

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 8, 2023

Volume 16 Issue 214

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- SPX is up for the 7th day in a row. That has often been followed by more gains over the next few weeks.
- DJI action and historical results is confirming this.

Short-term Outlook

The Bottom Line

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

Summary of Current 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 7, 2023	SPX up. Up Vol & Up Issue % < 40%	1-4 days	Bearish	-2.00%	1.00%	1.80%
November 7, 2023	SPX up & > 200. Up Vol % < 40%.	1-7 days	Bullish	1.70%	-1.30%	-2.60%
November 6, 2023	Zweig Thrust	1-6 days	Bullish			
November 3, 2023	Up 4 days. 3 of 4 > 1%	1-4 days	Bullish	2.00%	-0.80%	-1.50%
November 3, 2023	50-low 4 ago. RSI2 up > 85 points	1-4 days	Bullish	2.10%	-1.30%	-2.70%
Active - Long Term						
November 8, 2023	SPX up 7 in a row and close > 200ma	1-20 days	Bullish	3.10%	-1.90%	-4.05%
November 7, 2023	SPX up & > 200. Up Vol % < 40%.	1-10 days	Bullish	2.10%	-1.60%	-3.40%
November 7, 2023	Whaley ADT5 > 73.66	1-12 months	Bullish	25.20%	-8.10%	
November 6, 2023	5 higher closes. Up 3%. < 50-high.	1-15 days	Bullish	3.30%	-1.70%	-3.05%
November 6, 2023	Zweig Thrust	1-12 months	Bullish	29.00%	-3.20%	-7.00%
November 6, 2023	Best 6 Months	6 months	Bullish			
November 6, 2023	NASDAQ Leading	int term	Bullish			
October 2, 2023	SPX down 4 weeks but above 40-week ma	1-10 weeks	Bullish			
May 22, 2023	SPX 50-day high < 1/2 SPX stocks > 50ma	1-12 months	Neutral			
February 2, 2023	SPX Golden Cross	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

