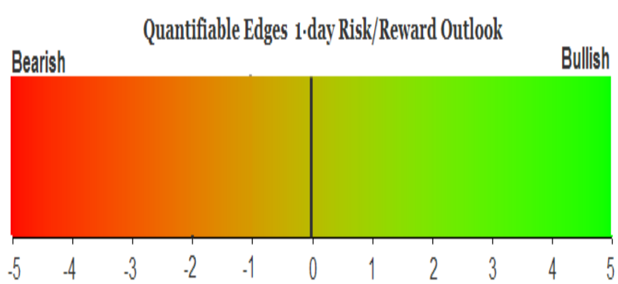
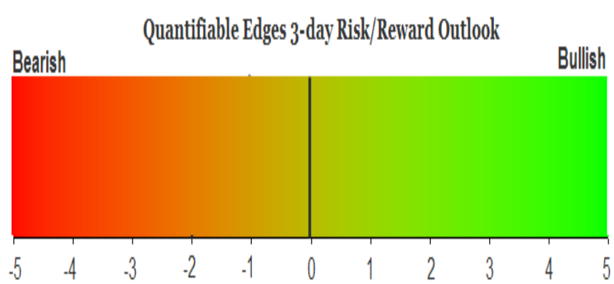
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 30, 2025 Volume 18 Issue 122

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- 5 higher highs is not indicative of a rally in need of a pullback when SPX is at an intermediate-term high.
- Early July looks strong based on the Quantifiable Edges SPX Seasonality Calendar.
- SPX will likely make a Golden Cross around Tuesday. I explore implications of this.
- SOMA and reverse repos flows caused a liquidity drain this past week.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence is leaning higher but SPX is overbought. I'm still not excited.

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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 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 26, 2025	SPX down but > 200ma & RSI(2) > 90	1-2 days	Bullish			

The Evidence

The market continued higher on Thursday. SPX rose 0.8%, the NASDAQ gained 1.0%, and the Russell 2000 rallied 1.7%. Breadth was strong as the NYSE Up Issues % closed at 81% and the NYSE Up Volume % posted a 79% reading. NYSE total volume declined for the 4th day in a row.

SPX managed to make an intraday high for the 5th day in a row. An interesting study from the Quantifinder looked at the possible impact of 5 higher highs occurring. I last looked at this in the 6/28/21 letter. The studies examined the impact of the position of the market when the 5 higher highs occurred. I broke it down again tonight. I wanted to see all times the 5 higher highs were accompanied by a 50-day high versus times they weren't. First let's look at times where 5 higher highs occur *without* a 50-day high.

SPY makes a higher high for the 5th day in a row but not a 50-day intraday high.
Buy on close. Sell X days later. $100k/trade. 1993 - 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	-10,491.29	91	50	41	54.95	8,382.48	-6,714.00	1,364.18	-1,919.52	0.71	0.87	-115.29
4	-33,406.02	91	46	45	50.55	3,317.60	-7,879.83	1,064.32	-1,830.33	0.58	0.59	-367.10
3	-4,032.55	91	54	37	59.34	4,059.44	-4,560.85	1,044.69	-1,633.67	0.64	0.93	-44.31
2	3,202.24	91	50	41	54.95	5,364.26	-2,399.36	886.92	-1,003.51	0.88	1.08	35.19
1	1,314.82	91	45	46	49.45	3,057.76	-2,245.23	624.47	-582.31	1.07	1.05	14.45

Stats over the 1st few days suggest a possible mild downside edge. After 5 higher highs the market will sometimes need a breather. But what of times (like now) when a strong uptrend exists, and the market is also making a 50-day high? Those stats can be found below.

