

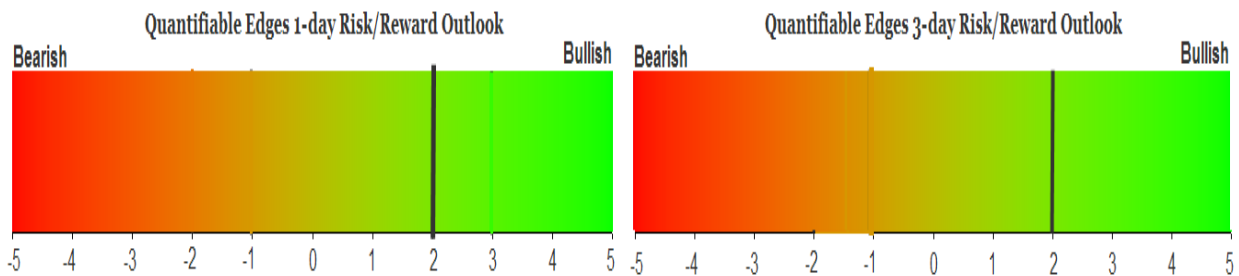
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 6, 2021

Volume 14 Issue 3

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- SPY's big outside day reversal pattern suggests a short-term upside edge.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish, but I am still not convinced. I'd like to see more compelling evidence and/or a better entry price before getting long.

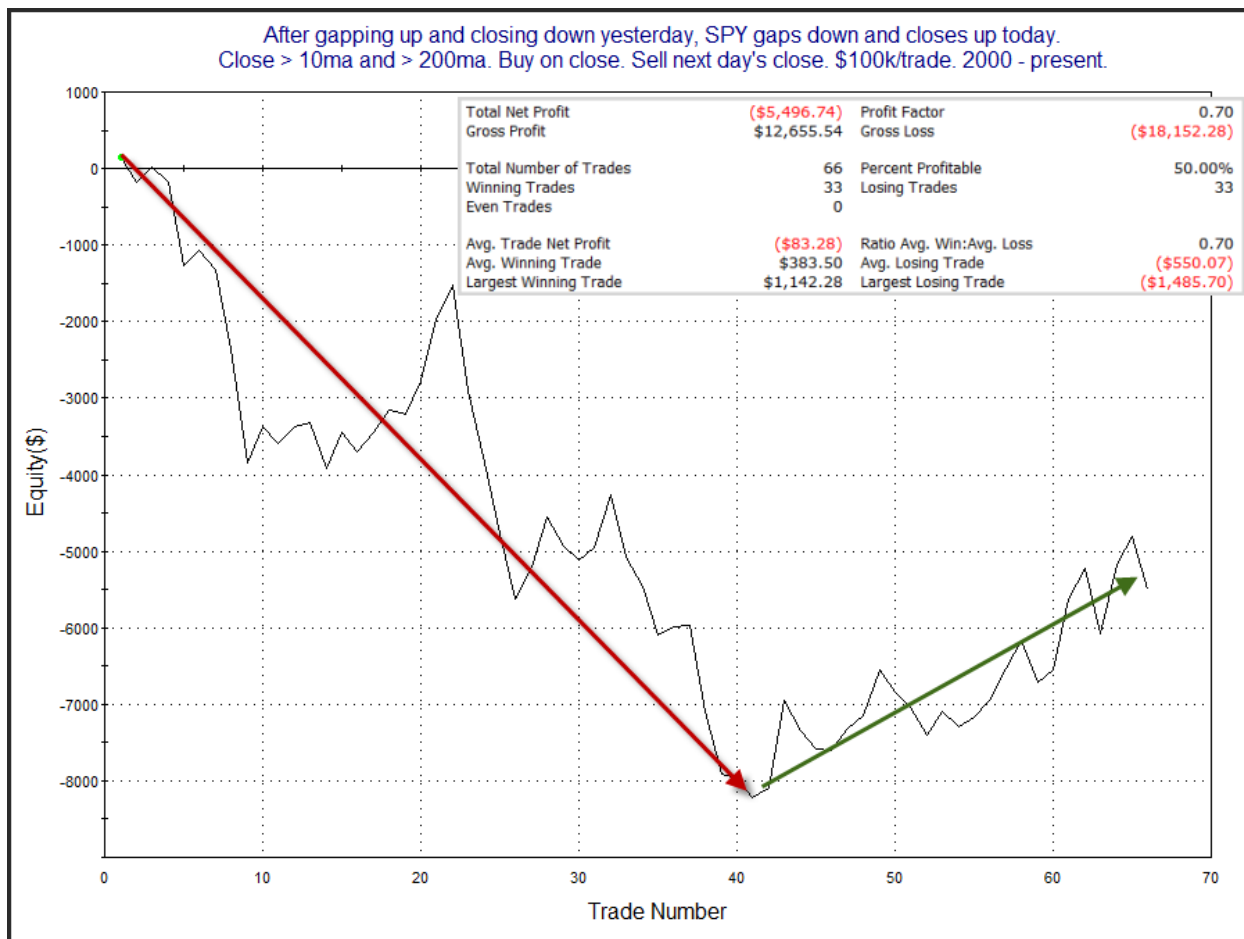
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
January 5, 2021	3-day Hi, Low, close	1-5 days	Bullish			
January 4, 2021	SPY closes month at high of month	1-5 days	Bullish	2.00%	-1.00%	-2.20%
December 29, 2020	NDX up > 1%. SOX dn > 1%.	1-6 days	Bearish	-3.00%	1.80%	3.90%
<b>Active - Long Term</b>						
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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
December 23, 2020	Twas 3 nights before Christmas	1-8 days	Bullish	2.40%	-1.20%	-2.40%

