

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 1, 2024

Volume 17 Issue 212

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	8

Tonight's Research Points

- A gap below a short-term low and further selling in a long-term uptrend is often followed by a move up over the next few days.
- SPY closing poorly to finish a month has often been followed by a good start to the next month.

Short-term Outlook

The Bottom Line

The Aggregator is long. Reward/risk appears favorable for the bulls.

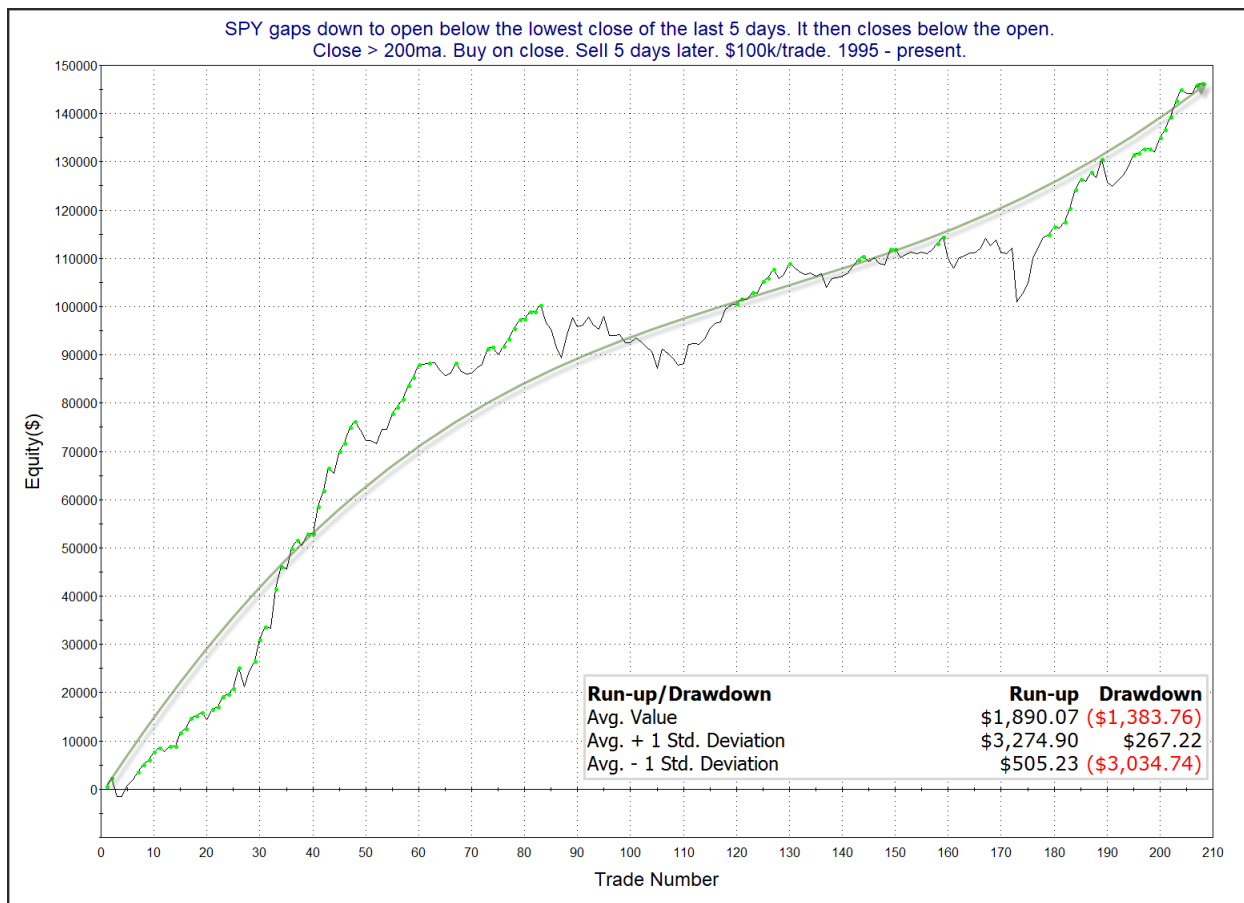
The Evidence

Thursday saw the market tumble. The SPX closed down 1.9%, the NASDAQ lost 2.8%, and the Russell 2000 fell 1.6%. Breadth was weak as the NYSE Up Issues % was 30% and the Up Volume % came in at 26%. NYSE total volume rose for the 4th day in a row.

There were several studies that triggered on Wednesday with bullish short-term implications. I will discuss a couple of the most compelling ones. The study below was last seen in the 10/24/24 letter. It looked at times that SPY gapped down to a short-term low, and then sold off further during the day, while in a long-term uptrend. I have updated the results.

