

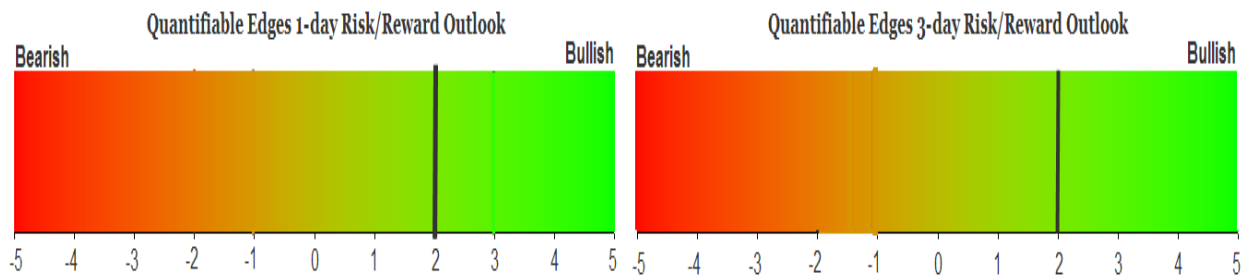
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 18, 2024

Volume 17 Issue 244

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	6

## Tonight's Research Points

- The Fed Day setup is not great thanks to a late-day market surge.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. But the setup is not terribly strong, and Fed Day volatility has me a little wary.

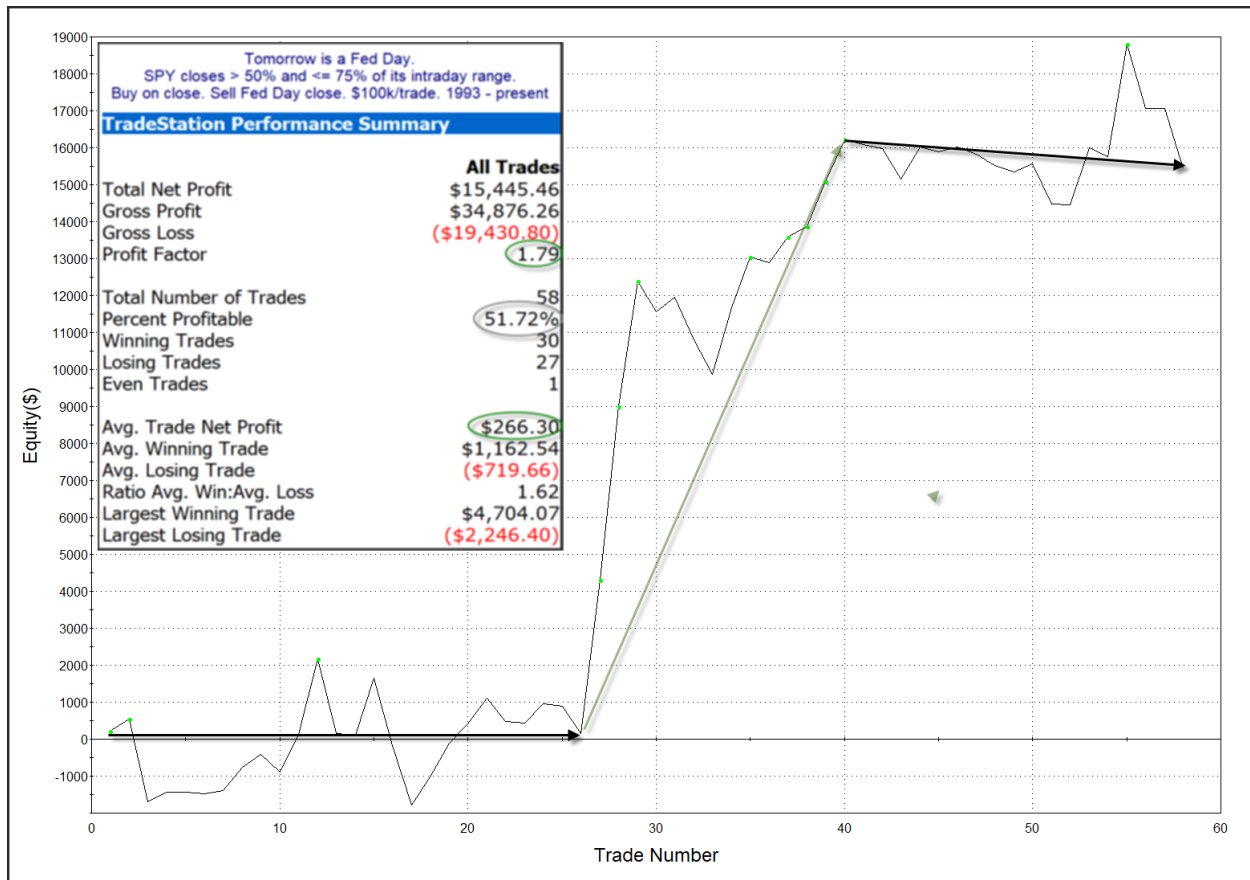
**Summary of Current Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
December 17, 2024	SPX up. NYSE Up Vol < 40%	1-8 days	Bullish	1.90%	-1.30%	-2.70%
December 16, 2024	December opex week bullish	1-3 days	Bullish	1.40%	-0.80%	-1.80%
<b>Active - Long Term</b>						
December 16, 2024	December opex week starts bullish period	1-15 days	Bullish	3.30%	-1.90%	-4.00%
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**

