

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 25, 2024

Volume 17 Issue 185

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- High-volume outside days that close at a 50-day high also often lead to selling.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but tonight's evidence is pointing lower and the SPX is set to flip to overbought. So I am not enthused.

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 25, 2024	Outside 50 & 50-high. Yest < 50-high.	1-2 days	Bearish			
September 24, 2024	High vol down day then NR7	1-5 days	Bullish	2.60%	-1.30%	-3.20%
September 23, 2024	Weakest Week	1-4 days	Bearish	-2.20%	0.70%	2.00%
September 20, 2024	Breakaway gap	1-5 days	Bullish	1.40%	-0.90%	-1.90%
September 16, 2024	SPX up 5 < 50-high. 5-day ROR > 3%	1-10 days	Bullish	2.50%	-1.40%	-2.70%
Active - Long Term						
September 23, 2024	Fed neutral. QT active. Rates dropping.	int term	Neutral			
September 19, 2024	20-day intraday high. Close btm 10% intra	1-10 days	Bullish	2.20%	-1.30%	-2.50%
September 18, 2024	SPX up 7 days in a row	1-20 days	Bullish	3.00%	-2.10%	-4.40%
September 16, 2024	SPX up 5 < 50-high. 5-day ROR > 3%	1-15 days	Bullish	3.35%	-1.60%	-2.90%
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			

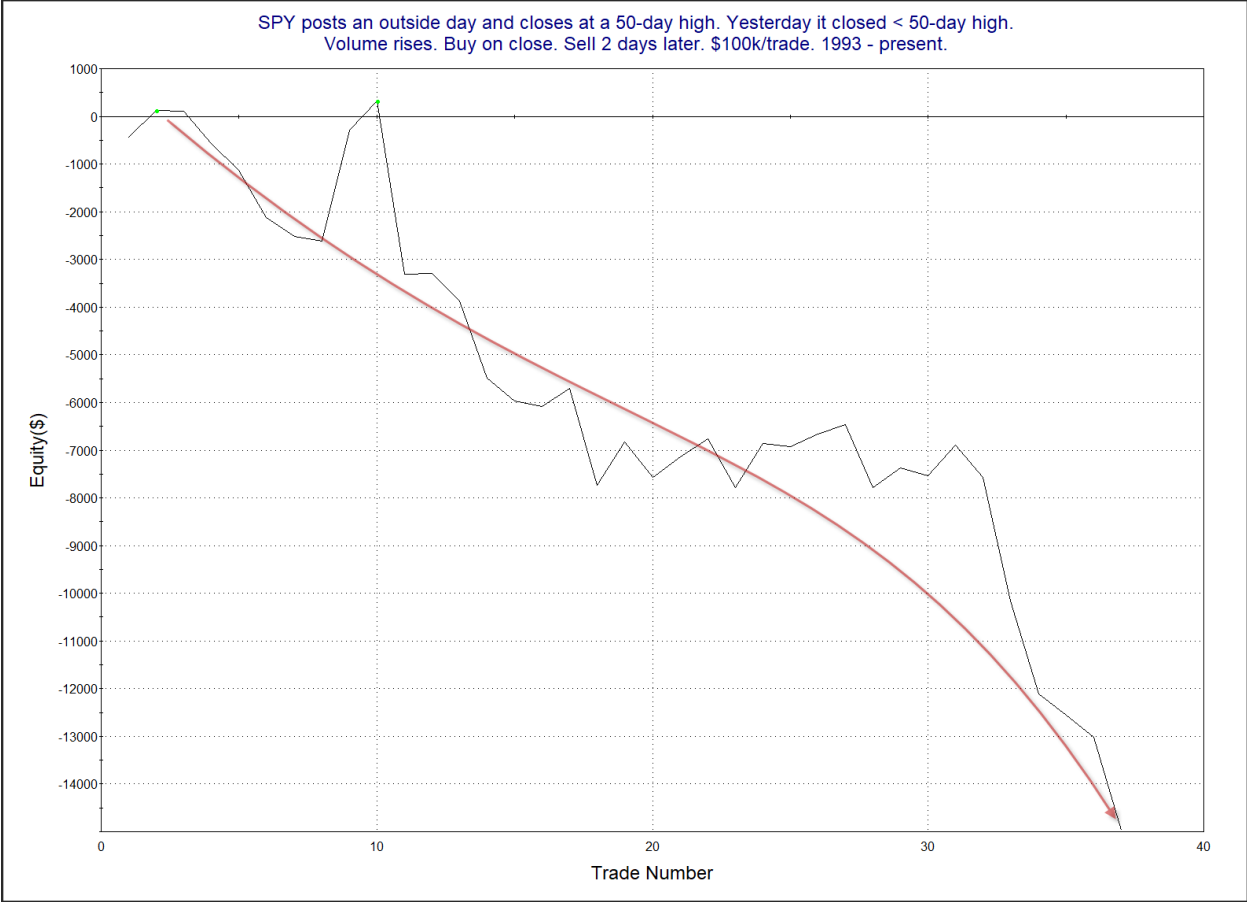
The Evidence

Tuesday was an up day for the major indices. The SPX gained 0.25%, the NASDAQ rose 0.6%, and the Russell 2000 climbed 0.2%. Breadth was positive as the NYSE Up Issues % was 61% and the Up Volume % came in at 59%. NYSE total volume rose some from Monday’s level.

