

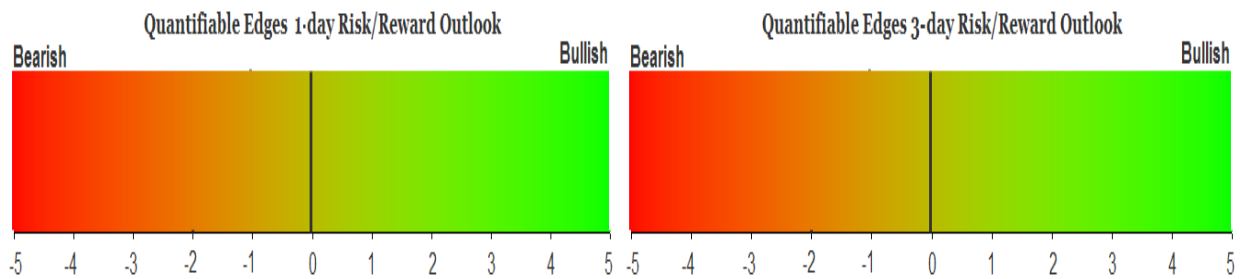
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 4, 2020

Volume 13 Issue 215

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- 2-day bounces from a 10-day low that occur above the 200ma and below the 50ma have often seen further rallying.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. The bounce could certainly have farther to go, but reward/risk is not great.

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 4, 2020	Up 2 days from 10-low. > 200 & < 50	1-4 days	Bullish	2.00%	-1.00%	-2.30%
October 30, 2020	Down 2% 10-low. up 1% > 200	1-5 days	Bullish	2.90%	-1.35%	-2.65%
Active - Long Term						
November 3, 2020	20-low to 4-day high	1-20 days	Bullish	3.70%	-2.00%	-4.30%
November 2, 2020	Best 6 Months	1-6 months	Bullish			
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			
March 23, 2020	QE4	int term	Bullish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
November 3, 2020	20-low then 3 sideways	1-5 days	Bullish	1.90%	-1.30%	-2.70%
November 3, 2020	20-low to 4-day high	1-8 days	Bullish	2.30%	-1.40%	-2.90%
November 2, 2020	Yest 20-intra low up 1%. Today do	1-3 days	Bullish	2.10%	-0.95%	-2.10%
October 30, 2020	20-low reversal.	1-7 days	Bullish	2.40%	-1.60%	-3.00%
October 29, 2020	2nd 1.5% drop in 5 days. 5-day low	1-4 days	Bullish	2.65%	-1.90%	-4.40%

