

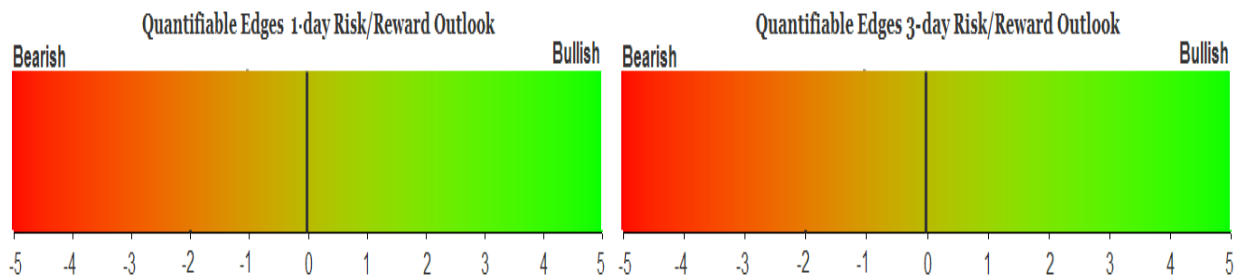
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 27, 2024

Volume 17 Issue 230

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- SPX is up for the 7th day in a row. That has often been followed by more gains over the next few weeks.
- Tuesday's weak breadth could actually be a positive.
- Breakouts to 50-day highs that occur with an unfilled up gap have often led to more short-term buying.
- Low volume breakouts to new highs have often seen short-term follow through.
- Thanksgiving odds still look good even though the market has rallied the last few days.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

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 27, 2024	Breakaway gap	1-5 days	Bullish	1.40%	-0.90%	-1.90%
November 27, 2024	SPX brkt. Up 3. Low vol	1-3 days	Bullish	1.20%	-0.70%	-1.30%
November 27, 2024	Up Vol < 40%. SPX up > 200	1-8 days	Bullish	1.90%	-1.30%	-2.75%
November 27, 2024	Up Mon & Tues before Thanksgiving	1-2 days	Bullish			
November 25, 2024	Up 5 < 50 high < 3% > 200ma	1-8 days	Bullish	1.80%	-1.05%	-2.20%
November 22, 2024	SPX up 4 but < 10-high	1-4 days	Bullish	1.80%	-0.60%	-1.35%
Active - Long Term						
November 27, 2024	SPX up 7 days in a row	1-20 days	Bullish	3.00%	-2.00%	-4.30%
November 26, 2024	Triple 70 Thrust	1-80 days	Bullish	9.40%	-4.60%	-11.20%
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

