

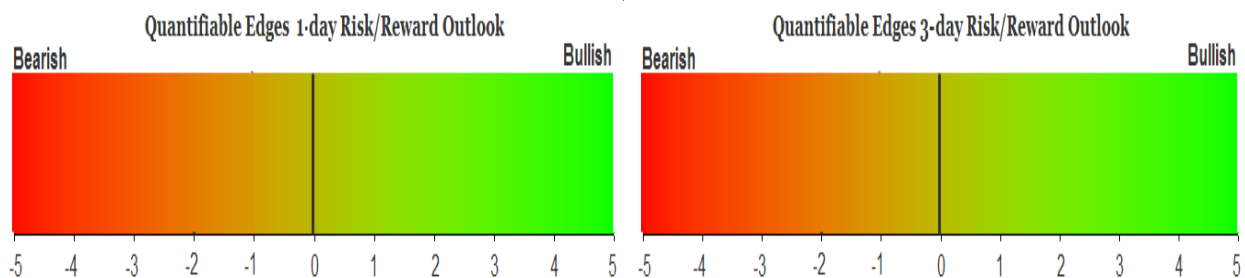
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 1, 2025

Volume 18 Issue 123

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- 3 days up to a 200-day high on a Monday is often followed by more buying.
- RSI(2) crossing above 99 bodes well for the intermediate-term.
- The 1st trading day of July has been the Day 1 for any month of the year.
- VIX up with SPX making a 50-day high on a Monday suggests a 1-2 day downside edge.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence is leaning higher but SPX is overbought. This market is refusing to pull back and offer a high reward/risk opportunity.

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						
July 1, 2025	July 1 bullish	1 day	Bullish			
July 1, 2025	Up 3 to 200 high. Today is Monday	1-2 days	Bullish			
July 1, 2025	VIX up. SPX 50-high. Today is Monday.	1-2 days	Bearish			
Active - Long Term						
July 1, 2025	RSI(2) crosses over 99	1-15 days	Bullish	2.20%	-1.60%	-3.10%
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 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			

