

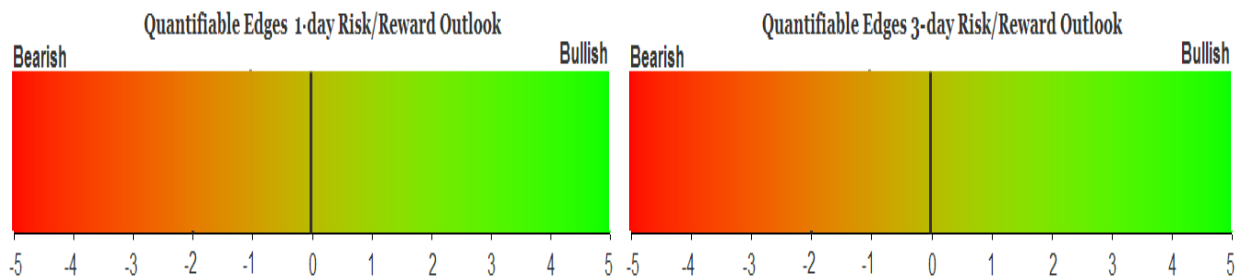
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 27, 2019

Volume 12 Issue 230

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- Thanksgiving Wednesday has made gains on a very consistent basis during long-term uptrends.

Short-term Outlook

The Bottom Line

The Aggregator is now neutral, and the market is too overbought for my taste.

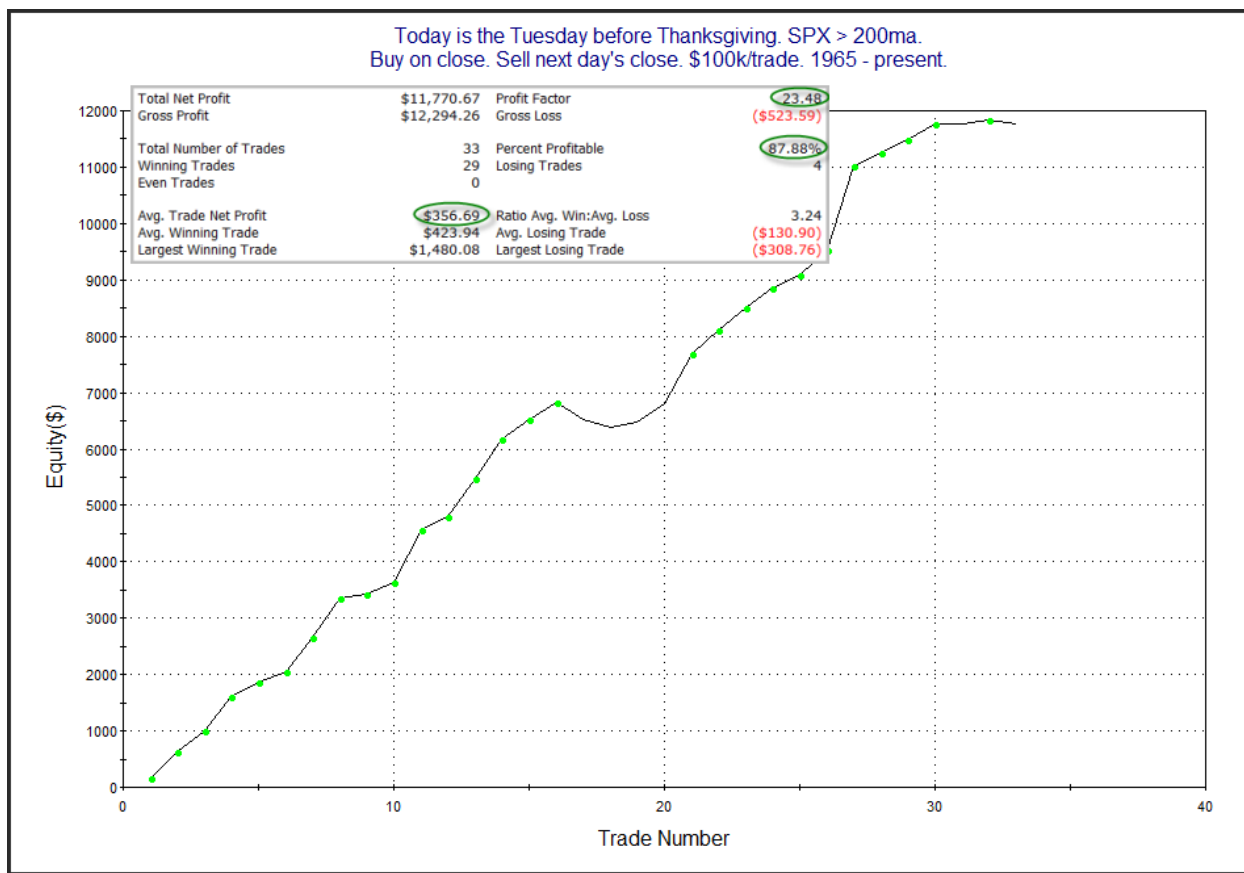
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
November 28, 2019	Wed-Fri Thanksgiving Bullish	1-2 days	Bullish			
November 22, 2019	SPX < 10ma after 25+ days above	1-9 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

