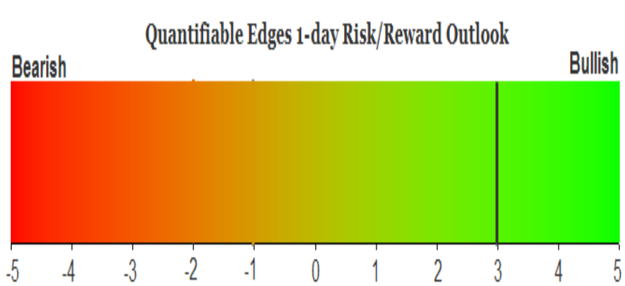
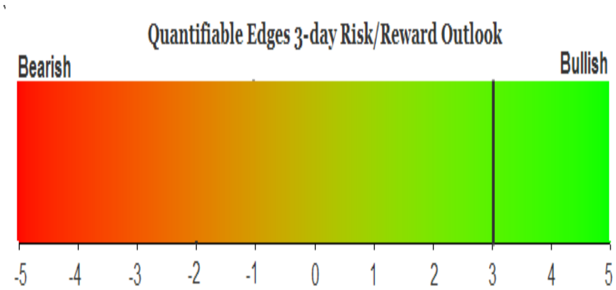
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 25, 2019 Volume 12 Issue 228

Market Overview





Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Thanksgiving Week has been seasonally bullish.
- Intermediate-term evidence this past week was mixed, but is still generally pointing higher.

Short-term Outlook
The Bottom Line

The Aggregator is still bullish, and Thanksgiving could provide some positive seasonality. I still 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						
November 22, 2019	SPX < 10ma after 25+ days above	1-9 days	Bullish			
November 22, 2019	1st 5 low in 10 days. Close > 10ma	1-3 days	Bullish			
November 22, 2019	SPY system 11111	1-3 days	Bullish			
November 20, 2019	50-high then 5-day consolidation	1-4 days	Bullish			
Active - Long Term						
November 22, 2019	1st 5 low in 10 days. Close > 10ma	1-10 days	Bullish			
November 20, 2019	SPX up 5 50-high, then down 1	1-10 days	Bullish			
November 19, 2019	Hindenburg Omen cluster	1-35 days	Bearish	-5.85%	2.70%	4.40%
November 11, 2019	"not QE"	int term	Bullish			
November 5, 2019	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.20%	-7.90%
November 4, 2019	Presidential cycle + Best 6 mos bullish	6 months	Bullish			
October 28, 2019	NASDAQ Leading	int term	Bullish			
April 2, 2019	Golden Cross	int term	Bullish			

The Evidence

Friday was pretty quiet, with modest gains in most of the indices. The SPX finished the day up 0.2%, the NASDAQ also rose 0.2%, and Russell 2000 gained 0.3%. Breadth was positive as the NYSE Up Issues % was 59% and the Up Volume % came in at 66%. NYSE volume came in light. It will also likely be light for all of the upcoming week.

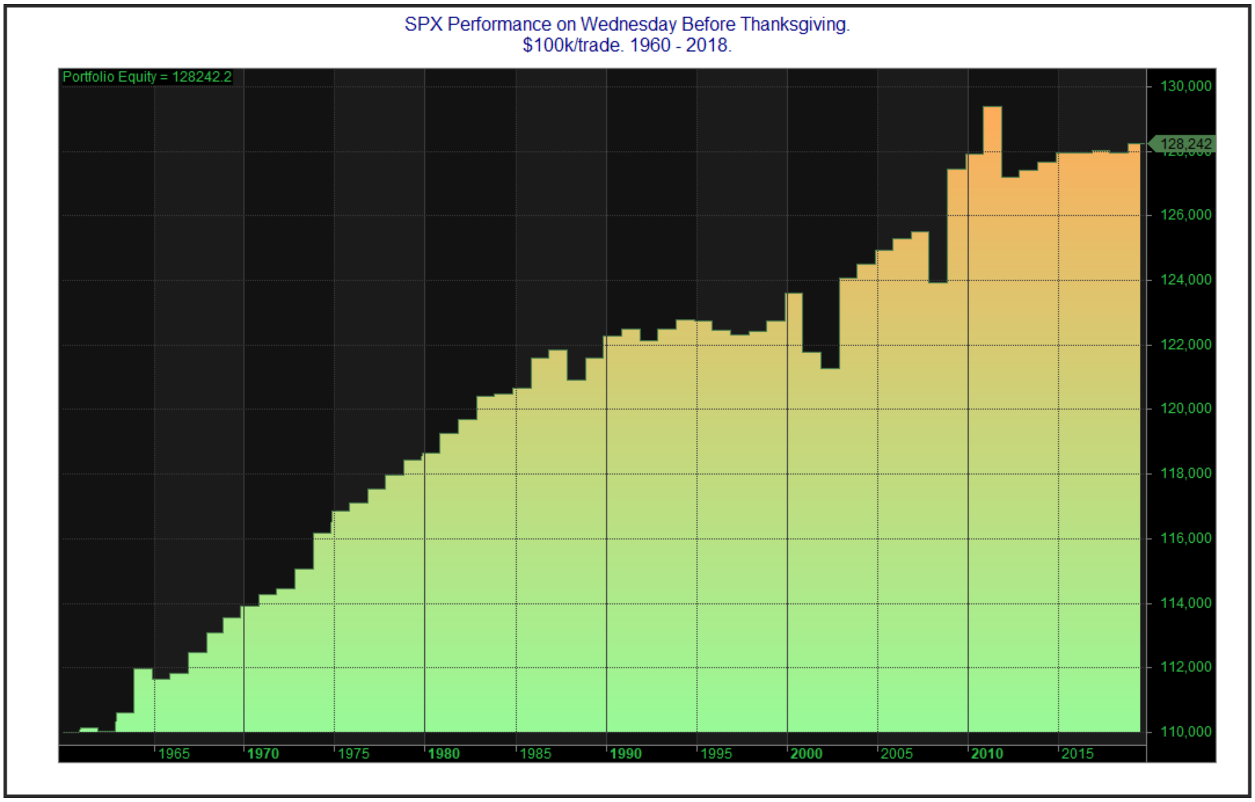
Thanksgiving week has shown some strong seasonal tendencies over the years. This is something I last showed in the 11/19/18 subscriber letter. I have re-run those studies and updated them below.

This first one breaks down performance during Thanksgiving week by day.

