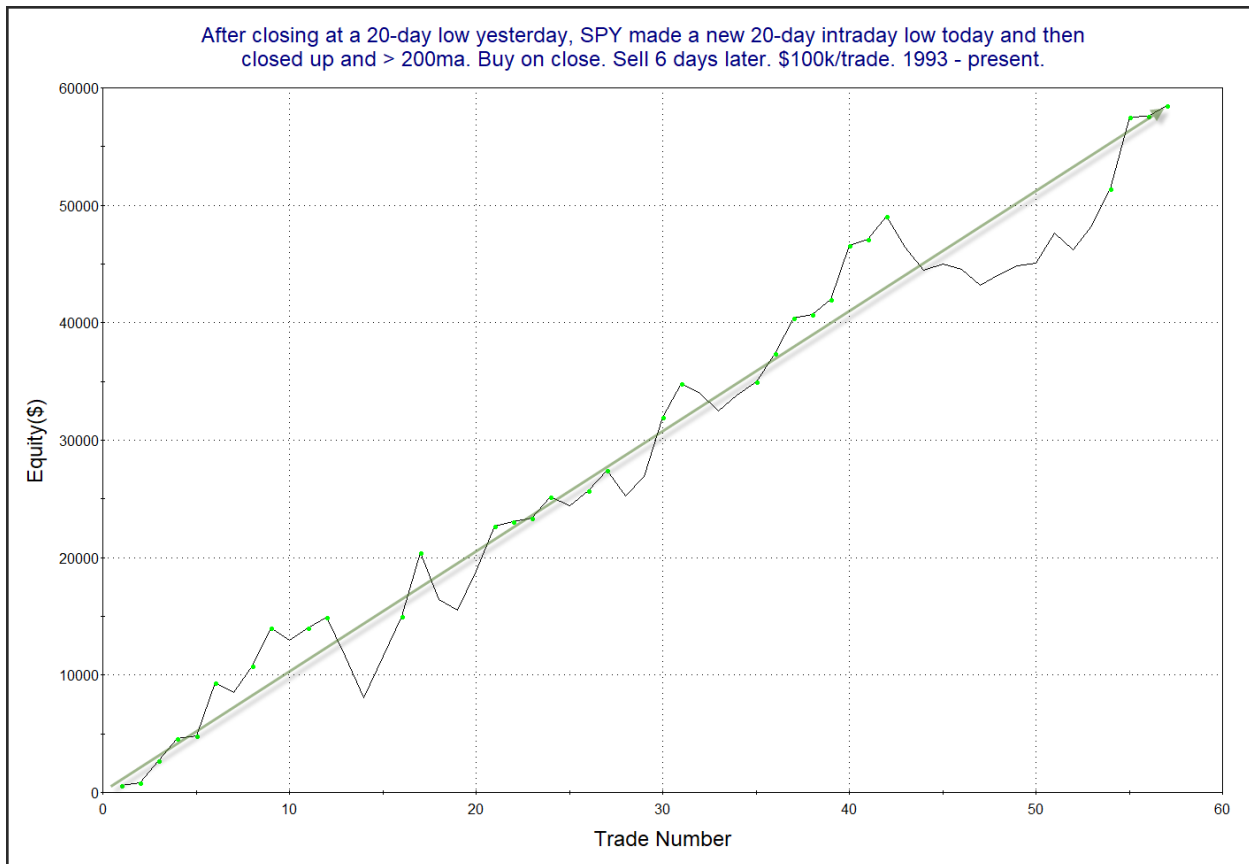
While it has chopped a bit, the upslope has been fairly steady, and it has made its way from lower left to upper right on the chart. This study seems worth consideration, and I have added it to the active list.

