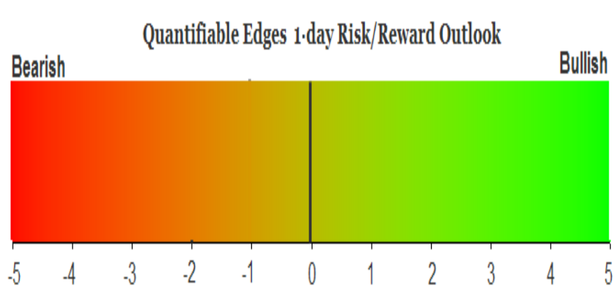
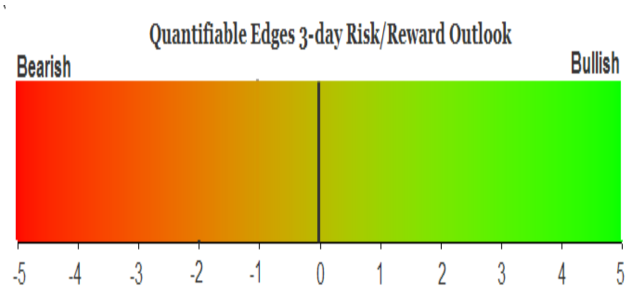
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 9, 2025 Volume 18 Issue 108

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The strong Employment Day rally by the NASDAQ could mean additional momentum in that index for the next few days.
- We are in a neutral / slightly bullish portion of the SPX Seasonality Calendar.
- Reverse repos closeouts allowed for a mild liquidity infusion this week, and the market seemed to take advantage.
- Overall, the Fed still appears neutral.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I don't see a sizable edge.

Quantifiable Edges, LLC 10 Boyden Rd., Medfield, Massachusetts 02052 781-956-6952

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 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

Friday saw the market gap higher after a favorable employment report. It held that gap throughout the day. SPX finished up 1.0%, the NASDAQ rose 1.2%, and the Russell 2000 gained 1.7%. Breadth was strong as the NYSE Up Issues % closed at 69% and the NYSE Up Volume % posted a 79% reading. NYSE total volume came in at the lightest level in over a month.

The light volume triggered a few studies in the Quantifinder. In times past, low volume on a strong up day suggested a possible downside edge in the following days. But in examining those studies over the weekend, I found it has not held true over the last several years when SPX has been above its 200ma. So none of those studies made the cut tonight

As I mentioned above, the employment report was the catalyst for the big rally Friday, and the NASDAQ hit new all-time highs. As I did in the 5/6/19 letter, I looked back at other instances where the NASDAQ spiked higher and closed at a new high on the day of an employment report.

Today is an Employment Day. NASDAQ closes up at least 1% and at a 50-day high.
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	21,981.73	27	21	6	77.78	3,803.52	-2,964.72	1,465.54	-1,465.76	1.00	3.50	814.14
4	12,379.96	27	17	10	62.96	3,040.00	-3,213.50	1,442.03	-1,213.45	1.19	2.02	458.52
3	8,469.97	27	17	10	62.96	2,062.70	-2,648.16	1,143.66	-1,097.22	1.04	1.77	313.70
2	909.80	27	16	11	59.26	1,856.12	-3,675.86	768.73	-1,035.44	0.74	1.08	33.70
1	4,107.15	27	17	10	62.96	1,333.76	-1,485.83	540.04	-507.35	1.06	1.81	152.12

The results above appear to suggest an upside edge, especially over the 5-day period. I also checked to see how SPX performed after the NASDAQ action. Results here were interesting.

Today is an Employment Day. NASDAQ closes up at least 1% and at a 50-day high. Buy SPX 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	26.34	27	17	10	62.96	1,915.14	-4,731.22	854.14	-1,449.41	0.59	1.00	0.98
4	-6,184.82	27	15	12	55.56	1,659.08	-5,946.73	791.57	-1,504.87	0.53	0.66	-229.07
3	-7,768.33	27	14	13	51.85	1,358.28	-3,733.20	604.50	-1,248.57	0.48	0.52	-287.72
2	-10,130.11	27	13	14	48.15	848.70	-3,748.50	408.45	-1,102.85	0.37	0.34	-375.19
1	-2,750.83	27	11	16	40.74	1,192.26	-1,252.30	375.29	-429.94	0.87	0.60	-101.88

Same dates. Much weaker action. While the indices often move together, the NASDAQ momentum did not seem to carry over very well for the SPX. Below I have listed all the instances assuming a 5-day holding period for both the NASDAQ and the SPX.

