

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 22, 2024

Volume 17 Issue 57

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- SPX made a 20-day intraday high and closed in the bottom 10% of its intraday range. This has historically been a bullish setup.
- The intraday high, unfilled gap, and weak close imply short-term strength.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Still time for a rest and to wait for the next favorable opportunity to emerge.

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 22, 2024	SPY unfl gap 20-intra high. Close < open	1-3 days	Bullish			
March 22, 2024	SPX 20-day intraday high and btm 10% cls	1-2 days	Bullish			
March 21, 2024	SPX 100-day high on a Fed Day	1-8 days	Bullish	1.70%	-1.00%	-1.70%
March 18, 2024	Opex in Mar, Apr, Oct, or Dec closes down	1-5 days	Bullish			
March 18, 2024	SPX down 3 days 1st time in > 2 months	1-5 days	Bullish			
Active - Long Term						
March 22, 2024	SPX 20-day intraday high and btm 10% cls	1-10 days	Bullish	2.00%	-1.50%	-2.80%
March 13, 2024	Russell 2000 down 3 days. SPX 3-day high	1-10 days	Bullish	3.30%	-1.20%	-2.60%
March 4, 2024	Jan & Feb both close positive	1-10 months	Bullish			
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			
December 27, 2023	%SPX > 50 moves frm 15% > 90% in 50 dys	1-6 months	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

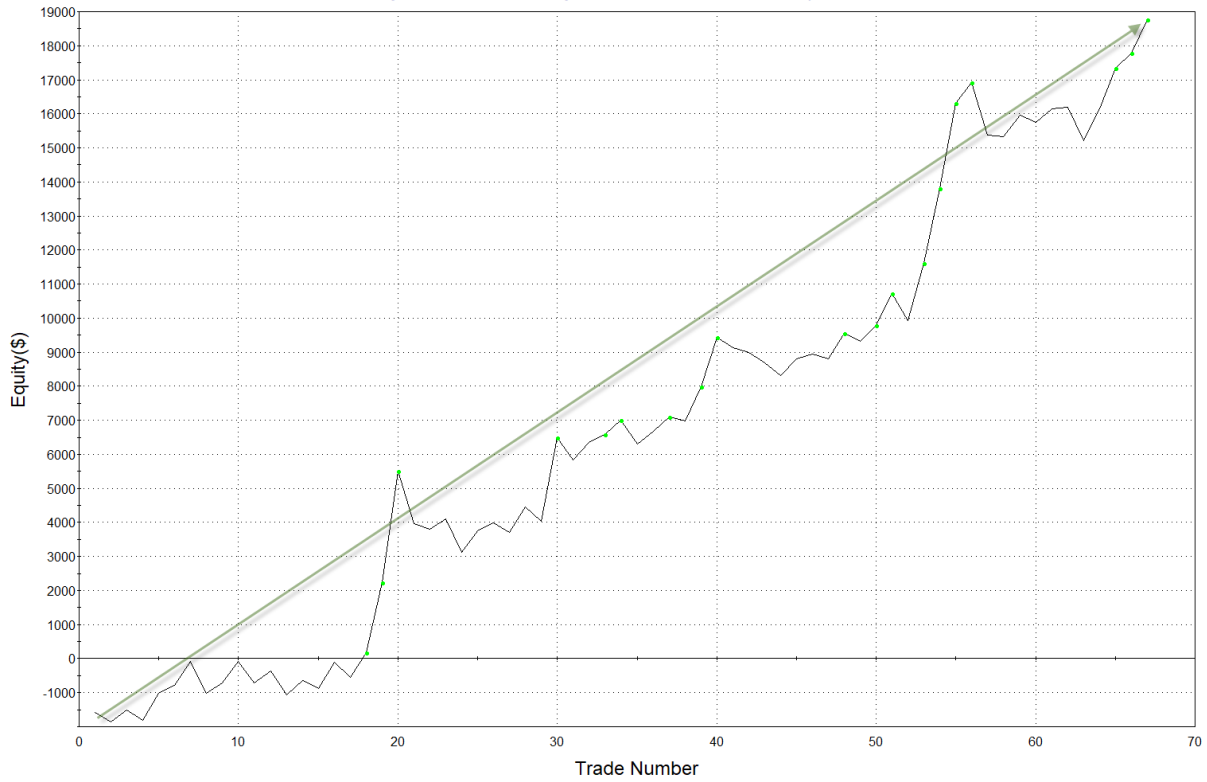
The market started very strong. Late selling reduced the gains, but the indices still all finished green. SPX closed up 0.3%, the NASDAQ rose 0.2%, and the Russell 2000 climbed 1.1%. Breadth was positive with the NYSE Up Issues % coming in at 67.9% and the Up Volume % at 67.5%. NYSE total volume rose some from Wednesday's level.

