

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 13, 2023

Volume 16 Issue 217

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The QE Seasonality Calendar looks favorable Tues-Fri of this week.
- Intermediate-term evidence continued to build in favor of the bulls over the past week.
- There was a 1-week pause for QT, but we should see it back in force this week.

Short-term Outlook

The Bottom Line

The Aggregator is flat. Evidence is pointing higher, but the market is squarely overbought.

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 10, 2023	5 days up. No 50-high. Then down.	1-5 days	Bullish			
November 10, 2023	3-day high. 3-day low. #-day low close > 200	1-5 days	Bullish			
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			
Active - Long Term						
November 9, 2023	RSI(2) crosses over 99	1-15 days	Bullish			
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 ADT ₅ > 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

The market popped up strongly on Friday. The SPX rallied 1.6%, the NASDAQ jumped 2.1%, and the Russell 2000 rose 1.1%. Breadth was strong with the NYSE Up Issues % coming in at 72.7% and the Up Volume % at 73.4%. NYSE total volume rose some from Thursday's level.

After just one down day, the market moved back to a clear overbought condition. Thrusts like we have seen over the last couple of weeks will sometimes ramp higher without offering a good chance for people waiting for a pullback to jump in. That has certainly been the case lately. It can be frustrating for swing traders. But no style of trading is favored in every kind of environment, and if you've avoided selling short into this overbought market to this point, then you are doing well. The breadth thrusts and consistent price action higher we've seen have offered strong evidence that we've been in a dangerous environment for shorting.

The action Friday did not generate anything substantial in the Quantifinder, and the setups I examined over the weekend did not either. So I won't be featuring any new short-term studies today. But let's take a quick look at the current SPX Seasonality Calendar.

Quantifiable Edges Seasonality Calendar			
\$SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
11/1/2023	59.89	1.949	0.337
11/2/2023	52.49	1.160	0.043
11/3/2023	56.38	1.454	0.169
11/6/2023	56.63	1.397	0.027
11/7/2023	51.74	1.505	0.170
11/8/2023	53.22	1.332	0.087
11/9/2023	56.20	1.288	0.062
11/10/2023	59.42	1.665	0.212
11/13/2023	51.91	0.932	-0.121
11/14/2023	50.08	1.421	0.151
11/15/2023	51.11	1.212	0.058
11/16/2023	51.59	1.117	0.019
11/17/2023	52.08	1.225	0.081
11/20/2023	56.01	1.197	0.075
11/21/2023	53.53	1.470	0.137
11/22/2023	59.15	1.550	0.182
11/24/2023	54.60	1.078	0.031
11/27/2023	50.78	1.149	0.058
11/28/2023	50.76	1.161	0.062
11/29/2023	48.01	1.216	0.078
11/30/2023	51.12	1.239	0.076
Baseline	53.37	1.119	0.041

Monday is one of just 2 days in November where the Calendar is not green. The other is the 29th. Next week I will be discussing Thanksgiving-week seasonality. What you will see there is that the Wednesday and Friday around Thanksgiving have been bullish, though Friday has faded some in recent years. Then the Monday after Thanksgiving has been bearish. Details on that next weekend.

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



Without any new studies being added to the active list this weekend, 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 dropped back 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 turned flat at the close.

Based on the current active studies, expectations are set to remain positive on Monday. It would take some strong bearish evidence in order to change this. Meanwhile, the Differential Pivot will be 4396.17 on Monday. That is 0.4% below Friday's close. Therefore, SPX will need to close down at least 0.4% on Monday in order to flip from overbought to oversold versus expectations.

