

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 15, 2024

Volume 17 Issue 157

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- Up 5 days in a row < a 50-day high is a setup that often sees continued momentum over the next few weeks.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. I am as well.

The Evidence

Wednesday was mixed. The SPX rose 0.4%, the NASDAQ gained 0.03%, and the Russell 2000 declined 0.5%. Breadth was positive as the NYSE Up Issues % was 58% and the Up Volume % came in at 57%. NYSE total volume declined some from Tuesday's level.

There were a few studies that examined the strong move we have seen over the last several days. While many measures (including our own Differential tool) will consider the market short-term overbought at this point, that does NOT mean it is primed for an immediate pullback. The study below recognized the move higher over the last few days and suggested the momentum is likely to continue. It was from the 10/20/21 letter, and it looked at 5 up days that closed above the 200ma, but failed to close at a 50-day high. I have updated the results below.

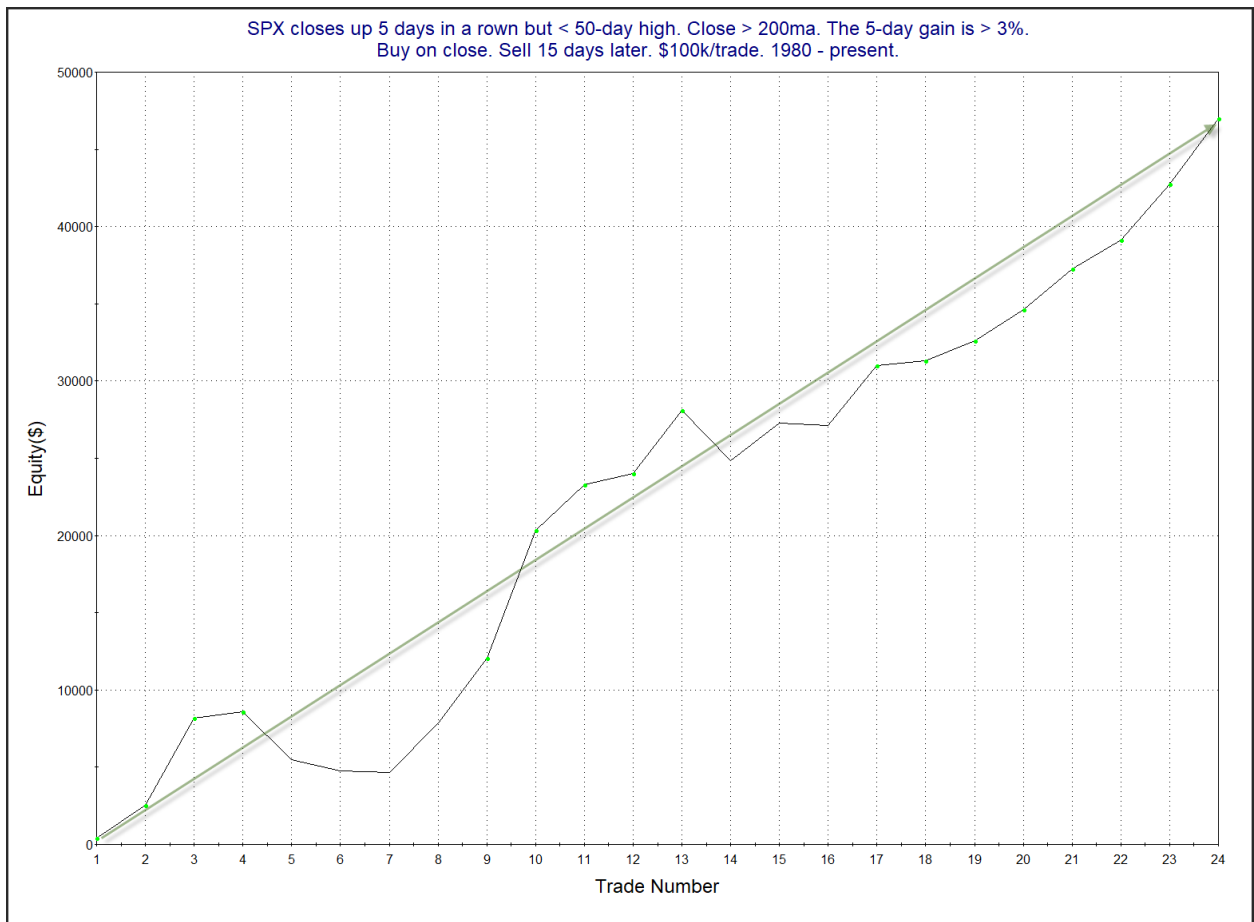
SPX closes up 5 days in a row but < 50-day high. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1980 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
