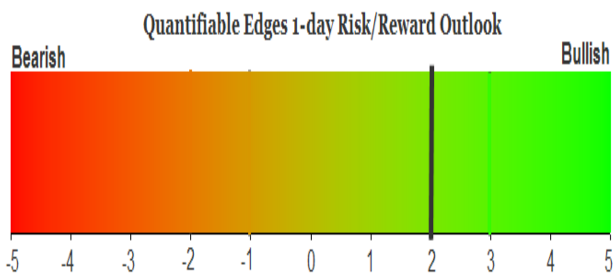
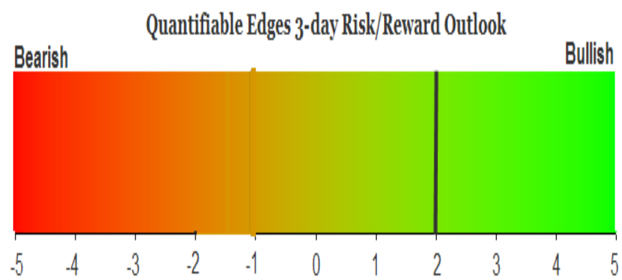
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 23, 2025 Volume 18 Issue 117

Market Overview





Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The 3-day pullback suggests a bounce is likely on Monday.
- This upcoming week shows decent numbers on the Seasonality Calendar.
- End of June typically sees better performance from the Russell 2000 than the SPX.
- The SOMA barely changed and reverse repo action was minimal as well. The Fed remains neutral.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a moderate upside edge over the next few days.

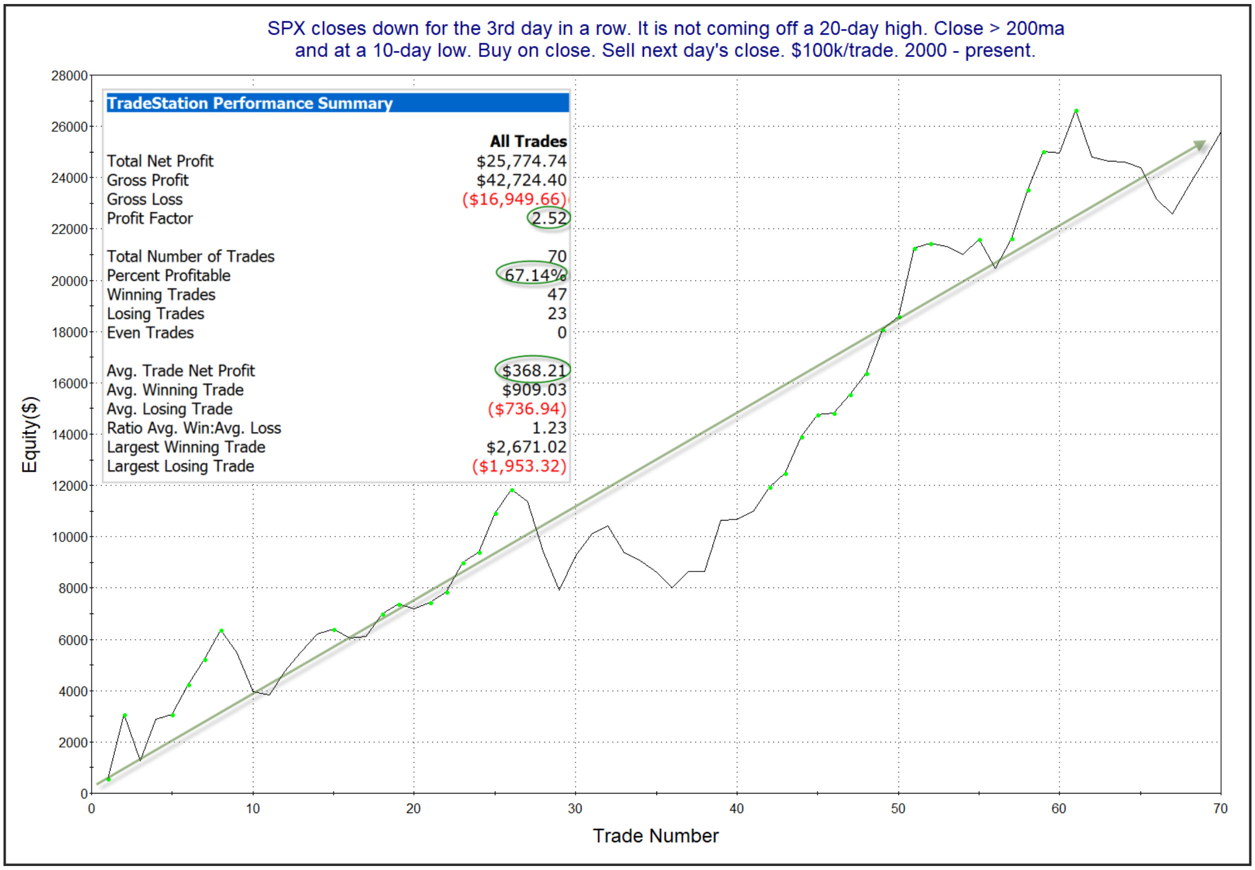
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 23, 2025	SPX down 3 to 10-low > 200ma	1 day	Bullish			
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

