

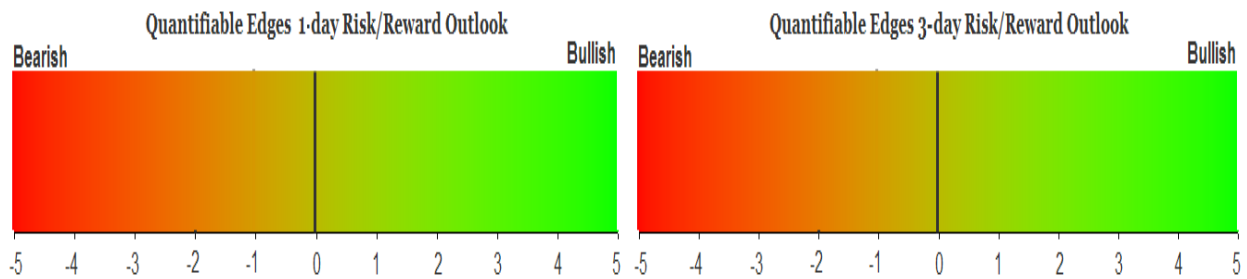
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 17, 2021

Volume 14 Issue 222

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- Breadth was weak, but that could be a positive based on tonight's study.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence points higher, but the market remains overbought. So not a great setup.

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						
November 17, 2021	SPX up. Up Vol % < 40%	1-7 days	Bullish	1.70%	-1.15%	-2.25%
Active - Long Term						
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 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			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
November 15, 2021	SPY up 2 < 3 ago.	1-2 days	Bullish			

