

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 9, 2024

Volume 17 Issue 153

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- Low volume rallies in the NASDAQ can suggest a short-side edge, but the rally would need to be stronger than we saw on Thursday.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. I am looking to flatten out my index positions.

The Evidence

Thursday saw a big move up for the market. SPX climbed 2.3%, the NASDAQ rallied 2.9%, and the Russell 2000 rose 2.4%. Breadth was strong as the NYSE Up Issues % closed at 80% and the NYSE Up Volume % posted 86% reading. NYSE total volume came in light.

The NASDAQ action was interesting in that it rose over 2% on fairly light volume. Sometimes strong rises on light volume can suggest a short-term downside edge. But a couple of studies from the 11/12/20 letter suggest the NASDAQ would need to rise 3%+ in order to generate a downside edge. And Thursday did not quite get there. I have updated those studies below.

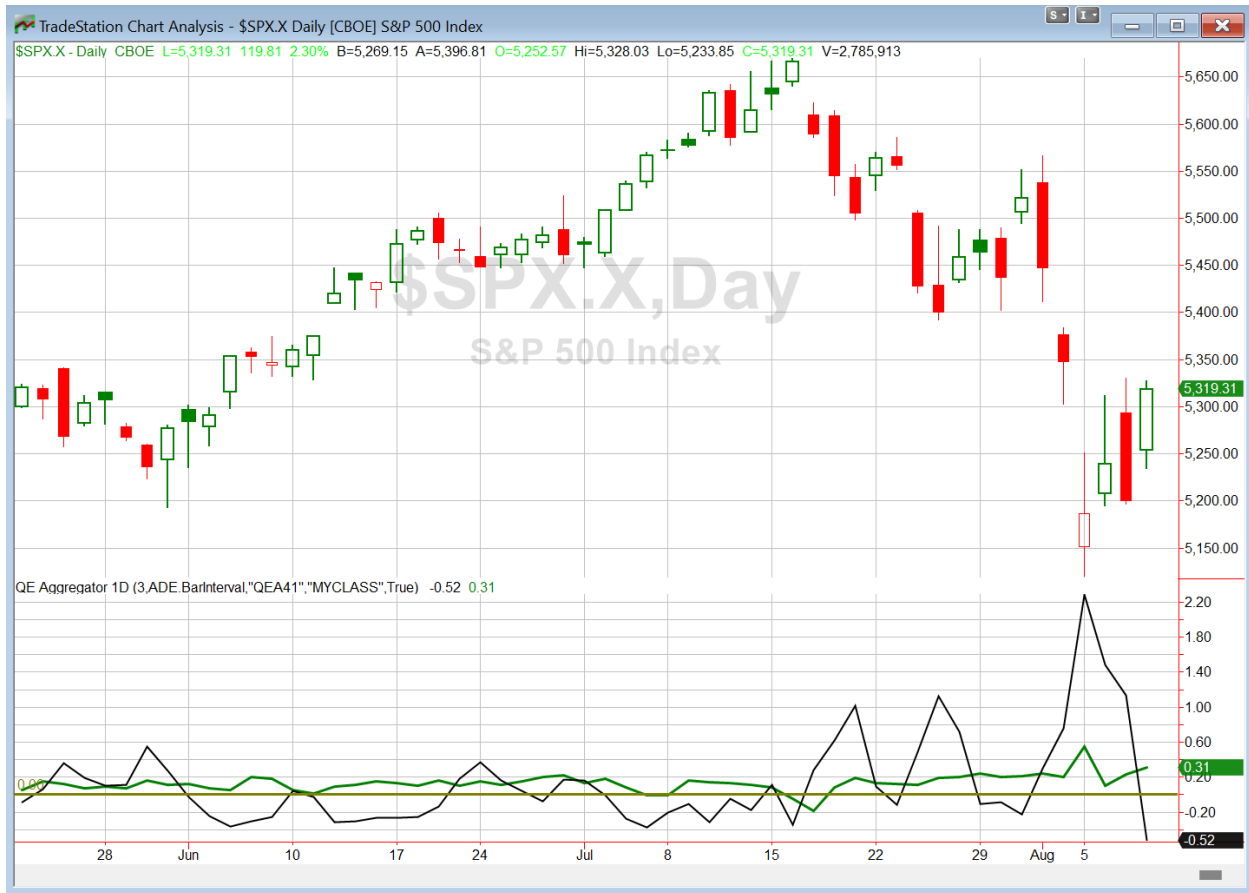
NASDAQ close up between 2% - 3% on the lightest volume in 5 days. Buy on close. Sell X days later. \$100k/trade. 1971 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-6,367.60	56	27	29	48.21	8,967.60	-7,217.50	2,978.94	-2,993.07	1.00	0.93	-113.71
4	-1,023.08	57	30	26	52.63	6,652.71	-8,248.24	2,247.03	-2,632.08	0.85	0.99	-17.95
3	5,832.74	58	30	28	51.72	7,225.92	-11,229.14	2,353.81	-2,313.63	1.02	1.09	100.56
2	1,374.97	58	32	26	55.17	4,950.45	-6,741.97	1,555.49	-1,861.56	0.84	1.03	23.71
1	-1,427.38	60	33	27	55.00	3,248.73	-4,336.98	1,060.40	-1,348.92	0.79	0.96	-23.79