Friday started well but turned into a down day. SPX lost 0.2%, the NASDAQ fell 0.5%, and the Russell 2000 declined 0.2%. Breadth was flat as the NYSE Up Issues % closed at 49% and the NYSE Up Volume % posted a 51% reading. NYSE total volume came in very high with the quarterly options expiration happening.

One theme among some studies in the Quantifinder is that the SPX is now experiencing a 3-day pullback. A simple 3-day pullback will often suggest a short-term upside edge. And times when the market is in a long-term uptrend that edge is often more consistent. Below is a pullback study that appeared in the 12/20/24 letter. It examined pullbacks during uptrends that did not originate at intermediate-term highs, and posted a 10-day low.



The curve and numbers both point higher. I have added this study to the active list tonight.

Interesting about late June is that we have Russell rebalancing at the end of the month. The reconstitution this year will take place after the close on 6/27. In the past, this late-June period has also seen the Russell 2000 outperform the S&P 500 by a sizable margin. This is something I have shown for a number of years. The table below shows how the Russell 2000 has done versus the SPX from the close the Tuesday after June Opex until the close on the last trading day of June.

% Change from close on Tuesday after June Opex through last day of June. 2001 - 2024.			
Year	**RUT**	**SPX**	**Difference**
2001	4.89%	0.97%	**3.92%**
2002	2.25%	1.40%	**0.85%**
2003	1.70%	-0.91%	**2.61%**
2004	3.43%	0.56%	**2.87%**
2005	-0.22%	-1.84%	**1.62%**
2006	6.75%	2.45%	**4.30%**
2007	-1.76%	-1.98%	**0.22%**
2008	-2.56%	-2.61%	**0.05%**
2009	3.76%	2.71%	**1.06%**
2010	-5.64%	-5.90%	**0.26%**
2011	2.62%	1.94%	**0.68%**
2012	1.53%	0.31%	**1.23%**
2013	1.69%	1.15%	**0.54%**
2014	1.68%	0.53%	**1.16%**
2015	-3.23%	-2.88%	**-0.35%**
2016	-0.17%	0.48%	**-0.65%**
2017	0.88%	-0.56%	**1.44%**
2018	-2.97%	-1.59%	**-1.38%**
2019	2.99%	0.84%	**2.15%**
2020	0.14%	-0.99%	**1.13%**
2021	0.64%	1.20%	**-0.56%**
2022	0.82%	0.55%	**0.27%**
2023	1.18%	1.41%	**-0.23%**
2024	1.25%	-0.16%	**1.41%**

