

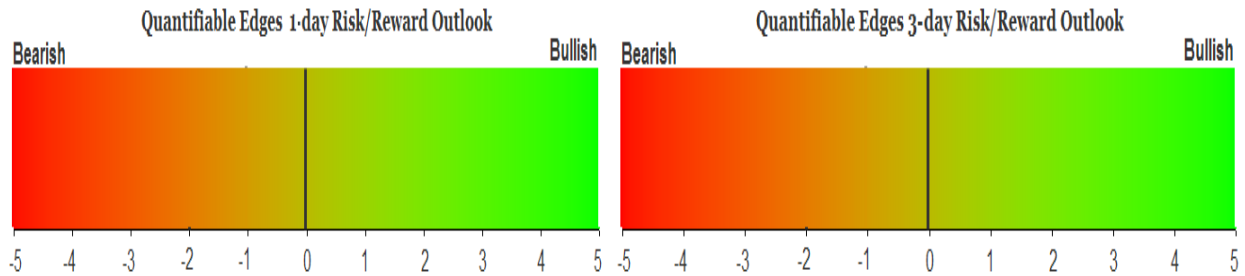
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 12, 2024

Volume 17 Issue 219

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- A rising VIX at a 50-day SPX high (on the first day of the week) suggests a pullback.

### *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
<b>Active - Short Term</b>						
November 12, 2024	1st of week. VIX up. SPX 50-high.	1-2 days	Bearish			
November 8, 2024	100-day high on Fed Day	1-8 days	Bullish	1.65%	-1.00%	-1.70%
November 7, 2024	Breakaway gap	1-5 days	Bullish	1.40%	-0.90%	-1.90%
November 7, 2024	VIX goes frm 10% above to 10% below 10ma	1-8 days	Bullish	2.05%	-1.20%	-2.60%
<b>Active - Long Term</b>						
November 8, 2024	50-day %b > 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
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			

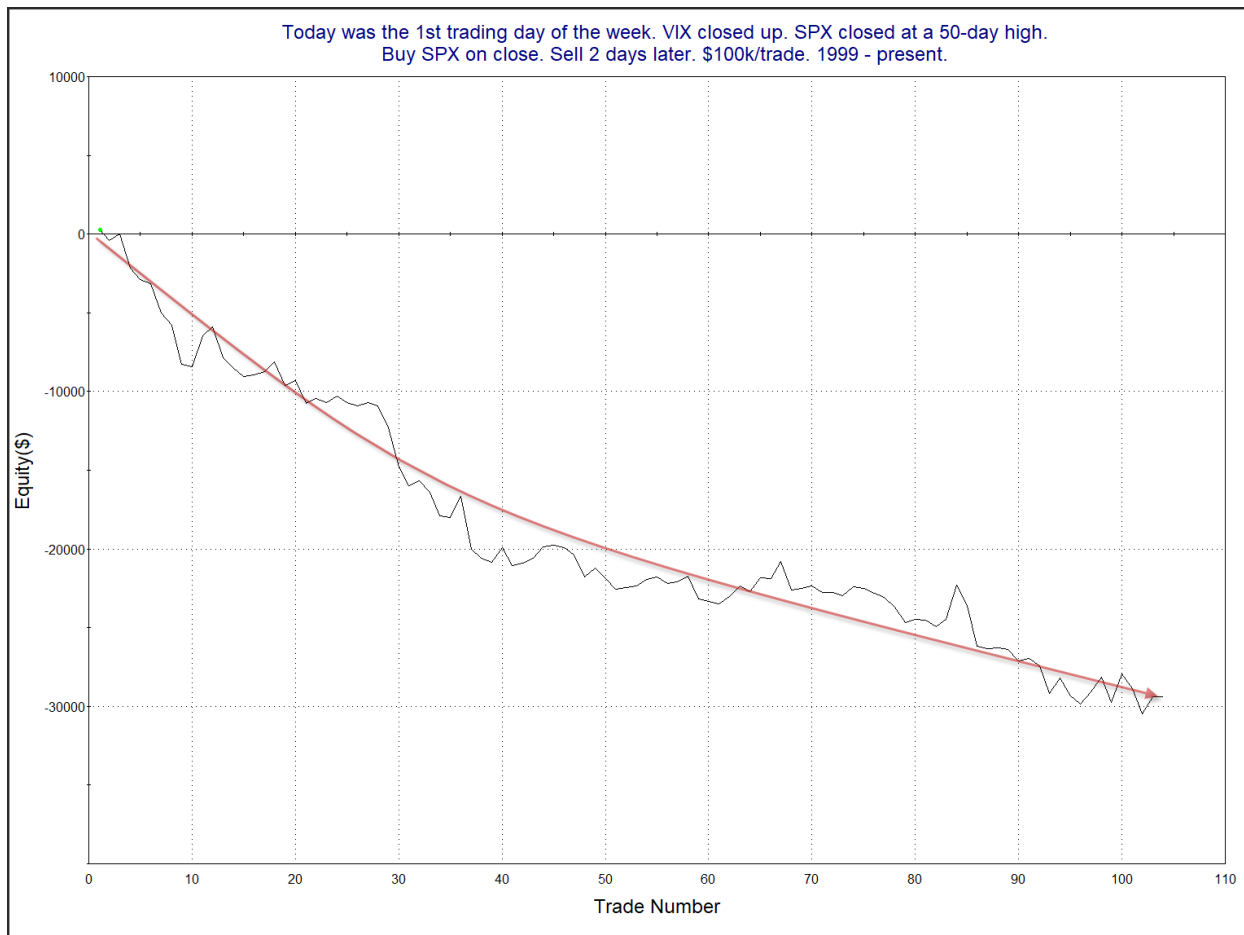
**The Evidence**

Monday was a day of mostly modest gains on light volume with the bond market closed. The SPX climbed 0.10%, the NASDAQ gained 0.06%, and the Russell 2000 rose 1.47%. Breadth was positive as the NYSE Up Issues % was 67% and the Up Volume % came in at 53%. NYSE total volume came in light.

