

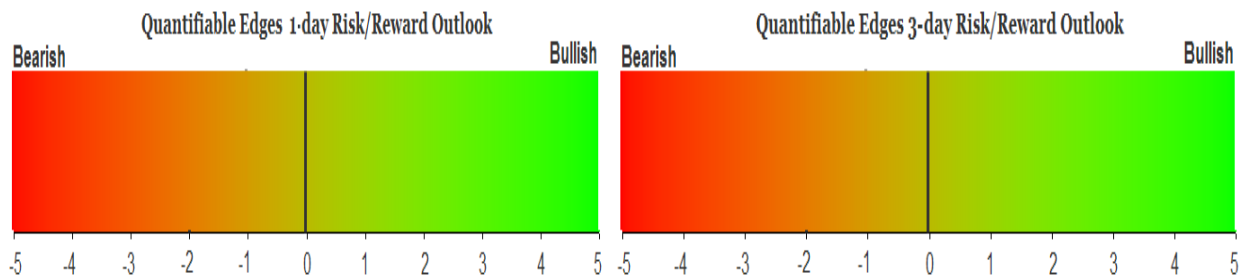
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 8, 2024

Volume 17 Issue 217

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Flat | 0 |

Tonight's Research Points

- Closing at a new long-term high on a Fed Day has often been a plus for the next 1-2 weeks.
- SPX closing above its 50-day Bollinger Band suggests momentum is strong enough that further intermediate-term gains appear likely.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I agree.