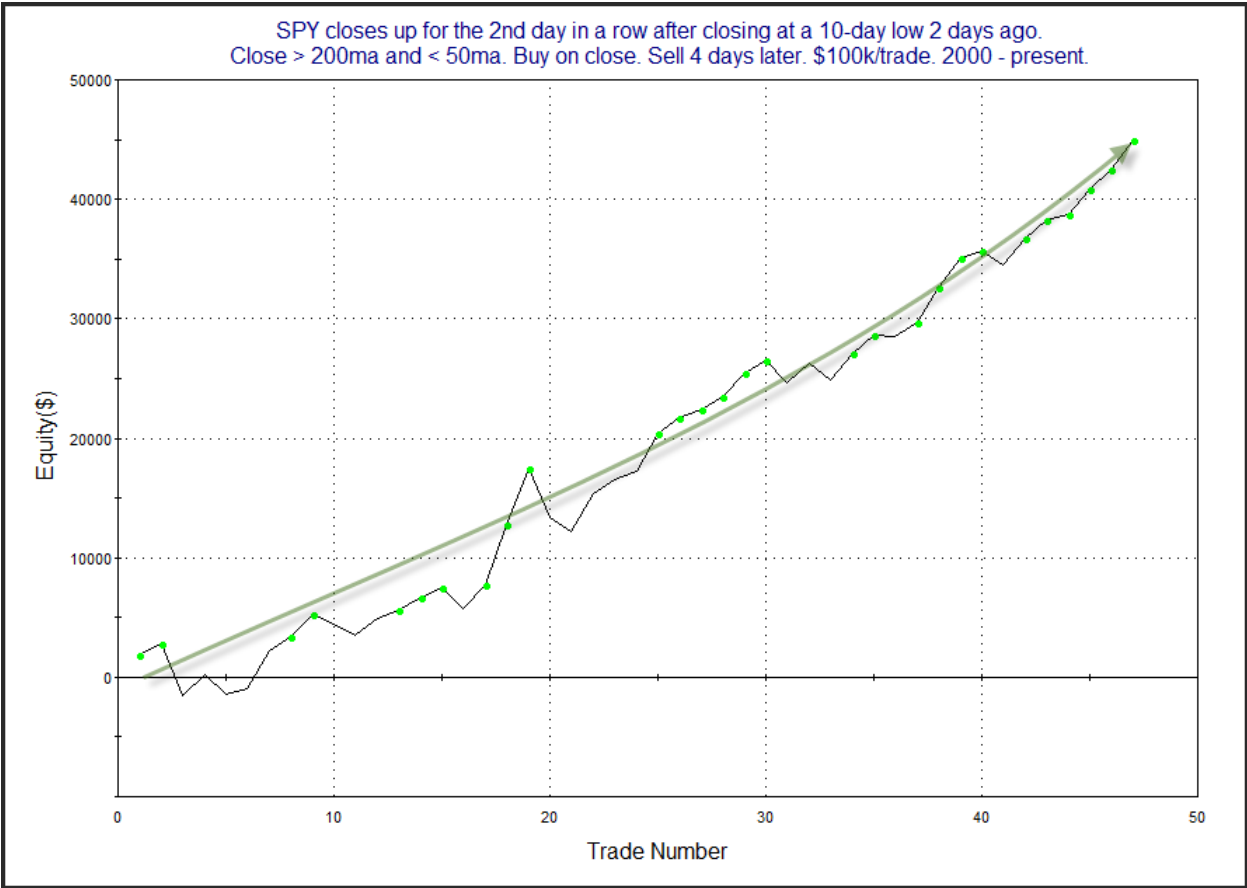
The Evidence

Tuesday started very strong and then it chopped around for the last several hours. SPX closed up 1.8%, the NASDAQ rose 1.85%, and the Russell 2000 rallied 2.9%. Breadth was positive with the NYSE Up Issues % coming in at 81% and the Up Volume % at 86%. NYSE total volume declined some from Monday's level.

The rally over the last couple of days has been fairly sizable, and that caused several of the short-term studies to reach their target on Tuesday. So the active list is shrinking a good bit. We did see 1 new study emerge, though. It examined bounces from lows that occurred above the 200ma, but below the 50ma. Last seen in the 5/8/18 letter, I have updated it below.

