

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 29, 2021

Volume 14 Issue 249

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- While SPY closed down, its series of higher highs and higher lows continued, suggesting a rally in the coming days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. That is where I am as well.

**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>						
December 29, 2021	3 higher hi, low, close. Dn close. Up hi-lo	1-2 days	Bullish			
December 28, 2021	Up 4 days and 3 of them > 1%	1-4 days	Bullish	2.10%	-0.80%	-1.50%
December 28, 2021	1 % Gain between Christmas & New Yr	1-2 days	Bullish			
December 27, 2021	50-day high just before Christmas	1-5 days	Bullish			
<b>Active - Long Term</b>						
December 13, 2021	Dec opex wk + 2 more weeks bullish	1-15 days	Bullish	3.30%	-1.80%	-4.00%
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			

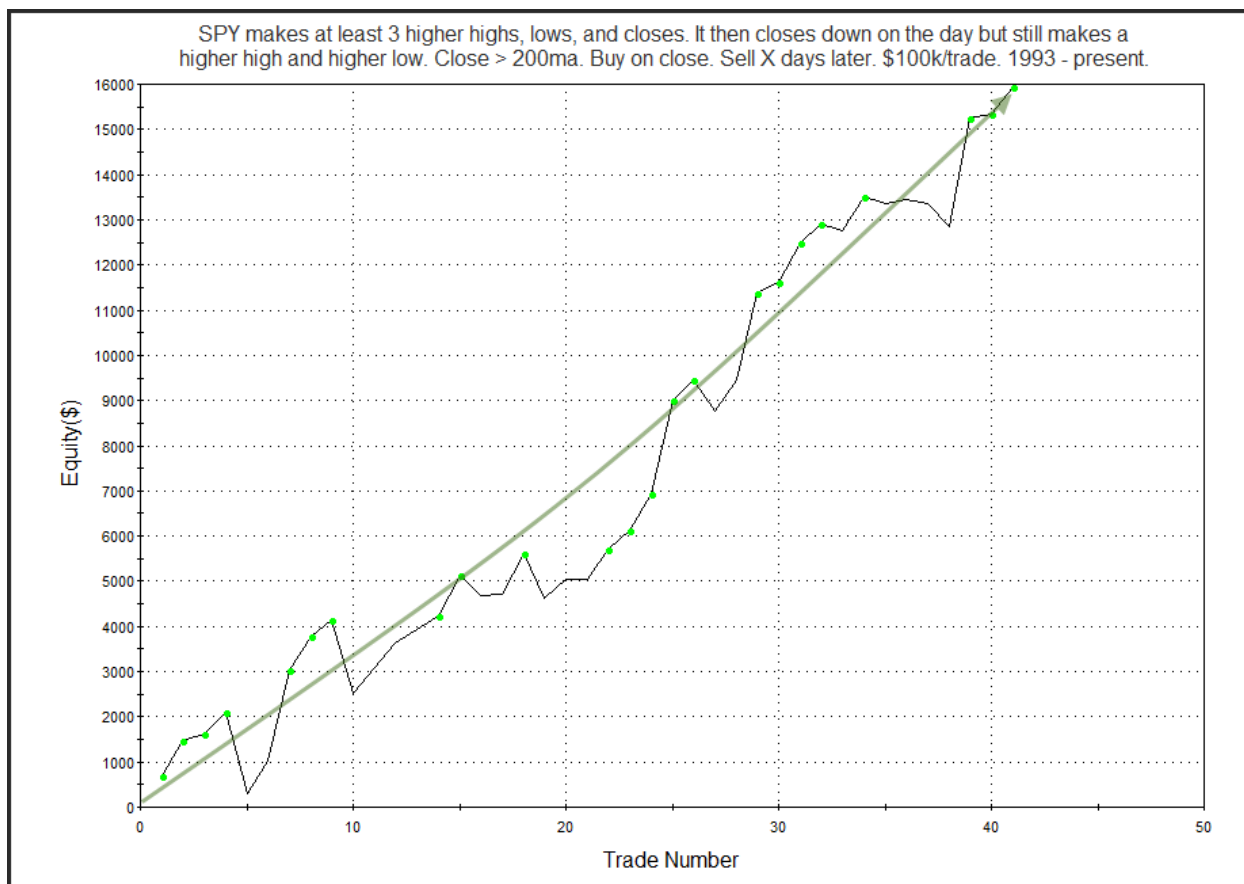
**The Evidence**

Tuesday saw the market give back a little bit. The SPX finished down 0.1%, the NASDAQ fell 0.6%, and the Russell 2000 lost 0.7%. Breadth was weak with the NYSE Up Issues % coming in at 48% and the Up Volume % at 43%. NYSE total volume again came in light as you'd expect with many traders taking time off.

SPY finished lower, but it did manage to register a higher high and a higher low. The study below was last seen in the 11/20/19 letter and examines other times a pullback of this sort followed a series of higher highs, lows, and closes. I've updated the results.

