

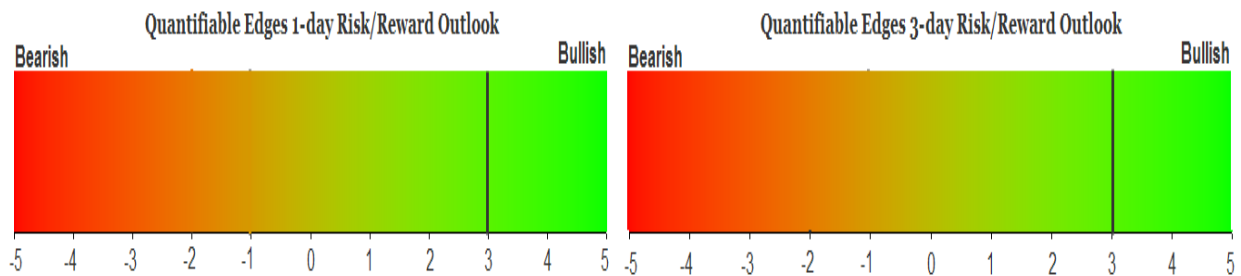
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 22, 2025

Volume 18 Issue 97

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- 2 unfilled gaps down while above the 200ma has often been followed by a bounce the next day.
- Numbered System 11111 triggered for SPY.
- The 1st dip below the 10ma in a while is often buyable.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. It appears there is a good chance of a bounce in the next few days.

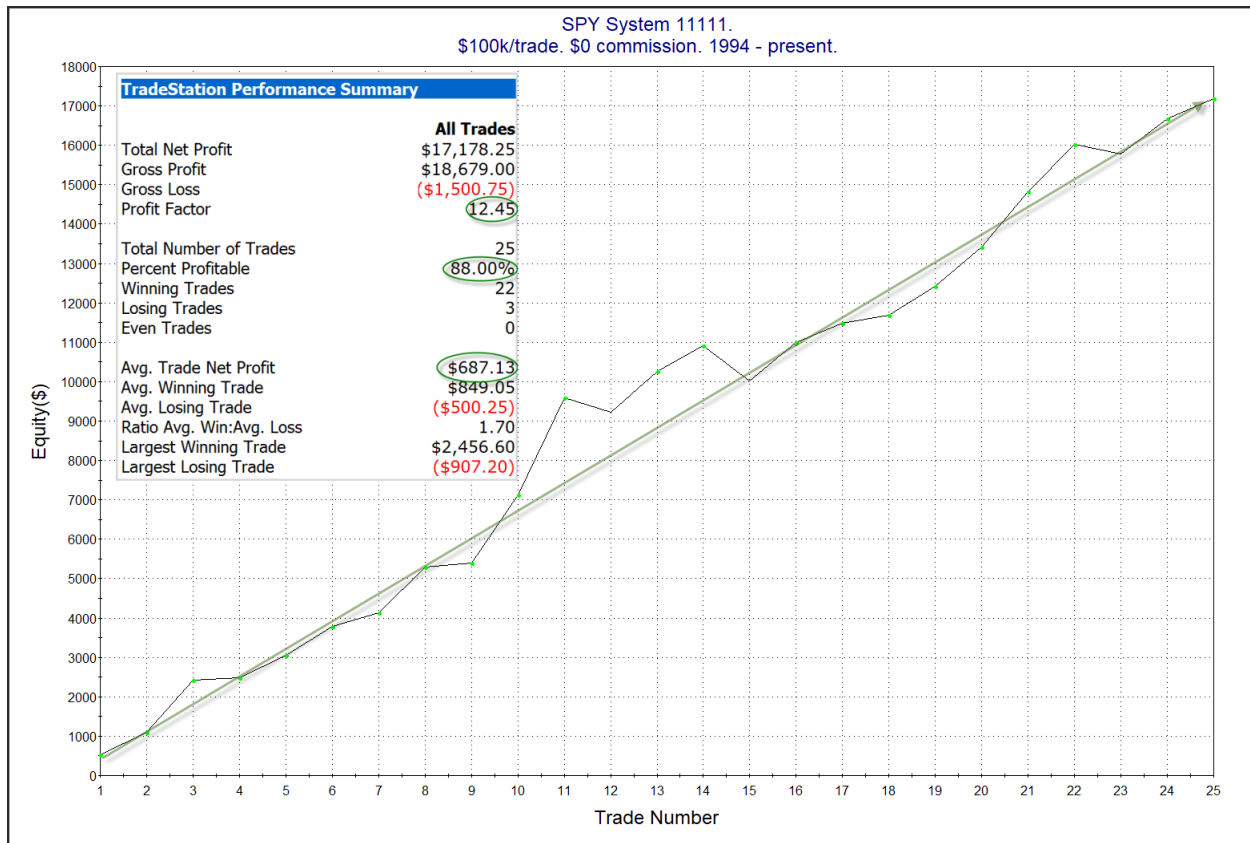
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 21, 2025	Unfilled gap down from a 50-day high	1 day	Bearish			
May 21, 2025	5 up to a 50-high then down	1-6 days	Bullish	1.40%	-1.00%	-1.90%
May 15, 2025	Up Vol < 40%. SPX up & > 200ma.	1-8 days	Bullish			
May 15, 2025	Breakout then inside day	1-5 days	Bullish			
May 14, 2025	SPX breakout on lower volume	1-5 days	Bullish	1.40%	-1.00%	-1.90%
Active - Long Term						
May 21, 2025	5 up to a 50-high then down	1-10 days	Bullish	1.80%	-1.10%	-2.30%
May 19, 2025	DeGraaf Thrust (55% SPX 20-day high)	1-12 months	Bullish			
May 19, 2025	RSI(2) crosses 99	5-15 days	Bullish	2.20%	-1.60%	-3.00%
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 was the biggest down day in a while. SPX declined 1.6%, the NASDAQ lost 1.4%, and the Russell 2000 tumbled 2.8%. Breadth was weak as the NYSE Up Issues % closed at 10% and the NYSE Up Volume % posted a 9% reading. NYSE total volume rose some from Tuesday's level.

