

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 17, 2025

Volume 18 Issue 11

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- SPX reversed lower on strong breadth, which has typically been followed by gains over the net few days.
- Opex Friday has often seen selling after the opening bell.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That is where I am at as well.

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 17, 2025	5 intra-high. Down close. Up Iss > 60%	1-3 days	Bullish	1.50%	-0.90%	-2.10%
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			
Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)						
January 13, 2025	CBI 10+	1-8 days	Bullish			

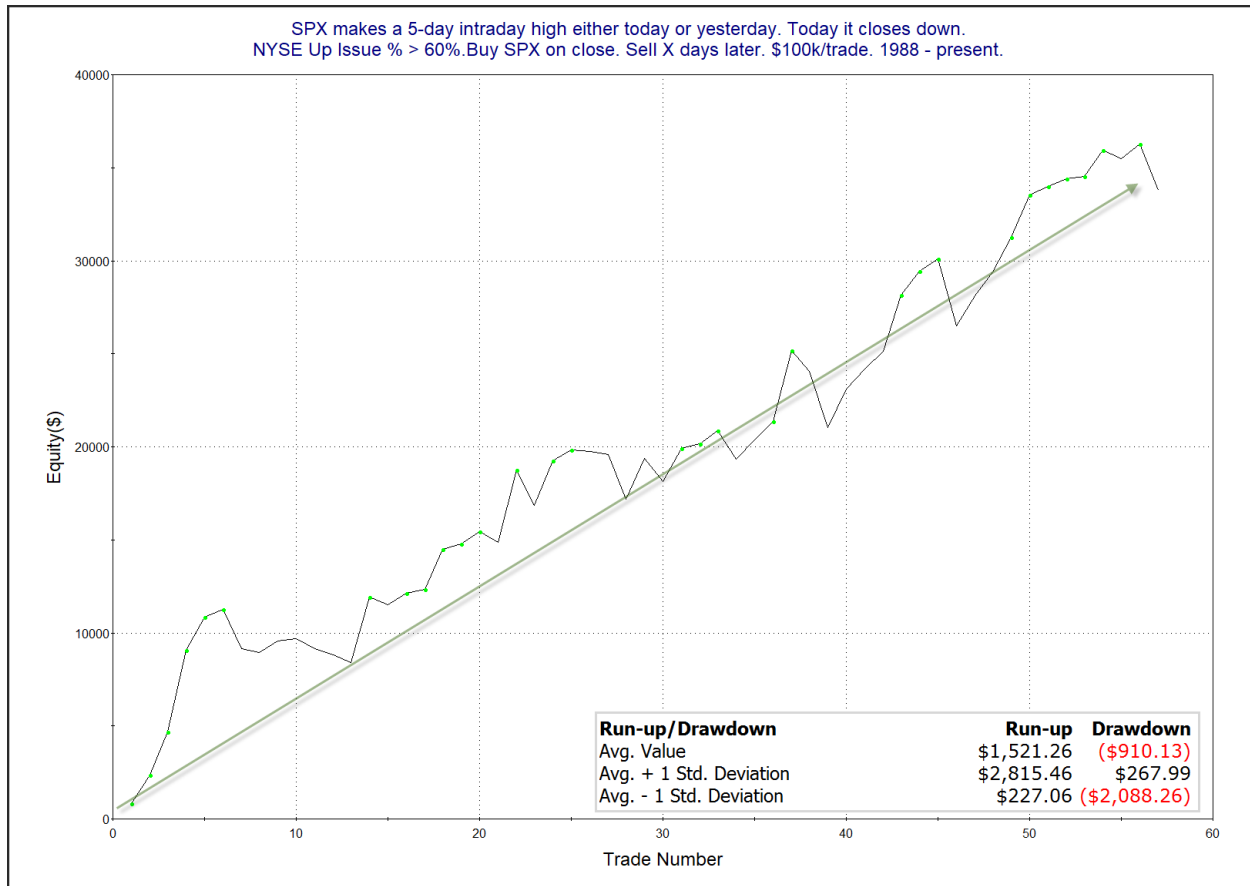
The Evidence

Thursday's trading was mixed. SPX closed down 0.2%, the NASDAQ fell 0.9%, and the Russell 2000 gained 0.15%. Breadth was positive as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % posted a 65% reading. NYSE total volume declined some from Wednesday's level.

