

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 13, 2024

Volume 17 Issue 155

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- Monday's weak breadth could actually be a positive.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. I am as well.

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						
August 13, 2024	NYSE Up Vol < 40%. SPX up and > 200ma	1-8 days	Bullish	1.85%	-1.30%	-2.80%
August 12, 2024	VIX 10% above to 10% below 10ma in 4 dys	1-8 days	Bullish	2.00%	-1.20%	-2.60%
August 8, 2024	12 days since close in top 25% intraday rng	1-4 days	Bullish			
August 8, 2024	Gap up, move higher & reverse	1-5 days	Bullish			
August 7, 2024	Dn 2% & 10-lo then up 1% < 2 ago	1-5 days	Bullish			
August 6, 2024	Dn 1.5% 2x & 10-day low	1-6 days	Bullish			
Active - Long Term						
August 12, 2024	SPX dn 4 weeks in a row > 40-week ma	1-10 weeks	Bullish	8.70%	-3.10%	-7.10%
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 11, 2024	50-day %b crosses > 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
July 8, 2024	NDX 18% above 200ma	1-90 days	Bullish	14.50%	-9.40%	-18.90%
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			
Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)						
August 6, 2024	Dn 1%, 10-low on a Monday	1-5 days	Bullish			

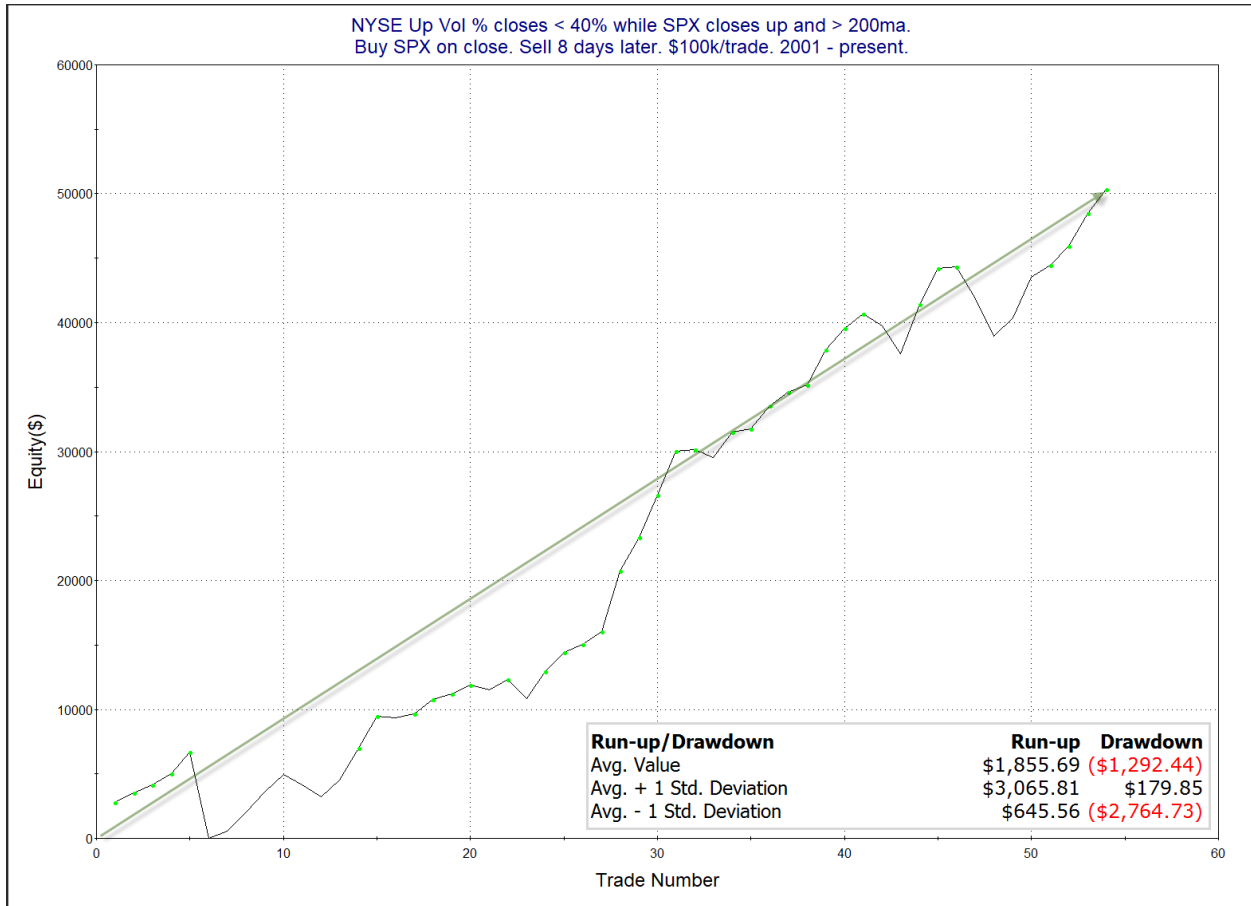
The Evidence

Friday saw mild moves compared to recent market action. SPX climbed 0.47%, the NASDAQ rose 0.51%, and the Russell 2000 declined 0.17%. Breadth was positive as the NYSE Up Issues % closed at 52% and the NYSE Up Volume % posted a 55% reading. NYSE total volume came in light.

Breadth was also again notably weak. A few times recently I looked at occurrences where the NYSE Up Volume % came in under 40% while SPX closed higher during a long-term uptrend. This triggered on Monday, and I have again updated the results below.

