

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 13, 2023

Volume 16 Issue 238

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Wednesday's Fed Day setup does not look appealing.

Short-term Outlook

The Bottom Line

Evidence is suggesting a rise over the next few days, but SPX is already overbought. With the Fed still on deck, reward/risk does not appear strongly favorable.

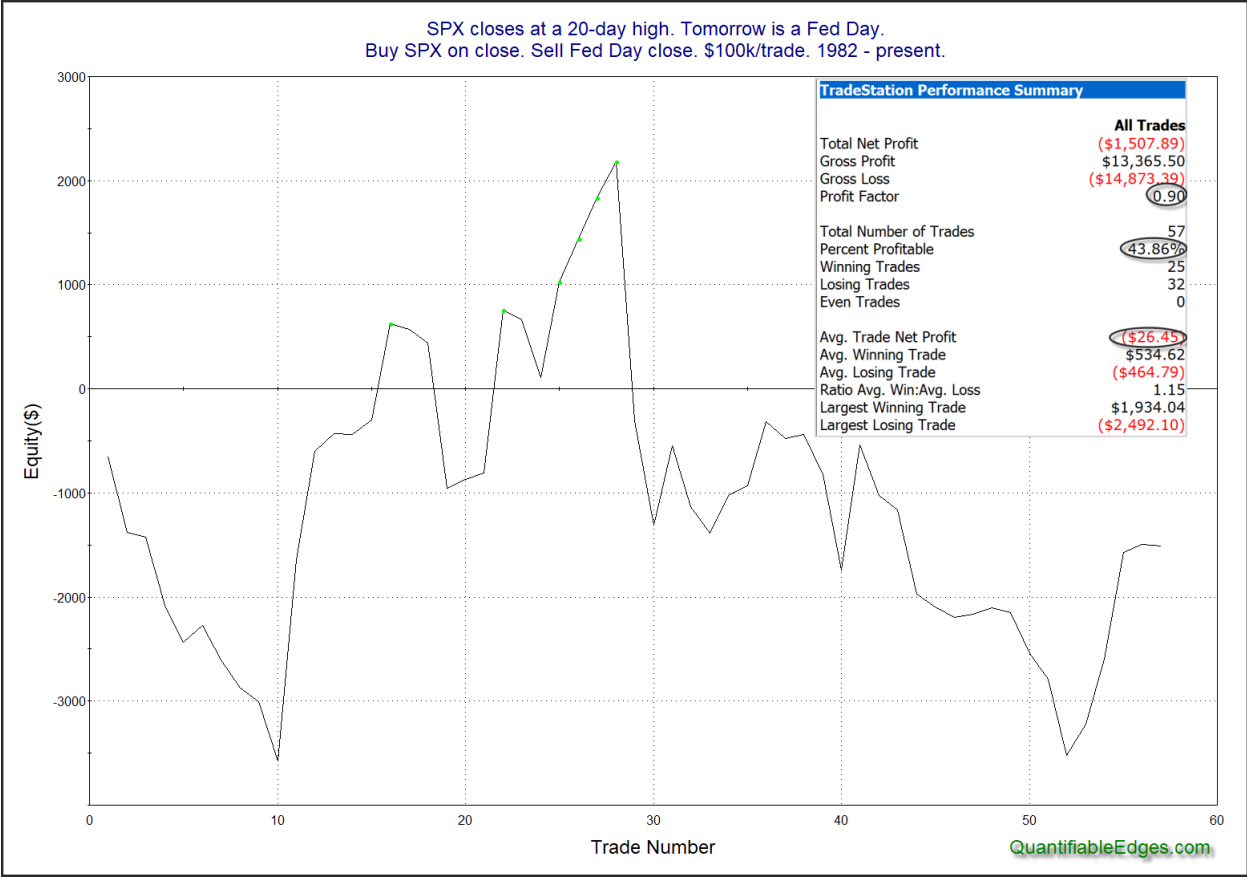
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 12, 2023	VIX up SPX 50-high Monday.	1-2 days	Bearish			
December 12, 2023	3 up to 200 high on Monday	1-2 days	Bullish			
December 7, 2023	20 low close. 3 closes in intraday range	1-7 days	Bullish	2.20%	-1.40%	-3.30%
Active - Long Term						
December 11, 2023	Dec Opex Week Starts Bullish period	1-15 days	Bullish	3.30%	-1.90%	-4.10%
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			

