

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 24, 2024

Volume 17 Issue 79

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- After going an extended period of time without closing above the 10ma, SPX managed to do so today. When in a long-term uptrend, that has often led to further gains.
- 2 up days under similar conditions have been followed by a 3rd up day about 2/3 of the time.

Short-term Outlook

The Bottom Line

The Aggregator changed to neutral and the CBI dropped to zero. Time exit my short-term positions.

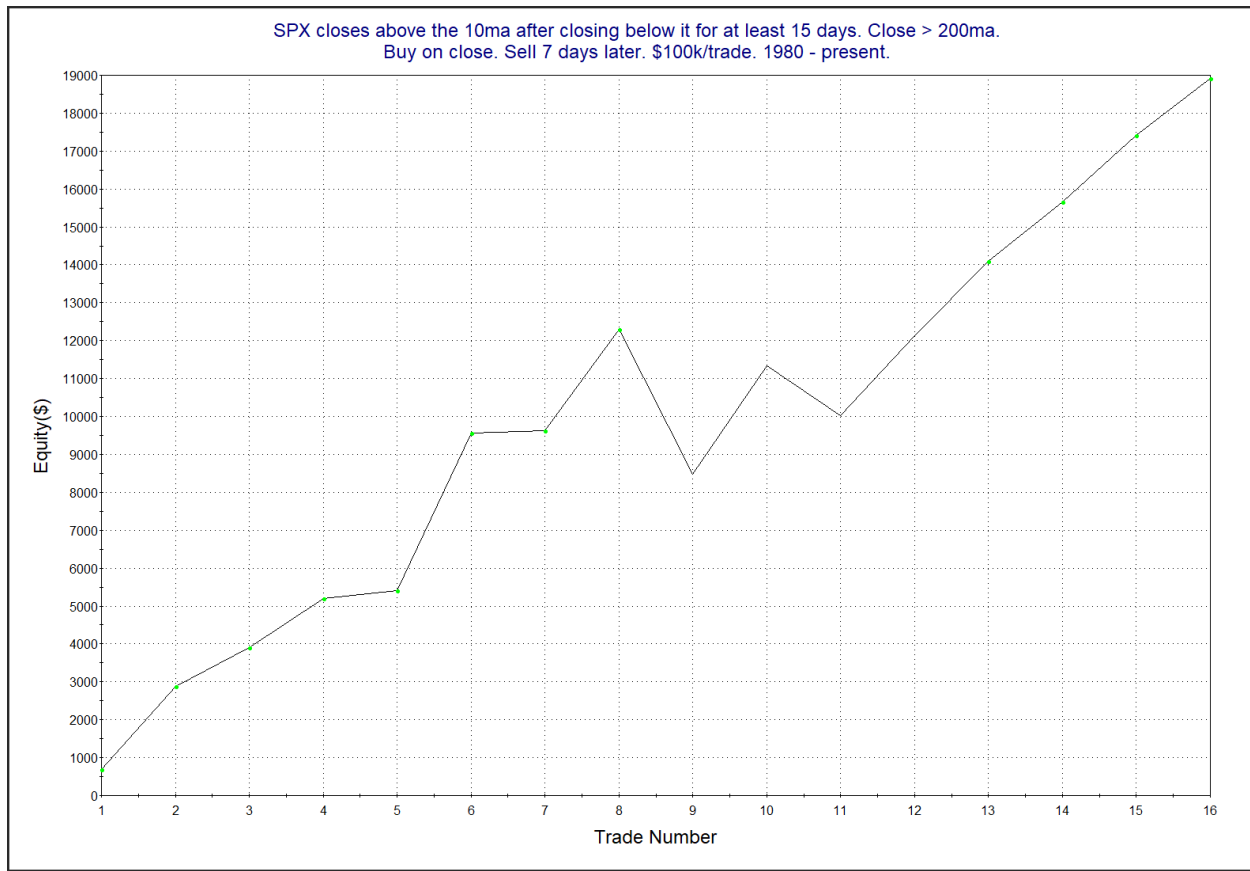
The Evidence

Tuesday saw a continuation of Monday's buying. SPX rose 1.2%, the NASDAQ rallied 1.6%, and the Russell 2000 gained 1.8%. Breadth was strong, with the NYSE Up Issues % coming in at 83% and the Up Volume % at 80%. NYSE total volume declined some from Monday's level.

Tuesday was the 1st day that SPX closed above its 10ma since April 1st. So prior to today that was a run of 15 days in a row below the 10ma. When the market is above its 200ma, that is quite unusual. The study below looked back at other times during uptrends that SPX moved above its 10ma after closing below it for at least 3 weeks. It was last seen in the 9/29/20 letter.

