

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 2, 2025

Volume 18 Issue 83

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	0

Tonight's Research Points

- Saw a mix of studies tonight

Short-term Outlook

The Bottom Line

The Aggregator is bearish. SPX is overbought. I believe there is a short-term downside edge.

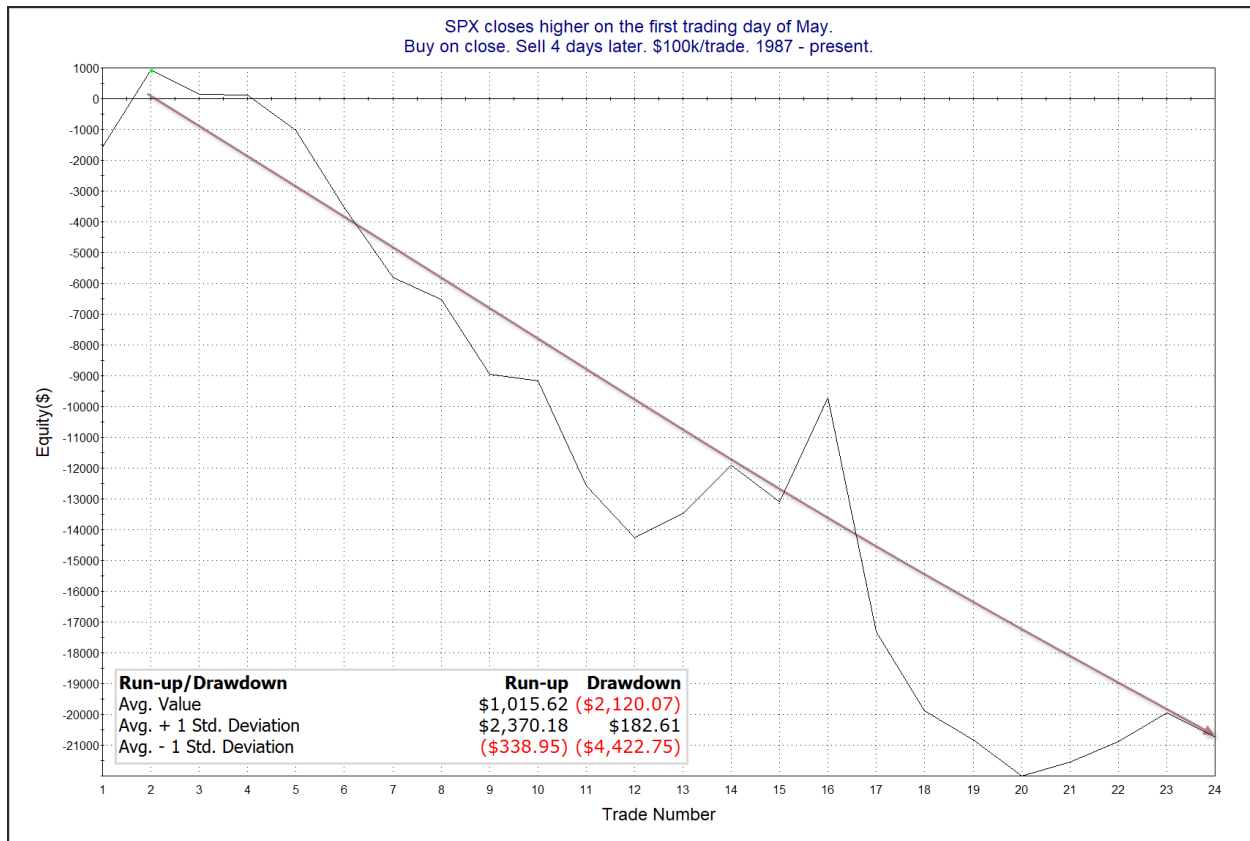
The Evidence

Thursday saw solid gains for the indices, though the market closed near the low of the day. The SPX rose 0.6%, the NASDAQ jumped 1.5%, and the Russell 2000 climbed 0.6%. Breadth was positive as the NYSE Up Issues % closed at 55% and the NYSE Up Volume % posted a 51% reading. NYSE total volume came in light.

