

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 6, 2025

Volume 18 Issue 24

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- I look forward to Friday's Employment report.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is long, but evidence is weak and SPX is near overbought. I am looking to take profits and flatten out my index position.

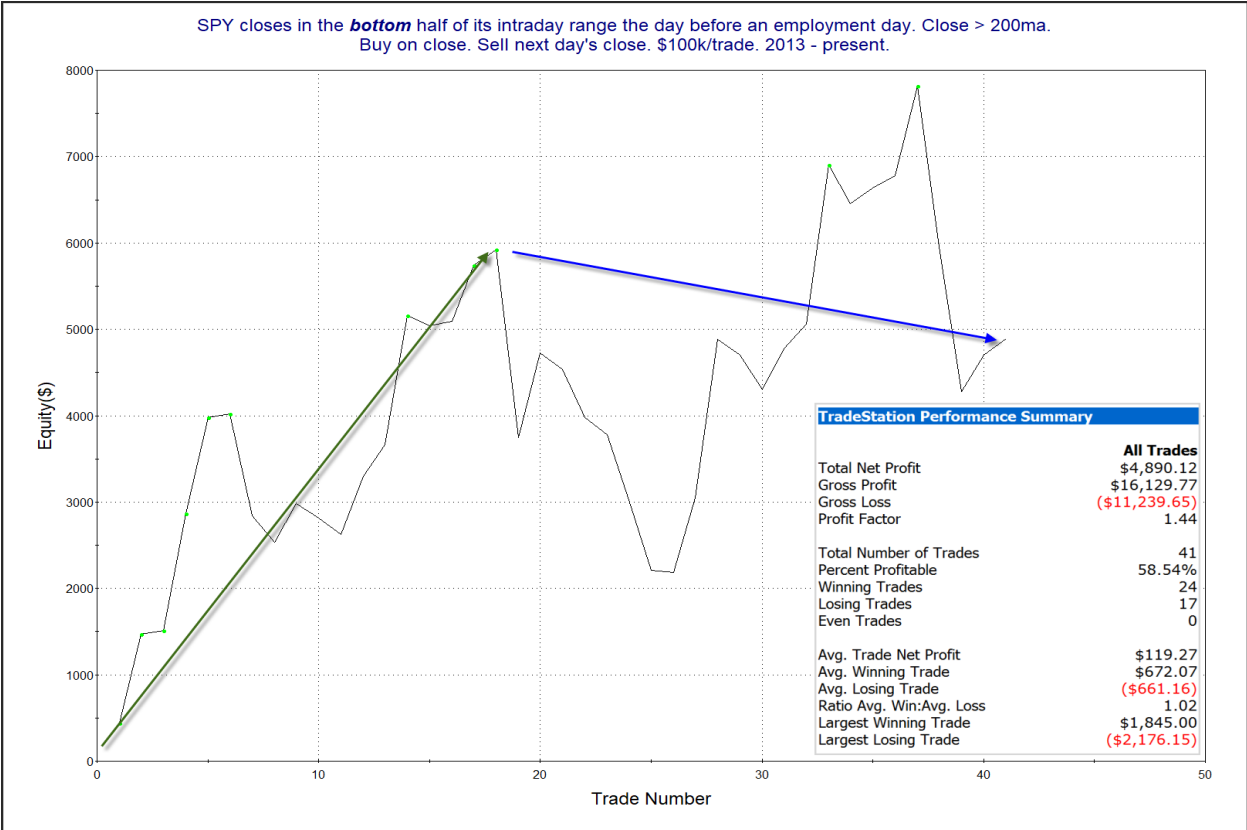
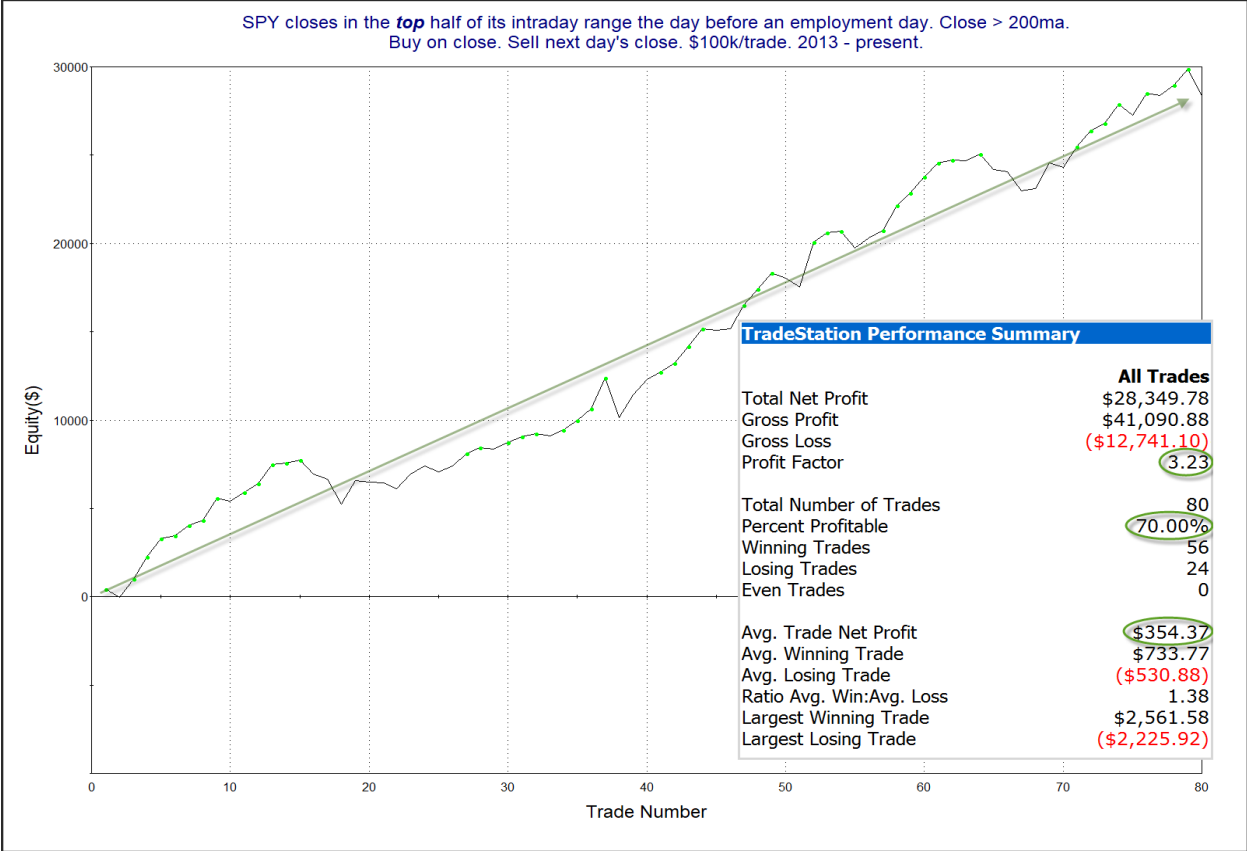
**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
None						
<b>Active - Long Term</b>						
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 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			
<b>Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)</b>						
February 4, 2025	2 days lower heading into Tuesday > 200	1 day	Bullish			
January 28, 2025	Big Gap down and partial reversal	1-6 days	Bullish			

