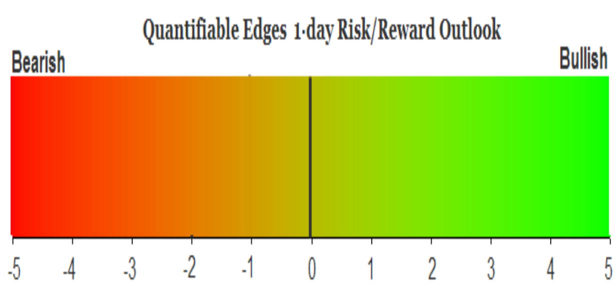
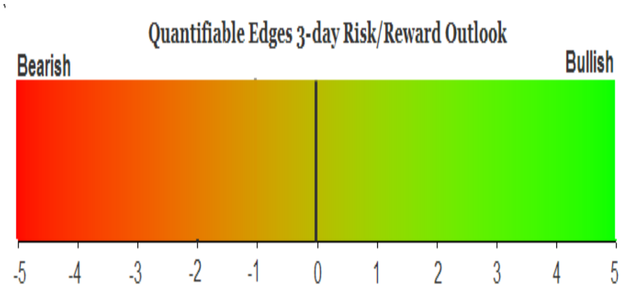
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 12, 2020 Volume 13 Issue 198

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Over 90% of NDX stocks are now above their 20ma. This has often marked momentum that will continue for at least the short-term.
- Columbus Day is often bullish – especially when the market has been rising leading up to it.
- Opex week in October is typically one of the strongest of the year.
- The Fed continues to pump liquidity, which is overall bullish for the market.

Short-term Outlook
The Bottom Line
The Aggregator is neutral and so am I.

Quantifiable Edges, LLC *10 Boyden Rd., Medfield, Massachusetts 02052* *781-956-6952*

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						
October 12, 2020	Columbus Day bullish	1 day	Bullish			
October 12, 2020	October Opex week bullish	1-4 days	Bullish	1.70%	-1.20%	-2.65%
October 12, 2020	90% NDX Issues > 20ma	1-4 days	Bullish			
Active - Long Term						
September 28, 2020	NASDAQ Leading	int term	Bullish			
September 28, 2020	4 weeks down > 40-week ma	1-10 weeks	Bullish	8.60%	-3.10%	-7.40%
August 27, 2020	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
July 9, 2020	Golden Cross	int term	Bullish			
April 29, 2020	Sell in May after 5% drop Jan-Apr	6 months	Bearish			
March 23, 2020	QE4	int term	Bullish			

The Evidence

Friday was a 3rd strong up day in a row for the major indices. SPX gained 0.9%, the NASDAQ rose 1.4%, and the Russell 2000 rallied 0.6%. Breadth was positive, but not nearly as strong as we saw the last couple of days. The NYSE Up Issues % and the Up Volume % both came in around 51%. NYSE total volume rose some from Thursday's level.

Price action has been persistent the last few days, but it has not generating what appears to be a high-probability short-term setup. An example of the persistence is the fact that SPY has now posted 3 unfilled up gaps in a row and is at a 20-day high. Playing around with these observations and some others did not yield very compelling results. But while price action may not be giving great hints, seasonality is, and breadth readings have also been interesting.

I did note on Friday that more than 90% of NDX issues closed above their 20ma, and more than 90% of NDX issues closed above their 200ma as well. That is quite rare. The table below looks at other times this has happened since 1995.

At least 90% of NDX issues close above both their 20ma and at least 90% of NDX issues issues close above their 200ma
for the 1st time in 20 days. Forward NDX returns shown. 1995 - present.

Ticker	Date/Time	Close	Next Day % Chg	2-Day % Chg	3-Day % Chg	4-Day % Chg	5-Day % Chg	10-Day %Chg	21-Day % Chg	42-Day % Chg	63-Day % Chg	126-Day % Chg	252-Day % Chg
$NDX	6/3/2003	1198.57	2.19	2.77	1.21	-0.25	1.2	3.43	3.94	5.49	13.56	20.73	22.16
$NDX	8/28/2003	1332.33	0.67	2.16	2.09	3.07	2.22	1.9	0.24	6.58	6.59	11.8	2.67
$NDX	1/5/2004	1496.58	0.31	1.18	2.28	1.6	2.89	3.76	-2.27	-1.58	0.79	-2.95	5.03
$NDX	7/23/2009	1601.52	-0.15	-0.14	0.25	-0.12	0.52	-0.08	2.26	8.28	9.49	12.07	17.1
$NDX	9/16/2009	1723.73	-0.15	0.09	0.46	0.6	0.03	-0.27	1.72	3.76	4.32	12.78	13.02
$NDX	3/16/2010	1932.24	0.21	0.61	0.01	0.9	1.6	1.85	5.51	-1.3	-1.8	-0.19	16.94
$NDX	9/10/2013	3185.07	-0.16	-0.3	-0.21	-0.51	0.18	1.05	-1.34	4.28	10.4	16.39	28.57
		Average	0.42	0.91	0.87	0.76	1.23	1.66	1.44	3.64	6.19	10.09	15.07
		Median	0.21	0.61	0.46	0.60	1.20	1.85	1.72	4.28	6.59	12.07	16.94
		% Wins	57%	71%	86%	57%	100%	71%	71%	71%	86%	71%	100%

Results all lean bullish. Five-day results and 1-year results both show all instances higher. But with a sample size of just 7, these results are not strong enough for me to get excited or include them on the active list. But I loosened the criteria a bit and simply looked at times the 90% of NDX issues closed above their 20ma while NDX was above its 200ma. Those results can be seen below.

The NDX closes above its 200ma and at least 90% of issues close above their 20ma for the 1st time in 20 days.
NDX forward results shown. 1995 - present.

