

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 29, 2023

Volume 16 Issue 249

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Indices have often seen selling heading into the close on the last day of the year.
- Overall, the last day of the year used to be very bullish, but that changed around the turn of the century.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That is where I am as well.

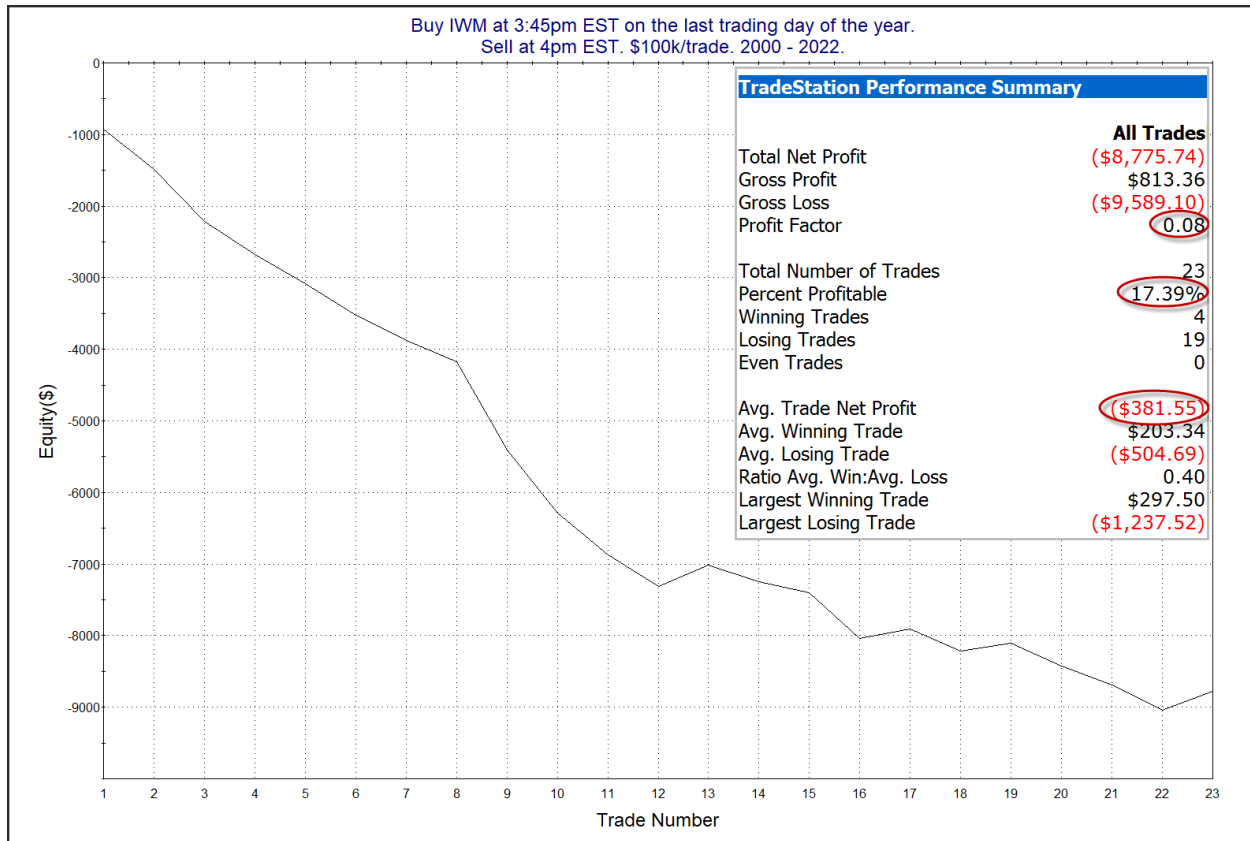
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
December 21, 2023	Twas 3 night before Christmas	1-8 days	Bullish			
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

