

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 26, 2024

Volume 17 Issue 143

## Market Overview



## Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long       | 2           |

## Tonight's Research Points

- The mid-day drop after a strong run-up is something that has often been followed by gains.
- The 3-day pullback to a 10-day low suggests an upside edge for Friday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator formation is bullish. The market has sucked the last few days, but I believe there is a long side edge.

**The Evidence**

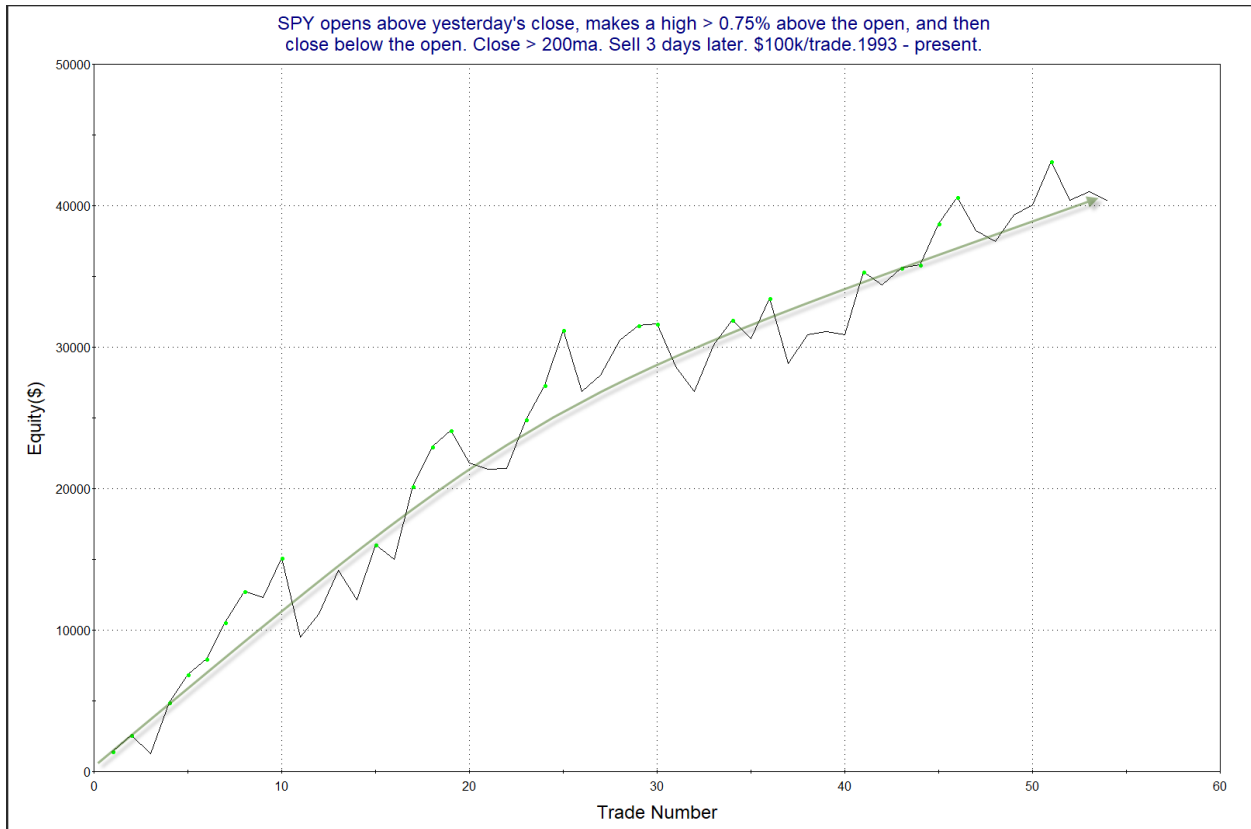
Another crazy market day. This has not been the most relaxing few days off. Shortened version again tonight...

The action in SPY triggered an interesting study from the 10/21/20 letter. It found evidence suggesting the afternoon swoon was potentially bullish for the next few days. Stats have been updated below.

SPY opens above yesterday's close, makes a high > 0.75% above the open, and then close below the open. Close > 200ma. Sell X days later. \$100k/trade.1993 - present.