15	86,475.02	53	38	15	71.70	8,288.00	-3,766.10	2,777.15	-1,270.46	2.19	5.54	1,631.60
14	77,744.21	53	38	15	71.70	8,272.60	-4,738.50	2,568.81	-1,324.70	1.94	4.91	1,466.87
13	80,623.56	53	40	13	75.47	6,401.50	-3,773.44	2,532.26	-1,589.75	1.59	4.90	1,521.20
12	73,692.32	54	40	14	74.07	5,925.50	-2,944.80	2,321.41	-1,368.86	1.70	4.85	1,364.67
11	58,140.04	55	37	18	67.27	4,158.88	-4,894.24	2,173.66	-1,238.08	1.76	3.61	1,057.09
10	60,529.85	55	41	14	74.55	4,691.28	-4,684.28	1,935.12	-1,343.57	1.44	4.22	1,100.54
9	54,301.45	55	39	16	70.91	4,722.08	-4,910.55	1,970.25	-1,408.65	1.40	3.41	987.30
8	50,660.65	55	41	14	74.55	3,781.36	-3,376.64	1,706.32	-1,378.45	1.24	3.63	921.10
7	46,819.95	55	40	15	72.73	4,385.01	-3,500.70	1,716.05	-1,454.80	1.18	3.15	851.27
6	34,059.00	55	41	14	74.55	3,770.55	-3,366.60	1,389.33	-1,635.96	0.85	2.49	619.25
5	23,509.38	55	36	19	65.45	3,044.37	-3,496.92	1,306.62	-1,238.37	1.06	2.00	427.44
4	13,576.23	55	32	23	58.18	3,138.08	-3,330.40	1,137.77	-992.71	1.15	1.59	246.84
3	11,319.67	55	34	21	61.82	2,742.08	-3,359.36	968.16	-1,028.47	0.94	1.52	205.81
2	4,355.74	55	29	26	52.73	2,205.03	-3,748.50	836.23	-765.19	1.09	1.22	79.20
1	3,403.25	55	32	23	58.18	2,211.54	-2,200.96	596.28	-681.63	0.87	1.22	61.88