Today is an Employment Day. NASDAQ closes up at least 1% and at a 50-day high. 5-day forward results shown.

Date	Trade	NASDAQ %Chg	SPX %Chg
7/7/1995	Buy	3.05%	0.63%
7/14/1995	Sell		
10/4/1996	Buy	0.06%	-0.15%
10/11/1996	Sell		
2/6/1998	Buy	0.95%	0.75%
2/13/1998	Sell		
7/2/1999	Buy	1.81%	0.57%
7/12/1999	Sell		
11/5/1999	Buy	3.83%	1.89%
11/12/1999	Sell		
12/3/1999	Buy	2.83%	-1.13%
12/10/1999	Sell		
3/3/2000	Buy	2.95%	-1.00%
3/10/2000	Sell		
5/2/2003	Buy	1.15%	0.36%
5/9/2003	Sell		
7/8/2005	Buy	2.08%	1.33%
7/15/2005	Sell		
1/6/2006	Buy	0.50%	0.17%
1/13/2006	Sell		
10/5/2007	Buy	0.91%	0.27%
10/12/2007	Sell		
4/3/2009	Buy	1.94%	1.93%
4/13/2009	Sell		
3/5/2010	Buy	1.78%	0.99%
3/12/2010	Sell		
2/3/2012	Buy	-0.06%	-0.17%
2/10/2012	Sell		
2/1/2013	Buy	0.46%	0.31%
2/8/2013	Sell		
5/3/2013	Buy	1.72%	1.19%
5/10/2013	Sell		
8/5/2016	Buy	0.23%	0.05%
8/12/2016	Sell		
3/9/2018	Buy	-1.04%	-1.24%
3/16/2018	Sell		
6/1/2018	Buy	1.21%	1.62%
6/8/2018	Sell		
5/3/2019	Buy	-3.03%	-2.18%
5/10/2019	Sell		
11/1/2019	Buy	1.06%	0.85%
11/8/2019	Sell		
5/8/2020	Buy	-1.17%	-2.26%
5/15/2020	Sell		
6/5/2020	Buy	-2.30%	-4.78%
6/12/2020	Sell		
1/8/2021	Buy	-1.54%	-1.48%
1/15/2021	Sell		
5/5/2023	Buy	0.40%	-0.29%
5/12/2023	Sell		
6/2/2023	Buy	0.14%	0.39%
6/9/2023	Sell		
2/2/2024	Buy	2.31%	1.37%
2/9/2024	Sell		