There was one study that stood out in my review tonight. It was from the 3/18/21 subscriber letter. It takes into consideration a number of observations that many would consider bullish. This includes an outside day and a 50-day high on rising volume. All stats below are updated.

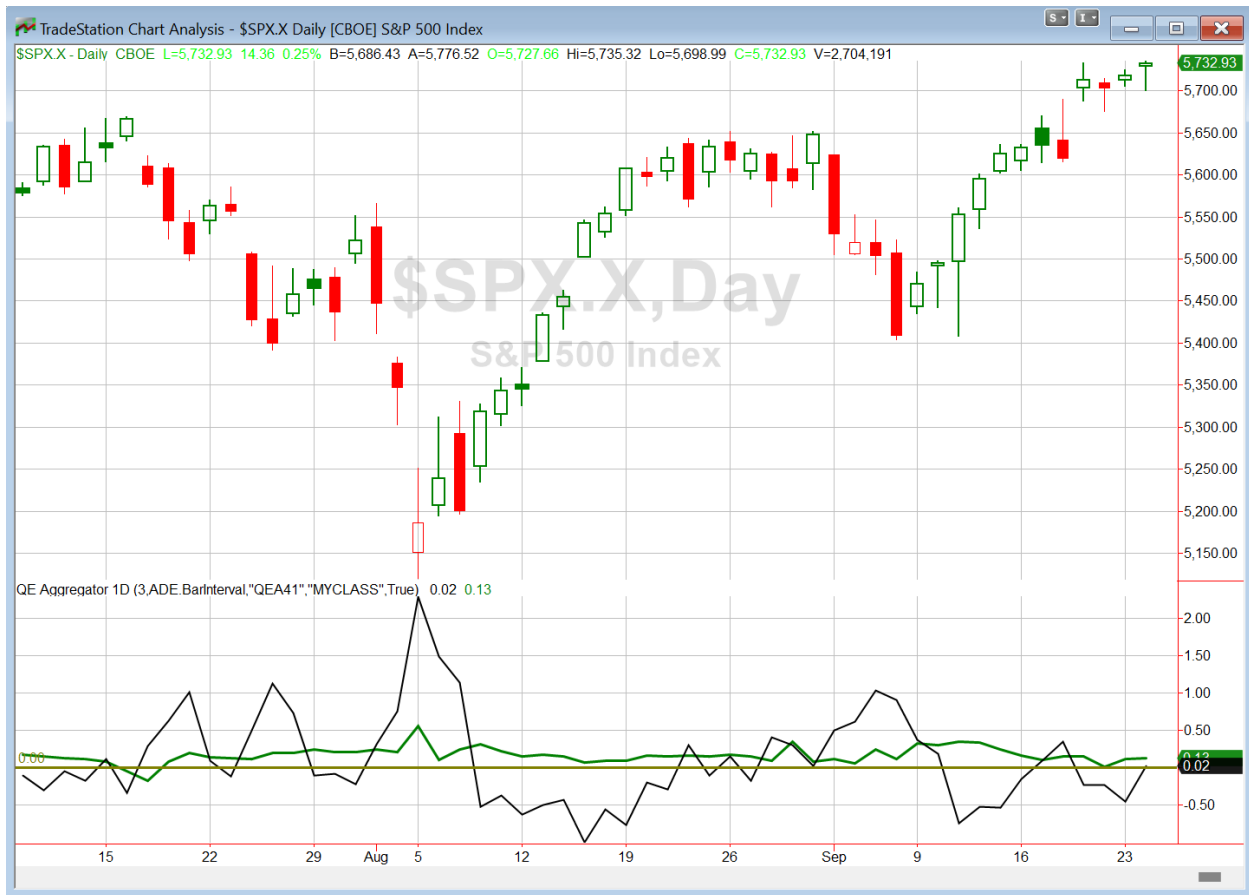
SPY posts an outside day and closes at a 50-day high. Yesterday it closed < 50-day high. Volume rises. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-18,393.81	36	17	19	47.22	2,590.50	-4,473.36	938.24	-1,807.57	0.52	0.46	-510.94
4	-11,085.92	36	18	18	50.00	2,371.65	-4,518.34	922.00	-1,537.89	0.60	0.60	-307.94
3	-12,700.67	37	15	22	40.54	2,927.90	-5,133.72	964.52	-1,234.93	0.78	0.53	-343.26
2	-14,963.49	37	13	24	35.14	2,324.90	-3,640.86	622.72	-960.79	0.65	0.35	-404.42
1	-8,442.50	37	14	23	37.84	918.96	-2,448.72	416.00	-620.28	0.67	0.41	-228.18

Rather than combining for a bullish edge it appears the scenario above has often been followed by brief downside. The most consistently bearish results occurred in the 2-day timeframe. Below is a profit curve for a 2-day exit strategy.



Choppy but downward sloping and again at new lows, this study also seems worth consideration.

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 slightly 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 set to remain positive on Wednesday. That could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 5719.89 on Wednesday. That is 0.2% *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 over 0.2% in order to remain oversold. Anything shy of that and it will flip to overbought versus expectations as of Wednesday's close.

So the Aggregator is bullish. But tonight's evidence does not agree, and SPX is primed to flip to overbought unless it sees selling on Wednesday. I don't like the setup here, and I won't be looking to take on any new index exposure until a more compelling opportunity emerges.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 9/23 – **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

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360. 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.