One study I found interesting was last seen in the 12/27/24 letter. It examined other times the market made a recent short-term high, then pulled back but the breadth remained squarely positive. Results are updated below.

SPX makes a 5-day intraday high either today or yesterday. Today it closes down. NYSE Up Issue % > 60%. Buy SPX on close. Sell X days later. \$100k/trade. 1988 - 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	15,363.36	54	33	21	61.11	4,586.15	-6,119.33	1,633.87	-1,835.92	0.89	1.40	284.51
4	37,352.44	57	36	21	63.16	8,095.62	-6,253.50	1,898.82	-1,476.44	1.29	2.20	655.31
3	33,793.97	57	39	18	68.42	4,370.82	-3,593.26	1,444.19	-1,251.63	1.15	2.50	592.88
2	23,072.84	57	37	20	64.91	4,825.17	-4,128.74	1,227.95	-1,118.06	1.10	2.03	404.79
1	19,238.60	57	34	23	59.65	3,351.09	-1,606.00	941.88	-555.88	1.69	2.50	337.52

This suggests a possible upside edge over the next few days. Below is a look at the 3-day profit curve.



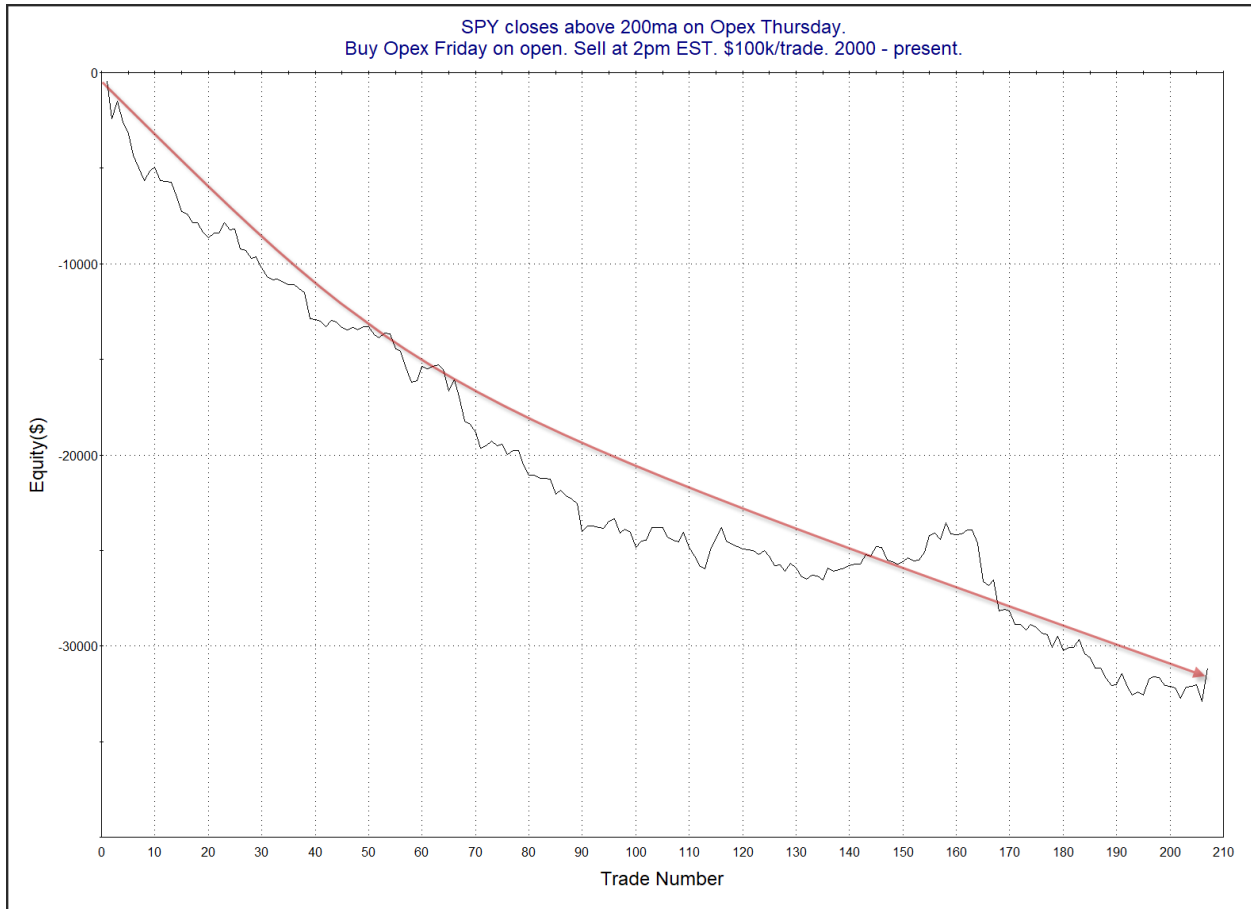
The curve has sloped upwards for a long time. This seems to offer some confirmation of the upside edge suggested by the stats table. I have included this study on the Active List.