So the Aggregator is back to flat. The gap up that never filled Friday was frustrating for many traders. We did not get filled on the bullish trade idea I published for Thursday night. But SPX is now again so overbought that chasing higher for a short-term trade does not seem prudent. I'll again find myself waiting for the next favorable reward/risk opportunity to emerge.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/13– *bullish*

Combo #1	Combo #2	Combo #3	Combo #4
Long QQQ	Long QQQ	Long QQQ	Long QQQ

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course – *Updated and Expanded for 2023!* Signals are long-term in nature. All 4 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. *The Combo Systems all remained long QQQ this week.*

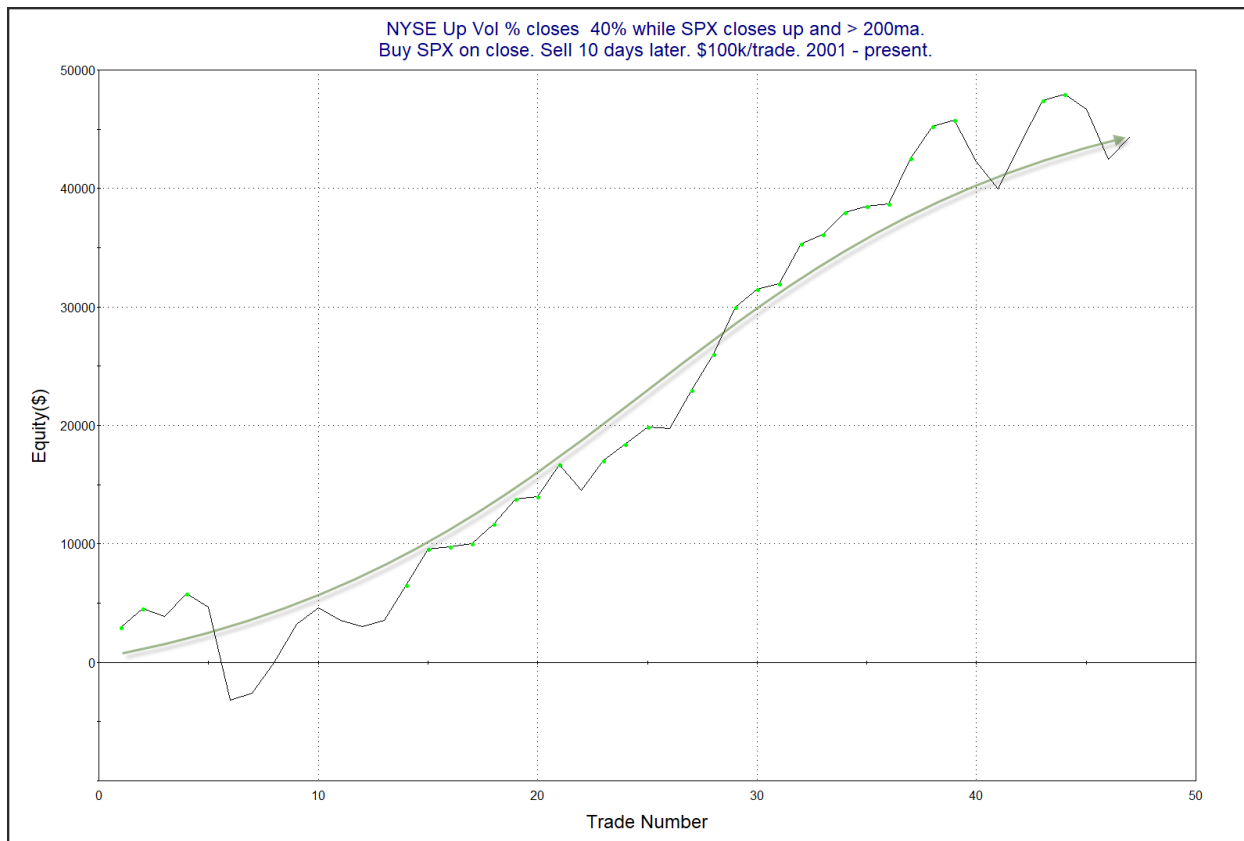
Large-caps continued to rally this past week. The SPX gained 1.3%, the NASDAQ rose 2.4%, but the Russell 2000 declined 3.15%. Bonds were also mixed. The US Aggregate Bond ETF (AGG) posted a loss of 0.2%. TLT, the 20-year Treasury Bond ETF, rose 0.4%. The long-term market trend looks up for the SPX and NASDAQ. The Russell 2000 is clearly lagging. There were multiple studies that emerged over the last several days with intermediate-term implications.