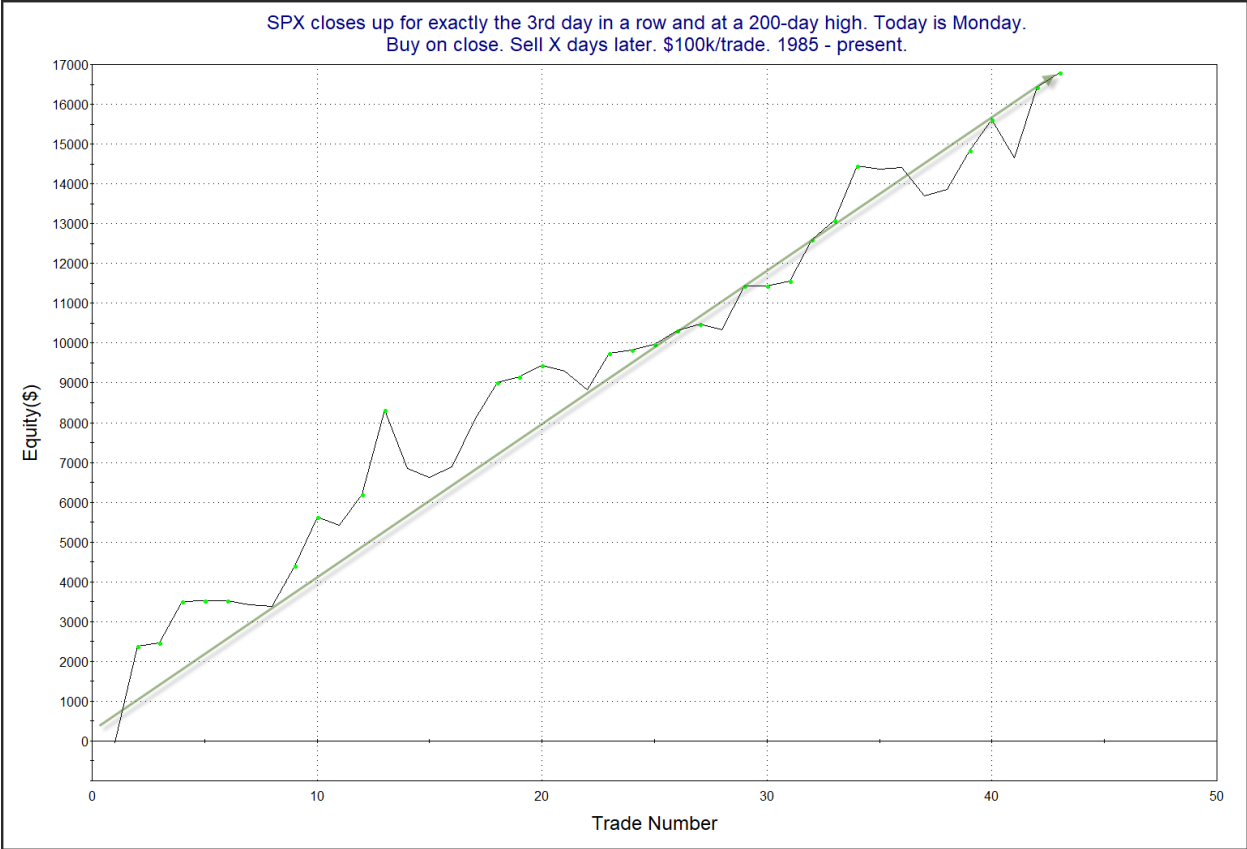
The Evidence

The market continued higher on Monday. SPX rose 0.5%, the NASDAQ gained 0.5%, and the Russell 2000 climbed 0.1%. Breadth was moderately positive as the NYSE Up Issues % closed at 54% and the NYSE Up Volume % posted a 59% reading. NYSE total volume declined some from Friday's level.

One interesting study that triggered looked at other times SPX closed up 3 days in a row and made a new 200-day high on a Monday. Results below are updated from the 7/5/23 letter.

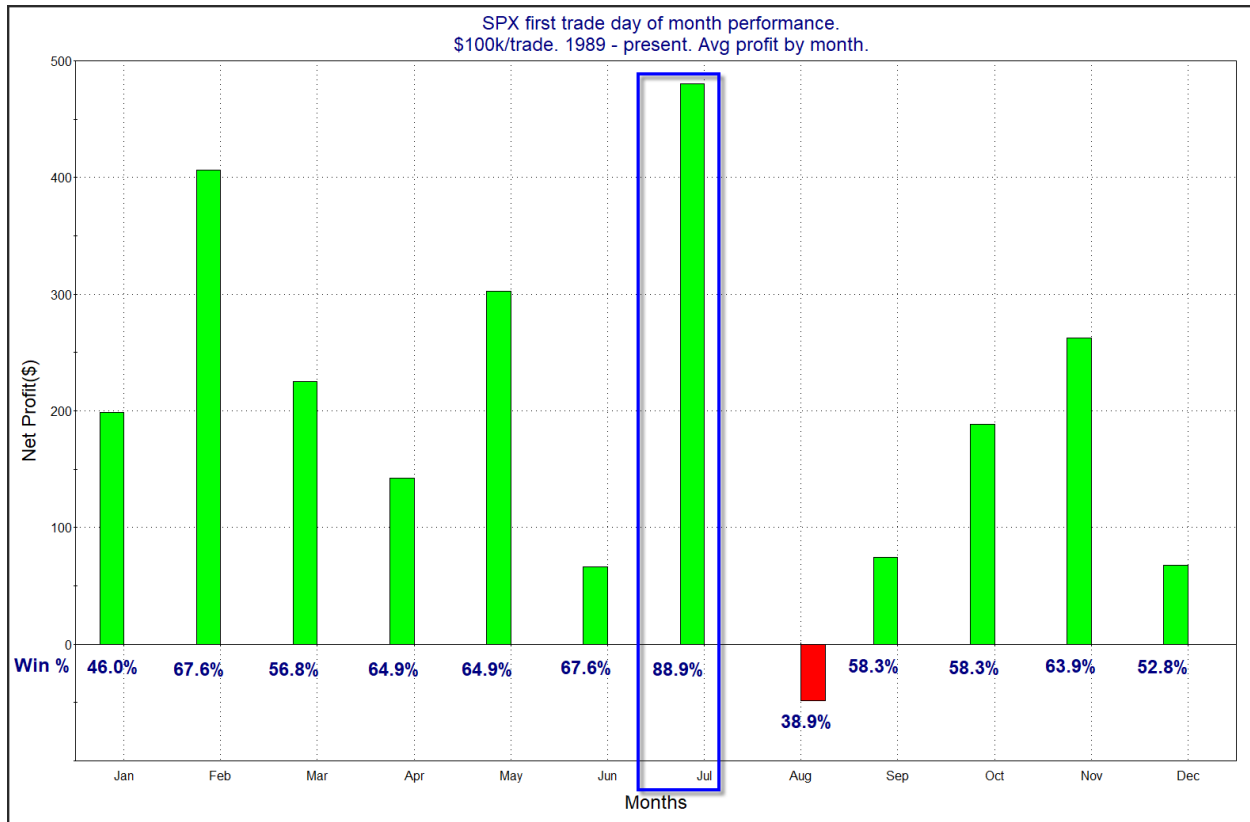
SPX closes up for exactly the 3rd day in a row and at a 200-day high. Today is Monday. Buy on close. Sell X days later. \$100k/trade. 1985 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	27,044.24	43	30	13	69.77	3,565.00	-1,497.69	1,211.30	-714.97	1.69	3.91	628.94
4	20,620.56	43	27	16	62.79	3,489.10	-2,042.82	1,193.76	-725.69	1.65	2.78	479.55
3	20,946.02	43	30	13	69.77	2,359.80	-1,300.86	909.74	-488.16	1.86	4.30	487.12
2	16,786.07	43	31	12	72.09	2,426.12	-1,482.30	690.97	-386.16	1.79	4.62	390.37
1	6,159.50	43	24	19	55.81	1,687.28	-539.07	428.45	-217.01	1.97	2.49	143.24

