

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 28, 2020

Volume 13 Issue 210

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Weak closes at 5-day lows often lead to a bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, and there appears to be a substantial upside edge over the next few days.

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 27, 2020	Mon after 4th Fri in October	1-5 days	Bullish	2.80%	-1.00%	-2.05%
October 27, 2020	10-Low dn 1%. Mon > 200	1-5 days	Bullish	2.40%	-1.25%	-3.30%
October 22, 2020	SPY closes btm 1/4 rng 4 days in row	1-5 days	Bullish	3.60%	-1.40%	-2.90%
October 20, 2020	SPX close btm 10% rng 5-low Monday	1-5 days	Bullish	2.10%	-1.00%	-2.10%
Active - Long Term						
October 19, 2020	SPY 5 low after not in 10 days	1-10 days	Bullish	2.10%	-1.30%	-2.60%
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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
October 26, 2020	Monday after 4th Friday in October	1 day	Bearish			
October 21, 2020	SPY gap up 0.75% rise, close < open	1-3 days	Bullish	1.90%	-1.60%	-3.40%
October 21, 2020	VIX up 7 in a row	1-3 days	Bullish	1.90%	-0.50%	-1.10%

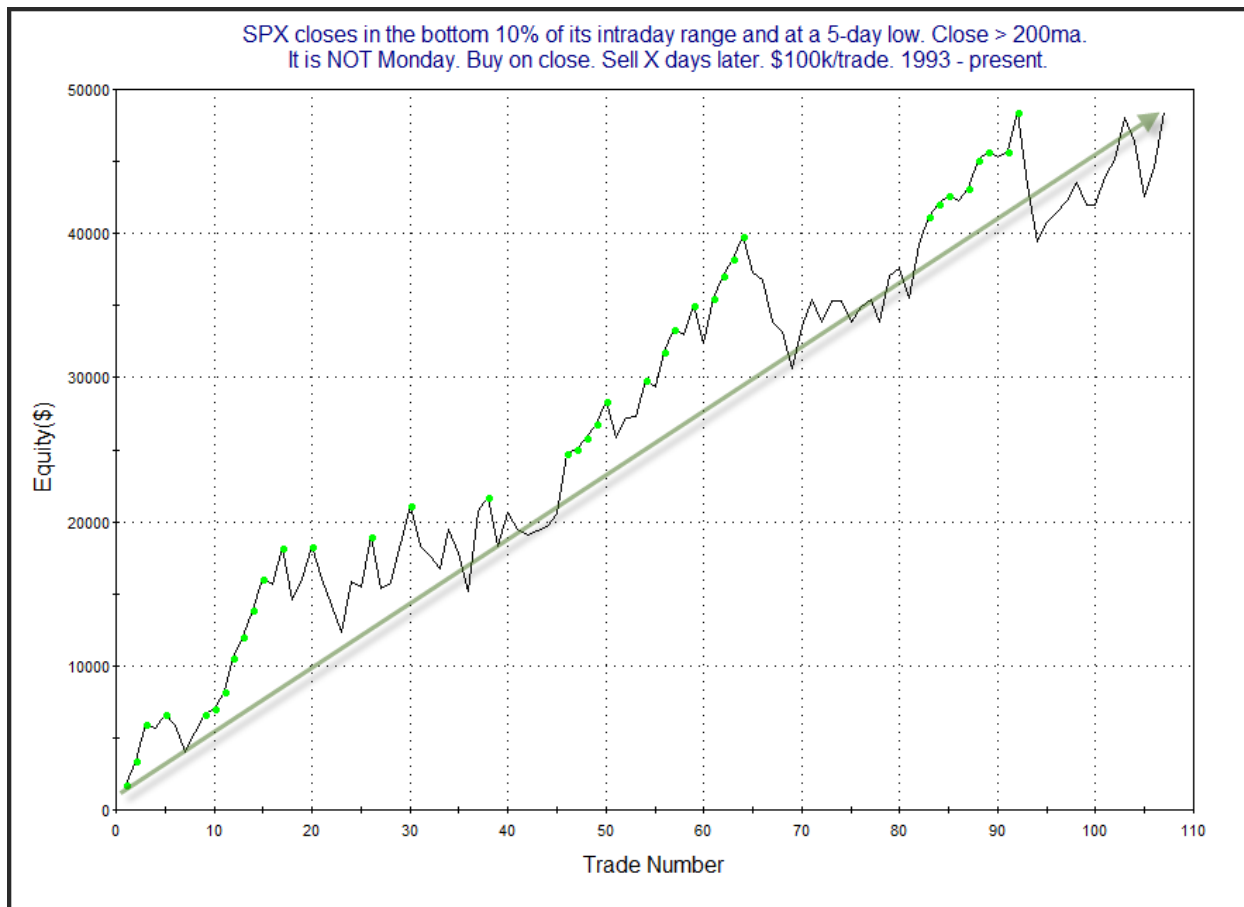
The Evidence

Tuesday was a mixed day for the market. SPX closed down 0.3%, the NASDAQ rose 0.6%, and the Russell 2000 tumbled 0.9%. Breadth was negative with the NYSE Up Issues % coming in at 31% and the Up Volume % at 28%. NYSE total volume declined some from Monday's level.

In the 10/20/20 letter recently I shared a study that looked at times SPX closed at a 5-day low and near the lows of the day on a Monday. The study showed a strong upside edge. The setup has triggered again - except it is not Monday. You'll see below it is still a bullish setup – but not nearly to the same extent.

