

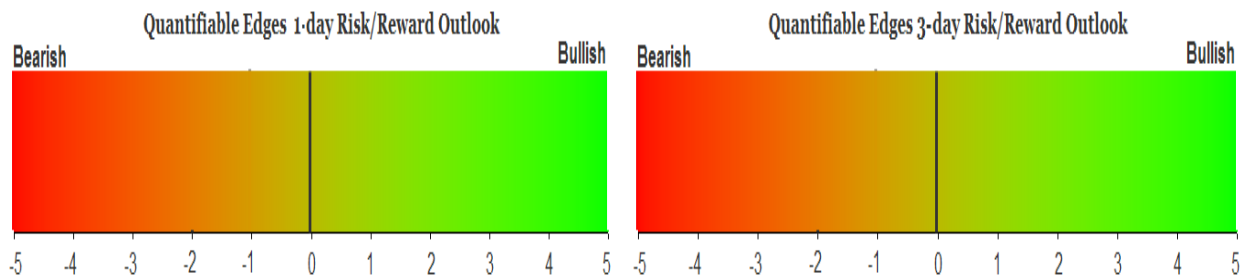
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 12, 2025

Volume 18 Issue 174

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- 2 unfilled up gaps and a 50-day high are a short-term positive.
- SPX closing above its 50-day Bollinger Band suggests momentum is strong enough that further intermediate-term gains appear likely.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence suggests further upside, but the market is already overbought.

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						
September 12, 2025	2 unfilled gap up & 50-day high	1-4 days	Bullish	1.00%	-0.80%	-1.85%
September 11, 2025	Unfilled gap up 20-hi and c < opn.	1-3 days	Bullish	0.90%	-0.60%	-1.10%
September 10, 2025	SPY outside day 50-hi rising volume.	1-2 days	Bearish			
Active - Long Term						
September 12, 2025	SPX 50-day %b crosses 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
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			

