

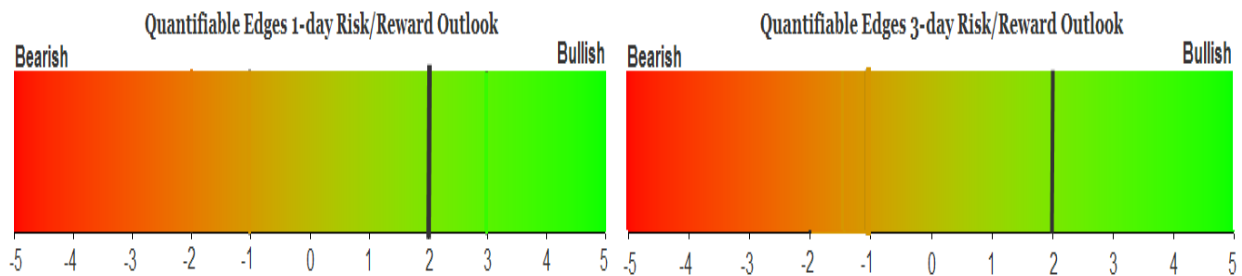
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 11, 2024

Volume 17 Issue 239

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- No compelling new evidence emerged on Tuesday.
- The CPI report before the open on Wednesday could be a wildcard.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. But with short-term evidence lacking, I am not enthused.

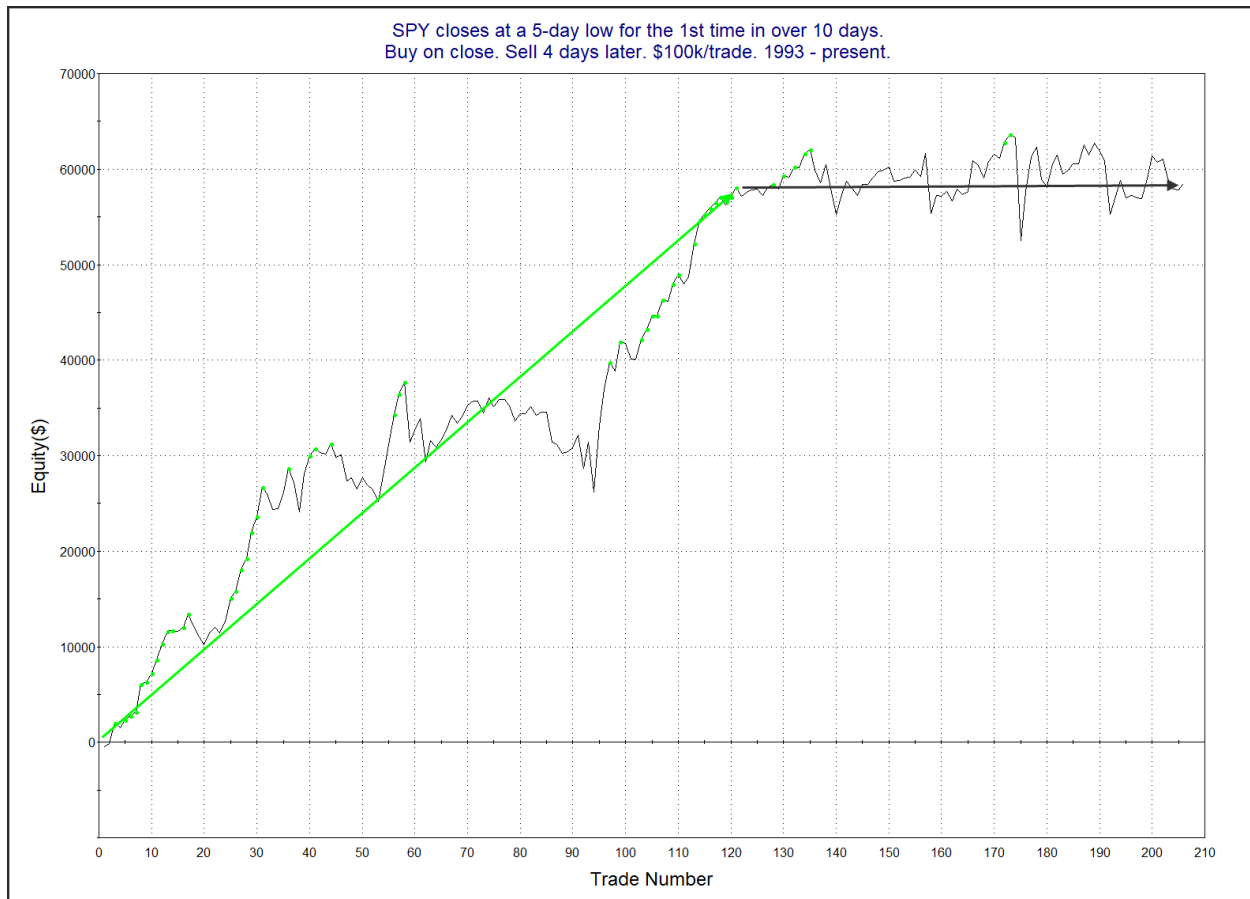
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
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 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			
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

