

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 25, 2020

Volume 13 Issue 230

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- Tuesday was the 2<sup>nd</sup> strong day in a row. Historically, good Mon-Tues momentum has continued .

## *Short-term Outlook*

### *The Bottom Line*

Evidence says the rally could continue for the next few days, but SPX is overbought enough that I'm inclined to take profits on further strength.

**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
<b>Active - Short Term</b>						
November 25, 2020	Thanksgiving Wed-Fri strong	1-2 days	Bullish			
November 23, 2020	2 of 3 close btm 10% daily. Close < 10ma	1-8 days	Bullish	2.90%	-1.30%	-2.80%
<b>Active - Long Term</b>						
November 23, 2020	NASDAQ Leading	int term	Bullish			
November 16, 2020	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
November 2, 2020	Best 6 Months	1-6 months	Bullish			
September 28, 2020	4 weeks down > 40-week ma	1-10 weeks	Bullish	8.60%	-3.10%	-7.40%
July 9, 2020	Golden Cross	int term	Bullish			
March 23, 2020	QE4	int term	Bullish			

***The Evidence***

The market put in a strong rally on Tuesday. The SPX rose 1.6%, the NASDAQ gained 1.3%, and the Russell 2000 rallied 1.9%. Breadth was positive with the NYSE Up Issues % coming in at 76% and the Up Volume % at 79%. NYSE total volume rose some from Monday's level.

Over the last few days, I have discussed the seasonal bullishness around Thanksgiving, especially from Tuesday's close to Friday's close. One potential issue with seasonal studies is that they can sometimes get front-run, and then the edge weakens. It is now Tuesday, and the market moved up strongly for the 2nd day in a row. So I decided to look back at other times where SPX closed higher on the Monday and Tuesday before Thanksgiving. The table below shows all instances since the inception of the modern S&P 500 in 1957.

\$SPX closes up on both Monday and Tuesday before Thanksgiving. Buy Tuesday's close. Sell Friday's close.  
\$100k/trade. 1957 - 2019.

Symbol	Entry Date	Price	Exit Date	Exit Price	% Change
\$SPX	11/24/1959	57.35	11/27/1959	57.7	0.61%
\$SPX	11/21/1961	71.78	11/24/1961	71.84	0.08%
\$SPX	11/26/1968	107.26	11/29/1968	108.37	1.03%
\$SPX	11/24/1970	84.78	11/27/1970	85.93	1.36%
\$SPX	11/21/1972	116.21	11/24/1972	117.27	0.91%
\$SPX	11/25/1975	90.71	11/28/1975	91.24	0.58%
\$SPX	11/22/1983	166.84	11/25/1983	167.18	0.20%
\$SPX	11/25/1986	248.17	11/28/1986	249.22	0.42%
\$SPX	11/24/1987	246.39	11/27/1987	240.34	-2.46%
\$SPX	11/25/2003	1053.89	11/28/2003	1058.2	0.41%
\$SPX	11/22/2005	1261.23	11/25/2005	1268.25	0.56%
\$SPX	11/25/2008	857.39	11/28/2008	896.24	4.53%
\$SPX	11/20/2012	1387.81	11/23/2012	1409.15	1.54%
\$SPX	11/22/2016	2202.94	11/25/2016	2213.35	0.47%
\$SPX	11/21/2017	2599.03	11/24/2017	2602.42	0.13%
\$SPX	11/26/2019	3140.52	11/29/2019	3140.98	0.01%

