

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 23, 2024

Volume 17 Issue 140

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- After closing at a 10-day low on Friday, Monday's unfilled gap up and close above the open but below the 10ma suggest more upside in the coming days.

Short-term Outlook

The Bottom Line

The Aggregator formation is bullish. But SPX will no longer be oversold after Tuesday unless there is a move lower. Time to start thinking about taking profits on long index positions.

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						
July 23, 2024	10-low, unfilled gap up. Cl > open < 10ma	1-5 days	Bullish	1.60%	-1.60%	-2.90%
July 22, 2024	Gap < 5-low close. Close < open > 200ma	1-8 days	Bullish	1.90%	-1.40%	-3.00%
July 19, 2024	1st 10-day low in > 30 days	1-8 days	Bullish	2.50%	-1.90%	-4.10%
Active - Long Term						
July 22, 2024	NASDAQ Lagging	int term	Neutral			
July 15, 2024	Triple 70 Breadth Thrust	1-80 days	Bullish	10.10%	-4.80%	-11.20%
July 12, 2024	SPX 50-day intraday hi. NDX biggest dn 50	1-50 days	Bullish	6.35%	-2.60%	-5.20%
July 12, 2024	5+ up to 50-day, then down 1 day	1-10 days	Bullish	1.85%	-1.10%	-2.25%
July 11, 2024	50-day %b crosses > 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
July 11, 2024	SPX up 7 days in a row	1-20 days	Bullish	3.10%	-1.90%	-4.00%
July 11, 2024	RSI(2) crosses over 99	1-15 days	Bullish	2.30%	-1.50%	-2.90%
July 8, 2024	NDX 18% above 200ma	1-90 days	Bullish	14.50%	-9.40%	-18.90%
June 24, 2024	Seasonality Calendar strong end June-July	int term	Bullish			
June 20, 2024	Hindenburg Omen with SPX trend mod	1-35 days	Bearish	-7.40%	2.80%	4.90%
June 14, 2024	SPX new high with < 50% stocks > 100ma	1-18 months	Bearish			
April 29, 2024	May-October selloff potential when 5% dn	1-6 months	Bearish			
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			
February 2, 2023	SPX Golden Cross	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

