

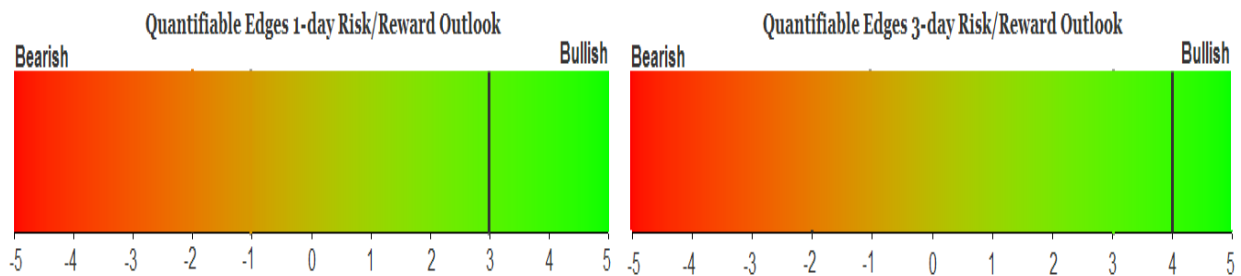
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 29, 2021

Volume 14 Issue 229

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- Many VIX-based and standard price-action studies are all suggesting a bounce is likely within the next couple of days. Too many to bother listing.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. Friday's drop has the makings of an overreaction. A bounce appears likely at some point in the next few days.

**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 29, 2021	System 1100524	1-7 days	Bullish	2.40%	-1.60%	-3.40%
November 29, 2021	1% drop 4th Fri of month	1-6 days	Bullish	2.65%	-1.20%	-2.40%
November 29, 2021	SPX dn 1.5x 20-day ATR on Friday	1-6 days	Bullish	2.50%	-1.75%	-3.90%
November 29, 2021	VIX up > 20% on a Friday	1-4 days	Bullish	1.85%	-1.35%	-3.00%
November 29, 2021	VIX > 35% above 10ma. < 30	1-2 days	Bullish			
November 29, 2021	1st 10-low in 30+ days	1-8 days	Bullish	3.00%	-2.10%	-4.40%
November 23, 2021	5-low and btm 10% on a Monday	1-5 days	Bullish	2.00%	-1.00%	-2.10%
November 23, 2021	Gap higher and reverse > 10low > 200	1-6 days	Bullish	2.60%	-1.30%	-2.30%
<b>Active - Long Term</b>						
November 24, 2021	50-high then sideways for 5 days	1-10 days	Bullish	2.10%	-1.10%	-2.30%
November 22, 2021	Hindenburg Omen Cluster	1-35 days	Bearish	-6.90%	3.20%	5.80%
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			
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>						
November 17, 2021	SPX up. Up Vol % < 40%	1-7 days	Bullish	1.70%	-1.15%	-2.25%
November 24, 2021	Thanksgiving Wed-Fri bullish	1-2 days	Bullish			
<b>November 24, 2021</b>	<b>50-high then sideways for 5 days</b>	<b>1-3 days</b>	<b>Bullish</b>	<b>1.10%</b>	<b>-0.65%</b>	<b>-1.30%</b>
<b>November 26, 2021</b>	<b>Low volume Thanksgiving Wednes</b>	<b>1-2 days</b>	<b>Bearish</b>			

**The Evidence**

Black Friday was pretty terrible for the market. The SPX lost 2.3%, the NASDAQ fell 2.2%, and the Russell 2000 tumbled 3.7%. Breadth was strongly negative with the NYSE Up Issues % coming in at 14% and the Up Volume % at 9%. NYSE total volume came in very light with many traders taking the shortened trading day off.

The VIX spiked up from a close of 18.58 on Wednesday to a close of 28.62 on Friday – a 54% increase. That was the 4<sup>th</sup> largest increase in % terms ever for the VIX (data back to 1990). The table below is one I grabbed from Adam Warner off of Twitter.

Date	SPX	VIX	VIX Move	VIX 10 Day SMA	VIX Vs 10 Day	SPX 1 Week	SPX 3 Week
2/5/2018	2,648.94	37.32	115.60%	15.55	240.00%	0.27%	3.60%
2/27/2007	1,399.04	18.31	64.22%	11.15	164.26%	-0.26%	0.85%
1/27/2021	3,750.77	37.21	61.64%	24.13	154.23%	2.12%	4.35%
11/26/2021	4,594.62	28.62	54.04%	18.75	152.63%		
11/15/1991	382.62	21.18	51.72%	15.87	133.44%	-1.69%	-1.14%
7/23/1990	355.31	23.68	51.50%	17.79	133.09%	0.07%	-4.64%
8/8/2011	1,119.46	48.00	50.00%	27.57	174.11%	7.60%	8.09%
6/24/2016	2,037.41	25.76	49.33%	20.14	127.89%	3.22%	6.36%
6/11/2020	3,002.10	40.79	47.95%	28.03	145.52%	3.77%	4.26%
2/24/2020	3,225.89	25.03	46.55%	15.87	157.75%	-4.21%	-26.03%
8/21/2015	1,970.89	28.03	46.45%	15.51	180.72%	0.91%	-0.91%
5/17/2017	2,357.03	15.59	46.38%	10.86	143.51%	2.01%	3.26%
8/24/2015	1,893.21	40.74	45.34%	18.36	221.88%	4.17%	4.48%
8/10/2017	2,438.21	16.04	44.37%	10.94	146.58%	-0.34%	1.37%
10/10/2018	2,785.68	22.96	43.95%	14.38	159.63%	0.84%	-2.65%
4/15/2013	1,552.36	17.27	43.20%	13.48	128.15%	0.65%	4.20%
3/16/2020	2,386.13	82.69	42.99%	52.20	158.40%	-6.23%	11.63%
2/27/2020	2,978.76	39.16	42.09%	20.93	187.12%	1.52%	-19.11%
2/4/1994	469.81	15.25	41.86%	11.23	135.82%	0.08%	-0.57%
8/3/1990	344.86	28.74	40.68%	22.01	130.57%	-2.71%	-9.67%
3/12/2020	2,480.64	75.47	40.02%	45.50	165.86%	-2.87%	1.86%
9/9/2016	2,127.81	17.50	39.89%	13.26	132.02%	0.53%	1.90%
8/5/2019	2,844.74	24.59	39.64%	15.25	161.20%	1.33%	1.18%
8/4/2011	1,200.07	31.66	35.41%	23.26	136.14%	-2.29%	-3.40%

