

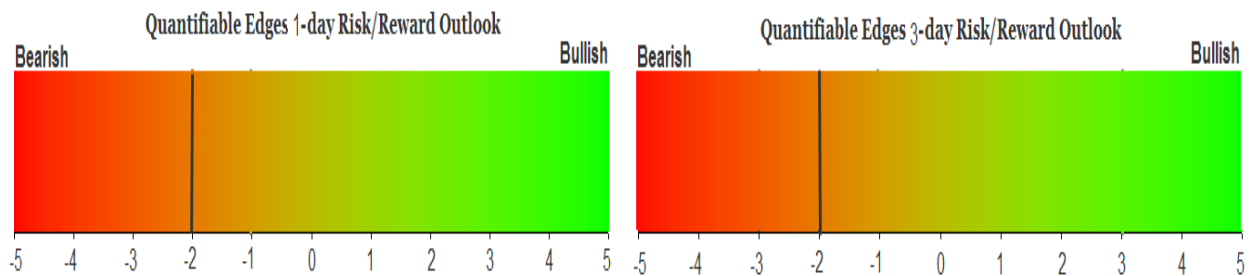
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 23, 2025

Volume 18 Issue 180

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	0

Tonight's Research Points

- 3 days up to a 200-day high on a Monday is often followed by more buying.
- VIX up with SPX making a 50-day high on a Monday suggests a 1-2 day downside edge.

Short-term Outlook

The Bottom Line

The Aggregator is bearish. But evidence is mixed and this uptrend is tough to fight. I'm not enthused about shorting..

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 23, 2025	VIX up. SPX 50-high. Monday.	1-2 days	Bearish			
September 23, 2025	3 days up. 200 high. Monday.	1-3 days	Bullish	0.90%	-0.50%	-0.90%
September 22, 2025	2 up days heading into Weakest Week	1-4 days	Bearish	-2.90%	0.80%	1.70%
September 22, 2025	Up vol < 40%. SPX up and > 200	1-8 days	Bullish	1.80%	-1.40%	-2.80%
September 18, 2025	SPX down 2+ days. Fed Day today.	1-6 days	Bullish	2.00%	-1.60%	-3.30%
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			

