

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 6, 2024

Volume 17 Issue 236

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- Employment Days have been bullish since 2013 – but not when SPY closes poorly the day before the report.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence is generally bullish, but the overbought SPX reduces reward/risk. And the jobs report on Friday could generate a strong reaction, which further increases risk.

Summary of Current Active Studies (see Letters from listed dates for details)

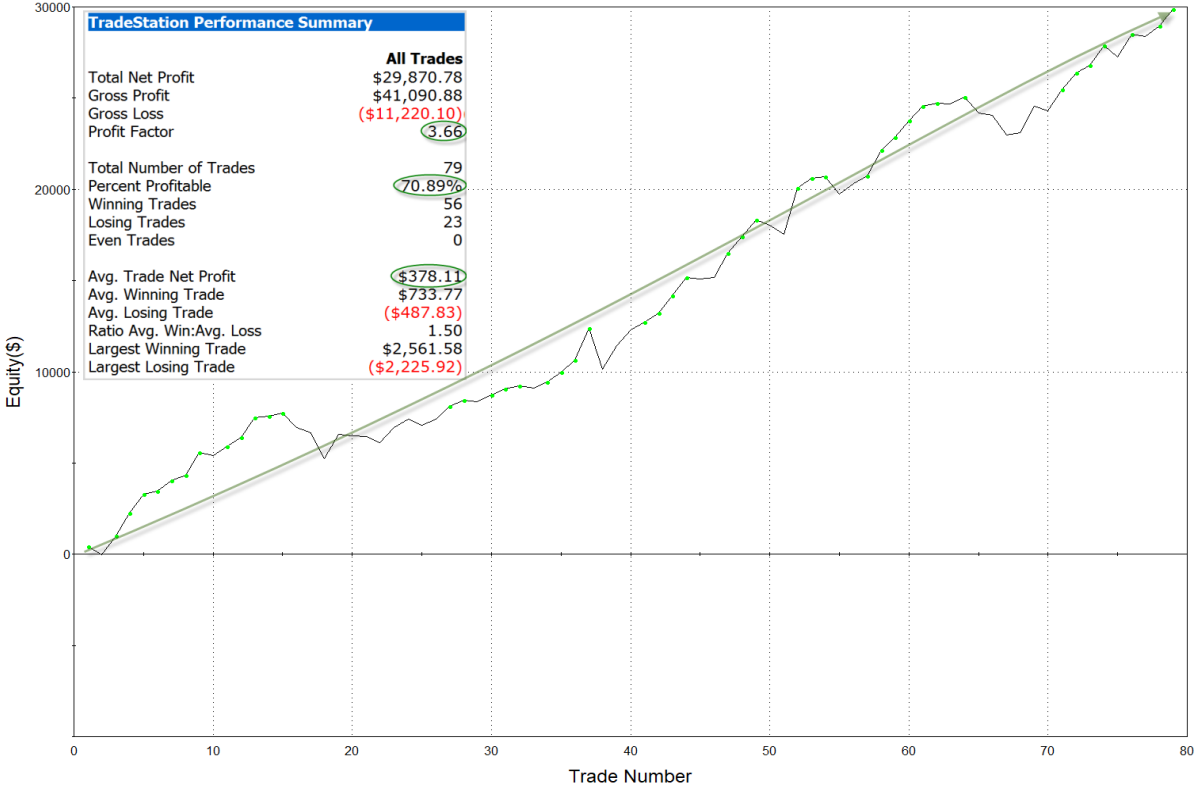
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
November 29, 2024	5+ Up to 50-high then down 1	1-6 days	Bullish	1.40%	-1.00%	-1.95%
November 27, 2024	Up Vol < 40%. SPX up > 200	1-8 days	Bullish	1.90%	-1.30%	-2.75%
Active - Long Term						
November 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

