

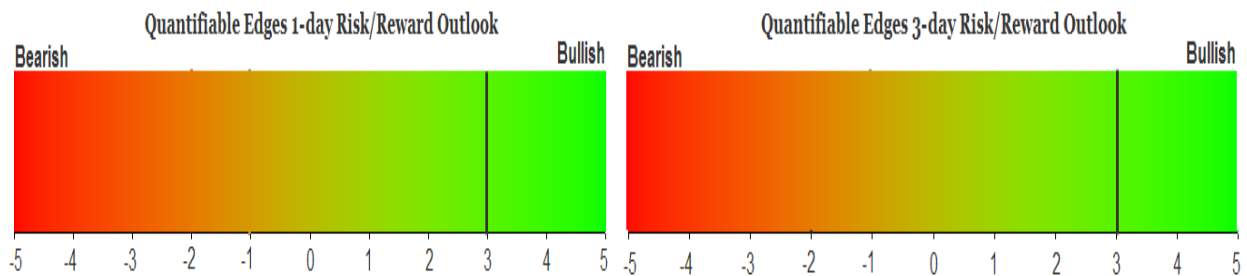
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 5, 2024

Volume 17 Issue 66

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- An outside day and close near the bottom of the short-term range during a long-term uptrend has consistently been followed by a bounce.
- The outsized move up, down, and with a low close suggests a rally over the next few days.
- The 1st 10-day low in a while is often buyable.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Evidence is suggesting Thursday's reversal will be brief and we are likely see a bounce in the coming days. I continue to 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 5, 2024	Outside Day Cls Btm 10% 10-day rng > 200	1-6 days	Bullish			
April 5, 2024	Up < 50-high Yest. 3HiLoCls > 200	1-4 days	Bullish			
April 5, 2024	1st 10-low close in 30+ days	1-8 days	Bullish			
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%
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			