There were several studies that triggered in the Quantifinder on Thursday. I'll cover the most compelling ones here. May got off to a positive start. But that has typically been followed by a dip in the next few days. This can be seen in the study below, which is updated from the 5/3/22 letter.

SPX closes higher on the first trading day of May. Buy on close. Sell X days later. \$100k/trade. 1987 - 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	-13,615.46	24	9	15	37.50	5,843.23	-3,939.36	1,487.90	-1,800.44	0.83	0.50	-567.31
4	-20,732.61	24	7	17	29.17	3,375.31	-7,584.54	1,461.36	-1,821.30	0.80	0.33	-863.86
3	-15,669.58	24	10	14	41.67	4,747.13	-6,151.13	1,017.09	-1,845.75	0.55	0.39	-652.90
2	-9,428.00	24	8	16	33.33	3,474.96	-3,614.20	1,329.47	-1,253.98	1.06	0.53	-392.83
1	-2,764.46	24	14	10	58.33	3,358.36	-2,378.78	513.61	-995.50	0.52	0.72	-115.19

Of the 24 instances that rose on the first day in May since 1987, 17 of them closed lower 4 days later. Below is an equity curve that shows how it has played out over time.



I'll note the big drop in instance 17 was the 2010 Flash Crash. Even without that instance there appears to be a solid downside inclination.

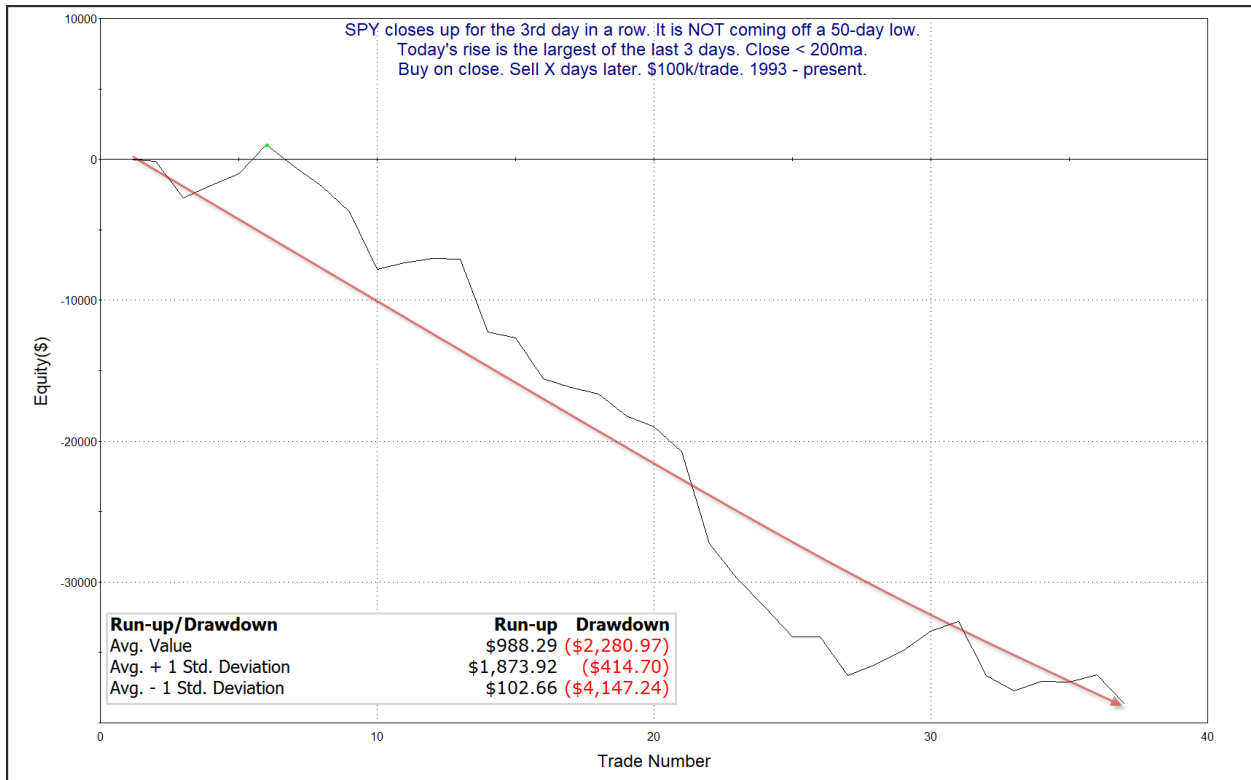
Friday was the 8th day higher day in a row for SPY. And it was also saw the strongest rise of the last few days. There were a few studies that appeared in the Quantifinder tonight that looked at multi-day rallies while under the 200ma. The one below also considered the strength of the most recent day. It was last seen in the 5/31/22 letter. Stats are updated.

