

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 25, 2024

Volume 17 Issue 17

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Wednesday's weak breadth suggests a bounce in the coming days.
- The new high and poor close suggests an upside edge.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. But the market is only oversold on a relative basis. I'm not enthused about taking on new exposure after multiple days of all-time highs.

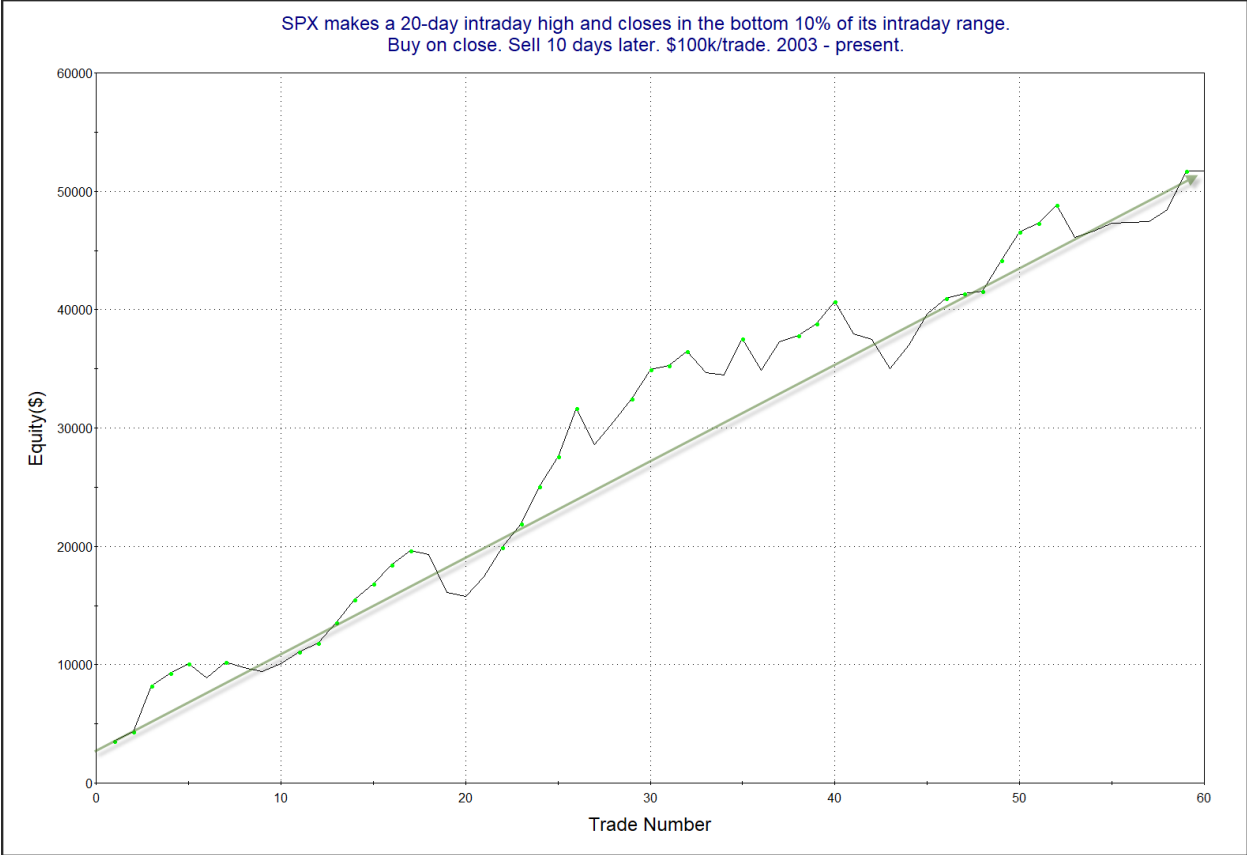
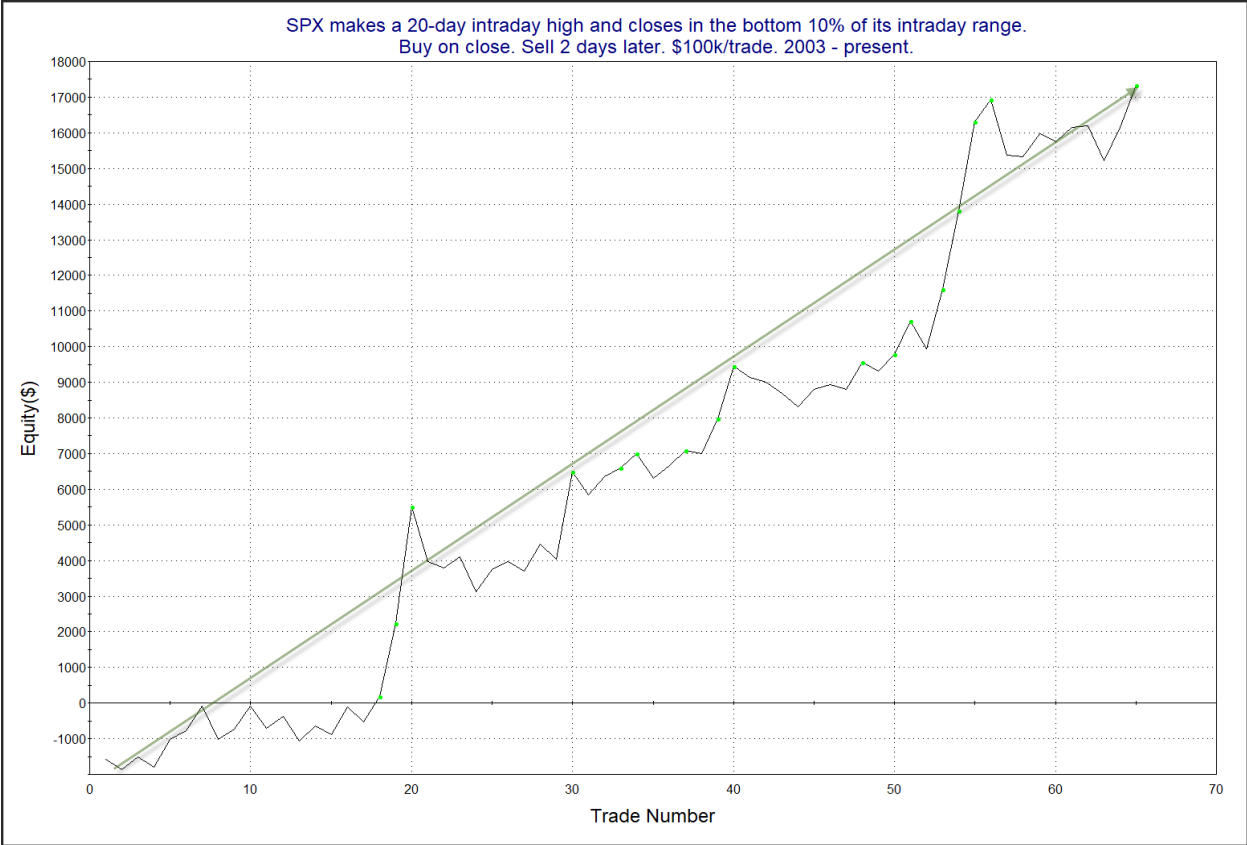
### ***The Evidence***

