

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 24, 2024

Volume 17 Issue 101

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- The 1st dip below the 10ma in a while is often buyable.

Short-term Outlook

The Bottom Line

The Aggregator formation is bullish. I like the long side.

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						
May 24, 2024	1st SPX close < 10ma in 15+ days	1-3 days	Bullish			
Active - Long Term						
May 17, 2024	20-high then close bottom 10% intraday rng	1-10 days	Bullish			
May 16, 2024	SPX > 200ma. RSI2 crosses over 99.	1-15 days	Bullish	2.30%	-1.50%	-2.90%
May 16, 2024	SPX 50-day %b crosses 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
May 10, 2024	DJI Up 7 days in a row	1-19 days	Bullish	3.25%	-1.50%	-2.70%
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 29, 2024	May-October selloff potential when 5% dn	1-6 months	Bearish			
April 22, 2024	QQQ down 5+ and acceleration lower	1-18 days	Bullish	9.00%	-4.30%	-7.70%
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%
February 2, 2023	SPX Golden Cross	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

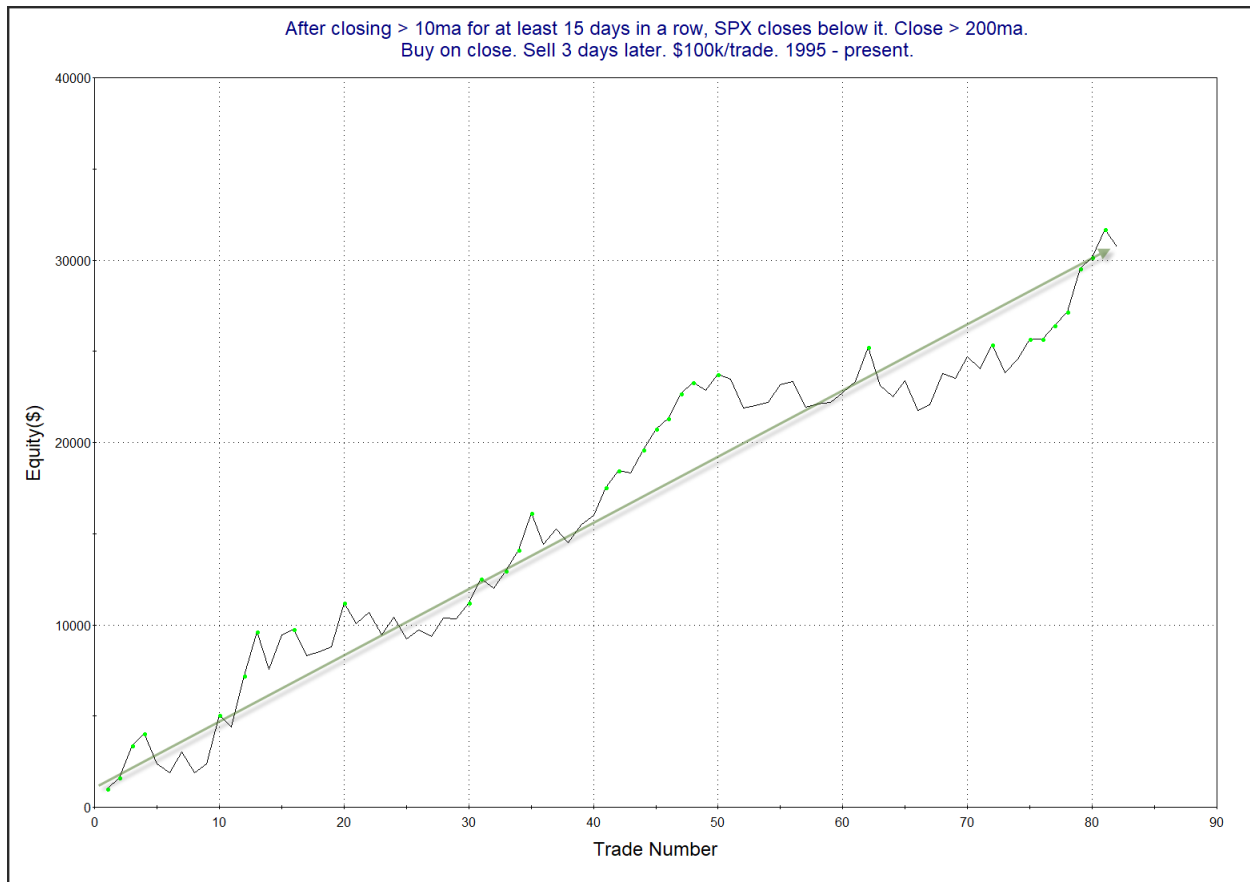
The Evidence

Thursday started strong but finished weak. SPX lost 0.7%, the NASDAQ fell 0.4%, and the Russell dropped 1.6%. Breadth was negative, with the NYSE Up Issues % coming in at 16% and the Up Volume % at 13%. NYSE total volume rose some from Wednesday’s level.

The lack of pullbacks lately had kept SPX above its short-term moving averages for an extended period. Thursday, after 15 consecutive closes above the 10ma, SPX dipped down and closed below it. In the 1/3/24 letter I looked at performance following other instances where SPX closed below its 10ma for the first time in over 15 days. Results are updated below.