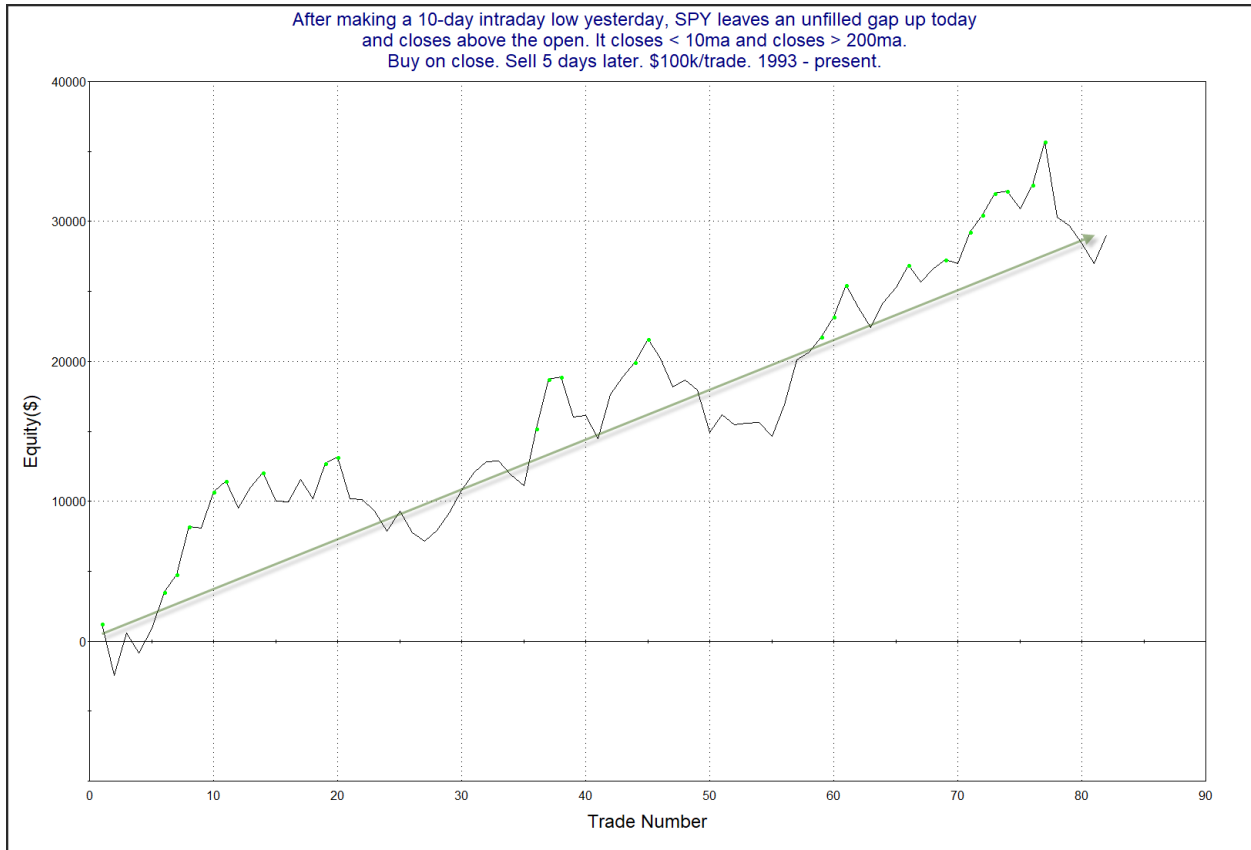
The Evidence

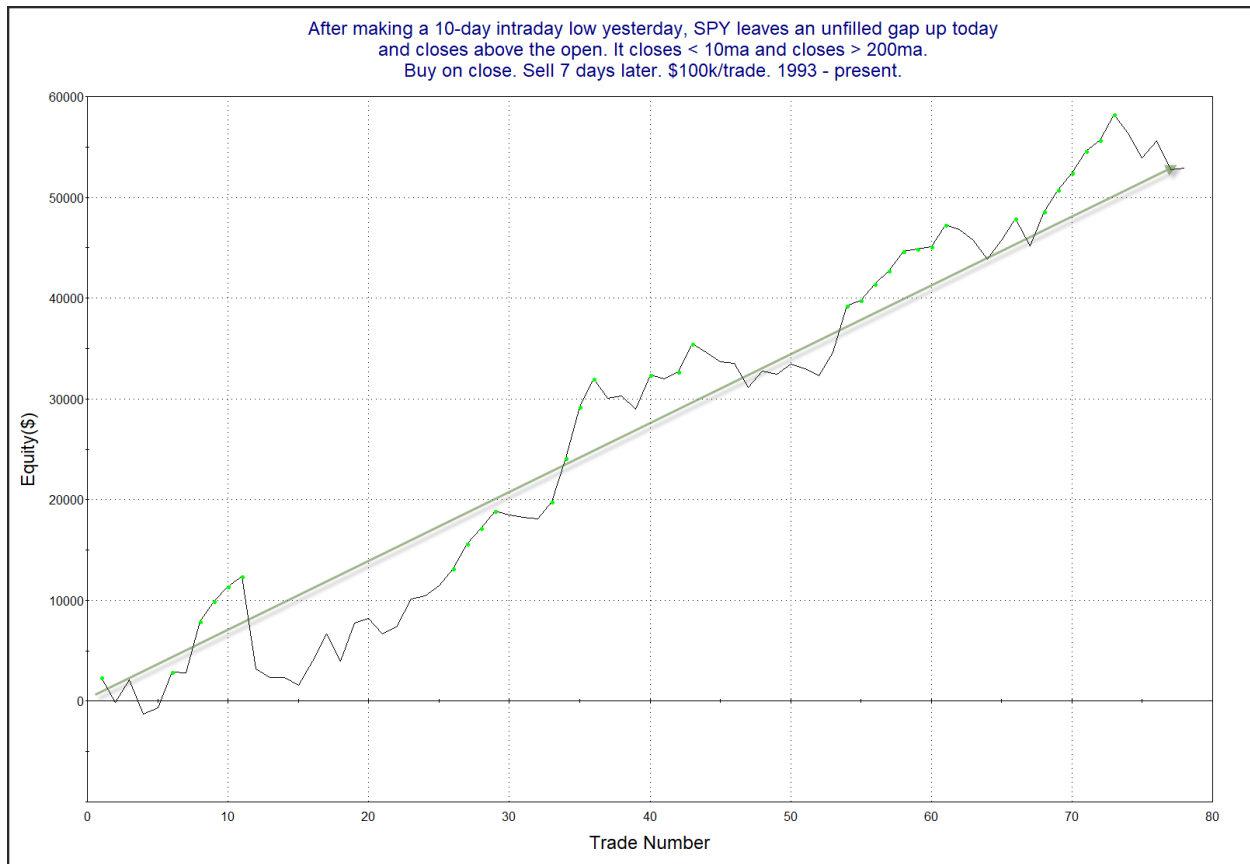
Monday was a bounce-back day. SPX rallied 1.1%, the NASDAQ gained 1.6%, and the Russell 2000 gained 1.7%. Breadth was strong with the NYSE Up Issues % coming in at 75% and the Up Volume % at 70%. NYSE volume declined some from Friday’s high level.