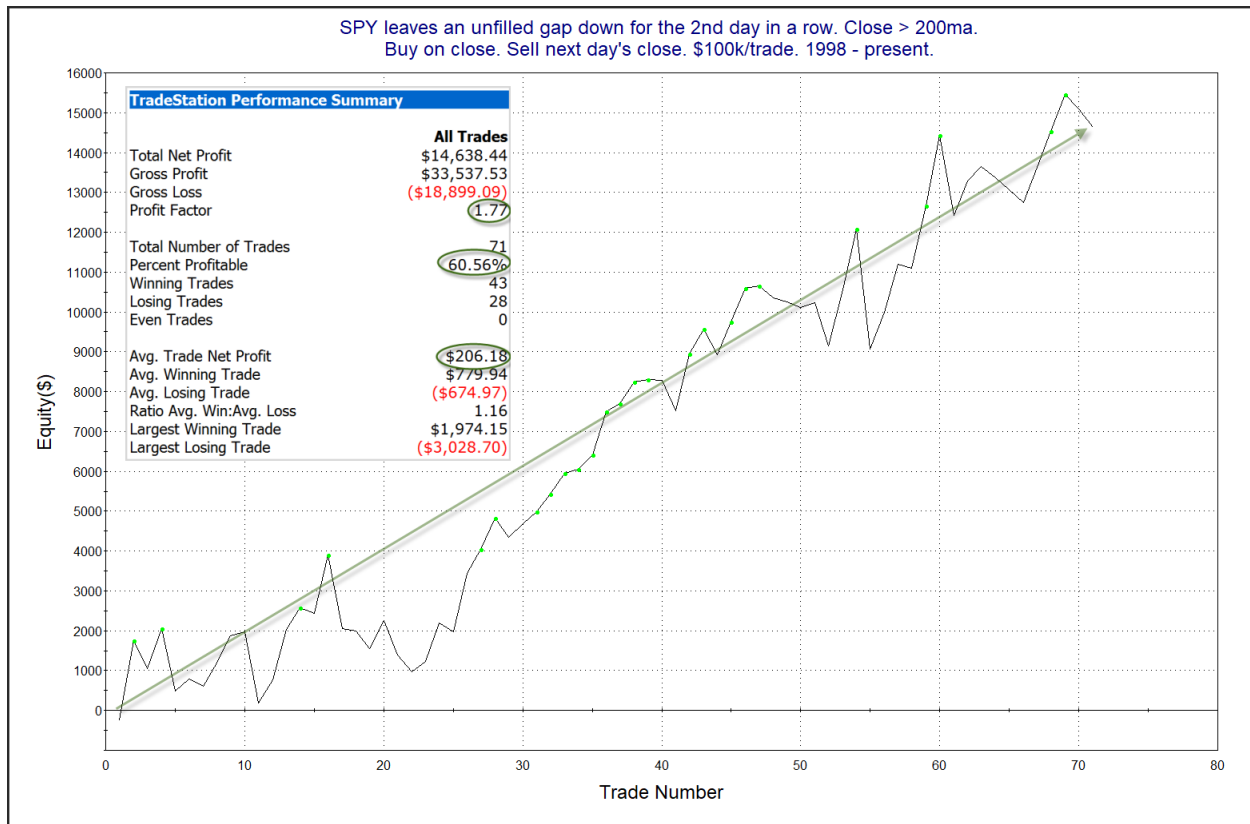
I'll note that with the pullback, SPY is now set up to trigger QE numbered system 11111 on Thursday. A trade at or below SPY's closing price would mean an entry for this system on Thursday. System 11111 has done fairly well over the years. With SPY, it has done very well. Below are the updated stats.



