

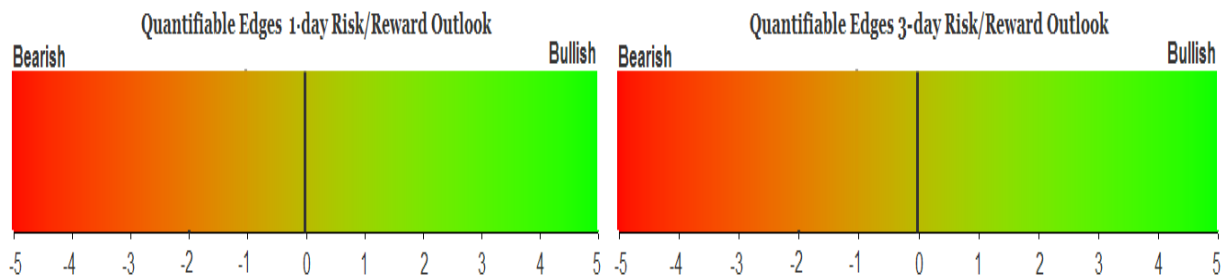
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 23, 2024

Volume 17 Issue 205

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Pullbacks from 50-day highs that were as mild as we have seen over the last 2 days have often been followed by a rise over the next 2 days.

## *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
<b>Active - Short Term</b>						
October 23, 2024	2 dn days from 50-high. Drop < 0.25%	1-2 days	Bullish			
<b>Active - Long Term</b>						
October 18, 2024	20-high then close btm 10% intraday rng	1-10 days	Bullish	2.20%	-1.40%	-2.80%
September 30, 2024	NASDAQ Leading	int term	Bullish			
September 23, 2024	Fed neutral. QT active. Rates dropping.	int term	Neutral			
September 18, 2024	SPX up 7 days in a row	1-20 days	Bullish	3.00%	-2.10%	-4.40%
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			