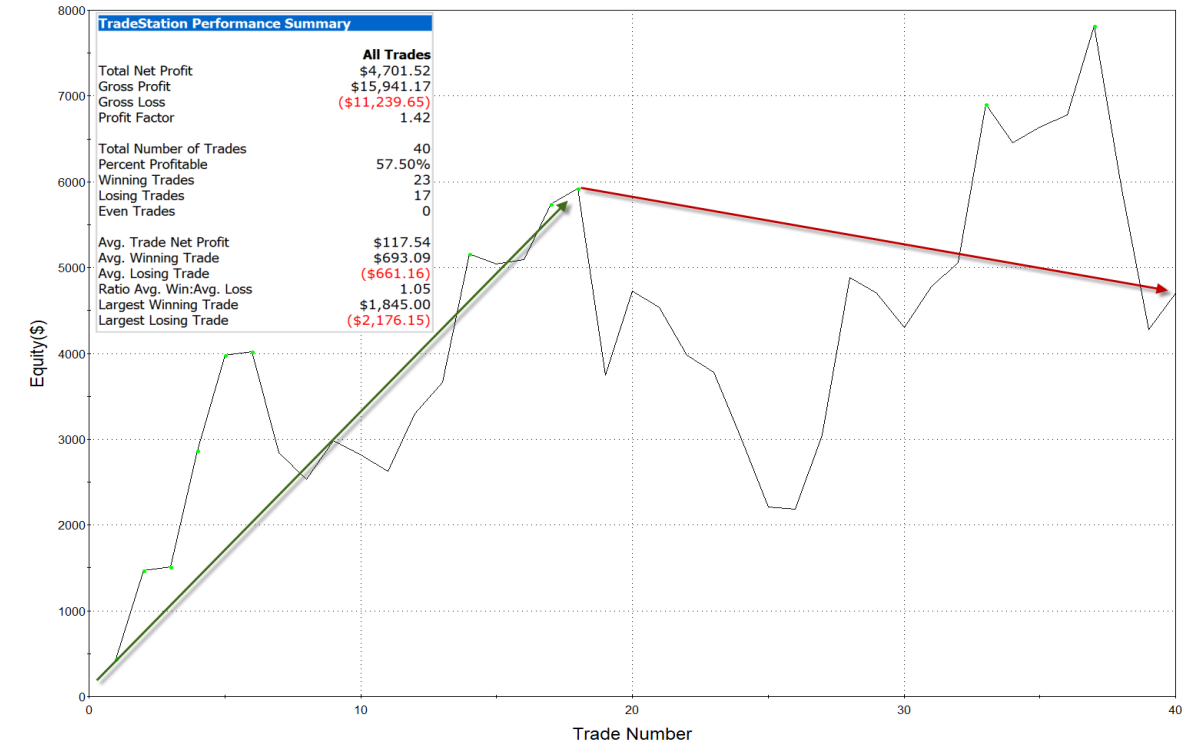
The market posted a pullback on Thursday. The SPX declined 0.19%, the NASDAQ dropped 0.17%, and the Russell 2000 tumbled 1.25%. Breadth was not great, though. The NYSE Up Issues % was 41% and the Up Volume % came in at 45%. NYSE total volume rose some from Wednesday's level.

Friday morning an hour before the open the BLS Employment Report will be released. Employment days have shown a bullish tilt since 2013. Interestingly, that bullish tilt primarily played out when the market has rallied in the afternoon prior to the report. The studies below were last shown together in the 9/6/24 letter. Results are all updated.

SPY closes in the top half of its intraday range the day before an employment day. Close > 200ma.
Buy on close. Sell next day's close. \$100k/trade. 2013 - present.