The stats are extremely lopsided in favor of the bulls. And the profit curve is impressive as well. Also notable (but not shown) is that the average trade only lasted a little over 3 days. The short time in these trades and the high percent that end up profitable speaks to the probability of a quick bounce here. I have incorporated this setup into the Aggregator today. Subscribers may find a link to the system 11111 page below:

<http://quantifiableedges.com/system-11111/>

Also notable about Wednesday's action is that it was the 2nd day in a row that SPY left an unfilled gap down. This next study suggested bullish implications when this occurred during a long-term uptrend. Last featured in the 2/24/25 letter, results are updated.



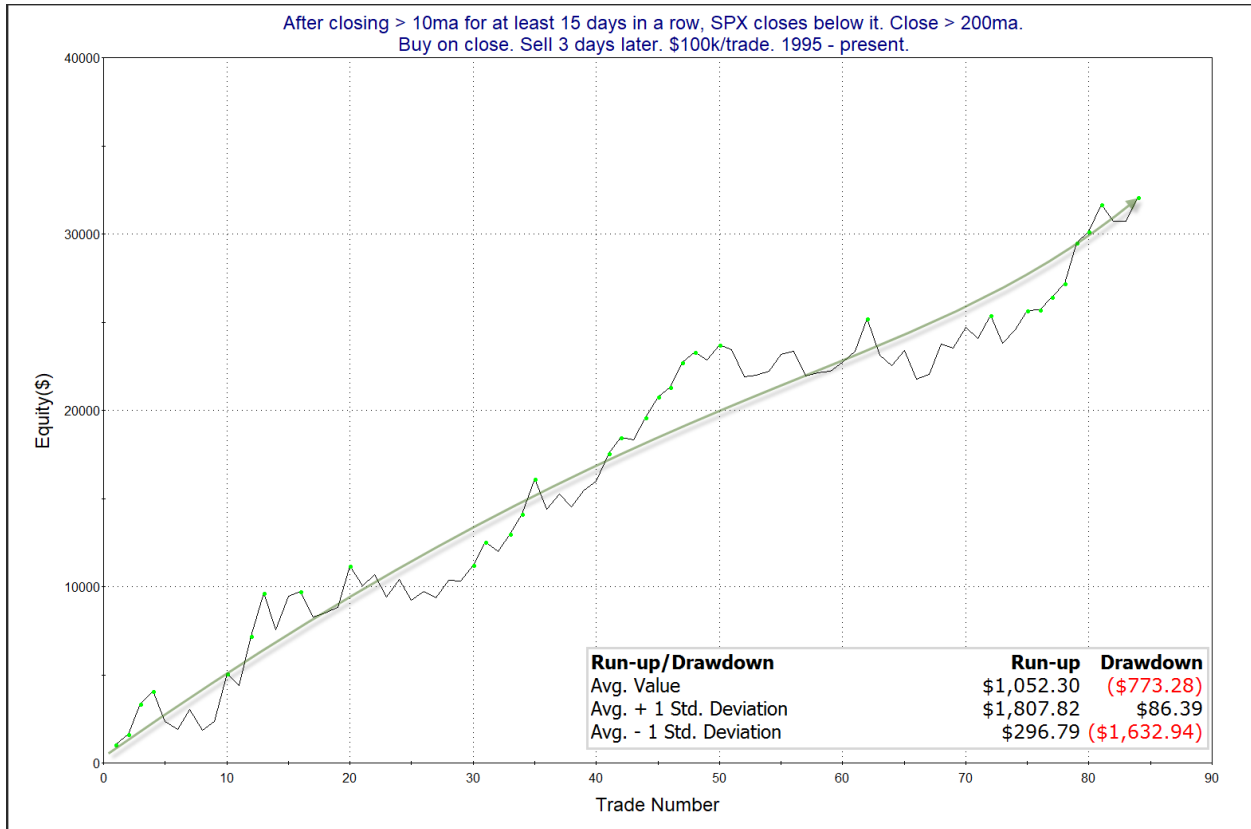
The curve is certainly choppy, but I find the overall evidence strong enough to add it to the Active List as a 1-day edge.

The lack of pullbacks lately had kept SPX above its short-term moving averages for an extended period. Wednesday, after 20 consecutive closes above the 10ma, SPX dipped down and closed below it. In the 7/1/24 letter I looked at performance following other instances where SPX closed below its 10ma for the first time in over 15 days. Results are updated below.

After closing > 10ma for at least 15 days in a row, SPX closes below it. Close > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1995 - present.

