

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 7, 2024

Volume 17 Issue 88

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	4

Tonight's Research Points

- A Triple 70 Breadth Thrust triggered, which suggests a bullish intermediate-term edge.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

Summary of Recent 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						
None						
Active - Long Term						
May 7, 2024	Triple 70 Breadth Thrust	1-80 days	Bullish	10.10%	-4.80%	-11.20%
May 6, 2024	NASDAQ Leading	int term	Bullish			
April 22, 2024	QQQ down 5+ and acceleration lower	1-18 days	Bullish	9.00%	-4.30%	-7.70%
April 19, 2024	CBI 11+	1-20 days	Bullish	5.90%	-4.20%	-9.50%
March 4, 2024	Jan & Feb both close positive	1-10 months	Bullish			
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%
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			
Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)						
May 2, 2024	SPY closes btm 10% range 2 of 3 days	1-8 days	Bullish	2.80%	-1.30%	-2.80%
May 1, 2024	SPY closes btm 10% range, 5-low and	1-5 days	Bullish	2.25%	-1.90%	-4.10%

The Evidence

The buying continued on Monday. SPX gained 1.0%, the NASDAQ rallied 1.19%, and the Russell 2000 rose 1.23%. Breadth was again strong, with the NYSE Up Issues % coming in at 77% and the Up Volume % at 78%. NYSE total volume declined some from Thursday's level.

The study below was last seen in the 1/13/23 letter. It looks at other times that breadth came in strong for 3 days in a row. I have shown this study many times over the years. I often refer to it as a Triple-70 Thrust, because it requires the NYSE Up Issues % to close at 70% or greater for 3 days in a row. Stats are updated.

NYSE Up Issues % closes > 70% for the 3rd day in a row.
Buy on close. Sell "DaysIn" days later. \$100k/trade. 1957 - present.

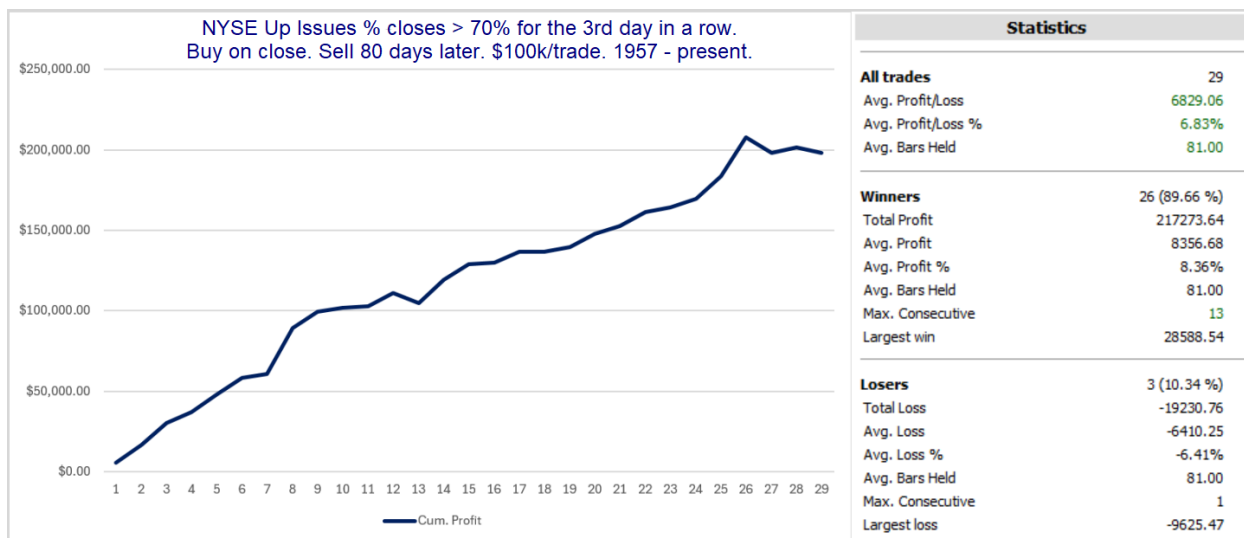
DaysIn	# Trades	# of winners	# of losers	% of Winners	W. Avg. Profit	L. Avg. Loss	Profit Factor	Avg Profit/Loss
100	27	23	4	85.19	\$10,260.18	-\$6,056.83	9.74	\$7,842.85
95	27	23	4	85.19	\$9,343.25	-\$6,190.38	8.68	\$7,041.97
90	28	25	3	89.29	\$8,784.27	-\$5,362.18	13.65	\$7,268.58
85	28	24	4	85.71	\$8,821.82	-\$4,504.13	11.75	\$6,918.11
80	29	26	3	89.66	\$8,356.68	-\$6,410.25	11.3	\$6,829.06
75	30	26	4	86.67	\$8,154.65	-\$7,016.71	7.55	\$6,131.80
70	30	26	4	86.67	\$7,173.38	-\$4,873.37	9.57	\$5,567.14
65	30	24	6	80	\$7,611.56	-\$4,355.13	6.99	\$5,218.23
60	31	25	6	80.65	\$7,769.73	-\$4,929.05	6.57	\$5,311.90
55	32	26	6	81.25	\$7,379.48	-\$4,647.45	6.88	\$5,124.43
50	32	25	7	78.13	\$7,853.61	-\$5,251.48	5.34	\$4,986.87
45	34	26	8	76.47	\$7,260.39	-\$5,044.89	4.68	\$4,365.03
40	36	26	10	72.22	\$6,538.27	-\$5,640.94	3.01	\$3,155.16
35	38	30	8	78.95	\$5,036.41	-\$4,479.96	4.22	\$3,032.97
30	38	27	11	71.05	\$5,574.09	-\$3,316.88	4.12	\$3,000.39
25	38	28	10	73.68	\$4,830.97	-\$3,110.04	4.35	\$2,741.23
20	39	29	10	74.36	\$4,494.57	-\$3,091.21	4.22	\$2,549.50
15	39	30	9	76.92	\$3,757.52	-\$3,640.85	3.44	\$2,050.21
10	42	30	12	71.43	\$2,966.61	-\$3,599.09	2.06	\$1,090.69
5	44	29	15	65.91	\$1,876.67	-\$2,363.28	1.54	\$431.23