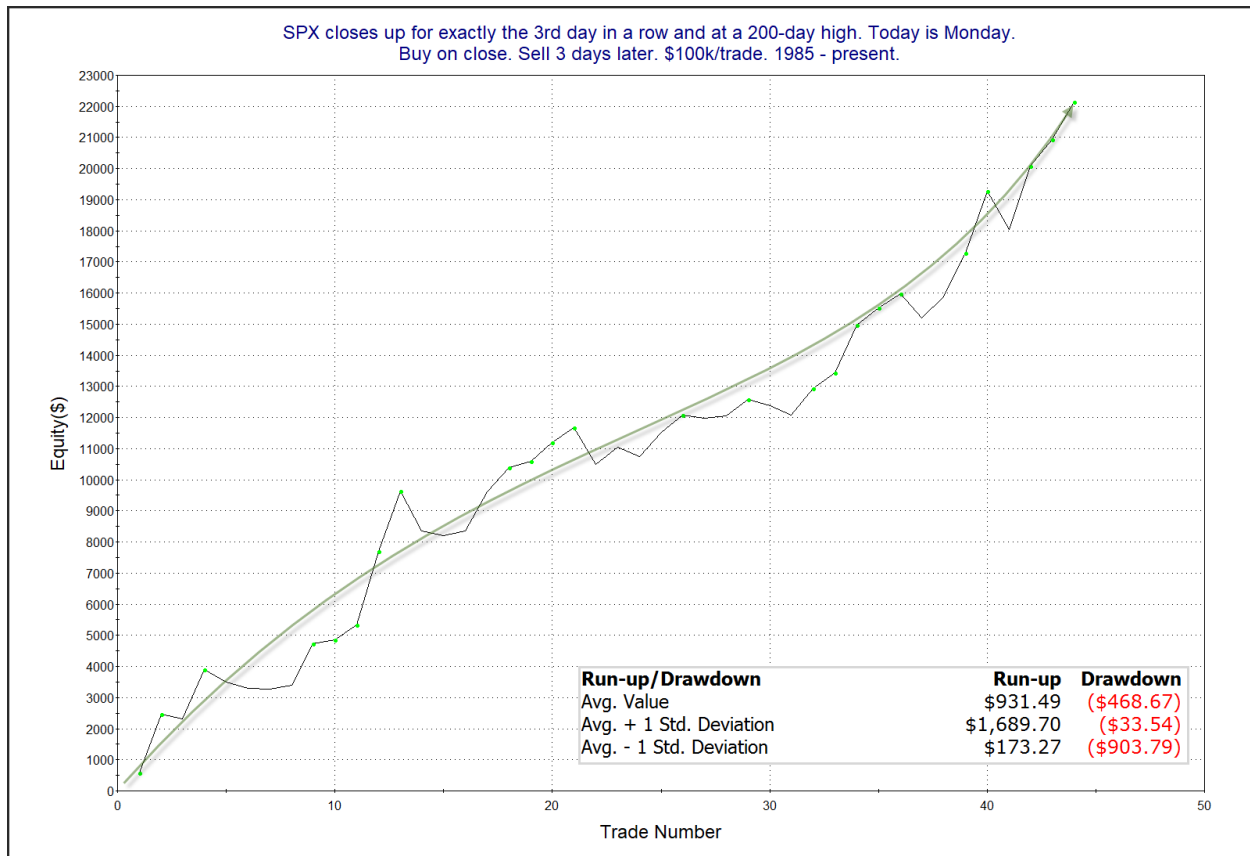
The Evidence

Monday was a rally day. SPX rose 0.4%, the NASDAQ gained 0.7%, and the Russell 2000 climbed 0.6%. Breadth was not impressive though as the NYSE Up Issues % closed at 49.8% and the NYSE Up Volume % posted a 49.5% reading. NYSE total volume declined substantially from Friday’s opex-elevated level.

One interesting study that triggered looked at other times SPX closed up 3 days in a row and made a new 200-day high on a Monday. Results below are updated from the 7/5/23 letter.

SPX closes up for exactly the 3rd day in a row and at a 200-day high. Today is Monday. Buy on close. Sell X days later. \$100k/trade. 1985 - 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	27,373.52	44	31	13	70.45	3,565.00	-1,497.69	1,182.84	-714.97	1.65	3.95	622.13
4	21,021.20	44	28	16	63.64	3,489.10	-2,042.82	1,165.43	-725.69	1.61	2.81	477.75
3	22,136.58	44	31	13	70.45	2,359.80	-1,300.86	918.79	-488.16	1.88	4.49	503.10
2	17,145.75	44	32	12	72.73	2,426.12	-1,482.30	680.62	-386.16	1.76	4.70	389.68
1	6,049.26	44	24	20	54.55	1,687.28	-539.07	428.45	-211.67	2.02	2.43	137.48

Results here appear quite bullish. Below is a look at the 3-day profit curve.



