

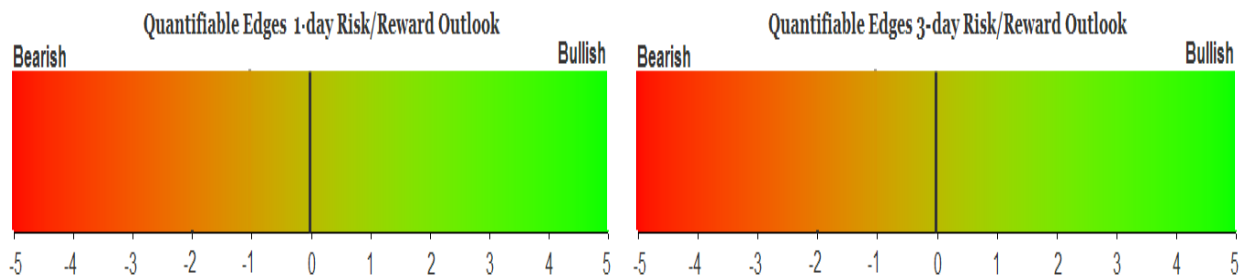
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 28, 2025

Volume 18 Issue 141

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	2

Tonight's Research Points

- 5 days higher to a 50-day high rarely sees the move up end abruptly.
- Tuesday's action could help determine how strong the edge is for Wednesday's Fed Day.
- The combination of SOMA and reverse repos action resulted in a liquidity inflow for the 3rd week in a row.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. This market is too strong to short and too overbought to buy.

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 25, 2025	Up Vol < 40%. SPX higher and > 200	1-8 days	Bullish	1.90%	-1.35%	-2.80%
Active - Long Term						
July 24, 2025	RSI(2) crosses over 99	1-15 days	Bullish	2.20%	-1.60%	-3.00%
July 16, 2025	20-day intraday high & close btm 10% rng	1-10 days	Bullish	2.00%	-1.40%	-2.80%
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

Friday saw stocks rise once again. SPX closed up 0.4%, the NASDAQ rose 0.2%, and the Russell 2000 gained 0.4%. Breadth was solid as the NYSE Up Issues % closed at 61% and the NYSE Up Volume % posted a 59% reading. NYSE total volume came in at the lightest level since July 3.

Wednesday was the 5th day in a row that SPX closed higher. And with it closing at an all-time high, it is overbought by a few measures. Overbought in a strong uptrend is a tough place to enter a new trade. The overbought nature means the market is susceptible to a pullback at any time. It also means additional gains are often muted. So reward/risk for longs is generally poor. But it is very difficult trying to pick tops or make money shorting during a strong uptrend. The study below is updated from the 8/26/21 letter. It examines other times SPX closed up 5 days in a row (short-term overbought) and closed at a 50-day high (long-term uptrend).

SPX closes up for the 5th day in a row. Close > 200ma and at a 50-day high. Buy on close. Sell X day later. \$100k/trade. 1980 - 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	32,397.05	118	73	45	61.86	3,434.08	-5,401.92	1,128.36	-1,110.52	1.02	1.65	274.55
4	14,524.07	118	71	47	60.17	3,170.94	-3,131.26	921.16	-1,082.52	0.85	1.29	123.09
3	9,176.09	118	69	49	58.47	2,777.04	-3,005.48	737.34	-851.03	0.87	1.22	77.76
2	5,461.62	118	65	53	55.08	3,061.60	-2,253.56	674.43	-724.09	0.93	1.14	46.28
1	1,056.85	118	56	62	47.46	2,135.28	-1,763.20	471.70	-409.00	1.15	1.04	8.96

As you can see, the numbers are mildly bullish, but not suggestive of a strong edge or very favorable reward/risk for bulls. This is not a study that will be added to the Active List. But hopefully it makes the point.

Let's take a look at the SPX Seasonality Calendar for the rest of July.