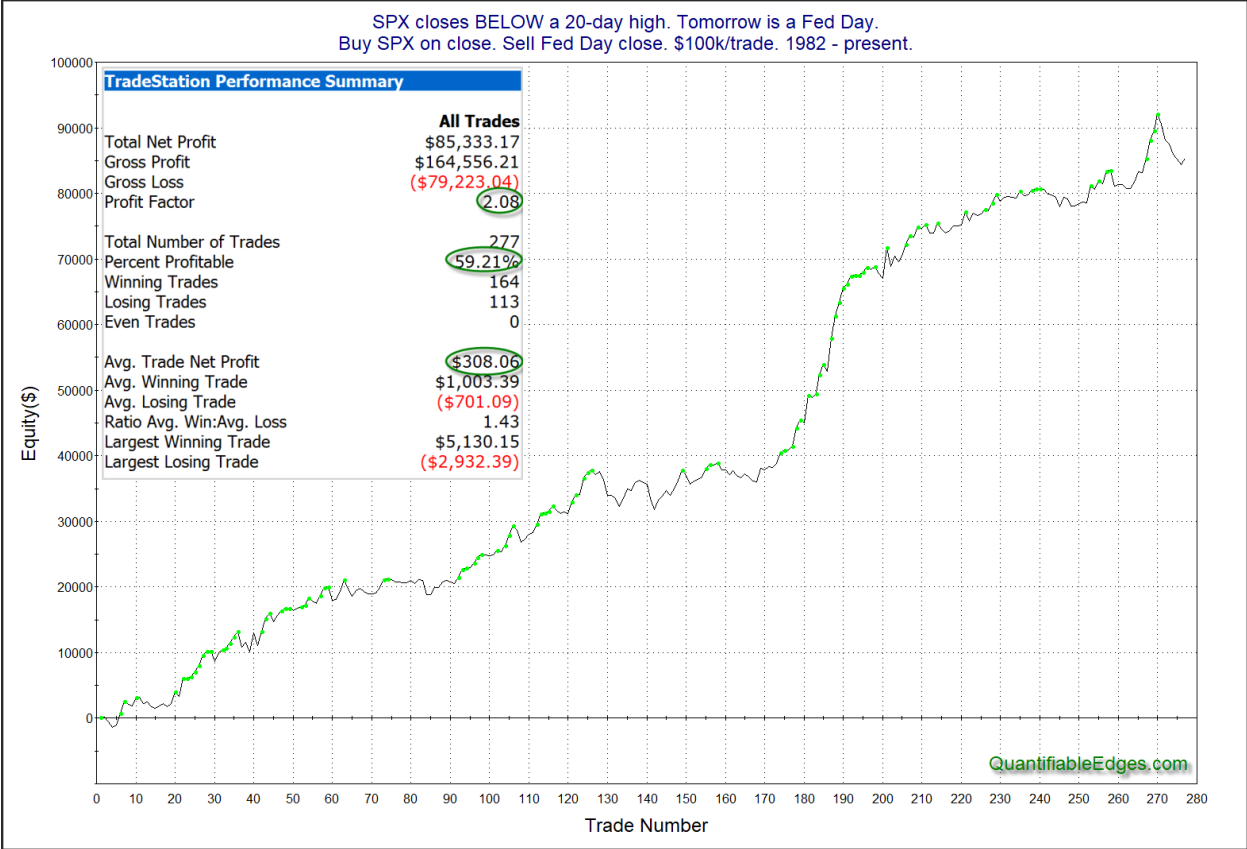
The Evidence

Tuesday saw most indices rise. The SPX gained 0.5%, the NASDAQ climbed 0.7%, and the Russell 2000 dipped 0.1%. Breadth was weak with the NYSE Up Issues % coming in at 46% and the Up Volume % at 40%. NYSE total volume declined some from Monday's level.

