

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 24, 2024

Volume 17 Issue 248

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	15

Tonight's Research Points

- The 2-day bounce from a 10-day low that failed to close above the 10ma suggests more upside in the next couple of days.

Short-term Outlook

The Bottom Line

The Aggregator is neutral, but I suspect this bounce has a bit further to go over the next several days.

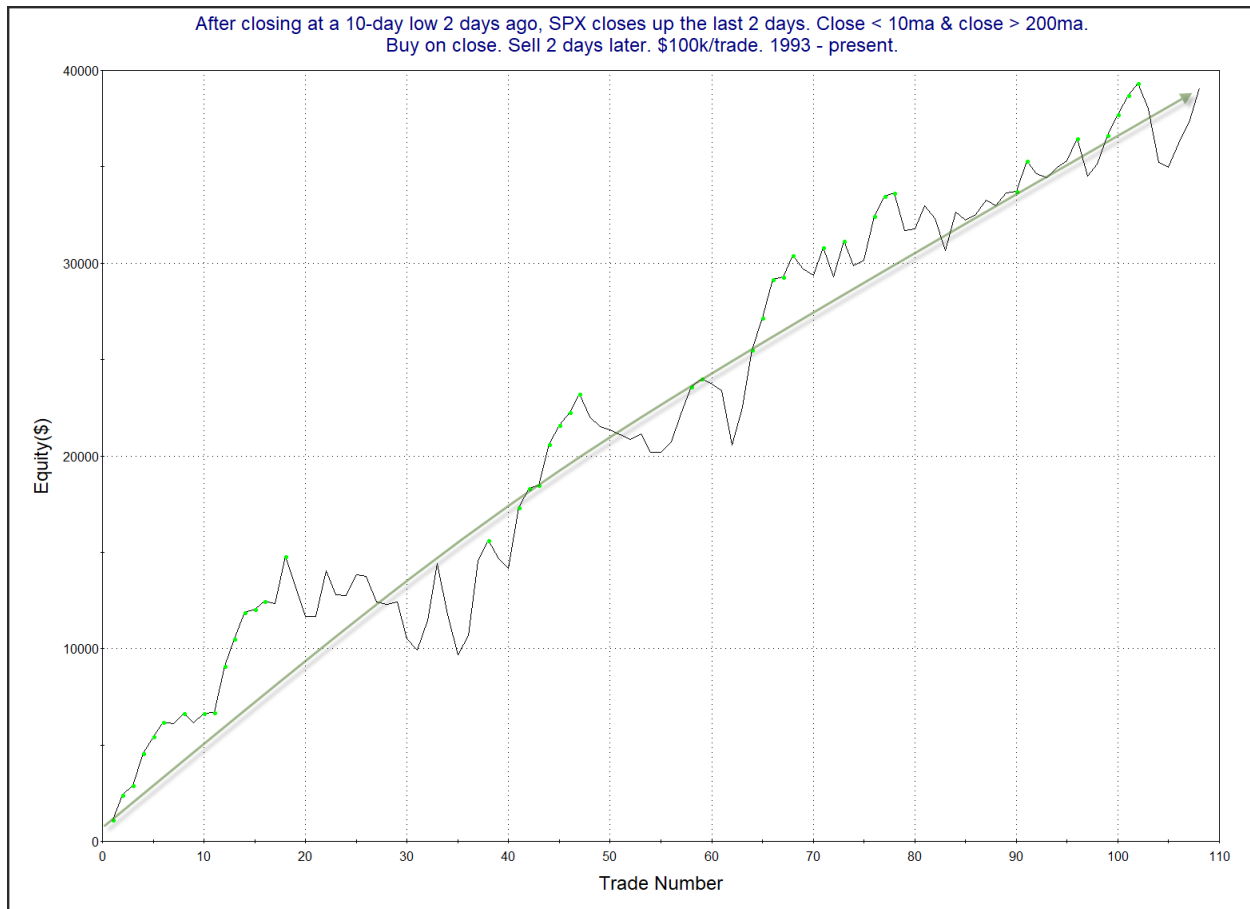
The Evidence

Monday was mostly higher. SPX climbed 0.7%, the NASDAQ rose 1.0%, and the Russell 2000 declined 0.2%. Breadth was mixed as the NYSE Up Issues % closed at 49% and the NYSE Up Volume % posted a 59% reading. NYSE total volume was quite light.