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

Numbers are mostly modestly positive. And the August Calendar shows positive numbers for 8/1 as well. But I will note that the 1st day of August is the only 1st day of any month that has not produced net positive results for the SPX (looking back to the late 80s).

Wednesday is a Fed Day. Fed Days have historically shown an upside tendency. I [have documented this tendency in great detail](#) over the years. One interesting observation I have noted about Fed Days is that the bullish tendency is greatly impacted by stock market action leading up to the Fed Day. This is something that often happens with other seasonal tendencies as well (like turn of the month). In the past I have broken down Fed Day performance based on the quartile that the SPY closed in of the daily range on the day before the Fed Day. The basic finding was that the worse the close, the better the Fed Day edge. I last did this in the 6/17/25 letter. I have updated that research below.

Tomorrow is a Fed Day. SPY closes in the top 25% of its intraday range. Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	\$11,964.34
Gross Profit	\$40,881.65
Gross Loss	(\$28,917.31)
Profit Factor	1.41
Total Number of Trades	99
Percent Profitable	50.51%
Winning Trades	50
Losing Trades	47
Even Trades	2
Avg. Trade Net Profit	\$120.85
Avg. Winning Trade	\$817.63
Avg. Losing Trade	(\$615.26)
Ratio Avg. Win:Avg. Loss	1.33
Largest Winning Trade	\$2,238.25
Largest Losing Trade	(\$2,739.69)

Tomorrow is a Fed Day.
SPY closes > 50% and <= 75% of its intraday range.
Buy on close. Sell Fed Day close. \$100k/trade. 93 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	\$12,473.81
Gross Profit	\$34,876.26
Gross Loss	(\$22,402.45)
Profit Factor	1.56
Total Number of Trades	59
Percent Profitable	50.85%
Winning Trades	30
Losing Trades	28
Even Trades	1
Avg. Trade Net Profit	\$211.42
Avg. Winning Trade	\$1,162.54
Avg. Losing Trade	(\$800.09)
Ratio Avg. Win:Avg. Loss	1.45
Largest Winning Trade	\$4,704.07
Largest Losing Trade	(\$2,971.65)

Tomorrow is a Fed Day.

SPY closes > 25% and <= 50% of its intraday range.

Buy on close. Sell Fed Day close. \$100k/trade. 93-present

TradeStation Performance Summary

	All Trades
Total Net Profit	\$15,953.92
Gross Profit	\$29,625.35
Gross Loss	(\$13,671.43)
Profit Factor	2.17
Total Number of Trades	53
Percent Profitable	64.15%
Winning Trades	34
Losing Trades	19
Even Trades	0
Avg. Trade Net Profit	\$301.02
Avg. Winning Trade	\$871.33
Avg. Losing Trade	(\$719.55)
Ratio Avg. Win:Avg. Loss	1.21
Largest Winning Trade	\$2,943.00
Largest Losing Trade	(\$2,066.62)

Tomorrow is a Fed Day.

SPY closes in the BOTTOM 25% of its intraday range.