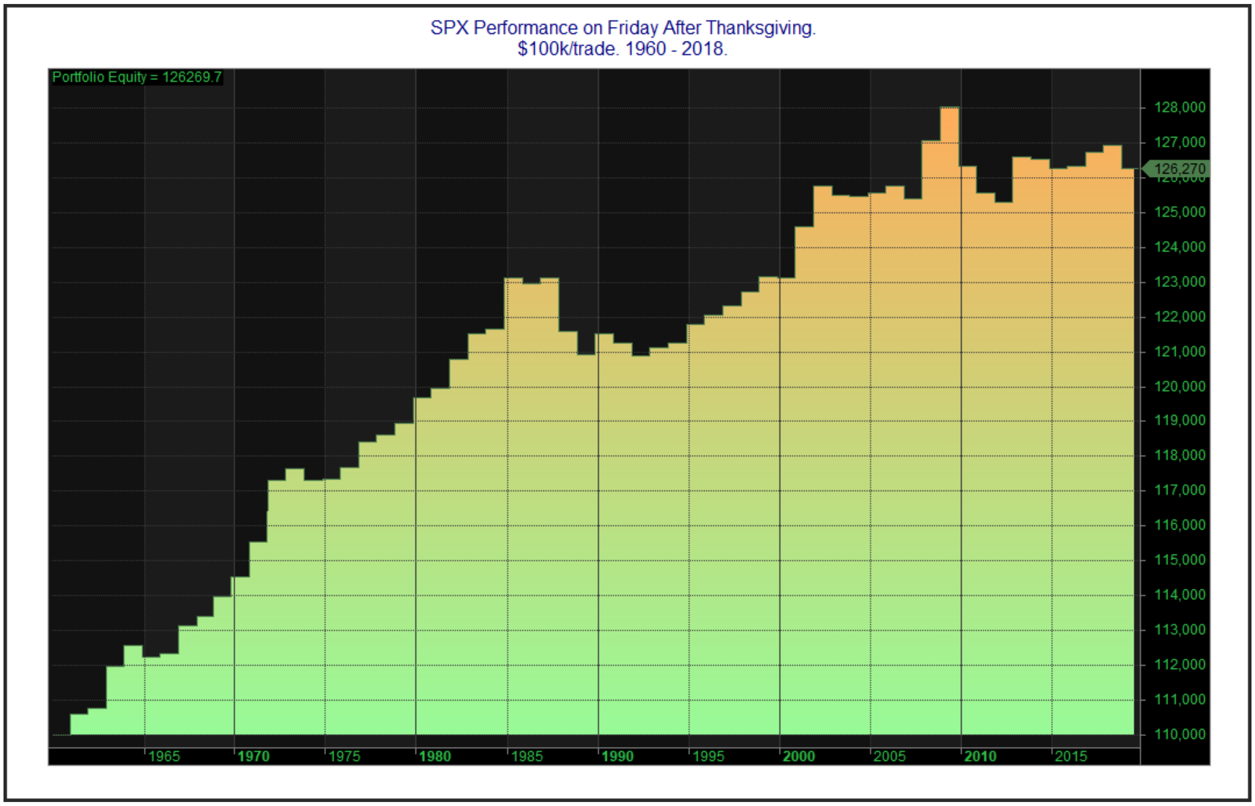
Thanksgiving Week Perfrmance Broken Down by Day of Week.
$100k/trade in SPX. 1960 - 2018.

Day	Net Profit	# Trades	# of winners	# of losers	% of Winners	W. Avg. Profit	L. Avg. Loss	Avg Profit/Loss	Profit Factor
Monday After	-$19,749.32	59	21	38	35.59	$912.92	-$1,024.23	-$334.73	0.49
Friday	$16,269.69	59	42	17	71.19	$580.47	-$477.06	$275.76	3.01
Wednesday	$18,242.19	59	46	13	77.97	$580.46	-$650.69	$309.19	3.16
Tuesday	$1,337.90	59	35	24	59.32	$559.75	-$760.55	$22.68	1.07
Monday	$1,848.04	59	27	32	45.76	$1,033.98	-$814.67	$31.32	1.07

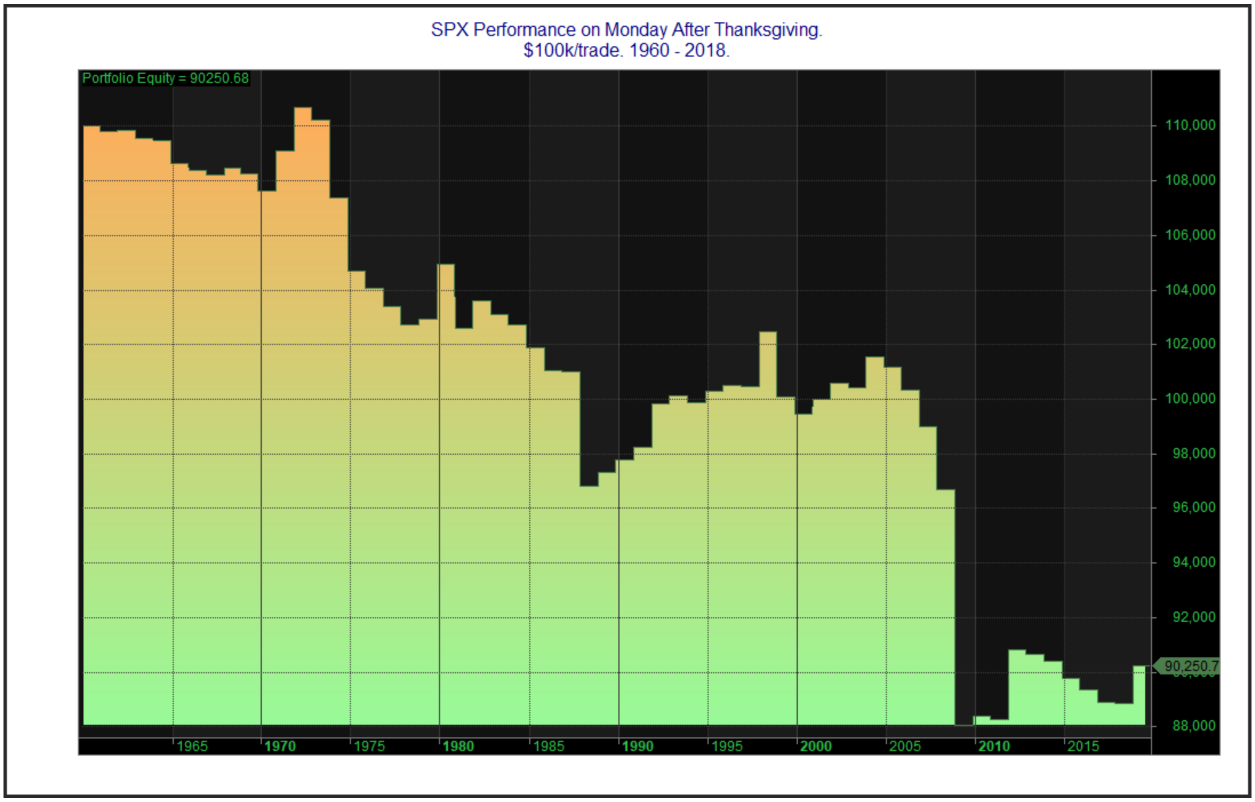
Monday and Tuesday don't show anything suggesting an edge. Wednesday and Friday, on the other hand, appear to be strongly bullish. And the Monday after Thanksgiving appears to exhibit a possible bearish edge. But before we jump to conclusions, let's examine the profit curves for Wednesday, Friday, and the following Monday. First below is Wednesday.



This curve looks to be strong. While there were a few bad Wednesdays, they were overwhelmed by the good ones. The next chart looks at Fridays after Thanksgiving.



This curve doesn't appear quite as strong as the Wednesday curve. Still, the general upslope still appears to be intact. To me it appears both Wednesday and Friday contain a bit of a seasonal upside edge. Now let's look at what has happened on the Monday after Thanksgiving.



