

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 24, 2019

Volume 12 Issue 206

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- The studies I examined tonight were not compelling for either bulls or bears.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral and so am I.

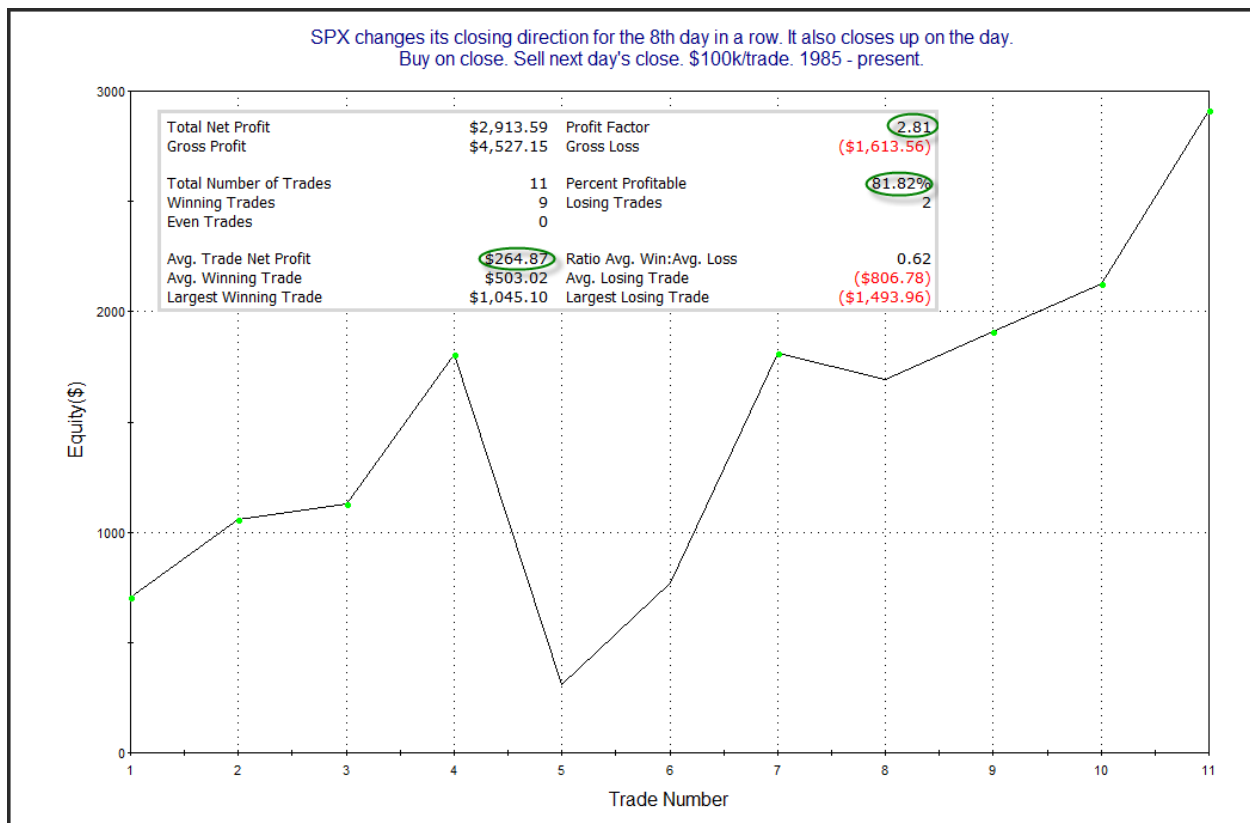
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
October 23, 2019	SPX 20-day high, then close btm 10%	1-3 days	Bullish			
<b>Active - Long Term</b>						
October 9, 2019	3rd 1% Drop in 10 days > 200ma	1-20 days	Bullish	3.85%	-3.00%	-5.70%
September 9, 2019	NYSE Advance/Decline Line breakout	1-40 days	Bullish			
August 26, 2019	SPX down 4 weeks but > 40-week ma	1-10 weeks	Bullish	8.65%	-3.30%	-7.70%
August 1, 2019	QT over.	int term	Neutral			
April 2, 2019	Golden Cross	int term	Bullish			