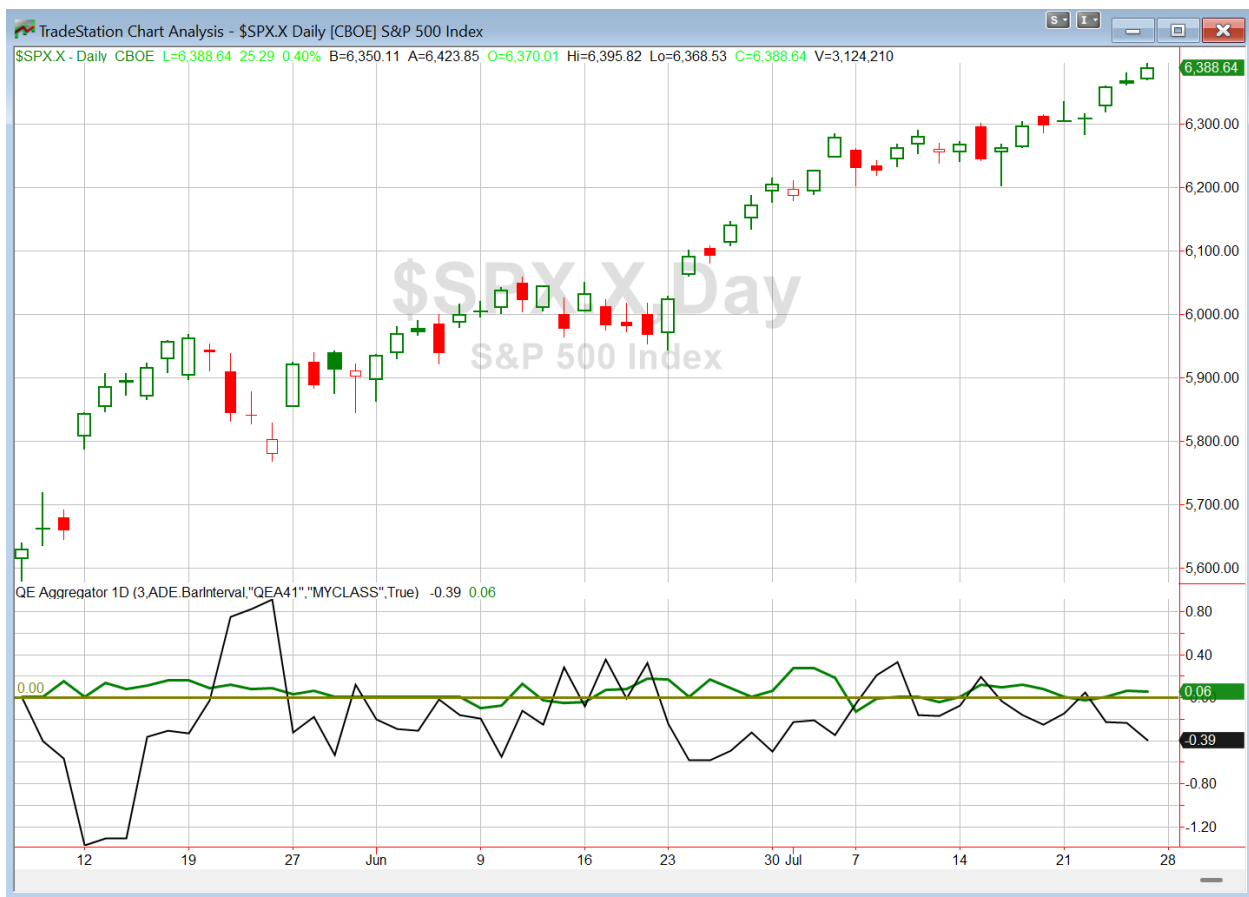
Buy on close. Sell Fed Day close. \$100k/trade. 1993 - present.

TradeStation Performance Summary

	All Trades
Total Net Profit	\$25,459.06
Gross Profit	\$37,727.36
Gross Loss	(\$12,268.30)
Profit Factor	3.08
Total Number of Trades	47
Percent Profitable	70.21%
Winning Trades	33
Losing Trades	14
Even Trades	0
Avg. Trade Net Profit	\$541.68
Avg. Winning Trade	\$1,143.25
Avg. Losing Trade	(\$876.31)
Ratio Avg. Win:Avg. Loss	1.30
Largest Winning Trade	\$4,645.80
Largest Losing Trade	(\$2,945.28)

