

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 23, 2023

Volume 16 Issue 161

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	4

## Tonight's Research Points

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

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish. I'm still looking for a better bounce.

**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
<b>Active - Short Term</b>						
August 23, 2023	20 low close. 3 closes in intraday range	1-5 days	Bullish	2.00%	-1.20%	-2.60%
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%
<b>Active - Long Term</b>						
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 <sub>5</sub> > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

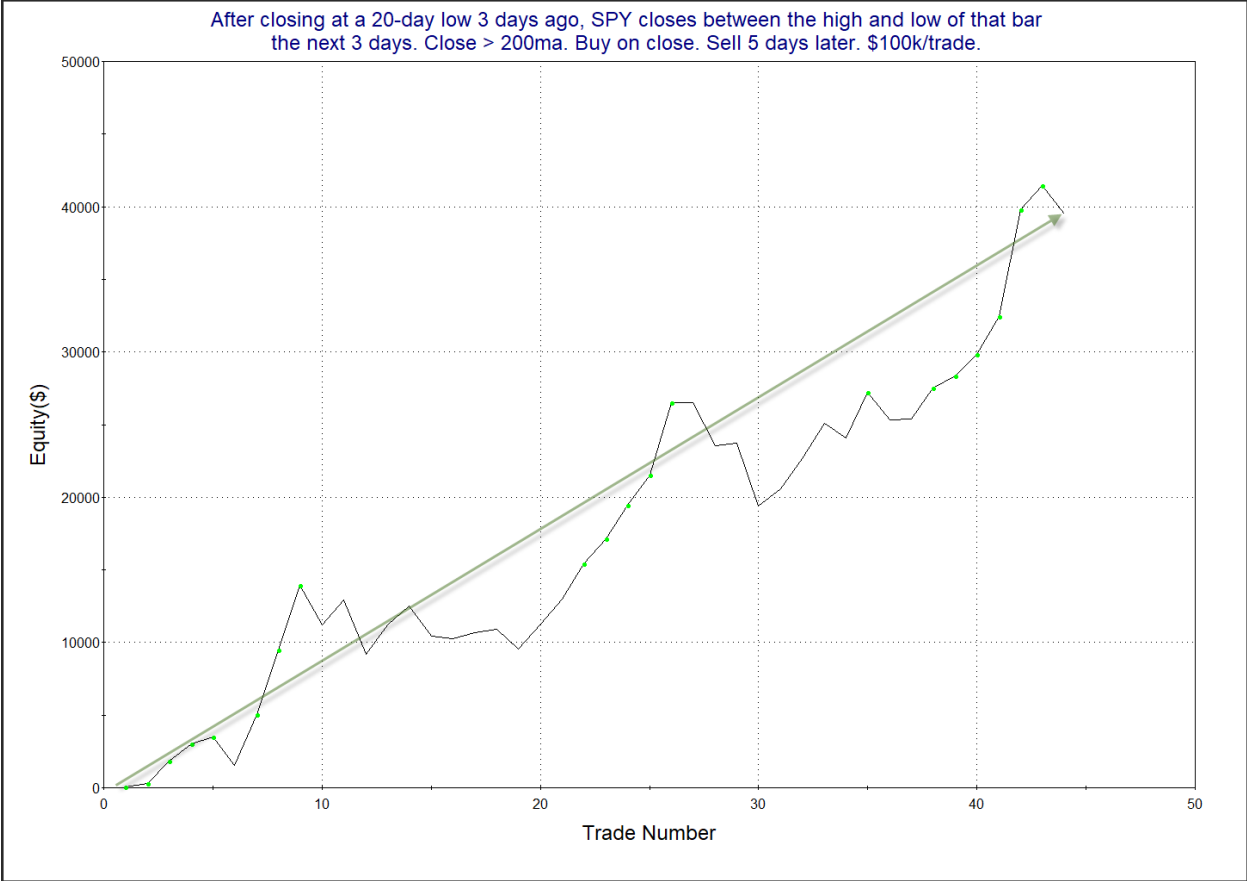
**The Evidence**

Tuesday was mixed and mild. The SPX declined 0.3%, the NASDAQ gained 0.1%, and the Russell 2000 declined 0.3%. Breadth was weak with the NYSE Up Issues % coming in at 42% and the Up Volume % at 35%. NYSE total volume declined some from Monday's level.

