

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 16, 2025

Volume 18 Issue 93

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- Opex Friday has often seen selling after the opening bell.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

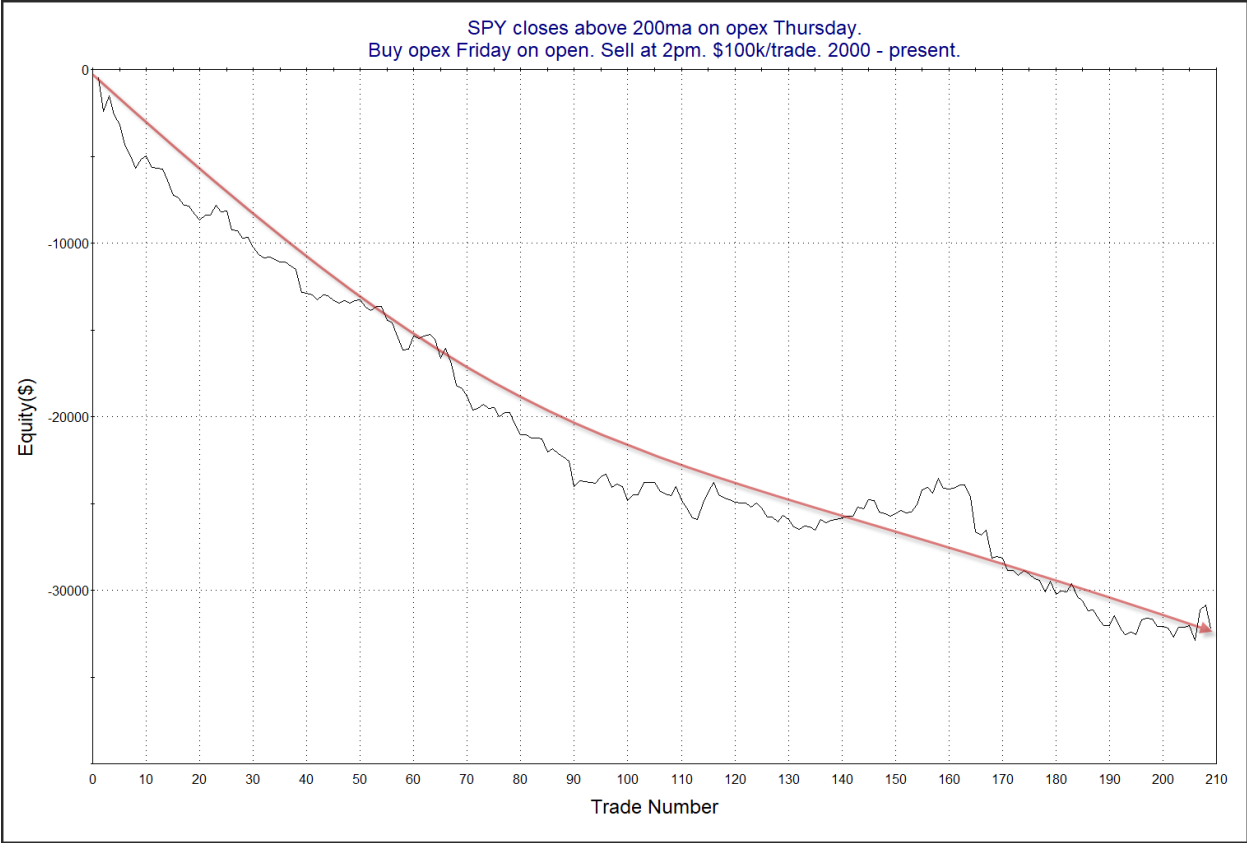
The Evidence

Thursday saw mixed results. SPX gained 0.4%, the NASDAQ lost 0.2%, and the Russell 2000 rose 0.5%. Breadth was positive as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % posted a 56% reading. NYSE total volume declined some from Wednesday's level.