Though the 1st couple of days don't show much of an edge, these results appear to suggest a pretty consistent upside tendency over the 1-3 week period. One thing that stands out about the current rally is that it has been quite powerful compared to most. Many of the 5-day moves in the study above occurred in low-volatility markets. In the 7/7/20 letter I filtered further to see how results appeared when the move was fairly strong. I used a 3% threshold. The last 5 days have gained 4.9%.

SPX closes up 5 days in a row but < 50-day high. Close > 200ma. The 5-day gain is > 3%.
Buy on close. Sell X days later. \$100k/trade. 1980 - present.

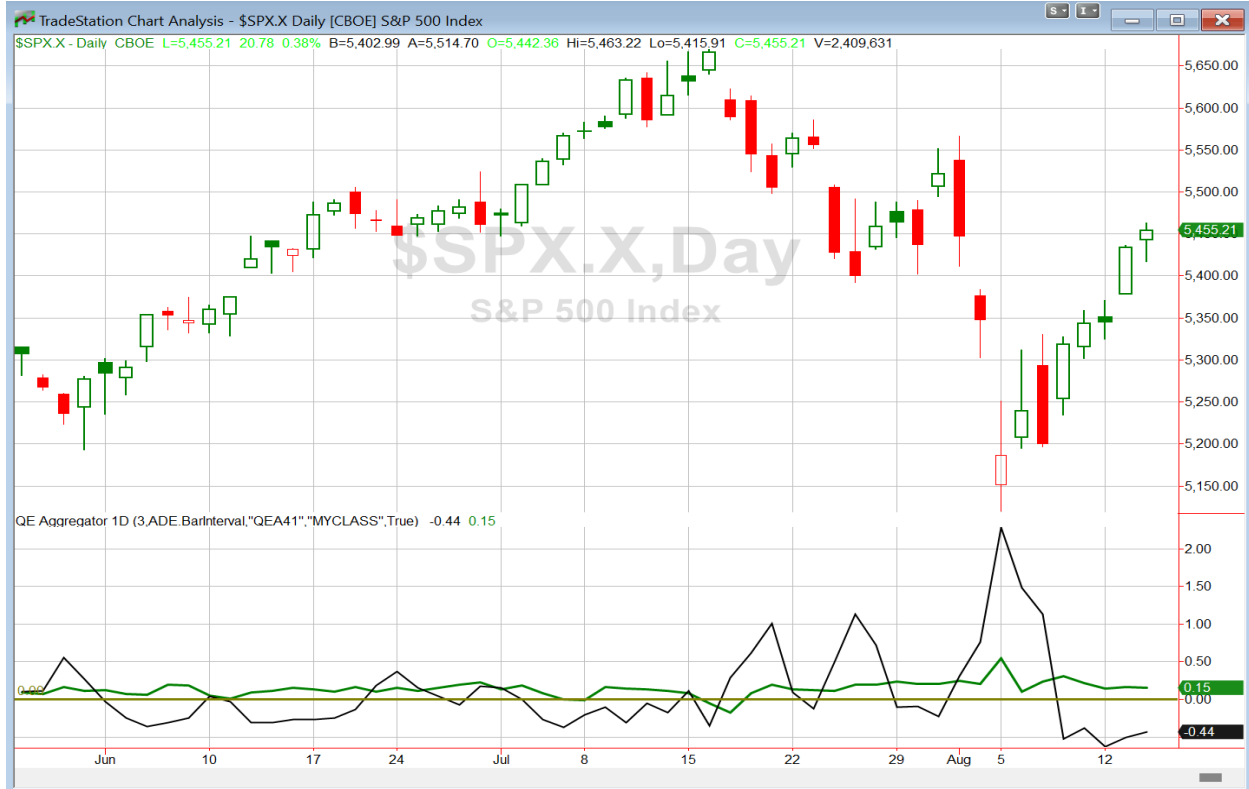
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
15	46,981.14	24	19	5	79.17	8,288.00	-3,282.90	2,860.36	-1,473.14	1.94	7.38	1,957.55
14	43,286.55	24	20	4	83.33	8,272.60	-3,691.52	2,464.97	-1,503.19	1.64	8.20	1,803.61
13	42,357.81	24	19	5	79.17	6,401.50	-3,773.44	2,663.63	-1,650.22	1.61	6.13	1,764.91
12	41,191.09	24	18	6	75.00	5,925.50	-2,877.44	2,603.13	-944.20	2.76	8.27	1,716.30
11	36,591.10	24	16	8	66.67	4,158.88	-2,485.76	2,680.74	-787.60	3.40	6.81	1,524.63
10	37,259.69	24	20	4	83.33	4,691.28	-2,533.02	2,174.14	-1,555.77	1.40	6.99	1,552.49
9	32,957.60	24	19	5	79.17	4,722.08	-3,125.76	2,163.78	-1,630.86	1.33	5.04	1,373.23
8	20,660.28	24	17	7	70.83	3,781.36	-3,376.64	1,864.15	-1,575.76	1.18	2.87	860.84
7	17,369.14	24	17	7	70.83	3,814.86	-3,500.70	1,739.63	-1,743.52	1.00	2.42	723.71
6	13,004.76	24	17	7	70.83	3,720.00	-2,882.56	1,427.78	-1,609.64	0.89	2.15	541.86
5	8,367.93	24	15	9	62.50	3,025.44	-2,664.96	1,325.41	-1,279.24	1.04	1.73	348.66
4	6,605.69	24	14	10	58.33	3,138.08	-2,002.44	1,171.62	-979.70	1.20	1.67	275.24
3	6,963.09	24	14	10	58.33	2,742.08	-2,971.50	1,214.33	-1,003.75	1.21	1.69	290.13
2	1,603.26	24	10	14	41.67	2,205.03	-3,748.50	1,081.43	-657.93	1.64	1.17	66.80
1	2,128.68	24	13	11	54.17	2,211.54	-1,252.30	597.89	-513.08	1.17	1.38	88.70

Results here are even more impressive than in the larger sample. The consistency and the size of the moves over the next 1-3 weeks is considerable. Below is a look at the 15-day profit curve.



That is a nice move from lower left to upper left. I have included this study on the short and intermediate-term active lists.

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 Thursday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5378.96. That is 1.4% below Wednesday's close. Therefore, SPX will need to close down at least 1.4% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. That is where I am at as well. Evidence keeps pointing higher, but I am going to want to see a pullback before I will be getting excited about the long side.

*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
INTC(1/3)	8/8/2024	\$18.99	\$19.92	4.90%	Catapult

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