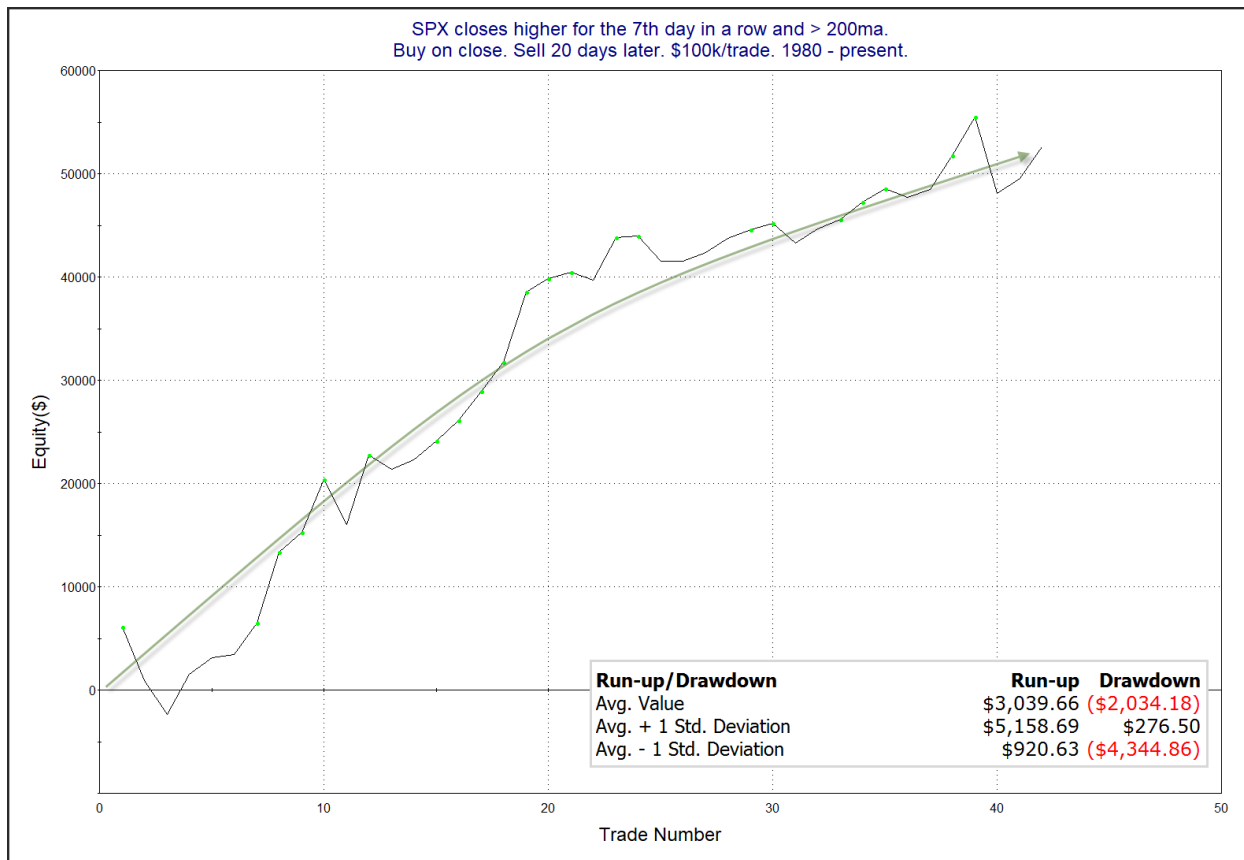
The market saw split results on Tuesday. The SPX gained 0.57%, the NASDAQ rose 0.63%, and the Russell 2000 lost 0.73%. Breadth was weak as the NYSE Up Issues % was 35% and the Up Volume % came in at 37%. NYSE total volume declined a good bit from Monday's level.

Tuesday marked the 7th day in a row in which SPX closed higher. Looking back to 1980, there have been 45 previous streaks of 7-day rallies where SPX closed above the 200ma. The study below was last seen in the 9/18/24 letter. I have updated the stats table.

SPX closes higher for the 7th day in a row and > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1980 - 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
20	52,617.50	42	33	9	78.57	6,854.40	-7,384.97	2,429.04	-3,060.11	0.79	2.91	1,252.80
19	54,390.55	42	32	10	76.19	7,580.16	-6,695.96	2,675.66	-3,123.06	0.86	2.74	1,295.01
18	48,770.30	42	30	12	71.43	8,006.40	-7,608.86	2,553.65	-2,319.93	1.10	2.75	1,161.20
17	48,638.45	43	31	12	72.09	7,422.72	-7,532.75	2,503.27	-2,413.57	1.04	2.68	1,131.13
16	43,137.32	43	28	15	65.12	6,021.12	-6,880.25	2,543.54	-1,872.13	1.36	2.54	1,003.19
15	41,653.21	43	30	13	69.77	6,197.76	-5,270.75	2,281.55	-2,061.02	1.11	2.55	968.68
14	29,598.01	44	33	11	75.00	5,439.96	-5,279.12	1,952.85	-3,167.82	0.62	1.85	672.68
13	30,664.23	44	29	15	65.91	5,349.12	-4,228.00	1,939.74	-1,705.88	1.14	2.20	696.91
12	34,453.38	44	30	14	68.18	5,794.56	-4,104.27	1,880.92	-1,569.58	1.20	2.57	783.03
11	29,368.76	45	27	18	60.00	5,750.00	-3,989.73	2,052.33	-1,446.90	1.42	2.13	652.64
10	24,483.50	45	28	17	62.22	5,076.56	-4,247.60	1,855.53	-1,615.97	1.15	1.89	544.08
9	29,409.11	45	32	13	71.11	4,669.08	-4,677.12	1,576.98	-1,619.57	0.97	2.40	653.54
8	22,312.94	45	30	15	66.67	5,222.40	-4,726.96	1,461.48	-1,435.42	1.02	2.04	495.84
7	18,110.69	45	33	12	73.33	3,635.40	-6,521.20	1,273.79	-1,993.71	0.64	1.76	402.46
6	16,067.92	45	30	15	66.67	3,501.08	-4,932.76	1,176.19	-1,281.18	0.92	1.84	357.06
5	22,374.46	45	34	11	75.56	3,582.84	-2,665.71	1,020.96	-1,121.64	0.91	2.81	497.21
4	14,534.18	45	31	14	68.89	3,720.08	-3,022.92	838.94	-819.49	1.02	2.27	322.98
3	15,575.85	45	29	16	64.44	2,917.08	-2,626.02	924.03	-701.32	1.32	2.39	346.13
2	4,625.18	45	23	22	51.11	1,998.39	-1,508.17	617.46	-435.29	1.42	1.48	102.78
1	-2,017.59	45	21	24	46.67	1,606.89	-840.84	363.91	-402.49	0.90	0.79	-44.84

