

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 6, 2024

Volume 17 Issue 150

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- Several bullish studies emerged.

Short-term Outlook

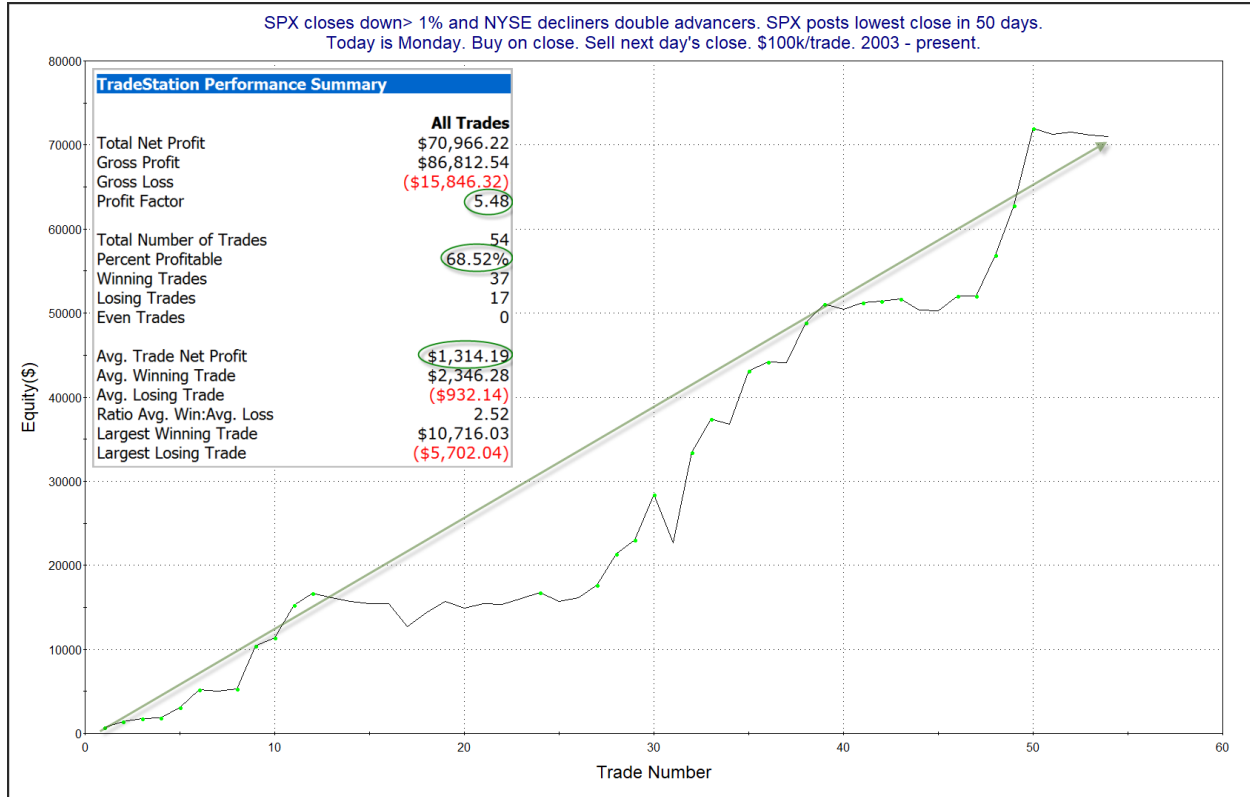
The Bottom Line

The Aggregator formation is bullish. The selling appears strong enough and scary enough to generate a bounce.

The Evidence

The indices plunged and the VIX spiked on Monday.

The big drop triggered a whole lot of bullish studies. Not enough time in a night go write about everything. So I took the 4 most relevant and compelling studies and just updated the results in the charts and tables that follow.

