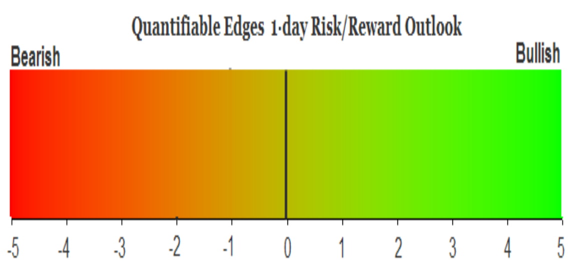
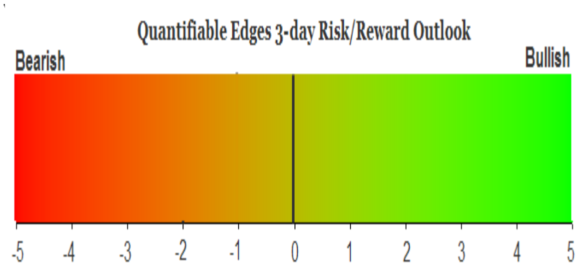
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 24, 2018 Volume 11 Issue 184

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	**0**

Tonight's Research Points

- We are entering the most bearish week of the year.
- We are in a period the next few weeks where I expect Quantitative Tightening (QT) to be strong.

Short-term Outlook
The Bottom Line
Evidence is mixed and the Aggregator is neutral. I am too.

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						
September 24, 2018	Weakest Week	1-4 days	Bearish	-2.20%	0.80%	2.20%
September 21, 2018	High Volume SPX Breakout	1-2 days	Bullish			
September 21, 2018	Breakaway Gap Breakout	1-5 days	Bullish	1.45%	-0.90%	-1.90%
September 18, 2018	5 Up closes < 50 Then down.	1-5 days	Bullish	1.70%	-1.10%	-2.10%
September 17, 2018	5 Up closes. Close < 50 high but > 200m	1-7 days	Bullish	1.85%	-1.20%	-2.30%
Active - Long Term						
September 20, 2018	RUT btm 25% 20-day rng SPX top 25%	1-40 days	Bullish	5.60%	-2.70%	-5.30%
September 17, 2018	5 Up closes. Close < 50 high but > 200m	1-15 days	Bullish	3.10%	-1.75%	-3.30%
September 14, 2018	8 days of split New Highs and Lows	1-25 days	Bearish			
September 10, 2018	4+ Hindenburg Omen signals	1-35 days	Bearish	-6.50%	2.50%	4.50%
September 5, 2018	1st low in 2 weeks. C > 10ma.	1-10 days	Bullish			
August 30, 2018	SPX crosses over 50-day Bollinger Band	1-50 days	Bullish	4.90%	-4.10%	-7.80%
July 1, 2018	SOMA reduction intensifies to $40billion	int term	Bearish			
January 8, 2018	1st 4 days of year close higher	1-250 days	Bullish	15.90%	-5.70%	-11.10%
April 26, 2016	Golden Cross	int term	Bullish			
July 22, 2013	New High Divergence (Study of Tops)	int term	Bearish			

The Evidence

Friday saw the market close mostly lower. The SPX declined 0.04%, the NASDAQ fell 0.51%, and the Russell 2000 dipped 0.46%. Breadth was mixed as the NYSE Up Issues % was 49.6% and the Up Volume % came in at 56.3%. NYSE volume spiked up to the highest level in a while, which is not unusual for an opex Friday.

The mild declines did little to generate compelling short-term evidence based on price action. From a seasonality standpoint, there isn't a more reliable time of the year to have a selloff than this upcoming week. Since 1961 the week following the 3rd Friday in September has produced the most bearish results of any week. In the 9/18/17 subscriber letter I showed a table with the best and worst weeks of the year. I have updated that table below.

Quantifiable Edges, LLC 10 Boyden Rd., Medfield, Massachusetts 02052 781-956-6952

SPX Performance During the Week Following the Month & Friday Specified.
$100k/trade. $0 commissions. 1961 - present. Top 10 and Bottom 10 Results Shown.