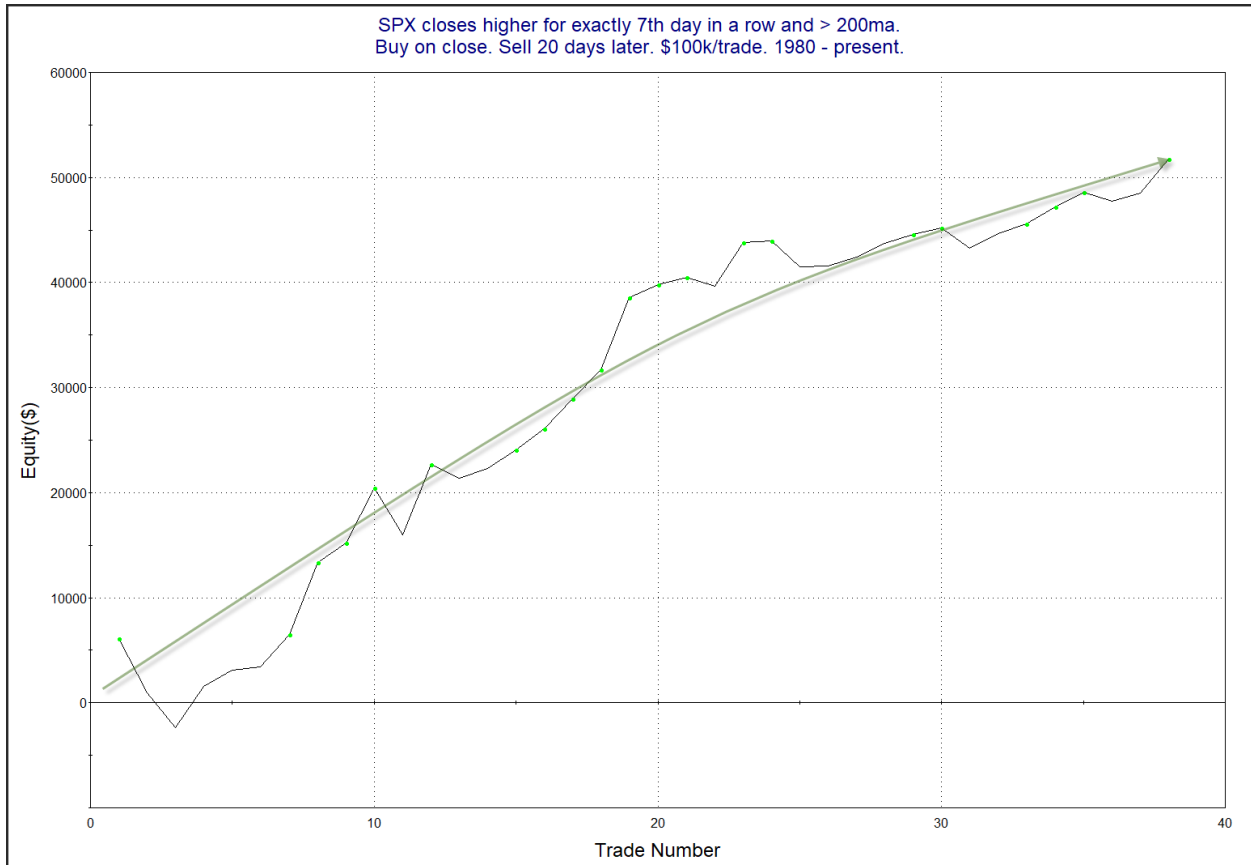
The Evidence

Tuesday saw mixed results for the indices. The SPX gained 0.3%, the NASDAQ rose 0.9%, and the Russell 2000 declined 0.3%. Breadth was weak with the NYSE Up Issues % coming in at 42% and the Up Volume % at 36%. NYSE total volume declined for the 3rd day in a row.

The persistent move higher has been fairly remarkable. Tuesday was the 7th day in a row in which SPX closed higher. Looking back to 1980, there have been 41 previous streaks of 7-day rallies where SPX closed above the 200ma. The study below was last seen in the 8/31/20 letter. I have updated the stats table.

SPX closes higher for exactly 7th day in a row and > 200ma. 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
20	51,750.67	38	30	8	78.95	6,854.40	-5,183.75	2,396.89	-2,519.50	0.95	3.57	1,361.86
19	51,811.46	38	29	9	76.32	7,580.16	-6,017.50	2,632.63	-2,726.07	0.97	3.11	1,363.46
18	48,353.53	38	27	11	71.05	8,006.40	-6,177.00	2,540.14	-1,839.12	1.38	3.39	1,272.46
17	46,295.07	39	29	10	74.36	7,422.72	-7,532.75	2,426.58	-2,407.57	1.01	2.92	1,187.05
16	40,533.30	39	26	13	66.67	6,021.12	-6,880.25	2,475.97	-1,833.99	1.35	2.70	1,039.32
15	39,278.42	39	28	11	71.79	6,197.76	-5,270.75	2,238.46	-2,127.12	1.05	2.68	1,007.14
14	30,653.60	40	31	9	77.50	5,439.96	-5,279.12	1,919.93	-3,207.13	0.60	2.06	766.34
13	28,710.21	40	27	13	67.50	5,349.12	-4,228.00	1,869.89	-1,675.14	1.12	2.32	717.76
12	32,948.14	40	28	12	70.00	5,794.56	-4,104.27	1,833.40	-1,532.27	1.20	2.79	823.70
11	28,618.65	41	25	16	60.98	5,750.00	-3,463.18	2,008.69	-1,349.91	1.49	2.33	698.02
10	21,527.35	41	25	16	60.98	5,076.56	-4,247.60	1,819.34	-1,497.26	1.22	1.90	525.06
9	24,166.92	41	29	12	70.73	4,669.08	-4,677.12	1,513.53	-1,643.79	0.92	2.23	589.44
8	18,066.59	41	27	14	65.85	5,222.40	-4,726.96	1,422.83	-1,453.56	0.98	1.89	440.65
7	14,273.91	41	30	11	73.17	3,635.40	-6,521.20	1,200.23	-1,975.73	0.61	1.66	348.14
6	12,230.18	41	27	14	65.85	3,501.08	-4,932.76	1,108.50	-1,264.23	0.88	1.69	298.30
5	17,450.87	41	31	10	75.61	3,582.84	-2,665.71	935.90	-1,156.21	0.81	2.51	425.63
4	11,515.66	41	27	14	65.85	3,720.08	-3,022.92	851.42	-819.49	1.04	2.00	280.87
3	12,456.37	41	26	15	63.41	2,917.08	-2,626.02	908.91	-745.03	1.22	2.11	303.81
2	3,507.68	41	21	20	51.22	1,998.39	-1,508.17	575.52	-428.91	1.34	1.41	85.55
1	-1,969.66	41	19	22	46.34	1,606.89	-840.84	345.96	-388.32	0.89	0.77	-48.04

No apparent edge over the 1st few days, but the market has typically pressed higher over the intermediate term. Momentum this strong often sees follow through. Below is a look at the 20-day profit curve.



