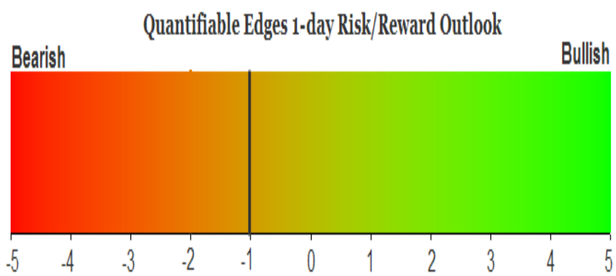
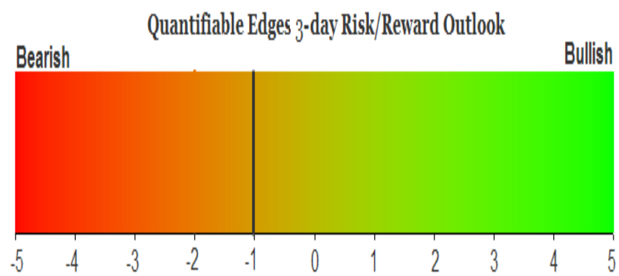
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 11, 2025 Volume 18 Issue 151

Market Overview





Signals Overview

Aggregator	CBI Reading
Short	1

Tonight's Research Points

- This upcoming week is the weakest in August from a Seasonality Calendar standpoint.
- Reverse repos provided a large liquidity infusion over the last week. The Fed is still "neutral" overall.
- Intermediate-term evidence is still leaning bullish.

Short-term Outlook

The Bottom Line

The Aggregator is bearish, but I don't believe reward/risk is terribly strong. I'm more neutral.

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%
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

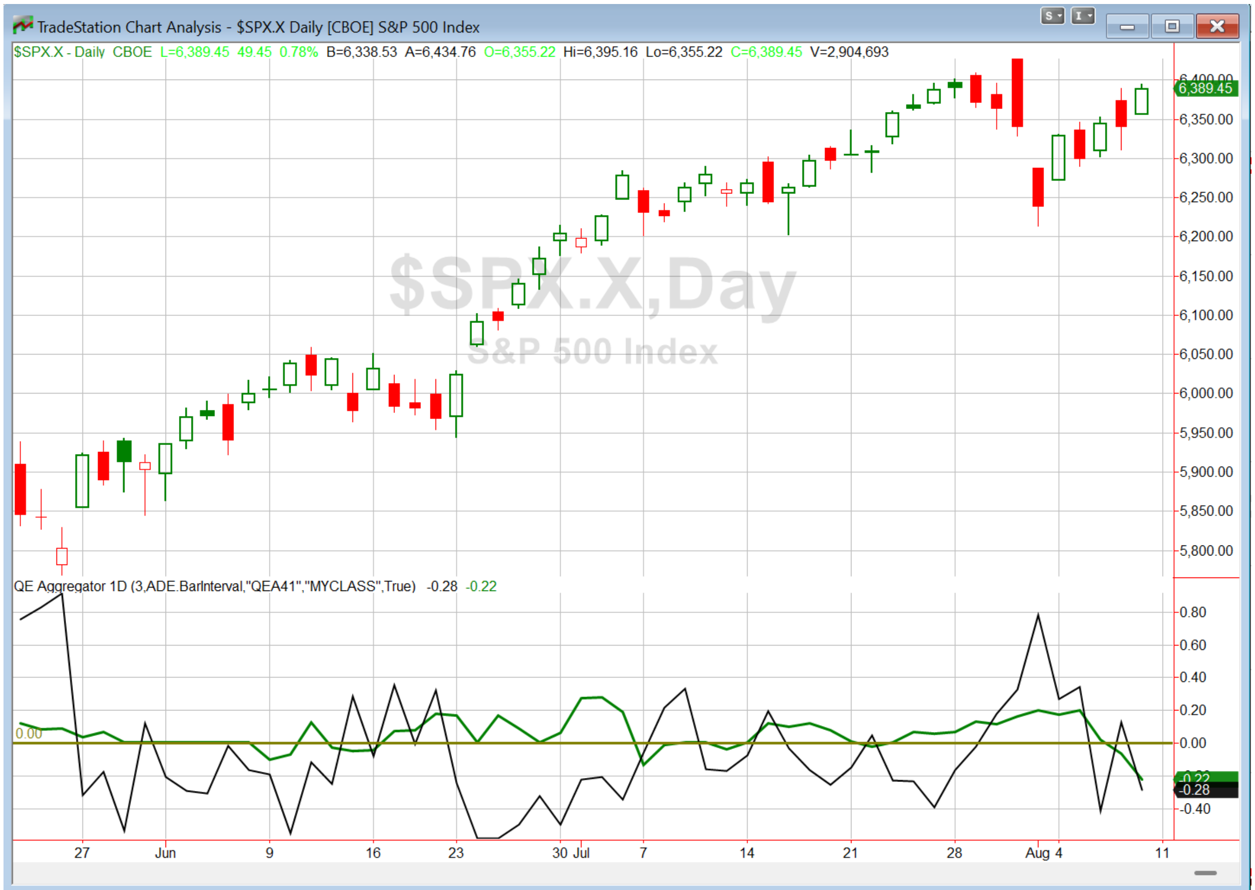
Friday was a rally day. SPX gained 0.8%, the NASDAQ rose 1.0%, and the Russell 2000 climbed 0.2%. Breadth was positive as the NYSE Up Issues % closed at 55% and the NYSE Up Volume % posted a 51% reading. NYSE total volume declined some from Thursday's level.