Tuesday was another positive day for the market. The SPX finished the day up 0.22%, the NASDAQ rose 0.18%, and Russell 2000 gained 0.14%. Breadth was positive as the NYSE Up Issues % was 54% and the Up Volume % came in at 50%. NYSE volume came in at the highest level in a long time despite it being a holiday week.

I have discussed the last few days that Wednesday and Friday surrounding Thanksgiving have been seasonally bullish. In the 11/22/17 letter I noted that Wednesday has done especially well when the SPX has been in a long-term uptrend. I decided to update those results tonight.



The numbers here are strong, and the edge has been incredibly consistent. The 4 losing years were 1995, 1996, 2015, and 2017.

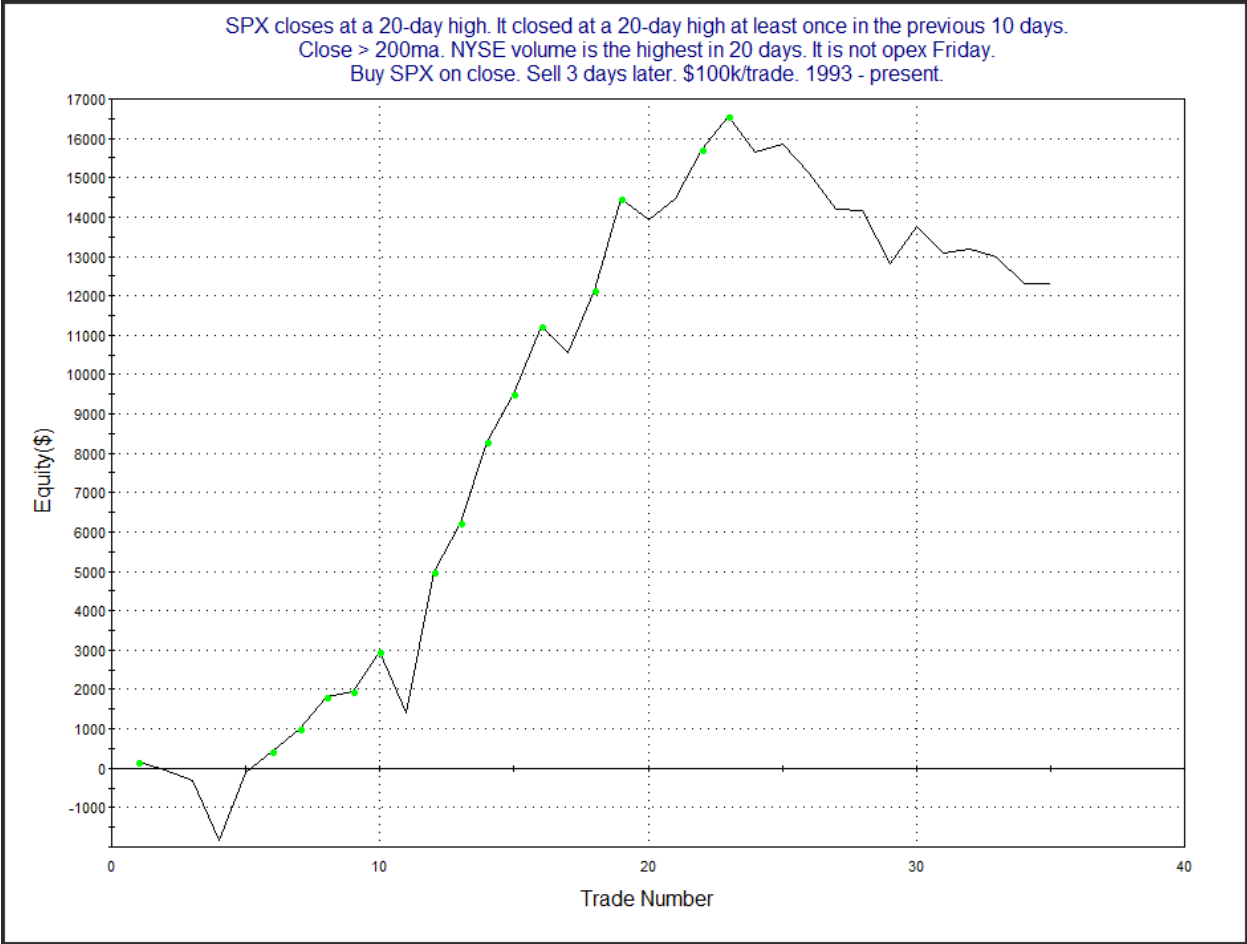
Of course I also mentioned the last couple of days that the edge has been stronger over the last 25 years or so when SPY has closed poorly on Tuesday. That did not happen. Tonight I wondered whether the higher close on Monday and Tuesday effectively front-ran the bullish tendency and perhaps Wednesday might suffer due to that. The study below examines this idea.