Like other studies we have seen in the past few days, this suggests the strong momentum is a positive sign for the intermediate-term.

Also notable is the fact that the Dow Jones Industrial Average has closed up 7 days in a row as well. Here is the same study, but for the DJI. I last featured this in the 8/11/20 letter.

DJI closes higher for exactly 7th day in a row and > 200ma.
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
20	71,032.51	39	28	11	71.79	8,198.68	-3,332.50	2,952.47	-1,057.89	2.79	7.10	1,821.35
19	79,355.06	40	34	6	85.00	8,695.05	-2,509.32	2,548.56	-1,216.01	2.10	11.88	1,983.88
18	77,709.39	40	32	8	80.00	9,411.43	-3,131.59	2,769.83	-1,365.66	2.03	8.11	1,942.73
17	75,335.47	40	30	10	75.00	8,908.69	-3,757.81	2,930.10	-1,256.75	2.33	6.99	1,883.39
16	70,068.73	40	32	7	80.00	7,792.47	-2,497.15	2,488.50	-1,366.20	1.82	8.33	1,751.72
15	66,055.70	40	30	10	75.00	8,330.00	-2,944.23	2,605.98	-1,212.37	2.15	6.45	1,651.39
14	59,986.78	40	31	9	77.50	7,282.38	-3,311.49	2,365.58	-1,482.90	1.60	5.49	1,499.67
13	49,013.07	41	28	13	68.29	7,378.91	-3,665.00	2,296.17	-1,175.36	1.95	4.21	1,195.44
12	43,368.23	41	26	15	63.41	7,544.53	-3,171.51	2,338.44	-1,162.08	2.01	3.49	1,057.76
11	39,272.17	41	27	14	65.85	6,910.47	-2,343.12	2,104.80	-1,254.09	1.68	3.24	957.86
10	42,195.25	41	28	13	68.29	4,795.14	-2,876.67	2,017.12	-1,098.78	1.84	3.95	1,029.15
9	42,723.96	42	31	11	73.81	4,512.90	-3,132.90	1,719.44	-961.69	1.79	5.04	1,017.24
8	39,349.21	42	27	15	64.29	6,676.25	-2,237.31	1,833.21	-676.50	2.71	4.88	936.89
7	33,014.97	42	29	13	69.05	4,147.36	-2,345.95	1,525.93	-864.39	1.77	3.94	786.07
6	18,435.36	42	27	15	64.29	4,657.45	-3,410.35	1,299.96	-1,110.91	1.17	2.11	438.94
5	17,141.61	42	26	16	61.90	4,560.92	-2,927.07	1,238.65	-941.46	1.32	2.14	408.13
4	12,910.93	42	25	17	59.52	3,293.29	-2,425.90	1,120.31	-888.04	1.26	1.86	307.40
3	9,186.92	42	21	21	50.00	3,004.19	-1,664.47	1,025.10	-587.63	1.74	1.74	218.74
2	5,175.08	42	22	20	52.38	2,153.92	-847.62	578.41	-377.49	1.53	1.69	123.22
1	1,152.39	42	21	21	50.00	1,996.48	-1,220.94	382.78	-327.90	1.17	1.17	27.44

Similar results here. Strength begetting more strength over the intermediate-term.

Of course these studies utilize a 200ma filter. What is interesting about the current setup is that the win streak for SPX originated from a 100-day low. Looking back over the same period of time, there has only been one other instance where SPX closed up 7 days in a row following a 100-day low. So I looked back further...



