

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 27, 2024

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## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- Chopy action over the last few days is leaving us without any new evidence tonight.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator formation is bullish. But SPX is set to flip back to overbought on Tuesday unless there is a good amount of selling. So I am not excited about the long side.

**Summary of Recent Active Studies (see Letters from listed dates for details)**

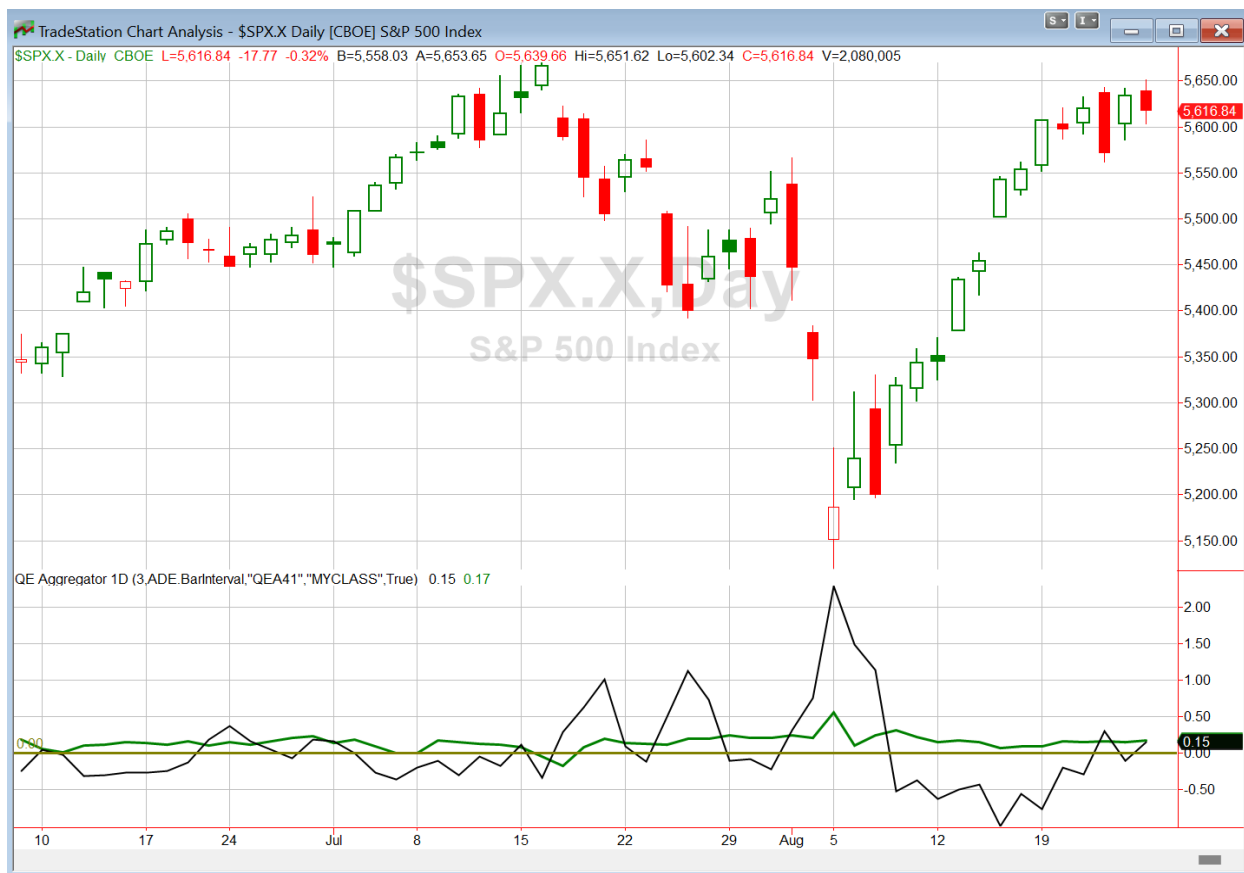
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
August 23, 2024	Up yest. Today 3-hi, 3-lo, 3-lo close	1-5 days	Bullish	2.00%	-1.25%	-2.60%
August 22, 2024	SPX and VXX 5-day closing highs	1-4 days	Bearish			
August 21, 2024	3 Higher hi, lo, close. Dn 1 but higher hi&lo	1-4 days	Bullish	1.20%	-0.80%	-1.70%
August 21, 2024	5 up, no 50-high. Down 1 > 200ma	1-5 days	Bullish	1.80%	-0.90%	-1.90%
August 15, 2024	5 up > 3% above 200ma < 50-high	1-10 days	Bullish	2.50%	-1.50%	-2.75%
<b>Active - Long Term</b>						
August 20, 2024	RSI(2) crosses over 99.	1-15 days	Bullish	2.25%	-1.55%	-3.00%
August 19, 2024	SPX up 7 days in a row	1-20 days	Bullish	3.00%	-2.10%	-4.40%
August 15, 2024	5 up > 3% above 200ma < 50-high	1-15 days	Bullish	3.30%	-1.65%	-3.00%
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 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, 2023	SPX Golden Cross	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

**The Evidence**

A morning gap higher turned into a 1<sup>st</sup>-hour selloff. Then the market chopped sideways for most of the rest of the day. SPX finished down 0.3%, the NASDAQ lost 0.85%, and the Russell 2000 dipped 0.04%. Breadth was positive as the NYSE Up Issues % was 54% and the Up Volume % came in at 55%. NYSE total volume declined some from Friday's level.

We are definitely seeing some chop in the market right now, and it is not generating compelling studies to look at. SPX has changed direction 5 days in a row now, and seems to be getting range-bound. With low volume as we typically see near the end of August, a strong move could emerge quickly. Wednesday is the NVDA earnings release. And that could help spark a strong move that could uncover edges. Prior to that we may just be in for some more chop. No new studies are being added to the Active List tonight.

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



Without any new studies emerging, 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 moved back above zero. The positive Differential Line reading means that SPX is 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 turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 5595.90. That is 0.4% *below* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down at least 0.4% in order to remain oversold. Anything other than that and it will flip to "overbought" versus recent expectations as of Tuesday's close.

So the Aggregator is bullish. But the inverted pivot greatly reduces potential reward. This is because any positive close, or even any close that is down less than 0.4%, will mean the end of the long signal on Tuesday. So there is only one day to potentially profit here. I rarely look to take on new positions when there is an inverted pivot. And this case is no exception. I will remain sidelined awaiting a more substantial opportunity.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 8/26 – **bullish***

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### *Open Catapult Triggers*

**None**

**Broad Market Large Cap CBI – 0**

## **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**

**None**

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