

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 20, 2019

Volume 12 Issue 246

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Russell 2000 seasonal strength is set to kick in now.

## *Short-term Outlook*

### *The Bottom Line*

While 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
<b>Active - Short Term</b>						
December 19, 2019	20-high poor close	1-3 days	Bullish	1.00%	-0.70%	-1.30%
December 19, 2019	5 up to 50-high, then down 1	1-2 days	Bullish			
December 16, 2019	December Opex bullish	1-5 days	Bullish	1.90%	-1.20%	-2.70%
<b>Active - Long Term</b>						
December 20, 2019	Russell 2000 bullish seasonality	1-9 days	Bullish			
December 19, 2019	5 up to 50-high, then down 1	1-10 days	Bullish	1.90%	-1.00%	-2.10%
December 3, 2019	SPY 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			

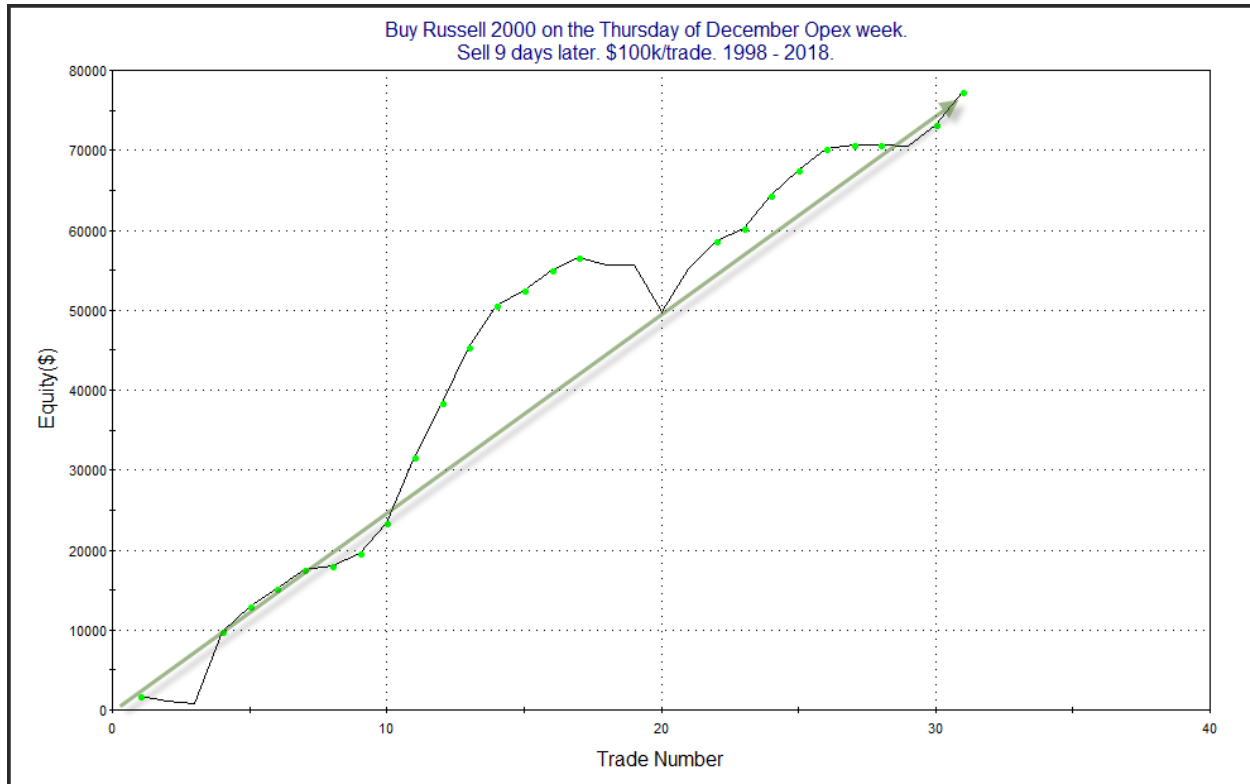
**The Evidence**

Thursday saw solid gains and new highs for the market. The SPX finished up 0.45%, the NASDAQ gained 0.67%, and Russell 2000 rose 0.32%. Breadth was positive as the NYSE Up Issues % was 59% and the Up Volume % came in at 61%. NYSE volume declined some from Wednesday's level.

Despite the new highs made by the SPX and NASDAQ, there was not much suggesting a compelling edge that emerged on Thursday. Of course one study that is now triggering is the Russell 2000 positive seasonality on that I previewed in Sunday's letter. I have copied it again below.

