

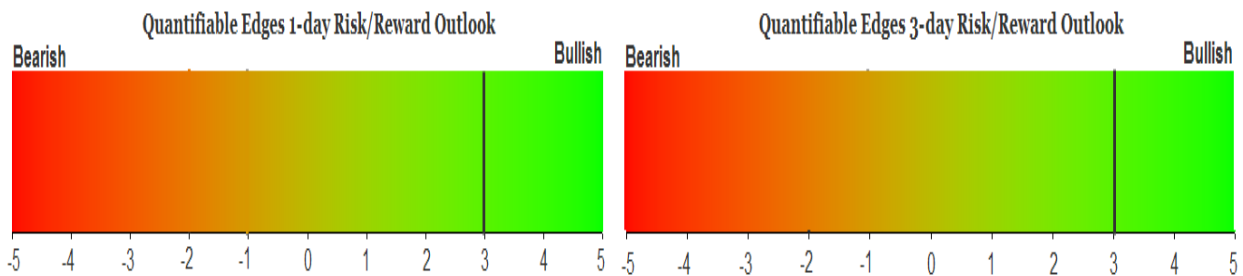
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 11, 2021

Volume 14 Issue 218

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- Numbered System 11111 triggered for SPY.
- The first drop below the 10ma in quite a while will often be followed by another leg up.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. Evidence is strong, and SPX is fairly oversold. Reward/risk appears favorable.

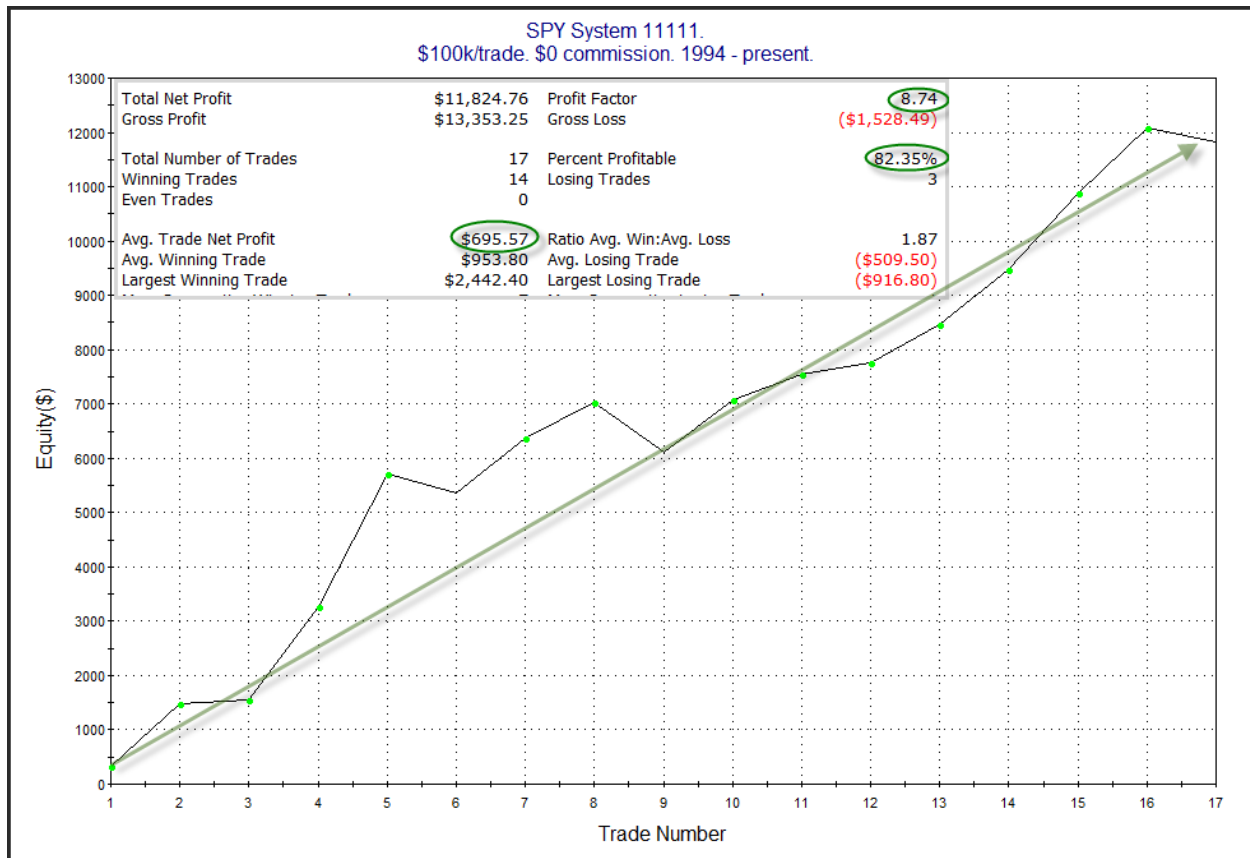
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
November 11, 2021	System 11111	1-3 days	Bullish			
November 11, 2021	1st close < 10ma in > 15 days	1-3 days	Bullish			
November 10, 2021	5 up to 50 high then down 1	1-4 days	Bullish	1.10%	-0.80%	-1.60%
November 10, 2021	NASDAQ up 10 days then down 1	1-4 days	Bullish	1.50%	-0.80%	-1.50%
November 9, 2021	SPX up 8 to 50-hi	1-4 days	Bullish			
November 9, 2021	SPX 50-high. VXX 5-high.	1-4 days	Bearish			