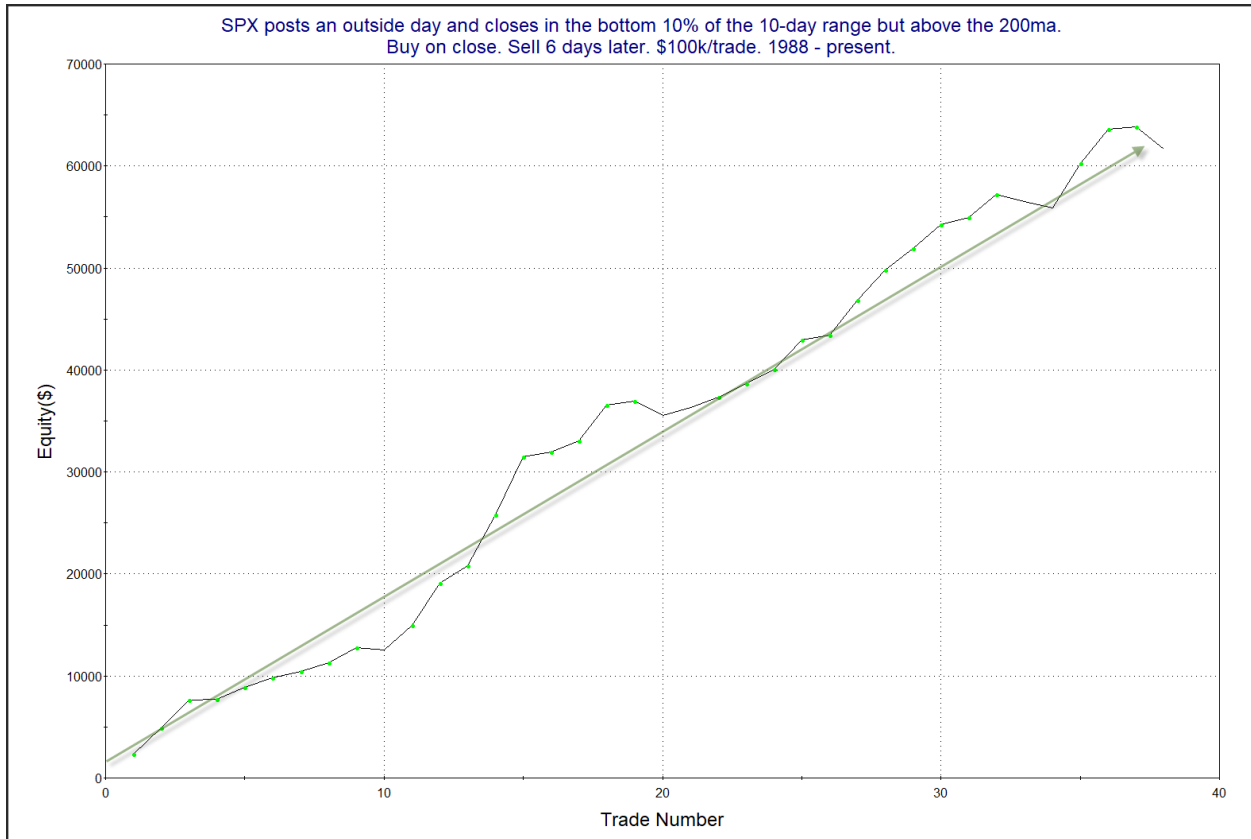
The Evidence

After a strong start to the day, the market fell apart in the afternoon. SPX declined 1.2%, the NASDAQ lost 1.4%, and the Russell 2000 fell 1.1%. Breadth was weak with the NYSE Up Issues % coming in at 35% and the Up Volume % at 22%. NYSE total volume declined some from Wednesday's level.

The big outside day that SPX put in is notable. (An outside day is a day where the market makes a higher high and a lower low than the day before.) The study below was last seen in the 9/21/23 letter. It examines the implications of an outside day occurring and putting the SPX near the lower end of its range during a long-term uptrend.

SPX posts an outside day and closes in the bottom 10% of the 10-day range but above the 200ma. Buy on close. Sell X days later. \$100k/trade. 1988 - 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	57,931.51	36	28	8	77.78	6,549.66	-3,045.90	2,597.30	-1,849.10	1.40	4.92	1,609.21
9	57,283.09	37	29	8	78.38	6,622.56	-3,800.50	2,501.81	-1,908.68	1.31	4.75	1,548.19
8	64,116.53	37	29	8	78.38	5,596.29	-2,503.82	2,586.56	-1,361.73	1.90	6.89	1,732.88
7	58,775.33	38	30	8	78.95	5,846.58	-2,644.46	2,315.04	-1,334.48	1.73	6.51	1,546.72
6	61,623.86	38	33	5	86.84	5,645.64	-2,255.00	2,021.57	-1,017.59	1.99	13.11	1,621.68
5	57,063.39	38	32	6	84.21	5,460.84	-2,809.18	1,990.19	-1,103.77	1.80	9.62	1,501.67
4	42,657.62	39	28	11	71.79	5,187.49	-2,964.25	1,861.40	-860.13	2.16	5.51	1,093.79
3	35,513.47	39	26	13	66.67	5,339.18	-1,665.30	1,712.30	-692.79	2.47	4.94	910.60
2	25,457.09	42	29	13	69.05	3,591.28	-1,807.08	1,138.67	-581.88	1.96	4.37	606.12
1	8,823.45	42	32	10	76.19	1,409.32	-1,799.08	586.10	-993.17	0.59	1.89	210.08

Rarely do I see results more bullish than these. Not only is the consistency incredibly impressive, but the size of the average trade is very large for using a "> 200ma" filter. And it isn't just the numbers that look good. Here is the profit curve.



