

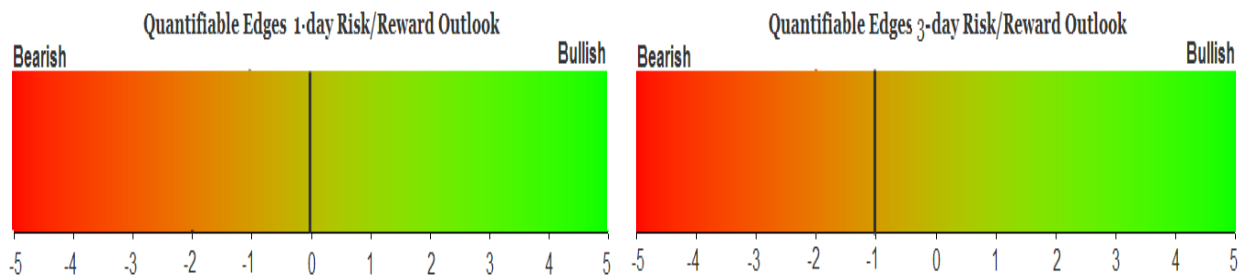
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 22, 2025

Volume 18 Issue 137

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Short | 0 |

Tonight's Research Points

- VIX up with SPX making a 50-day high on a Monday suggests a 1-2 day downside edge.
- SPX made a 20-day intraday high and closed in the bottom 10% of its intraday range. This has historically been a bullish setup.

Short-term Outlook

The Bottom Line

The Aggregator is bearish. But evidence is mixed and SPX is primed to flip from overbought to oversold. So I'm not enthused.

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 22, 2025 | VIX up, SPX 50-high on Monday | 1-2 days | Bearish | | | |
| July 22, 2025 | 20-day intraday high & close btm 10% rng | 1-2 days | Bullish | | | |
| July 16, 2025 | SPX btm 10% range and 5-day low NOT Met | 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 | | | |