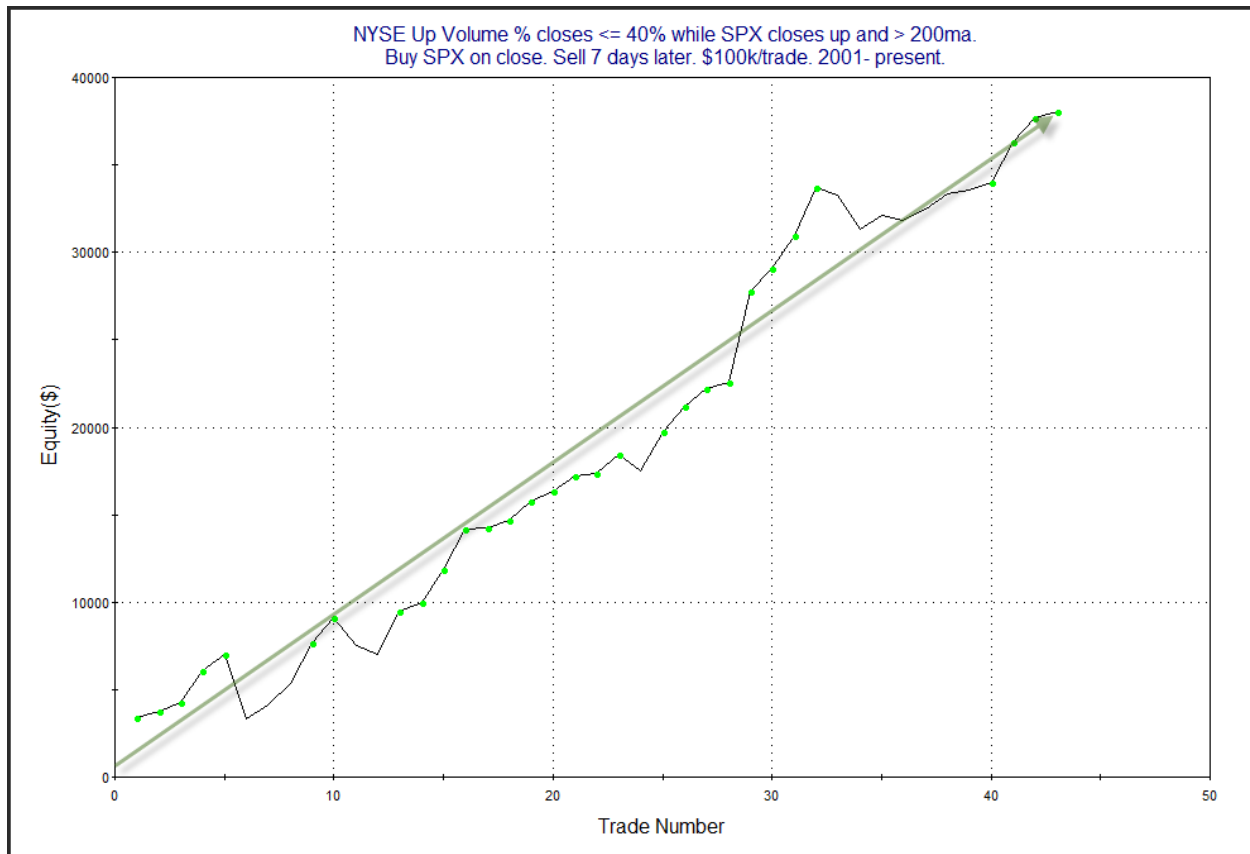
The Evidence

Tuesday saw the market move higher. The SPX rose 0.4%, the NASDAQ jumped 0.8%, and the Russell 2000 climbed 0.2%. But breadth was negative with the NYSE Up Issues % coming in at 45% and the Up Volume % at 38%. NYSE total volume rose some from Monday's level.

Weak breadth is generally regarded as a negative for the market. But weak breadth can also signal an "oversold" type condition suggesting a short-term upside edge. That is what tonight's study suggests, and it is one we have seen a lot of lately. With SPX closing up and the Up Volume % coming in under 40% it triggered the study below. It is updated again from the 11/3/21 letter.

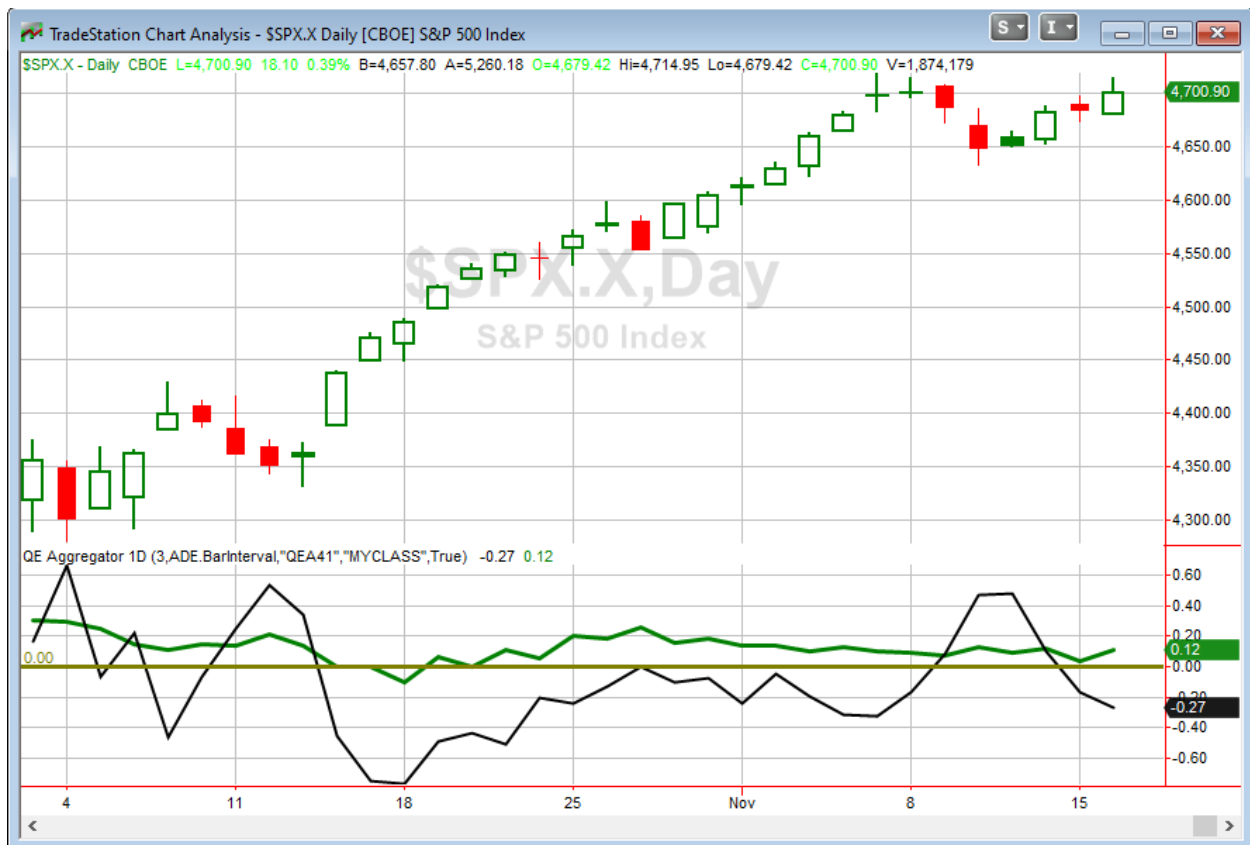
NYSE Up Volume % closes <= 40% while SPX closes up and > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2001- present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	45,256.95	38	31	7	81.58	3,969.23	-7,891.63	1,896.02	-1,931.40	0.98	4.35	1,190.97
9	42,608.62	39	31	8	79.49	3,793.00	-7,594.37	1,779.09	-1,567.91	1.13	4.40	1,092.53
8	40,686.88	41	34	7	82.93	4,666.56	-6,657.20	1,521.78	-1,579.09	0.96	4.68	992.36
7	38,076.88	43	36	7	83.72	5,211.84	-3,690.83	1,319.14	-1,344.61	0.98	5.05	885.51
6	33,500.93	43	32	11	74.42	6,018.56	-3,495.92	1,429.91	-1,114.21	1.28	3.73	779.09
5	27,185.69	46	36	10	78.26	4,787.84	-3,769.15	1,148.38	-1,415.61	0.81	2.92	590.99
4	15,392.80	47	31	16	65.96	2,689.05	-2,557.50	1,039.88	-1,052.72	0.99	1.91	327.51
3	16,972.09	49	33	16	67.35	2,513.92	-2,547.82	915.15	-826.74	1.11	2.28	346.37
2	15,003.96	52	36	16	69.23	2,661.75	-2,848.17	750.85	-751.67	1.00	2.25	288.54
1	7,461.62	57	36	21	63.16	1,790.64	-1,371.49	502.84	-506.70	0.99	1.70	130.91

