

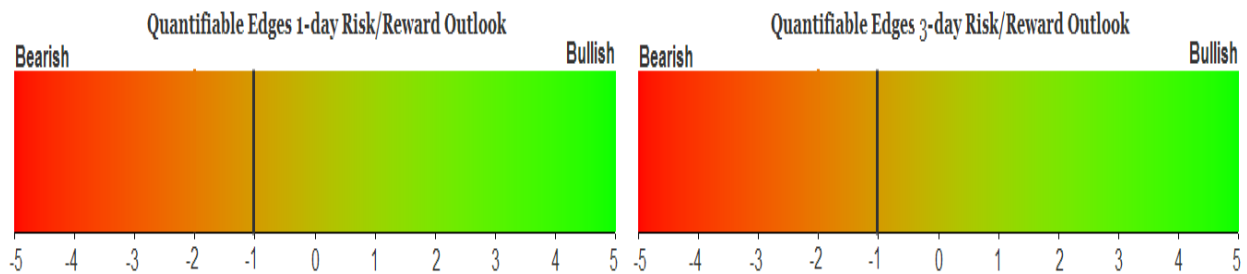
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 30, 2020

Volume 13 Issue 253

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	1

Tonight's Research Points

- No new evidence emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is bearish, but the setup appears weak. I'm more neutral.

Summary of Recent Active Studies (see Letters from listed dates for details)

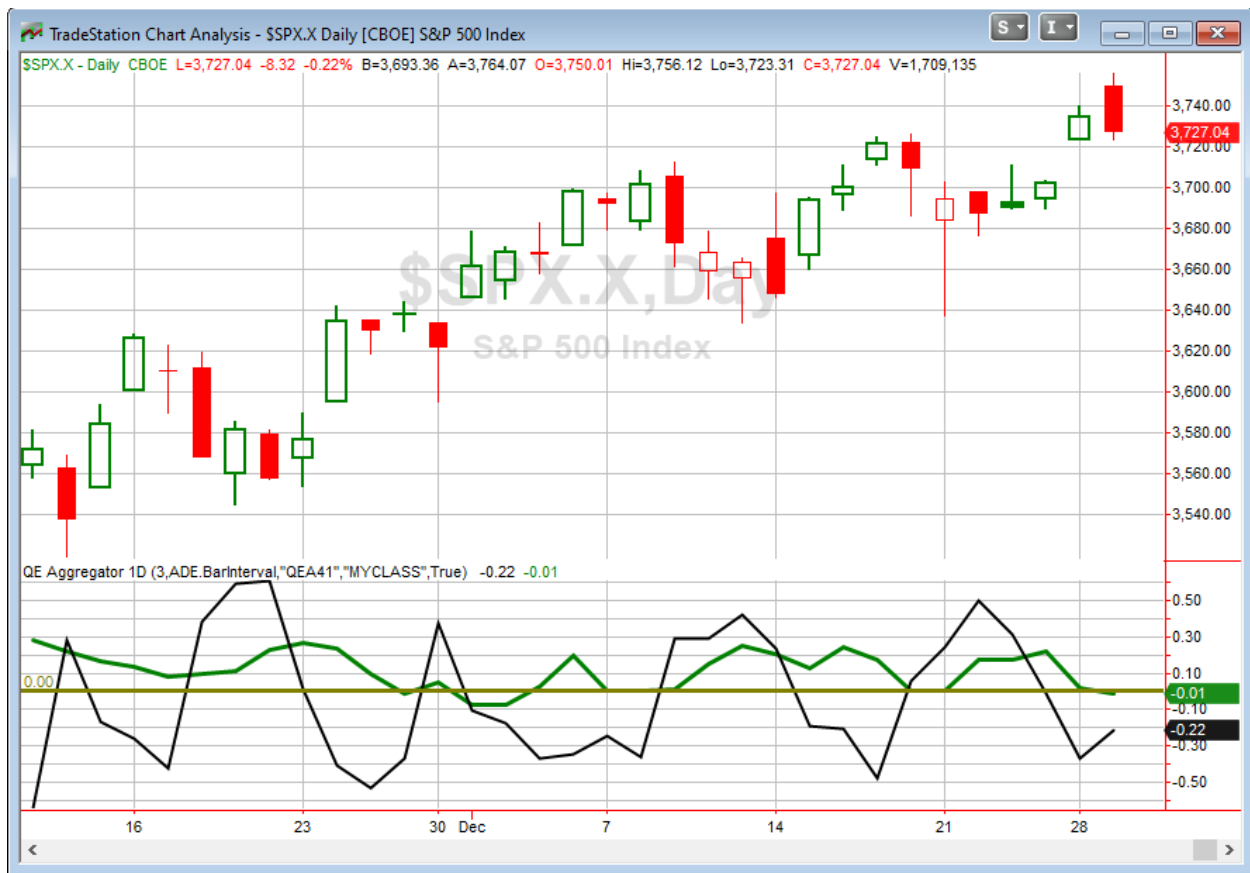
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 29, 2020	NDX up > 1%. SOX dn > 1%.	1-6 days	Bearish			
December 23, 2020	Dn 3 frm 50-high < 10ma > 10-low	1-4 days	Bullish	1.60%	-0.90%	-2.00%
December 23, 2020	Twas 3 nights before Christmas	1-8 days	Bullish	2.40%	-1.20%	-2.40%
Active - Long Term						
December 14, 2020	December opex week and more bullish	1-15 days	Bullish			
December 10, 2020	SPX 20 intra-high. NDX biggest dn 20	1-50 days	Bullish	6.20%	-2.80%	-5.40%
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			
July 9, 2020	Golden Cross	int term	Bullish			
March 23, 2020	QE4	int term	Bullish			

The Evidence

Tuesday saw the market pull back a bit. The SPX lost 0.2%, the NASDAQ fell 0.4%, and the Russell 2000 tumbled 1.85%. Breadth was negative with the NYSE Up Issues % coming in at 35% and the Up Volume % at 36%. NYSE total volume came in lighter than Monday.

This was the 1st down day following a new high for both SPX and the NASDAQ Composite. The 1st down day does not often generate strong evidence, and that seemed to be the case on Tuesday. I looked at the reversal lower a number of ways, and they all showed fairly neutral short-term results. So I am going to keep it short and sweet, and nothing new will be added to the active list tonight.

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



Without any new evidence emerging tonight, the green Aggregator Line dipped below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile the black Differential Line held below 0. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator signal turned short at the close.

Based on the current list of active studies, expectations are set to remain negative on Wednesday. This could easily change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 3724.09 on Wednesday. That is just 0.1% below Tuesday's close. Therefore, SPX will only need to close down 0.1% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is bearish. But the intermediate-term trend and outlook is bullish, and the short-term bearish setup appears quite weak. Evidence could swing either direction, and it would only take a very small decline on Wednesday to turn SPX "oversold". I don't see this as a compelling setup. I'll wait for a better one to emerge before looking to take on new index exposure.

Intermediate-term Outlook (2 weeks – 2 months) – updated 12/28 – slightly bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

PFE – 1/3 @ \$37.84 (bought at limit)

Broad Market Large Cap CBI – 1(PFE)

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
PFE(1/3)	12/18/2020	\$37.84	\$37.05	-2.09%		Catapult

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