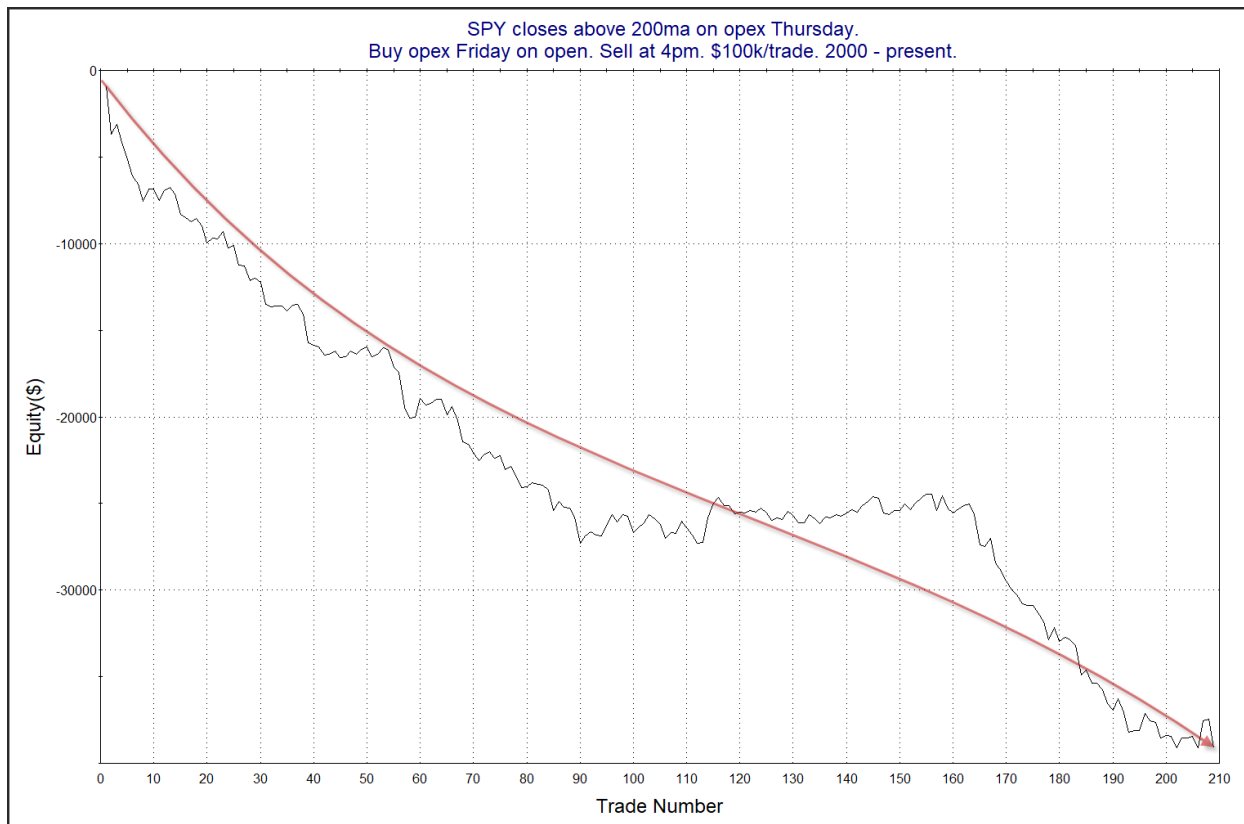
Of course Friday is options expiration (opex). Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years, most recently in the 2/21/25 letter. This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

SPY closes above 200ma on opex Thursday. Buy opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.													
OE Op-Ex Fri Intra Short: timeofday	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	
1,600	-39,114.21	209	85	124	40.67	1,547.00	-2,746.58	331.91	-542.96	0.61	0.42	-187.15	
1,500	-33,019.62	209	85	123	40.67	1,824.10	-2,315.18	316.21	-486.97	0.65	0.45	-157.99	
1,400	-32,240.85	209	73	136	34.93	1,751.00	-2,000.00	311.80	-404.43	0.77	0.41	-154.26	
1,300	-28,061.86	209	76	132	36.36	2,172.60	-1,324.62	299.25	-384.89	0.78	0.45	-134.27	
1,200	-26,047.34	209	74	135	35.41	2,150.50	-1,318.40	285.89	-349.66	0.82	0.45	-124.63	
1,100	-21,602.68	209	79	129	37.80	1,103.30	-968.50	226.17	-305.97	0.74	0.45	-103.36	
1,000	-18,595.93	209	60	149	28.71	365.47	-629.00	132.71	-178.25	0.74	0.30	-88.98	

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Most of the downside would have been achieved by exiting at 2pm. Below is a look at a profit curve the 2pm exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.