SPY makes a higher high for the 5th day in a row and a 50-day intraday high. Buy on close. Sell X days later. $100k/trade. 1993 - 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	5,646.65	99	53	46	53.54	3,452.80	-4,025.20	1,029.68	-1,063.62	0.97	1.12	57.04
4	8,695.86	99	61	38	61.62	2,689.19	-3,793.20	831.04	-1,105.19	0.75	1.21	87.84
3	2,415.88	99	56	42	56.57	2,362.10	-3,561.68	717.06	-898.56	0.80	1.06	24.40
2	6,413.28	99	60	38	60.61	2,545.92	-2,585.46	569.96	-731.17	0.78	1.23	64.78
1	-1,365.06	99	49	50	49.49	1,495.81	-1,745.63	371.20	-391.07	0.95	0.93	-13.79

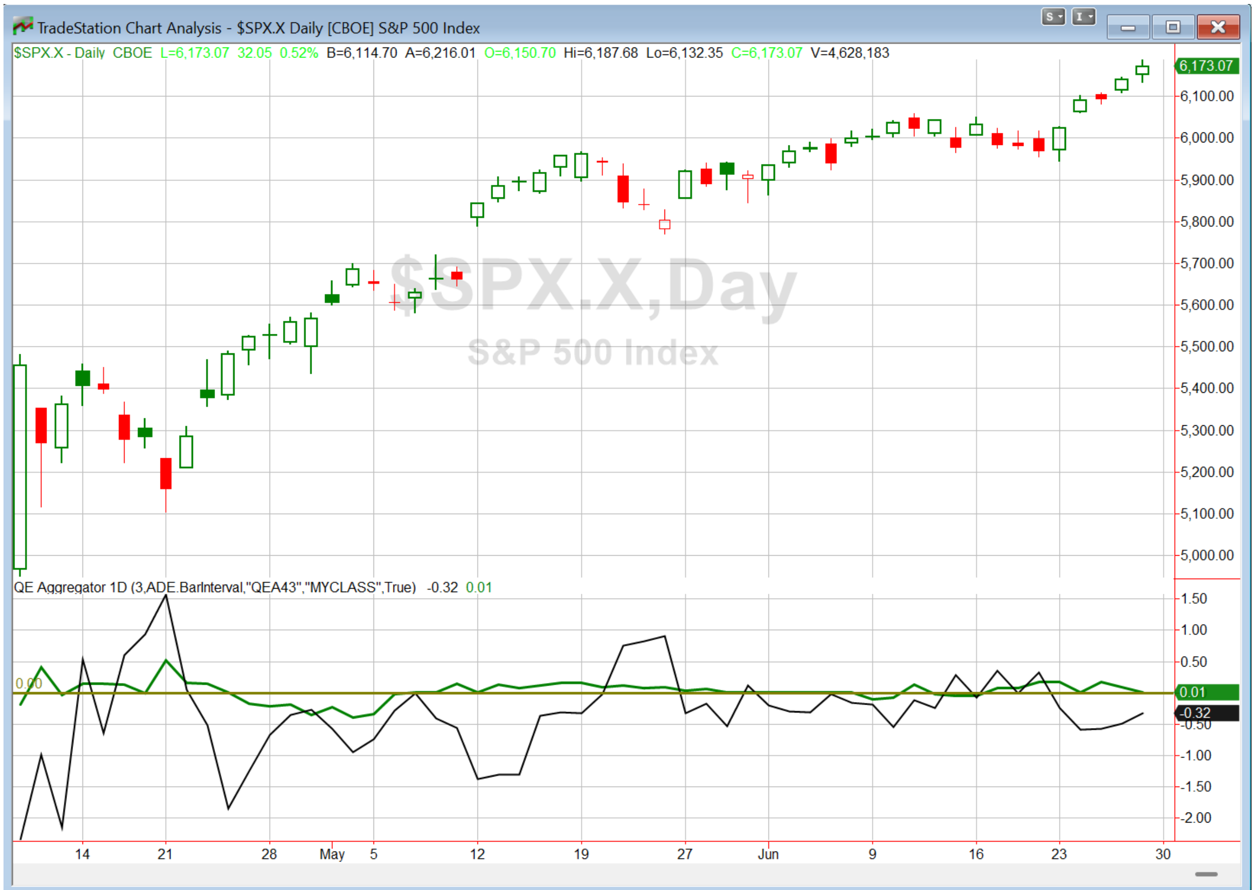
Interestingly, the number of instances has been nearly the same. But with an intermediate-term rally also occurring the tendency to pull back no longer exists. So the 5 higher highs are really of no concern in situations like the current one. No short-term studies are being added to the active list tonight.

