

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 18, 2025

Volume 18 Issue 177

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	0

## Tonight's Research Points

- When a Fed Day posts a lower close for at least the 2<sup>nd</sup> day in a row, there is often a bounce in the following days.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish. But with the “weakest week” seasonality kicking in Monday, the bullish setup may not last long. Taking a long position right now would be an aggressive play.

**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>						
September 18, 2025	SPX down 2+ days. Fed Day today.	1-6 days	Bullish	2.00%	-1.60%	-3.30%
September 15, 2025	NDX up 8 days in a row	1-4 days	Bullish	2.00%	-0.90%	-1.60%
<b>Active - Long Term</b>						
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			

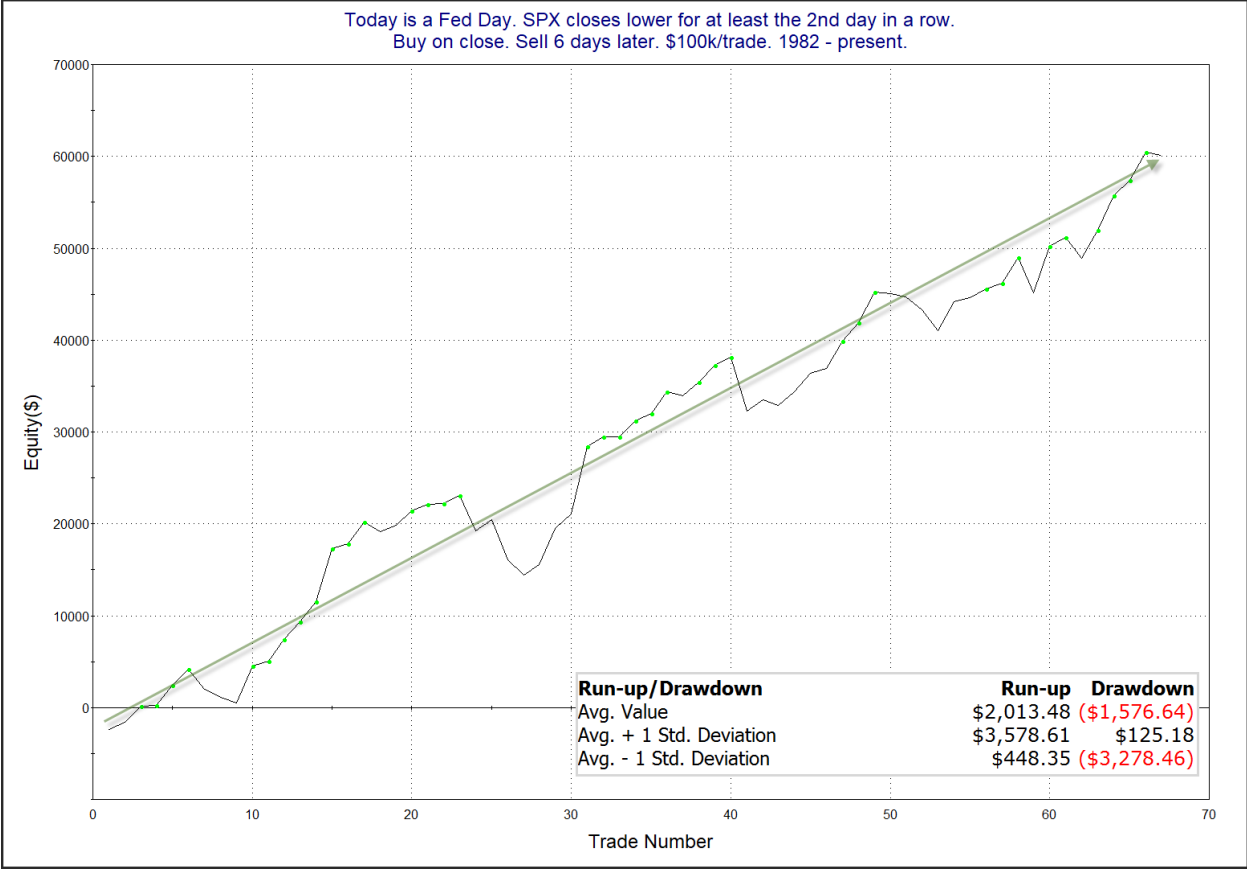
**The Evidence**

Wednesday’s Fed announcement did not surprise and the indices wiggled around but finished fairly close to where they were on Tuesday. SPX closed down 0.1%, the NASDAQ fell 0.3%, and the Russell 2000 rose 0.2%. Breadth was mildly positive as the NYSE Up Issues % closed at 50.4% and the NYSE Up Volume % posted a 58% reading. NYSE total volume rose for the 3<sup>rd</sup> day in a row.

So the Fed Day failed to deliver a rally. We now have a 2-day pullback. The study below is one I have shown many times over the years, most recently in the 7/31/25 letter. It looks at other times a Fed Day saw a lower close for at least the 2<sup>nd</sup> day in a row. I have updated the results tonight.