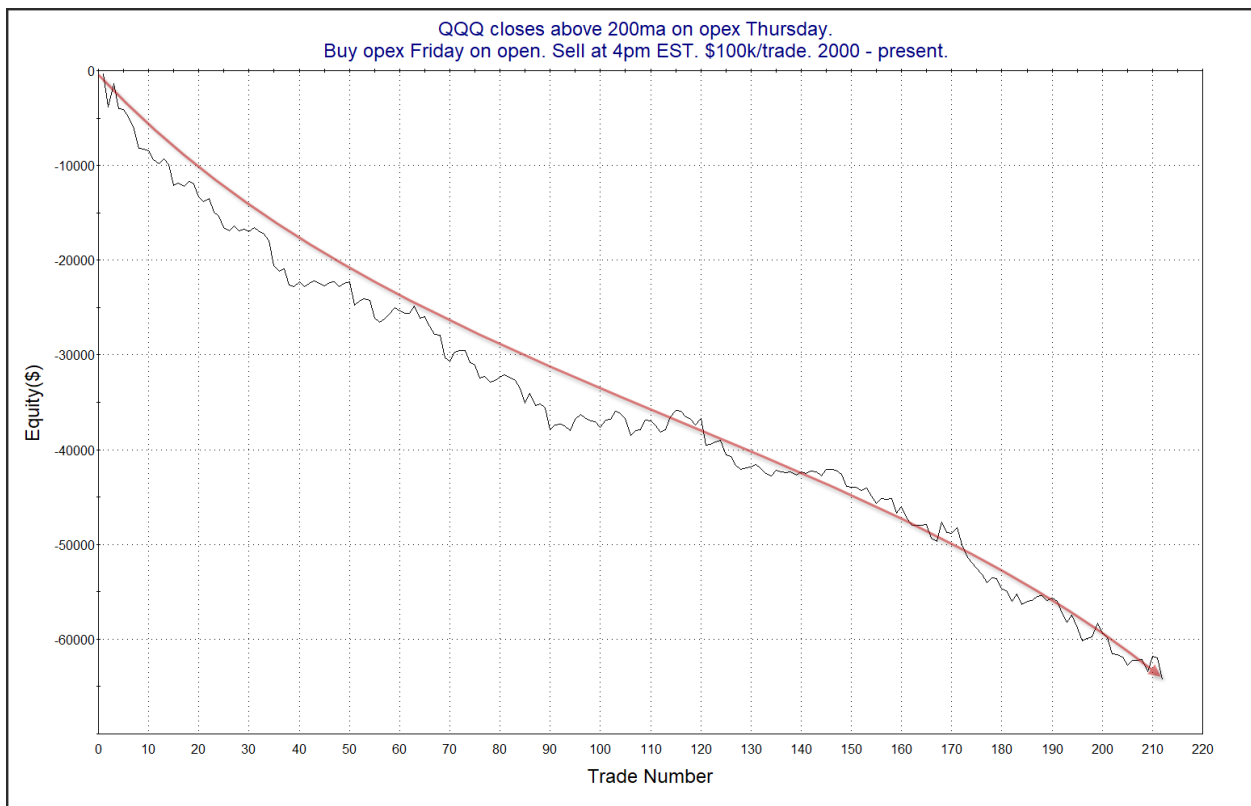
