

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 18, 2023

Volume 16 Issue 199

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The Russell 2000 rising > 1% while SPX closes lower also suggests a 1-day upside edge.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I don't like reward/risk here. Therefore, I am neutral as well.

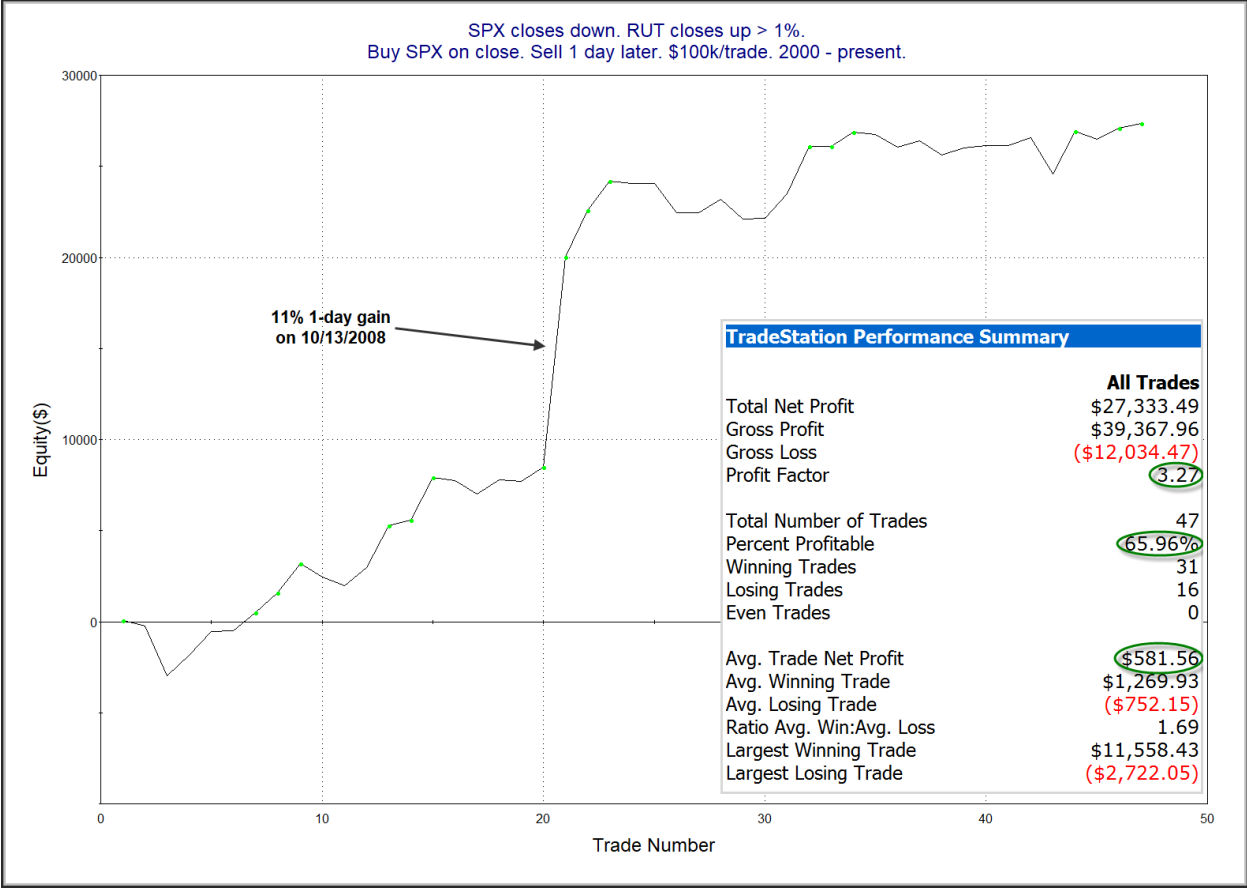
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
October 18, 2023	SPX down. RUT up > 1%.	1 day	Bullish			
October 16, 2023	October Opex week bullish	1-4 days	Bullish	2.15%	-1.25%	-2.70%
October 13, 2023	3-day hi, 3-day low, 3-day low close.	1-5 days	Bullish	1.90%	-1.20%	-2.25%
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 ADT ₅ > 73.66	1-12 months	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

