

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 22, 2023

Volume 16 Issue 160

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- 2 up days with similar market conditions has commonly been followed by a 3rd up day.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. A bit more in this bounce seems likely.

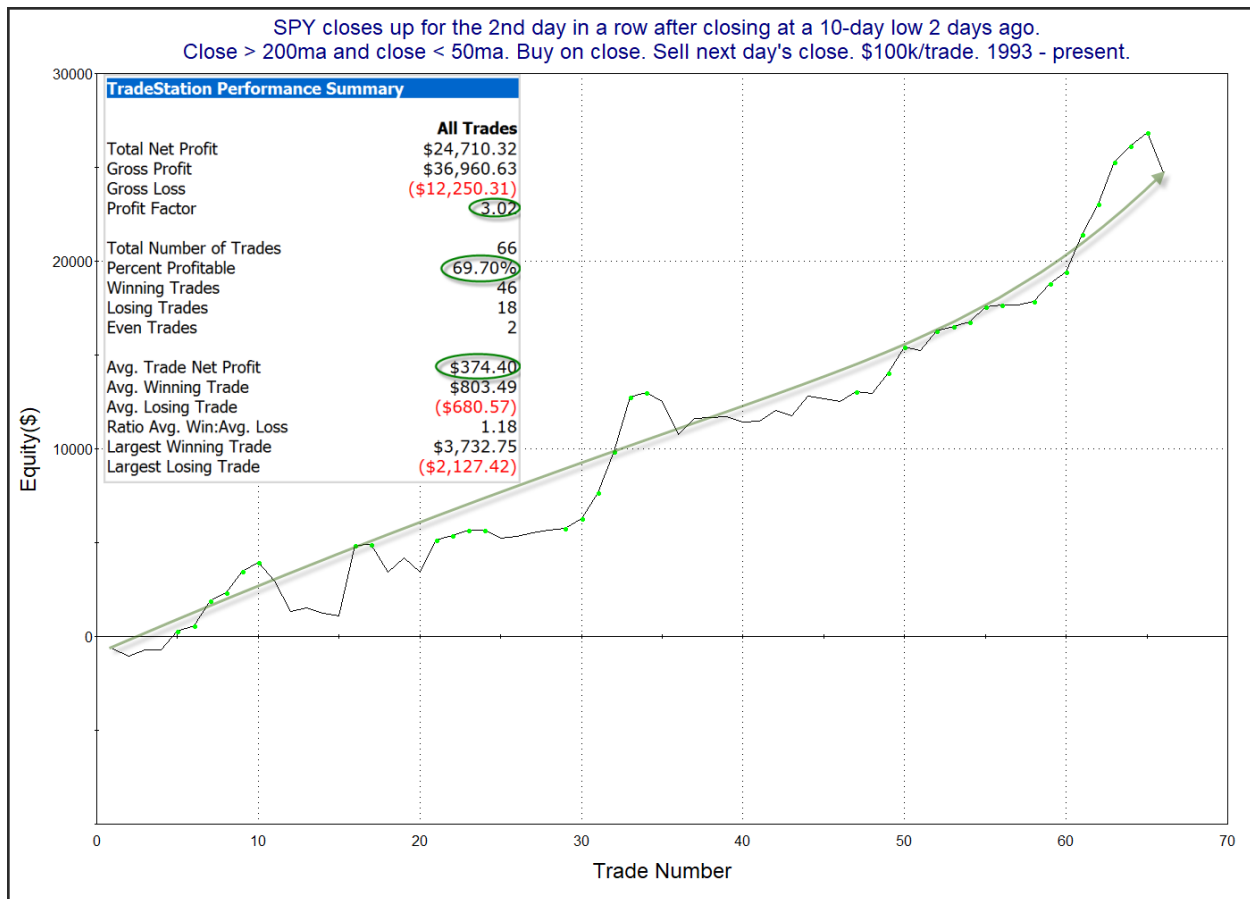
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 22, 2023	SPY up 2 frm 10-low. Cls >200 < 50ma	1 day	Bullish			
August 21, 2023	4 Lower lows & lowest low 20	1-7 days	Bullish	2.20%	-1.65%	-3.40%
August 18, 2023	SPY closes btm 10% rng 2x in 3 days > 200	1-8 days	Bullish	2.90%	-1.30%	-2.80%
August 18, 2023	20-day low close 3x > 200ma	1-4 days	Bullish	2.20%	-1.20%	-2.70%
August 17, 2023	CBI rises to 7 or higher	1-5 days	Bullish			
August 17, 2023	Gap dn from 20-low. Close < open	1-5 days	Bullish	2.60%	-1.10%	-2.20%
August 15, 2023	20-low to 4-high.	1-8 days	Bullish	2.50%	-1.30%	-2.90%
Active - Long Term						
August 15, 2023	20-low to 4-high.	1-20 days	Bullish	4.00%	-2.00%	-4.30%
August 14, 2023	NASDAQ Lagging	int term	Neutral			
May 22, 2023	SPX 50-day high < 1/2 SPX stocks > 50ma	1-12 months	Neutral			
February 2, 2023	SPX Golden Cross	int term	Bullish			
January 13, 2023	Whaley ADT ₅ > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

