

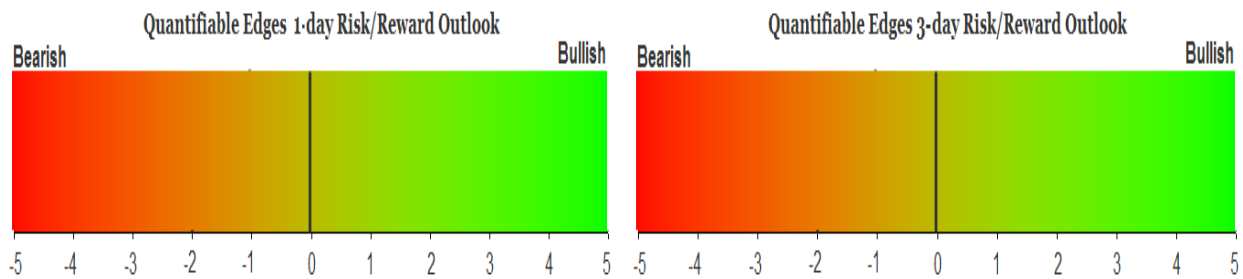
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 30, 2025

Volume 18 Issue 143

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	2

Tonight's Research Points

- 5+ days higher to a 50-day high is rarely a rally that ends abruptly.
- The weak close on Tuesday may be a positive for Wednesday's Fed Day.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Expectations are positive for the Fed Day, but the market is still short-term overbought. I expect a bullish setup to emerge if the market drops on Wednesday.

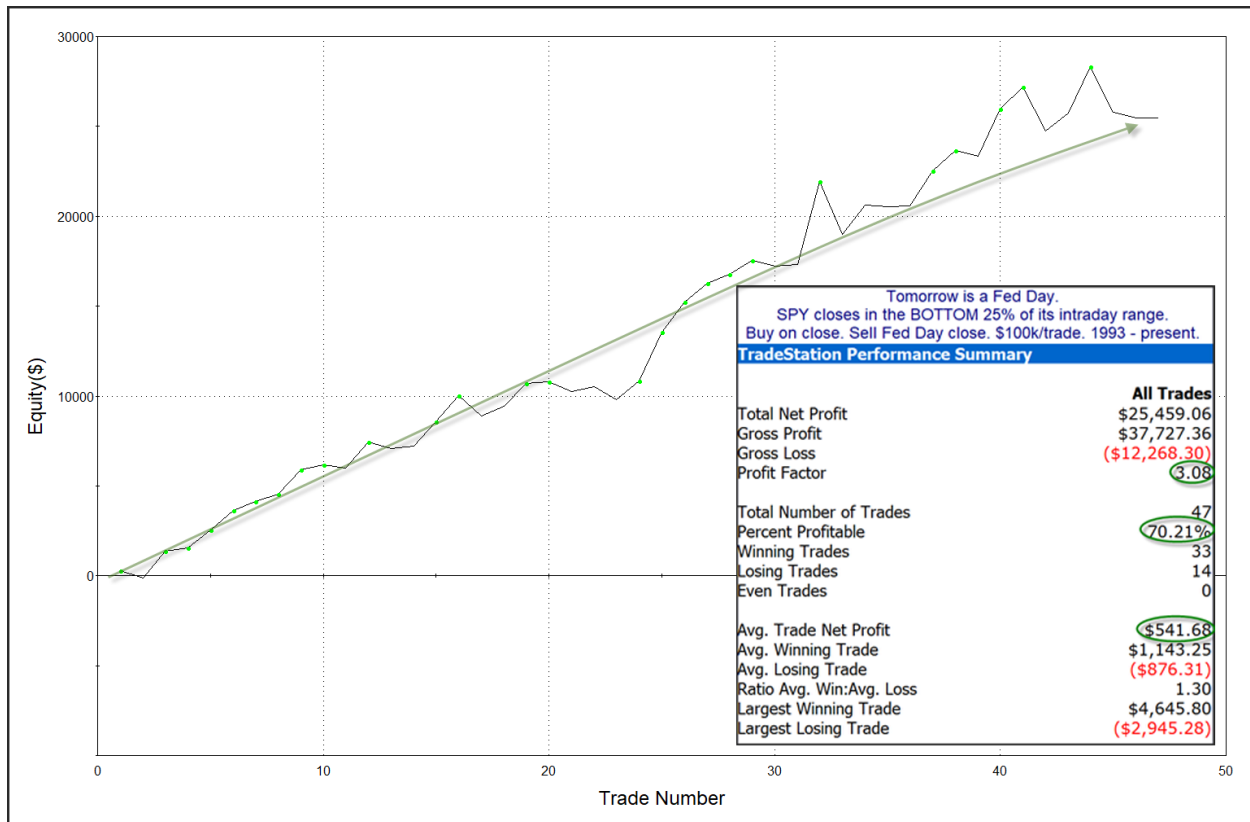
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
July 29, 2025	VIX up, SPX 50-high on Monday	1-2 days	Bearish			
July 29, 2025	3 higher hi, lo, cls. Dn cls. Higher hi & lo	1-4 days	Bullish	1.20%	-0.80%	-1.70%
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

