

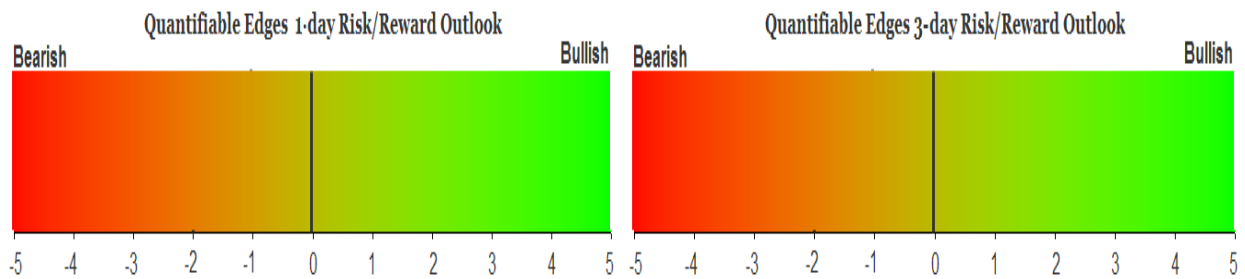
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 5, 2024

Volume 17 Issue 44

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- The SOX strength on a day NASDAQ declined suggests a bounce on Tuesday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am neutral as well.

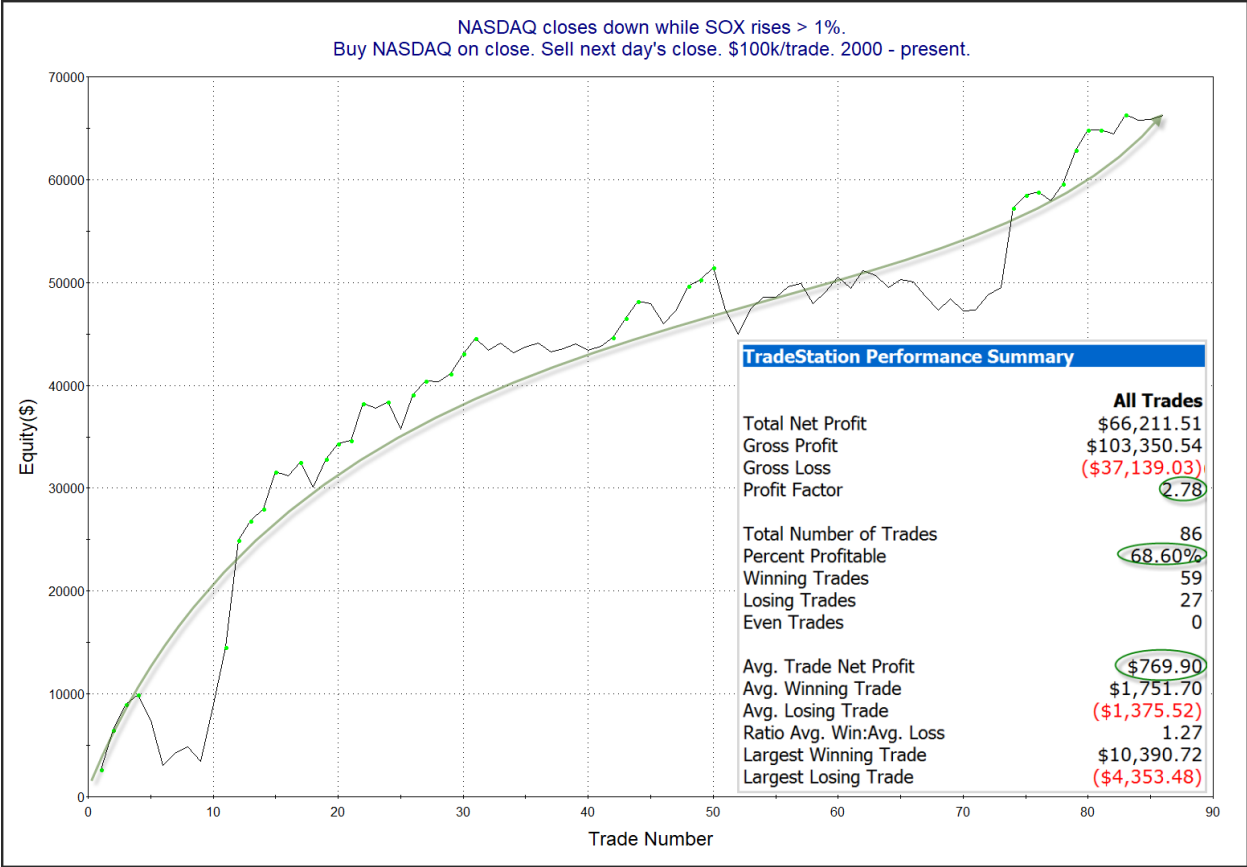
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 5, 2024	NASDAQ down. SOX up > 1%.	1 day	Bullish			
March 1, 2024	50-high then inside for 5 days	1-3 days	Bullish			
Active - Long Term						
March 4, 2024	Jan & Feb both close positive	1-10 months	Bullish			
March 4, 2024	NASDAQ Leading	int term	Bullish			
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			
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			

The Evidence

Late selling turned a mildly positive day into a negative one on Monday. SPX finished down 0.1%, the NASDAQ fell 0.4%, and the Russell 2000 lost 0.1%. Breadth was weak with the NYSE Up Issues % coming in at 43% and the Up Volume % at 49%. NYSE total volume rose some from Friday's level.

