

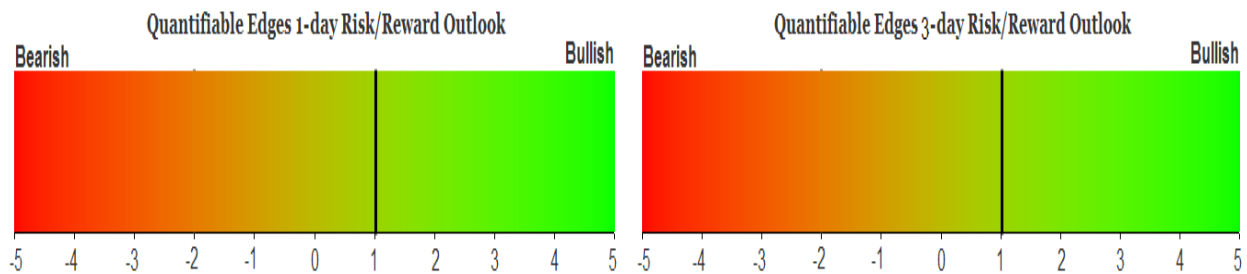
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 28, 2025

Volume 18 Issue 164

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- A weak close on Friday could set up favorable odds for the 1st trading day of September.

Short-term Outlook

The Bottom Line

The Aggregator flipped to bullish, but it still looks neutral to me.

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

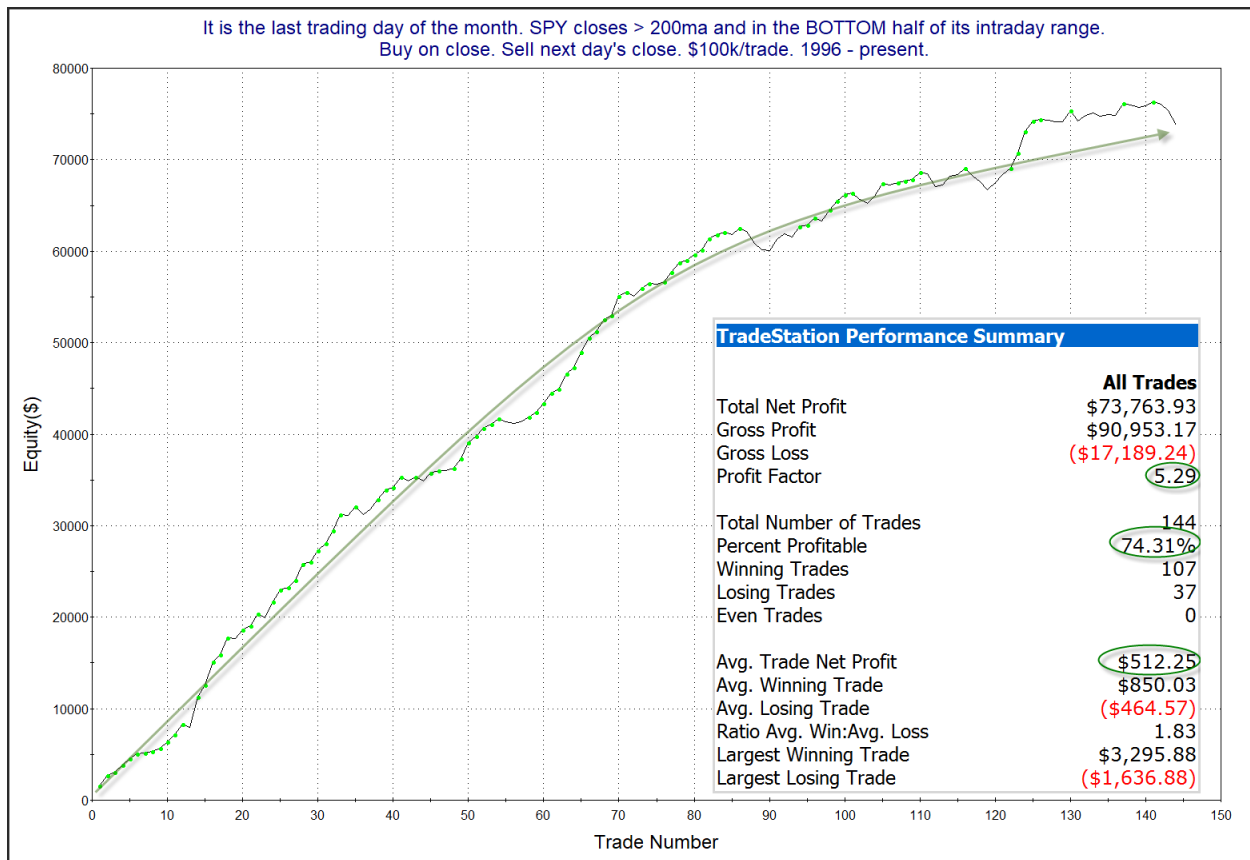
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 26, 2025	Unfill up to 20-high. Unfill down. C > 200	1-2 days	Bearish			
Active - Long Term						
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			
May 19, 2025	DeGraaf Thrust (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			
Dropped Tonight (expired, target hit, or avg drawdown + 1 std dev exceeded)						
August 26, 2025	Unfilled gap down from 50-day high	1 day	Bearish			
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			

The Evidence

The indices edged higher ahead of the big NVDA earnings announcement. SPX finished up 0.24%, the NASDAQ rose 0.21%, and the Russell 2000 climbed 0.64%. (After the close there was a moderate dip due to some disappointment with NVDA earnings news.) Breadth was positive as the NYSE Up Issues % closed at 62% and the NYSE Up Volume % posted a 68% reading. NYSE total dipped some from Tuesday's level.

