

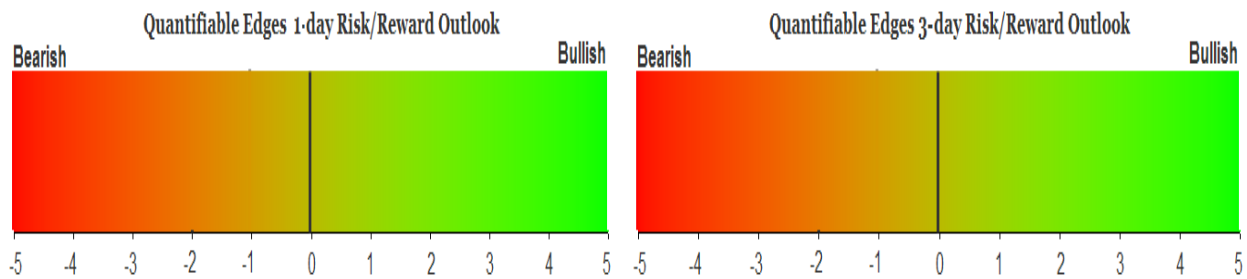
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 21, 2025

Volume 18 Issue 136

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No compelling new short-term studies arose this weekend.
- The Seasonality Calendar looks favorable this upcoming week, and a sneak peek at August also appears encouraging.
- SOMA and reverse repos flows generated positive liquidity this past week. The Fed still appears neutral for the market.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am too.

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 16, 2025	SPX btm 10% range and 5-day low NOT Mon	1-5 days	Bullish	1.60%	-1.30%	-2.70%
Active - Long Term						
July 16, 2025	20-day intraday high & close btm 10% rng	1-10 days	Bullish	2.00%	-1.40%	-2.80%
July 1, 2025	RSI(2) crosses over 99	1-15 days	Bullish	2.20%	-1.60%	-3.10%
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			
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			
Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)						
July 16, 2025	SPX < 10ma 1st time in > 15 days.	1-3 days	Bullish	1.05%	-0.80%	-1.60%

The Evidence

Friday saw mixed and mostly mild results for the indices. SPX finished down 0.01%, the NASDAQ rose 0.05%, and the Russell 2000 rallied 0.61%. Breadth was weak as the NYSE Up Issues % closed at 40% and the NYSE Up Volume % posted a 46% reading. NYSE total volume rose some from Thursday's level.

The flat action did not inspire any new ideas for me to explore, and the Quantifinder came up with a rare blank. So from a short-term evidence perspective, there is not much for me to discuss this weekend. But 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
7/1/2025	60.30	1.449	0.101
7/2/2025	64.47	1.733	0.183
7/3/2025	59.05	1.370	0.069
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	1.147	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