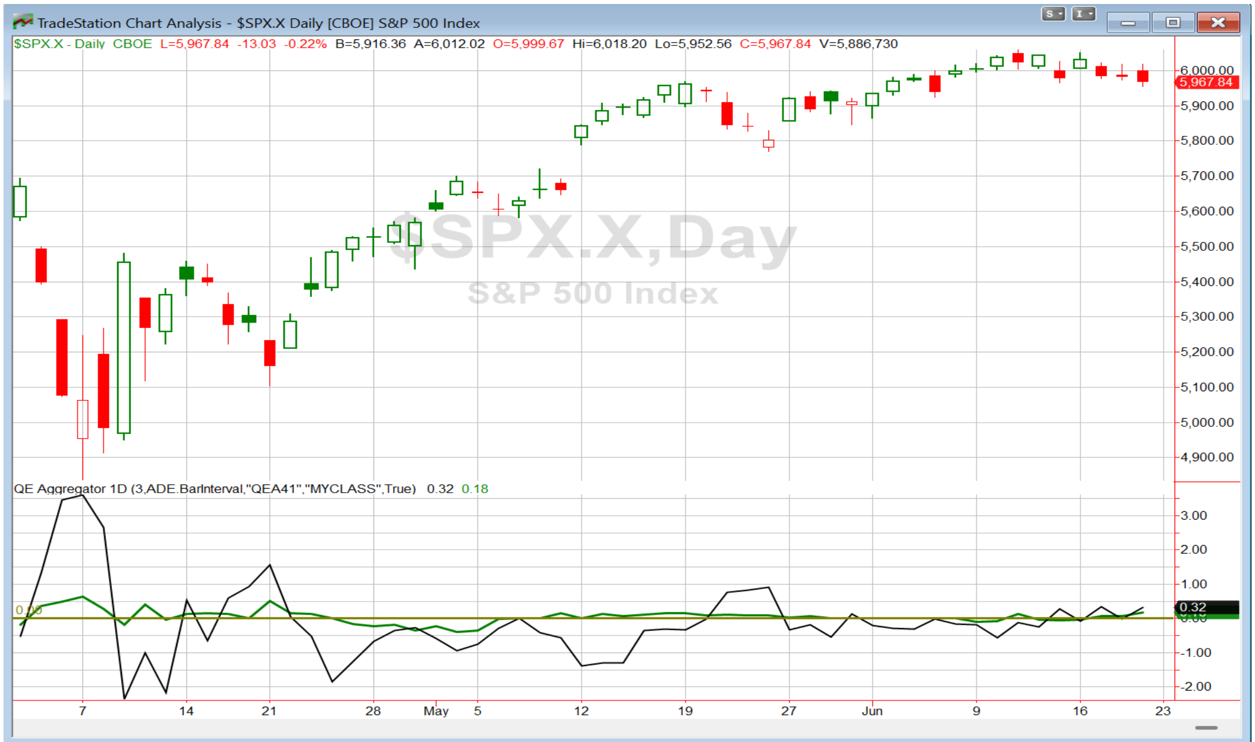
For much of the last 24 years the Russell 2000 has outperformed the SPX during this late June period, though the last few years there have been a few stumbles. The average outperformance over the 24 year period has been 1.0%. This would seem worth keeping in mind as we close out June.

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***

After Monday, the rest of the upcoming week looks fairly favorable. I'll note that the week after June opex used to look quite bearish. But over the last several years that bearish inclination has not played out. As the Calendar algorithms look at things, there appears to be a mild upside tendency for the coming week.

I have updated the Aggregator chart below.



With this weekend's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line moved 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 positive on Monday. Of course this could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5981.75. That is 0.2% above Friday's close. So SPX will only need to close up a little over 0.2% on Monday in order to flip from oversold to overbought versus expectations..

So the Aggregator is bullish. We have some evidence pointing higher, though it is not overwhelming. We also have an SPX that is mildly oversold. This is not the most compelling setup we've ever seen, but there does appear to be a bit of on upside edge…*I wrote all that Saturday morning, and intended to look to take on index exposure on Monday. But with the US bombing Iran Saturday night, I am inclined to give the market a day to adjust before looking to take new index exposure. At this point, I do not believe the market will be massively impacted. We have been at war somewhere in the Middle East for most of my life. So the market can typically deal with it. Of course, you never know how such conflicts can escalate and what can go wrong. So they increase the risk, at least over the short-term until some kind of resolution appears probable. I won't look for a new position at the open on Monday. I may on Tuesday.*

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/23 – 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".*

.

Stocks returns were mixed and mild this past week. The SPX declined 0.15%, the NASDAQ gained 0.2%, and the Russell 2000 rose 0.4%. Bonds rose. The US Aggregate Bond ETF (AGG) gained 0.3%. TLT, the 20-year Treasury Bond ETF, climbed 0.2%. Both the NASDAQ and the SPX are above their long-term moving averages, and are still 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. That is not surprising based on the mild, choppy action we have seen.