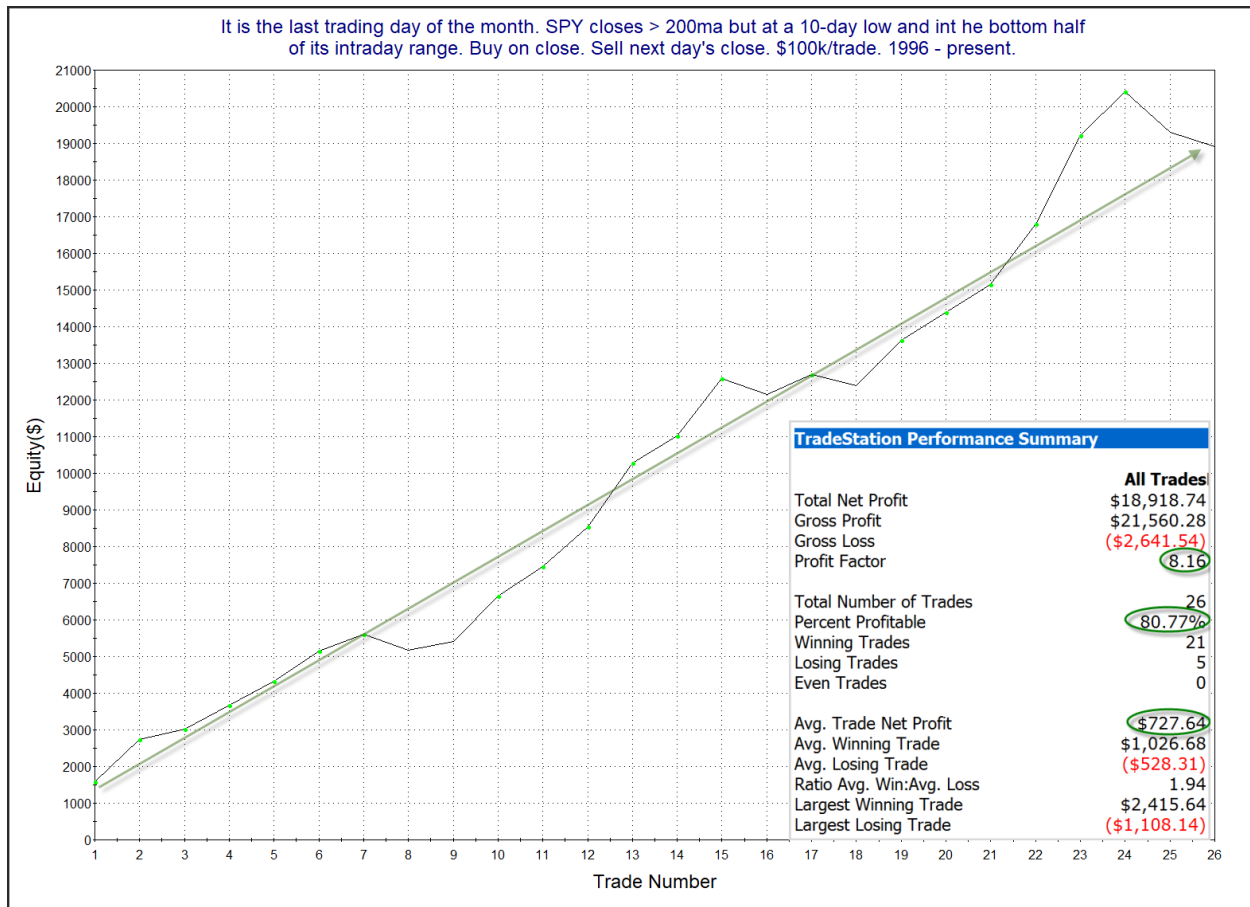
SPY gaps down to open below the lowest close of the last 5 days. It then closes below the open. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1995 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	146,317.72	208	143	64	68.75	8,239.74	-11,128.78	1,720.22	-1,557.41	1.10	2.47	703.45
4	127,406.69	217	146	71	67.28	5,581.02	-10,755.03	1,618.23	-1,533.17	1.06	2.17	587.13
3	108,712.86	229	142	86	62.01	5,117.85	-6,572.02	1,500.71	-1,213.81	1.24	2.04	474.73
2	102,436.39	242	155	84	64.05	5,477.88	-6,228.17	1,159.55	-920.16	1.26	2.33	423.29
1	59,896.98	262	168	94	64.12	5,764.38	-4,181.76	811.29	-812.76	1.00	1.78	228.61

The numbers here look fairly bullish. Here is the 5-day profit curve.