Results here appear quite bullish. Below is a look at the 2-day profit curve.

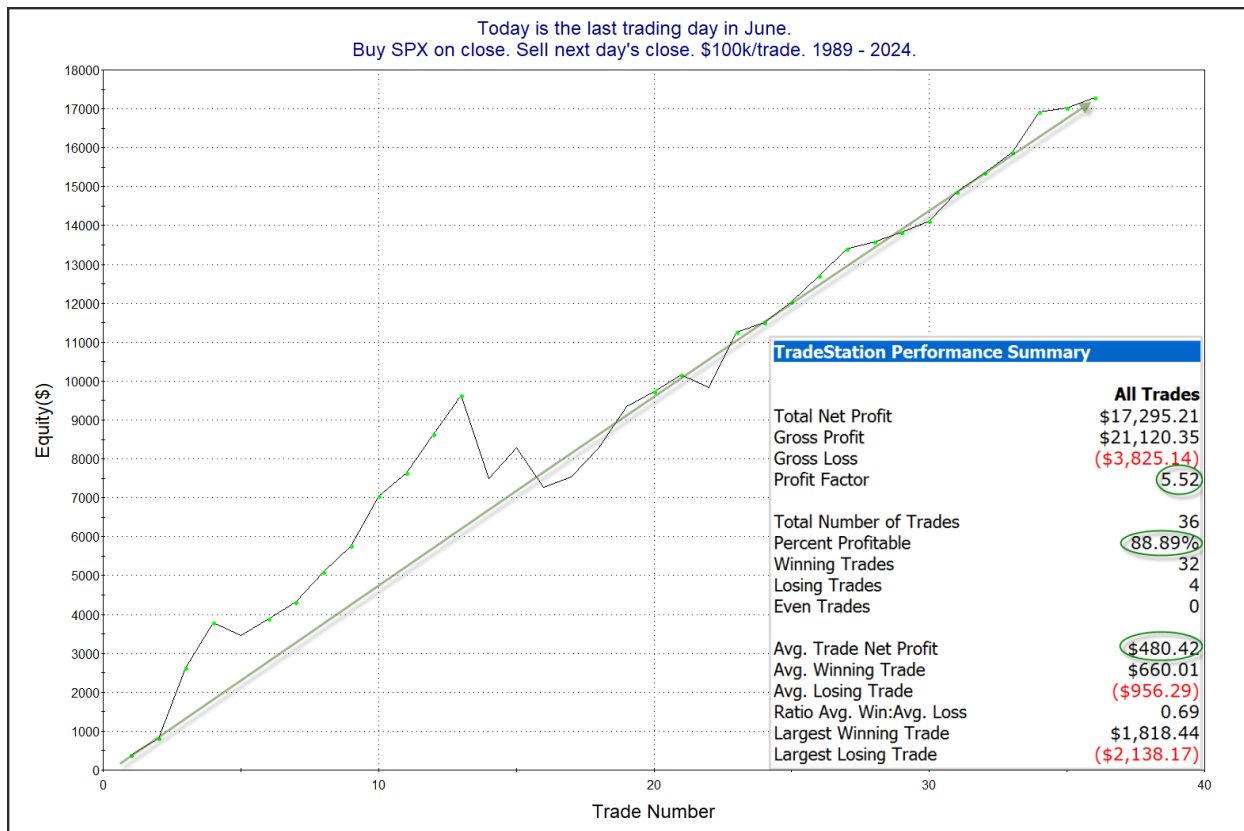


That is a very consistent move from lower left to upper right. I find the study appealing, and have included it on the active list as a 2-day edge.

With regards to turn-of-the-month, it is worth noting that July has had the best performance of any month with regards to the 1st trading day of the month. This can be seen in the chart below.