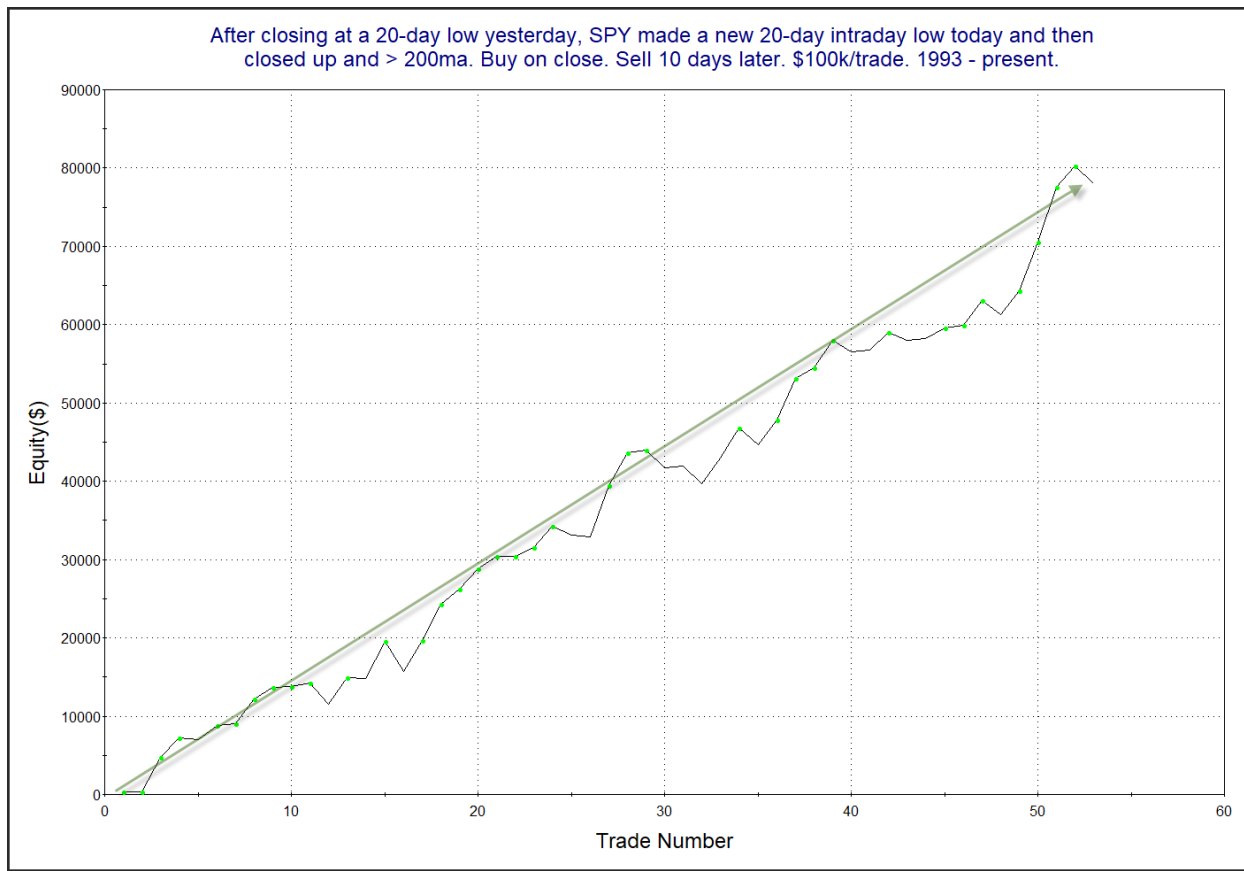
SPY did post a higher close, but not before making a new intermediate-term intraday low. The study below was last seen in the 3/23/17 letter. It looks at similar reversals from intermediate-term lows. All stats are updated.

After closing at a 20-day low yesterday, SPY made a new 20-day intraday low today and then closed up and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	78,021.53	53	40	13	75.47	7,038.69	-3,844.83	2,487.12	-1,651.03	1.51	4.64	1,472.10
9	75,083.18	54	38	16	70.37	8,087.07	-4,258.20	2,691.26	-1,699.05	1.58	3.76	1,390.43
8	65,480.11	55	40	15	72.73	7,290.18	-4,268.86	2,376.80	-1,972.78	1.20	3.21	1,190.55
7	70,705.80	56	39	17	69.64	7,447.74	-3,531.11	2,414.27	-1,379.46	1.75	4.02	1,262.60
6	58,496.75	57	42	15	73.68	6,114.54	-3,952.19	2,027.91	-1,778.36	1.14	3.19	1,026.26
5	50,835.38	58	39	18	67.24	6,138.78	-3,450.35	1,906.53	-1,306.63	1.46	3.16	876.47
4	41,131.43	58	39	19	67.24	4,108.68	-2,284.36	1,563.20	-1,043.85	1.50	3.07	709.16
3	23,135.80	62	37	25	59.68	4,462.50	-3,560.24	1,330.29	-1,043.40	1.27	1.89	373.16
2	23,078.87	64	40	24	62.50	4,105.50	-4,266.50	1,286.30	-1,182.21	1.09	1.81	360.61
1	14,515.25	64	38	26	59.38	2,562.30	-2,512.28	981.48	-876.19	1.12	1.64	226.80

Results here seem to suggest a solid upside edge. Below are the profit curves for the 6-day and 10-day exit strategies.