**The Evidence**

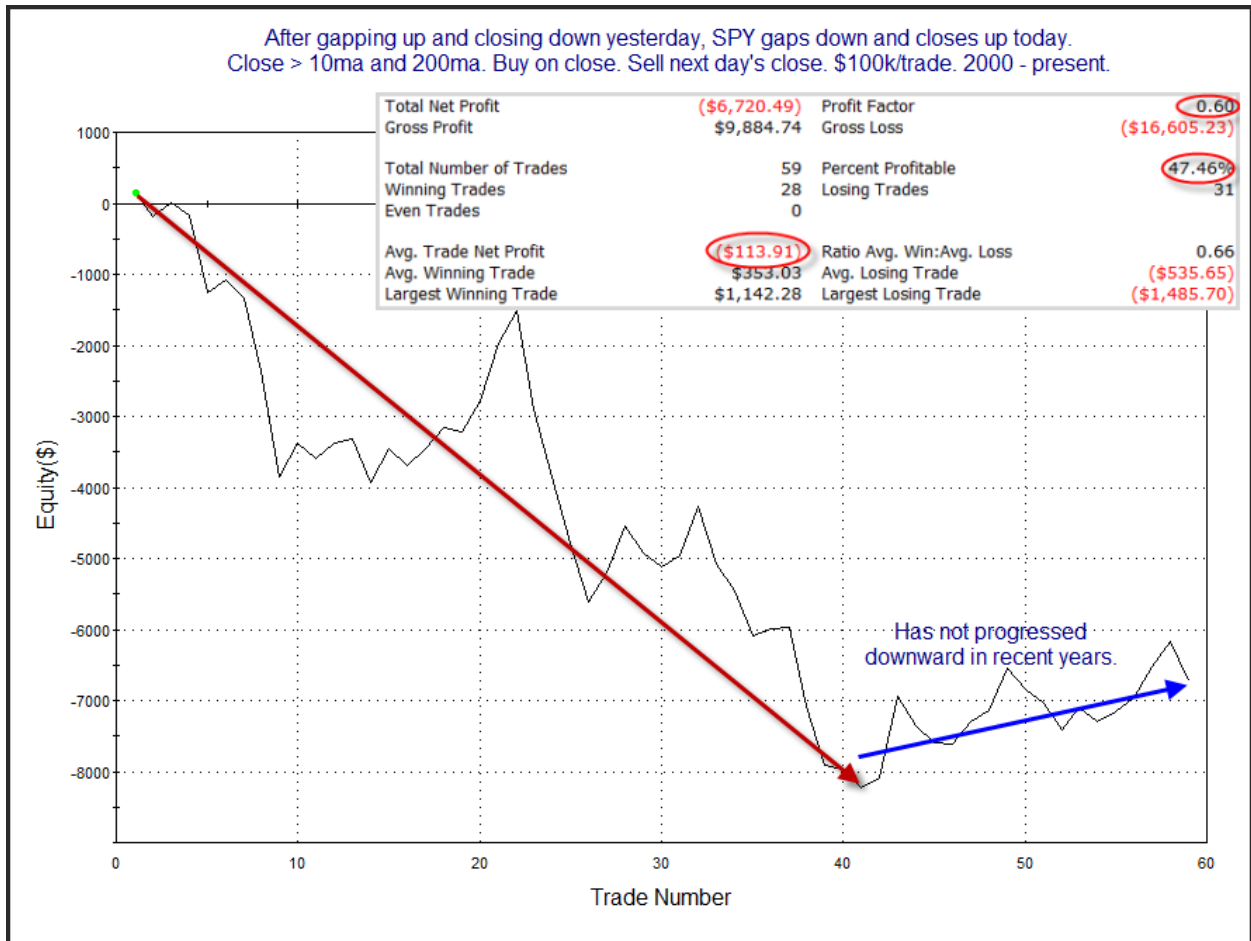
Wednesday was an up day for the market. The SPX rose 0.3%, the NASDAQ gained 0.2%, and the Russell 2000 climbed 0.1%. Breadth was positive as the NYSE Up Issues % was 62% and the Up Volume % came in at 66%. NYSE volume declined some from Monday’s level.

Wednesday marked the 8<sup>th</sup> day in a row in which the SPX reversed direction on a closing basis vs the day before. That is a lot of chop. So much, in fact, that it has only happened 19 times since 1985. I looked at other times SPX chopped for exactly 8 day and then also closed higher on the 8<sup>th</sup> day. Returns for the following day can be found below.



