

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 20, 2023

Volume 16 Issue 243

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- No compelling new studies triggered on Tuesday.

### *Short-term Outlook*

#### *The Bottom Line*

Too strong to short. Too overbought to buy. Neutral. Again. And again. And again.

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

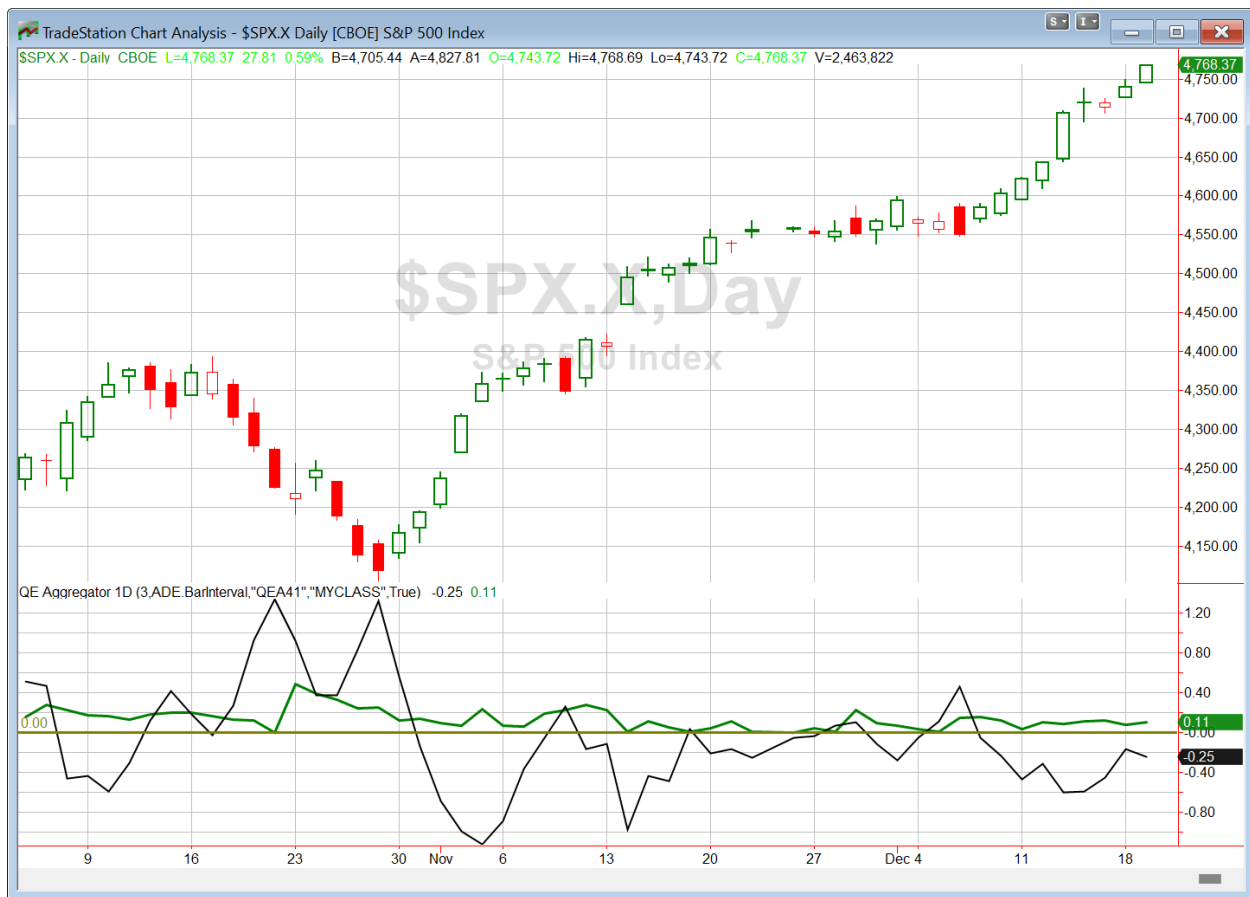
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
December 19, 2023	VIX up SPX 50-high Monday	1-2 days	Bearish			
December 18, 2023	SPX > Bolling Band 4 days in a row	1-7 days	Bullish	1.55%	-0.90%	-1.75%
December 18, 2023	5 up to 50-high then down.	1-4 days	Bullish	1.10%	-0.80%	-1.60%
December 14, 2023	100-day high on a Fed Day	1-8 days	Bullish	1.70%	-1.00%	-1.70%
<b>Active - Long Term</b>						
December 18, 2023	Dow up 7 days in a row	1-19 days	Bullish	3.30%	-1.50%	-2.70%
December 18, 2023	SPX > Bolling Band 4 days in a row	1-10 days	Bullish	1.80%	-1.10%	-2.30%
December 14, 2023	RSI(2) crosses over 99	1-15 days	Bullish			
December 11, 2023	Dec Opex Week Starts Bullish period	1-15 days	Bullish	3.30%	-1.90%	-4.10%
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			
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 was more rallying. The SPX closed up 0.6%, the NASDAQ climbed 0.7%, and the Russell 2000 jumped 1.9%. Breadth was strong with the NYSE Up Issues % coming in at 80% and the Up Volume % at 87%. NYSE total volume rose some from Monday's level.

As my friend Scott Murray (@VolatilityWiz), pointed out today, not only has the rally been persistent on a day-to-day basis, it has been persistent on an intraday basis. December has seen 13 trading days so far, and only 3 of them have seen SPY close below its opening price. There has only been one direction lately and betting against it has been brutal. The Quantifinder did not uncover anything worth discussion tonight. There were a couple studies, but none of them have played out well recently. So no new studies are going to be added to the Aggregator tonight.

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



Without any new evidence being added tonight, 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 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. This is unlikely to change. Meanwhile, the Differential Pivot will be 4733.61 on Wednesday. That is 0.7% below Tuesday's close. Therefore, SPX will need to close down 0.7% on Wednesday in order to flip from overbought to oversold vs recent expectations.

This market has been great for trend models and frustrating for swing traders waiting for a pullback to enter. But nothing has changed. The Aggregator is again neutral. The market is still "too strong to short and too overbought to go long". I will remain patient as I closely watch for the next favorable reward/risk opportunity.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/18– **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**

**None**

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