

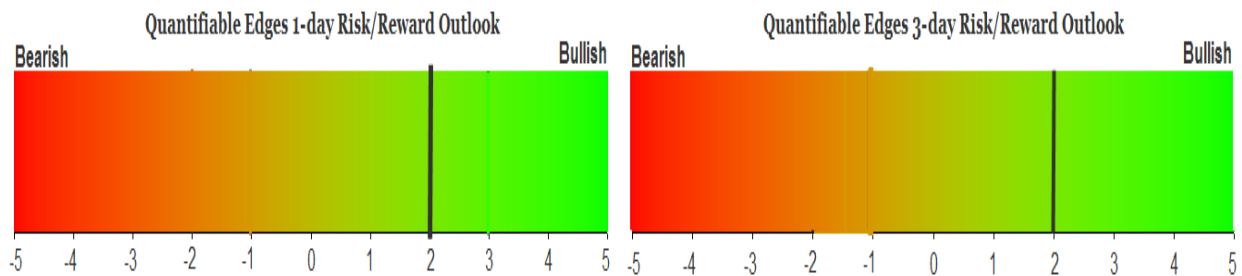
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 13, 2023

Volume 16 Issue 196

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- The outsized move up, down, and with a low close suggests a rally over the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a mild upside edge.

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						
October 13, 2023	3-day hi, 3-day low, 3-day low close.	1-5 days	Bullish	1.90%	-1.20%	-2.25%
October 10, 2023	SPX 50-low 4 ago. RSI2 up 85 since.	1-4 days	Bullish			
Active - Long Term						
October 9, 2023	NASDAQ Leading	int term	Bullish			
October 6, 2023	20-low. Up day. Then inside down.	1-10 days	Bullish	4.60%	-2.50%	-6.10%
October 2, 2023	SPX down 4 weeks but above 40-week ma	1-10 weeks	Bullish			
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			