So what we see here is that the lower SPY has closed in its range the day before, the stronger the Fed Day edge has been. When there has been a lot of confidence or complacency leading up to the announcement, that has nearly eliminated the edge. This might also be attributed to some frontrunning. On the other hand, when there has been anxiety heading into the announcement, then the bullish edge has been greatly enhanced. This could be worth keeping in mind as we approach the close on Tuesday. For tonight, I did not identify any compelling new evidence to add to the active 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 studies, expectations are slated to remain positive on Monday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6355.94. That is 0.5% below Friday's close. Therefore, SPX will need to close down at least 0.5% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Tonight's evidence suggests we could see more upside in the coming days. But with SPX already overbought, reward/risk is substandard. Wednesday is a Fed Day, so perhaps a pullback early this week could set up a Fed Day bounce. But we will need to monitor that – especially Tuesday's action as discussed above – before considering whether an edge may emerge that traders could look to take advantage of. For now it still seems the market is in “too overbought to buy, too strong to short” mode.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/28 – 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.*

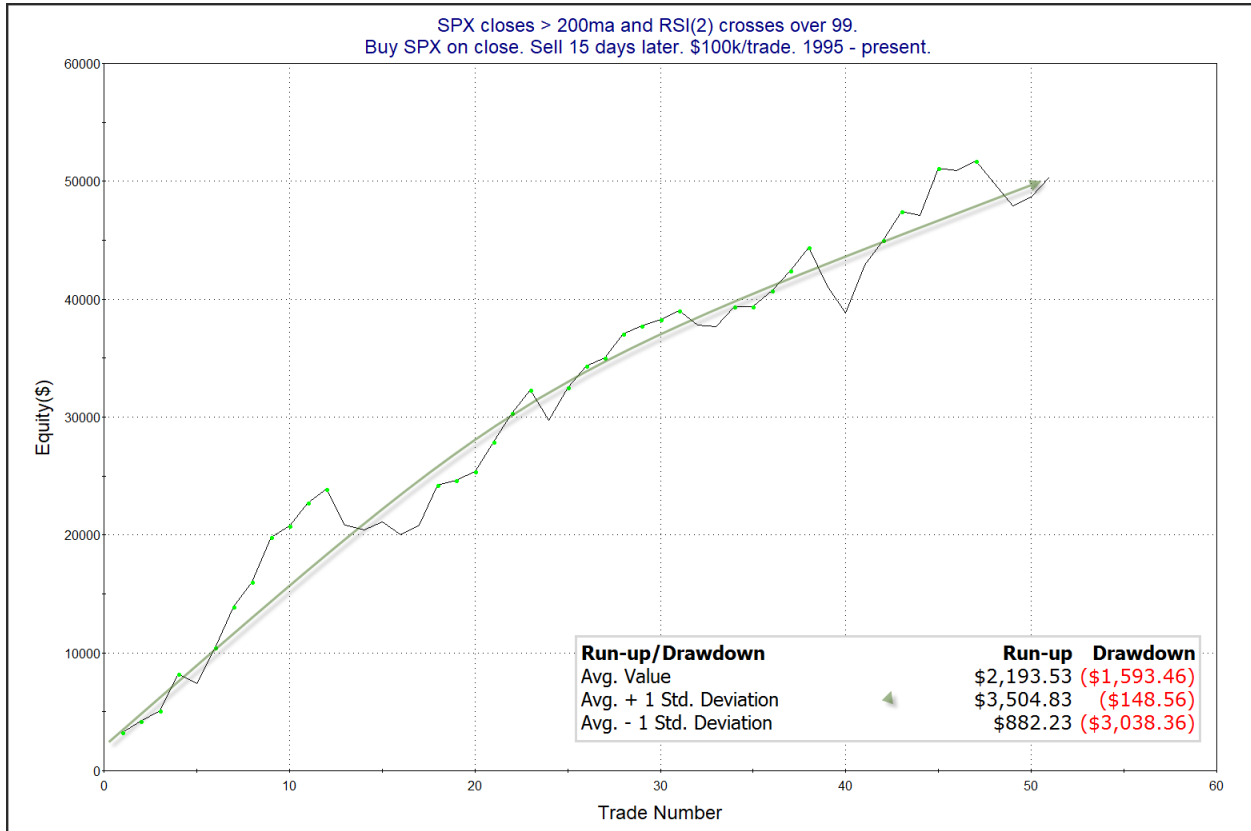
The move up in stocks persisted this past week. The SPX gained 1.5%, the NASDAQ climbed 1.0%, and the Russell 2000 rose 0.9%. Bonds also did well. The US Aggregate Bond ETF (AGG) rose 0.35%. TLT, the 20-year Treasury Bond ETF, rallied 1.4%. Both the NASDAQ and the SPX closed at new all-time highs on Friday, so the long-term uptrend remains intact. There was one study that was shown in the Wednesday night letter with potential intermediate-term implications. I have copied it below.

