

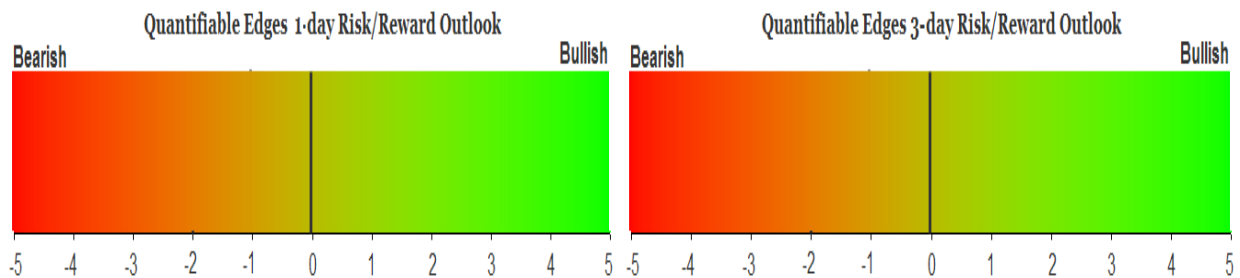
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 13, 2019

Volume 12 Issue 241

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The breakout does not appear to be providing a compelling short-term edge.

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
Active - Short Term						
December 4, 2019	3 Dn to 10-low from 50-high	1-8 days	Bullish			
Active - Long Term						
December 3, 2019	SPX 1st below 10ma in > 25 days	1-19 days	Bullish	4.20%	-0.90%	-2.20%
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

Positive China trade news helped to spark a rally on Thursday. The SPX rose 0.9%, the NASDAQ gained 0.7%, and Russell 2000 rallied 0.8%. Breadth was positive as the NYSE Up Issues % was 59% and the Up Volume % came in at 77%. NYSE volume rose from Wednesday's level.

Breakouts to new highs can sometimes trigger compelling studies, but this one appears lacking. One issue was the higher volume. The studies below are from the 7/25/19 letter. The only difference between the two is that the 1st one requires a rise in volume and the 2nd one requires a decline in volume. Stats are updated for both of these.

SPX closes at a 50-day high after not doing so for at least 5 days. NYSE volume is higher than yesterday. Buy SPX on close. Sell X days later. \$100k/trade. 1996 - 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	14,829.61	93	54	39	58.06	5,231.46	-4,452.84	1,160.86	-1,227.10	0.95	1.31	159.46
4	11,499.68	93	59	34	63.44	3,438.24	-4,407.48	952.82	-1,315.19	0.72	1.26	123.65
3	2,918.11	93	57	36	61.29	3,830.40	-5,137.56	797.22	-1,181.21	0.67	1.07	31.38
2	-2,706.82	93	50	43	53.76	1,998.39	-3,134.16	614.38	-777.34	0.79	0.92	-29.11
1	4,096.38	93	47	46	50.54	1,606.89	-2,279.88	396.13	-315.69	1.25	1.28	44.05