While SPX has risen the last 2 days, the rally still did not manage to close above its 10-day moving average. In the 9/11/24 letter I looked at other 2-day bounces from 10-day lows that failed to exceed the 10ma. I have updated that study below.

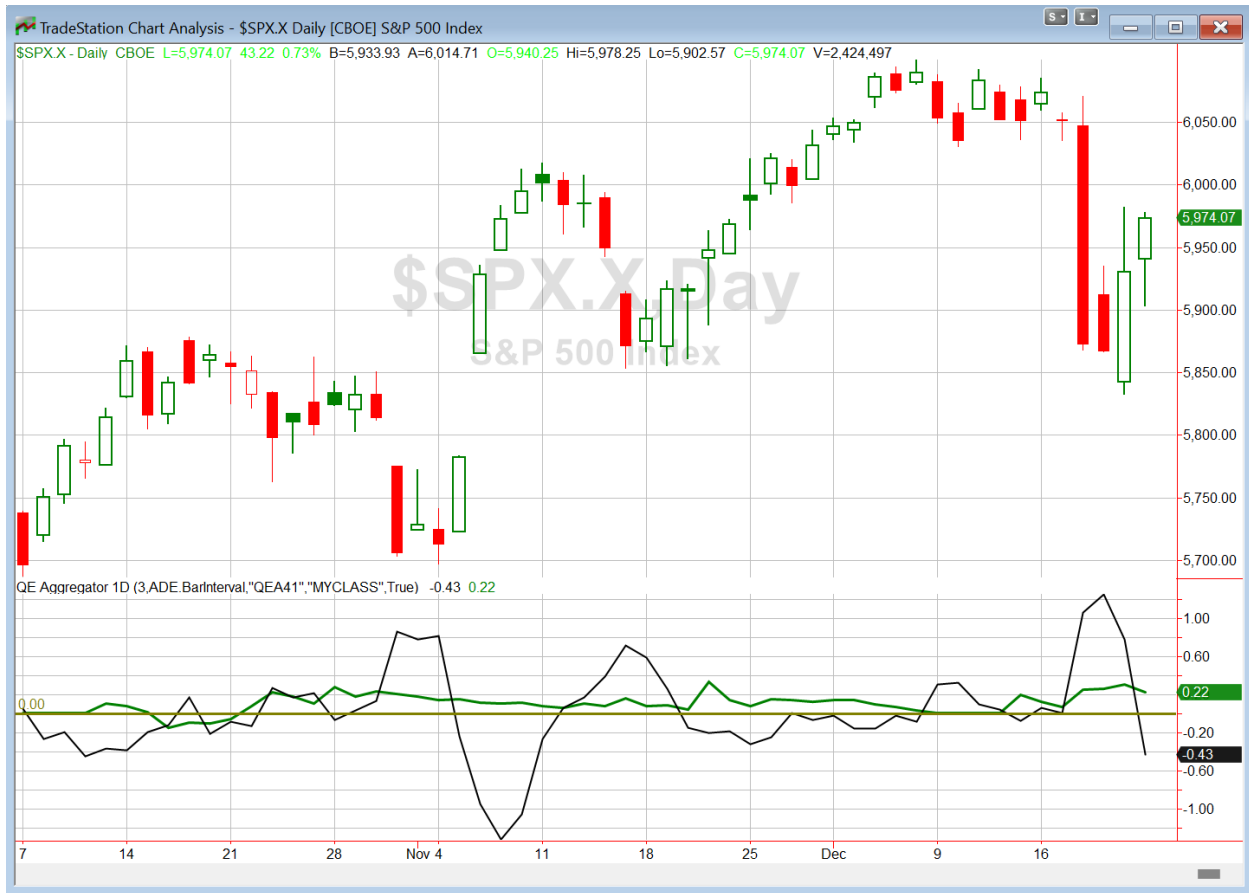
After closing at a 10-day low 2 days ago, SPX closes up the last 2 days. Close < 10ma & close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	22,601.70	105	64	41	60.95	4,522.00	-5,116.02	1,555.69	-1,877.13	0.83	1.29	215.25
4	32,067.45	106	65	41	61.32	4,528.65	-5,489.22	1,502.18	-1,599.37	0.94	1.49	302.52
3	34,697.71	108	71	37	65.74	3,167.68	-3,993.04	1,232.15	-1,426.62	0.86	1.66	321.28
2	39,086.93	108	68	40	62.96	3,844.65	-2,822.04	1,137.98	-957.40	1.19	2.02	361.92
1	18,258.78	108	65	43	60.19	2,699.42	-3,044.52	748.52	-706.85	1.06	1.60	169.06

