

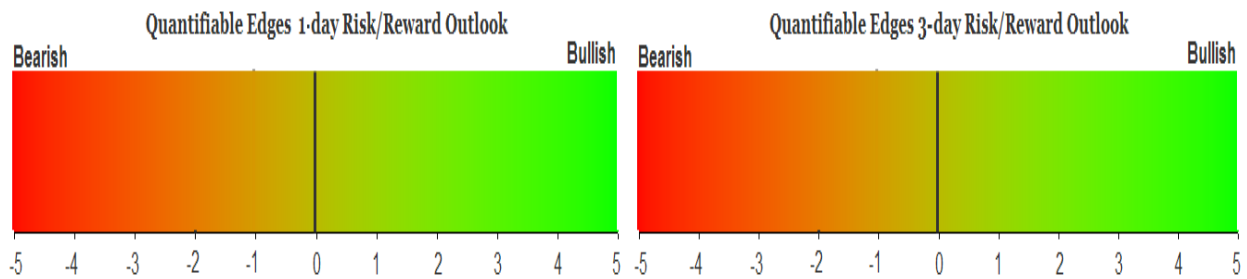
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 13, 2024

Volume 17 Issue 177

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- SPX up 4 days in a row above the 200ma without closing at a 10-day high is something that has consistently been followed by more gains over the last 24 years.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

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
Active - Short Term						
September 13, 2024	4 days up. Close < 10-high.	1-4 days	Bullish	1.85%	-0.65%	-1.40%
September 12, 2024	10-high then 4 down and 3 up < 7 ago	1-7 days	Bullish	2.30%	-1.00%	-2.10%
September 9, 2024	Down 1.5% 2x in 10 days. 10-day low.	1-6 days	Bullish	3.40%	-1.80%	-4.20%
Active - Long Term						
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			

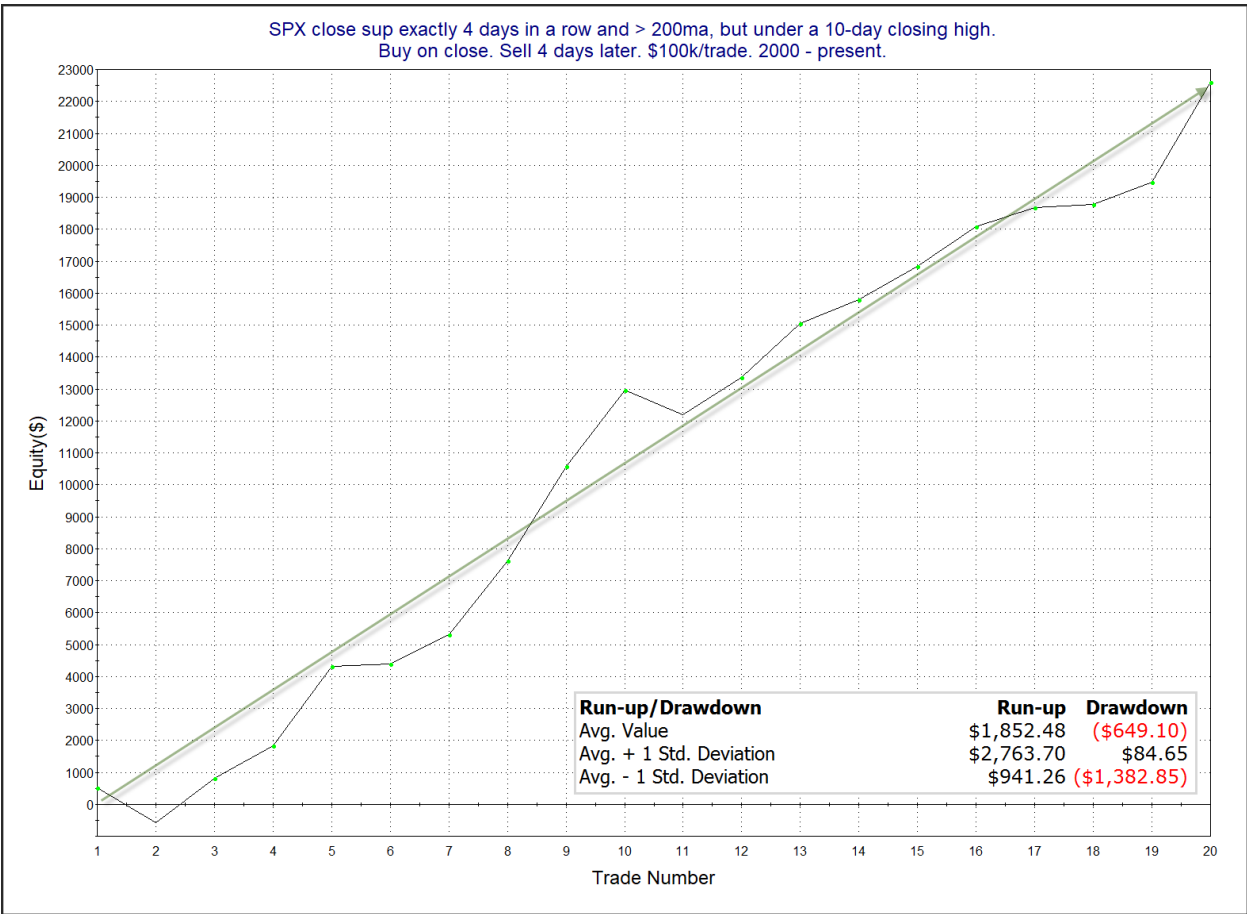
The Evidence

Thursday again saw the indices move nicely higher. The SPX gained 0.75%, the NASDAQ rallied 1.0%, and the Russell 2000 rose 1.2%. Breadth was positive as the NYSE Up Issues % was 77% and the Up Volume % came in at 73%. NYSE total volume declined some from Wednesday's level.