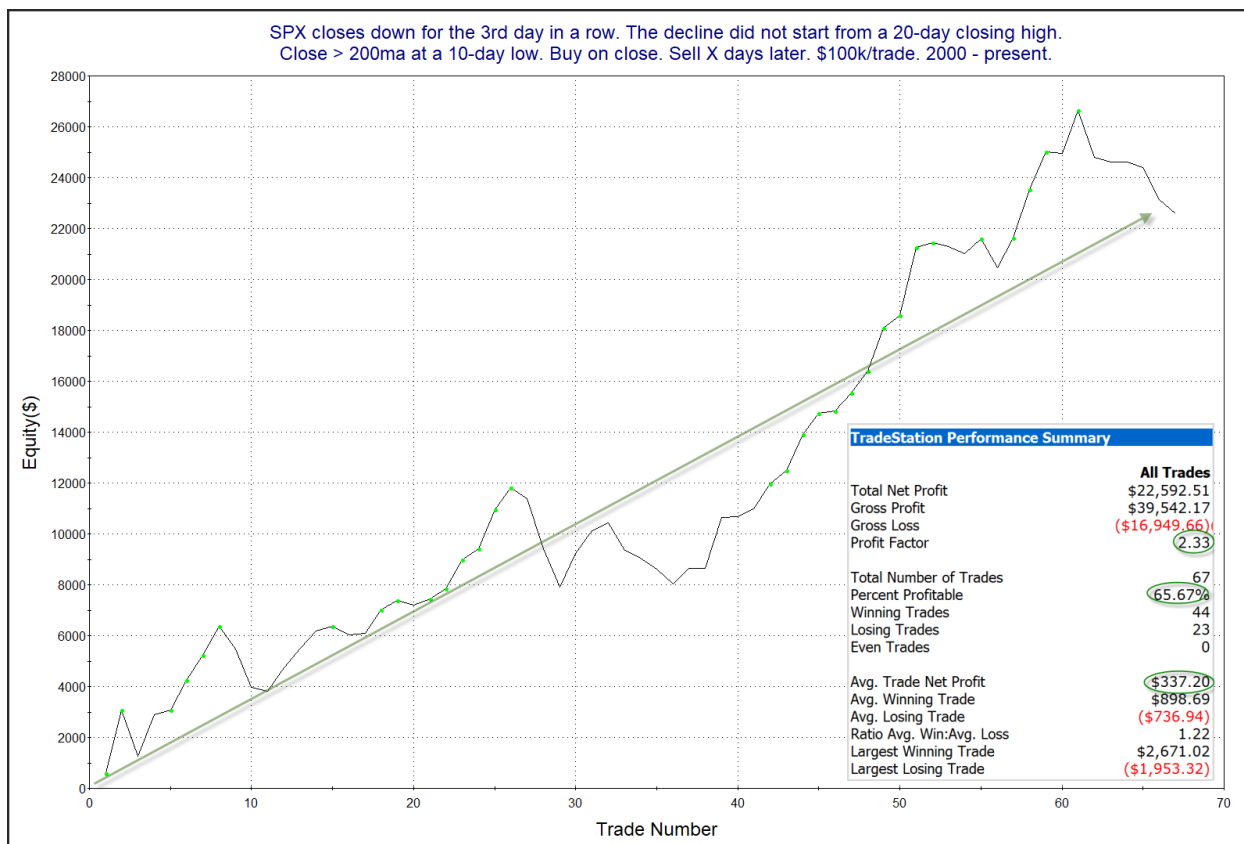
| X Days | All: Net Profit | All: Total Trades | All: Winning Trades | All: Losing Trades | All: % Profitable | All: Max Winning Trade | All: Max Losing Trade | All: Avg Winning Trade | All: Avg Losing Trade | All: Win/Loss Ratio | All: ProfitFactor | All: Avg Trade |
|--------|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 5      | 40,708.49       | 51                | 36                  | 15                 | 70.59             | 5,473.48               | -8,618.72             | 2,143.91               | -2,431.48             | 0.88                | 2.12              | 798.21         |
| 4      | 18,501.43       | 53                | 33                  | 20                 | 62.26             | 4,871.32               | -12,608.53            | 2,310.82               | -2,887.79             | 0.80                | 1.32              | 349.08         |
| 3      | 40,328.27       | 54                | 36                  | 18                 | 66.67             | 5,141.52               | -5,587.56             | 2,119.81               | -1,999.15             | 1.06                | 2.12              | 746.82         |
| 2      | 15,826.22       | 55                | 35                  | 20                 | 63.64             | 4,153.36               | -5,249.75             | 1,429.31               | -1,709.98             | 0.84                | 1.46              | 287.75         |
| 1      | 3,783.09        | 55                | 30                  | 25                 | 54.55             | 2,359.84               | -4,490.79             | 956.88                 | -996.93               | 0.96                | 1.15              | 68.78          |

Evidence appears to point higher over the next few days. Below is a look at the 3-day profit curve.