These first two studies appeared in the Monday night letter...

But the next study viewed weak breadth as an “oversold” type condition suggesting a short-term upside edge. It simply focused on Up Volume % coming in under 40% while SPX closed higher during a long-term uptrend. It is also updated from the 9/14/23 letter.

NYSE Up Vol % 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	44,407.49	47	36	11	76.60	3,969.23	-7,891.63	1,922.93	-2,256.18	0.85	2.79	944.84
9	38,801.24	48	36	12	75.00	3,793.00	-7,594.37	1,758.27	-2,041.37	0.86	2.58	808.36
8	40,381.13	49	38	11	77.55	4,666.56	-6,657.20	1,575.35	-1,771.11	0.89	3.07	824.10
7	36,315.63	51	39	12	76.47	5,211.84	-3,755.76	1,464.17	-1,732.24	0.85	2.75	712.07
6	33,200.45	51	36	15	70.59	6,018.56	-3,495.92	1,509.18	-1,408.67	1.07	2.57	650.99
5	26,244.29	55	41	14	74.55	4,787.84	-4,623.84	1,186.65	-1,600.59	0.74	2.17	477.17
4	11,225.80	56	34	22	60.71	2,689.05	-4,483.92	1,069.11	-1,142.00	0.94	1.45	200.46
3	8,970.78	59	36	23	61.02	2,513.92	-3,122.40	883.43	-992.73	0.89	1.39	152.05
2	10,990.23	63	40	23	63.49	2,661.75	-2,848.17	748.58	-824.04	0.91	1.58	174.45
1	5,988.64	68	40	28	58.82	1,790.64	-1,489.20	548.98	-570.38	0.96	1.37	88.07

Results have been surprisingly strong over the last 22 years...And here is the 10-day curve.



The curves have shown strong upside persistence. I find these results intriguing and have included this study on the short-term and the intermediate-term Active Lists...

When doing my research over the weekend, I missed noting that a Whaley Breadth Thrust took place on Friday. Wayne Whaley, in his 2009 Dow Award winning paper, "[Planes, Trains, and Automobiles: A Study of Various Market Thrust Measures](#)" looks at 5-day Advance/Decline Thrusts (ADT). He notes that ADT(5) readings over 73.66 have been especially strong breadth thrust signals over the years. Below is an updated table with all such triggers looking back to 1957 (using Norgate Data).

Whaley Advance Decline Thrust(5) > 73.66.
Forward SPX returns shown. 1957 - present.

Ticker	Date	10-Day %Chg	21-Day % Chg	42-Day % Chg	63-Day % Chg	84-Day %Chg	105-Day %Chg	126-Day % Chg	252-Day % Chg
\$\$SPX	7/5/1962	-0.69	2.31	3.08	-1.14	0.55	10.26	12.89	23.6
\$\$SPX	6/2/1970	-2.17	-6.29	0.27	4.73	8.3	7.09	12.02	28.73
\$\$SPX	12/1/1971	3.25	6.97	8.91	12.48	12.32	11.79	14.76	22.09
\$\$SPX	10/11/1974	-1.43	5.64	-4.88	1.64	10.46	17.71	20.33	23.99
\$\$SPX	1/6/1975	0.01	9.2	17.76	13.06	24.72	30.42	31.62	30.27
\$\$SPX	1/6/1976	5.7	8.96	5.97	10.67	7.86	6.01	10.7	13.01
\$\$SPX	8/20/1982	8.55	10.49	23.19	22.4	20.55	28.53	30.45	44.71
\$\$SPX	10/11/1982	-0.86	6.36	4.11	9.15	8.35	12.89	15.37	27.02
\$\$SPX	8/6/1984	1.44	1.04	0.2	2.96	0.48	0.66	10.92	17.23
\$\$SPX	1/8/1987	6.46	8.85	13.05	15.54	14.03	15.55	19.53	1.47
\$\$SPX	11/28/2008	-1.84	-0.62	-7.85	-22.31	-9.5	-2.09	5.41	22.25
\$\$SPX	1/6/2009	-10.11	-9.51	-27.62	-12.75	-2.92	0.48	-5.9	21.66
\$\$SPX	3/18/2009	2.11	9.47	14.52	14.65	18.38	23.34	34.55	46.77
\$\$SPX	9/10/2009	0.64	2.62	4.69	4.96	9.85	2.3	10.14	6.26
\$\$SPX	7/1/2011	-2.56	-6.39	-9.02	-15.54	-6.45	-6.92	-6.13	1.93
\$\$SPX	7/3/2012	-0.09	-0.66	2.37	5.22	2.92	2.4	6.73	19.39
\$\$SPX	11/23/2012	0.63	1.24	6.66	6.23	10.91	12.28	17.81	28.07
\$\$SPX	10/8/2015	1.94	4.26	2.49	-4.54	-8.01	-1.19	1.42	6.97
\$\$SPX	1/10/2019	2.62	4.36	8.25	11.23	8.29	10.91	16.06	25.75
\$\$SPX	6/5/2020	-3.01	-1.52	4.19	8.18	6.72	5.49	14.8	32.33
\$\$SPX	1/12/2023	2.19	3.87	-2.29	3.88	3.84	9.78	13.55	9.42
	Average	0.61	2.89	3.24	4.32	6.75	9.41	13.67	21.57
	Median	0.63	3.87	4.11	5.22	8.29	9.78	13.55	22.25
	Win %	57.1%	71.4%	76.2%	76.2%	81.0%	85.7%	90.5%	100.0%

