

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 12, 2023

Volume 16 Issue 173

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	4

Tonight's Research Points

- No compelling new evidence emerged on Monday.

Short-term Outlook

The Bottom Line

The Aggregator has turned neutral. I have also.

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

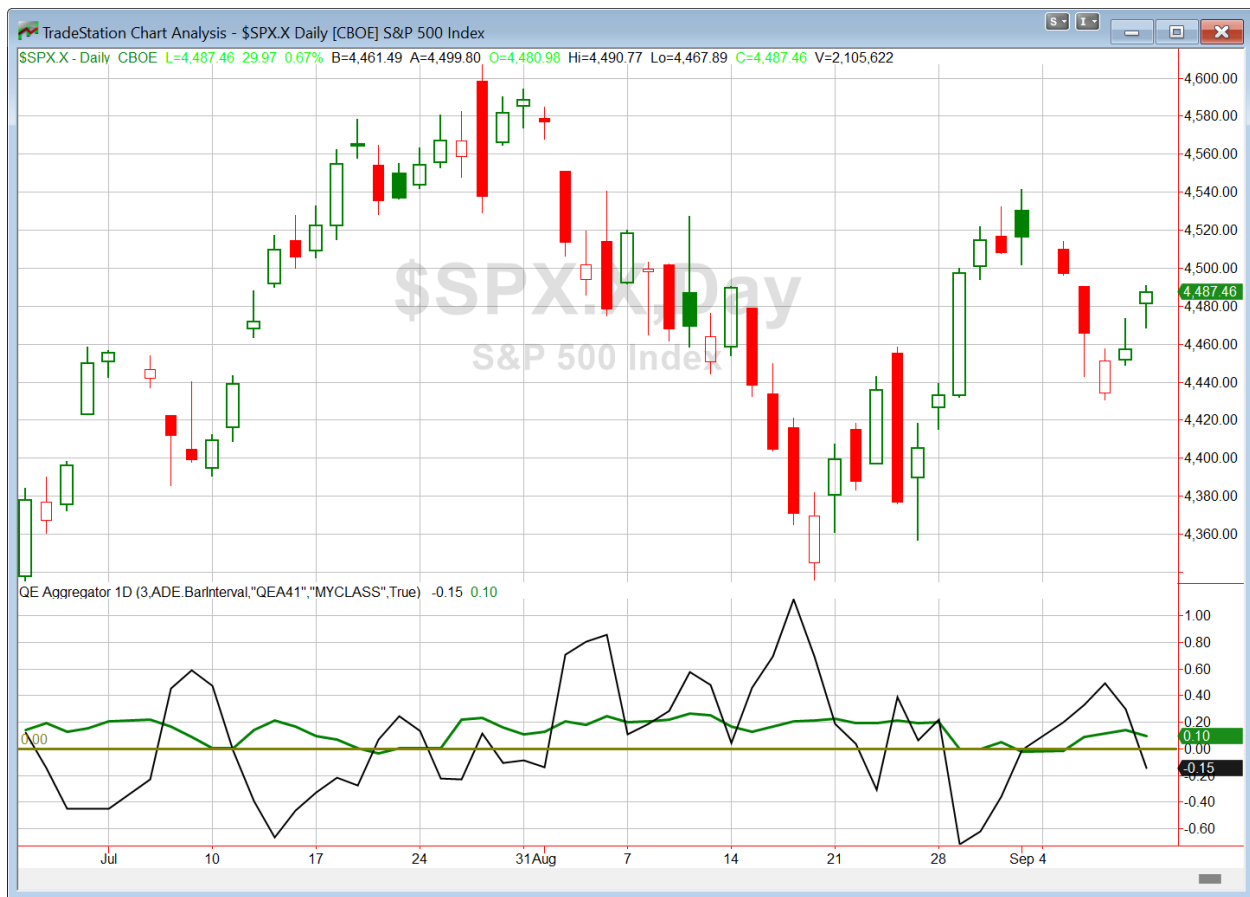
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 8, 2023	SPX down 3 days. Offset HV < 0.25	1-5 days	Bullish	2.00%	-1.50%	-3.10%
September 7, 2023	SPY gaps < low 5 and closes < open	1-5 days	Bullish	1.90%	-1.40%	-3.00%
September 7, 2023	1st 5-low in 10 days but > 10ma	1-5 days	Bullish	1.40%	-1.20%	-2.30%
Active - Long Term						
September 11, 2023	NASDAQ lagging	int term	Neutral			
August 15, 2023	20-low to 4-high.	1-20 days	Bullish	4.00%	-2.00%	-4.30%
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
September 11, 2023	Sep 11th bullish post-2001	1 day	Bullish			

The Evidence

Monday saw solid gains. The SPX rose 0.7%, the NASDAQ rallied 1.1%, and the Russell 2000 climbed 0.2%. Breadth was positive with the NYSE Up Issues % coming in at 55% and the Up Volume % at 61%. NYSE total volume rose some from Friday's level.

The gains did not really do anything to change the short-term picture. SPX moved up through its 10ma, but not by much. It is now in the middle of the range it has been in – both over the last couple of weeks, and the last couple of months. Middling conditions generally don't generate strong edges. And that is what we are faced with tonight. I am not seeing anything suggesting a substantial short-term edge, and I am not surprised about that. So I will keep it brief tonight. We will see if action tomorrow changes anything.

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



Without any new studies making the cut tonight, 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 dropped 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 turned flat at the close.

Based on the studies on the active list, expectations are slated to remain positive on Tuesday. This could change if strongly bearish evidence emerges. Meanwhile, the Differential Pivot will be 4459.53 on Tuesday. That is 0.6% below Monday's close. Therefore, SPX will need to close down at least 0.6% on Tuesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator formation is now neutral. We were expecting a bounce. It came. And now the short-term direction is less clear. Evidence from a few days ago says that typical bounces go even higher. But nothing from the last 2 days is supporting the bullish hypothesis. So I am feeling neutral as well. I will look to exit the small index position I currently have unless we get a big gap down that never comes close to filling.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/11 – neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

WBA – 1/3 @ \$22.73 (bought @ limit)

WBA – 1/3 @ \$22.64 (bought @ limit)

WBA – 1/3 @ \$22.04 (bought @ limit)

New

UPS – 1/3 @ \$160.89 (buy @ limit)

Broad Market Large Cap CBI – 4(WBA-3, UPS)

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.

UPS – Buy 1/3 Catapult position @ \$160.89 LIMIT. From the Catapult section above, this is the 1st of up to 3 lots of UPS.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>KHC(1/3)</i>	<i>9/5/2023</i>	<i>\$32.58</i>	<i>\$33.07</i>	<i>1.50%</i>	<i>sold on open</i>
<i>KHC(1/3)</i>	<i>9/6/2023</i>	<i>\$32.55</i>	<i>\$33.07</i>	<i>1.60%</i>	<i>sold on open</i>
WBA(1/3)	9/6/2023	\$22.61	\$21.43	-5.22%	Catapult
WBA(1/3)	9/7/2023	\$22.60	\$21.43	-5.18%	Catapult
SPY(1/4)	9/7/2023	\$443.11	\$448.45	1.21%	<i>sell @ \$447.50 LIMIT</i>
WBA(1/3)	9/8/2023	\$22.04	\$21.43	-2.77%	Catapult

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