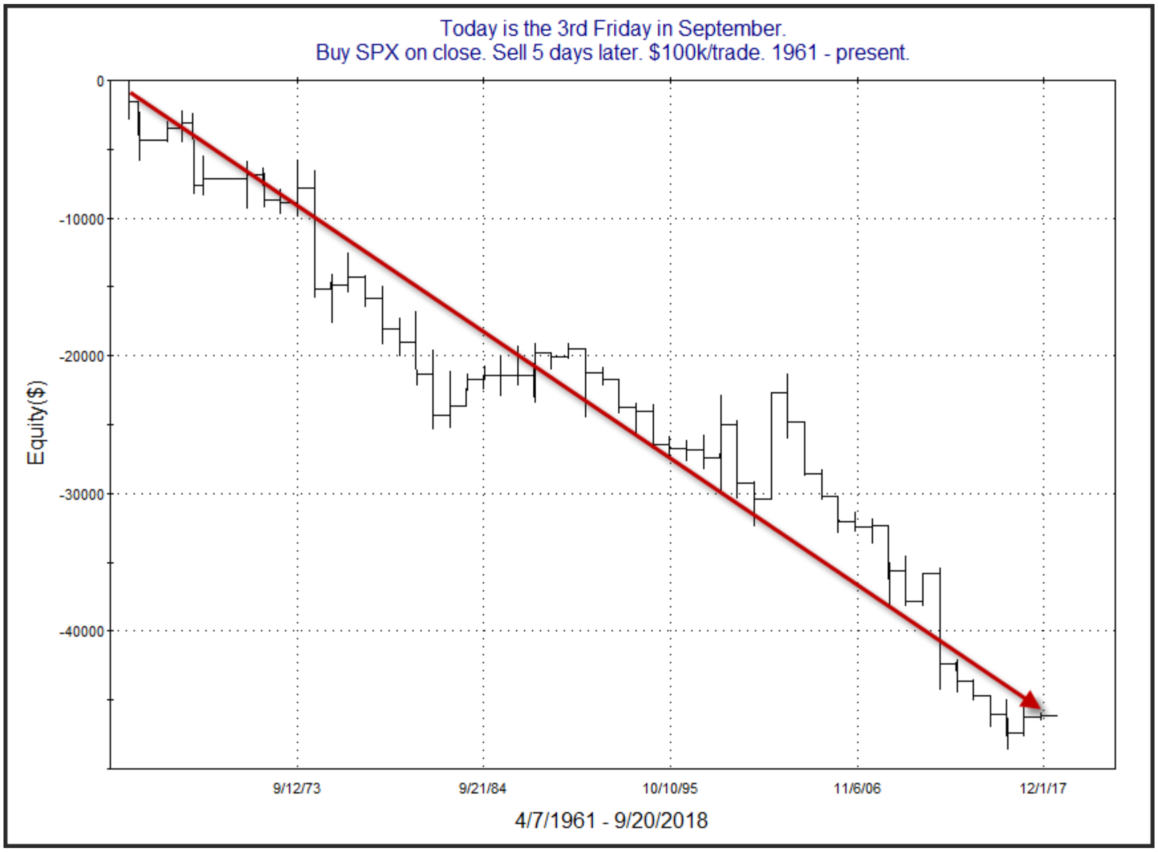
Month of Year	Friday of Month	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
3	5	36,480.15	30	17	13	56.67	3,120.07	21,091.20	-1,273.92	-2,745.12	2.45	3.20	1,216.01
6	5	21,125.24	20	14	6	70.00	2,067.14	9,629.84	-1,302.46	-2,857.82	1.59	3.70	1,056.26
12	4	51,010.32	53	32	21	60.38	2,305.10	23,280.08	-1,083.47	-4,480.29	2.13	3.24	962.46
10	5	20,246.21	23	17	6	73.91	1,692.61	6,304.68	-1,421.35	-3,889.28	1.19	3.37	880.27
4	2	41,785.45	55	38	17	69.09	1,802.37	5,731.96	-1,570.85	-3,580.15	1.15	2.56	759.74
1	4	39,018.87	54	33	21	61.11	2,129.47	5,480.00	-1,488.26	-4,863.30	1.43	2.25	722.57
10	4	38,945.94	54	35	19	64.81	2,148.42	10,485.72	-1,907.83	-3,993.72	1.13	2.07	721.22
2	4	41,406.39	58	33	24	56.90	2,460.34	17,055.48	-1,657.70	-7,032.56	1.48	2.04	713.90
4	4	39,937.59	58	32	26	55.17	2,204.64	16,101.15	-1,177.34	-3,090.00	1.87	2.30	688.58
9	2	33,569.84	54	35	19	64.81	1,763.84	7,573.02	-1,482.34	-4,975.04	1.19	2.19	621.66
5	2	-7,211.10	55	26	29	47.27	1,593.93	4,850.40	-1,677.70	-4,959.45	0.95	0.85	-131.11
1	3	-7,447.58	54	29	25	53.70	1,310.54	3,515.49	-1,818.13	-5,602.80	0.72	0.84	-137.92
9	1	-13,605.40	55	28	27	50.91	1,486.30	3,778.72	-2,045.26	-11,038.16	0.73	0.75	-247.37
3	3	-17,060.76	54	19	35	35.19	1,912.26	6,162.00	-1,525.53	-5,895.00	1.25	0.68	-315.94
10	3	-18,020.59	54	24	30	44.44	1,676.32	4,339.20	-1,941.74	-12,167.91	0.86	0.69	-333.71
6	3	-22,254.12	55	23	32	41.82	1,151.89	3,643.53	-1,523.36	-5,742.69	0.76	0.54	-404.62
8	5	-9,745.84	22	9	13	40.91	1,305.94	3,283.38	-1,653.79	-4,206.40	0.79	0.55	-442.99
4	5	-7,767.25	16	8	8	50.00	1,025.35	2,599.74	-1,996.26	-6,368.04	0.51	0.51	-485.45
7	5	-18,654.38	24	9	15	37.50	938.76	2,323.00	-1,806.88	-7,153.30	0.52	0.31	-777.27
9	3	-44,654.32	54	18	36	33.33	1,249.81	7,739.42	-1,865.30	-7,410.00	0.67	0.34	-826.93

In past years I have sometimes excluded the weeks following the 5th Friday of the month, because 5th Fridays don't always happen and it made the results look a little neater. This year I decided to include the 5th Friday. I will note that I DID exclude the 5th Friday in February. The 5th Friday in February has only happened twice since 1961, thanks to leap years. Interestingly, the week after was terrible both times. In 1980 SPX lost 5.95% the next week, and in 2008 it lost 2.8% the following week. Of course, February is not the immediate concern. September is. If you look at the bottom line you will see that the worst results occur following the 3rd Friday of the 9th month. That is this upcoming week. In last year's letter I also ran the study back to 1988 to get a more recent picture. That table is also updated below (and I included the 5th Fridays here, too, this year).