Today is the Tuesday before Thanksgiving. SPX has closed up Mon & Tues.
Buy on close. Sell next day's close. \$100k/trade. 1965 - present.

Date/Time	Signal	Price	% Profit	Run-up Drawdown
11/26/1968	Buy	\$107.26	0.47%	\$1,202.28
11/27/1968	Sell	\$107.76		(\$624.44)
11/24/1970	Buy	\$84.78	0.37%	\$1,084.68
11/25/1970	Sell	\$85.09		(\$506.97)
11/21/1972	Buy	\$116.21	0.59%	\$1,204.00
11/22/1972	Sell	\$116.90		(\$464.40)
11/25/1975	Buy	\$90.71	0.25%	\$958.74
11/26/1975	Sell	\$90.94		(\$595.08)
11/22/1983	Buy	\$166.84	0.07%	\$221.63
11/23/1983	Sell	\$166.96		(\$347.42)
11/25/1986	Buy	\$248.16	0.25%	\$293.46
11/26/1986	Sell	\$248.77		(\$176.88)
11/24/1987	Buy	\$246.38	-0.93%	\$60.75
11/25/1987	Sell	\$244.10		(\$931.50)
11/25/2003	Buy	\$1,053.89	0.43%	\$428.64
11/26/2003	Sell	\$1,058.45		(\$527.34)
11/22/2005	Buy	\$1,261.22	0.35%	\$744.18
11/23/2005	Sell	\$1,265.61		(\$135.09)
11/25/2008	Buy	\$857.39	3.53%	\$3,513.64
11/26/2008	Sell	\$887.68		(\$1,858.32)
11/20/2012	Buy	\$1,387.82	0.23%	\$246.96
11/21/2012	Sell	\$1,391.03		(\$102.96)
11/22/2016	Buy	\$2,202.94	0.08%	\$80.10
11/23/2016	Sell	\$2,204.72		(\$379.35)
11/21/2017	Buy	\$2,599.03	-0.08%	\$72.58
11/22/2017	Sell	\$2,597.08		(\$144.40)