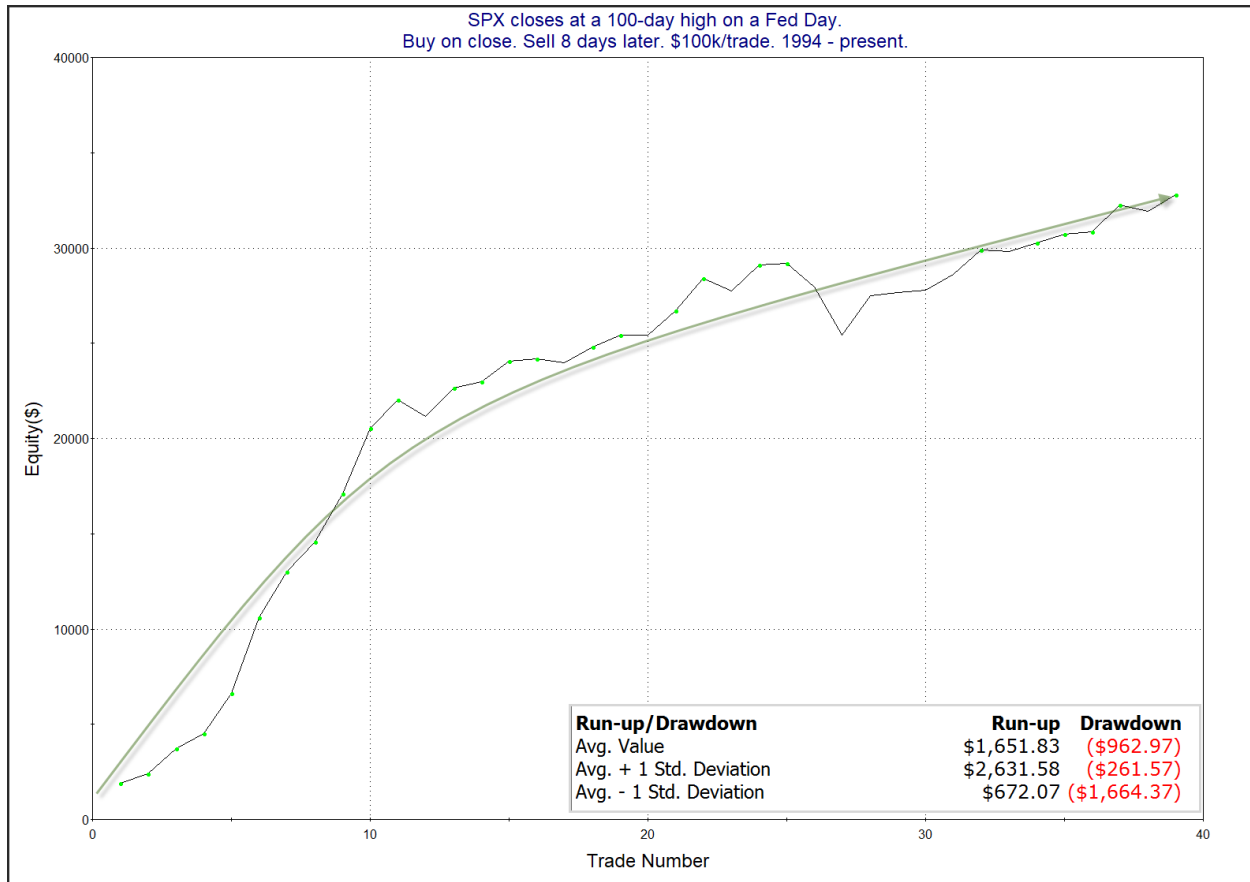
The Evidence

Thursday saw more new highs for the market. The SPX rose 0.7%, the NASDAQ gained 1.5%, and the Russell 2000 declined 0.4%. Breadth was positive as the NYSE Up Issues % was 60% and the Up Volume % came in at 55%. NYSE total volume declined some from Thursday’s level.

In “The Quantifiable Edges Guide to Fed Days” I discussed Fed Days that close at new highs. The basic finding was that when the market closed at a short-term high on a Fed Day, then it was likely to pull back over the next few days. But when it closed at a long-term high, then the rally was likely to continue. Below is a study from the guide that last appeared in the 3/21/24 Subscriber Letter.

| SPX closes at a 100-day high on a Fed Day. Buy on close. Sell X days later. \$100k/trade. 1994 - 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 |
| 10 | 31,094.90 | 39 | 28 | 11 | 71.79 | 5,492.11 | -2,161.08 | 1,549.91 | -1,118.41 | 1.39 | 3.53 | 797.31 |
| 9 | 32,266.92 | 39 | 29 | 10 | 74.36 | 5,708.74 | -2,346.69 | 1,541.96 | -1,244.98 | 1.24 | 3.59 | 827.36 |
| 8 | 32,780.14 | 39 | 31 | 8 | 79.49 | 3,995.65 | -2,506.29 | 1,248.45 | -740.22 | 1.69 | 6.54 | 840.52 |
| 7 | 24,489.58 | 39 | 29 | 10 | 74.36 | 3,198.09 | -1,924.89 | 1,089.27 | -709.93 | 1.53 | 4.45 | 627.94 |
| 6 | 22,299.81 | 39 | 29 | 10 | 74.36 | 3,147.85 | -1,615.00 | 1,040.20 | -786.60 | 1.32 | 3.83 | 571.79 |
| 5 | 18,805.72 | 39 | 27 | 12 | 69.23 | 2,353.88 | -2,124.50 | 975.59 | -627.92 | 1.55 | 3.50 | 482.20 |
| 4 | 17,839.19 | 39 | 25 | 14 | 64.10 | 3,173.92 | -1,601.70 | 1,087.23 | -667.25 | 1.63 | 2.91 | 457.42 |
| 3 | 10,605.95 | 39 | 23 | 16 | 58.97 | 2,227.50 | -1,349.76 | 840.98 | -546.04 | 1.54 | 2.21 | 271.95 |
| 2 | 11,139.23 | 39 | 26 | 13 | 66.67 | 2,314.87 | -1,562.33 | 745.74 | -634.61 | 1.18 | 2.35 | 285.62 |
| 1 | 7,420.37 | 39 | 24 | 15 | 61.54 | 2,073.34 | -1,466.50 | 593.31 | -454.61 | 1.31 | 2.09 | 190.27 |

This suggests further upside is likely over the next 1-2 weeks. Below is the profit curve assuming an 8-day holding strategy.