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 7/1/25 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	50,361.40	51	38	13	74.51	4,070.44	-3,265.02	1,832.12	-1,481.47	1.24	3.61	987.48
14	43,182.84	51	38	13	74.51	4,461.36	-4,024.68	1,715.25	-1,692.04	1.01	2.96	846.72
13	42,436.78	53	38	15	71.70	3,989.82	-3,397.11	1,668.22	-1,397.03	1.19	3.03	800.69
12	39,896.84	54	40	14	74.07	4,058.61	-3,175.53	1,489.66	-1,406.41	1.06	3.03	738.83
11	38,498.33	55	40	15	72.73	4,106.40	-3,989.73	1,545.92	-1,555.89	0.99	2.65	699.97
10	31,421.86	56	40	16	71.43	3,824.48	-3,907.12	1,388.11	-1,506.41	0.92	2.30	561.10
9	31,768.10	56	40	16	71.43	3,453.27	-3,440.07	1,256.21	-1,155.03	1.09	2.72	567.29
8	27,409.59	57	37	20	64.91	3,621.20	-4,112.92	1,317.82	-1,067.48	1.23	2.28	480.87
7	19,268.65	58	36	22	62.07	3,564.39	-4,153.62	1,134.08	-979.92	1.16	1.89	332.22
6	9,154.81	58	35	23	60.34	2,760.12	-5,296.92	1,018.04	-1,151.15	0.88	1.35	157.84
5	11,232.89	58	37	21	63.79	2,859.08	-3,596.40	895.36	-1,042.64	0.86	1.51	193.67
4	10,848.98	58	39	19	67.24	2,697.92	-3,039.18	826.10	-1,124.67	0.73	1.51	187.05
3	2,861.77	60	35	25	58.33	3,504.64	-2,880.45	734.82	-914.28	0.80	1.13	47.70
2	4,718.18	60	35	25	58.33	2,273.92	-2,348.76	621.97	-682.03	0.91	1.28	78.64
1	38.51	60	29	31	48.33	2,096.10	-3,515.37	476.66	-444.67	1.07	1.00	0.64

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.