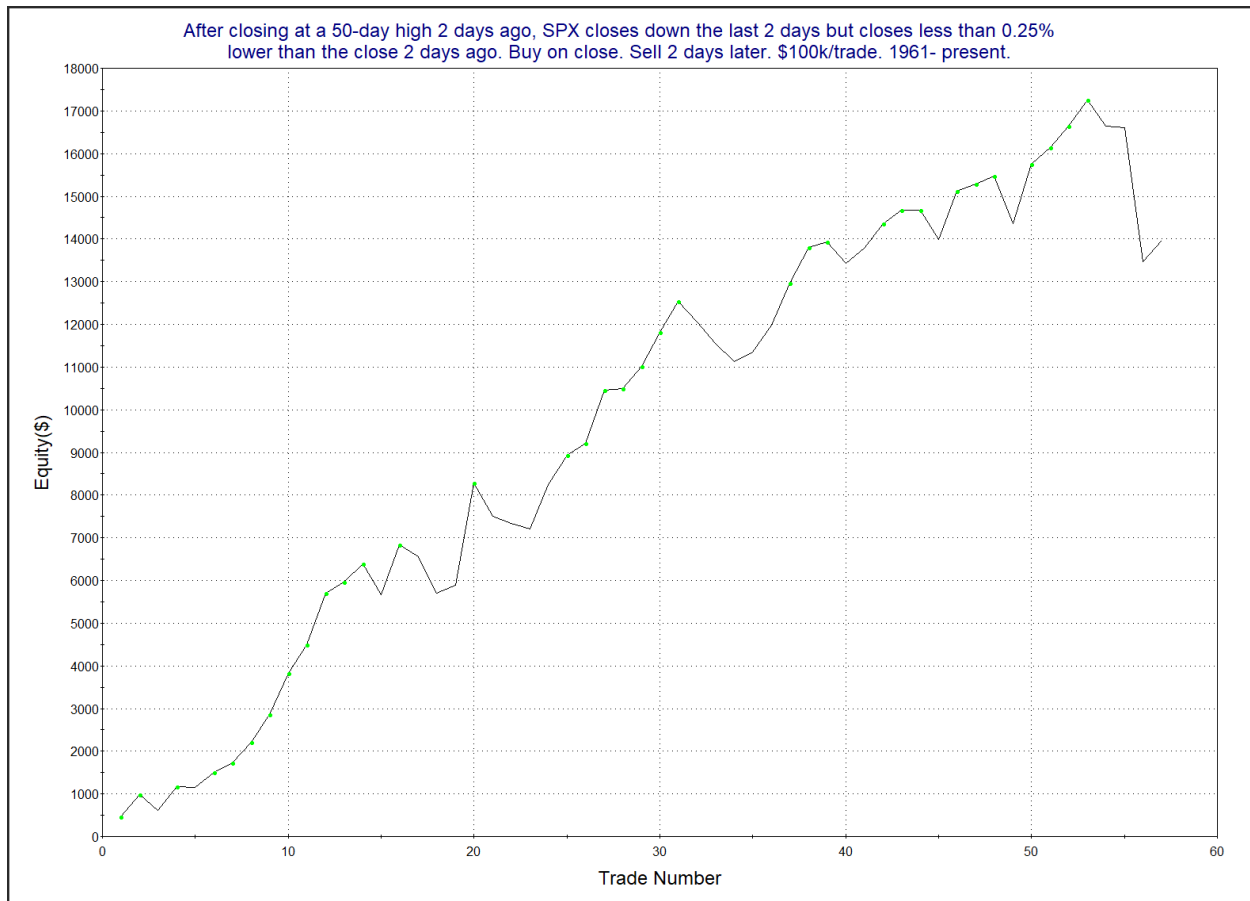
**The Evidence**

Tuesday was another mixed day. The SPX fell 0.05%, the NASDAQ gained 0.18%, and the Russell 2000 declined 0.37%. Breadth was weak as the NYSE Up Issues % was 44% and the Up Volume % came in at 48%. NYSE total volume declined some from Monday’s level.

SPX closed at a 50-day high 2 days ago, and while it has closed lower the last 2 days, the combined 2-day selloff has it only 0.23% below Friday’s close. Often if an uptrending market tries to pull back, and it just cannot, then the next move will be higher. Tonight I looked at other instances of SPX closing down 2 days in a row from a 50-day high, but still closing less than 0.25% below that closing high. This is a study that was last seen in the 6/10/24 letter. Updated results can be seen below.