With just one day left in June, let's next take a look at the preliminary Seasonality Calendar for July. (It will be finalized after the close on Monday.)

Quantifiable Edges Seasonality Calendar $SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
7/1/2025	60.12	1.438	0.099
7/2/2025	64.29	1.721	0.181
7/3/2025	58.86	1.358	0.068
7/7/2025	58.03	1.698	0.146
7/8/2025	56.71	1.633	0.120
7/9/2025	60.99	1.616	0.120
7/10/2025	58.74	1.454	0.056
7/11/2025	60.28	1.774	0.155
7/14/2025	55.06	1.085	0.019
7/15/2025	53.43	1.317	0.083
7/16/2025	53.12	0.978	-0.017
7/17/2025	50.99	0.987	-0.009
7/18/2025	48.40	0.908	-0.042
7/21/2025	59.83	1.224	0.063
7/22/2025	54.47	1.240	0.069
7/23/2025	54.13	1.247	0.072
7/24/2025	54.87	1.286	0.080
7/25/2025	53.74	1.117	0.031
7/28/2025	53.51	1.148	0.040
7/29/2025	52.25	1.168	0.048
7/30/2025	48.03	1.138	0.039
7/31/2025	52.65	1.214	0.060
Baseline	***54.17***	***1.141***	***0.049***

This upcoming week is showing some strong numbers. In fact, the entire 1st half of the month of July looks strong.

I have updated the Aggregator chart below.



With this weekend's evidence considered, the green Aggregator Line remained 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 lacking, and the intermediate-term evidence mostly bullish, expectations are set to remain positive on Monday. Of course this could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6112.57. That is 1.0% below Friday's close. So SPX will need to close down at least 1.0% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. The setup is similar to the last few days. The market is overbought, but more short-term upside appears likely. I don't love reward/risk for new positions. I will remain flat on short-term index trades for the time being, but alert to new evidence and opportunities.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/30 – 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", but we will likely see Combo #2 and Combo #4 flip to "Long" on Tuesday at the close.*

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Stocks powered higher this past week and posted new all-time highs. The SPX gained 3.4%, the NASDAQ rallied 4.25%, and the Russell 2000 rose 3.0%. Bonds also saw gains. The US Aggregate Bond ETF (AGG) rallied 0.6%. TLT, the 20-year Treasury Bond ETF, climbed 1.0%. Both the NASDAQ and the SPX closed at all-time highs on Friday, leaving no doubt that the market is currently in an uptrend.

The SPX is primed to trigger a Golden Cross formation in the next few days. A Golden Cross occurs when the 50ma crosses over the 200ma. Having the 50ma above the 200ma is commonly considered a bullish market condition – and generally it is. I covered Golden Crosses in detail in the Quantifiable Edges Market Timing Course (Lesson 2). In the 2/6/23 letter I looked at SPX Golden Crosses dating all the way back to 12/31/1928. With a cross likely to happen on Tuesday, I decided to update the Golden Cross study. The table below shows performance of holding SPX only when a Golden Cross is active, and then sitting in cash (earning the short-term Fed Funds rate) when there is not an active Golden Cross.