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**Adam Warner** @agwarner

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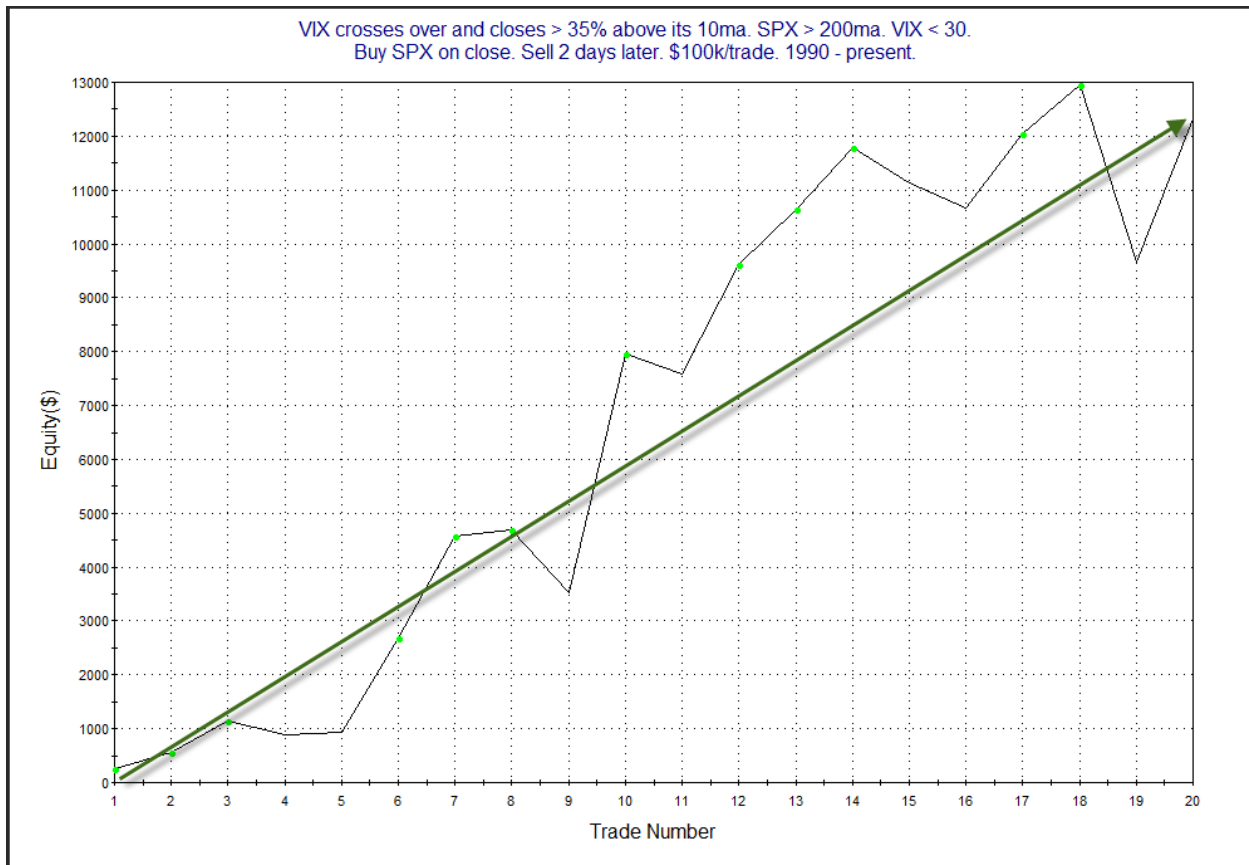
And we close with a 54% \$VIX pop, the 4th biggest 1-day move ever.  
And we're 52.6% above the 10 Day SMA, the 21st highest spread ever.

Of course the massive spike led to a bunch of VIX-based studies triggering in the Quantifinder. The move to over 50% above its 10ma is fairly rare. I have found in the past that not only the % stretch, but the absolute value matter when examining the VIX. In other words, a bigger % spike is more likely to be achieved when the VIX is low vs when it is already high. So the study below also uses a VIX < 30 filter.

VIX crosses over and closes > 35% above its 10ma. SPX > 200ma. VIX < 30.  
Buy SPX on close. Sell X days later. \$100k/trade. 1990 - 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	4,479.60	18	10	8	55.56	3,704.54	-4,069.80	1,529.88	-1,352.40	1.13	1.41	248.87
4	6,052.60	19	11	8	57.89	5,290.00	-8,150.10	2,074.00	-2,095.17	0.99	1.36	318.56
3	11,534.25	20	13	7	65.00	4,895.50	-7,413.90	1,833.43	-1,757.19	1.04	1.94	576.71
2	12,320.21	20	14	6	70.00	4,424.50	-3,285.00	1,320.54	-1,027.88	1.28	3.00	616.01
1	3,927.36	20	13	7	65.00	2,007.50	-2,930.40	829.53	-979.50	0.85	1.57	196.37

We see here a pretty good likelihood of a bounce, though the size of the bounce is not all that large. If I included VIX > 30 readings, we'd see it increase. Below is a look at the 2-day profit curve.



It has been a choppy but persistent move from lower left to upper right.

I believe the fact that the selling occurred on a Friday also played a part in the VIX spike. There were a few studies that noted the strong selling occurred on a Friday. Both the Crash of '29 and the Crash of '87 happened on Monday. The Crash of '87 is still remembered by some traders that are active today. In 1987 there was a strong selloff on Friday and then all hell broke loose on Monday. From 1987 up until the last few years, strong Friday selloffs were almost always followed by an immediate bounce on a Monday. Perhaps this was due to the fact that fear of a crash caused what might otherwise be an ordinary selloff to become exaggerated and overdone on Fridays. Or perhaps it was just that people didn't want to hold over the weekend. Whatever the reason, the tendency to bounce was very strong. And I noted it a few ways over the years. But recently I have not seen Monday consistently provide the immediate reversal it previously had. I have more often seen further selling on Monday, and then the strong bounce ensued.

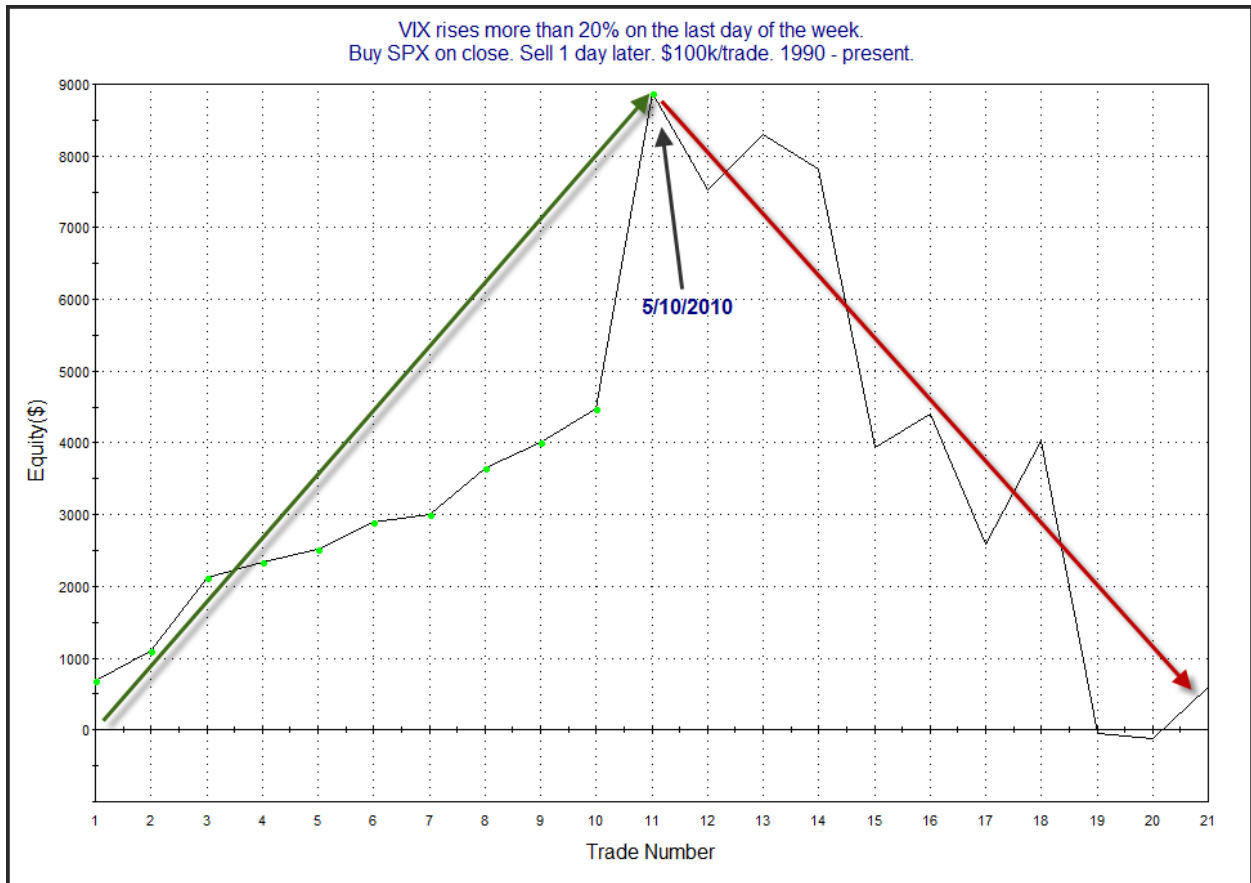
The study below last appeared in the 3/25/19 letter. It exemplifies well what I am talking about. It looks at VIX spikes of over 20% and examines those times it occurred on a Friday.

