

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 28, 2024

Volume 17 Issue 40

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- No compelling new evidence emerged on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but I am not enthused about new positions due to the lack of short-term evidence.

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

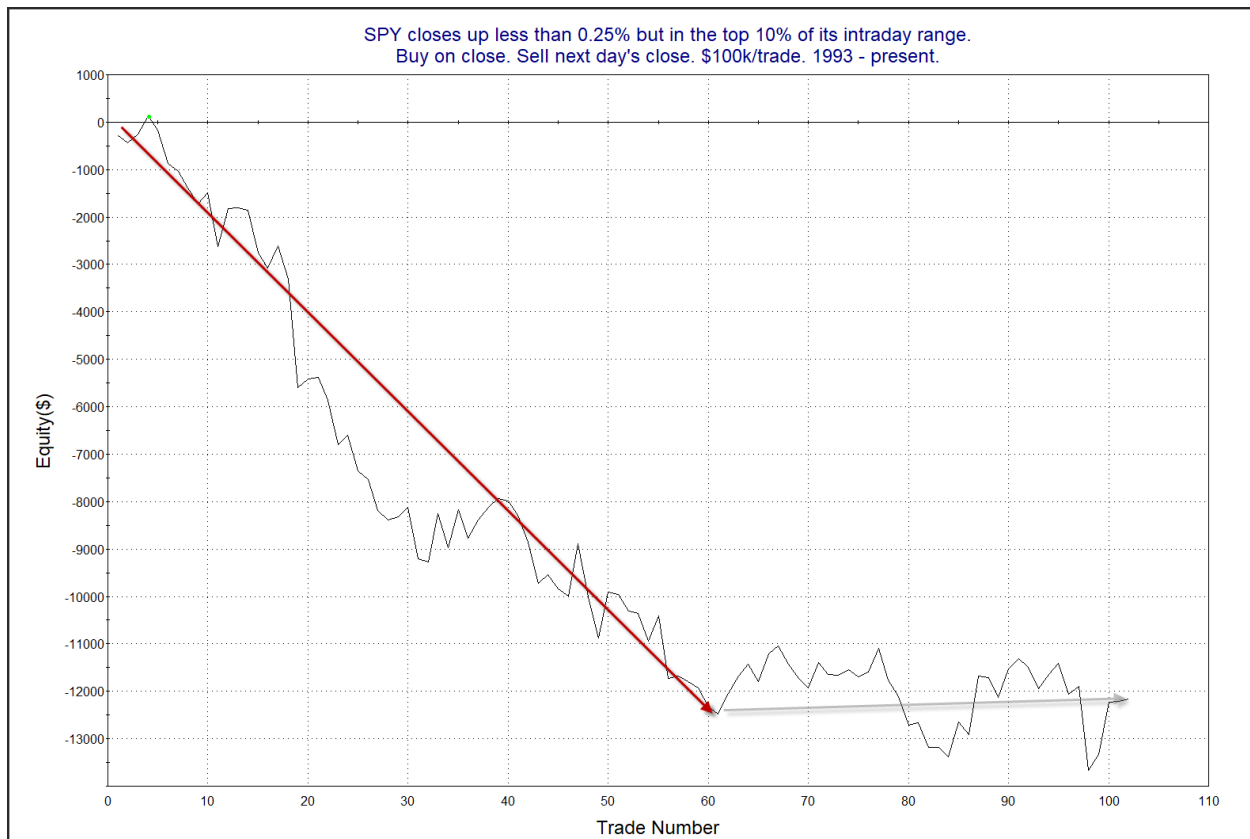
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
February 26, 2024	SPX 50-day high. TNX 50-day high > 4%.	1-15 days	Bearish			
February 12, 2024	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.40%	-9.00%
February 2, 2024	SPX up > 15% last 3 months	1-6 months	Bullish			
January 16, 2024	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 ₅ > 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, target hit, or avg drawdown + 1 std dev exceeded)						
February 27, 2024	NASDAQ down. SOX up > 1%.	1 day	Bullish			
February 15, 2024	1-yr Up Issue % Rank > 90% 2x. SPX 50-hi	1-7 days	Bullish	2.00%	-1.30%	-2.90%

The Evidence

Tuesday saw a tight range for much of the day, and then finished positive. SPX closed up 0.2%, the NASDAQ rose 0.4%, and the Russell 2000 gained 1.3%. Breadth was positive with the NYSE Up Issues % coming in at 57% and the Up Volume % at 69%. NYSE total volume rose some from Monday's level.

The mild action did nothing to trigger compelling new studies. In fact, the only one that appeared in the Quantifinder is one I just recently discussed in the 2/22/24 letter, and decided not to consider in the Aggregator, since it seems to have lost its edge. Without much else to discuss tonight, I have copied that commentary below in case you missed it last week.

