

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 27, 2024

Volume 17 Issue 60

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Continued closes in near the bottom of the daily range are suggesting a short-term bullish edge.
- Weak closes at 5-day lows often lead to a bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long 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 27, 2024	SPY btm 1/4 of intraday range 4th day row	1-5 days	Bullish	3.40%	-1.70%	-3.40%
March 27, 2024	SPX 5-low, btm 10% intraday. Not Mon	1-5 days	Bullish	1.60%	-1.30%	-2.80%
March 25, 2024	Week After 4th Friday in March Bullish	1-5 days	Bullish	2.20%	-1.05%	-2.20%
March 21, 2024	SPX 100-day high on a Fed Day	1-8 days	Bullish	1.70%	-1.00%	-1.70%
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			

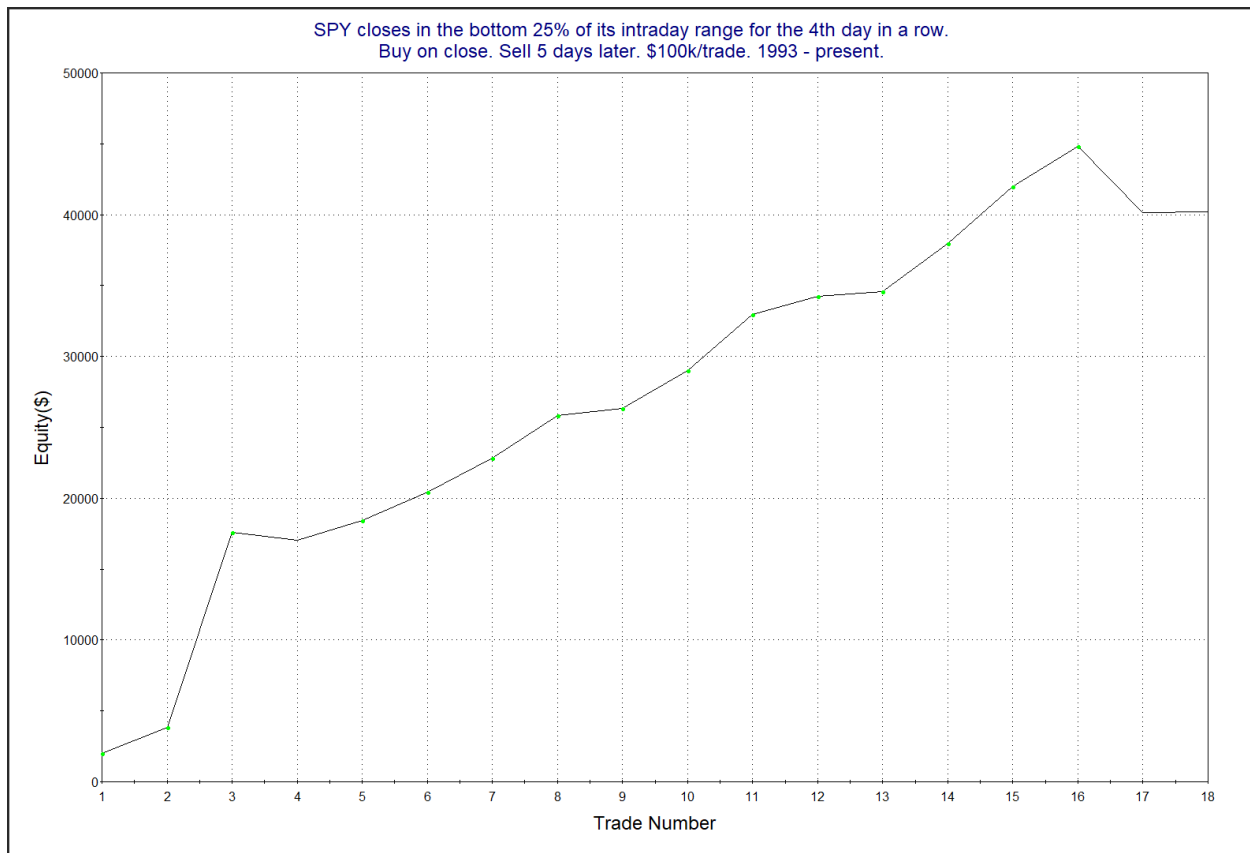
The Evidence

After spending most of the day positive, late selling turned the indices negative at the end of the day. SPX closed down 0.3%, the NASDAQ lost 0.4%, and the Russell 2000 fell 0.2%. Breadth was negative with the NYSE Up Issues % coming in at 45% and the Up Volume % at 43%. NYSE total volume rose some from Monday's low level.