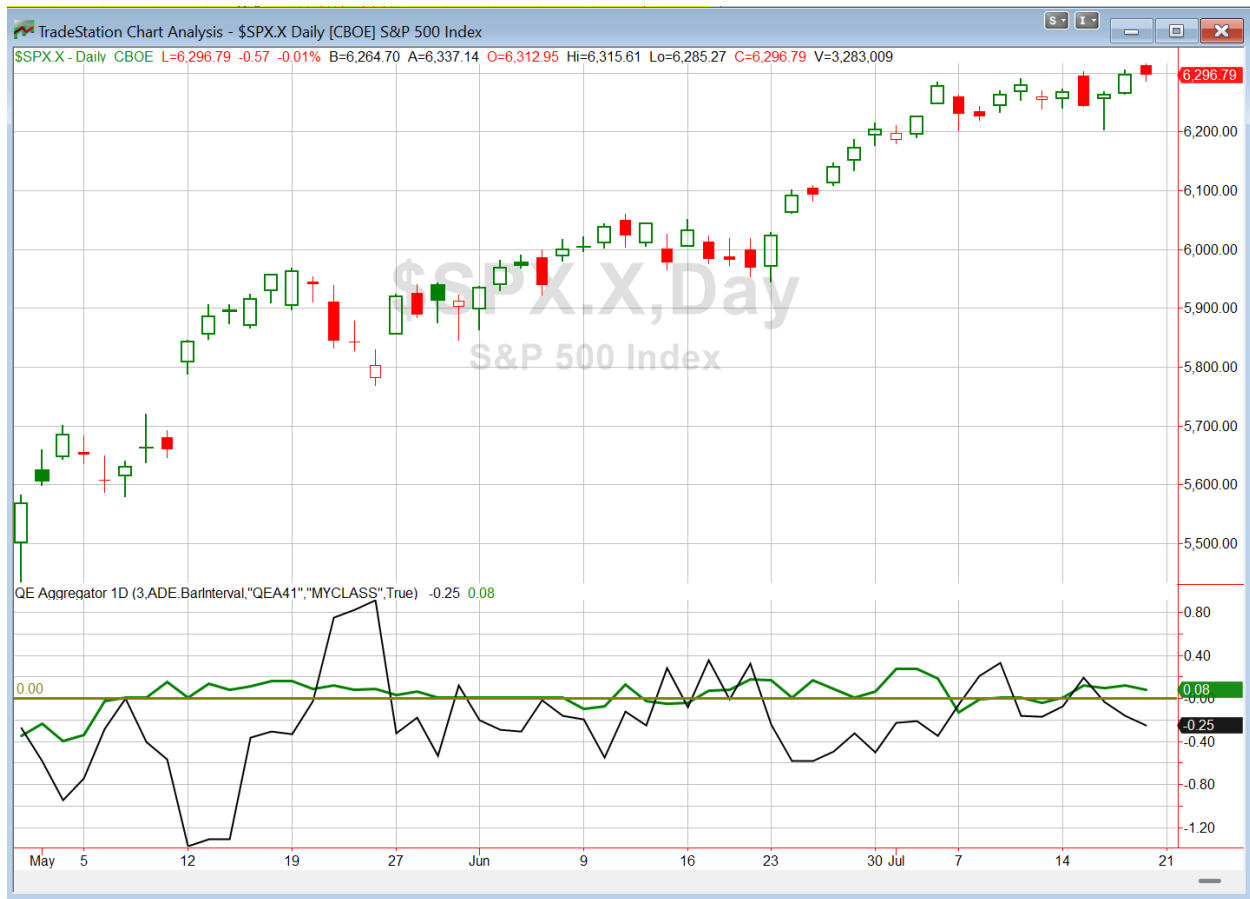
This upcoming week is showing solid numbers throughout. So short-term seasonality does not appear to be an issue for the bulls. I also ran the preliminary August Calendars. Below is SPX.

Quantifiable Edges Seasonality Calendar			
\$SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
8/1/2025	57.75	1.402	0.112
8/4/2025	55.26	1.330	0.102
8/5/2025	51.12	1.071	0.015
8/6/2025	57.06	1.379	0.103
8/7/2025	51.42	1.019	0.000
8/8/2025	53.16	1.296	0.081
8/11/2025	56.62	0.962	-0.028
8/12/2025	54.51	1.055	0.002
8/13/2025	56.67	1.022	-0.001
8/14/2025	54.11	0.835	-0.071
8/15/2025	49.51	0.768	-0.093
8/18/2025	60.60	1.170	0.055
8/19/2025	55.18	1.332	0.096
8/20/2025	55.40	1.009	0.001
8/21/2025	53.24	1.018	0.009
8/22/2025	54.43	1.049	0.020
8/25/2025	54.50	1.062	0.014
8/26/2025	52.71	1.054	0.014
8/27/2025	54.17	1.250	0.061
8/28/2025	55.94	1.307	0.075
8/29/2025	55.73	1.149	0.018
Baseline	54.21	1.145	0.051

Overall, it is stronger than I expected. August and September tend to be more prone to weakness than other months. Of course the Calendar algorithms don't just look at what month it is. There are multiple views of seasonality included in the calculations. So this appears somewhat encouraging.

