

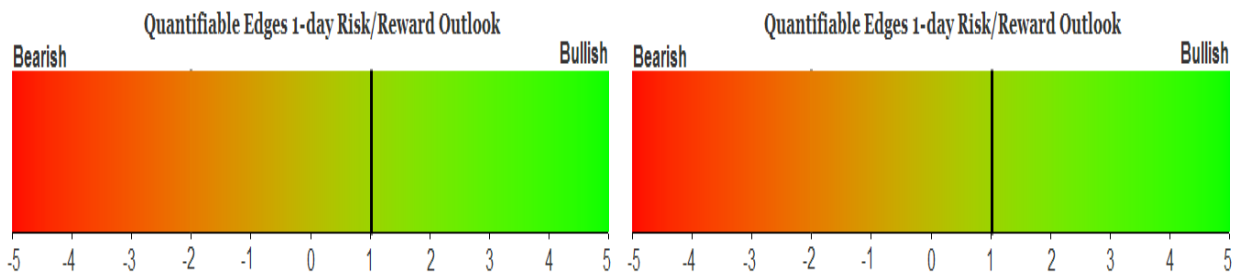
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 29, 2023

Volume 16 Issue 165

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	3

Tonight's Research Points

- The bounce appears that it has further to go, based on action over the last 3 days.

Short-term Outlook

The Bottom Line

The Aggregator remains bullish. This bounce appears to have further to go..

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 28, 2023	Higher Hi cls dn. Lower low close up < 10	1-5 days	Bullish	1.80%	-1.35%	-2.50%
August 28, 2023	CBI rises to 7 or higher	1-5 days	Bullish			
August 25, 2023	Up yest. Outside day down 1% today	1-4 days	Bullish	2.00%	-1.20%	-2.60%
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%
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 ADT5 > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

