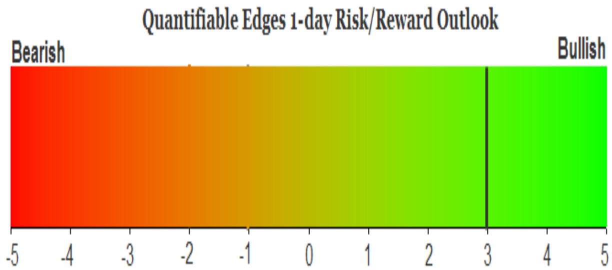
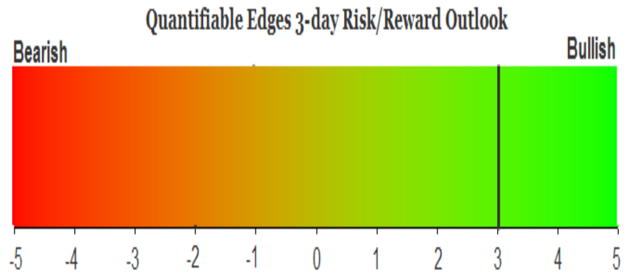
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 30, 2024 Volume 17 Issue 168

Market Overview





Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The NYSE Up Issue % closed > 65% while SPX closed down. Since 1999, that has always been followed by gains over the next 3 days.
- When SPX has risen during the 4-week period leading up to Labor Day, then Labor Day week has struggled.

Short-term Outlook
The Bottom Line
The Aggregator formation is bullish. I like 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
Active - Short Term						
August 30, 2024	SPX down. Up Issue % > 65%.	1-3 days	Bullish	1.30%	-0.75%	-1.60%
Active - Long Term						
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

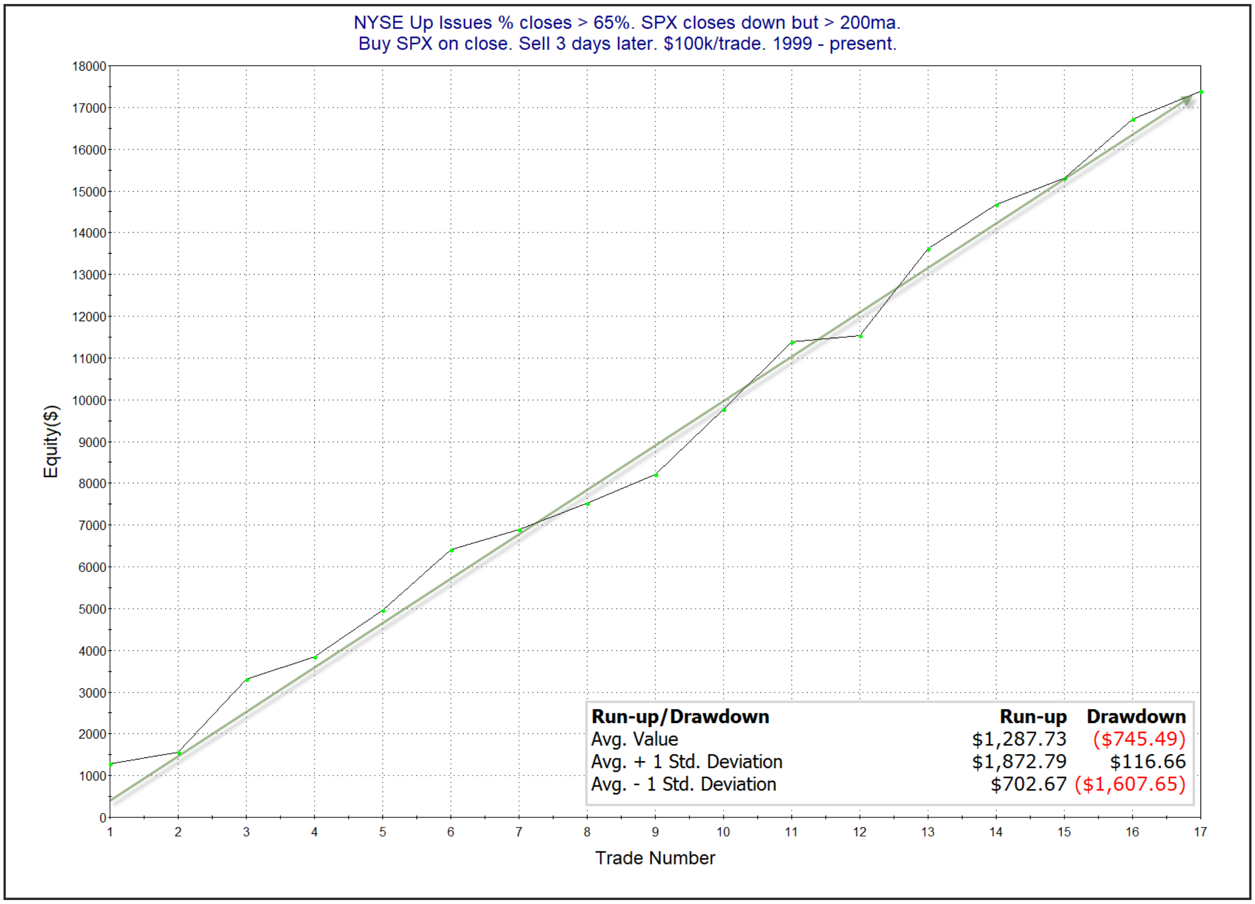
Thursday saw some back and forth. The SPX finished about even with a 0.22 point loss. The NASDAQ fell 0.2%, and the Russell 2000 rose 0.7%. Breadth was strong as the NYSE Up Issues % was 69% and the Up Volume % came in at 67%. NYSE total volume declined a little from Wednesday's level.

