

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 15, 2025

Volume 18 Issue 9

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	10

Tonight's Research Points

- After closing at a 20-day low 2 days ago, SPX has closed up 2 days in a row but is still beneath the close of 3 days ago. That setup has often been followed by more upside over the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side, but will look to reduce my holdings if Wednesday is a strong day.

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 15, 2025	20-low 2 ago. Up 2 < 3 ago	1-4 days	Bullish	1.90%	-0.90%	-1.80%
January 13, 2025	System 110524	1-7 days	Bullish			
January 13, 2025	CBI 10+	1-8 days	Bullish			
Active - Long Term						
January 8, 2025	SPX down 1% 3rd day in last 10	1-20 days	Bullish	4.00%	-3.60%	-8.50%
December 23, 2024	Rebound from 1-month low on a Friday	1-20 days	Bullish			
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			
February 2, 2023	SPX Golden Cross	int term	Bullish			

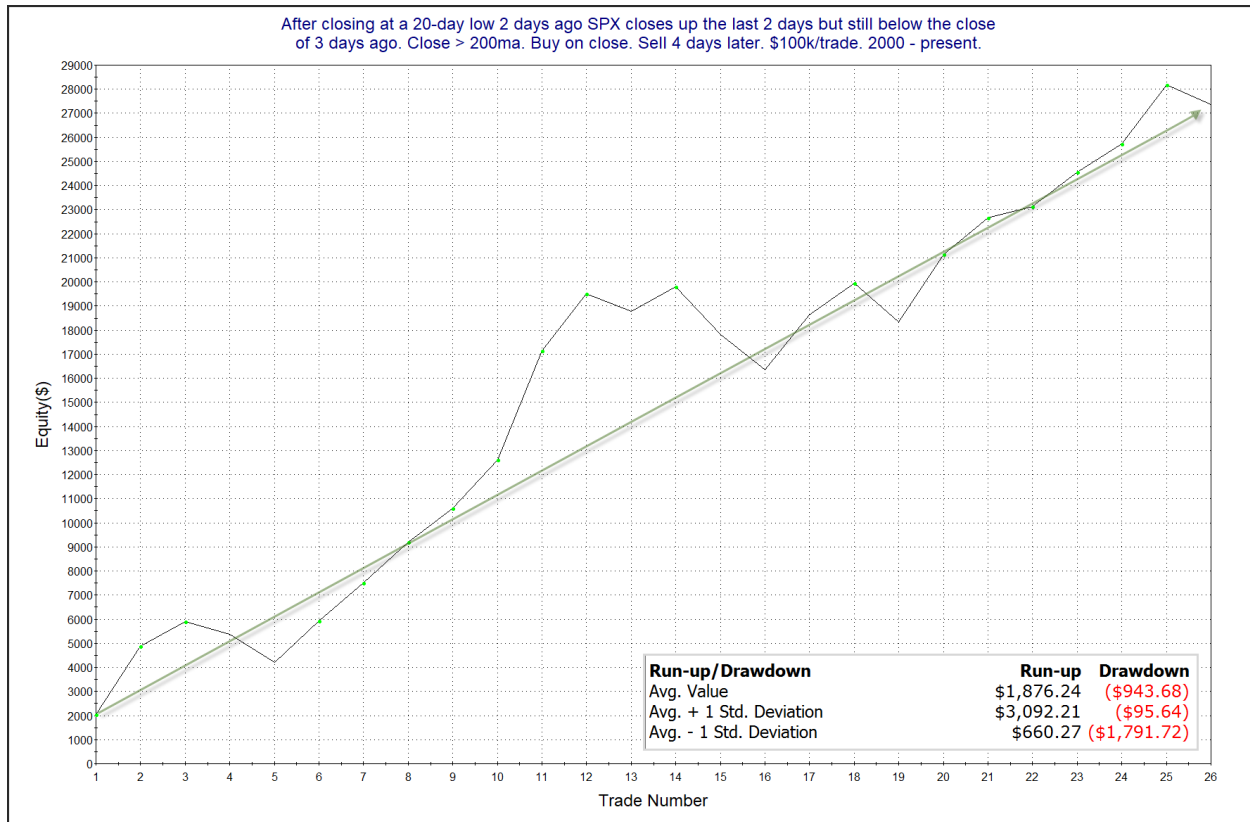
The Evidence

