

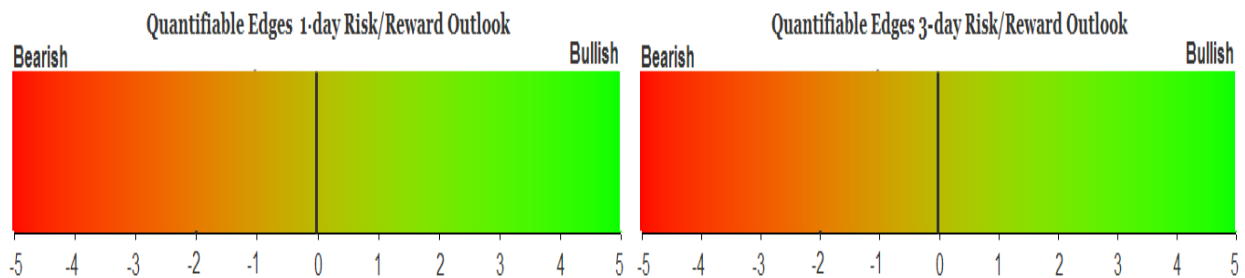
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 30, 2019

Volume 12 Issue 210

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Fed Day indications are somewhat mixed going into Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is now neutral. We could see a strong reaction to the Fed announcement on Wednesday. Therefore, we could easily see some strong edges emerge based on Wednesday's action. But reward/risk does not appear great just yet.

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						
October 29, 2019	Monday after 4th Friday in October	1-5 days	Bullish			
October 28, 2019	1st of week. VIX up. SPX 50-day high.	1-2 days	Bearish			
October 28, 2019	SPX breakout above intraday high	1-3 days	Bullish			
Active - Long Term						
October 28, 2019	NASDAQ Leading	int term	Bullish			
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			

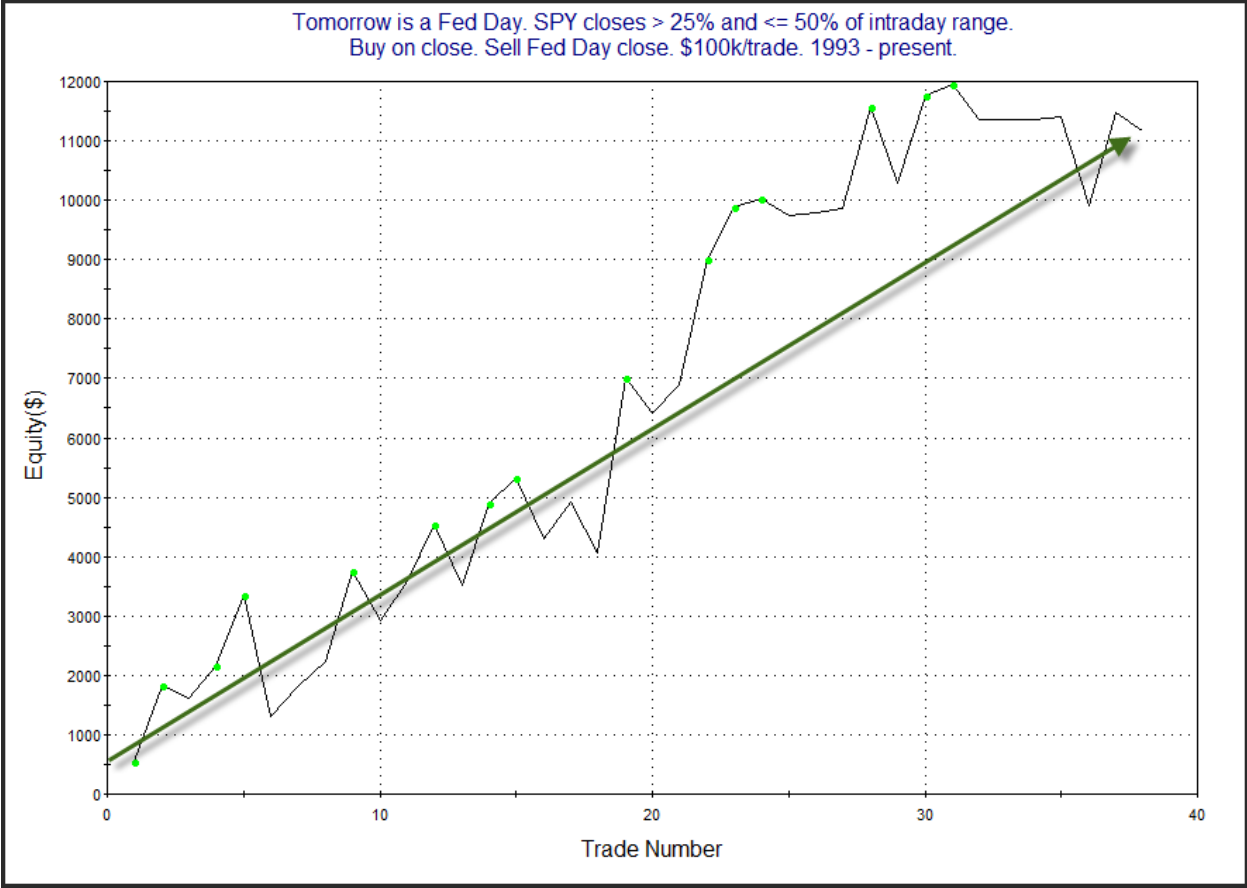
The Evidence

Results were mixed and mostly mild on Tuesday. The SPX declined 0.1%, the NASDAQ lost 0.6% and the Russell 2000 climbed 0.3%. Breadth was positive as the NYSE Up Issues % was 53% and the Up Volume % came in at 51%. NYSE volume rose some from Monday's level.

