

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 15, 2025

Volume 18 Issue 92

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	2

## Tonight's Research Points

- Wednesday's weak breadth could actually be a positive.
- When SPX posts an inside day after a 50-day high breakout yesterday, it suggests further buying over the next week.

## *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
<b>Active - Short Term</b>						
May 14, 2025	SPX breakout on lower volume	1-5 days	Bullish	1.40%	-1.00%	-1.90%
<b>Active - Long Term</b>						
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			

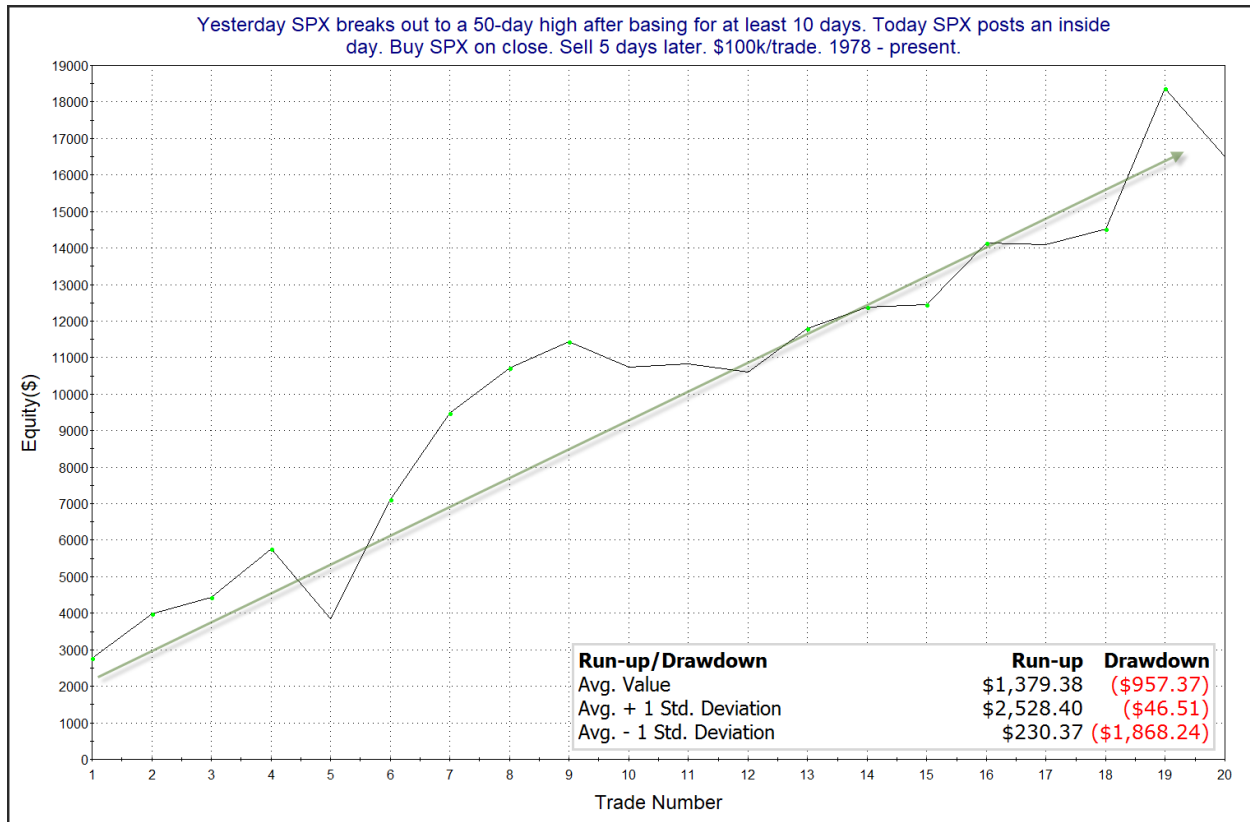
**The Evidence**

Wednesday saw mixed action. SPX gained 0.1%, the NASDAQ rallied 0.7%, and the Russell 2000 declined 0.9%. Breadth was weak as the NYSE Up Issues % closed at 33% and the NYSE Up Volume % posted a 38% reading. NYSE total volume declined some from Tuesday’s level.

