

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 28, 2023

Volume 16 Issue 247

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- There has been a big breadth turnaround since the end of October, and that appears to be a positive sign for the intermediate-term.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That is where 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						
December 26, 2023	SPX up 2 days < 3 ago	1-2 days	Bullish			
December 21, 2023	SPX up yest. Outside day dn 1% > 200	1-4 days	Bullish			
December 21, 2023	Twas 3 night before Christmas	1-8 days	Bullish			
December 18, 2023	SPX > Bolling Band 4 days in a row	1-7 days	Bullish	1.55%	-0.90%	-1.75%
Active - Long Term						
December 27, 2023	%SPX > 50 moves frm 15% > 90% in 50 dys	1-6 months	Bullish			
December 21, 2023	SPX 20-day intra high. NDX worst dn in 20	1-50 days	Bullish			
December 21, 2023	SPX 20-day intra high. Close btm 10% rng	1-10 days	Bullish			
December 18, 2023	Dow up 7 days in a row	1-19 days	Bullish	3.30%	-1.50%	-2.70%
December 18, 2023	5 up to 50-high then down.	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 a day of solid gains. The SPX rose 0.4%, the NASDAQ gained 0.5%, and the Russell 2000 climbed 1.2%. Breadth was strong with the NYSE Up Issues % coming in at 74% and the Up Volume % at 80%. NYSE total volume came in light, and it likely will the rest of the week as well.

The push higher did not inspire any compelling short-term evidence on Tuesday. There were a few studies that noted the very low volume. But volume being low this week is just a function of the holidays. It is not an alarming sign of complacency by market participants. So I will not entertain any studies tonight, or the next few nights, that utilize a low volume filter.

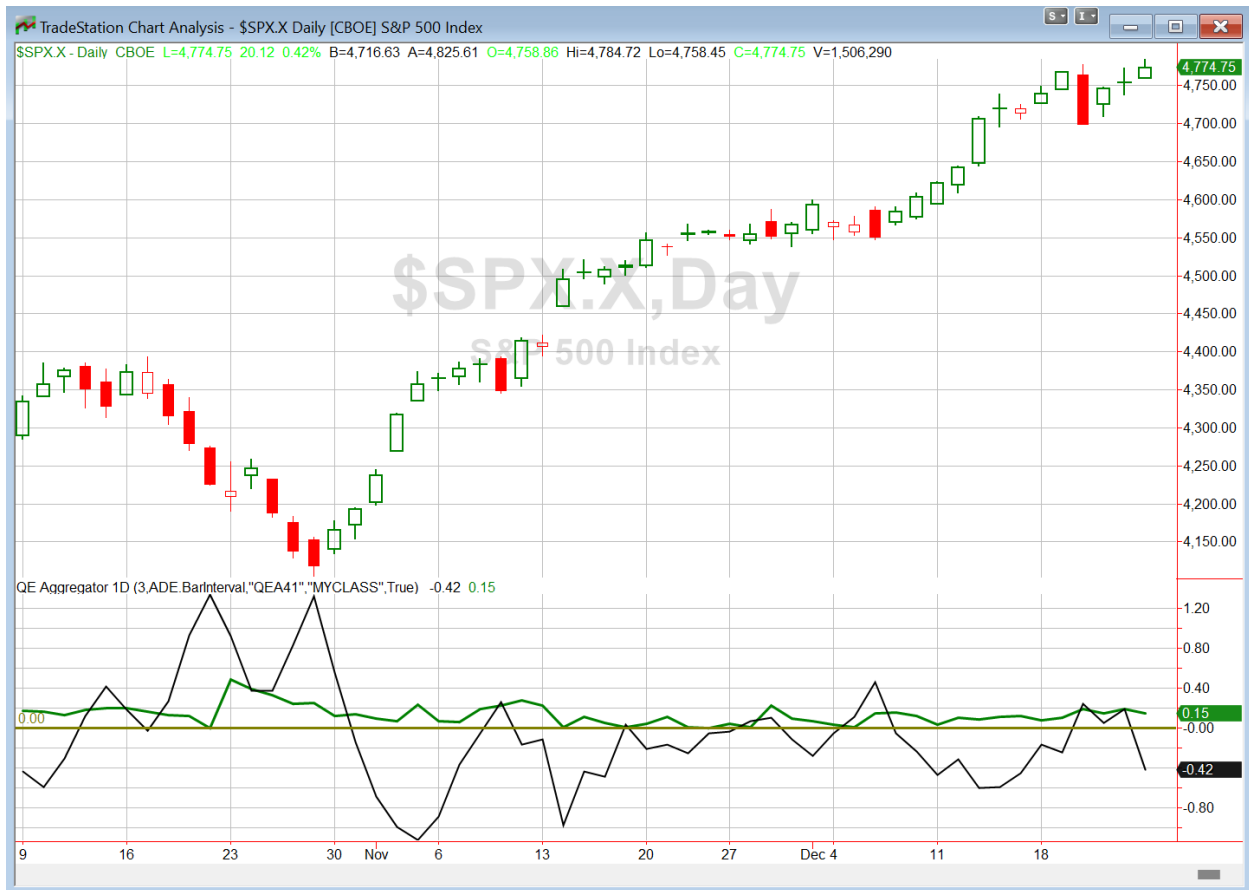
I will note that the strong breadth we have seen of late caused the percent of S&P 500 stocks trading above their 50ma to spike above 90% recently. This actually occurred last Tuesday (but I did not notice it). The % of SPX stocks above the 50ma was under 15% as recently as October 30th. Below is an updated study from last December that looks at similar breadth turnarounds.