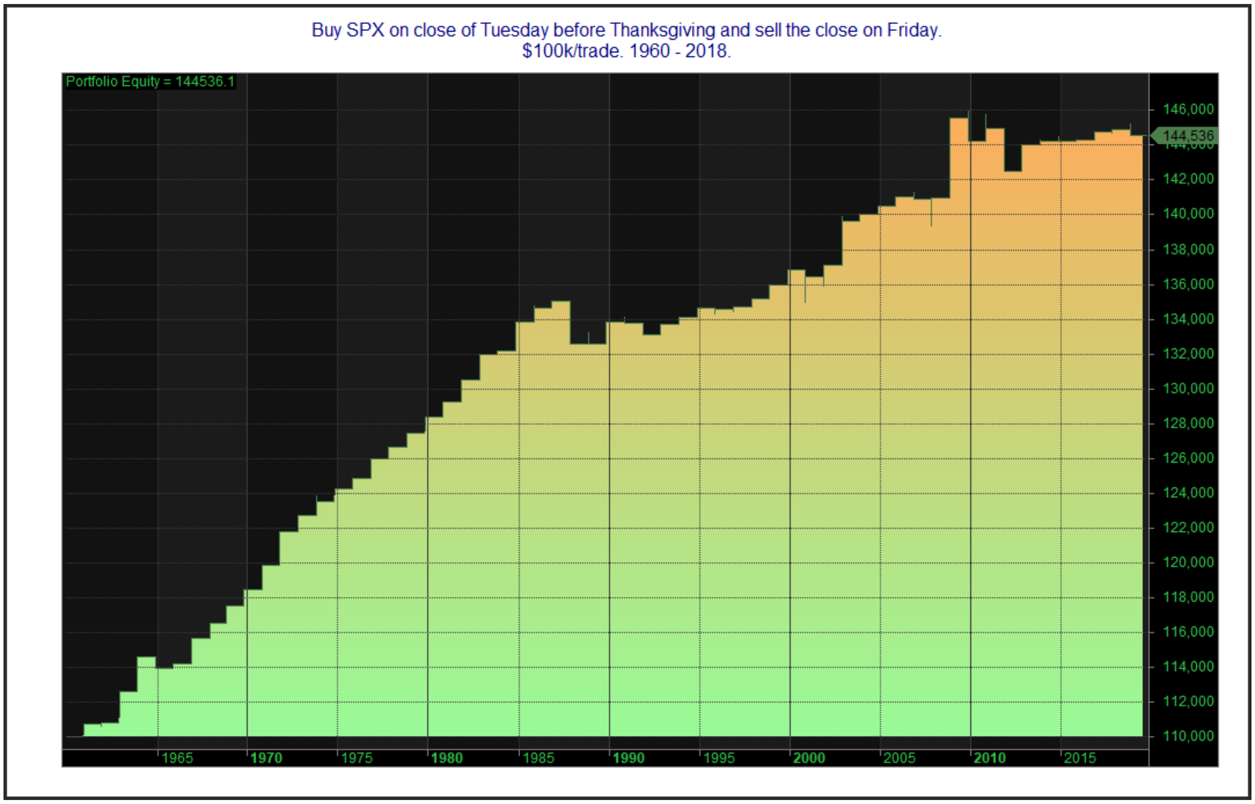
The numbers from the results table were extremely negative, but as you can see the downside edge has not been steady at all. While the trend has been down pretty much the entire time, a large portion of the downside move is thanks to a 9% drop in 2008. This suggests a seasonal downside edge does exist, but it is perhaps not as strong as the raw numbers would suggest.

With Wednesday and Friday both showing seasonal strength an obvious play would be to buy on Tuesday's close, and then sell at Friday's close. This strategy was first suggested by Yale Hirsch many years ago. I looked at it the last few years and have updated the results again below.

Buy SPX at the close on the Tuesday before Thanksgiving and sell the close on Friday. $100k/trade. 1960 - 2017.

Statistics	
All trades	58
Avg. Profit/Loss	601.54
Avg. Profit/Loss %	0.60%
Avg. Bars Held	3.00
- Profit Factor	5.23
Winners	49 (84.48 %)
Total Profit	43145.69
Avg. Profit	880.52
Avg. Profit %	0.88%
Avg. Bars Held	3.00
Max. Consecutive	22
Largest win	4531.19
# bars in largest win	3
Losers	9 (15.52 %)
Total Loss	-8256.43
Avg. Loss	-917.38
Avg. Loss %	-0.92%
Avg. Bars Held	3.00
Max. Consecutive	2
Largest loss	-2472.14
# bars in largest loss	3
Max. trade drawdown	-2472.14
Max. trade % drawdown	-2.47

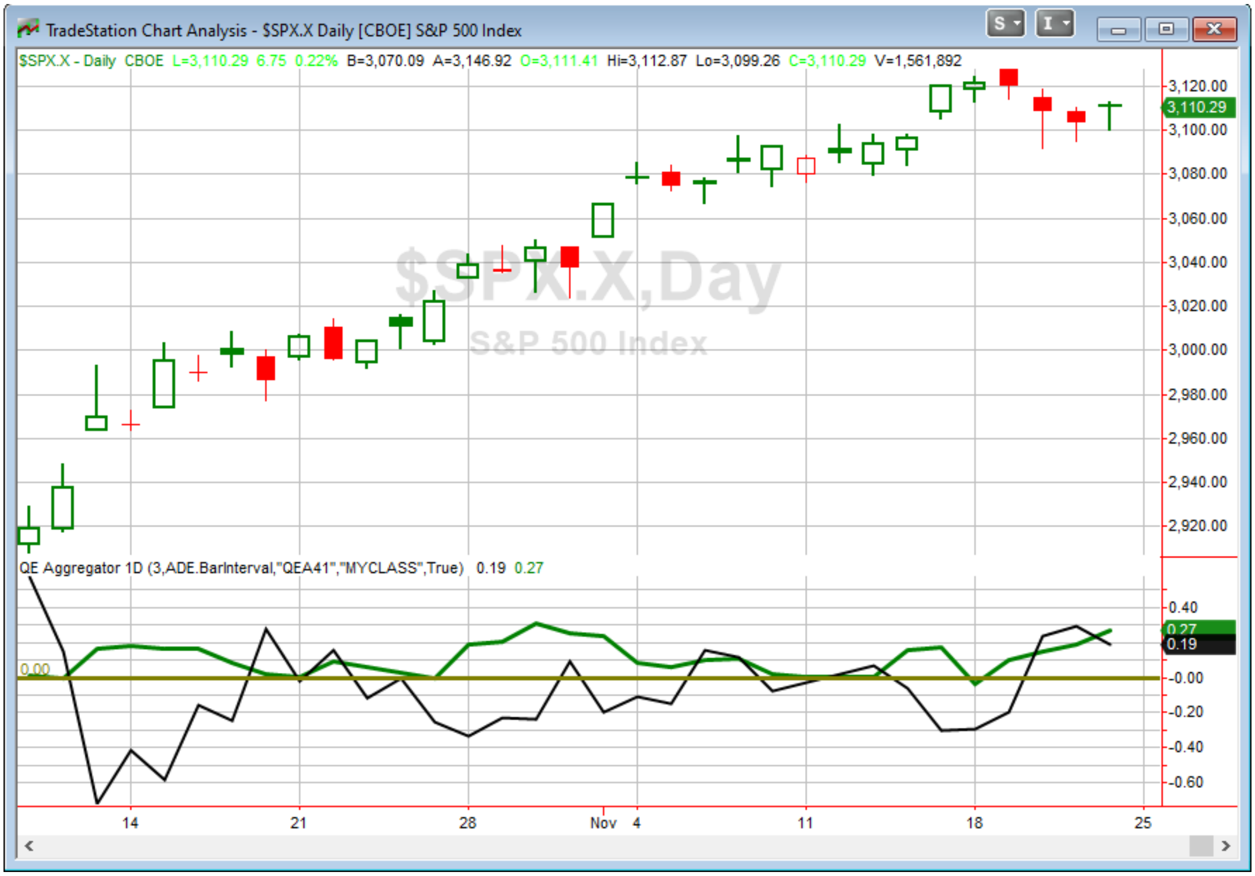
As you can see the numbers are extremely strong. Below is an equity curve.