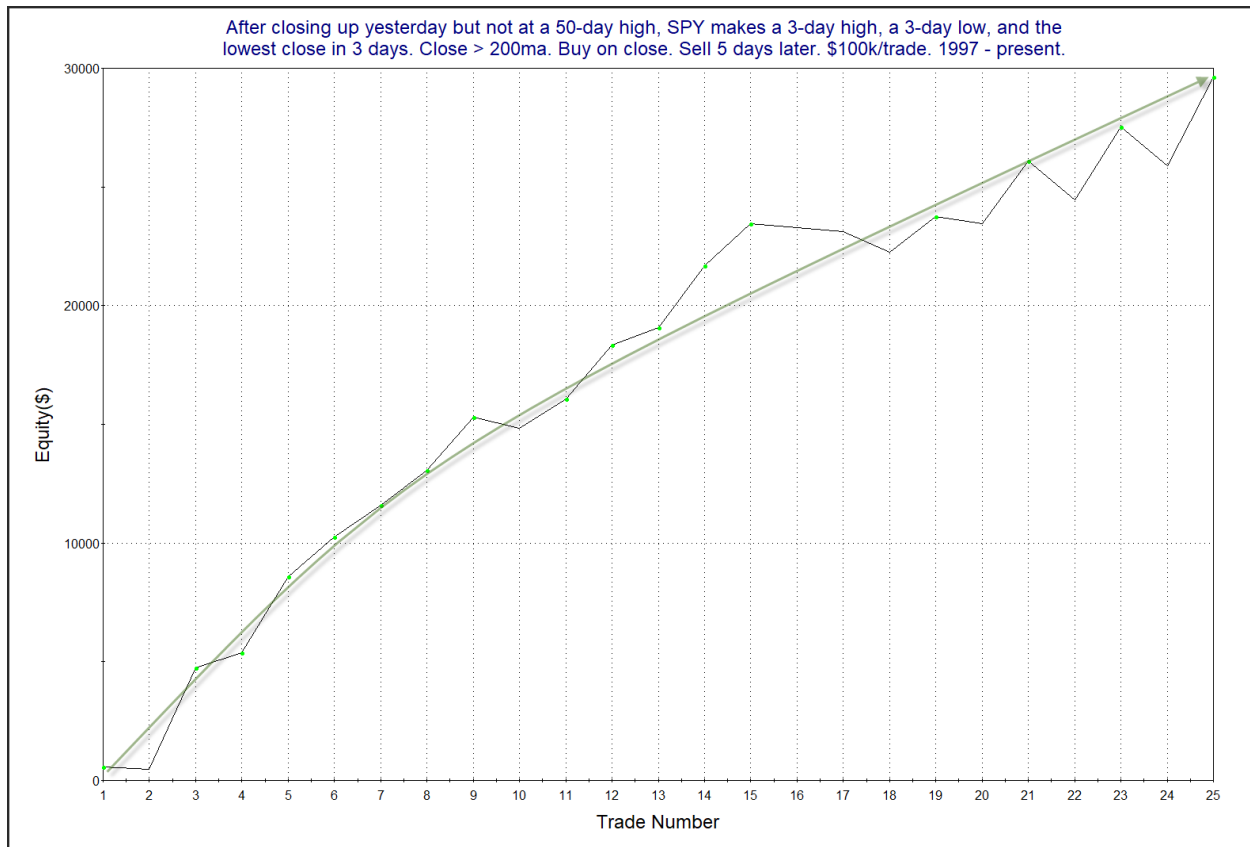
The consistency of the upslope is very impressive. I have included this study on the Active List tonight.

Another study I looked at tonight was from the 11/10/23 letter. It looked at other times that SPY made a 3-day high, 3-day low, and then a 3-day low close. I found previously that filtering based on whether SPY had closed at a 50-day high the day before was also important. I have updated the study below.

After closing up yesterday but not at a 50-day high, SPY makes a 3-day high, a 3-day low, and the lowest close in 3 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1997 - 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	29,646.21	25	17	8	68.00	4,273.50	-1,662.90	2,061.18	-674.22	3.06	6.50	1,185.85
4	24,203.89	25	17	8	68.00	4,533.98	-2,123.52	1,841.14	-886.93	2.08	4.41	968.16
3	16,097.03	25	18	7	72.00	3,903.34	-3,386.88	1,496.06	-1,547.43	0.97	2.49	643.88
2	9,414.96	26	17	9	65.38	3,244.78	-3,521.52	1,052.77	-942.46	1.12	2.11	362.11
1	4,142.08	26	16	10	61.54	2,359.84	-1,774.08	702.99	-710.57	0.99	1.58	159.31

Stats here certainly favor the bulls. Below is a look at the 5-day profit curve.