No new short-term studies are being added to the Active List today.

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



Without any new studies making the cut, 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 remain positive on Monday. Of course this could easily change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6277.93. That is 0.3% below Friday's close. Therefore, SPX will need to close down at least 0.3% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. SPX is overbought and at just below all-time highs, but evidence still suggests a short-term move higher is more likely than lower. This is not a favorable reward/risk setup. The week after opex will often seen strong moves one way or the other. If that happens we may may see some more compelling setups emerge.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/21 – *bullish*

Combo #1	Combo #2	Combo #3	Combo #4
Flat	Long QQQ	Long QQQ	Long QQQ

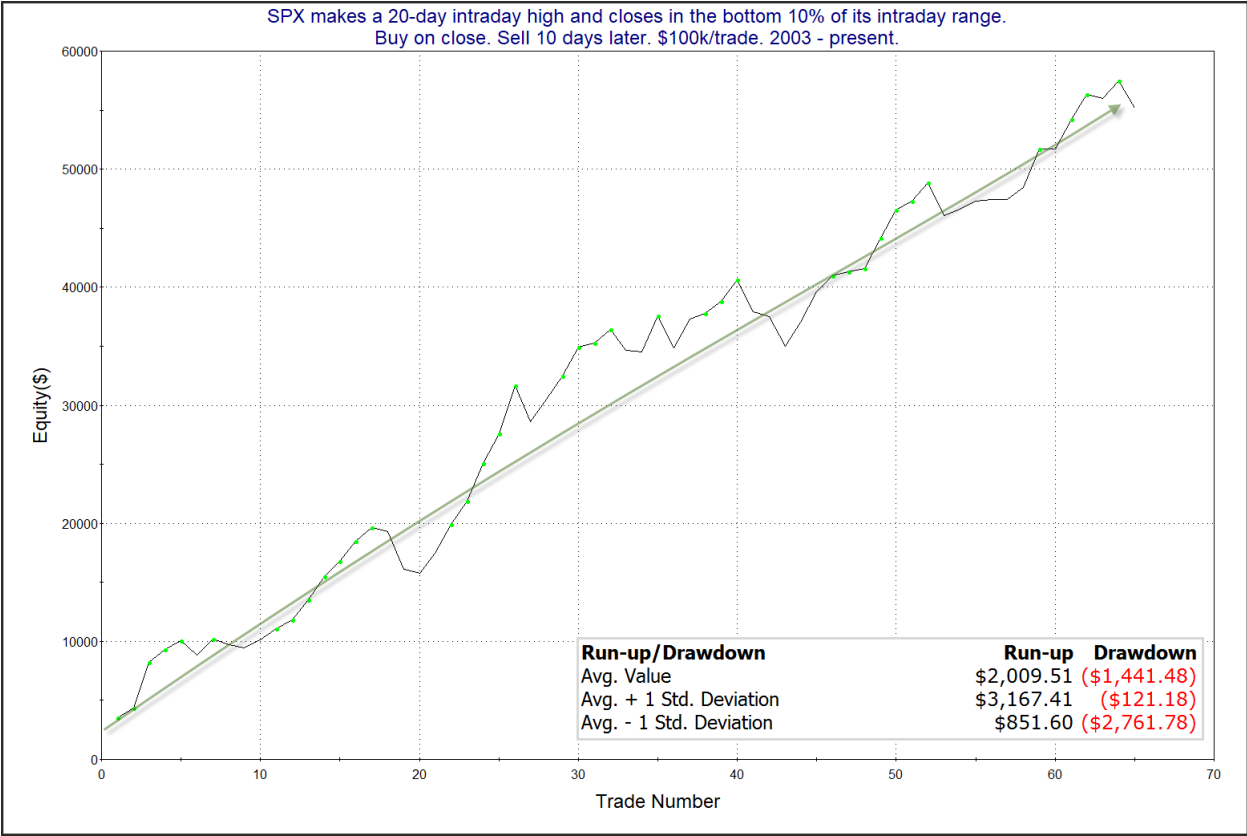
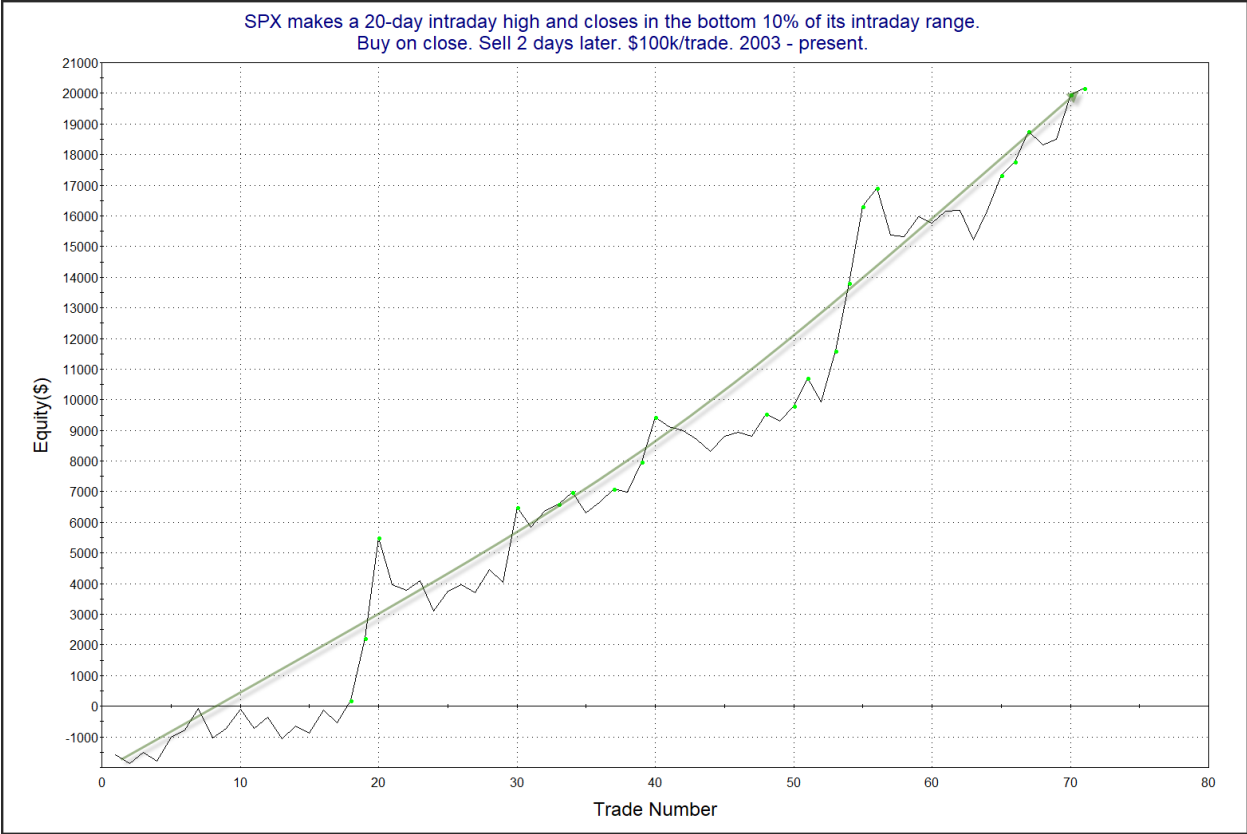
Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Timing Course, which is included with all annual subscriptions. *There were no changes to the Combo signals.*

The move up in stocks persisted this past week. The SPX gained 0.6%, the NASDAQ rallied 1.5%, and the Russell 2000 rose 0.2%. Bonds were mixed. The US Aggregate Bond ETF (AGG) inched up 0.06%. TLT, the 20-year Treasury Bond ETF, lost 0.6%. Both the NASDAQ and the SPX made new all-time highs, so the long-term uptrend certainly seems to be intact. There was one study that was shown in the Tuesday night letter with potential intermediate-term implications. I have copied it below.