From 1960 through 1986 this trade would've worked fantastically. There was only one year during this period when it would have failed to make money. From 1987 to the present it has continued to do well, but not to the same degree as it had before. There have in fact been 8 losing years over this time period. Still, the curve looks generally positive and traders could consider a trade along these lines if other indicators also seem to be lining up.

I will also note that there has been a vast difference in performance during recent times depending on how the market moved leading up to Wednesday. To examine this, I used SPY instead of SPX, because SPY has better intraday data. Since 1993, I found that years in which SPY closed in the top half of its intraday range on Thanksgiving Tuesday posted a 9-5 record from Tuesday's close to Friday's close. When SPY closed in the bottom half of its range on Tuesday the performance over Wednesday to Friday was 10-2. And the average instance posted a 0.7% gain these years versus a 0.1% average gain the other years. So Tuesday's action appears worth watching as we approach this potentially seasonally bullish period.

I have updated the Aggregator chart below.



With evidence we are seeing now included, 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 also held 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Monday. This could change if strong bearish evidence emerges. Meanwhile, the Differential Pivot will be 3115.05 on Monday. That is just 0.15% above Friday's close. Therefore, SPX will need only to close up 0.15% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is again bullish. Evidence continues to favor the long side, and we are going to have some bullish Thanksgiving seasonality kicking in soon. I have a small amount of long index exposure right now. I'll look to take profits if the SPX flips to overbought on Monday. But if it sells off on Monday, then there is a good chance I'll look to add to my position on Tuesday. Bottom line is I still think there is an upside edge and I am trying to profit from it.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/25 – bullish

Combo #1	Combo #2	Combo #3
Long	Long	Long

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.) *This week all 3 Combo Systems remained on long signals.*

The major indices all pulled back a small amount this past week. The SPX closed down 0.3%, the NASDAQ dropped 0.2%, and the Russell 2000 lost 0.5%. SPX and NASDAQ are near new highs and the long-term trend still appears to be up. There were 3 new studies that emerged this past week with intermediate-term implications. I have copied them all below. The 1st one was from the Monday night letter.

One intermediate-term notable is that we have seen multiple Hindenburg Omen signals trigger in the last week, with the most recent one being Monday. I last discussed the Hindenburg Omen in detail in the 8/5/19 letter. I have updated the notes and research below.

The Hindenburg Omen was created by Jim Miekka in 1995. It looks to identify times when there is a split market developing, which could signal trouble ahead. Friday marked the 5th recent Hindenburg Omen signal. Note, there have been some discrepancy in the rules over the years. To get larger sample sizes, I have used the less-strict rules in my testing. The rules I use are below.

1. *The daily number of NYSE new 52 week highs and the daily number of new 52 week lows are both greater than or equal to 2.8 percent (typically about 84) of the sum of NYSE issues that advance or decline that day (typically, around 3000). The original version of the indicator used 2.2%. When I originally researched the Hindenburg Omens a few years ago, 2.2% was the number I used, and it is the number I again use in the studies below. (Two side notes: 1) If I use 2.8% rather than 2.2% there have only been 10 instances since 1980 where there has been a cluster of 3 or more triggers. This does not give us a sample size that is really workable. 2) Over time I have also seen published different places levels of 2.4% and 2.5%, so there is often some confusion over this requirement.) A final note here is that while the recent instances all reached the 2.2% threshold, none reached the 2.8% level.*
2. *The NYSE index is greater in value than it was 50 trading days ago. Originally, this was expressed as a rising 10 week moving average, but the new rule is more relevant to the daily data used to look at new highs and lows.*
3. *The McClellan Oscillator is negative on the same day.*

4. *New 52 week highs cannot be more than twice the new 52 week lows (though new 52 week lows may be more than double new highs).*

It is generally viewed that a single Hindenburg Omen signal is not a reliable indication of a market top, but that numerous signals provide a more reliable indication of danger. This is something I explored in the past and updated today. So let's look at some numbers. This first table shows results of entering the market when the 1st signal triggers.

Buy SPX when 1st Hindenburg Omen signal triggers.
Sell X days later. $100k/trade. 1980 - 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
100	84,541.93	36	23	13	63.89	19,927.11	-19,079.85	7,137.80	-6,125.19	1.17	2.06	2,348.39
95	71,803.68	36	22	14	61.11	19,052.91	-22,416.88	7,154.98	-6,114.71	1.17	1.84	1,994.55
90	62,042.71	36	21	15	58.33	17,492.37	-20,572.65	7,431.77	-6,268.30	1.19	1.66	1,723.41
85	69,668.38	37	24	13	64.86	17,010.63	-21,465.22	7,064.89	-7,683.77	0.92	1.70	1,882.93
80	61,074.25	37	23	14	62.16	16,583.84	-21,552.30	6,839.57	-6,873.98	0.99	1.63	1,650.66
75	41,505.46	38	23	15	60.53	14,501.70	-22,917.59	6,153.45	-6,668.26	0.92	1.41	1,092.25
70	20,792.89	39	23	16	58.97	17,714.32	-20,289.64	6,258.70	-7,697.33	0.81	1.17	533.15
65	5,955.14	39	22	17	56.41	16,609.84	-21,508.76	6,493.15	-8,052.60	0.81	1.04	152.70
60	7,880.26	41	23	18	56.10	17,197.44	-24,323.31	6,012.06	-7,244.29	0.83	1.06	192.20
55	-3,305.07	42	25	17	59.52	14,306.24	-27,246.71	5,145.07	-7,760.70	0.66	0.97	-78.69
50	8,125.15	43	25	18	58.14	14,509.04	-29,846.67	5,194.86	-6,763.69	0.77	1.07	188.96
45	13,683.66	43	25	18	58.14	13,151.98	-23,971.88	4,738.19	-5,820.61	0.81	1.13	318.22
40	7,538.10	44	26	18	59.09	12,520.58	-23,520.93	4,279.45	-5,762.64	0.74	1.07	171.32
35	1,124.56	47	26	21	55.32	12,021.20	-24,659.19	4,009.89	-4,911.08	0.82	1.01	23.93
30	3,064.99	47	27	20	57.45	9,855.58	-22,460.42	3,769.16	-4,935.11	0.76	1.03	65.21
25	3,388.67	49	26	23	53.06	9,781.64	-27,340.01	3,844.01	-4,198.07	0.92	1.04	69.16
20	-7,967.91	52	30	22	57.69	9,257.67	-19,533.91	2,897.95	-4,313.93	0.67	0.92	-153.23
15	8,446.36	57	32	25	56.14	9,103.68	-8,166.80	2,354.28	-2,675.62	0.88	1.13	148.18
10	-13,520.48	66	33	33	50.00	9,012.33	-7,899.90	1,859.65	-2,269.37	0.82	0.82	-204.86
5	-37,551.09	85	35	50	41.18	4,926.56	-7,160.65	1,281.10	-1,647.79	0.78	0.54	-441.78

The numbers here certainly aren't encouraging for the bull case, but they don't appear to be terribly dire either.

Let's now look at results if instead of entering after the 1st trigger, you purchase only if the trigger is at least the 2nd one in a 30-day period, which is a common time-period that Hindenburg watchers look for.