The next 1-12 months have shown very strong results, with the 12-month record now a perfect 21-0 (counting the 1/12/2023 instance as a “win” so far). I have added this study to the intermediate-term active list.

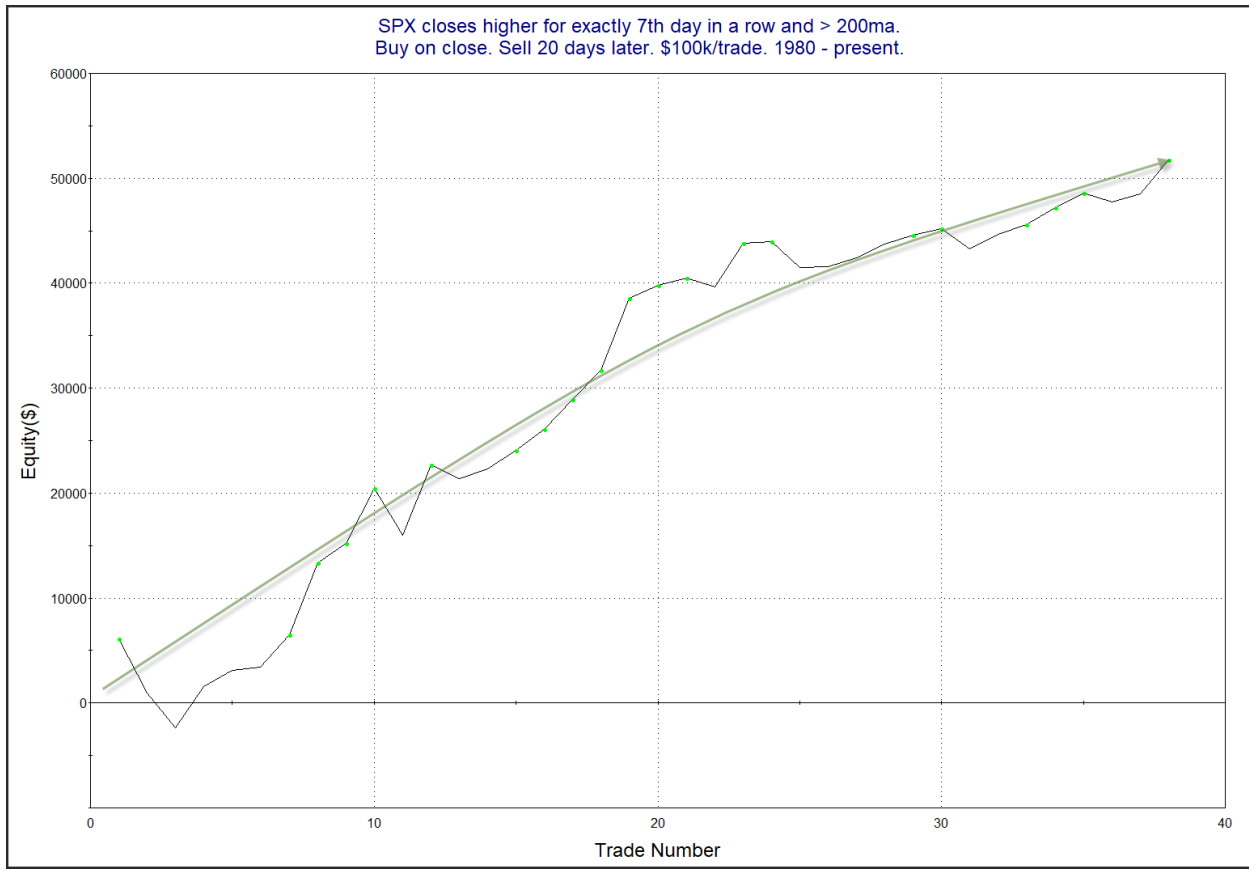
Then Tuesday night the following studies appeared...