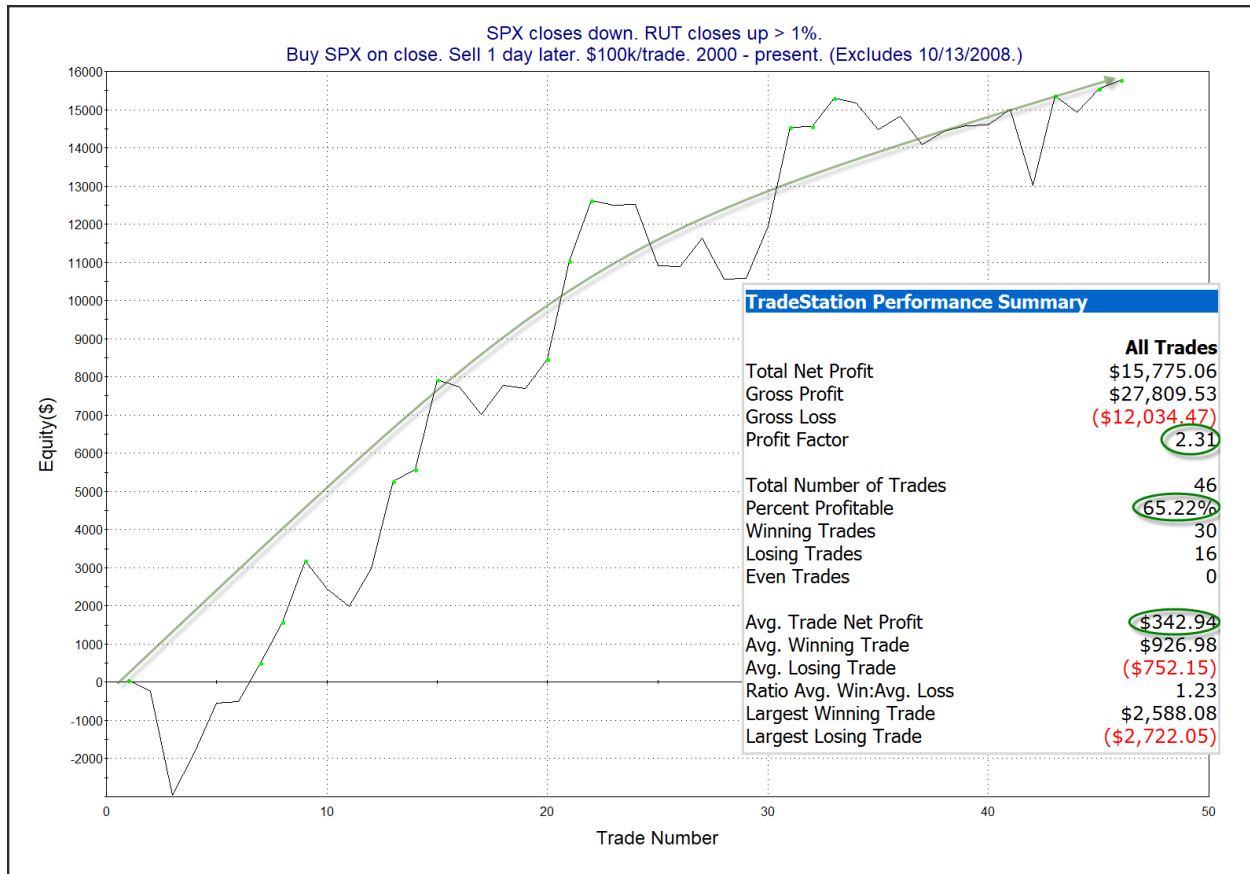
The Evidence

Tuesday started weak but finished mixed. The SPX closed down 0.01%, the NASDAQ lost 0.25%, and the Russell 2000 rallied 1.1%. Breadth was positive with the NYSE Up Issues % coming in at 58% and the Up Volume % at 74.5%. NYSE total volume rose some from Thursday's level.

Most notable is that while SPX sank, the Russell put it a solid up day. The split market triggered an interesting study from the 10/16/20 subscriber letter. It examined other times the SPX closed down on the same day the Russell 2000 rose at least 1%. I have updated the results below.

