

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 20, 2024

Volume 17 Issue 225

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	3

Tonight's Research Points

- The SPY bounce looks like it should have further to go.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. But with the Differential Pivot inverted, I am looking to take off my long exposure.

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 20, 2024	SPY up 2 days but < 3 days ago. Close >200	1-2 days	Bullish			
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 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			

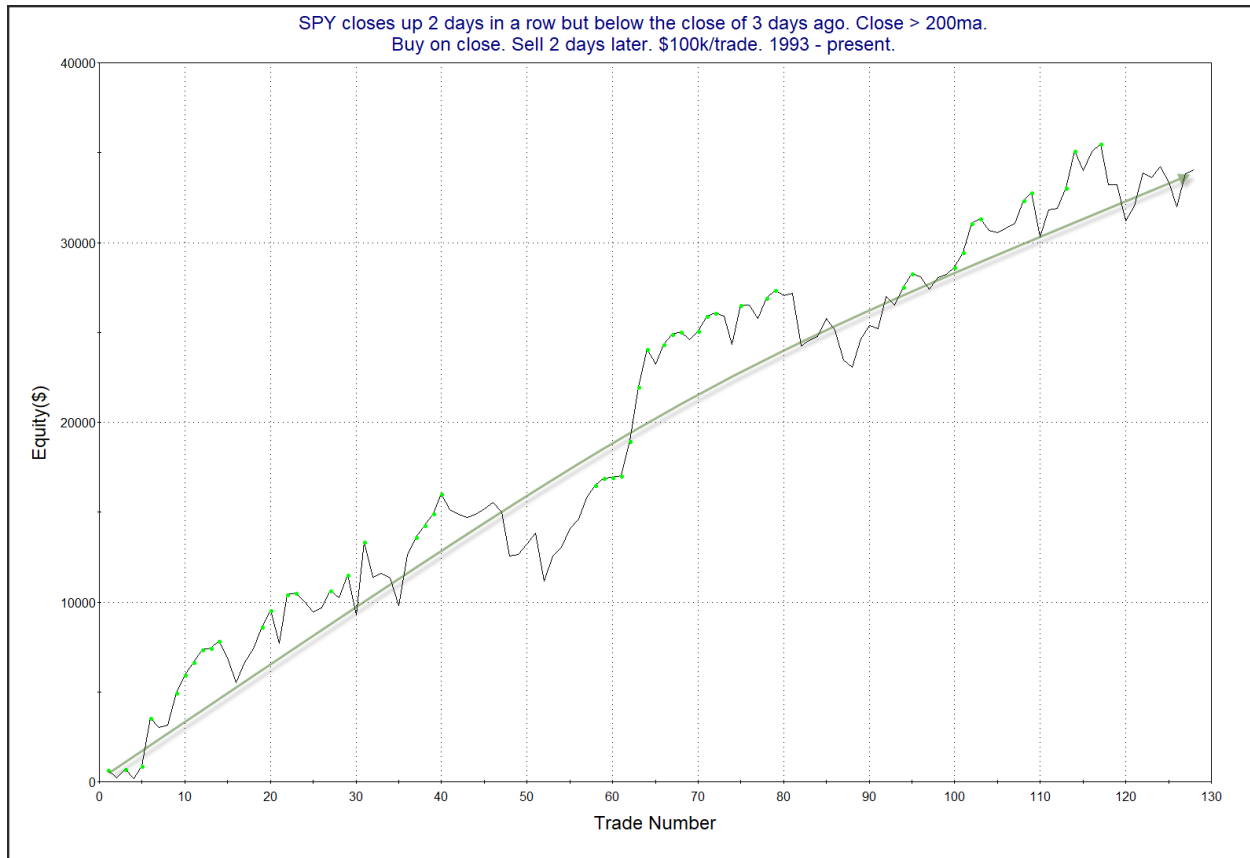
The Evidence

Tuesday started off with a gap down but finished mostly higher. The SPX rose 0.4%, the NASDAQ climbed 1.0%, and the Russell 2000 inched up 0.8%. Breadth was mixed as the NYSE Up Issues % was 48% and the Up Volume % came in at 68%. NYSE total volume declined some from Monday’s level.

The moderate rise for SPY meant the last 2 days of gains have failed to make up for the losses of the 1-day drop on Friday. This triggered the below study, last seen in the 5/29/24 letter.

