

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 21, 2023

Volume 16 Issue 223

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- SPX closing above its 50-day Bollinger Band suggests momentum is strong enough that further intermediate-term gains appear likely.
- Recent NASDAQ strength may be suggesting more NASDAQ strength in the next week or so.

Short-term Outlook

The Bottom Line

The Aggregator formation is neutral. I am as well.

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 17, 2023	SPX up. Up Vol < 40%. SPX > 200ma	1-7 days	Bullish			
November 17, 2023	Up Vol Up Iss both < 40%. SPX up.	1-4 days	Bearish			
Active - Long Term						
November 21, 2023	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.35%	-8.80%
November 17, 2023	SPX up & > 200. Up Vol % < 40%.	1-10 days	Bullish	2.10%	-1.60%	-3.40%
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	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

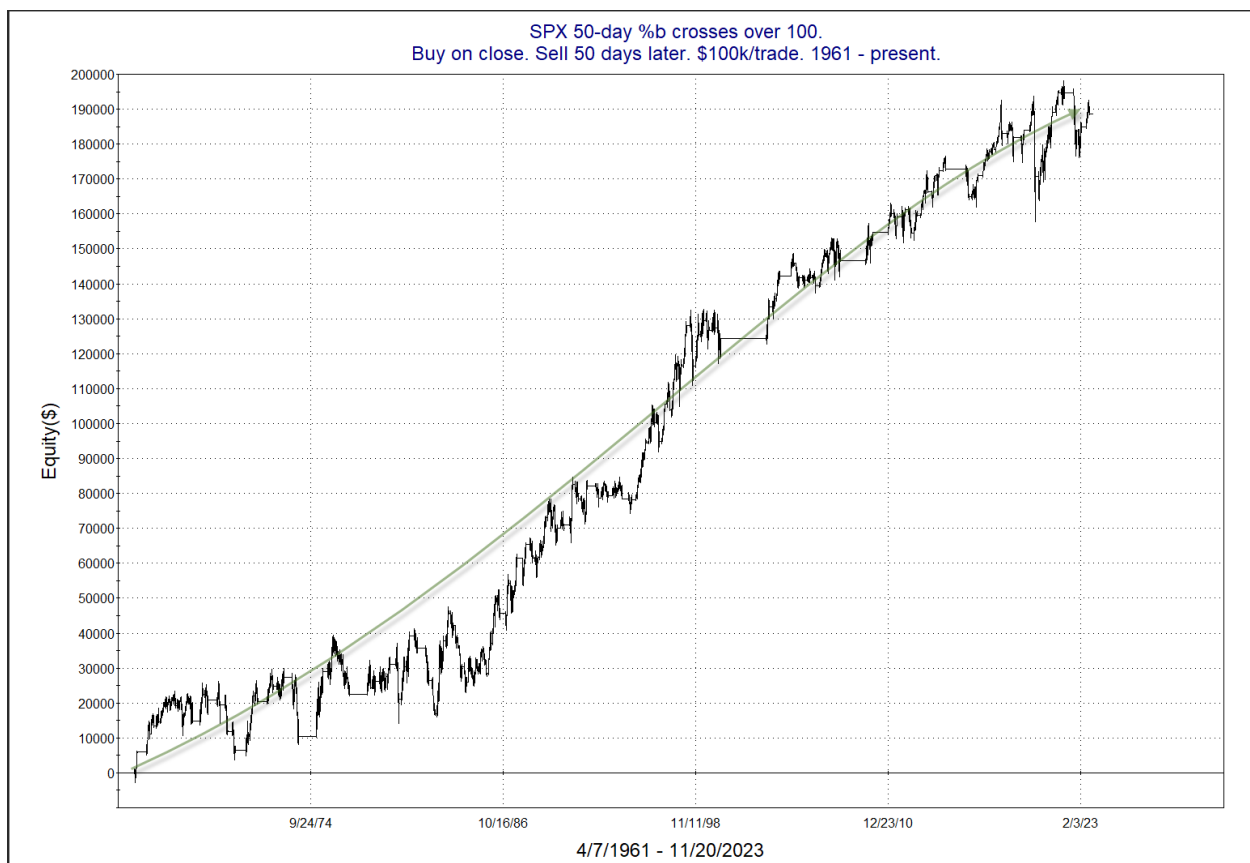
Monday was another rally day. The SPX gained 0.7%, the NASDAQ climbed 1.1%, and the Russell 2000 rose 0.5%. Breadth was positive with the NYSE Up Issues % coming in at 62% and the Up Volume % at 67%. NYSE total volume declined some from Friday's level.