Despite the decline in the NASDAQ, the Semiconductor Index (SOX) rose strongly, closing up 1.1%. When the SOX does well on a day the NASDAQ declines, that has often been followed by a rise in the NASDAQ the next day. This can be seen in the study below, which has popped up several times lately, most recently in the 2/27/24 letter. Results are updated.

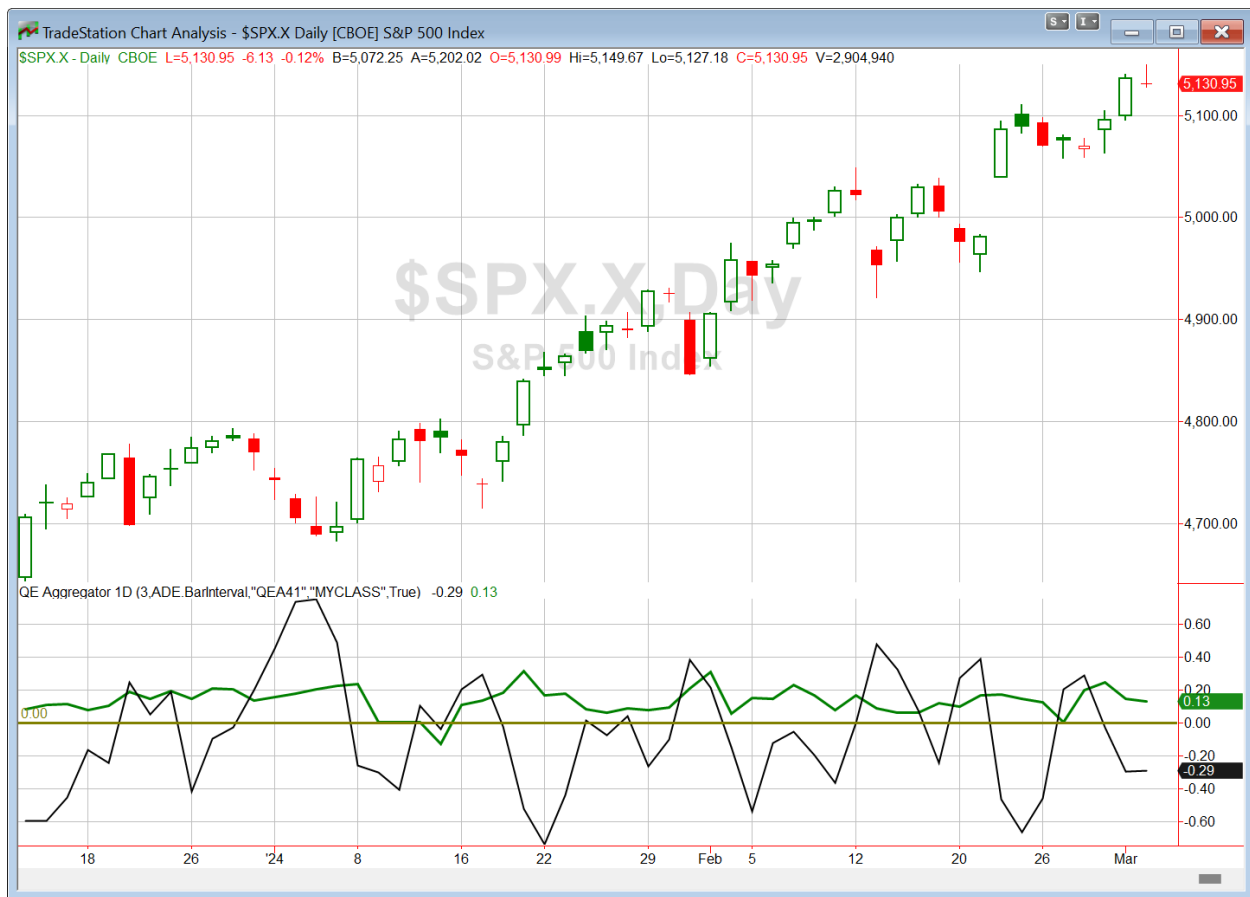


Not exactly a steady rise, but the move and numbers are impressive nonetheless. Below is a look at how the SPX has performed when the NASDAQ/SOX have acted this way.



Results here appear steadier but less explosive. Overall, the study appears worthy of some consideration, and I have added it to the Active List tonight.

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



With tonight's evidence considered, 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 Active List, expectations are set to remain positive on Tuesday. But with both short-term studies set to expire, any new studies that emerge will have a large impact on expectations. Meanwhile, the Differential Pivot will be 5119.27 on Tuesday. That is 0.2% below Monday's close. Therefore, SPX will need to close down about 0.2% on Tuesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is again neutral. Monday did not change much. Evidence is leaning bullish, but SPX is already quite overbought. The overbought market reduces short-term reward potential. So reward/risk is not terribly favorable. I will continue to wait for a more compelling setup to emerge before looking to take on my next short-term index position.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 3/4 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

New

MRK – 1/3 @ \$124.05 (buy @ limit)

Broad Market Large Cap CBI – 1(MRK)

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.

MRK – Buy 1/3 Catapult position @ \$124.05 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of MRK.

Current Open Trade Ideas

None

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