After a decent sized drop last Thursday, the market has bounced, but it has remained within the range of that one day. This triggered a study we saw recently in the 8/15/23 letter. It looked at other times a "big" drop like 8/17 was followed by smaller movements. I have updated the study below.

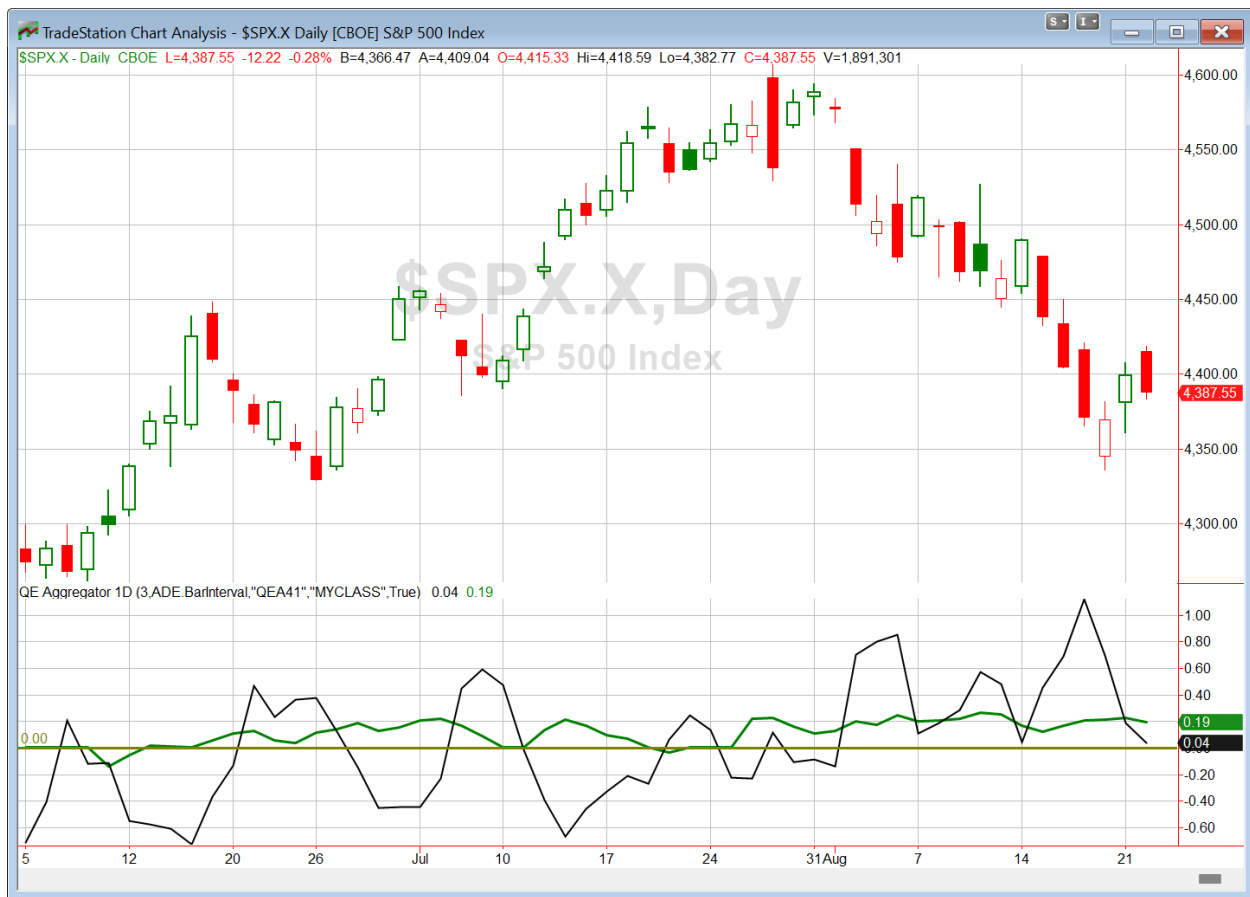
After closing at a 20-day low 3 days ago, SPY closes between the high and low of that bar the next 3 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	39,518.35	44	32	11	72.73	7,356.72	-4,326.19	1,991.27	-2,200.20	0.91	2.63	898.14
4	27,932.16	45	30	15	66.67	6,027.92	-4,345.88	1,878.25	-1,894.36	0.99	1.98	620.71
3	25,536.50	45	27	18	60.00	6,052.08	-4,248.64	1,874.16	-1,392.54	1.35	2.02	567.48
2	21,380.42	46	30	16	65.22	4,932.84	-2,818.42	1,397.19	-1,283.45	1.09	2.04	464.79
1	10,225.15	48	26	20	54.17	2,355.32	-2,101.88	974.07	-755.03	1.29	1.68	213.02