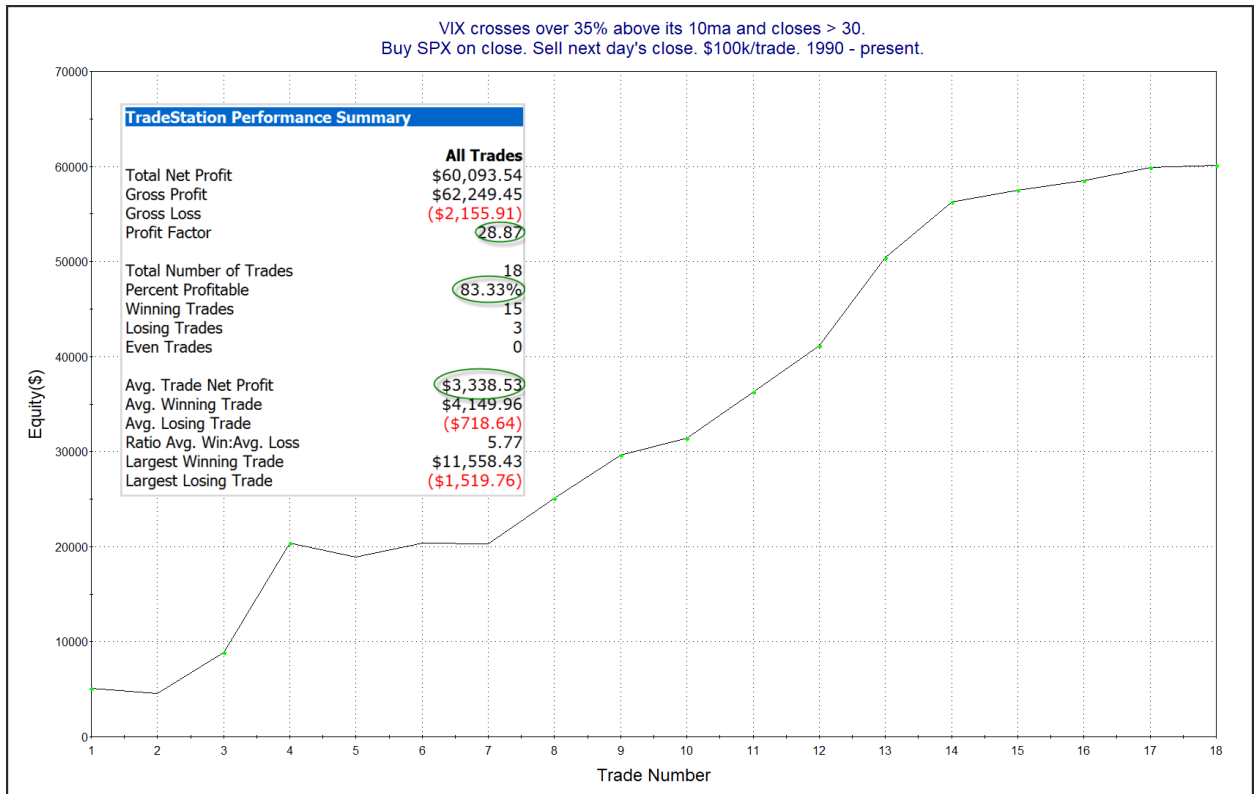


SPX closes down more than 1.5% for at least the 2nd time in the last 5 days. Today's low is the lowest in 10 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1988 - present.

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	48,409.07	26	17	9	65.38	9,048.90	-7,625.38	4,353.52	-2,844.52	1.53	2.89	1,861.89
9	45,181.12	26	19	7	73.08	8,235.00	-11,831.15	3,938.60	-4,236.04	0.93	2.52	1,737.74
8	61,724.19	27	20	7	74.07	8,384.10	-5,882.94	4,009.93	-2,639.21	1.52	4.34	2,286.08
7	68,997.36	27	22	5	81.48	7,598.58	-3,232.37	3,586.93	-1,983.00	1.81	7.96	2,555.46
6	65,826.07	27	22	5	81.48	7,272.06	-3,322.53	3,285.31	-1,290.14	2.55	11.20	2,438.00
5	48,624.42	27	20	7	74.07	7,070.28	-3,870.04	2,859.75	-1,224.37	2.34	6.67	1,800.90
4	42,908.10	27	20	7	74.07	5,187.49	-1,784.86	2,559.43	-1,182.93	2.16	6.18	1,589.19
3	21,233.41	28	19	9	67.86	5,339.18	-5,393.69	2,173.55	-2,229.33	0.97	2.06	758.34
2	28,084.08	31	23	8	74.19	4,809.66	-4,632.95	1,836.87	-1,770.50	1.04	2.98	905.94
1	26,848.97	32	26	6	81.25	5,117.46	-1,588.57	1,259.09	-981.21	1.28	5.56	839.03