Ticker	Date/Time	Close	Next Day % Chg	2-Day % Chg	3-Day % Chg	4-Day % Chg	5-Day % Chg	10-Day %Chg	21-Day % Chg	42-Day % Chg	63-Day % Chg	126-Day % Chg	252-Day % Chg
$NDX	5/5/1997	932.77	-1.92	-2.52	-1.44	-1.46	-0.87	-2.06	-1.16	5.76	20.51	9.31	33.72
$NDX	2/10/1998	1139.79	-0.09	0.44	-0.27	-0.98	0.08	5.32	2.06	5.54	10.23	16.7	70.57
$NDX	10/26/1998	1368.93	-1.14	0.81	2	2.31	3.64	7.21	15.48	31.93	48.32	57.09	80.17
$NDX	12/31/1998	1836.01	1	3.65	6.97	7.1	7.5	7.93	13.22	5.28	20.89	27.88	101.95
$NDX	12/6/2001	1717.97	-2.57	-4.23	-3.3	-2.8	-6.76	-9.35	-2.99	-17.7	-9.56	-33.9	-37.95
$NDX	3/17/2003	1077.01	0.48	-0.19	0.3	1.5	-2.78	-5.42	-2.22	7.98	15.28	25.14	30.65
$NDX	4/29/2003	1116.79	-0.96	-0.32	1.77	1.74	3.22	3.51	5.82	7.92	14.18	23.34	30.11
$NDX	8/28/2003	1332.33	0.67	2.16	2.09	3.07	2.22	1.9	0.24	6.58	6.59	11.8	2.67
$NDX	1/5/2004	1496.58	0.31	1.18	2.28	1.6	2.89	3.76	-2.27	-1.58	0.79	-2.95	5.03
$NDX	4/2/2004	1490.3	1.21	0.22	-0.56	-0.32	0.38	-1.13	-4.58	-3.03	-2.99	-2.1	-0.44
$NDX	6/7/2004	1491.45	0.3	-1.47	-0.68	-2.2	-0.82	-1.11	-4.04	-11.81	-7.35	8.59	2.66
$NDX	11/12/2004	1558.41	0.16	-0.63	0.82	1.44	-0.4	1.41	4.43	-0.85	-1.3	-4.99	6.09
$NDX	5/20/2005	1528.06	0.47	0.81	0.3	1.36	1.42	1.13	0.55	4.83	2.99	9.71	3.7
$NDX	11/23/2005	1696.77	0.25	-0.73	-1.17	-1.43	0.44	-0.66	-0.82	-0.37	-0.07	-5.33	7
$NDX	7/21/2009	1553.01	0.77	3.12	2.97	2.98	3.38	4.86	2.81	11.09	13.11	20.28	17.02
$NDX	9/16/2009	1723.73	-0.15	0.09	0.46	0.6	0.03	-0.27	1.72	3.76	4.32	12.78	13.02
$NDX	3/1/2010	1846.4	0.26	0.28	0.72	2.28	2.41	3.99	6.58	10.64	0.32	-2.97	27.33
$NDX	6/15/2010	1897.48	0.41	0.69	0.84	-0.09	-0.89	-7.03	-2.17	-4.15	1.64	16.34	18.6
$NDX	9/13/2010	1921.67	0.36	0.93	1.38	1.78	3.53	4.65	6.24	13.85	15.28	19.2	14.06
$NDX	7/1/2011	2361.39	0.42	0.73	2.18	1.88	0.03	-0.74	-2.9	-5.1	-9.41	-3.54	11.16
$NDX	10/24/2011	2384.42	-2.04	-2.08	0.65	0.71	-1.02	-0.56	-7.05	-4.93	3.41	13.64	11.81
$NDX	1/19/2012	2441.7	-0.19	-0.18	-0.32	0.98	0.53	2.22	5.84	12.12	10.04	8.77	12.47
$NDX	8/16/2012	2768.09	0.44	0.59	0.15	0.55	-0.22	-0.52	3.19	0.37	-8.45	-1.02	11.35
$NDX	12/12/2012	2674.57	-0.77	-1.74	-0.39	1.15	0.61	-1.56	2.29	3.71	4.67	10.07	29.38
$NDX	7/11/2013	3059.46	0.64	0.67	0.59	0.84	0.6	0.07	1.93	4.11	2.72	16.12	27.62
$NDX	9/10/2013	3185.07	-0.16	-0.3	-0.21	-0.51	0.18	1.05	-1.34	4.28	10.4	16.39	28.57
$NDX	6/6/2014	3794.57	0.03	0.17	0.09	-0.81	-0.5	0.21	1.83	2.1	7.78	13.63	16.79
$NDX	8/26/2014	4071.67	0.04	-0.13	0.27	0.59	-0.02	0.57	-1.57	-0.73	5.22	9.59	3.63
$NDX	10/28/2014	4106.63	-0.39	-0.15	1.26	1.53	1.21	1.96	5.15	5.02	1.82	7.49	13.93
$NDX	2/20/2015	4443.05	0.14	0.18	-0.06	0.43	-0.05	-0.99	0.06	0.4	1.95	-1.3	-4.77
$NDX	6/2/2016	4531.35	-0.48	-0.17	-0.4	-0.24	-0.41	-2.36	-2.07	4.15	5.29	6.17	29.79
$NDX	7/11/2016	4554.71	0.5	0.24	0.92	0.77	1.43	2.44	5.29	5.47	6.8	10.32	25.36
$NDX	1/5/2018	6653.29	0.35	0.37	0.14	0.83	1.58	3.8	0.19	4.71	-2.72	9.36	-1.52
$NDX	2/15/2019	7055.18	0.16	0.1	-0.28	0.5	0.85	1.36	4.17	8.87	6.36	7.78	36.49
$NDX	6/19/2019	7667.74	0.92	0.8	0.72	-0.99	-0.53	2.48	2.18	0.67	2.88	11.84	30.57
$NDX	4/8/2020	8229.54	0.11	1.25	5.62	4.4	6.42	5.01	12.04	21.11	30.68	39.78	42.48
$NDX	5/29/2020	9555.52	0.45	1.07	1.56	0.78	2.81	1.13	4.25	11.59	24.81	22.71	22.71
		Average	0.00	0.15	0.76	0.86	0.87	0.92	1.96	4.15	6.96	10.91	20.91
		Median	0.25	0.22	0.46	0.78	0.44	1.13	1.83	4.28	4.67	10.07	16.79
		Win %	67.6%	62.2%	67.6%	70.3%	64.9%	62.2%	64.9%	73.0%	78.4%	75.7%	89.2%
		Profit Factor	1.00	1.38	4.08	3.69	3.10	2.01	3.06	4.06	7.15	7.95	18.32