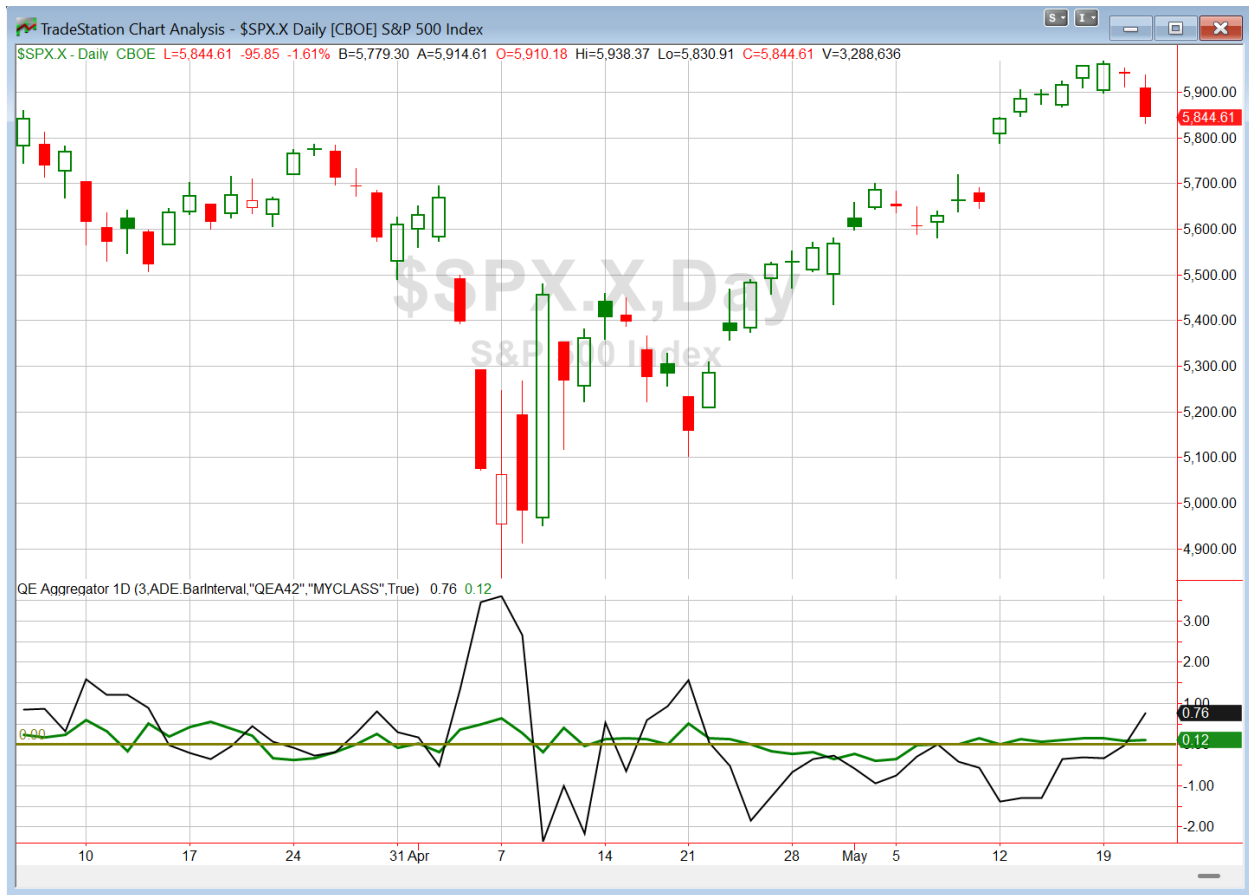
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	44,972.89	84	54	30	64.29	3,505.74	-4,455.15	1,448.36	-1,107.95	1.31	2.35	535.39
4	39,589.95	84	56	28	66.67	3,206.40	-6,072.15	1,317.73	-1,221.53	1.08	2.16	471.31
3	32,089.81	84	57	27	67.86	2,805.12	-2,110.50	1,020.09	-965.00	1.06	2.23	382.02
2	19,739.03	84	54	30	64.29	2,682.72	-3,450.16	884.76	-934.61	0.95	1.70	234.99
1	14,356.92	84	52	32	61.90	2,097.92	-1,579.41	603.13	-531.43	1.13	1.84	170.92

The numbers suggest a good chance of a bounce in the next few days. Below is a look at the 3-day profit curve.



The move up has been somewhat choppy, but it has persisted higher for a long time and is again at a new high. The curve seems to offer some confirmation of the upside tendency suggested by the stats table. I have included this study on the active list tonight.

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 rose 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 turned long at the close.

Based on the current list of active studies, expectations are set to remain bullish on Thursday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5987.51 on Thursday. That is 2.45% above Wednesday's close. So SPX would need to close up a very sizable 2.45% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. We have multiple studies triggering tonight suggesting a long-side edge. There is also plenty of room to the upside before SPX would turn overbought. This combination suggests favorable reward/risk for the bulls. I like the setup and will look to take on some long exposure on Thursday if I can get a decent fill.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/19 – 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.

SPY – Buy ¼ index position @ \$582.86 LIMIT. Based on the short-term outlook above, I will look to take on a small amount of SPY if I can get filled at or below Wednesday’s closing price.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>UNH(1/3)</i>	<i>5/15/2025</i>	<i>\$274.90</i>	<i>\$301.00</i>	<i>9.49%</i>	<i>sold on open</i>
<i>UNH(1/3)</i>	<i>5/15/2025</i>	<i>\$274.90</i>	<i>\$301.00</i>	<i>9.49%</i>	<i>sold on open</i>
<i>UNH(1/3)</i>	<i>5/16/2025</i>	<i>\$274.35</i>	<i>\$301.00</i>	<i>9.71%</i>	<i>sold on open</i>

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