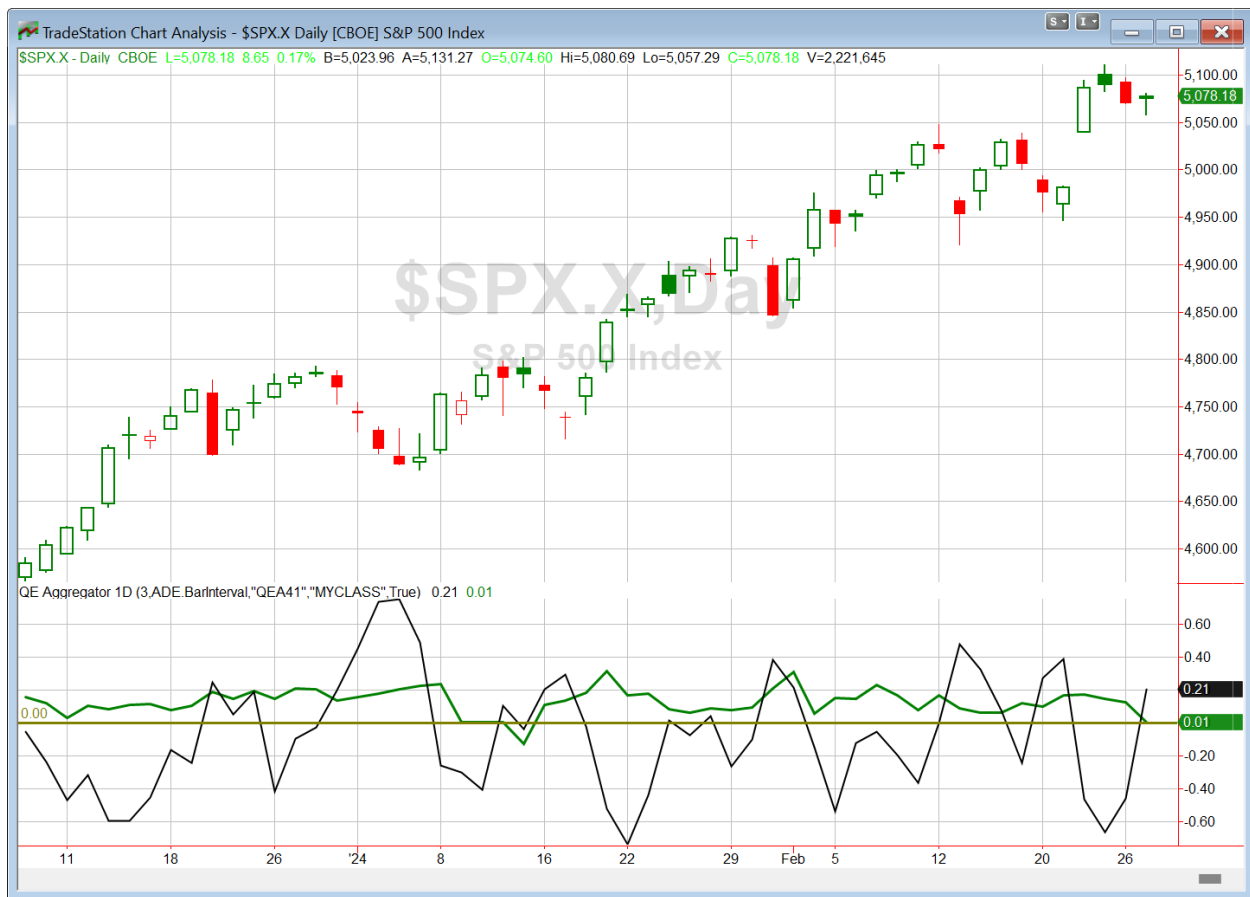
Seeing SPY close near the top of its intraday range, but only up a small amount on the day used to be something that seemed to suggest a downside edge for the following day. This can be seen in the study below, updated from back in the 12/6/19 letter. It looks for SPY to close in the top 10% of its intraday range, but post a gain of less than 0.25%.



After posting persistent losses for the 1st 60 instances, the last 40 or so instances have seen no progress. This study does not appear worth consideration, and I have not included it on the active list tonight.

Both of the short-term studies that were on the active list last night have now expired. So short-term evidence is lacking. Intermediate-term we do have a few things setting up for later this week. Strong multi-month through February have typically been an intermediate-term positive. And the NASDAQ can retake its leading position vs the SPX if it can avoid underperforming it between now and Friday afternoon. I'll cover these potential setups later in the week if they actually come to fruition. Tonight...I'll keep it short.

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



Without any new evidence making the cut tonight, the green Aggregator Line held slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line rose 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.

With the short-term active list now bare, expectations going forward will be largely dependent on any new evidence that emerges. Meanwhile, the Differential Pivot will be 5113.53 on Wednesday. That is 0.7% above Tuesday's close. Therefore, SPX will need to close up at least 0.7% on Wednesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is now bullish. But with short-term evidence lacking, the bullish expectations are solely due to the intermediate-term studies. I'd rather see short-term confirmation as well before getting excited about taking on new index positions. So despite the bullish Aggregator formation, I will continue to wait for a more compelling short-term setup to emerge before looking to take on my next index trade.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 2/26 – **moderately 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.

Current Open Trade Ideas

None

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