No apparent edge over the 1st few days, but the market has typically pressed higher over the intermediate term. Momentum this strong often sees follow through. Below is a look at the 20-day profit curve.



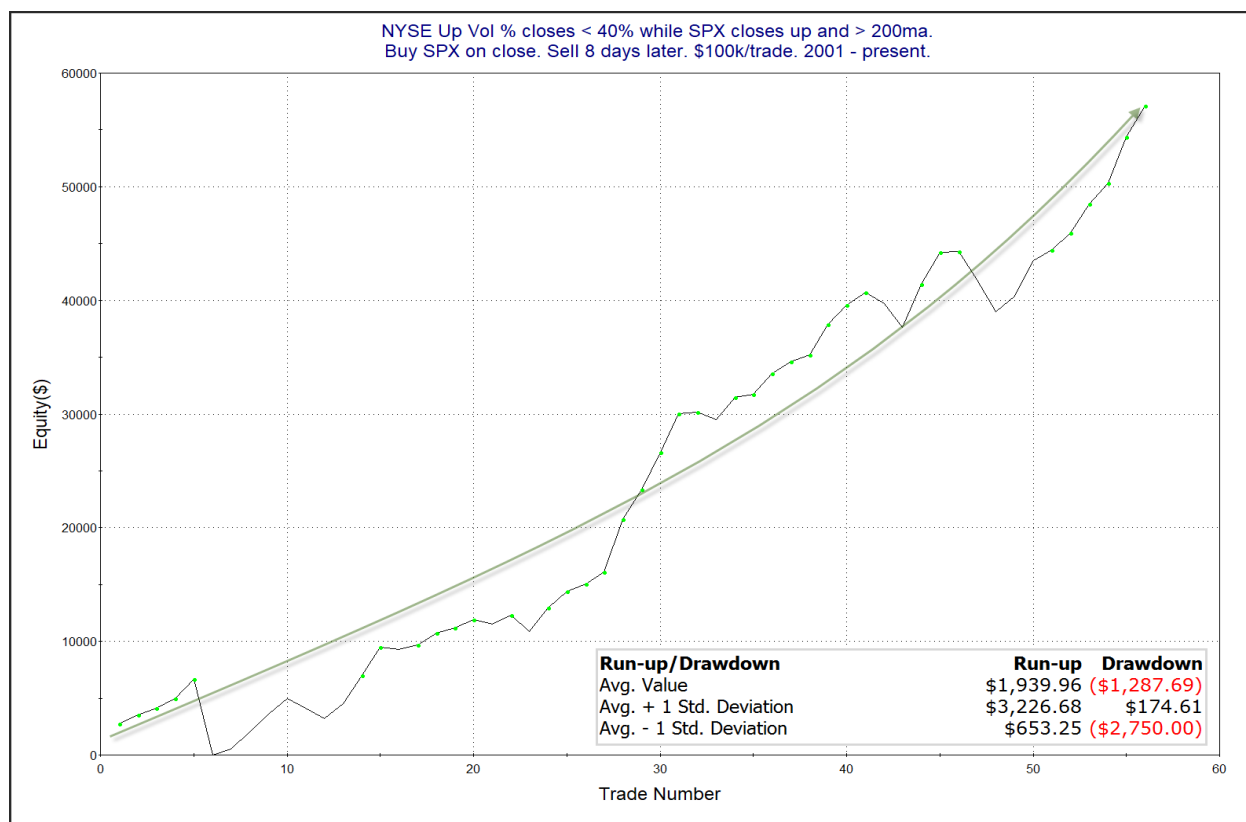
More confirmation that suggests the strong momentum is a positive sign for the intermediate-term.