There are a lot of positive numbers and the edge generally appears to be to the upside. Results between 70 and 90 days appear especially strong and consistent. Below is the full list with an 80-day exit.

NYSE Up Issues % closes > 70% for the 3rd day in a row.
Buy on close. Sell 80 days later. \$100k/trade. 1957 - present.

Symbol	Entry Date	Price	Exit date	Exit Price	Profit	% Profit	Cum. Profit	Drawdown	Run-Up
\$\$PX	1/3/1958	40.87	4/28/1958	43.22	\$5,749.94	5.75%	\$5,749.94	-1.22%	6.09%
\$\$PX	11/5/1962	58.35	3/4/1963	64.72	\$10,916.88	10.92%	\$16,666.82	-1.13%	14.76%
\$\$PX	1/9/1967	82.81	5/3/1967	93.91	\$13,404.18	13.40%	\$30,071.00	-1.74%	14.44%
\$\$PX	5/29/1970	76.55	9/22/1970	81.86	\$6,936.64	6.94%	\$37,007.64	-7.66%	9.44%
\$\$PX	10/11/1974	71.14	2/5/1975	78.95	\$10,978.35	10.98%	\$47,985.99	-9.85%	10.98%
\$\$PX	1/5/1976	92.58	4/28/1976	102.13	\$10,315.40	10.32%	\$58,301.40	-1.87%	13.02%
\$\$PX	1/5/1979	99.13	5/1/1979	101.68	\$2,572.38	2.57%	\$60,873.78	-3.78%	4.86%
\$\$PX	8/18/1982	108.54	12/10/1982	139.57	\$28,588.54	28.59%	\$89,462.31	-0.18%	33.00%
\$\$PX	3/3/1983	153.48	6/27/1983	168.46	\$9,760.23	9.76%	\$99,222.54	-2.84%	11.81%
\$\$PX	8/3/1984	162.35	11/27/1984	166.29	\$2,426.86	2.43%	\$101,649.40	-2.68%	4.96%
\$\$PX	12/26/1991	404.84	4/21/1992	410.26	\$1,338.80	1.34%	\$102,988.20	-3.07%	4.04%
\$\$PX	3/21/2007	1435.04	7/16/2007	1549.52	\$7,977.48	7.98%	\$110,965.68	-1.82%	8.37%
\$\$PX	1/2/2009	931.80	4/29/2009	873.64	-\$6,241.68	-6.24%	\$104,724.00	-28.44%	1.29%