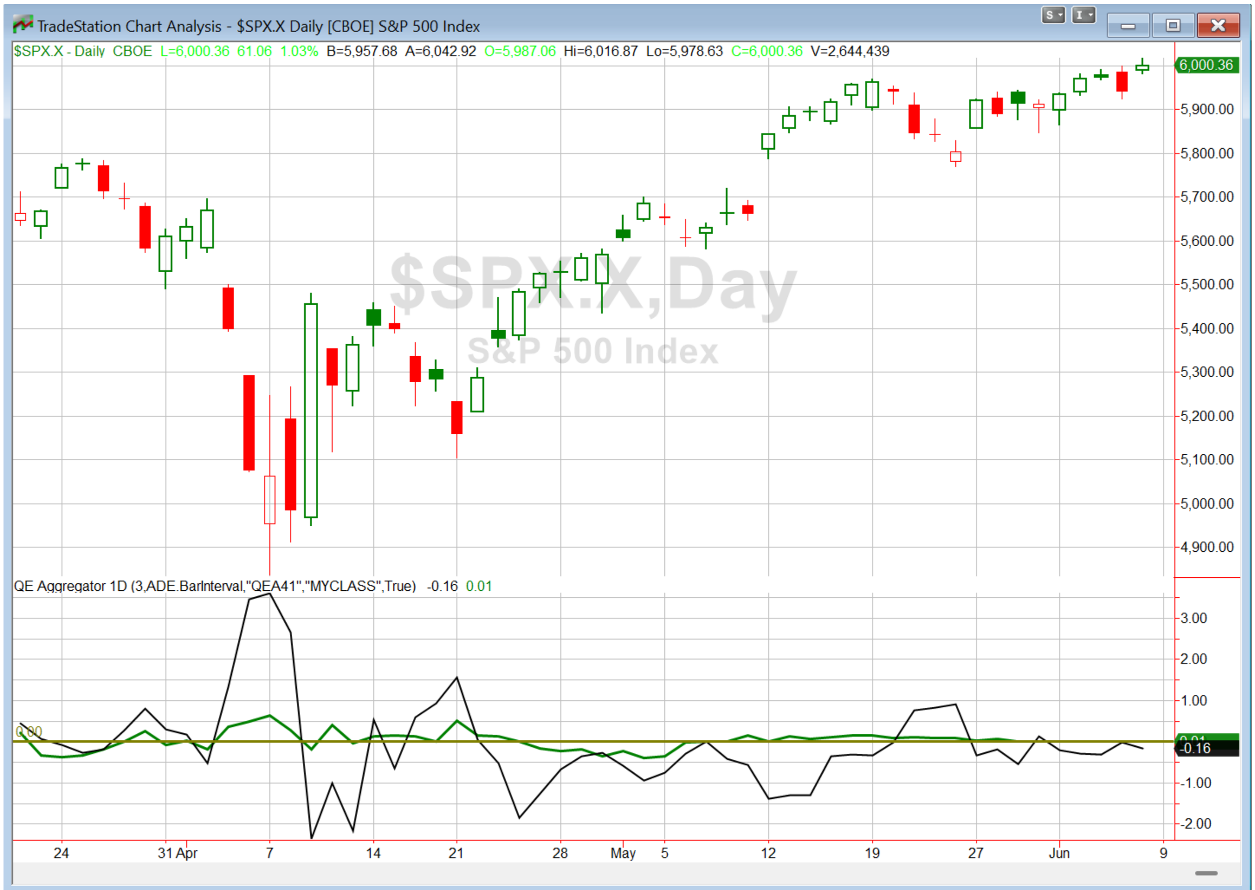
Most interesting to me is the comparison of the NASDAQ to the SPX results. In ***22 of 26 instances the NASDAQ outperformed the SPX over the next 5 days***. The only exceptions were the ones I circled. That suggests to me that traders may be better off looking for opportunities to get long the NASDAQ as opposed to the SPX in the coming days. (Or spread traders could look to take advantage of this with a long NASDAQ / short SPX type trade.) So while I am not certain there is a true directional edge suggested by this study. Perhaps if we see a pullback in the NASDAQ over the next day or two, I may look for an index trade there rather than the SPX.

Next let's take a look at the SPX Seasonality Calendar.

Quantifiable Edges Seasonality Calendar $SPX S&P 500 Index			
Date	**Win%**	**Profit Factor**	**Avg % Chg**
6/2/2025	54.86	1.459	0.122
6/3/2025	49.95	1.449	0.149
6/4/2025	56.22	1.750	0.230
6/5/2025	52.22	1.229	0.036
6/6/2025	57.40	1.529	0.182
6/9/2025	53.62	0.740	-0.141
6/10/2025	52.44	1.191	0.089
6/11/2025	54.79	1.141	0.076
6/12/2025	54.15	0.814	-0.079
6/13/2025	58.24	1.295	0.108
6/16/2025	55.33	0.869	-0.093
6/17/2025	51.06	1.428	0.155
6/18/2025	57.29	1.556	0.200
6/20/2025	50.76	0.993	0.020
6/23/2025	51.82	0.929	-0.074
6/24/2025	50.65	1.284	0.126
6/25/2025	51.30	1.308	0.130
6/26/2025	53.50	1.183	0.048
6/27/2025	54.92	1.167	0.085
6/30/2025	56.88	1.120	-0.029
Baseline	***54.05***	***1.135***	***0.047***

The upcoming week shows mixed and mildly bullish odds. Not until the final week of the month do we see consistently bullish numbers.

I have updated the Aggregator chart below.



Without any new studies suggesting a compelling directional edge, 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 held just barely 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 finish slightly bullish again on Monday. With the short-term active list still empty, any new evidence that emerges could easily swing expectations one way or the other. Meanwhile, the Differential Pivot will be 5971.41 on Monday. That is 0.5% below Friday's close. Therefore, SPX will need to close down at least 0.5% on Monday in order to flip from overbought to oversold versus recent expectations.

So we still have a neutral Aggregator. The last couple of weeks have been quite dull in that we haven't seen strong edges. That won't persist too long. I'll remain patient and continue looking for the next favorable opportunity to arise.

