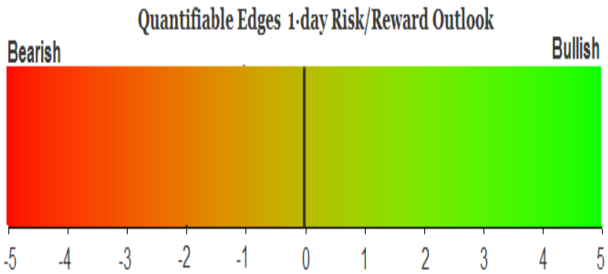
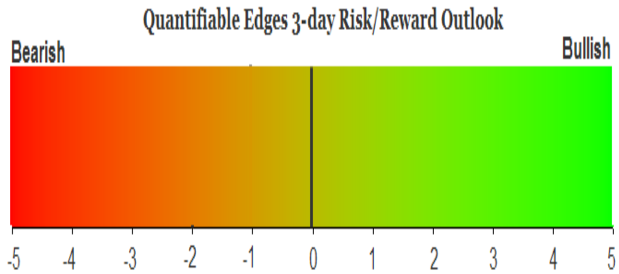
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 20, 2025 Volume 18 Issue 116

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- When a Fed Day posts a lower close for at least the 2nd day in a row, there is often a bounce in the following days.
- Opex Friday has often seen selling after the opening bell.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. We could easily see it turn bullish on Friday, especially if there is additional selling.

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 20, 2025	SPX closes down 2+ days. Today is Fed Day	1-6 days	Bullish	2.00%	-1.60%	-3.30%
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

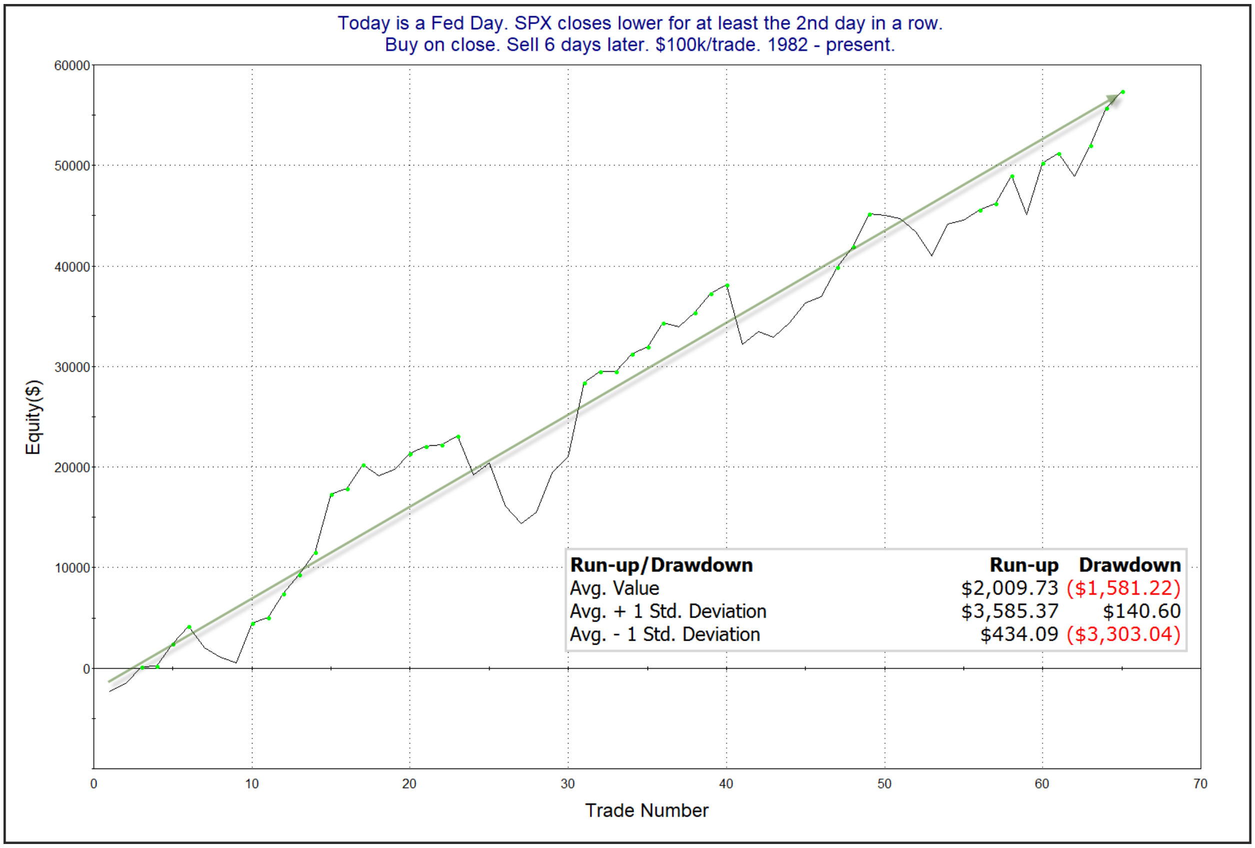
Wednesday saw the market finish mixed. SPX lost 0.03%, the NASDAQ rose 0.13%, and the Russell 2000 gained 0.%. Breadth was weak as the NYSE Up Issues % closed at 56% and the NYSE Up Volume % posted a 54% reading. NYSE total volume rose some from Tuesday's level.