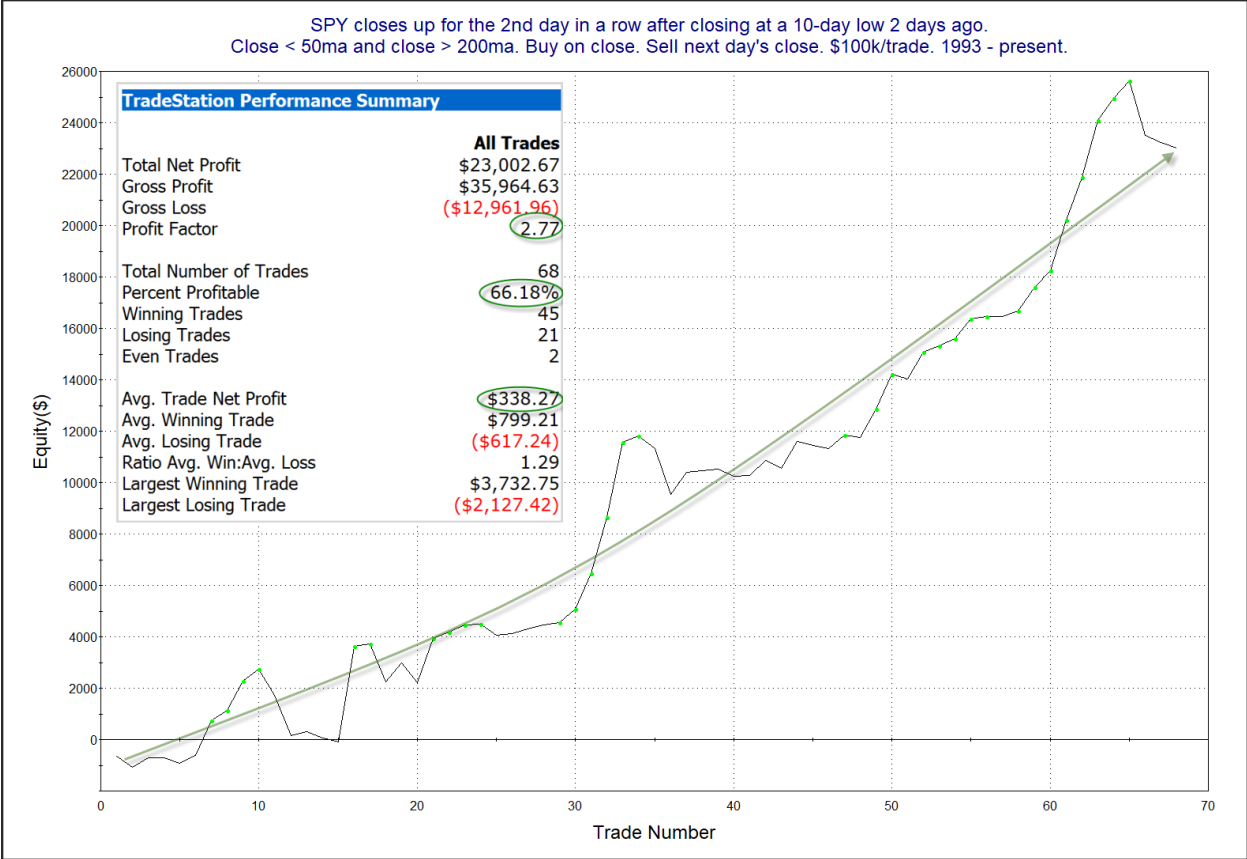
SPX closes above the 10ma after closing below it for at least 15 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1980 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	1,450.44	16	10	6	62.50	5,295.98	-11,602.12	2,777.71	-4,387.78	0.63	1.06	90.65
9	6,576.46	16	10	6	62.50	4,191.90	-6,371.60	2,379.66	-2,870.03	0.83	1.38	411.03
8	14,051.32	16	11	5	68.75	4,436.82	-4,917.08	2,154.71	-1,930.10	1.12	2.46	878.21
7	18,910.76	16	14	2	87.50	4,151.08	-3,822.96	1,717.21	-2,565.10	0.67	4.69	1,181.92
6	14,642.07	16	14	2	87.50	3,821.38	-3,349.68	1,377.75	-2,323.21	0.59	4.15	915.13
5	11,734.22	16	13	3	81.25	4,176.20	-3,519.00	1,342.22	-1,904.89	0.70	3.05	733.39
4	6,544.35	16	9	7	56.25	2,517.97	-4,068.00	1,471.60	-957.14	1.54	1.98	409.02
3	4,190.03	16	12	4	75.00	1,943.76	-4,078.50	945.59	-1,789.27	0.53	1.59	261.88
2	6,584.40	16	11	5	68.75	1,773.59	-1,656.75	967.45	-811.51	1.19	2.62	411.52
1	-3,167.71	16	7	9	43.75	1,613.68	-1,480.36	528.44	-762.98	0.69	0.54	-197.98

Returns are a bit choppy over the 1st 3 days, but looking out from 5-7 days odds appear compelling. Below is a look at the profit curve for the 7-day holding period.