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.

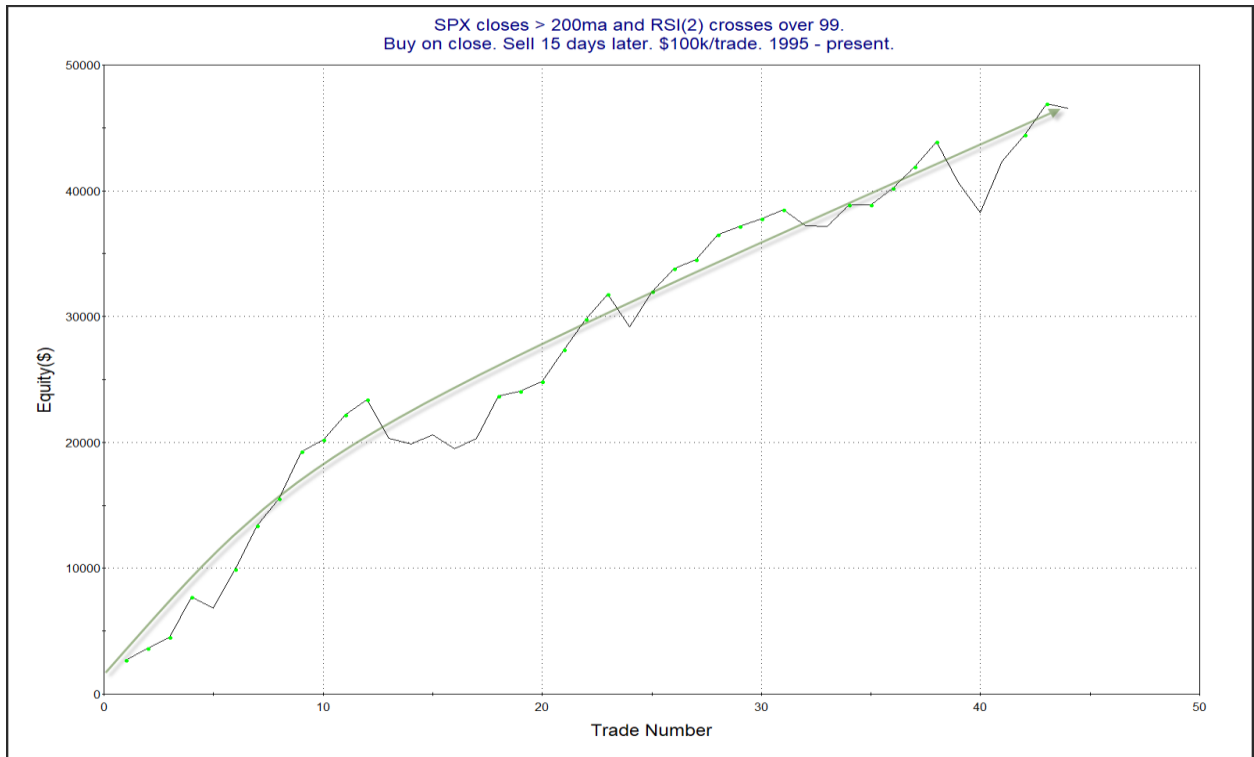
Lastly, we had more bullish intermediate-term evidence trigger on Wednesday.