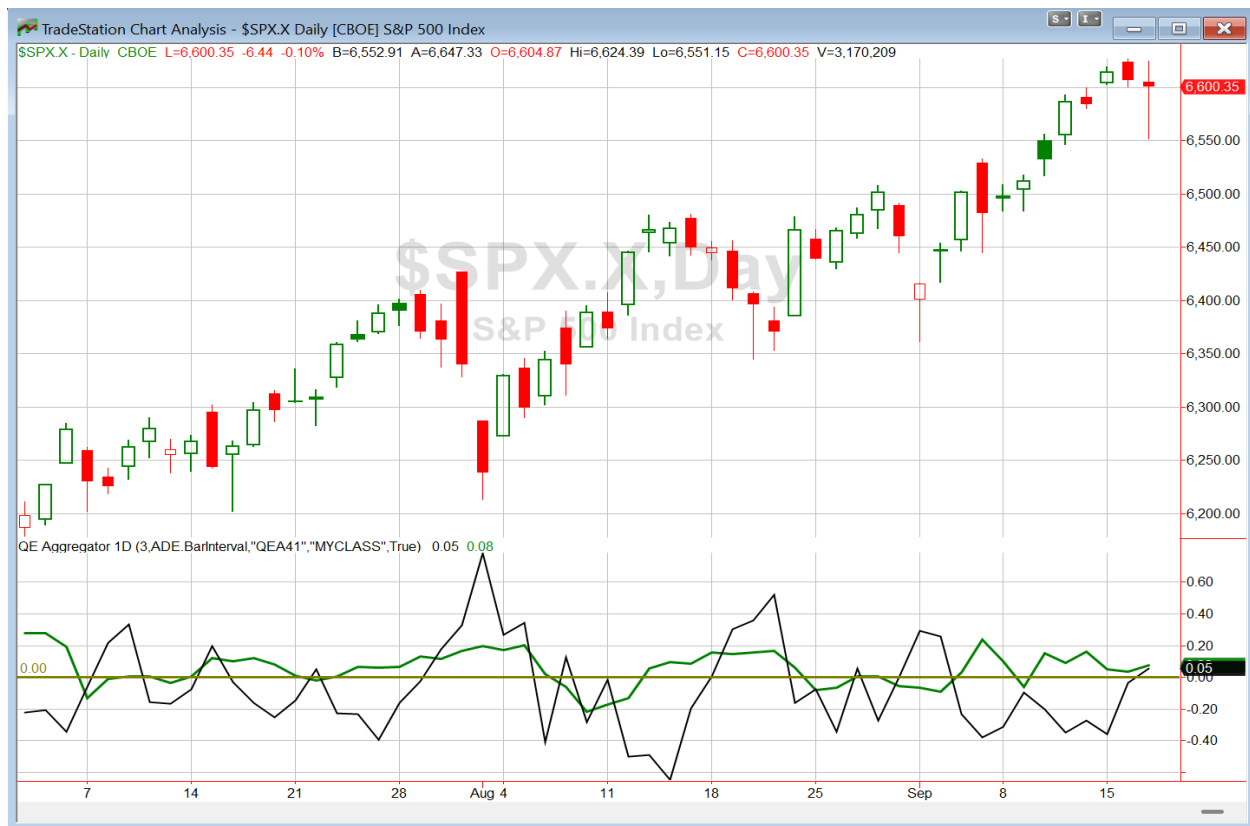
Today is a Fed Day. SPX closes lower for at least the 2nd day in a row. Buy on close. Sell X days later. \$100k/trade. 1982 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	68,453.45	67	45	22	67.16	9,012.33	-5,334.70	2,701.56	-2,414.41	1.12	2.29	1,021.69
9	62,547.18	67	47	20	70.15	8,967.96	-5,671.36	2,356.95	-2,411.48	0.98	2.30	933.54
8	49,439.36	67	49	18	73.13	8,456.40	-6,514.96	2,079.93	-2,915.41	0.71	1.94	737.90
7	56,351.49	67	51	16	76.12	8,869.37	-6,757.80	1,953.44	-2,704.63	0.72	2.30	841.07
6	60,105.20	67	49	18	73.13	7,361.95	-5,884.97	1,928.01	-1,909.29	1.01	2.75	897.09
5	46,138.30	67	46	21	68.66	6,013.86	-5,581.03	1,746.27	-1,628.10	1.07	2.35	688.63
4	31,660.56	67	42	25	62.69	7,513.37	-4,622.80	1,644.70	-1,496.68	1.10	1.85	472.55
3	16,912.40	67	41	26	61.19	5,035.28	-4,476.12	1,226.23	-1,283.19	0.96	1.51	252.42
2	9,704.62	67	38	29	56.72	5,202.52	-4,613.73	1,139.22	-1,158.13	0.98	1.29	144.85
1	3,513.49	67	38	29	56.72	4,001.33	-5,829.24	874.69	-1,024.99	0.85	1.12	52.44

When Fed Days fail to produce a bounce, you normally see a rally shortly after. Below is a profit curve assuming a 6-day exit strategy.



That is an impressive looking curve. I have added this study to the active list again 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 rose 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.

Based on the current active list, expectations are set to remain positive on Thursday. Of course this could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6635.25 on Thursday. That is 0.5% above Wednesday's close. Therefore, SPX will need to close up at least 0.5% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now bullish. We see some evidence of a bounce, and SPX is finally no longer overbought. Frankly, I am torn on whether to list a trade idea tonight for SPY. While SPX is finally "oversold", it is still less than 0.25% from a new all-time closing high. And while there are no bearish short-term studies right now, we will see "[Weakest Week](#)" seasonality trigger for next week. So the setup seems a bit tenuous. I'm going to remain conservative and sidelined, but more aggressive traders could consider taking some long exposure on Thursday if a favorable entry becomes available.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 9/15 – **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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