

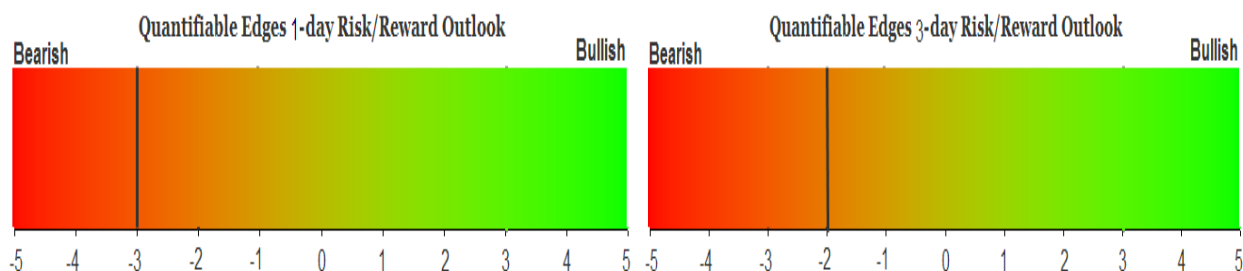
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 9, 2021

Volume 14 Issue 236

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	0

Tonight's Research Points

- 3+ days of strong Nasdaq breadth are often followed by a down day.

Short-term Outlook

The Bottom Line

The Aggregator is bearish. I'm moderately bearish as well, especially in looking at the NASDAQ, which has provided the bearish edges the last couple of days.

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

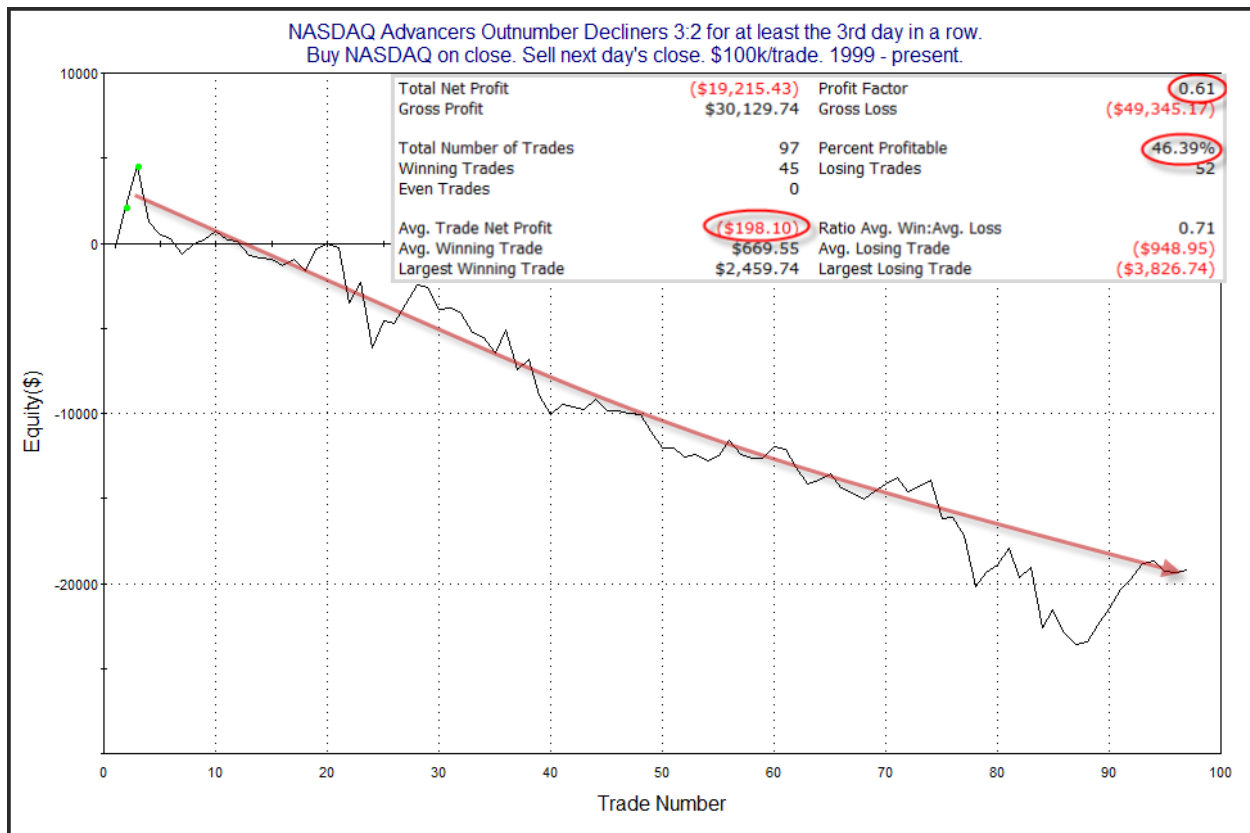
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 9, 2021	NASDAQ A/D Ratio 3:2 for 3+ days	1 day	Bearish			
December 8, 2021	NASDAQ up 3% on 5-low volume	1-5 days	Bearish	-5.50%	1.70%	3.30%
December 8, 2021	VIX 10% above 10ma to 10% below 1wk	1-8 days	Bullish	2.00%	-1.20%	-2.60%
December 1, 2021	1.5% drop 2 days in 5 above 200ma	1-5 days	Bullish	3.70%	-1.90%	-4.40%
Active - Long Term						
November 22, 2021	Hindenburg Omen Cluster	1-35 days	Bearish	-6.90%	3.20%	5.80%
November 8, 2021	QE4 tapering	int term	Bullish but Weakening			
November 4, 2021	SPX 50-day %b > 100	1-50 days	Bullish			
November 1, 2021	Best 6 Months	1-6 months	Bullish			
July 9, 2020	Golden Cross	int term	Bullish			
Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)						
November 29, 2021	1st 10-low in 30+ days	1-8 days	Bullish	3.00%	-2.10%	-4.40%

