

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 16, 2024

Volume 17 Issue 158

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	1

## Tonight's Research Points

- During uptrends, the market often sees intraday selling on opex Friday.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator formation is neutral. I am as well.

### The Evidence

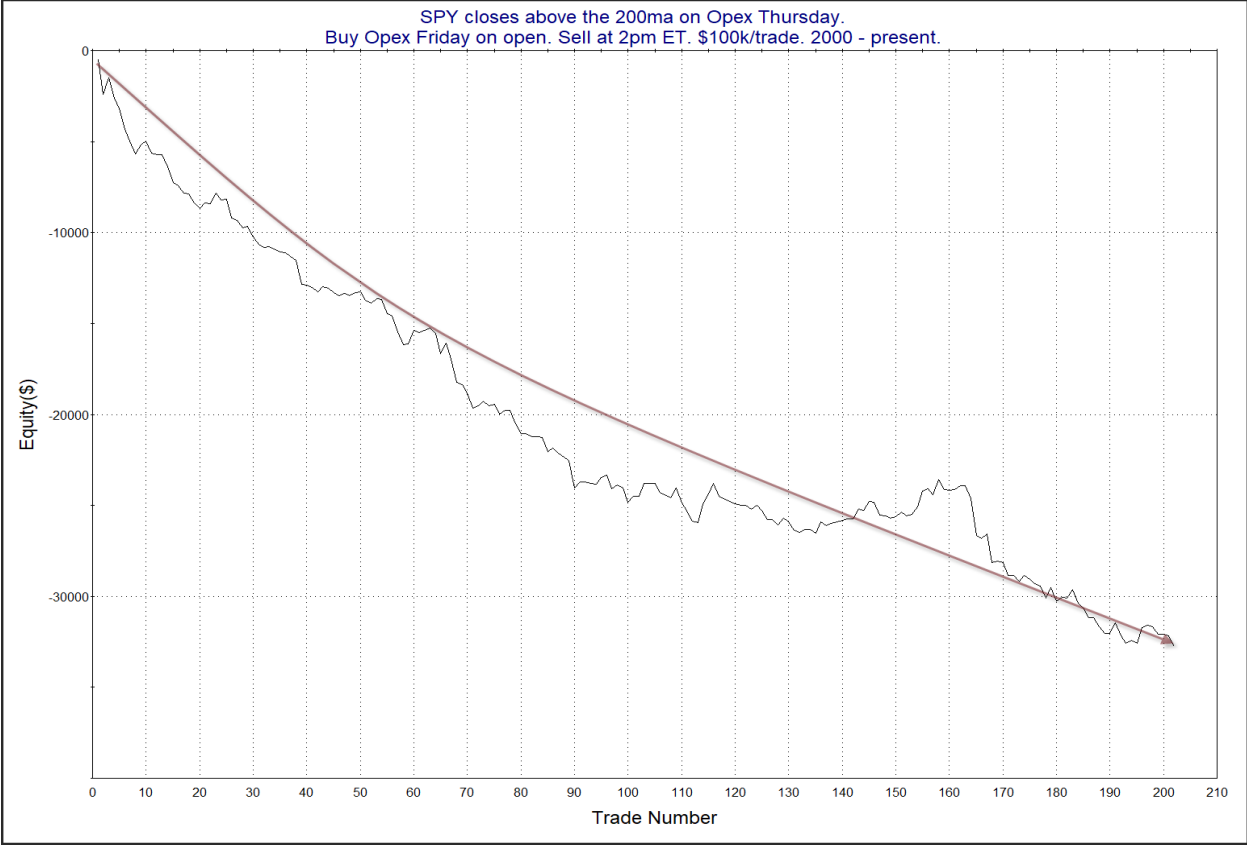
Thursday saw more gains. The SPX rose 1.6%, the NASDAQ gained 2.3%, and the Russell 2000 rallied 2.45%. Breadth was positive as the NYSE Up Issues % was 75% and the Up Volume % came in at 85%. NYSE total volume rose some from Wednesday's level.

The action did not inspire much new evidence in the Quantifinder. But Friday is options expiration (opex). Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years. All stats are updated tonight.