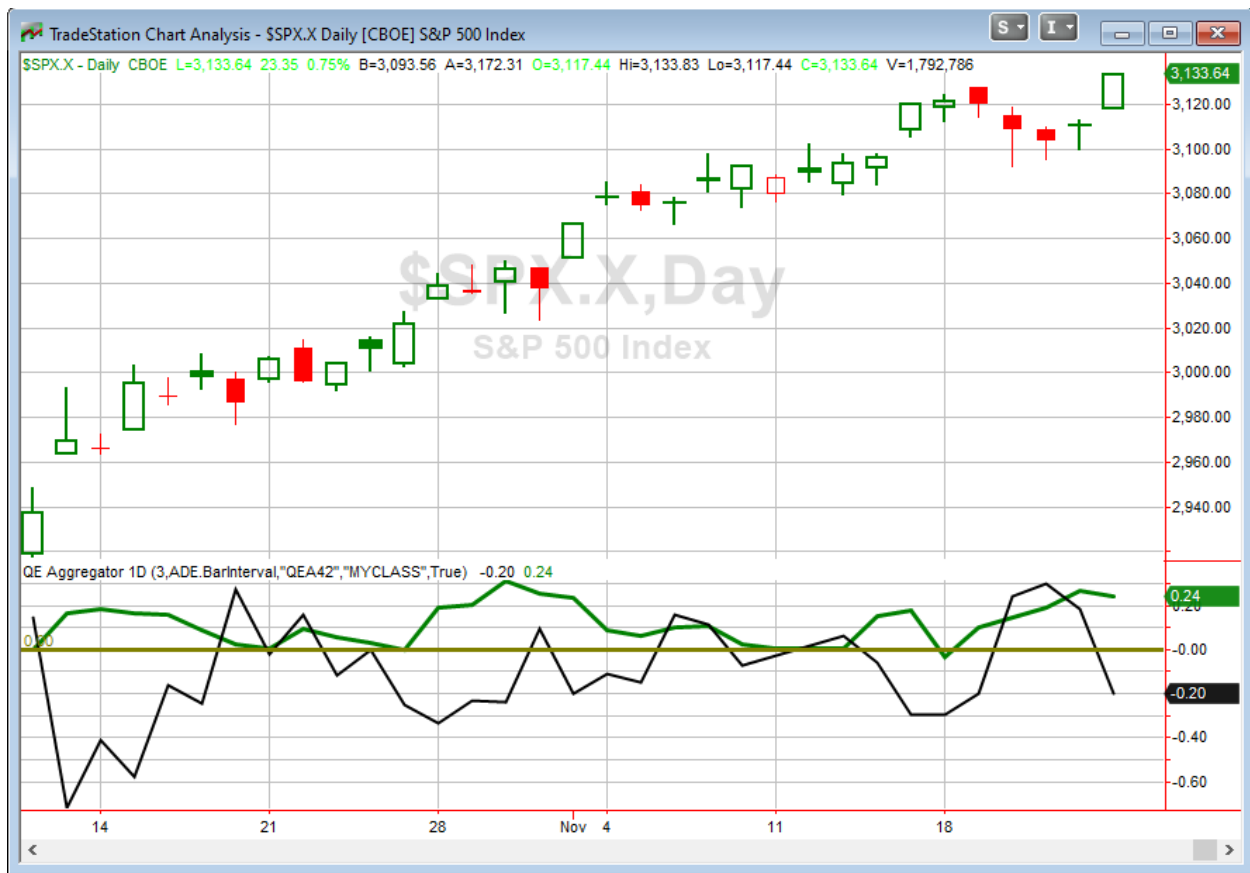
Eleven wins and just two losses. The up closes on Monday and Tuesday have not seemed to negatively impact Wednesday's results historically. So I am still viewing Wednesday and Friday as bullish and Monday as bearish at this point.

There were some studies that noted the large NYSE volume in the Quantifinder tonight. If this were a fresh breakout to a new high, then prospects would look more appealing. But in a market that has made multiple new highs recently, a high volume move to a new high is not nearly as exciting. Below is one study from the 4/28/17 letter that looked at 20-day highs that were not fresh breakouts. I am showing the updated 3-day results.



This looked like a decent upside edge for a while, but it has headed the other way for some time now. It is not the kind of study I consider worthy of consideration.

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



With the upcoming seasonality to consider, 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.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if strong bearish evidence emerges. Meanwhile, the Differential Pivot will be 3129.03 on Wednesday. That is 0.4% below Tuesday's close. Therefore, SPX will need to close down at least 0.4% on Wednesday in order to flip from overbought to oversold versus recent expectations.

The Aggregator is again neutral. I'd been hoping for a pullback to try and get long over Thanksgiving. But it has not materialized, and the SPX is overbought and at new all-time highs. So rather than chase the market, I'll wait for a more favorable reward/risk setup to emerge before taking on new index exposure.

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

The intermediate-term outlook was last updated in the 11/25/19 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

QCOM – 1/3 @ \$85.11

QCOM – 1/3 @ \$84.89

QCOM – 1/3 @ \$84.63 (buy @ limit)

Broad Market Large Cap CBI – 3(QCOM-3)

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.

QCOM – Buy 1/3 Catapult position @ \$84.63 LIMIT. From the Catapult section above. This is the 3rd and final QCOM trigger.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
QCOM(2/3)	11/26/2019	\$84.89	\$84.63	-0.31%		Catapult

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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