

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 8, 2024

Volume 17 Issue 27

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- A weak close might have generated some bullish evidence, but the strong close on Wednesday kept any new studies from making the active list.

## *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 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 ADT5 > 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**

Wednesday was a day for large caps. The SPX closed up 0.8%, the NASDAQ rose 0.95%, and the Russell 2000 declined 0.2%. Breadth was mildly positive with the NYSE Up Issues % coming in at 51% and the Up Volume % at 52%. NYSE total volume rose some from Tuesday's level.

Those hoping for a bullish setup would have preferred SPY close poorly on Wednesday, rather than near its highs. To understand why I say this, take a look at the studies below, updated from the 4/4/11 letter. (The 1<sup>st</sup> one is the current setup.)

SPY posts a 20-day intraday high & a low > yesterday's close. It then closes ABOVE the open and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - 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
10	41,360.36	211	132	77	62.56	6,056.96	-8,727.84	1,447.20	-1,943.76	0.74	1.28	196.02
9	29,691.42	220	137	82	62.27	5,404.74	-11,239.50	1,331.99	-1,863.31	0.71	1.19	134.96
8	19,531.47	231	139	90	60.17	5,456.48	-8,628.75	1,222.21	-1,670.62	0.73	1.13	84.55
7	11,859.69	240	146	92	60.83	5,145.60	-12,413.60	1,168.56	-1,725.54	0.68	1.07	49.42
6	10,838.72	258	149	107	57.75	4,931.26	-12,044.85	1,030.56	-1,333.78	0.77	1.08	42.01
5	21,703.82	272	152	118	55.88	4,539.48	-6,642.99	961.13	-1,054.14	0.91	1.17	79.79
4	30,582.38	297	173	123	58.25	4,627.26	-7,578.55	878.40	-986.83	0.89	1.25	102.97
3	-6,730.37	317	179	136	56.47	3,526.40	-6,980.31	682.33	-947.55	0.72	0.95	-21.23
2	249.47	351	191	157	54.42	2,545.92	-4,221.27	524.65	-636.68	0.82	1.00	0.71
1	3,681.23	380	197	182	51.84	2,380.38	-3,434.49	362.78	-372.45	0.97	1.05	9.69

