

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 14, 2025

Volume 18 Issue 91

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- SPX broke out to a new 50-day high for the 1st time in a few months. Doing so on lower volume as it did on Tuesday has historically shown a short-term upside edge.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am 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						
May 14, 2025	SPX breakout on lower volume	1-5 days	Bullish	1.40%	-1.00%	-1.90%
Active - Long Term						
May 5, 2025	Sell in May when 5% drop prior	1-6 months	Bearish			
April 28, 2025	NASDAQ Leading	int term	Bullish			
April 25, 2025	Zweig Breadth Thrust	1-12 months	Bullish	29.50%	-2.90%	-6.55%
April 25, 2025	Triple 70 Breadth Thrust	1-80 days	Bullish	9.46%	-4.59%	-9.50%
April 23, 2025	Up Issue % & Up Vol % > 86% 2x in 9 days	1-12 months	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			

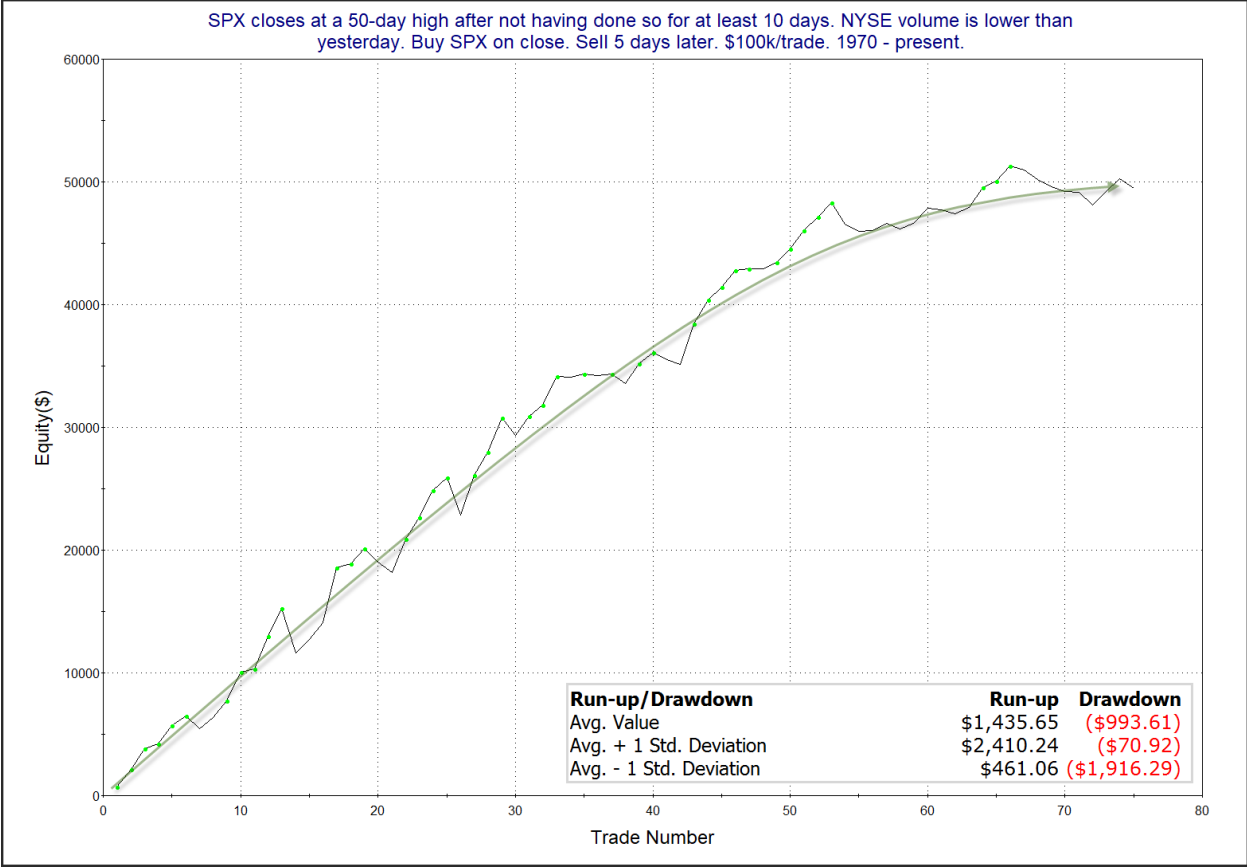
The Evidence

The good times continued to roll on Tuesday as the market pushed higher and actually reached positive for 2025. SPX gained 0.7%, the NASDAQ rallied 1.7%, and the Russell 2000 rose 0.5%. Breadth was strong as the NYSE Up Issues % closed at 60.4% and the NYSE Up Volume % posted a 60.1% reading. NYSE total volume declined some from Monday’s level.

The SPX closed at new 50-day high for the 1st time since February. Days where the market breaks out to a new 50-day high for the 1st time in a while will often give some clues as to the likely additional follow-through. One indicator that helps to give clues is the volume on the breakout. In the past I have broken down volume by time it came in 1) lower, 2) the highest in 20 days, and 3) higher, but not the highest level in 20 days. Tuesday the volume fit into the 1st category, which was lower. That has been a good one. (Higher volume, but not the highest in 20 days is the worst.) Below are updated results.