There was one study that appeared in the Quantifinder that I decided was worth some discussion. It looked at patterns similar to the current one where SPY made a 10-day intraday low yesterday and then posted an unfilled gap up today along with a close above the open (and above the 200ma but below the 10ma) Results are updated.

After making a 10-day intraday low yesterday, SPY leaves an unfilled gap up today and closes above the open. It closes < 10ma and closes > 200ma. 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
10	57,853.93	76	49	27	64.47	5,766.24	-5,042.10	2,211.61	-1,870.93	1.18	2.15	761.24
9	62,534.23	77	45	32	58.44	6,522.72	-3,630.72	2,479.35	-1,532.39	1.62	2.28	812.13
8	56,051.04	77	50	27	64.94	5,468.09	-5,654.80	2,002.87	-1,633.06	1.23	2.27	727.94
7	52,878.58	78	49	28	62.82	5,136.00	-9,172.30	1,986.10	-1,587.16	1.25	2.19	677.93
6	34,422.01	80	46	34	57.50	5,589.68	-3,987.20	1,744.12	-1,347.28	1.29	1.75	430.28
5	29,036.43	82	50	32	60.98	4,106.63	-5,409.60	1,536.52	-1,493.42	1.03	1.61	354.10
4	27,607.02	86	53	33	61.63	3,904.83	-3,702.72	1,383.40	-1,385.25	1.00	1.60	321.01
3	14,692.37	91	51	40	56.04	3,914.92	-3,070.92	1,206.74	-1,171.28	1.03	1.31	161.45
2	6,544.27	94	53	41	56.38	3,089.76	-3,031.50	1,114.69	-1,281.33	0.87	1.12	69.62
1	924.36	94	46	47	48.94	2,470.05	-2,895.33	843.25	-805.64	1.05	1.02	9.83

There appears to be a moderate upside edge. I have produced the 5-day and 7-day profit curves below.





The 7-day looks a little more appealing due to a few recent instances. But I decided to add the study to the active list as a 5-day edge. I just wasn't convinced it was compelling enough to credit it for longer than 5 days.

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



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also held 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 Monday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at 5535.92* on Tuesday. That is a 0.5% *below* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down over 0.5% in order to remain oversold. Anything other than that and it will be considered overbought versus recent expectations as of Monday's close.

So the Aggregator is bullish. Evidence suggests there should be more to this bounce. But the inverted pivot means that SPX is set to quickly turn "overbought", and that will end the bullish Aggregator formation. The selloff was pretty steep, so I am not inclined to take immediate profits as I sometimes might, but I will look to exit near the close on Tuesday if SPX puts in another up day.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 7/22 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

LLY @ \$848.90 (buy 1/3 @ limit) – not filled – cancel for now

Broad Market Large Cap CBI – 1 (LLY)

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>NFLX(1/3)</i>	<i>7/15/2024</i>	<i>\$647.50</i>	<i>\$639.50</i>	<i>-1.24%</i>	<i>sold on open</i>
<i>SPY(1/4)</i>	<i>7/19/2024</i>	<i>\$552.42</i>	<i>\$554.65</i>	<i>0.40%</i>	<i>sell @ \$554.66 limit on close</i>

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