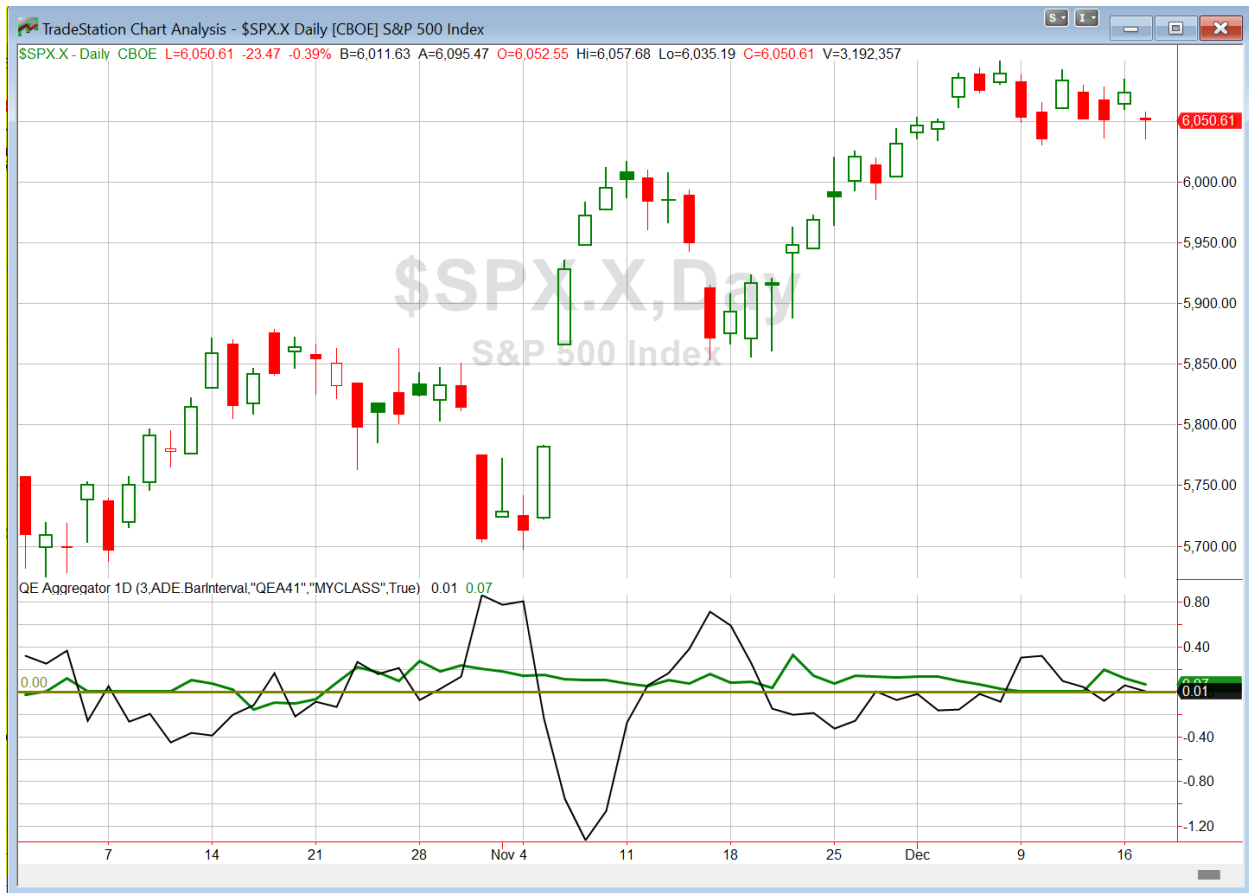
Stock indices struggled on Tuesday. The SPX closed down 0.4%, the NASDAQ declined 0.3%, and the Russell 2000 fell 1.2%. Breadth was weak. The NYSE Up Issues % was 28% and the Up Volume % came in at 34%. NYSE total volume rose some from Monday's level.