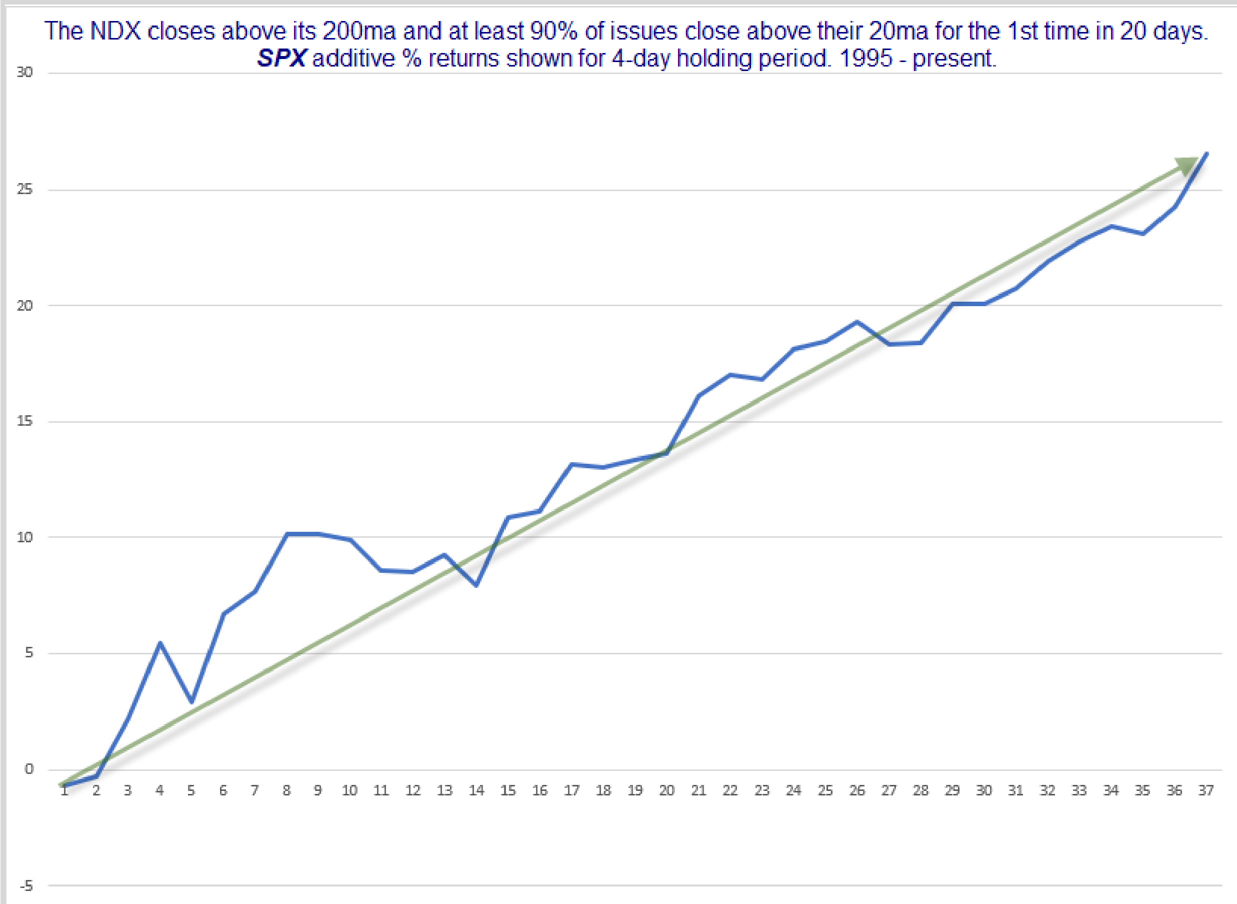
Looking out over the next 1-5 days there appears to be some follow through from the breadth momentum. Longer-term results were ok, but not particularly impressive compared to average.

I also checked to see how the SPX reacted after such NDX breadth momentum.

The NDX closes above its 200ma and at least 90% of issues close above their 20ma for the 1st time in 20 days.
SPX forward results shown. 1995 - present.