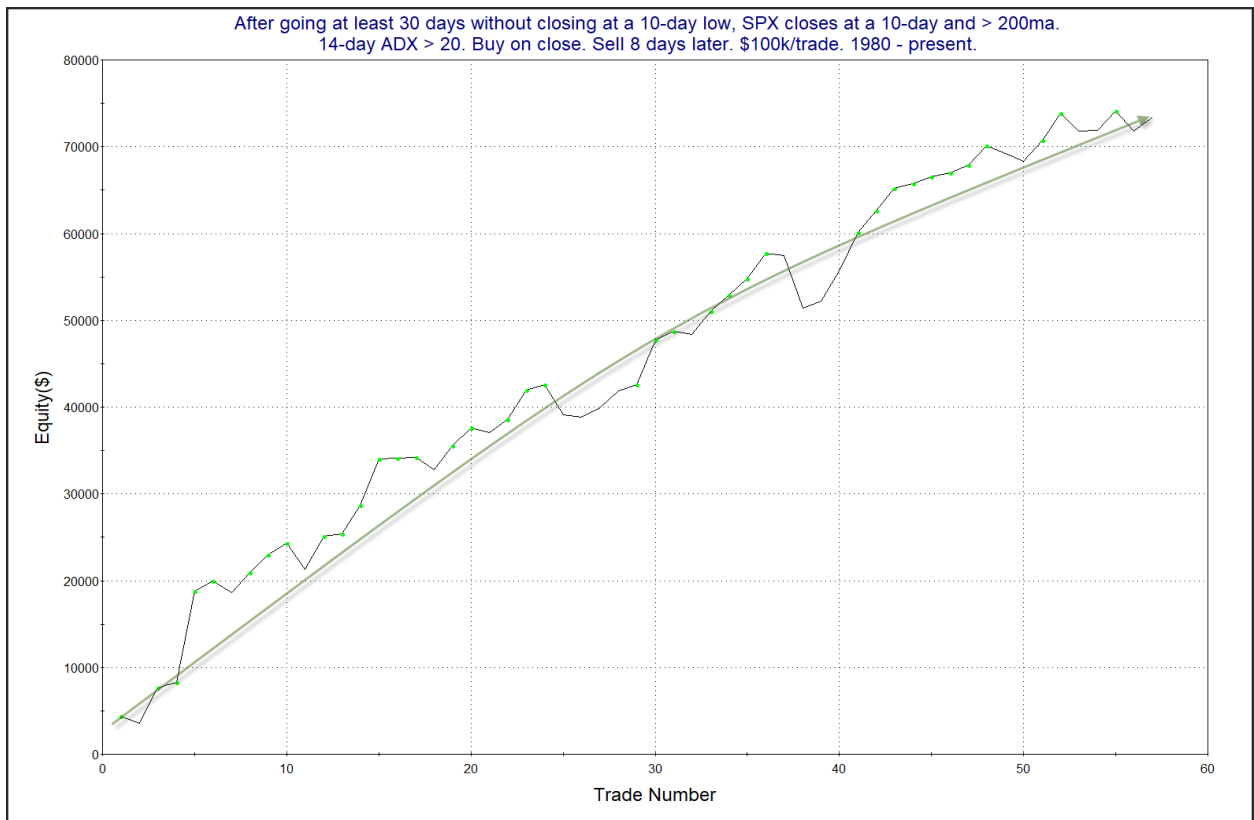
That is an impressive move from lower left to upper right. This serves as some confirmation of the upside edge suggested by the stats table. I have also added this study to the active list tonight.

Thursday also marked the 1st time SPX closed at a 10-day low since January 4th. Before Thursday, SPX had gone 61 trading days without closing at a 10-day low. That is a long time. Historically the 1st pullback to a 10-day low after a long time without one has provided a solid upside edge. In the past I also found that the edge is more prevalent when SPX has been trending than when it has been chopping sideways for an extended period. I used ADX to determine trend strength. I found that a reading of 20 or higher seemed to be a decent filter. I last shared the study below in the 2/21/23 letter. Results are updated.

After going at least 30 days without closing at a 10-day low, SPX closes at a 10-day and > 200ma.
14-day ADX > 20. Buy on close. Sell X days later. \$100k/trade. 1980 - present.