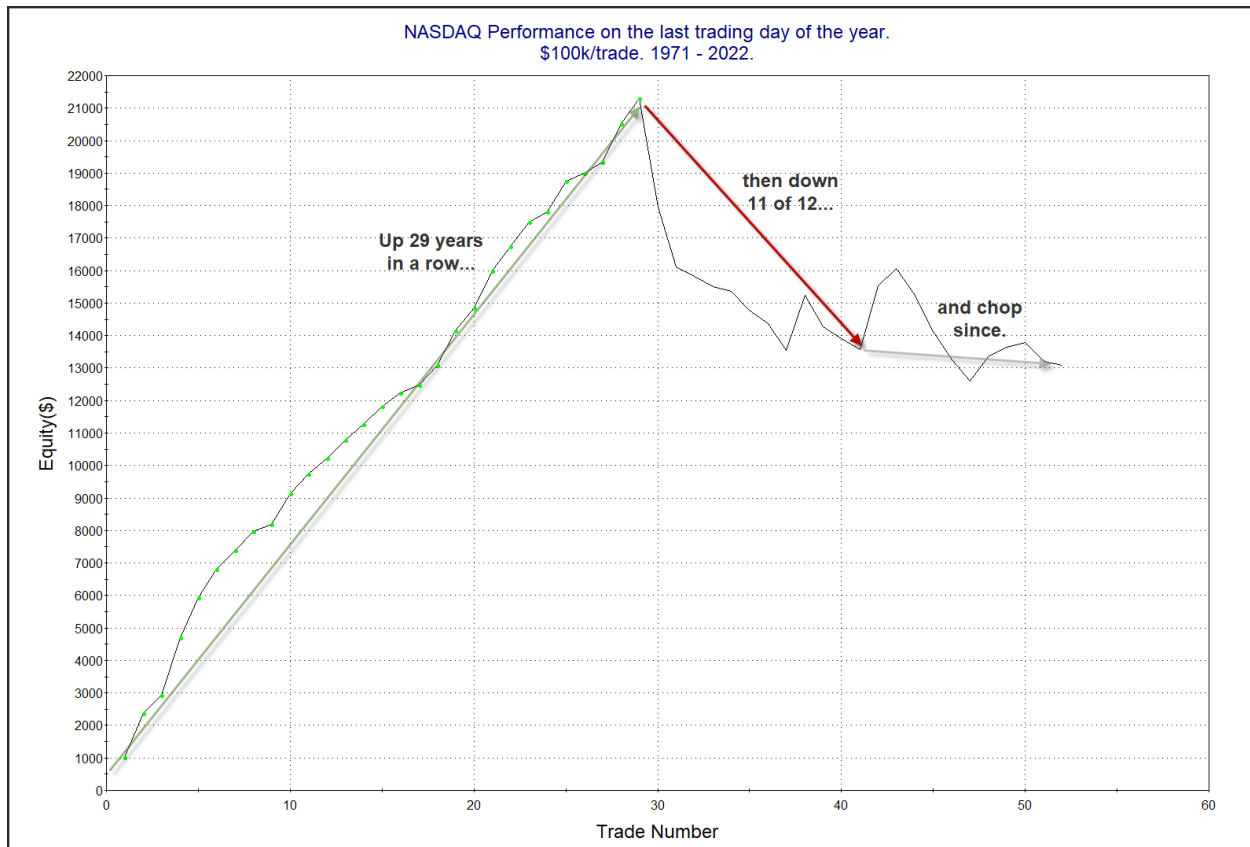
Thursday was mixed and mild. The SPX rose 0.04%, the NASDAQ declined 0.03%, and the Russell 2000 lost 0.38%. Breadth was mixed with the NYSE Up Issues % coming in at 44% and the Up Volume % at 55%. NYSE total volume declined some from Wednesday's level.

In past years I have noted that the market has had a tendency to sell off heading into the close on the final day of the year. The study below shows IWM performance in the last 15 minutes of the year.



There has been a substantial and consistent downside tendency for the market to sell off in the last few minutes of the year. Traders may want to keep this in mind on Friday.

