

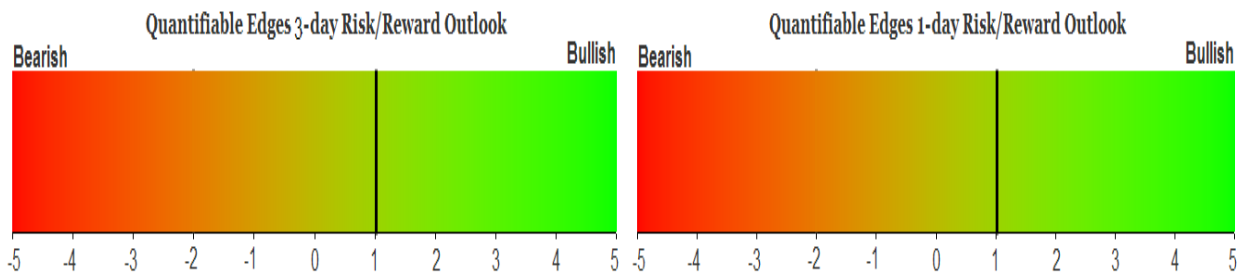
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 11, 2024

Volume 17 Issue 175

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- The 2-day bounce from a 10-day low that failed to close above the 10ma suggests more upside in the next couple of days.
- September 11<sup>th</sup> has been a bullish market day since the attacks in 2001.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator formation is bullish. But the market is primed to flip from oversold to overbought versus recent expectations. So I am looking to reduce exposure if I can get out with favorable fills.

**Summary of Recent 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
<b>Active - Short Term</b>						
September 11, 2024	September 11th bullish following 2001	1 day	Bullish			
September 11, 2024	2 up from 10-low < 10ma > 200ma	1-2 days	Bullish			
September 9, 2024	Down 1.5% 2x in 10 days. 10-day low.	1-6 days	Bullish	3.40%	-1.80%	-4.20%
<b>Active - Long Term</b>						
August 19, 2024	SPX up 7 days in a row	1-20 days	Bullish	3.00%	-2.10%	-4.40%
August 12, 2024	SPX dn 4 weeks in a row > 40-week ma	1-10 weeks	Bullish	8.70%	-3.10%	-7.10%
July 22, 2024	NASDAQ Lagging	int term	Neutral			
July 15, 2024	Triple 70 Breadth Thrust	1-80 days	Bullish	10.10%	-4.80%	-11.20%
July 8, 2024	NDX 18% above 200ma	1-90 days	Bullish	14.50%	-9.40%	-18.90%
June 14, 2024	SPX new high with < 50% stocks > 100ma	1-18 months	Bearish			
April 29, 2024	May-October selloff potential when 5% dn	1-6 months	Bearish			
March 4, 2024	Jan & Feb both close positive	1-10 months	Bullish			
February 2, 2023	SPX Golden Cross	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

