

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 13, 2023

Volume 16 Issue 174

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	5

## Tonight's Research Points

- CPI will be released Wednesday morning an hour before the open. In 2022 that led to some outsized moves. In 2023 so far, not so much.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. I don't see a strong edge in either direction.

**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>						
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%
<b>Active - Long Term</b>						
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 <sub>5</sub> > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

**The Evidence**


Tuesday the market gave back much of Monday's gains. The SPX lost 0.6%, the NASDAQ fell 1.0%, and the Russell 2000 climbed 0.01%. Breadth was mixed with the NYSE Up Issues % coming in at 47% and the Up Volume % at 56%. NYSE total volume declined some from Monday's level.

Lots of talk about CPI. The table below is one I showed several times last year, and then again last month. It shows action on CPI release dates over the last 16 months.

## Recent CPI Release Date Stats

Reference Month	Release Date	SPX True Range	SPX % Change
Apr-22	May 11, 2022	120.27	-1.65%
May-22	June 10, 2022	117.66	-2.91%
Jun-22	July 13, 2022	70.37	-0.45%
Jul-22	August 10, 2022	88.56	2.13%
Aug-22	September 13, 2022	189.13	-4.32%
Sep-22	October 13, 2022	193.83	2.60%
Oct-22	November 10, 2022	209.76	5.54%
Nov-22	December 13, 2022	110.4	0.73%
Dec-22	January 12, 2023	60.2	0.34%
Jan-23	February 14, 2023	64.76	-0.03%
Feb-23	March 14, 2023	81.87	1.65%
Mar-23	April 12, 2023	47.43	-0.41%
Apr-23	May 10, 2023	55.36	0.45%
May-23	June 13, 2023	36.44	0.11%
Jun-23	July 12, 2023	49.08	0.70%
Jul-23	August 10, 2023	69.45	0.03%
	<b>Average</b>	<b>99.67</b>	<b>0.30%</b>
	<b>May - Dec 2022 Release Date Avg</b>	<b>137.50</b>	<b>0.21%</b>
	<b>Jan - Aug 2023 Release Date Avg</b>	<b>58.07</b>	<b>0.40%</b>

The CPI report made for some very volatile days last year. But this year...meh. The average range in May – Dec 2022 (137.50 SPX points) was 2.4x what we have seen so far this year (58.07 SPX points). I don't know what the reading will be tomorrow. But unless the number is a big surprise there may not be the kind of strong reaction that people became accustomed to last year. I also noted the following on Twitter today:



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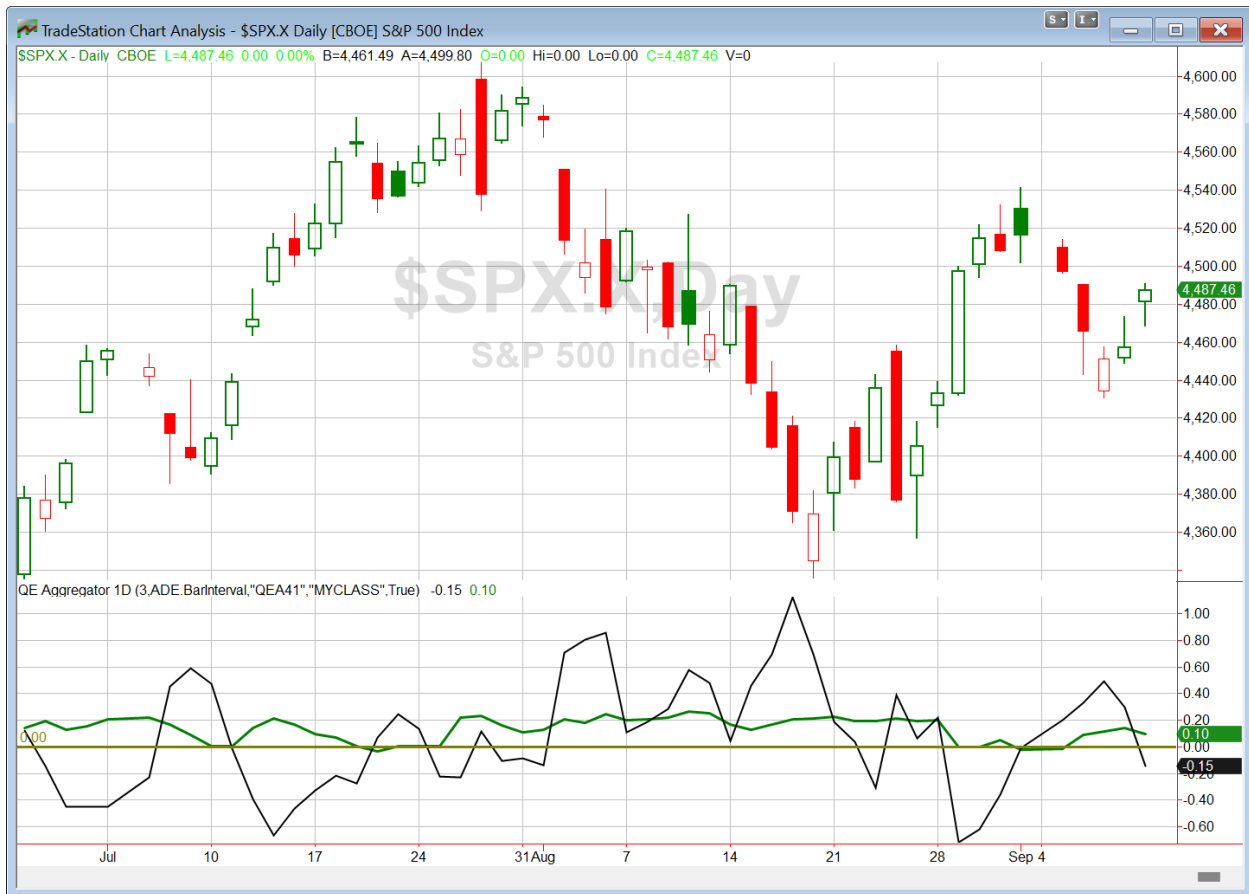
@QuantifiablEdgs

Looking back to last October, we have had 11 CPI releases. 9 times \$SPX closed up. 2 down. Avg day +1.06%. Worst day -0.41%. Pretty strong streak.

\$SPY \$STUDY

That is interesting, but as I said, it is a streak. It is not a persistent edge that has played out over many years. I am not adding any new studies to the active list tonight.

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 held 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 stayed flat at the close.

Based on the studies on the active list, expectations are slated to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 4472.75 on Wednesday. That is 0.2% *above* Tuesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will

need to close up over 0.2% in order to remain overbought. Anything less than that and it will flip to oversold vs expectations as of Wednesday's close.

So the Aggregator formation is again neutral. It could move to bullish tomorrow, but that is no certainty. In fact, a rally and some bearish evidence could turn it to bearish. I flattened out my index trade during the day, and I have no intention of getting back in on Wednesday. If CPI surprises, we could get a strong move that might generate compelling evidence. But for now – nothing to do.

*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)

UPS – 1/3 @ \$160.89 (bought @ limit)

*New*

UPS – 1/3 @ \$156.57 (buy @ limit)

***Broad Market Large Cap CBI – 5(WBA-3, UPS-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.*

**UPS – Buy 1/3 Catapult position @ \$156.57 LIMIT.** From the Catapult section above, this is the 2<sup>nd</sup> of up to 3 lots of UPS.

## Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
WBA(1/3)	9/6/2023	\$22.61	\$21.72	-3.94%	Catapult
WBA(1/3)	9/7/2023	\$22.60	\$21.72	-3.89%	Catapult
<b>SPY(1/4)</b>	<b>9/7/2023</b>	<b>\$443.11</b>	<b>\$447.50</b>	<b>0.99%</b>	<b><i>sold @ limit</i></b>
WBA(1/3)	9/8/2023	\$22.04	\$21.72	-1.45%	Catapult
UPS(1/3)	9/12/2023	\$157.37	\$156.57	-0.51%	Catapult

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