Of course Friday is options expiration (opex). Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years. This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

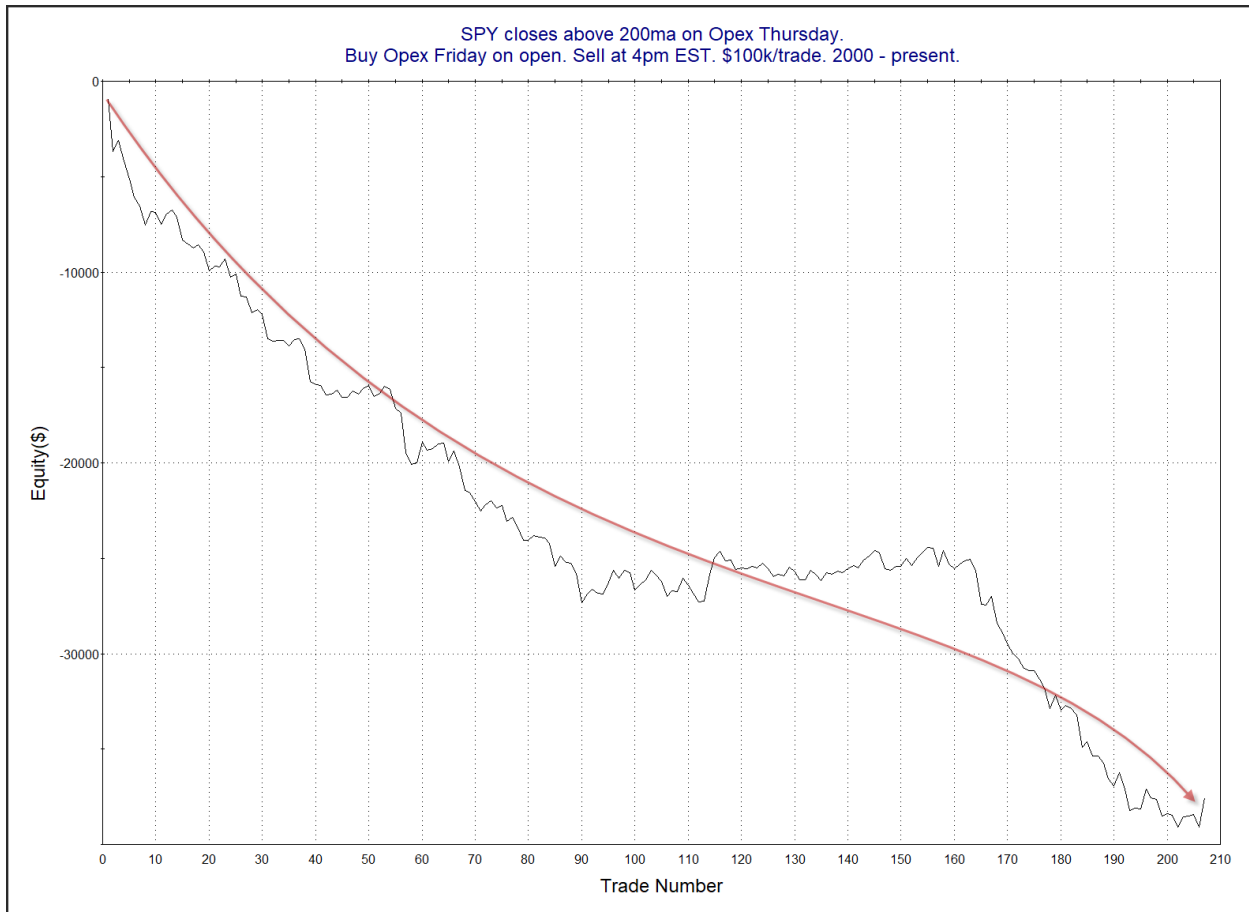
SPY closes above 200ma on Opex Thursday.
 Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	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
1,600	-37,554.64	207	84	123	40.58	1,547.00	-2,746.58	334.65	-533.87	0.63	0.43	-181.42
1,500	-31,586.44	207	84	122	40.58	1,824.10	-2,315.18	317.38	-477.43	0.66	0.46	-152.59
1,400	-31,145.55	207	72	135	34.78	1,751.00	-2,000.00	312.28	-397.26	0.79	0.42	-150.46
1,300	-27,351.29	207	75	131	36.23	2,172.60	-1,324.62	298.92	-379.92	0.79	0.45	-132.13
1,200	-25,727.81	207	73	134	35.27	2,150.50	-1,318.40	286.69	-348.18	0.82	0.45	-124.29
1,100	-21,264.38	207	78	128	37.68	1,103.30	-968.50	226.45	-304.12	0.74	0.45	-102.73
1,000	-18,207.29	207	60	147	28.99	365.47	-629.00	132.71	-178.03	0.75	0.30	-87.96

