

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 21, 2025

Volume 18 Issue 159

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- A gap below a short-term low and further selling in a long-term uptrend is often followed by a move up over the next few days.

### *Short-term Outlook*

#### *The Bottom Line*

The Aggregator is bullish. Evidence is still building, and I like the long side.

**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>						
August 21, 2025	Gap < 5-low close. Close < open > 200ma	1-2 days	Bullish			
August 20, 2025	Method 11111	1-4 days	Bullish			
August 20, 2025	1st 5 low in 10 days. Close > 10ma	1-5 days	Bullish	1.40%	-1.15%	-2.30%
August 15, 2025	Up vol < 40%. SPX up and > 200	1-8 days	Bullish			
August 14, 2025	Up Iss % 1-yr rank > 90% 2x. 50-day high.	1-7 days	Bullish			
<b>Active - Long Term</b>						
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			

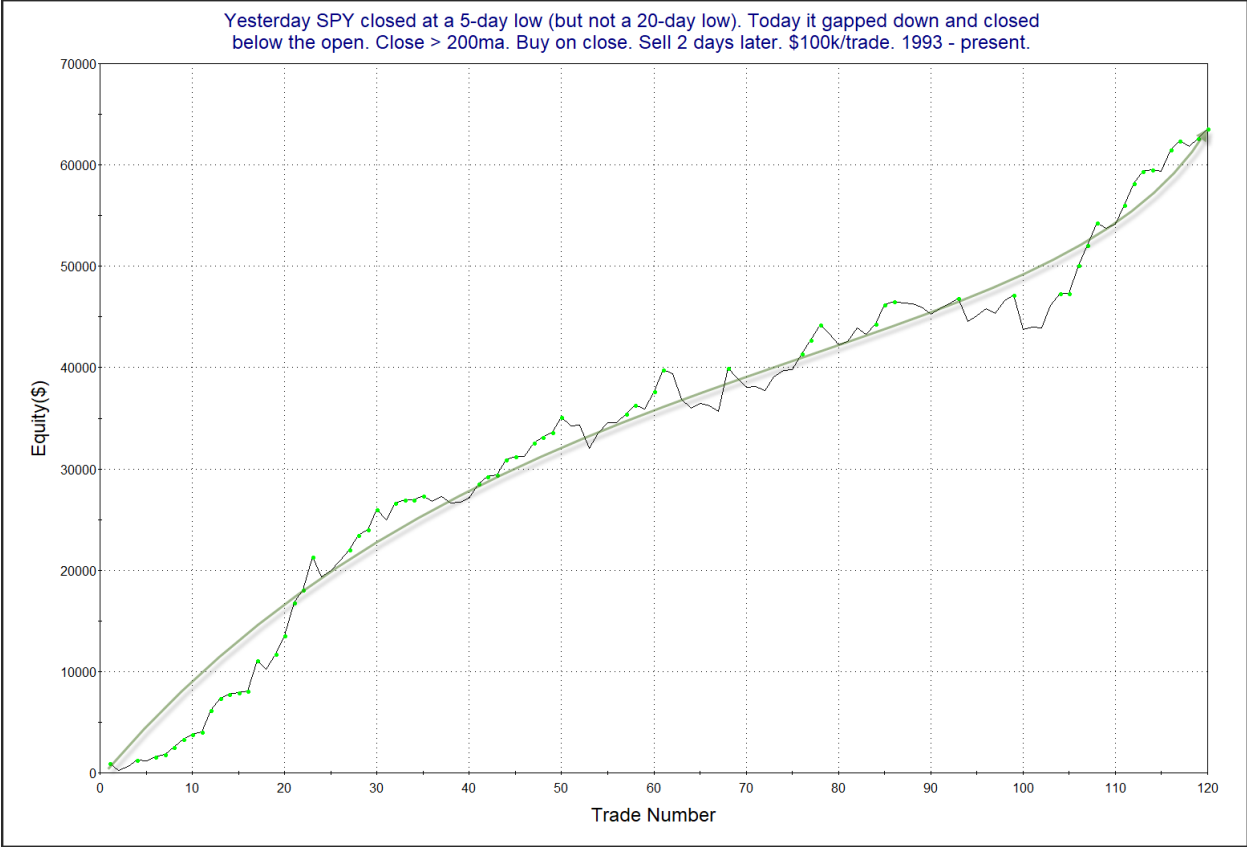
**The Evidence**

Wednesday morning was rough, but much of the early losses were greatly reduced by the close. SPX finished down 0.2%, the NASDAQ fell 0.7%, and the Russell 2000 lost 0.3%. Breadth was mixed as the NYSE Up Issues % closed at 48% and the NYSE Up Volume % posted a 53% reading. NYSE total volume rose some from Tuesday's level.

One Quantifinder study really stood out tonight. In the 11/18/24 letter I showed a study that examined gaps down and poor closes following a 5-day low. The setup appeared bullish. But I also noted that it was even more bullish if the gap down followed a 20-day low. So 20-day low instances are excluded in the below study to prevent the data from looking overly bullish. Stats are updated.