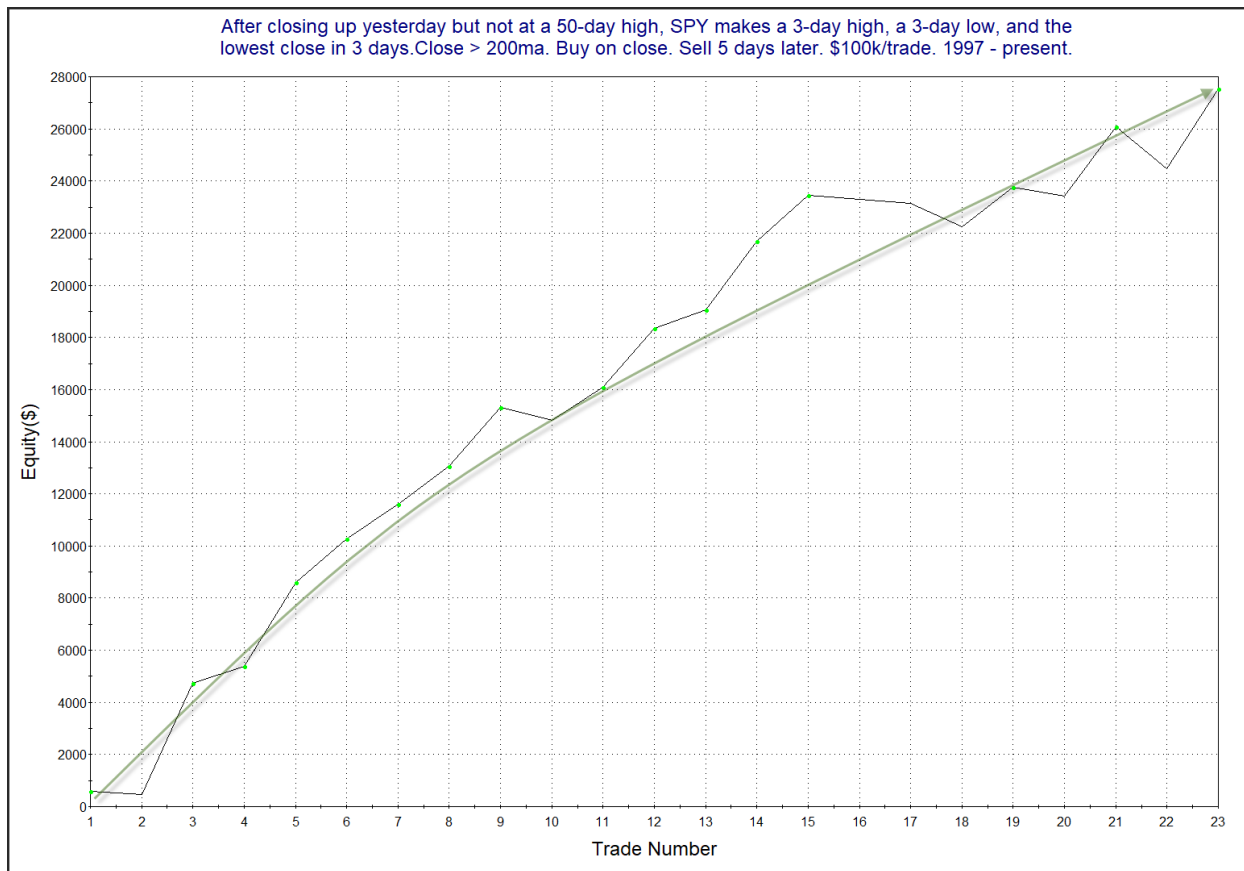
The Evidence

Bonds pulled stocks down on Thursday afternoon. SPX and the NASDAQ each lost 0.6%, while the Russell 2000 declined 2.2%. Breadth was negative with the NYSE Up Issues % coming in at 16.3% and the Up Volume % at 15.8%. NYSE total volume rose some from Wednesday's level.

One study I looked at tonight was from the 7/24/20 letter. It looked at other times that SPY made a 3-day high, 3-day low, and then a 3-day low close. I found in that letter that filtering based on whether SPY had closed at a 50-day high the day before was also important. I have updated the study below.