Breadth this strong on a days the SPX closes down is quite unusual. The study below looks at other times since 1999 that SPX closed lower (and above the 200ma) while the NYSE Up Issue % finished > 65%.

NYSE Up Issues % closes > 65%. SPX closes down but > 200ma.
Buy SPX on close. Sell X days later. $100k/trade. 1999 - 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	16,050.70	17	13	4	76.47	2,915.71	-2,389.00	1,557.35	-1,048.72	1.48	4.83	944.16
4	19,141.44	17	14	3	82.35	2,986.50	-1,934.25	1,555.46	-878.31	1.77	8.26	1,125.97
3	17,384.70	17	17	0	100.00	2,088.00	0.00	1,022.63	0.00	100.00	100.00	1,022.63
2	6,945.62	17	11	6	64.71	2,066.40	-962.25	870.73	-438.73	1.98	3.64	408.57
1	1,236.95	17	11	6	64.71	1,140.57	-2,214.00	610.13	-912.41	0.67	1.23	72.76

17-0 three days out is quite impressive. Below is a look at the 3-day profit curve.



That is an incredibly steady rise. These are impressive results, and I have added this study to the short-term active list.

Looking head to next week…over the last several years I have demonstrated that the performance during the week of Labor Day has been impacted by the performance in the 4-week period leading up to it. Interestingly, it has been somewhat of a momentum reversal week. When SPX has rallied up to Labor Day, then it has struggled that week. And declines into Labor Day have seen positive performance. Below is an updated look at the two scenarios.

