

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 29, 2024

Volume 17 Issue 209

## Market Overview



## Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Flat       | 5           |

## Tonight's Research Points

- There appears to be strong seasonality over the next few days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. I'm out of index positions for the time being.

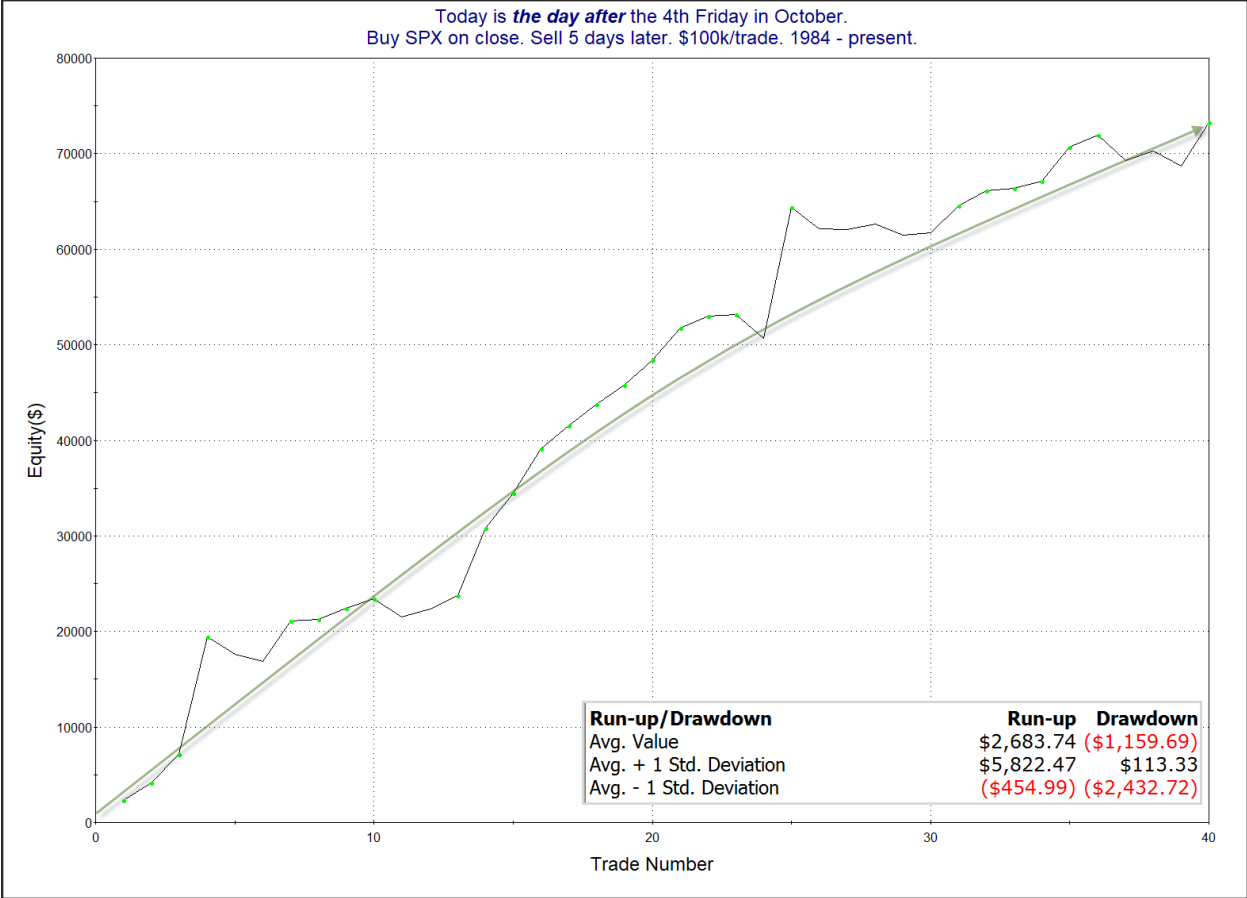
## The Evidence

Monday's action did not trigger anything new and substantial. But in Sunday's letter I discussed the bullish seasonal edge that we have seen from Tuesday after the 4<sup>th</sup> Friday in October through the following Monday. I have copied that study again below. It is also included on the active list.

*...Tuesday through the following Monday have shown very positive seasonality. This can be seen below.*