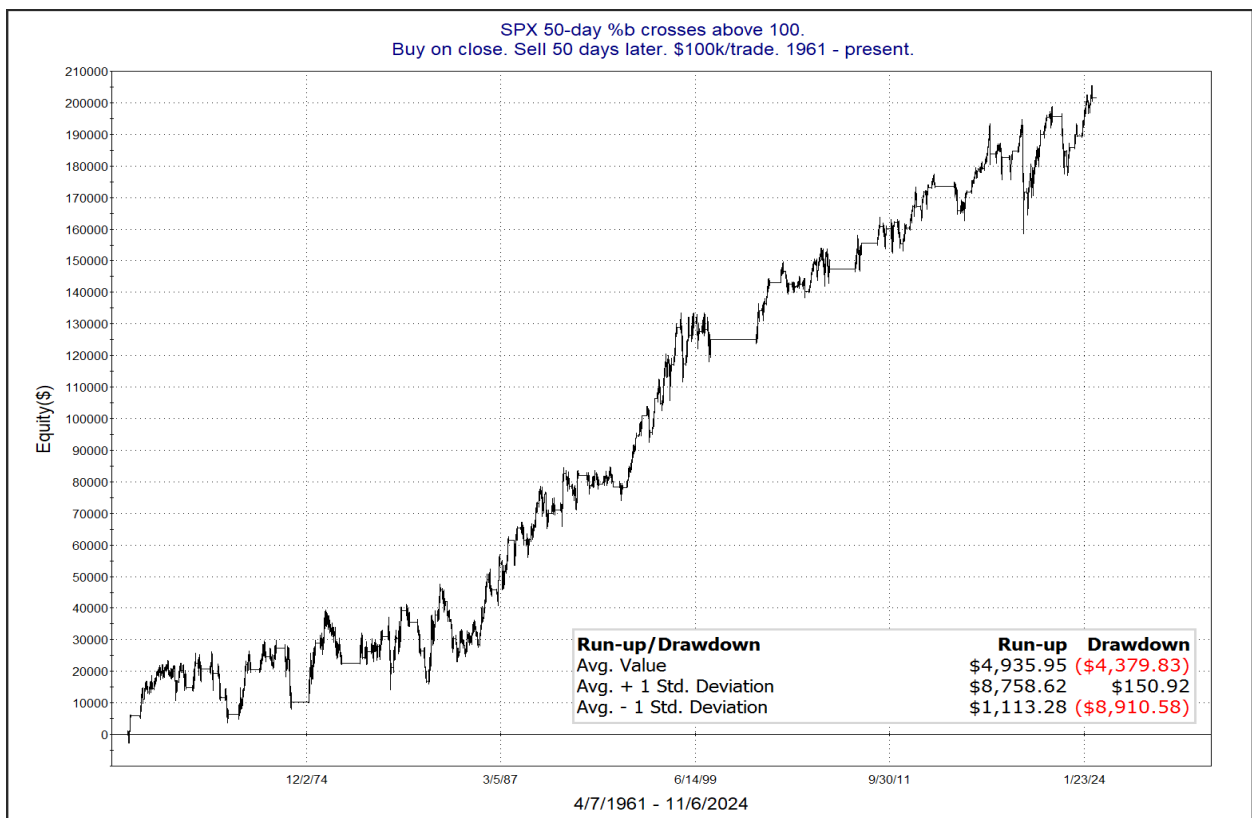


There were a couple of sizable losers in 2012-2013, but since then it has rebounded nicely to get the profit curve consistently making new highs again. I believe this study is worth some consideration.

Another interesting study that triggered in the Quantifinder looked at the SPX closing price in relation to its 50-day Bollinger Bands. In it I used 2 standard deviations in the Bollinger Band calculation. I used %b to measure where we fell. For those unaware, %b simply measures the distance between the 2 bands. So a reading of 0 means price is right at the lower band. A reading of 100 is right at the upper band. A reading of 50 would be right at the moving average being used – in this case the 50ma. So a move 2 standard deviations above the 50ma would be a %b reading of 100. I last featured this study in the 7/11/24 letter. Updated results are below.

