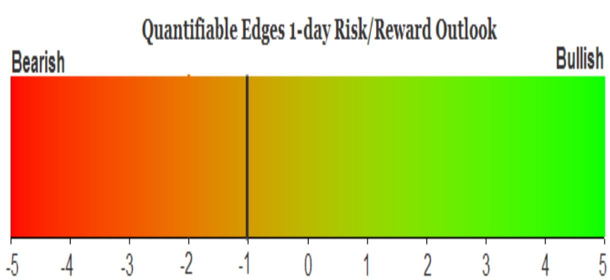
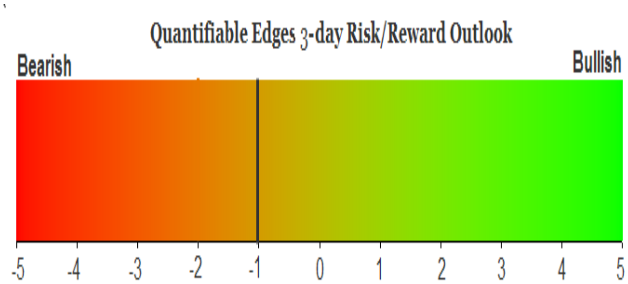
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 17, 2025 Volume 18 Issue 114

Market Overview





Signals Overview

Aggregator	CBI Reading
Short	0

Tonight's Research Points

- Tuesday's action will help determine how strong the edge is for Wednesday's Fed Day.

Short-term Outlook

The Bottom Line

The Aggregator is bearish, but I am not enthused about a short trade.

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						
June 13, 2025	VXX 5-high. SPX 5-high	1-4 days	Bearish			
June 12, 2025	3 higher highs, lows, closes. Dn cls today	1-4 days	Bullish	1.20%	-0.80%	-1.70%
Active - Long Term						
May 19, 2025	DeGraaf Thrust (55% SPX 20-day high)	1-12 months	Bullish			
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

The market bounced back a good bit from Friday's selloff. SPX gained 0.9%, the NASDAQ rose 1.5%, and the Russell 2000 climbed 1.1%. Breadth was strong as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % posted a 69% reading. NYSE total volume rose some from Friday's level.

Wednesday is a Fed Day. Fed Days have historically shown an upside tendency. I have documented this tendency in great detail over the years. One interesting observation I have noted about Fed Days is that the bullish tendency is greatly impacted by stock market action leading up to the Fed Day. This is something that often happens with other seasonal tendencies as well (like turn of the month). In the past I have broken down Fed Day performance based on the quartile that the SPY closed in of the daily range on the day before the Fed Day. The basic finding was that the worse the close, the better the Fed Day edge. I last did this in the 1/28/25 letter. I have updated that research below.

Tomorrow is a Fed Day. SPY closes in the top 25% of its intraday range. Buy on close. Sell Fed Day close. $100k/trade. 1993 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	$11,964.34
Gross Profit	$40,881.65
Gross Loss	($28,917.31)
Profit Factor	1.41
Total Number of Trades	99
Percent Profitable	50.51%
Winning Trades	50
Losing Trades	47
Even Trades	2
Avg. Trade Net Profit	$120.85
Avg. Winning Trade	$817.63
Avg. Losing Trade	($615.26)
Ratio Avg. Win:Avg. Loss	1.33
Largest Winning Trade	$2,238.25
Largest Losing Trade	($2,739.69)

Tomorrow is a Fed Day.
SPY closes > 50% and <= 75% of its intraday range.
Buy on close. Sell Fed Day close. $100k/trade. 93 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	$12,473.81
Gross Profit	$34,876.26
Gross Loss	($22,402.45)
Profit Factor	1.56
Total Number of Trades	59
Percent Profitable	50.85%
Winning Trades	30
Losing Trades	28
Even Trades	1
Avg. Trade Net Profit	$211.42
Avg. Winning Trade	$1,162.54
Avg. Losing Trade	($800.09)
Ratio Avg. Win:Avg. Loss	1.45
Largest Winning Trade	$4,704.07
Largest Losing Trade	($2,971.65)

Tomorrow is a Fed Day.
SPY closes > 25% and <= 50% of its intraday range.
Buy on close.Sell Fed Day close.$100k/trade.93-present.

TradeStation Performance Summary

	All Trades
Total Net Profit	$15,953.92
Gross Profit	$29,625.35
Gross Loss	($13,671.43)
Profit Factor	2.17
Total Number of Trades	53
Percent Profitable	64.15%
Winning Trades	34
Losing Trades	19
Even Trades	0
Avg. Trade Net Profit	$301.02
Avg. Winning Trade	$871.33
Avg. Losing Trade	($719.55)
Ratio Avg. Win:Avg. Loss	1.21
Largest Winning Trade	$2,943.00
Largest Losing Trade	($2,066.62)

