

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 8, 2024

Volume 17 Issue 47

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- Employment days have done very well since 2013 – especially when SPY has closed above its 200ma and in the top half of its intraday range on the day before.
- 2 unfilled up gaps and a 50-day high are a short-term positive.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. But SPX is about to turn short-term overbought, so reward/risk does not appear strong. I'm more neutral than bullish.

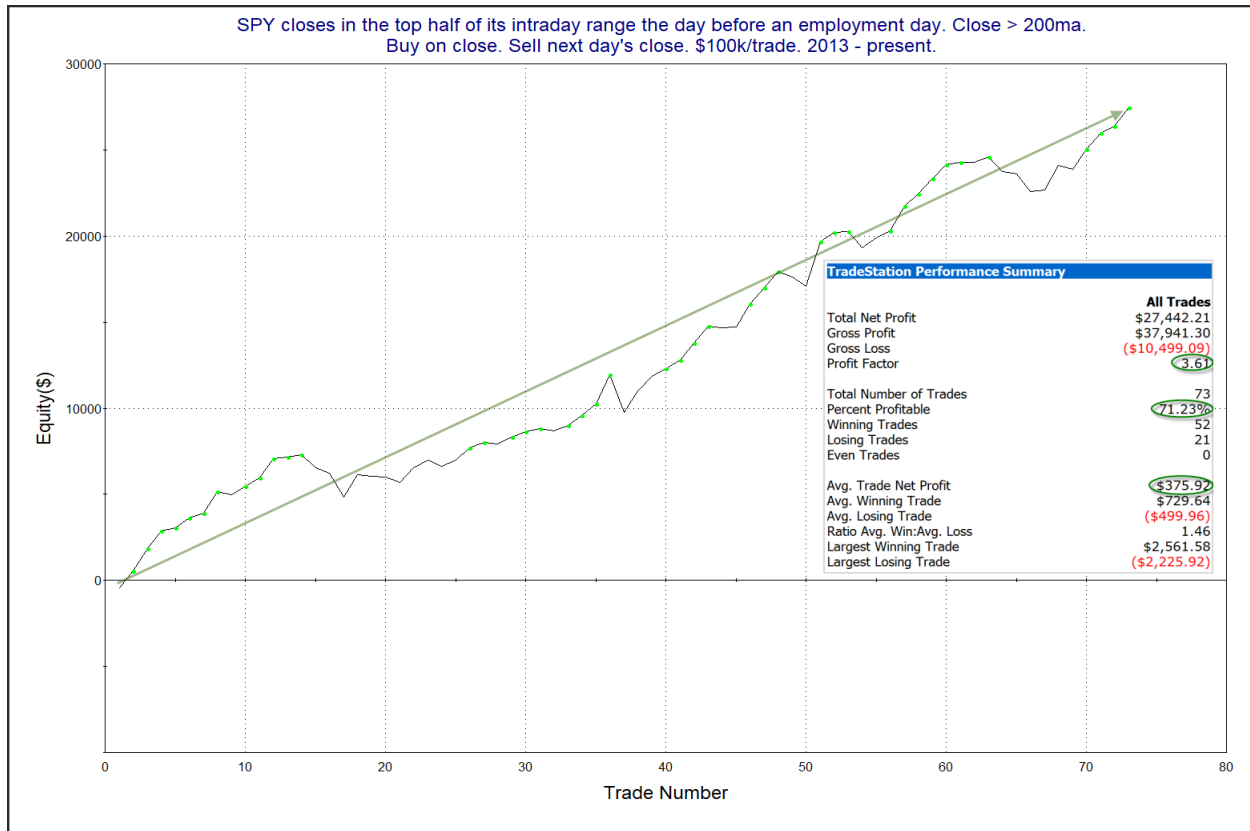
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 8, 2024	SPY 2 unfilled gaps up to 50-high	1-4 days	Bullish			
March 8, 2024	Employment tomorrow. SPY top of rng	1 day	Bullish			
Active - Long Term						
March 4, 2024	Jan & Feb both close positive	1-10 months	Bullish			
March 4, 2024	NASDAQ Leading	int term	Bullish			
February 26, 2024	SPX 50-day high. TNX 50-day high > 4%.	1-15 days	Bearish			
February 12, 2024	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.40%	-9.00%
February 2, 2024	SPX up > 15% last 3 months	1-6 months	Bullish			
January 16, 2024	RUT btm 25% 20-day rng. SPX top 25%	1-40 days	Bullish	5.20%	-3.40%	-6.70%
December 27, 2023	%SPX > 50 moves frm 15% > 90% in 50 dys	1-6 months	Bullish			
November 7, 2023	Whaley ADT ₅ > 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

Thursday was a strong rally day. SPX rose 1.0%, the NASDAQ climbed 1.5%, and the Russell 2000 gained 0.8%. Breadth was strong with the NYSE Up Issues % coming in at 71% and the Up Volume % at 67%. NYSE total volume declined some from Wednesday's level.