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Most of the downside would have been achieved by exiting at 2pm. Below is a look at a profit curve the 2pm exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.

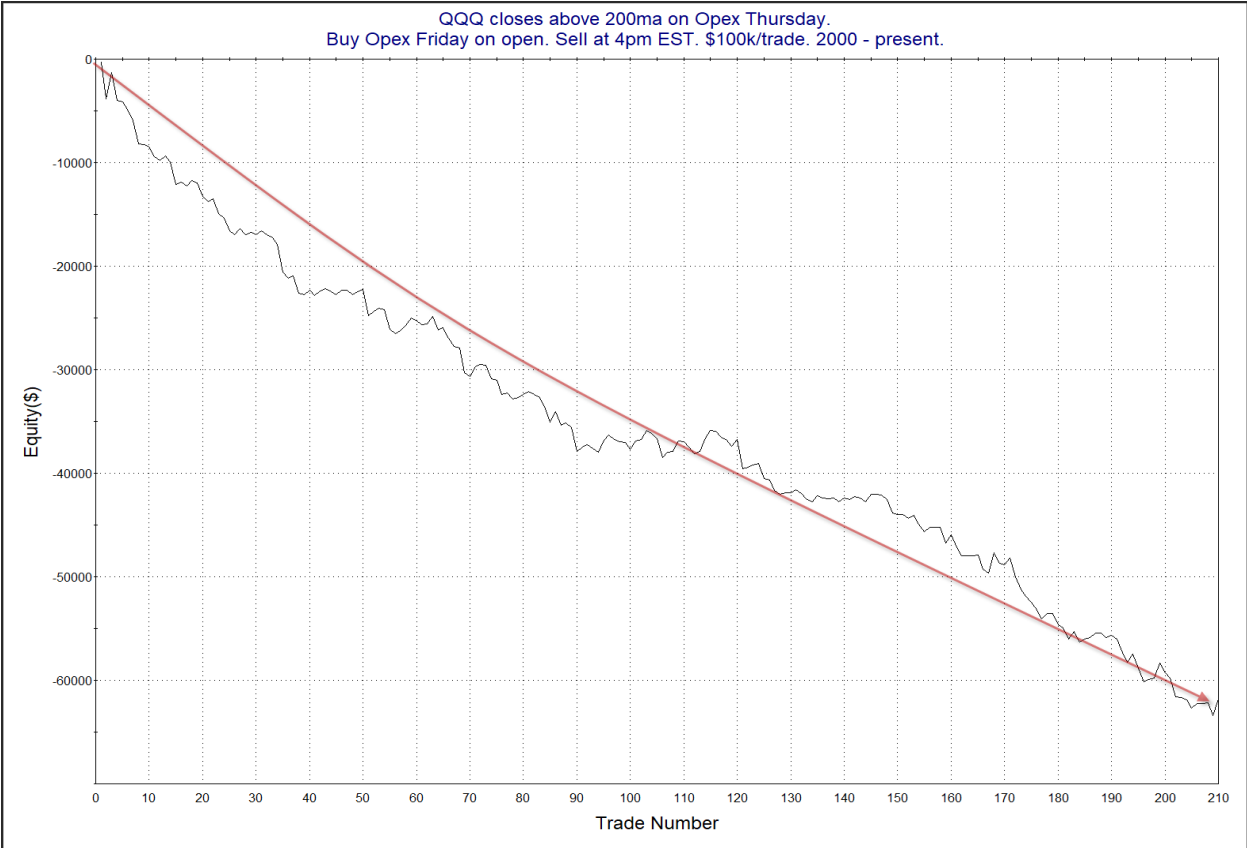
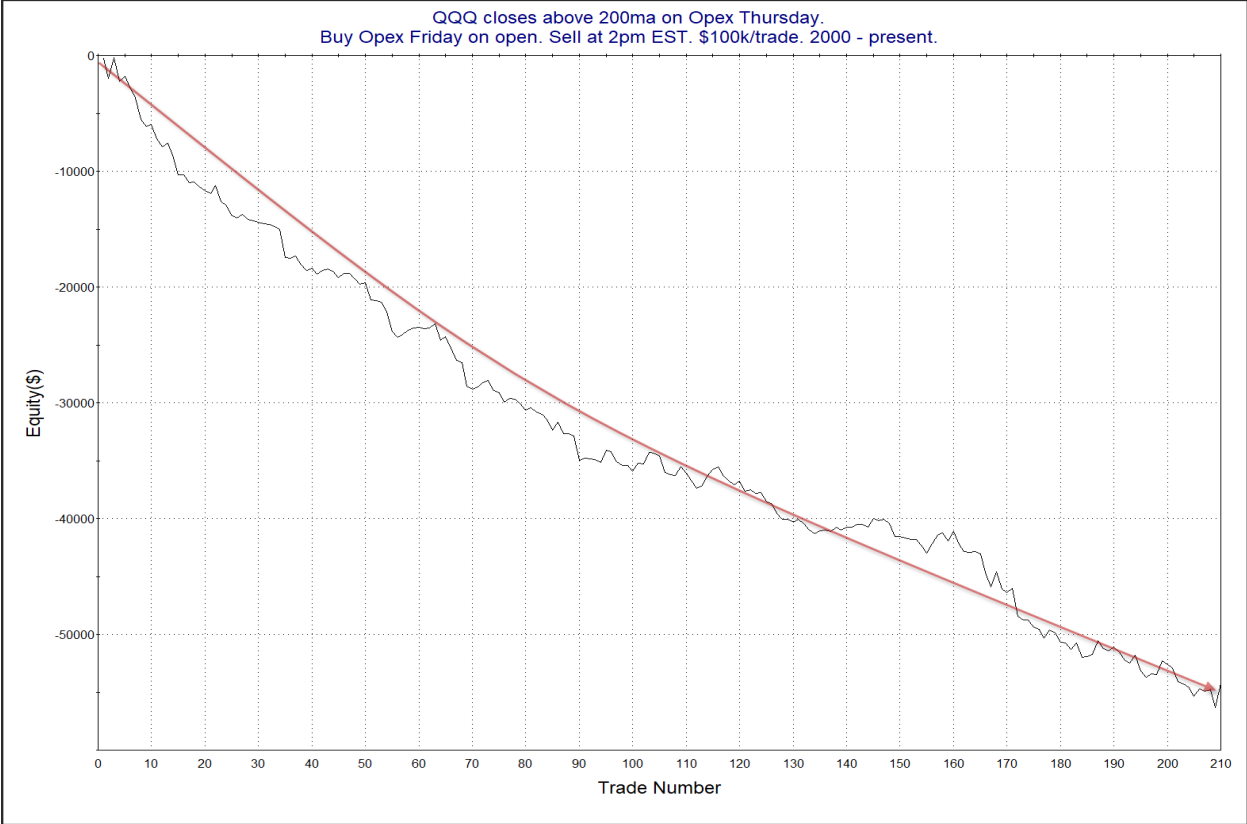