The Evidence

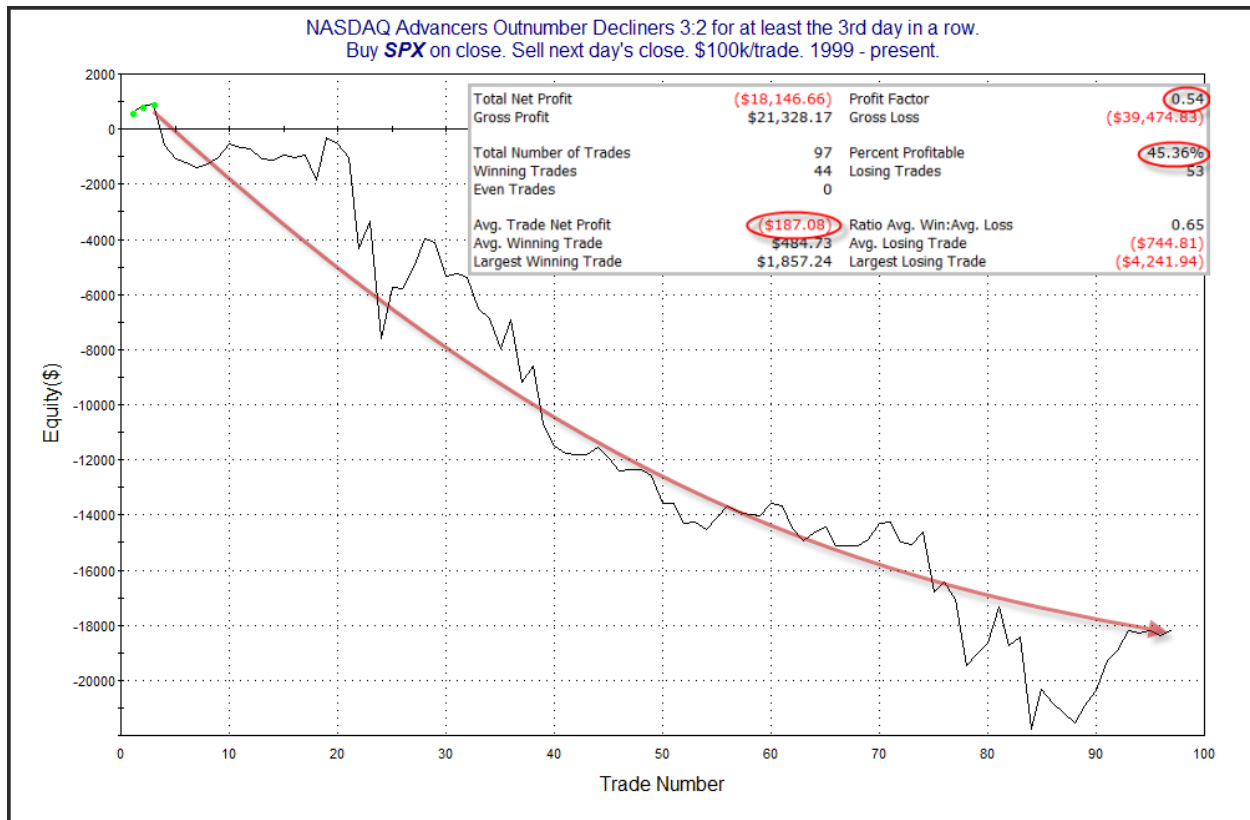
Wednesday saw some moderate upside follow through. The SPX rose 0.3%, the NASDAQ gained 0.6%, and the Russell 2000 rallied 0.8%. Breadth was again strong with the NYSE Up Issues % coming in at 61% and the Up Volume % at 65%. NYSE total volume declined for the 6th day in a row.