The recent rally has left the market short-term overbought by most measures. Short-term overbought often triggers some studies that suggest a downside edge, but when the overbought condition gets very strongly overbought, then those downside edges often disappear. And at some point, rather than strength leading to weakness the strength will beget more strength. The strong move higher over the last several days has turned the market so overbought that we have seen this scenario unfold. It is exemplified in the study below from the 8/27/20 Letter, which uses RSI(2).

SPX closes > 200ma and RSI(2) crosses over 99.
Buy on close. Sell X days later. \$100k/trade. 1995 - 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
15	46,537.44	44	34	10	77.27	4,055.36	-3,265.02	1,816.94	-1,523.85	1.19	4.05	1,057.67
14	41,205.28	44	34	10	77.27	4,461.36	-4,024.68	1,680.17	-1,592.06	1.06	3.59	936.48
13	43,618.59	46	36	10	78.26	3,989.82	-3,320.01	1,600.69	-1,400.63	1.14	4.11	948.23
12	38,984.40	47	36	11	76.60	4,058.61	-3,175.53	1,485.40	-1,317.29	1.13	3.69	829.46
11	37,796.20	48	36	12	75.00	4,106.40	-3,857.28	1,530.40	-1,441.51	1.06	3.18	787.42
10	32,308.08	49	37	12	75.51	3,770.55	-3,907.12	1,348.10	-1,464.31	0.92	2.84	659.35
9	27,459.03	49	36	13	73.47	3,453.27	-3,440.07	1,197.83	-1,204.84	0.99	2.75	560.39
8	22,545.93	49	33	16	67.35	3,547.80	-4,112.92	1,262.42	-1,194.62	1.06	2.18	460.12
7	17,051.61	50	31	19	62.00	3,564.39	-4,153.62	1,128.70	-944.12	1.20	1.95	341.03
6	7,088.22	50	30	20	60.00	2,634.36	-5,296.92	1,024.66	-1,182.58	0.87	1.30	141.76
5	11,204.17	50	33	17	66.00	2,859.08	-3,596.40	904.64	-1,097.01	0.82	1.60	224.08
4	7,686.90	50	33	17	66.00	2,697.92	-3,039.18	816.34	-1,132.48	0.72	1.40	153.74
3	3,050.83	51	30	21	58.82	3,504.64	-2,880.45	780.07	-969.10	0.80	1.15	59.82
2	4,631.46	51	30	21	58.82	2,273.92	-2,348.76	670.19	-736.87	0.91	1.30	90.81
1	1,276.83	51	26	25	50.98	2,096.10	-3,515.37	490.41	-458.95	1.07	1.11	25.04

The numbers here are basically neutral for the first week or so. On a short-term basis there is no edge apparent. But once you get out 2-3 weeks, it appears the strength has re-asserted itself and the market is often higher. Below is a profit curve showing a 15-day holding period.