This is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table and profit curves below.

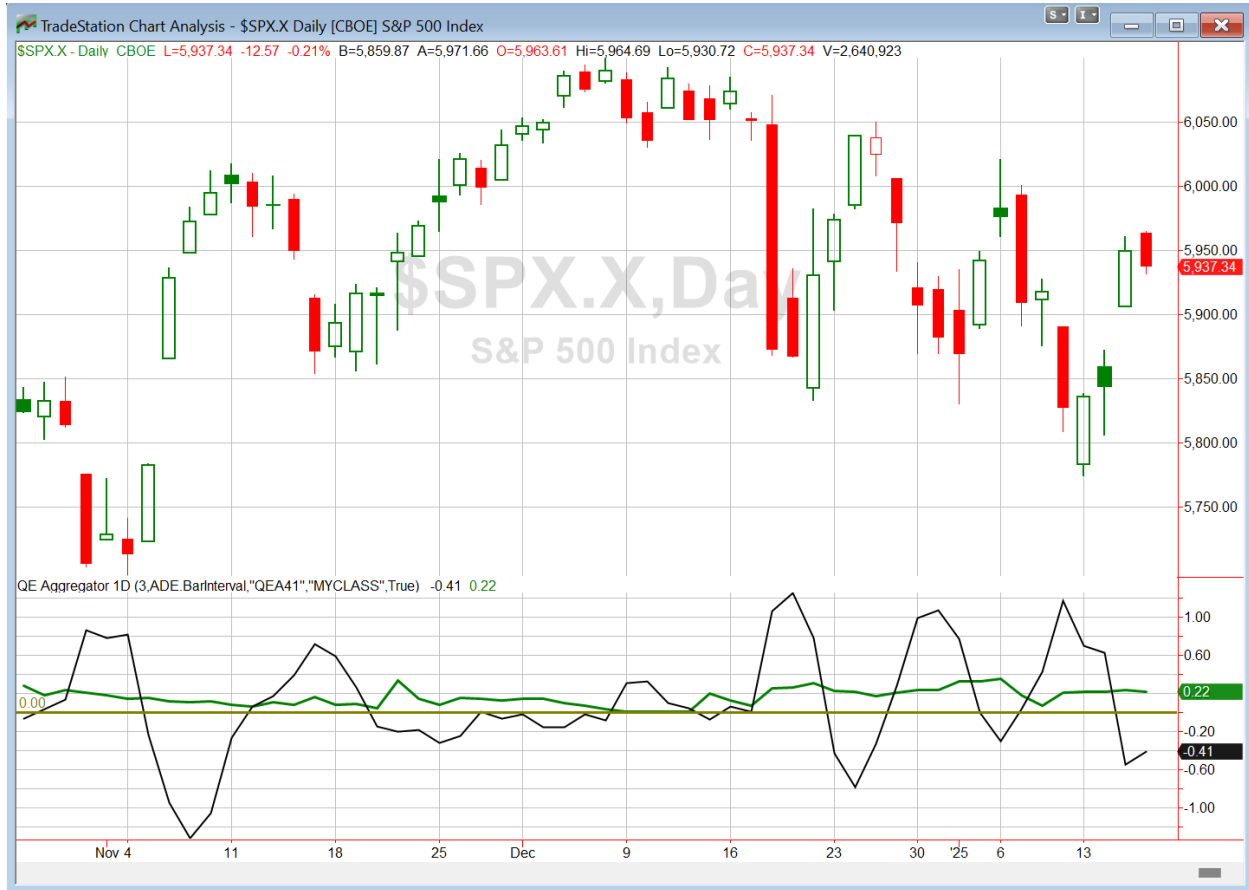
QQQ closes above the 200ma on Opex Thursday.
Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	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
1,600	-62,144.91	208	80	128	38.46	2,516.00	-3,525.88	445.71	-764.08	0.58	0.36	-298.77
1,500	-55,806.19	208	75	131	36.06	1,739.00	-2,590.84	420.82	-666.93	0.63	0.36	-268.30
1,400	-54,795.86	208	67	138	32.21	1,822.25	-2,431.68	403.11	-592.78	0.68	0.33	-263.44
1,300	-47,876.17	208	71	136	34.13	1,655.75	-2,382.80	370.82	-545.62	0.68	0.35	-230.17
1,200	-46,676.32	208	75	132	36.06	2,488.25	-1,843.43	336.24	-544.66	0.62	0.35	-224.41
1,100	-38,871.46	208	70	137	33.65	1,998.00	-1,936.40	352.99	-464.09	0.76	0.39	-186.88
1,000	-30,033.98	208	65	142	31.25	1,332.00	-1,198.29	213.34	-309.16	0.69	0.32	-144.39