SPX Performance During the Week Following the Month & Friday Specified. $100k/trade. $0 commissions. 1988 - present. Top 10 and Bottom 10 Results Shown.														
Month of Year	Friday of Month	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	2	30,133.18	30	22	8	73.33	2,197.20	7,282.10	-2,275.66	-6,557.14	0.97	2.66	1,004.44
10	5	11,672.23	12	9	3	75.00	1,953.63	3,853.85	-1,970.15	-3,889.28	0.99	2.97	972.69
4	2	29,064.22	31	20	11	64.52	2,265.56	5,731.96	-1,477.00	-3,580.15	1.53	2.79	937.56
1	4	26,659.74	31	19	12	61.29	2,307.71	4,860.00	-1,432.22	-3,765.16	1.61	2.55	859.99
3	2	26,015.20	31	22	9	70.97	1,835.13	7,515.60	-1,595.30	-6,711.66	1.15	2.81	839.20
11	4	23,747.25	30	22	8	73.33	1,451.57	7,362.46	-1,023.41	-2,238.87	1.42	3.90	791.57
10	4	22,675.92	30	21	9	70.00	1,966.09	10,485.72	-2,067.99	-3,993.72	0.95	2.22	755.86
5	4	21,458.75	31	20	11	64.52	1,864.16	7,145.28	-1,438.59	-2,983.50	1.30	2.36	692.22
12	2	20,000.65	30	22	8	73.33	1,312.53	3,347.68	-1,109.38	-4,176.33	1.18	3.25	666.69
9	2	19,889.66	30	21	9	70.00	1,532.94	5,313.08	-1,366.90	-4,975.04	1.12	2.62	662.99
12	1	-9,139.55	30	13	17	43.33	1,358.92	4,131.36	-1,576.80	-3,728.04	0.86	0.66	-304.65
2	3	-10,442.02	31	15	16	48.39	857.10	2,106.80	-1,456.15	-4,509.84	0.59	0.55	-336.84
8	5	-4,488.67	13	7	6	53.85	1,317.41	3,283.38	-2,285.09	-4,206.40	0.58	0.67	-345.28
1	3	-10,772.43	31	17	14	54.84	1,103.51	2,505.60	-2,109.44	-5,602.80	0.52	0.64	-347.50
10	1	-11,527.81	30	16	14	53.33	2,026.24	5,944.32	-3,139.12	-18,000.90	0.65	0.74	-384.26
3	3	-17,175.41	31	7	24	22.58	2,826.00	6,162.00	-1,539.89	-5,895.00	1.84	0.54	-554.05
6	3	-17,888.23	31	10	21	32.26	1,146.73	2,928.60	-1,397.88	-3,626.75	0.82	0.39	-577.04
9	3	-26,430.27	30	7	23	23.33	2,011.18	7,739.42	-1,761.24	-6,525.56	1.14	0.35	-881.01
4	5	-8,939.78	9	3	6	33.33	818.59	1,247.86	-1,899.26	-6,368.04	0.43	0.22	-993.31
7	5	-14,714.56	13	4	9	30.77	1,168.92	2,323.00	-2,154.47	-7,153.30	0.54	0.24	-1,131.89

As you can see, looking at the more recent time period the week following the 3rd Friday in September is still the worst (other than 2 low-instance 5th Fridays). Another potential bearish week that is coming up is the week after the 1st Friday in October. And interestingly, the weeks after the 2nd and 4th (and 5th) Fridays in October are listed among the most bullish 10. Further, I'd note that most of the weakest weeks occur after the 1st and 3rd Fridays while most of the strongest weeks occur after the 2nd and 4th Fridays of a month.

I also reproduced a graphic to show how this upcoming week has played out over time.



As you can see the bearish tendency has been pretty consistent over the last 57 years. There was a stretch in the late 80's where there was a series of mild up years. Since 1990 it has been pretty much all downhill. Below is a table showing results of buying Sept. op-ex Friday and then selling X days later from 1990 – 2017.