Early in the day the SPX managed to make a new intraday high. The new high followed by a poor and close triggered the study below, which was last seen in the 10/18/24 subscriber letter. Results are updated.

SPX makes a 20-day intraday high and closes in the bottom 10% of its intraday range. Buy on close. Sell X days later. \$100k/trade. 2003 - 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	55,200.00	65	48	17	73.85	4,119.18	-3,210.80	1,664.54	-1,452.81	1.15	3.24	849.23
9	50,348.05	66	47	19	71.21	3,613.36	-3,775.10	1,624.28	-1,368.05	1.19	2.94	762.85
8	50,246.56	67	49	18	73.13	4,483.84	-3,803.24	1,587.08	-1,528.90	1.04	2.83	749.95
7	41,279.66	68	49	19	72.06	3,761.94	-4,159.32	1,431.96	-1,520.34	0.94	2.43	607.05
6	38,276.03	69	50	19	72.46	3,703.30	-3,567.90	1,249.08	-1,272.52	0.98	2.58	554.73
5	21,957.98	69	42	27	60.87	4,377.84	-3,566.84	1,095.32	-890.57	1.23	1.91	318.23
4	18,729.11	71	46	25	64.79	5,024.25	-2,435.84	978.65	-1,051.55	0.93	1.71	263.79
3	16,898.31	71	44	27	61.97	3,368.93	-3,384.50	896.01	-834.30	1.07	1.75	238.00
2	20,157.83	71	43	28	60.56	3,288.48	-1,575.22	826.30	-549.04	1.50	2.31	283.91
1	14,985.74	72	48	24	66.67	2,588.08	-2,471.25	571.88	-519.35	1.10	2.20	208.14

Results here seem to suggest an upside edge. Below are looks at both the 2-day and 10-day curves.

