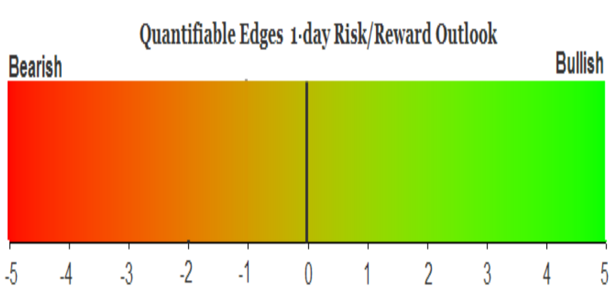
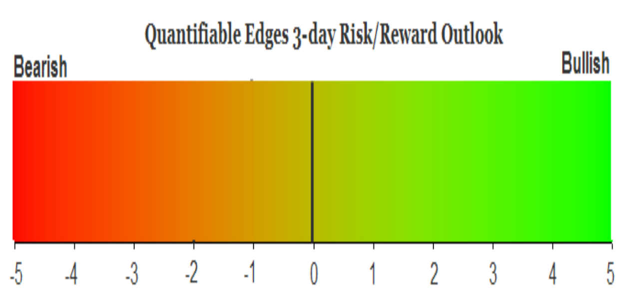
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 7, 2025 | Volume 18 Issue 149

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- The failure of SOX to rally while NDX moved strongly higher suggests the market could struggle over the next several days.

Short-term Outlook
The Bottom Line
The Aggregator is neutral Seems like a good time to stand aside.

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						
August 7, 2025	NDX up 1%+. SOX down.	1-6 days	Bearish	-2.40%	1.70%	3.40%
August 4, 2025	Dn 4+. Today was biggst drop	1-4 days	Bullish			
July 30, 2025	Fed Day down 2+	1-6 days	Bullish			
Active - Long Term						
July 24, 2025	RSI(2) crosses over 99	1-15 days	Bullish	2.20%	-1.60%	-3.00%
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

The market reversed direction again on Wednesday – this time moving higher. SPX rose 0.7%, the NASDAQ rallied 1.2%, and the Russell 2000 gained 0.4%. Breadth was weak, though as the NYSE Up Issues % closed at 48% and the NYSE Up Volume % posted a 45% reading. NYSE total volume declined some from Tuesday's level.

An interesting aspect of Wednesday's action was the divergence between the NDX and the SOX. While the NDX rose 1.3% on Wednesday, the SOX declined 0.2%. This is somewhat unusual action. It brought about a study last seen in the 10/31/23 Letter, which I have updated below.

NDX rises over 1% while SOX closes down on the day.
Buy NDX on close. Sell X days later. $100k/trade. 2000 - 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	-78,999.85	54	23	31	42.59	18,826.33	-13,954.56	4,234.46	-5,690.08	0.74	0.55	-1,462.96
9	-68,223.81	54	21	33	38.89	22,154.89	-15,780.45	4,688.54	-5,051.00	0.93	0.59	-1,263.40
8	-71,073.08	55	19	36	34.55	30,307.45	-13,288.50	5,080.42	-4,655.58	1.09	0.58	-1,292.24
7	-93,855.75	57	16	41	28.07	31,628.02	-17,436.00	5,762.26	-4,537.85	1.27	0.50	-1,646.59
6	-123,548.46	57	14	43	24.56	23,421.19	-21,090.48	6,028.95	-4,836.13	1.25	0.41	-2,167.52
5	-86,084.24	58	19	39	32.76	12,749.43	-12,790.08	4,069.50	-4,189.86	0.97	0.47	-1,484.21
4	-47,263.60	59	25	34	42.37	11,322.33	-12,796.24	3,108.33	-3,675.64	0.85	0.62	-801.08
3	-27,890.24	60	26	34	43.33	15,615.69	-15,779.50	3,449.62	-3,458.25	1.00	0.76	-464.84
2	810.05	62	31	31	50.00	16,624.43	-9,160.50	2,757.31	-2,731.18	1.01	1.01	13.07
1	668.74	64	31	33	48.44	9,397.52	-6,256.64	2,178.74	-2,026.43	1.08	1.01	10.45

Six days later 75% of the instances were losers and the average occurrence was a 2.2% loss. That seems to be a fairly substantial edge. I also updated how the SPX performed while this was all going on.