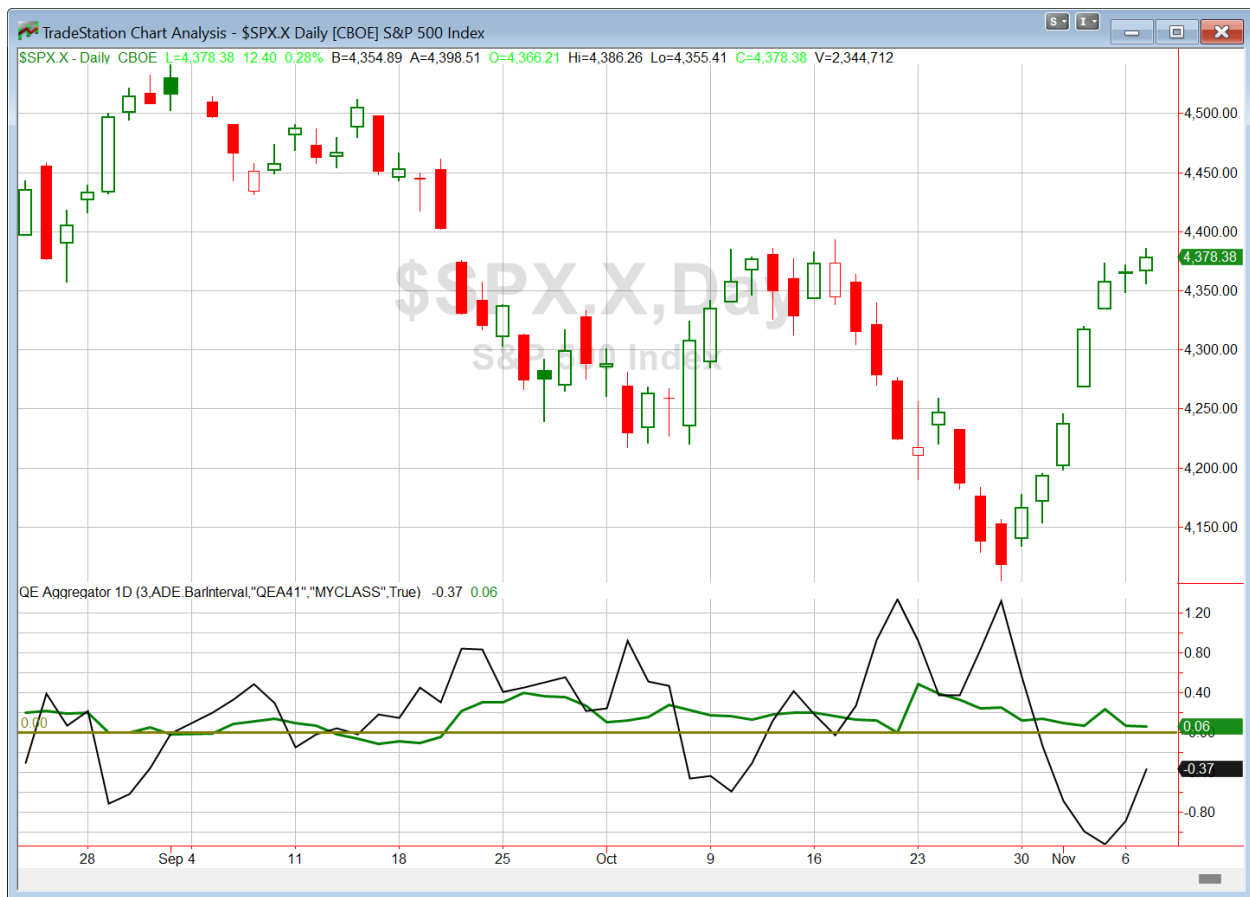
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Looking back to 1928, **\$SPX** has closed up 7 days in a row after a 100-day low only 6 other times (until Tues): 7/8/1937, 12/8/1943, 12/3/1971, 5/5/1977, 11/11/1977, 3/20/2003. Only 2003 instance closed up on day 8. All 6 were down 4 days later but up 9 days later. Small sample factoid. **\$SPY**
\$STUDY

11:29 PM · Nov 7, 2023 · **1,617**
Views

There really is not much to take away from this other than 1) this setup has been very rare, and 2) even though we are seeing plenty of studies suggesting further upside, the market is overbought enough that a pullback could certainly occur at any time.

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



With this weekend'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 active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4375.39 on Tuesday. That is just 0.1% below Tuesday's close. Therefore, SPX will only need to close down 0.1% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is still neutral. Tuesday did not change anything. I'll repeat what I said the last two days...*The market is clearly overbought. But it is so overbought, that further gains appear likely. Still, this does not appear to be a great entry point for a short-term trade. I will wait for a more favorable reward/risk setup before looking to take on my next index position.*

*Intermediate-term Outlook (2 weeks – 2 months) – updated 11/6– **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.

None tonight.

Current Open Trade Ideas

None

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