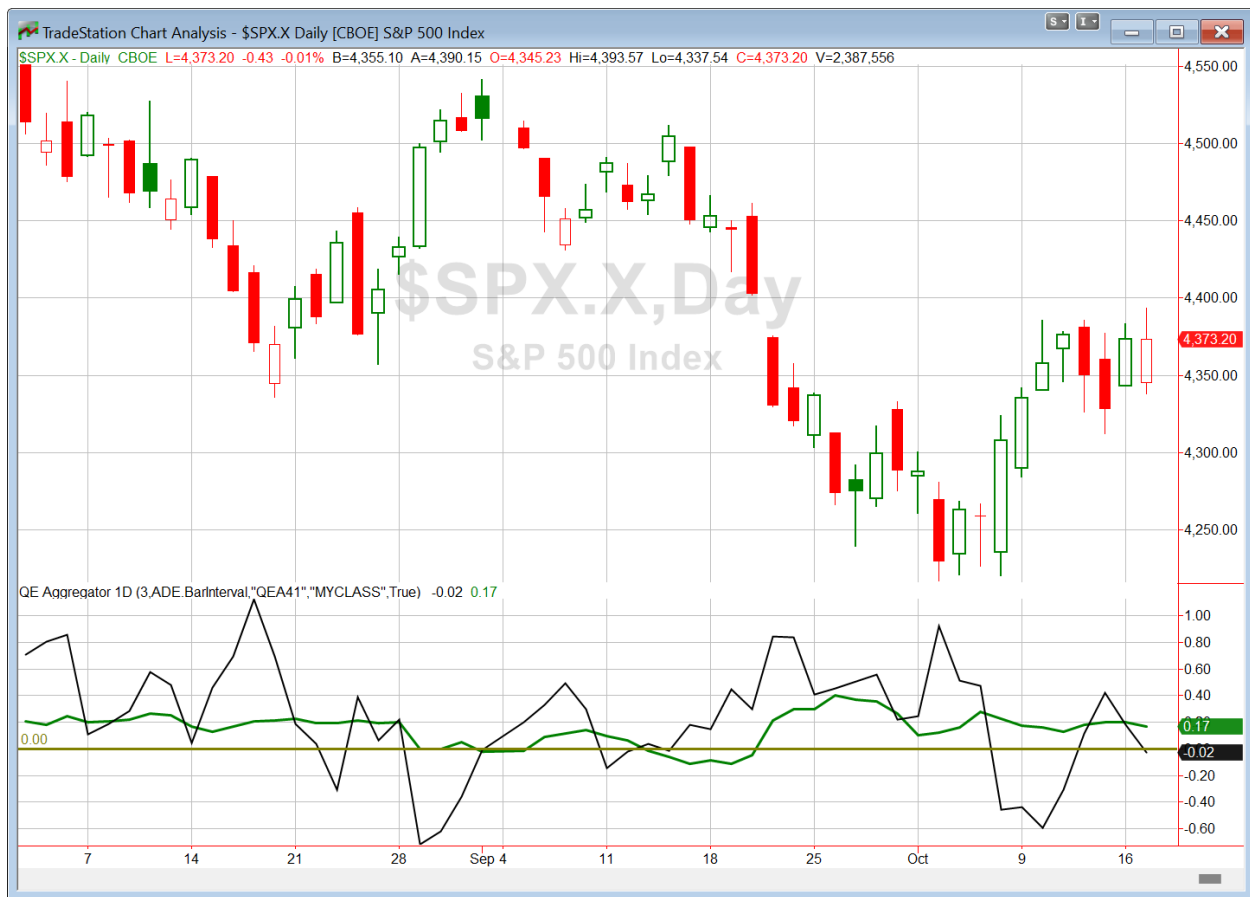


Stats here are very strong, but the one instance noted certainly inflates all the stats and skews the curve. So let's look at the results if we exclude that 2008 instance.



This still seems worth paying some attention to. Impressive that 1) gains are over 2.3x losses, 2) over 65% of instances rose the next day, and 3) the average instance has posted a 1-day gain of 0.34%. I have included this on the Active List.

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



With tonight's study 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 dipped slightly 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 current list of active studies, expectations are slated to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4349.67 on Wednesday. That is 0.5% below Tuesday's close. Therefore, SPX will need to close down over 0.5% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator formation is now neutral. That is where I am at as well. We see some studies that are suggesting a moderate upside edge, but with SPX already overbought, reward/risk is muted. This is not a setup I view as favorable for a new index trade. I will sit and wait until a more favorable setup avails itself.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/16– bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

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 tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>BMV(1/3)</i>	<i>10/6/2023</i>	<i>\$56.25</i>	<i>\$57.15</i>	<i>1.60%</i>	<i>sold on opoen</i>

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