Buy SPX when 2nd Hindenburg Omen signal triggers. Sell X days later. $100k/trade. 1980 - 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
100	61,977.54	25	19	6	76.00	17,883.98	-18,879.12	5,842.33	-8,171.12	0.71	2.26	2,479.10
95	48,545.07	25	17	8	68.00	17,605.78	-21,212.88	6,086.74	-6,866.18	0.89	1.88	1,941.80
90	48,450.79	25	18	7	72.00	20,476.59	-20,011.68	5,716.39	-7,777.74	0.73	1.89	1,938.03
85	34,486.42	26	16	10	61.54	20,455.19	-21,883.68	6,566.34	-7,057.50	0.93	1.49	1,326.40
80	34,606.37	26	18	8	69.23	18,961.47	-21,961.68	5,311.11	-7,624.20	0.70	1.57	1,331.01
75	31,181.04	27	17	10	62.96	17,861.51	-23,181.60	6,227.56	-7,468.75	0.83	1.42	1,154.85
70	5,764.68	29	19	10	65.52	21,700.67	-19,060.08	5,028.06	-8,976.85	0.56	1.06	198.78
65	-15,994.73	29	18	11	62.07	20,504.41	-23,131.68	4,865.56	-9,415.89	0.52	0.85	-551.54
60	-3,389.23	30	18	12	60.00	19,457.95	-22,011.60	4,851.27	-7,559.34	0.64	0.96	-112.97
55	-16,029.99	32	19	13	59.38	18,625.49	-26,329.68	4,503.23	-7,814.72	0.58	0.84	-500.94
50	-3,894.00	33	19	14	57.58	17,961.02	-29,889.60	4,810.42	-6,806.57	0.71	0.96	-118.00
45	-1,988.60	34	17	17	50.00	16,345.32	-24,766.56	4,771.48	-4,888.46	0.98	0.98	-58.49
40	-23,530.88	34	17	17	50.00	14,615.13	-24,853.92	3,975.96	-5,360.12	0.74	0.74	-692.08
35	-19,862.95	34	17	17	50.00	13,303.31	-22,211.28	3,718.39	-4,886.79	0.76	0.76	-584.20
30	-15,779.92	34	20	14	58.82	11,007.09	-20,354.88	2,974.54	-5,376.49	0.55	0.79	-464.12
25	-15,965.34	35	19	16	54.29	10,173.56	-23,381.28	3,093.78	-4,671.70	0.66	0.79	-456.15
20	-32,095.49	39	19	20	48.72	8,886.35	-22,295.52	2,722.46	-4,191.11	0.65	0.62	-822.96
15	-7,739.79	42	23	19	54.76	8,305.02	-6,748.56	1,914.77	-2,725.24	0.70	0.85	-184.28
10	-23,075.67	48	18	30	37.50	9,247.23	-6,913.55	1,857.47	-1,883.67	0.99	0.59	-480.74
5	-16,825.15	63	28	35	44.44	6,245.73	-7,160.65	1,388.52	-1,591.54	0.87	0.70	-267.07

Some of these numbers look a little worse, but they aren't exactly outright bearish. I next checked instances that triggered a 3rd signal in a 30-day period.

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
Buy SPX when 3rd Hindenburg Omen signal triggers. Sell X days later. $100k/trade. 1980 - present.												
100	39,871.15	18	13	5	72.22	18,512.90	-16,085.07	5,484.31	-6,284.97	0.87	2.27	2,215.06
95	24,373.84	18	12	6	66.67	16,070.66	-16,770.54	4,885.65	-5,708.99	0.86	1.71	1,354.10
90	16,426.72	18	11	7	61.11	18,595.58	-19,277.67	5,567.02	-6,401.49	0.87	1.37	912.60
85	34,356.87	18	13	5	72.22	18,884.96	-21,362.25	5,520.58	-7,482.12	0.74	1.92	1,908.72
80	8,375.13	19	11	8	57.89	16,528.58	-19,449.82	5,278.17	-6,210.60	0.85	1.17	440.80
75	21,359.98	19	11	8	57.89	18,289.24	-22,758.23	7,037.54	-7,006.63	1.00	1.38	1,124.21
70	-3,638.80	21	13	8	61.90	19,119.22	-21,021.08	5,177.46	-8,868.22	0.58	0.95	-173.28
65	-35,837.16	21	9	12	42.86	17,909.76	-23,731.66	4,962.28	-6,708.14	0.74	0.55	-1,706.53
60	-23,857.21	21	11	9	52.38	17,209.10	-22,576.69	4,427.31	-8,061.95	0.55	0.67	-1,136.06
55	-22,240.05	22	11	11	50.00	17,905.52	-20,673.65	5,155.37	-7,177.19	0.72	0.72	-1,010.91
50	-12,512.97	23	12	11	52.17	17,255.74	-22,263.69	4,658.50	-6,219.54	0.75	0.82	-544.04
45	-22,683.36	23	10	13	43.48	15,507.80	-25,143.29	4,754.97	-5,402.54	0.88	0.68	-986.23
40	-30,752.79	24	12	12	50.00	13,700.50	-26,846.01	3,748.20	-6,310.93	0.59	0.59	-1,281.37
35	-31,191.72	24	10	14	41.67	11,461.78	-22,795.79	4,005.43	-5,089.00	0.79	0.56	-1,299.65
30	-15,130.52	24	15	9	62.50	10,991.14	-23,844.34	3,099.95	-6,847.76	0.45	0.75	-630.44
25	-24,215.91	24	14	10	58.33	9,841.04	-25,105.73	2,600.65	-6,062.50	0.43	0.60	-1,009.00
20	-36,244.41	25	13	12	52.00	8,458.80	-21,406.07	2,462.12	-5,687.67	0.43	0.47	-1,449.78
15	-38,169.22	29	14	15	48.28	7,078.68	-26,924.26	2,094.77	-4,499.73	0.47	0.43	-1,316.18
10	-56,962.99	33	11	22	33.33	3,400.10	-25,784.94	1,451.38	-3,314.92	0.44	0.22	-1,726.15
5	-27,000.74	41	13	28	31.71	4,174.28	-4,975.25	1,136.89	-1,492.15	0.76	0.35	-658.55

Between 10 and 40 days out there appears to be somewhat weak returns.

I also updated the stats when 4 signals occur.