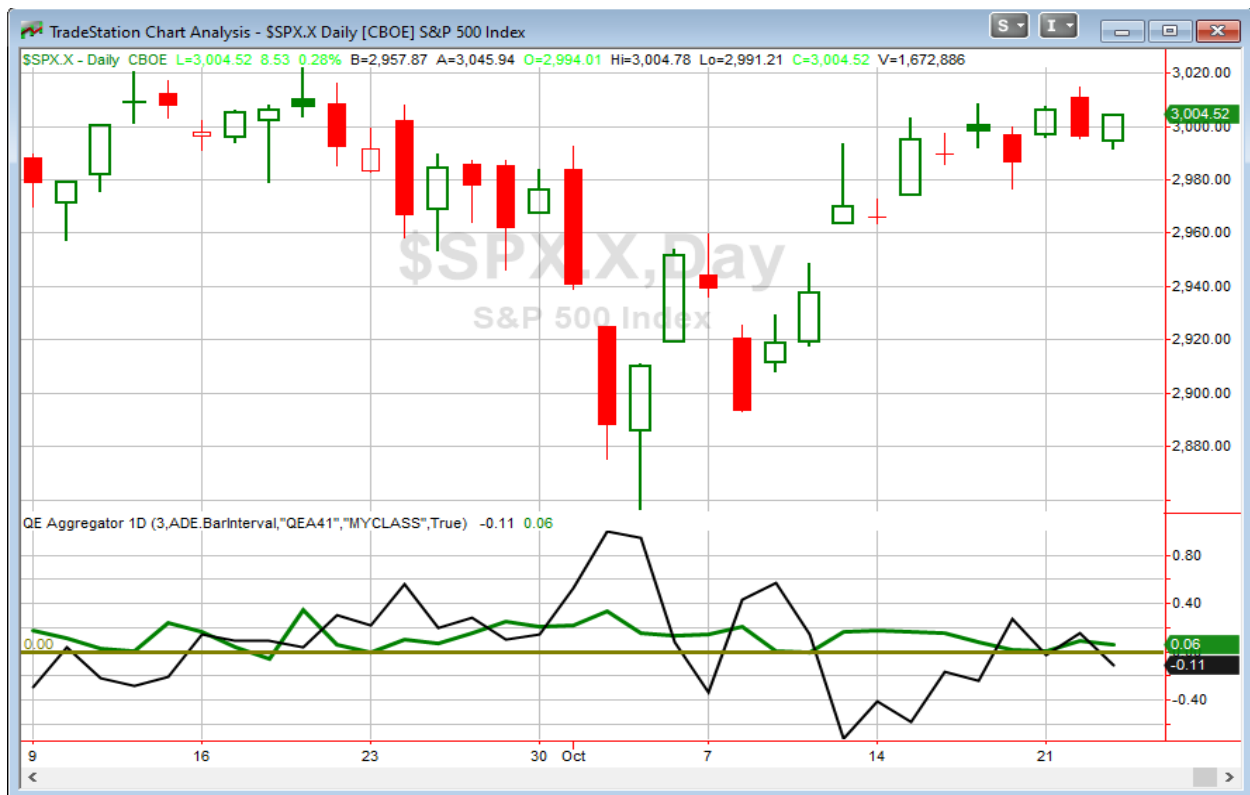
Results are somewhat suggestive of an upside edge for the next day, which would break the pattern of chop. But with sample size so low, and no good reason I can think of for Day 9 to be the pattern-breaker day, I have decided to leave this study off the Active List tonight.

In the Quantifinder there was a study last seen in the 5/24/18 letter that looked at the gap and reverse pattern of the last couple of days. In the past, it had suggested a mild downside edge. But when I updated the results of that study tonight, the results did not appear as strong. This can be seen below.



The last 3<sup>rd</sup> of the chart does not show any downward progress. So I decided not to add this study to the Active List tonight, either.

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



Without any new evidence being added tonight, the green Aggregator Line remained slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line dropped back 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 sides of zero. Therefore, the Aggregator signal turned flat at the close.

Based on the current Active Study List, expectations are slated to remain positive on Thursday. Of course, this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *slightly inverted* at 3010.18 on Thursday. That is a little less than 0.2% *above* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up about 0.1% in order to remain overbought. If it fails to do so, it will be considered "oversold" vs expectations as of Thursday's close.

I feel like a broken record lately. But I don't see a compelling entry opportunity here. The Aggregator is neutral, the Differential Line is inverted, and evidence is very light. That is not a combination suggesting a strong edge. I will remain patient and alert, keeping my powder dry for the next favorable reward/risk opportunity.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 10/21 – bullish***

The intermediate-term outlook was last updated in the 10/21/19 Letter. It can be found in the most recent weekly letter on the website.

<http://quantifiableedges.com/current-weekly-letter/>

**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.

**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.](#)*

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