Despite attempts to put in rallies over the last few days, SPY has been persistently weak in the afternoon. It has not managed to hold gains and has closed in the bottom 25% of its daily range for the last 4 days in a row. That may not sound all that extreme, but it is quite rare. Below is a look at how the market has performed following past occurrences. It looks back to the inception of SPY in 1993. This study was last seen in the 10/22/20 letter and has been updated.

SPY closes in the bottom 25% of its intraday range for the 4th day in a row. 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
5	40,186.97	18	16	2	88.89	13,737.50	-4,676.37	2,838.12	-2,611.51	1.09	8.69	2,232.61
4	26,820.29	18	15	3	83.33	12,275.00	-2,796.92	2,224.06	-2,180.19	1.02	5.10	1,490.02
3	20,124.74	18	12	6	66.67	7,062.50	-2,221.10	2,215.55	-1,076.97	2.06	4.11	1,118.04
2	12,951.69	18	12	6	66.67	5,062.50	-1,812.29	1,468.81	-779.01	1.89	3.77	719.54
1	10,801.13	18	11	7	61.11	5,962.50	-1,068.60	1,473.38	-772.30	1.91	3.00	600.06
All 18 instances closes above the entry price at some point in the next 5 days.												

The numbers are very lopsided in favor of the bulls. Below is a list of all instances assuming a 5-day holding period.



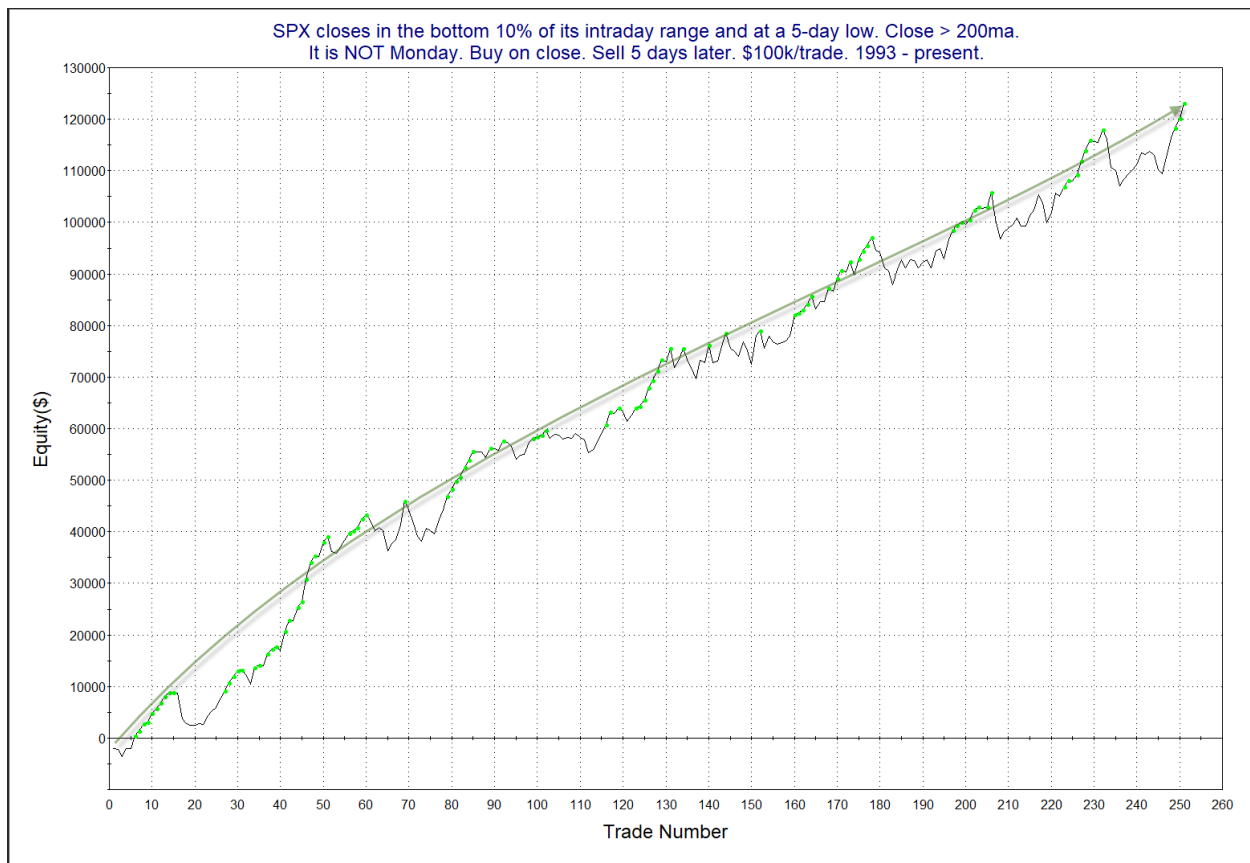
The 16th instance, from 2020, was the 1st and only substantial loser. The bears have owned the afternoons lately. It appears in the next few days the bulls will have their chance, and this study suggests an afternoon that does not go to the bears could turn into a sizable move higher.