Wednesday was mixed again. The SPX closed up 0.1%, the NASDAQ gained 0.4%, and the Russell 2000 declined 0.7%. Breadth was weak with the NYSE Up Issues % coming in at 44% and the Up Volume % at 38%. NYSE total volume rose some from Tuesday's level.

Early in the day the SPX managed to make a new intraday high. The new high followed by a poor and close triggered the study below, which was last seen in the 6/20/23 subscriber letter. Results are all updated.

SPX makes a 20-day intraday high and closes in the bottom 10% of its intraday range. Buy on close. Sell X days later. \$100k/trade. 2003 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	51,683.69	60	45	15	75.00	4,119.18	-3,210.80	1,638.15	-1,468.86	1.12	3.35	861.39
9	48,231.00	60	44	16	73.33	3,613.36	-3,775.10	1,610.23	-1,413.69	1.14	3.13	803.85
8	45,650.75	61	46	15	75.41	4,483.84	-3,803.24	1,563.31	-1,750.76	0.89	2.74	748.37
7	37,221.32	62	45	17	72.58	3,761.94	-4,159.32	1,447.20	-1,641.33	0.88	2.33	600.34
6	35,260.72	63	45	18	71.43	3,703.30	-3,567.90	1,308.26	-1,311.72	1.00	2.49	559.69
5	21,593.85	63	40	23	63.49	4,377.84	-3,566.84	1,099.80	-973.83	1.13	1.96	342.76
4	15,580.54	65	41	24	63.08	5,024.25	-2,435.84	1,002.94	-1,064.16	0.94	1.61	239.70
3	13,332.72	65	39	26	60.00	3,368.93	-3,384.50	900.97	-838.66	1.07	1.61	205.12
2	17,328.73	65	38	27	58.46	3,288.48	-1,575.22	848.90	-552.95	1.54	2.16	266.60
1	12,595.51	66	44	22	66.67	2,588.08	-2,471.25	563.89	-555.25	1.02	2.03	190.84

Results here seem to suggest an upside edge. Below are looks at both the 2-day and 10-day curves.