So the Fed Day failed to deliver a bounce from Tuesday's selloff. The study below is one I have shown many times over the years. I have updated the results tonight.

Today is a Fed Day. SPX closes lower for at least the 2nd day in a row.
Buy on close. Sell X days later. $100k/trade. 1982 - 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
10	62,122.70	65	43	22	66.15	9,012.33	-5,334.70	2,679.99	-2,414.41	1.11	2.17	955.73
9	57,358.72	65	45	20	69.23	8,967.96	-5,671.36	2,346.41	-2,411.48	0.97	2.19	882.44
8	45,805.46	65	47	18	72.31	8,456.40	-6,514.96	2,091.12	-2,915.41	0.72	1.87	704.70
7	52,368.25	65	49	16	75.38	8,869.37	-6,757.80	1,951.89	-2,704.63	0.72	2.21	805.67
6	57,372.68	65	48	17	73.85	7,361.95	-5,884.97	1,904.08	-2,001.38	0.95	2.69	882.66
5	43,843.49	65	45	20	69.23	6,013.86	-5,581.03	1,728.13	-1,696.12	1.02	2.29	674.52
4	30,836.01	65	41	24	63.08	7,513.37	-4,622.80	1,641.39	-1,519.20	1.08	1.85	474.40
3	15,625.34	65	40	25	61.54	5,035.28	-4,476.12	1,212.34	-1,314.73	0.92	1.48	240.39
2	10,869.31	65	37	28	56.92	5,202.52	-4,613.73	1,150.85	-1,132.58	1.02	1.34	167.22
1	4,072.36	65	38	27	58.46	4,001.33	-5,829.24	874.69	-1,080.21	0.81	1.14	62.65

When Fed Days fail to produce a bounce, you normally see a rally shortly after. Below is a profit curve assuming a 6-day exit strategy.