**VIX rises more than 20% on the last day of the week.  
Buy SPX on close. Sell X days later. \$100k/trade. 1990 - present.**

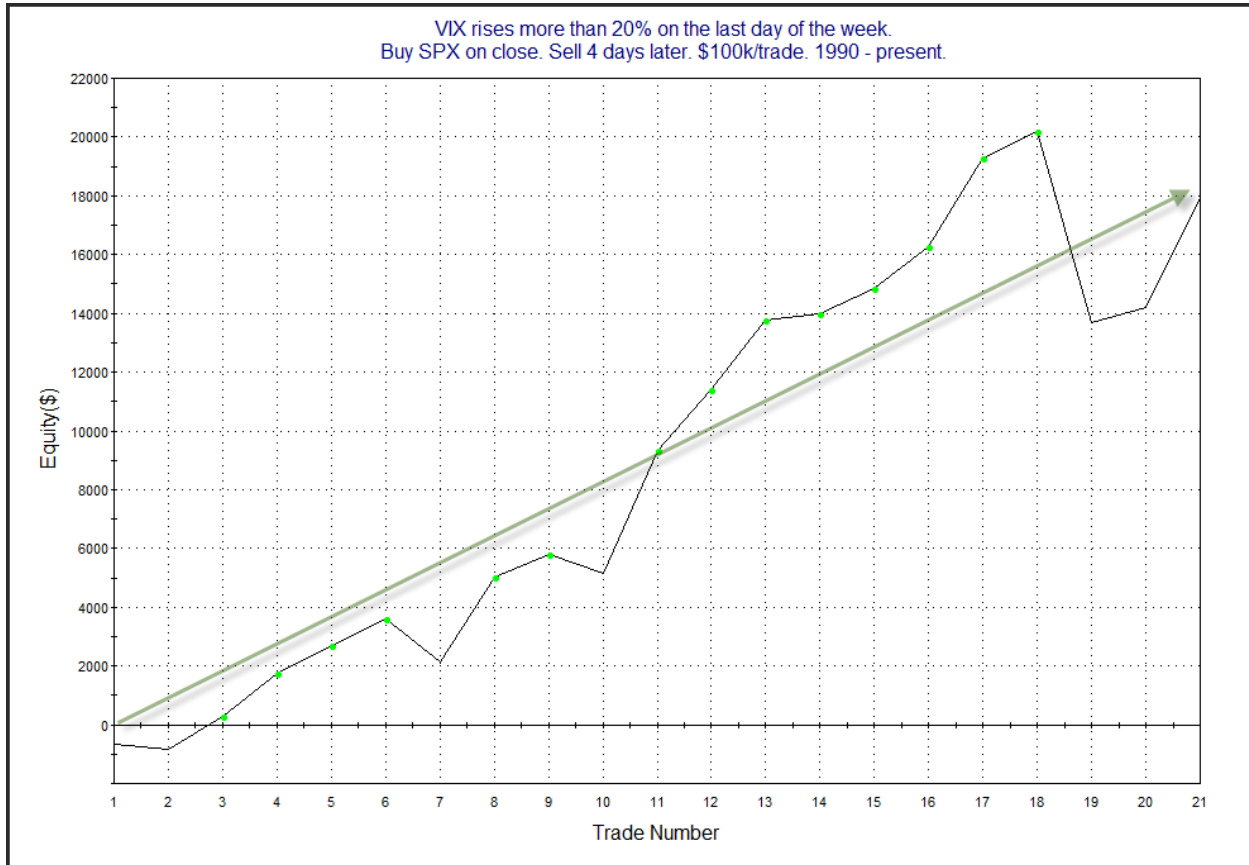
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	17,769.18	21	15	6	71.43	3,216.85	-5,132.88	1,800.92	-1,540.76	1.17	2.92	846.15
4	17,914.46	21	16	5	76.19	4,190.40	-6,520.68	1,715.59	-1,906.99	0.90	2.88	853.07
3	11,940.96	21	13	8	61.90	5,471.10	-2,896.92	1,661.16	-1,206.77	1.38	2.24	568.62
2	7,875.80	21	14	7	66.67	4,041.90	-5,163.50	1,199.69	-1,274.26	0.94	1.88	375.04
1	601.32	21	15	6	71.43	4,396.50	-4,074.84	817.60	-1,943.77	0.42	1.05	28.63

**20 of 21 instances closed above the entry price  
at some point in the next week.**

Monday does not appear to provide strong stats, but when we look out 4-5 days, odds look very good. Let's look at both the 1-day and 4-day profit curves.



After moving higher 11 times in a row between 1990 – 2010, Monday's have struggled following this setup since. Now the 4-day...



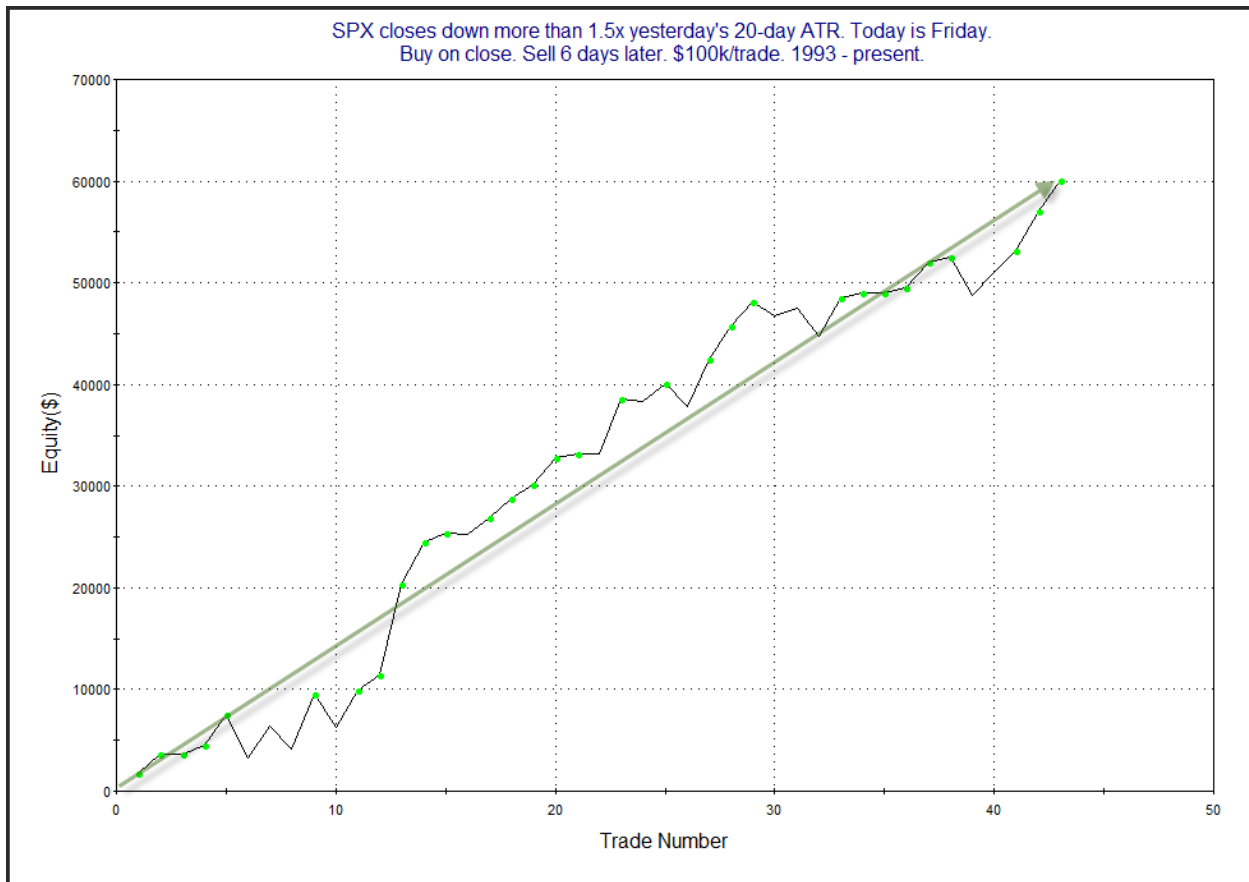
Aside from the 19<sup>th</sup> instance, which was the 2018 VIXplosion, there has NOT been any struggle in this curve, and it still seems to suggest a strong edge over the next 4 days. So while the setup has not necessarily led to an immediate bounce in recent years, it appears one is likely nearby.