Ticker	Date/Time	Close	Next Day % Chg	2-Day % Chg	3-Day % Chg	4-Day % Chg	5-Day % Chg	10-Day %Chg	21-Day % Chg	42-Day % Chg	63-Day % Chg	126-Day % Chg	252-Day % Chg
$SPX	5/5/1997	830.29	-0.3	-1.77	-1.21	-0.66	0.89	0.36	1.18	10.43	14.45	10.16	34.37
$SPX	2/10/1998	1019.01	0.1	0.5	0.11	0.37	1.28	2.34	5	8.9	9.5	4.9	20.07
$SPX	10/26/1998	1072.32	-0.65	-0.39	1.27	2.46	3.66	5.4	10.32	14.36	15.93	25.98	19.55
$SPX	12/31/1998	1229.23	-0.09	1.27	3.5	3.29	3.73	1.14	2.67	1.42	7.48	13.18	19.53
$SPX	12/6/2001	1167.1	-0.75	-2.33	-2.6	-2.57	-4.09	-2.33	-0.55	-7.45	0.1	-11.68	-21.84
$SPX	3/17/2003	862.79	0.42	1.3	1.51	3.82	0.17	-1.69	3.25	9.72	17.15	17.62	28.73
$SPX	4/29/2003	917.84	-0.1	-0.17	1.33	0.95	1.8	2.66	3.46	6.36	7.78	12.34	22.29
$SPX	8/28/2003	1002.84	0.52	1.91	2.34	2.51	1.85	1.57	0.37	4.38	5.55	15.27	9.6
$SPX	1/5/2004	1122.22	0.13	0.37	0.86	-0.03	0.45	1.47	0.38	3.09	2.53	-0.35	5.87
$SPX	4/2/2004	1141.81	0.77	0.56	-0.11	-0.22	0.3	-0.52	-1.95	-2.2	-2.24	-0.58	3.47
$SPX	6/7/2004	1140.42	0.15	-0.8	-0.35	-1.33	-0.74	-0.53	-2.75	-6.7	-1.68	4.37	4.98
$SPX	11/12/2004	1184.17	-0.03	-0.74	-0.19	-0.05	-1.17	-0.47	1.62	-0.57	1.86	-1.56	4.27
$SPX	5/20/2005	1189.28	0.39	0.4	0.06	0.7	0.8	0.69	2.05	3.18	2.56	4.5	6.12
$SPX	11/23/2005	1265.61	0.21	-0.64	-0.64	-1.27	-0.07	-0.77	0.24	0.65	2.25	1.15	10.69
$SPX	7/21/2009	954.58	-0.05	2.27	2.59	2.89	2.62	5.35	4.39	11.91	15.01	19.22	12.05
$SPX	9/16/2009	1068.76	-0.31	-0.04	-0.38	0.27	-0.74	-1.09	2.6	2.31	3.66	9.08	5.23
$SPX	3/1/2010	1115.71	0.23	0.28	0.65	2.06	2.04	3.12	5.16	8.16	-2.36	-4.58	18.96
$SPX	6/15/2010	1115.23	-0.06	0.07	0.2	-0.18	-1.79	-6.63	-1.68	-3.23	0.53	11.23	15.48
$SPX	9/13/2010	1121.9	-0.07	0.28	0.25	0.33	1.85	1.81	4.27	8.63	10.56	15.55	3.6
$SPX	7/1/2011	1339.67	-0.13	-0.03	1.01	0.31	-1.51	-2.56	-6.39	-9.02	-15.54	-6.13	1.93
$SPX	10/24/2011	1254.19	-2	-0.97	2.42	2.46	-0.07	0.55	-5.27	-0.02	5.73	10.88	12.67
$SPX	1/19/2012	1314.5	0.07	0.11	0.01	0.88	0.3	0.84	3.55	6.92	4.75	4.72	13.55
$SPX	8/16/2012	1415.51	0.19	0.19	-0.17	-0.14	-0.95	-1.13	3.23	2.78	-3.93	6.81	16.73
$SPX	12/12/2012	1428.48	-0.63	-1.04	0.13	1.28	0.51	-0.73	2.95	6.43	9.26	13.88	24.29
$SPX	7/11/2013	1675.02	0.31	0.45	0.07	0.35	0.86	0.91	0.98	0.54	-1.11	9.74	17.47
$SPX	9/10/2013	1683.99	0.31	-0.03	0.24	0.81	1.23	0.8	-1.64	3.75	7.39	10.94	18.51
$SPX	6/6/2014	1949.44	0.09	0.07	-0.28	-0.99	-0.68	0.69	0.73	-1.5	2.99	6.28	6.66
$SPX	8/26/2014	2000.02	0	-0.16	0.17	0.11	0.03	-0.22	-1.7	-1.77	3.47	5.54	-2.98
$SPX	10/28/2014	1985.05	-0.14	0.48	1.66	1.65	1.36	2.75	4.42	5.32	1.82	5.06	5.3
$SPX	2/20/2015	2110.3	-0.03	0.25	0.17	0.02	-0.27	-1.85	-0.28	-0.11	0.97	-3.53	-7.81
$SPX	6/2/2016	2105.26	-0.29	0.2	0.33	0.66	0.49	-1.3	-0.11	2.46	3.12	4.44	15.86
$SPX	7/11/2016	2137.16	0.7	0.71	1.24	1.15	1.39	1.47	2.09	2.07	0.78	6.16	13.49
$SPX	1/5/2018	2743.15	0.17	0.3	0.19	0.89	1.57	3.27	-1.75	-0.15	-4.74	1.5	-6.15
$SPX	2/15/2019	2775.6	0.15	0.33	-0.03	0.61	0.74	0.62	2.05	4.5	3.02	4.07	21.43
$SPX	6/19/2019	2926.46	0.95	0.82	0.65	-0.31	-0.43	2.37	1.71	-0.1	2.74	9.09	6.45
$SPX	4/8/2020	2749.98	1.45	0.42	3.49	1.21	1.8	1.74	6.54	16.63	14.62	24.34	26.44
$SPX	5/29/2020	3044.31	0.38	1.2	2.58	2.23	4.91	-0.1	0.29	7.03	14.46	14.22	14.22
		Average	0.06	0.15	0.62	0.72	0.65	0.54	1.39	3.22	4.34	7.40	11.38
		Median	0.09	0.25	0.20	0.61	0.51	0.69	1.62	2.78	3.02	6.28	12.67
		Win %	54.1%	64.9%	73.0%	70.3%	67.6%	59.5%	70.3%	67.6%	81.1%	81.1%	89.2%
		Profit Factor	1.37	1.62	4.87	4.42	2.93	1.91	3.14	4.63	6.08	10.64	11.86

Results here are similar. Below is a profit curve assuming a 4-day holding period.



That is a strong, steady upslope. I did decide to add this study to the short-term list.

While the stock market is open on Monday, banks, schools, government offices, and the bond market are closed. In past years with the bond market closed, the stock market has done quite well on Columbus Day. Of course the most famous Columbus Day rally was in 2008 when the market gained over 11% after having crashed the week before. In the 10/11/19 subscriber letter I showed that positive momentum leading up to Columbus Day has generally led to a positive Columbus Day. But there has not been a strong edge when the market stumbled heading into Columbus Day. Columbus Day has been celebrated on the 2nd Monday of October since 1971. Below is an updated breakdown of the study. First, times like now where there was momentum heading into it.