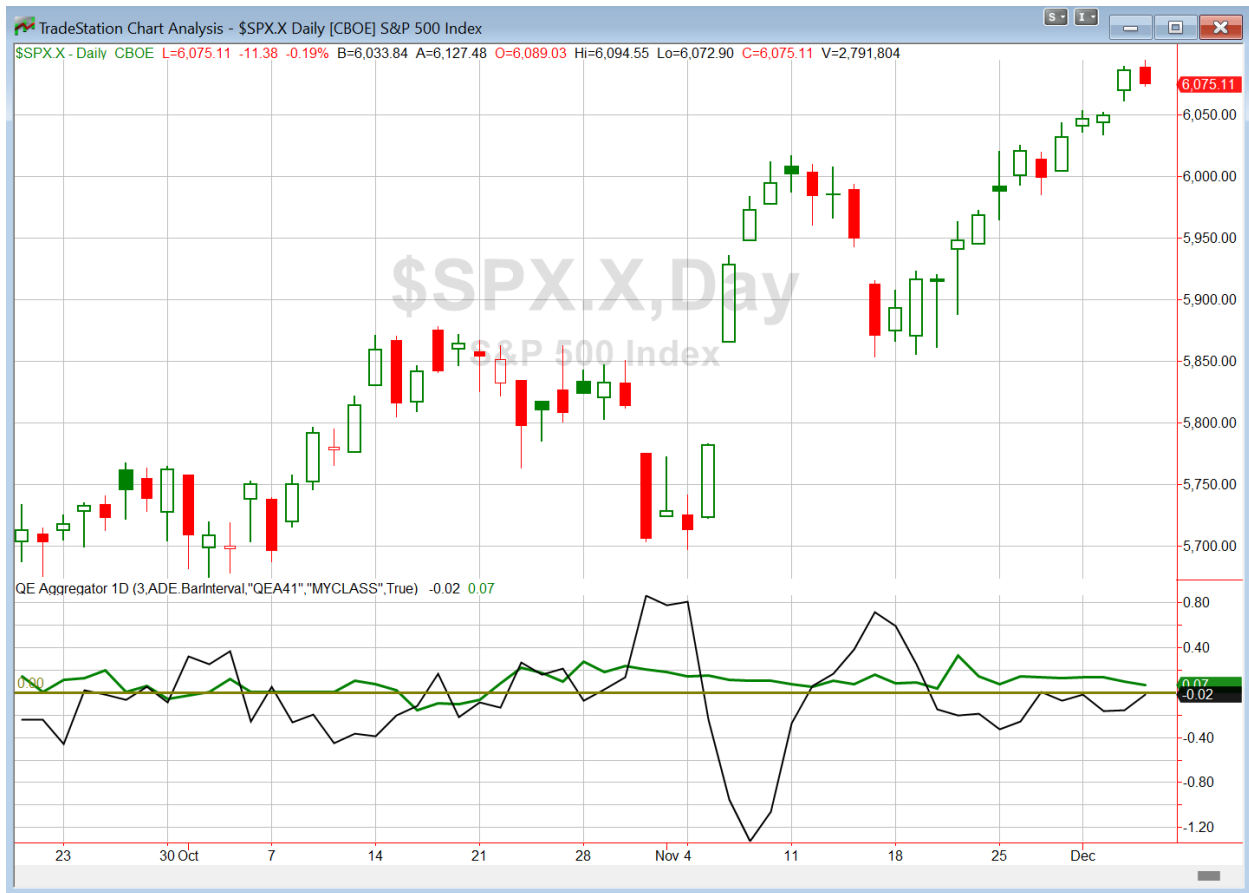


SPY closes in the bottom half of its intraday range the day before an employment day. Close > 200ma.
Buy on close. Sell next day's close. \$100k/trade. 2013 - present.



Closing in the bottom half of the day's range prior to an Employment Day has not been nearly as appealing. Weaker numbers and choppier curve. So I am not viewing Friday's Employment Day setup as a worthwhile edge.

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



Without any new short-term evidence making the cut tonight, 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 Thursday. That could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will

be 6074.20. That is less than 1 *point* below Thursday's close. Therefore, just about any down close will cause SPX to flip from overbought to oversold vs expectations.

So the Aggregator is again neutral. Expectations are positive, but SPX is overbought. Additionally, we have extra volatility potential thanks to the jobs report, and the jobs day setup is not great. So I remain sidelined and waiting for a more favorable reward/risk opportunity before I will put money into my next index trade.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

KO – 1/3 @ \$62.21 (bought @ limit)

Broad Market Large Cap CBI – 1(KO)

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
KO(1/3)	12/5/2024	\$62.21	\$62.92	1.14%	Catapult

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