

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 15, 2024

Volume 17 Issue 52

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	2

Tonight's Research Points

- Nothing compelling triggered on Thursday.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I'm not seeing a compelling reason to get excited about the long or the short side.

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 13, 2024	Russell 2000 down 3 days. SPX 3-day high	1-4 days	Bullish	2.00%	-0.70%	-1.55%
Active - Long Term						
March 13, 2024	Russell 2000 down 3 days. SPX 3-day high	1-10 days	Bullish	3.30%	-1.20%	-2.60%
March 11, 2024	SPX 20-day intraday high and btm 10% cls	1-10 days	Bullish	2.00%	-1.50%	-2.80%
March 4, 2024	Jan & Feb both close positive	1-10 months	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

The market struggled for most of the day on Thursday, but a late rally made the losses a good bit smaller at the end of the day. SPX closed down 0.3%, the NASDAQ fell 0.3%, and the Russell 2000 dropped 2.0%. Breadth was negative with the NYSE Up Issues % coming in at 520 and the Up Volume % at 16%. NYSE total volume rose for the 3rd day in a row. It should rise again tomorrow with quarterly options expiration happening.

The mild numbers again left us without any compelling new evidence tonight. Bumping along near the top of the range is not generating very interesting studies. Of course tomorrow is opex. Last night I wrote about the downside intraday tendency on opex days. With nothing else to discuss tonight, I have copied that research below again tonight. Next week we have the Fed meeting. I will write about that in the next couple of days.

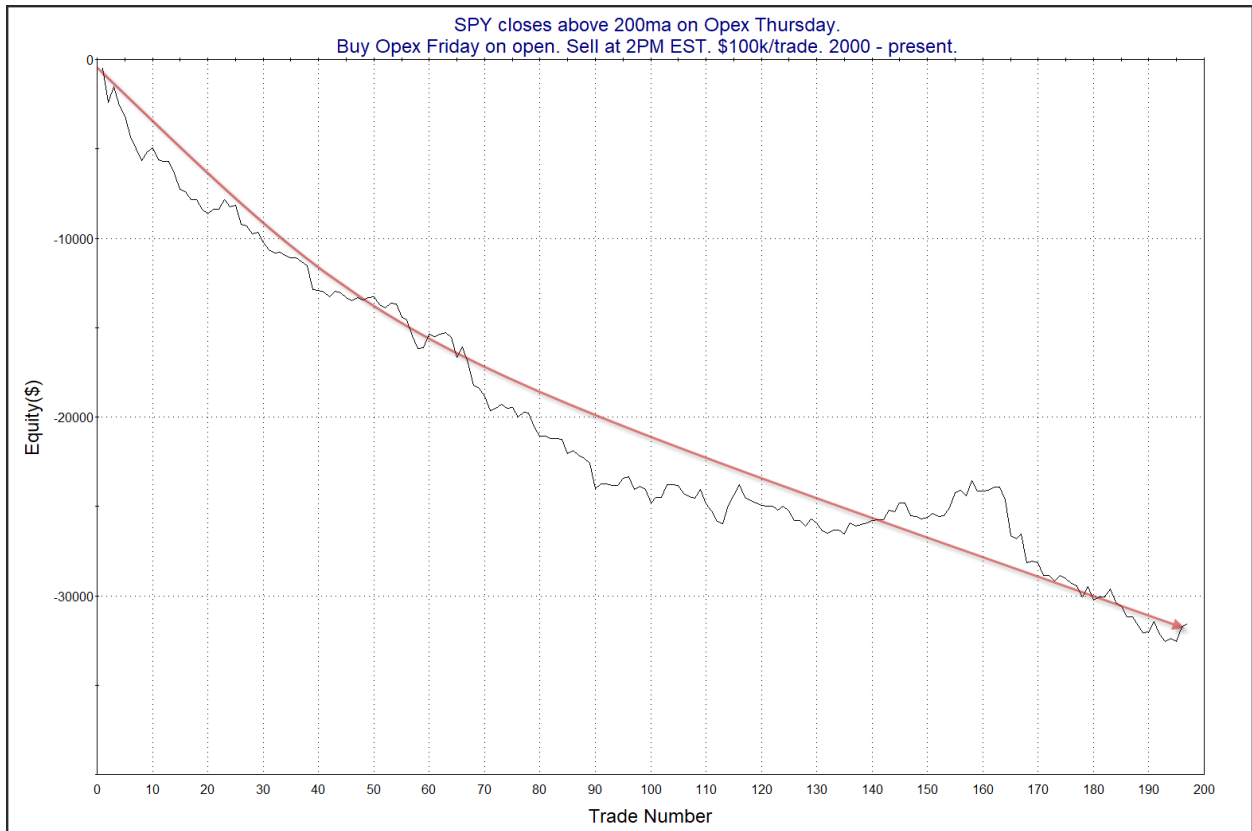
Options expiration has long been a day that has seen weakness after the opening bell...