November 8, 2021	VIX up > 6%. SPX up.	1-5 days	Bullish	1.80%	-0.90%	-1.80%
November 8, 2021	VIX up SPX 50-high Fri.	1-5 days	Bearish	-1.50%	0.70%	1.45%
November 4, 2021	SPX 100-day high on Fed Day	1-7 days	Bullish			
November 3, 2021	SPX up. Up Vol % < 40%	1-7 days	Bullish	1.70%	-1.15%	-2.25%
<b>Active - Long Term</b>						
November 10, 2021	5 up to 50-high then down 1	1-10 days	Bullish	1.80%	-1.10%	-2.30%
November 4, 2021	SPX up 14 of 16 days and new high	1-10 days	Bullish			
November 4, 2021	SPX 50-day %b > 100	1-50 days	Bullish			
November 1, 2021	NASDAQ Leading	int term	Bullish			
November 1, 2021	Best 6 Months	1-6 months	Bullish			
October 21, 2021	RSI2 > 99	1-15 days	Bullish			
October 20, 2021	5 up over 3% < 50-high > 200ma	1-15 days	Bullish	3.00%	-1.70%	-3.20%
October 4, 2021	21-day low Thursday. Up Friday	1-25 days	Bullish			
July 9, 2020	Golden Cross	int term	Bullish			
March 23, 2020	QE4	int term	Bullish			