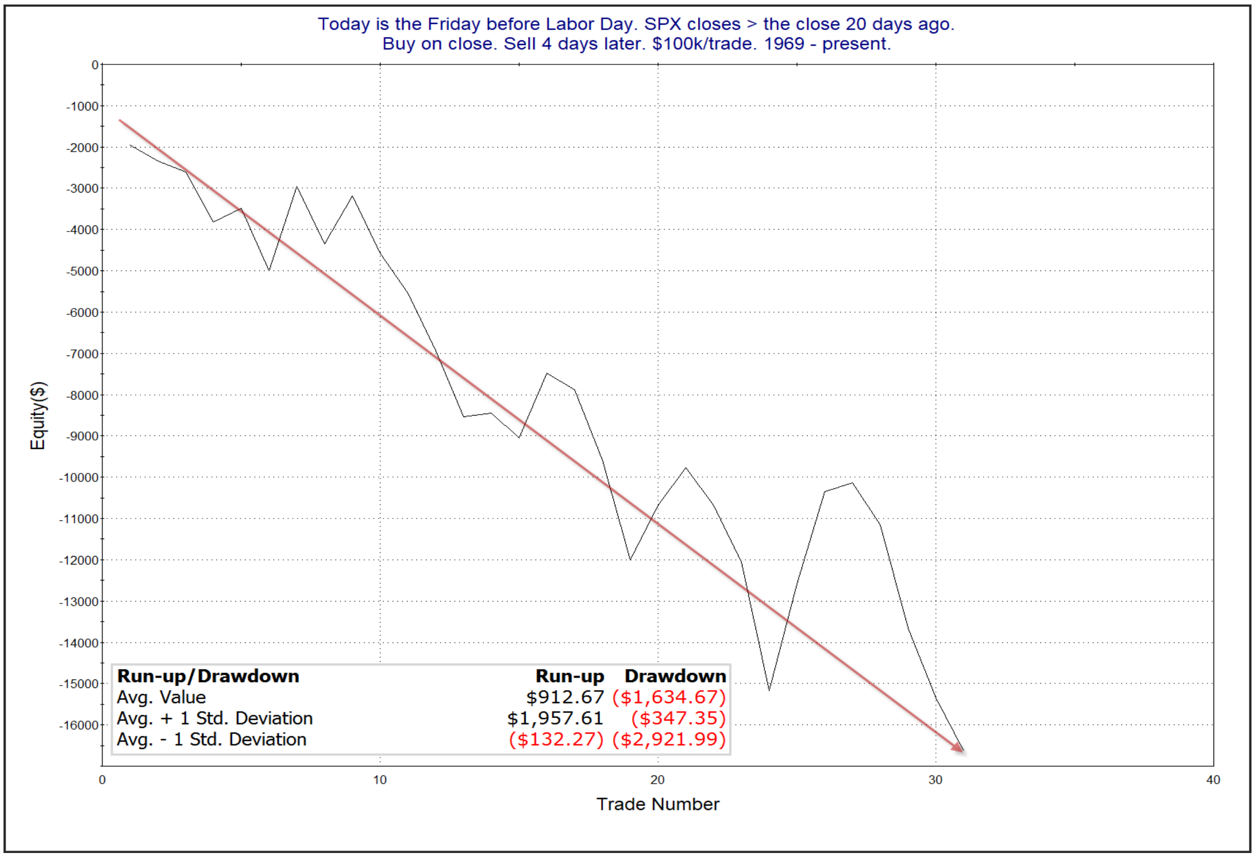
Today is the Friday before Labor Day. SPX closes > the close 20 days ago.
Buy on close. Sell X days later. $100k/trade. 1969 - present.

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	-16,459.68	31	8	23	25.81	3,228.12	-2,942.07	1,404.70	-1,204.23	1.17	0.41	-530.96
4	-16,624.19	31	10	21	32.26	2,580.34	-3,113.11	1,244.67	-1,384.33	0.90	0.43	-536.26
3	-13,642.14	31	12	19	38.71	2,718.52	-4,024.28	1,130.03	-1,431.71	0.79	0.50	-440.07
2	-9,785.67	31	8	22	25.81	3,055.58	-2,668.88	1,366.76	-941.81	1.45	0.53	-315.67
1	-7,812.55	31	13	18	41.94	1,751.34	-4,147.45	737.09	-966.37	0.76	0.55	-252.02

Today is the Friday before Labor Day. SPX closes < the close 20 days ago.
Buy on close. Sell X days later. $100k/trade. 1969 - present.

