

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 21, 2024

Volume 17 Issue 35

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- I'm not seeing any compelling new evidence supporting the idea of a bounce just yet.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I am not terribly excited yet.

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 15, 2024	1-yr Up Issue % Rank > 90% 2x. SPX 50-hi	1-7 days	Bullish	2.00%	-1.30%	-2.90%
Active - Long Term						
February 12, 2024	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.40%	-9.00%
February 2, 2024	SPX up > 15% last 3 months	1-6 months	Bullish			
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

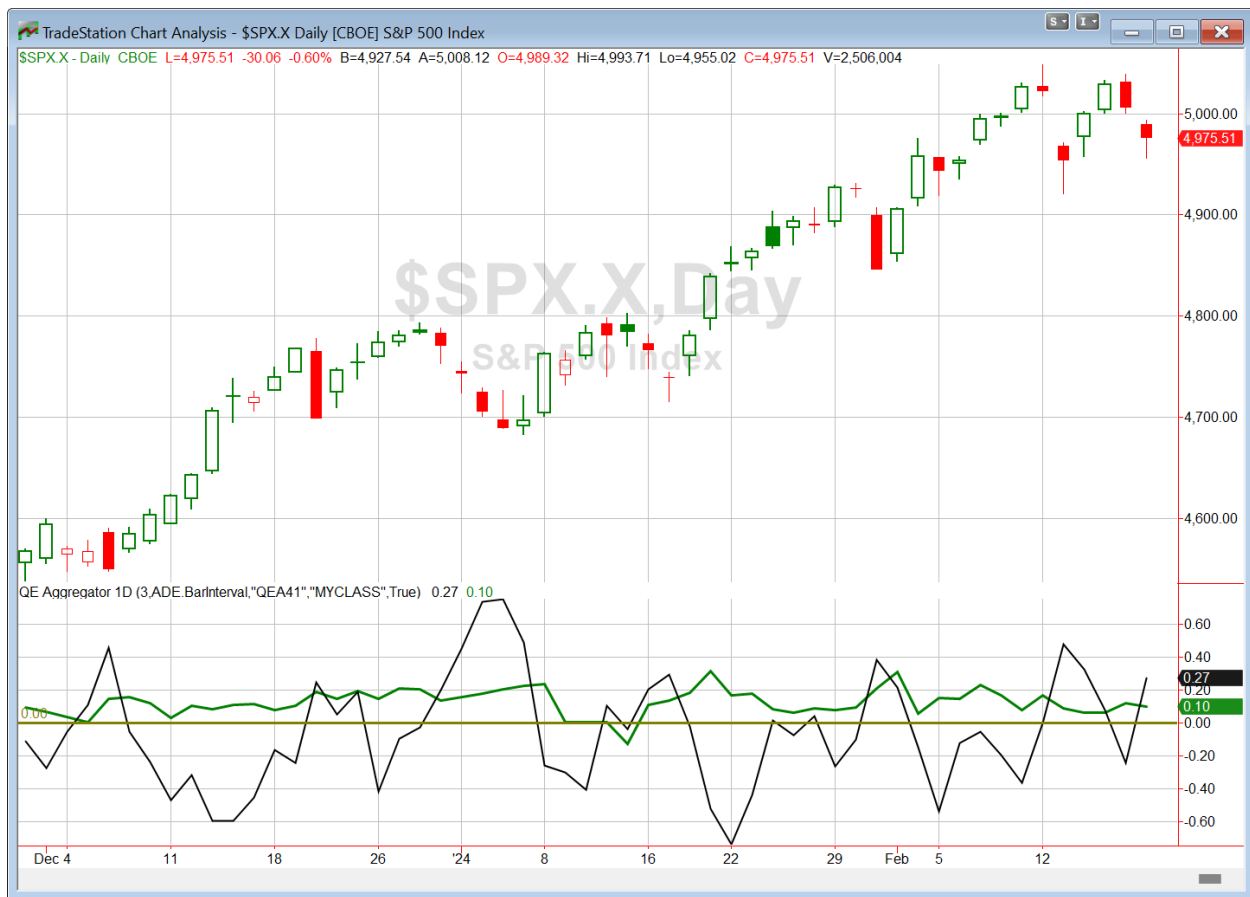
Tuesday saw the market lower across the board. SPX closed down 0.6%, the NASDAQ fell 0.9%, and the Russell 2000 dropped 1.4%. Breadth was weak with the NYSE Up Issues % coming in at 40% and the Up Volume % at 34%. NYSE total volume declined some from Friday's level.

The selloff did cause the VIX to jump. Years back I used several studies that compared the VIX to its 10ma. And the move up on Monday saw it get stretched above its 10ma by about 10.6%. So I looked tonight at the current setup, where we have 1) VIX more than 10% above its 10ma, 2) SPX above its 200ma, and 3) SPX above a 5-day closing low.

VIX crosses over more than 10% above its 10ma. SPX closes above the 200ma and above a 5-day low. Buy SPX on close. Sell X days later. \$100k/trade. 1991 - 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	1,170.06	57	33	24	57.89	3,489.08	-7,160.65	1,504.34	-2,019.72	0.74	1.02	20.53
4	-2,078.93	57	31	26	54.39	3,806.19	-4,917.36	1,246.99	-1,566.76	0.80	0.95	-36.47
3	2,055.25	59	34	25	57.63	3,372.03	-3,990.77	1,067.03	-1,368.95	0.78	1.06	34.83
2	4,761.50	59	34	25	57.63	3,583.44	-7,740.60	1,068.54	-1,262.76	0.85	1.15	80.70
1	4,124.20	59	30	29	50.85	1,818.44	-1,782.00	771.60	-655.99	1.18	1.22	69.90

These numbers do not suggest any edge at all. Others studies also came up empty. Other than the one breadth study from last week, I am not seeing any short-term evidence supporting the idea that a bounce is imminent. So I will not be adding anything to the Active List tonight.

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



Without any new evidence to consider, 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 moved 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 Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5040.12 on Wednesday. That is 13% above Tuesday's close. Therefore, SPX will need to close up a sizable 1.3% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now bullish. But I am not enthused. With just one short-term study on the active list, and nothing triggering in the last 2 days, I want to see more evidence before I put money at risk. Further selling tomorrow would mean 3 down days from a high. And that would almost certainly trigger some bullish evidence. So I don't love the setup tonight, but I will look to start building a long position tomorrow if SPX closes down much.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 2/20 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

AMGN @ \$291.12 – bought @ Limit

Broad Market Large Cap CBI – 1(AMGN)

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 @ \$495.00 LIMIT ON CLOSE. From the short-term section above, I will anticipate additional upside evidence tomorrow and look to get long if SPX closes down a fair amount. While I might wait until Thursday morning if I was being more cautious, my intermediate-term outlook is bullish and there have been a good number of unfilled gaps higher after pullbacks in recent weeks and months. So I'll hope to get in at the close if a good opportunity is there.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
AMGN(1/3)	2/12/2024	\$289.97	\$285.76	-1.45%	*dividend adjusted price

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