This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

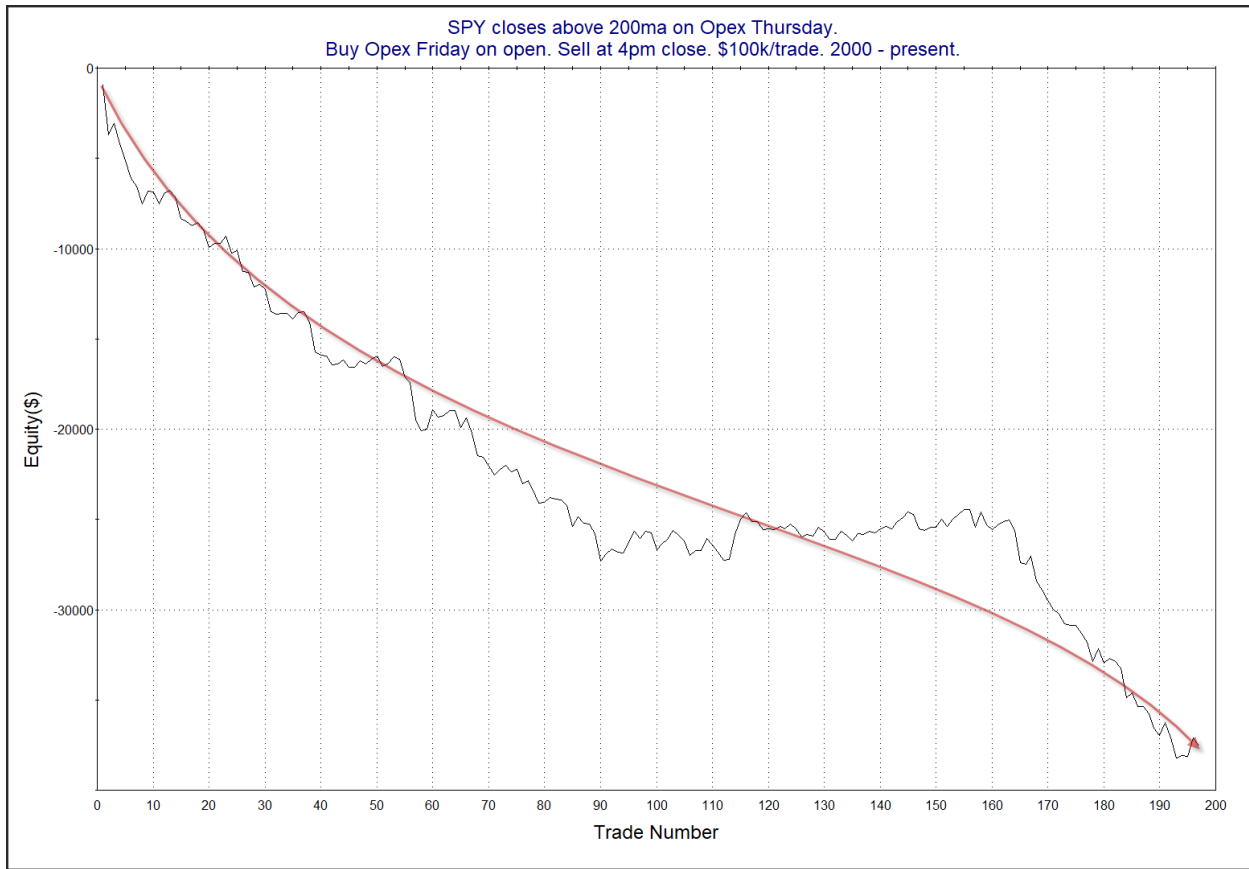
SPY closes above 200ma on Opex Thursday.
Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	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
1,600	-37,559.81	197	79	118	40.10	1,400.58	-2,746.58	326.48	-536.88	0.61	0.41	-190.66
1,500	-31,736.87	197	80	116	40.61	983.92	-2,315.18	301.43	-481.47	0.63	0.43	-161.10
1,400	-31,592.41	197	68	129	34.52	993.96	-2,000.00	294.56	-400.17	0.74	0.39	-160.37
1,300	-28,247.44	197	70	126	35.53	968.86	-1,324.62	277.76	-378.50	0.73	0.41	-143.39
1,200	-26,777.19	197	69	128	35.03	1,243.06	-1,318.40	264.07	-351.55	0.75	0.40	-135.92
1,100	-21,483.49	197	73	123	37.06	1,020.18	-968.50	220.77	-305.69	0.72	0.43	-109.05
1,000	-17,940.30	197	56	141	28.43	365.47	-629.00	135.84	-181.19	0.75	0.30	-91.07