Wednesday also saw a 3rd day in a row of strong NASDAQ breadth. This triggered a study that looked at times Nasdaq advancers outnumbered decliners by more than 3:2 for 3+ days. It suggested such persistent lopsided breadth was about enough, and it was often followed by a down day. I last showed the study in the 8/25/21 letter and have updated the results below.

First let's look at how the NASDAQ has performed the day after such a run of strong breadth.

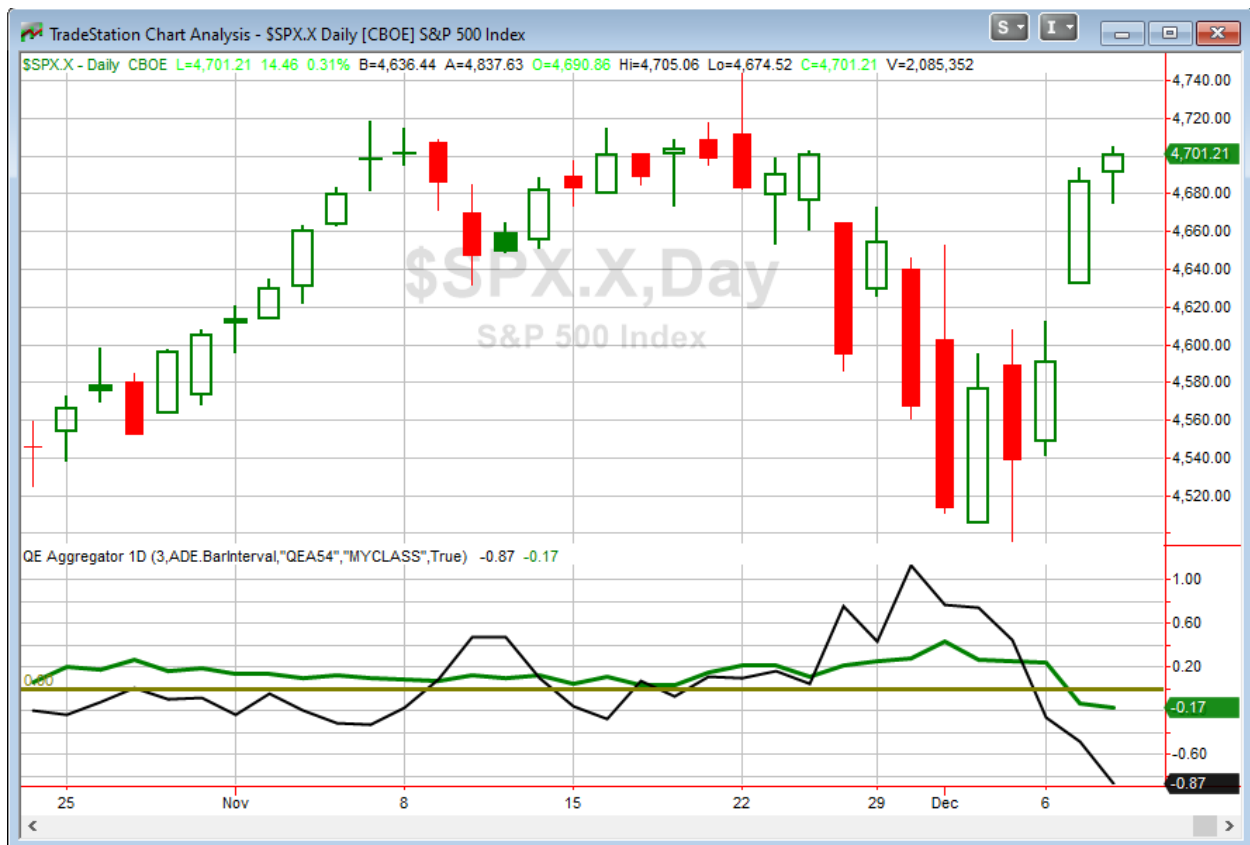


The stats are lopsided to the downside, suggesting a bearish edge. The curve has persisted lower for a good long time. Overall, this seems to suggest a downside edge. Several instances from February started doing some damage to this curve, but it still looks strong enough to merit some consideration. I also looked to see how the SPX performed following the setup.



Very similar numbers and curve. It appears the NASDAQ breadth setup has also led to pullback in the SPX much of the time. I have added this study to the Active List tonight.

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



With tonight's evidence considered, the green Aggregator Line held below zero. Negative readings mean net expectations are for downside 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 negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation stayed short at the close.

Based on the current list of active studies, expectations are set to remain negative on Thursday. This could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 4624.80 on Thursday. That is 1.6% below Wednesday's close. So SPX would need to close down over 1.6% on Thursday in order to flip from overbought to oversold.