Closing 3 times between the high and low of the bar that put us at a 20-day low means 1) the selloff day was probably pretty large, and 2) the market has been moving moderately higher or sideways since. Results here seem to favor the bull case. I also examined the profit curves. The 5-day can be found below.



The curve has been choppy. But the continued move from lower left to upper right has been impressive. I decided to include 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 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 Wednesday. With all the bullish short-term evidence, this is unlikely to change. Meanwhile, the Differential Pivot will be 4395.51 on Wednesday. That is 0.2% above Tuesday's close. So SPX will only need to close up 0.2% on Wednesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator formation is again bullish. Evidence keeps calling for a bounce but we have not yet had a strong one. SPX still has not managed to post consecutive up days in August. I have a fair amount of long exposure. I'll look to exit some of it if SPX closes above the Differential Pivot on Wednesday.

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

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

SCHW @ \$61.78 (bought @ limit)

SCHW @ \$60.97 (bought @ limit)

SCHW @ \$60.45 (bought @ limit)

*New*

CHTR @ \$413.38 (buy @ limit)

### ***Broad Market Large Cap CBI – 4 (SCHW-3, CHTR)***

## **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.*

**CHTR – But 1/3 Catapult position @ \$413.38 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of CHTR.

## **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<b>F(1/3)</b>	<b>7/21/2023</b>	<b>\$14.01</b>	<b>\$12.01</b>	<b>-14.28%</b>	<b>sold on open</b>
SPY(1/4)	8/3/2023	\$448.04	\$438.15	-2.21%	<i>sell on close if SPX closes &gt; diff pivot</i>
SPY(1/4)	8/4/2023	\$446.81	\$438.15	-1.94%	Aggregator
AAPL(1/3)	8/7/2023	\$181.99	\$177.23	-2.62%	<i>sell on open</i>
AAPL(1/3)	8/8/2023	\$178.85	\$177.23	-0.91%	<i>sell on open</i>
SCHW(1/3)	8/15/2023	\$61.00	\$56.46	-7.44%	Catapult
SCHW(1/3)	8/16/2023	\$60.51	\$56.46	-6.69%	Catapult
<b>F(1/3)</b>	<b>8/16/2023</b>	<b>\$11.90</b>	<b>\$12.01</b>	<b>0.92%</b>	<b>sold on open</b>
SPY(1/4)	8/17/2023	\$439.64	\$438.15	-0.34%	Aggregator
SCHW(1/3)	8/17/2023	\$60.30	\$56.46	-6.37%	Catapult
ABT(1/3)	8/17/2023	\$104.53	\$105.15	0.59%	<i>sell on open</i>

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