SPX Golden Cross Model Performance
12/31/1928 - 6/27/2-25

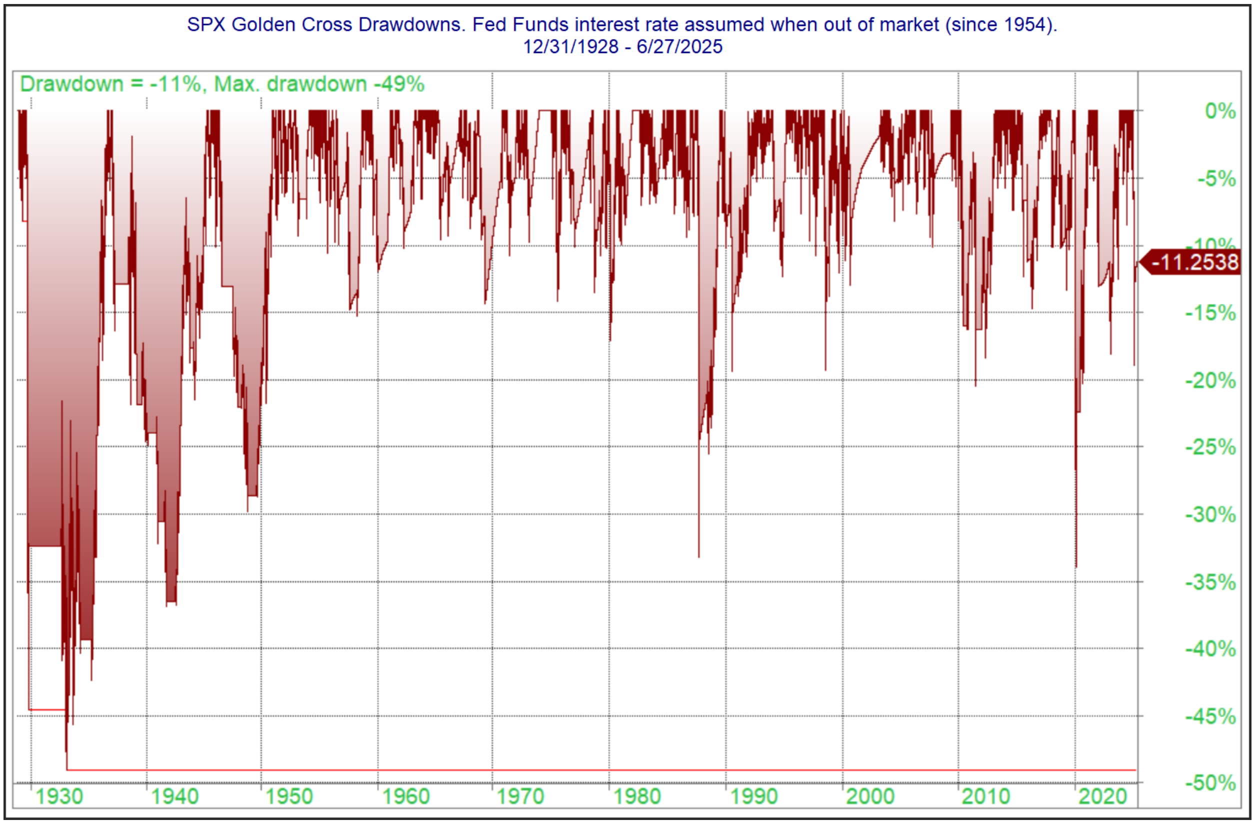
Statistics		
	All trades	Buy&Hold ($SPX)
Initial capital	100000.00	100000.00
Ending capital	94758313.55	25351414.97
Net Profit %	94658.31%	25251.41%
Annual Return %	7.36%	5.90%
All trades	50	1
Avg. Profit/Loss %	14.86%	25251.42%
Avg. Bars Held	328.42	24239.00
Winners	33 (66.00 %)	1 (100.00 %)
Total Profit	96047295.91	25251414.98
Avg. Profit %	26.53%	25251.42%
Avg. Bars Held	440.73	24239.00
Losers	17 (34.00 %)	0 (0.00 %)
Total Loss	-8253183.78	0.00
Avg. Loss %	-7.80%	-nan(ind)%
Avg. Bars Held	110.41	-nan(ind)
Max. system % drawdown	-49.09%	-86.19%

Below is the full list of all SPX Golden Crosses since 12/31/1928.