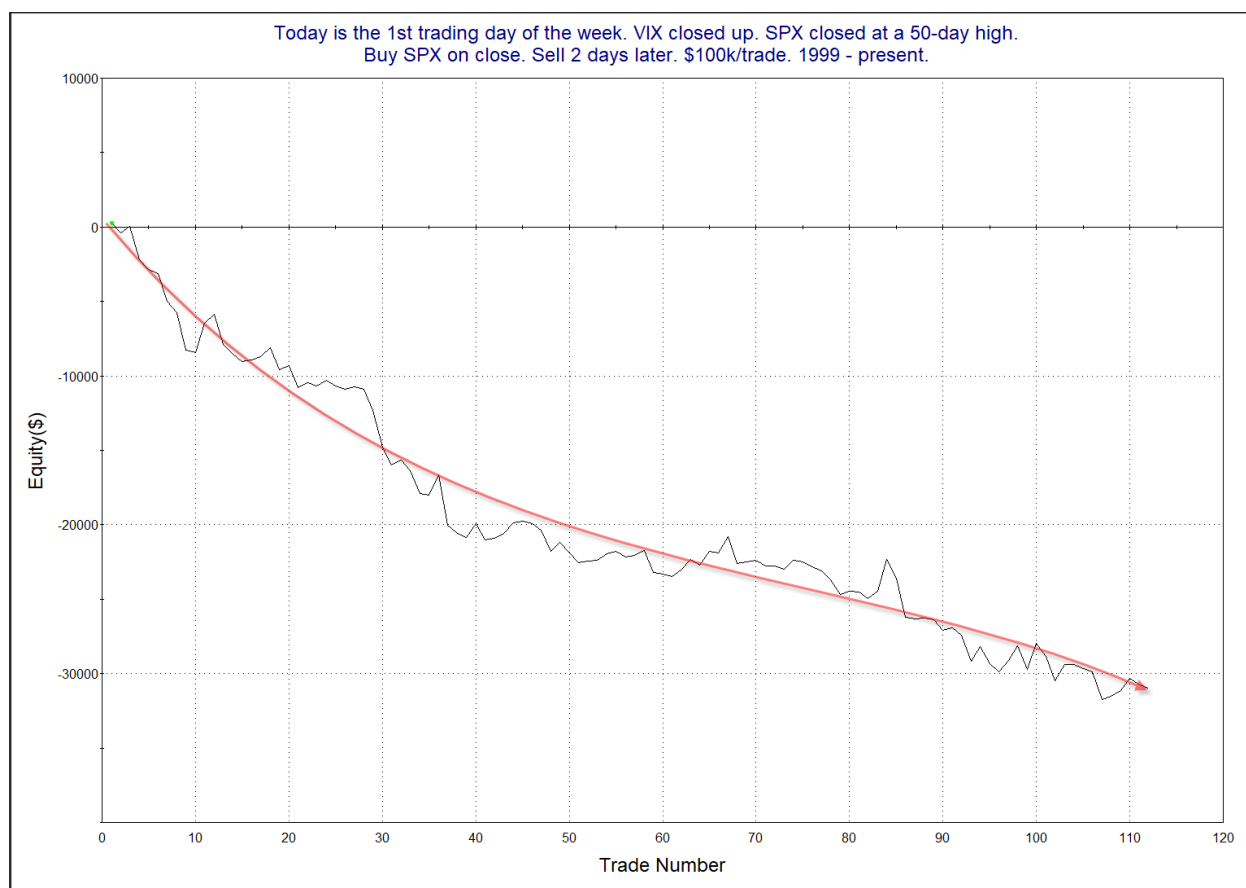
That is a very consistent move from lower left to upper right. I find the study appealing, and have included it on the active list as a 3-day edge.

While the SPX closed up the VIX also rose. Most often they trade opposite each other, so this kind of action is somewhat unusual. But VIX has a tendency to decline going into the weekend (Friday afternoons), and then rise when it returns from the weekend. So to see this action on the first trading day of the week is less unusual than at any other time. Still, combined with the SPX 50-day high, it has been often followed by a dip in the next few days. This is all a repeat from last Monday. So I updated the stats from the 9/16/25 letter below.

Today is the 1st trading day of the week. VIX closed up. SPX closed at a 50-day high.
Buy SPX on close. Sell X days later. \$100k/trade. 1999 - present.