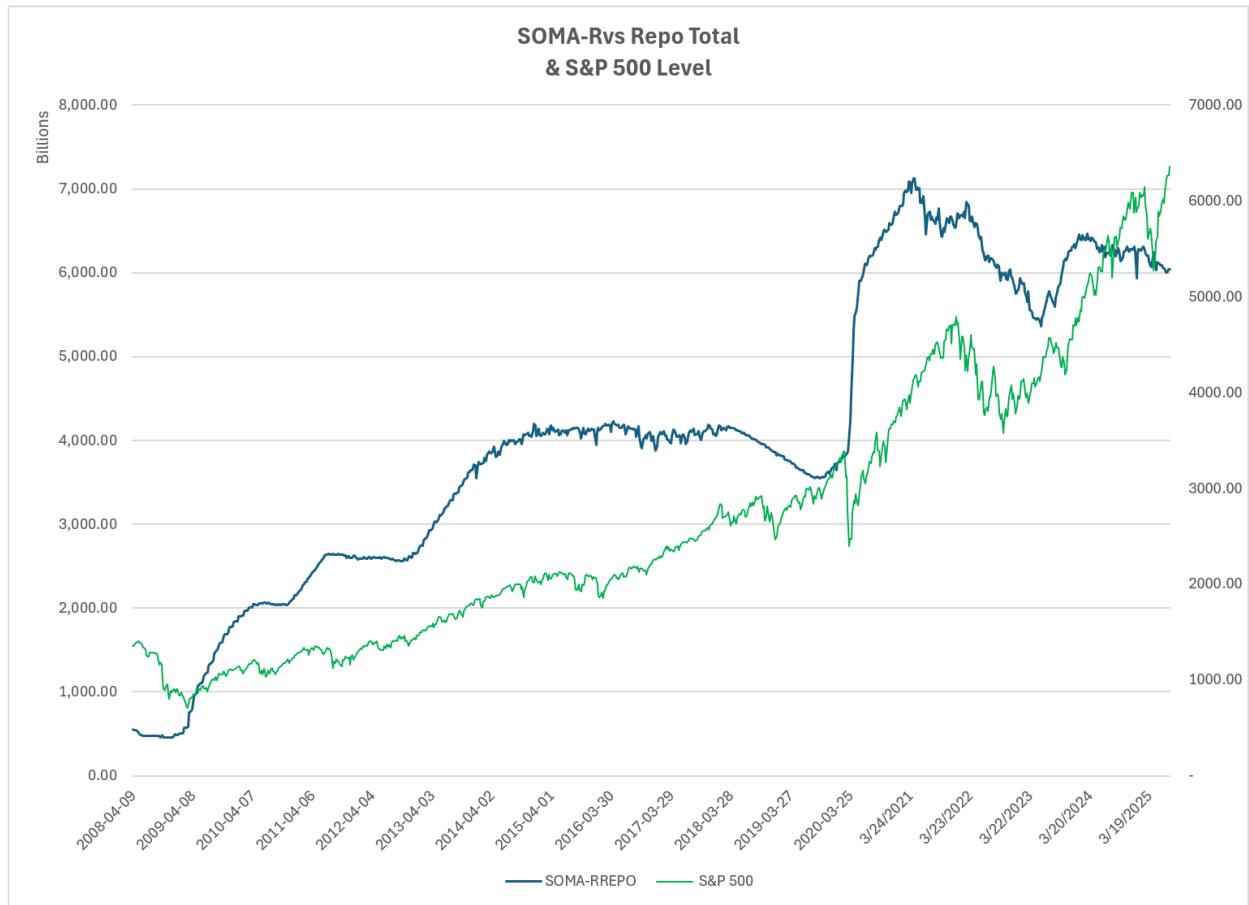


The upside edge has been apparent for a while, and even with a couple of recent instances faltering, it still appears to be intact. After just having been removed, this study is being added back to the intermediate-term active list tonight.

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

Domestic Security Holdings as of	
◀ Previous	July 23, 2025 📅 <i>Posted July 24, 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***	2,126,855,880.6
Agency Commercial Mortgage-Backed Securities***	7,927,794.4
Total SOMA Holdings	6,234,471,808.6
Change From Prior Week	-3,642,700.7

The SOMA account holdings declined about \$3.6 billion dollars this past week. Meanwhile, reverse repos declined by \$7.5 billion for the week ending 7/23/25. 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 \$4 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 remained at just 4% (not gonna happen). Meanwhile, September odds changed from 53% to 64.5% that rates will be lower than they are currently. This can be seen in the graphics below, courtesy of the CME 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

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
30 Jul 2025	ZQN5	31 Jul 2025	95.6700	46,265	476,180	4.1 %	95.9 %	0.0 %