Breadth was notably weak. In the 10/30/24 letter I looked at occurrences where the NYSE Up Volume % came in under 40% while SPX closed higher during a long-term uptrend. This triggered on Tuesday, and I have again updated the results below.

NYSE Up Vol % closes < 40% while SPX closes up and > 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 2001 - 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	64,886.17	53	42	11	79.25	4,904.10	-7,891.63	2,135.81	-2,256.18	0.95	3.61	1,224.27
9	57,071.26	54	42	12	77.78	5,223.96	-7,594.37	1,942.09	-2,041.37	0.95	3.33	1,056.88
8	57,153.15	56	45	11	80.36	4,666.56	-6,657.20	1,703.01	-1,771.11	0.96	3.93	1,020.59
7	56,070.94	61	48	13	78.69	5,211.84	-3,755.76	1,603.47	-1,607.36	1.00	3.68	919.20
6	50,079.28	61	46	15	75.41	6,018.56	-3,495.92	1,548.03	-1,408.67	1.10	3.37	820.97
5	38,225.71	65	49	16	75.38	4,787.84	-4,623.84	1,264.18	-1,482.44	0.85	2.61	588.09
4	21,898.23	66	43	23	65.15	3,777.48	-4,483.92	1,141.07	-1,181.22	0.97	1.81	331.79
3	17,593.34	70	44	26	62.86	3,578.94	-3,122.40	971.93	-968.13	1.00	1.70	251.33
2	17,520.57	76	51	25	67.11	2,661.75	-2,848.17	759.37	-848.30	0.90	1.83	230.53
1	9,969.87	82	50	32	60.98	1,790.64	-1,489.20	548.03	-544.75	1.01	1.57	121.58

Results continue to look very strong, especially over the 7-10 day periods. Below is a look at an 8-day profit curve.



The curve has shown strong upside persistence. I find these results intriguing, and have added this study to the short-term active list. This is one of those studies that traditional analysis would say should not be suggesting a bullish edge. But it keeps proving itself correct. So I'll continue to take the study under consideration as I have been doing.

Thursday saw SPX close at a new high for the 1st time since 11/11/24. The new high triggered a few studies in the Quantifinder. I have shown numerous times before that breakouts to new highs show a better chance of following through if they are occurring after a decent basing period of at least 1-2 weeks. Some other studies that triggered showed evidence that to some people might seem counter-intuitive. One study showed that breakouts that occurred on declining volume have followed-through much better than breakouts accompanied by rising volume. Another study showed that when the breakout has come after the market had already risen for at least the past 2 days, then it has done a better job of carrying that momentum forward.