The impressive upslopes serve as some confirmation of the upside edge.

But on Thursday SPY only closed up a small amount. It wasn't exactly an inspiring turnaround from a low. In the 8/22/17 filtered the results above to examine instances that only closed up a small amount. I chose 0.25% as my limit. Those results are updated below.

After closing at a 20-day low yesterday, SPY made a new 20-day intraday low today and then closed up < 0.25% and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

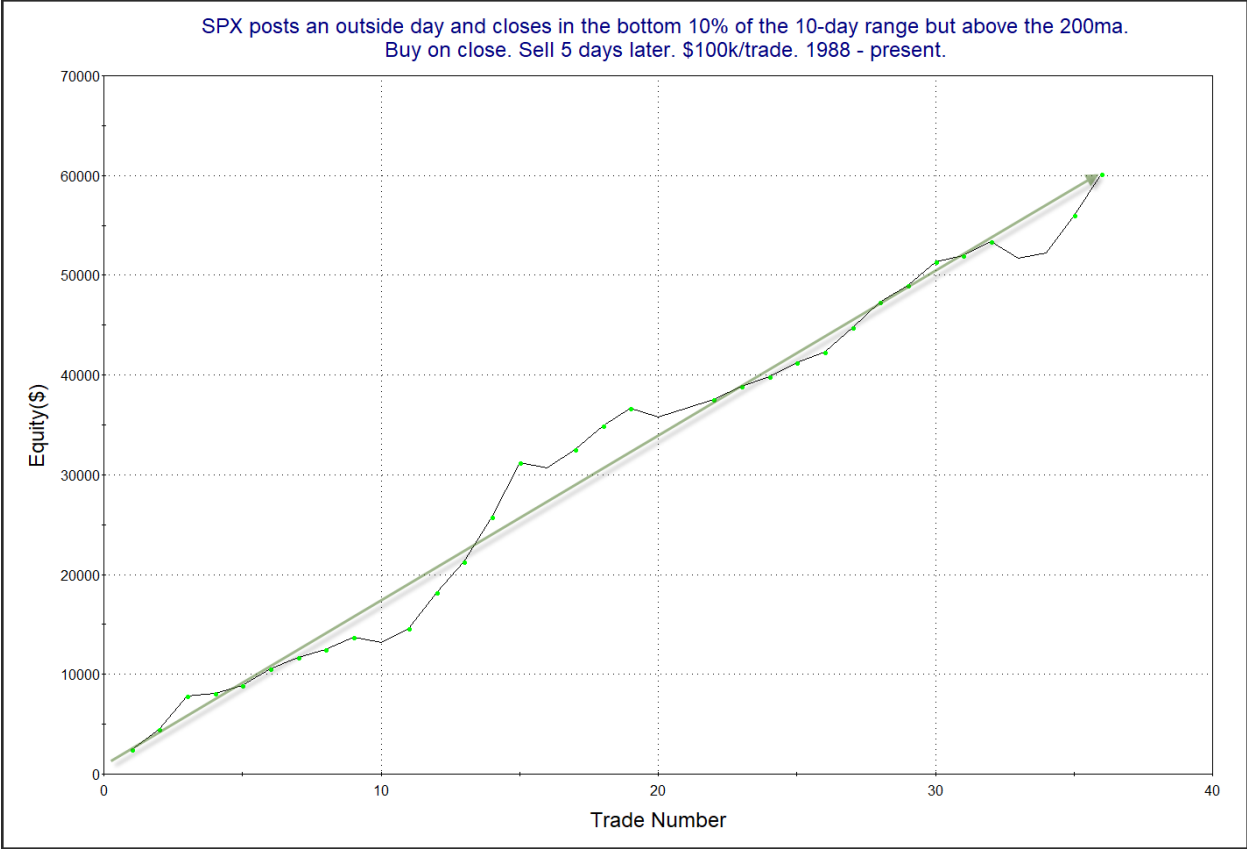
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	28,615.45	14	13	1	92.86	5,408.91	-4,168.54	2,521.85	-4,168.54	0.60	7.86	2,043.96
9	30,665.50	14	12	2	85.71	5,915.43	-4,086.30	2,954.06	-2,391.58	1.24	7.41	2,190.39
8	26,688.75	14	12	2	85.71	5,306.40	-3,433.52	2,692.93	-2,813.22	0.96	5.74	1,906.34
7	21,712.22	14	12	2	85.71	5,300.37	-3,582.58	2,285.64	-2,857.71	0.80	4.80	1,550.87
6	16,601.92	14	11	3	78.57	4,594.86	-3,304.40	2,030.98	-1,912.97	1.06	3.89	1,185.85
5	13,734.23	14	10	3	71.43	3,901.41	-2,230.47	1,744.79	-1,237.88	1.41	4.70	981.02
4	15,499.51	14	12	2	85.71	3,213.00	-2,012.68	1,501.76	-1,260.82	1.19	7.15	1,107.11
3	12,041.68	15	10	5	66.67	4,462.50	-938.75	1,455.18	-502.03	2.90	5.80	802.78
2	9,892.39	15	11	4	73.33	4,105.50	-1,824.93	1,174.52	-756.83	1.55	4.27	659.49
1	5,949.62	15	9	6	60.00	2,152.71	-1,023.00	1,000.36	-508.94	1.97	2.95	396.64