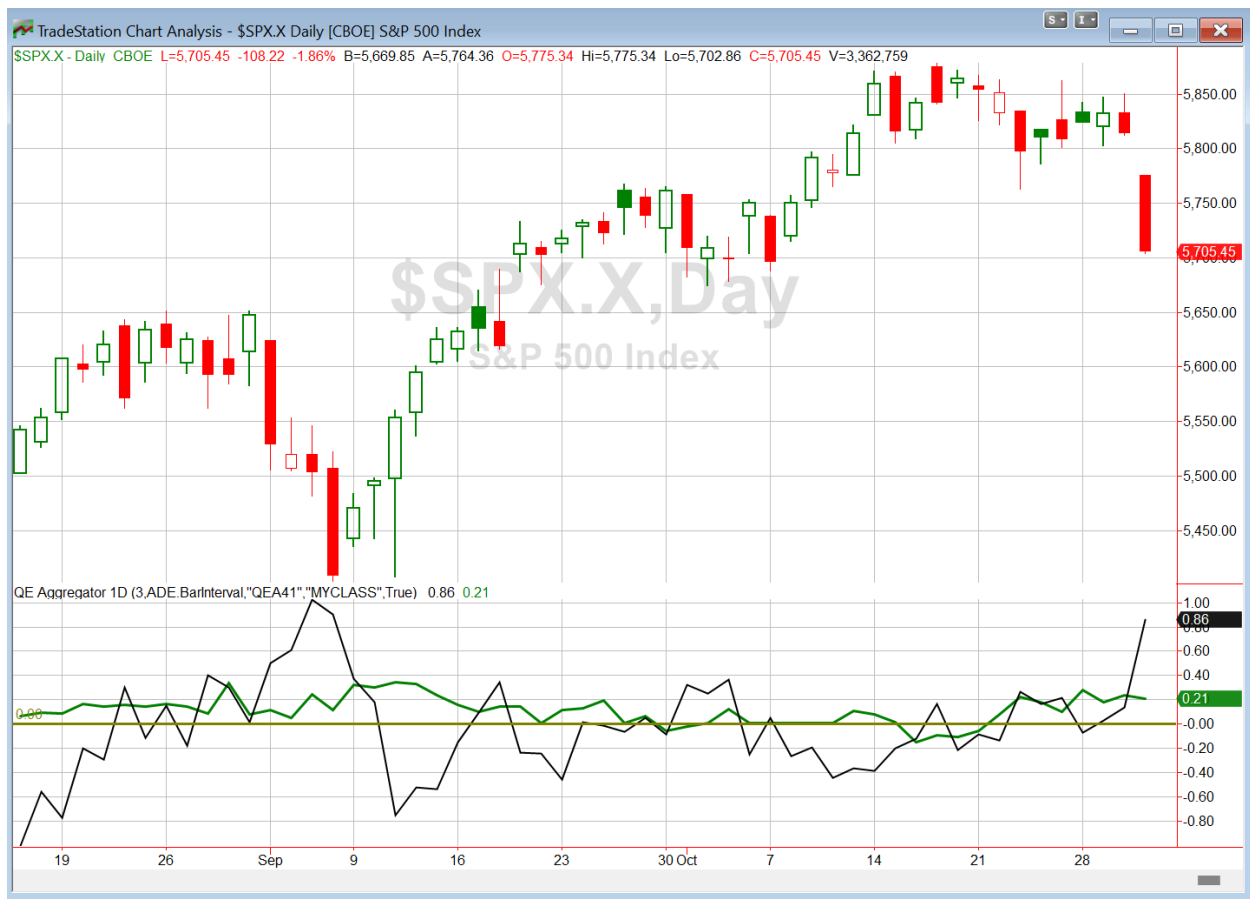
Not the straightest line, but it has made it way from lower left to upper right and is again at new highs.

There were several studies that triggered in the Quantifinder that considered the fact that Friday is the 1st day of a new month. Turn of the month is often a bullish day. Over the years we have found that it tends to be more bullish under certain circumstances. These include 1) being in an uptrend, 2) closing low in the day's range, 3) and closing at a short-term low. The study below was last seen in the 3/1/23 letter. Results are updated.



The numbers and curve look great and suggest a good chance at a close higher on Friday. Of course the employment report, due out an hour before the NYSE open, can be a big wildcard. Reaction to that will set the tone for the day, and this increases risk more than usual.

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 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 active studies, expectations are slated to remain positive on Friday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5862.63. That is 2.75% above Thursday's close. Therefore, SPX will need to close up a whopping 2.75% on Friday in order to flip from oversold to overbought versus recent expectations. More likely it will take a multi-day rally or consolidation to work off the current oversold condition.

So the Aggregator is long. Evidence continues to favor the bulls, and there is substantial room to the upside before SPX would turn overbought. Reward/risk appears to favor the bulls. I have a small amount of long index exposure from Thursday. I will look to add to that on Friday if I can get a favorable fill.

*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)

IBM – 1/3 @ \$212.91 (bought @ limit)

LMT – 1/3 @ \$555.17 (bought @ limit)

IBM – 1/3 @ \$210.43 (bought @ limit)

LMT – 1/3 @ \$546.80 (bought @ limit)

LMT – 1/3 @ \$545.94 (bought @ limit)

Broad Market Large Cap CBI – 8(HD, IBM-3, ACN, LMT-3)

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.

SPY – Buy ¼ index position @\$568.64 LIMIT . Based on the short-term outlook, I will look to add a 2nd lot if I can get filled at Thursday's closing price or better..

Current Open Trade Ideas

Not updated tonight. We are holding all 8 Catapult positions and a long SPY position from Thursday's open. I'll get the table back together over the weekend.

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