NASDAQ close up over 3% on the lightest volume in 5 days. Buy on close. Sell X days later. \$100k/trade. 1971 - 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	-109,647.43	26	6	20	23.08	6,569.60	-24,754.62	2,231.77	-6,151.90	0.36	0.11	-4,217.21
4	-94,405.54	26	4	22	15.38	5,331.00	-16,933.84	3,685.77	-4,961.30	0.74	0.14	-3,630.98
3	-82,210.11	26	6	20	23.08	4,674.00	-14,891.14	2,220.25	-4,776.58	0.46	0.14	-3,161.93
2	-60,303.02	27	9	18	33.33	4,381.20	-11,659.68	1,807.71	-4,254.03	0.42	0.21	-2,233.45
1	-25,280.66	27	12	15	44.44	3,990.60	-5,682.60	862.02	-2,374.99	0.36	0.29	-936.32

With Thursday's rally coming in at less than 3%, there does not appear to be the same tendency to pull back in the following days. If it had been a larger decline, that could have been a different story.

No new studies are being added to the active list tonight.

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



Without any new studies being added tonight, 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 dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Friday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5283.58. That is 0.7% below Thursday's close. Therefore, SPX will need to close down at least 0.7% on Friday in order to flip from overbought to oversold versus recent expectations. \

So the Aggregator is neutral. Evidence suggests we could have further to bounce. But moving to an overbought condition reduces reward/risk. And this market may not be the best one to try and get greedy with. So I will be looking to step out of my index positions and get flat while I await the next favorable reward/risk setup.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

USB @ \$42.35 (bought @ limit)

USB @ \$40.80 (bought @ limit)

INTC @ \$18.99 (buy @ limit)

Broad Market Large Cap CBI – 3 (USB-2, INTC)

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
F(1/3)	7/26/2024	\$11.16	\$10.13	-9.23%	sell on open
F(1/3)	7/31/2024	\$10.84	\$10.13	-6.55%	sell on open
F(1/3)	8/1/2024	\$10.82	\$10.13	-6.38%	sell on open
SPY(1/4)	8/2/2024	\$535.75	\$530.65	-0.95%	sell @ \$531.00 LIMIT
SPY(1/4)	8/5/2024	\$511.64	\$530.65	3.72%	Sell @ market on open
USB(1/3)	8/5/2024	\$41.13	\$41.76	1.53%	Catapult
USB(1/3)	8/6/2024	\$40.74	\$41.76	2.50%	Catapult
INTC(1/3)	8/8/2024	\$18.99	\$20.49	7.90%	Catapult

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