

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 7, 2024

Volume 17 Issue 26

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- No compelling new evidence emerged on Tuesday.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is neutral. That is where I am 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
<b>Active - Short Term</b>						
February 5, 2024	Up Vol % < 40%. SPX up and > 200ma.	1-7 days	Bullish	1.70%	-1.30%	-2.50%
February 5, 2024	Up Vol and Up Iss < 40%. SPX up	1-3 days	Bearish			
February 1, 2024	Fed Day. SPX down 2+	1-6 days	Bullish			
<b>Active - Long Term</b>						
February 5, 2024	Up Vol % < 40%. SPX up.	1-10 days	Bullish	2.10%	-1.60%	-3.40%
February 2, 2024	SPX up > 15% last 3 months	1-6 months	Bullish			
January 29, 2024	5 up to 50 high. Down 1.	1-10 days	Bullish	1.80%	-1.10%	-2.30%
January 25, 2024	SPX 20-day intra high. Close btm 10% rng.	1-10 days	Bullish	2.00%	-1.50%	-2.80%
January 17, 2024	CBI 11+	1-20 days	Bullish	5.90%	-4.30%	-9.65%
January 16, 2024	NASDAQ Leading	int term	Bullish			
January 16, 2024	RUT btm 25% 20-day rng. SPX top 25%	1-40 days	Bullish	5.20%	-3.40%	-6.70%
December 27, 2023	%SPX > 50 moves frm 15% > 90% in 50 dys	1-6 months	Bullish			
December 21, 2023	SPX 20-day intra high. NDX worst dn in 20	1-50 days	Bullish			
November 7, 2023	Whaley ADT <sub>5</sub> > 73.66	1-12 months	Bullish	25.20%	-8.10%	
November 6, 2023	Zweig Thrust	1-12 months	Bullish	29.00%	-3.20%	-7.00%
November 6, 2023	Best 6 Months	6 months	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			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

**The Evidence**

Tuesday saw mostly mild advances. The SPX closed up 0.2%, the NASDAQ rose 0.1%, and the Russell 2000 gained 0.85%. Breadth was strong with the NYSE Up Issues % coming in at 71% and the Up Volume % at 77%. NYSE total volume rose some from Monday's level.

Tuesday's action did nothing to trigger compelling studies that I was able to identify. In fact, I feel awkward using the word "action" with regards to Tuesday's market. It really just went sideways nearly all day. One notable is the strong breadth that occurred with the NDX closing down. That is unusual, and it is opposite of what we saw yesterday. But I did not find this quirk to suggest a strong edge. So I will not be adding any new studies to the active list tonight.

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



Without any compelling new short-term evidence being added tonight, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained 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 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 *inverted* at 4987.24 on Wednesday. That is 0.7% *above* Tuesday'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 up about 0.7% in order to remain overbought. Anything less than that and it will be considered oversold versus recent expectations as of Wednesday's close.

So the Aggregator is neutral. We remain overbought with evidence saying we could easily become more overbought. While that is fine for continuing to hold positions for the intermediate-term timeframe, it is not a great short-term setup. I'll continue to wait until the next compelling short-term setup emerges before jumping back into a position.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 2/5 – **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**

**None**

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