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

Domestic Security Holdings as of

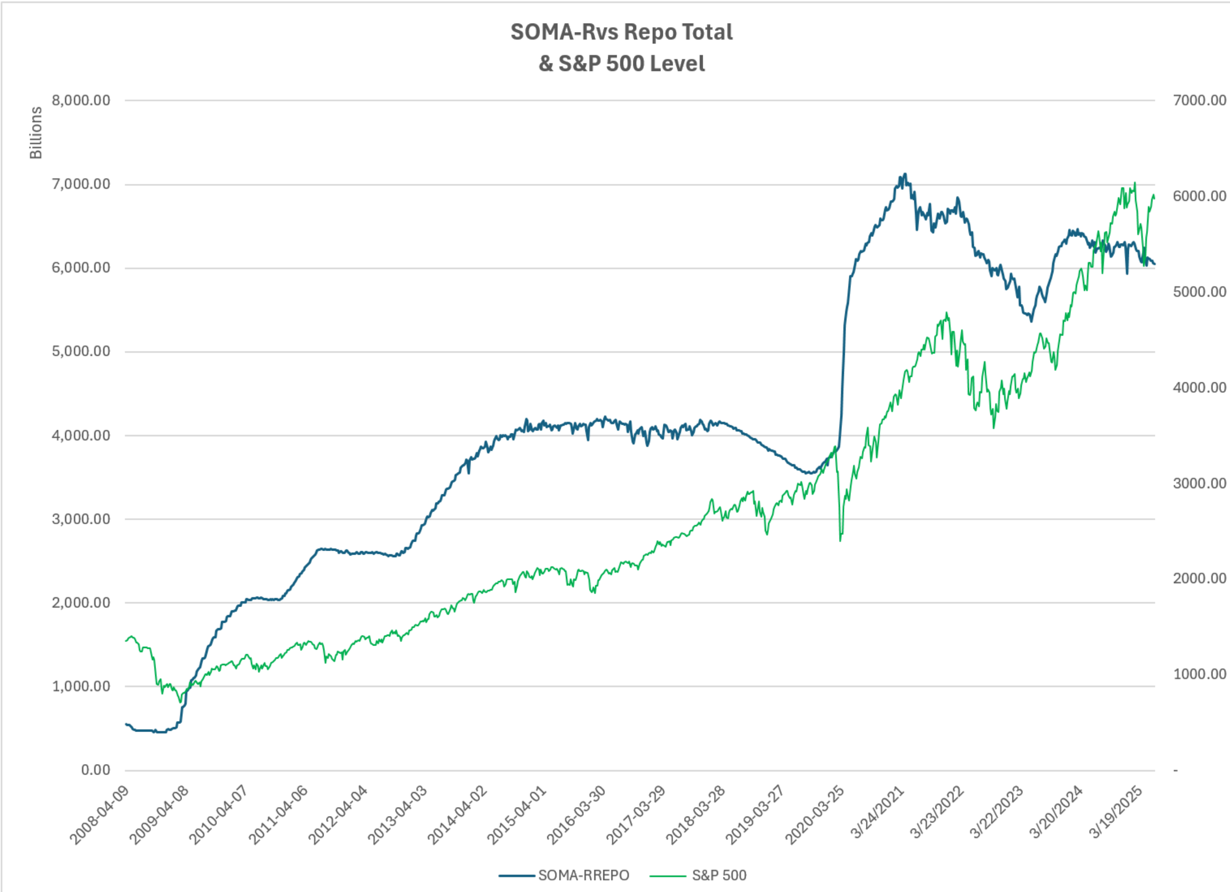
Previous June 18, 2025

Posted June 20, 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)	3,581,510,110.8
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***	2,148,201,036.3
Agency Commercial Mortgage-Backed Securities***	7,966,643.2
Total SOMA Holdings	6,259,742,909.8
Change From Prior Week	-440,856.0

The SOMA account holdings declined about $441 million this past week, which is a very small amount for a SOMA change. Meanwhile, reverse repos rose by $425 million for the week ending 6/18/25. Another small change. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a very mild liquidity reduction of less than $1 billion. 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 since March of 2024, 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 July is now 10%. Meanwhile, the market is currently expecting a cut at the September meeting. Odds there show a 72% chance 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

