

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 29, 2025

Volume 18 Issue 18

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Wednesday's does not appear to have a strong Fed Day edge.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I am a little wary of the volatility Wednesday's Fed Day could bring.

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 28, 2025	Big Gap down and partial reversal	1-6 days	Bullish			
January 27, 2025	3 higher hi, lo, cls. Dn cls but higher hi, lo.	1-4 days	Bullish	1.25%	-0.80%	-1.70%
January 24, 2025	SPX up 3+ and 50-high breakout low vol	1-5 days	Bullish	1.60%	-0.90%	-1.85%
January 23, 2025	SPX up > 200. NYSE Up Vol < 40%	1-8 days	Bullish	1.90%	-1.30%	-2.80%
Active - Long Term						
January 21, 2025	First 75 of new president bullish	1-75 days	Bullish			
January 8, 2025	SPX down 1% 3rd day in last 10	1-20 days	Bullish	4.00%	-3.60%	-8.50%
November 26, 2024	Triple 70 Thrust	1-80 days	Bullish	9.40%	-4.60%	-11.20%
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

Tuesday saw the markets rally. SPX climbed 0.9%, the NASDAQ jumped 2.0%, and the Russell 2000 rose 0.2%. Breadth was weak though as the NYSE Up Issues % closed at 45% and the NYSE Up Volume % posted a 43% reading. NYSE total volume declined some from Monday's level.

Price action did not generate any compelling studies, so I do not have much to say tonight. It is notable that Wednesday is a Fed Day. Fed Days are generally bullish. But I showed last night that the edge is greatly reduced (and basically eliminated) when the market closes strongly on the day before a Fed Day. Below are the stats I showed following times when SPY closes in the top quarter of its intraday range on the day before a fed Day.

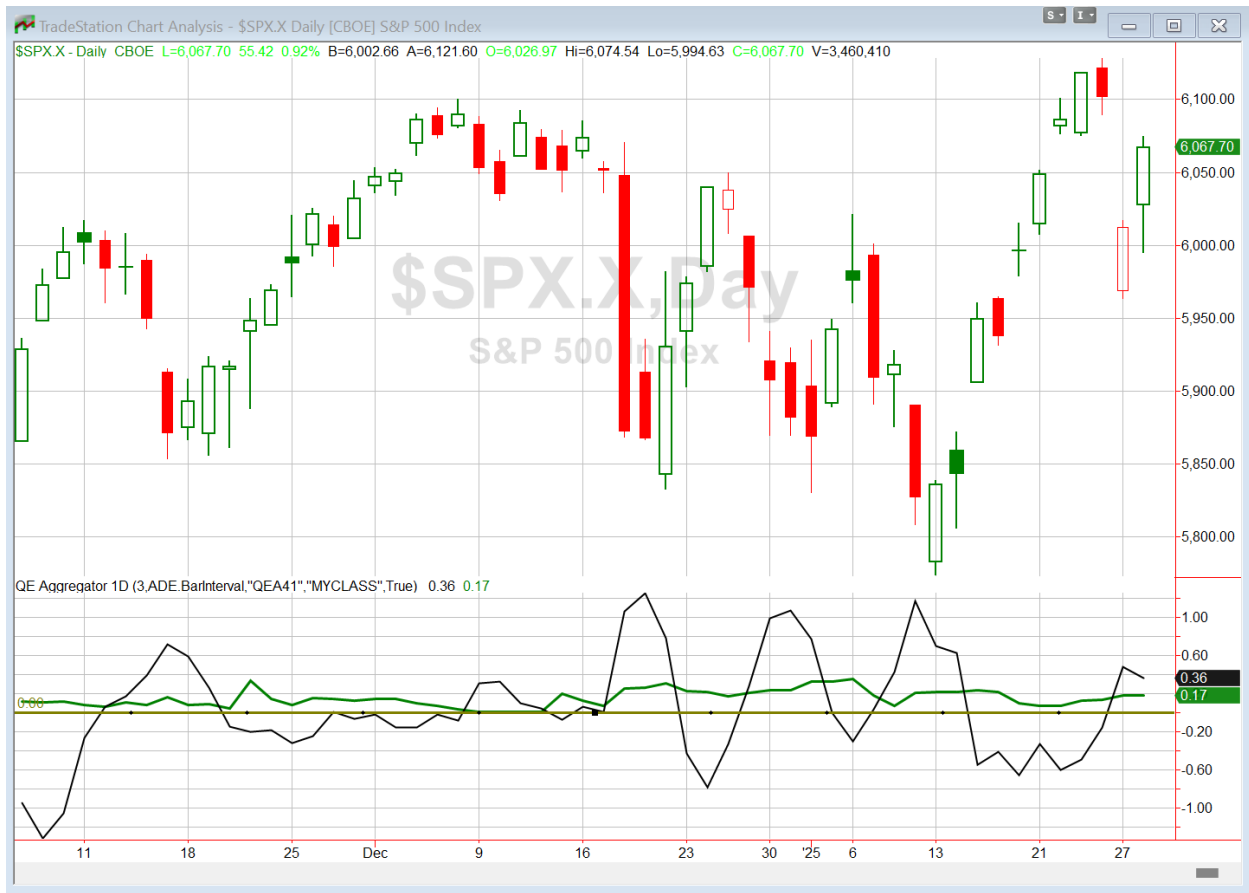
Tomorrow is a Fed Day. SPY closes in the top 25% of its intraday range. Buy on close. Sell Fed Day close.
\$100k/trade. 1993 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	\$12,411.49
Gross Profit	\$40,881.65
Gross Loss	(\$28,470.16)
Profit Factor	1.44
Total Number of Trades	98
Percent Profitable	51.02%
Winning Trades	50
Losing Trades	46
Even Trades	2
Avg. Trade Net Profit	\$126.65
Avg. Winning Trade	\$817.63
Avg. Losing Trade	(\$618.92)
Ratio Avg. Win:Avg. Loss	1.32
Largest Winning Trade	\$2,238.25
Largest Losing Trade	(\$2,739.69)

Just 51% profitable is basically a tossup. Not the kind of odds I prefer when looking for an edge, especially knowing the reaction to the announcement could be a strong one. No new studies have been added 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 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. That could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6120.37. That is 0.9% above Tuesday's close. Therefore, SPX will need to close up at least 0.9% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. I missed my limit entry on Tuesday by a very small amount, which was annoying. Having missed a chunk of the bounce, I am not enthused about getting in ahead of the Fed announcement on Wednesday. I'll see how Wednesday plays out before considering options for Thursday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/27 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

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

None

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