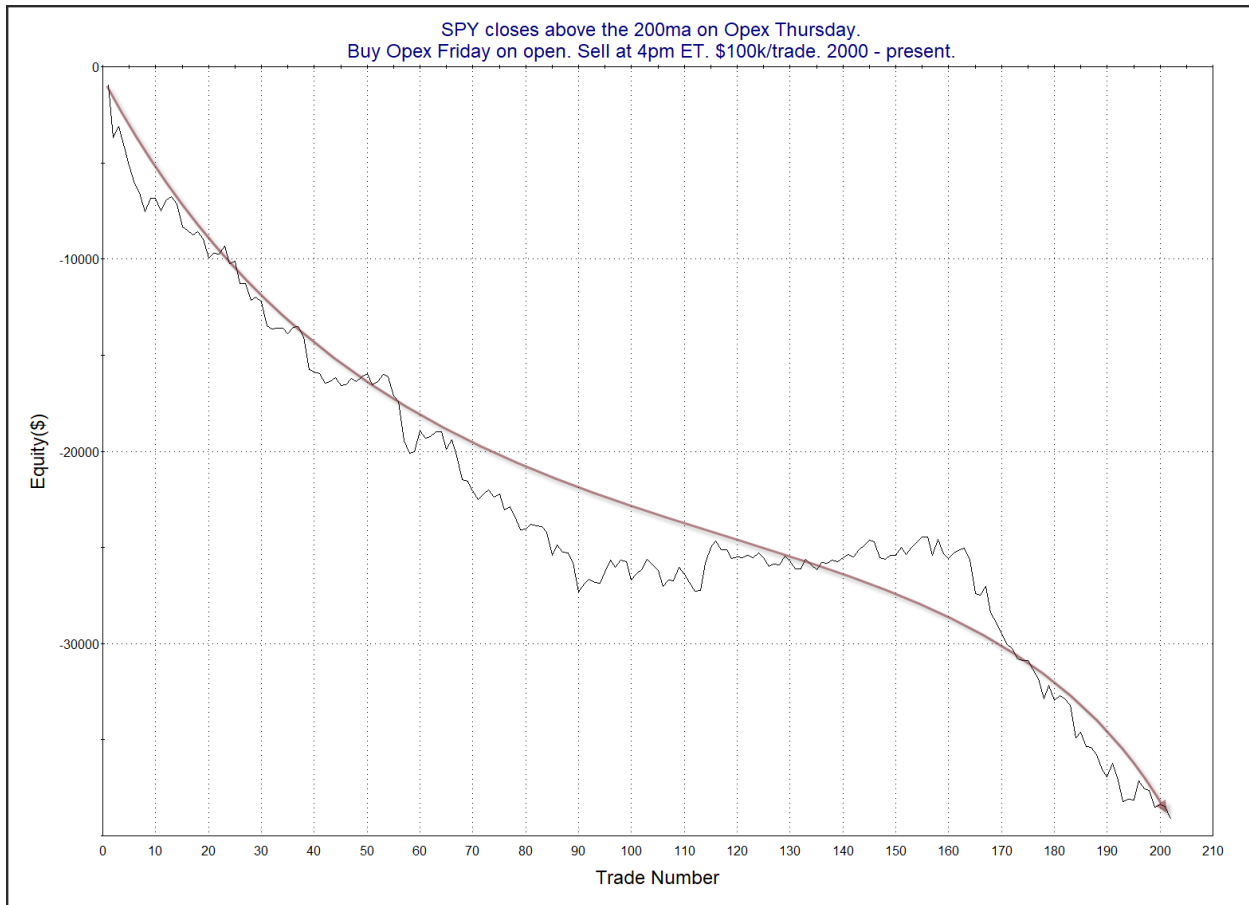
This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

SPY closes above the 200ma on Opex Thursday. Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.												
OE Op-Ex Fri Intra Short: timeofday	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
1,600	-39,109.67	202	80	122	39.60	1,400.58	-2,746.58	323.87	-532.94	0.61	0.40	-193.61
1,500	-33,293.03	202	81	120	40.10	983.92	-2,315.18	297.70	-478.39	0.62	0.42	-164.82
1,400	-32,749.96	202	68	134	33.66	993.96	-2,000.00	294.56	-393.88	0.75	0.38	-162.13
1,300	-29,616.48	202	71	130	35.15	968.86	-1,324.62	274.16	-377.55	0.73	0.40	-146.62
1,200	-27,413.27	202	71	131	35.15	1,243.06	-1,318.40	259.43	-349.87	0.74	0.40	-135.71
1,100	-21,629.83	202	76	125	37.62	1,020.18	-968.50	215.95	-304.34	0.71	0.43	-107.08
1,000	-18,015.18	202	58	144	28.71	365.47	-629.00	133.12	-178.72	0.74	0.30	-89.18

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Most of the downside would have been achieved by exiting at 2pm. Below is a look at a profit curve the 2pm exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.