Tuesday was the first down day in a while. SPX closed down 0.3%, the NASDAQ fell 0.4%, and the Russell 2000 lost 0.6%. Breadth was mixed as the NYSE Up Issues % closed at 51% and the NYSE Up Volume % posted a 41% reading. NYSE total volume rose a little from Monday's level.

In the weekend letter I discussed the fact that poor closes ahead of Fed Days tend to be a positive for the Fed Day. I broke SPY closes into quartiles based on where it finished in its intraday range. Tuesday it closed in the bottom quartile, which has been the best of the bunch. Below I have copied those results, and added a profit curve so you can see how the edge has played out over time.



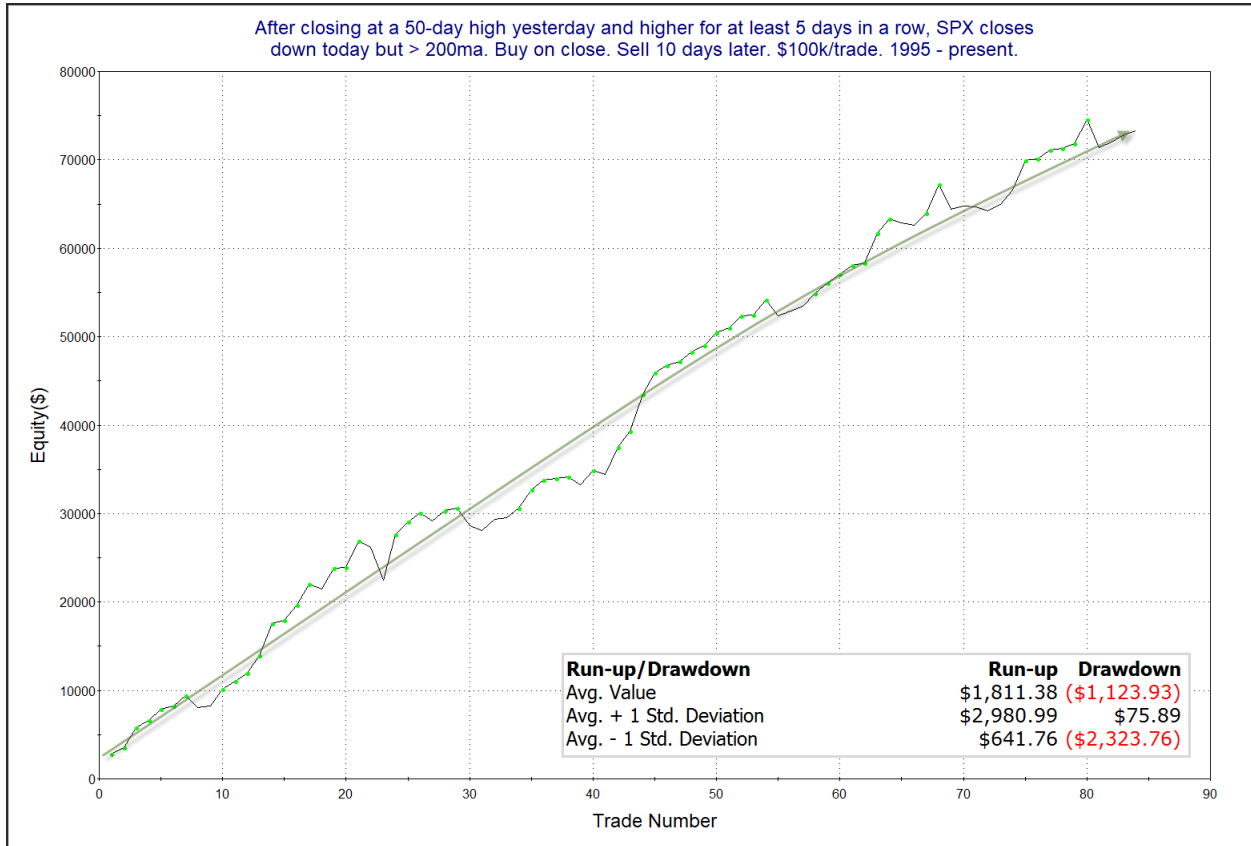
The last few instances have caused a little hiccup, but the persistent upslope and strong stats still makes the study appealing to me. I have included this on the Active List tonight.