Wednesday did not provide great follow through on Tuesday’s breakout to a new 50-day high, but we also did not revert back. SPX ended up posting an inside day, which is a day where the price action is fully contained by the price action of the day before. The study below was last seen in the 6/14/21 letter, and it looks at inside days that follow breakout days.

Yesterday SPX breaks out to a 50-day high after basing for at least 10 days. Today SPX posts an inside day. Buy SPX on close. Sell X days later. \$100k/trade. 1978 - 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	16,506.54	20	15	5	75.00	3,848.46	-1,916.98	1,415.91	-946.43	1.50	4.49	825.33
4	10,952.67	20	13	7	65.00	3,173.92	-2,926.98	1,349.24	-941.06	1.43	2.66	547.63
3	4,444.30	20	15	5	75.00	2,715.24	-2,770.43	711.62	-1,246.00	0.57	1.71	222.22
2	4,364.53	20	10	10	50.00	2,622.42	-1,372.28	970.34	-533.89	1.82	1.82	218.23
1	1,087.05	20	9	10	45.00	2,142.00	-1,699.88	874.26	-678.13	1.29	1.16	54.35

There does not appear to be much of an edge right away, but when looking out a few days, there does seem to be a bullish tendency. Below is a look at a 5-day profit curve.



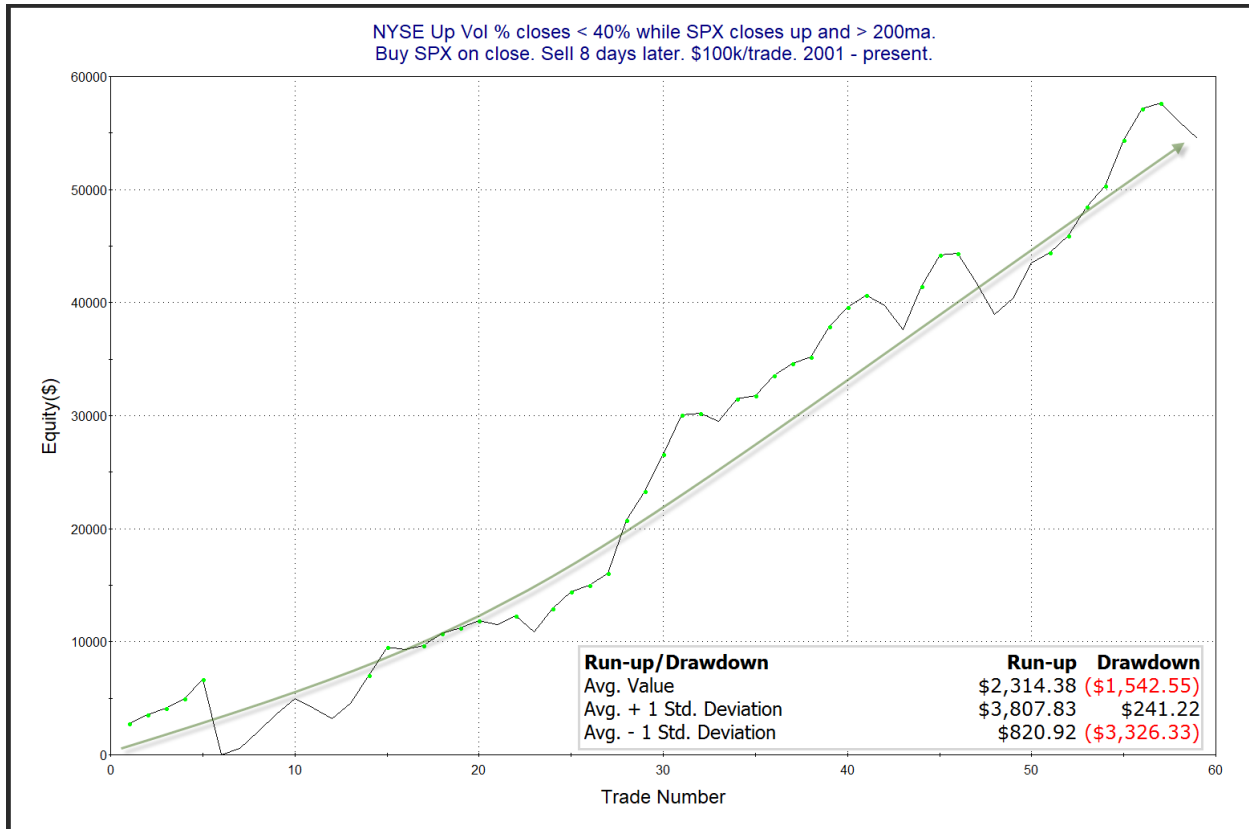
The move from lower left to upper right is impressive. I believe the study is worth consideration and have included it on the Active List again tonight.