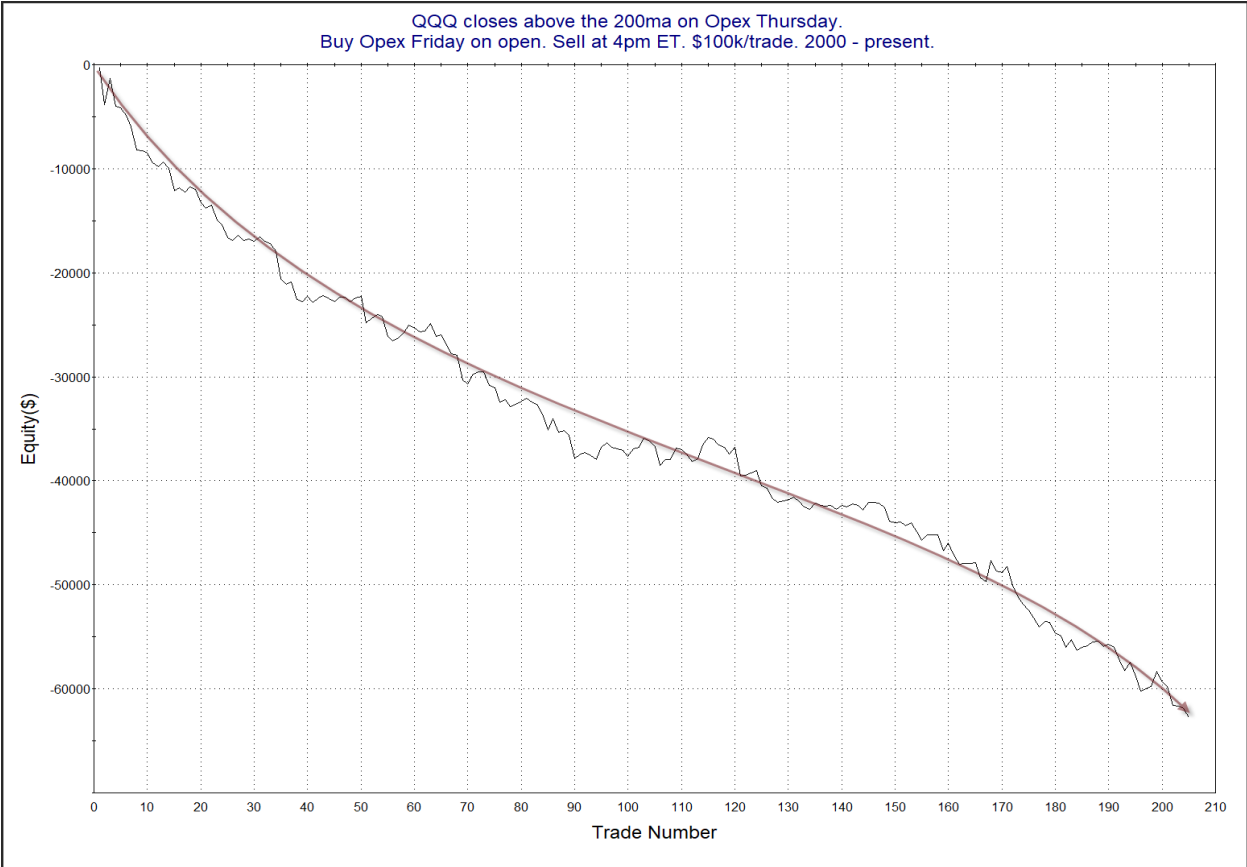
