

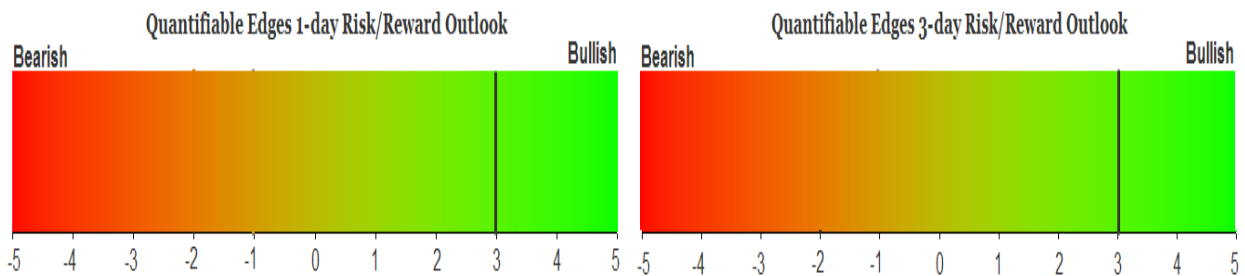
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 8, 2025

Volume 18 Issue 5

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- SPX closed down > 1% for the 3rd time recently. Other bouts of similar volatility above the 200ma have often been followed by intermediate-term gains.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side.

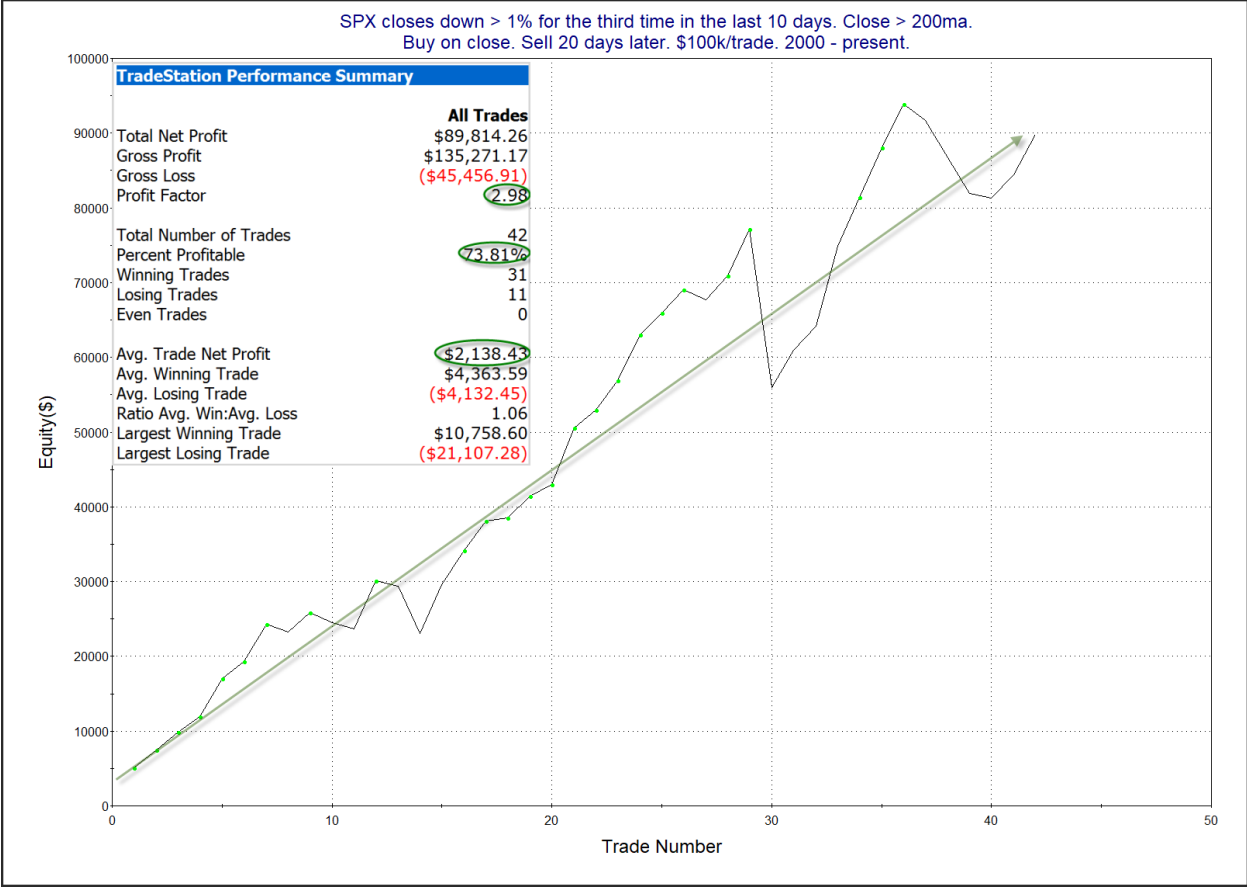
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
January 3, 2025	SPX down 5 days. VIX < 10ma	1-4 days	Bullish			
December 31, 2024	3 down on Monday > 200ma	1-7 days	Bullish			
December 30, 2024	1% dn on 4th Friday of month	1-6 days	Bullish			
December 26, 2024	VIX 10% above to 10% below 10ma in 4 days	1-8 days	Bullish			
Active - Long Term						
January 8, 2025	SPX down 1% 3rd day in last 10	1-20 days	Bullish			
December 23, 2024	Rebound from 1-month low on a Friday	1-20 days	Bullish			
December 16, 2024	December opex week starts bullish period	1-15 days	Bullish	3.30%	-1.90%	-4.00%
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