The study below looks at times since 1993 that SPX 1) closed in the bottom 10% of its daily range, 2) at a 5-day low, 3) above the 200ma, and 4) it was not Monday. The “not Monday” requirement seems like an odd one. But it is included because when it happens on a Monday it is even more powerful – containing Turnaround Tuesday potential. Results are all updated.

SPX closes in the bottom 10% of its intraday range and at a 5-day low. Close > 200ma.
It is NOT Monday. 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
5	123,150.98	251	158	93	62.95	5,555.16	-5,482.89	1,610.67	-1,412.20	1.14	1.94	490.64
4	95,391.17	261	157	104	60.15	5,290.00	-6,520.68	1,473.85	-1,307.72	1.13	1.70	365.48
3	74,775.72	269	168	101	62.45	4,895.50	-5,393.69	1,196.87	-1,250.47	0.96	1.59	277.98
2	58,457.75	288	167	120	57.99	4,424.50	-7,559.56	1,072.41	-1,005.29	1.07	1.48	202.98
1	26,616.87	315	188	127	59.68	2,671.02	-5,829.81	677.19	-792.87	0.85	1.26	84.50

The stats table shows moderate odds of a move higher over the next few days. Below is a look at the 5-day profit curve.



The stats were not overwhelming, but I do like the profit curve. While it is certainly choppy, it is also very persistent in its move higher. The curve increased my confidence in the study, and I have included it on 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 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5254.04 on Wednesday. That is 1.0% above Tuesday's close. Therefore, it will take a sizable gain of at least 1.0% in order for SPX to flip from oversold to overbought versus expectations on Wednesday.

So the Aggregator is bullish. I again like the long side. We have a short-term oversold condition and bullish evidence building. And seasonality is favorable for the next several days. Reward/risk appears compelling, and I will look to scale further into my long index position if I can get a favorable fill on Wednesday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 3/25 – **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.

SPY – Buy ¼ index position @ \$518.75 LIMIT. Based on the short-term section above, I will take another lot if SPY pulls back much at all.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	3/26/2024	\$519.77	\$518.81	-0.18%	Aggregator

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