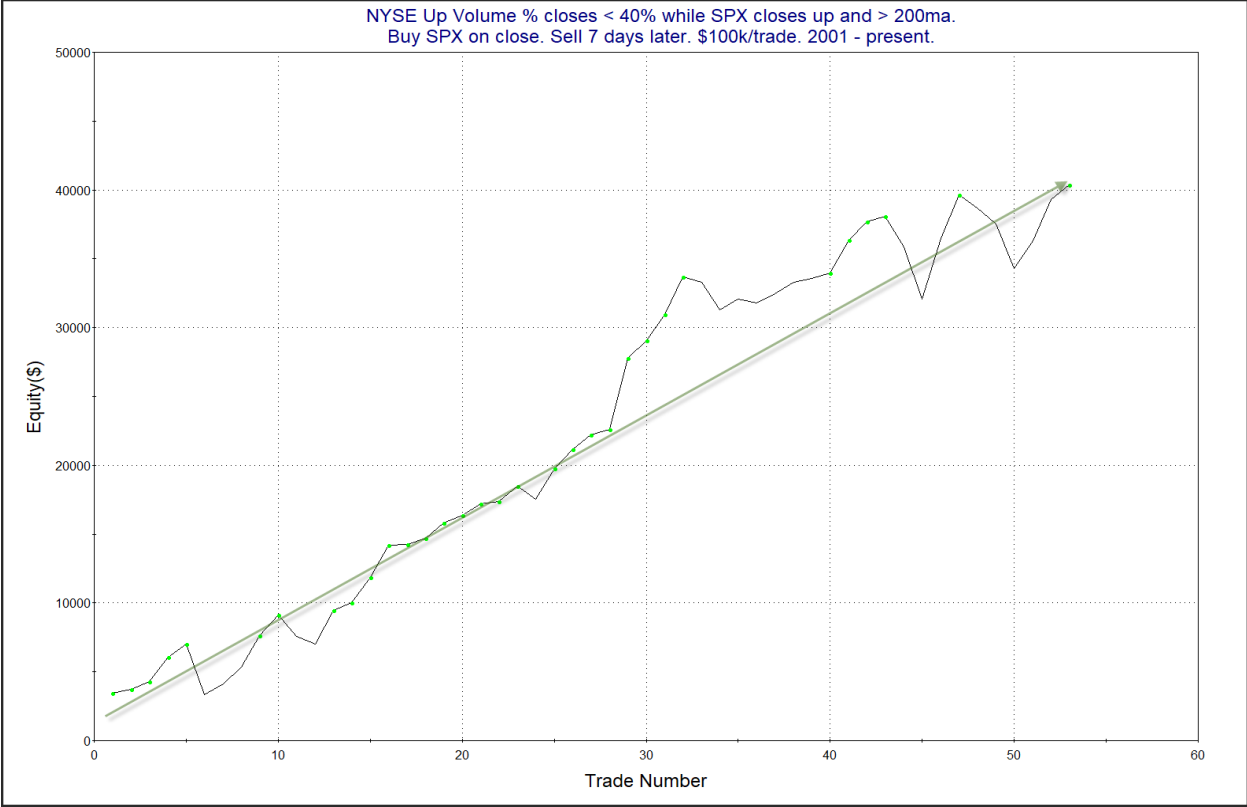


The persistent upslopes appear to confirm the upside edge suggested by the statistics. I have included this study on the short and intermediate-term active lists.

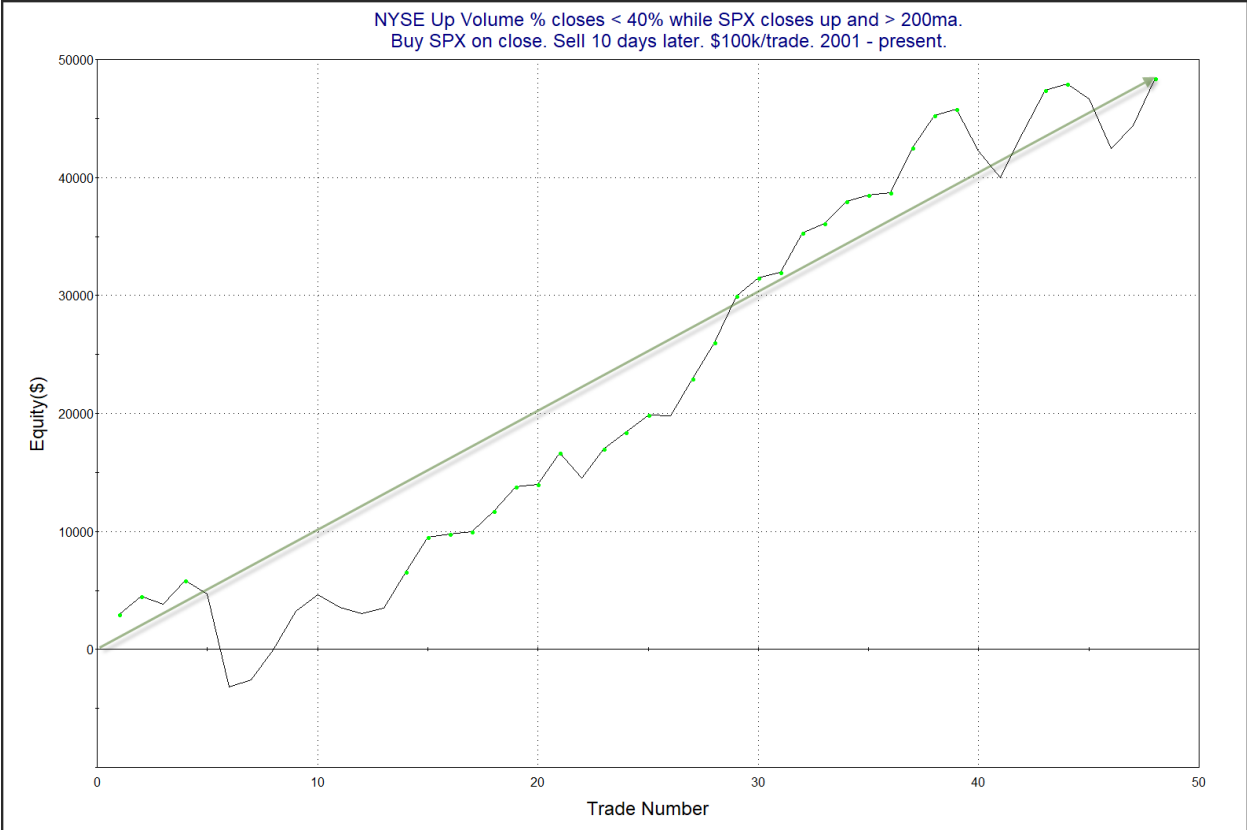
The overly weak breath on a day where SPX was moving higher triggered the study below. It is updated from the 6/23/23 letter.