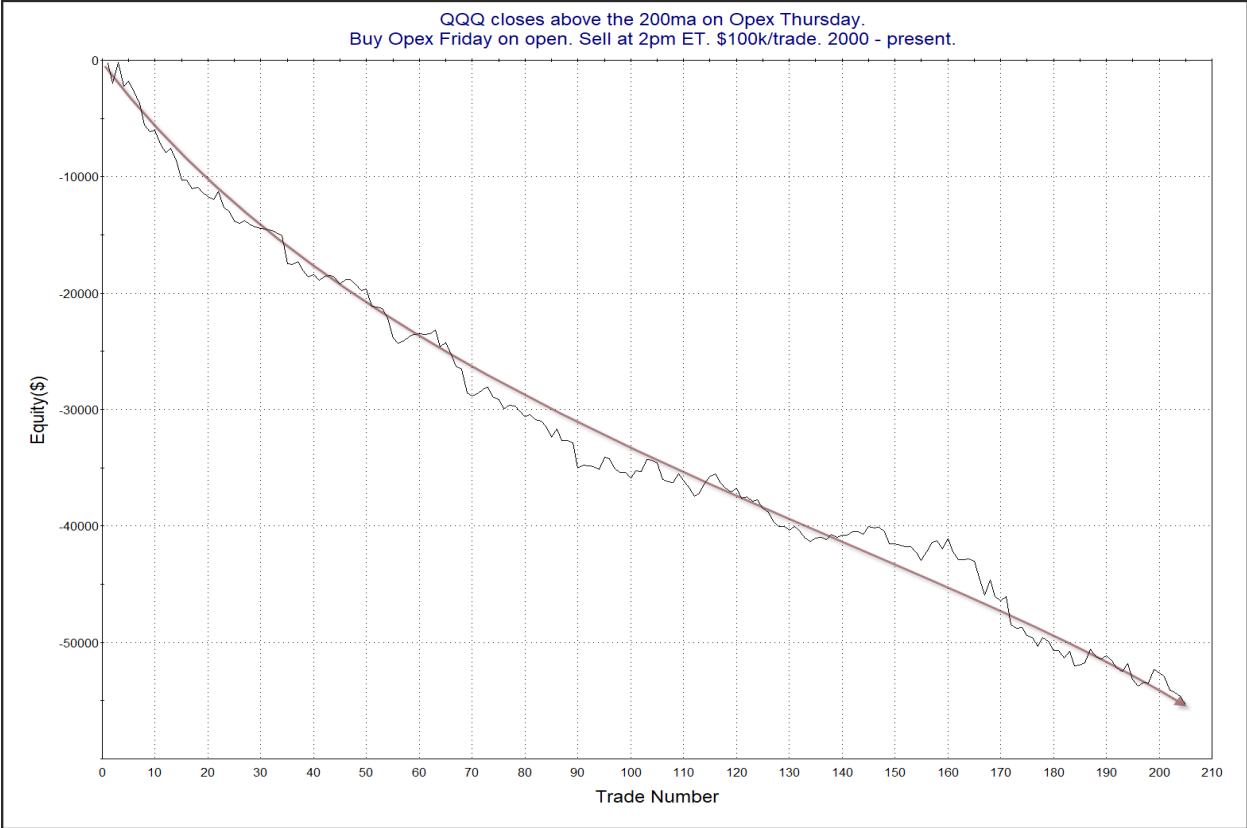