***The Evidence***

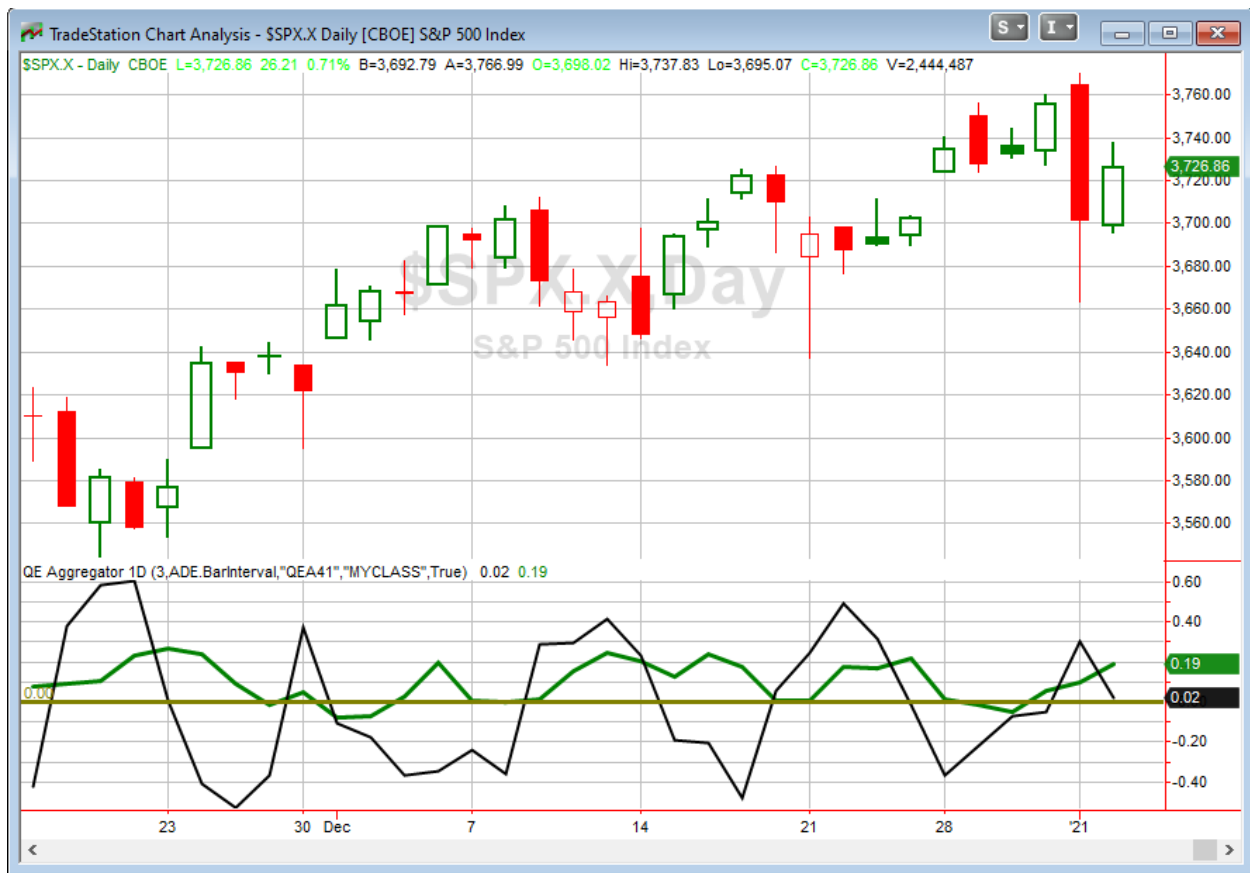
The market bounced back a bit on Tuesday. The SPX gained 0.7%, the NASDAQ rose 0.95%, and the Russell 2000 rallied 1.7%. Breadth was positive with the NYSE Up Issues % coming in at 72% and the Up Volume % at 75%. NYSE total volume declined some from Monday's level.

The back and forth the last couple of days did not trigger any compelling new studies tonight. There was one study that appeared in Quantifinder that I used to show years ago. It originally suggesting potentially bearish implications. As you can see below, that is no longer the case.



I decided to eliminate this study from the Quantifinder at this point. No new studies are being added to the Active List tonight. The current studies remain mixed but leaning bullish.

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



Without any new studies making the cut, 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 also held slightly 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3755.07 on Wednesday. That is 0.8% above Tuesday's close. So SPX would need to close up at least 0.8% on Wednesday in order to flip from oversold to overbought vs expectations.

So the Aggregator is bullish for a 2<sup>nd</sup> day. Evidence is still mixed. Again, I think there is a long-side setup, but I am not confident it is strong enough to look for a position just yet. Between the Georgia elections and the electoral college confirmation (and protests) it could be a volatile news day on Wednesday. But we should see uncertainty removed in the next few days, and that is often a good thing for the market. More aggressive traders could start building an index position on Wednesday. I'll give it a little more time before looking to possibly get long.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 1/4 – slightly bullish**

The intermediate-term outlook was last updated in the 1/4/21 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](#)

**Open Catapult 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
PFE(1/3)	12/18/2020	\$37.84	\$37.19	-1.72%		sell on open

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