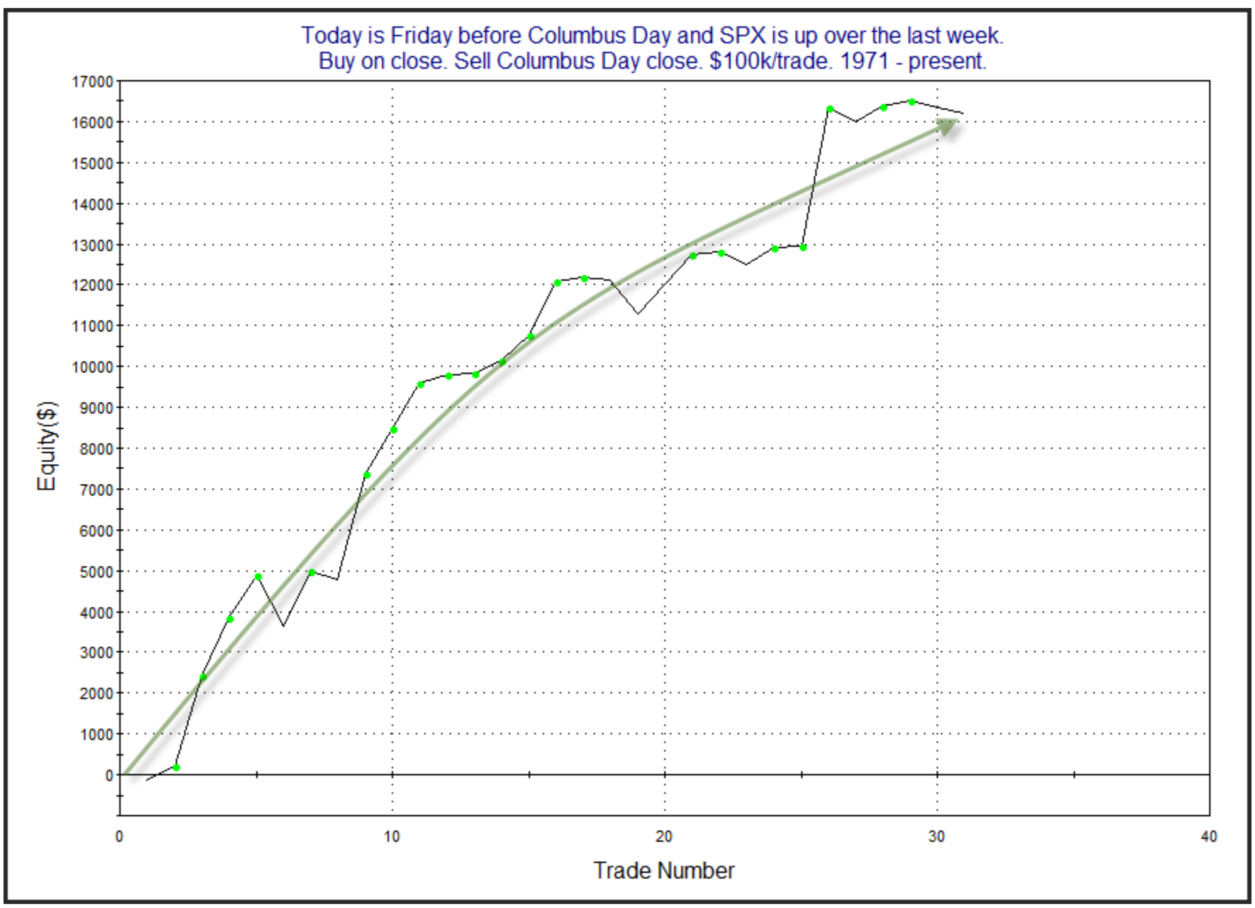
Today is Friday before Columbus Day and SPX is up over the last week.
Buy on close. Sell Columbus Day close. $100k/trade. 1971 - present.

TradeStation Performance Summary

All Trades

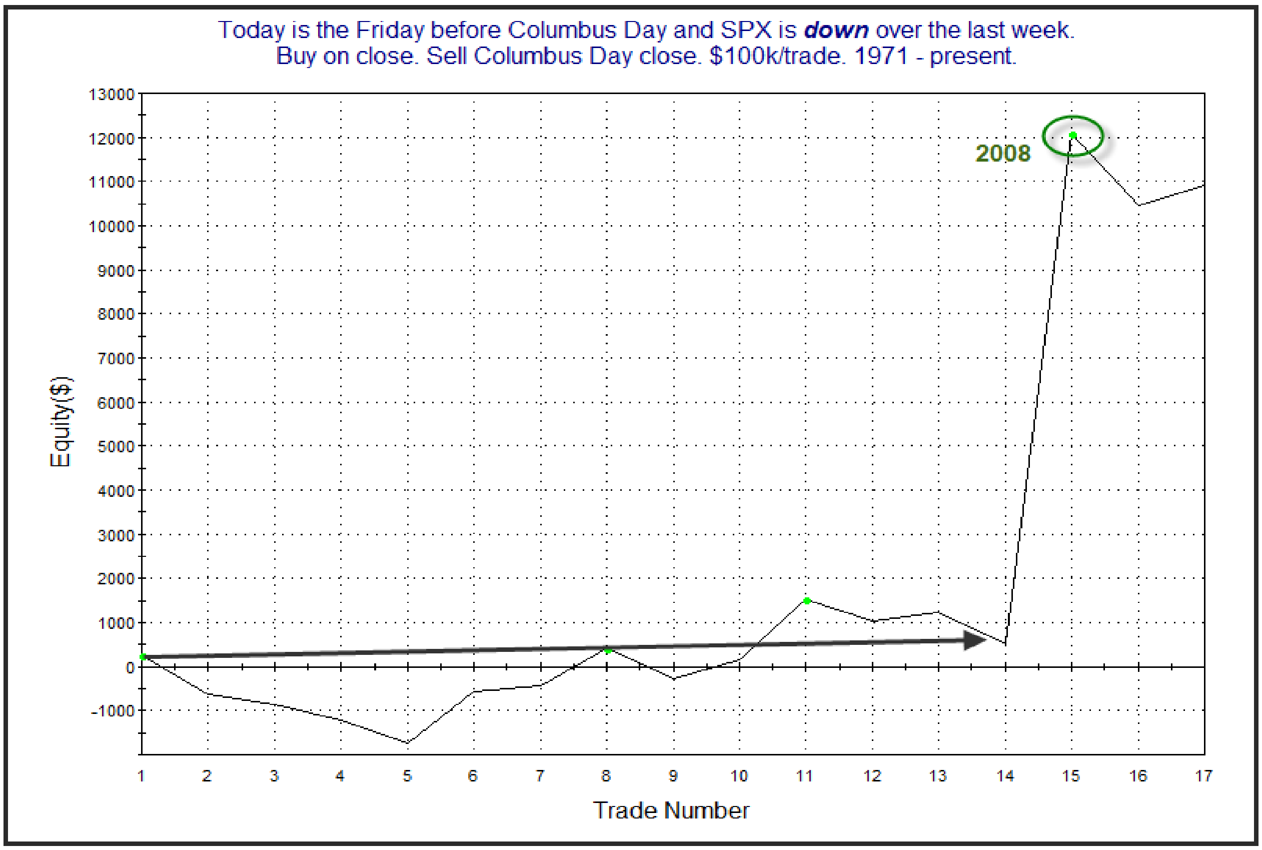
Total Net Profit	$16,202.97	Profit Factor	5.67
Gross Profit	$19,670.37	Gross Loss	($3,467.40)
Total Number of Trades	31	Percent Profitable	70.97%
Winning Trades	22	Losing Trades	9
Even Trades	0		
Avg. Trade Net Profit	$522.68	Ratio Avg. Win:Avg. Loss	2.32
Avg. Winning Trade	$894.11	Avg. Losing Trade	($385.27)
Largest Winning Trade	$3,390.98	Largest Losing Trade	($1,248.22)

I've circled some of the more impressive stats here. With 71% of trades profitable and winners over twice the size of losers risk/reward has been very favorable. Below is a look at the profit curve.



The slope is clearly up. It certainly appears Columbus Day with upside momentum appears to provide a solid seasonal edge.