Early in the day the SPX managed to make a new intraday high. The new high followed by a poor and close triggered the study below, which was last seen recently in the 3/11/24 subscriber letter. Results are updated.

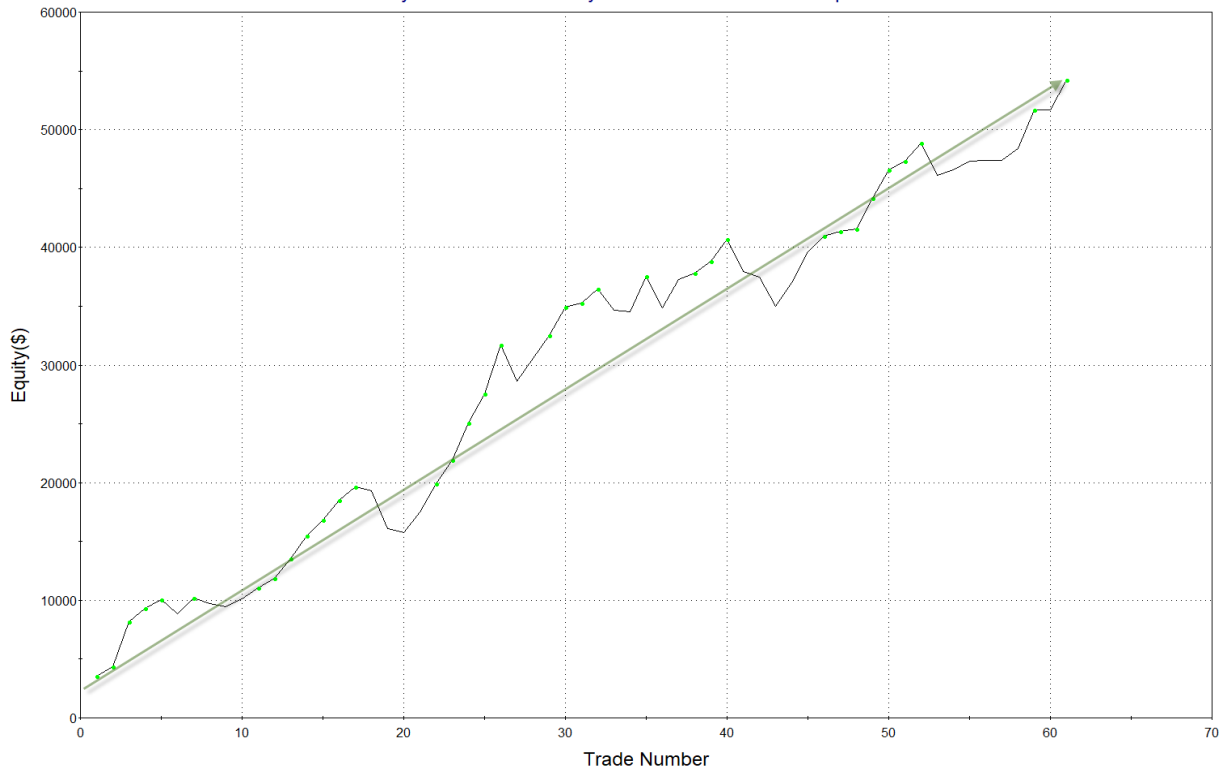
SPX makes a 20-day intraday high and then closes in the bottom 10% of its intraday range. Buy on close. Sell X days later. \$100k/trade. 2003 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	54,213.89	61	46	15	75.41	4,119.18	-3,210.80	1,657.54	-1,468.86	1.13	3.46	888.75
9	52,183.56	62	46	16	74.19	3,613.36	-3,775.10	1,626.14	-1,413.69	1.15	3.31	841.67
8	49,053.63	63	48	15	76.19	4,483.84	-3,803.24	1,569.06	-1,750.76	0.90	2.87	778.63
7	40,064.10	64	47	17	73.44	3,761.94	-4,159.32	1,446.10	-1,641.33	0.88	2.44	626.00
6	36,502.39	65	47	18	72.31	3,703.30	-3,567.90	1,279.01	-1,311.72	0.98	2.55	561.58
5	21,010.45	65	40	25	61.54	4,377.84	-3,566.84	1,099.80	-919.26	1.20	1.91	323.24
4	17,217.95	67	43	24	64.18	5,024.25	-2,435.84	994.37	-1,064.16	0.93	1.67	256.98
3	15,311.11	67	41	26	61.19	3,368.93	-3,384.50	905.27	-838.66	1.08	1.70	228.52
2	18,757.15	67	40	27	59.70	3,288.48	-1,575.22	842.17	-552.95	1.52	2.26	279.96
1	12,998.46	68	45	23	66.18	2,588.08	-2,471.25	562.74	-535.86	1.05	2.05	191.15