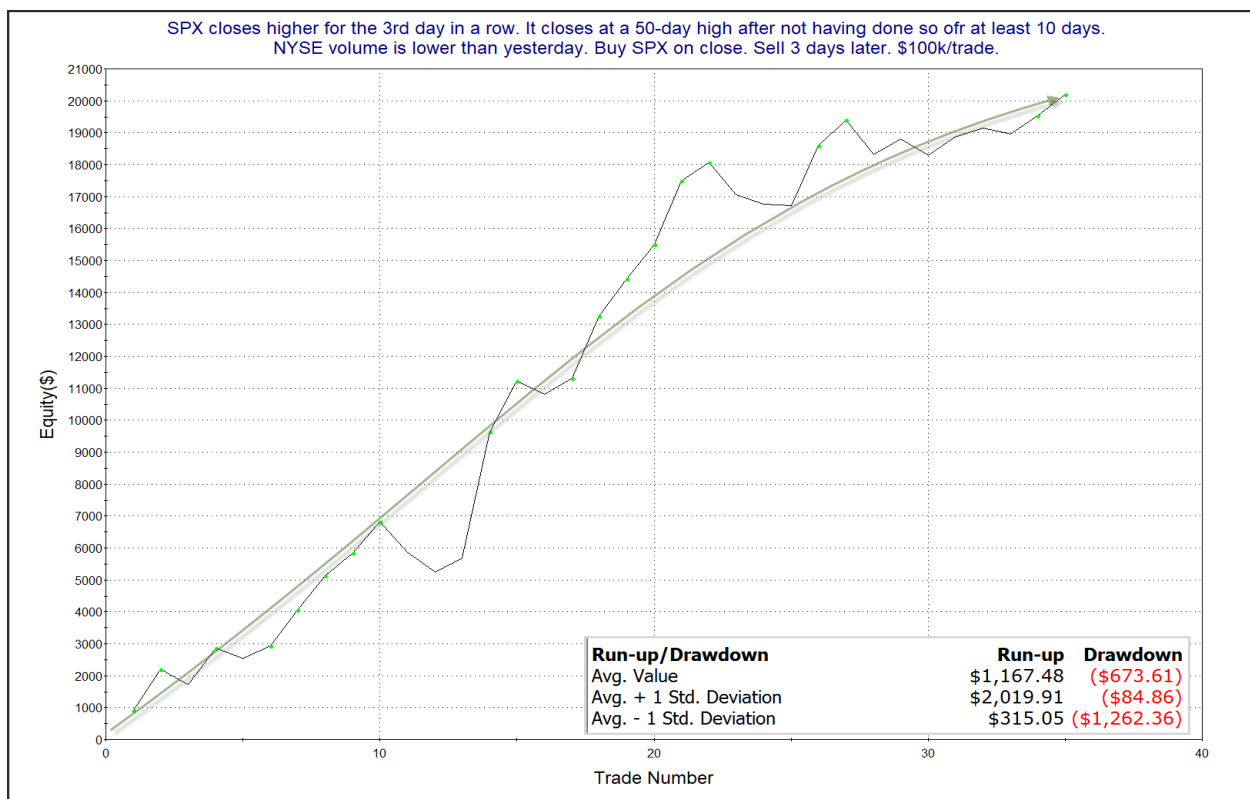
In the 5/19/20 Letter I combined these concepts and published the following study. (All stats are updated.)

SPX closes higher for the 3rd day in a row. It closes at a 50-day high after not having done so for at least 10 days. NYSE volume is lower than yesterday
Buy SPX on close. Sell X days later. \$100k/trade.

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	31,123.02	35	27	8	77.14	4,482.50	-3,693.73	1,497.15	-1,162.49	1.29	4.35	889.23
4	21,687.25	35	28	7	80.00	4,440.00	-2,145.44	1,054.73	-1,120.76	0.94	3.76	619.64
3	20,199.53	35	24	11	68.57	3,950.00	-1,082.79	1,087.19	-535.73	2.03	4.43	577.13
2	15,472.27	35	27	8	77.14	2,133.10	-1,312.40	806.84	-789.04	1.02	3.45	442.06
1	6,653.39	35	23	12	65.71	1,384.02	-1,022.01	517.85	-438.10	1.18	2.27	190.10

33 of 35 instances (94%) closed above the entry price at some point in the next week.

Stats here are very impressive, especially with a setup where the SPX is already extended. The consistency is impressive as well. Below is a look at the profit curve assuming a 3-day holding period.