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

Combo #1	Combo #2	Combo #3	Combo #4
Flat	Flat	Flat	Flat

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Timing Course, which is included with all annual subscriptions. *The combo models are all still "Flat".*

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Stocks rallied this past week. The SPX rose 1.5%, the NASDAQ gained 2.2%, and the Russell 2000 climbed 3.2%. Bonds struggled, though. The US Aggregate Bond ETF (AGG) declined 0.5%. TLT, the 20-year Treasury Bond ETF, lost 0.7%. Both the NASDAQ and the SPX are above their long-term moving averages, closed at 50-day highs, and are not terribly far from new all-time highs. Long-term trend measures mostly point higher. There were not any new studies that triggered in the last few days with intermediate-term implications.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Domestic Security Holdings as of

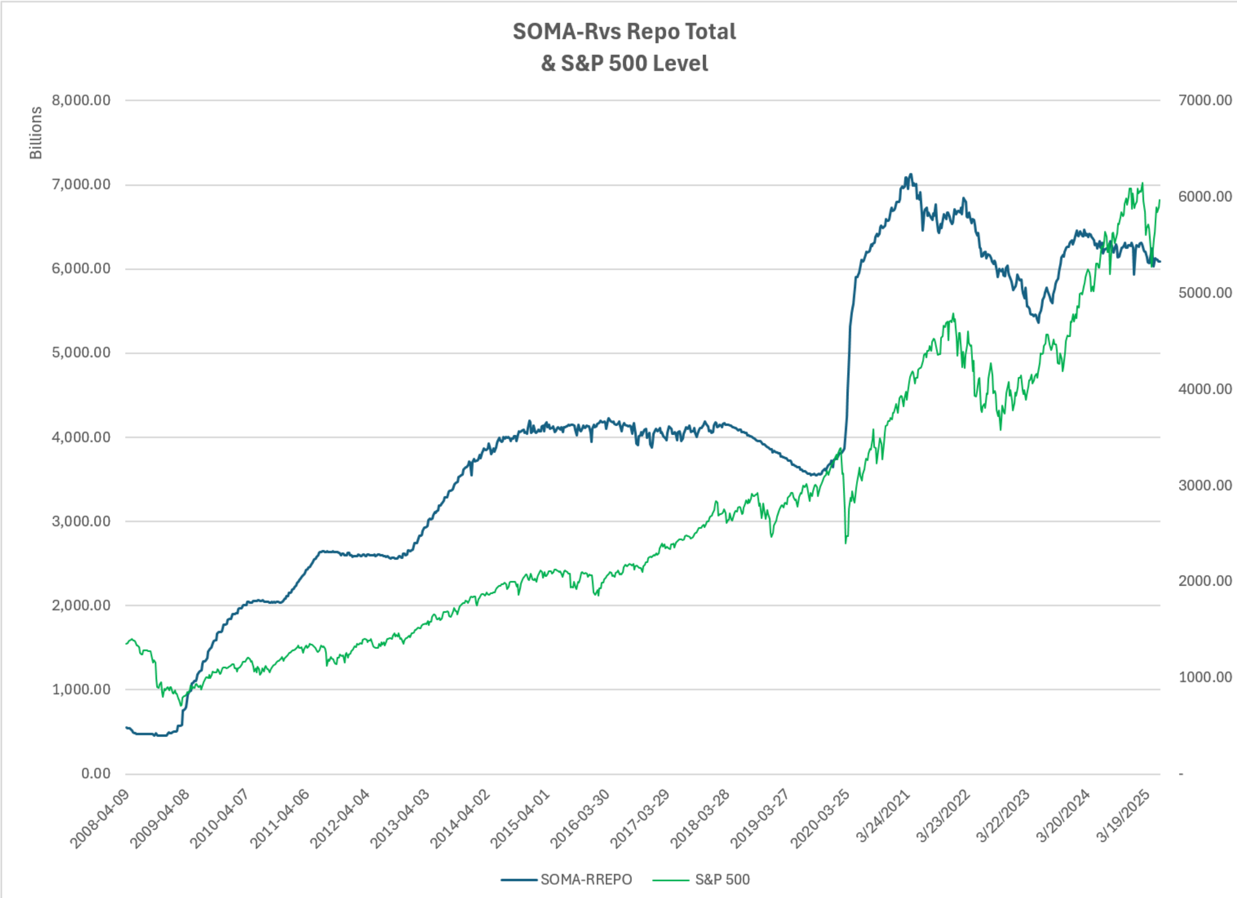
◂ Previous June 4, 2025

Posted June 5, 2025 at 4:30 PM

SUMMARY | T-BILLS | T-NOTES AND T-BONDS | FRNS | TIPS | AGENCY DEBTS | MBS | CMBS

SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills (T-Bills)	195,417,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,581,957,199.1
US Treasury Floating Rate Notes (FRNs)	10,532,824.1
US Treasury Inflation-Protected Securities (TIPS)*	313,767,368.8
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,148,191,502.9
Agency Commercial Mortgage-Backed Securities***	7,969,944.2
Total SOMA Holdings	6,260,183,765.8
Change From Prior Week	-1,908,669.5