This is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table and profit curves below.

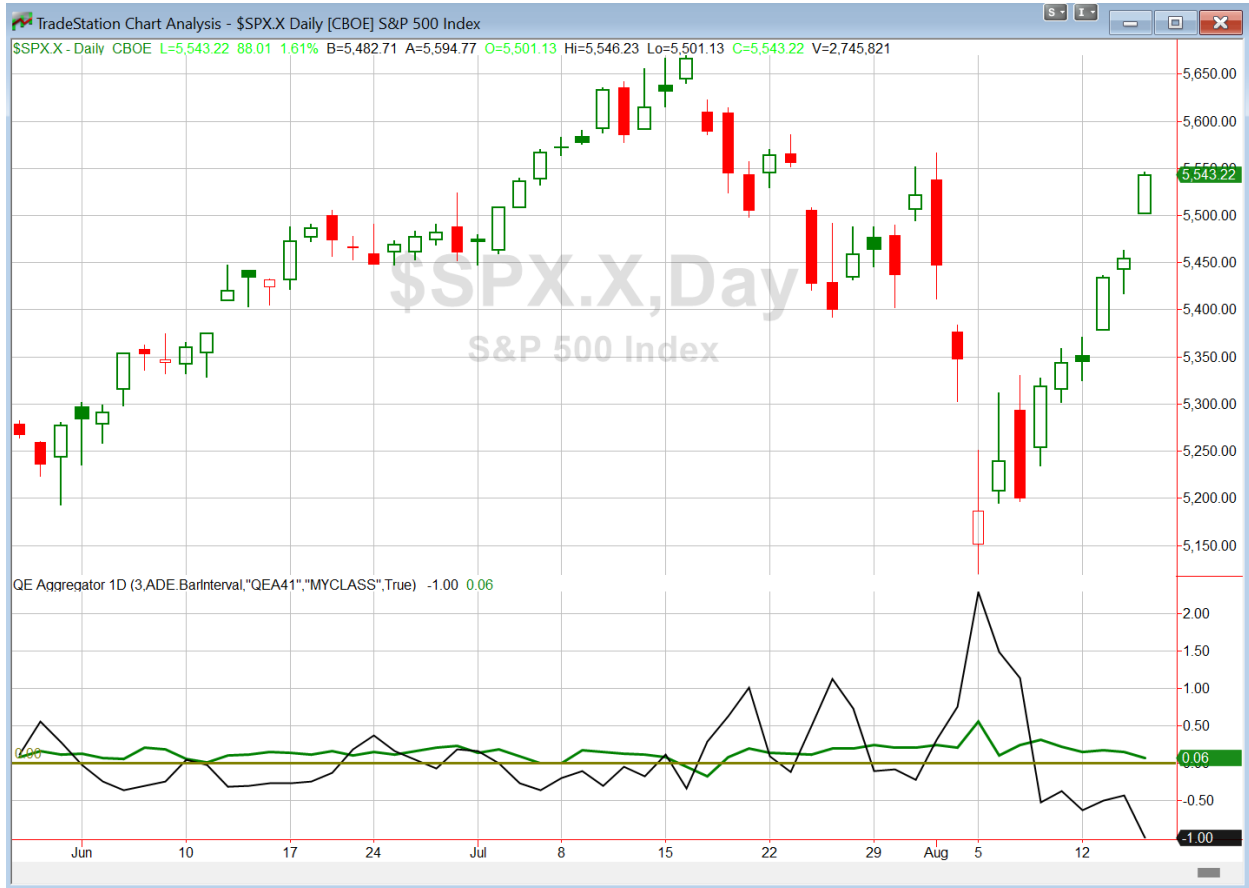
QQQ closes above the 200ma on Opex Thursday.  
Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	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
1,600	-62,713.32	205	78	127	38.05	2,516.00	-3,525.88	449.62	-769.95	0.58	0.36	-305.92
1,500	-56,351.09	205	73	130	35.61	1,739.00	-2,590.84	422.40	-670.66	0.63	0.35	-274.88
1,400	-55,327.38	205	65	137	31.71	1,822.25	-2,431.68	404.32	-595.68	0.68	0.32	-269.89
1,300	-48,697.56	205	69	135	33.66	1,655.75	-2,382.80	368.56	-549.10	0.67	0.34	-237.55
1,200	-46,763.19	205	73	131	35.61	2,488.25	-1,843.43	340.12	-546.50	0.62	0.35	-228.11
1,100	-38,453.43	205	69	135	33.66	1,998.00	-1,936.40	356.86	-467.23	0.76	0.39	-187.58
1,000	-29,877.99	205	64	140	31.22	1,332.00	-1,198.29	215.81	-312.07	0.69	0.32	-145.75



The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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 strongly 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 Friday. With the rally the last few days, many short-term studies have now reached their bullish targets, and have been removed from the Active List. Meanwhile, the Differential Pivot will be 5461.67. That

is 1.5% below Thursday's close. Therefore, SPX will need to close down at least 1.5% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. That is where I am at as well. Friday could see some intraday selling, but evidence is suggesting more upside over the next few days. I'll remain sidelined and patient.

*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	\$20.69	8.95%	Catapult

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