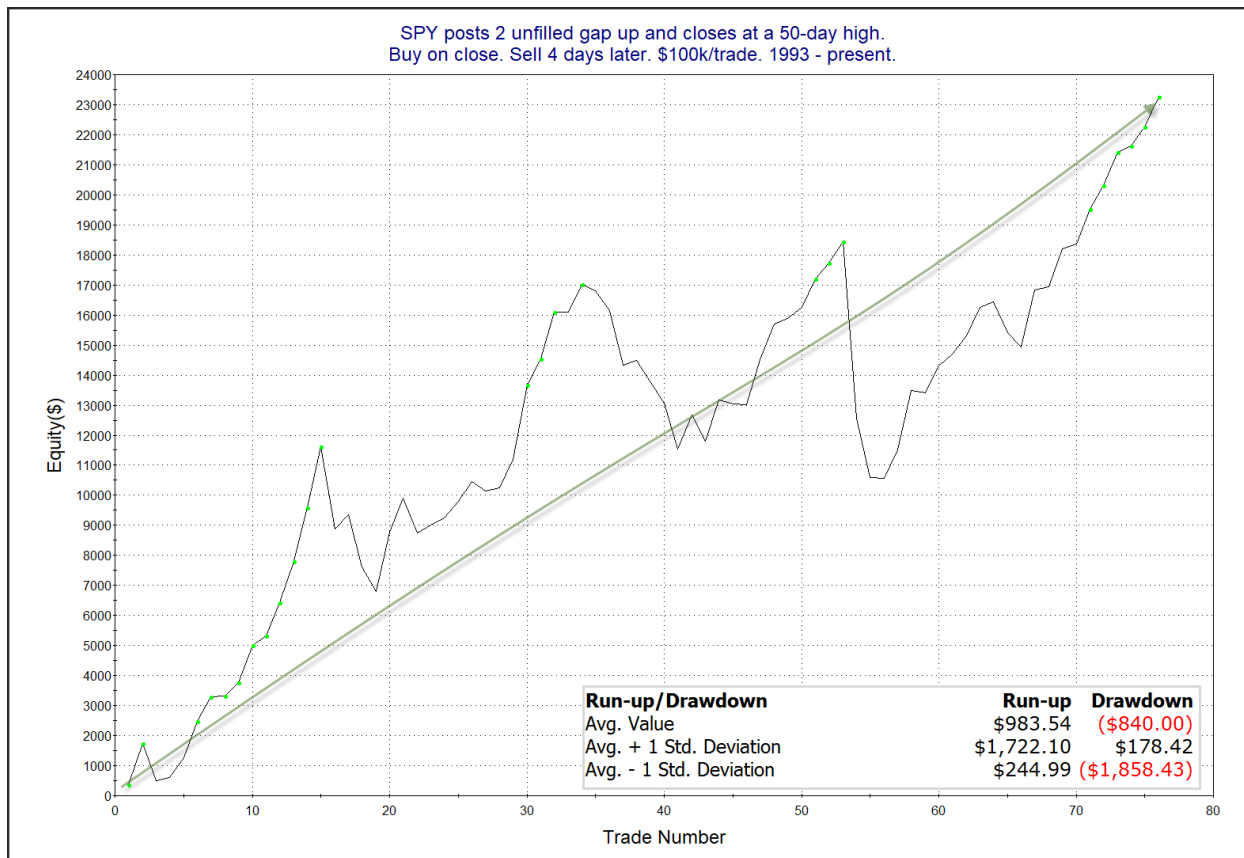
The Evidence

Thursday saw the market rally strongly. SPX rose 0.85%, the NASDAQ added 0.7%, and the Russell 2000 jumped 1.8%. Breadth was strong as the NYSE Up Issues % closed at 82% and the NYSE Up Volume % posted a 80% reading. NYSE total volume rose some from Wednesday’s level.

Thursday not only saw SPY make a 50-day high, but it was also the 2nd day in a row with an unfilled gap up. The study below was last seen in the 11/7/24 letter. It examined other times SPY left at least 2 unfilled up gaps and closed at a 50-day high.

SPY posts 2 unfilled gap up and closes at a 50-day high. 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	18,431.97	75	52	23	69.33	2,709.12	-4,990.35	901.69	-1,237.20	0.73	1.65	245.76
4	23,262.54	76	54	22	71.05	2,475.56	-5,867.91	877.61	-1,096.75	0.80	1.96	306.09
3	14,411.64	76	53	23	69.74	2,419.84	-6,980.31	642.73	-854.49	0.75	1.73	189.63
2	10,033.89	78	46	31	58.97	1,858.87	-1,729.75	538.68	-475.65	1.13	1.68	128.64
1	1,289.12	91	48	43	52.75	1,431.75	-1,942.24	329.54	-337.88	0.98	1.09	14.17

The size of the follow-through isn't terribly large, but the numbers appear consistent enough to warrant further examination. Below is the 4-day profit curve.