SPX Golden Cross Returns
12/31/1928 - 6/27/2025

Symbol	Entry Date	Entry Price	Exit date	Exit Price	% chg	Drawdown	Run-Up
$SPX	12/31/1928	24.35	11/22/1929	21.53	-11.58%	-27.47%	30.84%
$SPX	9/19/1932	7.34	3/27/1933	6.090001	-17.03%	-24.66%	16.08%
$SPX	5/18/1933	8.89	5/31/1934	9.61	8.10%	-3.15%	37.23%
$SPX	5/23/1935	10.07	5/21/1937	16.27	61.57%	-4.87%	85.40%
$SPX	7/27/1938	12.25	3/31/1939	10.98	-10.37%	-10.37%	12.57%
$SPX	9/18/1939	12.47	3/20/1940	12.14	-2.65%	-3.77%	5.93%
$SPX	12/13/1940	10.69	2/21/1941	9.76	-8.70%	-10.85%	1.59%
$SPX	8/18/1941	10.13	11/18/1941	9.26	-8.59%	-9.08%	3.36%
$SPX	8/14/1942	8.58	12/1/1943	11.13	29.72%	-0.47%	47.32%
$SPX	3/13/1944	12.24	8/28/1946	16.73	36.68%	-4.66%	57.27%
$SPX	7/25/1947	16.08	1/22/1948	14.42	-10.32%	-10.32%	0.00%
$SPX	5/14/1948	16.39	12/1/1948	15.01	-8.42%	-10.01%	4.09%
$SPX	8/31/1949	15.22	5/11/1953	24.91	63.67%	-0.20%	75.16%
$SPX	12/21/1953	24.95	10/26/1956	46.27	85.45%	-1.60%	98.96%
$SPX	6/3/1957	47.37	9/26/1957	42.57	-10.13%	-10.13%	3.72%
$SPX	5/8/1958	43.99	10/30/1959	57.52	30.76%	-1.98%	38.01%
$SPX	12/30/1959	59.77	2/15/1960	55.17	-7.70%	-7.70%	1.04%
$SPX	1/4/1961	58.36	5/7/1962	66.02	13.13%	0.00%	24.47%
$SPX	1/3/1963	63.72	7/22/1965	83.85	31.59%	-1.65%	42.31%
$SPX	9/17/1965	90.05	4/28/1966	91.13	1.20%	-3.73%	5.19%
$SPX	2/3/1967	87.36	2/27/1968	90.53	3.63%	-2.00%	12.53%
$SPX	5/17/1968	96.9	3/13/1969	98.39	1.54%	-1.15%	12.87%
$SPX	5/27/1969	103.57	6/23/1969	96.23	-7.09%	-7.09%	1.07%
$SPX	10/22/1970	83.38	9/24/1971	98.15	17.71%	-1.38%	26.65%
$SPX	1/26/1972	102.5	4/18/1973	111.54	8.82%	-0.67%	18.77%
$SPX	3/6/1975	83.69	12/1/1976	102.49	22.46%	-4.82%	29.91%
$SPX	1/4/1977	105.7	3/3/1977	100.88	-4.56%	-6.51%	1.52%
$SPX	5/22/1978	99.09	12/13/1978	96.06	-3.06%	-7.51%	9.04%
$SPX	3/21/1979	101.25	4/22/1980	103.43	2.15%	-6.93%	18.74%
$SPX	6/17/1980	116.03	7/2/1981	128.64	10.87%	-2.51%	22.35%
$SPX	9/28/1982	123.24	2/3/1984	160.91	30.57%	-2.52%	40.09%
$SPX	9/12/1984	164.68	11/18/1986	236.78	43.78%	-2.83%	54.38%
$SPX	11/25/1986	248.17	11/5/1987	254.48	2.54%	-12.78%	36.15%
$SPX	6/28/1988	272.31	2/26/1990	328.67	20.70%	-5.79%	32.42%
$SPX	5/25/1990	354.58	9/7/1990	323.4	-8.79%	-13.65%	4.29%
$SPX	2/15/1991	369.06	4/19/1994	442.54	19.91%	-1.86%	30.83%
$SPX	9/15/1994	474.81	9/29/1998	1049.02	120.93%	-6.72%	150.75%
$SPX	12/8/1998	1181.38	11/4/1999	1362.64	15.34%	-3.77%	20.21%
$SPX	11/11/1999	1381.46	10/30/2000	1398.66	1.25%	-5.48%	12.41%
$SPX	5/14/2003	939.28	8/18/2004	1095.17	16.60%	-2.90%	23.84%
$SPX	11/5/2004	1166.17	7/19/2006	1259.81	8.03%	-2.57%	13.77%
$SPX	9/12/2006	1313.11	12/21/2007	1484.46	13.05%	-1.03%	20.03%
$SPX	6/23/2009	895.1	7/2/2010	1022.58	14.24%	-2.88%	36.28%
$SPX	10/22/2010	1183.08	8/12/2011	1178.81	-0.36%	-6.89%	15.85%
$SPX	1/31/2012	1312.41	8/28/2015	1988.87	51.54%	-3.48%	62.66%
$SPX	12/21/2015	2021.15	1/11/2016	1923.67	-4.82%	-5.08%	2.99%
$SPX	4/25/2016	2087.79	12/7/2018	2633.08	26.12%	-4.60%	40.86%
$SPX	4/1/2019	2867.19	3/30/2020	2626.65	-8.39%	-23.55%	18.36%
$SPX	7/9/2020	3152.05	3/14/2022	4173.11	32.39%	-1.15%	52.87%
$SPX	2/2/2023	4179.76	4/14/2025	5405.97	29.34%	-8.87%	47.08%
				Average	**14.86%**	**-6.11%**	**29.20%**