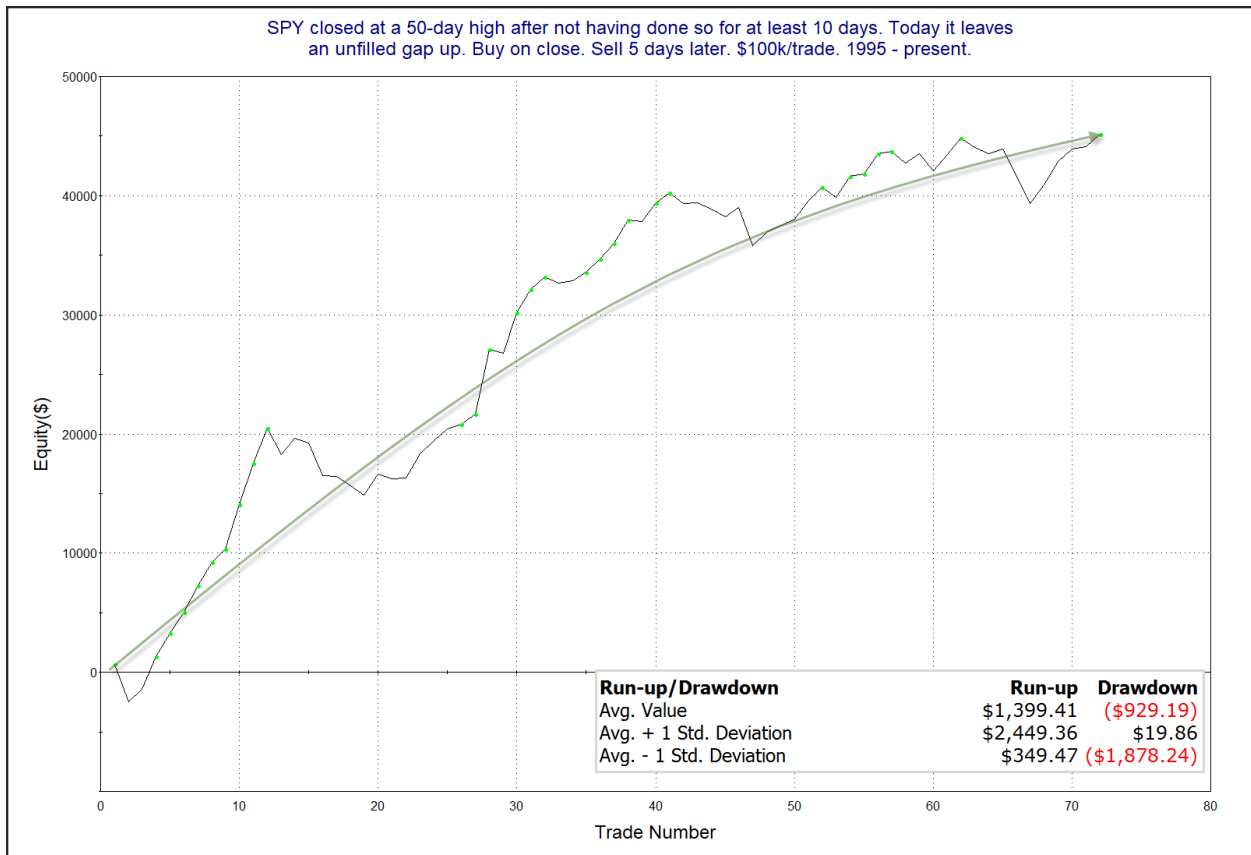
The curve has persisted higher for a long time. This serves as some confirmation of the upside edge suggested by the stats table.

SPY breakout action to a fresh high also provided some bullish evidence. This is because the breakout came with an unfilled gap up. I last showed the importance of an unfilled gap in the 9/20/24 subscriber letter. I have updated those studies below.

SPY closed at a 50-day high after not having done so for at least 10 days. Today it leaves an unfilled gap up. Buy on close. Sell X days later. \$100k/trade. 1995 - 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	45,168.16	72	50	22	69.44	5,434.00	-3,218.88	1,418.94	-1,171.75	1.21	2.75	627.34
4	31,234.27	72	48	24	66.67	3,637.92	-3,267.84	1,136.81	-972.19	1.17	2.34	433.81
3	23,288.56	72	47	25	65.28	3,992.56	-2,538.18	980.41	-911.62	1.08	2.02	323.45
2	19,765.18	72	47	25	65.28	2,545.92	-2,293.20	764.99	-647.57	1.18	2.22	274.52
1	7,066.01	72	48	23	66.67	1,816.10	-2,591.68	463.20	-659.46	0.70	1.47	98.14

Results here are strong across the board. Below is an equity curve using a 5-day holding period.



It has been a bit choppy, but the move up is still impressive and the curve is back at new highs.