As you can see, July has both the highest Win % and the largest Avg Trade. So maybe some of that July magic will help the bulls on Tuesday. I'll also note that August has had the worst Day-1 performance of any month. So we will keep that in mind as we approach it. Below is a more detailed look at how July has played out.



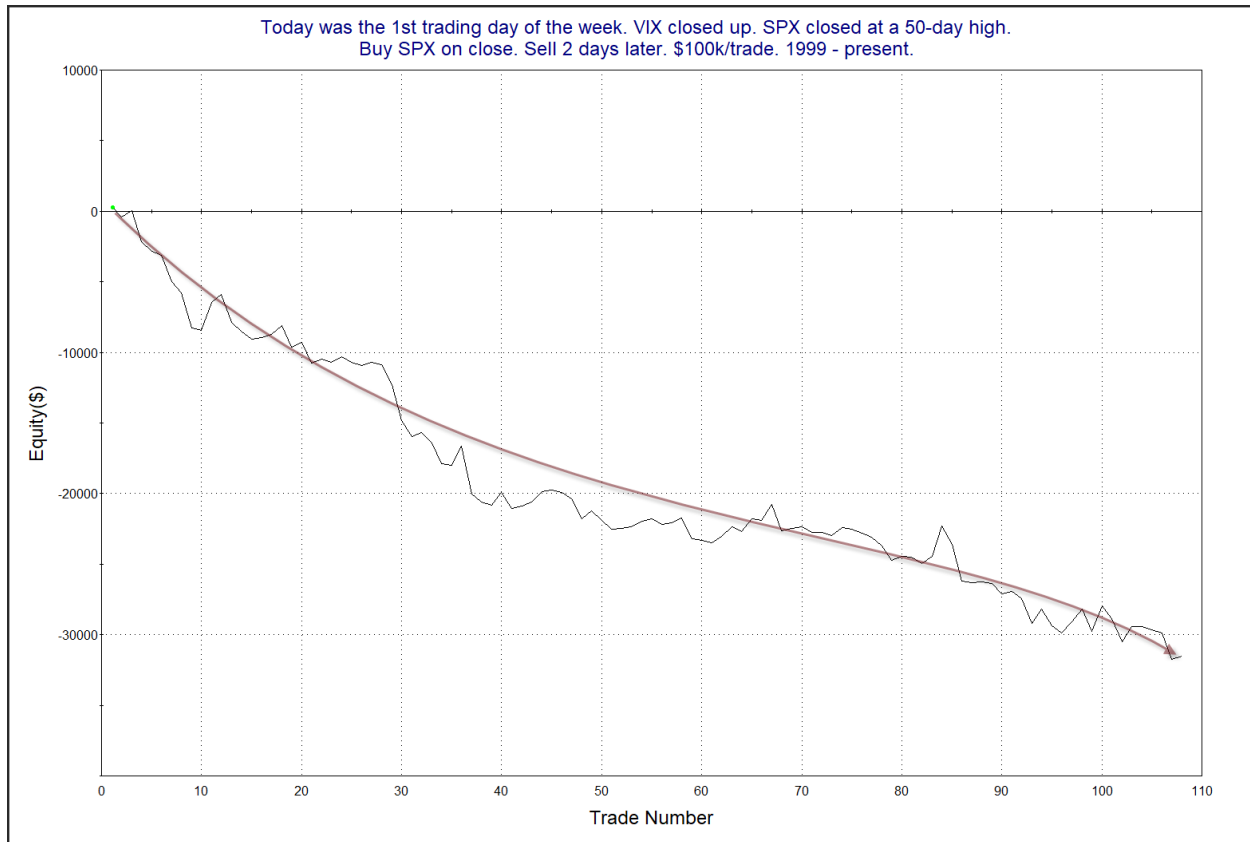
Impressive stats and curve. And the last 14 instances have all been winners! July 1 performance appears strong enough to merit some consideration.