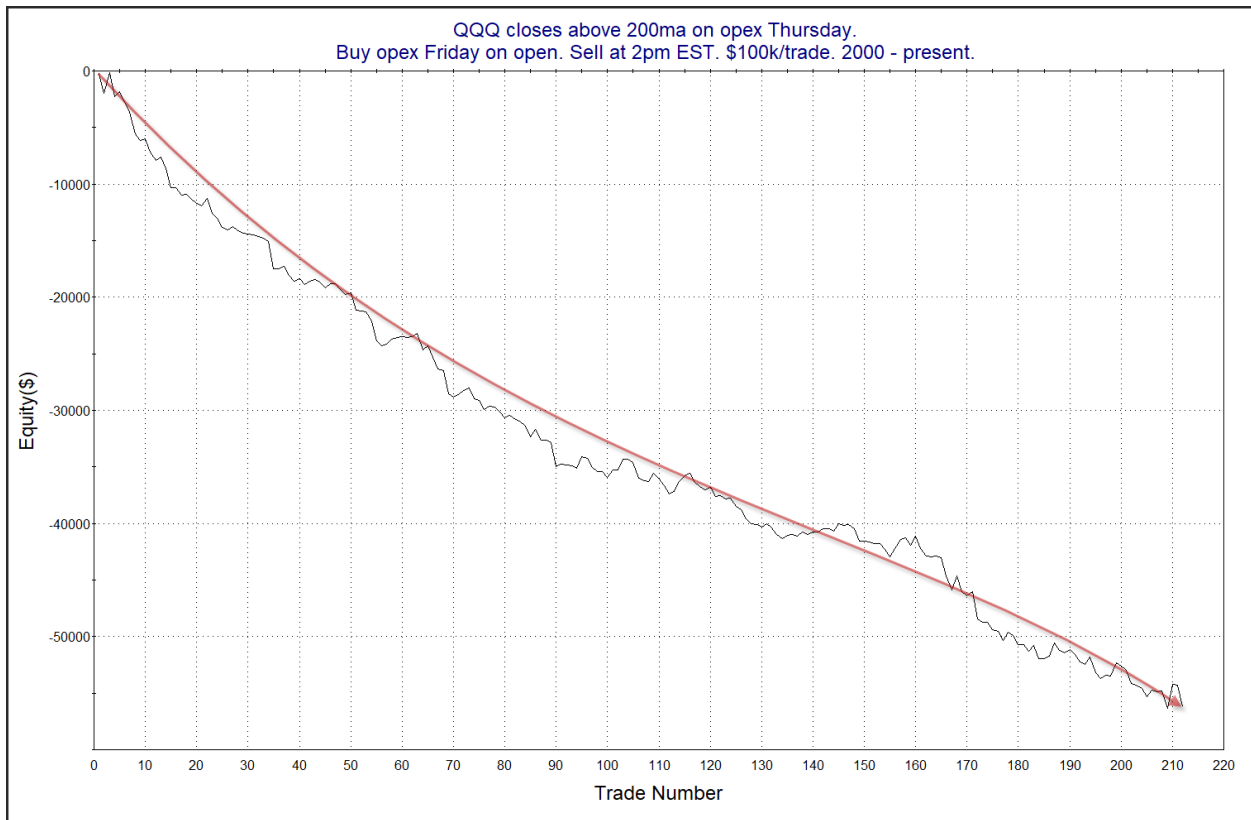