Choppy back and forth action saw the indices finished mixed. SPX rose 0.1%, the NASDAQ dropped 0.2%, and the Russell 2000 gained 1.1%. Breadth was positive as the NYSE Up Issues % closed at 76% and the NYSE Up Volume % posted a 74% reading. NYSE total volume declined some from Monday's level.

The most compelling studies from the Quantifinder on Thursday looked at 2-day bounces from lows that failed to make up for the losses of the down day just prior. The one below was last seen in the 9/29/23 letter. The stats are all updated.

After closing at a 20-day low 2 days ago SPX closes up the last 2 days but still below the close of 3 days ago. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 2000 - 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	20,287.07	26	17	9	65.38	4,522.00	-3,088.50	1,954.64	-1,437.98	1.36	2.57	780.27
4	27,365.30	26	19	7	73.08	4,528.65	-1,984.50	1,877.95	-1,187.97	1.58	4.29	1,052.51
3	20,989.65	27	20	7	74.07	2,891.90	-1,615.75	1,378.18	-939.13	1.47	4.19	777.39
2	16,217.94	27	18	9	66.67	3,844.65	-1,640.00	1,184.46	-566.93	2.09	4.18	600.66
1	7,680.61	27	15	12	55.56	2,699.42	-2,621.71	973.03	-576.24	1.69	2.11	284.47

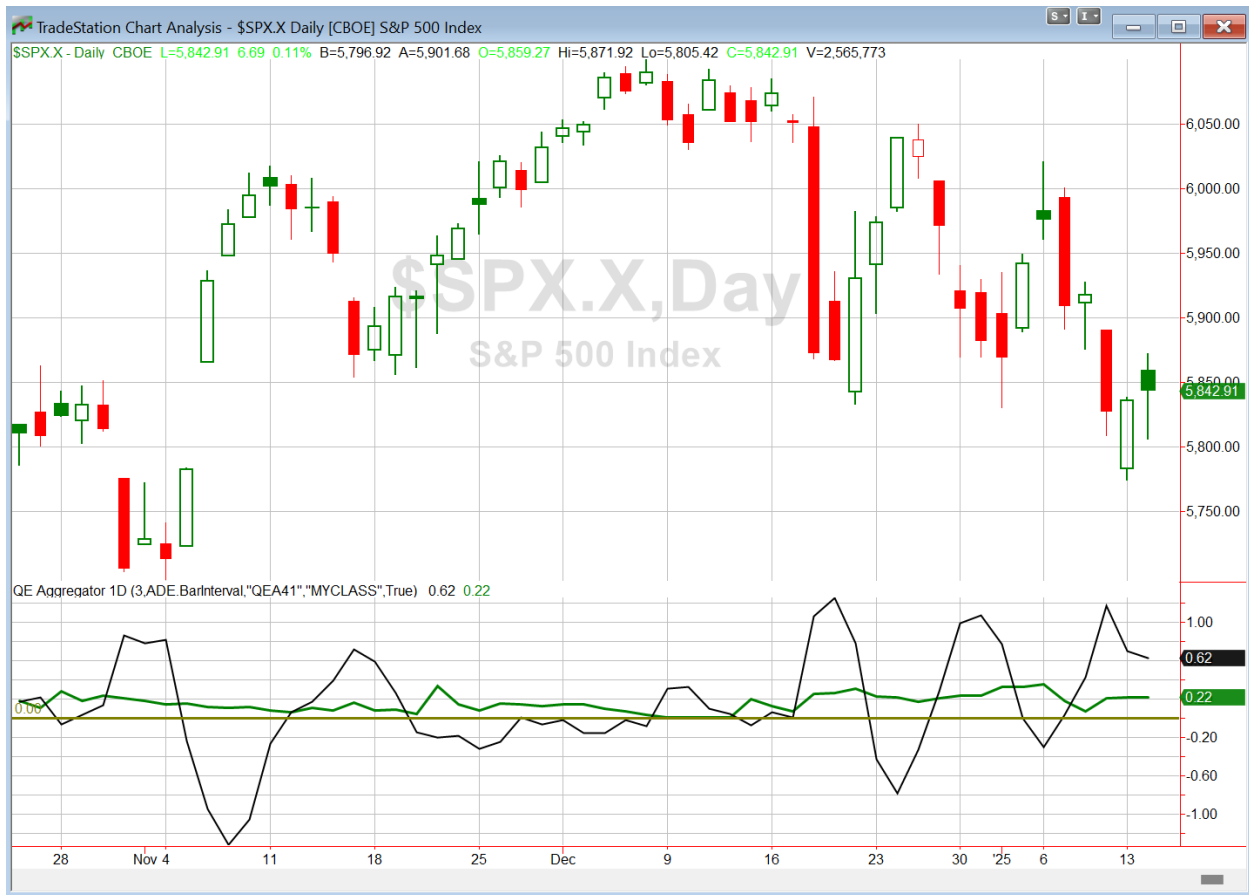
The numbers above appear compelling. Below is the 3-day profit curve.