So the Aggregator is bearish for the 2nd day in a row. Bearish evidence is building a bit more and suggesting the pop higher could reverse. And there is still ample room to the downside before SPX would turn oversold. So reward/risk appears to favor the bears. I'll look to sell short a small index position on Thursday if I can get a favorable fill early in the day. If not, I'll just remain sidelined. Since the bearish studies have been focused on the NASDAQ the last couple of nights, that is where I will be looking to short.

Intermediate-term Outlook (2 weeks – 2 months) – *updated 12/6 – neutral*

The intermediate-term outlook was last updated in the 12/6/21 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

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.

QQQ – Sell short ¼ index position @ \$399.61 LIMIT. IF NOT FILLED IN THE 1ST 20 MINUTES OF TRADING, CANCEL ORDER. From the short-term section above, I'll look to take on some short QQQ if I can get a favorable fill in the morning. I don't have an interest in buying into a strong rally after the early part of the day, so I'll cancel the order if not filled in the 1st 30 minutes.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
<i>SPG(1/3)</i>	<i>12/1/2021</i>	<i>\$152.84</i>	<i>\$156.25</i>	<i>2.23%</i>		<i>sold on open</i>
BIIB(1/3)	12/6/2021	\$223.20	\$234.72	5.16%		<i>sell on open</i>

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Michigan, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360, LLC. ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2021 Quantifiable Edges, LLC.