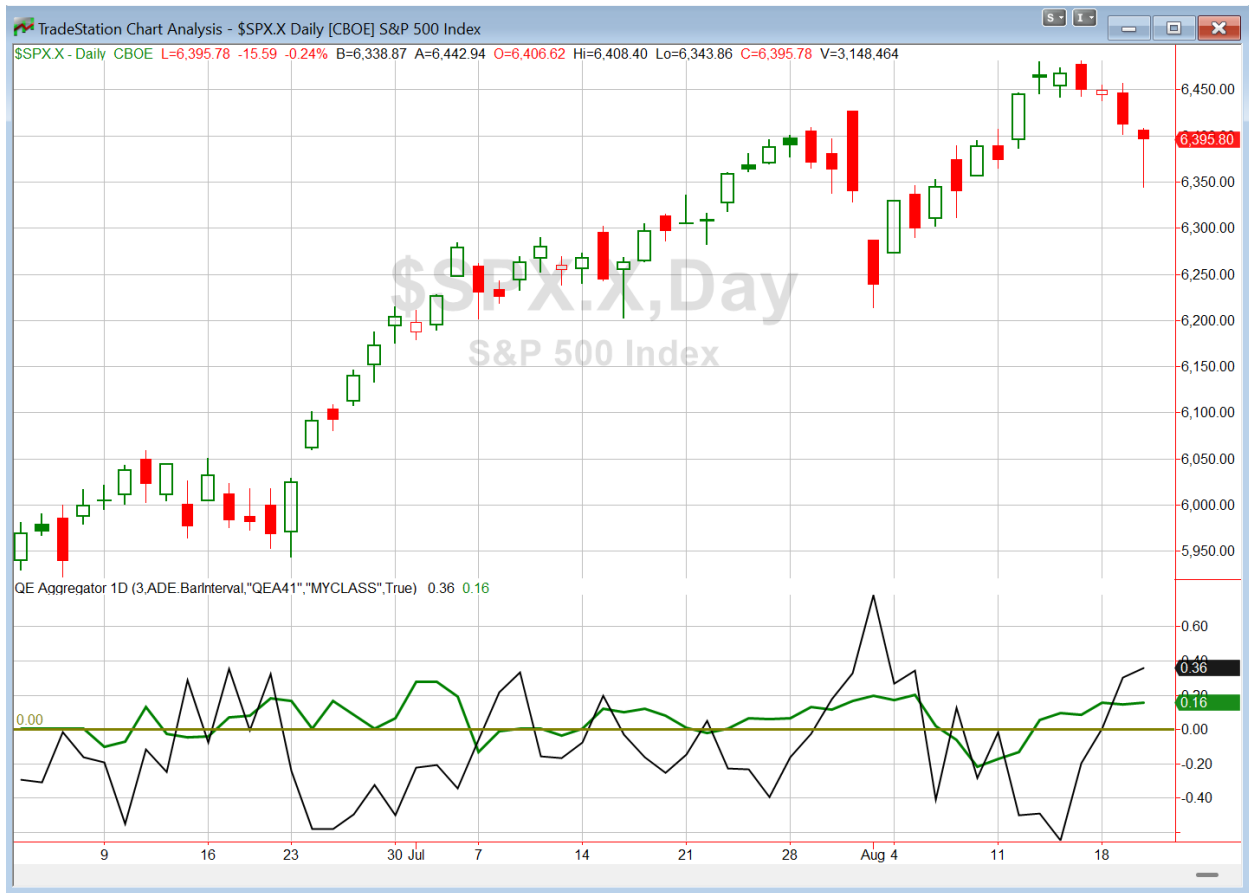
Yesterday SPY closed at a 5-day low (but not a 20-day low). Today it gapped down and closed below the open. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: 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	98,600.07	117	82	34	70.09	5,165.28	-5,063.85	1,698.40	-1,196.15	1.42	3.42	842.74
4	59,611.67	117	80	37	68.38	4,647.50	-8,109.60	1,485.22	-1,600.16	0.93	2.01	509.50
3	58,090.29	119	76	42	63.87	4,290.00	-7,722.10	1,448.20	-1,237.46	1.17	2.12	488.15
2	63,599.65	120	87	33	72.50	4,305.42	-3,385.20	1,048.92	-838.06	1.25	3.30	530.00
1	35,202.34	125	86	39	68.80	2,143.68	-4,181.76	798.92	-859.09	0.93	2.05	281.62

Odds here appear favorable, especially over the 1<sup>st</sup> 2 days. Below is a profit curve assuming a 2-day exit strategy.



The persistent upslope serves as confirmation of the bullish potential. And recent instances have been especially strong. I have included this study 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 also held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

Based on the current studies, expectations are slated to remain positive on Thursday. This is highly unlikely to change. Meanwhile, the Differential Pivot will be 6470.54. That is 1.2% above Wednesday's close. So SPX will need to close up at least 1.2% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is again bullish. There is an ample amount of evidence suggesting an upside edge, and SPX has a good amount of room to the upside before it would be considered "overbought". This suggests a favorable reward/risk setup. I like the long side. There is currently one lot of SPY listed in the trade ideas section. I will look to add another if a favorable fill can be had on Thursday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 8/18 – **bullish***

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

**None**

### ***Broad Market Large Cap CBI – 0***

## **Additional New Trade Ideas**

**SPY – Buy ¼ index position @ \$638.10 LIMIT.** Based on the short-term outlook above, I will look to add a 2<sup>nd</sup> lot of SPY if it moves lower at all at any point during the day.

## **Current Open Trade Ideas**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
SPY(1/4)	8/19/2025	\$639.81	\$638.11	-0.27%	Aggregator

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