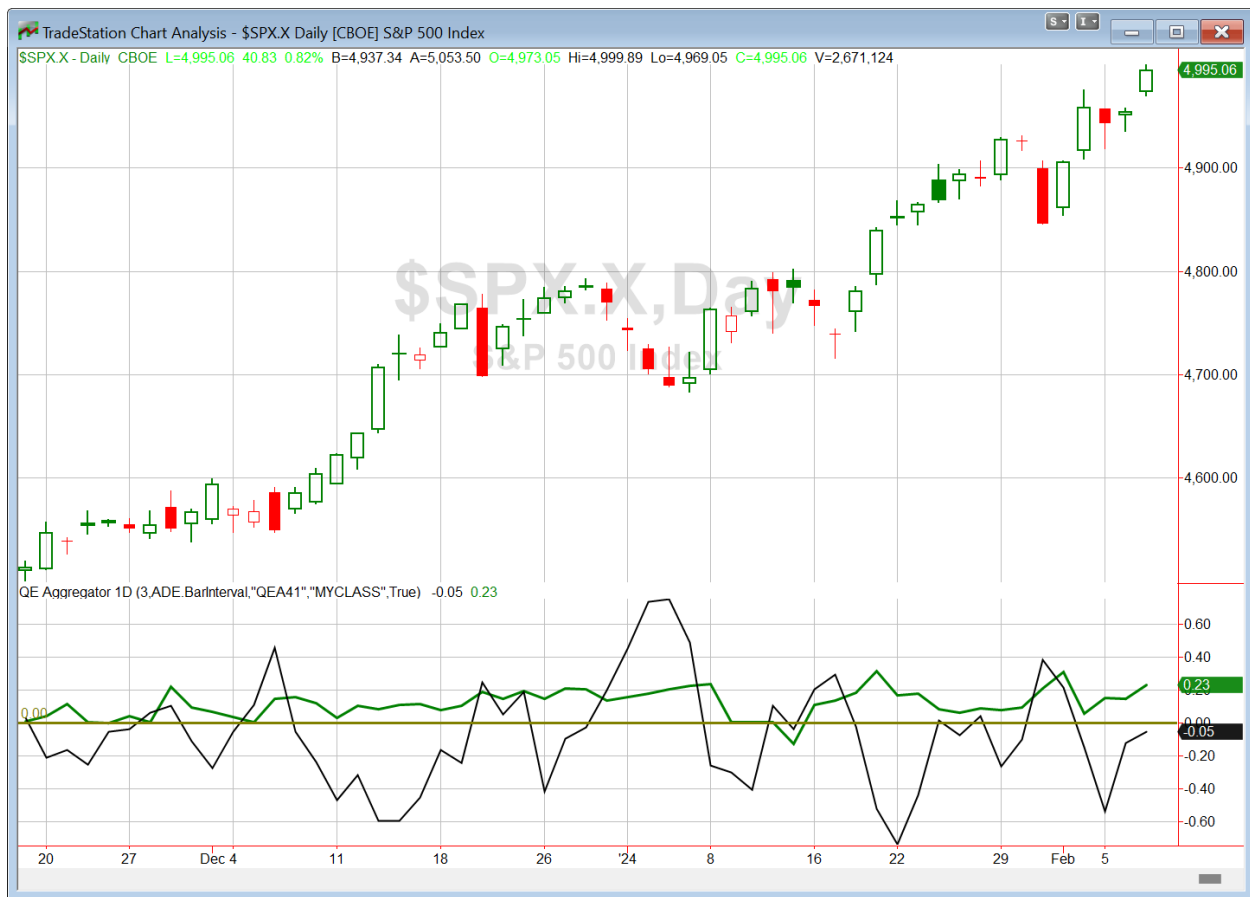
SPY posts a 20-day intraday high & a low > yesterday's close. It then closes **BELOW** the open and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

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
10	51,891.72	54	38	16	70.37	4,838.35	-4,810.68	1,869.20	-1,196.12	1.56	3.71	960.96
9	45,409.89	55	42	13	76.36	3,741.10	-5,564.16	1,502.50	-1,361.17	1.10	3.57	825.63
8	39,591.46	56	40	15	71.43	3,352.48	-6,021.40	1,448.96	-1,224.47	1.18	3.16	706.99
7	32,074.38	58	37	21	63.79	3,751.55	-4,952.36	1,448.00	-1,023.89	1.41	2.49	553.01
6	33,315.74	58	38	20	65.52	4,159.10	-6,414.24	1,439.06	-1,068.42	1.35	2.56	574.41
5	27,069.45	58	35	23	60.34	3,754.17	-4,540.20	1,255.39	-733.45	1.71	2.60	466.71
4	24,446.21	59	42	17	71.19	3,436.02	-2,228.24	883.24	-744.10	1.19	2.93	414.34
3	28,051.69	63	45	17	71.43	2,362.10	-2,427.88	858.31	-621.91	1.38	3.65	445.26
2	22,482.07	65	41	24	63.08	1,998.70	-926.12	777.27	-391.09	1.99	3.40	345.88
1	9,390.65	66	42	24	63.64	1,708.92	-1,015.84	418.07	-340.34	1.23	2.15	142.28

The top study shows no real edge. The bottom study suggests a tendency to follow through to the upside over the next 1-10 days.

So we are left with a setup that shows no strong inclination. No new studies are being added 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4968.38 on Thursday. That is 0.5% below Wednesday's close. Therefore, SPX will need to close down over 0.5% on Thursday in order to flip from overbought to oversold ve recent expectations.

So the Aggregator is again neutral. Evidence is still leaning bullish, but nothing compelling and supportive has emerged in the last couple of days. So there is not a lot to go on. And even if evidence were more convincing, the market remains overbought, which reduces reward/risk. Therefore, the need for patience continues until a more favorable entry opportunity emerges.

*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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