The study below also looks at strong drops on Fridays. It defines strong as more than 1.5x the recent (20-day) average true range. It was last discussed in the 6/21/21 subscriber letter and has been updated.

SPX closes down more than 1.5x yesterday's 20-day ATR. Today is Friday.  
Buy on close. Sell X days later. \$100k/trade. 1993 - 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	58,366.13	43	29	14	67.44	9,241.60	-6,049.40	3,169.70	-2,396.80	1.32	2.74	1,357.35
9	59,986.67	43	29	14	67.44	7,602.40	-5,483.80	3,008.88	-1,947.92	1.54	3.20	1,395.04
8	62,304.26	43	30	13	69.77	7,949.70	-3,550.72	2,886.14	-1,867.68	1.55	3.57	1,448.94
7	53,490.95	43	29	14	67.44	7,662.81	-4,599.52	2,774.17	-1,925.72	1.44	2.98	1,243.98
6	60,009.90	43	33	10	76.74	8,870.96	-4,202.80	2,435.87	-2,037.39	1.20	3.95	1,395.58
5	43,929.19	44	31	13	70.45	5,393.97	-6,368.04	2,244.02	-1,971.96	1.14	2.71	998.39
4	34,937.61	44	31	13	70.45	5,731.96	-6,520.68	1,911.30	-1,870.22	1.02	2.44	794.04
3	30,291.22	44	28	16	63.64	5,215.85	-3,492.36	1,798.73	-1,254.57	1.43	2.51	688.44
2	17,976.76	44	28	16	63.64	6,245.15	-5,163.50	1,398.06	-1,323.06	1.06	1.85	408.56
1	12,622.49	44	35	9	79.55	3,322.23	-4,074.84	761.75	-1,559.88	0.49	1.90	286.87

The numbers here are all very impressive and suggest a strong bullish bias. Below is a look at the 6-day profit curve.

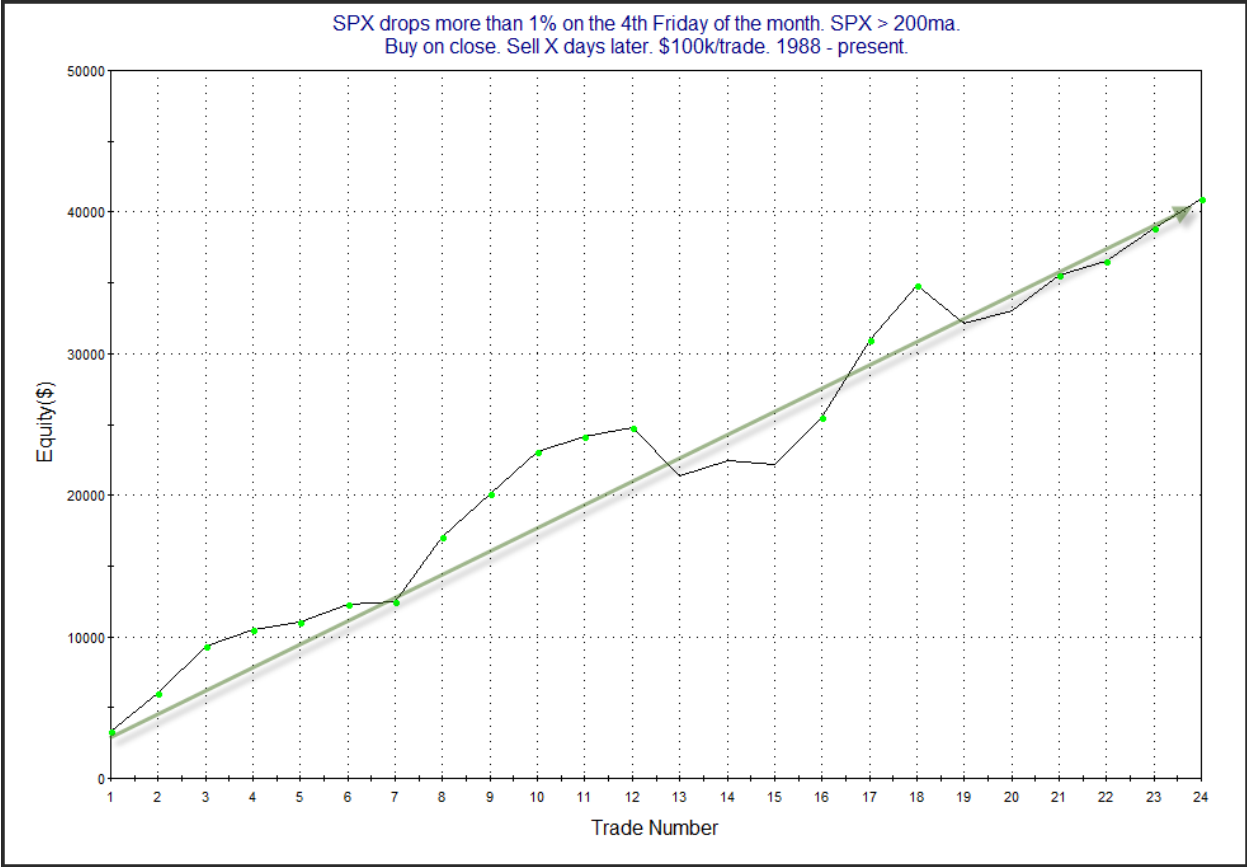


This edge has asserted itself for a long time.

It might also be worth considering that this was not just any Friday...it was the 4<sup>th</sup> Friday of the month. This means we are soon heading into the bullish turn of the month period. Strong selloffs that occur in positive seasonal periods will often see a short-term bounce. The study below demonstrates this. It was last seen in the 3/26/18 letter.