Breadth was notably weak on Wednesday. In the 11/27/24 letter I looked at occurrences where the NYSE Up Volume % came in under 40% while SPX closed higher during a long-term uptrend. This triggered on Wednesday, and I have again updated the results below.

NYSE Up Vol % closes < 40% while SPX closes up and > 200ma.  
Buy SPX on close. Sell X days later. \$100k/trade. 2001 - present.

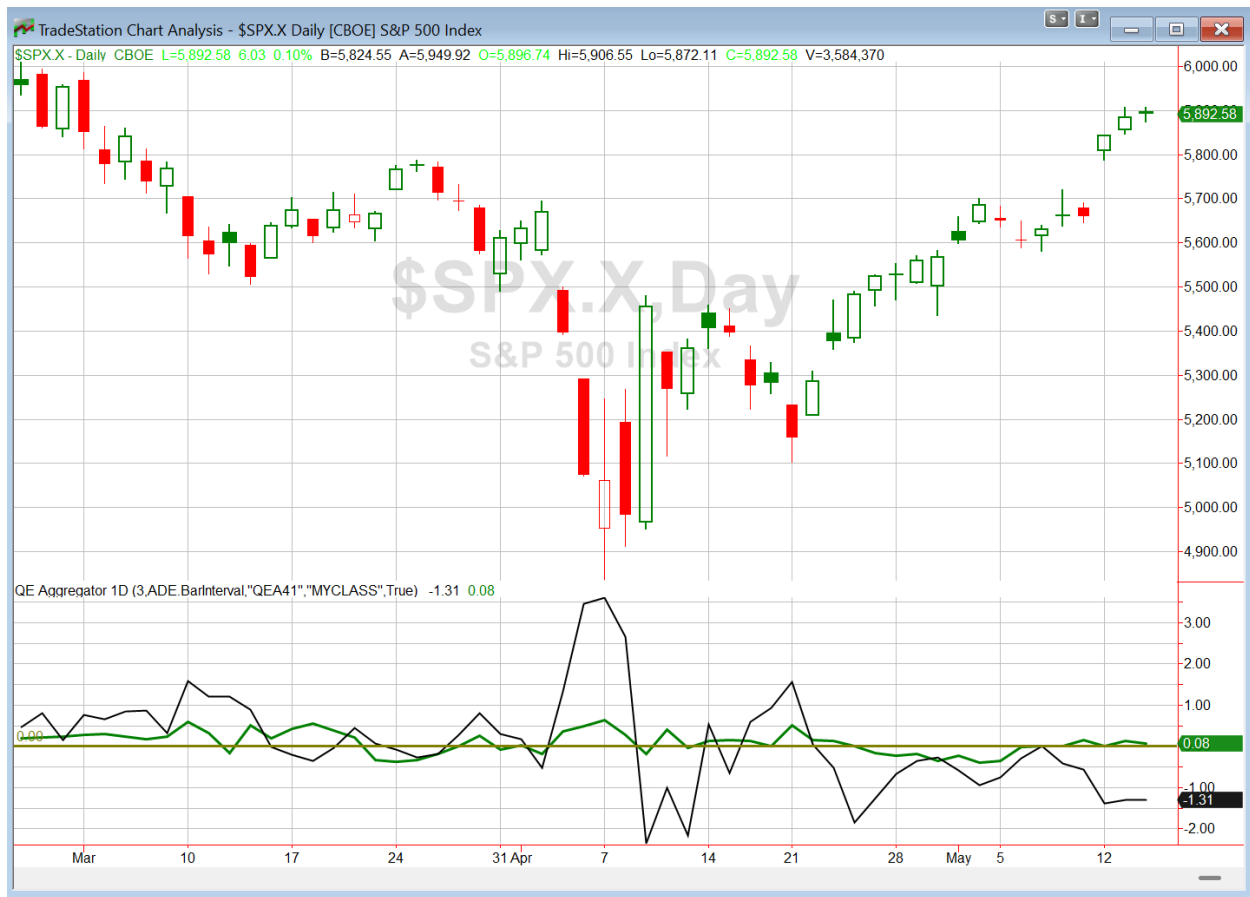
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	62,409.70	56	43	13	76.79	4,904.10	-7,891.63	2,109.42	-2,176.57	0.97	3.21	1,114.46
9	53,833.66	57	43	14	75.44	5,223.96	-7,594.37	1,901.87	-1,996.18	0.95	2.93	944.45
8	54,532.03	59	46	13	77.97	4,666.56	-6,657.20	1,676.85	-1,738.68	0.96	3.41	924.27
7	55,851.90	64	49	15	76.56	5,211.84	-3,755.76	1,593.16	-1,480.86	1.08	3.51	872.69
6	50,147.12	64	47	17	73.44	6,018.56	-3,495.92	1,533.30	-1,289.29	1.19	3.29	783.55
5	36,910.35	68	50	18	73.53	4,787.84	-4,623.84	1,259.65	-1,448.45	0.87	2.42	542.80
4	19,759.83	69	44	25	63.77	3,777.48	-4,483.92	1,125.41	-1,190.34	0.95	1.66	286.37
3	13,951.58	74	46	28	62.16	3,578.94	-3,312.00	948.27	-1,059.60	0.89	1.47	188.53
2	15,329.21	80	54	26	67.50	2,661.75	-3,230.72	736.43	-939.93	0.78	1.63	191.62
1	9,789.23	86	52	34	60.47	1,790.64	-1,489.20	537.75	-534.52	1.01	1.54	113.83

Results continue to look very strong, especially over the 7-10 day periods. Below is a look at an 8-day profit curve.



The curve has shown strong upside persistence. I find these results intriguing, and have added this study to the short-term active list. This is one of those studies that traditional analysis would say should not be suggesting a bullish edge. But it keeps proving itself correct. So I'll continue to take the study under consideration as I have been doing.

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 Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5853.51 on Thursday. That is 0.7% below Wednesday's close. Therefore, SPX will need to close down at least 0.7% on Thursday in order to flip from overbought to oversold versus recent expectations.

Basically the same as last night. The Aggregator is neutral. Short-term evidence is bullish. 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***

***New***

UNH @ \$311.38 (buy @ limit)

UNH@ \$308.01 (buy @ limit)

*Note the top lot @ \$311.38 triggered on Tuesday night, but I somehow missed seeing it at the close on Tuesday. So I will be looking to fill both lots on Thursday.*

### ***Broad Market Large Cap CBI – 2(UNH-2)***

## **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.*

**UNH – Buy 1/3 Catapult position @ \$311.38 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of UNH.

**UNH – Buy 1/3 Catapult position @ \$308.01 LIMIT.** From the Catapult section above, this is the 2<sup>nd</sup> of up to 3 possible lots of UNH.

## **Current Open Trade Ideas**

**None.**

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