The % of SPX constituents above their 50ma moves from <= 15% to >= 90% within 50 trading days.
SPX forward returns shown. 1957 - present. (21 days = approx. 1 month.)

Ticker	Date/Time	SPX Close	5-Day %Chg	10-Day %Chg	21-Day % Chg	42-Day % Chg	63-Day % Chg	126-Day % Chg	252-Day % Chg
\$\$PX	11/23/1962	61.54	1.17	2.47	1.77	6.84	6.37	13.78	13.11
\$\$PX	9/4/1970	82.83	-0.92	-1.11	4.85	1.88	8	19.98	21.56
\$\$PX	12/29/1971	102.21	0.83	1.35	1.26	3.89	4.85	5.05	14.4
\$\$PX	1/27/1975	75.37	3.25	3.97	6.63	11.25	14.41	17.67	32.25
\$\$PX	5/23/1980	110.62	0.13	2.79	4.09	10.1	13.92	25.75	20.02
\$\$PX	8/26/1982	118.55	1.47	2.04	4.28	13.44	12.93	26.19	36.02
\$\$PX	11/22/1985	201.52	-0.53	1.35	2.79	2.44	11.05	21.45	22
\$\$PX	1/7/1988	261.07	-5.82	-6.87	-3.87	3.2	1.95	4.1	7.25
\$\$PX	1/18/1989	286.53	0.91	3.69	2.89	1.18	7.2	17.17	17.75
\$\$PX	6/9/1997	862.91	3.59	1.82	5.17	10.23	7.91	14.01	29.61
\$\$PX	11/5/1998	1133.68	-1.37	1.67	4.77	12	9.71	18.23	20.87
\$\$PX	5/5/2003	926.55	2	-0.62	6.44	6.38	6.07	13.4	20.83
\$\$PX	4/17/2009	869.6	-0.39	0.91	4.61	4.73	8.14	26.1	37.71
\$\$PX	10/24/2011	1254.19	-0.07	0.55	-5.27	-0.02	5.73	10.88	12.67
\$\$PX	3/16/2016	2027.22	0.47	1.6	2.64	1.95	2.18	4.86	17.47
\$\$PX	2/15/2019	2775.6	0.74	0.62	2.05	4.5	3.02	4.07	21.43
\$\$PX	5/26/2020	2991.77	2.98	7.2	1.96	7.48	14.69	18.91	39.99
\$\$PX	8/12/2022	4280.15	-1.21	-5.2	-8.12	-16.43	-7.56	-3.34	3.68
\$\$PX	11/30/2022	4080.11	-3.58	-2.08	-5.9	0.96	-0.84	4.96	12.61
\$\$PX	12/19/2023	4768.37							
		Average	0.19	0.85	1.74	4.53	6.83	13.85	21.12
		Median	0.47	1.35	2.79	4.50	7.20	14.01	20.83
Data from Norgate Data		% Wins	58%	74%	79%	89%	89%	95%	100%

Past instances of such a broad thrusts have generally shown strong follow through. This appears to show compelling evidence for the intermediate-term bullish case. I have added this study to the intermediate-term active list.

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 dropped below zero. The positive 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 Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 4767.81 on Wednesday. That is 0.1% below Tuesday's close. Therefore, SPX will only need to close down a little over 0.1% on Wednesday in order to flip from overbought to oversold vs recent expectations.

So the Aggregator is now neutral. There does not appear to be a strong directional edge. At least nothing strong enough to compel me to take on a new index position. So I will wait until the next favorable reward/risk setup emerges.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/26– **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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