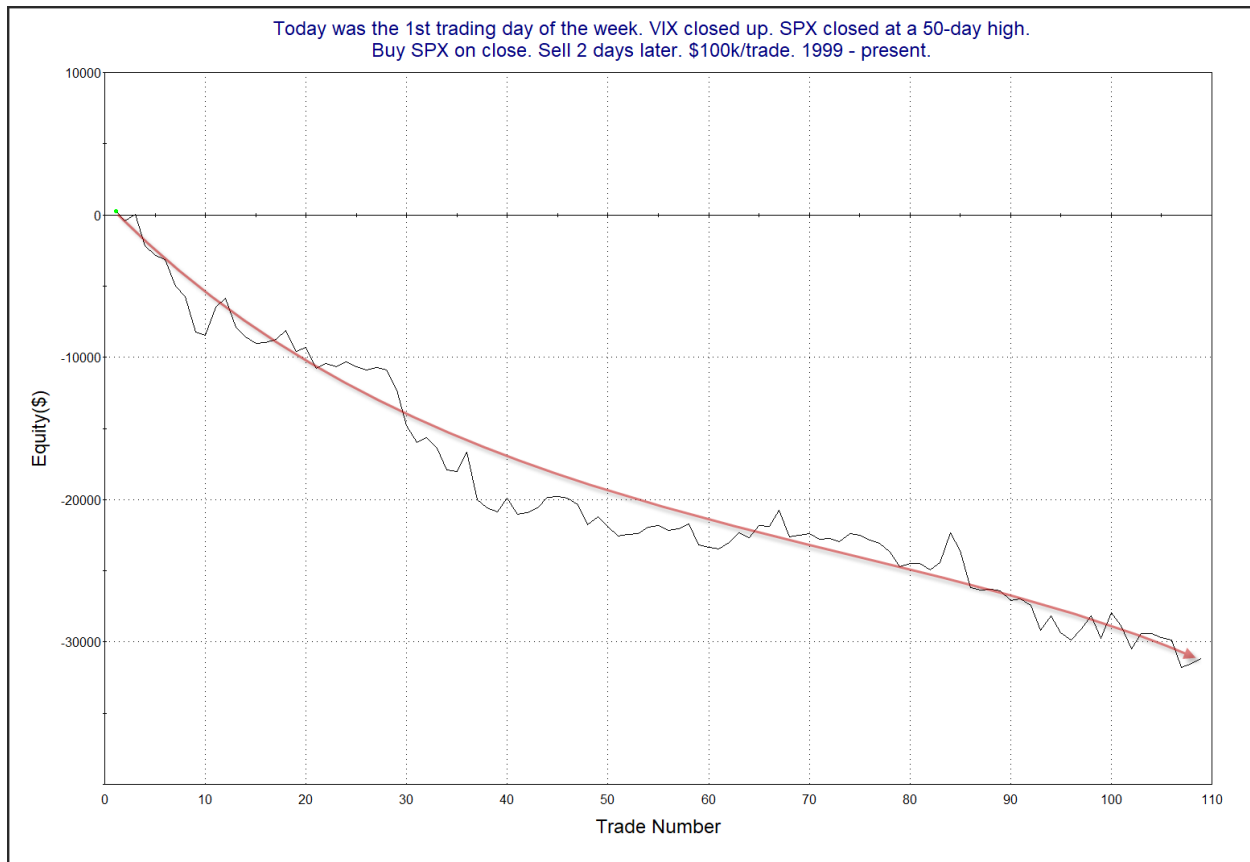
The Evidence

Monday was positive most of the day but finished mixed. SPX finished up 0.1%, the NASDAQ rose 0.4%, and the Russell 2000 declined 0.4%. Breadth was weak as the NYSE Up Issues % closed at 48% and the NYSE Up Volume % posted a 46% reading. NYSE total volume declined some from Friday’s level.

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 7/1/25 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 | -18,294.49 | 103 | 49 | 54 | 47.57 | 5,653.12 | -5,048.68 | 1,082.24 | -1,320.82 | 0.82 | 0.74 | -177.62 |
| 4 | -20,553.81 | 109 | 52 | 57 | 47.71 | 4,422.40 | -5,732.40 | 953.02 | -1,230.02 | 0.77 | 0.71 | -188.57 |
| 3 | -20,350.41 | 109 | 51 | 58 | 46.79 | 2,641.80 | -6,908.70 | 735.81 | -997.87 | 0.74 | 0.65 | -186.70 |
| 2 | -31,144.77 | 109 | 45 | 64 | 41.28 | 2,148.48 | -3,372.16 | 541.34 | -867.27 | 0.62 | 0.44 | -285.73 |
| 1 | -9,011.48 | 109 | 41 | 68 | 37.61 | 802.88 | -1,580.04 | 333.27 | -333.46 | 1.00 | 0.60 | -82.67 |

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



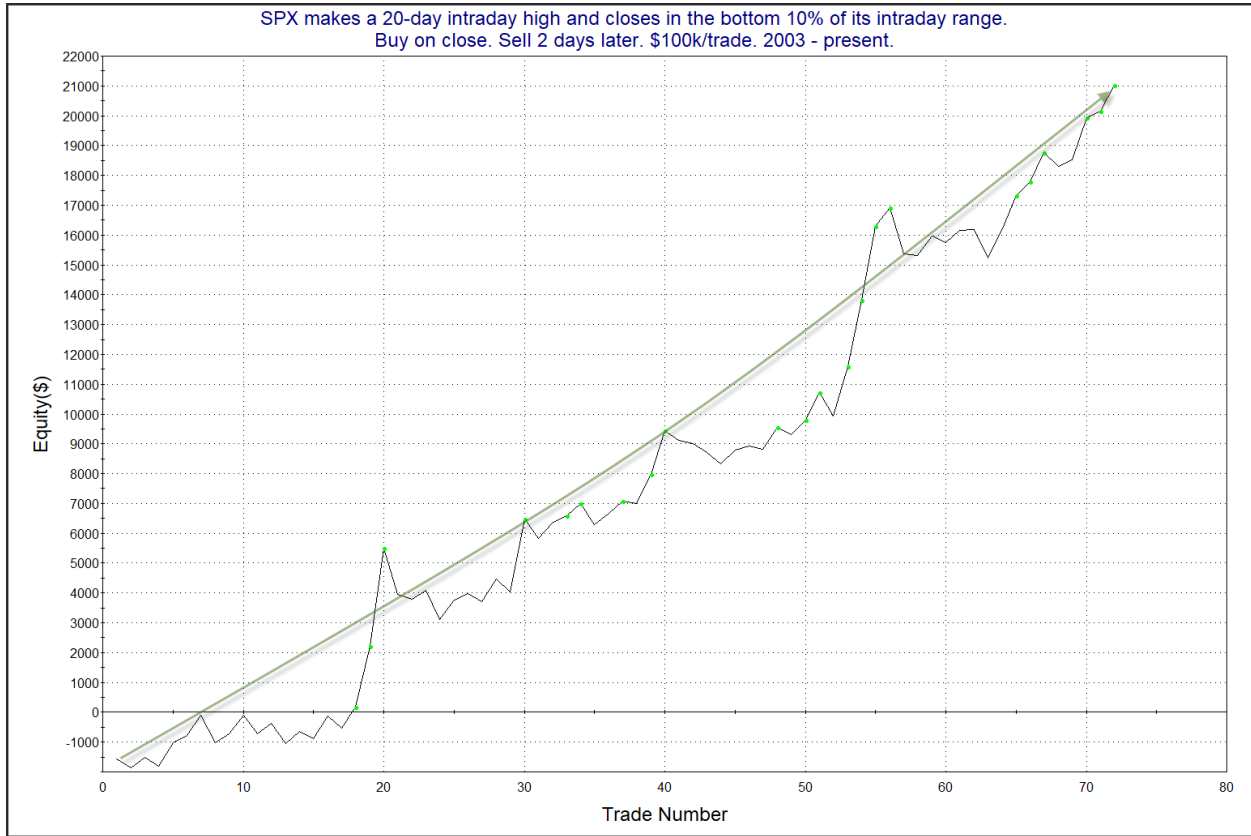
The profit curve has had a long decline. This study seems worthy of consideration. I have included this study on the Active List.

