

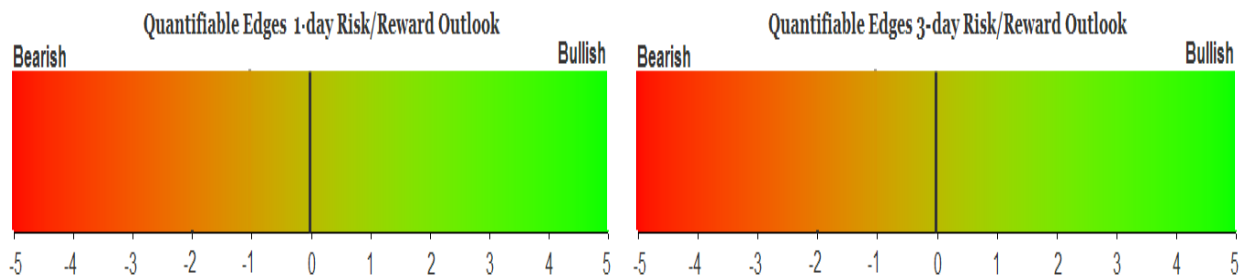
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 23, 2025

Volume 18 Issue 138

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- The low 3/10 Offset HV suggests we could see a big move in the next few days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. Short-term risk appears elevated and evidence is light. Not a strong edge.

**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
<b>Active - Short Term</b>						
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			
<b>Active - Long Term</b>						
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**

Tuesday saw back and forth action with a mixed finish. SPX closed up 0.1%, the NASDAQ fell 0.4%, and the Russell 2000 gained 0.8%. Breadth was strong as the NYSE Up Issues % closed at 70% and the NYSE Up Volume % posted a 78% reading. NYSE total volume rose some from Monday's level.

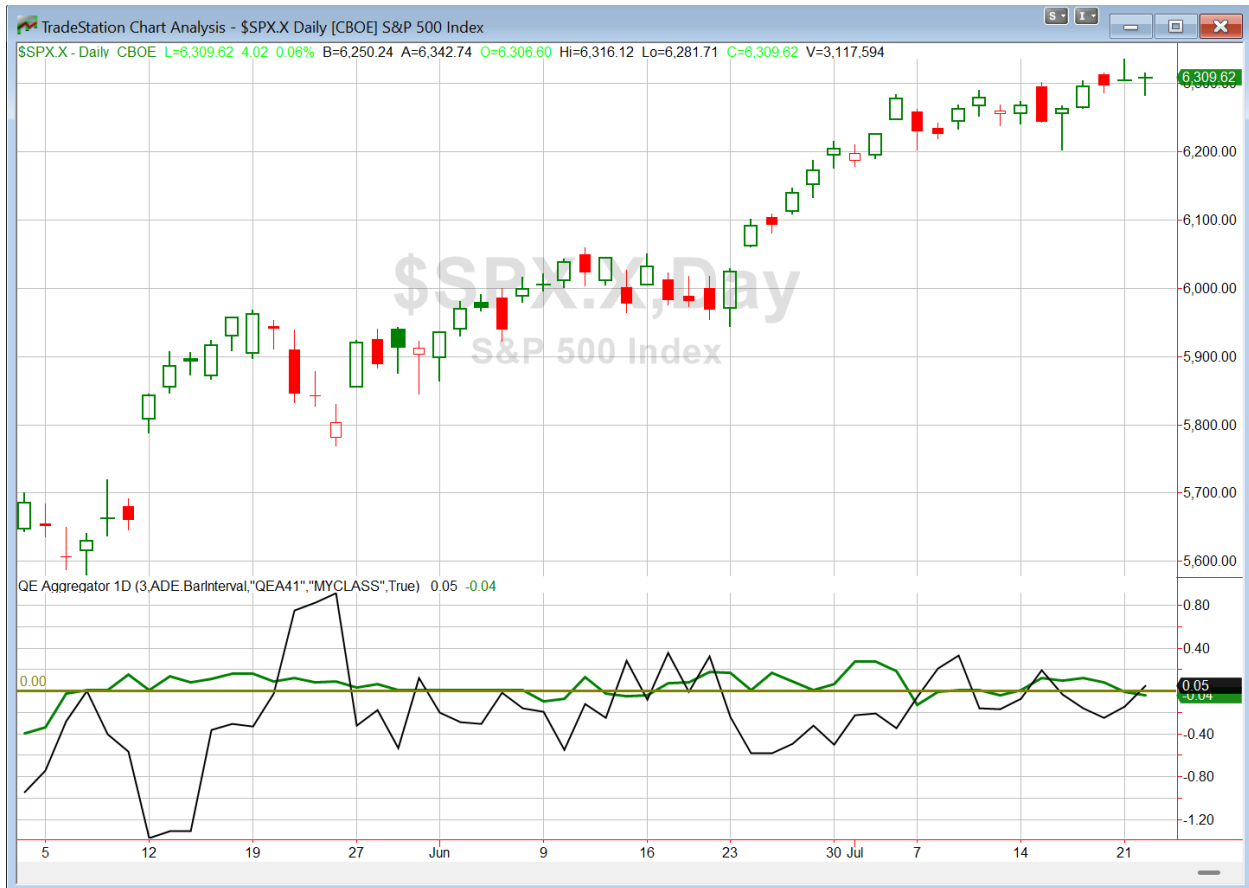
While no compelling directional studies emerged, one factor that traders may want to consider is the fact that the 3/10 Offset HV indicator closed at just 0.13 on Tuesday. This suggests a volatility expansion is likely to occur in the next few days.

I [first introduced the 3/10 Offset HV in July of 2009](#). It simply takes a short 3-day measure of Historical Volatility and compares that to the 10-day measure of 3-days ago. Low readings indicate there has been a contraction in volatility. High readings indicate there has been an expansion. Anything at or below 0.25 is regarded as extremely low. Often after very low numbers like this we see a volatility expansion take place.

In the July 2009 study I found on average when the 3/10 Offset HV falls below 0.25, then the 3-day Historical Volatility reading 3 days later is about 5.5 times higher than on the trigger day. I decided to examine this again in 2015. I found that during the 2009-2015 period that HV over this time period increased on average 4.75x over the next 3 days. While lower, the point remained the same – relatively big moves often emerged after tight consolidations.

It's important to note that the 3/10 Offset HV indicator predicts volatility, not direction. For direction I look to the Aggregator. Tonight the Aggregator is neutral. So the low 3/10 Offset HV suggests that a move in either direction over the next few days could be outsized. This increases both reward potential and risk potential.

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



With tonight's evidence considered, the green Aggregator Line remained below zero. Negative readings mean net expectations are for downside over the next few days. Meanwhile the black Differential Line moved above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are negative but SPX is oversold. 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 turned flat at the close.

With the last of the short-term studies set to expire on Wednesday, expectations are slated to turn slightly positive based on current intermediate-term evidence. Of course any new evidence that emerges over the next few days could have a strong impact on expectations. Meanwhile, the Differential Pivot will be 6315.94. That is 0.1% above Tuesday's close. Therefore, SPX would only need to close up 0.1% on Wednesday in order to flip from oversold to overbought versus recent expectations..

So the Aggregator is neutral. Directional evidence is light, and the extremely low 3/10 Offset HV suggests risk is elevated. That is not an appealing combination for considering new positions. I'll wait until a more favorable reward/risk setup emerges.

***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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