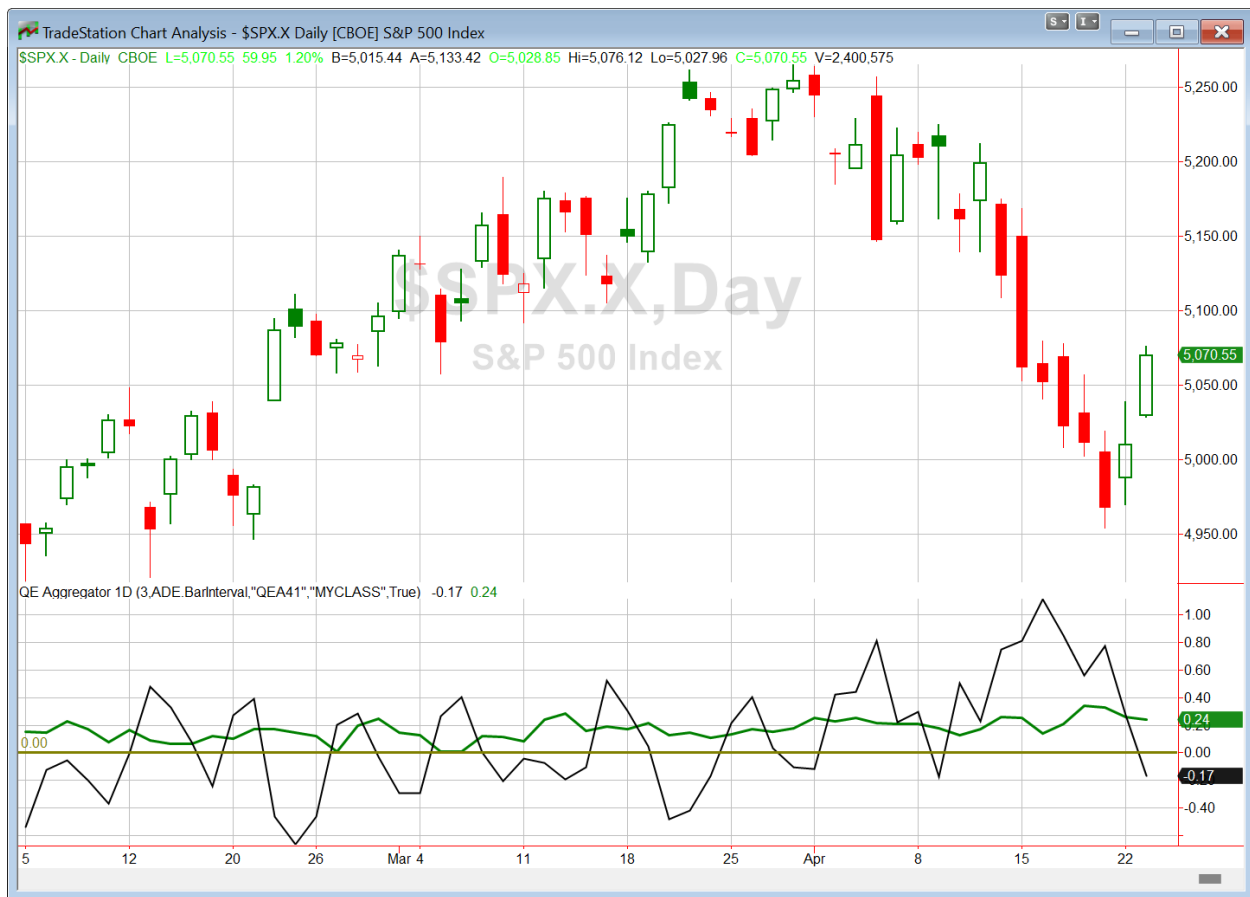
That is a persistent move higher, and the last 5 instances have all been strong. I decided to include this study on the active list tonight.

Another Quantifinder study that looked interesting was the one below, from the 5/8/18 letter. It examined other times SPX closed up 2 days in a row following a 10-day low, and it closed under its 50ma but above its 200ma. Results are all updated.



The strong and persistent rise has me including this study on the active list as well.

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 dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is now 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 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 5009.97 on Wednesday. That is 1.2% below Tuesday's close. Therefore, SPX will need to close down 1.2% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is now neutral. Also neutral (and zero) is the CBI. So I don't have a compelling reason to hold onto my short-term positions any longer. I'll be exiting on Wednesday and then waiting for the next favorable trading opportunity to arise.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 4/22 – **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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	4/15/2024	\$510.85	\$505.65	-1.02%	<i>sell on open</i>
SPY1/4)	4/15/2024	\$504.45	\$505.65	0.24%	<i>sell on open</i>
EMR(1/3)	4/16/2024	\$111.76	\$109.77	-1.78%	<i>sell on open</i>
EMR(1/3)	4/17/2024	\$111.49	\$109.77	-1.54%	<i>sell on open</i>
SPY(1/4)	4/18/2024	\$500.75	\$505.65	0.98%	<i>sold on close</i>
EMR(1/3)	4/18/2024	\$109.81	\$109.77	-0.04%	<i>sell on open</i>
CAT(1/3)	4/18/2024	\$359.88	\$363.25	0.94%	<i>sell on open</i>
CAT(1/3)	4/18/2024	\$358.32	\$363.25	1.38%	<i>sell on open</i>
COP(1/3)	4/18/2024	\$128.33	\$128.63	0.23%	<i>sold on open</i>
CAT(1/3)	4/19/2024	\$357.93	\$363.25	1.49%	<i>sell on open</i>

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