Another compelling study suggested the recent persistent upmove is unlikely to abruptly end. It examined what happens after the market moves up at least 5 days in a row to a 50-day high, and then pulls back. It was last seen in the 5/21/25 Letter. I have updated the stats in the table below.

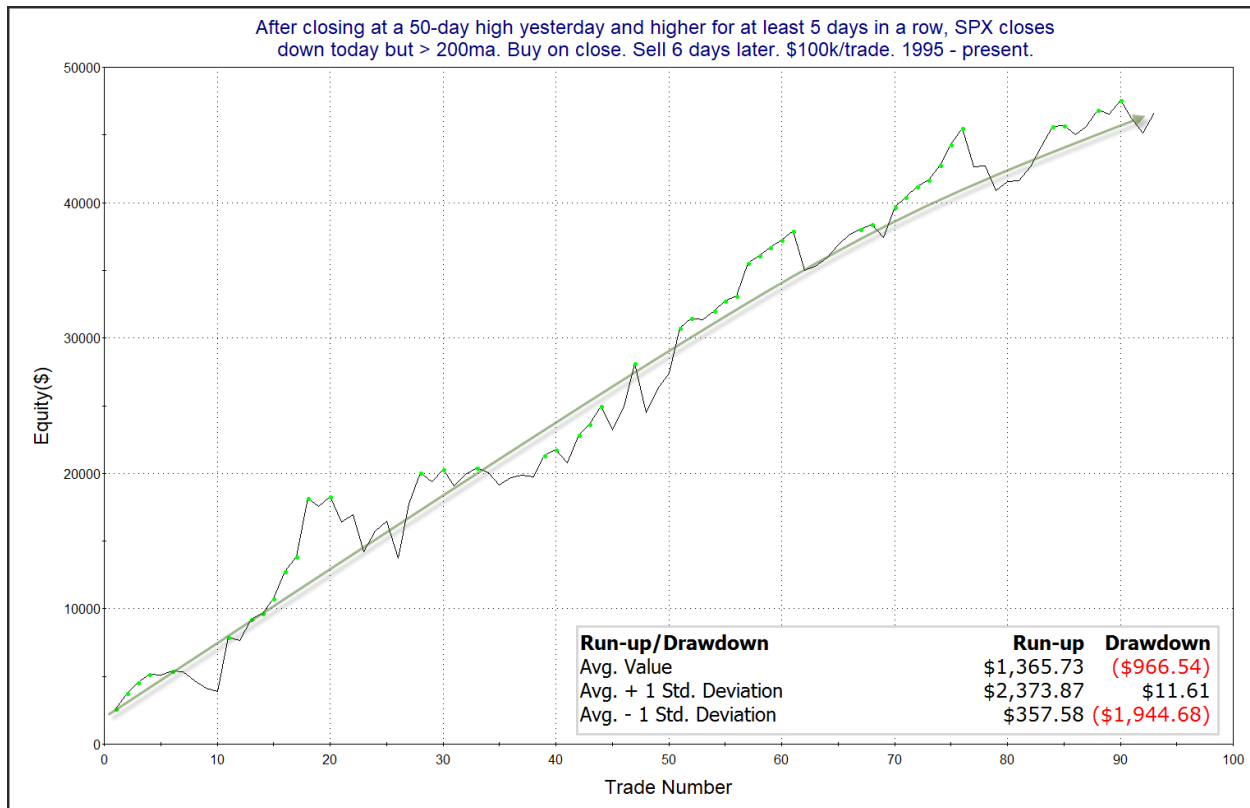
After closing at a 50-day high yesterday and higher for at least 5 days in a row, SPX closes down today but > 200ma. Buy on close. Sell X days later. \$100k/trade. 1995 - present.

