

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 3, 2024

Volume 17 Issue 233

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Monday's weak breadth could actually be a positive.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence is generally bullish, but the overbought SPX reduces reward/risk.

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 29, 2024	5+ Up to 50-high then down 1	1-6 days	Bullish	1.40%	-1.00%	-1.95%
November 29, 2024	5 intraday high, reverse down on 60% Up Iss	1-3 days	Bullish	1.60%	-0.90%	-2.10%
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%
Active - Long Term						
November 29, 2024	5+ Up to 50-high then down 1	1-10 days	Bullish	1.80%	-1.10%	-2.30%
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			

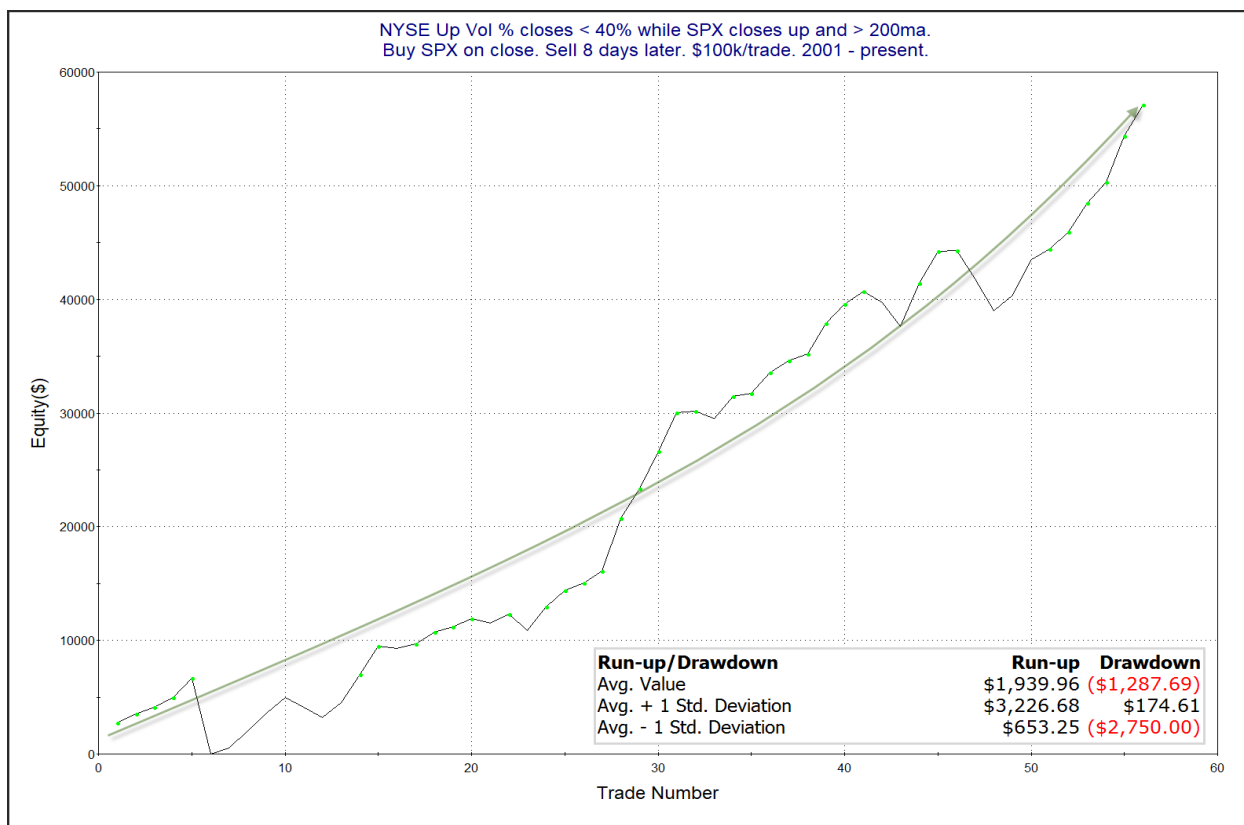
The Evidence

Monday was mostly higher. The SPX rose 0.2%, the NASDAQ gained 1.0%, and the Russell 2000 dipped 0.02%. Breadth was weak as the NYSE Up Issues % was 43% and the Up Volume % came in at 36%. NYSE total volume rose some from Friday's level.

Breadth was notably weak. Just a few days ago in the 11/27 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 again Monday. I have copied the results from the 11/27 letter below.