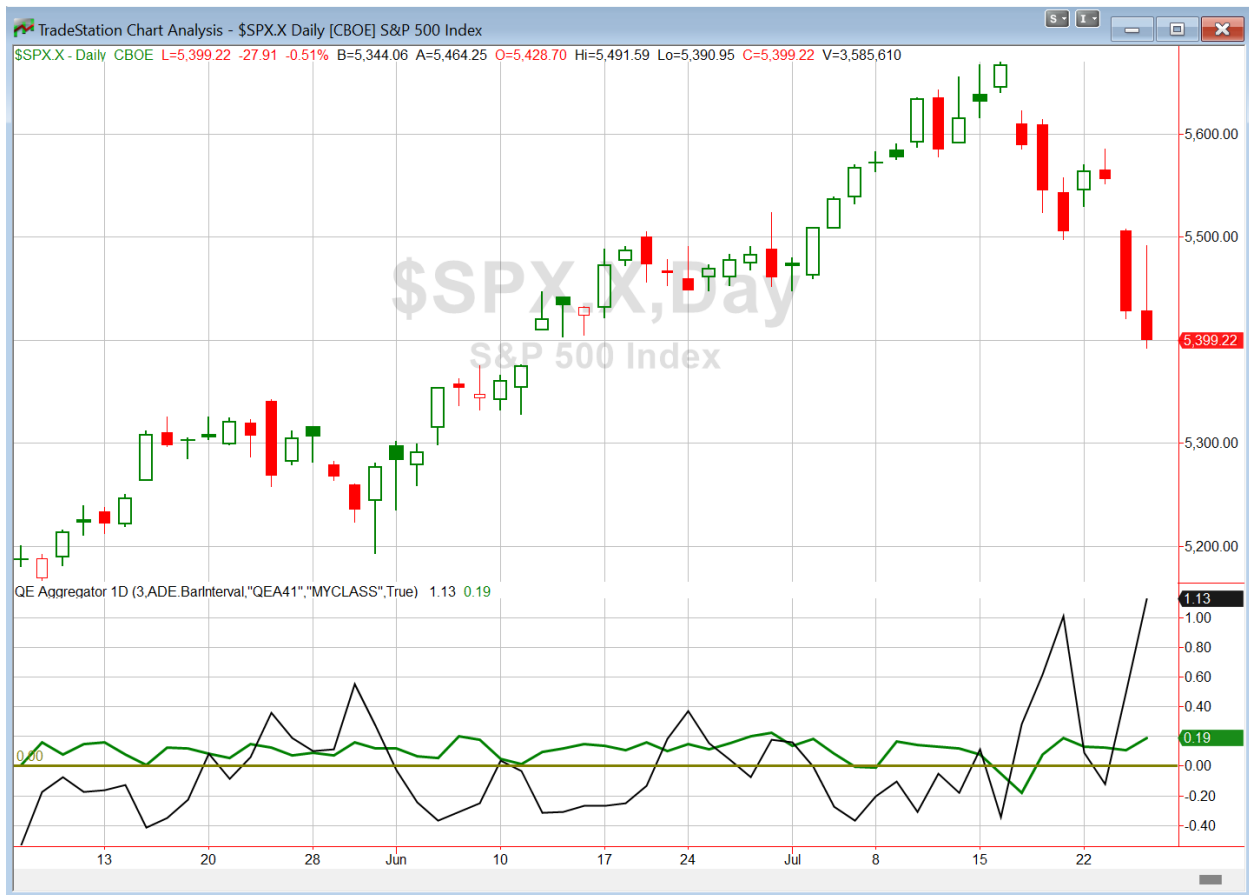
While it has chopped a bit, the upslope has been fairly steady. This study seems worth consideration, and I have added it to the active list.

Several studies in the Quantifinder noted that SPX has now posted a 3-day pullback. A simple 3-day pullback will often suggest a short-term upside edge. And times when the market is in a long-term uptrend that edge is often more consistent. Below is a pullback study that appeared in the 4/17/24 letter. It examined pullbacks during uptrends that closed at a 10-day low.



A somewhat bumpy ride, but the stats are solid, and the curve has managed to make its way higher for a long time. Despite recent struggles, this study appears worth some consideration, and I have added it to the active list. But I will need to keep an eye on it, since it is in the midst of a bad run.

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



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

Based on the current list of active studies, expectations are set to remain positive on Friday. Meanwhile, the Differential Pivot will be 5576.31 on Friday. That is 3.3% above Thursday's close. Therefore, SPX will need to close up a whopping 3.3% in order to flip back to overbought versus expectations.

So the Aggregator is bullish. I still like the long side. I have exposure already. If the slide continues on Friday, and it could with people being afraid to hold into a weekend after a strong week of selling, then I may look to add a 3<sup>rd</sup> lot of SPY near the close.

*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 – try on Friday as discussed below

New

F @ \$11.16 (buy 1/3 @ limit)

### ***Broad Market Large Cap CBI – 2 (LLY, F)***

### **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 @ \$537.00 LIMIT ON CLOSE.** Based on the short-term outlook above, I will look to add a 3<sup>rd</sup> lot of SPY if it closes down much on Friday.

**LLY – Buy 1/3 Catapult position @ \$823.00 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of LLY. I have place the entry limit a bit above Thursday’s close.

**F – Buy 1/3 Catapult position @ \$11.16 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of F.

### **Current Open Trade Ideas**

| Symbol   | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes      |
|----------|------------|-------------|---------------|-------------|------------|
| SPY(1/4) | 7/19/2024  | \$552.42    | \$538.41      | -2.54%      | Aggregator |
| SPY(1/4) | 7/25/2024  | \$541.00    | \$538.41      | -0.48%      | Aggregator |
|          |            |             |               |             |            |
|          |            |             |               |             |            |

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