A bit low on instances, but the results with the extra filter are very strong. They suggest at the very least that the mild gains on Thursday do not reduce the apparent edge.

Lastly, I will note that the study from Sunday's letter, which looked at outside days that close near the bottom of the 10-day range and above the 200ma, triggered once again. With only 1 day remaining on the Sunday instance, I decided to update and re-list it.

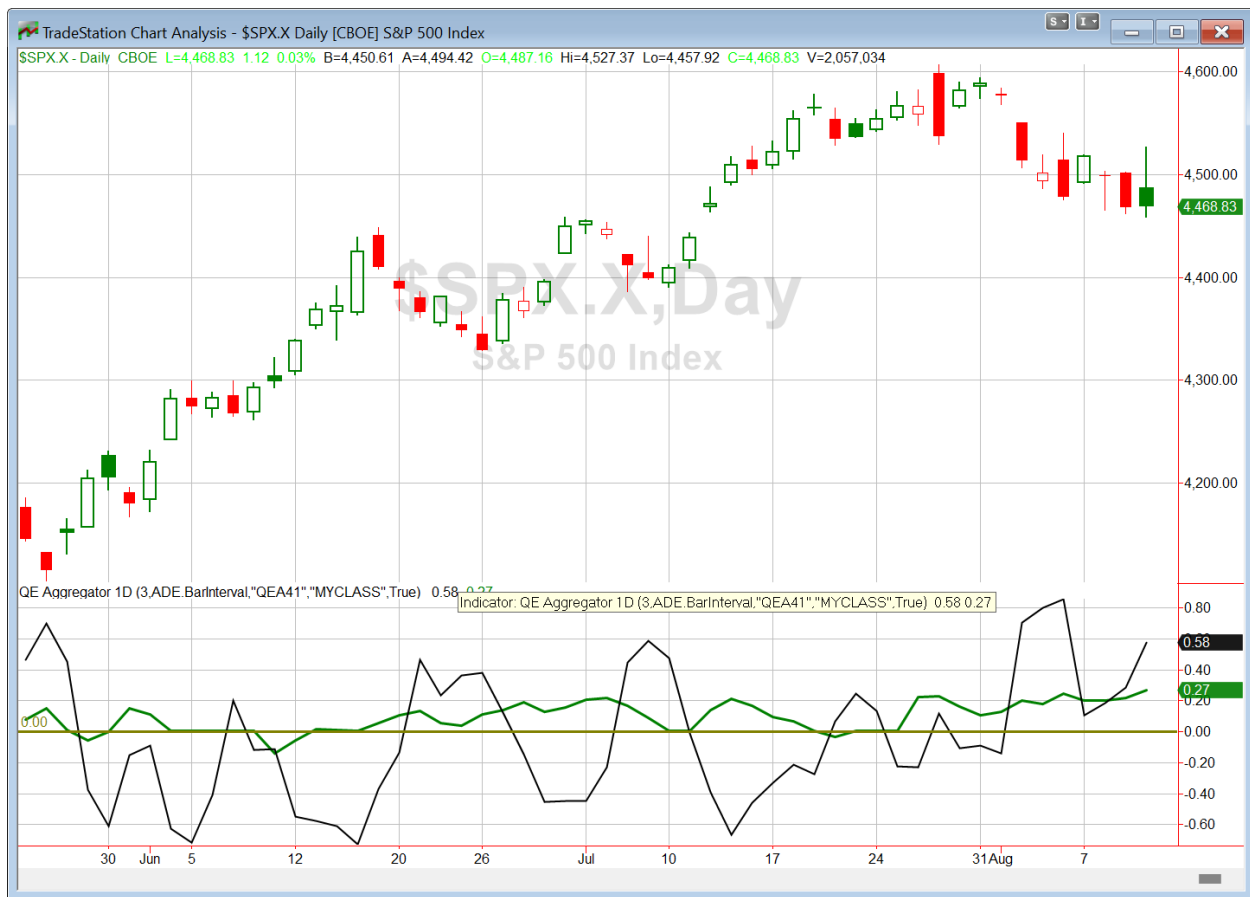
SPX posts an outside day and closes in the bottom 10% of the 10-day range but above the 200ma. Buy on close. Sell X days later. \$100k/trade. 1988 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	63,360.45	34	28	6	82.35	6,549.66	-2,685.40	2,597.30	-1,560.64	1.66	7.77	1,863.54
9	63,452.33	35	29	6	82.86	6,622.56	-3,224.13	2,501.81	-1,516.70	1.65	7.97	1,812.92
8	68,241.75	35	29	6	82.86	5,596.29	-2,364.18	2,586.56	-1,128.10	2.29	11.08	1,949.76
7	62,170.37	36	30	6	83.33	5,846.58	-2,644.46	2,315.04	-1,213.46	1.91	9.54	1,726.95
6	63,621.68	36	32	4	88.89	5,645.64	-1,353.73	2,076.71	-708.24	2.93	23.46	1,767.27
5	60,180.13	36	32	4	88.89	5,460.84	-1,604.46	1,990.19	-876.48	2.27	18.17	1,671.67
4	46,907.36	37	28	9	75.68	5,187.49	-2,964.25	1,861.40	-579.08	3.21	10.00	1,267.77
3	37,619.53	37	26	11	70.27	5,339.18	-1,665.30	1,712.30	-627.29	2.73	6.45	1,016.74
2	26,804.59	40	28	12	70.00	3,591.28	-1,105.36	1,162.93	-479.78	2.42	5.66	670.11
1	10,517.01	40	32	8	80.00	1,409.32	-1,799.08	586.10	-1,029.76	0.57	2.28	262.93