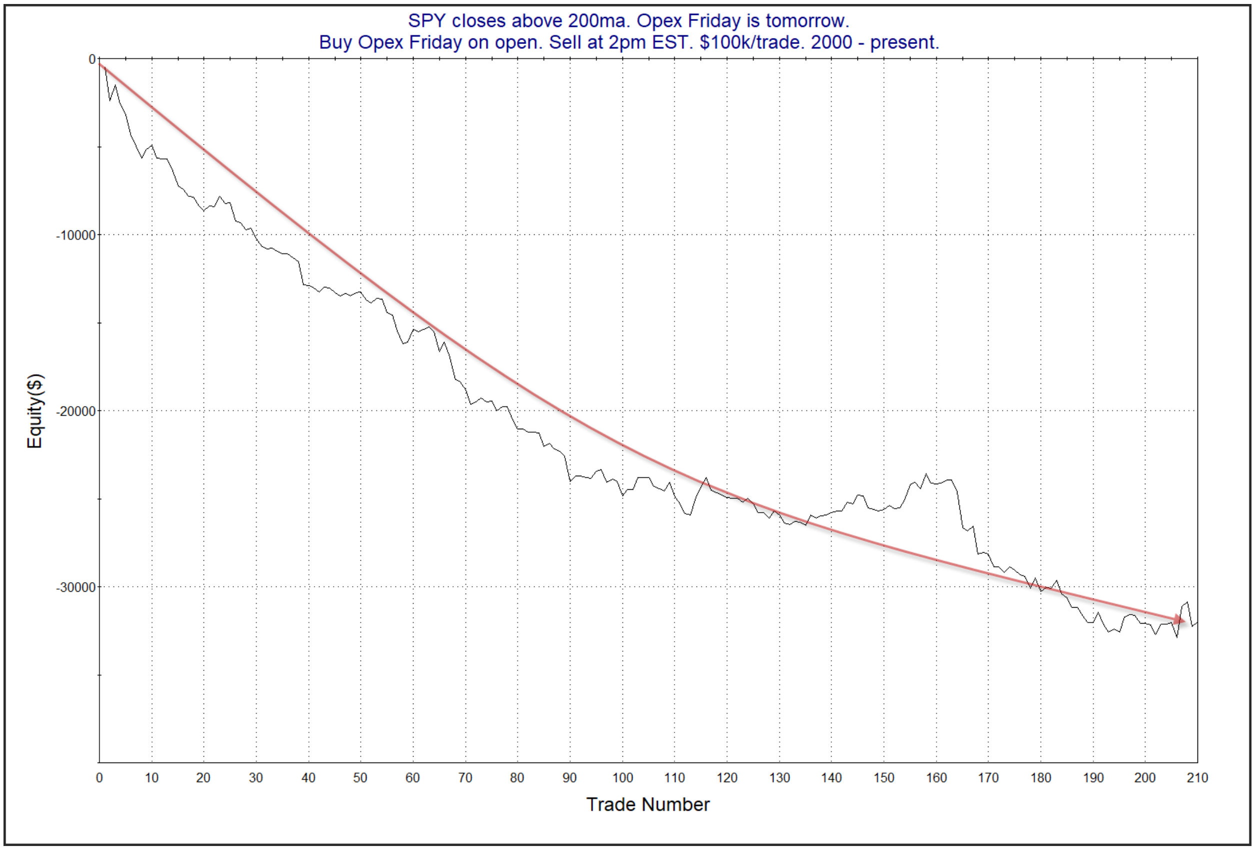
That is an impressive looking curve, and it has made new highs the last few instances. I have added this study to the active list again tonight.

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.

