

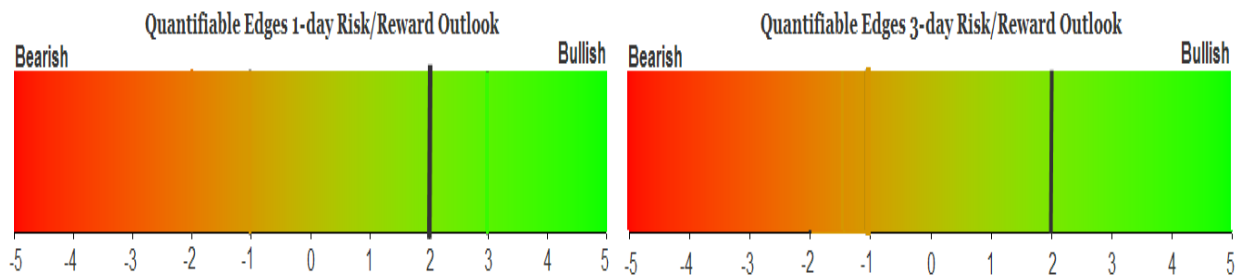
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 14, 2024

Volume 17 Issue 221

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The low 3/10 Offset HV suggests we could see a big move in the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a small upside edge.

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 13, 2024	5 up to 50-high then down 1 day	1-4 days	Bullish	1.10%	-0.80%	-1.60%
November 8, 2024	100-day high on Fed Day	1-8 days	Bullish	1.65%	-1.00%	-1.70%
November 7, 2024	VIX goes frm 10% above to 10% below 10ma	1-8 days	Bullish	2.05%	-1.20%	-2.60%
Active - Long Term						
November 13, 2024	5 up to 50-high then down 1 day	1-10 days	Bullish	1.80%	-1.10%	-2.30%
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

Wednesday saw mixed action on Wall St. The SPX climbed 0.02%, the NASDAQ lost 0.26%, and the Russell 2000 declined 0.94%. Breadth was weak as the NYSE Up Issues % was 41% and the Up Volume % came in at 48%. NYSE total volume declined some from Tuesday’s level.

While no compelling directional studies emerged, one factor that traders may want to consider is the fact that the 3/10 Offset HV indicator closed at just 0.16 on Wednesday. This suggests a volatility expansion is likely to occur in the next few days.

I [first introduced the 3/10 Offset HV in July of 2009](#). It simply takes a short 3-day measure of Historical Volatility and compares that to the 10-day measure of 3-days ago. Low readings indicate there has been a contraction in volatility. High readings indicate there has been an expansion. Anything at or below 0.25 is regarded as extremely low. Often after very low numbers like this we see a volatility expansion take place.

In the July 2009 study I found on average when the 3/10 Offset HV falls below 0.25, then the 3-day Historical Volatility reading 3 days later is about 5.5 times higher than on the trigger day. I decided to examine this again in 2015. I found that during the 2009-2015 period that HV over this time period increased on average 4.75x over the next 3 days. While lower, the point remained the same – relatively big moves often emerged after tight consolidations.

It’s important to note that the 3/10 Offset HV indicator predicts volatility, not direction. For direction I look to the Aggregator. Tonight the Aggregator is bullish. So the low 3/10 Offset HV suggests that there is potential for a pop higher. But if the odds don’t play out and the market heads lower, it could be a sharp move down.

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



Without any new studies triggering, 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6018.99. That is 0.6% above Wednesday's close. Therefore, SPX will need to close up at least 0.6% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is long. I like the bull case but do not love it. There was no additional confirming evidence that emerged today, and the 3/10 Offset HV increases risk a bit. So like last night, I will look for an opportunity to get long, but only if SPX closes squarely lower on Thursday.

*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.

SPY – Buy ¼ index position @ \$594.00 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to take on some long index exposure if SPY closes down much on Thursday.

Current Open Trade Ideas

None

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