The last several days have seen the market chop back and forth. The NASDAQ Composite did manage a new closing high on Friday. SPX just missed. Action failed to generate anything compelling in the Quantifinder, and I did not uncover any new evidence in my examinations either. So no new studies will be added to the active list tonight. Below is a look at the QE Seasonality Calendar for SPX.

Quantifiable Edges Seasonality Calendar $SPX S&P 500 Index			
Date	**Win%**	**Profit Factor**	**Avg % Chg**
8/1/2025	57.33	1.387	0.108
8/4/2025	55.26	1.326	0.101
8/5/2025	51.12	1.070	0.014
8/6/2025	57.29	1.384	0.104
8/7/2025	51.42	1.017	-0.001
8/8/2025	53.16	1.296	0.082
8/11/2025	56.50	0.949	-0.033
8/12/2025	54.38	1.050	0.001
8/13/2025	56.90	1.027	0.000
8/14/2025	54.11	0.833	-0.072
8/15/2025	49.34	0.768	-0.094
8/18/2025	60.60	1.167	0.054
8/19/2025	55.32	1.338	0.097
8/20/2025	55.77	1.015	0.003
8/21/2025	53.10	1.010	0.006
8/22/2025	54.52	1.052	0.021
8/25/2025	54.60	1.058	0.013
8/26/2025	52.70	1.051	0.013
8/27/2025	54.27	1.257	0.062
8/28/2025	56.03	1.310	0.076
8/29/2025	55.82	1.152	0.019
Baseline	***54.25***	***1.145***	***0.051***

From a Seasonality Calendar standpoint, this upcoming week is the weakest of the month. Friday is showing bearish tendencies. Friday is opex, and opex Friday often sees selling after the open. I've discussed that many times and will update that tendency in the nightly letter on Thursday night. The last couple weeks of the month look positive from a seasonal standpoint.

I have updated the Aggregator chart below.