Last night I shared a study that showed there has been a strong inclination for the market to rally on Employment Days, especially when it closes strongly the day before. Therefore, the strong close on Thursday appears to be a positive for tomorrow. I've copied the study from last night down below.



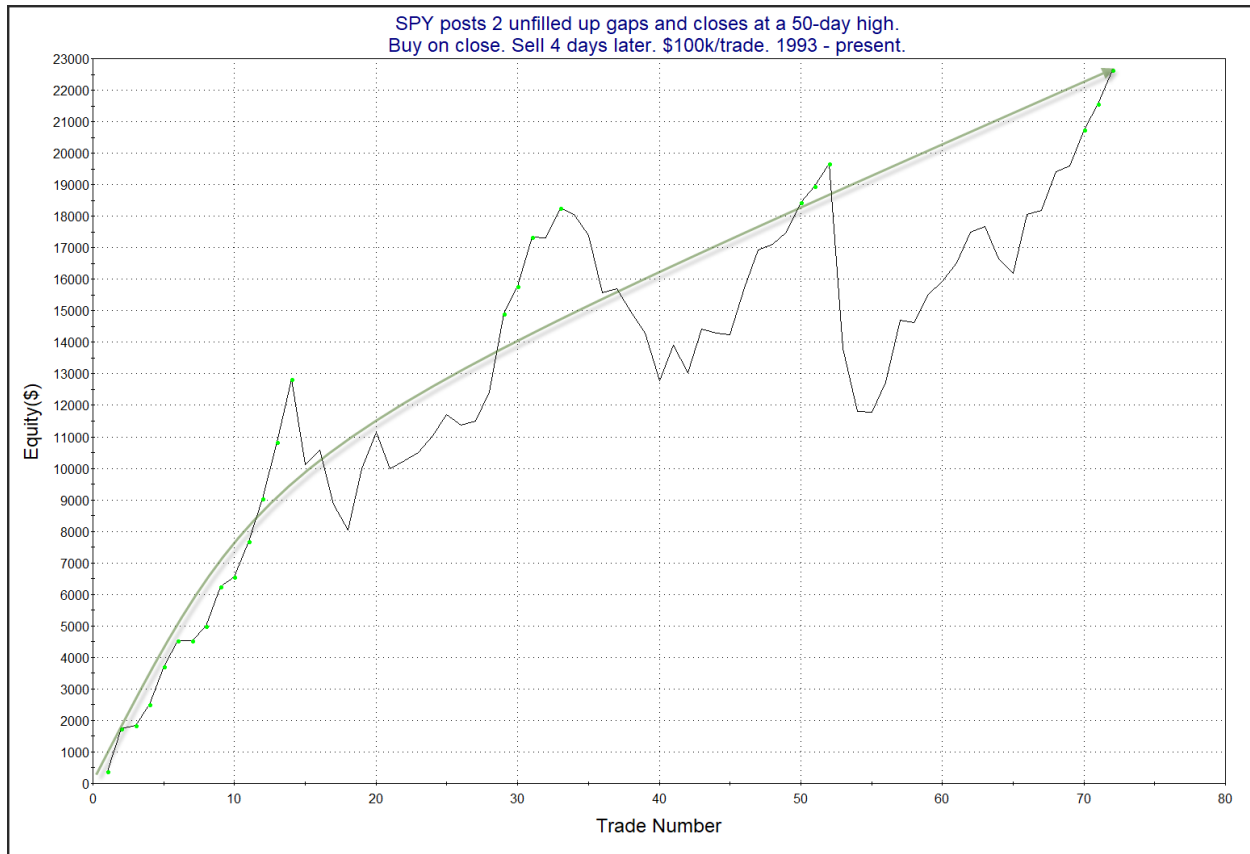
The numbers and the curve are good and I have added this study to the Active List tonight.

Thursday not only saw SPY make a 50-day high, but it was also the 2nd day in a row with an unfilled gap up. The study below was last seen in the 11/5/19 letter. It examined other times SPY left at least 2 unfilled up gaps and closed at a 50-day high.