One interesting study that triggered in the Quantifinder looked at the SPX closing price in relation to its 50-day Bollinger Bands. In it I used 2 standard deviations in the Bollinger Band calculation. I used %b to measure where we fell. For those unaware, %b simply measures the distance between the 2 bands. So a reading of 0 means price is right at the lower band. A reading of 100 is right at the upper band. A reading of 50 would be right at the moving average being used – in this case the 50ma. So a move 2 standard deviations above the 50ma would be a %b reading of 100. I last featured this study in the 6/5/23 letter. Updated results are below.

SPX 50-day %b crosses over 100. Buy on close. Sell X days later. \$100k/trade. 1960 - 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
50	188,603.94	149	93	56	62.42	18,408.18	-20,704.80	4,692.90	-4,425.63	1.06	1.76	1,265.80
45	143,521.78	154	90	64	58.44	15,816.57	-32,382.30	4,943.28	-4,708.96	1.05	1.48	931.96
40	149,597.53	161	97	64	60.25	17,624.67	-27,920.40	4,436.12	-4,386.04	1.01	1.53	929.18
35	142,001.34	170	102	68	60.00	15,782.13	-13,839.56	3,979.22	-3,880.58	1.03	1.54	835.30
30	85,377.59	177	105	72	59.32	11,920.74	-14,377.53	3,267.72	-3,579.63	0.91	1.33	482.36
25	51,498.20	185	105	80	56.76	10,859.94	-8,745.98	2,936.29	-3,210.15	0.91	1.20	278.37
20	51,596.91	198	112	86	56.57	9,501.30	-10,205.38	2,623.39	-2,816.55	0.93	1.21	260.59
15	35,745.17	218	125	93	57.34	7,843.46	-9,763.44	2,300.80	-2,708.11	0.85	1.14	163.97
10	35,693.33	242	146	96	60.33	8,239.16	-9,133.53	1,682.64	-2,187.20	0.77	1.17	147.49
5	6,204.81	294	162	132	55.10	5,030.81	-6,524.55	1,132.52	-1,342.91	0.84	1.04	21.10

Results generally appear moderately bullish. They seem to suggest that the kind of strong momentum that would have SPX closing above its 50-day Bollinger Band favors more upside

rather than a possible reversal. The “% Profitable” is not terribly high, but I produced a profit curve below to see how the edge has played out over time.



That’s a pretty steady upslope for a study without a very high “% Profitable”. Overall, I like this study enough to add it to the intermediate-term active list.

It is also notable that the NASDAQ Composite has now closed up 15 of the last 17 days. In the 6/23/20 letter I looked at market performance following similar streaks. First, I simply measured NASDAQ performance following a new signal like that.

NASDAQ closes up for at least the 15th day in the last 17. It did not do this yesterday.
Buy NASDAQ on close. Sell X days later. \$100k/trade. 1971 - present.