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	-10,723.97	54	25	29	46.30	9,774.70	-8,478.02	2,721.83	-2,716.20	1.00	0.86	-198.59
9	-13,327.63	54	25	29	46.30	9,278.30	-8,963.07	2,843.46	-2,910.84	0.98	0.84	-246.81
8	-26,583.85	55	27	28	49.09	9,165.45	-7,574.41	2,281.47	-3,149.41	0.72	0.70	-483.34
7	-42,808.33	57	26	31	45.61	10,101.57	-11,391.59	2,107.23	-3,148.27	0.67	0.56	-751.02
6	-46,519.90	57	20	37	35.09	8,753.07	-9,589.14	2,580.43	-2,652.12	0.97	0.53	-816.14
5	-42,745.03	58	23	35	39.66	6,877.04	-7,519.22	1,899.18	-2,469.32	0.77	0.51	-736.98
4	-19,857.73	59	29	30	49.15	5,068.10	-11,917.40	1,691.25	-2,296.80	0.74	0.71	-336.57
3	-7,355.13	60	29	31	48.33	6,877.26	-9,480.90	1,669.89	-1,799.41	0.93	0.87	-122.59
2	1,441.10	62	28	34	45.16	5,842.98	-6,411.90	1,580.40	-1,259.12	1.26	1.03	23.24
1	8,341.32	64	33	31	51.56	5,396.04	-2,692.80	1,159.32	-965.04	1.20	1.28	130.33

NDX rises over 1% while SOX closes down on the day.
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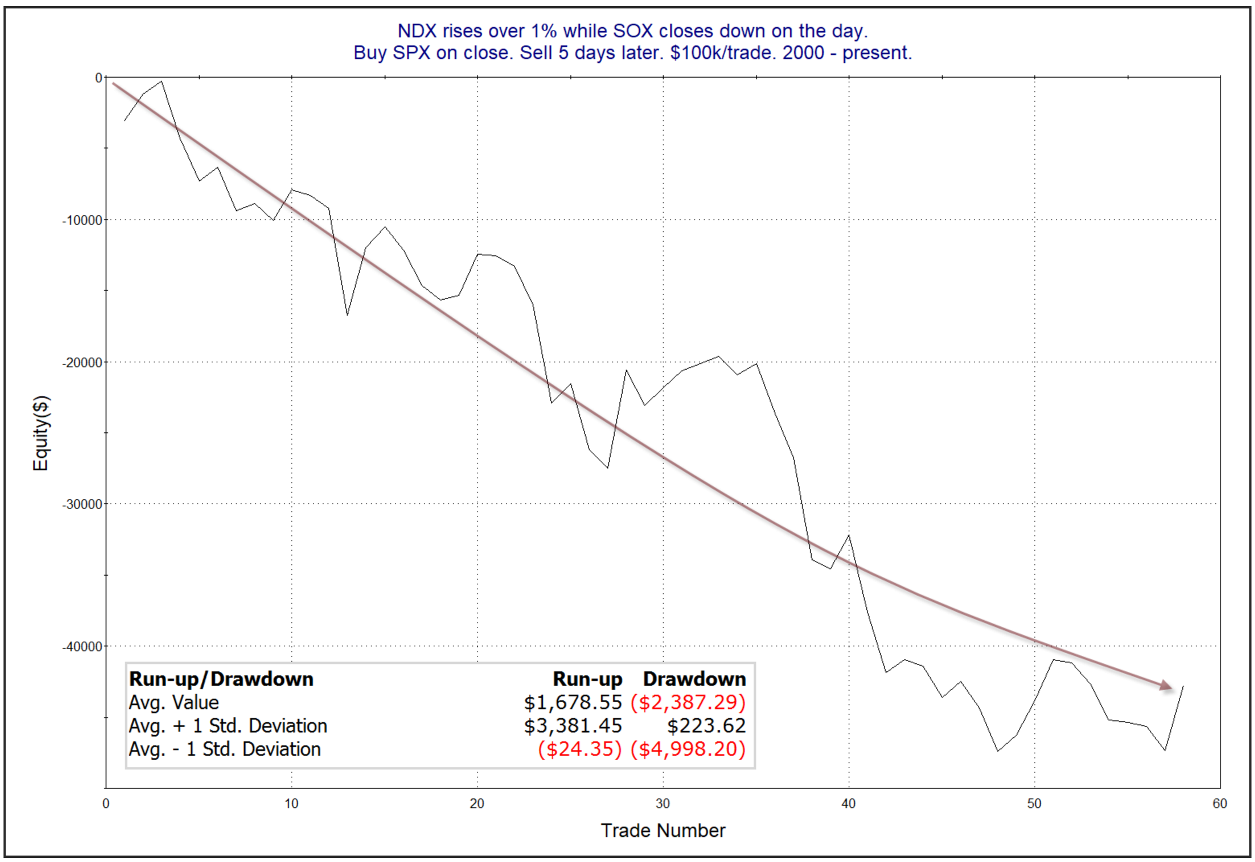
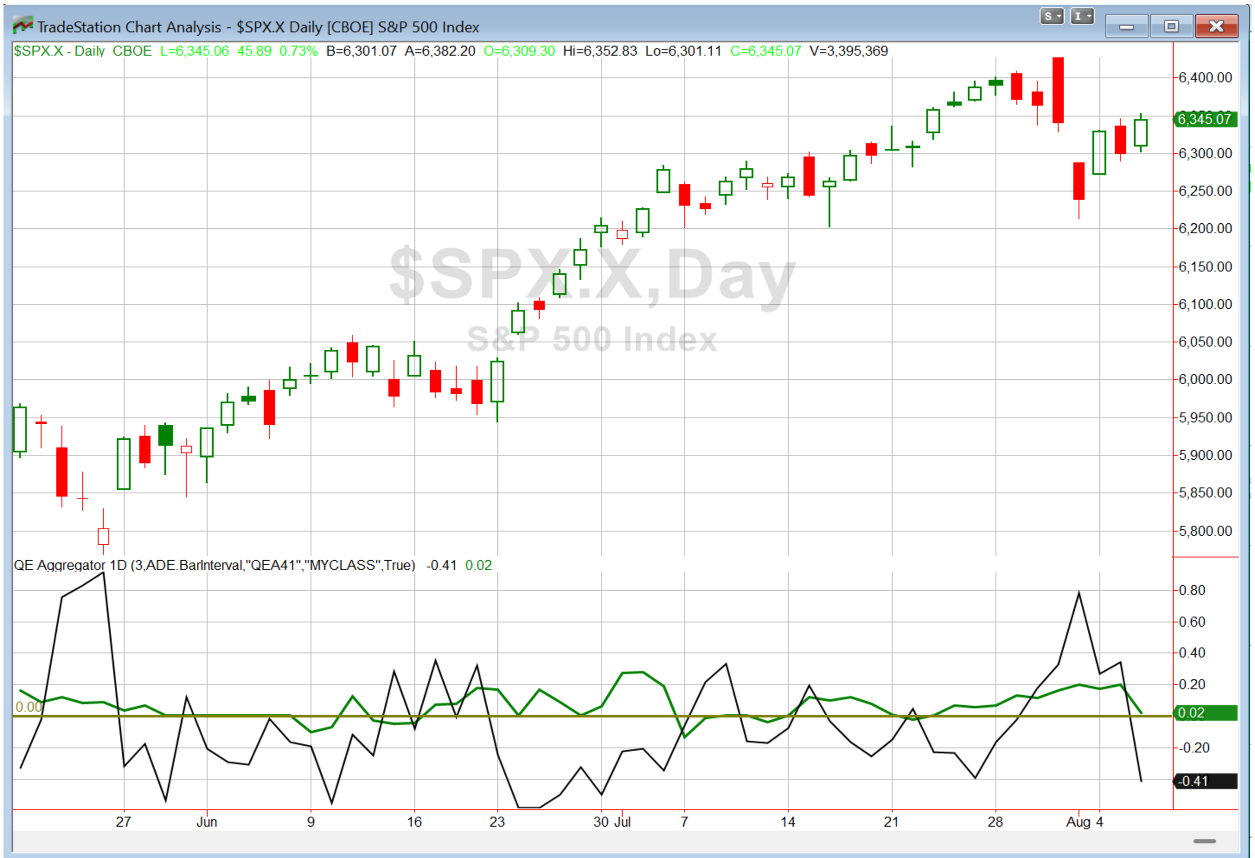
The pullbacks haven't been quite as reliable or as strong as the NDX but there still appears to be a decent downside edge. Below is an equity curve that assumes a 5-day holding period.