Historical

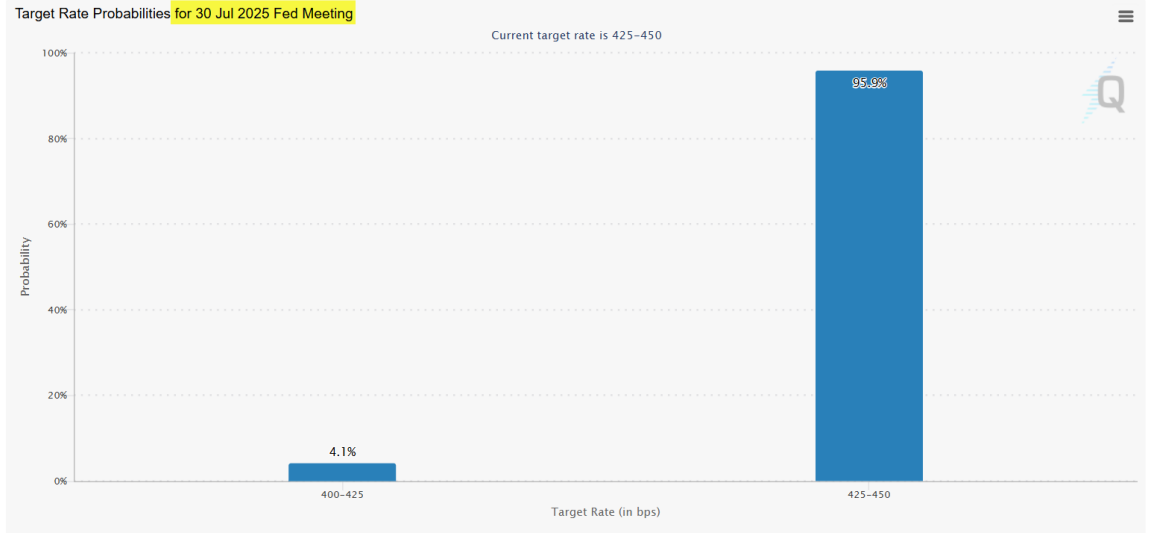
- Historical
- Downloads
- Prior Hikes

Dot Plot

- Chart
- Table

Tools

- CVOL
- SOFR Watch
- ESTR Watch



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 25 JUL 2025	1 WEEK 18 JUL 2025	1 MONTH 27 JUN 2025
400-425	4.1%	4.1%	6.2%	18.6%
425-450 (Current)	95.9%	95.9%	93.8%	81.4%

* Data as of 27 Jul 2025 09:44:47 CT



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

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
17 Sep 2025	ZQU5	30 Sep 2025	95.7500	24,636	204,435	64.5 %	35.5 %	0.0 %