Without anything new triggering, 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 below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is now 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 studies, expectations are slated to remain negative on Monday. This could change if new bullish evidence emerges. Meanwhile, the Differential Pivot will be 6370.25. That is 0.3% below Friday's close. Therefore, SPX will only need to close down 0.3% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is bearish. There appears to be a mild downside edge. Short-term evidence is light, and it won't take much selling to flip SPX from overbought to oversold. So it is not a terribly strong setup. And with the intermediate-term outlook bullish, this would be a counter-trend trade. I am not excited by a counter-trend trade with a marginal bearish setup. I'll wait for a more compelling reward/risk setup to emerge before looking to establish new trade ideas.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/11 – 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 Dynamics 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 Dynamics Course, which is included with all annual subscriptions. *There were no changes to the Combo signals.*

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This past week saw the indices do well. The SPX rallied 2.4%, the NASDAQ shot up 3.9%, and the Russell 2000 rose 2.4%. Bonds struggled. The US Aggregate Bond ETF (AGG) lost 0.2% and made a new multi-year closing high. TLT, the 20-year Treasury Bond ETF, fell 0.6%. The NASDAQ closed at a new all-time high on Friday, and SPX is very close to one. So the long-term uptrend remains intact. No new studies with intermediate-term implications emerged in the last few days.