Since the 1961 trigger, there have only been a few moderate failures, and the Golden Cross has generally served as a fairly good timing device to sidestep large portions of the worst bear markets. Prior to 1961 it was not nearly as effective. This can be seen in the drawdown chart below.



While drawdowns have been fairly moderate since the mid-50s, prior to that there were some very large drawdowns to endure. The 2020 drawdown was the biggest since. Overall, and despite some fairly sizable drawdowns early on, the Golden Cross would have beaten "Buy and Hold" handily. It is a bullish long-term trend indication. But it is not a bulletproof long signal, and with SPX already at new highs, it is certainly late in identifying the trend here in this particular instance.

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

Domestic Security Holdings as of

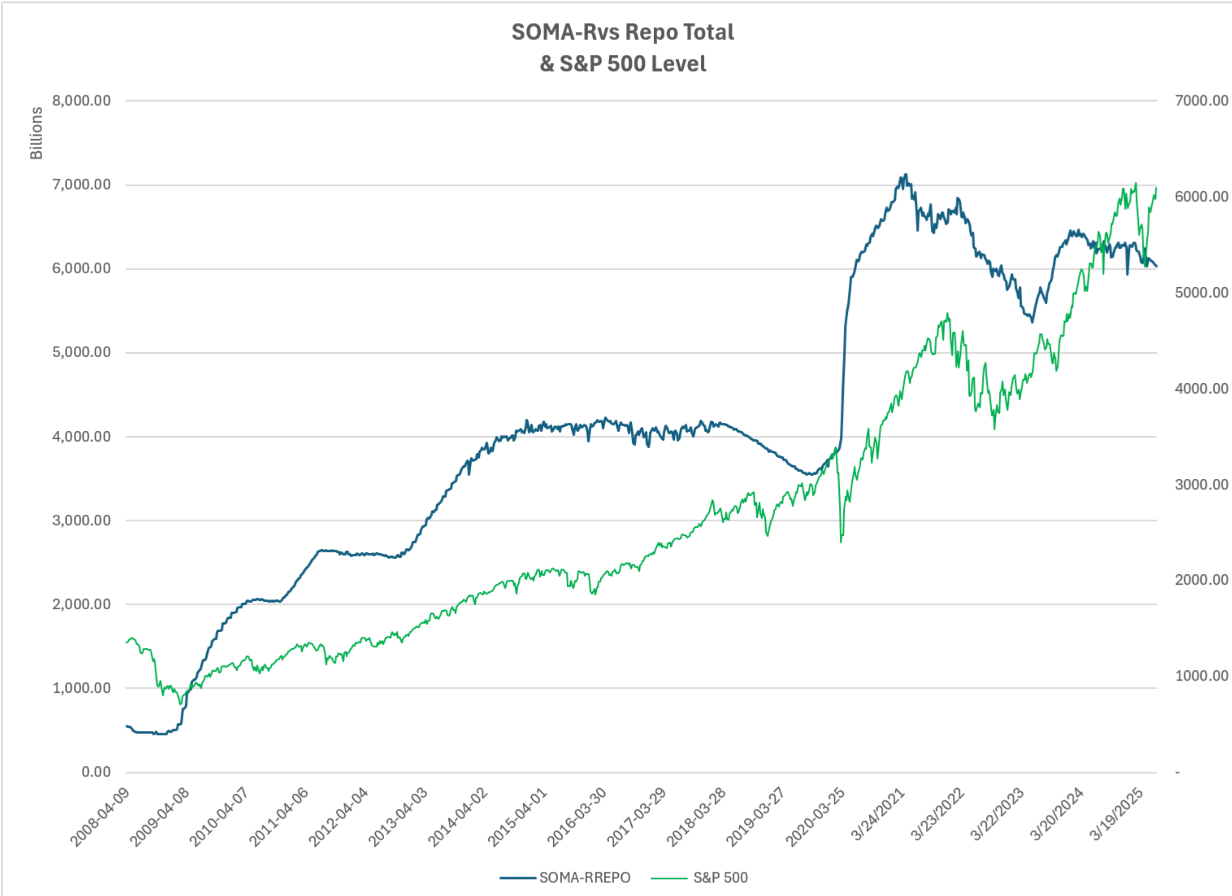
Previous **June 25, 2025**

Posted June 26, 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)	3,581,560,110.8