NYSE Up Vol % closes < 40% while SPX closes up and > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2001 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	47,407.74	43	34	9	79.07	3,969.23	-7,891.63	1,962.95	-2,148.06	0.91	3.45	1,102.51
9	43,915.57	44	34	10	77.27	3,793.00	-7,594.37	1,832.29	-1,838.22	1.00	3.39	998.08
8	44,200.05	45	36	9	80.00	4,666.56	-6,657.20	1,620.20	-1,569.69	1.03	4.13	982.22
7	39,665.67	47	38	9	80.85	5,211.84	-3,755.76	1,449.09	-1,711.10	0.85	3.58	843.95
6	37,399.04	47	35	12	74.47	6,018.56	-3,495.92	1,506.40	-1,277.08	1.18	3.44	795.72
5	28,251.16	51	39	12	76.47	4,787.84	-4,623.84	1,211.42	-1,582.84	0.77	2.49	553.94
4	14,030.93	52	33	19	63.46	2,689.05	-4,483.92	1,087.50	-1,150.34	0.95	1.64	269.83
3	15,391.54	54	36	18	66.67	2,513.92	-3,122.40	883.43	-911.78	0.97	1.94	285.03
2	16,108.97	58	40	18	68.97	2,661.75	-2,848.17	748.58	-768.57	0.97	2.16	277.74
1	8,605.74	63	39	24	61.90	1,790.64	-1,489.20	541.81	-521.88	1.04	1.69	136.60

Results have been surprisingly strong over the last 23 years. Below is a look at a 7-day profit curve.