What about times without positive momentum? Below is an equity curve showing results of that setup.



As I mentioned above, 2008 was a huge outlier. Take away that one year and Columbus Day showed a mild negative return when the prior week was down. Overall, it does not appear to be a dependable edge.

It is also notable that next week is options expiration. October Opex has seen the 2nd most average gains of any week of the year, looking back to 1988. This can be seen in the chart below, which I copied from the 9/21/20 letter a few weeks ago.

SPX Performance Following the Month and Friday Specified. (5th Fridays included.)
$100k/trade. $0 commissions. 1988 - present. Top 10 and Bottom 10 Results Shown.

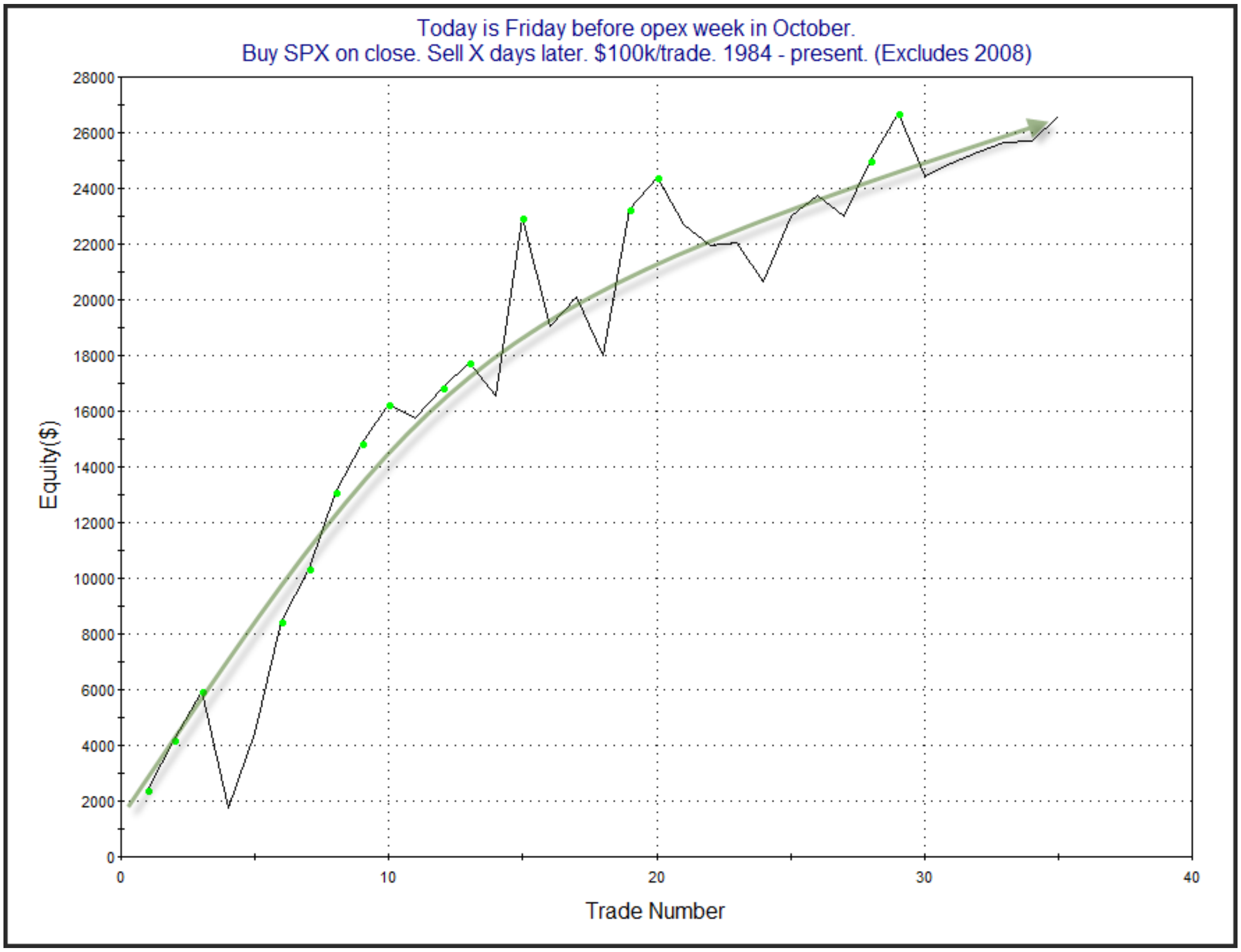
Month of Year	Fri of Month	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	5	11,672.23	12	9	3	75.00	3,853.85	-3,889.28	1,953.63	-1,970.15	0.99	2.97	972.69
10	2	30,682.27	32	24	8	75.00	7,282.10	-6,557.14	2,036.98	-2,275.66	0.90	2.69	958.82
4	2	30,168.20	32	21	11	65.63	5,731.96	-3,580.15	2,210.25	-1,477.00	1.50	2.86	942.76
11	4	29,450.53	32	24	8	75.00	7,362.46	-2,238.87	1,568.24	-1,023.41	1.53	4.60	920.33
10	4	26,521.49	32	23	9	71.88	10,485.72	-3,993.72	1,962.32	-2,067.99	0.95	2.42	828.80
1	4	26,106.73	33	20	13	60.61	4,860.00	-3,765.16	2,269.60	-1,483.48	1.53	2.35	791.11
5	5	9,533.51	14	9	5	64.29	4,787.84	-3,683.73	2,205.70	-2,063.56	1.07	1.92	680.96
5	4	21,801.13	33	21	12	63.64	7,145.28	-2,983.50	1,915.03	-1,534.54	1.25	2.18	660.64
12	5	10,411.28	17	11	6	64.71	3,714.66	-2,109.86	1,684.09	-1,352.28	1.25	2.28	612.43
9	2	18,730.68	32	21	11	65.63	5,313.08	-4,975.04	1,531.51	-1,221.01	1.25	2.39	585.33
6	1	-8,134.18	33	14	19	42.42	4,090.16	-4,731.22	1,272.79	-1,365.96	0.93	0.69	-246.49
12	1	-9,655.77	32	14	18	43.75	4,131.36	-3,728.04	1,312.54	-1,557.30	0.84	0.66	-301.74
11	5	-3,211.13	10	6	4	60.00	1,717.40	-4,574.88	1,042.55	-2,366.60	0.44	0.66	-321.11
1	3	-12,017.08	33	17	16	51.52	2,505.60	-5,602.80	1,103.51	-1,923.55	0.57	0.61	-364.15
10	1	-14,952.20	32	17	15	53.13	5,944.32	-18,000.90	1,942.50	-3,198.31	0.61	0.69	-467.26
2	3	-20,949.87	33	16	17	48.48	2,106.80	-11,122.37	841.94	-2,024.76	0.42	0.39	-634.84
6	3	-21,013.41	33	10	23	30.30	2,928.60	-3,626.75	1,146.73	-1,412.20	0.81	0.35	-636.77
9	3	-27,962.97	32	7	25	21.88	7,739.42	-6,525.56	2,011.18	-1,681.65	1.20	0.33	-873.84
7	5	-12,309.76	14	5	9	35.71	2,404.80	-7,153.30	1,416.09	-2,154.47	0.66	0.37	-879.27
4	5	-8,939.78	9	3	6	33.33	1,247.86	-6,368.04	818.59	-1,899.26	0.43	0.22	-993.31