The curve has flattened out some lately, but not enough to give up on the study quite yet. I have included it on the Active List tonight.

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 dropped 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 turned flat at the close.

Based on the current studies, expectations are slated to flip negative on Thursday. This could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at* 6363.81. That is 0.3% *above* Wednesday'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 0.3% in order to remain overbought. Anything other than that and it will flip to oversold vs recent expectations as of Thursday's close.

So the Aggregator is still neutral. And with an inverted pivot and expectations primed to flip, it seems most anything could happen on Thursday. We could easily see the Aggregator formation long, short, or flat tomorrow afternoon. The index trade ideas were closed out on Wednesday. I won't be looking to enter any more until the next clearly compelling setup emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/4 – bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link]

Open Catapult Triggers

CHTR @ $261.75 (bought 1/3 @ limit)

***Broad Market Large Cap CBI* – 1 (CHTR)**

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

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
TXN(1/3)	7/24/2025	$186.25	$185.91	-0.18%	*sell on open*
SPY(1/4)	***7/30/2025***	***$634.46***	***$631.00***	***-0.55%***	***sold @ limit***
SPY(1/4)	***8/1/2025***	***$621.72***	***$632.78***	***1.78%***	***sold on close***
TXN(1/3)	8/4/2025	$180.86	$185.91	2.79%	*sell on open*
CHTR(1/3)	8/5/2025	$261.75	$262.04	0.11%	Catapult