SPX drops more than 1% on the 4th Friday of the month. SPX > 200ma. Buy on close. Sell X days later. \$100k/trade. 1988 - 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	44,138.34	24	19	5	79.17	4,893.14	-2,326.87	2,535.79	-808.35	3.14	11.92	1,839.10
9	40,078.93	24	18	6	75.00	5,877.30	-2,607.15	2,614.58	-1,163.91	2.25	6.74	1,669.96
8	45,357.80	24	19	5	79.17	6,612.06	-3,045.20	2,792.99	-1,541.82	1.81	6.88	1,889.91
7	45,608.77	24	20	4	83.33	5,956.07	-3,145.48	2,616.64	-1,681.00	1.56	7.78	1,900.37
6	40,960.80	24	21	3	87.50	5,415.54	-3,378.24	2,249.28	-2,091.37	1.08	7.53	1,706.70
5	34,128.43	24	18	6	75.00	5,555.16	-3,993.72	2,369.86	-1,421.52	1.67	5.00	1,422.02
4	30,910.77	24	20	4	83.33	4,731.13	-2,157.84	1,785.43	-1,199.46	1.49	7.44	1,287.95
3	18,139.99	24	17	7	70.83	4,042.74	-3,401.24	1,491.66	-1,031.17	1.45	3.51	755.83
2	15,236.67	24	17	7	70.83	4,259.29	-2,061.64	1,337.11	-1,070.59	1.25	3.03	634.86
1	6,581.73	24	14	10	58.33	2,671.02	-1,922.40	1,122.72	-913.63	1.23	1.72	274.24
<b>23 of 24 instances (96%) closed above the entry price at some point in the next week.</b>												

Both the consistency and the size of the moves appear to be quite strong. Below is an equity curve showing how the edge has played out over time. It assumes a 6-day hold.



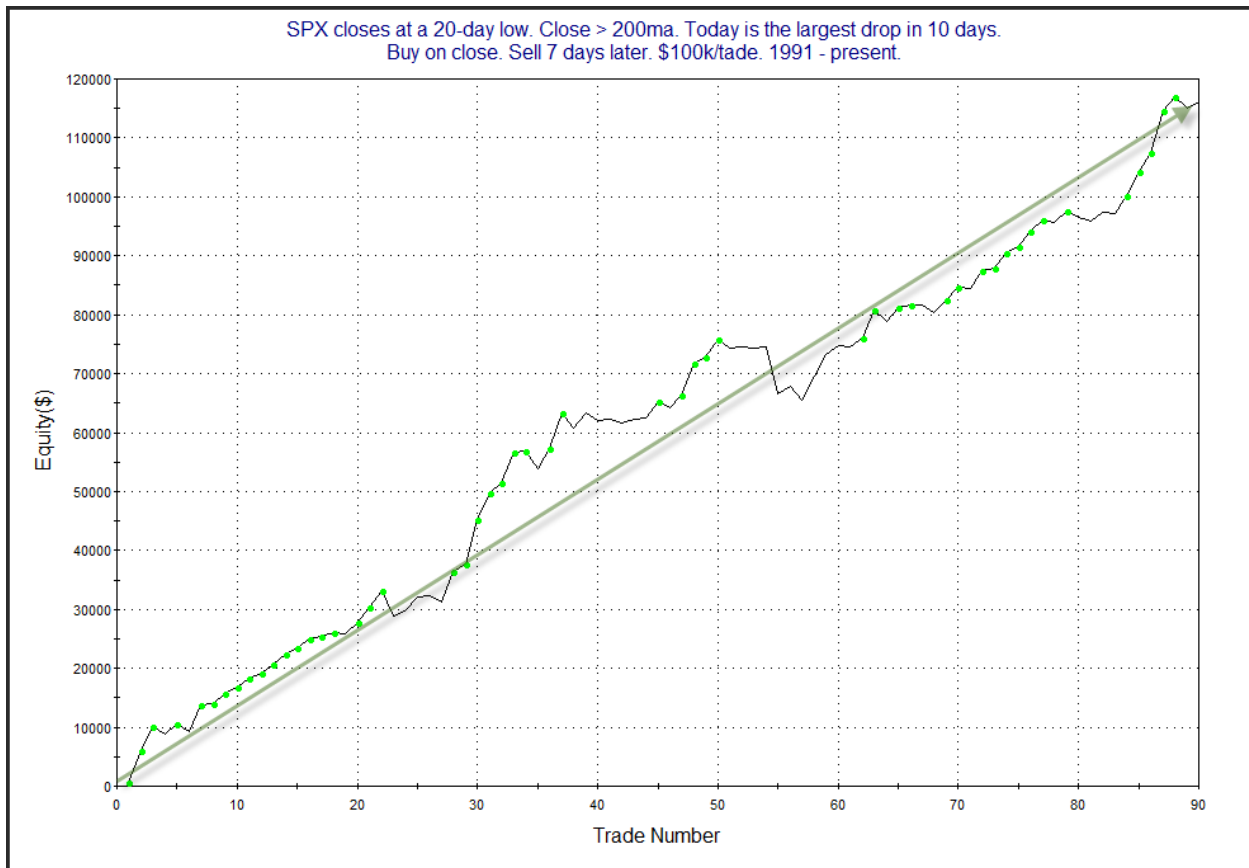
This curve is also impressive, and quite steady.

It is also notable that SPX closed at *the lowest level in over a month*. In the 9/29/21 letter I showed a study that examined large losses that finished at intermediate-term lows. I have updated that study below.

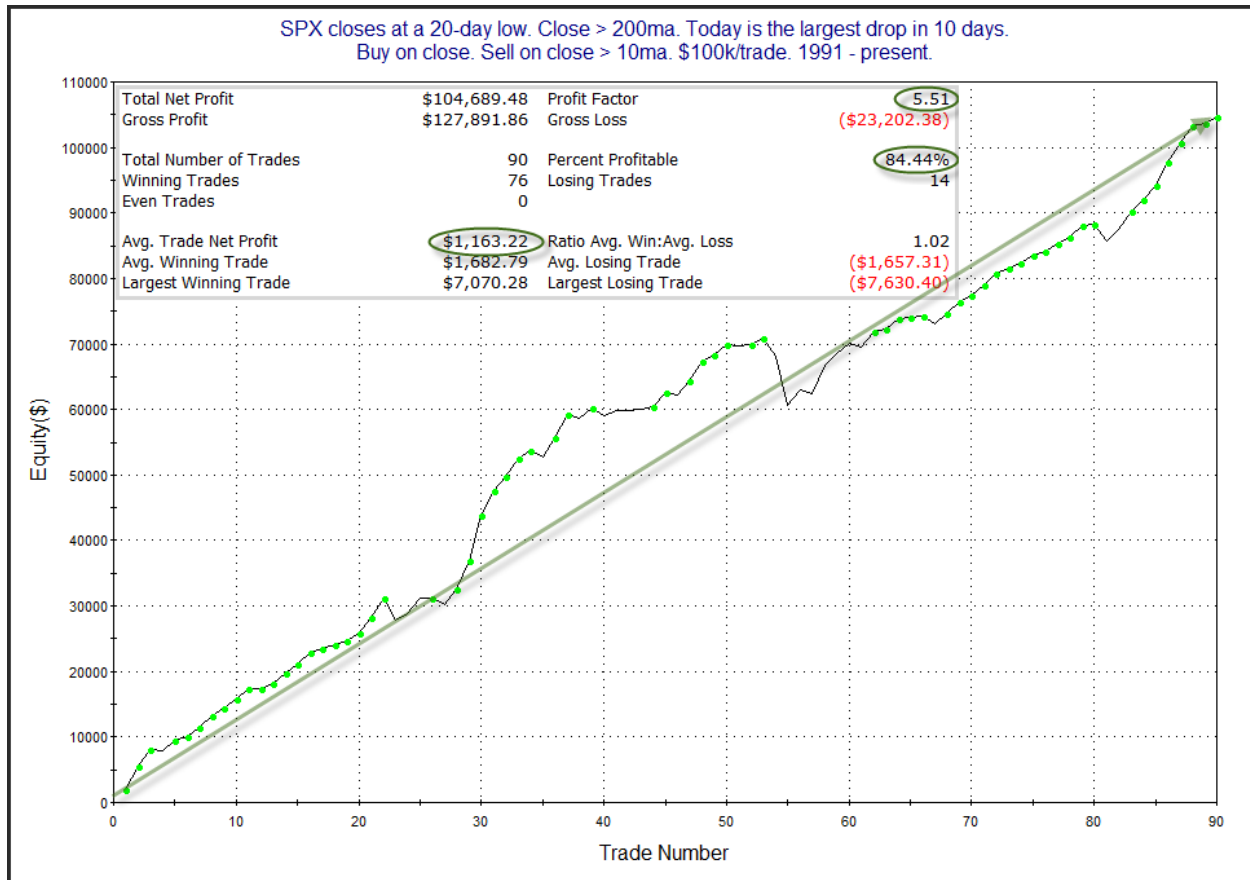
SPX closes at a 20-day low. Close > 200ma. Today is the largest drop in 10 days.  
Buy on close. Sell X days later. \$100k/tade. 1991 - present.