As I discussed last night, Wednesday is a Fed Day. Last night I also showed that the lower the day before the Fed Day closed in its range, the better the odds. Tuesday closed in the 2nd quartile, so I have again copied the performance for that below.

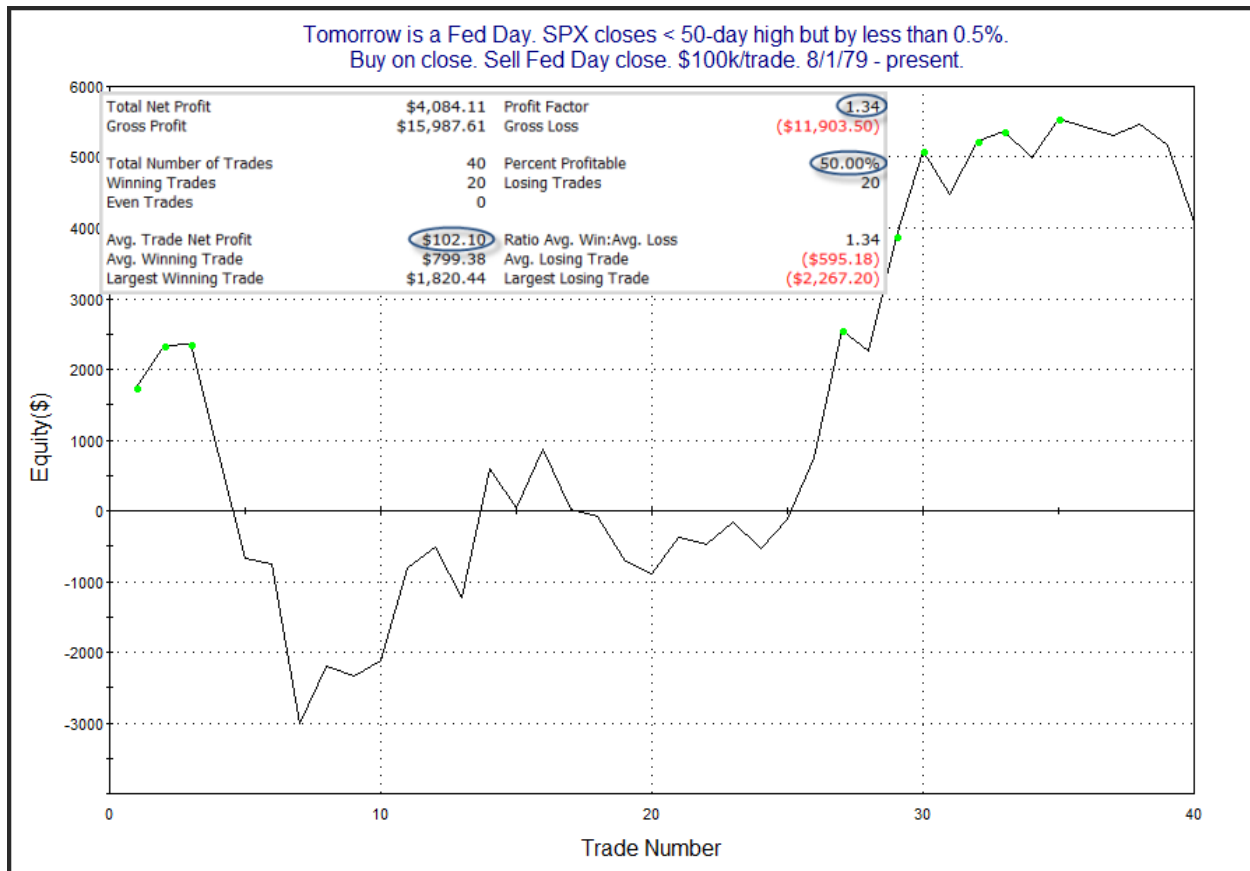
TradeStation Performance Summary Expand ▾			
All Trades			
Total Net Profit	\$11,652.40	Profit Factor	2.11
Gross Profit	\$22,196.43	Gross Loss	(\$10,544.03)
Total Number of Trades	39	Percent Profitable	66.67%
Winning Trades	26	Losing Trades	13
Even Trades	0		
Avg. Trade Net Profit	\$298.78	Ratio Avg. Win:Avg. Loss	1.05
Avg. Winning Trade	\$853.71	Avg. Losing Trade	(\$811.08)
Largest Winning Trade	\$2,943.00	Largest Losing Trade	(\$2,066.62)

These are some very compelling numbers. Next let's look at the profit curve.