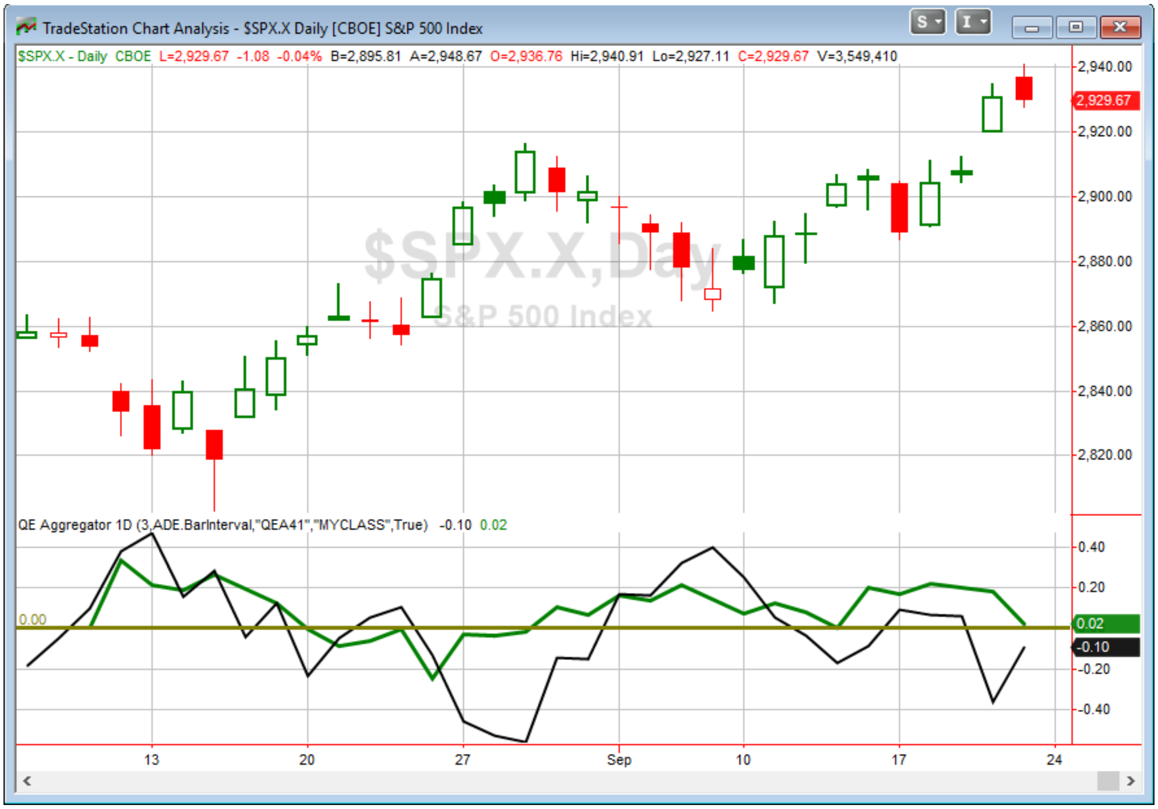
Today is Opex Friday in September.
Buy SPX on close. Sell X days later. $100k/trade. 1961 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-26,680.66	28	6	22	21.43	2,250.53	7,739.42	-1,826.54	-6,525.56	1.23	0.34	-952.88
4	-27,282.81	28	6	22	21.43	1,818.60	5,439.43	-1,736.11	-7,088.90	1.05	0.29	-974.39
3	-19,317.24	28	7	21	25.00	1,702.58	4,508.00	-1,487.40	-5,455.74	1.14	0.38	-689.90
2	-16,400.66	28	9	19	32.14	880.33	4,786.41	-1,280.19	-5,283.52	0.69	0.33	-585.74
1	-9,288.94	28	8	20	28.57	872.04	3,877.95	-813.26	-3,791.21	1.07	0.43	-331.75

2001 & 2017 were the only years that SPX failed to close below its entry price at some point during the week.

The consistency and net results appear quite strong. I note the only instances that didn't post a lower close at some point during the following week was in 2001 and 2017. The 9/11 attacks certainly made for unusual circumstances in 2001, and 2017 did not see a decline, but it only rose 2 points, so it was not much of a victory for the bulls.

I have updated the Aggregator chart below.



With this upcoming week's seasonality to consider, the green Aggregator Line remained just barely above zero. Positive readings mean net expectations from the Active List for upside over the next few days. Meanwhile the black Differential Line held below 0. The negative Differential Line reading means 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 side of 0. Therefore, the Aggregator signal stayed flat at the close.

Based on the current list of active studies, expectations are slated to flip to negative on Monday. Of course this could change if additional bullish evidence emerges. The Differential Pivot will be 2925.05 on Monday. That is 0.2% below Friday's close. So SPX will only need to close down 0.2% on Monday to flip back to "oversold" in relation to recent expectations.

So the Aggregator is neutral. Evidence is mixed and set to flip from leaning bullish to leaning bearish. Meanwhile the SPX is slightly overbought and could easily turn oversold on a down day. None of this suggests a compelling setup with strong reward/risk. So I will remain sidelined awaiting a more favorable entry opportunity.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/24– neutral

Combo #1	Combo #2	Combo #3
Flat	Flat	Flat

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 3 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Timing Course, which is included with all annual subscriptions. Detailed descriptions of these combination approaches can be found in Lesson 8. Subscribers may also download detailed hypothetical historical performance reports covering 12/31/71 – 3/7/14 in Lesson 11, Course Downloads. (You must go through the course first in order to access the Downloads.) *There were no changes to the combo systems this week, as all three remain "flat".*

This past week saw the market post mixed results. The SPX rose 0.8%, the NASDAQ lost 0.3%, and the Russell 2000 declined 0.5%. From an intermediate-term standpoint, there was one new study that appeared in the Wednesday night letter. It looked at the SPX/RUT divergence. I have copied it below.

I have spoken a fair amount lately about the "split" market, and how that has historically been followed by declines. But not all kinds of splits are bad. Today we saw the SPX rise while the RUT closed lower. That is not unusual on a 1-day basis. But it has now been several weeks in which they have been heading in opposite directions. RUT closed in the bottom 25% of its 20-day range on Wednesday while SPX closed in the top 25% of its 20-day range. The study below is updated from the 11/14/17 letter. It looks at other times where this occurred.