The SOMA account holdings declined by $1.9 billion this past week. Meanwhile, reverse repos declined by 4.8 billion for the week ending 6/4/25. A decline in reverse repos can act as a liquidity infusion. Combined for the week, SOMA and reverse repo action accounted for a $2.85 billion liquidity injection. Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Quantitative Tightening (QT) can still be a headwind to the market, but it is not nearly as strong as it has been at times in the last few years. So the headwind now appears more like a gentle breeze. Reverse repo closeouts more than offset the QT from April 2023 through early March of 2024, and this helped provide fuel for that market rally. Reverse repos have really been chopping around lately, and so has the blue line, which looks at the SOMA level and subtracts the amount of outstanding reverse repos. That is the line to keep an eye on. When it stops chopping around and starts moving consistently in one direction, that will provide us a strong indication of market direction.

With regards to rates, the chance of a 25 point cut in June is now less than 3%. Meanwhile, July odds show just a 17% chance that rates will be lower than current. The September meeting is now the one where odds are greater than 50% that rates will be lower than they are currently. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

FedWatch Tool

18 Jun25 | 30 Jul25 | 17 Sep25 | 29 Oct25 | 10 Dec25 | 28 Jan26 | 18 Mar26 | 29 Apr26 | 17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26

Target Rate
- Current
- Compare
- Probabilities
- Aggregated

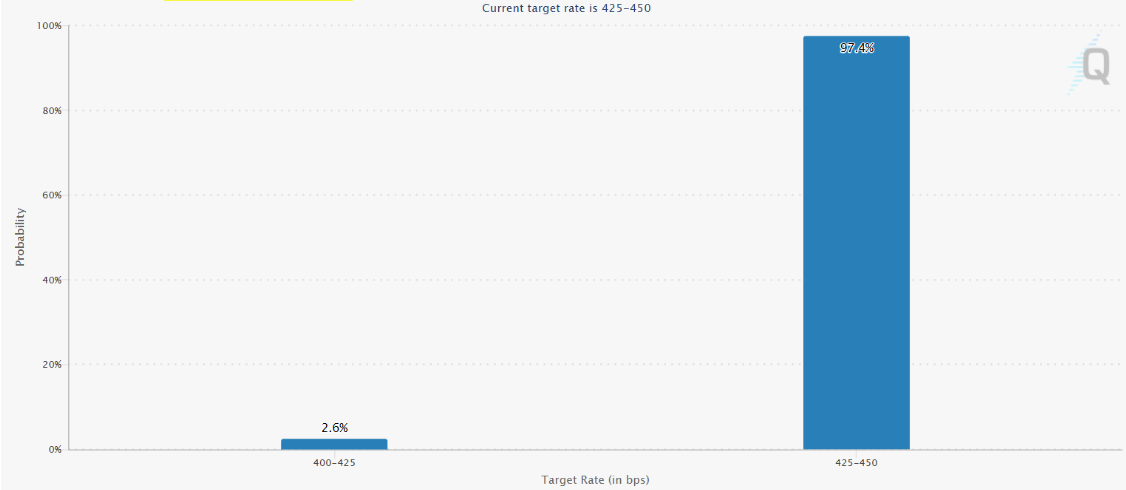
Historical
- Historical
- Downloads
- Prior Hikes

Dot Plot
- Chart
- Table

Tools
- CVOL
- SOFR Watch
- ESTR Watch

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
18 Jun 2025	ZQM5	30 Jun 2025	95.6700	24,198	329,436	2.6 %	97.4 %	0.0 %

Target Rate Probabilities for 18 Jun 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 6 JUN 2025	1 WEEK 30 MAY 2025	1 MONTH 7 MAY 2025
375-400	0.0%	0.0%	0.0%	0.4%
400-425	2.6%	2.6%	3.8%	21.2%
425-450 (Current)	97.4%	97.4%	96.2%	78.4%