Results here seem to suggest an upside edge. Below are looks at both the 2-day and 10-day curves.

SPX makes a 20-day intraday high and then closes in the bottom 10% of its intraday range.
Buy on close. Sell 2 days later. \$100k/trade. 2003 - present.



SPX makes 20-day intraday high and closes in the bottom 10% of its intraday range.
Buy on close. Sell 10 days later. \$100k/trade. 2003 - present.

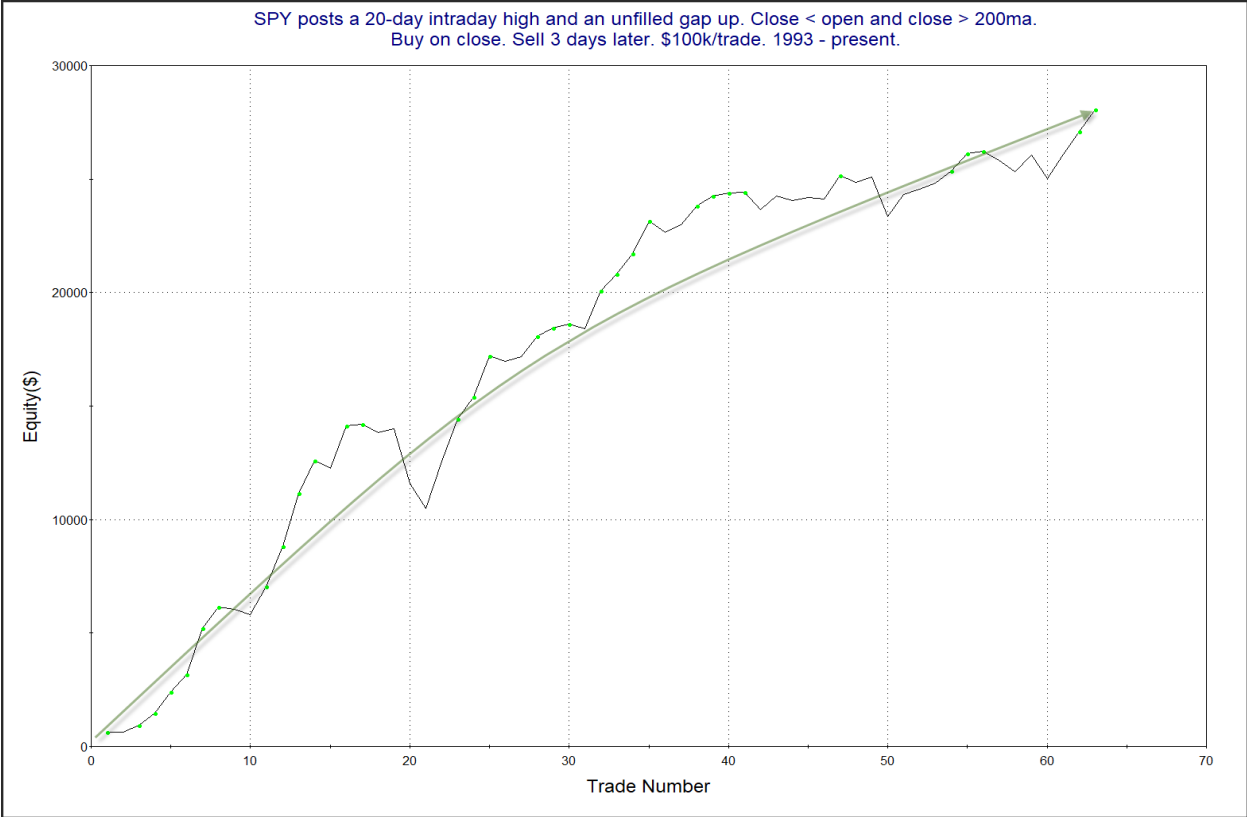


The persistent upslopes appear to confirm the upside edge suggested by the statistics. I have included this study on the short and intermediate-term active lists. It was just about to expire on the intermediate-term list, so I reset it there.

There was a study from the 1/23/24 letter that looked at unfilled gaps up that make a 20-day high, but close below the open and above the 200ma. It suggested an upside edge over the next few days. Below is an updated look.