SPY posts 2 unfilled up gaps and closes at a 50-day high. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

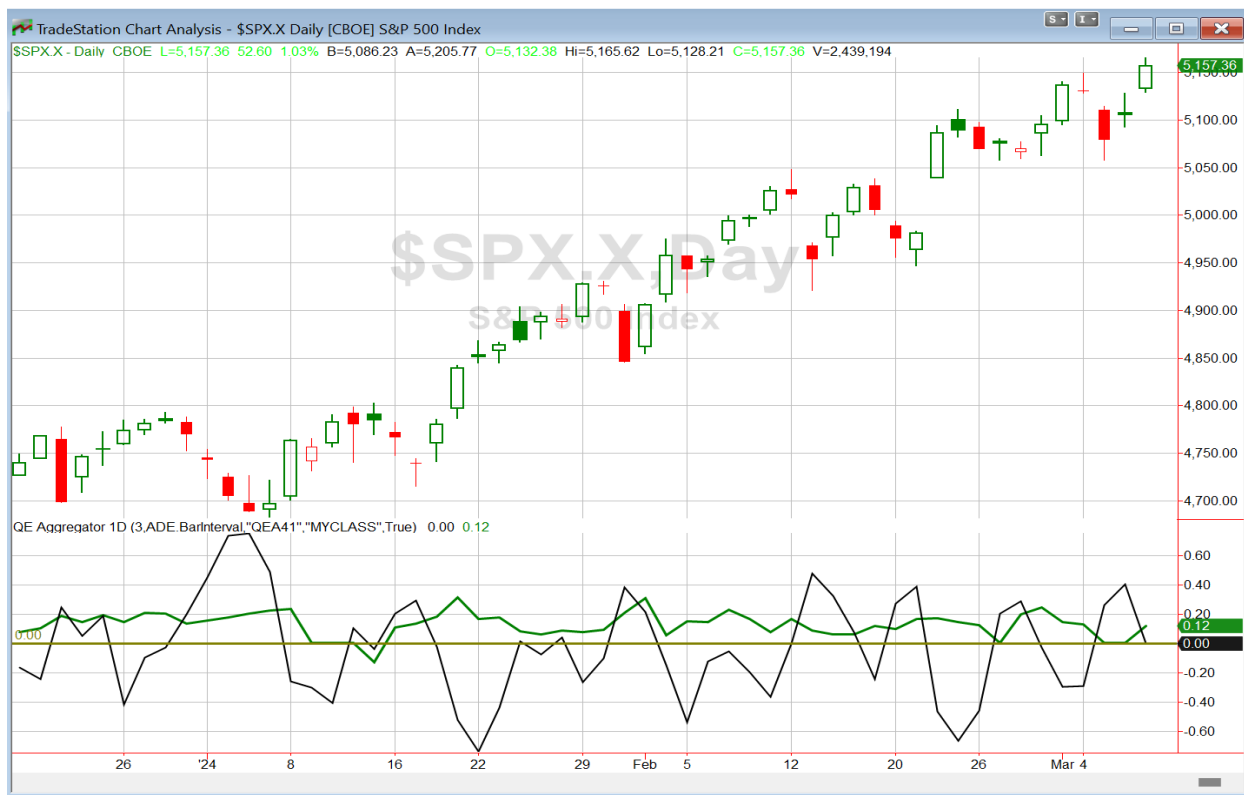
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	18,740.38	71	50	21	70.42	2,709.12	-4,990.35	916.42	-1,289.56	0.71	1.69	263.95
4	22,650.12	72	51	21	70.83	2,475.56	-5,867.91	893.05	-1,090.25	0.82	1.99	314.58
3	13,686.62	72	50	22	69.44	2,419.84	-6,980.31	646.81	-847.91	0.76	1.73	190.09
2	10,600.33	73	45	27	61.64	1,858.87	-1,729.75	523.79	-480.39	1.09	1.82	145.21
1	1,536.76	85	45	40	52.94	1,431.75	-1,942.24	322.66	-324.58	0.99	1.12	18.08

The size of the follow-through isn't terribly large, but the numbers appear consistent enough to warrant further examination. Below is the 4-day profit curve.



There were some sizable losers in 2020, including one in June of that year which lost nearly 6%. But the curve has certainly righted itself since then, rallying impressively over the last 16 or 17 instances. I have decided to add this study to the active list tonight as well.

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



With tonight's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained just barely 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Friday. Of course this could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *strongly inverted* at 5092.52 on Friday. That is 1.3% *below* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX would need to close down at least 1.3% on Friday in order to remain oversold vs recent expectations. Anything less than that and it will flip to overbought at the close on Friday.

So the Aggregator is still bullish. And we are finally getting some short-term evidence that backs that up. But we are now at a point where the market is primed to flip from oversold to overbought. This limits reward/risk, and is the primary reason I tend to avoid taking on new index positions when there is an inverted pivot. So rather than looking to buy at the new highs here with SPX primed to turn overbought, I will wait and see how Friday plays out, examine further evidence over the weekend, and continue to wait for a prime setup before putting capital at risk in my next short-term index trade.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 3/4 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MRK – 1/3 @ \$124.05 (bought @ limit)

MRK – 1/3 @ \$122.83 (bought @ limit)

Broad Market Large Cap CBI – 2(MRK-2)

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
MRK(1/3)	3/5/2024	\$124.05	\$123.99	-0.05%	Catapult
MRK(1/3)	3/6/2024	\$122.83	\$123.99	0.94%	Catapult

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.