

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 25, 2025

Volume 18 Issue 119

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- For breakouts to generate a short-term upside edge, they should have longer bases than what we saw with SPX.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence is light and SPX is overbought. Not great risk/reward for new short-term positions

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						
<i>None</i>						
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			
Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)						
June 20, 2025	SPX closes down 2+ days. Today is Fe	1-6 days	Bullish	2.00%	-1.60%	-3.30%

The Evidence

Monday’s rally continued into Tuesday. SPX closed up 1.1%, the NASDAQ gained 1.4%, and the Russell 2000 rose 1.3%. Additionally, the NDX made a new all-time high. Breadth was positive as the NYSE Up Issues % closed at 74% and the NYSE Up Volume % posted a 71% reading. NYSE total volume declined some from Monday’s level.

SPX made a new 50-day high on Tuesday after having a short, 6-day base. In the 8/4/20 letter I examined the importance of base length when considering odds of a low-volume breakout seeing a continuation over the next few days. I have updated those studies below. First, let’s look at breakout from short basing periods, like the current one.

SPX closes at a 50-day high after not doing so for at least 5 days (but less than 10 days). NYSE volume declines. Buy SPX on close. Sell X days later. \$100k/trade. 1996 - 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	13,744.61	38	22	16	57.89	3,687.06	-2,527.00	1,269.31	-886.26	1.43	1.97	361.70
4	8,822.21	38	25	13	65.79	3,349.50	-2,762.30	837.24	-931.45	0.90	1.73	232.16
3	8,457.38	38	25	13	65.79	3,803.64	-3,899.88	856.85	-997.23	0.86	1.65	222.56
2	6,079.59	38	27	11	71.05	1,658.22	-2,752.74	600.81	-922.03	0.65	1.60	159.99
1	5,545.65	38	26	12	68.42	1,415.70	-1,721.70	415.21	-437.49	0.95	2.06	145.94

Odds for these shorter bases appear mild. Now let’s look at the longer bases.

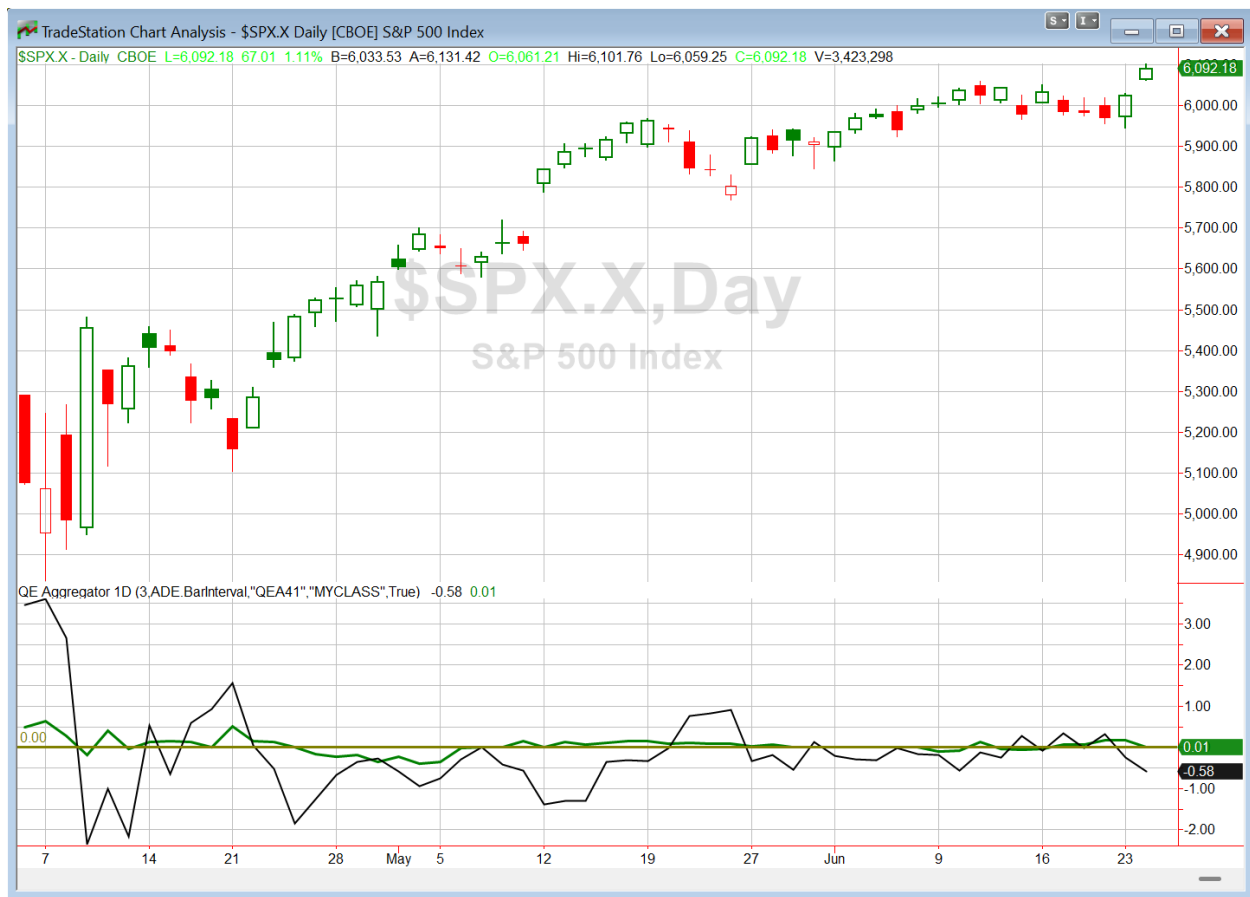
SPX closes at a 50-day high after not doing so for at least 10 days. NYSE volume declines.
Buy SPX on close. Sell X days later. \$100k/trade. 1996 - present.

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	32,206.02	55	35	20	63.64	3,260.25	-3,070.40	1,311.97	-685.65	1.91	3.35	585.56
4	21,712.24	55	37	18	67.27	2,953.65	-2,913.85	1,073.22	-999.83	1.07	2.21	394.77
3	22,887.41	55	37	18	67.27	2,641.80	-1,802.37	987.98	-759.32	1.30	2.67	416.13
2	15,450.78	55	38	17	69.09	2,212.98	-1,912.60	671.37	-591.85	1.13	2.54	280.92
1	4,296.12	55	35	20	63.64	1,453.20	-1,921.32	369.35	-431.56	0.86	1.50	78.11

The odds here appear a good bit better. The difference is not as much as it was in the past. This is due to some struggles during the 2020 – 2023 period. But I'd still prefer a longer base.

So in a situation like we have tonight, with a short base, there does not appear to be a substantial edge. Additionally, I am not seeing any other studies suggesting Tuesday's action dropped strong hints. So there is nothing new being added to the Active List tonight. I'll also note that the Fed study from last week has reached its profit target and has therefore been removed from the active list.

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



With Tuesday's action considered, the green Aggregator Line held slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held 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.

With the Short-Term Active List now bare, expectations are set to remain positive on Wednesday thanks to the intermediate-term evidence. Of course this could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5986.20. That is 1.7% below Tuesday's close. So SPX will need to close down a sizable 1.7% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. The market is strongly overbought, but that has not created a situation where a pullback is a high-probability trade. So we'll have to wait until bearish evidence emerges, or until the overbought position has been worked off before a favorable reward/risk opportunity will arise.

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