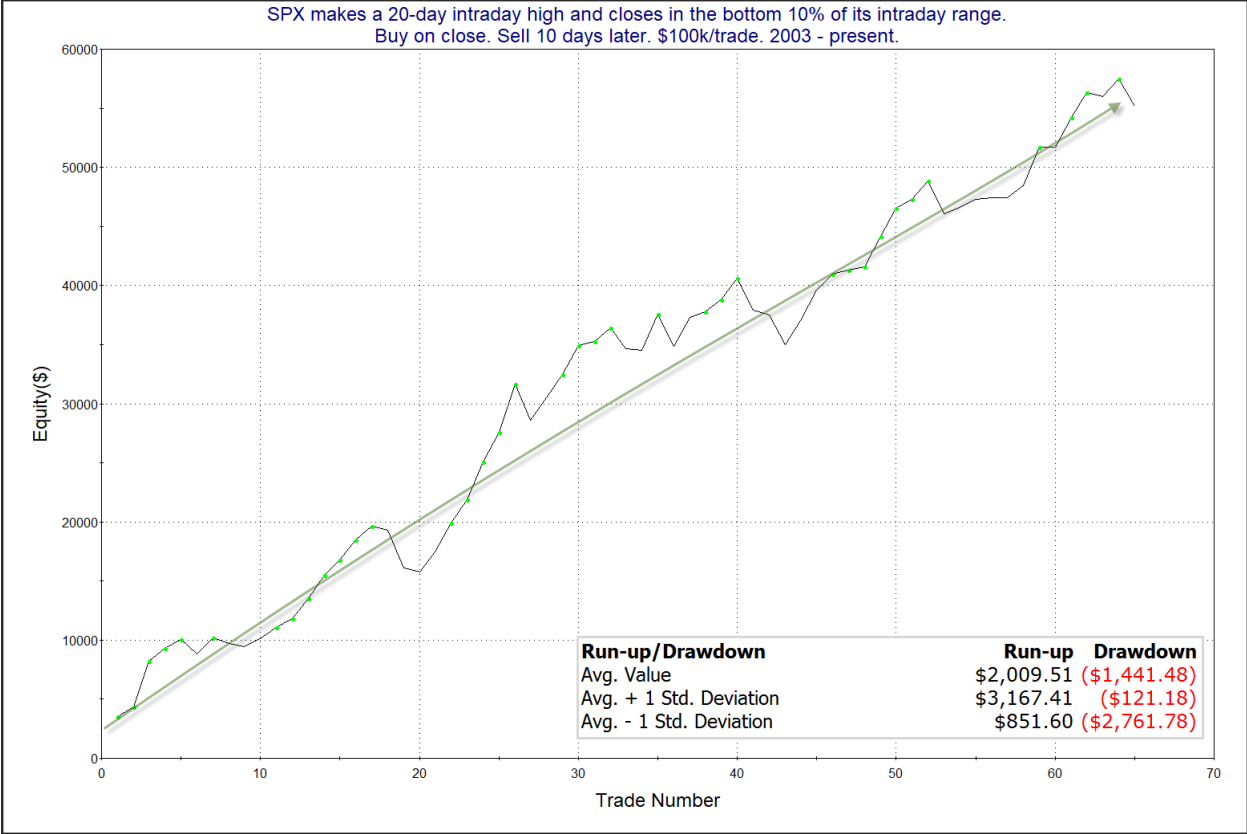
Early in the day the SPX managed to make a new intraday high. The new high followed by a poor close triggered the study below, which was last seen just last week in the 7/16/25 subscriber letter. Results are updated.