The Evidence

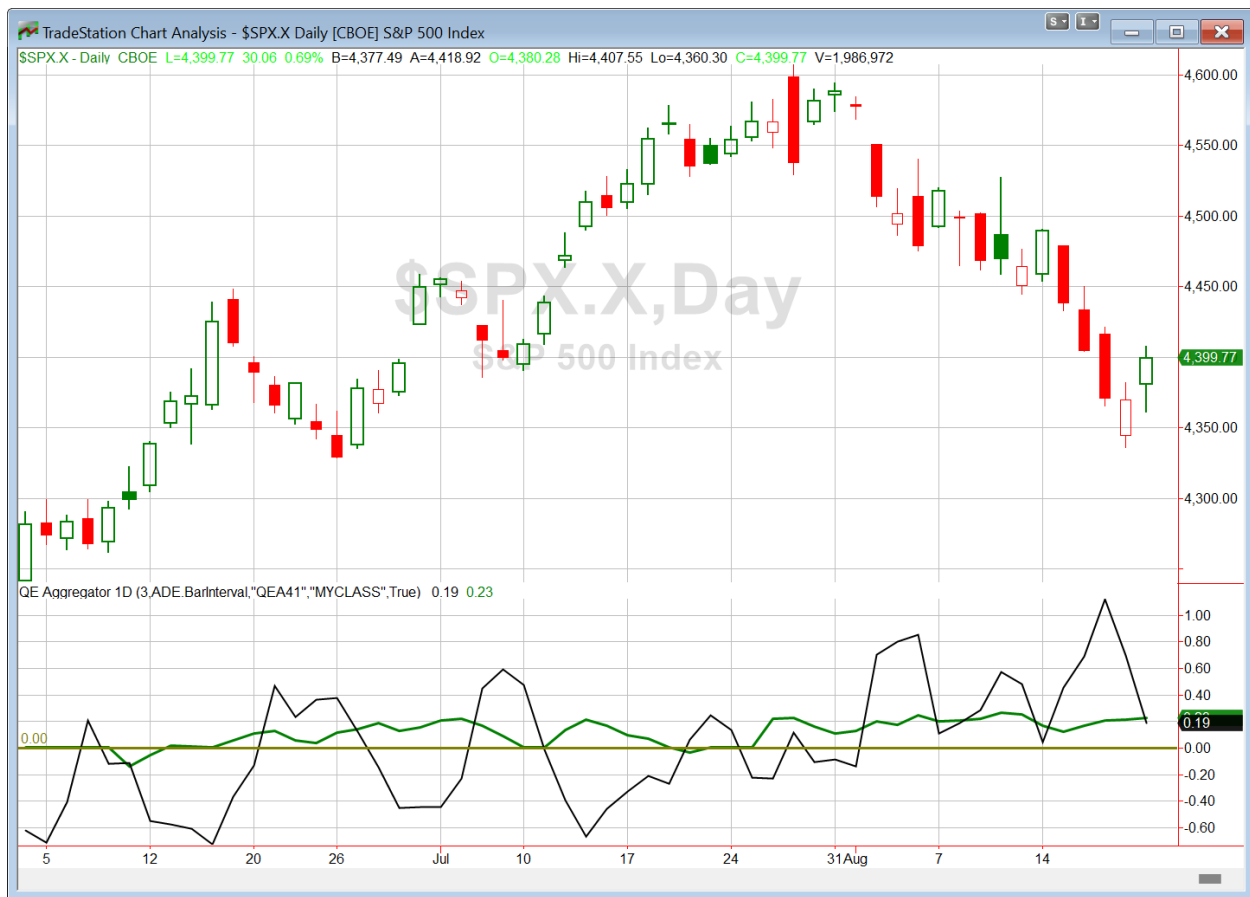
Monday saw most of the indices finish nicely higher. The SPX rose 0.7% and the NASDAQ gained 1.6%, but the Russell 2000 declined 0.2%. Breadth was positive with the NYSE Up Issues % coming in at 38% and the Up Volume % at 45%. NYSE total volume declined from Friday's elevated level.