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Most of the downside would have been achieved by exiting at 2pm. Below is a look at a profit curve the 2pm exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.

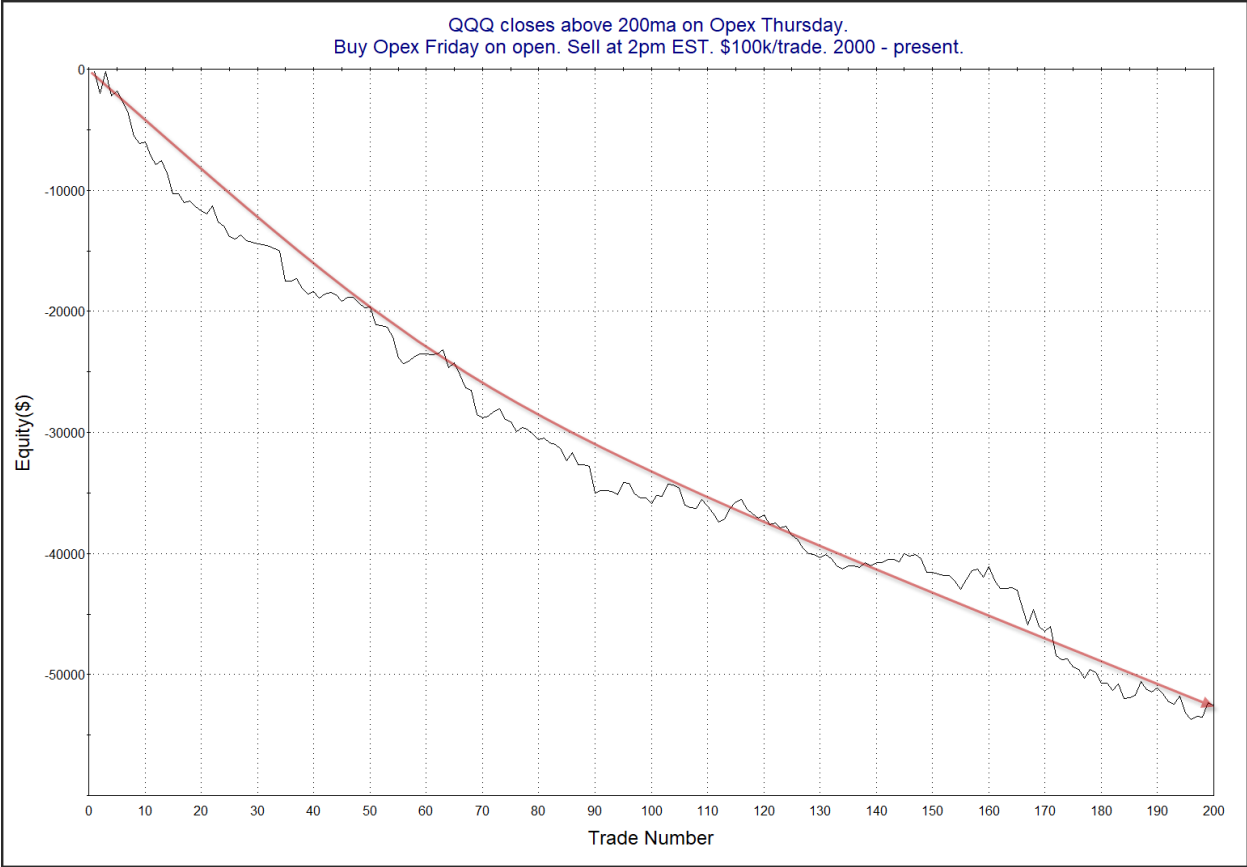