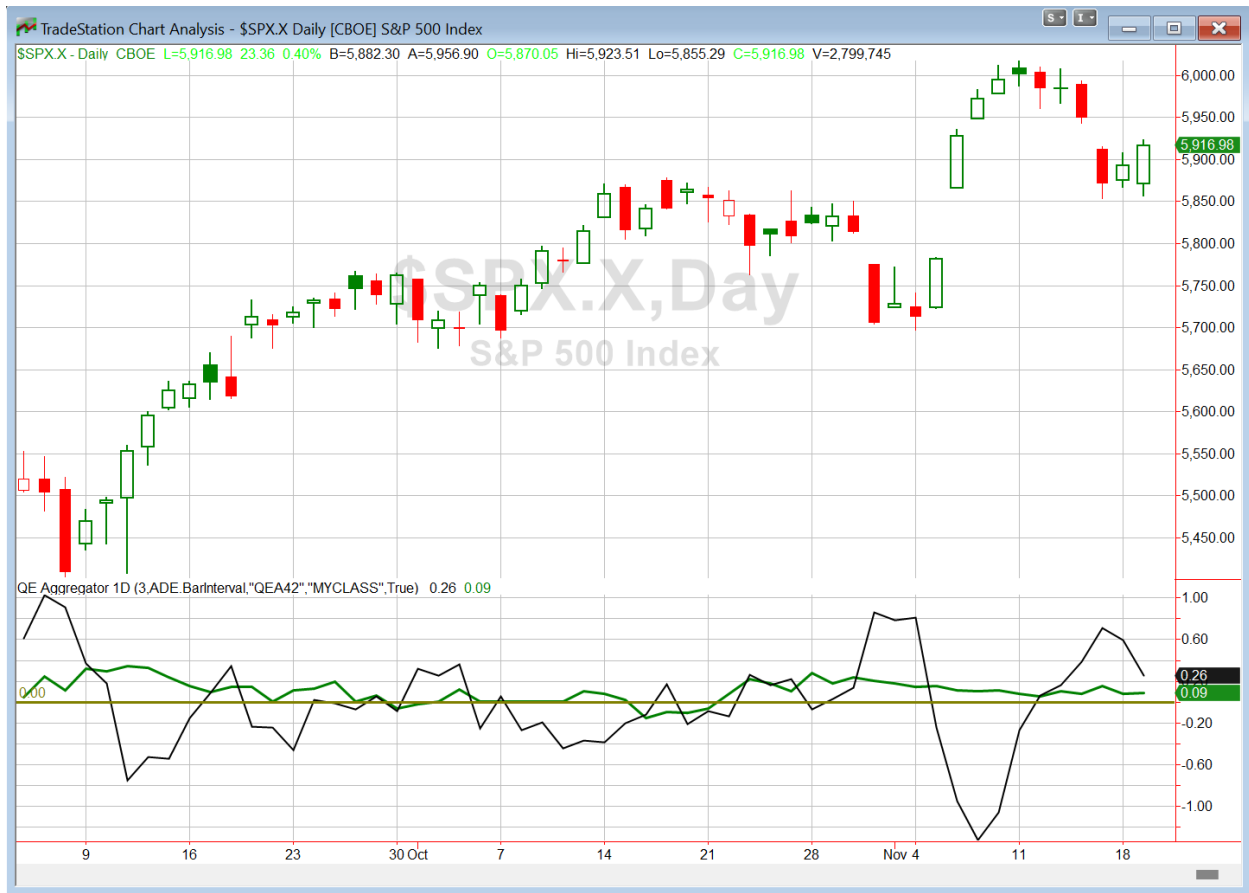
SPY closes up 2 days in a row but below the close of 3 days ago. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	25,079.24	125	72	52	57.60	4,717.70	-6,549.84	1,473.72	-1,558.25	0.95	1.31	200.63
4	36,945.86	127	83	44	65.35	4,698.60	-4,384.89	1,255.79	-1,529.19	0.82	1.55	290.91
3	31,912.64	128	80	48	62.50	3,000.00	-4,092.24	1,124.98	-1,210.12	0.93	1.55	249.32
2	34,066.69	128	84	44	65.63	4,088.25	-2,932.22	910.23	-963.46	0.94	1.80	266.15
1	18,831.80	128	75	51	58.59	3,732.75	-1,777.90	663.98	-607.18	1.09	1.61	147.12

This suggests a 2-day upside edge. Let’s check the curve for confirmation.



This is an appealing curve. So it appears this bounce has a pretty good chance of continuing higher over the next day or two. This study has been added to the short-term active list. There was nothing else that stood out tonight suggesting a compelling edge.

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



With tonight's evidence considered, the green Agregator 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 Agregator formation stayed long at the close.

Based on the current active studies, expectations are slated to remain positive on Wednesday. This could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 5890.66. That is 0.4% *below* Tuesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down at least 0.4% in order to remain oversold. Anything other than that and it will be considered "overbought" versus recent expectations as of Wednesday's close.

So the Agregator is long. But the inverted pivot means that the long signal will not last unless SPX closes down a fair amount on Wednesday. Since upside potential is quite limited, I generally view inverted pivots as opportune times to take profits. I will look to exit part or all of my SPY position on Wednesday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 11/18 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

DOW – 1/3 @ \$44.04 (bought @ limit) – not filled yet

KO – 1/3 @ \$61.74 (bought @ limit)

LLY – 1/3 @ \$727.20 (bought @ limit)

Broad Market Large Cap CBI – 3 (DOW, KO, LLY)

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
SPY(1/4)	11/14/2024	\$593.35	\$590.30	-0.51%	<i>sell @ \$590.31 LIMIT ON CLOSE</i>
SPY(1/4)	11/18/2024	\$585.75	\$590.30	0.78%	<i>sell @ \$590.50 LIMIT</i>
KO(1/3)	11/18/2024	\$61.74	\$62.59	1.38%	Catapult
DOW(1/3)	11/19/2024	\$43.73	\$43.65	-0.18%	Catapult
LLY(1/3)	11/19/2024	\$716.31	\$729.73	1.87%	Catapult

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