

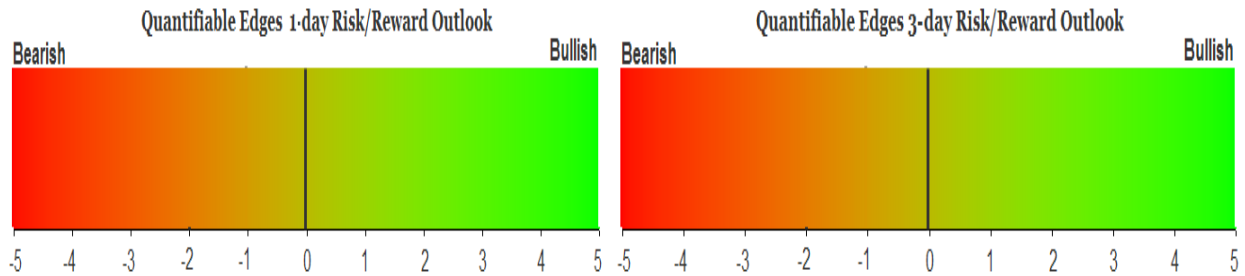
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 6, 2024

Volume 17 Issue 215

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	8

Tonight's Research Points

- Thursday's Fed Day edge will be impacted by how Wednesday's action plays out and whether the market closes strongly or weakly..

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I agree.

Summary of Current 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						
November 4, 2024	SPY btm 10% intraday 2 of last 3. <10ma	1-8 days	Bullish	2.85%	-1.30%	-2.75%
November 1, 2024	Gap dn 5 low. Close < open but > 200	1-5 days	Bullish			
October 30, 2024	Up Vol < 40%. SPX up and > 200.	1-8 days	Bullish			
Active - Long Term						
September 30, 2024	NASDAQ Leading	int term	Bullish			
September 23, 2024	Fed neutral. QT active. Rates dropping.	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			
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 a rally day. The SPX rose 1.2%, the NASDAQ gained 1.4%, and the Russell 2000 jumped 1.9%. Breadth was strong as the NYSE Up Issues % was 81.8% and the Up Volume % came in at 82.0%. NYSE total volume declined some from Monday's level.

With SPX changing direction for the 3rd day in a row, nothing compelling triggered in the Quantifinder. I will note that Thursday is a Fed Day. (They are almost always on Wednesdays, but the 2-day meeting was pushed forward 1 day because of the election.) Fed Days have historically shown an upside tendency. I [have documented this tendency in great detail](#) over the years. One interesting observation I have noted about Fed Days is that the bullish tendency is greatly impacted by stock market action leading up to the Fed Day. This is something that often happens with other seasonal tendencies as well (like turn of the month). In the past I have broken down Fed Day performance based on the quartile that the SPY closed in of the daily range on the day before the Fed Day. The basic finding was that the worse the close, the better the Fed Day edge. I last did this in the 7/29/24 letter. I have copied that research below. (Not updated but you'll get the idea.)

Tomorrow is a Fed Day. SPY closes in the top 25% of its intraday range. Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	\$11,639.16
Gross Profit	\$40,109.32
Gross Loss	(\$28,470.16)
Profit Factor	1.41
Total Number of Trades	97
Percent Profitable	50.52%
Winning Trades	49
Losing Trades	46
Even Trades	2
Avg. Trade Net Profit	\$119.99
Avg. Winning Trade	\$818.56
Avg. Losing Trade	(\$618.92)
Ratio Avg. Win:Avg. Loss	1.32
Largest Winning Trade	\$2,238.25
Largest Losing Trade	(\$2,739.69)

Tomorrow is a Fed Day.
 SPY closes > 50% and <= 75% of its intraday range.
 Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present