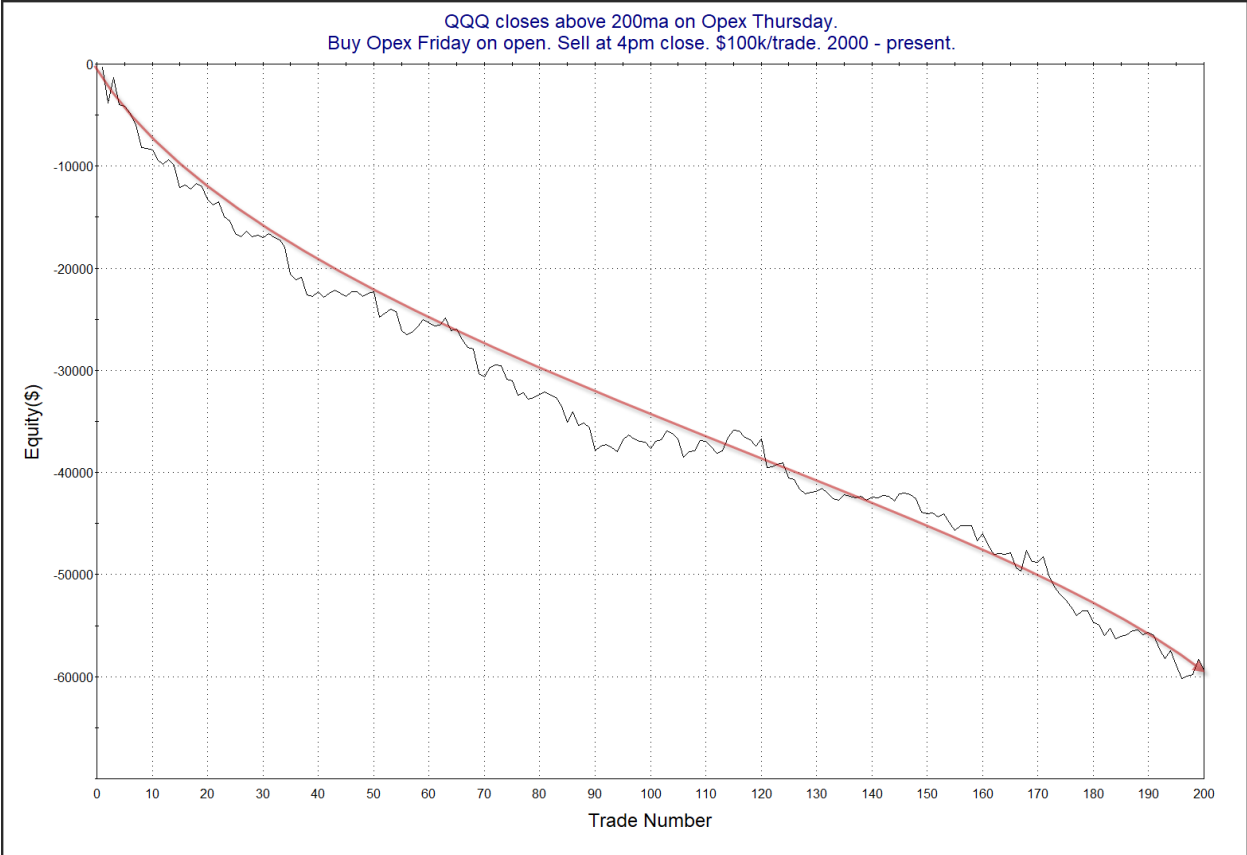
This is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table and profit curves below.

QQQ closes above 200ma on Opex Thursday.
Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

