

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 7, 2019

Volume 12 Issue 216

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator has turned bullish. But with evidence light and SPX long-extended without a pullback, I am inclined to wait for a more favorable opportunity.

*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>						
November 5, 2019	2 unfilled gaps up & 50-day high	1-3 days	Bullish			
October 31, 2019	SPX 100-day high on Fed Day	1-8 days	Bullish	1.70%	-0.95%	-1.60%
<b>Active - Long Term</b>						
November 5, 2019	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.20%	-7.90%
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**

Wednesday saw mostly mixed and mild results. The SPX rose 0.1%, the NASDAQ dipped 0.3% and the Russell 2000 lost 0.6%. Breadth was negative as the NYSE Up Issues % was 47% and the Up Volume % came in at 38%. NYSE volume spiked to the highest level in several weeks.

The Quantifinder identified a few studies related to either 1) the high volume, or 2) the weak breadth with the SPX rising. None of them showed terribly compelling results. I also looked tonight what a combination of those factors might reveal. Below is an example of a study I examined.

SPX closes up and > 200ma. NYSE volume is highest in 10 days. NYSE Up Volume % < 45%. Buy SPX 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: 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	3,093.00	12	7	5	58.33	2,144.06	-2,497.11	1,063.58	-870.41	1.22	1.71	257.75
4	-845.38	12	5	7	41.67	1,545.08	-2,115.19	767.25	-668.80	1.15	0.82	-70.45
3	-948.73	12	8	4	66.67	1,272.24	-2,517.13	454.25	-1,145.68	0.40	0.79	-79.06
2	146.98	12	6	6	50.00	1,705.61	-1,861.86	939.60	-915.11	1.03	1.03	12.25
1	1,854.59	12	6	6	50.00	1,506.56	-1,602.28	877.60	-568.50	1.54	1.54	154.55

It has been pretty rare to see SPX rise like this on strong volume but weak breadth. When it has happened, results have been inconsistent. There are no new studies being added to the active list tonight.

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



Without anything new emerging 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 moved above 0. The positive Differential Line reading means 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 signal turned long at the close.

With the current list of studies, expectations are slated to remain positive on Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3095.88 on Wednesday. That is 0.6% above Wednesday's close. Therefore, SPX will need to close up at least 0.6% on Thursday in order to flip from "oversold" to "overbought" versus recent expectations.

So the Aggregator is bullish. But this is still a setup that I have several concerns with. For one, compelling new evidence is lacking. The active list has not had anything new added in the last two nights. Also, while the market is oversold on a relative basis vs expectations, that is about it. It could easily be argued that SPX is overdone to the upside by a number of measures. This includes the fact that it has now closed above its 10ma for 20 days in a row. That is a very extended streak, the likes of which typically only happens once or twice per year. Often that means a pullback is

due. (Of course there are rare cases like the start of this year where the streak went to 40 days before finally undergoing a pullback.) So with an extended streak going on, and a deeper pullback due, I am more inclined to wait for it to happen before jumping in on the long side. Therefore, while there appears to be a mild upside edge for the next couple of days, reward/risk is not strong enough to get me excited about an entry. And there is a good chance I won't get excited until we get more of a pullback.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 11/4 – bullish***

The intermediate-term outlook was last updated in the 11/4/19 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 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.](#)*

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.