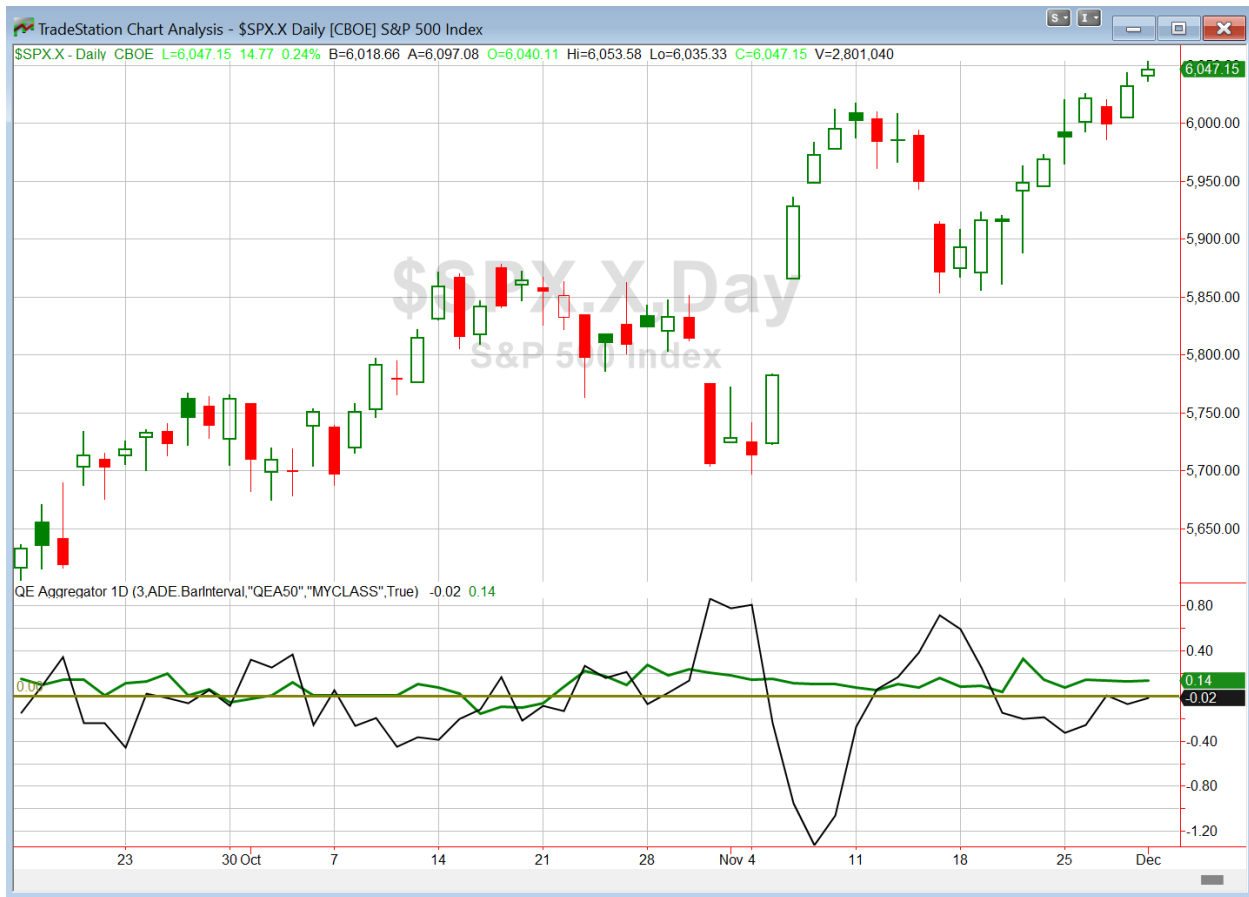
NYSE Up Vol % closes < 40% while SPX closes up and > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2001 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	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 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. This is one of those studies that traditional analysis would say should not be suggesting a bullish edge. But it keeps proving itself correct, and last week's instance is off to another good start. This study remains on the Active List. There are no other studies being added 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 Tuesday. That is unlikely to change. Meanwhile, the Differential Pivot will be 6020.53. That is 0.4% below Monday's close. Therefore, SPX will need to close down over 0.4% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again neutral. Evidence continues to point higher, but with SPX so extended, reward/risk potential is underwhelming. I'll remain patient and wait for a more compelling reward/risk opportunity to arrive before looking to take on new index positions.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/2 – **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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