

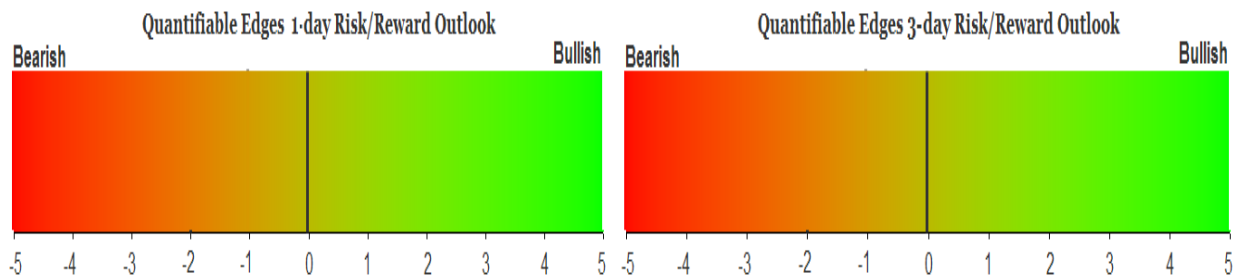
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 11, 2024

Volume 17 Issue 8

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	2

Tonight's Research Points

- No strong edges appeared tonight, but Thursday's CPI report could generate the kind of strong action that might trigger some interesting evidence for Friday and beyond.

Short-term Outlook

The Bottom Line

The Aggregator is neutral and short-term evidence is lacking. I don't see a strong edge.

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						
None						
Active - Long Term						
January 8, 2024	CBI 11+	1-20 days	Bullish	5.90%	-4.30%	-9.65%
January 2, 2024	5 up to 50-high then down.	1-10 days	Bullish	1.80%	-1.10%	-2.30%
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 14, 2023	RSI(2) crosses over 99	1-15 days	Bullish			
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			
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

Wednesday was a good day for bulls. The SPX finished up 0.6%, the NASDAQ rose 0.75%, and the Russell 2000 climbed 0.1%. Breadth was mixed with the NYSE Up Issues % coming in at 57% and the Up Volume % at 49%. NYSE total volume rose some from Tuesday's level.

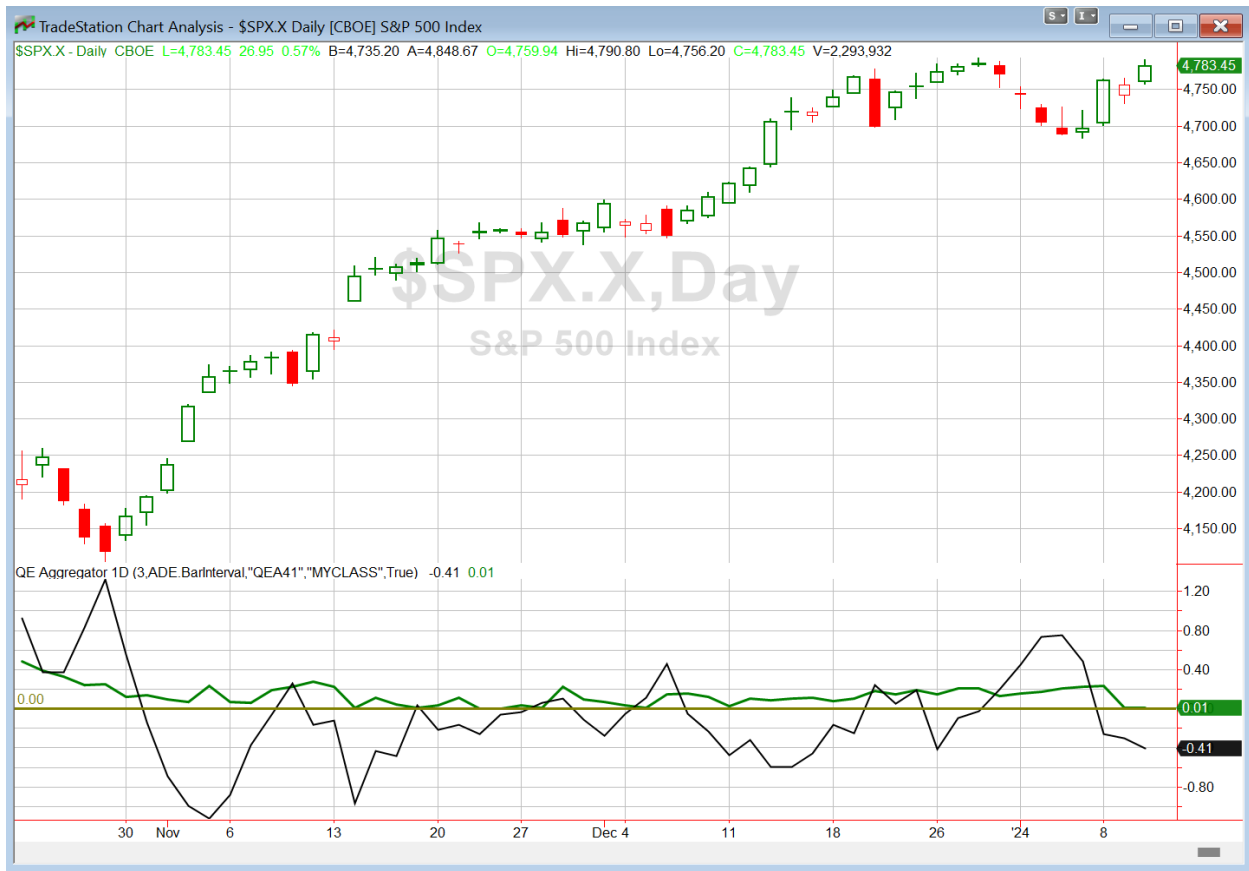
SPX did close at a new rally-high. It is still just a little shy of its Jan 2022 high. There were no significant studies that triggered in the Quantifinder. Tomorrow the CPI report will be released about an hour before the NYSE open. The table below shows SPX performance on all CPI release dates since Spring of 2022.