Technicians will often use the term “breakaway gap”. This suggests the gap occurs on the same day as a base breakout. The idea is that the new high causes excitement and the gap leaves a good amount of people sidelined or stuck short. When it doesn’t immediately fill, it leads these people to chase and helps to propel the market even higher.

Now let’s look at instances where the 50-day high breakout was *not* accompanied by an unfilled gap. Interestingly, the number of instances was a good bit lower here. This study also appeared in the 11/7/24 letter (not updated).

SPY closed at a 50-day high after not having done so for at least 10 days. Today it does NOT leave an unfilled gap up. Buy on close. Sell X days later. \$100k/trade. 1995 - 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	4,660.77	54	31	23	57.41	2,671.20	-4,285.26	1,045.08	-1,205.94	0.87	1.17	86.31
4	-2,382.20	54	31	23	57.41	2,072.07	-4,518.34	950.42	-1,384.57	0.69	0.93	-44.11
3	3,919.36	54	31	23	57.41	2,927.90	-5,133.72	978.01	-1,147.79	0.85	1.15	72.58
2	157.71	54	29	25	53.70	2,324.90	-3,640.86	636.70	-732.27	0.87	1.01	2.92
1	6,085.69	54	29	24	53.70	1,586.97	-2,448.72	541.16	-400.33	1.35	1.63	112.70

Moves to new highs that don’t start with an unfilled gap are much less reliable. I have been showing this study for 16 years or so, and it never fails to amaze me how more breakouts occur with an unfilled gap up than without one.

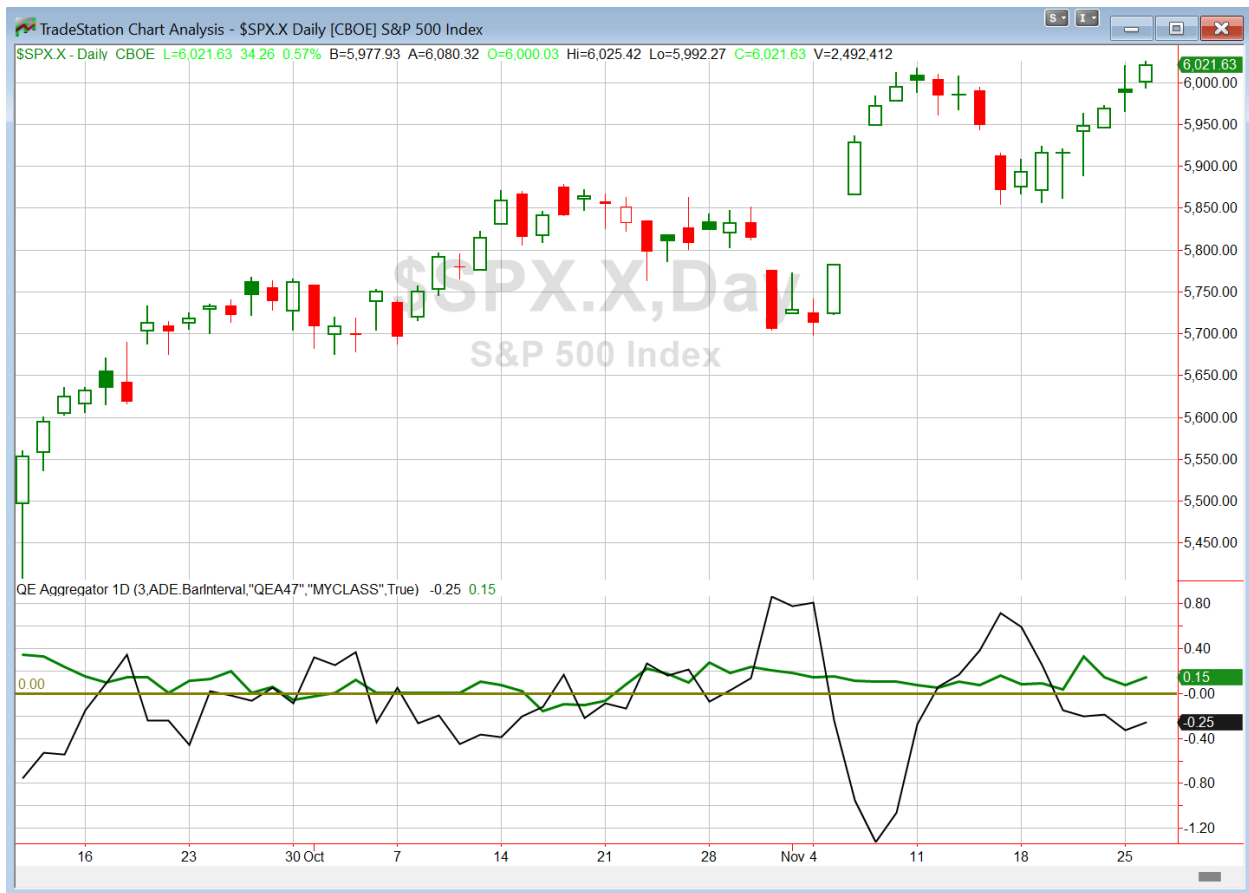
In the weekend letter I showed that the Wednesday and Friday around Thanksgiving have had a bullish tendency over the years. But SPX is now up 7 days in a row. So perhaps that bullish edge has already been front-run? In the 11/25/20 letter I looked at other instances where Monday and Tuesday before Thanksgiving both closed up to see what that meant for Wed-Fri. The table below is updated and shows all instances since the inception of the modern S&P 500 in 1957.