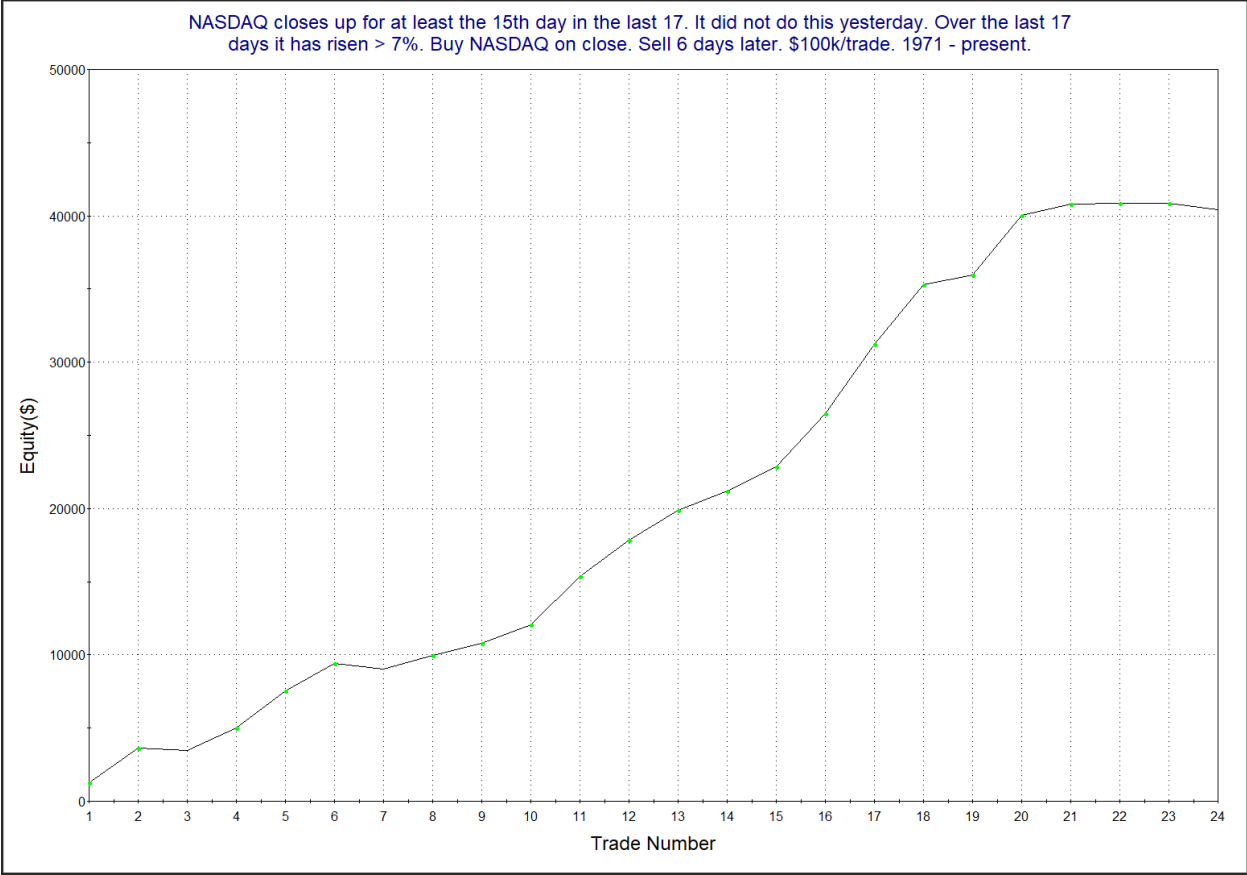
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10	69,145.15	42	33	9	78.57	5,241.60	-2,170.50	2,362.23	-978.70	2.41	8.85	1,646.31
9	63,215.91	42	32	10	76.19	4,768.40	-6,057.75	2,334.62	-1,149.19	2.03	6.50	1,505.14
8	59,822.32	42	33	9	78.57	4,452.00	-2,297.50	2,085.03	-998.19	2.09	7.66	1,424.34
7	54,213.95	42	32	10	76.19	4,158.30	-1,693.75	1,931.09	-758.09	2.55	8.15	1,290.81
6	64,150.51	47	39	8	82.98	4,735.98	-4,187.98	1,845.81	-979.53	1.88	9.19	1,364.90
5	52,280.02	48	38	10	79.17	3,894.36	-2,516.74	1,597.29	-841.71	1.90	7.21	1,089.17
4	39,719.61	52	41	11	78.85	3,033.65	-2,693.34	1,266.30	-1,108.96	1.14	4.26	763.84
3	29,860.49	54	39	15	72.22	2,556.40	-2,047.26	1,026.79	-678.97	1.51	3.93	552.97
2	21,013.05	54	37	17	68.52	2,906.66	-1,734.36	871.47	-660.66	1.32	2.87	389.13
1	15,722.56	54	33	21	61.11	1,664.40	-859.32	649.43	-271.84	2.39	3.75	291.16

Stats here are impressive. But not only has the NASDAQ climbed steadily higher over the last few weeks, the total gain has also been very large (13.4%). In the 6/23/20 letter I also filtered further to focus only on those times that SPX closed up at least 7% during the run. Those results are updated below.

NASDAQ closes up for at least the 15th day in the last 17. It did not do this yesterday. Over the last 17 days it has risen > 7%. Buy NASDAQ on close. Sell X days later. \$100k/trade. 1971 - present.