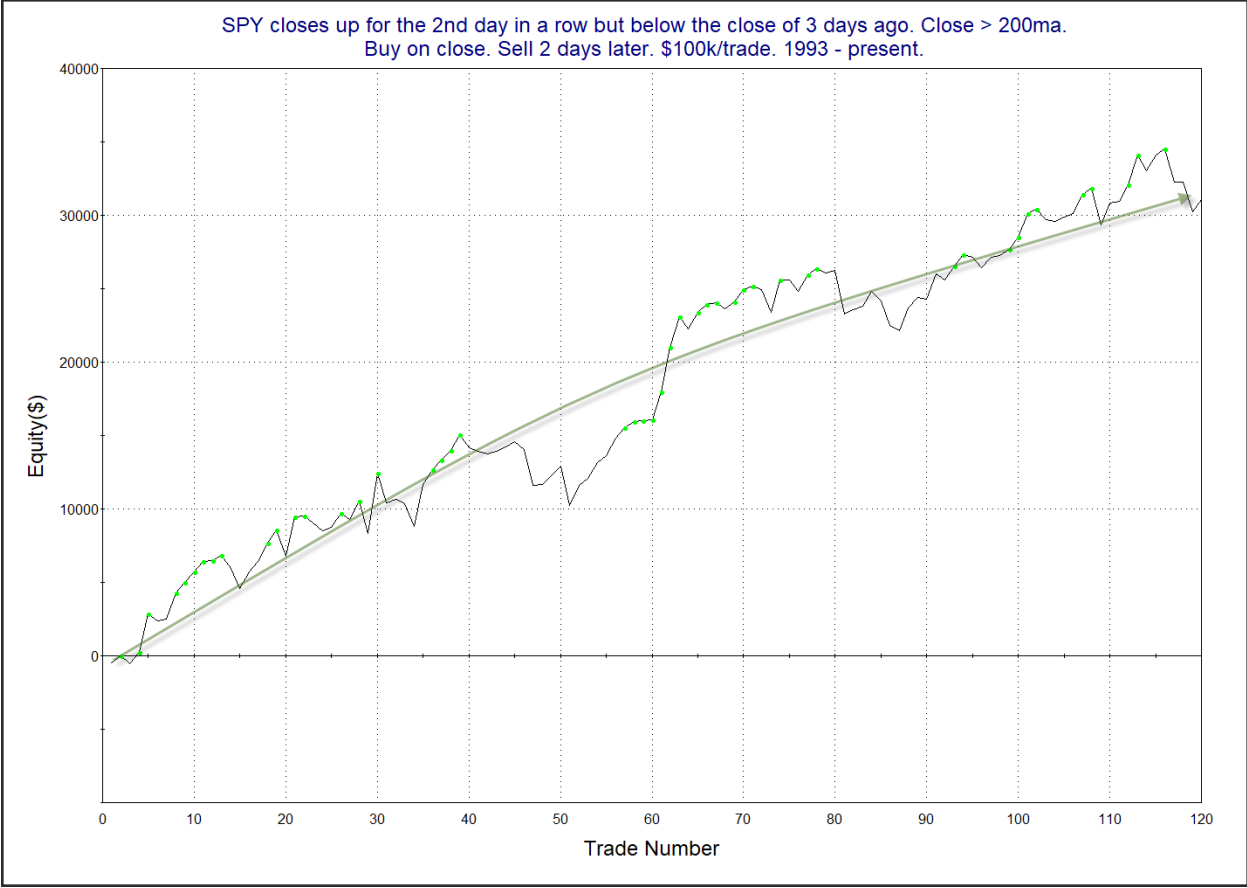
The Evidence

Monday was a decent way to start the week for the bulls. The SPX rose 0.6%, the NASDAQ gained 0.8%, and the Russell 2000 climbed 0.8%. It marked the 1st time the SPX closed up 2 days in a row since July. Breadth was positive with the NYSE Up Issues % coming in at 73% and the Up Volume % at 79%. NYSE total volume was light.

The bounce over the last couple of days has been somewhat mild. One study from the Quantifinder noted the last 2 days have failed to make up for the losses of the 1-day drop on Thursday. The study was last seen in the 4/25/23 letter and has been updated below.

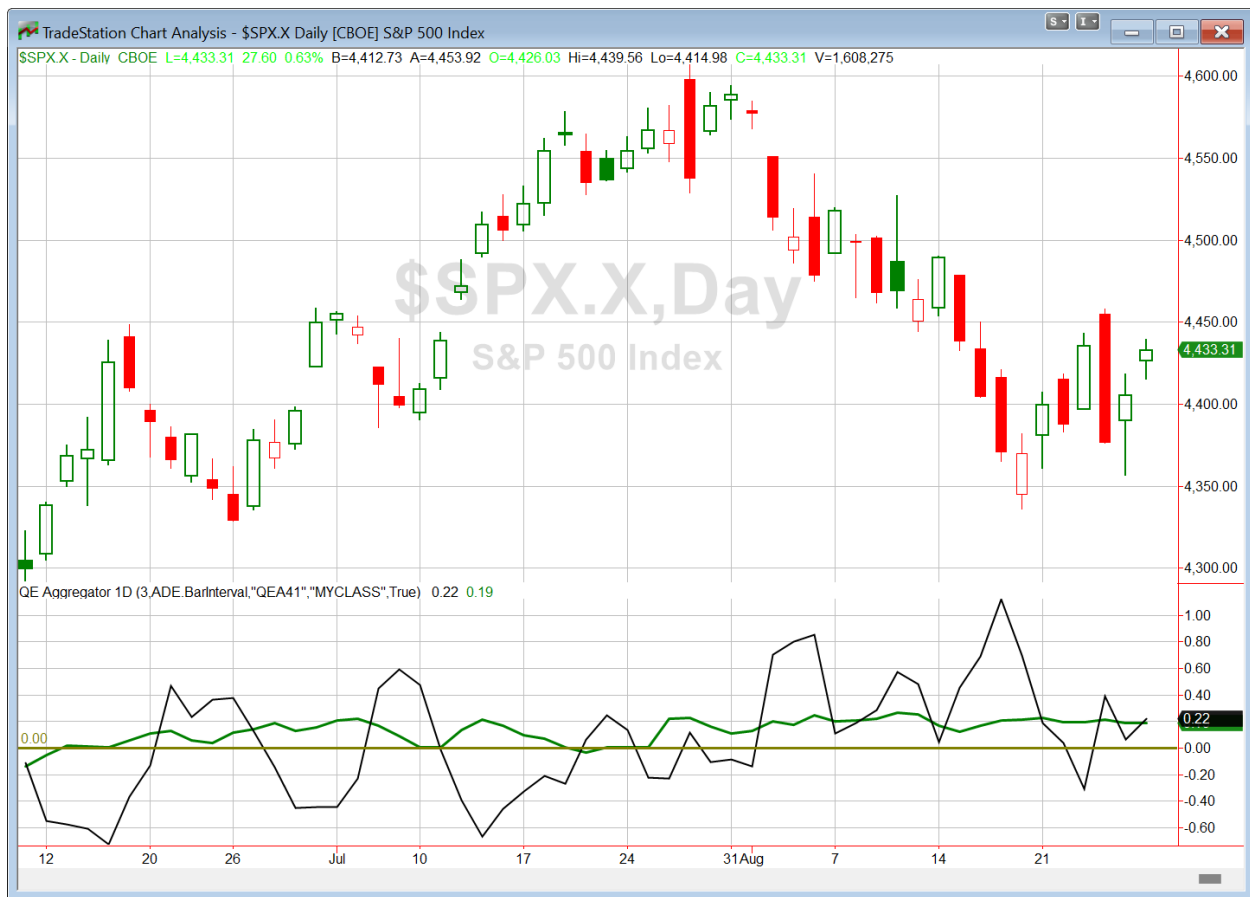
SPY closes up for the 2nd day in a row but below the close of 3 days ago. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	24,782.34	117	69	47	58.97	4,717.70	-6,549.84	1,465.58	-1,624.31	0.90	1.32	211.81
4	35,408.45	119	79	40	66.39	4,698.60	-4,384.89	1,255.18	-1,593.77	0.79	1.56	297.55
3	28,522.82	120	75	45	62.50	3,000.00	-4,092.24	1,125.30	-1,241.65	0.91	1.51	237.69
2	31,082.28	120	79	41	65.83	4,088.25	-2,932.22	898.18	-972.53	0.92	1.78	259.02
1	17,323.43	120	70	48	58.33	3,732.75	-1,777.90	673.58	-621.40	1.08	1.58	144.36