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
10	73,325.17	84	68	16	80.95	5,131.35	-3,672.90	1,374.18	-1,257.46	1.09	4.64	872.92
9	70,113.45	88	70	18	79.55	5,023.20	-4,151.40	1,359.66	-1,392.37	0.98	3.80	796.74
8	59,791.46	89	61	28	68.54	4,878.08	-4,874.10	1,471.86	-1,071.14	1.37	2.99	671.81
7	47,178.09	92	63	29	68.48	3,874.76	-4,511.36	1,282.75	-1,159.84	1.11	2.40	512.81
6	46,178.60	94	66	28	70.21	4,307.20	-3,637.71	1,182.38	-1,137.81	1.04	2.45	491.26
5	35,201.96	94	62	32	65.96	4,252.50	-4,717.16	1,052.40	-938.97	1.12	2.17	374.49
4	36,512.32	94	60	34	63.83	3,843.00	-3,003.39	1,048.05	-775.61	1.35	2.38	388.43
3	17,230.99	94	56	38	59.57	2,472.85	-2,202.24	842.62	-788.31	1.07	1.58	183.31
2	21,481.81	94	61	33	64.89	2,437.50	-2,614.95	761.82	-757.24	1.01	1.86	228.53
1	13,035.22	94	60	33	63.83	1,751.19	-1,744.10	508.08	-528.78	0.96	1.75	138.67

We see here a decent edge that becomes stronger and more consistent as you look out over the next several days. The 9-10 day time frame shows exceptional stats. The 6-day timeframe suggests a short-term boost is also likely. Let's take a look below at both the 10-day and 6-day exit profit curves. First, the 10 day.



The strong upslope appears to confirm the bullish edge. Next let's look at the 6-day curve.



Results are a little choppier. But even with more whipsaws this curve has worked its way from lower left to upper right and is not far off new highs. The study appears worthy of consideration. I have included it on both the short-term and intermediate-term active lists.

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 Wednesday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 6396.97. That is 0.4% *above* Tuesday'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 at least 0.4% in order to remain overbought. Anything other than that and it will flip to oversold versus recent expectations as of Wednesday's close.

So the Aggregator is neutral. Tonight's evidence is bullish. But SPX is still overbought, so reward/risk is not quite where we would like to be. If the Fed Day fails to rally, I expect to see more bullish studies emerge. So I put a trade idea below that would look to take on a small amount of long index exposure if the Fed reaction is not good on Wednesday.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

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

TXN @ \$184.99 (buy 1/3 @ limit) – *not filled - cancel for now*

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.

SPY – Buy ¼ index positions @ \$634.50 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to take on a small amount of index exposure if SPY closes down a bit on Wednesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
TXN(1/3)	7/24/2025	\$186.25	\$191.38	2.75%	Catapult

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