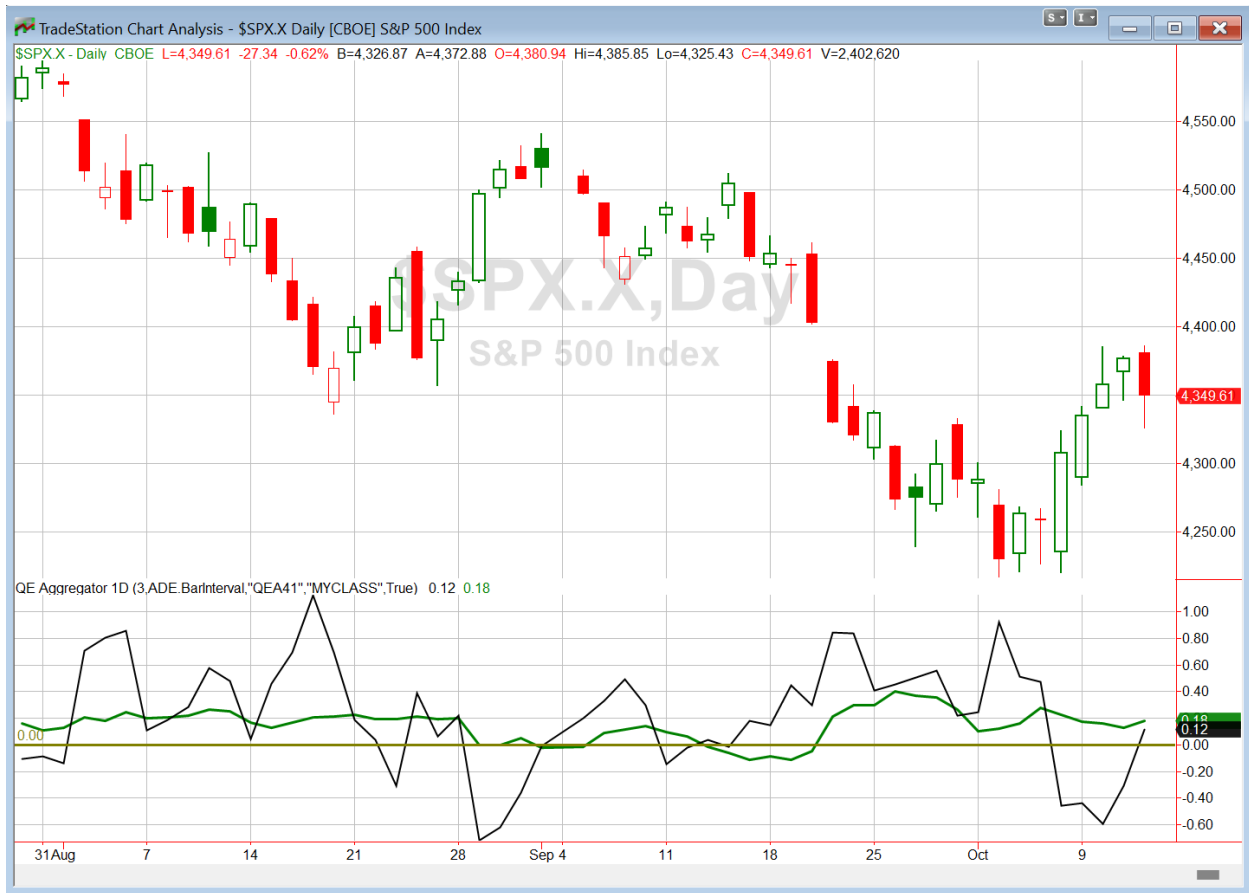
After closing up yesterday but not at a 50-day high, SPY makes a 3-day high, a 3-day low, and the lowest close in 3 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1997 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	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	27,539.41	23	16	7	69.57	4,273.50	-1,606.11	1,954.39	-532.98	3.67	8.38	1,197.37
4	21,354.19	23	16	7	69.57	4,533.98	-2,123.52	1,728.51	-900.28	1.92	4.39	928.44
3	12,129.53	23	16	7	69.57	3,903.34	-3,386.88	1,435.10	-1,547.43	0.93	2.12	527.37
2	7,407.06	24	15	9	62.50	3,244.78	-3,521.52	1,059.28	-942.46	1.12	1.87	308.63
1	3,081.78	24	15	9	62.50	2,359.84	-1,774.08	646.05	-734.33	0.88	1.47	128.41

Stats here certainly favor the bulls. Below is a look at the 5-day profit curve.



That is an impressive move from lower left to upper right. This serves as some confirmation of the upside edge suggested by the stats table. I have added this study to the active list tonight. (Nothing else I looked at made the cut.)

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



With tonight's evidence considered, the green Aggregator Line is again above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line rose 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 turned long at the close.

Based on the current list of active studies, expectations are slated to remain positive on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4382.70 on Friday. That is 0.8% above Thursday's close. Therefore, SPX will need to close up at least 0.8% on Friday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator formation is bullish. Evidence favors a move higher over the next few days. But the number of active short-term studies is quite low. And one down day after the recent move up does not appear terribly oversold. I won't rush into a new index position in the morning. But if Friday is another day of selling, I may look to buy near the close.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/9– bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

BMV – 1/3 @ \$56.42 (bought @ limit)

Broad Market Large Cap CBI – 1(BMV)

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.

SPY – Buy ¼ index position @ \$431.22 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to get long some SPY if it closes below Thursday’s low.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
BMV(1/3)	10/6/2023	\$56.25	\$56.26	0.02%	Catapult

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