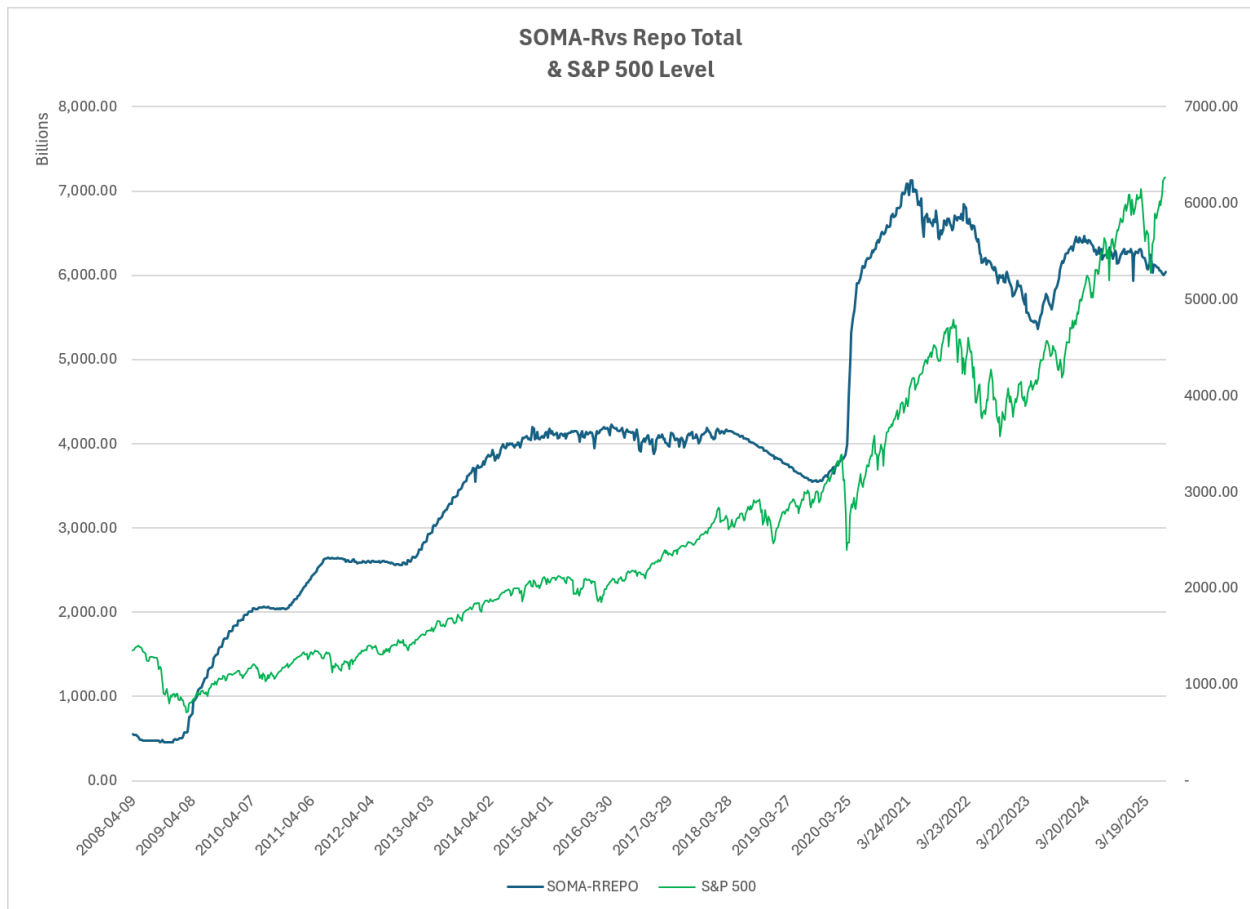


The persistent upslopes appear to confirm the upside edge suggested by the statistics. I have included this study on the short and intermediate-term active lists.