* Data as of 7 Jun 2025 09:59:08 CT

1/1/2026 and forward are projected meeting dates

FedWatch Tool

18 Jun25 | 30 Jul25 | 17 Sep25 | 29 Oct25 | 10 Dec25 | 28 Jan26 | 18 Mar26 | 29 Apr26 | 17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26

Target Rate
- Current
- Compare
- Probabilities
- Aggregated

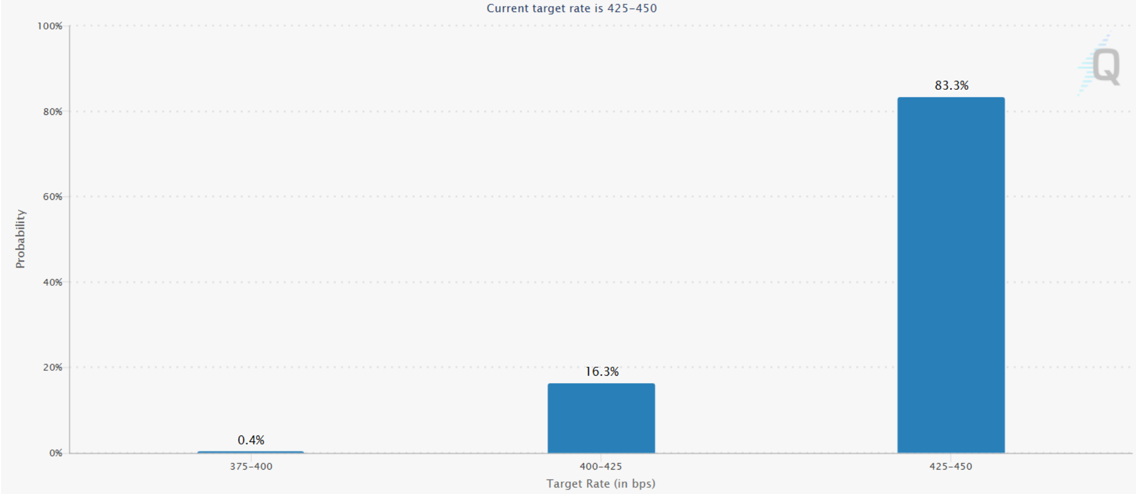
Historical
- Historical
- Downloads
- Prior Hikes

Dot Plot
- Chart
- Table

Tools
- CVOL
- SOFR Watch
- ESTR Watch

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
30 Jul 2025	ZQN5	31 Jul 2025	95.6750	97,551	443,761	16.7 %	83.3 %	0.0 %

Target Rate Probabilities for 30 Jul 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 6 JUN 2025	1 WEEK 30 MAY 2025	1 MONTH 7 MAY 2025
350-375	0.0%	0.0%	0.0%	0.2%
375-400	0.4%	0.4%	0.9%	13.3%
400-425	16.3%	16.3%	24.8%	56.7%
425-450 (Current)	83.3%	83.3%	74.3%	29.8%

* Data as of 7 Jun 2025 09:59:32 CT

1/1/2026 and forward are projected meeting dates

As we have seen over and over, odds continually shift, so expect further refinement as we get closer to these Fed meeting dates. With lots of uncertainty regarding global trade, geopolitics, inflation, and the economy in general it would be surprising to me if we did NOT see shifts in expectations over the next few months.

The last few days did not do anything to change my intermediate-term outlook. The market still seems to be acting bullish. We saw the NASDAQ take the lead in late April. We've also seen multiple breadth thrust studies that are typically followed by more upside. The SPX and NASDAQ are both at 50-day highs and approaching new all-time highs, so most trend indicators are pointing higher. We also have a momentum study still pointing higher from previous weeks. So based on breadth, leadership, trend, and momentum, the recent uptrend appears healthy. Still, massive amounts of uncertainty with regards to wars, tariffs, trade, inflation and more are making forecasting challenging. Substantial volatility can re-emerge at any time. Also notable is that stocks are in a seasonally weak period as measured by both the "worst 6 months" of May through October, and 1st year of the Presidential Cycle. These weak seasonal cycles are helping to keep all the Market Timing Course "Combo" models flat right now. So there are plenty of risks. All considered, I am keeping my outlook "somewhat bullish". This means that I will be willing to take short-term trades in either direction, but I will be more conservative when considering short positions than long positions.

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.