

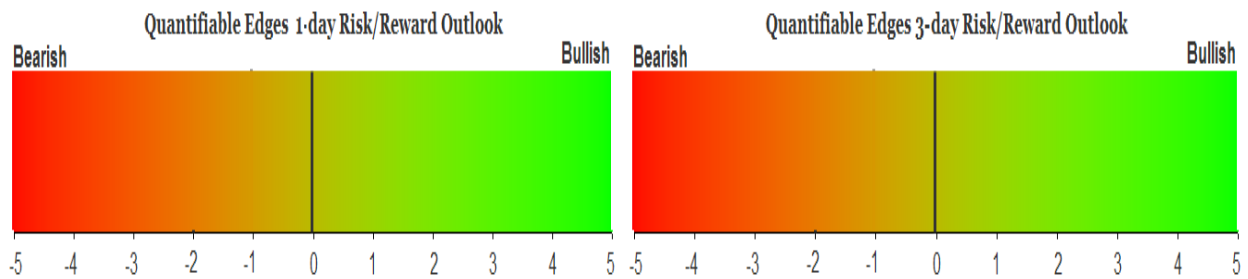
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 15, 2023

Volume 16 Issue 219

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- The Russell outperformed the SPX by a massive amount on Tuesday.

### *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
<b>Active - Short Term</b>						
None						
<b>Active - Long Term</b>						
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 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			
<b>Dropped Tonight (expired, tgt hit, or avg ddn + 1 std dev exceeded)</b>						
<b>November 10, 2023</b>	<b>5 days up. No 50-high. Then down.</b>	<b>1-5 days</b>	<b>Bullish</b>	<b>1.70%</b>		
<b>November 10, 2023</b>	<b>3-day high. 3-day low. #-day low close</b>	<b>1-5 days</b>	<b>Bullish</b>	<b>1.90%</b>		
<b>November 7, 2023</b>	<b>SPX up &amp; &gt; 200. Up Vol % &lt; 40%.</b>	<b>1-7 days</b>	<b>Bullish</b>	<b>1.70%</b>	<b>-1.30%</b>	<b>-2.60%</b>

**The Evidence**

We are in a runaway up move. Tuesday the SPX rallied 1.9%, the NASDAQ climbed 2.4%, and the Russell 2000 rose a whopping 5.44%. Breadth was extremely strong with the NYSE Up Issues % coming in at 90% and the Up Volume % at 92%. NYSE total volume rose a good bit from Monday's level.

Today's action was truly remarkable. And smallcaps really excelled. The Russell 2000 outperformed the S&P 500 by over 3.5%. Back in the 3/20/20 letter I looked at other times this happened. I have updated those results below.

RUT outperforms SPX by 3.5% on the day. 1987 (RUT inception) - present.					
Ticker	Date/Time	% Chg	21-day Historical Volatility	Next Day % Chg	
\$SPX	10/19/1987	-20.47	80.58	5.33	
\$SPX	10/30/1987	2.87	96.63	1.57	
\$SPX	10/10/2008	-1.18	60.08	11.58	
\$SPX	10/4/2011	2.25	29.87	1.79	
\$SPX	3/19/2020	0.47	82.25	-4.34	
\$SPX	11/14/2023	1.91	16.30	0.00	

Most remarkable about the results above is that we are in a much different market environment than any of these other instances. The 1<sup>st</sup> 1987 date was the crash. The 2<sup>nd</sup> 1987 date was in the volatile aftermath of the crash. The other 3 dates were during periods of extremely high volatility as well. On 10/10/2008 the VIX closed at 69. On 10/4/2011 it closed at 40. On 3/19/20 it closed at 72. Tuesday it closed at 14. Huge difference. Historical volatility saw a similar discrepancy. The

current 21-day HV of 16 is about half of the 2<sup>nd</sup> smallest, which was 30 in 2011. And it is less than 30% of what was seen during the other instances. With so few instances, it would be dangerous to suggest a strong directional edge. I think most important right now is to recognize what incredible strength we are seeing, and how broad that strength has been in the last couple of weeks.

I won't be adding any new studies to the Active List tonight. The 3 short-term studies that were active coming into Tuesday have all been removed. They are being removed because they already reached their target areas. This quickly leaves the short-term list blank.

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



With tonight's changes to the active list, the green Aggregator Line held slightly 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 easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4444.77 on Wednesday. That is 1.1% below Tuesday's close. Therefore, SPX will need to close down at least 1.1% on Wednesday in order to flip from overbought to oversold versus expectations.

So the Aggregator is flat. While squarely overbought, there is still no compelling evidence suggesting a high-probability pullback. Overall reward/risk appears unfavorable for bulls. For me, it remains a time to sit and wait for the next favorable setup to emerge.

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