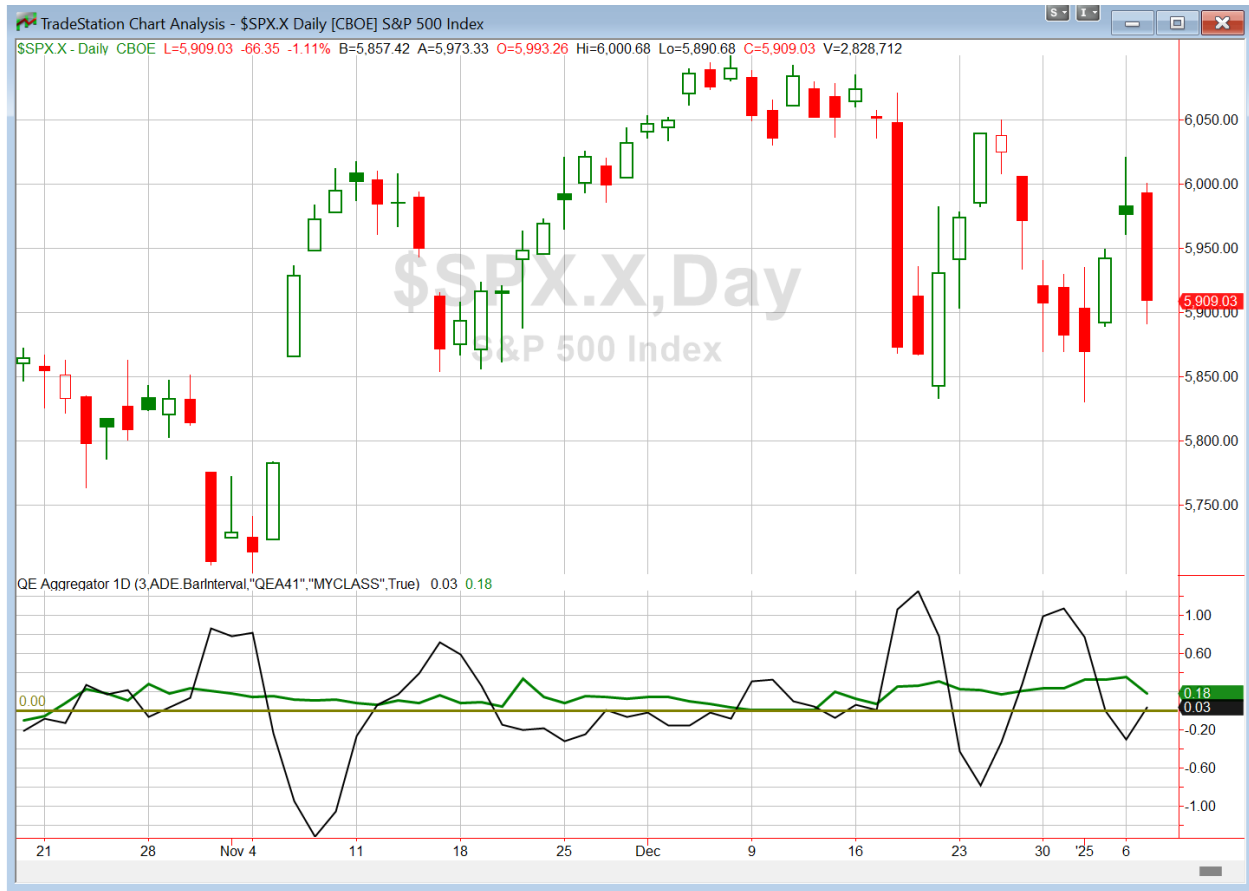
Tuesday saw the market start well but sell off sharply. SPX closed down 1.1%, the NASDAQ fell 1.9%, and the Russell 2000 lost 0.7%. Breadth was weak as the NYSE Up Issues % closed at 33% and the NYSE Up Volume % posted a 48% reading. NYSE total volume declined some from Monday's level.