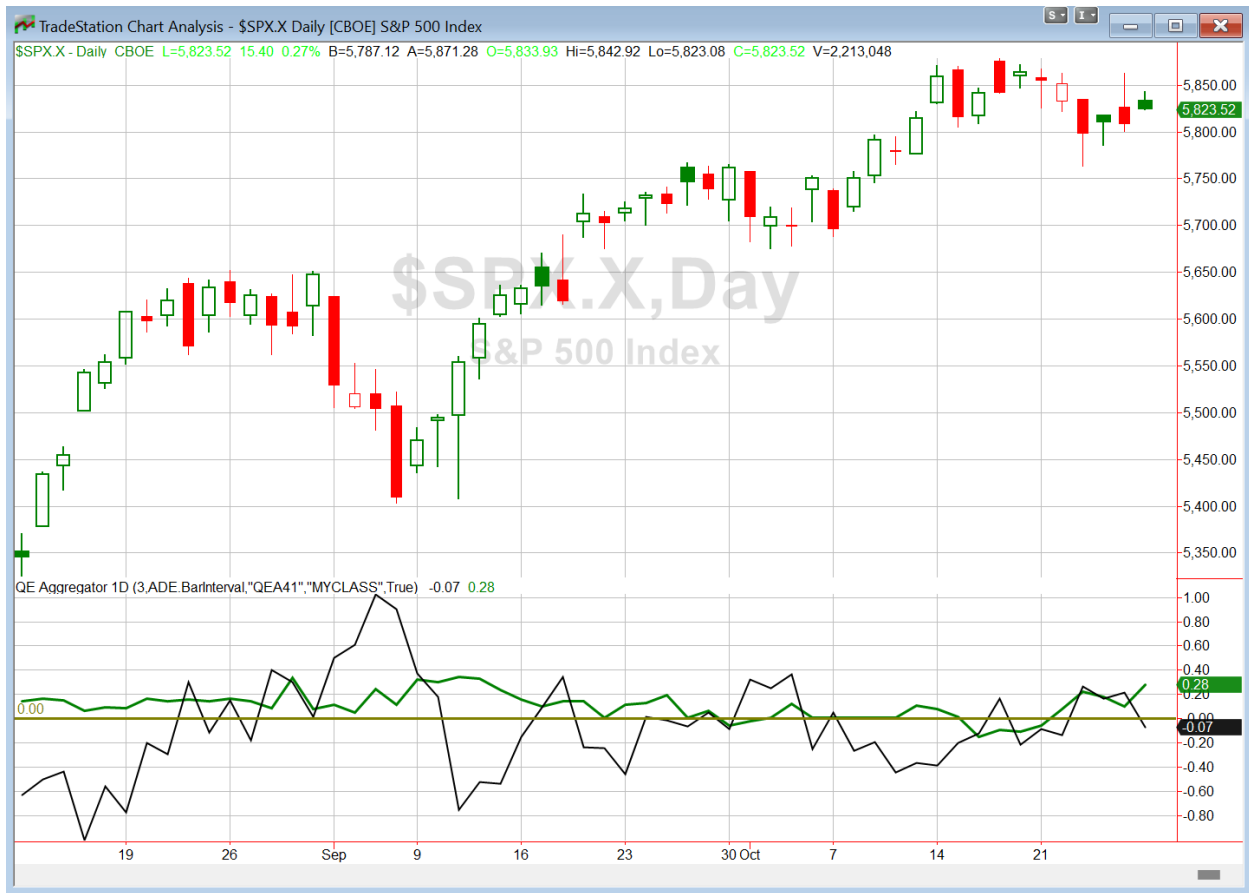
| Today is <b>the day after</b> the 4th Friday in October.<br>Buy SPX on close. Sell X days later. \$100k/trade. 1984 - present. |                 |                   |                     |                    |                   |                        |                       |                        |                       |                     |                   |                |
|--|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 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  | 73,243.48       | 40                | 31                  | 9                  | 77.50             | 13,733.46              | -2,631.17             | 2,840.70               | -1,646.47             | 1.73                | 5.94              | 1,831.09       |
| 4  | 56,905.85       | 40                | 29                  | 11                 | 72.50             | 14,020.11              | -3,799.29             | 2,562.62               | -1,582.73             | 1.62                | 4.27              | 1,422.65       |
| 3  | 46,549.32       | 40                | 29                  | 11                 | 72.50             | 12,304.89              | -3,802.25             | 2,056.30               | -1,189.41             | 1.73                | 4.56              | 1,163.73       |
| 2  | 22,747.70       | 40                | 29                  | 11                 | 72.50             | 9,496.89               | -3,768.26             | 1,336.55               | -1,455.65             | 0.92                | 2.42              | 568.69         |
| 1  | 23,352.59       | 40                | 25                  | 15                 | 62.50             | 10,716.03              | -2,766.58             | 1,377.02               | -738.20               | 1.87                | 3.11              | 583.81         |

*The stats here are very strong across the board and suggestive of an upside edge. Below is a look at the 5-day profit curve.*



*The curve has headed upwards for a long time. This short-term look at seasonality suggests the market could have some wind at its back after Monday.*

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 dipped 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 Tuesday. This is unlikely to change. Meanwhile, the Differential Pivot will be *inverted* at 5837.94. That is 0.25% above Monday'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 up at least 0.25% in order to remain overbought. Anything less than that and it will flip to oversold versus recent expectations as of Tuesday's close.

So the Aggregator is flat. Reward/risk is not great with the SPX now oversold. We could easily see another long signal trigger on Tuesday if SPX closes flat or down. I'll wait to see what happens before considering my next trade.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 10/28 – **bullish***

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

HD – 1/3 @ \$399.64

IBM – 1/3 @ \$214.67 (bought @ limit)

ACN – 1/3 @ \$360.80 (bought @ limit)

### ***New***

IBM – 1/3 @ \$212.91 (buy @ limit)

LMT – 1/3 @ \$555.17 (buy @ limit)

***Broad Market Large Cap CBI – 5(HD, IBM-2, ACN, LMT)***

## **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.*

**IBM – Buy 1/3 Catapult position @ \$212.91 LIMIT.** From the Catapult section above, this is the 2<sup>nd</sup> of up to 3 possible lots of IBM.

**LMT – Buy 1/3 Catapult position @ \$555.17 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of LMT.

## **Current Open Trade Ideas**

| Symbol          | Entry Date        | Entry Price     | Current Price   | % Gain/Loss  | Notes                       |
|-----------------|-------------------|-----------------|-----------------|--------------|-----------------------------|
| HD(1/3)         | 10/24/2024        | \$399.64        | \$402.89        | 0.81%        | Catapult                    |
| <b>SPY(1/4)</b> | <b>10/24/2024</b> | <b>\$577.75</b> | <b>\$580.83</b> | <b>0.53%</b> | <b><i>sold on close</i></b> |
| IBM(1/3)        | 10/28/2024        | \$214.67        | \$212.91        | -0.82%       | Catapult                    |
| ACN(1/3)        | 10/28/2024        | \$360.80        | \$361.32        | 0.14%        | Catapult                    |
|                 |                   |                 |                 |              |                             |

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