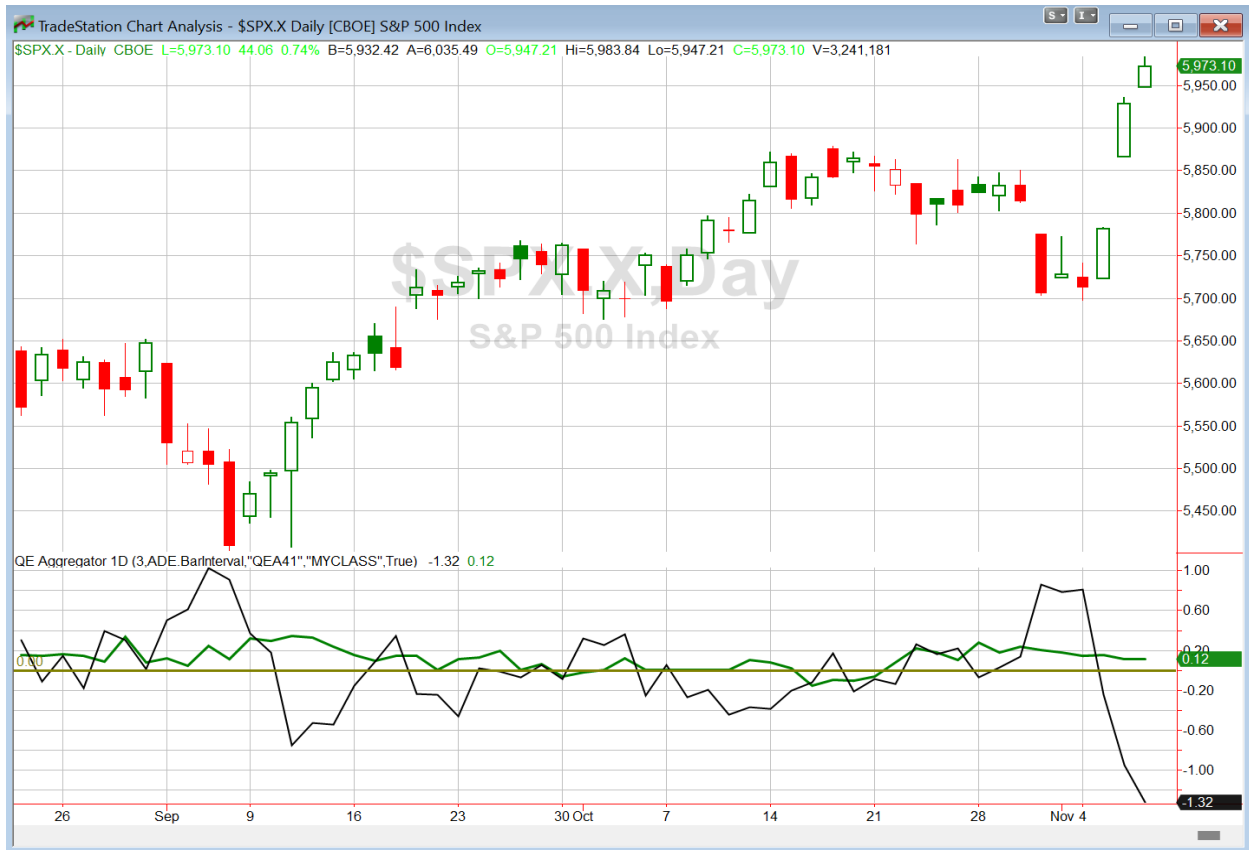
| SPX 50-day %b crosses over 100. Buy on close. Sell X days later. \$100k/trade. 1961 - present | | | | | | | | | | | | |
|--|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 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 |
| 50 | 198,887.38 | 150 | 94 | 56 | 62.67 | 18,408.18 | -20,704.80 | 4,752.37 | -4,425.63 | 1.07 | 1.80 | 1,325.92 |
| 45 | 152,404.06 | 156 | 92 | 64 | 58.97 | 15,816.57 | -32,382.30 | 4,932.37 | -4,708.96 | 1.05 | 1.51 | 976.95 |
| 40 | 158,877.22 | 163 | 99 | 64 | 60.74 | 17,624.67 | -27,920.40 | 4,440.24 | -4,386.04 | 1.01 | 1.57 | 974.71 |
| 35 | 155,060.81 | 173 | 105 | 68 | 60.69 | 15,782.13 | -13,839.56 | 3,989.91 | -3,880.58 | 1.03 | 1.59 | 896.31 |
| 30 | 94,726.88 | 180 | 108 | 72 | 60.00 | 11,920.74 | -14,377.53 | 3,263.52 | -3,579.63 | 0.91 | 1.37 | 526.26 |
| 25 | 61,566.23 | 188 | 108 | 80 | 57.45 | 10,859.94 | -8,745.98 | 2,947.94 | -3,210.15 | 0.92 | 1.24 | 327.48 |
| 20 | 60,233.59 | 201 | 115 | 86 | 57.21 | 9,501.30 | -10,205.38 | 2,630.06 | -2,816.55 | 0.93 | 1.25 | 299.67 |
| 15 | 40,556.95 | 221 | 128 | 93 | 57.92 | 7,843.46 | -9,763.44 | 2,284.46 | -2,708.11 | 0.84 | 1.16 | 183.52 |
| 10 | 35,616.55 | 245 | 148 | 97 | 60.41 | 8,239.16 | -9,133.53 | 1,668.22 | -2,178.14 | 0.77 | 1.17 | 145.37 |
| 5 | 6,606.00 | 299 | 165 | 134 | 55.18 | 5,030.81 | -6,524.55 | 1,116.91 | -1,326.00 | 0.84 | 1.04 | 22.09 |