These remain very strong results. Not only is the consistency impressive, but the size of the average trade is very large for using a "> 200ma" filter. And it isn't just the numbers that look good. Here is the profit curve.



I have re-listed this study on the Active List tonight.

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



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is also still above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

Based on the current active studies, expectations are slated to remain positive on Friday. This is unlikely to change. Meanwhile, the Differential Pivot will be 4528.40 on Friday. That is 1.3% above Thursday's close. Therefore, SPX will need to close up over 1.3% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator formation is again bullish. I like tonight's evidence, and there is ample room to the upside before SPX will turn overbought. So the setup is appealing. I am already long 2 lots of SPY. While I considered adding a 3rd, the market is still quite close to where my other entries were. Rather than potentially getting caught in a selloff heading into the weekend, I'll just maintain my current position, and then evaluate my next move over the weekend.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/31 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

F @ \$14.03 (bought @ limit)

ABT @ \$107.54 (bought @ limit)

AAPL @ \$181.99 (bought @ limit)

AAPL @ \$178.85 (bought @ limit)

Broad Market Large Cap CBI – 4(F, ABT, AAPL-2)

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
F(1/3)	7/21/2023	\$14.01	\$12.16	-13.20%	Catapult
SPY(1/4)	8/3/2023	\$448.04	\$445.91	-0.48%	Aggregator
SPY(1/4)	8/4/2023	\$446.81	\$445.91	-0.20%	Aggregator
ABT(1/3)	8/4/2023	\$107.32	\$104.74	-2.40%	Catapult
AAPL(1/3)	8/7/2023	\$181.99	\$177.97	-2.21%	Catapult
AAPL(1/3)	8/8/2023	\$178.85	\$177.97	-0.49%	Catapult

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