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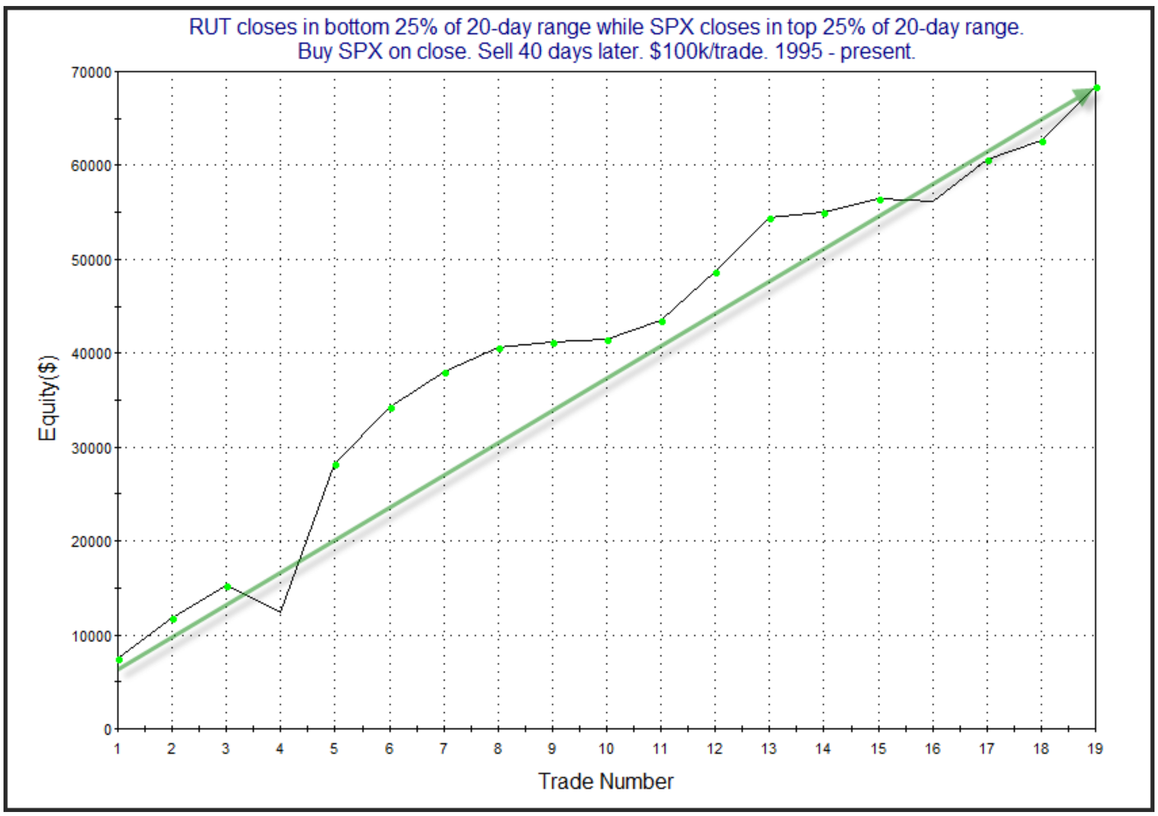
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
RUT closes in bottom 25% of 20-day range while SPX closes in top 25% of 20-day range. Buy SPX on close. Sell X days later. $100k/trade. 1995 - present.												
50	62,482.12	17	12	5	70.59	5,878.17	17,360.82	-1,611.18	-2,450.72	3.65	8.76	3,675.42
45	63,259.12	18	14	4	77.78	5,335.64	15,231.03	-2,859.98	-5,633.12	1.87	6.53	3,514.40
40	68,378.28	19	17	2	89.47	4,208.54	15,916.02	-1,583.41	-2,953.44	2.66	22.59	3,598.86
35	56,844.43	19	15	4	78.95	4,302.10	15,668.34	-1,921.77	-3,769.92	2.24	8.39	2,991.81
30	60,058.52	19	17	2	89.47	3,574.75	11,907.99	-356.13	-707.88	10.04	85.32	3,160.97
25	45,080.13	19	15	4	78.95	3,236.00	9,355.08	-864.96	-2,245.18	3.74	14.03	2,372.64
20	33,361.00	19	14	5	73.68	3,309.22	9,900.75	-2,593.61	-6,058.36	1.28	3.57	1,755.84
15	32,231.31	19	15	4	78.95	2,850.16	7,779.99	-2,630.26	-5,109.23	1.08	4.06	1,696.38
10	21,574.93	23	16	7	69.57	2,258.61	8,346.30	-2,080.40	-6,893.04	1.09	2.48	938.04
5	13,087.61	24	10	14	41.67	2,666.78	7,383.96	-970.01	-2,806.44	2.75	1.96	545.32

It appears the lagging RUT in similar circumstances has not been a drag going forward, and that SPX has continued to flourish. Below is a look at a profit curve with a 40-day holding period.



The strong, steady upslope serves as some confirmation of the upside edge. I also checked to see how the Russell 2000 did going forward.