The bounce was not huge, nor was it tiny. And the solid but moderate move did not generate a lot of compelling evidence. There were a couple of studies that noted SPY has moved up 2 days in a row. And it has. But while SPY closed slightly higher on Friday, SPX closed slightly lower. So calling it a 2-day rally may be a bit of a stretch. Still, rather than brush off that evidence, I decided to feature the more compelling of the studies below. I last discussed it back in the 5/8/18 letter, and have updated the stats and curve tonight.



Impressive numbers and an impressive profit curve. While the 2-day move in SPY is somewhat questionable, I decided this was worth consideration as a potential 1-day edge, and have added it to 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 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 Tuesday. With all the bullish short-term evidence, this is unlikely to change. Meanwhile, the Differential Pivot will be *inverted* at 4392.37 on Tuesday. That is 0.2% *below* Monday'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 down at least 0.2% on Tuesday in order to remain oversold. Anything other than that and it will be considered overbought vs recent expectations.

So the Aggregator formation is again bullish. But it will likely turn neutral on Tuesday unless there is more selling. There is still a good amount of evidence suggesting further upside. So I won't look to get out too early here. I will lighten up on my position at the close on Tuesday if SPX finishes the day higher.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/21– neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

AAPL @ \$181.99 (bought @ limit)

AAPL @ \$178.85 (bought @ limit)

SCHW @ \$61.78 (bought @ limit)

SCHW @ \$60.97 (bought @ limit)

ABT @ \$104.53 (bought @ limit)

SCHW @ \$60.45 (bought @ limit)

Broad Market Large Cap CBI – 6(AAPL-2, SCHW-3, ABT)

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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
F(1/3)	7/21/2023	\$14.01	\$11.97	-14.56%	<i>sell on open</i>
SPY(1/4)	8/3/2023	\$448.04	\$439.34	-1.94%	<i>sell @ \$439.35 LIMIT ON CLOSE</i>
SPY(1/4)	8/4/2023	\$446.81	\$439.34	-1.67%	Aggregator
AAPL(1/3)	8/7/2023	\$181.99	\$175.84	-3.38%	Catapult
AAPL(1/3)	8/8/2023	\$178.85	\$175.84	-1.68%	Catapult
SCHW(1/3)	8/15/2023	\$61.00	\$59.40	-2.62%	Catapult
SCHW(1/3)	8/16/2023	\$60.51	\$59.40	-1.83%	Catapult
F(1/3)	8/16/2023	\$11.90	\$11.97	0.59%	<i>sell on open</i>
SPY(1/4)	8/17/2023	\$439.64	\$439.34	-0.07%	Aggregator
SCHW(1/3)	8/17/2023	\$60.30	\$59.40	-1.49%	Catapult
ABT(1/3)	8/17/2023	\$104.53	\$103.87	-0.63%	Catapult

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