SPY closes up for the 3rd day in a row. It is NOT coming off a 50-day low.
 Today's rise is the largest of the last 3 days. Close < 200ma.
 Buy on close. Sell X days later. \$100k/trade. 1993 - 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
10	-51,398.99	32	13	19	40.63	4,421.04	-13,263.35	2,108.98	-4,148.20	0.51	0.35	-1,606.22
9	-49,588.07	32	13	19	40.63	4,557.92	-14,865.30	2,234.69	-4,138.90	0.54	0.37	-1,549.63
8	-48,350.76	32	13	19	40.63	3,150.16	-13,721.05	1,781.95	-3,764.01	0.47	0.32	-1,510.96
7	-48,705.63	33	13	20	39.39	2,693.86	-9,309.76	973.63	-3,068.14	0.32	0.21	-1,475.93
6	-54,186.37	34	12	22	35.29	2,964.38	-14,517.05	1,338.58	-3,193.15	0.42	0.23	-1,593.72
5	-40,849.96	34	11	22	32.35	3,702.72	-10,586.80	1,499.05	-2,606.34	0.58	0.29	-1,201.47
4	-40,537.20	36	12	24	33.33	2,310.00	-7,741.10	1,229.86	-2,303.98	0.53	0.27	-1,126.03
3	-38,663.18	37	11	25	29.73	2,092.50	-6,517.25	870.73	-1,929.65	0.45	0.20	-1,044.95
2	-27,607.42	37	16	21	43.24	1,799.55	-9,502.25	610.19	-1,779.55	0.34	0.26	-746.15
1	-19,179.86	40	11	29	27.50	3,383.38	-4,198.90	796.25	-963.40	0.83	0.31	-479.50

97% of instances closed below the entry price at some point in the next 5 trading days.

The numbers all point lower. And the consistency of a decline at some point in the following days has been especially impressive. Below is a look at a 3-day profit curve.