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	103,381.18	86	61	25	70.93	9,048.90	-13,993.88	2,654.64	-2,342.09	1.13	2.77	1,202.11
9	121,305.18	87	67	20	77.01	8,235.00	-10,059.36	2,393.16	-1,951.82	1.23	4.11	1,394.31
8	108,665.12	88	65	23	73.86	8,384.10	-14,092.68	2,408.74	-2,082.74	1.16	3.27	1,234.83
7	116,165.54	90	66	24	73.33	7,500.06	-8,018.76	2,316.36	-1,529.77	1.51	4.16	1,290.73
6	111,057.34	92	69	23	75.00	7,272.06	-7,966.32	2,204.54	-1,785.03	1.24	3.71	1,207.15
5	94,223.59	93	61	32	65.59	7,070.28	-3,385.80	2,081.44	-1,023.26	2.03	3.88	1,013.16
4	66,563.53	95	63	32	66.32	4,731.13	-3,863.84	1,740.70	-1,346.88	1.29	2.54	700.67
3	53,811.50	95	63	32	66.32	4,277.94	-5,331.20	1,471.62	-1,215.63	1.21	2.38	566.44
2	50,583.64	96	63	33	65.63	4,809.66	-3,863.25	1,250.24	-853.99	1.46	2.79	526.91
1	17,952.59	99	63	36	63.64	5,117.46	-2,162.04	730.44	-779.60	0.94	1.64	181.34

Results here are quite bullish. Here is a look at the profit curve for the 7-day holding period.



That is a strong and steady rise from lower left to upper right. Some subscribers may recognize the setup as numbered-system 110524. Results below are also updated and they utilize the system exit strategy rather than a simple day count.



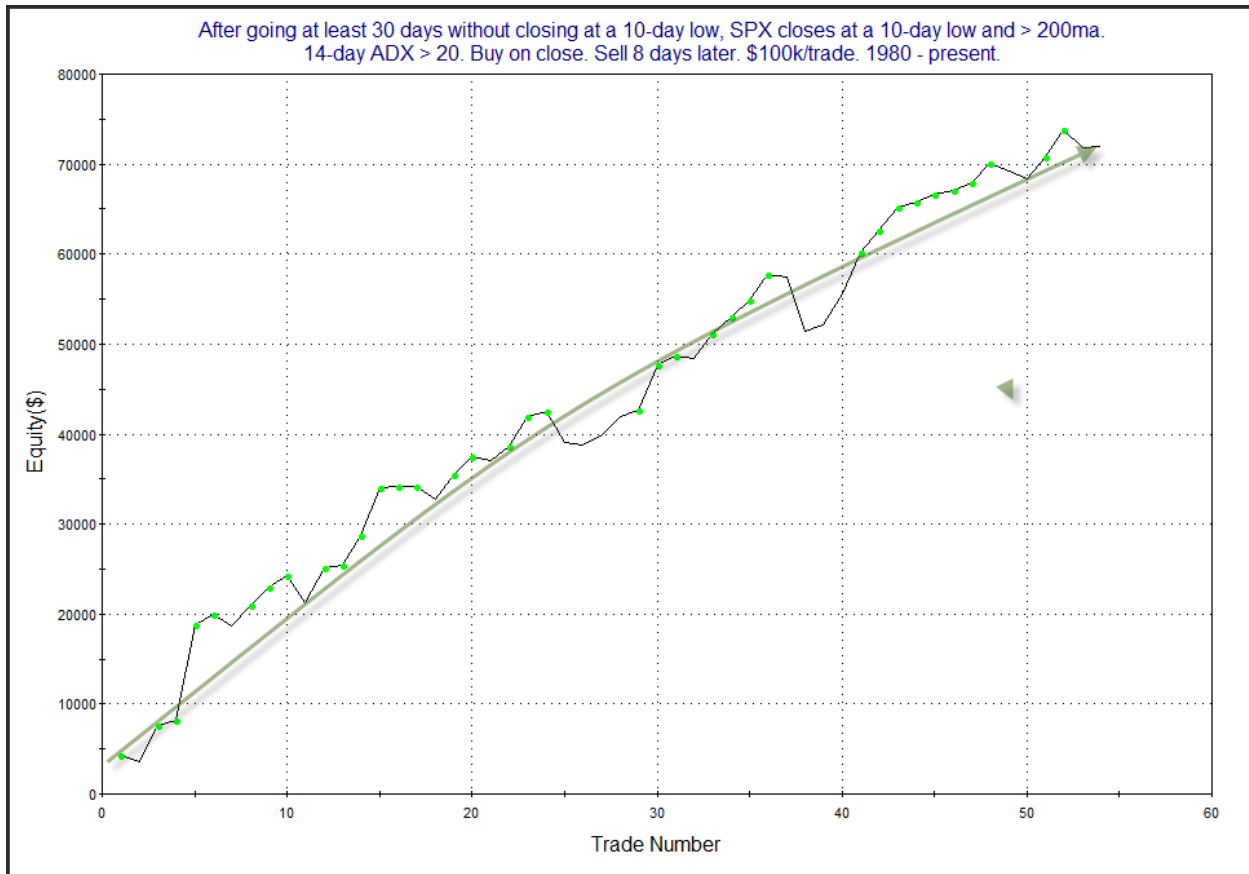
As you can see, waiting for a reversion to exit has often been a good way to go. You'll note the largest losing trade is a big one. It triggered shortly before the US debt downgrade in 2011. Overall, losses have been rare and gains have been steady. This system continues to impress.

Friday also marked the 1<sup>st</sup> time SPX closed *at even a 10-day low since October 4<sup>th</sup>*. Before Friday, SPX had gone 37 trading days without closing at a 10-day low. That is a long time. Historically the 1<sup>st</sup> pullback to a 10-day low after a long time without one has provided a solid upside edge. In the past I also found that the edge is more prevalent when SPX has been trending than when it has been chopping sideways for an extended period. I used ADX to determine trend strength. I found that a reading of 20 or higher seemed to be a decent filter. I last shared the study below in the 5/12/21 letter. Results are updated.

