

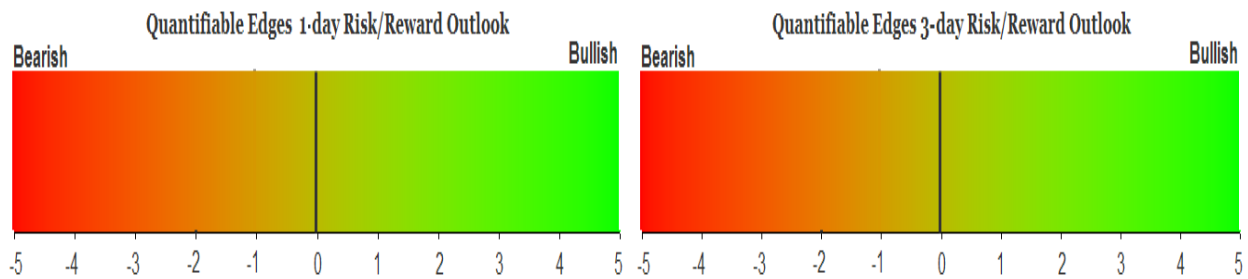
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 12, 2020

Volume 13 Issue 221

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The NASDAQ rose on weak volume, but it was not enough of a move higher to trigger a short-side edge.

Short-term Outlook

The Bottom Line

The Aggregator is again neutral. Me too.

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 11, 2020	5-high then down on 60% up issues	1-2 days	Bullish			
November 10, 2020	20-day intraday high, close btm 10%	1-3 days	Bullish			
November 10, 2020	DJI 50-low to 50-high in 10 days	1-5 days	Bullish			
Active - Long Term						
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 11, 2020	RUT up 1%. SPX down.	1 day	Bullish			
November 10, 2020	20-high. Close < open. Unfilled gap	1-2 days	Bullish			

The Evidence

The split action continued in the market on Wednesday. SPX rose 0.8%, the NASDAQ rallied 2.0%, and the Russell 2000 closed down just 0.07 *points*. Breadth was mixed with the NYSE Up Issues % coming in at 50.5% and the Up Volume % at 40%. NYSE total volume came in lighter than the last few days.

Wednesday's action did not trigger anything new suggesting a strong short-term edge. It is notable that SPX is now only about 8 points from its all-time closing high, set in September. A closed above there in the next few days would certainly trigger some studies.

The NASDAQ action was interesting in that it rose over 2% on fairly light volume. Sometimes strong rises on light volume can suggest a short-term downside edge. But based on some past studies, it does not appear that the rally on Wednesday was strong enough to trigger such an edge. Below are a couple of studies from the 5/13/10 letter that demonstrate this.

NASDAQ closes up between 2% - 3% on the lightest volume in 5 days. Buy NASDAQ on close. Sell X days later. \$100k/trade. 1971 - 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	6,562.36	47	23	24	48.94	8,967.60	-7,217.50	3,437.72	-3,021.05	1.14	1.09	139.62
4	2,956.80	48	26	21	54.17	6,652.71	-8,248.24	2,466.80	-2,913.34	0.85	1.05	61.60
3	5,850.62	49	25	24	51.02	7,225.92	-11,229.14	2,598.83	-2,463.34	1.06	1.10	119.40
2	2,917.91	49	28	21	57.14	4,950.45	-6,741.97	1,629.25	-2,033.39	0.80	1.07	59.55
1	-875.53	51	29	22	56.86	2,974.86	-4,336.98	1,065.34	-1,444.11	0.74	0.97	-17.17

NASDAQ closes up **over 3%** on the lightest volume in 5 days.
 Buy NASDAQ on close. Sell X days later. \$100k/trade. 1971 - 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	-96,491.02	23	6	17	26.09	6,569.60	-24,754.62	2,231.77	-6,463.63	0.35	0.12	-4,195.26
4	-84,750.94	23	4	19	17.39	5,331.00	-16,933.84	3,685.77	-5,236.53	0.70	0.15	-3,684.82
3	-72,719.87	23	6	17	26.09	4,674.00	-14,891.14	2,220.25	-5,061.26	0.44	0.15	-3,161.73
2	-56,584.32	24	8	16	33.33	4,381.20	-11,659.68	1,854.16	-4,463.60	0.42	0.21	-2,357.68
1	-23,133.12	24	11	13	45.83	3,990.60	-5,682.60	885.80	-2,528.99	0.35	0.30	-963.88

With Wednesday's rally coming in at just barely over 2.0%, there does not appear to be the same tendency to pull back in the following days. If it had been a larger decline, that would have been a different story.

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 is again 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 stayed flat at the close.

Based on the current list of studies, expectations are set to remain bullish on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3566.96 on Thursday. That is just 0.2% below Wednesday's close. Therefore, SPX will only need to close down 0.2% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again flat. SPX is overbought, but evidence is still suggesting more upside in the next few days. Split market conditions continue to keep things interesting. Overall, reward/risk still does not appear favorable. I'll continue to wait for a better opportunity before looking to take on a new index position.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/9 – slightly bullish

The intermediate-term outlook was last updated in the 11/9/20 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

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