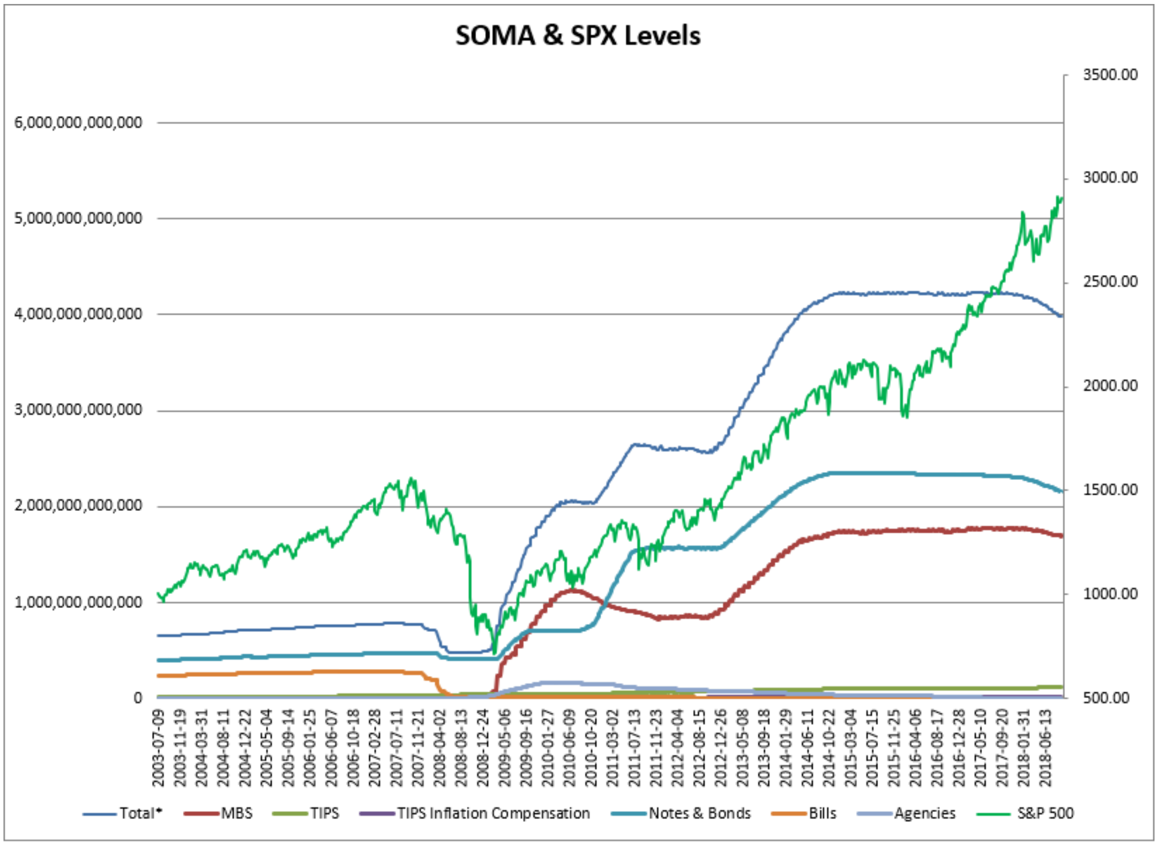
RUT closes in bottom 25% of 20-day range while SPX closes in top 25% of 20-day range. Buy **RUT** on close. Sell X days later. $100k/trade. 1995 - present.													
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
50	32,915.18	17	12	5	70.59	5,850.86	18,203.13	-7,459.03	-13,291.46	0.78	1.88	1,936.19
45	36,770.06	18	13	5	72.22	5,303.94	17,231.94	-6,436.23	-16,401.84	0.82	2.14	2,042.78
40	56,575.54	19	13	6	68.42	5,606.19	16,988.40	-2,717.48	-7,866.04	2.06	4.47	2,977.66
35	45,136.65	19	14	5	73.68	4,843.27	16,765.65	-4,533.82	-10,617.88	1.07	2.99	2,375.61
30	52,387.29	19	13	6	68.42	5,303.38	15,209.37	-2,759.44	-7,982.52	1.92	4.16	2,757.23
25	31,291.45	19	12	7	63.16	4,458.08	14,012.46	-3,172.22	-10,952.76	1.41	2.41	1,646.92
20	17,018.68	19	13	6	68.42	3,984.59	12,067.11	-5,796.83	-16,370.90	0.69	1.49	895.72
15	21,977.69	19	12	7	63.16	4,178.92	11,066.88	-4,024.19	-8,143.20	1.04	1.78	1,156.72
10	1,307.05	23	11	12	47.83	3,513.31	8,215.02	-3,111.61	-10,958.54	1.13	1.04	56.83
5	2,990.39	24	12	12	50.00	2,347.89	7,817.04	-2,098.69	-4,524.56	1.12	1.12	124.60

Numbers here also favor the long side. But the performance does not appear as impressive as for SPX. I have added the SPX version of this study to the intermediate-term active list, where we continue to see numerous crosswinds.

As I typically do each week, I have updated our Fed SOMA charts below. Below is a description for those who are new to these charts or who may want a refresher.

SOMA stands for System Open Market Account. It is the account at the Fed that contains all of its bond purchase holdings. We have tracked Fed purchases for several years, and as is evident in the charts below, the stock market has consistently reacted positively when the Fed has been buying securities in the open market and increasing the size of its account. When the account has declined, the market has struggled. The obvious takeaway has been "don't fight the Fed". As far as intermediate-term indicators go, this has been as good as anything in recent years.

In October 2017 the Fed began reducing the size of the SOMA by not reinvesting some maturities in MBS and treasuries. That program is expected to continue for the next few years. Below are long and short-term views of SOMA and SPX. First, the long-term view (back to 2003).



The table below is from the Fed's website and shows the changes this past week.

