

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 25, 2024

Volume 17 Issue 142

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- System 110524 triggered for SPX, which has been a reliable trigger over the years.

Short-term Outlook

The Bottom Line

The Aggregator formation is back to bullish. I believe there is a long side edge.

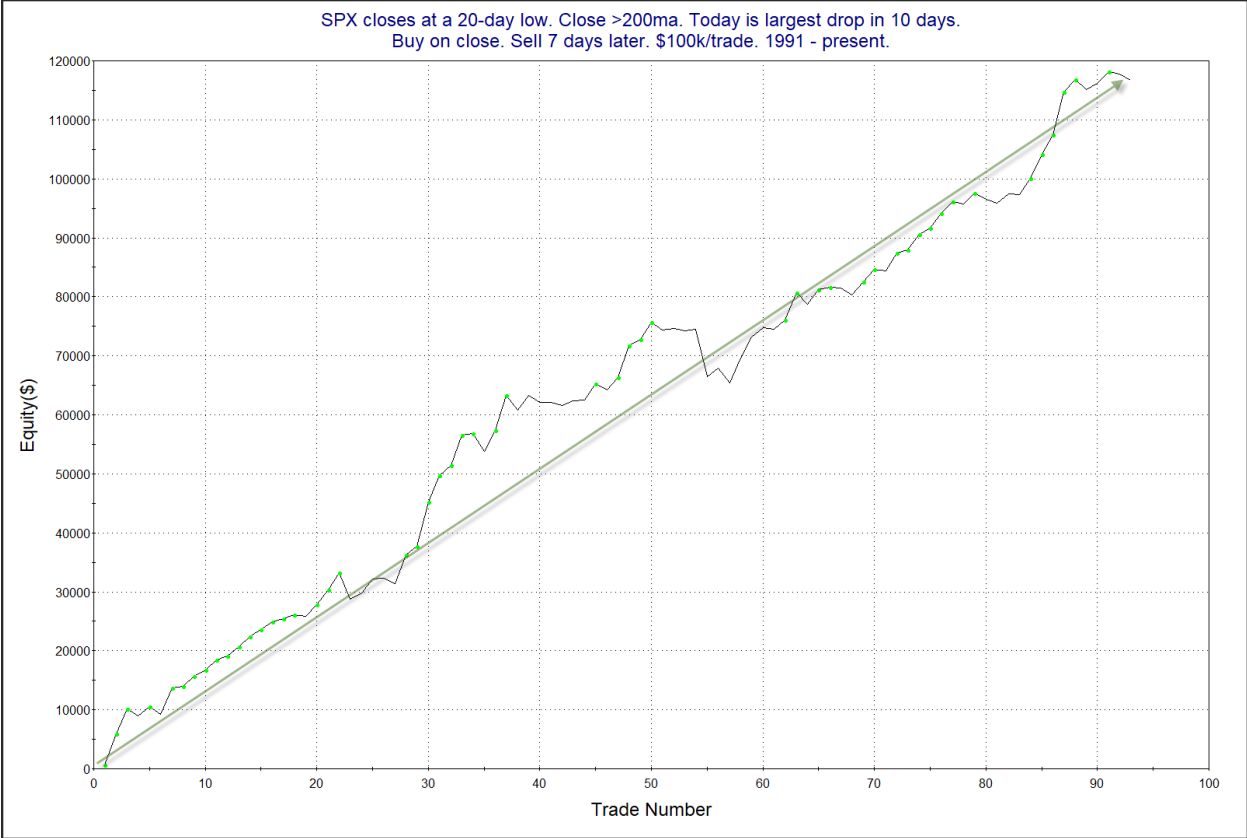
The Evidence

I try and take one day off, and the market completely falls apart. So much for a relaxing few days. I am still going to keep the letter short.

I looked at several studies tonight. The one below was the most compelling, and captured the current setup quite nicely. Last seen in the 9/24/20 letter, it looked at times SPX suffered the biggest drop in at least 10 days and closed at a 20-day low but above the 200ma. Stats are updated.