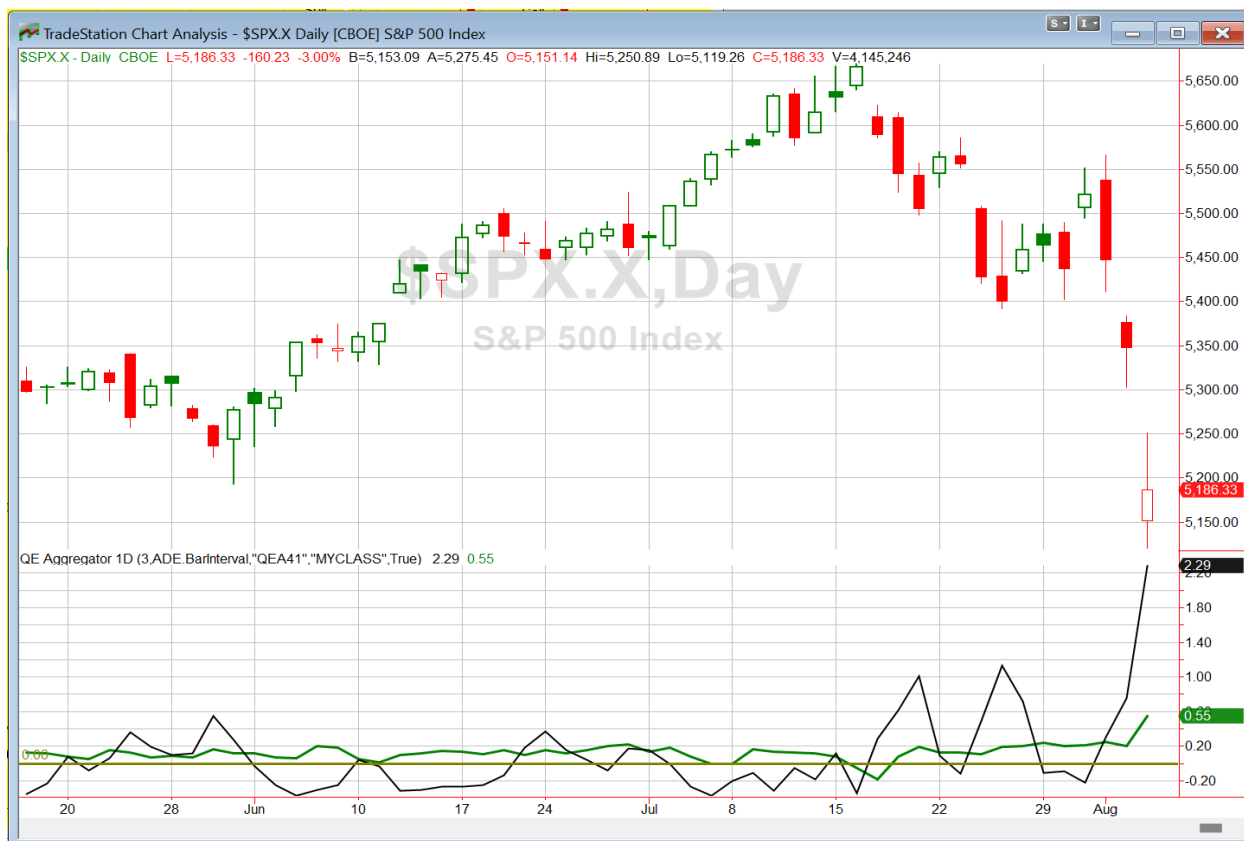
SPX closes down > 1% and at a 10-day low. It was the largest drop of the last 10 days. It is the 1st trading day of the week. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1991 - present.

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
5	61,463.60	45	35	10	77.78	7,070.28	-4,069.80	2,188.82	-1,514.50	1.45	5.06	1,365.86
4	44,706.36	45	34	11	75.56	5,187.49	-8,150.10	2,020.25	-2,180.18	0.93	2.86	993.47
3	42,977.94	45	33	12	73.33	5,339.18	-7,413.90	1,922.92	-1,706.53	1.13	3.10	955.07
2	34,707.39	45	32	13	71.11	4,809.66	-3,768.26	1,527.93	-1,091.27	1.40	3.45	771.28
1	23,252.64	45	31	14	68.89	5,117.46	-2,930.40	1,035.07	-631.03	1.64	3.63	516.73



There is a good bit of evidence suggesting a bounce.

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



With tonight's evidence considered, the green Aggregator Line moved further above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is now extremely far above zero. The positive Differential Line reading means that SPX is strongly 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 Tuesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5471.41 on Tuesday. That is a massive 5.5% above Monday's close. Therefore, SPX will need to close up at least 5.5% on Tuesday in order to flip from oversold to overbought versus recent expectations. I don't see that happening.

So the Aggregator is bullish. Evidence is pointing higher and there is a ton of room to the upside before SPX would turn overbought. This suggests an upside edge and a favorable reward/risk scenario. But we are also in a highly volatile market. For now I am content maintaining my 1/2 position in SPY. We'll see how Tuesday plays out before I consider adding any more index exposure.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 8/5 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

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

F @ \$10.84 (bought 1/3 @ limit)

F @ \$10.82 (bought 1/3 @ limit)

USB @ \$42.35 (bought @ limit)

New

USB @ \$40.80 (buy @ limit)

BRK.B @ \$413.72 (buy @ limit)

Broad Market Large Cap CBI – 4 (F-3, USB)

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.

BRK.B – buy 1/3 Catapult position @ \$413.72 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of BRK.B.

USB – buy 1/3 Catapult position @ \$40.80 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of USB.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
F(1/3)	7/26/2024	\$11.16	\$9.71	-12.99%	Catapult
F(1/3)	7/31/2024	\$10.84	\$9.71	-10.42%	Catapult
<i>WMT(1/3)</i>	<i>7/31/2024</i>	<i>\$69.18</i>	<i>\$68.10</i>	<i>-1.56%</i>	<i>sold on open</i>
F(1/3)	8/1/2024	\$10.82	\$9.71	-10.26%	Catapult
<i>WMT(1/3)</i>	<i>8/1/2024</i>	<i>\$68.64</i>	<i>\$68.10</i>	<i>-0.79%</i>	<i>sold on open</i>
SPY(1/4)	8/2/2024	\$535.75	\$517.38	-3.43%	Aggregator
SPY(1/4)	8/5/2024	\$511.64	\$517.38	1.12%	Aggregator
USB(1/3)	8/5/2024	\$41.13	\$40.80	-0.80%	Catapult

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