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***	2,130,562,970.6
Agency Commercial Mortgage-Backed Securities***	7,932,545.6
Total SOMA Holdings	6,242,120,746.6
Change From Prior Week	-17,622,163.3

The SOMA account holdings declined about $18 billion this past week. Meanwhile, reverse repos rose by $5.8 billion for the week ending 6/25/25. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a sizable liquidity reduction of about $23.5 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 has risen to 19% (from 10% last week). Meanwhile, the market is currently expecting a cut at the September meeting. Odds there now show a 91% 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

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

- Current
- Compare
- Probabilities
- Aggregated

Historical

- Historical
- Downloads
- Prior Hikes

Dot Plot

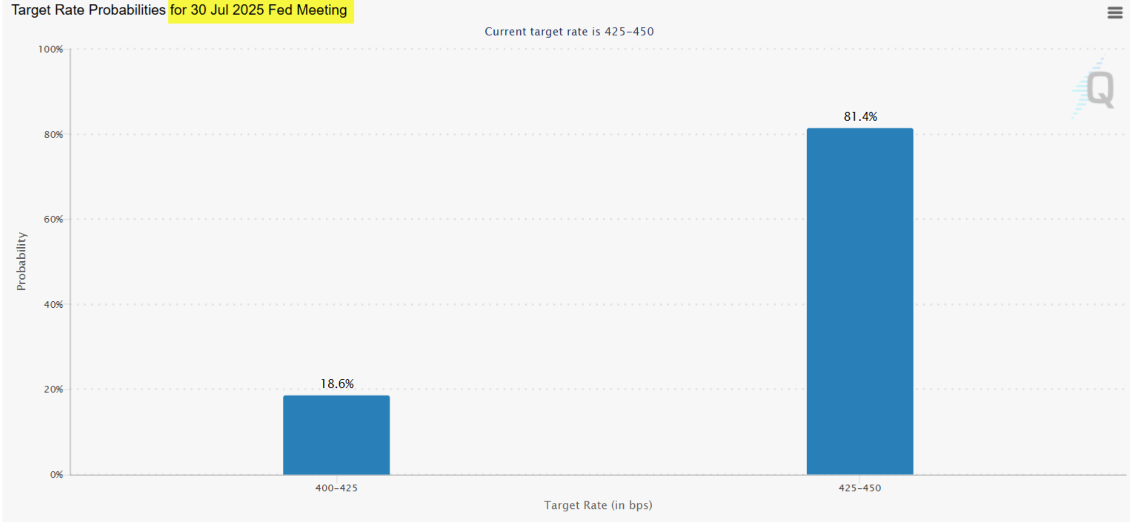
- Chart
- Table

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	19,154	476,673	18.6 %	81.4 %	0.0 %