SPX closes up Mon and Tues before Thanksgiving.
Buy Tuesday on close. Sell on close Friday after
Thanksgiving. \$100k/trade. 1970 - present.

Symbol	Entry date	Price	Exit date	Exit Price	% chg
\$SPX	11/24/1959	57.35	11/27/1959	57.7	0.61%
\$SPX	11/21/1961	71.78	11/24/1961	71.84	0.08%
\$SPX	11/26/1968	107.26	11/29/1968	108.37	1.03%
\$SPX	11/24/1970	84.78	11/27/1970	85.93	1.36%
\$SPX	11/21/1972	116.21	11/24/1972	117.27	0.91%
\$SPX	11/25/1975	90.71	11/28/1975	91.24	0.58%
\$SPX	11/22/1983	166.84	11/25/1983	167.18	0.20%
\$SPX	11/25/1986	248.17	11/28/1986	249.22	0.42%
\$SPX	11/24/1987	246.39	11/27/1987	240.34	-2.46%
\$SPX	11/25/2003	1053.89	11/28/2003	1058.2	0.41%
\$SPX	11/22/2005	1261.23	11/25/2005	1268.25	0.56%
\$SPX	11/25/2008	857.39	11/28/2008	896.24	4.53%
\$SPX	11/20/2012	1387.81	11/23/2012	1409.15	1.54%
\$SPX	11/22/2016	2202.94	11/25/2016	2213.35	0.47%
\$SPX	11/21/2017	2599.03	11/24/2017	2602.42	0.13%
\$SPX	11/26/2019	3140.52	11/29/2019	3140.98	0.01%
\$SPX	11/24/2020	3635.41	11/27/2020	3638.35	0.08%
Wins: 16		Avg Trade: 0.62%			
Losses: 1		Profit Factor: 5.27			
Win %: 94%		QuantifiableEdges.com			

In this case, it does not appear that the Monday-Tuesday rally has eliminated the seasonal bullish tendency. In fact, it appears that the momentum has carried well through the holiday. I have added this study to the active list tonight.

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 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 Wednesday. That is highly unlikely to change. Meanwhile, the Differential Pivot will be 6000.03. That is 0.4% below Tuesday's close. Therefore, SPX will need to close down 0.4% on Wednesday in order to flip back to oversold versus recent expectations.

So the Aggregator is again neutral. Evidence is great but the overbought SPX dampens reward/risk. My short-term index exposure is currently flat, and I do not see a reason to change that. So I will remain aware and ready. But I won't be taking any new index exposure on Wednesday. Have a great Thanksgiving!

*Intermediate-term Outlook (2 weeks – 2 months) – updated 11/25 – **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>LLY(1/3)</i>	<i>11/19/2024</i>	<i>\$716.31</i>	<i>\$785.20</i>	<i>9.62%</i>	<i>sold on open</i>

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