This suggests a 2-day upside edge. Let's check the curve for confirmation.



This is an appealing curve. So it appears this bounce has a pretty good chance of continuing higher over the next day or two.

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 also held 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. This is unlikely to change. Meanwhile, the Differential Pivot will be *inverted* at 4402.52 on Tuesday. That is 0.7% *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 0.7% in order to remain oversold vs recent expectations. Anything other than that and it will be considered overbought as of Tuesday's close.

So the Aggregator formation is still bullish. But the inverted pivot suggests limited upside opportunity and reduced reward/risk. I often used inverted pivots as opportunities to take profits on trades if they are available. So rather than wait until the close on Tuesday, I will set a limit a bit above Monday's closing price for a potential exit of my SPY position.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/28– neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

ABBV @ \$147.08 (bought @ limit)

ABBV @ \$146.63 (bought @ limit)

AMGN @ \$256.38 (buy @ limit)

Broad Market Large Cap CBI – 3 (ABBV-2, AMGN)

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
SCHW(1/3)	8/15/2023	\$61.00	\$59.05	-3.20%	<i>sell on open</i>
SCHW(1/3)	8/16/2023	\$60.51	\$59.05	-2.41%	<i>sell on open</i>
SPY(1/4)	8/17/2023	\$439.64	\$442.76	0.71%	<i>Sell @ \$443.25 LIMIT</i>
SCHW(1/3)	8/17/2023	\$60.30	\$59.05	-2.07%	<i>sell on open</i>
CHTR(1/3)	8/23/2023	\$415.38	\$432.00	4.00%	<i>sell on open</i>
ABBV(1/3)	8/24/2023	\$146.92	\$147.43	0.35%	Catapult
ABBV(1/3)	8/25/2023	\$146.63	\$147.43	0.55%	Catapult
AMGN(1/3)	8/28/2023	\$256.38	\$256.55	0.07%	Catapult

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