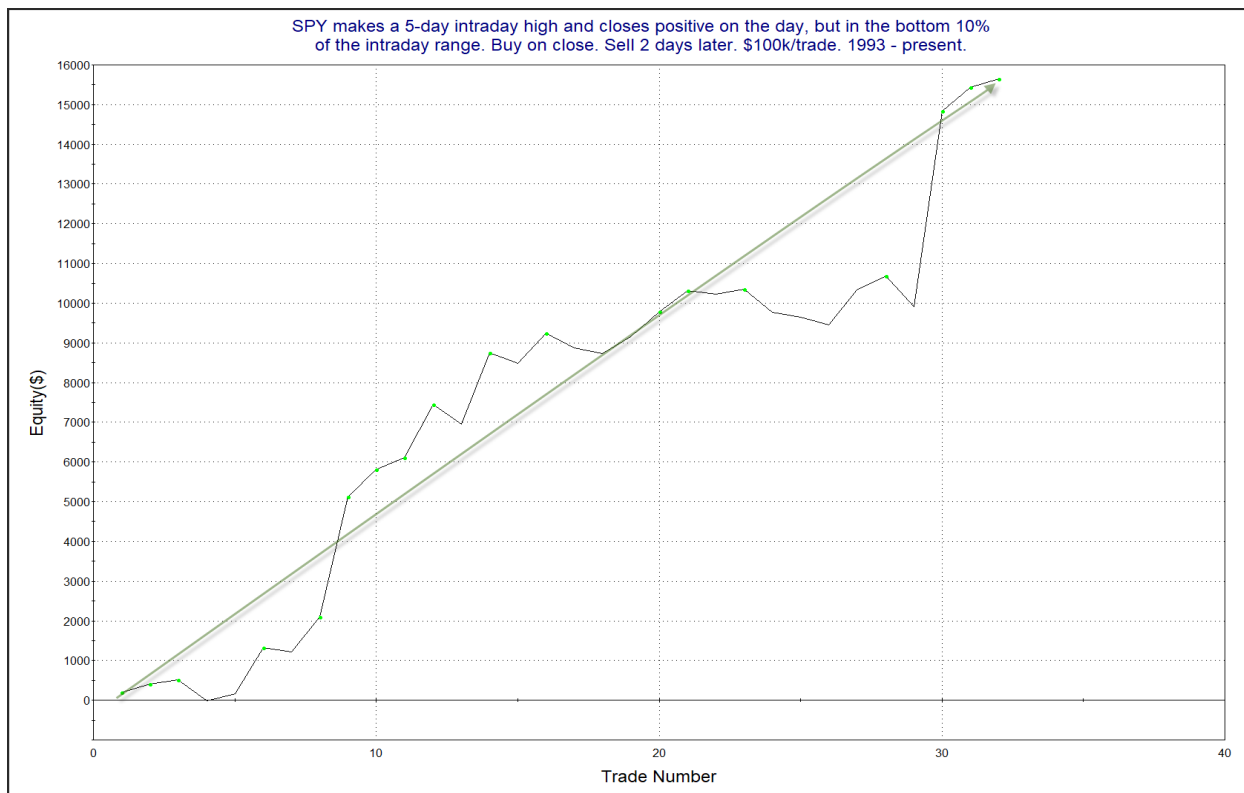


That curve has been headed lower for a long time and is again near new lows. The strong, steady downslope serves as some confirmation of the bearish edge.

But not everything was bearish. Another interesting study looked at the weak finish but still positive returns on Thursday. This study is updated from the 10/14/19 letter.