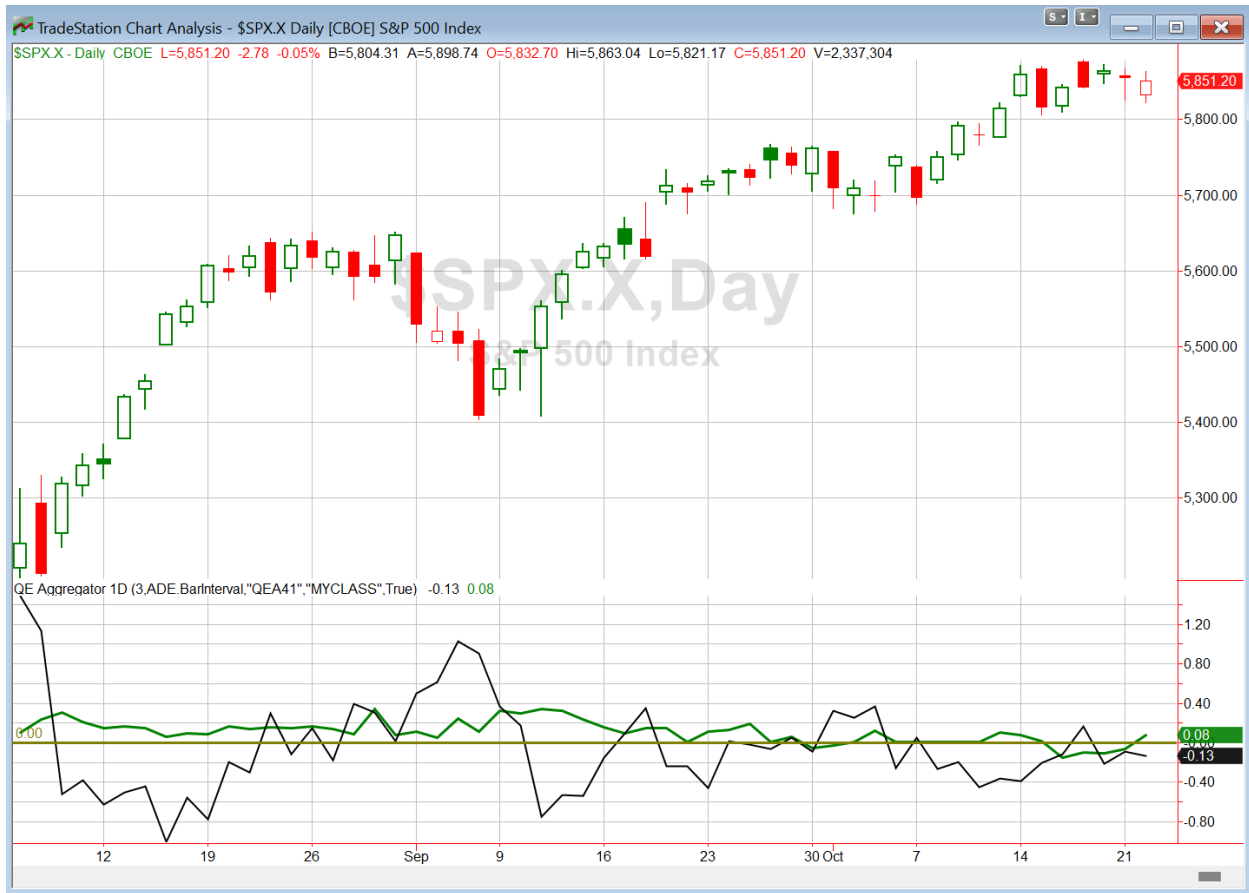
After closing at a 50-day high 2 days ago, SPX closes down the last 2 days but closes less than 0.25% lower than the close 2 days ago. Buy on close. Sell X days later. \$100k/trade. 1961- present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	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	10,457.66	55	33	22	60.00	4,579.74	-3,618.28	930.29	-920.08	1.01	1.52	190.14
4	10,981.52	57	34	23	59.65	3,712.50	-3,370.08	930.24	-897.67	1.04	1.53	192.66
3	10,084.29	57	40	17	70.18	2,141.37	-3,892.32	691.37	-1,033.55	0.67	1.57	176.92
2	13,977.11	57	40	17	70.18	2,399.76	-3,130.56	619.37	-635.16	0.98	2.29	245.21
1	6,491.04	57	34	23	59.65	1,502.82	-1,748.64	446.94	-378.47	1.18	1.75	113.88

Such mild 2-day pullbacks from 50-day highs have been fairly rare. But the stats suggest a propensity for a rise over the next 2 days. Below is a look at the 2-day profit curve.



The big drop a couple of instances ago really changed the look of the curve. But the curve has headed higher for a very long time. So I will view the recent instance as an outlier for the time being and still include this study on the active list. If the uptrend does not reassert itself soon, then I may eliminate this study from future consideration.

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



With tonight's evidence considered, the green Aggregator Line moved 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 turned flat at the close.

Based on the current active studies, expectations are slated to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5844.11 on Wednesday. That is 0.1% below Tuesday's close. Therefore, SPX will need to close down a little over 0.1% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is flat. Evidence is somewhat underwhelming, and the choppy market is not really stretched in either direction. This still does not appear to be a very favorable setup for a new trade. I'll continue to wait until a more compelling setup emerges.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 10/21 – **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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