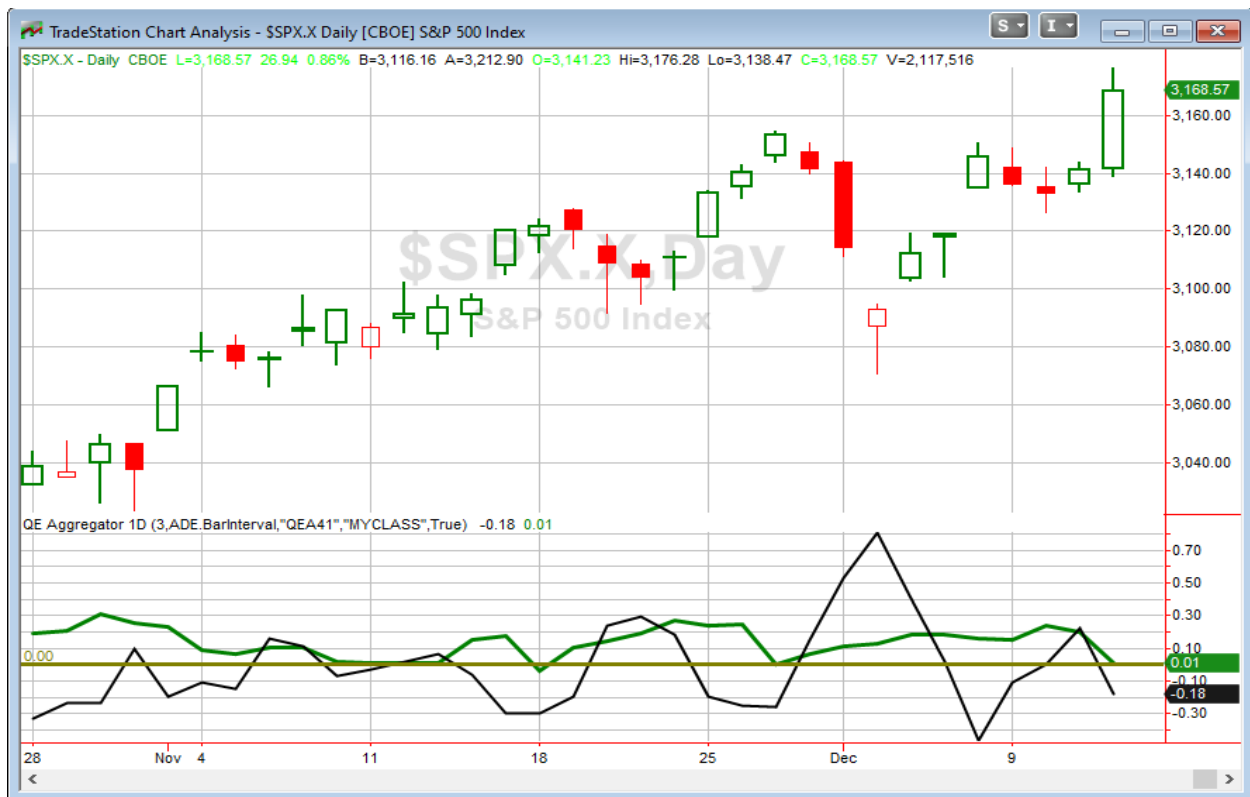
SPX closes at a 50-day high after not doing so for at least 5 days. NYSE volume is lower than yesterday. Buy SPX on close. Sell X days later. \$100k/trade. 1996 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	42,304.80	74	47	27	63.51	3,687.06	-3,070.40	1,326.33	-741.94	1.79	3.11	571.69
4	28,057.45	74	50	24	67.57	3,349.50	-2,913.85	1,012.78	-940.91	1.08	2.24	379.15
3	29,643.15	74	50	24	67.57	3,803.64	-2,125.44	980.49	-807.56	1.21	2.53	400.58
2	16,278.52	74	51	23	68.92	2,212.98	-2,752.74	635.63	-701.67	0.91	2.01	219.98
1	7,165.02	74	49	25	66.22	1,415.70	-1,921.32	367.34	-433.39	0.85	1.66	96.82

We see here that lower volume appears more favorable when a breakout occurs. And that is today's setup. We have seen similar studies many times over the years. In the past I have also shown that 1) longer bases (10+ days) were favorable, and 2) extremely high volume (20-day high) also tended to generate better odds. Of course we did not have either on Thursday. Below are other times neither were present.

SPX closes at a 50-day high after not doing so for at least 5 days but < 10 days. NYSE volume is higher but < 20-day high. Buy SPX on close. Sell X days later. \$100k/trade. 1996 - 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	0.54	33	19	14	57.58	4,090.16	-3,485.76	1,019.70	-1,383.83	0.74	1.00	0.02
4	3,559.05	33	20	13	60.61	2,951.04	-3,588.90	909.00	-1,124.69	0.81	1.24	107.85
3	-869.63	33	23	10	69.70	1,752.32	-3,456.60	542.15	-1,333.90	0.41	0.93	-26.35
2	-3,713.22	33	18	15	54.55	1,043.40	-2,222.85	413.53	-743.79	0.56	0.67	-112.52
1	938.81	33	16	17	48.48	638.99	-687.24	253.47	-183.34	1.38	1.30	28.45

No matter how I slice it, Thursday's breakout does not appear to suggest a short-term edge. No new studies are being added to the Active List tonight.

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



Without any compelling 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 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.

The last active short-term study is set to expire on Friday. If nothing new emerges, then expectations would remain slightly positive thanks to the intermediate-term evidence. Of course any new evidence that emerges will have a substantial impact on expectations over the next few days. Meanwhile, the Differential Pivot will be 3149.51 on Friday. That is 0.6% below Thursday's close. Therefore, SPX will need to close down at least 0.6% on Friday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is back to neutral. Short-term evidence is light, and the market is now overbought. We are going to be heading into a seasonally strong period starting next week. I was hoping for a pullback going into it. Perhaps we will still get one in the next few days. But with SPX overbought and at new highs a favorable entry opportunity is not upon us at the moment. I won't be looking to add any index exposure on Friday. I will also note that the pop up in GE means the Catapult trade ideas will be closed out and the CBI is now back at zero.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 12/10 – bullish*

The intermediate-term outlook was last updated in the 12/10/19 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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
GE(1/3)	12/4/2019	\$10.99	\$11.44	4.09%		<i>sell on open</i>
GE(1/3)	12/5/2019	\$10.89	\$11.44	5.05%		<i>sell on open</i>

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.