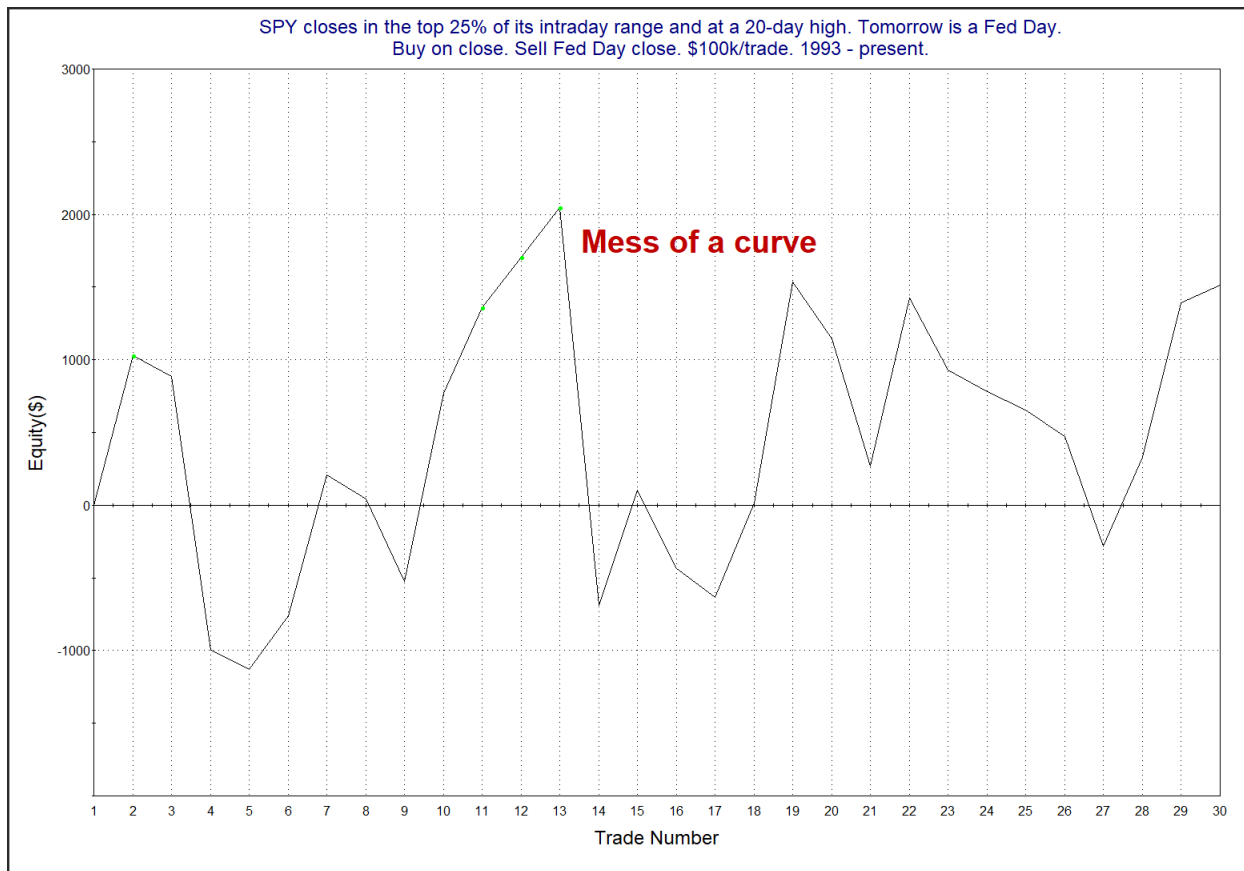
Last night I discussed the fact that Fed Days tend to perform better when SPY closes closer to the bottom of its intraday range the day before vs the top of its range. So the strong close today is not encouraging. But SPY did not just close near the top of its intraday range. It also closed at a new intermediate-term high. Fed Day bullishness has often occurred when a Fed announcement has helped to alleviate market stress. When the market closes at a 20-day high, it typically means there isn't a lot of worry present. Under these circumstances, the upside inclination has also not been present. This can be seen in the study below.



Neither the stats table nor the profit curve suggest any consistency or tradable edge. As a comparison, here is a profit curve of all Fed Days when SPX did NOT close at a 20-day high the day before.