After going at least 30 days without closing at a 10-day low, SPX closes at a 10-day low and > 200ma.  
 14-day ADX > 20. Buy on close. Sell X days later. \$100k/trade. 1980 - 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	74,479.82	54	36	18	66.67	12,395.76	-5,362.24	2,804.31	-1,470.85	1.91	3.81	1,379.26
9	72,415.97	54	39	15	72.22	10,529.82	-3,753.36	2,484.74	-1,632.59	1.52	3.96	1,341.04
8	71,896.33	54	41	13	75.93	10,554.48	-6,117.72	2,269.03	-1,625.68	1.40	4.40	1,331.41
7	52,412.46	54	38	16	70.37	7,743.24	-8,141.12	2,202.96	-1,956.25	1.13	2.67	970.60
6	50,255.05	54	39	15	72.22	5,893.74	-4,111.40	1,855.49	-1,473.94	1.26	3.27	930.65
5	41,778.39	54	36	18	66.67	4,608.35	-3,502.11	1,743.68	-1,166.34	1.49	2.99	773.67
4	34,811.26	54	40	14	74.07	4,690.50	-2,616.60	1,459.66	-1,683.95	0.87	2.48	644.65
3	18,112.85	54	36	18	66.67	3,940.55	-4,464.88	1,161.59	-1,316.90	0.88	1.76	335.42
2	4,622.07	54	32	22	59.26	3,744.45	-7,559.56	974.13	-1,206.82	0.81	1.17	85.59
1	1,096.12	54	30	24	55.56	2,287.60	-2,758.48	687.92	-814.23	0.84	1.06	20.30

The numbers here are quite good, suggesting a short-term upside edge. Below is an 8-day profit curve.



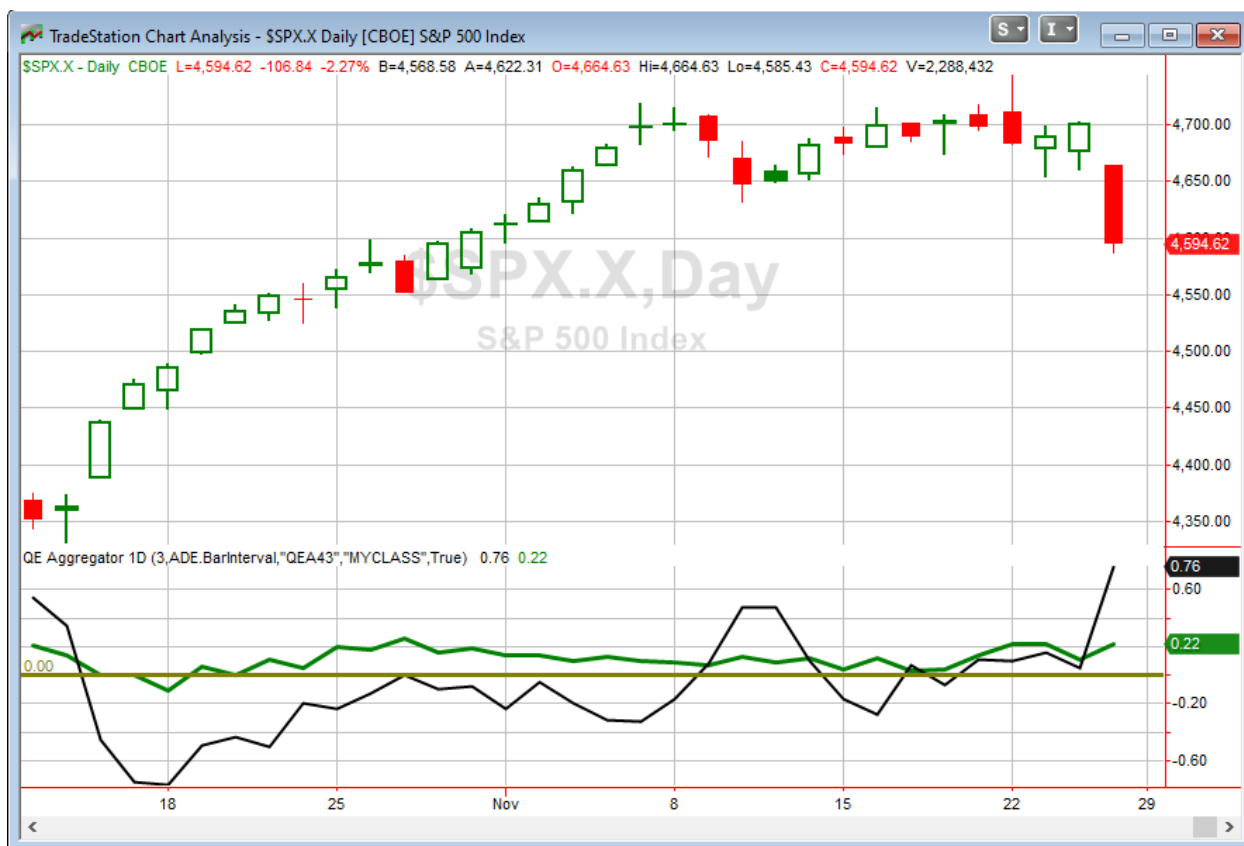
Yet another impressive profit curve.

Of course I have been hyping the Monday after Thanksgiving as a weak seasonal day. (Friday was supposed to be a strong one, and that obviously did not play out.) So what has happened at times when the typical Thanksgiving week strength has not arrived? The study below is updated from the 11/26/18 letter.

Monday after Thanksgiving when Thanksgiving week has closed down. SPX 1-day returns shown. 1960 - 2020.			
Ticker	Date/Time	Close	Next Day % Chg
\$SPX	11/27/1964	85.16	-0.87
\$SPX	11/26/1965	92.03	-0.25
\$SPX	11/25/1966	80.85	-0.17
\$SPX	11/28/1969	93.81	-0.63
\$SPX	11/23/1973	99.44	-2.88
\$SPX	11/26/1982	134.88	-0.5
\$SPX	11/27/1987	240.34	-4.18
\$SPX	11/23/1990	315.1	0.45
\$SPX	11/29/1991	375.22	1.65
\$SPX	11/25/1994	452.29	0.41
\$SPX	11/24/1995	599.97	0.23
\$SPX	11/28/1997	955.4	2.03
\$SPX	11/26/1999	1416.62	-0.62
\$SPX	11/24/2000	1341.77	0.54
\$SPX	11/24/2006	1400.95	-1.36
\$SPX	11/23/2007	1440.7	-2.32
\$SPX	11/26/2010	1189.4	-0.14
\$SPX	11/25/2011	1158.67	2.92
\$SPX	11/23/2018	2632.56	1.55
		<b>Average</b>	<b>-0.22</b>
		<b>% Wins</b>	<b>42%</b>

The typical weakness does not seem to have played out as much. Monday appears more neutral under these circumstances.

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



With this weekend's evidence considered, the green Aggregator Line moved further above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line shot far above zero. The positive Differential Line reading means that SPX is substantially 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 set to remain positive on Monday. This will almost certainly not change. Meanwhile, the Differential Pivot will be 4715.13 on Monday. That is a whopping 2.6% above Friday's close. So SPX would need to close up over 2.6% on Monday in order to flip from oversold to overbought vs recent expectations. A 1-day gain of that magnitude is highly unlikely. A more likely scenario for working off the oversold condition would be a multi-day rally or consolidation.