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

Domestic Security Holdings as of

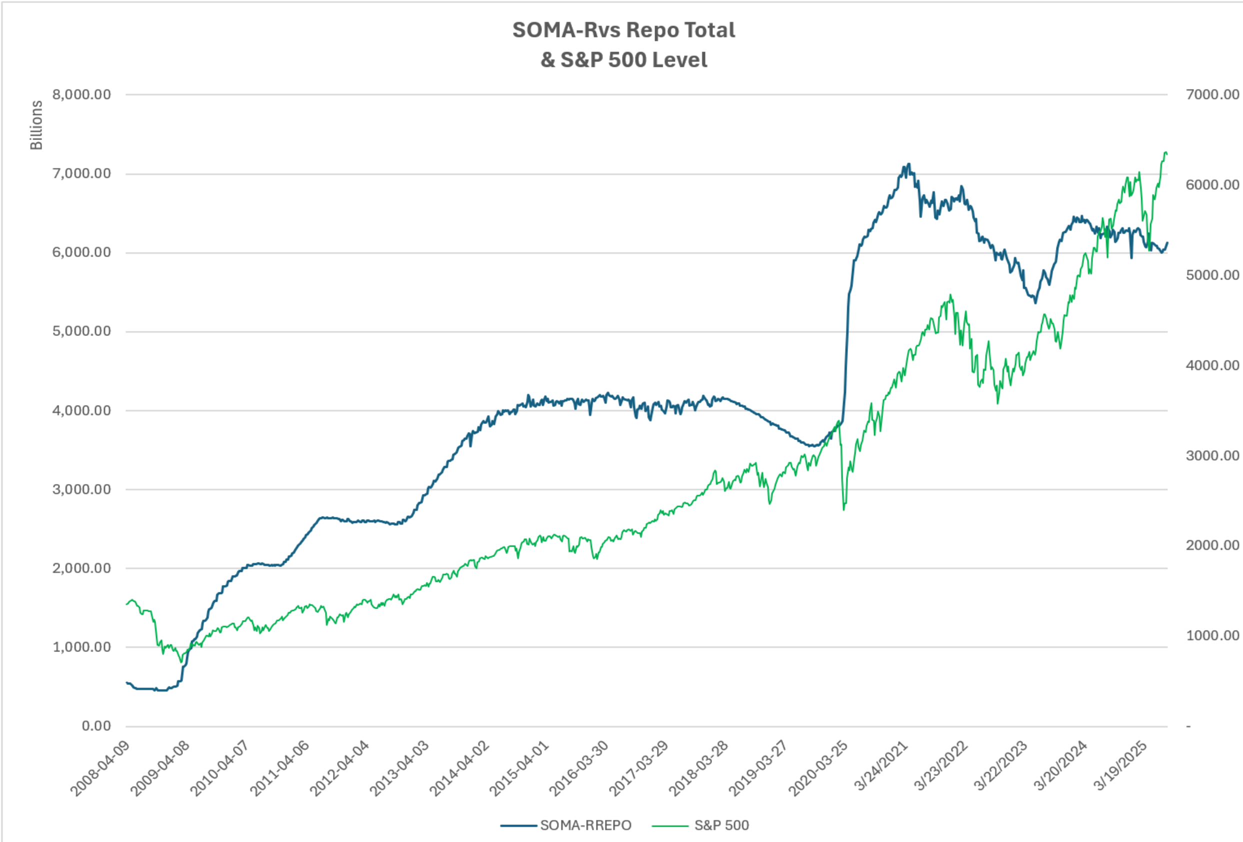
Previous August 6, 2025

Posted August 7, 2025 at 4:30 PM

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)	3,577,123,691.1
US Treasury Floating Rate Notes (FRNs)	12,575,703.6
US Treasury Inflation-Protected Securities (TIPS)*	309,427,193.8
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,112,755,238.4
Agency Commercial Mortgage-Backed Securities***	7,916,844.7
Total SOMA Holdings	6,217,638,598.3
Change From Prior Week	-2,721,618.4

The SOMA account holdings declined about $2.7 billion dollars this past week. Meanwhile, reverse repos easily overwhelmed that and declined by $63.5 billion for the week ending 8/6/25. 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 $61 billion (through Wednesday the 6^{th}). 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, there were some sizable shifts in the odds over the last few days. September odds changed from 80% to 89% that rates will be lower than they are currently. Those are the highest odds of a cut that we have seen since the last cut. Meanwhile, there only appears to be about a 4% chance that rates remain at current levels through October. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

FedWatch Tool

Target Rate
Current
Compare
Probabilities
Aggregated

Historical
Historical
Downloads
Prior Hikes

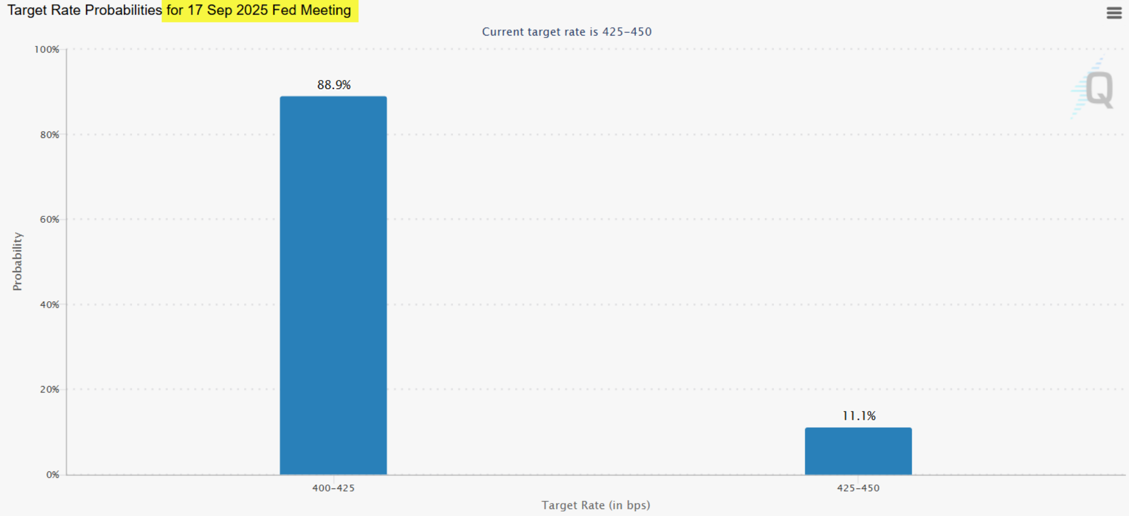
Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