Target Rate Probabilities for 30 Jul 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 27 JUN 2025	1 WEEK 20 JUN 2025	1 MONTH 28 MAY 2025
375-400	0.0%	0.0%	0.0%	0.5%
400-425	18.6%	18.6%	14.5%	22.0%
425-450 (Current)	81.4%	81.4%	85.5%	77.6%

* Data as of 28 Jun 2025 01:11:41 CT

FedWatch Tool

Target Rate

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

- Current
- Compare
- Probabilities
- Aggregated

Historical

- Historical
- Downloads
- Prior Hikes

Dot Plot

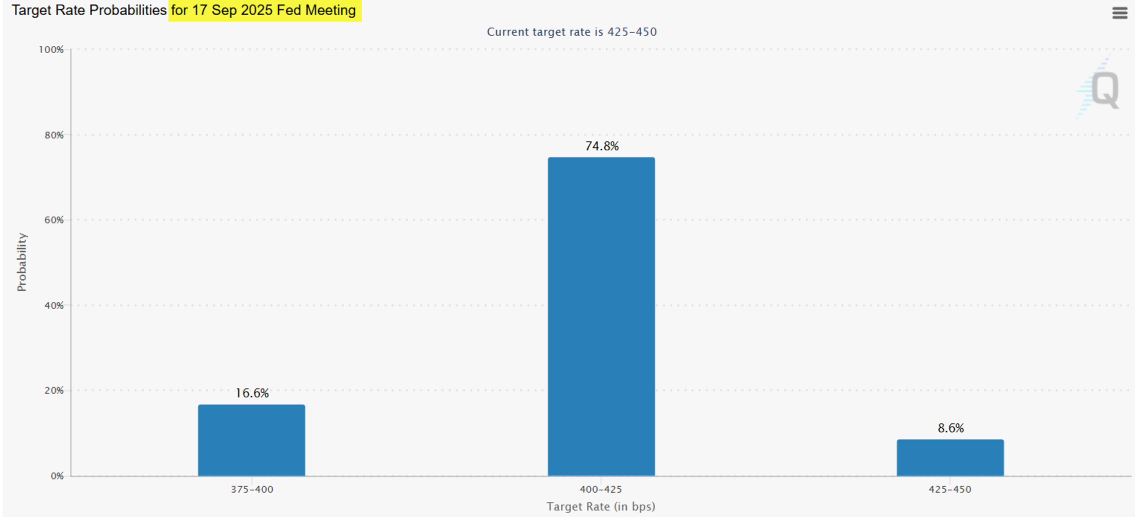
- Chart
- Table

Tools

- CVOL
- SOFR Watch
- ESTR Watch

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
17 Sep 2025	ZQU5	30 Sep 2025	95.8200	12,533	184,269	91.4 %	8.6 %	0.0 %

Target Rate Probabilities for 17 Sep 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 27 JUN 2025	1 WEEK 20 JUN 2025	1 MONTH 28 MAY 2025
350-375	0.0%	0.0%	0.0%	0.2%
375-400	16.6%	16.6%	9.3%	10.6%
400-425	74.8%	74.8%	60.3%	48.1%
425-450 (Current)	8.6%	8.6%	30.3%	41.1%

* Data as of 28 Jun 2025 01:11:41 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.

In general, 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. Trend indicators are pointing higher and the market is posting new all-time highs. So 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. 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. It appears that deadline may be adjusted for many countries, but the market is watching 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. So there are plenty of risks. All considered, I am viewing the intermediate-term as "bullish". While I am willing to take short-term trades in either direction if a favorable reward/risk setup avails itself, I am more inclined towards long trades than short ones.

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.