**The Evidence**

Wednesday saw a good amount of selling. The SPX closed down 0.8%, the NASDAQ fell 1.7%, and the Russell 2000 lost 1.55%. Breadth was negative with the NYSE Up Issues % coming in at 31% and the Up Volume % at 33%. NYSE total volume rose some from Tuesday's level.

I'll note that with the pullback, SPY is now set up to trigger QE numbered system 11111 on Thursday. A trade at or below SPY's closing price would mean an entry for this system. System 11111 has done fairly well over the years. With SPY, it has done very well. Below are the updated stats.



There have not been a whole lot of instances but the stats are quite lopsided in favor of the bulls. And the profit curve is impressive as well. Also notable (but not shown) is that the average trade only lasted about 3 ½ days. The short time in these trades and the high percent that end up profitable speaks to the probability of a quick bounce here. I have incorporated this setup into the Aggregator today. Subscribers may find a link to the system 11111 page below:

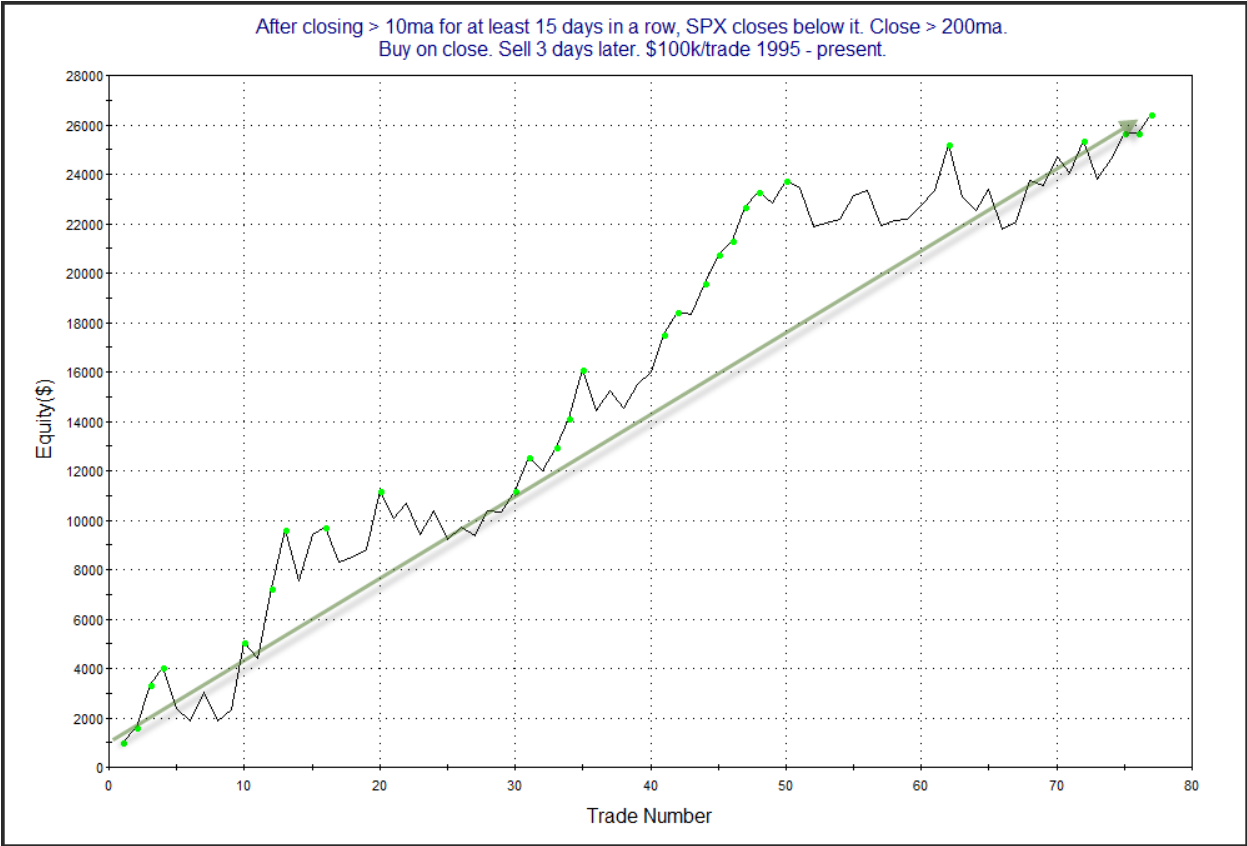
<http://quantifiableedges.com/system-11111/>

The lack of pullbacks lately had kept SPX above its short-term moving averages for an extended period. Wednesday, after 20 consecutive closes above the 10ma, SPX dipped down and closed below it. In the 7/19/21 letter I looked at performance following other instances where SPX closed below its 10ma for the first time over 15 days. Results are updated below.

After closing > 10ma for at least 15 days in a row, SPX closes below it. Close > 200ma.  
Buy on close. Sell X days later. \$100k/trade 1995 - present.