Target Rate — Current | Compare | Probabilities | Aggregated

Historical — Historical | Downloads | Prior Hikes

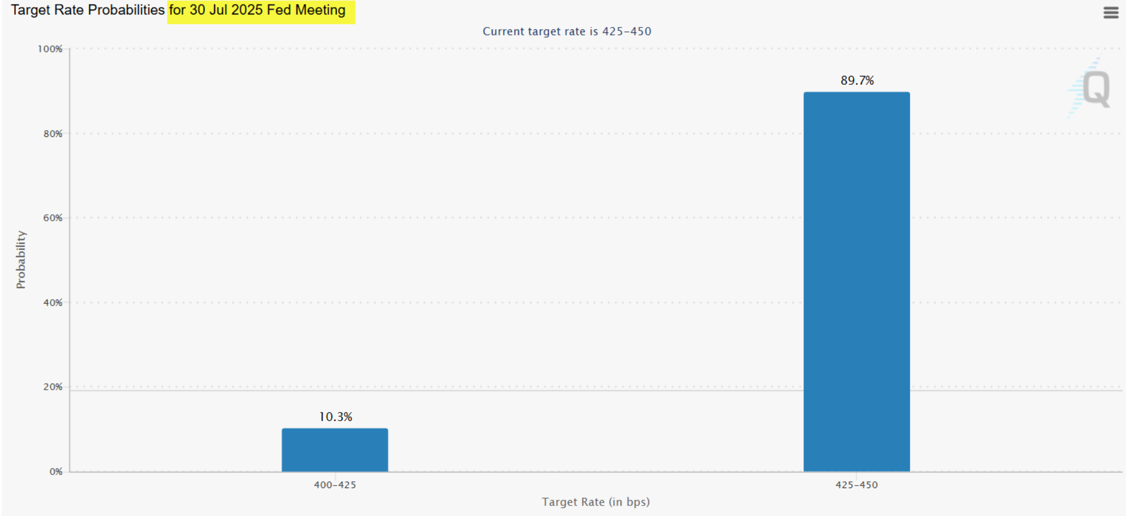
Dot Plot — Chart | Table

Tools — CVOL | SOFR Watch | ESTR Watch

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

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	18,337	461,753	10.3 %	89.7 %	0.0 %

Target Rate Probabilities for 30 Jul 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 20 JUN 2025	1 WEEK 13 JUN 2025	1 MONTH 21 MAY 2025
375-400	0.0%	0.0%	0.1%	1.2%
400-425	10.3%	14.5%	23.0%	25.7%
425-450 (Current)	89.7%	85.5%	76.9%	73.1%

* Data as of 21 Jun 2025 08:43:36 CT

1/1/2026 and forward are projected meeting dates

FedWatch Tool

Target Rate — Current | Compare | Probabilities | Aggregated

Historical — Historical | Downloads | Prior Hikes

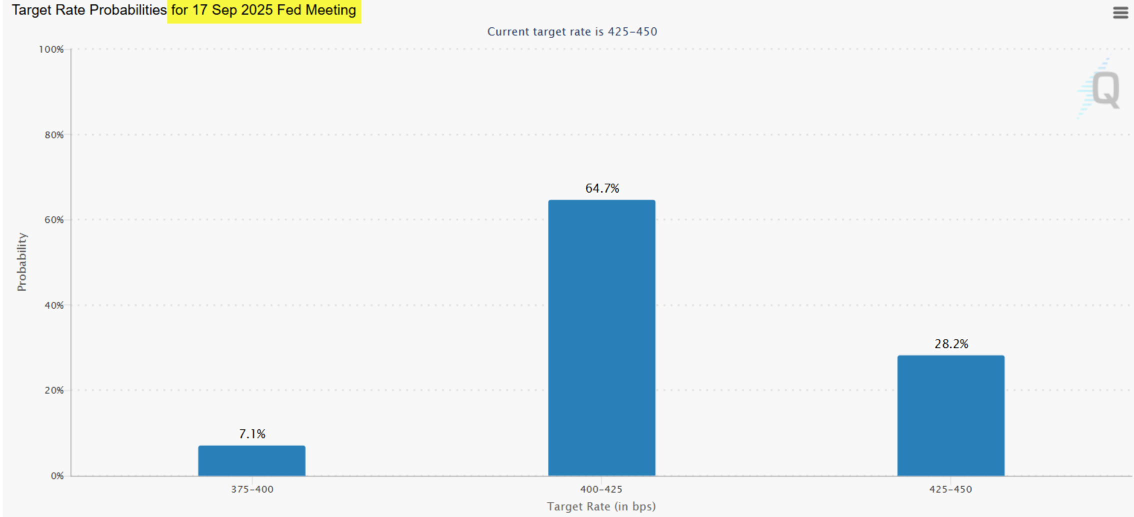
Dot Plot — Chart | Table

Tools — CVOL | SOFR Watch | ESTR Watch

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

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
17 Sep 2025	ZQU5	30 Sep 2025	95.7800	32,639	174,800	71.8 %	28.2 %	0.0 %

Target Rate Probabilities for 17 Sep 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 20 JUN 2025	1 WEEK 13 JUN 2025	1 MONTH 21 MAY 2025
350-375	0.0%	0.0%	0.1%	0.7%
375-400	7.1%	9.3%	14.4%	14.6%
400-425	64.7%	60.3%	56.8%	51.6%
425-450 (Current)	28.2%	30.3%	28.7%	33.1%

* Data as of 21 Jun 2025 08:43:21 CT

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 much 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. Most trend indicators are pointing higher. Momentum has waned, so that no longer helps. But even without great momentum, we see breadth, leadership, and trend indicators all pointing higher. On the other hand, 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. And the next few weeks could be especially volatile from a news standpoint. The US bombed Iran on Saturday. I would expect some kind of retaliation. I pray this is a short conflict with minimal (no more) human suffering, but escalations are an obvious danger. Additionally, July 9th will mark the 90-day mark since tariffs were reduced for 90 days to give countries time to make deals with the U.S. While that deadline can obviously be moved, the market is aware of it. 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.