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 | 17,746.79 | 72 | 45 | 27 | 62.50 | 3,368.93 | -3,384.50 | 894.95 | -834.30 | 1.07 | 1.79 | 246.48 |
| 2 | 21,015.43 | 72 | 44 | 28 | 61.11 | 3,288.48 | -1,575.22 | 827.01 | -549.04 | 1.51 | 2.37 | 291.88 |
| 1 | 15,304.77 | 73 | 49 | 24 | 67.12 | 2,588.08 | -2,471.25 | 566.72 | -519.35 | 1.09 | 2.23 | 209.65 |

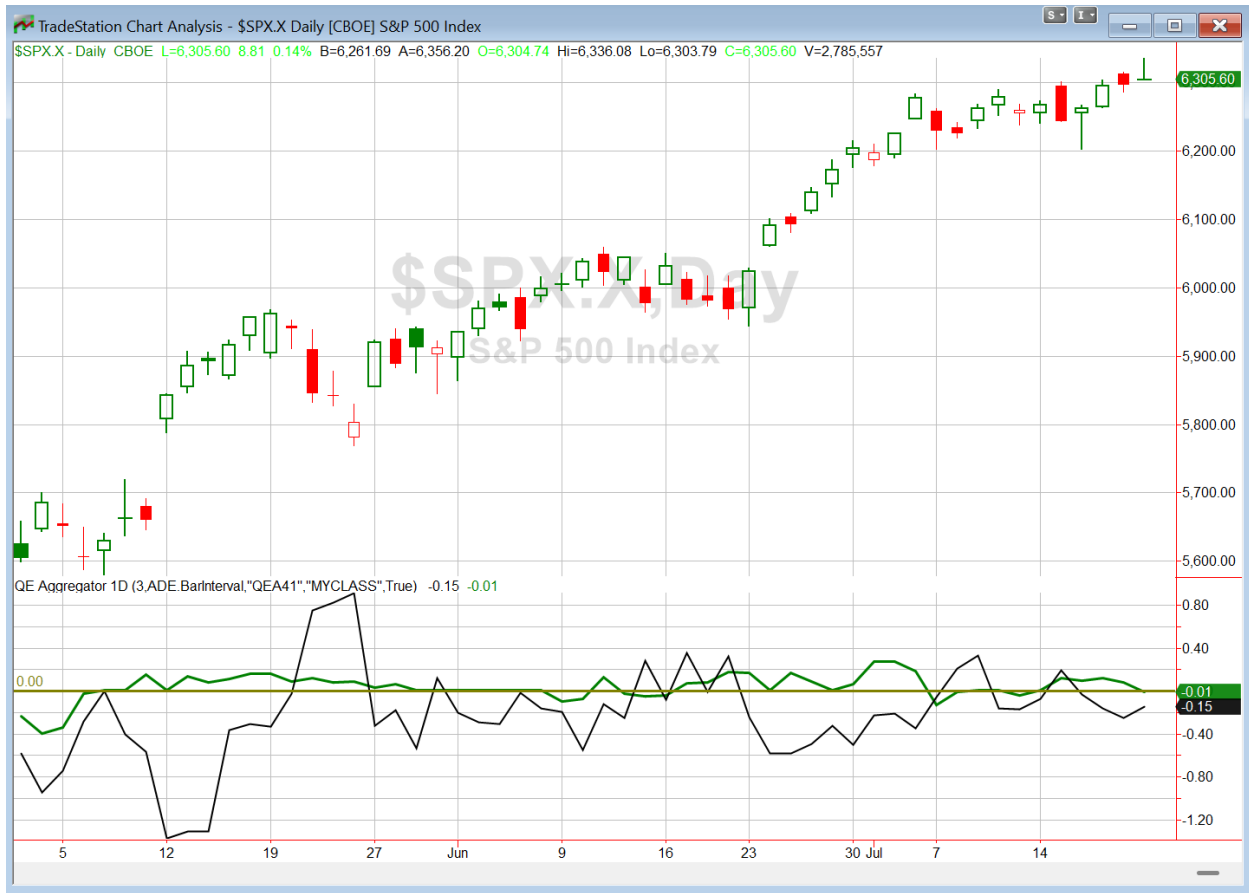
Results here seem to suggest an upside edge. Below are looks at both the 2-day and 10-day curves.





The persistent upslopes appear to confirm the upside edge suggested by the statistics. I have added this study back to the short-term active list tonight. It is still on the intermediate-term list from last week.

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



With tonight's evidence considered, the green Aggregator Line dipped below zero. Negative readings mean net expectations are for downside 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 negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation turned short at the close.

Based on the current active studies, expectations are set remain negative on Tuesday. Of course this could easily change if new bullish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 6319.12. That is 0.2% *above* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up over 0.2% in order to remain overbought. Anything less than that and it will flip to oversold versus recent expectations as of Tuesday's close.

So the Aggregator is bearish. But I am not enthused for the following reasons: 1) the Differential Pivot is inverted, limiting reward potential, 2) evidence is quite mixed, and 3) shorting here would be a counter-trend trade. So I am not inclined to take on new short exposure. I'll wait for a more compelling setup to emerge before getting involved in an index trade.

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