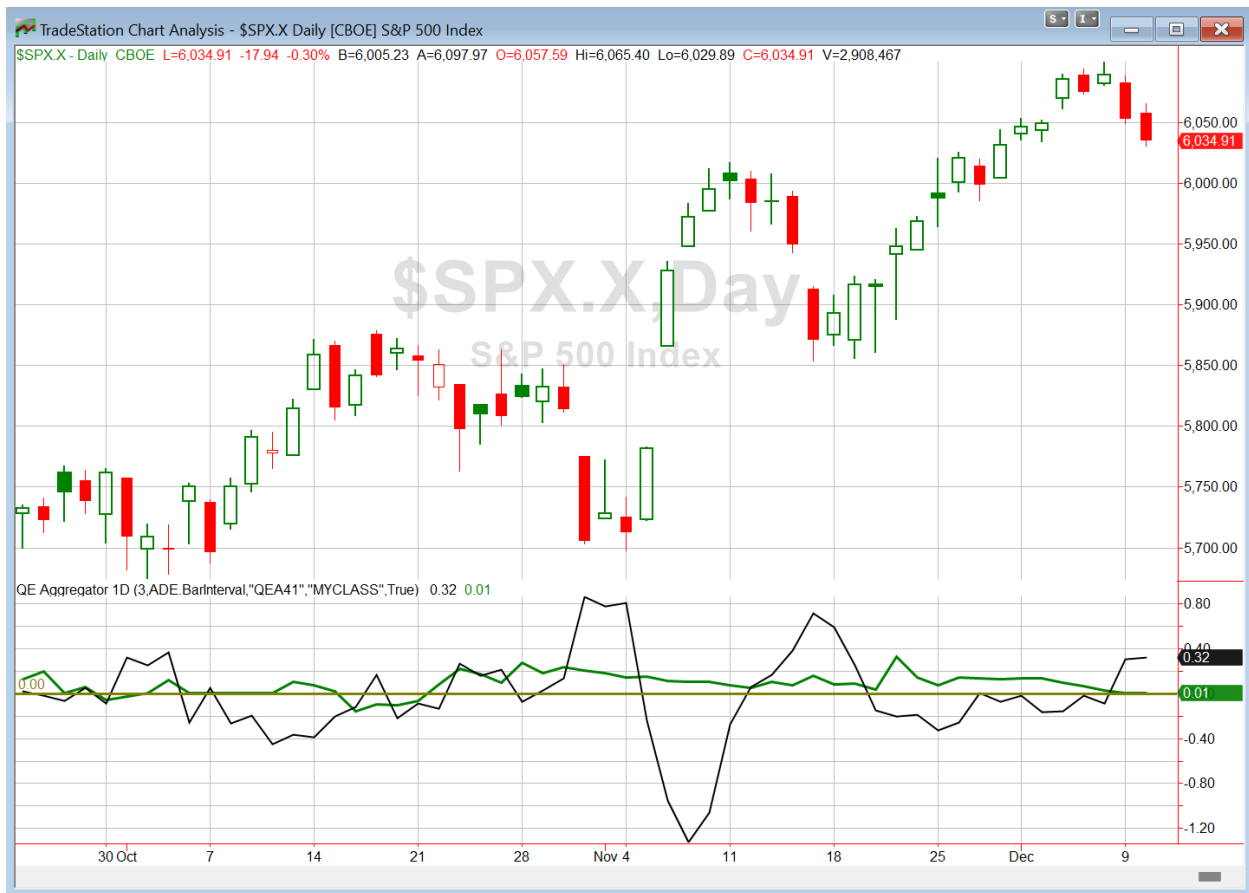
Tuesday saw a 2nd day of selling. The SPX fell 0.3%, the NASDAQ declined 0.25%, and the Russell 2000 lost 0.4%. Breadth was weak. The NYSE Up Issues % was 38% and the Up Volume % came in at 30%. NYSE total volume declined some from Monday's level.

Despite having a 2nd down day break the pattern of chopping back and forth, the Quantifinder did not uncover any compelling new evidence this evening. Several studies came close, but the only one that actually triggered was the one below from 10/15/15. It appears to have lost its edge in recent years, and I will be removing it from the Quantifinder from here forward.



So there won't be any studies added to the active list tonight. Of course Wednesday before the open we will have the CPI report. That could trigger a strong reaction in either direction. But over the last year and a half or so as inflation has declined, the CPI reaction has also been more muted. So I view it as a risk, but probably not a huge risk, unless the number comes in very far from expected.

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



Without any new short-term evidence making the cut tonight, the green Aggregator Line remained slightly 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.

With the short-term active list still bare, expectations are based on the intermediate-term outlook. Expectations over the next few days can be shifted quickly based on any new evidence that emerges. Meanwhile, the Differential Pivot will be 6101.85. That is 1.1% above Tuesday's close. Therefore, SPX will need to close up a sizable 1.1% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. But the story has not changed. Evidence is quite weak, and there have not been any confirming short-term studies emerge in the last few days. So I am not excited about taking on new positions at this time. If the market pulls back further and new bullish evidence emerges, then I may look to begin building a long position. Not yet though.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/9 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

KO – 1/3 @ \$62.21 (bought @ limit)

DE – 1/3 @ \$444.00 (buy @ limit) – not filled, cancel for now

MDLZ – 1/3 @ \$61.44 (bought @ limit)

TMUS – 1/3 @ \$228.86 (buy @ limit) – not filled, cancel for now

New

MS – 1/3 @ \$126.79 (buy @ limit)

Broad Market Large Cap CBI – 5(KO, DE, MDLZ, TMUS, MS)

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.

MS – Buy 1/3 Catapult position @ \$126.79 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of MS.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
KO(1/3)	12/5/2024	\$62.21	\$62.91	1.13%	Catapult
MDLZ(1/3)	12/10/2024	\$61.40	\$61.75	0.57%	Catapult

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