So the Aggregator is still bullish. We have a lot suggesting a bounce should arrive in the next few days. The large drop on Friday combined with the extreme VIX spike, putting the market at the 1<sup>st</sup> new low in a long time, and heading into turn of the month are all factors favoring a bounce. Of

course just because we have reached a point where the market is “supposed” to bounce does not mean it will right away. But reward/risk at this point appears to favor the bulls. I have a small index position from a few days ago (unfortunately the gap down on Friday kept me from exiting). In an effort to try and benefit from the anticipated bounce, I’ll be looking to build on that position early this week.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 11/29 – somewhat bullish***

<b>Combo #1</b>	<b>Combo #2</b>	<b>Combo #3</b>
<b>Long</b>	<b>Long</b>	<b>Long</b>

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 3 can be either flat or long. None of them look to short. More information on these signals can be found in the [Quantifiable Edges Market Timing Course](#), which is included with all annual subscriptions. Detailed descriptions of these combination approaches [can be found in Lesson 8](#). Subscribers may also download detailed hypothetical historical performance reports covering 12/31/71 – 3/7/14 in [Lesson 11, Course Downloads](#). (You must go through the course first in order to access the Downloads.) *This week the “Combo Systems” all stayed “Long”.*

Tough week. The SPX lost 2.2%, the NASDAQ dropped 3.5%, and the Russell 2000 tumbled 4.15%. Of course the NASDAQ and SPX both hit all-time intraday highs as recently as Monday, so the long-term trend still appears up.

Monday also marked the 4<sup>th</sup> Hindenburg Omen signal. I discussed these in last weekend’s letter. Clusters of 3 or more have generally been a solid warning sign of a potential market selloff.

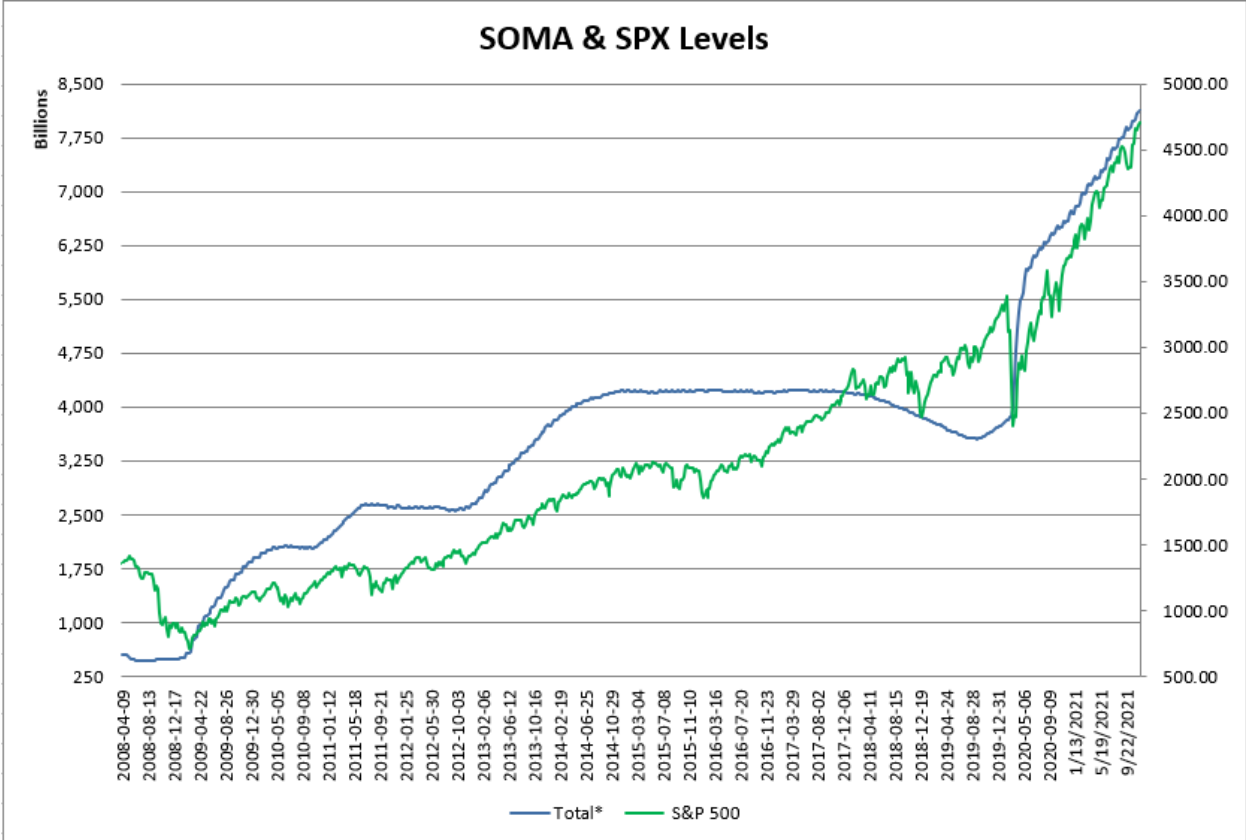
The Fed posted the latest update to the SOMA holdings after the close on Thursday. It can be found below.

Domestic Security Holdings as of  
[Previous](#) **November 24, 2021**  
Posted November 26, 2021 at 4:30 PM

**SUMMARY** | T-BILLS | T-NOTES AND T-BONDS | FRNS | TIPS | AGENCY DEBTS | MBS | CMBS

SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	326,044,000.0
US Treasury Notes and Bonds (Notes/Bonds)	4,784,910,524.5
US Treasury Floating Rate Notes (FRNs)	24,321,178.7
US Treasury Inflation-Protected Securities (TIPS)*	375,792,901.0
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,600,360,064.6
Agency Commercial Mortgage-Backed Securities***	9,365,812.4
Total SOMA Holdings	8,123,141,481.2
Change From Prior Week	11,023,293.5

This past week saw the SOMA rise by \$11 billion. That is typical for what we would expect at this time of the month. Below is an updated SOMA/SPX chart from 2008 – present.



The SOMA is in the midst of the largest expansion in history, but the pace of the expansion is now slowing. It is not yet visible on the chart, but the blue line is going to start to flatten. There is also some talk now that the pace of tapering may be accelerated. This is something we will find out in a couple of weeks at the conclusion of the December meeting. QE has provided incredible support, and the market has flourished. As QE goes away, it will likely become more and more difficult for the gains to continue. A lack of liquidity could also mean increased volatility. I'd be very surprised if 2022 saw the same kind of steady rise that we have seen over the last year and a half.

Overall, the bulls still appear to have a bit more going for them. Seasonality somewhat positive, the NASDAQ is leading (barely), and the market recently made new highs and remains an uptrend. There are plenty of issues the bears could grab onto. COVID shutdowns is now back at the top of the list, along with valuations, inflation, supply-chain backups, the debt-ceiling negotiations, and the upcoming Fed decision in 2 weeks. We also now have confirmed breadth issues with the Hindenburg Omen cluster that built up. And the more QE tapers, the less it can help to backstop the market when selloffs begin. I still favor the bullish case, but not by much. The NASDAQ leadership is in doubt, and if that slips this week, I'll likely turn neutral. In any case, I believe being nimble in the coming months will be vital. I will continue to consider all evidence and be sure I am open to changing my mind as the evidence changes.

### **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 @ \$459.25 LIMIT.** This is a little above Friday’s closing price. I see enough evidence that I want more exposure, and I’ll pay up a little bit in order to get it.

**SPY – Buy @ \$458.90 LIMIT ON CLOSE IF IT ALSO CLOSES BELOW ITS OPEN PRICE.** Monday looked a little bit questionable with some of the studies, so we could have more selling. But that could also set us up well for a possible “Turnaround Tuesday”. I’ll add a 3<sup>rd</sup> lot if the opportunity arrives Monday afternoon.

### **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY(1/4)	11/23/2021	\$467.22	\$458.97	-1.77%		Aggregator

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