SPY makes at least 3 higher highs, lows, and closes. It then closes down on the day but still makes a higher high and higher low. Close > 200ma. 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
5	19,632.84	41	26	15	63.41	3,602.64	-4,604.60	1,348.88	-1,029.21	1.31	2.27	478.85
4	25,501.82	41	29	12	70.73	2,962.96	-2,191.22	1,226.01	-837.71	1.46	3.54	622.00
3	18,213.18	41	28	13	68.29	2,762.41	-2,640.33	955.37	-656.70	1.45	3.13	444.22
2	15,943.55	41	31	9	75.61	2,399.54	-1,804.67	723.39	-720.18	1.00	3.46	388.87
1	9,524.93	41	26	15	63.41	1,395.93	-1,137.92	526.56	-277.71	1.90	3.29	232.32

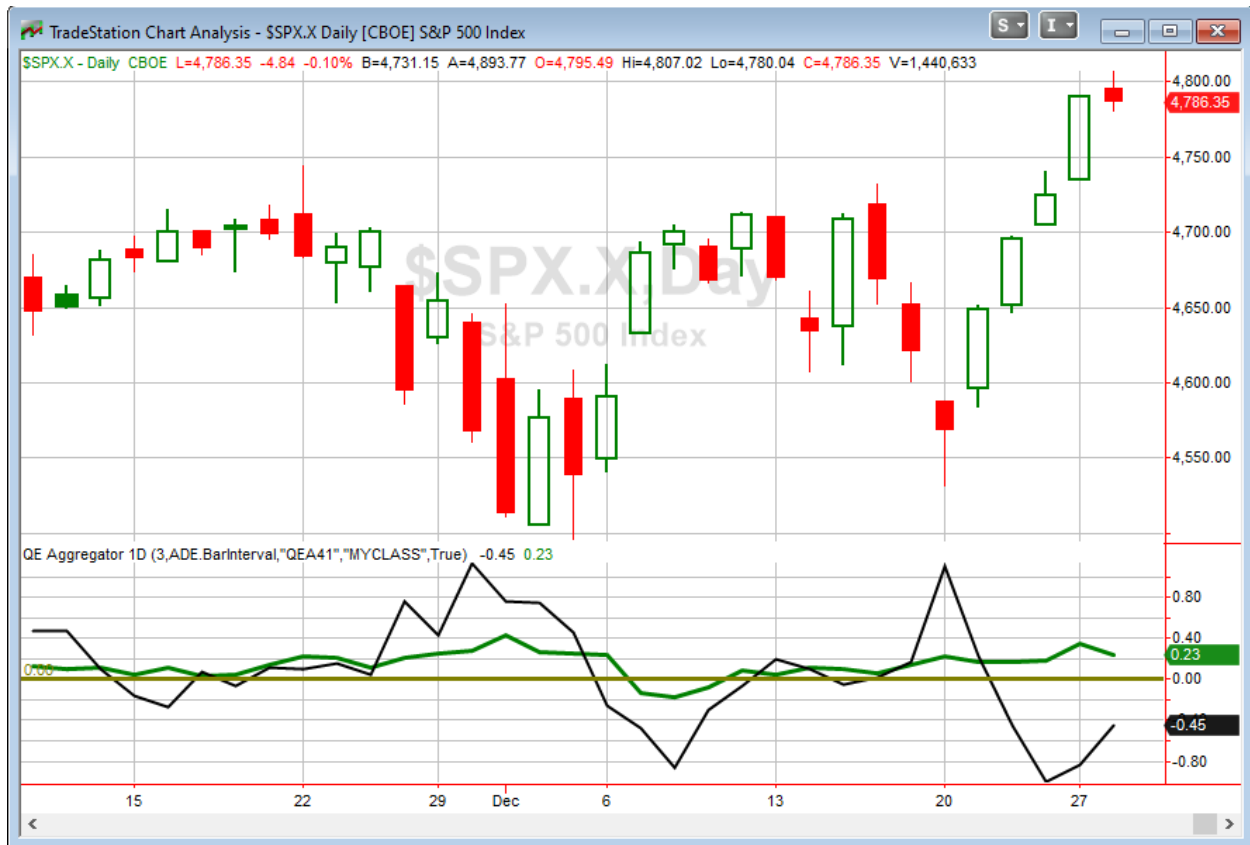
There appears to be a strong propensity for the move up to reassume. In looking at the curves, the 2-day seemed to most consistent. You may find it below.



That is a strong move from lower left to upper right. I have added this study to the active list tonight.

Nothing else from the Quantifinder suggested a strong edge today. There were a few that noted the low volume, but with it being a holiday week, I decided to just ignore those. Low volume is expected, rather than a sign of anything.

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 well 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 studies on the active list, expectations are scheduled to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4750.35 on Wednesday. That is 0.75% below Tuesday's close. So SPX would need to close down at least 0.75% on Wednesday in order to flip from overbought to oversold versus expectations.

Again no big changes. The Aggregator is neutral. I am too. Until a more compelling opportunity arises, I'll stay sidelined.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 12/27 – somewhat bullish***

The intermediate-term outlook was last updated in the 12/27/21 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.*

**None tonight.**

**Current Open Trade Ideas**

**None**

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