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

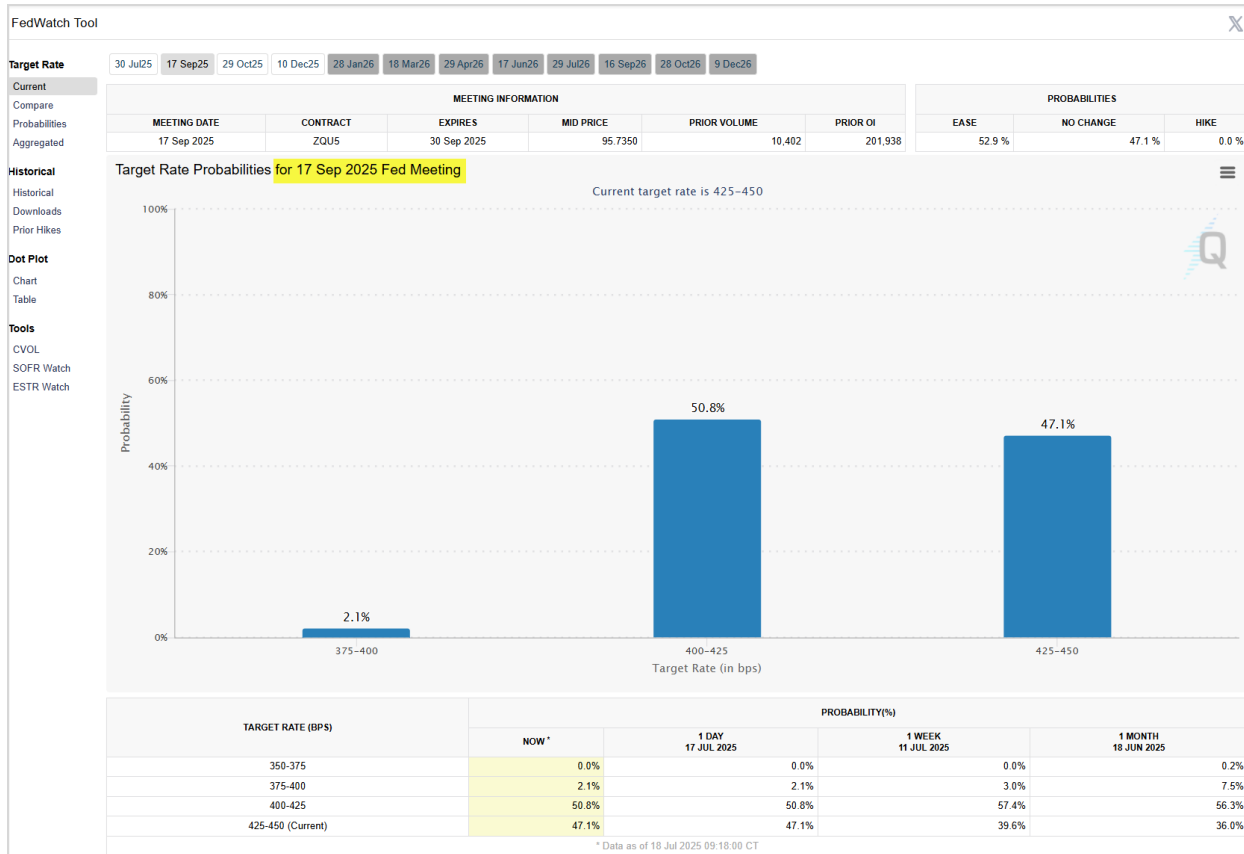
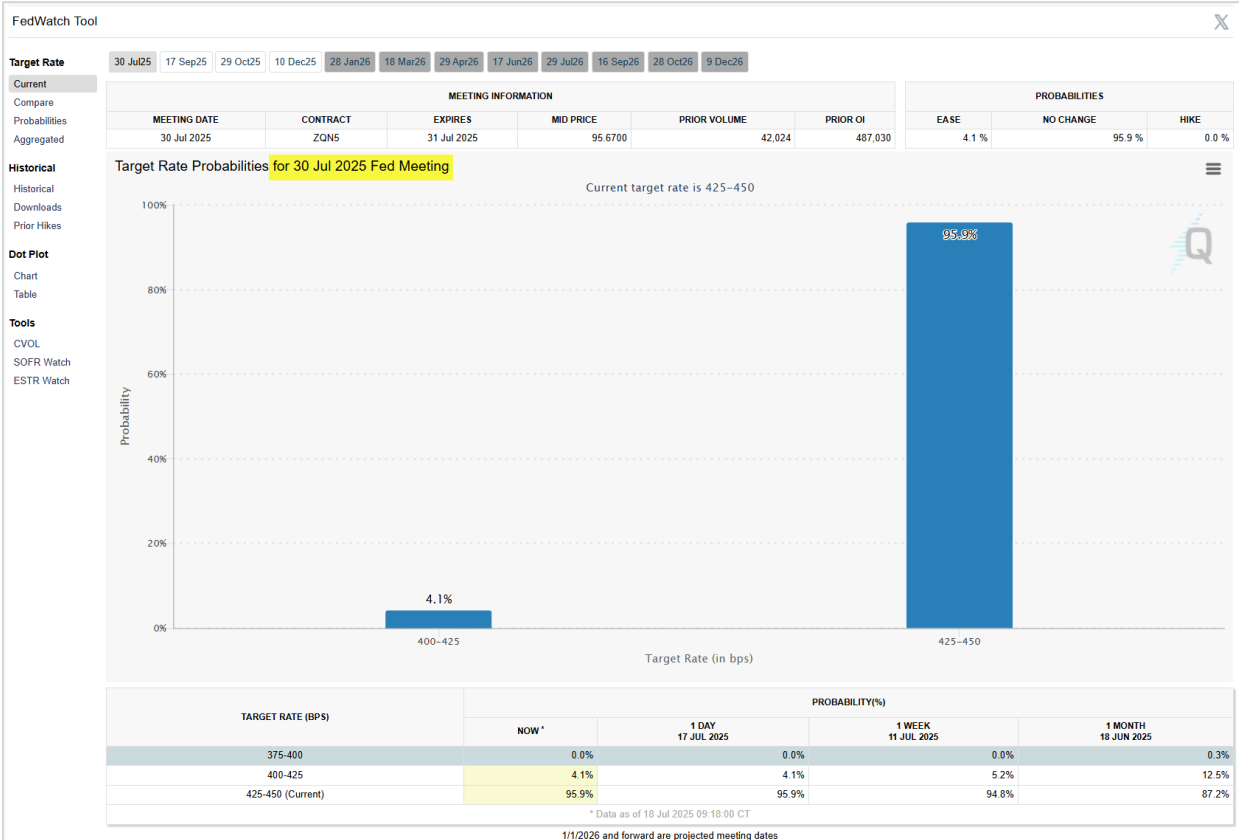
Domestic Security Holdings as of	
◀ Previous	July 16, 2025 📅 <i>Posted July 17, 2025 at 4:30 PM</i>
SUMMARY T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS	
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	195,492,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,583,318,204.6
US Treasury Floating Rate Notes (FRNs)	10,532,824.1
US Treasury Inflation-Protected Securities (TIPS)*	307,997,178.2
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,130,498,581.3
Agency Commercial Mortgage-Backed Securities***	7,927,794.4
Total SOMA Holdings	6,238,114,509.3
Change From Prior Week	571,674.5