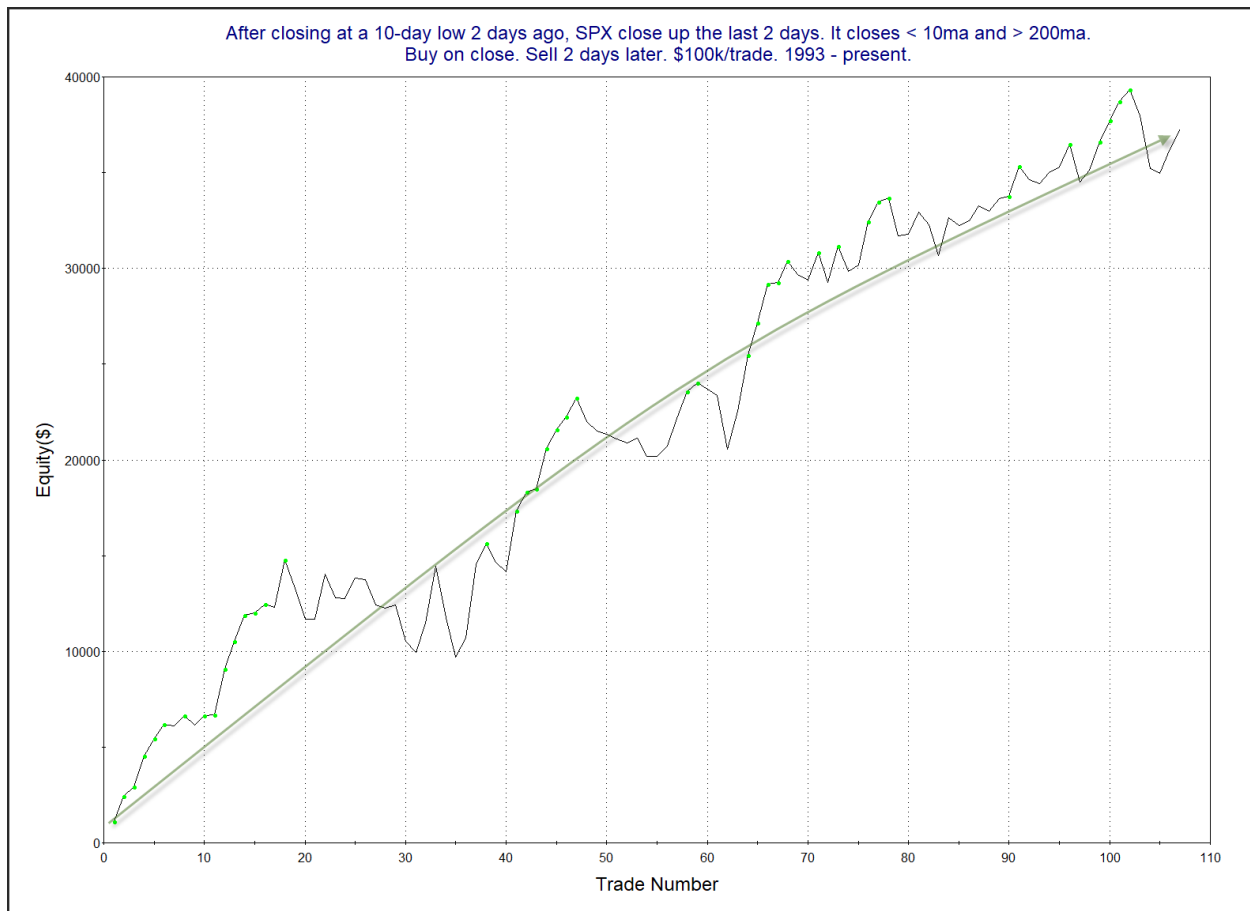
**The Evidence**

Tuesday was mostly higher for the indices. The SPX gained 0.45%, the NASDAQ rose 0.8%, and the Russell 2000 dipped 0.02%. Breadth was mixed as the NYSE Up Issues % was 52% and the Up Volume % came in at 41%. NYSE total volume declined some from Monday's level.

While SPX has risen the last 2 days, the rally still did not manage to close above its 10-day moving average. In the 7/30/24 letter I looked at other 2-day bounces from 10-day lows that failed to exceed the 10ma. I have updated that study below.

After closing at a 10-day low 2 days ago, SPX close up the last 2 days. It closes < 10ma and > 200ma. 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	20,098.62	104	63	41	60.58	4,522.00	-5,116.02	1,540.65	-1,877.13	0.82	1.26	193.26
4	29,591.19	105	64	41	60.95	4,528.65	-5,489.22	1,486.96	-1,599.37	0.93	1.45	281.82
3	32,348.71	107	70	37	65.42	3,167.68	-3,993.04	1,216.20	-1,426.62	0.85	1.61	302.32
2	37,282.61	107	67	40	62.62	3,844.65	-2,822.04	1,128.04	-957.40	1.18	1.97	348.44
1	17,203.80	107	64	43	59.81	2,699.42	-3,044.52	743.73	-706.85	1.05	1.57	160.78

Stats here seem to suggest a bit of an upside edge, especially over the 1<sup>st</sup> couple of days. Below is a look at a profit curve that assumes a 2-day holding period.