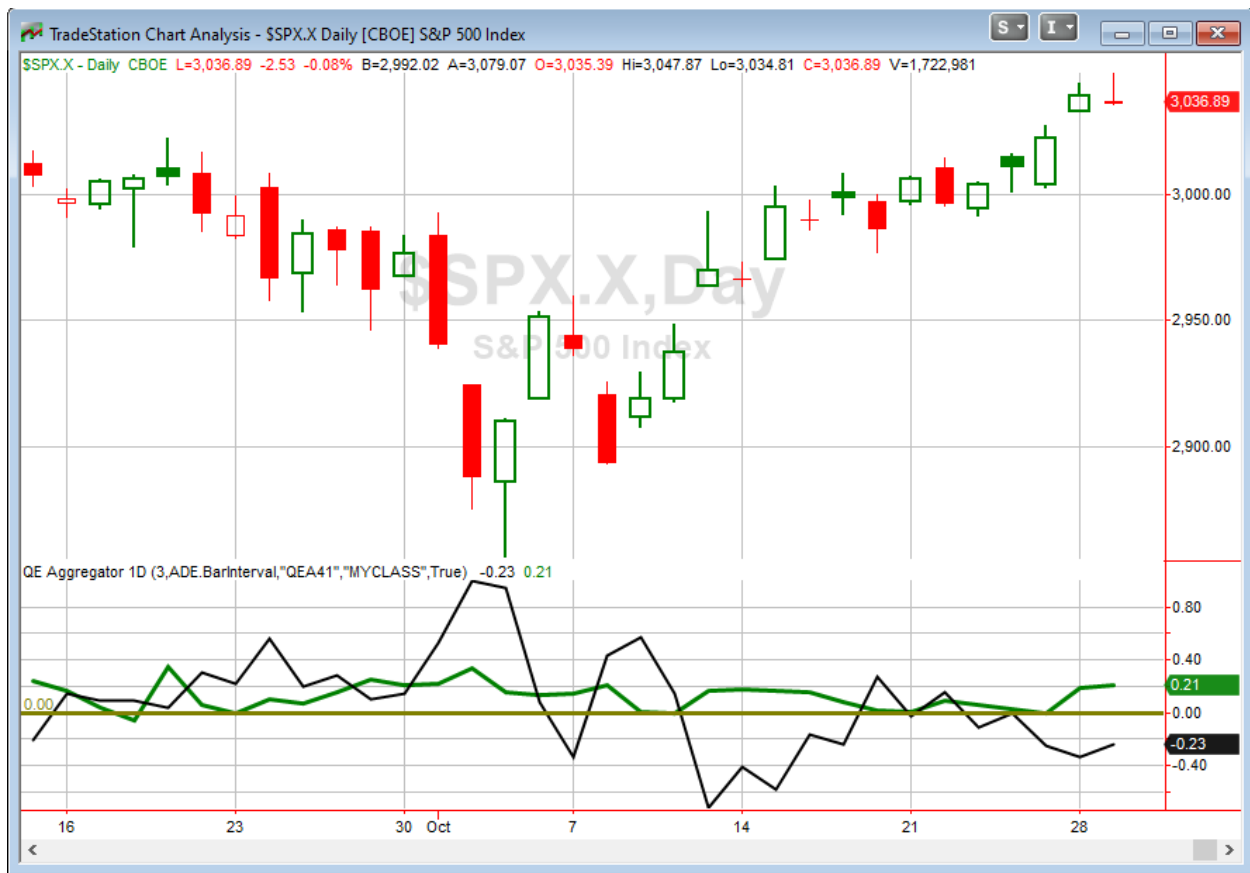
The curve is nearly as appealing, since it has worked its way from lower left to upper right on a fairly steady basis over the years. While it has gone a little sideways lately, it still appears strong.

But another study took a bit broader look at the market. It looked at times that SPX closed very near a 50-day high. I last showed this study in the 3/20/19 subscriber letter, and have updated it below.



This study has failed to exhibit any real consistency. I am not sure that being near at the 50 day high necessarily eliminates the bullish edge suggested by the previous study, but it does raise a little bit of a caution flag. I did not include a Fed Day edge on the Active List tonight, but as far as total expectations go, it makes little difference whether I include the 1st study or not.

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



Without any new studies making the Active List tonight, 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 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 stayed flat at the close.

With the current list of studies, expectations are slated to remain positive on Wednesday. Compelling new bearish evidence could possibly change this. Meanwhile, the Differential Pivot will be 3025.13 on Wednesday. That is 0.4% below Tuesday's close. So SPX will need to close down at least 0.4% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again neutral. And with the Fed announcement coming on Wednesday, the potential for volatility is high. Reward/risk simply appears sub-par to me. Of course with a Fed announcement due and a big move possible, things can change quickly. So I will wait to see how Wednesday plays out then look to take advantage of any edges that emerge from there.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/28 – bullish

The intermediate-term outlook was last updated in the 10/28/19 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.](#)

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2019 Quantifiable Edges, LLC.