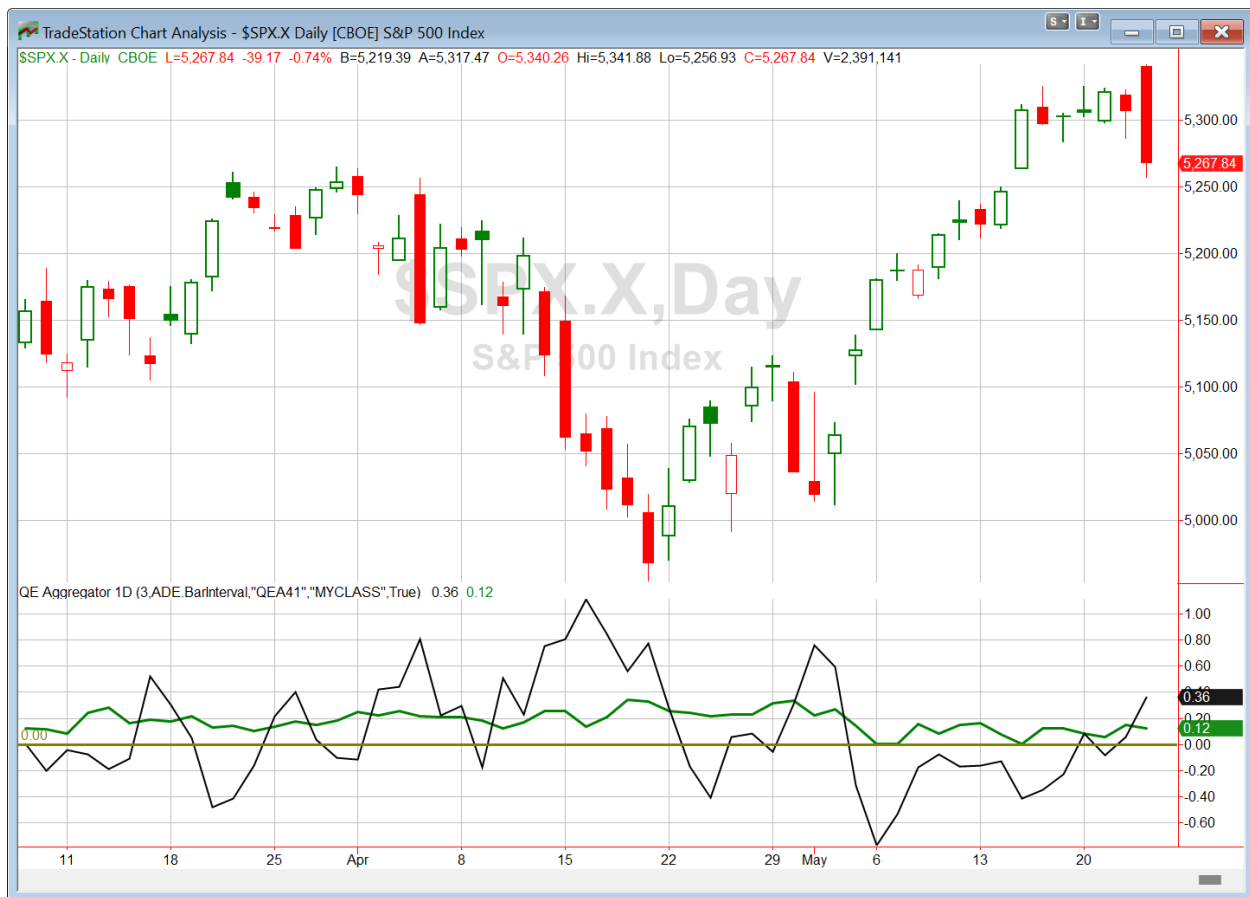
After closing > 10ma for at least 15 days in a row, SPX closes below it. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1995 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	42,776.17	82	52	30	63.41	3,505.74	-4,455.15	1,461.82	-1,107.95	1.32	2.29	521.66
4	38,251.64	82	55	27	67.07	3,206.40	-6,072.15	1,306.76	-1,245.20	1.05	2.14	466.48
3	30,728.12	82	56	26	68.29	2,805.12	-2,110.50	1,013.70	-1,001.50	1.01	2.18	374.73
2	18,177.88	82	52	30	63.41	2,682.72	-3,450.16	888.77	-934.61	0.95	1.65	221.68
1	13,430.10	82	50	32	60.98	2,097.92	-1,579.41	608.72	-531.43	1.15	1.79	163.78

The numbers suggest a good chance of a bounce in the next few days. Below is a look at the 3-day profit curve.



The move up has been somewhat choppy, but it has persisted higher for a long time and is again near a new high. The curve seems to offer some confirmation of the upside tendency suggested by the stats table. I have included this study 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 also 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 Friday. Of course this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5334.74 on Friday. That is 1.3% above Thursday's close. Therefore, SPX will need to close up at least 1.3% on Friday in order to flip from oversold to overbought vs expectations.

So the Aggregator is bullish. Persistent moves higher rarely end abruptly, so we have a good chance of a bounce in the next few days. And with ample room to the upside, reward potential is strong. There is also an awful lot of intermediate-term evidence supporting the idea of higher prices. So I like the long side. I will look to start scaling into a long index position on Friday if I can get a favorable fill.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 5/20 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

BMY @ \$43.36 (bought at limit)

BMY @ \$43.27 (buy at limit)

Broad Market Large Cap CBI – 2(BMY-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.

SPY – Buy ¼ index position @ \$525.96 LIMIT. From the short-term outlook above, I will look to start scaling into an index position on Friday if I can get filled at Thursday’s closing price or better.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
BMY(1/3)	5/21/2024	\$43.14	\$41.54	-3.71%	Catapult
BMY(1/3)	5/22/2024	\$42.22	\$41.54	-1.61%	Catapult

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