**The Evidence**

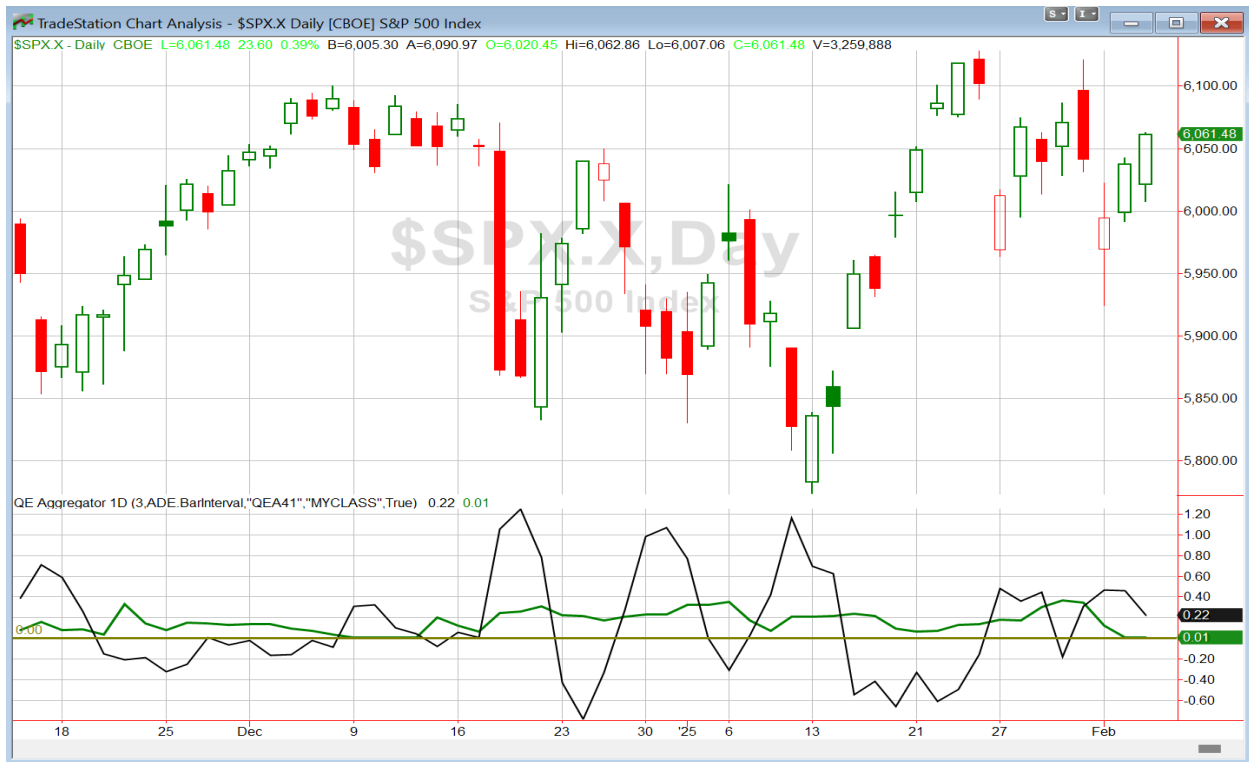
Wednesday started lower but finished well. SPX gained 0.4%, the NASDAQ rose 0.2%, and the Russell 2000 rallied 1.1%. Breadth was strong as the NYSE Up Issues % closed at 71% and the NYSE Up Volume % posted a 63% reading. NYSE total volume rose some from Tuesday's level.

No new compelling evidence emerged on Wednesday. So I thought I would do a quick review of Employment Day odds for Friday. Friday morning an hour before the open the BLS Employment Report will be released. Employment days have shown a bullish tilt since 2013. Interestingly, that bullish tilt primarily played out when the market has rallied in the afternoon prior to the report. The studies below were last shown together in the 12/6/24 letter. Results are all updated.



Closing in the bottom half of the day's range prior to an Employment Day has not been nearly as appealing. Weaker numbers and choppier curve. So bulls would prefer some buying in the afternoon on Thursday in order to set the market up in a way that matches the 1<sup>st</sup> study above.

I have updated [the Aggregator chart](#) below.



Without any new studies making the cut tonight, 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 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.

The lack of new evidence the last few days has left the Short-Term Active list blank. Expectations are still slightly higher based on the intermediate-term evidence. But any new studies that emerge in the next few days will have a substantial impact on short-term expectations. Meanwhile, the Differential Pivot will be *inverted* at 6044.52 on Thursday. That is 0.3 % *below* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close down at least 0.3% in order to remain oversold. Anything other than that and it will flip to overbought vs expectations as of Thursday's close.

So the Aggregator is still bullish. But evidence is weak and the Differential Pivot is inverted. This means reward/risk is fairly low. I often view inverted pivots as potentially opportune times to take profits. That is what I will look to do on Thursday if I can get a favorable exit price.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 2/3 – somewhat 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**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	2/3/2025	\$592.67	\$604.22	1.95%	sell @ \$604.25 LIMIT

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