TradeStation Performance Summary

	All Trades
Total Net Profit	\$15,445.46
Gross Profit	\$34,876.26
Gross Loss	(\$19,430.80)
Profit Factor	1.79
Total Number of Trades	58
Percent Profitable	51.72%
Winning Trades	30
Losing Trades	27
Even Trades	1
Avg. Trade Net Profit	\$266.30
Avg. Winning Trade	\$1,162.54
Avg. Losing Trade	(\$719.66)
Ratio Avg. Win:Avg. Loss	1.62
Largest Winning Trade	\$4,704.07
Largest Losing Trade	(\$2,246.40)

Tomorrow is a Fed Day.
 SPY closes > 25% and <= 50% of its intraday range.
 Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	\$13,122.59
Gross Profit	\$26,498.43
Gross Loss	(\$13,375.84)
Profit Factor	1.98
Total Number of Trades	49
Percent Profitable	63.27%
Winning Trades	31
Losing Trades	18
Even Trades	0
Avg. Trade Net Profit	\$267.81
Avg. Winning Trade	\$854.79
Avg. Losing Trade	(\$743.10)
Ratio Avg. Win:Avg. Loss	1.15
Largest Winning Trade	\$2,943.00
Largest Losing Trade	(\$2,066.62)

Tomorrow is a Fed Day.
 SPY closes in the BOTTOM 25% of its intraday range.
 Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