\$\$PX	7/15/2009	932.68	11/5/2009	1066.63	\$14,361.84	14.36%	\$119,085.83	-2.42%	18.09%
\$\$PX	7/9/2010	1077.96	11/1/2010	1184.38	\$9,872.35	9.87%	\$128,958.19	-3.55%	10.96%
\$\$PX	3/21/2011	1298.38	7/14/2011	1308.87	\$807.93	0.81%	\$129,766.12	-3.10%	5.56%
\$\$PX	9/15/2011	1209.11	1/10/2012	1292.08	\$6,862.07	6.86%	\$136,628.19	-11.11%	6.91%
\$\$PX	3/9/2012	1370.87	7/3/2012	1374.02	\$229.78	0.23%	\$136,857.97	-7.60%	3.76%
\$\$PX	7/3/2012	1374.02	10/25/2012	1412.97	\$2,834.75	2.83%	\$139,692.72	-3.54%	7.31%
\$\$PX	6/27/2013	1613.20	10/21/2013	1744.66	\$8,149.02	8.15%	\$147,841.74	-0.75%	8.19%
\$\$PX	4/1/2014	1885.52	7/25/2014	1978.34	\$4,922.78	4.92%	\$152,764.52	-3.77%	5.61%
\$\$PX	2/17/2016	1926.82	6/10/2016	2096.07	\$8,783.90	8.78%	\$161,548.42	-1.86%	10.05%
\$\$PX	6/30/2016	2098.86	10/24/2016	2151.33	\$2,499.93	2.50%	\$164,048.35	-1.38%	4.52%
\$\$PX	12/7/2016	2241.35	4/4/2017	2360.16	\$5,300.82	5.30%	\$169,349.17	-1.45%	7.12%
\$\$PX	1/8/2019	2574.41	5/3/2019	2945.64	\$14,420.00	14.42%	\$183,769.18	-1.04%	14.75%
\$\$PX	3/26/2020	2630.07	7/21/2020	3257.30	\$23,848.41	23.85%	\$207,617.59	-6.94%	24.28%
\$\$PX	5/27/2022	4158.24	9/22/2022	3757.99	-\$9,625.47	-9.63%	\$197,992.12	-12.54%	4.02%
\$\$PX	1/12/2023	3983.17	5/9/2023	4119.17	\$3,414.37	3.41%	\$201,406.49	-4.38%	5.33%
\$\$PX	7/13/2023	4510.04	11/3/2023	4358.34	-\$3,363.61	-3.36%	\$198,042.88	-9.01%	2.15%

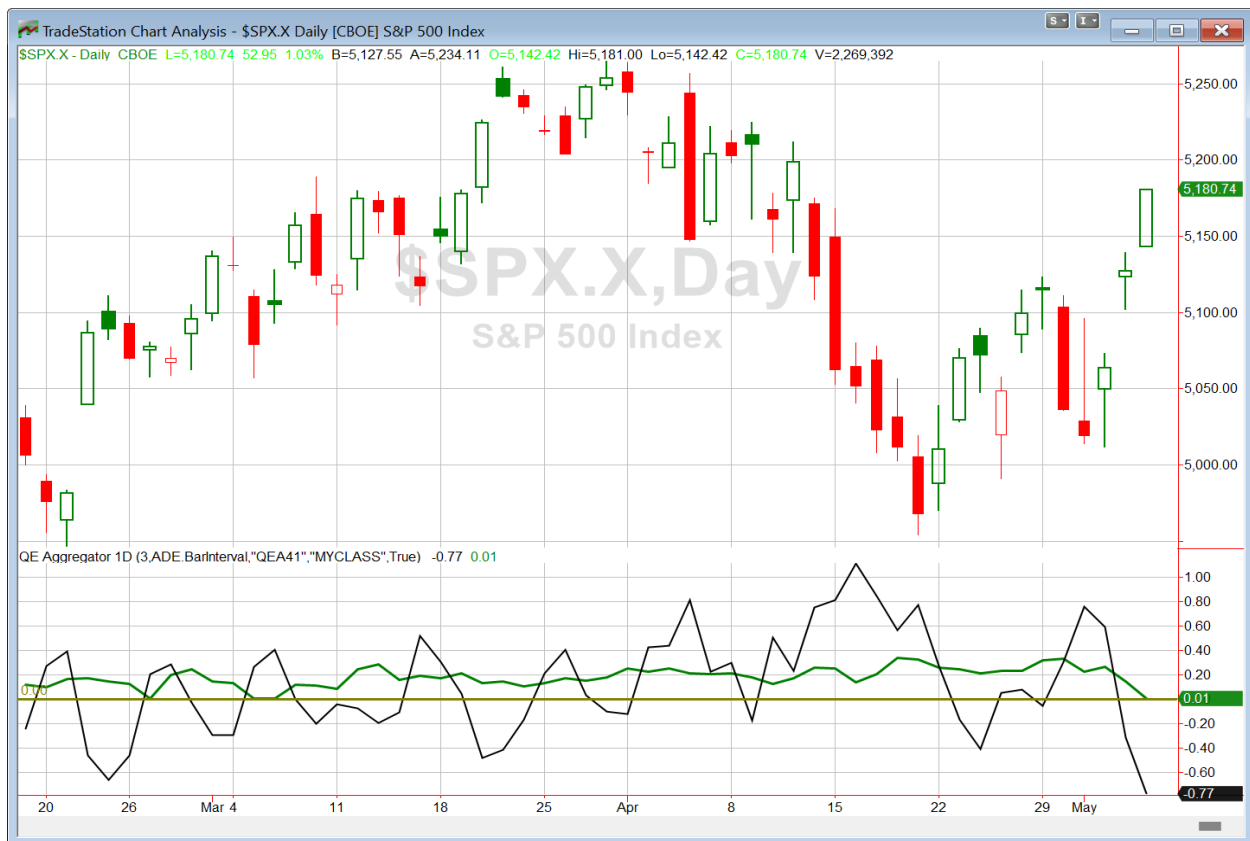
Next is the curve and the stats.