The last 10 days have seen choppy trading in a tight range. That could be broken tomorrow if there is a strong reaction to the Fed announcement. As we headed into the last half hour of trading, it appeared that we were likely to close low in the intraday range for SPY. But a late rally put SPY in the top half of the day's range. Last night I showed that the lower in the range, the better the odds for a Fed Day rally. Below is the study I shared last night with the 50%-75% quartile, along with its profit curve.



While there have been gains, they have not been consistent – especially recently. This is not an ideal Fed Day setup. No new studies are being added to the Active List tonight.

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



Without any new studies 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 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.

Based on the current list of active studies, expectations are slated to remain bullish on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6063.83. That is 0.2% above Tuesday's close. Therefore, SPX will only need to close up about 0.2% in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is a little underwhelming with nothing confirming tonight, and there is not much room to the upside before SPX will turn back to overbought. Overall, the edge seems fairly marginal. Throw in potential Fed Day volatility and I am inclined to remain sidelined in SPX trades Wednesday. There are several Catapults triggering and I will be looking to take advantage there.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/16 – **bullish***

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

DE – 1/3 @ \$444.00 (bought @ limit)

TMUS – 1/3 @ \$228.86 (buy @ limit) – not filled, try again on Wednesday

DOW – 1/3 @ \$40.11 (buy @ limit) – not filled, cancel for now

### ***New***

LMT – 1/3 @ \$490.61 (buy @ limit)

XOM – 1/3 @ \$108.01 (buy @ limit)

TMUS – 1/3 @ \$220.71 (buy @ limit)

***Broad Market Large Cap CBI – 6(DE, TMUS-2, DOW, LMT, XOM)***

## **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.*

**LMT – Buy 1/3 Catapult position @ \$490.61 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of LMT.

**XOM – Buy 1/3 Catapult position @ \$108.01 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of XOM.

**TMUS – Buy 1/3 Catapult position @ \$221.00 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of TMUS.

**TMUS – Buy 1/3 Catapult position @ \$220.71 LIMIT.** From the Catapult section above, this is the 2<sup>nd</sup> of up to 3 possible lots of TMUS.

## Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>MS(1/3)</i>	<i>12/11/2024</i>	<i>\$126.79</i>	<i>\$128.10</i>	<i>1.03%</i>	<i>sold on open</i>
DE(1/3)	12/11/2024	\$439.48	\$443.59	0.94%	Catapult

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