CPI Release Dates Since Fed Rates Increases Began

Reference Month	Release Date	SPX True Range	SPX % Change
Apr-22	May 11, 2022	120.27	-1.65%
May-22	June 10, 2022	117.66	-2.91%
Jun-22	July 13, 2022	70.37	-0.45%
Jul-22	August 10, 2022	88.56	2.13%
Aug-22	September 13, 2022	189.13	-4.32%
Sep-22	October 13, 2022	193.83	2.60%
Oct-22	November 10, 2022	209.76	5.54%
Nov-22	December 13, 2022	110.4	0.73%
Dec-22	January 12, 2023	60.2	0.34%
Jan-23	February 14, 2023	64.76	-0.03%
Feb-23	March 14, 2023	81.87	1.65%
Mar-23	April 12, 2023	47.43	-0.41%
Apr-23	May 10, 2023	55.36	0.45%
May-23	June 13, 2023	36.44	0.11%
Jun-23	July 12, 2023	49.08	0.70%
Jul-23	August 10, 2023	69.45	0.03%
Aug-23	September 13, 2023	25.87	0.12%
Sep-23	October 12, 2023	60.42	-0.62%
Oct-23	November 14, 2023	97.12	1.91%
Nov-23	December 12, 2023	35.84	0.46%
	Average	89.19	0.32%
	May - Dec 2022 Release Date Avg	137.50	0.21%
	2023 Release Date Avg	56.99	0.39%

The yellow highlighted areas show the ranges that SPX traded in on CPI days during 2022 vs 2023. When the Fed was aggressively raising rates in 2022, reactions to CPI were especially large. In 2023 we saw ranges of less than half of what was seen in 2022. Meanwhile, the average performance (0.39%) was nearly double 2022 (0.21%). Thursday could still see a big move – but likely only if the report is far from expectations.

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



With the short-term active list still bare, the green Aggregator Line remained just 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 Thursday. Of course any new evidence that emerges over the next few days will have a sizable impact on expectations. Meanwhile, the Differential Pivot will be *inverted* at 4795.31 on Thursday. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up at least 0.25% in order to remain overbought vs recent expectations. Anything less than that and it will be considered “oversold” as of Thursday’s close.

The Aggregator is neutral, evidence is lacking, the Differential Pivot is inverted, and a CPI surprise could trigger a strong reaction. I’m flat and have no interest in taking on a new index position under these circumstances. Perhaps CPI will generate a reaction that suggests an edge tomorrow night.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/9 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

BA @ \$243.91 (buy @ limit) – *not filled – cancel for now*

UNP @ \$239.91 (bought @ limit)

Broad Market Large Cap CBI – 2(BA, UNP)

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 tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>SPY(1/4)</i>	<i>1/3/2024</i>	<i>\$468.79</i>	<i>\$474.16</i>	<i>1.15%</i>	<i>sold on open</i>
<i>ACN(1/3)</i>	<i>1/4/2024</i>	<i>\$337.92</i>	<i>\$344.58</i>	<i>1.97%</i>	<i>sold on open</i>
<i>ACN(1/3)</i>	<i>1/5/2024</i>	<i>\$337.09</i>	<i>\$344.58</i>	<i>2.22%</i>	<i>sold on open</i>
<i>QCOM(1/3)</i>	<i>1/5/2024</i>	<i>\$136.16</i>	<i>\$139.89</i>	<i>2.74%</i>	<i>sold on open</i>
UNP(1/3)	1/8/2024	\$239.17	\$239.00	-0.07%	Catapult

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