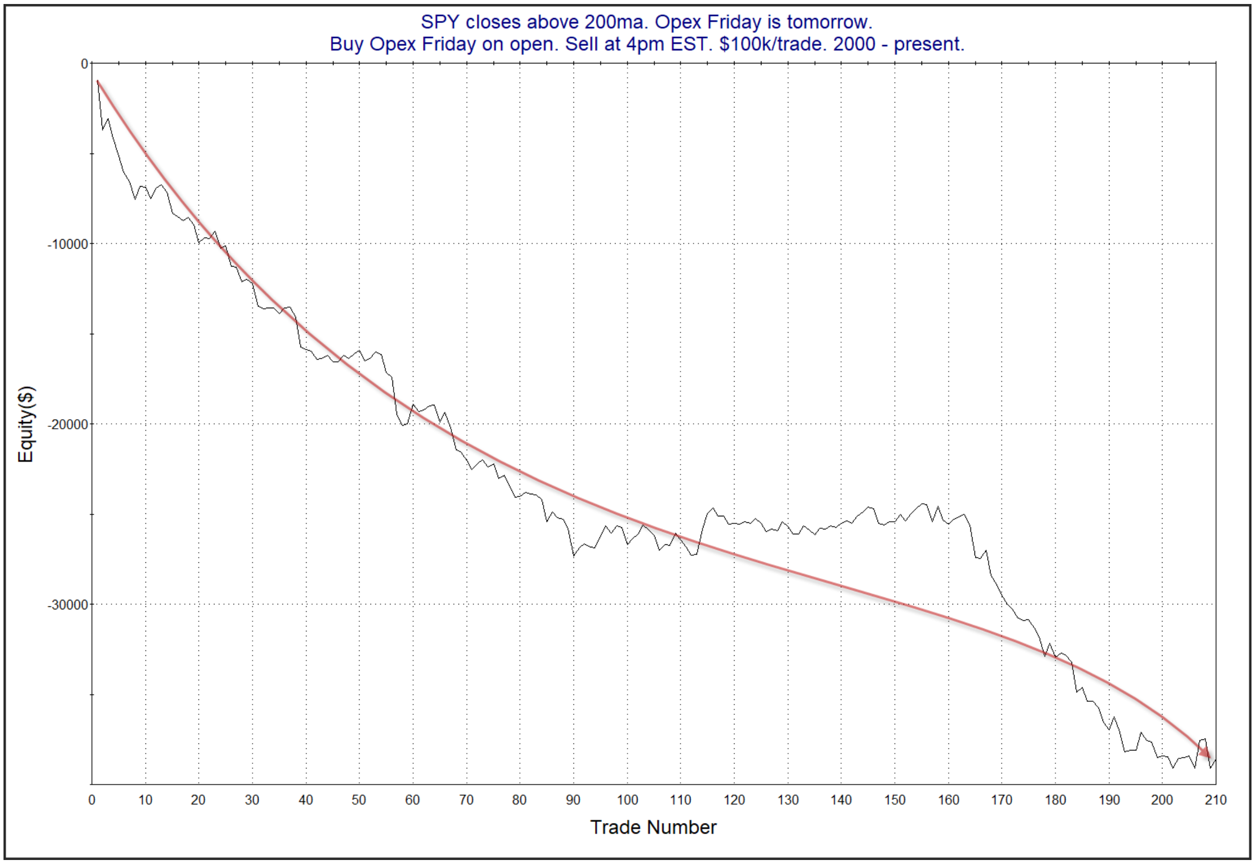
SPY closes above 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at time shown on left. $100k/trade. 2000 - present.

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	-38,593.69	210	86	124	40.95	1,547.00	-2,746.58	334.10	-542.96	0.62	0.43	-183.78
1,500	-32,620.78	210	86	123	40.95	1,824.10	-2,315.18	317.17	-486.97	0.65	0.46	-155.34
1,400	-31,968.76	210	74	136	35.24	1,751.00	-2,000.00	311.26	-404.43	0.77	0.42	-152.23
1,300	-27,889.48	210	77	132	36.67	2,172.60	-1,324.62	297.61	-384.89	0.77	0.45	-132.81
1,200	-26,074.38	210	74	136	35.24	2,150.50	-1,318.40	285.89	-347.28	0.82	0.45	-124.16
1,100	-21,729.43	210	79	130	37.62	1,103.30	-968.50	226.17	-304.59	0.74	0.45	-103.47
1,000	-18,570.58	210	61	149	29.05	365.47	-629.00	130.95	-178.25	0.73	0.30	-88.43

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.