While SPX has managed to close up four days in a row, it still did not close at a 10-day high on Thursday. That suggests it is overbought very short-term, but there was some strong selling before the move up. In the 8/14/24 letter I looked back at other times this has happened, and the results were surprisingly lopsided. I've updated them below.

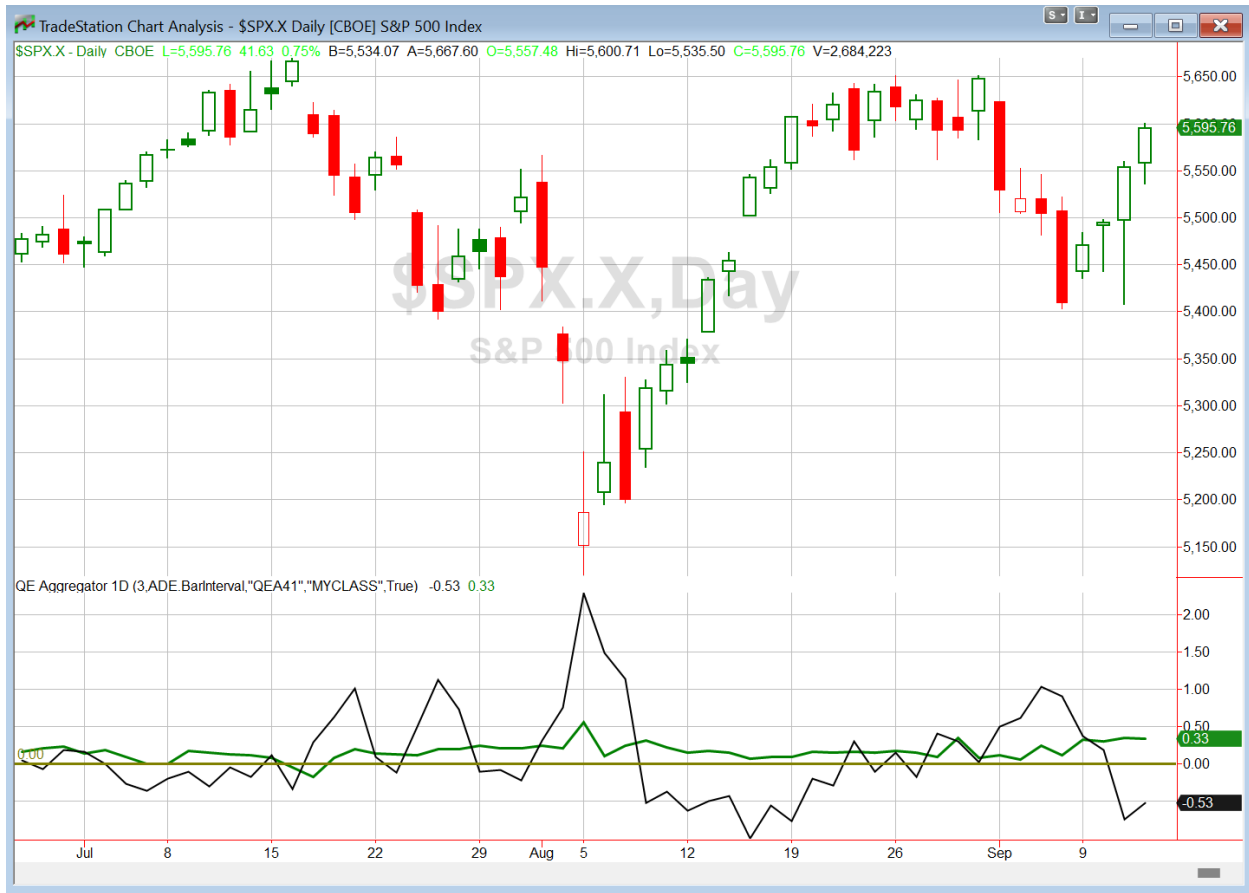
SPX close sup exactly 4 days in a row and > 200ma, but under a 10-day closing high. Buy on close. Sell X days later. \$100k/trade. 2000 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	20,359.55	20	15	5	75.00	2,928.42	-3,198.00	1,643.57	-858.79	1.91	5.74	1,017.98
4	22,599.13	20	18	2	90.00	3,128.76	-1,082.88	1,358.79	-929.57	1.46	13.16	1,129.96
3	20,353.00	20	15	5	75.00	3,000.26	-1,882.08	1,577.17	-660.92	2.39	7.16	1,017.65
2	18,395.11	20	17	3	85.00	2,459.85	-1,723.80	1,217.36	-766.66	1.59	9.00	919.76
1	7,439.93	20	14	6	70.00	1,973.52	-1,294.72	817.76	-668.12	1.22	2.86	372.00
All in 20 instances closed above the entry price at some point in the next 4 days.												

The short-term momentum has carried through over the next few days in every case. Looking out 4 days the record is 18-2 with an average gain of over 1%. Below is a look at the 4-day profit curve.



The curve shows a steady move from lower left to upper right, and serves as some confirmation of the bullish edge suggested by the numbers. I have added this study to the short-term active list.

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



With tonight's bullish 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 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 list of active studies, expectations are set to remain positive on Friday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5535.41 on Friday. That is 1.1% below Thursday's close. Therefore, SPX will need to close down over 1.1% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is now neutral. Compelling evidence is pointing higher, but the overbought SPX dampens reward/risk. So I am not inclined to look for new entries just yet. I'll see how Friday plays out and what new evidence emerges while I wait for the next favorable entry opportunity.

*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 tonight.

Current Open Trade Ideas

None

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