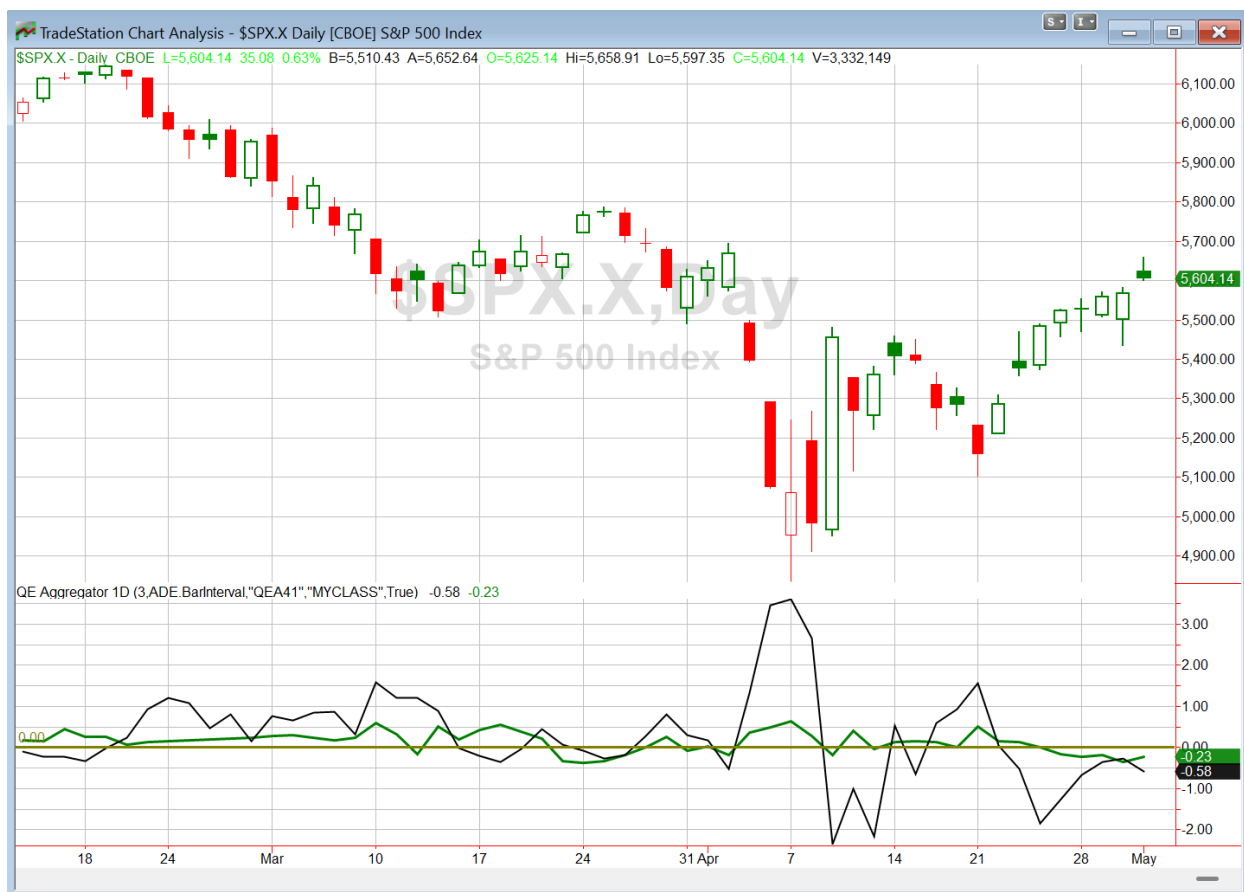
SPY makes a 5-day intraday high and closes positive on the day, but in the bottom 10% of the intraday range. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	11,284.96	31	19	12	61.29	4,761.51	-3,968.25	1,353.45	-1,202.55	1.13	1.78	364.03
4	15,469.55	32	23	9	71.88	7,034.82	-3,623.88	1,115.13	-1,130.95	0.99	2.52	483.42
3	16,383.93	32	23	8	71.88	3,969.81	-2,359.84	929.96	-625.65	1.49	4.27	512.00
2	15,649.29	32	21	11	65.63	4,927.39	-773.57	919.67	-333.07	2.76	5.27	489.04
1	9,117.30	32	20	12	62.50	3,476.36	-903.90	608.92	-255.09	2.39	3.98	284.92

Those are some impressive stats over the 1st few days. Below is a look at the 2-day profit curve.



The curve is choppy, but it makes it way from lower left to upper right, serving as some confirmation of the bullish edge suggested by the numbers. This study also appears to be worth some consideration.

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



With tonight's evidence considered the green Aggregator Line remained below zero. Negative readings mean net expectations are for downside 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 negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation stayed short at the close.

Based on the current list of active studies, expectations are set to remain negative on Friday. Of course this could change if additional bullish evidence emerges. Meanwhile, the Differential Pivot will be 5528.31 on Thursday. That is 1.4% below Thursday's close. So SPX will need to close down about 1.4% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is bearish. SPX is overbought, and most evidence is pointing lower. There is also ample room to the downside before SPX would turn oversold. So reward potential appears solid. I have a small amount of short exposure. I am plenty content to keep the position small in a market like this that has been acting unusually strong in spite of the long-term downtrend.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/28 – 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)(s)	4/30/2025	\$554.54	\$558.47	-0.71%	Aggregator

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