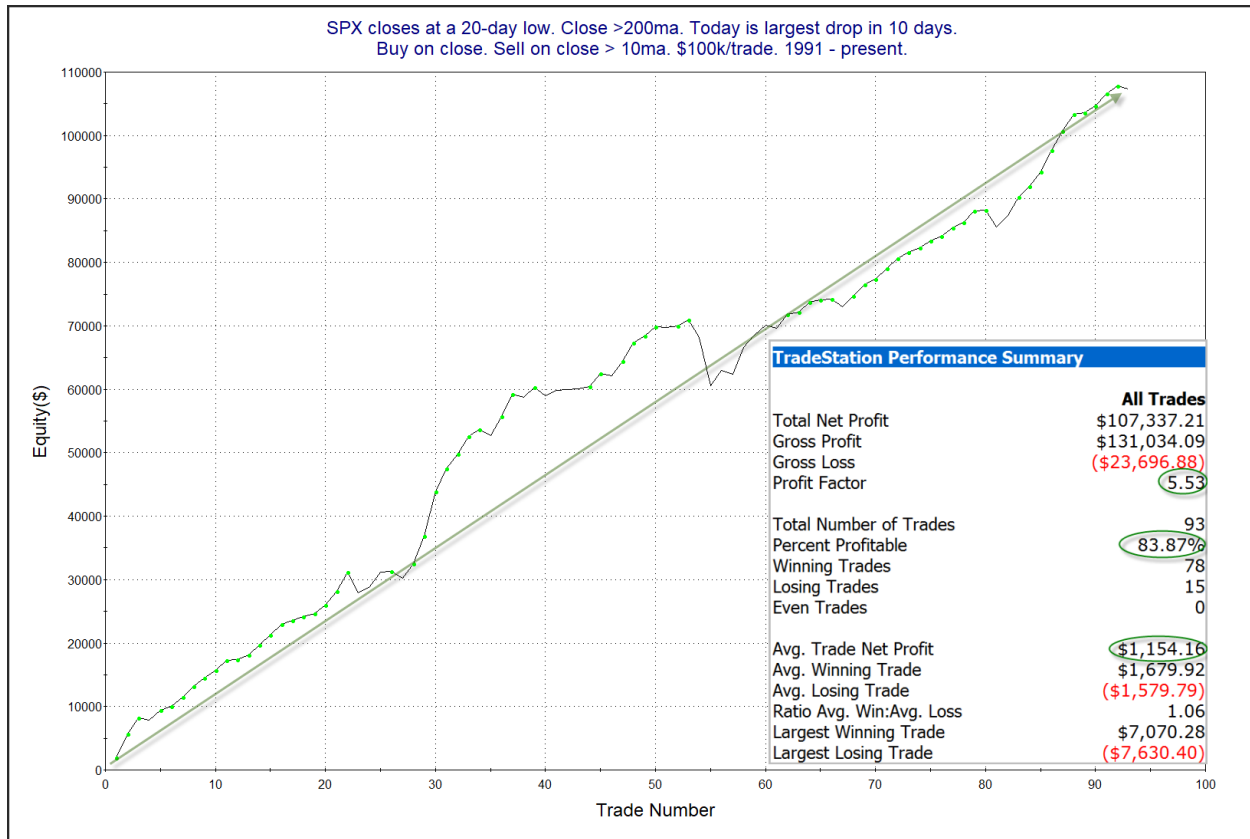
SPX closes at a 20-day low. Close >200ma. Today is largest drop in 10 days. Buy on close. Sell X days later. \$100k/trade. 1991 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	103,920.71	89	62	27	69.66	9,048.90	-13,993.88	2,651.59	-2,239.93	1.18	2.72	1,167.65
9	122,587.87	90	69	21	76.67	8,235.00	-10,059.36	2,364.47	-1,931.44	1.22	4.02	1,362.09
8	109,798.36	91	67	24	73.63	8,384.10	-14,092.68	2,388.27	-2,092.32	1.14	3.19	1,206.58
7	116,743.49	93	67	26	72.04	7,500.06	-8,018.76	2,310.67	-1,464.28	1.58	4.07	1,255.31
6	108,881.79	95	69	26	72.63	7,272.06	-7,966.32	2,204.54	-1,662.74	1.33	3.52	1,146.12
5	91,666.95	96	61	35	63.54	7,070.28	-3,385.80	2,081.44	-1,008.60	2.06	3.60	954.86
4	64,541.84	98	63	35	64.29	4,731.13	-3,863.84	1,740.70	-1,289.20	1.35	2.43	658.59
3	50,117.01	98	63	35	64.29	4,277.94	-5,331.20	1,471.62	-1,216.99	1.21	2.18	511.40
2	50,549.24	99	65	34	65.66	4,809.66	-3,863.25	1,220.17	-845.93	1.44	2.76	510.60
1	18,840.37	102	64	38	62.75	5,117.46	-2,162.04	738.93	-748.72	0.99	1.66	184.71

Results here are quite bullish. Below is a look at the 7-day profit curve.