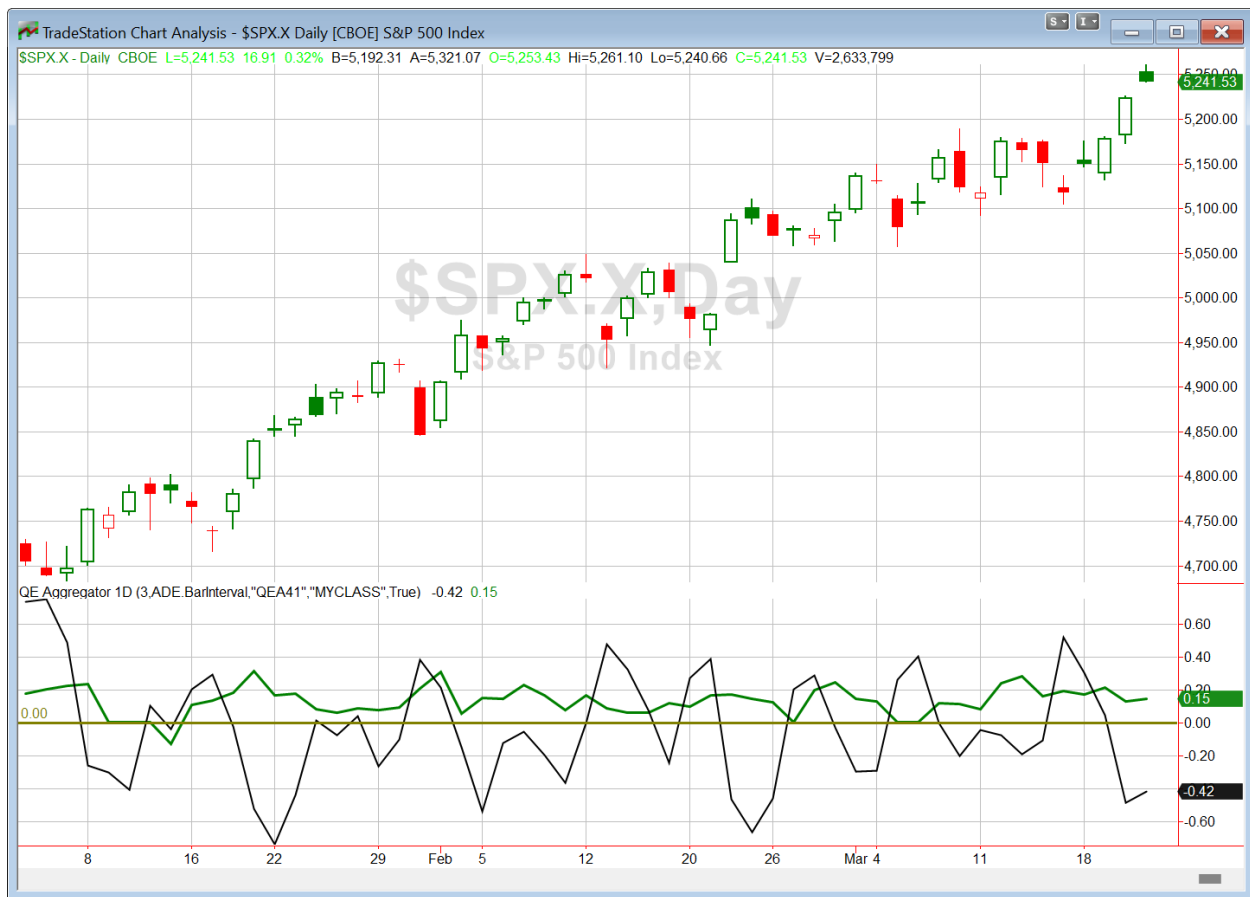
SPY posts a 20-day intraday high and an unfilled gap up. Close < open and close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	51,891.72	54	38	16	70.37	4,838.35	-4,810.68	1,869.20	-1,196.12	1.56	3.71	960.96
9	45,409.89	55	42	13	76.36	3,741.10	-5,564.16	1,502.50	-1,361.17	1.10	3.57	825.63
8	39,591.46	56	40	15	71.43	3,352.48	-6,021.40	1,448.96	-1,224.47	1.18	3.16	706.99
7	32,074.38	58	37	21	63.79	3,751.55	-4,952.36	1,448.00	-1,023.89	1.41	2.49	553.01
6	33,315.74	58	38	20	65.52	4,159.10	-6,414.24	1,439.06	-1,068.42	1.35	2.56	574.41
5	27,069.45	58	35	23	60.34	3,754.17	-4,540.20	1,255.39	-733.45	1.71	2.60	466.71
4	24,446.21	59	42	17	71.19	3,436.02	-2,228.24	883.24	-744.10	1.19	2.93	414.34
3	28,051.69	63	45	17	71.43	2,362.10	-2,427.88	858.31	-621.91	1.38	3.65	445.26
2	22,482.07	65	41	24	63.08	1,998.70	-926.12	777.27	-391.09	1.99	3.40	345.88
1	9,390.65	66	42	24	63.64	1,708.92	-1,015.84	418.07	-340.34	1.23	2.15	142.28

The numbers here suggest a solid bullish tendency in the days following such setups. Below is a look at a 3-day profit curve.



Here we see a persistent move up that also supports the idea of a bullish tendency. I have included this study on the active list.

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 list of active studies, expectations are set to remain positive on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5208.39 on Friday. That is 0.6% below Thursday's close. Therefore, SPX will need to close down at least 0.6% in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again neutral. Studies the last couple of days suggest more upside is likely. But the market is overbought, and this reduces reward/risk. So I am happy to be flat and will wait for the next compelling opportunity to emerge before taking on new index trade ideas.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 3/18 – **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 tonight.

Current Open Trade Ideas

None

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