

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 3, 2024

Volume 17 Issue 64

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- 3 down days from a 50-day high that closes $< 10\text{ma}$ but above 10-day low suggest an upside edge.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. We see some new evidence suggesting a bounce, and upside potential appears strong. 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						
April 3, 2024	3 down from 50-high < 10ma > 10-low	1-4 days	Bullish	1.60%	-0.90%	-1.90%
April 1, 2024	Early April bullish	1-4 days	Bullish	3.40%	-1.70%	-3.40%
March 28, 2024	5-low to 50-high in 1 day	1-5 days	Bearish			
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%
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 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			

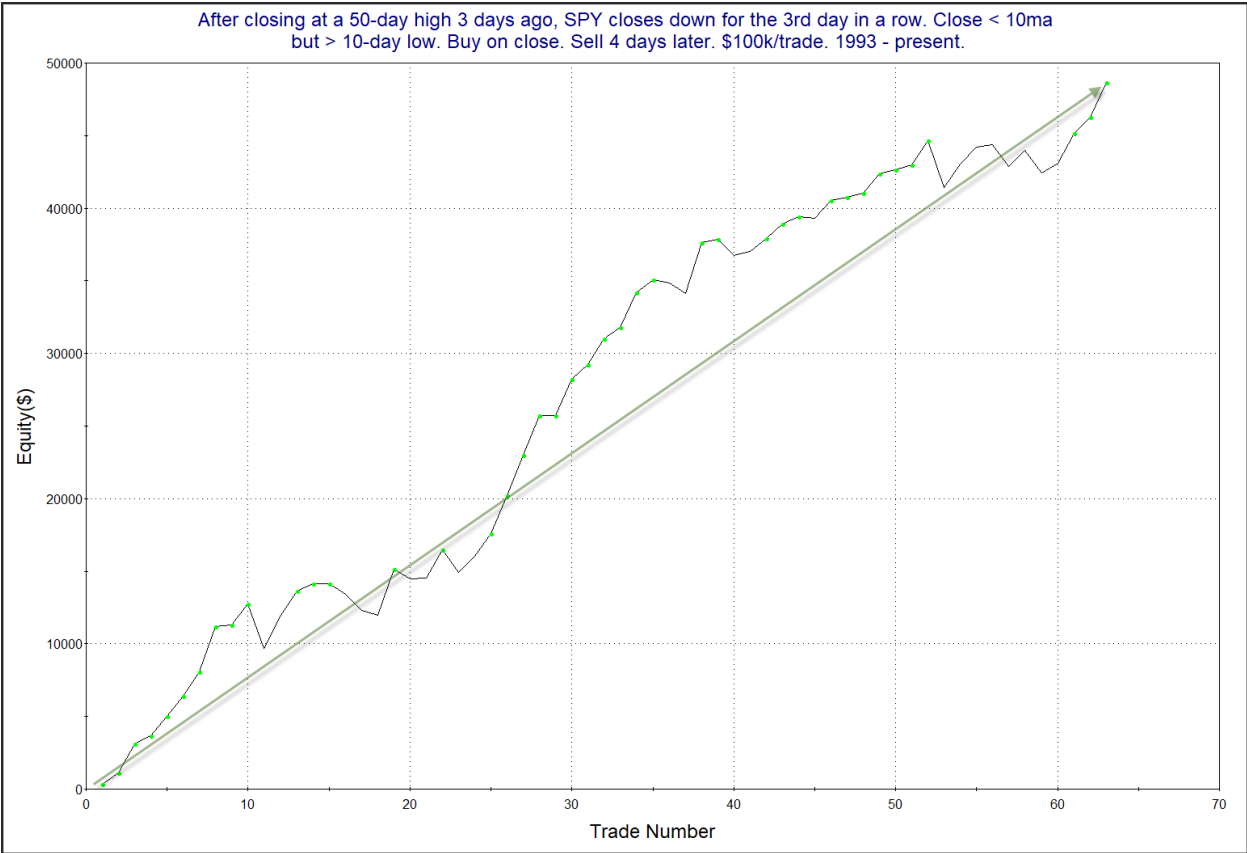
The Evidence

Tuesday saw substantial selling, but the market did manage to close near the high of the day. Still, SPX dropped 0.7%, the NASDAQ fell 0.95%, and the Russell 2000 lost 1.8%. Breadth was weak with the NYSE Up Issues % coming in at 25% and the Up Volume % at 27%. NYSE total volume rose some from Monday's light level.

There was one study that triggered in the Quantifinder that appeared especially compelling. It considered the fact that the SPY 3-day pullback was occurring right after a high was hit. Additionally, it required that the pullback was deep enough to put it below the 10ma, but *not* deep enough to see it at a 10-day closing low. It was last seen just recently in the 3/18/24 subscriber letter, and I have updated the stats.