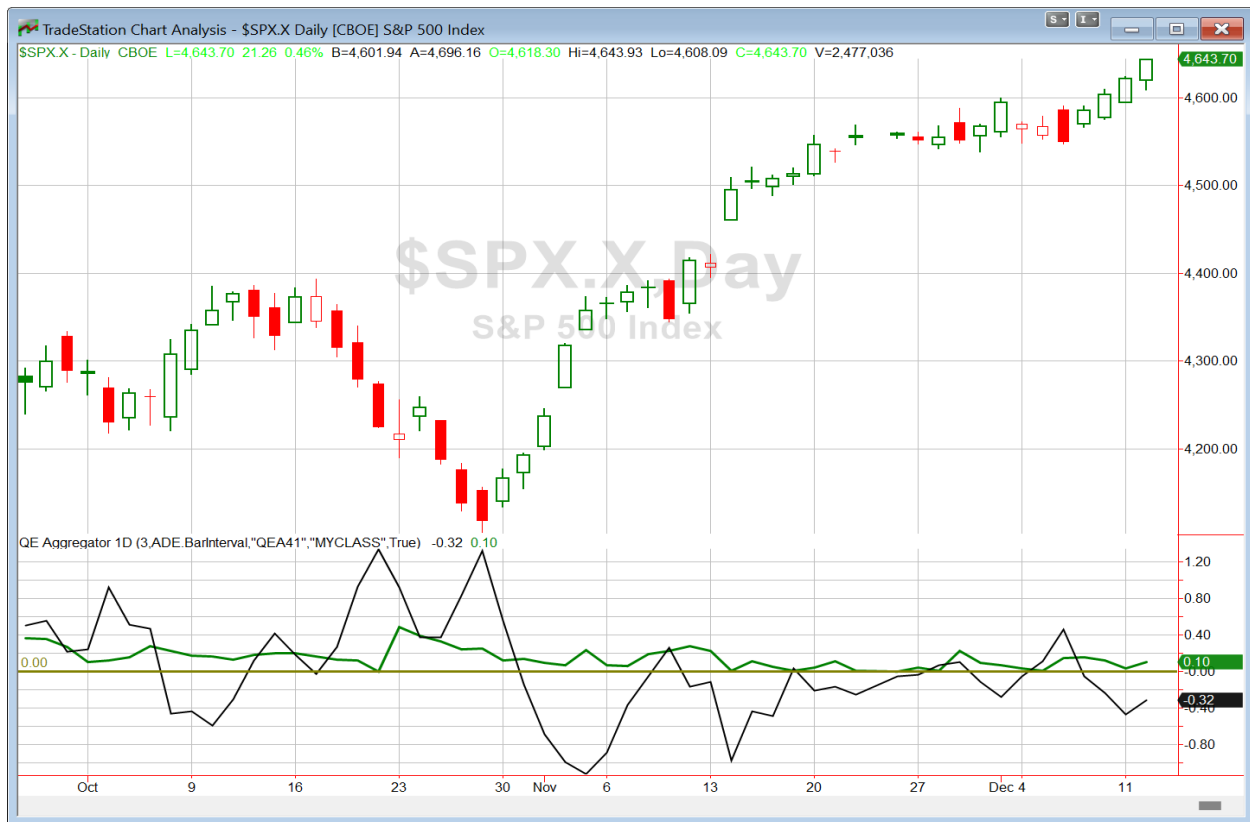


With Tuesday closing near the top of its intraday range AND at an intermediate-term high, I updated the below study from the 6/14/23 letter.



That is a total sideways choppy mess. It does not seem to suggest any short-term directional edge. I will not be adding any evidence to the active list this evening.

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



Without any new studies making the cut tonight, the green Aggregator Line remained slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held 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. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4623.87 on Wednesday. That is 0.4% below Tuesday's close. Therefore, SPX will need to close down at least 0.4% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is again neutral. Evidence is leaning higher, but the market is solidly overbought. With a sizable potential market reaction on tap Wednesday and no substantial edge, I am inclined to remain flat for now. If the market does provide a strong reaction (overreaction?) to Wednesday's Fed announcement, then that could set us up for a favorable trading opportunity later in the week. For now – I'll just sit on my hands another day while I wait for the next compelling opportunity to emerge.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/11– **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.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>NFLX(1/3)</i>	<i>12/5/2023</i>	<i>\$450.70</i>	<i>\$465.23</i>	<i>3.22%</i>	<i>sold on open</i>
<i>CHTR(1/3)</i>	<i>12/7/2023</i>	<i>\$361.78</i>	<i>\$375.71</i>	<i>3.85%</i>	<i>sold on open</i>
<i>LIN(1/3)</i>	<i>12/8/2023</i>	<i>\$398.00</i>	<i>\$425.69</i>	<i>6.96%</i>	<i>sold on open</i>

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser in the States of Washington, California, Colorado, Texas, Massachusetts, and Louisiana, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360.

ECA may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter from QE at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2023 Quantifiable Edges, LLC.