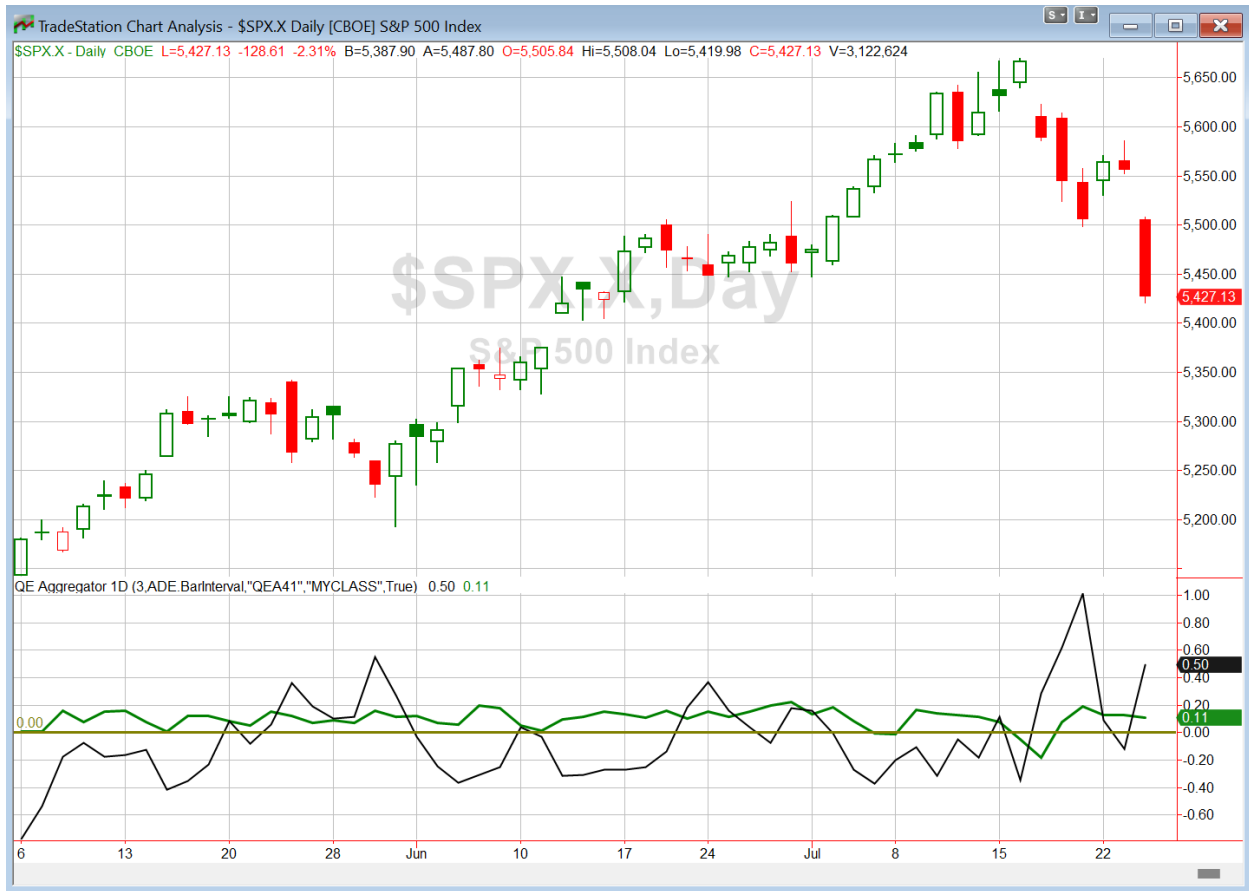
That is a nice looking curve heading in a fairly straight line from lower left to upper right.

Some subscribers may recognize the setup as numbered-system 110524. Results below are also updated and they utilize the system exit strategy rather than a simple day count.



As you can see, waiting for a reversion to exit has often been a good way to go. You'll note the largest losing trade is a big one. It triggered shortly before the US debt downgrade in 2011. But the big drop was made up for fairly quickly and the upward slope continues to impress.

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



With both the green Aggregator line and the black Differential line closing above zero, the Aggregator formation turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Thursday. Meanwhile, the Differential Pivot will be 5583.17 on Thursday. That is 2.9% above Wednesday's close. Therefore, SPX will need to close up a whopping 2.9% in order to flip back to overbought versus expectations.

So the Aggregator is bullish. I like the long side. I think opportunity is strong enough for a 1/2 sized position. Unfortunately, I tried to get cute with the exit on my 1/4 position rather than selling at any price when the Differential Pivot inverted. I will look to hold onto that position and add another on Thursday if I can get a bargain fill. Surprisingly, we don't have any additional Catapults triggering yet.

*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.

SPY – Buy ¼ index position @ \$541.00 LIMIT. Based on the short-term outlook above, I will look to add a 2nd lot of SPY if there is even a minor dip on Thursday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	7/19/2024	\$552.42	\$541.23	-2.03%	Aggregator

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