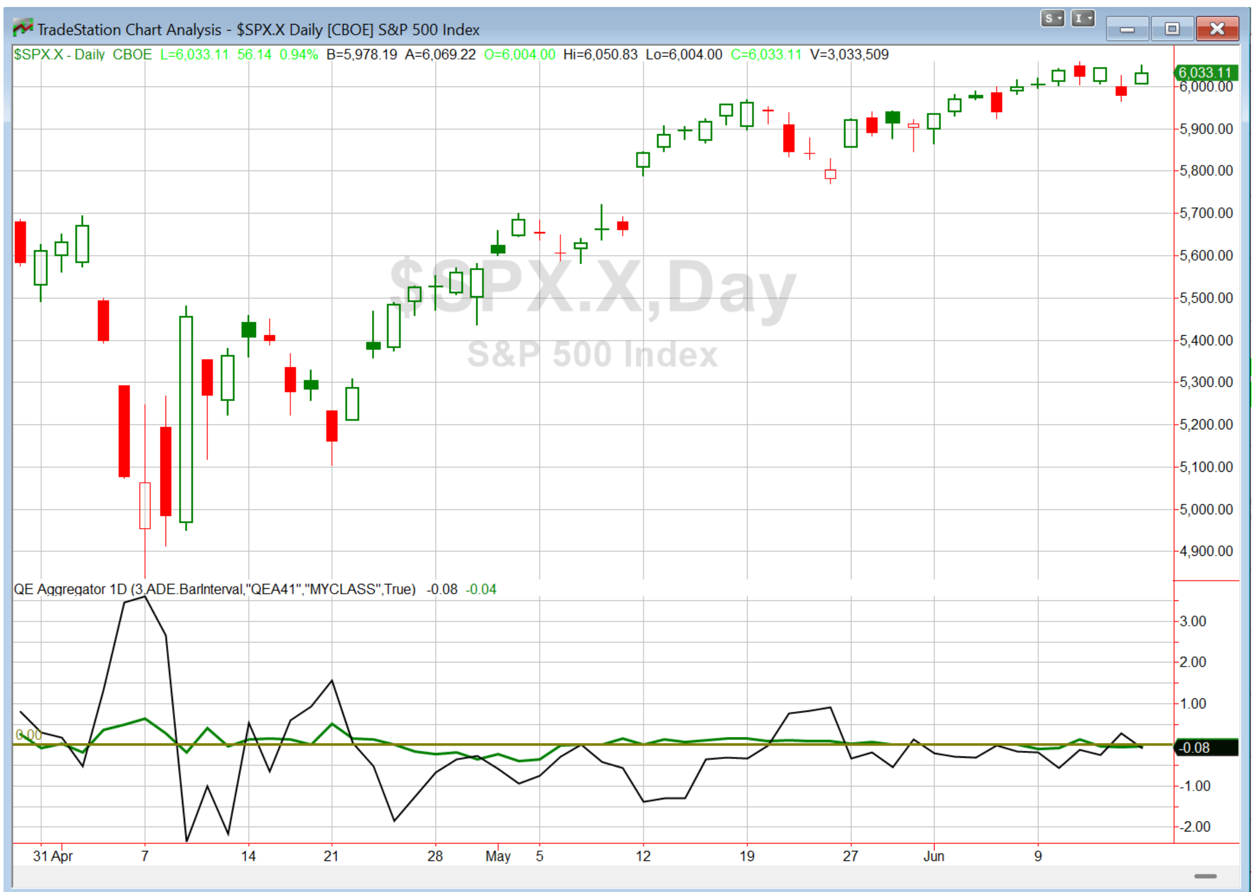
Tomorrow is a Fed Day.
SPY closes in the BOTTOM 25% of its intraday range.
Buy on close. Sell Fed Day close. $100k/trade. 1993 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	$25,474.09
Gross Profit	$37,727.36
Gross Loss	($12,253.27)
Profit Factor	3.08
Total Number of Trades	46
Percent Profitable	71.74%
Winning Trades	33
Losing Trades	13
Even Trades	0
Avg. Trade Net Profit	$553.78
Avg. Winning Trade	$1,143.25
Avg. Losing Trade	($942.56)
Ratio Avg. Win:Avg. Loss	1.21
Largest Winning Trade	$4,645.80
Largest Losing Trade	($2,945.28)

So what we see here is that the lower SPY has closed in its range the day before, the stronger the Fed Day edge has been. When there has been a lot of confidence or complacency leading up to the announcement, that has nearly eliminated the edge. This might also be attributed to some frontrunning. On the other hand, when there has been anxiety heading into the announcement, then the bullish edge has been greatly enhanced. This could be worth keeping in mind as we approach the close on Tuesday. For tonight, I did not identify any compelling new evidence to add to the active list.

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



Without any new studies being added tonight, the green Aggregator Line remained below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile the black Differential Line dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation turned short at the close.

Based on the current list of active studies, expectations are set to remain negative on Tuesday. Of course this could change if new bullish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at* 6046.78 on Tuesday. That is 0.2% *above* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up over 0.2% in order to remain overbought. Anything shy of that, and it will be considered "oversold" versus recent expectations as of Tuesday's close.

So the Aggregator is bearish. But as subscribers know, I am generally not inclined to get involved in new positions when the Differential Pivot is inverted. That is because the reward potential is low since the signal will change if the trade goes at all in my direction, and even a little against me. With the intermediate-term outlook leaning bullish and the trend pointing higher, a short trade would be a counter-trend trade here. I need very favorable reward/risk to consider a counter-trend trade. So with an inverted pivot currently, I have no interest in considering this counter-trend trade. I'll remain sidelined and patient. Tomorrow's action could set us up for a Fed Day trade, and I will be on the lookout for that.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/16 – 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.