While the SPX closed up the VIX also rose. Most often they trade opposite each other, so this kind of action is somewhat unusual. But VIX has a tendency to decline going into the weekend (Friday afternoons), and then rise when it returns from the weekend. So to see this action on the first trading day of the week is less unusual than at any other time. Still, combined with the SPX 50-day high, it has been often followed by a dip in the next few days. This can be seen in the study below, which I discussed last in the 6/18/24 letter. Results are all updated.

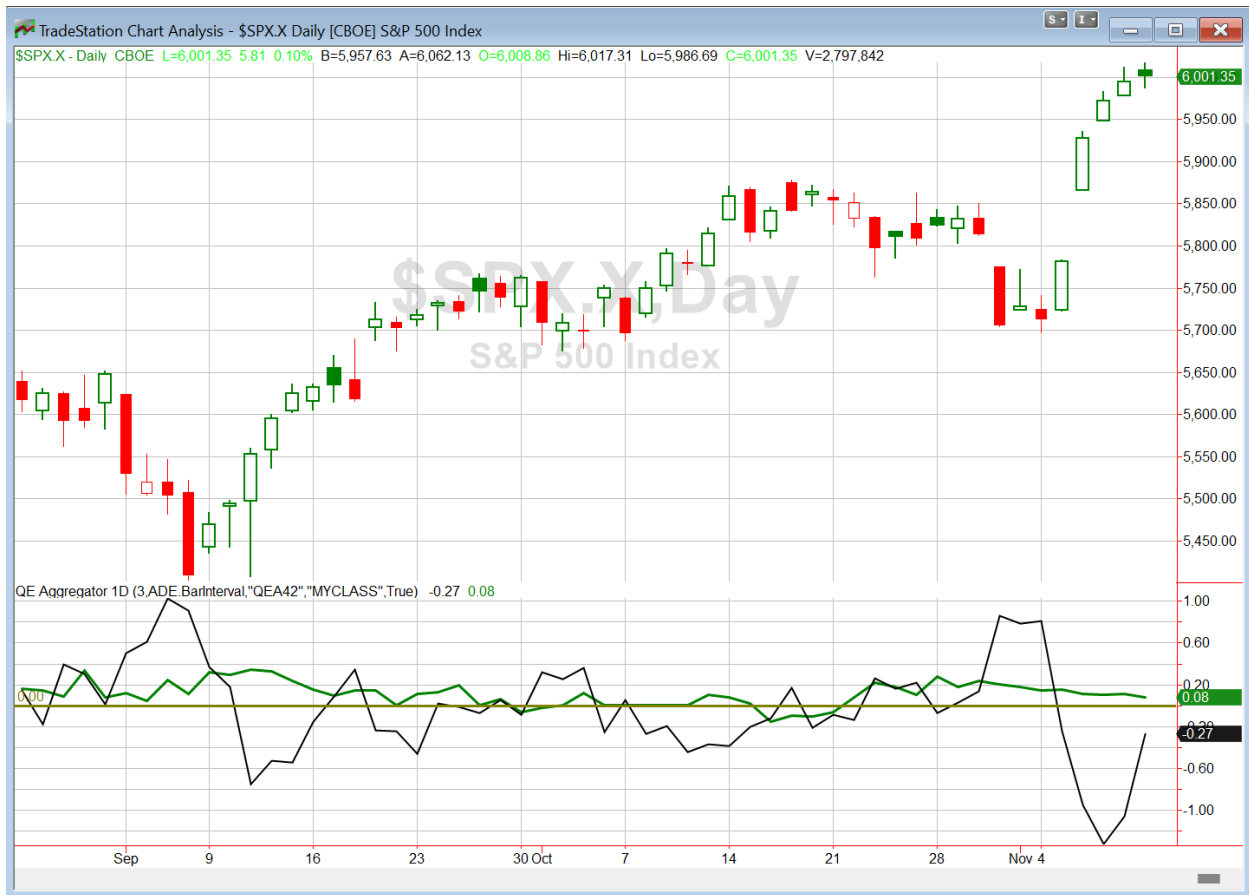
Today was the 1st trading day of the week. VIX closed up. SPX closed at a 50-day high. Buy SPX on close. Sell X days later. \$100k/trade. 1999 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-13,873.37	98	47	51	47.96	5,653.12	-5,048.68	1,112.02	-1,296.83	0.86	0.79	-141.57
4	-13,486.29	104	51	53	49.04	4,422.40	-5,732.40	963.85	-1,181.94	0.82	0.78	-129.68
3	-17,527.36	104	49	55	47.12	2,641.80	-6,908.70	728.69	-967.88	0.75	0.67	-168.53
2	-29,413.73	104	43	61	41.35	2,148.48	-3,372.16	552.07	-871.36	0.63	0.45	-282.82
1	-9,012.44	104	39	65	37.50	802.88	-1,580.04	330.87	-337.17	0.98	0.59	-86.66

Results here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



The profit curve has had a long decline and seems worthy of consideration. I have included this study on the Active List.

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



Even with tonight's bearish 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 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 stayed flat at the close.

Based on the current active studies, expectations are slated to remain positive on Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5995.48. That is just 0.1% below Monday's close. Therefore, SPX will only need to close down a small amount on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is still neutral. The SPX is not as overbought, but evidence is now mixed. There still does not appear to be a very strong edge. I will continue to wait for a more favorable reward/risk setup to emerge before looking to take on new index exposure.

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