The SPX has made some sizable moves over the last couple of weeks as volatility has been elevated. It is unusual to see high volatility when the SPX is trading above its 200ma. Tuesday marked the 3rd day in the last 10 in which SPX closed down over 1%. In the 1/19/22 letter I looked back at other times where SPX closed down more than 1% for the 3rd time in the last 10 days, but above its 200ma. Results appeared compelling both short and intermediate-term. Over the last several instances, short-term results have struggled. But intermediate-term has remained strong, and I have updated to 20-day holding period results below.



It has been a persistent move higher. I have added this study to the intermediate-term active list.

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 inched 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 turned long at the close.

Based on the current list of active studies, expectations are slated to remain bullish on Wednesday. This could change if compelling new bearish evidence were to emerge. Meanwhile, the Differential Pivot will be 5993.22. That is 1.4% above Tuesday's close. Therefore, SPX will need to close up over 1.4% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is back to bullish, and there is ample upside potential. I like the long side and will look to get back into a long SPY trade if I can get a decent fill.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/6 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

ADBE @ \$430.57 (bought 1/3 @ limit)

PEP @ \$146.27 (bought 1/3 @ limit)

TMUS @ \$212.38 (bought 1/3 @ limit)

New

PEP @ \$145.40 (buy 1/3 @ limit)

TMUS @ \$212.34 (buy 1/3 @ limit)

LMT @ \$463.96 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 6(ADBE, PEP-2, TMUS-2, LMT)

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.

PEP – Buy 1/3 Catapult position @ \$145.40 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of PEP.

TMUS – Buy 1/3 Catapult position @ \$212.34 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of TMUS.

LMT – Buy 1/3 Catapult position @ \$463.96 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of LMT.

SPY – Buy ¼ index position @ \$588.63 LIMIT. Based on the short-term section above, I will look to take on a lot of SPY if I can get filled at Tuesday's closing price or better.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>SPY(1/4)</i>	<i>12/31/2024</i>	<i>\$586.00</i>	<i>\$597.42</i>	<i>1.95%</i>	<i>sold on open</i>
ADBE(1/3)	1/6/2025	\$430.57	\$422.63	-1.84%	Catapult
PEP(1/3)	1/7/2025	\$146.27	\$145.40	-0.59%	Catapult
TMUS(1/3)	1/7/2025	\$211.38	\$212.34	0.45%	Catapult

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