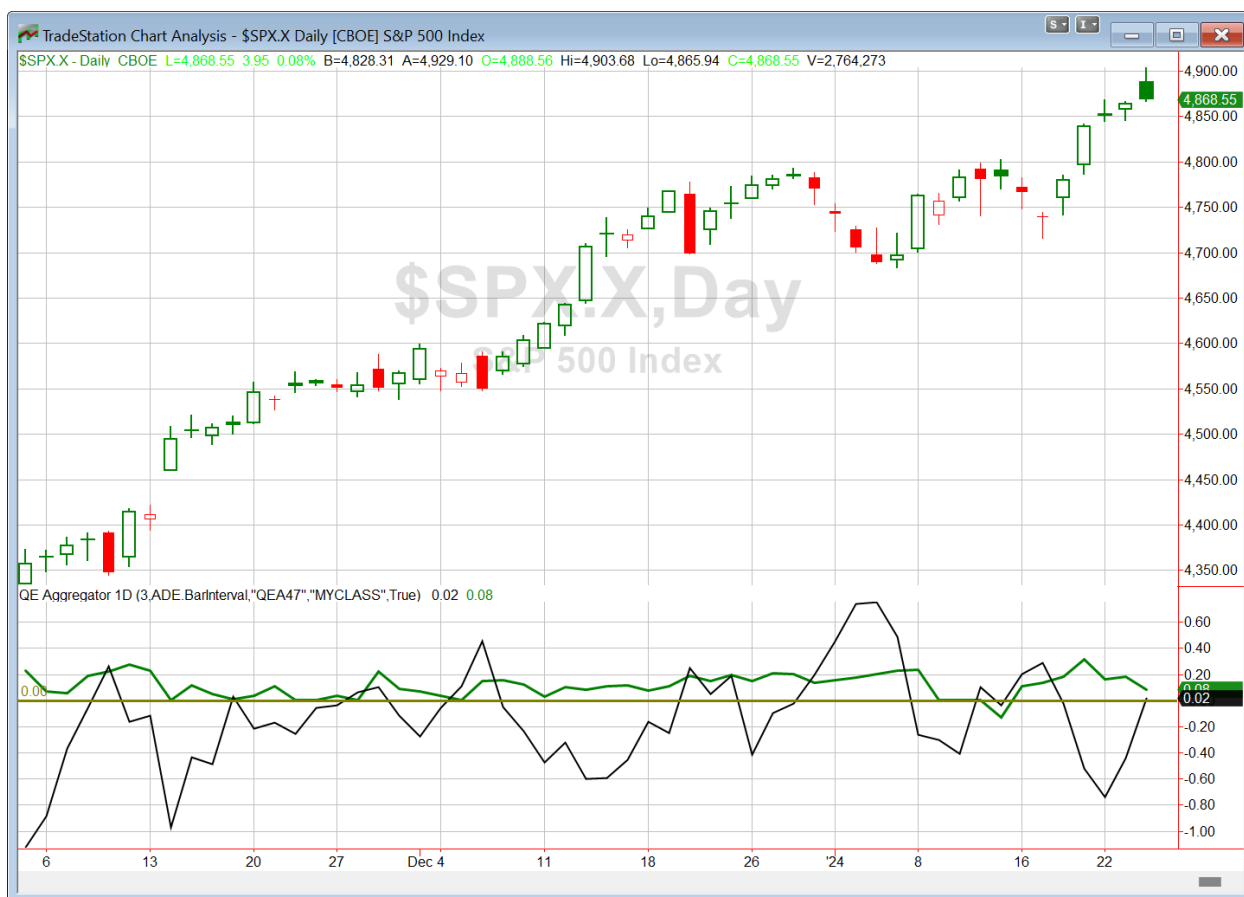


And here is the 10-day curve.



The curves have shown strong upside persistence. I find these results intriguing and have included this study on the short-term and the intermediate-term Active Lists.

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 inched above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation turned long at the close.

Based on the current list of active studies, expectations are slated to remain positive on Thursday. This is unlikely to change. Meanwhile, the Differential Pivot will be 4883.02 on Thursday. That

is 0.3% above Wednesday's close. Therefore, SPX will need to close up at least 0.3% on Thursday in order to flip from oversold to overbought vs recent expectations.

Being considered "oversold" at an all-time high seems odd. But the reading is relative to where recent studies suggested the market would close at. Still, I'd prefer to be more oversold than this before I'd look to aggressively size positions. I'm going to give it another day and see if the market gets a bit more "oversold" than this before considering any new long index exposure.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 1/22 – 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 tonight.

### **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
CVS(1/3)	1/16/2024	\$76.56	\$74.19	-3.10%	<span style="color: red;">sell on open</span>
<span style="color: green;">MS(1/3)</span>	<span style="color: green;">1/17/2024</span>	<span style="color: green;">\$84.85</span>	<span style="color: green;">\$87.32</span>	<span style="color: green;">2.91%</span>	<span style="color: green;">sold on open</span>
SCHW(1/3)	1/17/2024	\$60.93	\$63.48	4.19%	<span style="color: red;">sell on open</span>
USB(1/3)	1/17/2024	\$41.35	\$42.48	2.73%	<span style="color: red;">sell on open</span>
<span style="color: green;">MS(1/3)</span>	<span style="color: green;">1/18/2024</span>	<span style="color: green;">\$84.41</span>	<span style="color: green;">\$87.32</span>	<span style="color: green;">3.45%</span>	<span style="color: green;">sell on open</span>
USB(1/3)	1/18/2024	\$40.82	\$42.48	4.07%	<span style="color: red;">sell on open</span>
<span style="color: green;">MS(1/3)</span>	<span style="color: green;">1/19/2024</span>	<span style="color: green;">\$83.90</span>	<span style="color: green;">\$87.32</span>	<span style="color: green;">4.08%</span>	<span style="color: green;">sell on open</span>
USB(1/3)	1/19/2024	\$40.15	\$42.48	5.80%	<span style="color: red;">sell on open</span>

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 © 2024 Quantifiable Edges, LLC.