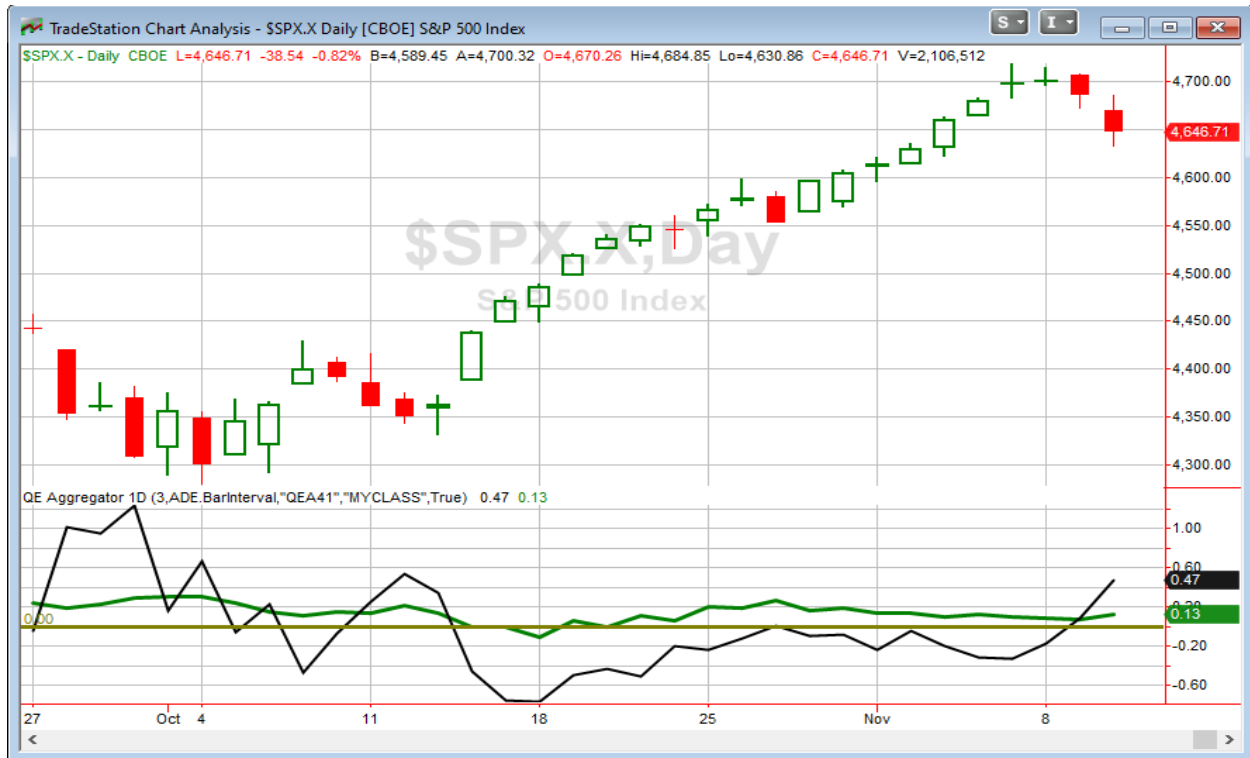
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	34,899.29	77	47	30	61.04	3,505.74	-4,455.15	1,449.74	-1,107.95	1.31	2.05	453.24
4	31,329.01	77	50	27	64.94	3,206.40	-6,072.15	1,298.99	-1,245.20	1.04	1.93	406.87
3	26,418.25	77	52	25	67.53	2,805.12	-2,110.50	990.35	-1,003.19	0.99	2.05	343.09
2	15,209.42	77	48	29	62.34	2,682.72	-3,450.16	877.30	-927.62	0.95	1.57	197.52
1	14,218.09	77	48	29	62.34	2,097.92	-1,579.41	617.10	-531.14	1.16	1.92	184.65

The numbers suggest a good chance of a bounce in the next few days. Below is a look at the 3-day profit curve.



The move up has been somewhat choppy, but it has persisted higher for a long time and is again at a new high. The curve seems to offer some confirmation of the upside tendency suggested by the stats table. I have included this study on the active list tonight.

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



With tonight's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line moved further above zero. 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 formation stayed long at the close.

Based on the current list of active studies, expectations are slated to remain positive on Thursday. It is highly unlikely that this would change. Meanwhile, the Differential Pivot will be 4715.84 on Thursday. That is 1.5% above Wednesday's close. So SPX will need to close up a least 1.5% on Thursday in order to flip from oversold to overbought vs recent expectations.

The Aggregator is again bullish. Evidence has built and there are a good number of studies suggesting an upside edge. Additionally, with the Differential Pivot so far away, there is ample room to the upside before SPX would turn "overbought". So reward/risk appears favorable for the bulls. It is still not a deep pullback, but it is deep enough to get me interested in starting to scale into a position. I'll look to take on some long exposure on Thursday if I can get a decent fill.

*Intermediate-term Outlook (2 weeks – 2 months) – **updated 11/8 – somewhat bullish***

## **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.*

**SPY - Buy ¼ index position @ \$463.75 LIMIT.** Based on the short-term outlook above, I will look to take on a lot of SPY here if I can get filled little above Wednesday's closing price, or better.

## **Current Open Trade Ideas**

**None**

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