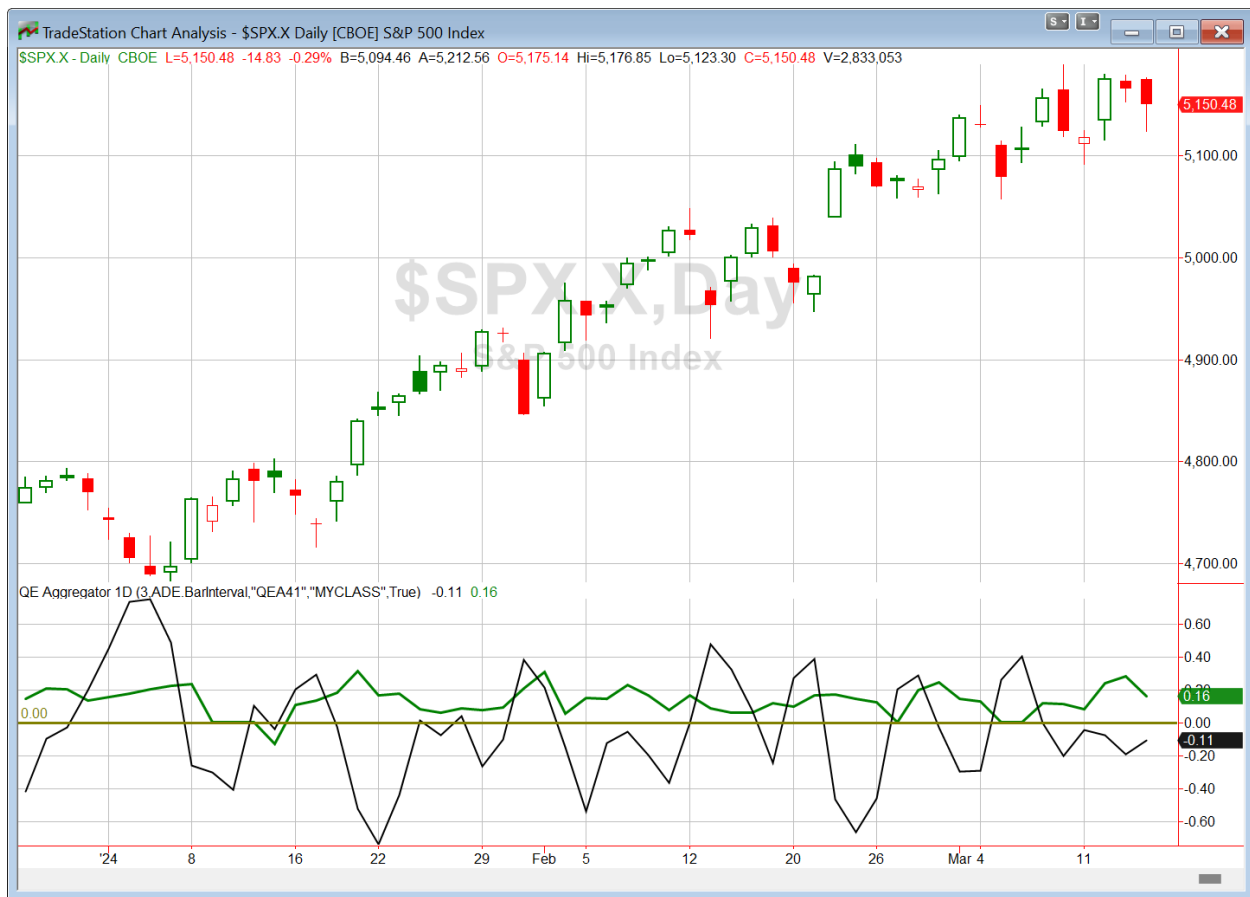
OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-59,307.31	200	78	122	39.00	2,516.00	-3,525.88	449.62	-773.58	0.58	0.37	-296.54
1,500	-52,994.32	200	73	125	36.50	1,739.00	-2,590.84	422.40	-670.63	0.63	0.37	-264.97
1,400	-52,593.31	200	65	132	32.50	1,822.25	-2,431.68	404.32	-597.53	0.68	0.33	-262.97
1,300	-45,908.58	200	69	130	34.50	1,655.75	-2,382.80	368.56	-548.76	0.67	0.36	-229.54
1,200	-45,150.78	200	71	128	35.50	2,488.25	-1,843.43	346.04	-544.69	0.64	0.35	-225.75
1,100	-37,547.00	200	68	131	34.00	1,998.00	-1,936.40	361.03	-474.03	0.76	0.40	-187.74
1,000	-29,056.55	200	63	136	31.50	1,332.00	-1,198.29	218.12	-314.69	0.69	0.32	-145.28





The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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



Without any new studies making the active list 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 set to remain positive on Friday. Of course this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *highly inverted* at 5198.01 on Friday. That is 0.9% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up at least 0.9% on Friday in order to remain overbought. Anything less than that and it will be considered oversold vs expectations as of Friday's close.

So the Aggregator is still neutral. Short-term evidence is light and the Differential Pivot is inverted. These are not characteristics of a setup with strongly favorable reward/risk. The time for taking on new short-term index positions has not yet arrived. I will continue to exercise patience.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 3/11 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MRK – 1/3 @ \$124.05 (bought @ limit)

MRK – 1/3 @ \$122.83 (bought @ limit)

Broad Market Large Cap CBI – 2(MRK-2)

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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
MRK(1/3)	3/5/2024	\$124.05	\$120.51	-2.85%	Catapult
MRK(1/3)	3/6/2024	\$122.83	\$120.51	-1.89%	Catapult

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