Of course, there was the big 2008 outlier that I showed in the Columbus Day study above. So let's look at October opex week performance with that week removed. The table below is updated from the 10/14/19 Subscriber Letter.

Today is Friday before opex week in October.
Buy SPX on close. Sell X days later. $100k/trade. 1984 - present. (Excludes 2008)

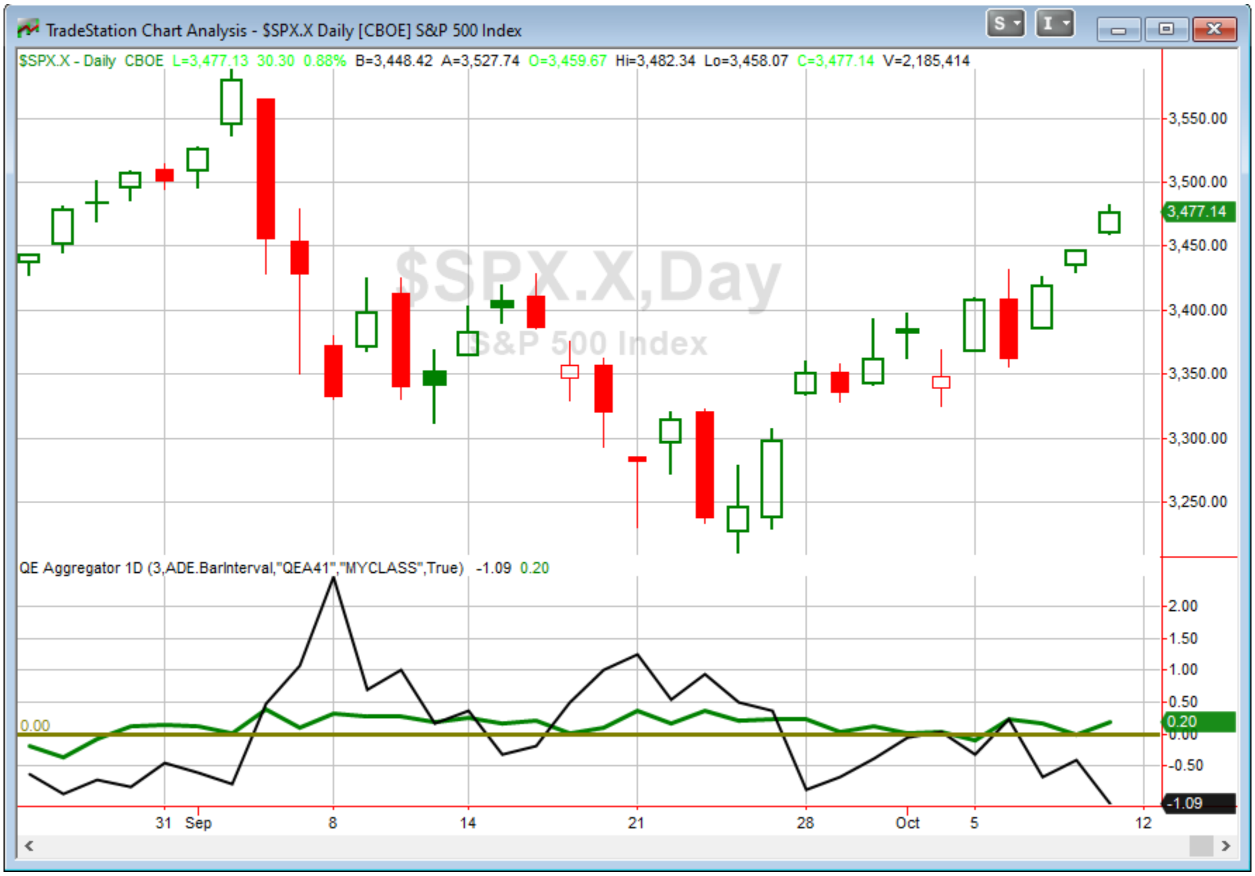
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	22,207.23	35	26	9	74.29	7,282.10	-9,109.98	1,904.71	-3,035.03	0.63	1.81	634.49
4	26,604.10	35	25	10	71.43	6,383.20	-4,169.79	1,810.14	-1,864.95	0.97	2.43	760.12
3	12,251.13	35	23	12	65.71	2,976.32	-3,734.78	1,243.97	-1,363.35	0.91	1.75	350.03
2	16,159.75	35	23	12	65.71	5,468.05	-1,737.36	1,086.34	-735.51	1.48	2.83	461.71
1	8,576.82	35	24	11	68.57	2,753.79	-1,921.32	630.52	-595.98	1.06	2.31	245.05

Results 1-4 days out look pretty solid. I found the profit curve for the 4-day hold the most compelling. It can be found below.



This appears strong enough to include on the Short-Term Active List. So I have.

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



With this weekend's studies considered, the green Aggregator Line rose above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is now far below 0. The negative Differential Line reading means that SPX is substantially 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 active list, expectations are set to remain positive on Monday. Of course, this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3429.54 on Monday. That is 1.4% below Friday's close. Therefore, SPX will need to close down at least 1.4 % on Monday in order to flip from overbought to oversold vs recent expectations.

From a seasonality standpoint, we have a bullish few days coming up. And breadth measures, including in the leading NDX, are showing encouraging momentum. So we could certainly see a further rise over the next few days. But the market is already overbought, and that reduces potential reward and elevates risk. This has the Aggregator neutral, and me sidelined for the time being. A pullback over the next couple of days could set up a favorable long entry. I'll continue to patiently watch and wait for the next favorable entry before stepping into my next short-term index trade.