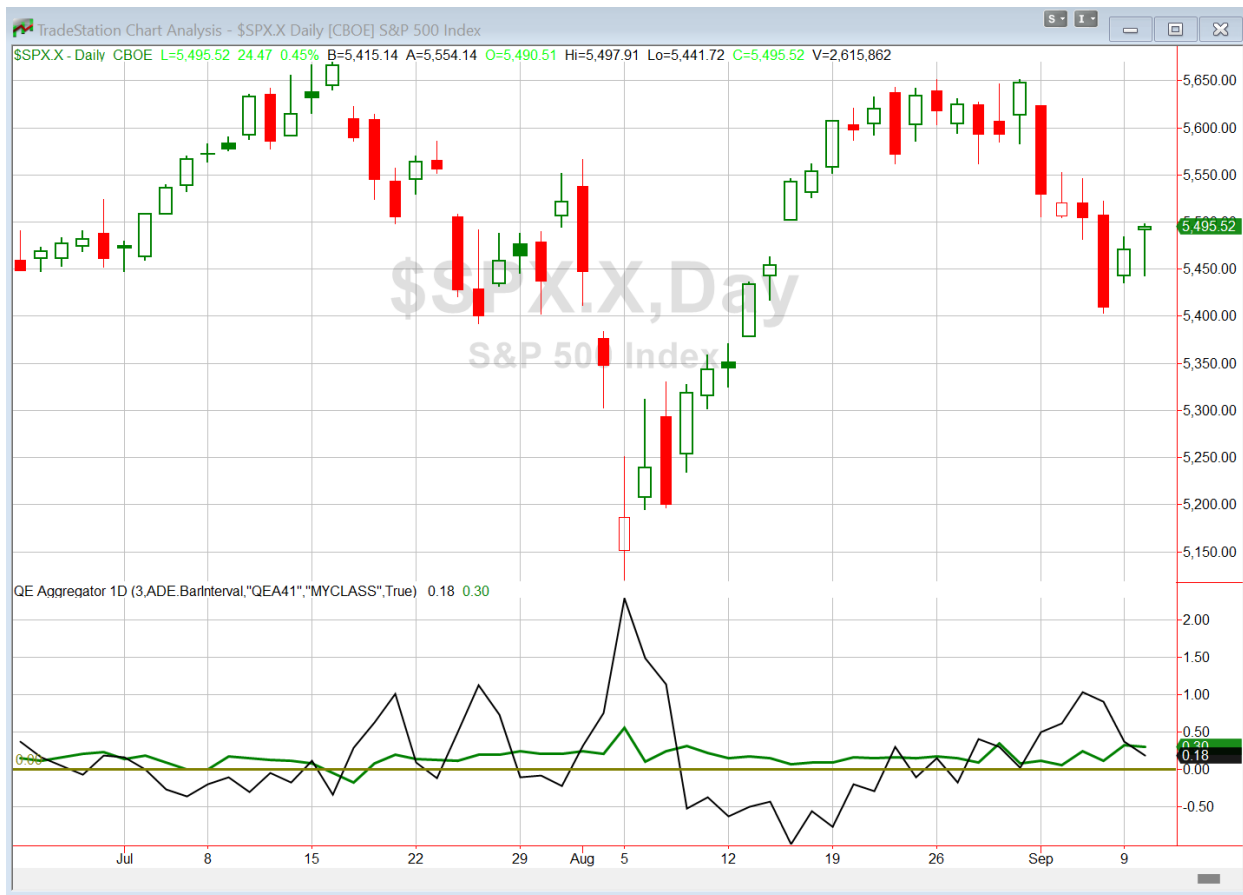
There have been some stumbles along the way. But there is a long history of this curve making new highs. Overall I think the curve is strong enough to serve as some confirmation of the bullish tendency suggested by the numbers. I have added this study to the active list tonight.

In the 9/11/2023 letter I noted that since the 9/11/2001 attacks and tragedy, September 11<sup>th</sup> has actually been a strong day for the market. I have updated that study below.

SPX % Return on 9/11 Since 2001		
(Years 9/11 was not a trading day not included)		
Ticker	Date	% Change
\$SPX	9/11/2002	-0.01
\$SPX	9/11/2003	0.54
\$SPX	9/11/2006	0.05
\$SPX	9/11/2007	1.36
\$SPX	9/11/2008	1.38
\$SPX	9/11/2009	-0.14
\$SPX	9/11/2012	0.31
\$SPX	9/11/2013	0.31
\$SPX	9/11/2014	0.09
\$SPX	9/11/2015	0.45
\$SPX	9/11/2017	1.08
\$SPX	9/11/2018	0.37
\$SPX	9/11/2019	0.72
\$SPX	9/11/2020	0.05
\$SPX	9/11/2023	0.67
	<b>Average</b>	<b>0.48</b>
	<b>Win - Loss</b>	<b>13-2</b>

Thirteen winners and two losers with the average instance seeing a gain of 0.5%. And since the losers are so small, the profit factor is an unreal 49. Not sure whether this study is truly providing an edge, but it at least remains on a hot streak. And I will give it some consideration again this year.

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



Without any new evidence 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 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 Wednesday. It is pretty unlikely that this will change. Meanwhile, the Differential Pivot will be *inverted at* 5430.03 on Wednesday. That is 1.3% *below* Tuesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close down at least 1.3% in order to remain oversold. Anything other than that and it will flip to "overbought" versus recent expectations and the bullish aggregator formation will change to neutral (or bearish).

So the Aggregator is still bullish. But without a strong selloff on Wednesday it won't be bullish any longer. I generally view inverted pivots as opportune times to begin reducing exposure. And that is what I intend to do on Wednesday.

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

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
SPY(1/4)	8/30/2024	\$557.50	\$548.79	-1.56%	<i>sell @ \$548.80 LIMIT ON CLOSE</i>
SPY(1/4)	9/4/2024	\$550.95	\$548.79	-0.39%	<i>sell @ \$551.00 LIMIT</i>

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