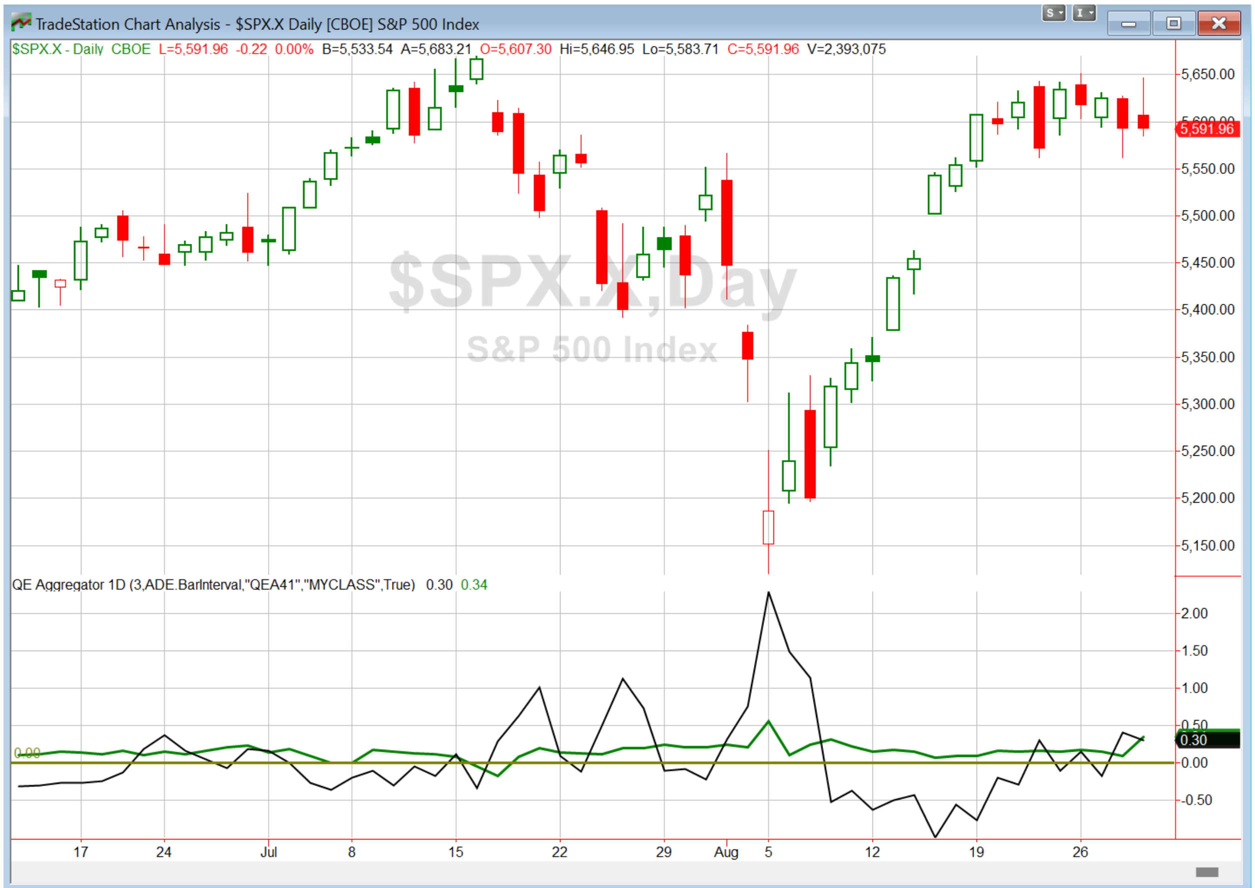
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	21,333.66	24	15	9	62.50	5,691.60	-3,611.52	2,248.18	-1,376.57	1.63	2.72	888.90
4	14,157.81	24	16	8	66.67	3,585.30	-4,206.40	1,673.21	-1,576.70	1.06	2.12	589.91
3	9,595.52	24	15	9	62.50	3,485.40	-2,391.84	1,131.01	-818.85	1.38	2.30	399.81
2	8,646.52	24	15	9	62.50	3,294.60	-4,795.56	1,242.71	-1,110.46	1.12	1.87	360.27
1	3,566.12	24	12	12	50.00	5,054.10	-2,259.18	1,245.95	-948.77	1.31	1.31	148.59

The 4-day numbers are basically inverted. So the Tues-Fri after Labor Day have not seen any consistency without the delineator. But the trend filter reveals a striking difference. The 1st scenario is the one we currently find ourselves in. Below is a look at the profit curve for a 4-day holding period.



Results here are quite choppy, but the curve has managed to head from upper left to lower right without ever going too long between new lows. This seems worthy of some consideration. It is not yet added to the active list, because it has not yet triggered. But it almost certainly will trigger on Friday. So that will impact expectations over the next few days.

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 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Friday. But that could easily change if additional bearish evidence emerges. Meanwhile, the Differential Pivot will be 5651.17. That is 1.1% above Thursday's close. Therefore, SPX will need to close up at least 1.1% on Friday in order to change from oversold to overbought versus recent expectations.

So the Aggregator is bullish. There is ample room to the upside before SPX will turn overbought. And tonight's study is compelling. Of course the seasonal study for next week does not look good. Still, I will look to take a small starter position on Friday if I can get a bargain price.

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.*

SPY – Buy ¼ index position @ $557.50 limit. Based on the short-term outlook above, I will start scaling into a SPY position if it dips some on Friday.

Current Open Trade Ideas

None