The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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 held 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 stayed flat at the close.

Based on the current list of active studies, expectations are slated to remain bullish on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5878.97. That is 1.0% below Thursday's close. Therefore, SPX will need to close down at least 1.0% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. The CBI dropped to 1 on Thursday. This caused it to revert to a neutral state, and brought the CBI study that was on the active to be removed. While tonight's study says more upside is likely, the short-term overbought nature of the SPX reduces reward/risk. And the opex study suggests a decent chance of selling after the open on Friday. I am flat and will stay that way.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

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

Broad Market Large Cap CBI – 1(CMCSA)

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	\$418.21	-2.87%	sold on open
PEP(1/3)	1/7/2025	\$146.27	\$146.54	0.18%	sell on open
TMUS(1/3)	1/7/2025	\$211.38	\$213.38	0.95%	sold on open
PEP(1/3)	1/8/2025	\$145.40	\$146.54	0.78%	sell on open
TMUS(1/3)	1/8/2025	\$212.34	\$213.38	0.49%	sold on open
ADBE(1/3)	1/10/2025	\$410.00	\$418.21	2.00%	sold on open
ADBE(1/3)	1/13/2025	\$404.27	\$418.21	3.45%	sold on open
CMCSA(1/3)	1/13/2025	\$36.36	\$36.31	-0.14%	Catapult
MDLZ(1/3)	1/13/2025	\$56.25	\$58.00	3.11%	sell on open
SPY(1/4)	1/13/2025	\$575.77	\$594.17	3.20%	sold on open
MDLZ(1/3)	1/13/2025	\$56.11	\$58.00	3.37%	sell on open

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