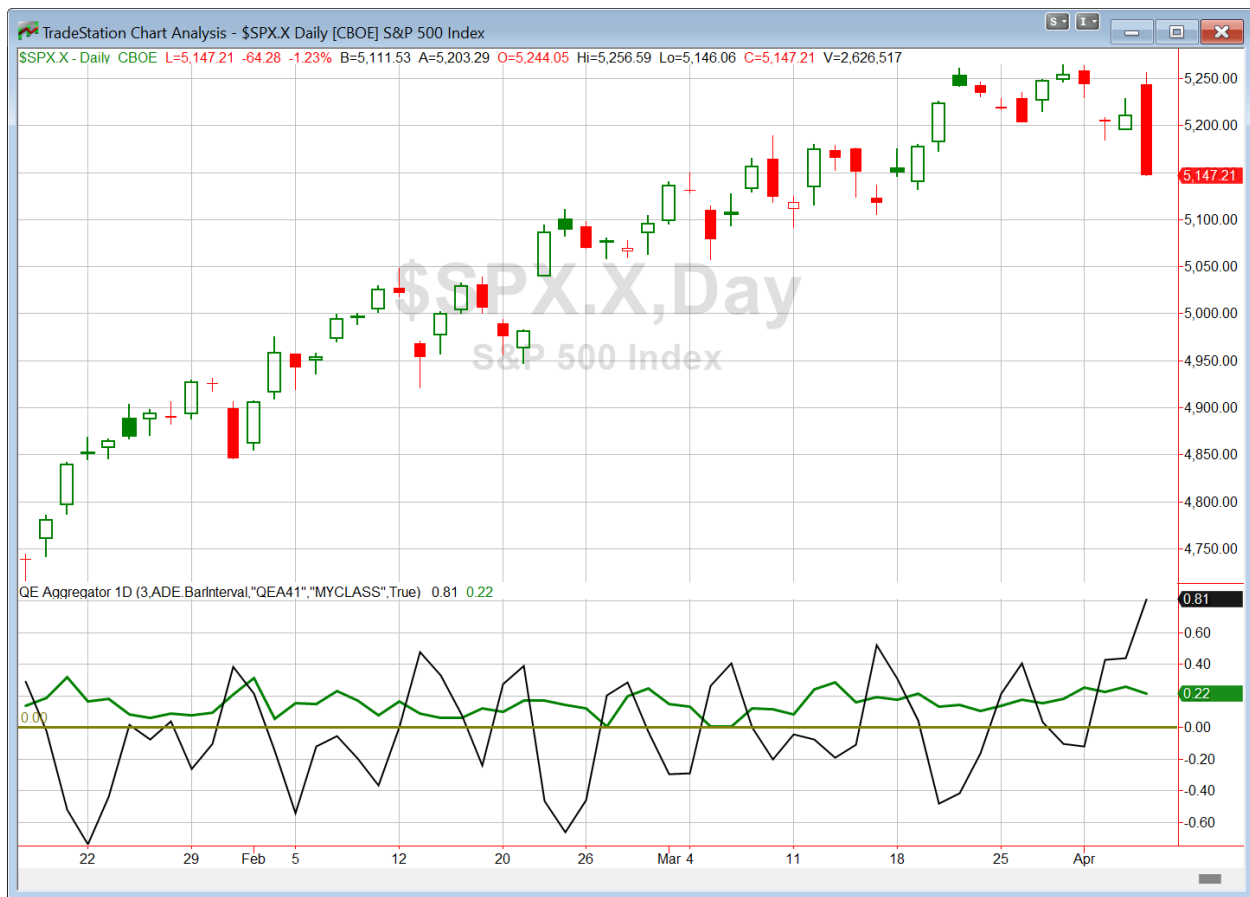
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	78,749.26	57	38	19	66.67	12,395.76	-5,362.24	2,788.44	-1,432.17	1.95	3.89	1,381.57
9	74,998.93	57	41	16	71.93	10,529.82	-3,753.36	2,446.11	-1,580.73	1.55	3.97	1,315.77
8	73,401.95	57	43	14	75.44	10,554.48	-6,117.72	2,253.06	-1,677.11	1.34	4.13	1,287.75
7	53,186.10	57	40	17	70.18	7,743.24	-8,141.12	2,188.77	-2,021.46	1.08	2.55	933.09
6	50,292.54	57	40	17	70.18	5,893.74	-4,111.40	1,876.95	-1,457.98	1.29	3.03	882.33
5	41,189.71	57	37	20	64.91	4,608.35	-3,502.11	1,775.36	-1,224.93	1.45	2.68	722.63
4	34,622.02	57	41	16	71.93	4,690.50	-2,617.20	1,492.25	-1,660.02	0.90	2.30	607.40
3	16,352.45	57	37	20	64.91	3,940.55	-4,464.88	1,172.23	-1,350.99	0.87	1.61	286.89
2	3,032.21	57	33	24	57.89	3,744.45	-7,559.56	978.04	-1,218.46	0.80	1.10	53.20
1	1,548.34	57	32	25	56.14	2,287.60	-2,758.48	720.37	-860.14	0.84	1.07	27.16

The numbers here are quite good, suggesting a short-term upside edge. Below is an 8-day profit curve.



This curve appears very steady and persistent. I have also added this study to 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 is now very stretched above zero. The positive Differential Line reading means that SPX is strongly 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 Friday. This is highly unlikely to change. Meanwhile, the Differential Pivot will be 5239.06 on Friday. That is 1.8% above Thursday's close. Therefore, SPX will need to close up a sizable 1.8% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is again bullish. There is a buildup of bullish evidence occurring. And there is plenty of room to the upside before SPX will turn overbought. So reward/risk appears favorable. Of course as I discussed last night, Friday is an employment day. A strong close would have been preferable for setting up a positive employment day, but they have been generally positive over the last 11 years. Still, it is a wildcard that could garner a strong reaction. I will look to add to my current small position if I can get a favorable fill on Friday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 4/1 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

New

NVDA – 1/3 @ \$859.05 (buy @ limit)

Broad Market Large Cap CBI – 1(NVDA)

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 @ \$512.00 LIMIT. Based on the short-term outlook, I will look to add to my SPY position if it pulls back a little more on Friday.

NVDA – Buy 1/3 Catapult position @ \$859.05 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of NVDA.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	4/3/2024	\$517.72	\$513.07	-0.90%	Aggregator

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