Results have been quite strong over the last 20 years. Below is a look at a 7-day profit curve.



The curve has shown strong upside persistence, including the recent instances. Since June 28th, it has been on a 7-instance winning streak. I'll also note that the setup has become more common in recent years. Tuesday was the 33rd instance since the start of 2016. Prior to 2016, there were only 11 instances in 15 years. Overall, I find these results intriguing and have added this study to the short-term Active List...again.

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 remained below zero. 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 formation stayed flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. Of course this course change if bearish new evidence emerges. Meanwhile, the Differential Pivot will be 4698.74 on Wednesday. That is less than 0.1% below Tuesday's close. Therefore, SPX will only need to close down about 2 points in order to flip from overbought to oversold vs expectations as of Wednesday's close.

So the Aggregator is again neutral. I like tonight's study. And it has triggered many times over the last few months and been right every time, so what is not to like? But the overbought status for the SPX means we are at a less than ideal entry point. Perhaps with seasonality sub-par this week, and then looking strong again next week, we might get a small dip in the next few days that could offer a better entry point. In any case, the setup is not strong enough right now to get me interested in taking on a new index position. I'll wait until a more compelling entry opportunity emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/15 – somewhat bullish

The intermediate-term outlook was last updated in the 11/15 Letter. It can be found [in the most recent weekly letter](#) on the website.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

New

AIG – 1/3 @ \$57.19 (buy at limit)

Broad Market Large Cap CBI – 1(AIG)

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.

AIG – But 1/3 Catapult position @ \$57.19 LIMIT. From the Catapult section above, this is the 1st of up to 3 lots of AIG.

Current Open Trade Ideas

None

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