« As of 09/12/2018

DOMESTIC SECURITIES HOLDINGS AS OF

September 19, 2018

Summary | T-Bills | T-Notes and T-Bonds | FRN | TIPS | Agencies

Security Type	Total (in Thousands)
US Treasury Bills (T-Bills)	100,000.0
US Treasury Notes and Bonds (Notes/Bonds)	2,157,449,918.5
US Treasury Floating Rate Notes (FRN)	18,152,012.4
US Treasury Inflation-Protected Securities (TIPS)*	115,578,709.4
Federal Agency Securities**	2,409,000.0
Agency Mortgage-Backed Securities***	1,695,223,409.0
Total SOMA Holdings	3,988,913,049.3
Change From Prior Week	-1,792,879.3

Full QT decline came from AMBS

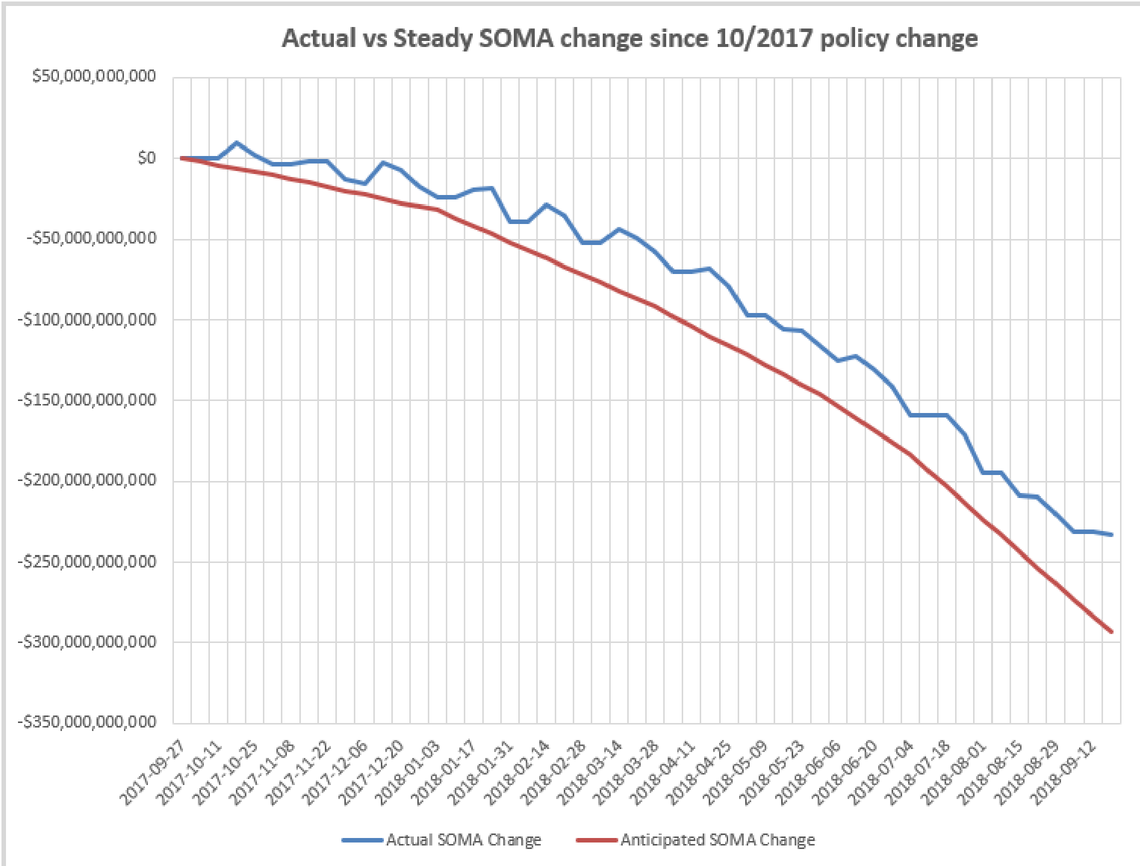
*Does not reflect inflation compensation of 21,925,375.

**Fannie Mae, Freddie Mac and Federal Home Loan Bank

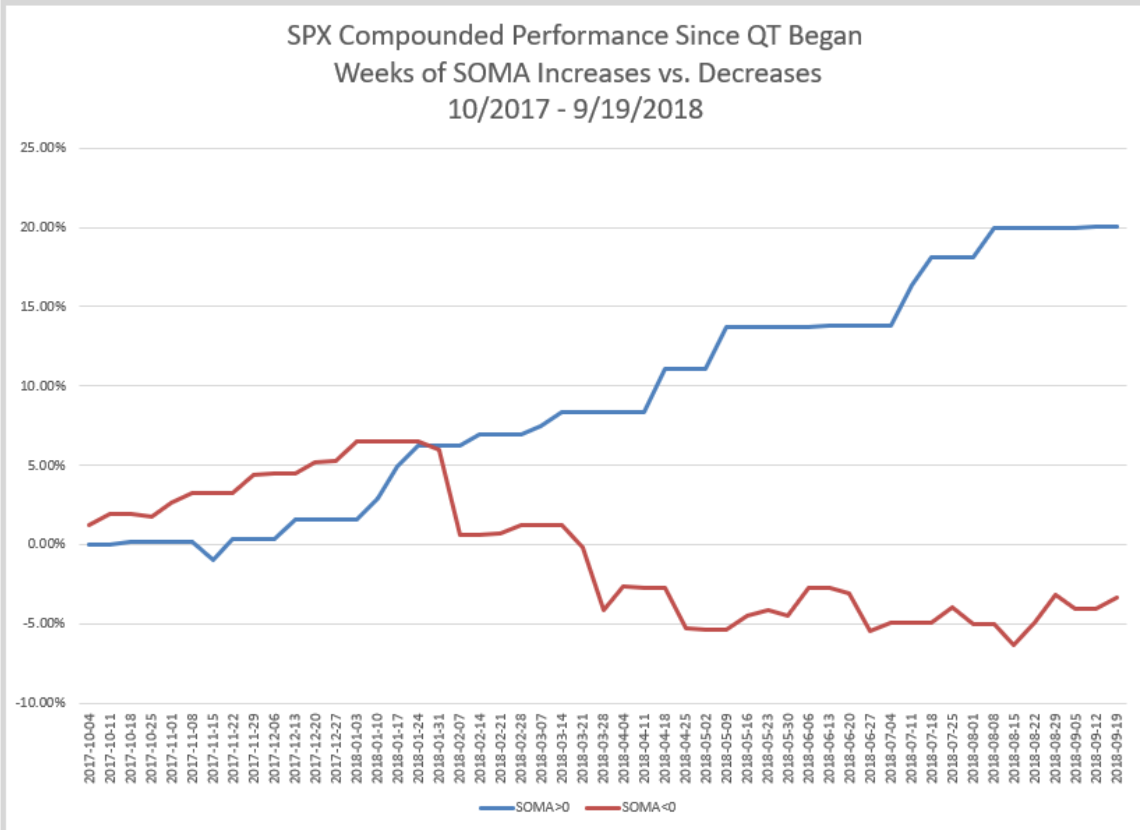
***Guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae. Current face value of the securities, which is the remaining principal balance of the securities.