Historical

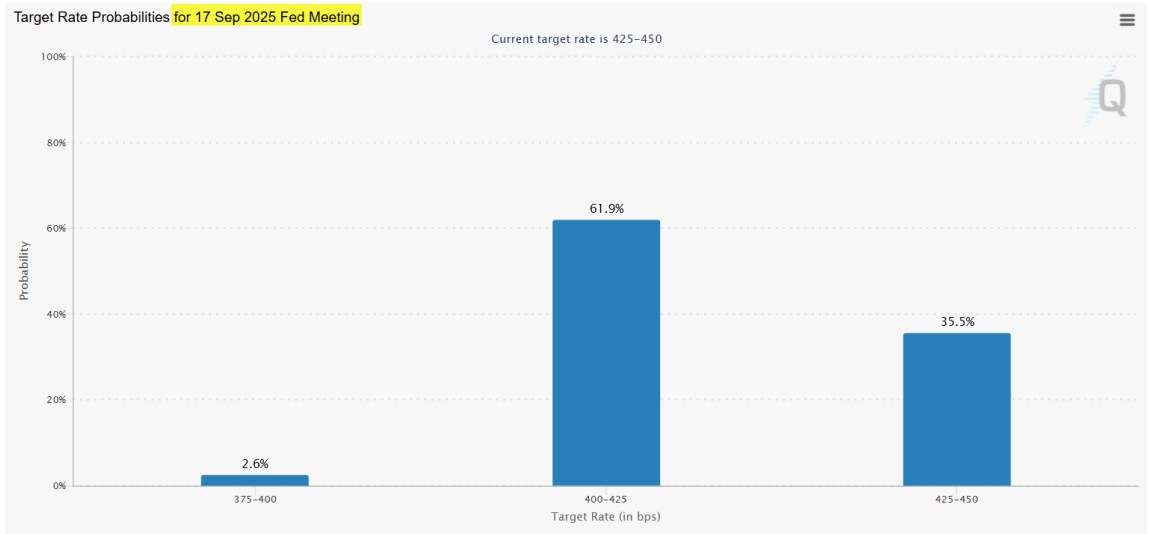
- Historical
- Downloads
- Prior Hikes

Dot Plot

- Chart
- Table

Tools

- CVOL
- SOFR Watch
- ESTR Watch



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 25 JUL 2025	1 WEEK 18 JUL 2025	1 MONTH 27 JUN 2025
375-400	2.6%	2.6%	3.5%	16.6%
400-425	61.9%	61.9%	55.9%	74.8%
425-450 (Current)	35.5%	35.5%	40.6%	8.6%

* Data as of 27 Jul 2025 09:43:42 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.

Overall, the market is still acting bullish. This week's gains 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 RSI study from Wednesday night 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

TXN @ \$186.25 (bought 1/3 @ limit)

New

TXN @ \$184.99 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 2 (TXN-2)

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.

TXN – Buy 1/3 Catapult position @ \$184.99 LIMIT. From the Catapult section above, this would be the 2nd of up to 3 possible lots of TXN.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
TXN(1/3)	7/24/2025	\$186.25	\$184.99	-0.68%	Catapult

DISCLAIMER: PAST PERFORMANCE, WHETHER ACTUAL OR TESTED, DOES NOT GUARANTEE FUTURE RESULTS, PROFITABILITY, OR CORRELATION TO ANY LISTED SECURITY OR TRADE IDEA.

This publication is produced by Quantifiable Edges, LLC (QE), and is intended solely for informational and educational purposes. It is a regularly issued impersonal financial research commentary, and should not be construed as personalized investment advice, a solicitation to buy or sell securities, or a recommendation tailored to any individual's financial circumstances. Data provided by Tradestation and Norgate Data. The information presented herein is believed to be accurate at the time of publication, but QE makes no representation or warranty as to its completeness or reliability. Opinions, data and analyses are subject to change without notice. Readers are encouraged to conduct their own due diligence and consult with a qualified financial professional before making investment decisions. There is a high degree of risk in trading and simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading or the results of a specific account or group of accounts. Because these trades may not have been executed, results could misrepresent the effects of market factors like liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve results like those shown. QE, its officers and employees do not accept responsibility for any direct or consequential loss resulting from the use of this information.

Mr. Robert Hanna, author of the publication, is separately affiliated with Eastsound Capital Advisors, LLC (ECA), doing business as Capital Advisors 360. ECA is registered as an investment adviser with the Securities and Exchange Commission (SEC). ECA provides individual client services only in states in which it is filed, or which an exemption or exclusion from such filing exists. Registration with the SEC does not imply a certain level of skill or training. Although ECA clients utilizing the approaches developed by Mr. Hanna incidentally receive the QE Gold Subscription at no charge, ECA does not sponsor, endorse or validate its content. Mr. Hanna and/or his clients may hold positions in securities (including derivatives) mentioned herein; however, such holdings are not intended as endorsements and may change without notice and/or differ from published study indications at the sole discretion of Mr. Hanna. No part of this publication may be reproduced, redistributed, or republished without prior written consent from QE.

Copyright © 2025 Quantifiable Edges, LLC.