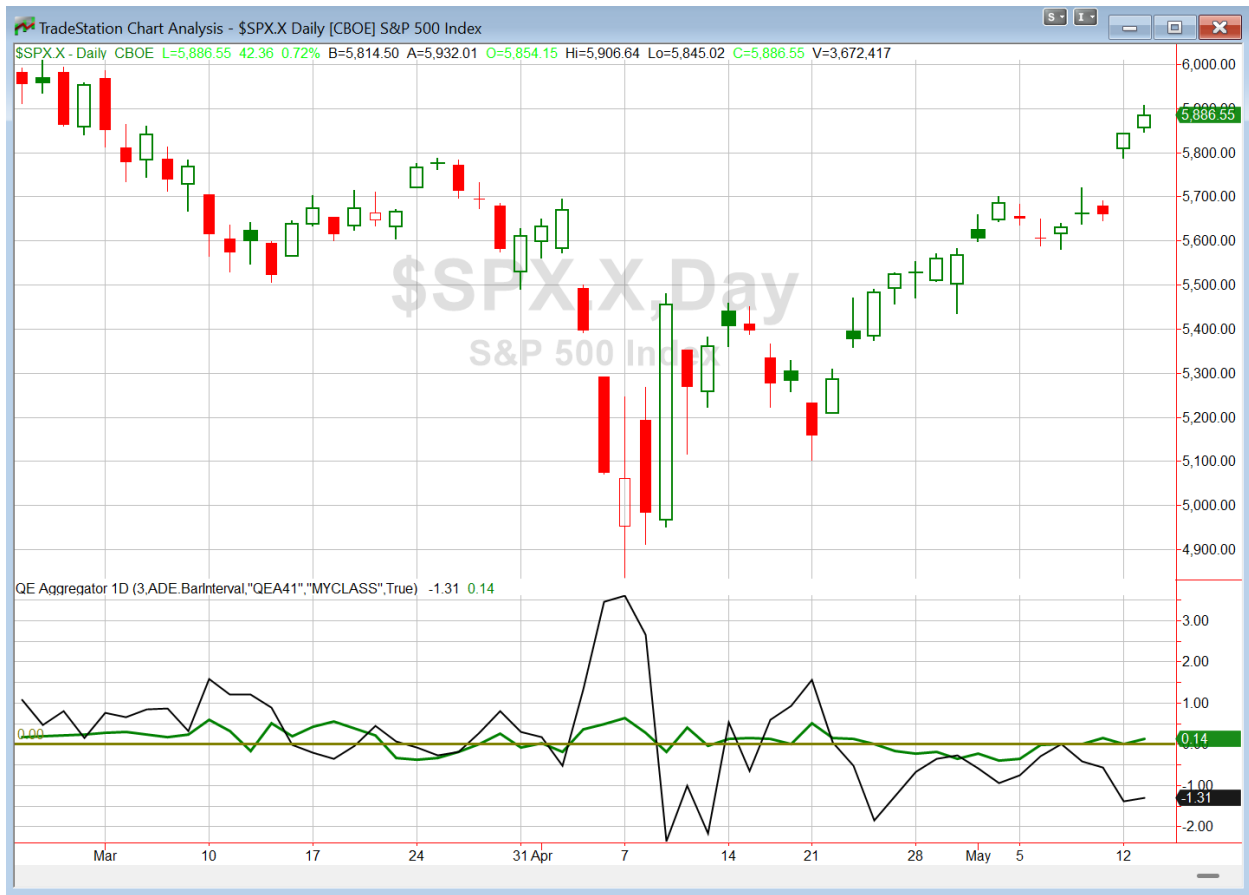
SPX closes at a 50-day high after not having done so for at least 10 days. NYSE volume is lower than yesterday. Buy SPX on close. Sell X days later. \$100k/trade. 1970 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	49,496.56	75	51	24	68.00	4,482.50	-3,693.73	1,370.79	-850.58	1.61	3.42	659.95
4	32,445.15	75	51	24	68.00	4,440.00	-2,913.85	1,094.73	-974.42	1.12	2.39	432.60
3	30,939.99	75	48	27	64.00	3,950.00	-1,802.37	1,029.73	-684.71	1.50	2.67	412.53
2	21,850.92	75	51	24	68.00	2,212.98	-1,912.60	733.73	-648.72	1.13	2.40	291.35
1	9,115.45	75	47	28	62.67	1,453.20	-1,921.32	452.10	-433.33	1.04	1.75	121.54

The numbers here look solidly bullish. Below is a look at the 5-day profit curve.



It does not appear that the edge has been as strong in recent instances. Still, the evidence as a whole seems good enough to give this study some consideration. So I have included it on the active list.

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 set to remain bullish on Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5661.89 on Wednesday. That is a very large 3.8% below Tuesday's close. Therefore, SPX will need to close down at least 3.8% on Tuesday in order to flip from overbought to oversold versus recent expectations. More likely it will take a multi-day decline or consolidation to work off the current overbought condition.

So the Aggregator is neutral. Short-term evidence is bullish but light. With the market so overbought in the short-term reward/risk is weak. I don't view the current setup as compelling and will remain patient until a more favorable opportunity arrives.

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

None.

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