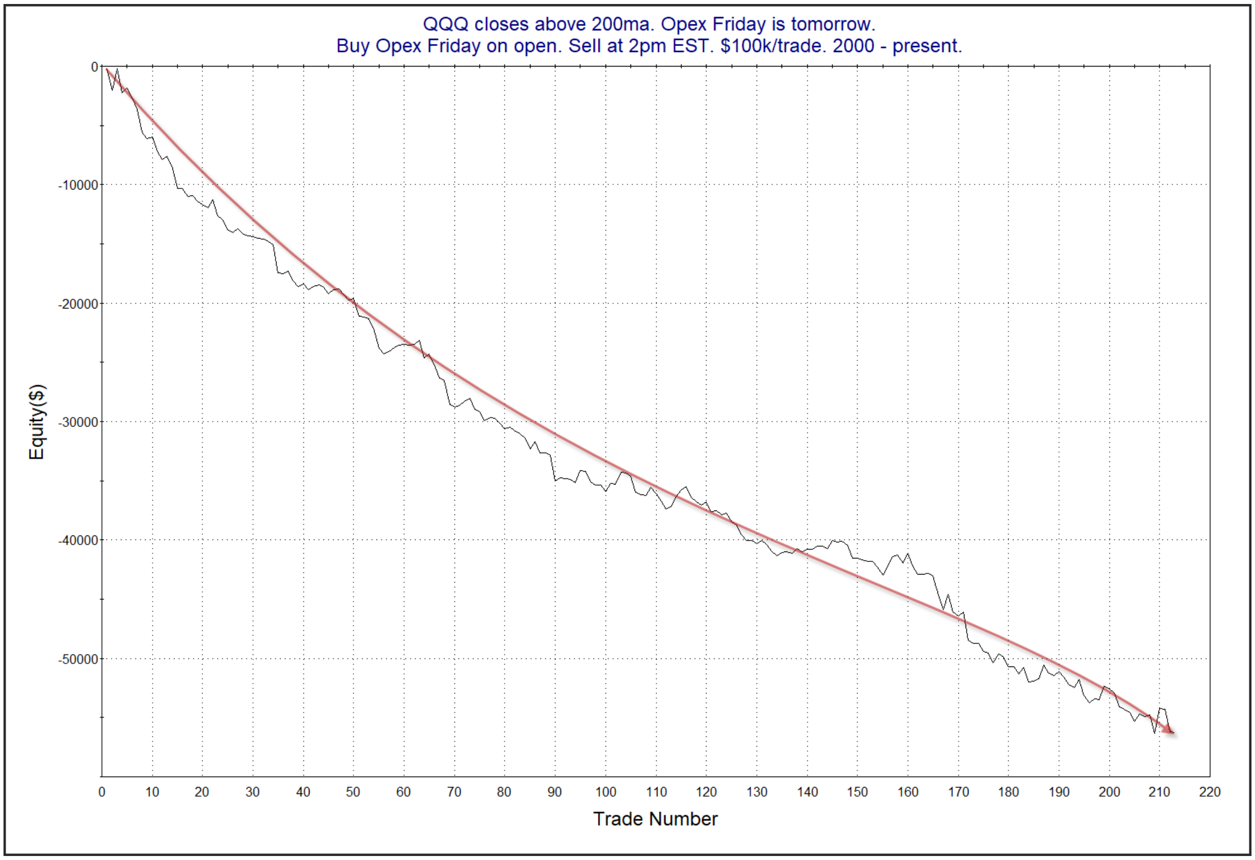


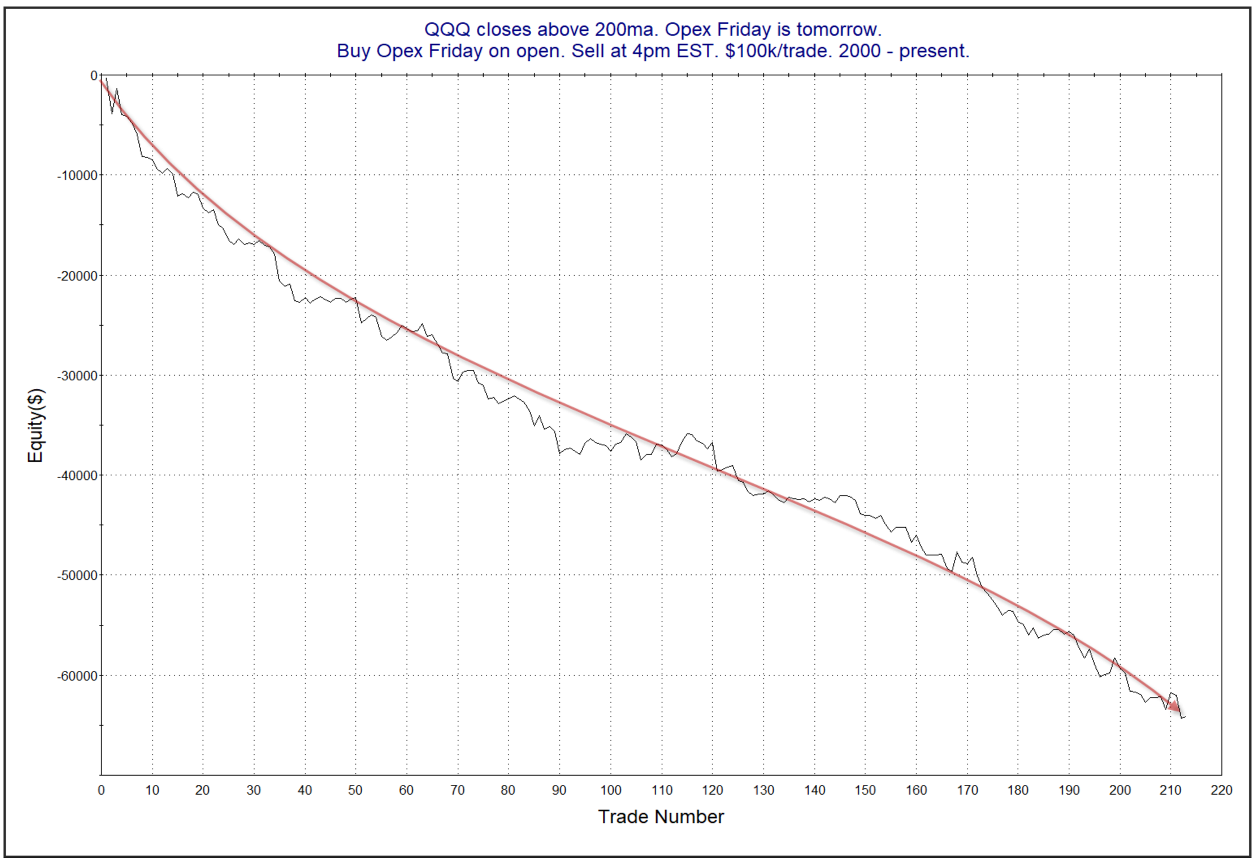
This is also impressive.

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. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at time shown on left. $100k/trade. 2000 - present.

