

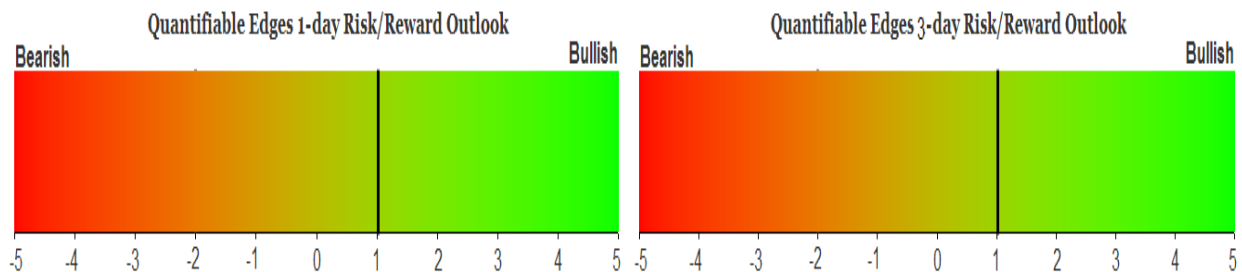
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 13, 2020

Volume 13 Issue 222

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Recent chop has not helped new studies emerge.
- SOMA numbers came out, and the Fed continues to pump liquidity.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. But evidence is light, and SPX is not substantially oversold. I'm leaning more neutral than bullish.

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 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	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			

The Evidence

The market struggled across the board on Thursday. SPX lost 1.0%, the NASDAQ declined 0.65%, and the Russell 2000 closed down 1.6%. Breadth was negative with the NYSE Up Issues % coming in at 23% and the Up Volume % at 27%. NYSE total volume rose some from Wednesday's level.

Thursday was the 5th day in a row that SPX closing numbers changed direction. Chop like this rarely triggers strong edges. Where we had a sizable list of active short-term studies a few days ago, it has shrunk substantially thanks to this choppy action. And nothing new emerged on Thursday that I felt was worthy of discussion.

I will note that the Fed updated their SOMA holdings after the close on Thursday. That can be found below.

« As of 11/04/2020

DOMESTIC SECURITIES HOLDINGS AS OF
November 10, 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)	3,869,996,937.5
US Treasury Floating Rate Notes (FRN)	17,269,242.7
US Treasury Inflation-Protected Securities (TIPS)*	297,162,683.1
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	1,990,593,266.5
Agency Commercial Mortgage-Backed Securities***	9,774,248.1
Total SOMA Holdings	6,513,187,377.9
Change From Prior Week	14,577,174.7

*Does not reflect inflation compensation of 42,258,393.

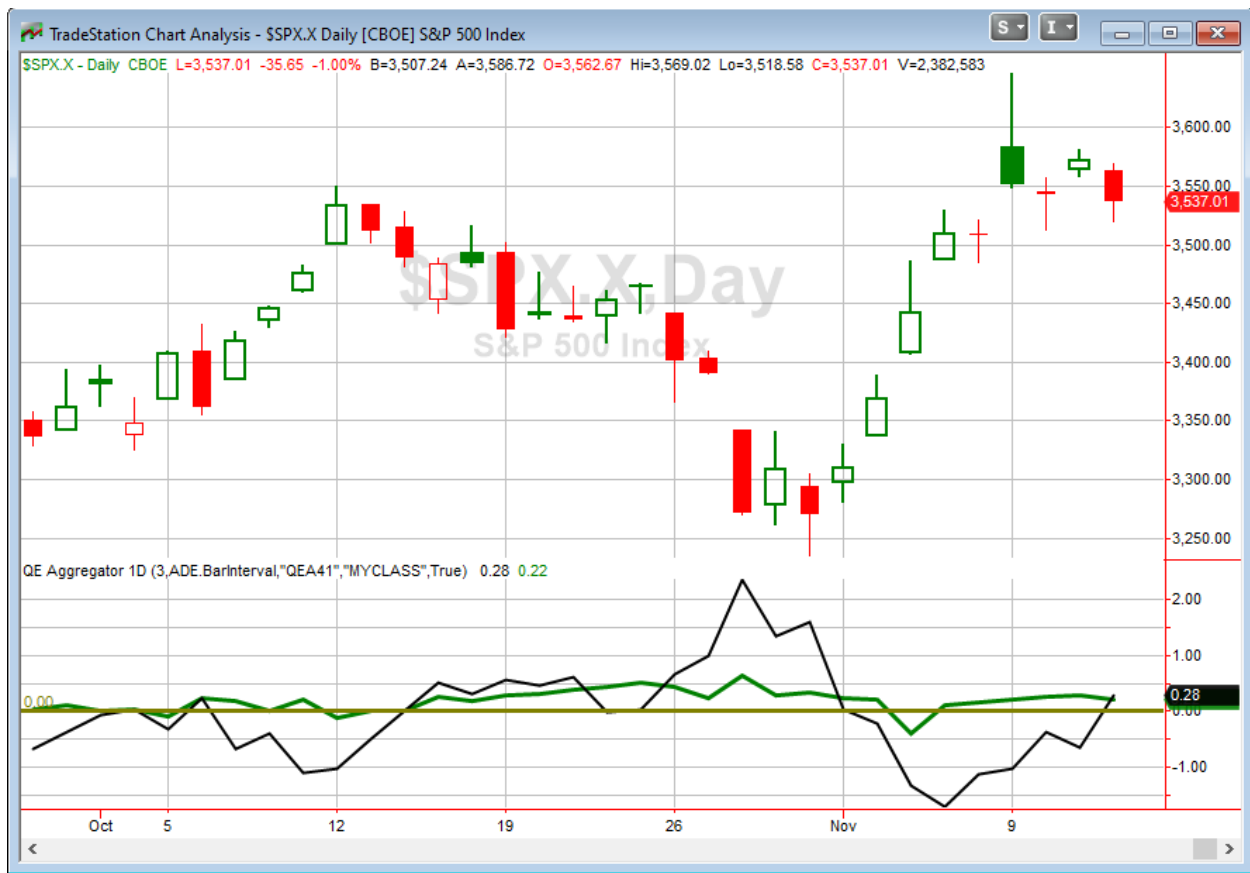
**Fannie Mae, Freddie Mac and Federal Home Loan Bank

***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 11/12/2020 4:30pm.

Another increase this past week of nearly \$15 billion. That is a sizable amount, but typical these days. The Fed continues to pump liquidity, and that should be a help to the market for as long as it lasts. I'll talk more about this in the weekend letter as I normally do.

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 rose above 0. The positive Differential Line reading means that SPX is 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 turned long at the close.

Based on the current list of studies, expectations are set to remain bullish on Friday. This could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3567.40 on Friday. That is 0.9% above Thursday's close. Therefore, SPX will need to close up at least 0.9% on Friday in order to flip from oversold to overbought versus recent expectations.

The Aggregator has changed to bullish. But I am not overly enthused just yet. We have not seen any new bullish evidence emerge in the last 2 days, so evidence is underwhelming. Additionally, while SPX is oversold vs expectations, it is still well above its 10ma. We've seen chop, rather than sustained selling that would turn the market seriously oversold. So I plan to give it another day and see what new evidence emerges on Friday.

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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