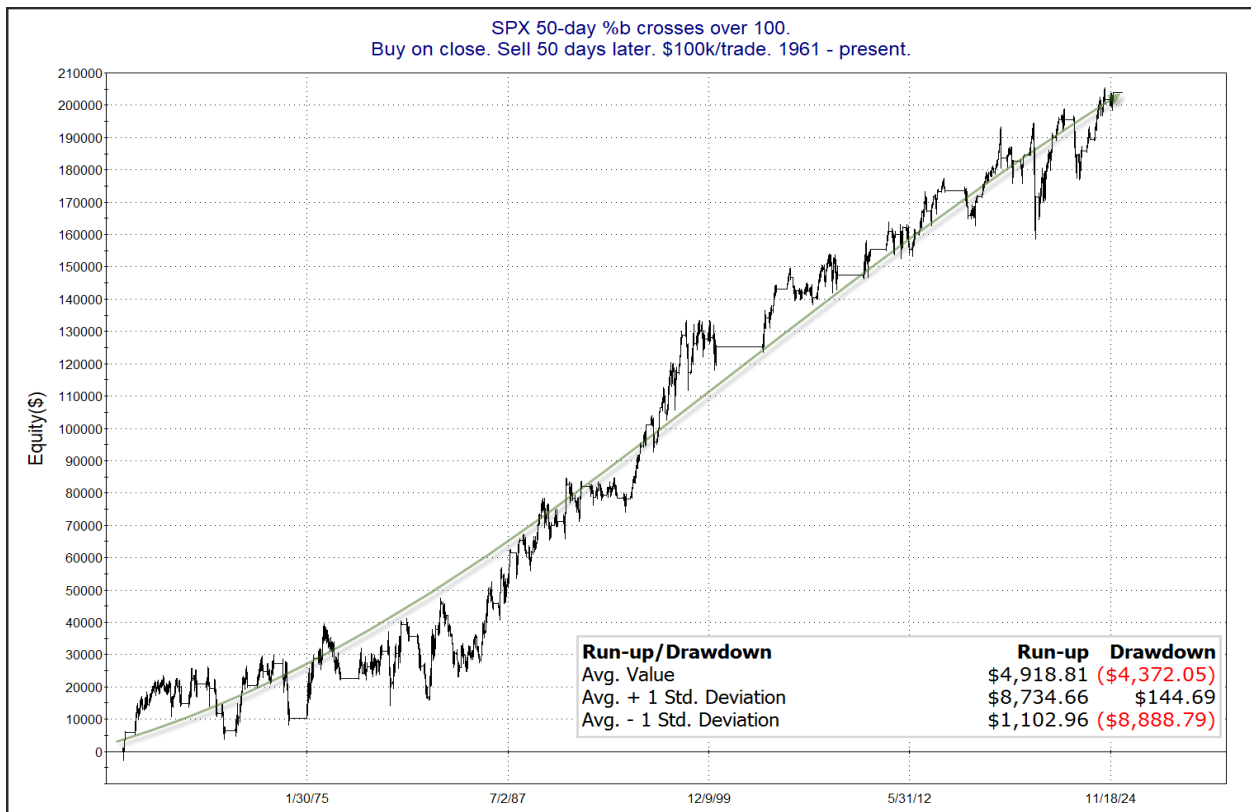
There were some sizable losers in 2020, including one in June of that year which lost nearly 6%. But the curve has certainly righted itself since then, rallying impressively since early 2021. And the last 10 instances have all been winners. I have decided to add this study to the active list tonight as well.

Another interesting study that triggered in the Quantifinder looked at the SPX closing price in relation to its 50-day Bollinger Bands. In it I used 2 standard deviations in the Bollinger Band calculation. I used %b to measure where we fell. For those unaware, %b simply measures the distance between the 2 bands. So a reading of 0 means price is right at the lower band. A reading of 100 is right at the upper band. A reading of 50 would be right at the moving average being used – in this case the 50ma. So a move 2 standard deviations above the 50ma would be a %b reading of 100. I last featured this study in the 11/8/24 letter. Updated results are below.

SPX 50-day %b crosses over 100.
Buy on close. Sell X days later. \$100k/trade. 1961 - present.