Data posted on 09/20/2018 4:30pm.

And now a zoomed-in view since October comparing steady reductions to actual.



The Fed's SOMA this past week (Wednesday to Wednesday) saw a mild decrease of $1.8 billion. That is in line with expectations that I laid out here the last couple of weeks. Meanwhile, the SPX gained 0.66% during this week ending Wednesday 9/19. That is a strong performance compared to other weeks where the SOMA contracted. The "Actual vs Steady" chart shows that the slight decline in the SOMA balance this past week was far off of a "typical" week with the current QT rate being $40 billion / month. As we have been discussing here for a long time, the market has typically encountered difficulty during SOMA contractions, and flourished when the SOMA has seen expansions. I discuss this in detail in the Fed-Based Quantifiable Edges for Stock Market Trading Research Paper. This next chart shows compounded results since QT began of being long SPX during SOMA expansion weeks vs SOMA contraction weeks. It is updated from last week.



The blue-line represents weeks where the SOMA balances rose. This "expansion week" strategy has now seen 15 winning weeks in a row. The last time the SOMA expanded and the blue line did ***not*** hit a new high was in November of 2017. Since last October the blue "expansion week" strategy would have posted a 20% gain while the red "contraction week" strategy would have lost 3.35%. So how might the next few weeks of QT play out? Let's first look at the T-Note and T-Bond Maturity Table below, from the Fed's website.

« As of 08/29/2018

DOMESTIC SECURITIES HOLDINGS AS OF
September 5, 2018

Summary | T-Bills | T-Notes and T-Bonds | FRN | TIPS | Agencies

Maturity Date	CUSIP	Coupon (%)	Par Value (in Thousands)	% of Total Outstanding [1]	Change in Par from Prior Week [2]	Change in Par from Prior Year [2]
9/30/18	912828T42	0.750	1,584,917.7	5.75%		
9/30/18	912828RH5	1.375	17,421,863.6	20.84%		
10/31/18	912828T83	0.750	1,571,797.0	5.70%		
10/31/18	912828WD8	1.250	3,542,000.0	10.12%		
10/31/18	912828RP7	1.750	17,812,617.0	59.17%		

$19 billion total for Sep

$23 billion total for Oct

From now until the September 30th, any new QT resulting in a SOMA reduction will be thanks to AMBS securities rolling off the books. Compared to treasuries, AMBS flows are a little more difficult to anticipate. This is because 1) amounts may vary depending on loan pre-payments, and 2) there is a lag of 1-3 months to settle. For those interested in details, AMBS policies and procedures are described in more detail at the Fed's website: https://www.newyorkfed.org/markets/ambs-treasury-faq. I have found that examining past months will often provide clues as to the flows we can anticipate during similar periods of the current month.

Looking back to the beginning of QT last October, this is the 1st month where Wednesdays will fall on the 26th. Other months with Wednesday occurring on the 25th or 27th saw some substantial declines. I expect the same for this current week ending Wednesday. And the week after Wednesday will contain the sizable Treasury expiration So I expect bulls will be facing a sizable liquidity headwind for at least the next week and a half.

As I mentioned last week, there are only about $19 billion total in treasuries that are set to mature in September. The current QT rate of $40 billion / month includes $24 billion in treasuries. This means there will be a shortfall of about $5 billion in September. And October is also likely to see a shortfall, with just $23 billion set to mature, while policy would roll off as much as $30 billion in treasuries that month. So unless the Fed adjusts in some other way, September and October may not see QT as strong as we saw in August. Looking forward, November has a massive amount of treasuries maturing, so it should easily reach the $30 billion QT mark for treasuries. But both December and January will fall well short of the $30 billion threshold. December has just $18.2 billion set to mature and January only $11.7 billion.

Intermediate-term evidence remains mixed. This week's SPX/RUT divergence study suggests the market should continue higher in the coming weeks. And we have other momentum-based studies backing up that claim. But QT, poor seasonality, a lagging NASDAQ, and split market conditions are all bearish. For now I will remain neutral. This means I am not inclined to play either side too aggressively, but am willing to take both long and short trades if favorable reward/risk setups emerge.

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Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

OpenCatapult 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.

A complete list of Quantifiable Edges trade idea results since the inception of the letter in 2008 can be found here.