Stats here seem to suggest a bit of an upside edge, especially over the 1st couple of days. Below is a look at a profit curve that assumes a 2-day holding period.



There have been some stumbles along the way. But there is a long history of this curve making new highs. Overall I think the curve is strong enough to serve as some confirmation of the bullish tendency suggested by the numbers. 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 dropped 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 turned flat at the close.

Based on the current list of active studies, expectations are slated to remain bullish on Tuesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5899.71. That is 1.2% below Monday's close. Therefore, SPX will need to close down over 1.2% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is neutral. SPX is now short-term oversold. But all of the short-term evidence is pointing higher, and with the CBI still at 15, there seems to be a good chance of more upside in the next few days. I took off some of my long index exposure on Monday. Normally, I would exit the remainder with the Aggregator now neutral. But I'll see if I can ride this bounce a little further since the CBI is still so elevated.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/23 – **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 (bought @ limit)
DOW – 1/3 @ \$40.11 (buy @ limit) – not filled, *try again*
LMT – 1/3 @ \$490.61 (bought @ limit)
XOM – 1/3 @ \$108.01 (bought @ limit)
TMUS – 1/3 @ \$220.71 (bought @ limit)
XOM – 1/3 @ \$106.42 (bought @ limit)
TMUS – 1/3 @ \$220.69 (bought @ limit)
LMT – 1/3 @ \$482.94 (bought @ limit)
EMR – 1/3 @ \$122.38 (bought @ limit)
SCHW – 1/3 @ \$73.97 (bought @ limit)
XOM – 1/3 @ \$105.51 (buy @ limit)
SCHW – 1/3 @ \$73.62 (buy @ limit)
LMT – 1/3 @ \$479.66 (buy @ limit)
MDLZ – 1/3 @ \$59.27 (buy @ limit)

Broad Market Large Cap CBI – 15(DE, TMUS-3, DOW, LMT-3, XOM-3, EMR, SCHW-2, MDLZ)

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
DE(1/3)	12/11/2024	\$439.48	\$432.38	-1.62%	Catapult
TMUS(1/3)	12/18/2024	\$219.40	\$221.66	1.03%	Catapult
TMUS(1/3)	12/18/2024	\$219.40	\$221.66	1.03%	Catapult
LMT(1/3)	12/18/2024	\$489.50	\$486.49	-0.61%	Catapult
XOM(1/3)	12/18/2024	\$107.57	\$106.30	-1.18%	Catapult
LMT(1/3)	12/19/2024	\$480.00	\$486.49	1.35%	Catapult
XOM(1/3)	12/19/2024	\$106.42	\$106.30	-0.11%	Catapult
SCHW(1/3)	12/19/2024	\$73.97	\$74.71	1.00%	Catapult
EMR(1/3)	12/19/2024	\$122.38	\$123.93	1.27%	Catapult
AMGN(1/3)	12/19/2024	\$258.00	\$263.11	1.98%	<i>sold on open</i>
TMUS(1/3)	12/19/2024	\$220.06	\$221.66	0.73%	Catapult
SPY(1/4)	12/19/2024	\$587.00	\$594.47	1.27%	<i>sold at limit</i>
SPY(1/4)	12/19/2024	\$586.10	\$596.66	1.80%	*div adjusted
XOM(1/3)	12/20/2024	\$105.45	\$106.30	0.81%	Catapult
SCHW(1/3)	12/20/2024	\$73.52	\$74.71	1.62%	Catapult
LMT(1/3)	12/20/2024	\$479.45	\$486.49	1.47%	Catapult
MDLZ(1/3)	12/20/2024	\$59.13	\$59.28	0.25%	Catapult
DOW(1/3)	12/20/2024	\$38.99	\$39.97	2.51%	Catapult

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