

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 20, 2021

Volume 14 Issue 12

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No new and compelling evidence emerged tonight.

Short-term Outlook

The Bottom Line

The Aggregator is back to neutral. Me too.

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

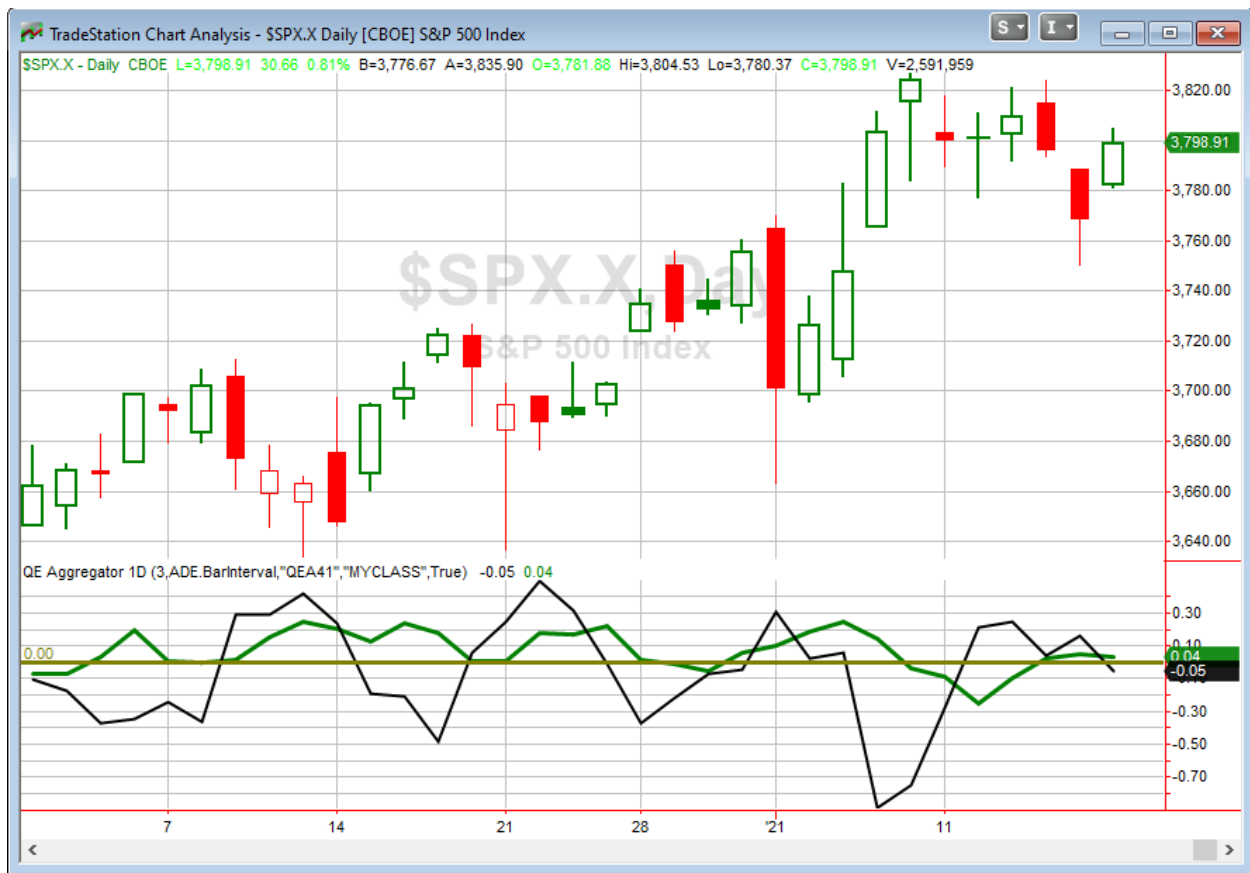
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
January 19, 2021	Gap down close lower from 5-low >200	1-2 days	Bullish			
January 15, 2021	SPX bottom 10% rng, 5-low > 200	1-5 days	Bullish	1.60%	-1.40%	-3.00%
Active - Long Term						
December 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 was a good day for the market. The SPX rose 0.8%, the NASDAQ gained 1.5%, and the Russell 2000 climbed 1.3%. Breadth was positive with the NYSE Up Issues % coming in at 62% and the Up Volume % at 64%. NYSE total volume declined some from Friday's level.

Action Tuesday essentially just reversed the dip that occurred on Friday. While the Russell has crept higher, the SPX has not made any real progress in either direction over the last 8 days. Choppy, sideways action rarely triggers strong short-term evidence. That seems to be the case at the moment. The only studies that were noted in the Quantifinder were the Inauguration Day studies that I featured in the weekend letter. As I showed over the weekend, Inauguration Day has done fairly poorly over the last 100 years. Of course Wednesday's inauguration will look a lot different than any seen by anyone alive today. It will be the 1st time since the 1800s that the outgoing president declined to attend. More significantly, rather than being attended by a big crowd on an open lawn, there is barbed wire and 25,000 troops assigned to protect it. I'm not sure what this means for the market on Wednesday. It shows that times are unusual. And short-term evidence is light. So it sure seems the market could do anything.

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



Without any new studies being added tonight the green Aggregator Line remained a little above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also held above 0. The positive 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.

With both of the current active short-term studies set to expire on Wednesday and the intermediate-term outlook bullish, expectations are currently set to remain bullish. Of course that could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 3782.82 on Wednesday. That is 0.4% below Tuesday's close. Therefore, SPX will need to close down at least 0.4% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is neutral. Evidence is weak, and market is only mildly overbought. Add to that the inauguration and the historical struggles on that day, and I just don't have any interest in taking on new exposure on Wednesday. I'll wait for a more compelling setup to emerge.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 1/19 – slightly bullish*

The intermediate-term outlook was last updated in the 1/19/21 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
KHC(1/3)	1/8/2021	\$33.51	\$32.36	-3.43%		<i>sell on open</i>

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