Wins: 15

Losses: 1

Win %: 94%

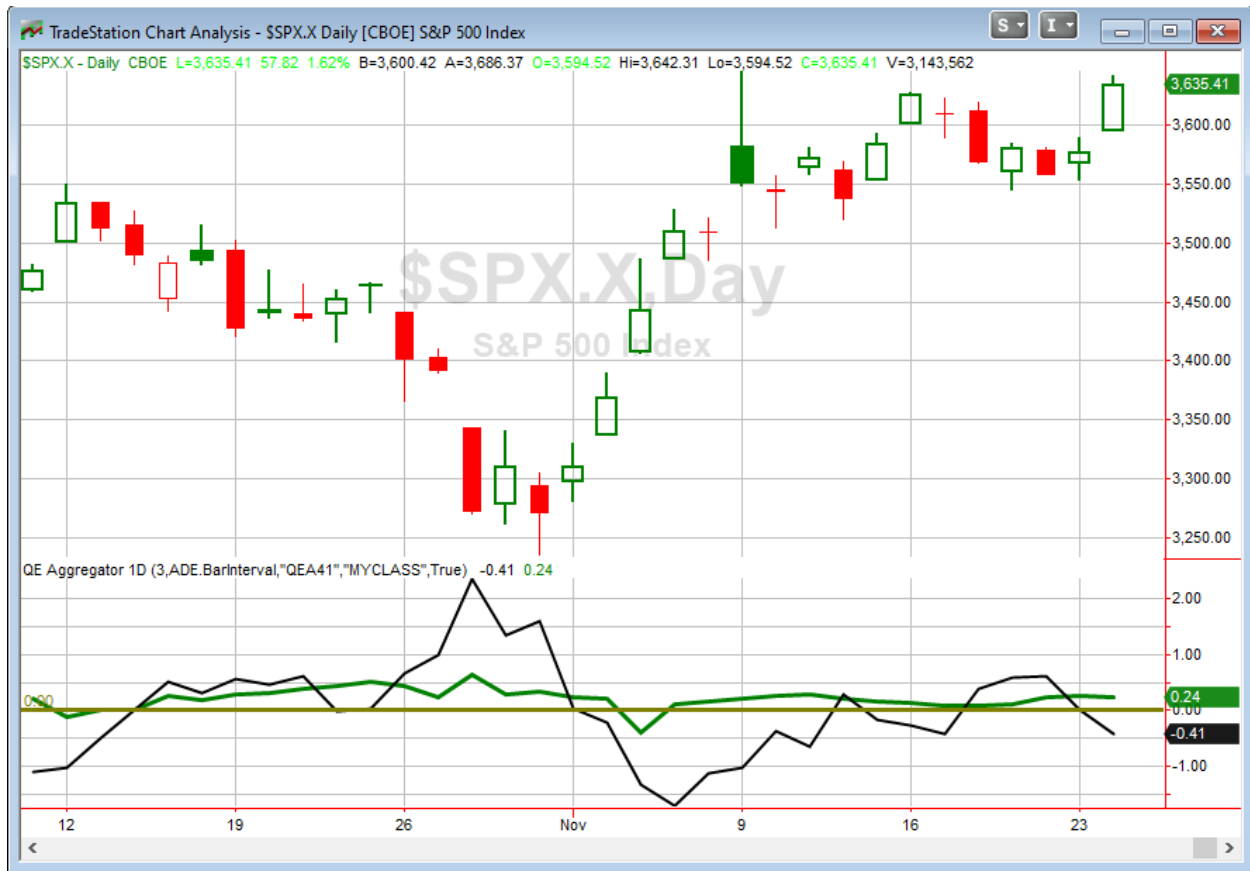
Avg Trade: 0.65%

Profit Factor: 5.24

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In this case, it does not appear that the Monday-Tuesday rally has eliminated the seasonal bullish tendency. In fact, it appears that the momentum has carried well through the holiday. 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 dropped 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 studies, expectations are set to remain bullish on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3571.94 on Wednesday. That is a 1.75% below Tuesday's close. So SPX would need to close down at least 1.75% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is now neutral. Seasonality suggests we could see some further momentum over the next couple of days. But with the strong move the last two, SPX is clearly overbought. So I will look to take profits on my current SPY position if there is any further strength on Wednesday.

## ***Intermediate-term Outlook (2 weeks – 2 months) – updated 11/23 – slightly bullish***

The intermediate-term outlook was last updated in the 11/23/20 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**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
SPY(1/4)	11/23/2020	\$355.00	\$363.22	2.32%	<i>sell @ \$363.25 limit</i>

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