Impressive looking curve and stats. I've included this study on the intermediate-term active list.

From a short-term perspective, there was nothing that appeared strongly compelling. So no new short-term studies made the cut tonight. There were two recent studies that saw their upside potential reached and were therefore removed. So the rally over the last 3 days has quickly zeroed out the short-term active list.

I have updated [the Aggregator chart](#) below.



With tonight's evidence considered, the green Aggregator Line held slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is far below zero. The negative Differential Line reading means that SPX is strongly overbought versus recent expectations. So expectations are positive and 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 Tuesday. This is thanks to the intermediate-term outlook. With the short-term list barren, any new evidence that emerges over the next few days will have a strong influence on expectations. Meanwhile, the Differential Pivot will be 5105.09 on Tuesday. That is 1.5% below Monday's close. Therefore, SPX will need to close down at least 1.5% on Tuesday in order to flip from overbought to oversold versus recent expectations. A more likely scenario for working off the overbought condition is a multi-day rally or consolidation.

So the Aggregator is neutral. Evidence is lacking and the market is strongly overbought. The intermediate-term outlook is bullish but the next 10 days on the Seasonality Calendar are weak. None of this suggests to me that we have a favorable setup for entering a new position. I'm neutral and awaiting the next compelling reward/risk setup.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 5/6 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

CVS – 1/3 @ \$56.31 – bought @ limit

CVS – 1/3 @ \$55.15 – bought @ limit

COP – 1/3 @ \$122.25 – bought @ limit

COP – 1/3 @ \$122.23 – buy @ limit (not filled – cancel for now)

Broad Market Large Cap CBI – 4(CVS-2, COP-2)

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
<i>SPY(1/4)</i>	<i>5/1/2024</i>	<i>\$500.35</i>	<i>\$513.75</i>	<i>2.68%</i>	<i>sold on open</i>
<i>ACN(1/3)</i>	<i>5/1/2024</i>	<i>\$300.13</i>	<i>\$305.17</i>	<i>1.68%</i>	<i>sold on open</i>
<i>ACN(1/3)</i>	<i>5/1/2024</i>	<i>\$300.13</i>	<i>\$305.17</i>	<i>1.68%</i>	<i>sold on open</i>
<i>ACN(1/3)</i>	<i>5/2/2024</i>	<i>\$298.66</i>	<i>\$305.17</i>	<i>2.18%</i>	<i>sold on open</i>
CVS(1/3)	5/2/2024	\$56.31	\$55.97	-0.60%	Catapult
CVS(1/3)	5/3/2024	\$55.15	\$55.97	1.49%	Catapult
COP(1/3)	5/3/2024	\$122.25	\$123.55	1.06%	Catapult

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