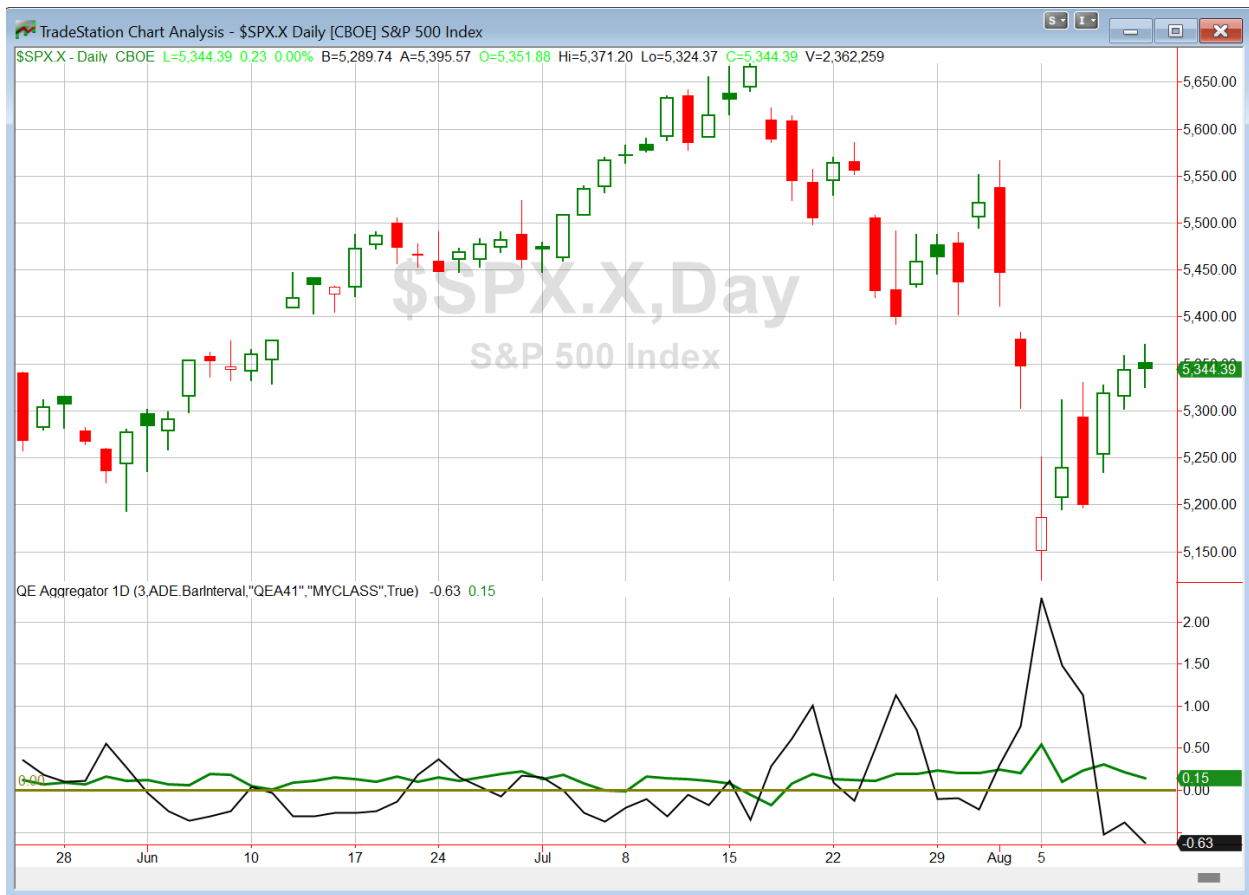
NYSE Up Vol % closes < 40% while SPX closes up and > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2001 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	57,413.88	51	40	11	78.43	3,990.80	-7,891.63	2,055.80	-2,256.18	0.91	3.31	1,125.76
9	48,983.99	52	40	12	76.92	3,793.00	-7,594.37	1,837.01	-2,041.37	0.90	3.00	942.00
8	50,316.11	54	43	11	79.63	4,666.56	-6,657.20	1,623.22	-1,771.11	0.92	3.58	931.78
7	48,711.60	59	46	13	77.97	5,211.84	-3,755.76	1,513.20	-1,607.36	0.94	3.33	825.62
6	43,896.11	59	44	15	74.58	6,018.56	-3,495.92	1,477.87	-1,408.67	1.05	3.08	744.00
5	34,328.95	63	48	15	76.19	4,787.84	-4,623.84	1,191.57	-1,524.42	0.78	2.50	544.90
4	20,164.66	64	42	22	65.63	2,689.05	-4,483.92	1,078.30	-1,142.00	0.94	1.80	315.07
3	15,784.44	68	43	25	63.24	2,513.92	-3,122.40	911.30	-936.05	0.97	1.67	232.12
2	17,692.80	74	50	24	67.57	2,661.75	-2,848.17	734.67	-793.36	0.93	1.93	239.09
1	8,676.40	80	49	31	61.25	1,790.64	-1,489.20	526.14	-551.76	0.95	1.51	108.45

Results continue to look very strong, especially over the 7-10 day periods. Below is a look at an 8-day profit curve.



The curve has shown strong upside persistence. I find these results intriguing, and have added this study to the short-term active list. This is one of those studies that traditional analysis would say should not be suggesting a bullish edge. But it keeps proving itself correct. So I'll continue to take the study under consideration as I have been doing.

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 held 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 stayed flat 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 *inverted* at 5354.02. That is 0.2% *above* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up at least 0.2% in order to remain overbought. Anything less than that and it will flip to oversold versus recent expectations as of Tuesday's close.

So the Aggregator is neutral. Unless the market rallies on Tuesday we could easily see the Aggregator turn bullish. But we are not there yet. And with CPI due Wednesday morning I may be a little cautious tomorrow as well. I'll first see how Tuesday plays out before committing to anything.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 8/12 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

INTC @ \$18.99 (buy @ limit)

Broad Market Large Cap CBI – 1 (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
USB(1/3)	8/5/2024	\$41.13	\$41.47	0.83%	sell on open
USB(1/3)	8/6/2024	\$40.74	\$41.47	1.79%	sell on open
INTC(1/3)	8/8/2024	\$18.99	\$19.36	1.95%	Catapult

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