

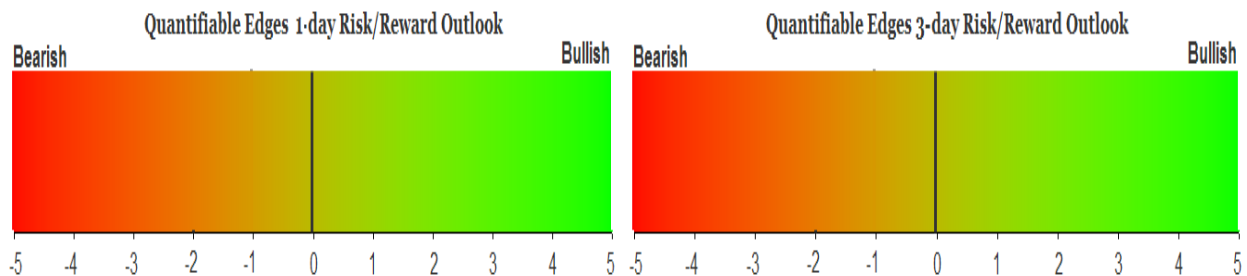
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 3, 2025

Volume 18 Issue 104

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Flat | 0 |

Tonight's Research Points

- The low 3/10 Offset HV suggests we could see a big move in the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence is lacking, and the 3/10 Offset HV indicator suggests the market is susceptible to a sharp move. This is not a compelling setup.

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 | | | | | | |
| None | | | | | | |
| 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

Monday started weak, but rebounded nicely and the major indices finished positive. SPX closed up 0.4%, the NASDAQ rallied 0.7%, and the Russell 2000 gained 0.2%. Breadth was weak as the NYSE Up Issues % closed at 44% and the NYSE Up Volume % posted a 49% reading. NYSE total volume declined from Friday’s level.

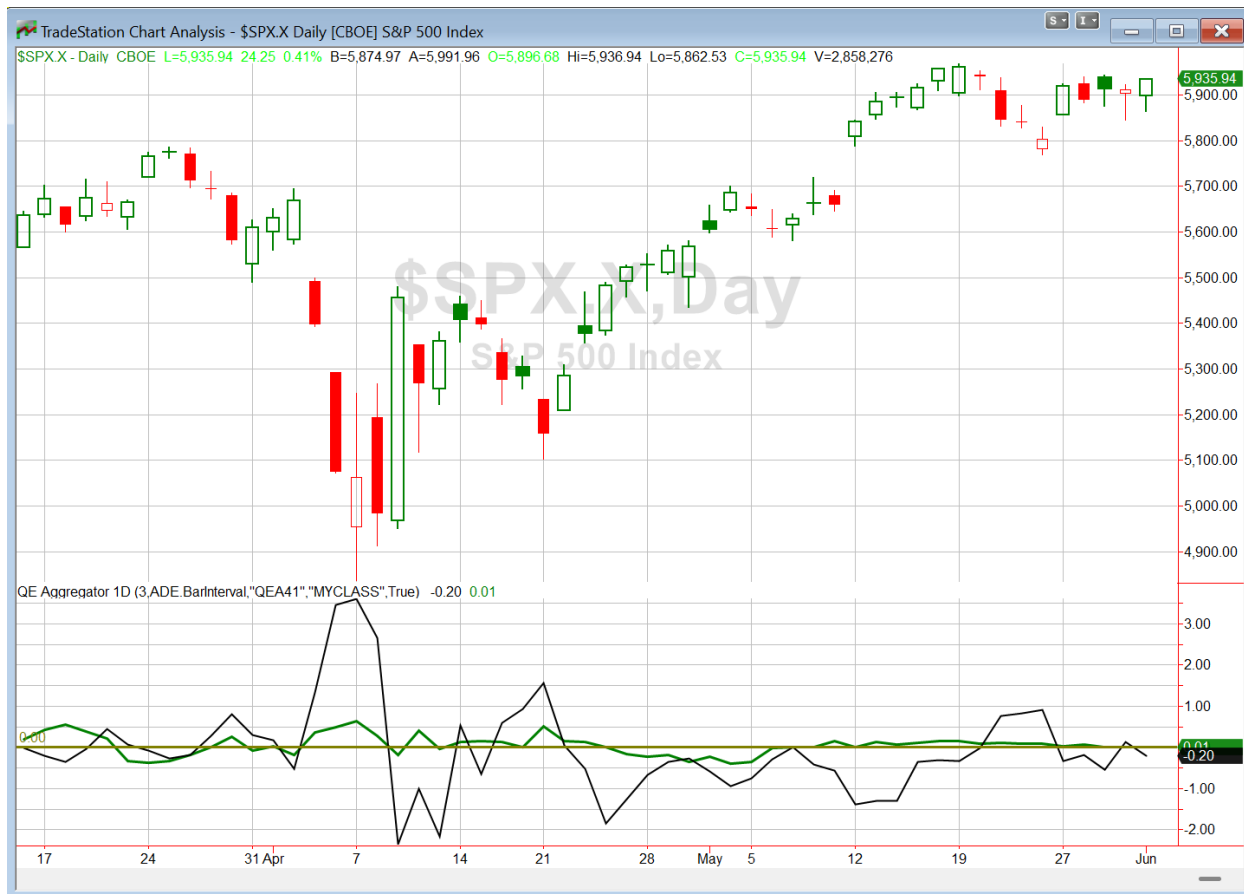
While no compelling directional studies emerged, one factor that traders may want to consider is the fact that the 3/10 Offset HV indicator closed at just 0.21 on Monday. This suggests a volatility expansion is likely to occur in the next few days.

I [first introduced the 3/10 Offset HV in July of 2009](#). It simply takes a short 3-day measure of Historical Volatility and compares that to the 10-day measure of 3-days ago. Low readings indicate there has been a contraction in volatility. High readings indicate there has been an expansion. Anything at or below 0.25 is regarded as extremely low. Often after very low numbers like this we see a volatility expansion take place.

In the July 2009 study I found on average when the 3/10 Offset HV falls below 0.25, then the 3-day Historical Volatility reading 3 days later is about 5.5 times higher than on the trigger day. I decided to examine this again in 2015. I found that during the 2009-2015 period that HV over this time period increased on average 4.75x over the next 3 days. While lower, the point remained the same – relatively big moves often emerged after tight consolidations.

It’s important to note that the 3/10 Offset HV indicator predicts volatility, not direction. For direction I look to the Aggregator. Tonight the Aggregator is neutral. So the low 3/10 Offset HV suggests that a move in either direction over the next few days could be outsized. This increases both reward potential and risk potential.

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



Without any new directional studies making the list tonight, the green Aggregator Line remained very slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line fell 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 turned flat at the close.

Based on the current list of active studies, expectations are set to finish slightly bullish again on Tuesday. With the short-term active list now empty, any new evidence that emerges could easily swing expectations one way or the other. Meanwhile, the Differential Pivot will be 5918.59 on Tuesday. That is 0.3% below Monday's close. Therefore, SPX will need to close down at least 0.3% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. And that is basically where I am at as well. Short-term evidence is lacking and the low 3/10 Offset HV suggests elevated volatility could occur in the next few days. So increased risk without a strong directional edge. No thanks.

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.

None tonight.

Current Open Trade Ideas

None.

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