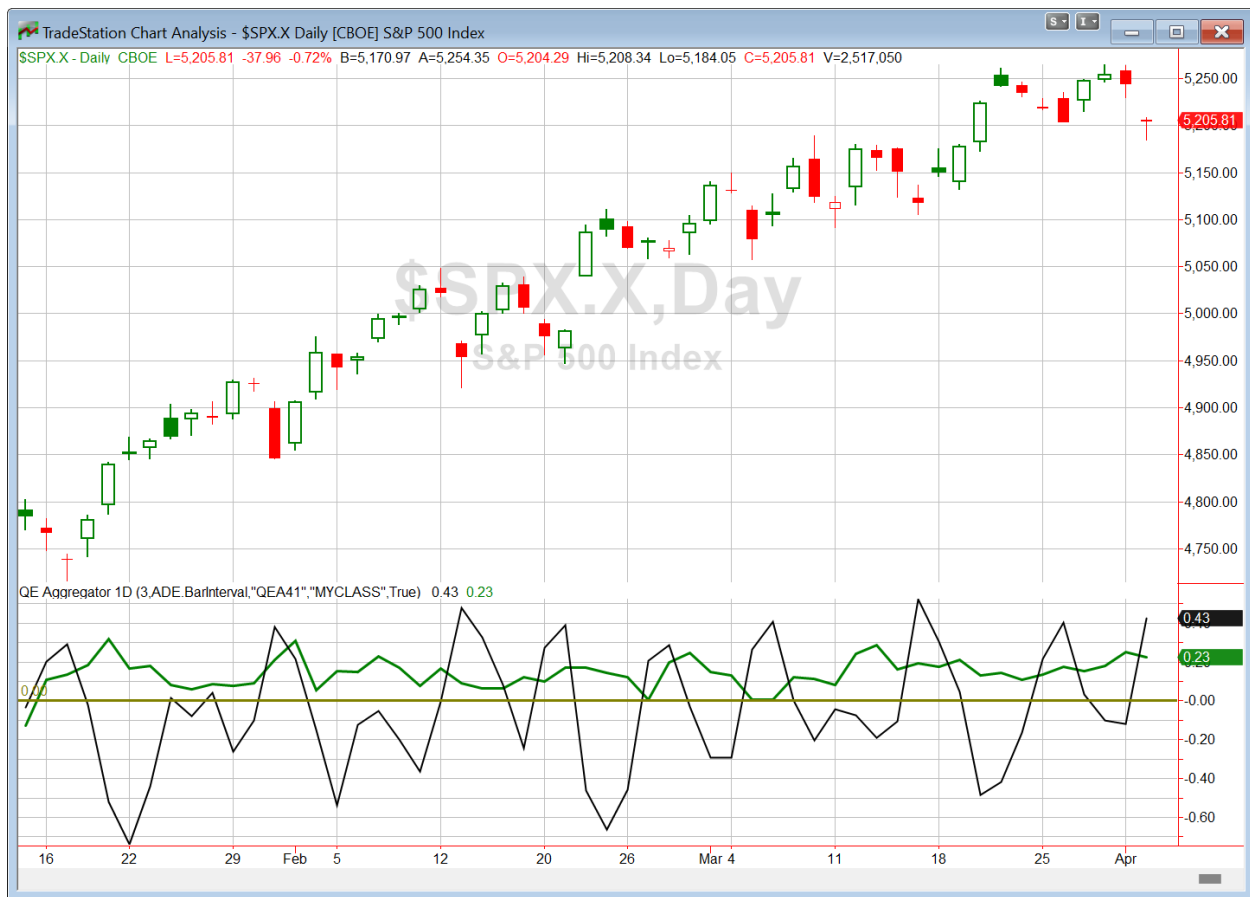
After closing at a 50-day high 3 days ago, SPY closes down for the 3rd day in a row. Close < 10ma but > 10-day low. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	46,652.81	62	43	19	69.35	3,522.94	-3,453.71	1,582.41	-1,125.82	1.41	3.18	752.46
4	48,667.19	63	50	13	79.37	3,543.50	-3,235.68	1,292.84	-1,228.83	1.05	4.05	772.50
3	34,289.59	63	43	20	68.25	3,543.50	-4,572.96	1,280.89	-1,039.42	1.23	2.65	544.28
2	18,254.71	63	42	21	66.67	3,073.95	-2,781.35	926.87	-984.46	0.94	1.88	289.76
1	9,029.57	63	37	26	58.73	3,149.85	-2,031.09	759.45	-733.46	1.04	1.47	143.33

Under these circumstances, it appears bounces have been both reliable and powerful. The 1st four days show some very impressive stats, with the 79% win rate especially standing out. Below is a look at the profit curve assuming a 4-day exit technique.



The strong move from lower left to upper right serves as some confirmation of the upside edge. I have again placed 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 moved 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.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5280.44 on Wednesday. That is 1.4% above Tuesday's close. Therefore, SPX will need to close up a sizable 1.4% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now bullish. Evidence is starting to build and there is ample room to the upside before SPX would turn overbought. So reward/risk appears favorable. I like the long side. I will look to begin building a position in SPY on Wednesday if I can get a favorable fill.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 4/1 – **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, I will be looking to take on some long exposure if there is basically any pullback on Wednesday. With plenty of room to the upside before SPX would turn overbought, I expect to be in this trade for a few days.

Current Open Trade Ideas

None

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