17 Sep25 | 29 Oct25 | 10 Dec25 | 28 Jan26 | 18 Mar26 | 29 Apr26 | 17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
17 Sep 2025	ZQU5	30 Sep 2025	95.7700	28,115	236,348	88.9 %	11.1 %	0.0 %

Target Rate Probabilities for 17 Sep 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 8 AUG 2025	1 WEEK 1 AUG 2025	1 MONTH 9 JUL 2025
375-400	0.0%	0.0%	0.0%	4.2%
400-425	88.9%	88.9%	80.3%	65.8%
425-450 (Current)	11.1%	11.1%	19.7%	30.0%

* Data as of 9 Aug 2025 11:29:34 CT

FedWatch Tool

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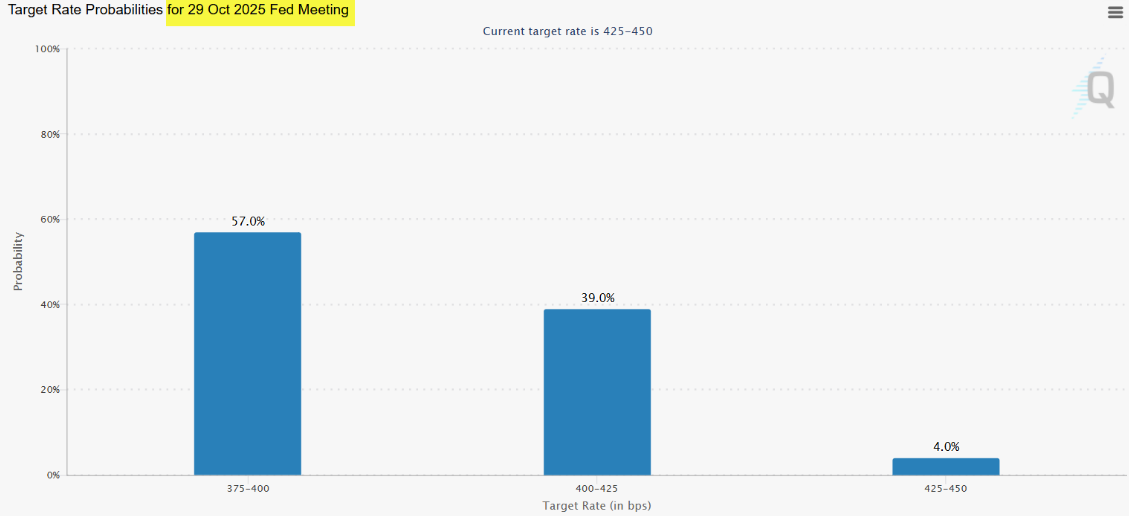
17 Sep25 | 29 Oct25 | 10 Dec25 | 28 Jan26 | 18 Mar26 | 29 Apr26 | 17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
29 Oct 2025	ZQV5	31 Oct 2025	95.9050	57,848	461,152	96.0 %	4.0 %	0.0 %

Target Rate Probabilities for 29 Oct 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 8 AUG 2025	1 WEEK 1 AUG 2025	1 MONTH 9 JUL 2025
350-375	0.0%	0.0%	0.0%	2.6%
375-400	57.0%	57.0%	58.4%	42.4%
400-425	39.0%	39.0%	36.2%	43.6%
425-450 (Current)	4.0%	4.0%	5.4%	11.4%

* Data as of 9 Aug 2025 11:30:00 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.

Intermediate-term evidence is again mostly bullish. The NASDAQ has been leading the SPX since late April, and that remains a positive. We also saw multiple breadth thrust studies over the last few months that are typically followed by even more upside. Trend indicators are still pointing higher and the NASDAQ again posted a new all-time high on Friday. 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. 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. And September, the "worst" month of the year, is soon approaching. So there are definitely risks. But as of now, the market is not terribly concerned about the downside risks. 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

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
CHTR(1/3)	8/5/2025	$261.75	$256.57	-1.98%	Catapult