Results generally appear moderately bullish. They seem to suggest that the kind of strong momentum that would have SPX closing above its 50-day Bollinger Band favors more upside rather than a possible reversal. The “% Profitable” is not terribly high, but I produced a profit curve below to see how the edge has played out over time.



That’s a pretty steady upslope for a study without a very high “% Profitable”. Overall, I like this study enough to add it to the intermediate-term active list.

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 dropped even further below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is strongly 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 stayed flat 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 5805.99. That is a whopping 2.8% below Thursday's close. Therefore, SPX will need to close down at least 2.8% on Friday in order to flip from overbought to oversold versus recent expectations. More likely, it will take a multi-day pullback or consolidation to work off the overbought condition.

So the Aggregator is neutral. My outlook has not changed since last night. While evidence is pointing higher, SPX is already substantially overbought. That increases risk on a potential entry. I will wait for the overbought condition to work off before considering a long entry.

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

| Symbol | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes |
|-----------------|-------------------|-----------------|-----------------|---------------|---------------------|
| <i>IBM(1/3)</i> | <i>10/28/2024</i> | <i>\$214.67</i> | <i>\$213.64</i> | <i>-0.48%</i> | <i>sold on open</i> |
| <i>ACN(1/3)</i> | <i>10/28/2024</i> | <i>\$360.80</i> | <i>\$358.00</i> | <i>-0.78%</i> | <i>sold on open</i> |
| <i>IBM(1/3)</i> | <i>10/29/2024</i> | <i>\$211.99</i> | <i>\$213.64</i> | <i>0.78%</i> | <i>sold on open</i> |
| <i>LMT(1/3)</i> | <i>10/29/2024</i> | <i>\$552.80</i> | <i>\$555.00</i> | <i>0.40%</i> | <i>sold on open</i> |
| <i>IBM(1/3)</i> | <i>10/30/2024</i> | <i>\$209.48</i> | <i>\$213.64</i> | <i>1.99%</i> | <i>sold on open</i> |
| <i>LMT(1/3)</i> | <i>10/30/2024</i> | <i>\$546.80</i> | <i>\$555.00</i> | <i>1.50%</i> | <i>sold on open</i> |
| <i>LMT(1/3)</i> | <i>10/31/2024</i> | <i>\$545.94</i> | <i>\$555.00</i> | <i>1.66%</i> | <i>sold on open</i> |
| <i>CL(1/3)</i> | <i>11/4/2024</i> | <i>\$93.28</i> | <i>\$90.82</i> | <i>-2.64%</i> | <i>sold on open</i> |
| | | | | | |

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