

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 9, 2024

Volume 17 Issue 28

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- No compelling new short-term evidence emerged on Thursday.

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
Active - Short Term						
February 5, 2024	Up Vol % < 40%. SPX up and > 200ma.	1-7 days	Bullish	1.70%	-1.30%	-2.50%
Active - Long Term						
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
February 1, 2024	Fed Day. SPX down 2+	1-6 days	Bullish			

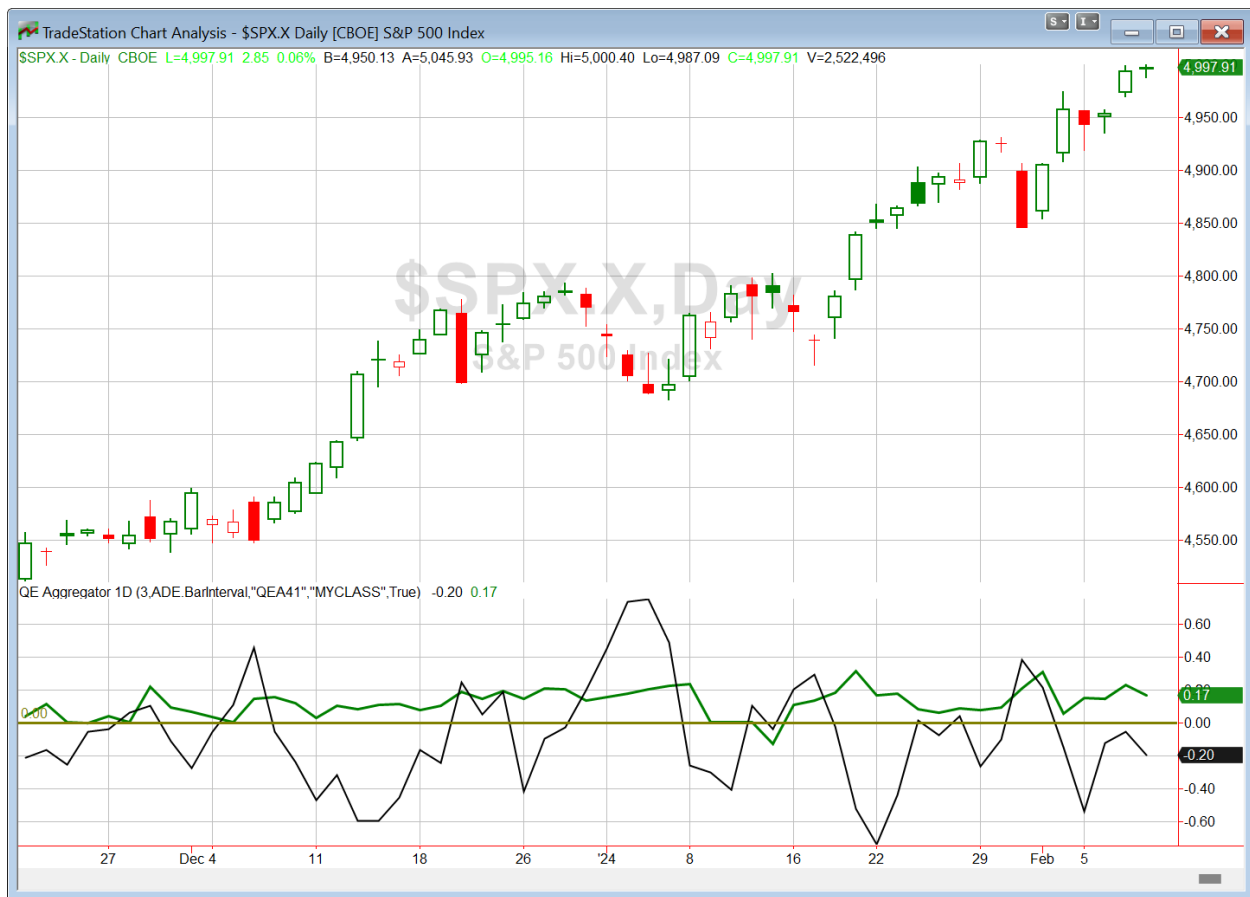
The Evidence

The market traded in a tight range on Thursday. The SPX closed up 0.1%, the NASDAQ rose 0.2%, and the Russell 2000 rallied 1.5%. Breadth was positive with the NYSE Up Issues % coming in at 60% and the Up Volume % at 51%. NYSE total volume declined some from Wednesday's level.

The S&P seem intent on getting as close to 5000 as it can without going over. That has generated a slow upward drift over the last few days. Slow drifts don't often suggest strong edges, and last night and again tonight I am failing to see anything substantial.

There has been talk on FinTwit about how the SPX is likely going to close positive on the week for the 14th time in the last 15 weeks. That is remarkable. The last time that happened was March 1972. Looking back to 1928, this would be only the 5th time such a streak has occurred. Other than 1972, the other instances triggered on 6/7/1957, 10/3/1958, and 3/6/1964. It is dangerous to draw conclusions based on just 4 instances. And returns following those 4 instances weren't consistent. So while interesting, this little tidbit is not going to help in any decision making.

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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4971.79 on Friday. That is 0.5% below Thursday's close. Therefore, SPX will need to close down over 0.5% on Friday in order to flip from overbought to oversold versus recent expectations.

Same as last night... the Aggregator is again neutral. Evidence is still leaning bullish, but nothing compelling and supportive has emerged in the last 3 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

New

VZ @ \$39.91 – buy @ Limit

Broad Market Large Cap CBI – 1(VZ)

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.

VZ – Buy 1/3 Catapult position @ \$39.91. From the Catapult section above, this is the 1st of up to 3 possible lots of VZ.

Current Open Trade Ideas

None

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