Intermediate-term Outlook (2 weeks – 2 months) – ***updated 10/12– slightly 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 we saw all 3 combo systems remain on long signals.*

The Wed-Fri move made this a strong week for the market. The SPX gained 3.8%, the NASDAQ rallied 4.6%%, and the Russell 2000 jumped 6.4%. The SPX and NASDAQ are still below their September highs, but the Russell surpassed its September levels.

It is also notable that the NYSE Advance/Decline line made a new all-time high, as breadth was quite strong. The strong breadth saw several of our "breadth thrust" type studies *nearly* trigger. I noted the NDX breadth strength in the short-term study above, and even that was encouraging for the long-term. So while I am not listing a particular breadth study on the intermediate-term list, I am considering breadth to be a positive right now.

The Fed posted the latest update to the SOMA holdings after the close on Thursday. It can be found below.

« As of 09/30/2020

DOMESTIC SECURITIES HOLDINGS AS OF

October 7, 2020

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

Security Type	Total (in Thousands)
US Treasury Bills (T-Bills)	326,044,000.0
US Treasury Notes and Bonds (Notes/Bonds)	3,798,493,704.9
US Treasury Floating Rate Notes (FRN)	16,096,475.3
US Treasury Inflation-Protected Securities (TIPS)*	288,759,683.1
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	1,973,275,638.6
Agency Commercial Mortgage-Backed Securities***	9,513,580.9
Total SOMA Holdings	6,414,530,082.8
Change From Prior Week	24,151,000.0

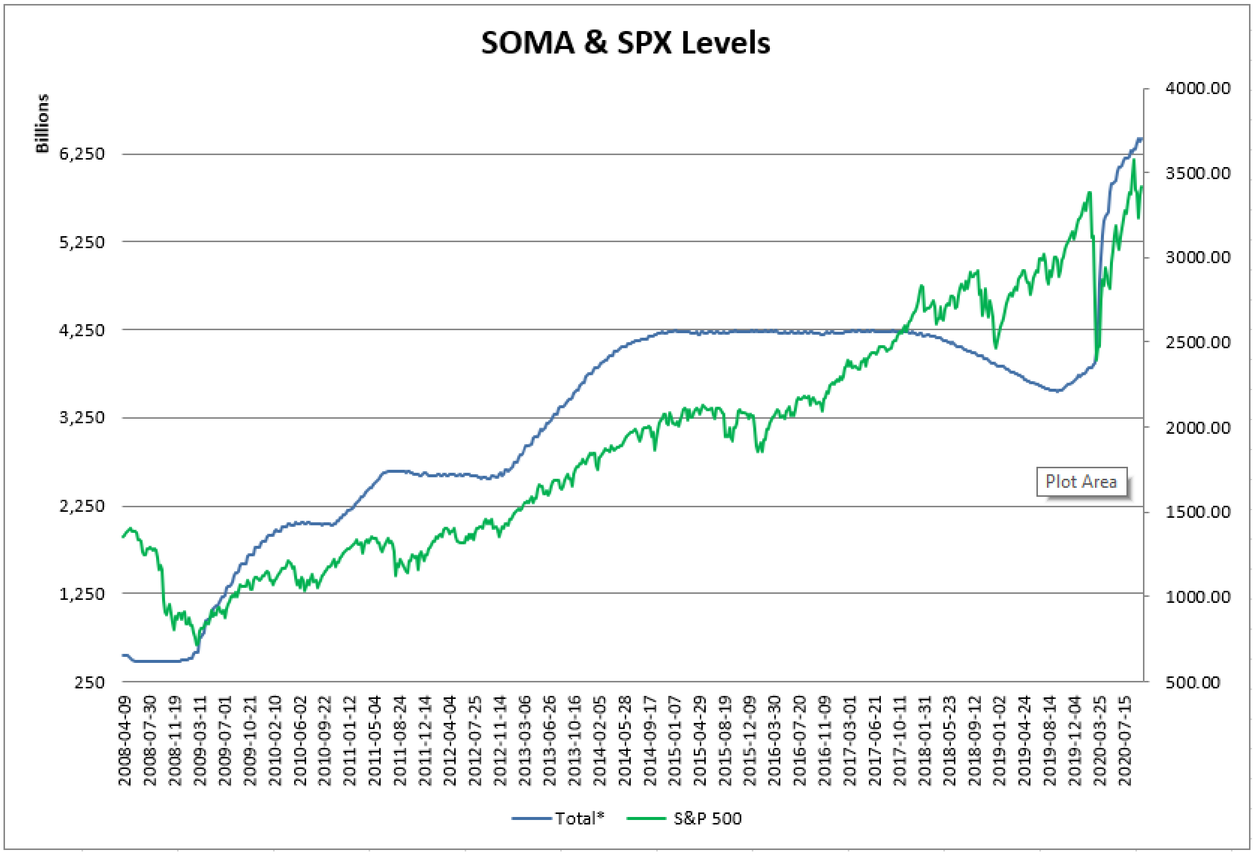
*Does not reflect inflation compensation of 40,454,414.4

**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 10/08/2020 4:30pm.

The $24 billion increase is sizable, but not surprising. The Fed has been pumping liquidity at an unprecedented rate since March, and there does not appear to be any let up at this point. That is supportive of the market. Below is an updated SOMA/SPX chart from 2008 – present.



The SOMA is in the midst of the largest expansion in history, and the expansion is not likely to end anytime soon. We have seen some wiggles in the SOMA in the last couple of months, as not every week has seen strong buying. That is normal calendar-induced wiggling, similar to what we saw with earlier QE expansions. You'll note on the chart the same type of pattern during 2009 and 2013-14. The Fed has indicated they will remain aggressive in their efforts to stimulate the economy. And that is good for the market for as long as it lasts.

Volatility remains a concern when considering how aggressive to be. Moves remain sizable in both directions, the VIX is still elevated, and as I discussed last week, October has been the most volatile of months. And this year's news cycle appears more extreme than most, with election, pandemic, and economic concerns all continually swirling about. But intermediate-term evidence is still leaning bullish. I like the renewed breadth. The NASDAQ leading is a positive. And the Fed's continued pumping appears to be the biggest positive of all. I'm moving my outlook back to "slightly positive" for the time being. That simply means I will be a bit more cautious when considering short positions than I will with long positions. I'll continue to closely monitor developments in the coming days and weeks.

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.