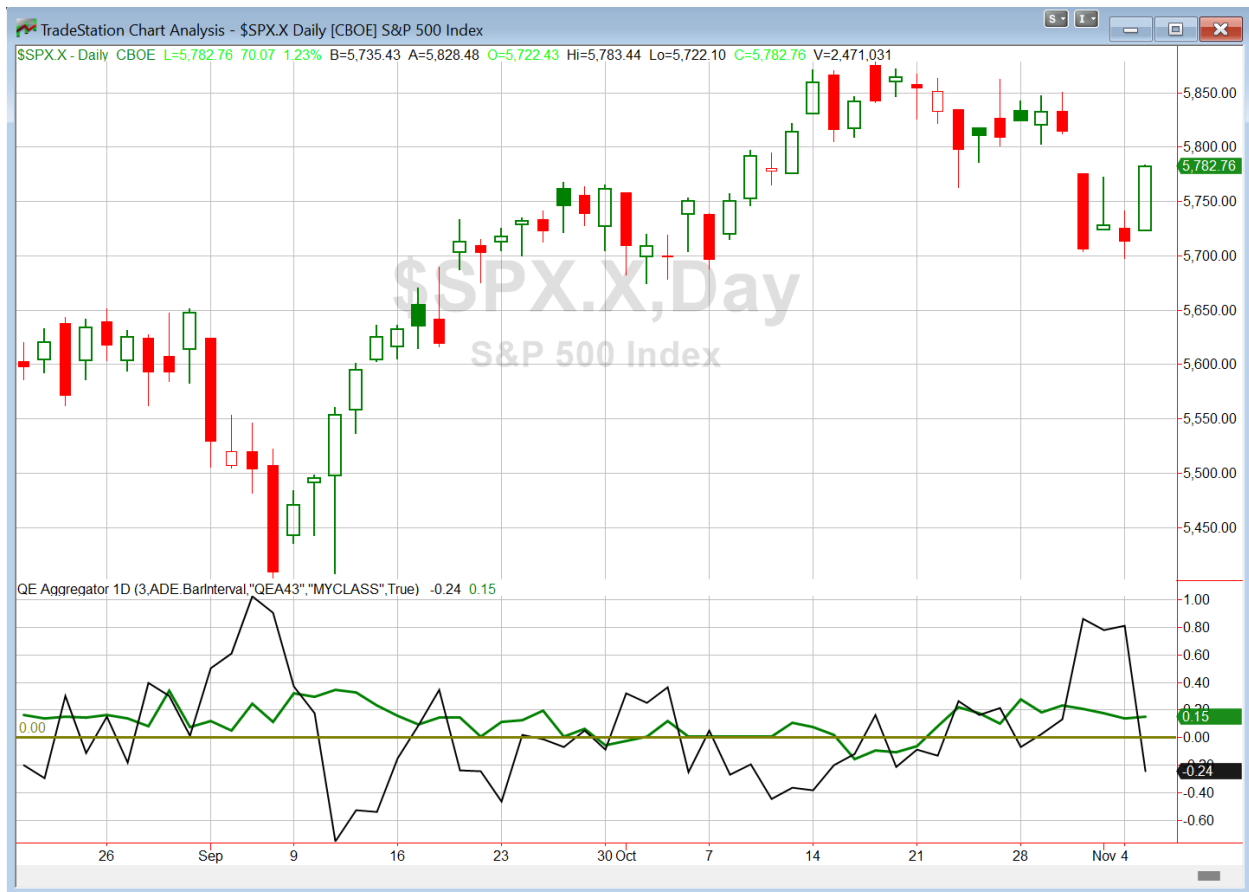
TradeStation Performance Summary

	All Trades
Total Net Profit	\$25,474.09
Gross Profit	\$37,727.36
Gross Loss	(\$12,253.27)
Profit Factor	3.08
Total Number of Trades	46
Percent Profitable	71.74%
Winning Trades	33
Losing Trades	13
Even Trades	0
Avg. Trade Net Profit	\$553.78
Avg. Winning Trade	\$1,143.25
Avg. Losing Trade	(\$942.56)
Ratio Avg. Win:Avg. Loss	1.21
Largest Winning Trade	\$4,645.80
Largest Losing Trade	(\$2,945.28)

So what we see here is that the lower SPY has closed in its range the day before, the stronger the Fed Day edge has been. When there has been a lot of confidence or complacency leading up to the announcement, that has nearly eliminated the edge. This might also be attributed to some frontrunning. On the other hand, when there has been anxiety heading into the announcement, then the bullish edge has been greatly enhanced. This could be worth keeping in mind as we approach the close on Wednesday. Of course Wednesday's action could be greatly impacted by election news as well.

Looks like Trump is about to win the election. And so far the market seems to like that. It at least likes the fact that the election is now behind us, and that there is a good bit of uncertainty that has been removed. It will be interesting to see if the momentum can persist for a few days, or whether apprehension over the Fed will take over as a substantial concern. No new studies are being added to the Active List tonight.

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



Without any new evidence making the cut, 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 dropped 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 5764.26. That is 0.3% below Tuesday's close. Therefore, SPX will need to close down at least 0.3% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is now neutral. Evidence says we could see more upward movement over the next few days. But with SPX overbought, reward/risk is not very favorable. I exited my SPY position at the close on Tuesday. I will stand aside for the time being and wait for the next favorable entry opportunity to arrive.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 11/4 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

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)

CL – 1/3 @ \$93.33 (bought @ limit)

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

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

<i>HD(1/3)</i>	<i>10/24/2024</i>	<i>\$399.64</i>	<i>\$394.97</i>	<i>-1.17%</i>	<i>sold on open</i>
IBM(1/3)	10/28/2024	\$214.67	\$207.57	-3.31%	Catapult
ACN(1/3)	10/28/2024	\$360.80	\$345.49	-4.24%	Catapult
IBM(1/3)	10/29/2024	\$211.99	\$207.57	-2.09%	Catapult
LMT(1/3)	10/29/2024	\$552.80	\$546.75	-1.09%	Catapult
IBM(1/3)	10/30/2024	\$209.48	\$207.57	-0.91%	Catapult
LMT(1/3)	10/30/2024	\$546.80	\$546.75	-0.01%	Catapult
LMT(1/3)	10/31/2024	\$545.94	\$546.75	0.15%	Catapult
<i>SPY(1/4)</i>	<i>10/31/2024</i>	<i>\$575.56</i>	<i>\$576.70</i>	<i>0.20%</i>	<i>sold on close</i>
CL(1/3)	11/4/2024	\$93.28	\$94.26	1.05%	Catapult

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