Buy Russell 2000 on the Thursday of December Opex week. Sell X days later. \$100k/trade. 1998 - 2018.												
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	78,450.91	31	24	7	77.42	10,279.71	-5,643.30	3,852.72	-2,002.05	1.92	6.60	2,530.67
9	77,376.23	31	26	5	83.87	9,009.63	-5,973.50	3,290.51	-1,635.38	2.01	10.46	2,496.01
8	64,055.95	31	26	5	83.87	7,115.85	-2,948.40	2,658.16	-1,011.23	2.63	13.67	2,066.32
7	60,219.19	31	26	5	83.87	7,790.58	-1,809.60	2,505.97	-987.18	2.54	13.20	1,942.55
6	45,861.55	31	24	7	77.42	6,599.88	-2,720.64	2,184.77	-938.98	2.33	7.98	1,479.40
5	34,050.74	31	22	9	70.97	4,892.25	-3,194.64	2,031.43	-1,182.30	1.72	4.20	1,098.41
4	26,705.47	31	22	9	70.97	4,413.75	-3,892.32	1,811.51	-1,460.86	1.24	3.03	861.47
3	22,385.40	31	21	10	67.74	3,814.20	-2,650.68	1,676.12	-1,281.31	1.31	2.75	722.11
2	7,690.35	31	18	13	58.06	3,495.70	-4,431.00	1,393.27	-1,337.57	1.04	1.44	248.08
1	9,070.43	31	17	14	54.84	2,299.70	-2,543.25	955.24	-512.05	1.87	2.27	292.59

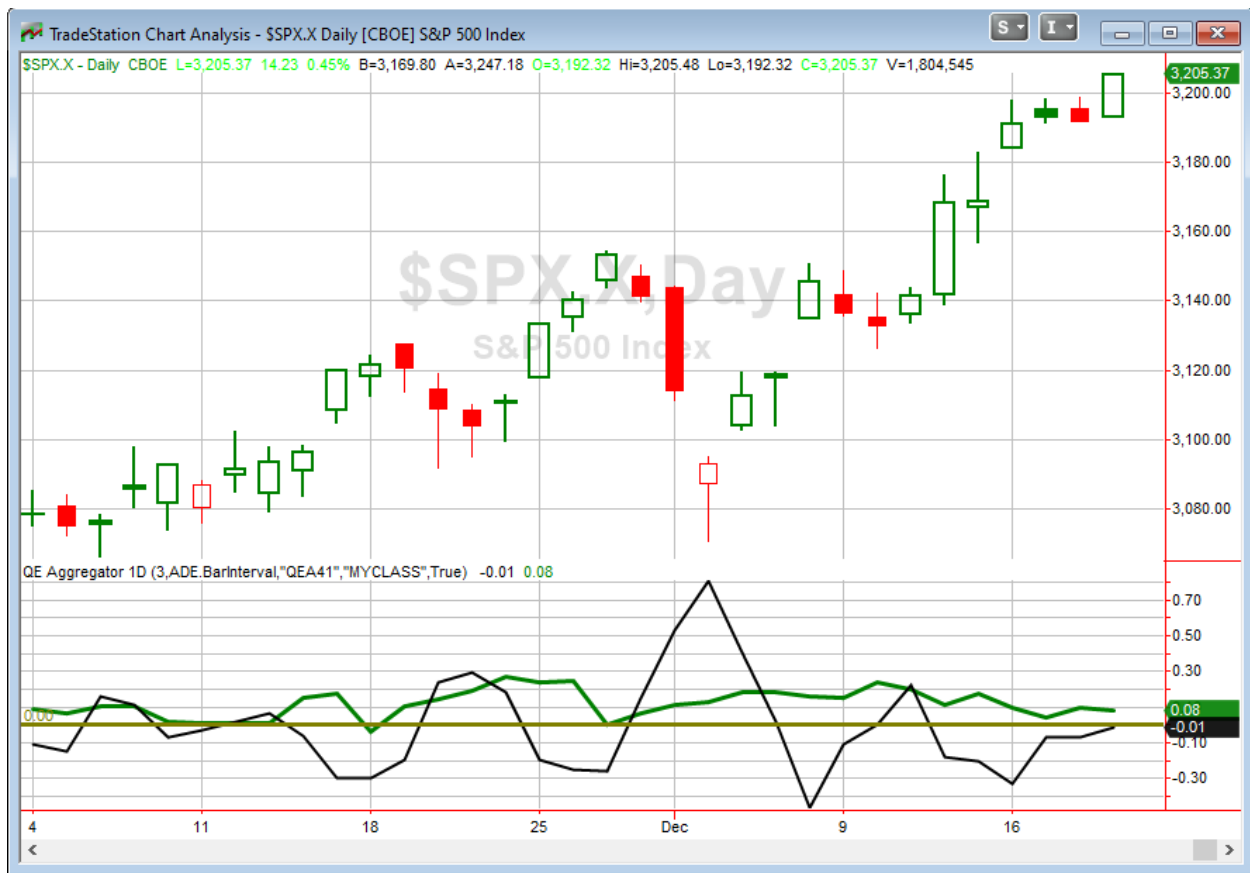
Results here are outstanding. But a look at the max loss column shows you that it has not been without risk. Below is an equity curve that assumes a 9-day exit strategy.



That is a strong looking curve, and last year the Russell again made a new high.

I have now listed this on the intermediate-term active list. No other studies are being added tonight.

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



With tonight's evidence considered, 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 slated to remain bullish on Friday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3202.74 on Friday. That is just 0.1% below Thursday's close. Therefore, it will only take a close lower of 0.1% or more on Friday to flip the SPX from overbought to oversold vs recent expectations.

Strong seasonality and bullish studies are keeping expectations positive. But with the market continually pushing higher, it has been difficult finding a favorable entry point. The Aggregator is again neutral. And I am not inclined to take on new index exposure until we see a bit of a pullback. So I remained sidelined, but patient and alert.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 12/16 – bullish***

The intermediate-term outlook was last updated in the 12/16/19 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.