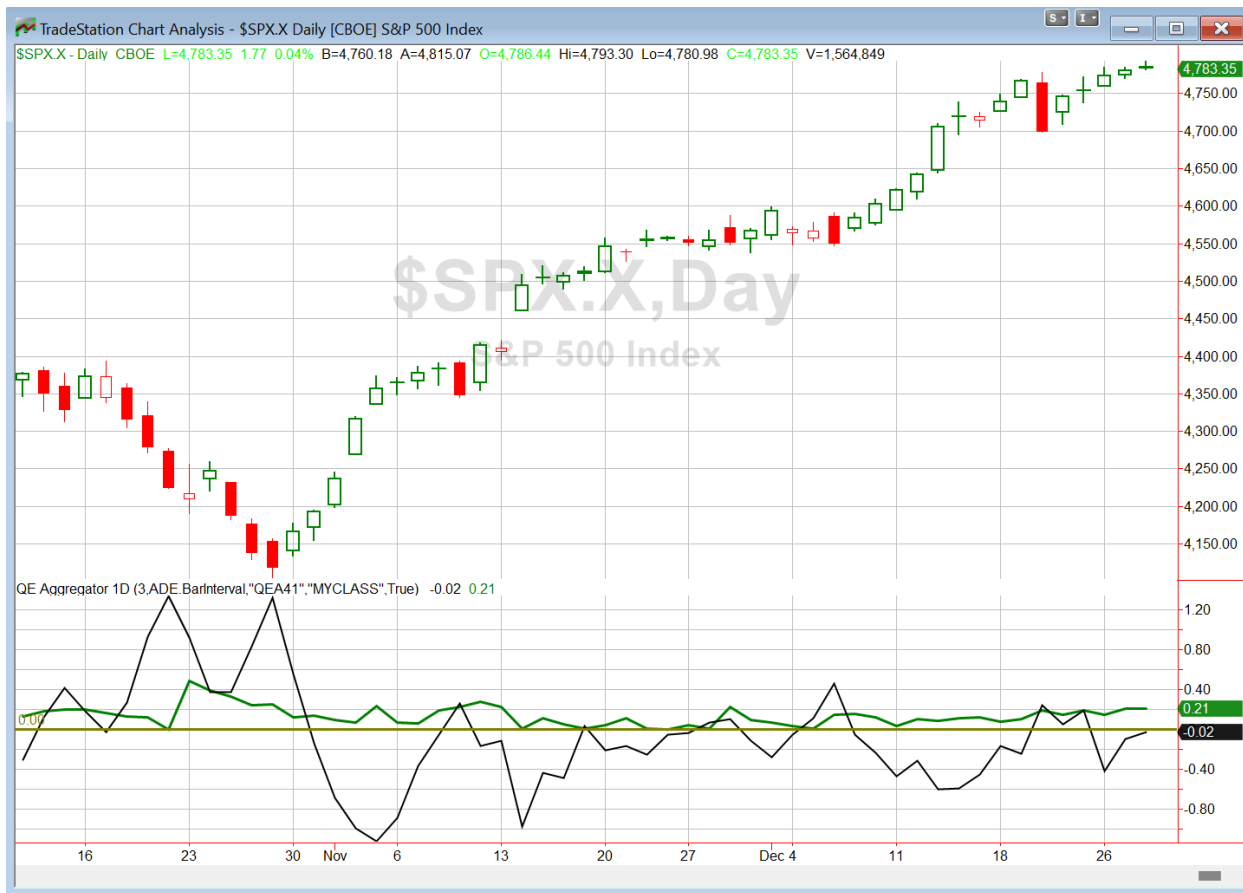
Overall, the last day of the year used to be consistently bullish for the market. But that has changed since the turn of the century. This is true across a number of indices. The most dramatic example is the NASDAQ, which I highlighted a few years ago. I have updated the chart below.



Closing up 29 years in a row is fairly astounding. Just as astounding is the abrupt changes in behavior we have seen. I have no good explanation for why such a formerly consistent edge changed, but it did.

This Nasdaq study is a great reminder though. The market is constantly changing and evolving. 2024 is just a few trading hours away. I'm not sure what it has in store for us, but I know it will play out in its own unique pattern. We will see clues along the way, and many of the truisms we've identified through studies over the last 16 years at Quantifiable Edges will continue to work. But some may flounder. And when something stops working, like the "last day of year bullishness" above, then I will do my best to recognize it early. Examining edges is more than just running numbers. Researches and traders need to keep an open mind, understand the market is continually evolving, and adapt.

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



Without anything new making the cut 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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at 4798.27* on Friday. That is 0.3% *above* Thursday's close. An inverted pivot means the Differential Line will cross through zero if SPX closes flat. In this case SPX is going to need to close up over 0.3% in order to remain overbought. Anything less than that and SPX will flip to "oversold" vs recent expectations as of Friday's close.

There still does not appear to be a strong directional edge. Short-term evidence is weakly bullish, the Differential Pivot is inverted, and Friday's trading could be quiet with many traders taking time off. So I will continue 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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