

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 8, 2023

Volume 16 Issue 235

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	4

## Tonight's Research Points

- Strong closes heading into Employment Days often see follow-through on the Employment Day.

## *Short-term Outlook*

### *The Bottom Line*

Evidence is suggesting a rise over the next few days, but SPX is already overbought. Reward/risk is not greatly desirable. .

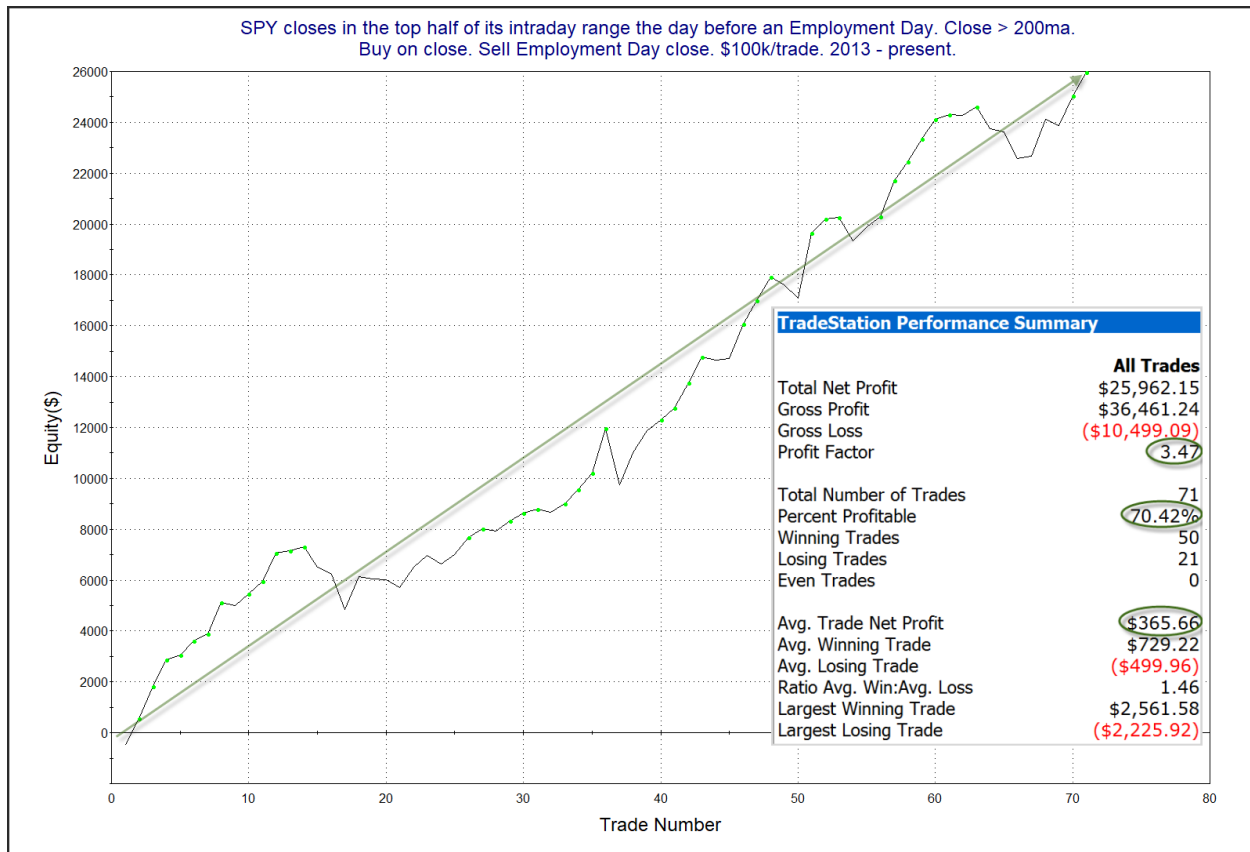
**Summary of Current Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
December 8, 2023	Strong close before Employment Day	1 day	Bullish			
December 7, 2023	20 low close. 3 closes in intraday range	1-7 days	Bullish	2.20%	-1.40%	-3.30%
December 7, 2023	1st day < 10ma after 15+ above it	1-3 days	Bullish	1.05%	-0.80%	-1.70%
<b>Active - Long Term</b>						
November 22, 2023	5 up to 50-high then down 1	1-10 days	Bullish	1.80%	-1.10%	-2.30%
November 21, 2023	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.90%	-4.35%	-8.80%
November 7, 2023	Whaley ADT5 > 73.66	1-12 months	Bullish	25.20%	-8.10%	
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**