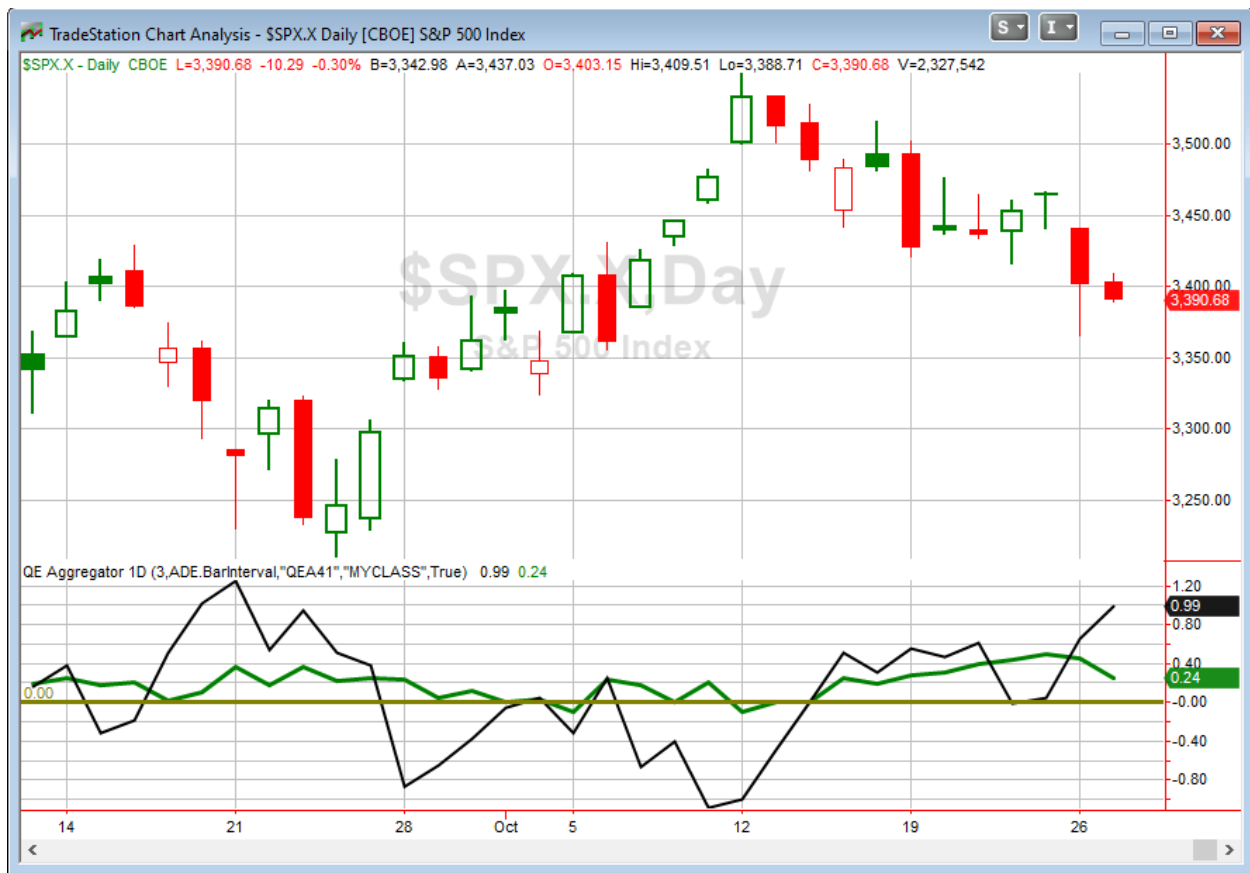
SPX closes in the bottom 10% of its intraday range and at a 5-day low. Close > 200ma. It is NOT Monday. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	48,391.73	107	68	39	63.55	5,555.16	-5,132.88	1,729.94	-1,775.49	0.97	1.70	452.26
4	42,426.91	112	70	42	62.50	5,290.00	-6,520.68	1,551.75	-1,576.09	0.98	1.64	378.81
3	29,002.86	114	73	41	64.04	4,895.50	-5,393.69	1,174.04	-1,382.98	0.85	1.51	254.41
2	27,039.22	123	72	51	58.54	4,424.50	-4,632.95	1,065.06	-973.43	1.09	1.54	219.83
1	20,476.61	133	81	52	60.90	2,671.02	-4,074.84	761.68	-792.68	0.96	1.50	153.96

The stats table shows moderate odds of a move higher over the next few days. Below is a look at the 5-day profit curve.



The stats were not overwhelming, but I do like the profit curve. While it is certainly choppy, it is also very persistent in its move higher. The curve increased my confidence in the study, and I have included it on the Active List tonight.

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



With tonight's evidence considered, the green Aggregator Line remained well above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is also far above 0. The positive Differential Line reading means that SPX is strongly 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 slated to remain bullish on Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 3509.41 on Wednesday. That is 3.5% above Tuesday's close. That would be a very large move for just 1 day. A more likely scenario to work off the oversold condition would be a multi-day rally or consolidation.

So the Aggregator is again bullish. I continue to like the long side. Evidence is solid and there is lots of room to the upside before SPX would be considered overbought. I now have a sizable long position. I am not inclined to add a 4th lot just yet. But I currently am $\frac{3}{4}$ long, and will look to stay there for at least another day.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/26– slightly bullish

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
SPY(1/4)	10/19/2020	\$347.29	\$338.22	-2.61%		Aggregator
SPY(1/4)	10/21/2020	\$342.73	\$338.22	-1.32%		Aggregator
SPY(1/4)	10/27/2020	\$338.22	\$338.22	0.00%		Aggregator

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Michigan, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Hanna Capital Management, LLC. ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

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 © 2020 Quantifiable Edges, LLC.