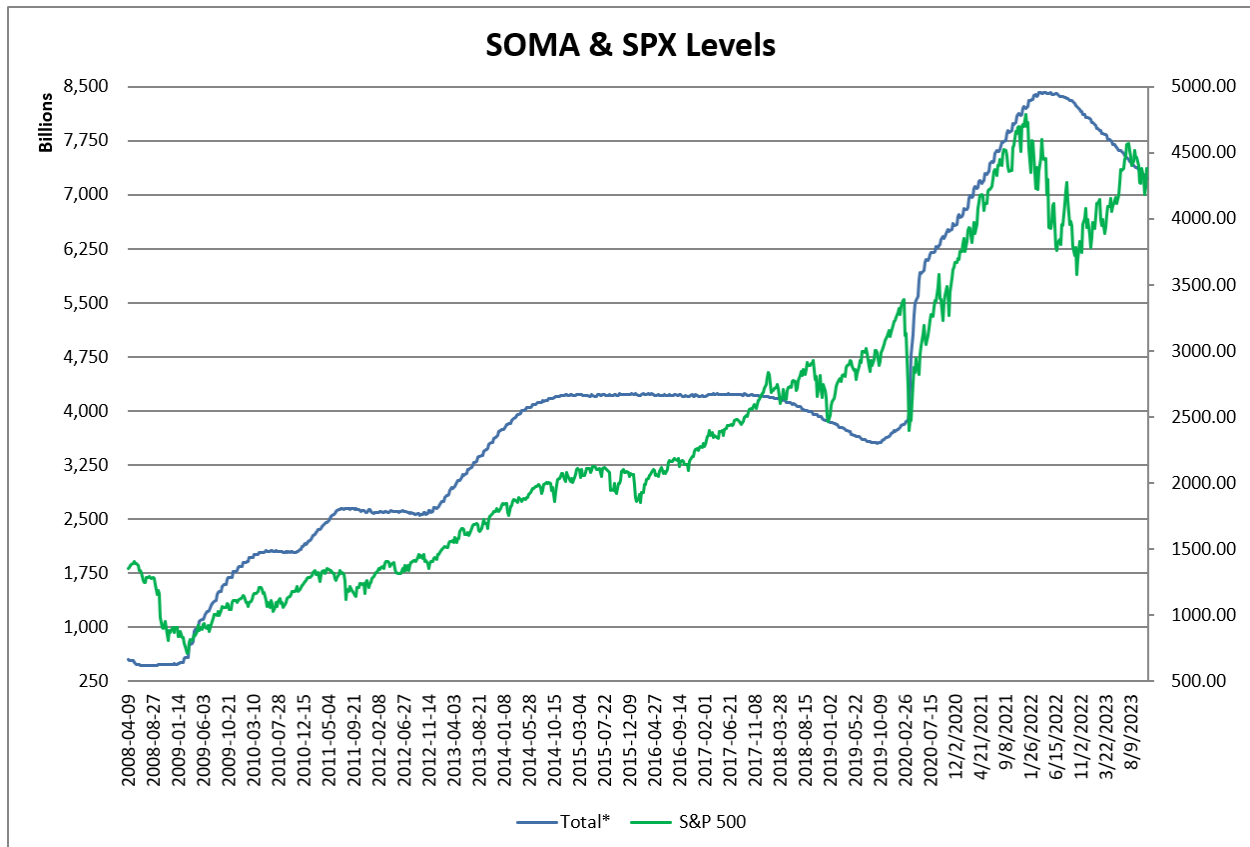


The upside edge has been apparent for a while, and it still appears to be intact. Obviously, this study does not help us with the short-term, but I have added it to the intermediate-term list.