Buy SPX when 4th Hindenburg Omen signal triggers. Sell X days later. $100k/trade. 1980 - 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
100	31,193.42	12	10	2	83.33	7,362.09	-5,914.30	4,077.89	-4,792.75	0.85	4.25	2,599.45
95	19,964.85	12	8	4	66.67	6,207.97	-8,014.48	4,402.19	-3,813.18	1.15	2.31	1,663.74
90	11,321.55	12	7	5	58.33	5,575.18	-8,906.30	4,131.60	-3,519.93	1.17	1.64	943.46
85	18,402.62	12	8	4	66.67	7,141.18	-9,965.06	4,582.67	-4,564.69	1.00	2.01	1,533.55
80	10,397.57	12	8	4	66.67	7,248.39	-12,512.68	3,975.89	-5,352.38	0.74	1.49	866.46
75	3,998.00	14	9	5	64.29	8,515.03	-17,916.30	4,616.00	-7,509.20	0.61	1.11	285.57
70	9,077.68	15	11	4	73.33	6,006.50	-11,291.74	3,317.49	-6,853.68	0.48	1.33	605.18
65	-12,977.62	15	8	7	53.33	4,971.48	-10,467.60	2,500.14	-4,711.25	0.53	0.61	-865.17
60	-8,999.56	15	10	5	66.67	4,358.48	-11,602.80	2,139.75	-6,079.42	0.35	0.70	-599.97
55	-14,024.86	15	8	7	53.33	8,665.90	-8,851.04	3,256.64	-5,725.43	0.57	0.65	-934.99
50	-8,259.07	16	9	7	56.25	9,300.50	-9,484.48	3,133.64	-5,208.83	0.60	0.77	-516.19
45	-16,463.90	16	7	9	43.75	6,917.52	-14,483.52	2,983.14	-4,149.54	0.72	0.56	-1,028.99
40	-18,365.42	16	8	8	50.00	5,826.54	-11,881.28	2,598.00	-4,893.68	0.53	0.53	-1,147.84
35	-39,251.67	16	6	10	37.50	3,328.16	-14,149.68	2,066.40	-5,165.01	0.40	0.24	-2,453.23
30	-8,524.16	16	10	6	62.50	5,262.60	-13,730.24	1,928.40	-4,634.69	0.42	0.69	-532.76
25	-13,652.88	16	8	8	50.00	6,253.80	-12,334.96	2,120.02	-3,826.63	0.55	0.55	-853.30
20	-22,599.38	16	5	11	31.25	4,796.40	-9,664.24	2,383.13	-3,137.73	0.76	0.35	-1,412.46
15	-22,505.44	18	7	11	38.89	4,301.89	-8,405.92	2,233.82	-3,467.47	0.64	0.41	-1,250.30
10	-17,563.58	24	10	14	41.67	2,854.88	-6,566.95	1,338.88	-2,210.89	0.61	0.43	-731.82
5	-25,053.86	29	10	19	34.48	2,929.92	-8,434.30	1,184.37	-1,941.98	0.61	0.32	-863.93

There are only 16 instances when looking out 35 days, but with 10 of them being down 35 days later these results warrant closer investigation. Below are the individual instances.

Buy SPX when 4th Hindenburg Omen signal triggers. Sell 35 days later. $100k/trade. 1980 - present.				
Date/Time	**Signal**	**Price**	**% Profit**	**Run-up Drawdown**
2/14/1980	Buy	$116.72	-14.16%	$1,010.08
4/7/1980	Sell	$100.19		($19,251.44)
7/24/1986	Buy	$237.94	-3.06%	$6,846.00
9/12/1986	Sell	$230.66		($3,864.00)
12/8/1999	Buy	$1,403.88	-3.11%	$5,262.52
1/28/2000	Sell	$1,360.16		($3,385.28)
9/28/2005	Buy	$1,216.90	1.18%	$1,725.28
11/16/2005	Sell	$1,231.21		($3,993.40)
4/24/2006	Buy	$1,308.11	-6.45%	$1,412.84
6/13/2006	Sell	$1,223.69		($6,504.84)
7/20/2007	Buy	$1,534.10	-5.37%	$853.45
9/10/2007	Sell	$1,451.70		($10,627.50)
10/25/2007	Buy	$1,514.39	-3.07%	$2,532.42
12/14/2007	Sell	$1,467.95		($7,147.14)
6/4/2013	Buy	$1,631.38	3.34%	$4,111.40
7/24/2013	Sell	$1,685.94		($4,334.05)
8/9/2013	Buy	$1,691.42	-0.58%	$2,267.96
9/30/2013	Sell	$1,681.55		($3,773.05)
12/17/2013	Buy	$1,781.00	0.90%	$3,911.04
2/7/2014	Sell	$1,797.02		($2,412.48)
12/8/2014	Buy	$2,060.31	-1.90%	$1,595.52
1/29/2015	Sell	$2,021.25		($4,212.00)
6/16/2017	Buy	$2,433.15	1.96%	$2,086.49
8/7/2017	Sell	$2,480.91		($1,125.45)
11/8/2017	Buy	$2,594.38	3.05%	$3,822.42
12/29/2017	Sell	$2,673.61		($1,403.34)
2/1/2018	Buy	$2,821.98	-8.28%	$0.00
3/23/2018	Sell	$2,588.26		($10,125.15)
9/6/2018	Buy	$2,878.05	-5.99%	$2,137.24
10/25/2018	Sell	$2,705.57		($7,689.44)
8/2/2019	Buy	$2,932.05	2.04%	$3,057.96
9/23/2019	Sell	$2,991.78		($3,737.62)

The last instance occurred in early August. The average drawdown for the 16 instances is about 2.2x the size of the average run-up. I also pointed arrows at the 12 instances that saw at least a 3.5% drawdown from the entry point over the next 35 days. So the numbers seem to favor the bears. In my opinion the setup does not appear as menacing as the name might suggest, but there has been enough market damage, and enough sizable drops following these signals, that it is probably worth remaining cognizant of it.

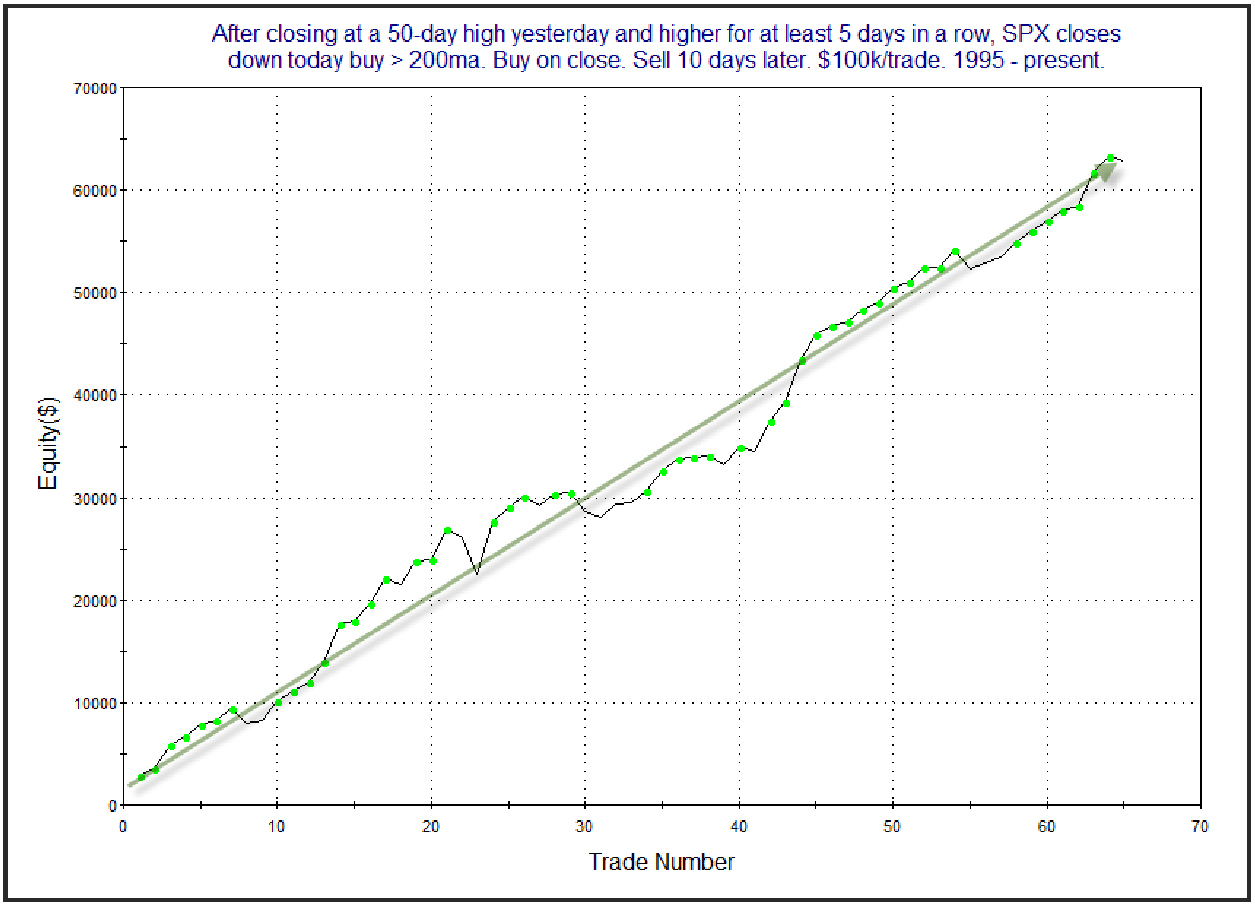
I'll note now that the number of Hindenburg Omen signals is up to 6. The second intermediate-term study appeared in Wednesday's letter:

One compelling study that triggered tonight suggested the recent persistent upmove is unlikely to abruptly end. (This is a theme we have seen many times over the years.) It considers what happens after the market moves up at least 5 days in a row to a 50-day high, and then pulls back. It was last seen in the 5/31/17 Letter. I have updated the stats in the table below.

After closing at a 50-day high yesterday and higher for at least 5 days in a row, SPX closes down today buy > 200ma. Buy 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
10	62,880.76	65	54	11	83.08	5,131.35	-3,672.90	1,412.26	-1,216.48	1.16	5.70	967.40
9	62,219.92	68	56	12	82.35	5,023.20	-4,151.40	1,387.90	-1,291.89	1.07	5.01	915.00
8	53,577.88	69	49	20	71.01	4,878.08	-4,874.10	1,562.77	-1,149.89	1.36	3.33	776.49
7	42,299.17	71	49	22	69.01	3,874.76	-3,912.48	1,385.58	-1,163.37	1.19	2.65	595.76
6	41,699.32	73	52	21	71.23	4,307.20	-3,637.71	1,251.03	-1,112.10	1.12	2.79	571.22
5	32,786.08	73	48	25	65.75	4,252.50	-2,466.75	1,090.14	-781.62	1.39	2.68	449.12
4	33,990.12	73	47	26	64.38	3,843.00	-3,003.39	1,124.26	-725.00	1.55	2.80	465.62
3	20,831.45	73	47	26	64.38	2,472.85	-1,992.34	851.98	-738.92	1.15	2.08	285.36
2	19,247.49	73	49	24	67.12	2,437.50	-2,614.95	732.98	-694.52	1.06	2.15	263.66
1	10,684.98	73	47	25	64.38	1,751.19	-1,744.10	496.04	-505.15	0.98	1.85	146.37

We see here a decent edge that becomes stronger and more consistent as you look out over the next several days. The 9-10 day time frame shows exceptional stats. The 2-day timeframe suggests a short-term boost is also likely. Let's take a look below at both the 10-day and 2-day exit profit curves. First, the 10 day.



The strong upslope appears to confirm the bullish edge…

Next let's look at a study from Thursday night's Letter:

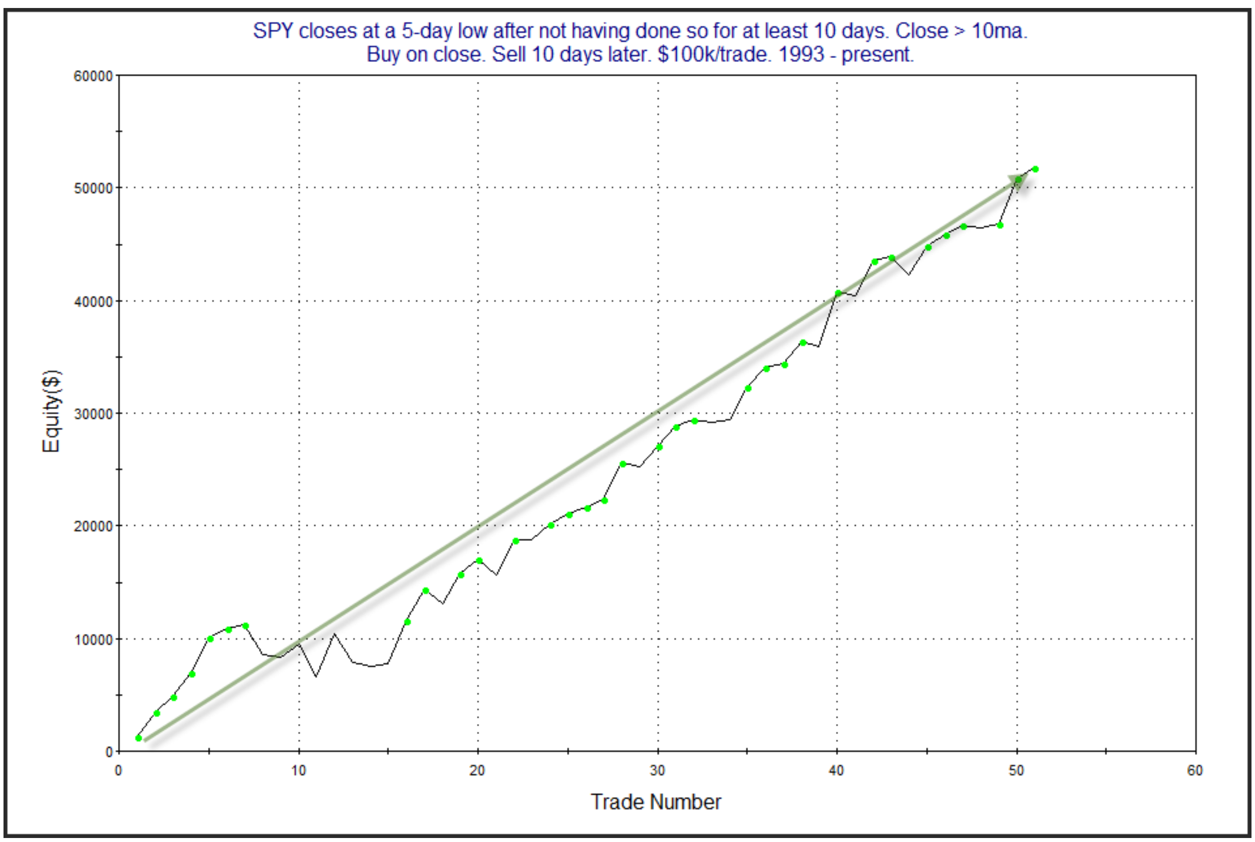
…Still, when look at the study below from the 4/23/18 letter, it appears that even with a close above the 10ma, action in SPY has it setting up for a bounce. Results are updated.