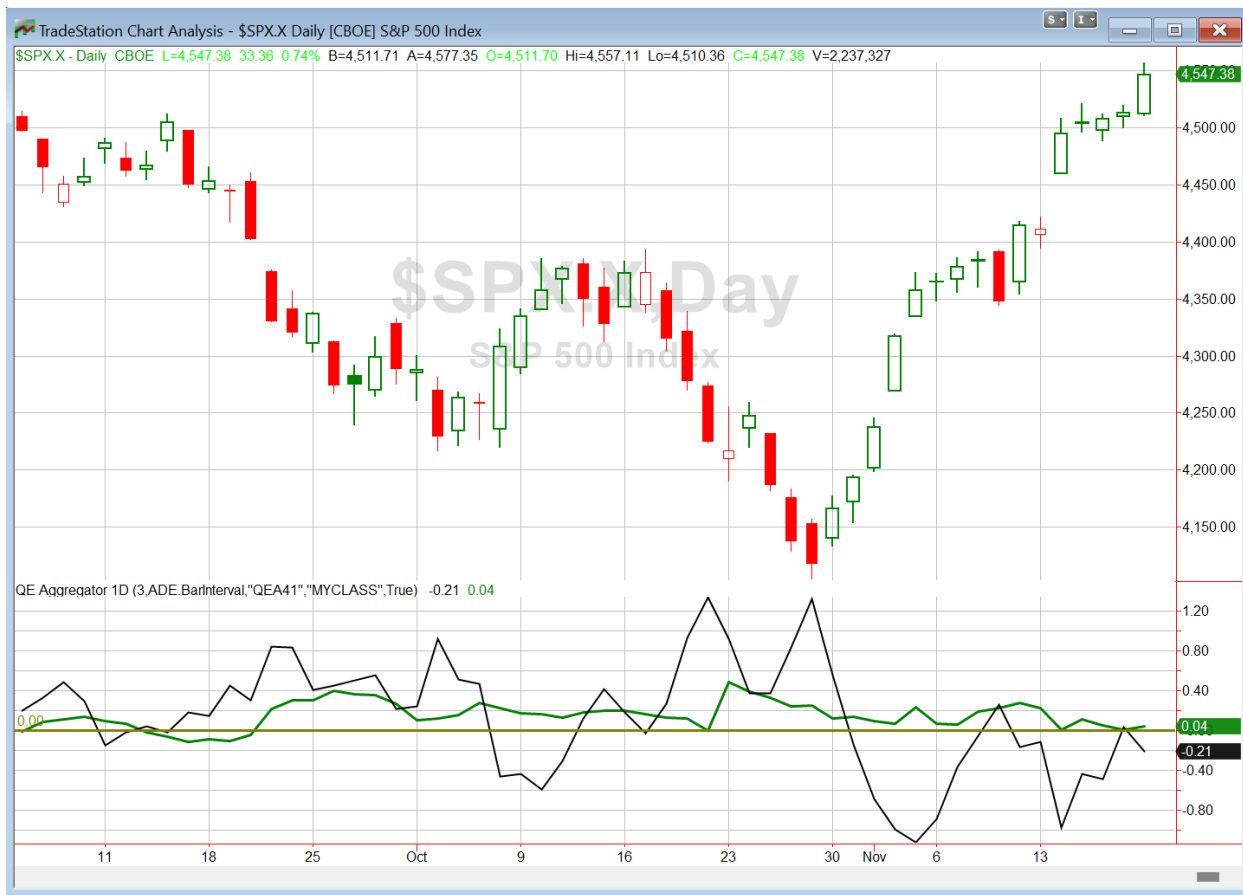
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10	41,112.86	22	19	3	86.36	5,241.60	-2,170.50	2,399.92	-1,495.18	1.61	10.17	1,868.77
9	38,444.83	22	19	3	86.36	4,768.40	-6,057.75	2,412.19	-2,462.28	0.98	6.20	1,747.49
8	36,069.44	22	19	3	86.36	4,452.00	-2,297.50	2,132.28	-1,481.28	1.44	9.12	1,639.52
7	31,140.74	22	17	5	77.27	4,158.30	-1,693.75	2,070.77	-812.46	2.55	8.67	1,415.49
6	40,406.20	24	21	3	87.50	4,735.98	-476.10	1,972.38	-337.91	5.84	40.86	1,683.59
5	29,236.79	24	18	6	75.00	3,894.36	-1,640.97	1,868.19	-731.78	2.55	7.66	1,218.20
4	23,167.00	26	20	6	76.92	3,033.65	-2,693.34	1,487.91	-1,098.52	1.35	4.51	891.04
3	20,033.22	27	21	6	77.78	2,556.40	-1,130.44	1,125.56	-600.60	1.87	6.56	741.97
2	13,961.17	27	19	8	70.37	2,906.66	-1,325.79	1,035.62	-714.45	1.45	3.44	517.08
1	9,114.40	27	16	11	59.26	1,664.40	-859.32	831.09	-380.28	2.19	3.18	337.57

Numbers here are even stronger. Next is a look at the 6-day profit curve.



This curve supports the idea of an upside edge. As overbought as it is, the NASDAQ could have further to go over the next week or so.

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 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 Tuesday. This could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4515.71 on Tuesday. That is 0.7% below Monday's close. Therefore, SPX will need to close down about 0.7% in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is back to flat. Runaway markets like this can be frustrating for swing traders, since they do not offer any strong entry points. Over the years I have found it quite dangerous to give into frustration and simply enter a short-term trade because I felt the market might be getting away. I will continue to exercise patience and wait for a more favorable reward/risk opportunity before looking to take on my next index position.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 11/20– **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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