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

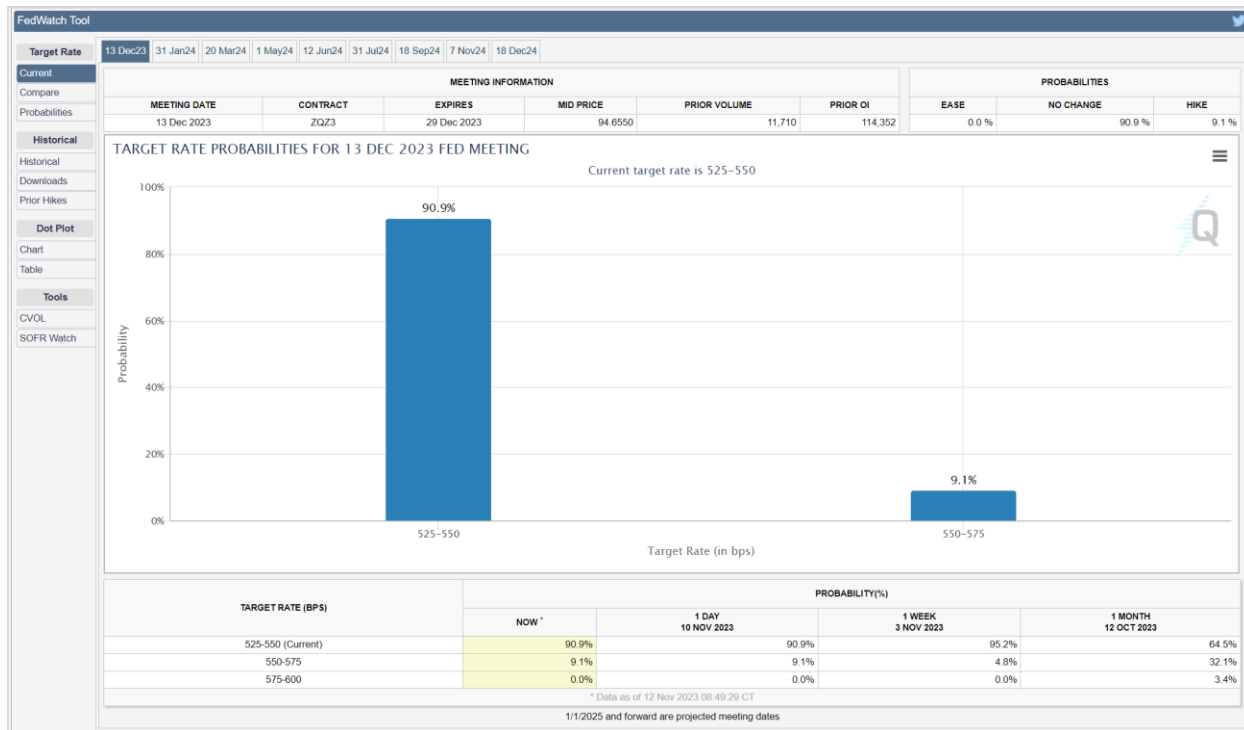
Domestic Security Holdings as of	
◀ Previous	November 8, 2023 📅 <i>Posted November 9, 2023 at 4:30 PM</i>
SUMMARY	T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	231,265,518.2
US Treasury Notes and Bonds (Notes/Bonds)	4,151,360,766.5
US Treasury Floating Rate Notes (FRNs)	11,663,111.3
US Treasury Inflation-Protected Securities (TIPS)*	365,405,447.5
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,454,617,609.4
Agency Commercial Mortgage-Backed Securities***	8,289,151.3
Total SOMA Holdings	7,224,948,604.2
Change From Prior Week	25,000.0

In a surprise move, the SOMA actually rose about \$25 *million* this past week. Basically a hiccup compare to moves most weeks. But this is not due to a policy change. It is simply a calendar quirk. I fully expect QT to resume this week. And in a big way, with likely more than a \$30 *billion* decline. Below is an updated SOMA/SPX chart looking back to 2008.



The Fed is in the midst of what is now the largest ever reduction in the size of the SOMA. The pace of the decline is high and the Fed has given no indication that it is planning to dial back Quantitative Tightening (QT) anytime soon. SPX is little changed since QT began in early 2022. Looking back to 2003, the market has posted net mild losses during times that the SOMA was shrinking. The gains have all come during periods that the SOMA was growing. The shrinking SOMA remains a headwind for the market.

With regards to rates, odds are now showing a 91% chance that the Fed holds rates steady in December. That is not much different than the 95% chance we were looking at last week. Odds can be seen in the screenshot below of the CME Fedwatch Tool:



The Fed remains “data dependent”. Odds will obviously fluctuate in the coming weeks, and I’ll continue to monitor Fed action going forward. For now, policy is hawkish and is exerting a bearish influence on the market.

I was bullish coming into the week, and the continued strength simply generated more bullish studies. Both breadth and price thrust studies have suggested more intermediate-term strength. The trend is pointing higher and we are in a favorable seasonal period by several measures. The NASDAQ continues to lead SPX, which is also a bullish state. All 4 of the original Market Timing Course indicators are now bullish. The only sizable detractor is the Fed. Things can change quickly. But for now, it is hard not to see recent action as anything but bullish. I am keeping my intermediate-term bias “bullish”. I will be more aggressive with long entries, and will be especially conservative when considering short trades.

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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