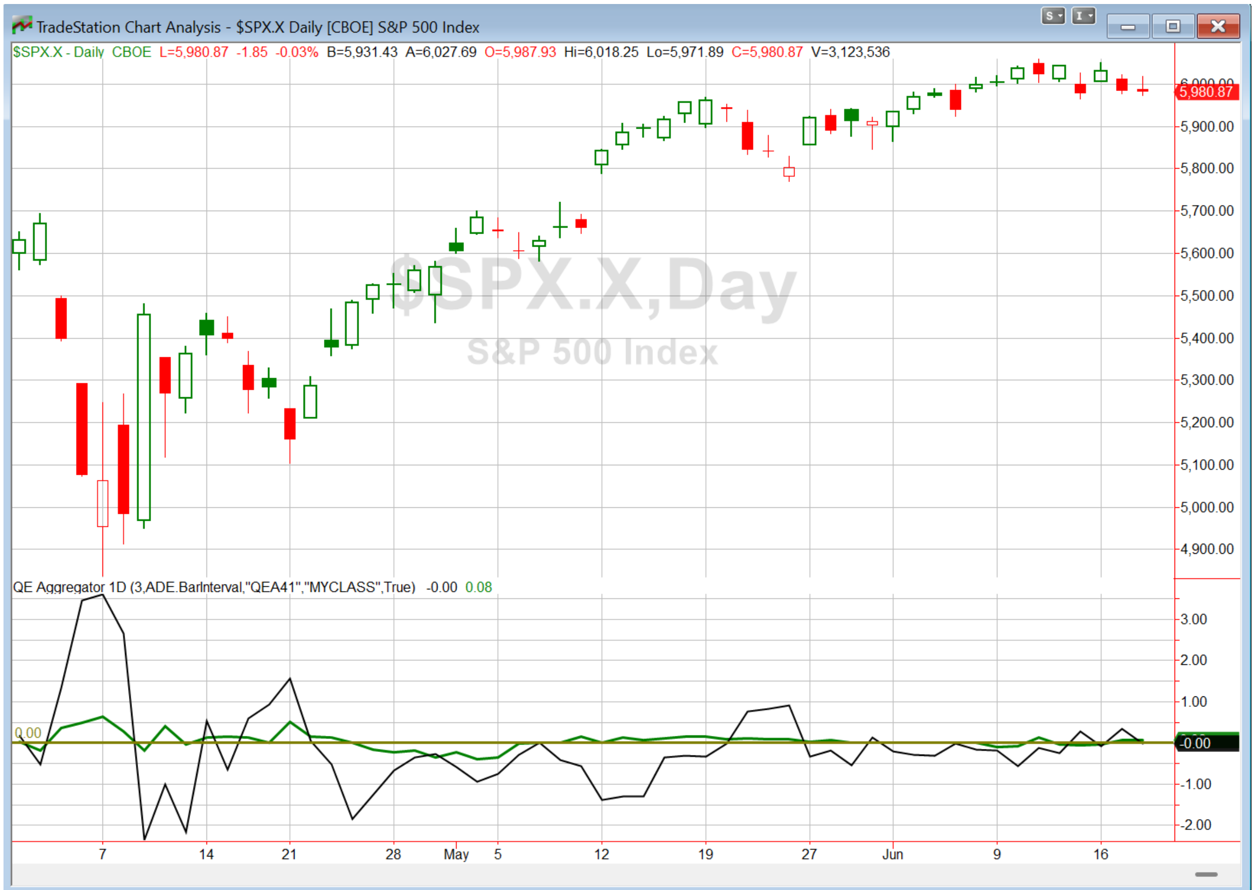
OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-64,127.23	213	82	131	38.50	2,516.00	-3,525.88	456.56	-775.31	0.59	0.37	-301.07
1,500	-57,291.65	213	77	134	36.15	2,246.52	-2,590.84	439.46	-680.07	0.65	0.37	-268.97
1,400	-56,293.65	213	68	142	31.92	2,104.90	-2,431.68	428.13	-601.46	0.71	0.34	-264.29
1,300	-48,423.83	213	72	140	33.80	2,541.40	-2,382.80	400.96	-552.09	0.73	0.37	-227.34
1,200	-46,888.60	213	76	136	35.68	2,518.12	-1,843.43	364.95	-548.71	0.67	0.37	-220.13
1,100	-39,781.50	213	71	141	33.33	1,998.00	-1,936.40	368.24	-467.56	0.79	0.40	-186.77
1,000	-31,444.18	213	66	146	30.99	1,332.00	-1,198.29	211.52	-310.99	0.68	0.31	-147.63


QQQ closes above 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at 2pm EST. $100k/trade. 2000 - present.
Equity($)
0
-10000
-20000
-30000
-40000
-50000
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220
Trade Number


QQQ closes above 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at 4pm EST. $100k/trade. 2000 - present.
Equity($)
0
-10000
-20000
-30000
-40000
-50000
-60000
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220
Trade Number

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 held just above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line dipped slightly 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 remain positive on Friday. Of course this could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at* 6025.95. That is 0.75% *above* Wednesday'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 at least 0.75% in order to remain overbought. Anything other than that, and it will be considered "oversold" versus recent expectations as of Friday's close.

So the Aggregator is neutral. But with the inverted pivot it could easily turn bullish on Friday. And if Friday sells off like Opex Friday often does, we could see some additional bullish studies emerge. Three lower closes in an uptrend often triggers some interesting short-term oversold upside edges. I am not inclined to jump the gun. Aggressive traders could view a selloff Friday as an opportunity to buy near the close. I'll wait to see how it all plays out, evaluate the evidence over the weekend, and then perhaps look for an entry on Monday.

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.