SPY closes at a 5-day low after not having done so for at least 10 days. Close > 10ma.
Buy on close. Sell X days later. $100k/trade. 1993 - 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
10	51,763.58	51	37	14	72.55	4,839.66	-2,972.16	1,790.88	-1,035.64	1.73	4.57	1,014.97
9	46,176.13	51	38	13	74.51	5,293.08	-3,319.71	1,645.77	-1,258.71	1.31	3.82	905.41
8	42,188.33	51	38	13	74.51	4,734.72	-2,602.71	1,518.45	-1,193.29	1.27	3.72	827.22
7	37,888.44	51	37	14	72.55	4,118.22	-3,472.29	1,551.42	-1,393.85	1.11	2.94	742.91
6	33,063.30	51	33	18	64.71	4,307.28	-2,992.38	1,503.98	-920.44	1.63	3.00	648.30
5	30,955.17	51	33	18	64.71	4,496.34	-3,570.00	1,427.69	-897.69	1.59	2.92	606.96
4	26,581.42	51	33	18	64.71	3,240.45	-2,475.20	1,282.07	-873.72	1.47	2.69	521.20
3	23,882.19	51	36	15	70.59	3,452.40	-3,393.78	1,117.19	-1,089.11	1.03	2.46	468.28
2	13,973.14	51	32	19	62.75	3,809.72	-3,737.28	973.19	-903.62	1.08	1.81	273.98
1	6,802.99	51	28	23	54.90	2,225.48	-3,909.03	753.33	-621.31	1.21	1.48	133.39

46 of 51 instances (90%) closed above the entry price
at some point in the next week.

Results here suggest a solid edge over the next 1-10 days. And nearly half of the gains have been realized in just the 1st 3 days. Below are profit curves for both the 3 and 10-day timeframes.

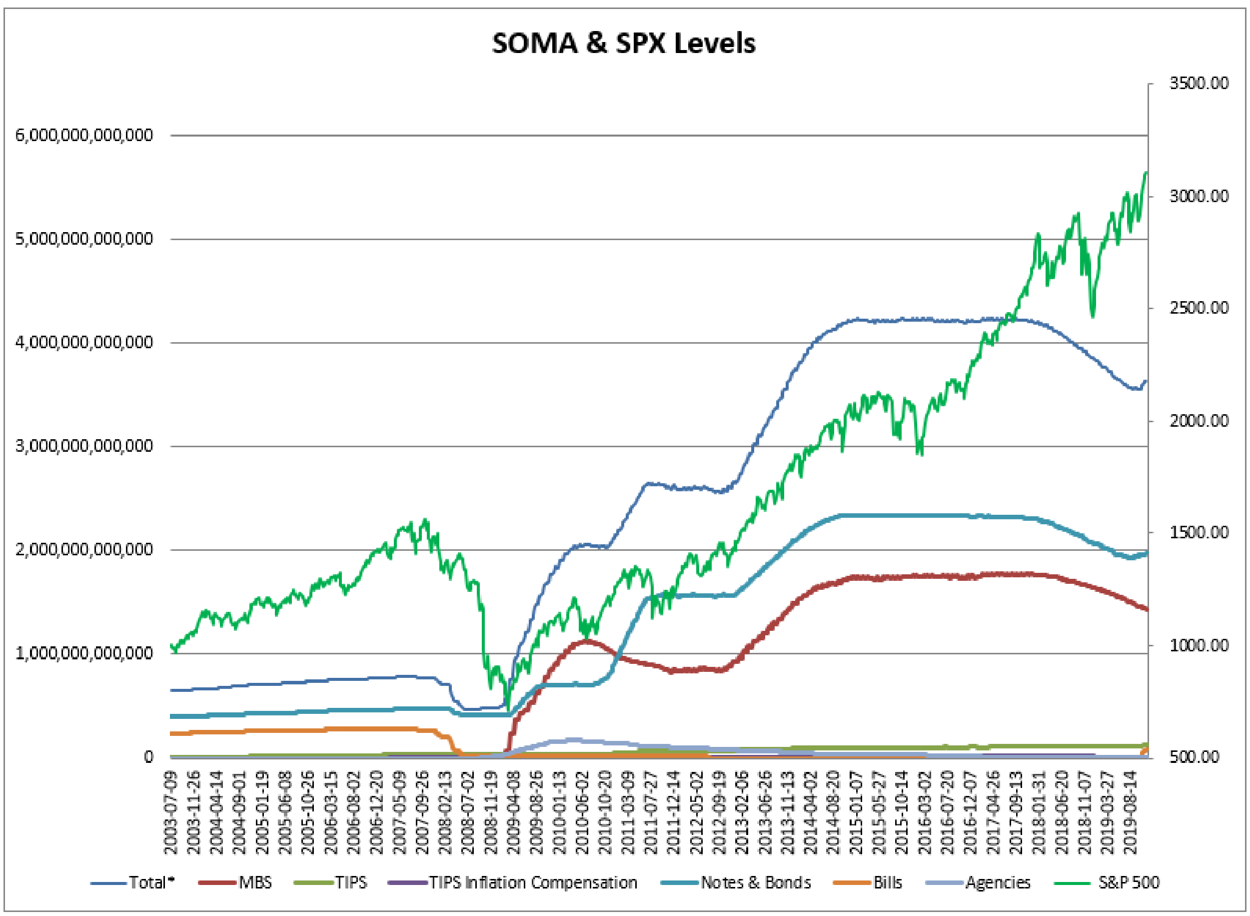


The strong, steady upslopes are impressive and serve as some confirmation of the bullish edge. I have added this study to both the short-term and intermediate-term active lists.

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.

The Quantitative Tightening program that began in October 2017 was ended in August 2019, and SOMA policy is in a more neutral phase where there is not going to be large changes to the account size likely.



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

« As of 11/13/2019

DOMESTIC SECURITIES HOLDINGS AS OF

November 20, 2019

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

Security Type	Total (in Thousands)
US Treasury Bills (T-Bills)	84,013,000.0
US Treasury Notes and Bonds (Notes/Bonds)	1,969,941,655.7
US Treasury Floating Rate Notes (FRN)	17,057,716.4
US Treasury Inflation-Protected Securities (TIPS)*	124,371,604.1
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	1,437,196,544.4
Total SOMA Holdings	3,634,927,520.6
Change From Prior Week	5,912,674.7

*Does not reflect inflation compensation of 24,976,967.7

**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 11/21/2019 4:30pm.

The SOMA rose a moderate $5.9 billion this past week. This is the smallest rise since “not QE” began 5 weeks ago. Since “not QE” has been in effect over the last 5 weeks, the market has risen every one of them, and the SPX has moved up a total of 4% over the 5-week period. Like past QE policies, “not QE” certainly seems to be favorable for the market.

The intermediate-term active list is still dominated by bullish studies. The SPX & NASDAQ are still near all-time highs. The recent upward persistence also appears to be a positive. Both the Best 6 Months and the Presidential Cycle are bullish. This means all 4 Market Timing Course indicators remain bullish. Overall, the bullish case seems substantially stronger. The bears can point to the split market conditions that are beginning to appear with the cluster of recent Hindenburg Omen signals. While that is worth considering, there still seems to be much more pointing to further upside. I remain bullish on the intermediate-term. I will therefore keep a more aggressive approach with long trades and a very conservative approach when considering short trades.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link]

OpenCatapult Triggers

QCOM – 1/3 @ $85.11

QCOM – 1/3 @ $84.89 (New)

Broad Market Large Cap CBI – 2(QCOM-2)

I fell asleep on the Catapults on Thursday night, because QCOM triggered and I missed it. We have not had any for a very long time, so I guess I just got used to not seeing any. It triggered again on Friday, so I'll be looking for a double-shot of it on Monday.

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 @ $309.40 LIMIT ON CLOSE. Based on the short-term outlook above, I will add to my SPY position on Monday if we close down a decent amount.

QCOM – Buy 2/3 Catapult position @ $84.89 LIMIT. From the Catapult section above. I will be looking to take on 2 lots of QCOM on Monday. One more lot is possible.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	11/22/2019	$310.00	$310.96	0.31%		sell on SPX close>=3115.05

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