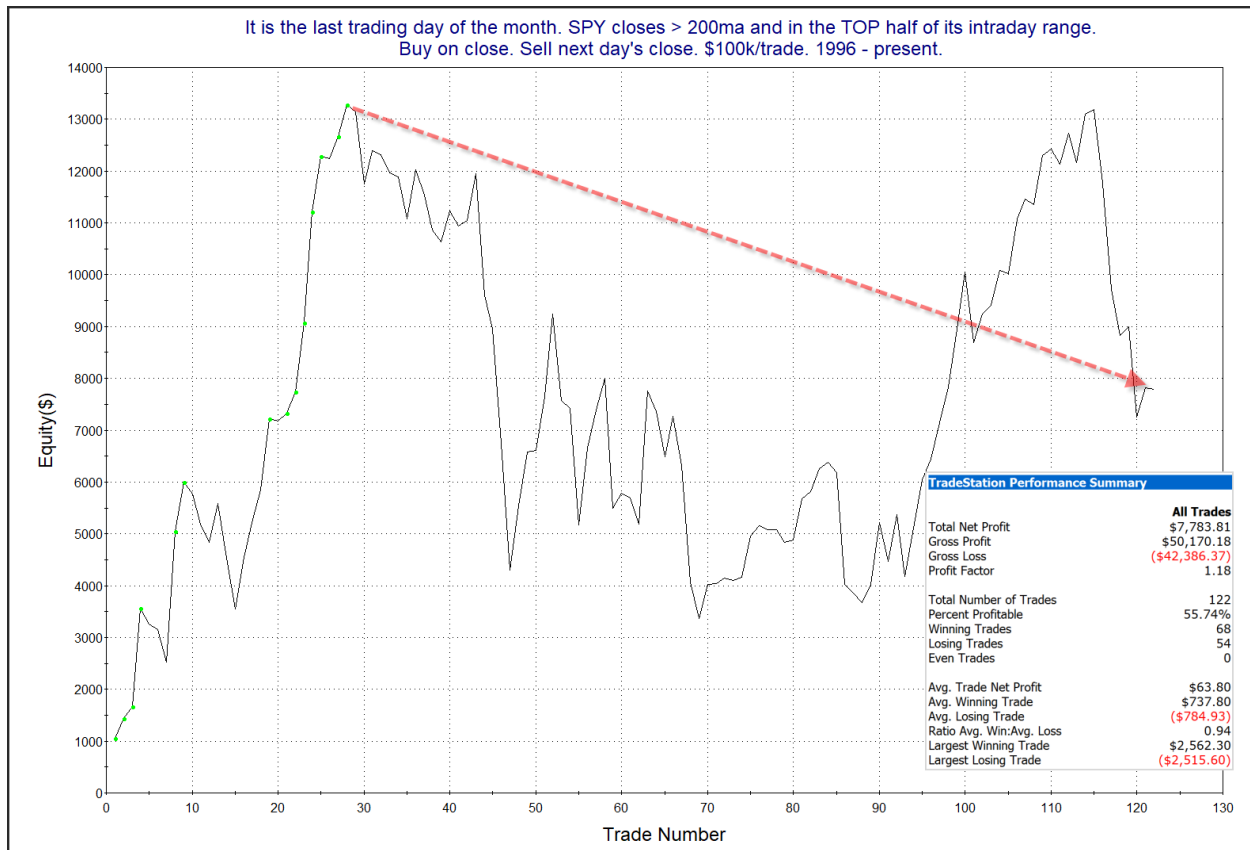
The last few days have been quiet from a research perspective. It is the kind of dull, slow ramp-up that is sometimes seen in the summer. SPX did close at a new all-time high on Wednesday. And that is a positive for the intermediate-term, since the trend is again confirmed to be higher. With nothing pressing tonight, I thought I would discuss upcoming "1st trade day of month" seasonality, and how Friday's action could impact Tuesday's odds.

The 1st day of a new month (Tuesday upcoming) is often a bullish day. But over the years I have found the bullish tendency to be more consistent and powerful when SPY closes poorly on the last trade day of the month. The two studies below delineate between times SPY closed in the top half of its intraday range, and the bottom half. They also utilize a long-term trend filter. First, let's look at times SPY closed in the bottom half.