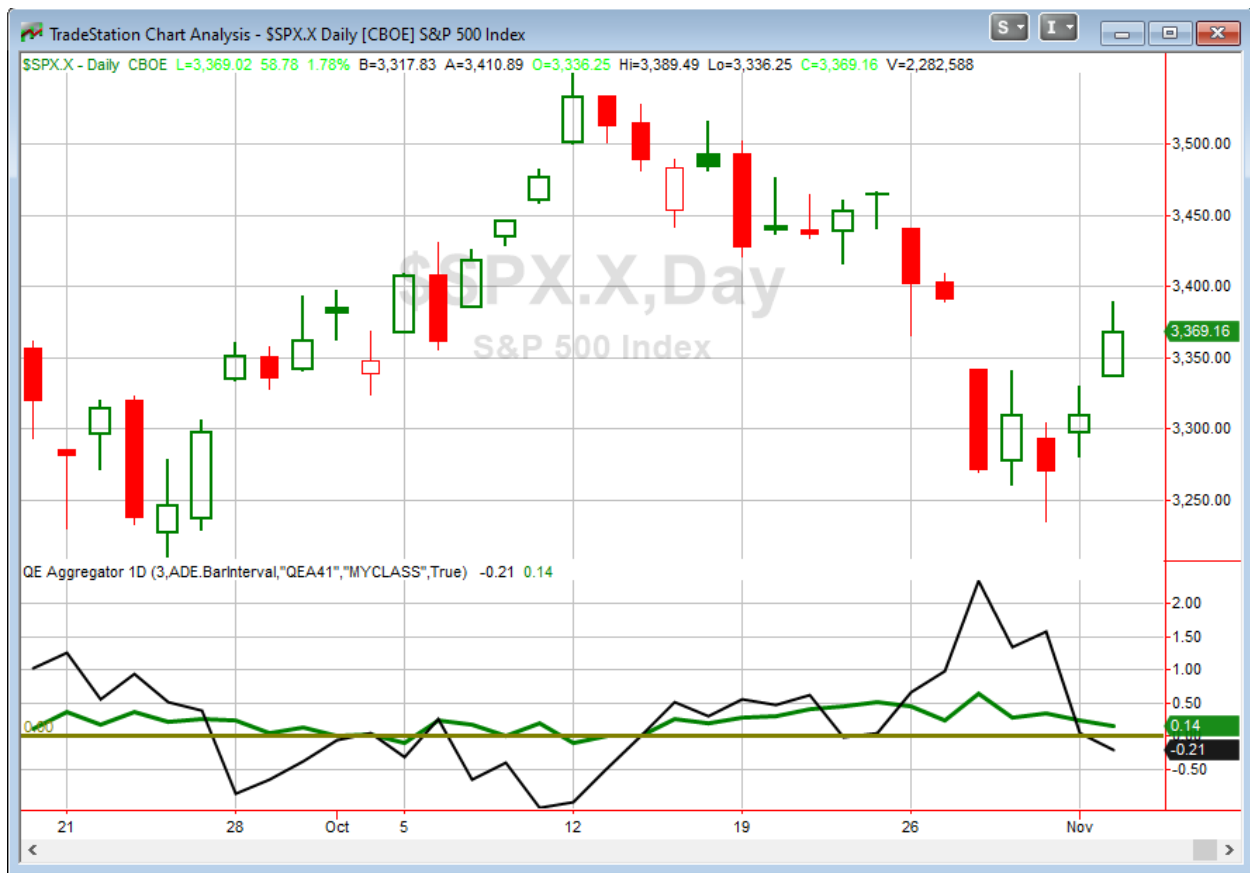
SPY closes up for the 2nd day in a row after closing at a 10-day low 2 days ago. Close > 200ma and < 50ma. Buy on close. Sell X days later. \$100k/trade. 2000 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	39,509.23	47	33	14	70.21	5,470.88	-3,217.76	1,844.49	-1,525.63	1.21	2.85	840.62
4	44,973.07	47	36	11	76.60	4,985.56	-4,332.96	1,781.99	-1,743.51	1.02	3.34	956.87
3	34,136.90	47	34	13	72.34	3,882.56	-4,092.24	1,582.26	-1,512.30	1.05	2.74	726.32
2	25,224.05	47	32	15	68.09	4,088.25	-3,565.70	1,322.95	-1,140.69	1.16	2.47	536.68
1	21,966.00	47	35	11	74.47	3,732.75	-1,777.90	800.71	-550.79	1.45	4.63	467.36

Odds here look favorable for the bulls over the next 1-4 days. Below is a look at a profit curve using a 4-day exit strategy.



The upslope has been strong, and is accelerating lately. I have added this study to the active list 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 dipped below 0. The negative Differential Line reading means that 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.

Based on the current list of active studies, expectations are slated to remain bullish on Wednesday. This could change if compelling new bearish evidence emerged. Meanwhile, the Differential Pivot will be 3309.92 on Wednesday. That is 1.75% below Tuesday's close. Therefore, it will take a close lower of at least 1.75% on Wednesday in order for SPX to flip from overbought to oversold vs recent expectations.

So the bounce the last couple of days has turned the Aggregator neutral. Evidence is suggesting we could have more of a bounce. Of course as I have been saying, the market may be very reactive to election news. So it may celebrate tomorrow, or it could take a dive. I exited most of my SPY position. I will be looking to get flat on Wednesday if I can get a decent fill on the remainder.

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

The intermediate-term outlook was last updated in the 11/2/20 Letter. It can be found in the [most recent weekly letter](#) on the website.

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
<i>SPY(1/4)</i>	<i>10/19/2020</i>	<i>\$347.29</i>	<i>\$336.03</i>	<i>-3.24%</i>		<i>sold on close</i>
<i>SPY(1/4)</i>	<i>10/21/2020</i>	<i>\$342.73</i>	<i>\$336.03</i>	<i>-1.95%</i>		<i>sold on close</i>
SPY(1/4)	10/27/2020	\$338.22	\$336.03	-0.65%		sell @ \$336.03 LIMIT

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