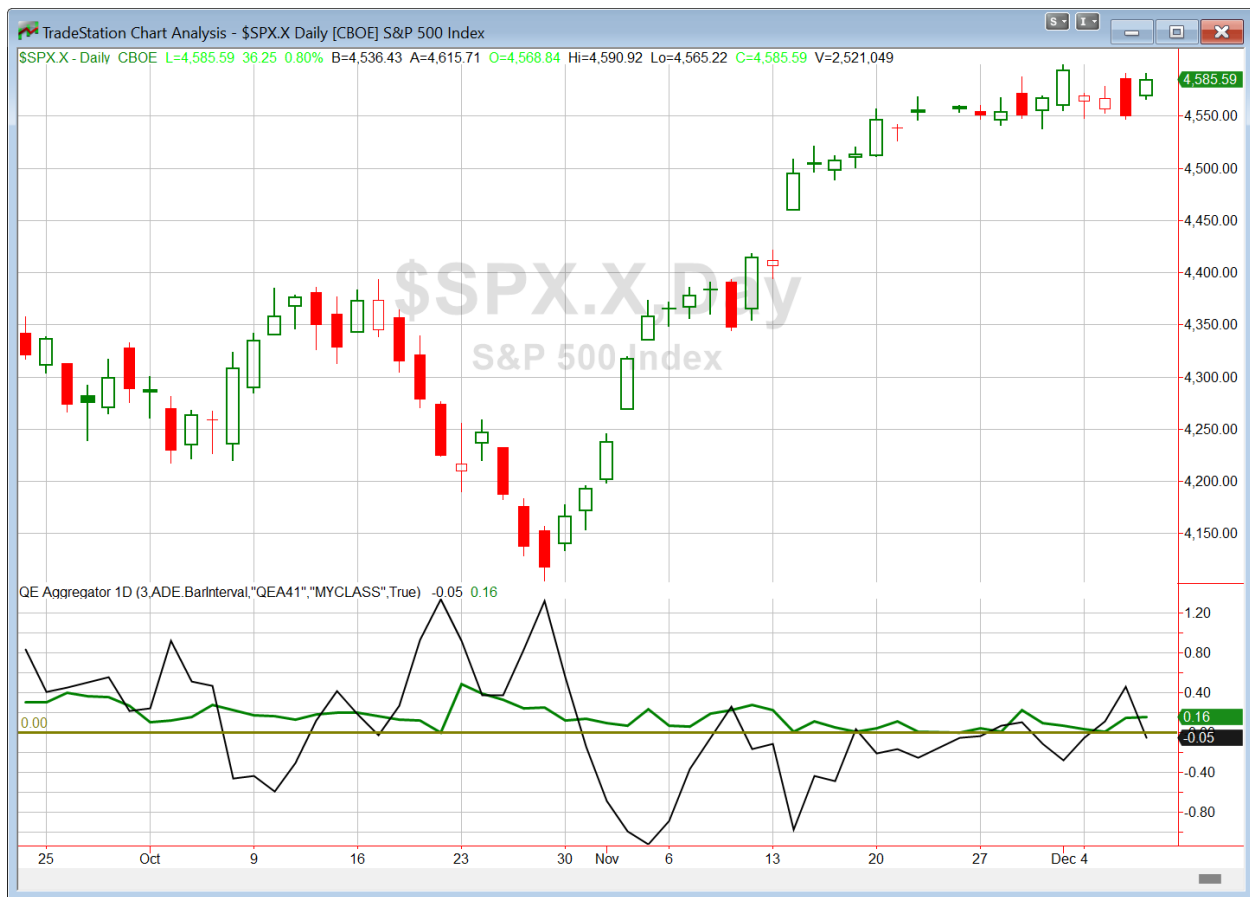
Thursday started strong and held its gains throughout the day. The SPX finished up 0.8%, the NASDAQ rallied 1.4%, and the Russell 2000 climbed 0.9%. Breadth was strong with the NYSE Up Issues % coming in at 66% and the Up Volume % at 65%. NYSE total volume declined some from Wednesday's level.

Notable about Friday morning is that we will see the release of BLS employment report. Employment days have often seen the market rally in recent years. Interestingly, this tendency has been stronger when there has been some optimism the day before. The study below, last seen in the 11/3/23 letter, looks back to 2013 at all other times SPY closed above the 200ma and in the top half of its intraday range on the day before an employment day. Results are updated.



The curve has shown persistent upwards action for a substantial amount of time, and is again at new highs. Overall evidence appears compelling enough to include this on the active list as a 1-day study.

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



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line fell 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 Friday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4571.98 on Friday. That is 0.3% below Thursday's close. Therefore, SPX will need to close down at least 0.3% in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is back to neutral. The unfilled gap higher on Thursday did not provide a fill for last night's SPY trade idea. And now the edge appears to be gone. While evidence suggests that we are likely to see a positive reaction to the jobs report, a negative could be volatile. If the reaction in either direction is strong, that could generate some interesting evidence. And next week could also be interesting. The CPI release is Tuesday. Wednesday is a Fed Day, and next Friday is options expiration. So we may well see additional opportunities to trade quite soon.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/4– **bullish***

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

#### ***Open Catapult Triggers***

NFLX – 1/3 @ \$453.90 (bought @ limit)

NFLX – 1/3 @ \$446.73 (buy @ limit) – not filled, cancel for now

CHTR – 1/3 @ \$361.98 (bought @ limit)

#### ***New***

LIN – 1/3 @ \$398.65 (buy @ limit)

***Broad Market Large Cap CBI – 4(NFLX-2, CHTR, LIN)***

### **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.*

**LIN – Buy 1/3 Catapult position @ \$398.65 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of LIN.

### **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
NFLX(1/3)	12/5/2023	\$450.70	\$452.00	0.29%	Catapult
CHTR(1/3)	12/7/2023	\$361.78	\$368.66	1.90%	Catapult

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