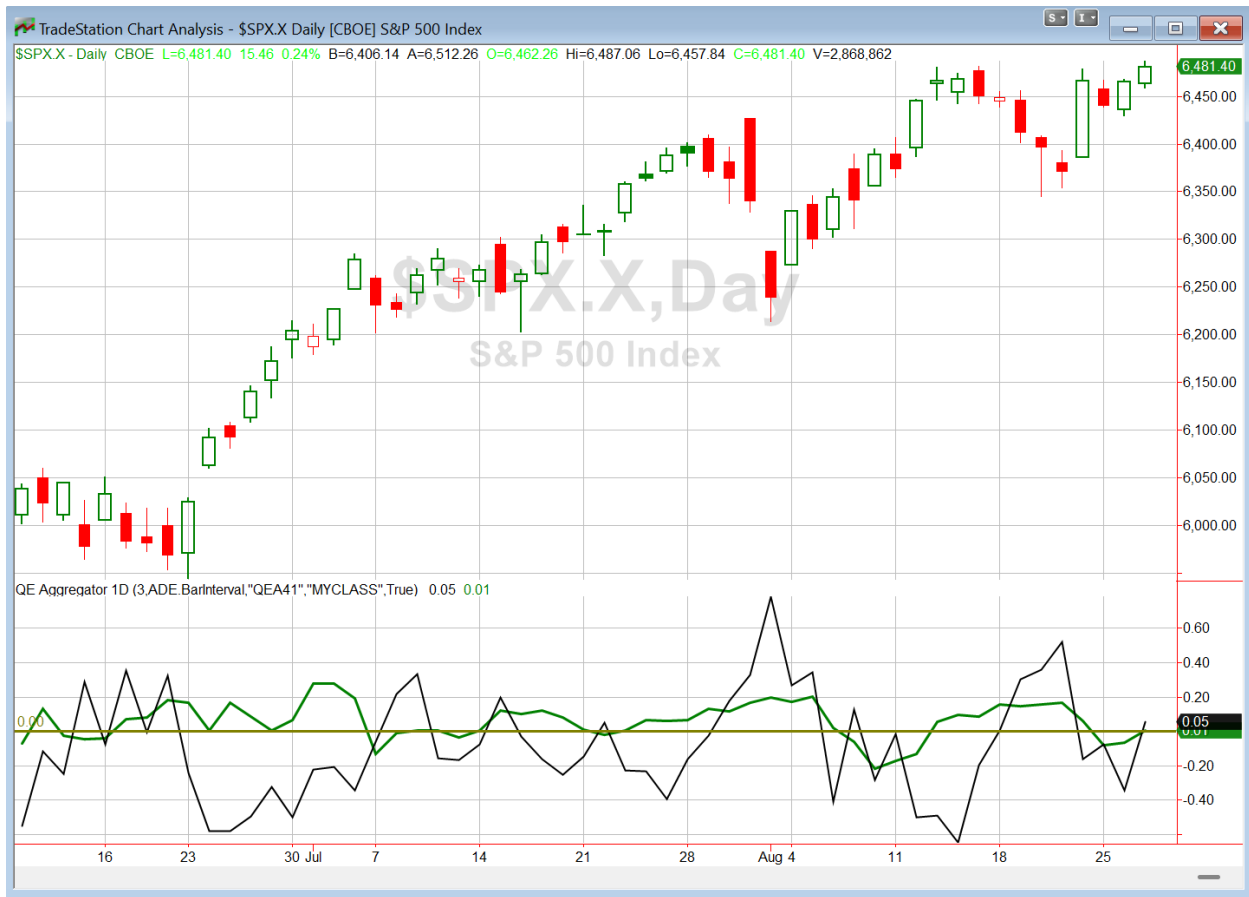
The stats here are outstanding. Gains blow away losses in every category. Gross gains are over 5x the size of gross losses. That's a very impressive stat when you are looking at a sample size of 144 instances. And despite a few recent failures, the curve has shown progress over a long period of time. This setup certainly appears to provide a 1-day bullish edge.

But what about times where SPY closed in the top half of its intraday range?



We see here huge inconsistency. And since 2004 there has been a net loss. The 1st day of the month has performed much better with some afternoon selling leading up to the day. So we will want to keep an eye on Friday's action to see how 1st-day-of-month odds set up for Tuesday.

I have updated [the Aggregator chart](#) below.



Without any new studies being added tonight, the green Aggregator Line inched above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line moved 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 turned long at the close.

With the short-term active list now bare, any new evidence that emerges in the next few days could have a strong impact on expectations. Meanwhile, the Differential Pivot will be *inverted* at 6448.91. That is 0.5% *below* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close down at least 0.5% on Thursday in order to remain oversold. Anything other than that, and it will flip to "overbought" versus recent expectations.

So the Aggregator is bullish. But evidence is weak, "oversold" is happening at a new high, and the Differential Pivot is inverted. Not an attractive combination. I'm basically neutral. I'll wait for a more compelling opportunity to emerge before considering a new index trade idea.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/25 – *bullish*

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

MSFT – 1/3 @ \$504.24 (bought @ limit)

INTU – 1/3 @ \$656.96 (bought @ limit)

Broad Market Large Cap CBI – 2(MSFT, INTU)

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
MSFT(1/3)	8/22/2025	\$504.24	\$506.74	0.50%	Catapult
INTU(1/3)	8/26/2025	\$656.96	\$663.17	0.95%	Catapult

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