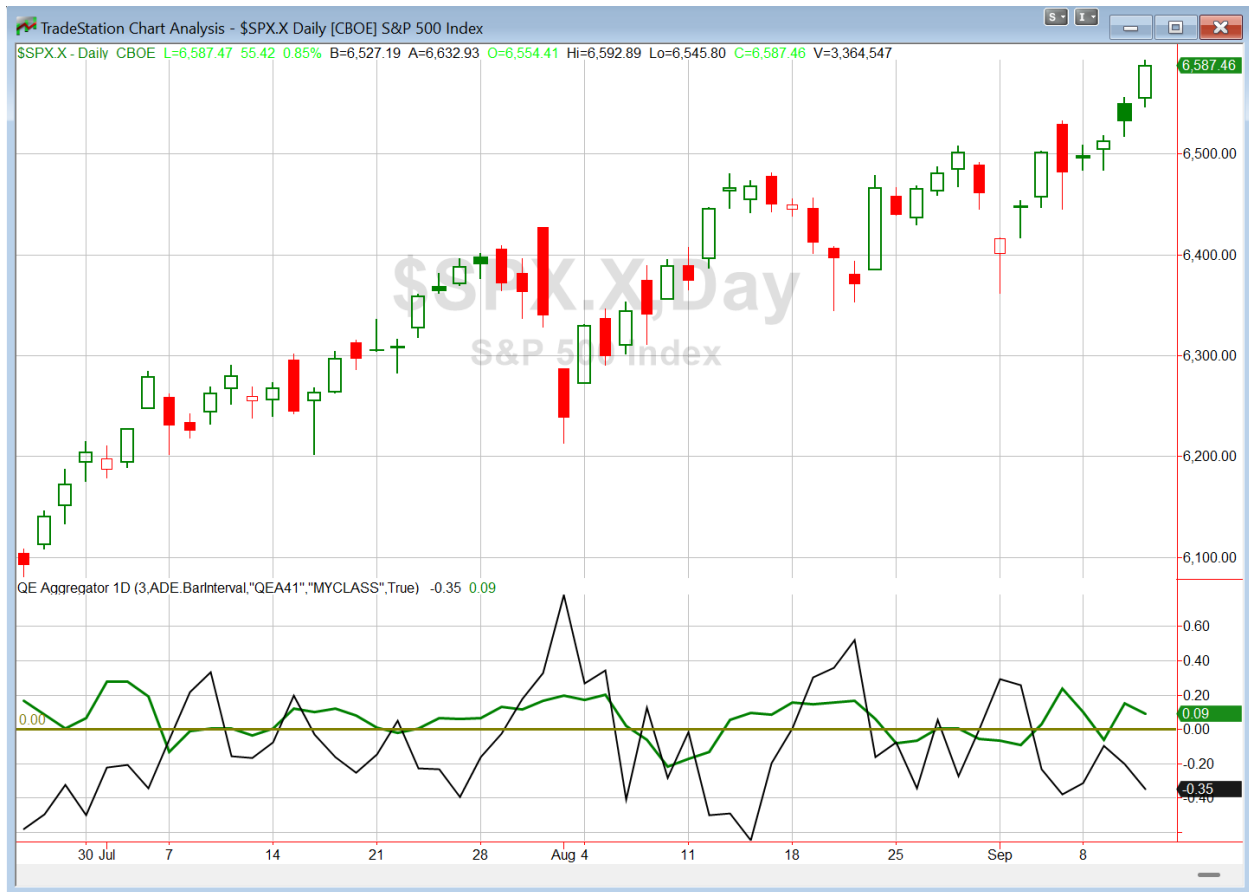
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
50	204,014.16	152	96	56	63.16	18,408.18	-20,704.80	4,706.77	-4,425.63	1.06	1.82	1,342.20
45	156,645.72	158	93	65	58.86	15,816.57	-32,382.30	4,928.93	-4,642.23	1.06	1.52	991.43
40	161,745.16	166	100	66	60.24	17,624.67	-27,920.40	4,453.99	-4,297.79	1.04	1.57	974.37
35	153,292.84	175	105	70	60.00	15,782.13	-13,839.56	3,989.91	-3,794.96	1.05	1.58	875.96
30	93,828.86	182	108	74	59.34	11,920.74	-14,377.53	3,263.52	-3,495.02	0.93	1.36	515.54
25	59,776.17	190	109	81	57.37	10,859.94	-8,745.98	2,932.35	-3,208.02	0.91	1.23	314.61
20	54,723.34	203	116	87	57.14	9,501.30	-10,205.38	2,623.55	-2,869.06	0.91	1.22	269.57
15	38,825.64	224	129	95	57.59	7,843.46	-9,763.44	2,274.11	-2,679.31	0.85	1.15	173.33
10	28,281.77	248	148	100	59.68	8,239.16	-9,133.53	1,668.22	-2,186.14	0.76	1.13	114.04
5	5,410.45	302	165	137	54.64	5,030.81	-6,524.55	1,116.91	-1,305.69	0.86	1.03	17.92

Results generally appear moderately bullish. They seem to suggest that the kind of strong momentum that would have SPX closing above its 50-day Bollinger Band favors more upside rather than a possible reversal. The “% Profitable” is not terribly high, but I produced a profit curve below to see how the edge has played out over time.



That’s a pretty steady upslope for a study without a very high “% Profitable”. Overall, I like this study enough to add it to the intermediate-term active list.

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 active list, expectations are set to remain positive on Friday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6530.16 on Friday. That is 0.9% below Thursday's close. Therefore, SPX will need to close down at least 0.9% to flip from overbought to oversold versus recent expectations.

So the Aggregator is again neutral. Thursday's action did little to change the overall outlook. It's been a bit since we saw a strongly favorable reward/risk setup for a short-term index trade. But I have plenty of patience, and I won't be looking to take on a new position until a compelling setup arrives. This still ain't it.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 9/2 – **slightly bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

None

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