While the SPX closed up the VIX also rose. Most often they trade opposite each other, so this kind of action is somewhat unusual. But VIX has a tendency to decline going into the weekend (Friday afternoons), and then rise when it returns from the weekend. So to see this action on the first trading day of the week is less unusual than at any other time. Still, combined with the SPX 50-day high, it has been often followed by a dip in the next few days. This can be seen in the study below, which I discussed last in the 6/10/25 letter. Results are all updated.

Today was the 1st trading day of the week. VIX closed up. SPX closed at a 50-day high.
Buy SPX on close. Sell X days later. \$100k/trade. 1999 - 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	-18,623.61	102	48	54	47.06	5,653.12	-5,048.68	1,097.93	-1,320.82	0.83	0.74	-182.58
4	-20,954.29	108	51	57	47.22	4,422.40	-5,732.40	963.85	-1,230.02	0.78	0.70	-194.02
3	-21,540.80	108	50	58	46.30	2,641.80	-6,908.70	726.72	-997.87	0.73	0.63	-199.45
2	-31,504.29	108	44	64	40.74	2,148.48	-3,372.16	545.48	-867.27	0.63	0.43	-291.71
1	-8,900.44	108	41	67	37.96	802.88	-1,580.04	333.27	-336.78	0.99	0.61	-82.41

Results here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



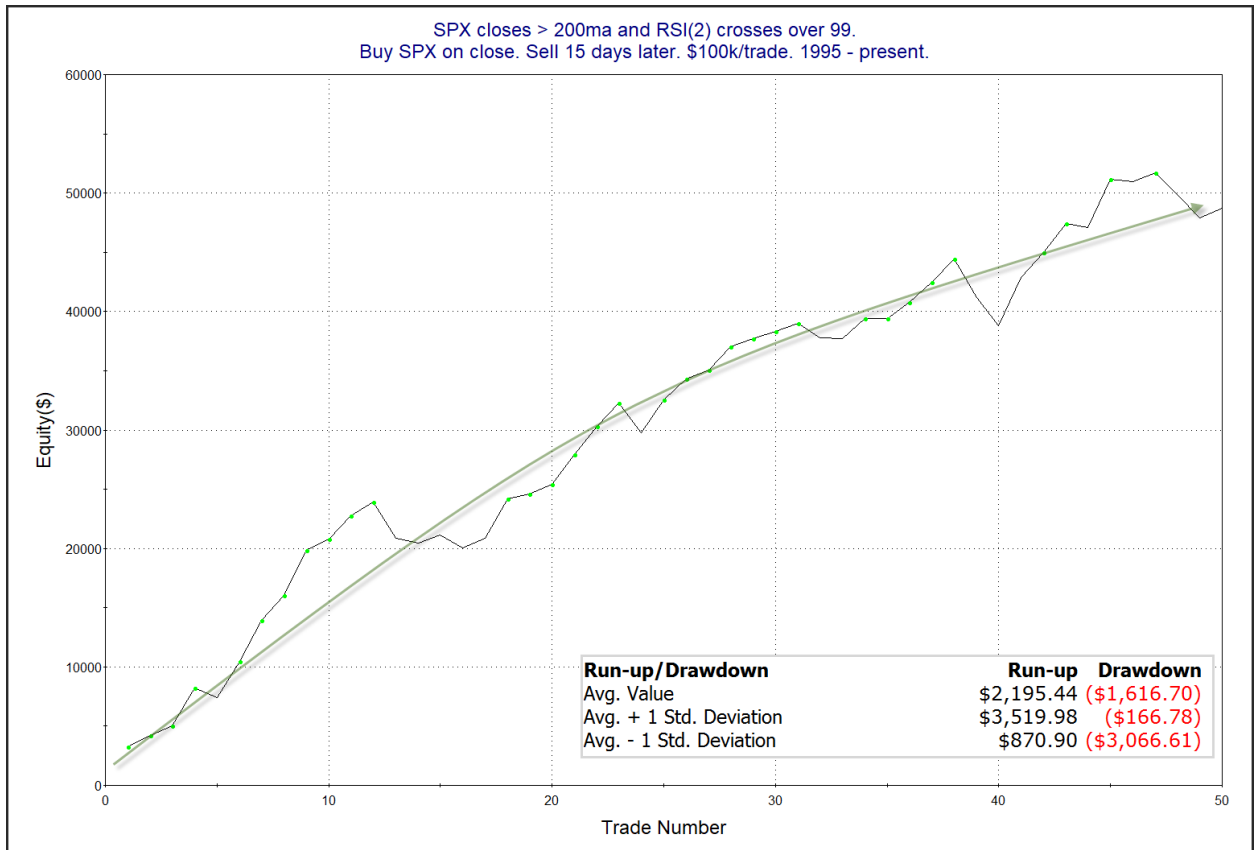
The profit curve has had a long decline. This study seems worthy of consideration. I have included this study on the Active List.