This is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table and profit curves below.

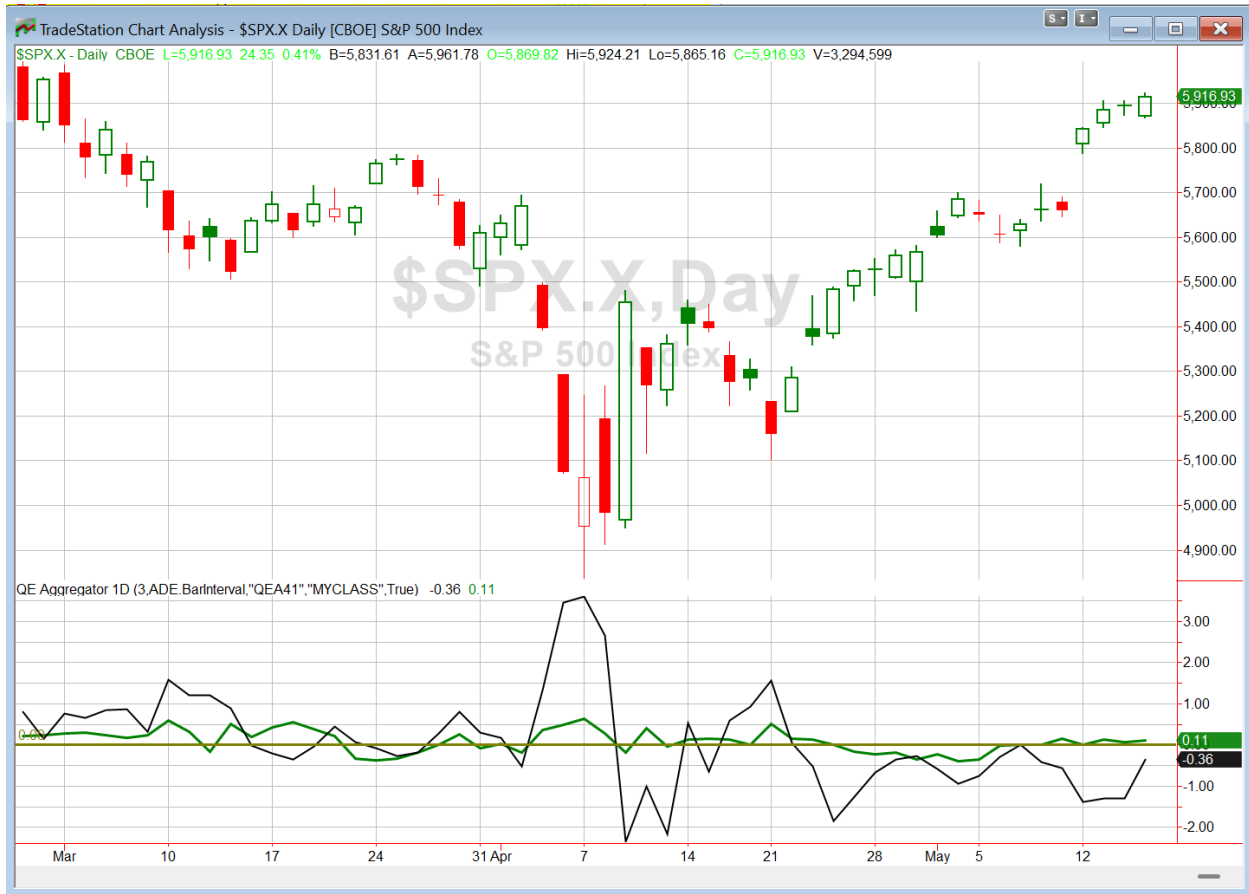
QQQ closes above 200ma on opex Thursday.
Buy opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	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
1,600	-64,286.59	212	81	131	38.21	2,516.00	-3,525.88	460.23	-775.31	0.59	0.37	-303.24
1,500	-57,322.37	212	76	134	35.85	2,246.52	-2,590.84	444.84	-680.07	0.65	0.37	-270.39
1,400	-56,178.45	212	68	141	32.08	2,104.90	-2,431.68	428.13	-604.90	0.71	0.34	-264.99
1,300	-48,226.07	212	72	139	33.96	2,541.40	-2,382.80	400.96	-554.64	0.72	0.37	-227.48
1,200	-46,621.71	212	76	135	35.85	2,518.12	-1,843.43	364.95	-550.80	0.66	0.37	-219.91
1,100	-39,416.70	212	71	140	33.49	1,998.00	-1,936.40	368.24	-468.30	0.79	0.40	-185.93
1,000	-31,305.94	212	66	145	31.13	1,332.00	-1,198.29	211.52	-312.18	0.68	0.31	-147.67



The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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 Friday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5903.91 on Friday. That is 0.2% below Thursday's close. Therefore, SPX will need to close down at least 0.2% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is still neutral. Despite the potential to sell off during the day on opex Friday, short-term evidence is leaning bullish. With the markets again 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

UNH @ \$311.38 (bought @ limit)

UNH @ \$308.01 (bought @ limit)

New

UNH @ \$274.35 (buy @ limit)

Broad Market Large Cap CBI – 3(UNH-3)

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 @ \$274.35 LIMIT. From the Catapult section above, this is the 3rd and final lot of UNH.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
UNH(1/3)	5/15/2025	\$274.90	\$274.35	-0.20%	Catapult
UNH(1/3)	5/15/2025	\$274.90	\$274.35	-0.20%	Catapult

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