The SOMA account holdings actually *rose* about a half-billion dollars this past week. Meanwhile, reverse repos declined by \$30 billion for the week ending 7/16/25. A decline in reverse repos can act as a liquidity infusion. Combined for the week, SOMA and reverse repo action accounted for a liquidity injection of about \$30.8 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 dropped to just 4% (not gonna happen). Meanwhile, September odds dropped from 60% to 53% that rates will be lower than they are currently. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.



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.

Overall, the market is still acting bullish. This week's moderate gains action did not really change anything. The NASDAQ has been leading the SPX since late April. We've also seen multiple breadth thrust studies that are typically followed by more upside. Trend indicators are all pointing higher and the market is posting new all-time highs. The new high & poor close study shown above suggests momentum is unlikely to reverse right away. So we see breadth, leadership, momentum, and trend indications all pointing higher. Still there is much uncertainty with geopolitics, trade, and the economy. Substantial volatility can re-emerge at any time, and it is impossible to know the "news" that could trigger the next event. 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 definitely risks. And they will matter at some point. But right now, the market does not care about those potential negatives. I continue to view 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

The author of Quantifiable Edges (QE), Mr. Robert Hanna, is separately affiliated with a registered investment adviser, Eastsound Capital Advisors, LLC (ECA) d.b.a. Capital Advisors 360. Advisory clients of ECA utilizing the approaches developed by Mr. Hanna will receive the QE newsletter from QE at no charge. ECA is not otherwise affiliated with QE, and neither endorses nor warrants the content of this site, the QE newsletter(s), any embedded advertisement, nor any linked resource herein.

This report has been prepared by Quantifiable Edges, LLC and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy securities. While information contained herein is believed to be accurate at the time of publication, we make no representation as to the accuracy or completeness of any data, studies, or opinions expressed and it should not be relied upon as such. Robert Hanna, Quantifiable Edges, LLC or clients of Quantifiable Edges, LLC may have positions or other interests in securities (including derivatives) directly or indirectly which are the subject of this report. This report is provided solely for the information of Quantifiable Edges, LLC clients and prospects who are expected to make their own investment decisions without reliance upon this report. Neither Quantifiable Edges, LLC nor any officer or employee of Quantifiable Edges, LLC accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Quantifiable Edges, LLC.

Copyright © 2025 Quantifiable Edges, LLC.