The recent rally has left the market short-term overbought by most measures. Short-term overbought often triggers some studies that suggest a downside edge, but when the overbought condition gets very strongly overbought, then those downside edges often disappear. And at some point, rather than strength leading to weakness the strength will beget more strength. The strong move higher over the last several days has turned the market so overbought that we have seen this scenario unfold. It is exemplified in the study below from the 5/19/25 Letter, which uses RSI(2).

SPX closes > 200ma and RSI(2) crosses over 99.
Buy SPX on close. Sell X days later. \$100k/trade. 1995 - present.

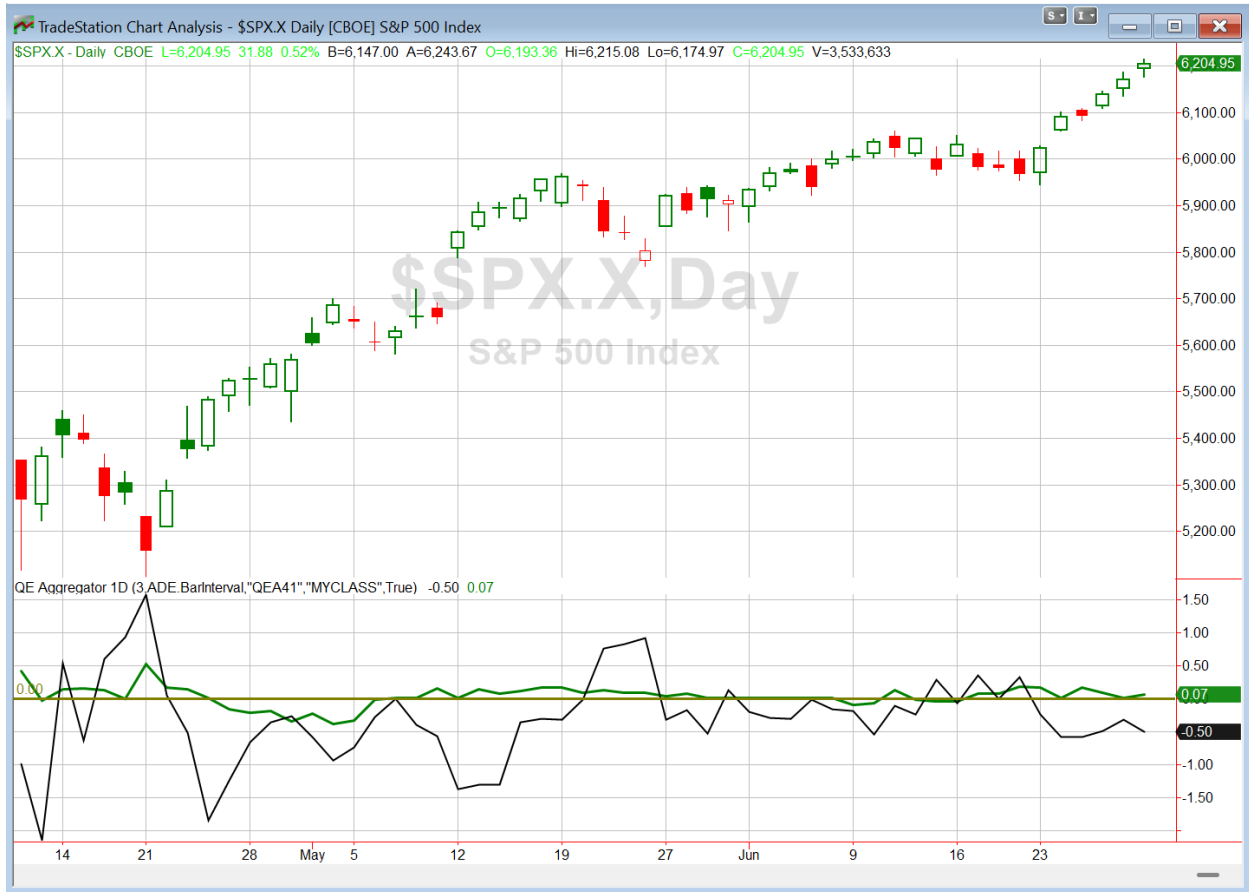
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
15	48,686.68	50	37	13	74.00	4,070.44	-3,265.02	1,836.37	-1,481.47	1.24	3.53	973.73
14	41,572.45	50	37	13	74.00	4,461.36	-4,024.68	1,718.08	-1,692.04	1.02	2.89	831.45
13	40,967.33	52	37	15	71.15	3,989.82	-3,397.11	1,673.59	-1,397.03	1.20	2.95	787.83
12	38,418.29	53	39	14	73.58	4,058.61	-3,175.53	1,489.95	-1,406.41	1.06	2.95	724.87
11	37,558.33	54	39	15	72.22	4,106.40	-3,989.73	1,561.45	-1,555.89	1.00	2.61	695.52
10	30,800.90	55	39	16	70.91	3,824.48	-3,907.12	1,407.78	-1,506.41	0.93	2.28	560.02
9	30,750.33	55	39	16	70.91	3,453.27	-3,440.07	1,262.33	-1,155.03	1.09	2.66	559.10
8	26,532.79	56	36	20	64.29	3,621.20	-4,112.92	1,330.07	-1,067.48	1.25	2.24	473.80
7	18,060.49	57	35	22	61.40	3,564.39	-4,153.62	1,131.97	-979.92	1.16	1.84	316.85
6	8,221.85	57	34	23	59.65	2,760.12	-5,296.92	1,020.54	-1,151.15	0.89	1.31	144.24
5	10,903.77	57	36	21	63.16	2,859.08	-3,596.40	911.09	-1,042.64	0.87	1.50	191.29
4	10,448.50	57	38	19	66.67	2,697.92	-3,039.18	837.30	-1,124.67	0.74	1.49	183.31
3	1,671.37	59	34	25	57.63	3,504.64	-2,880.45	721.42	-914.28	0.79	1.07	28.33
2	4,358.66	59	34	25	57.63	2,273.92	-2,348.76	629.69	-682.03	0.92	1.26	73.88
1	149.55	59	29	30	49.15	2,096.10	-3,515.37	476.66	-455.79	1.05	1.01	2.53

The numbers here are basically neutral for the first week or so. On a short-term basis there is no edge apparent. But once you get out 2-3 weeks, it appears the strength has re-asserted itself and the market is often higher. Below is a profit curve showing a 15-day holding period.



The upside edge has been apparent for a while, and even with a couple of recent instances faltering, it still appears to be intact. I have added this study to the intermediate-term list.

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



With tonight'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.

Based on the current active studies, expectations are set to remain positive on Tuesday. Of course this could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6156.86. That is 0.8% below Monday's close. So SPX will need to close down at least 0.8% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again 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. The market has not been offering them lately, but losing patience and taking trades with weak reward/risk is not a good solution. Opportunities will avail themselves at some point and I'll be ready when it happens.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/30 – 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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