This is an impressive looking curve that supports the bullish inclinations suggested by the numbers.

I'll also note the CPI report will be released in the morning ahead of the NYSE open. This could trigger a big market move in either direction if it comes out different than expected.

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 also 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. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5853.68. That is a 0.2% above Tuesday's close. Therefore, SPX will need to close up 0.2% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is pointing higher, but we are nearing a point where SPX could turn from oversold to overbought more easily. I still like the long side, but I will be looking to take some of my SPY off the table if Wednesday closes up above the Differential Pivot (which would turn the Aggregator formation neutral). I will hold onto some SPY since the CBI is still fairly high.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/13 – **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)

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

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

ADBE @ \$419.58 (bought 1/3 @ limit)

ADBE @ \$405.92 (buy 1/3 @ limit)

CMCSA @ \$36.36 (buy 1/3 @ limit)

MDLZ @ \$56.25 (buy 1/3 @ limit)

MDLZ @ \$56.17 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 10(ADBE-3, PEP-2, TMUS-2, CMCSA, MDLZ-2)

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
ADBE(1/3)	1/6/2025	\$430.57	\$412.71	-4.15%	Catapult
PEP(1/3)	1/7/2025	\$146.27	\$144.95	-0.90%	Catapult
TMUS(1/3)	1/7/2025	\$211.38	\$214.18	1.32%	Catapult
SPY(1/4)	1/8/2025	\$588.63	\$582.19	-1.09%	<i>sell @ \$583.30 limit on close</i>
LMT(1/3)	1/8/2025	\$463.50	\$485.00	4.64%	<i>sold on open</i>
PEP(1/3)	1/8/2025	\$145.40	\$144.95	-0.31%	Catapult
TMUS(1/3)	1/8/2025	\$212.34	\$214.18	0.87%	Catapult
ADBE(1/3)	1/10/2025	\$410.00	\$412.71	0.66%	Catapult
ADBE(1/3)	1/13/2025	\$404.27	\$412.71	2.09%	Catapult
CMCSA(1/3)	1/13/2025	\$36.36	\$36.38	0.06%	Catapult
MDLZ(1/3)	1/13/2025	\$56.25	\$57.10	1.51%	Catapult
SPY(1/4)	1/13/2025	\$575.77	\$582.19	1.12%	Aggregator
MDLZ(1/3)	1/13/2025	\$56.11	\$57.10	1.76%	Catapult

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