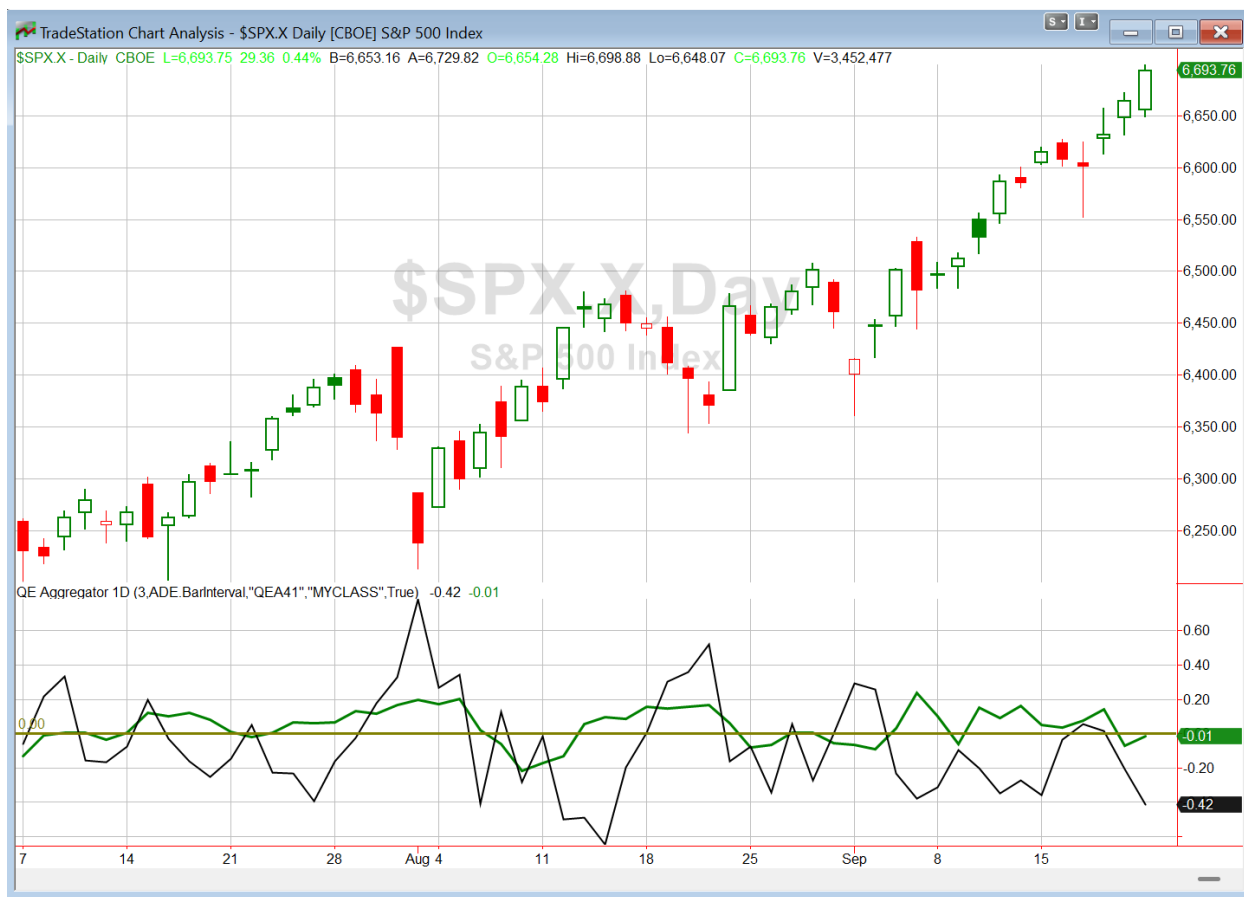
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-17,929.07	105	50	55	47.62	5,653.12	-5,048.68	1,085.85	-1,313.12	0.83	0.75	-170.75
4	-20,847.63	112	54	58	48.21	4,422.40	-5,732.40	954.44	-1,248.06	0.76	0.71	-186.14
3	-19,988.02	112	53	59	47.32	2,641.80	-6,908.70	729.10	-993.73	0.73	0.66	-178.46
2	-30,970.89	112	46	66	41.07	2,148.48	-3,372.16	547.00	-850.50	0.64	0.45	-276.53
1	-9,361.52	112	42	70	37.50	802.88	-1,580.04	326.76	-329.79	0.99	0.59	-83.59

Results here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



The profit curve has had a long decline. This study seems worthy of consideration. I have again included this study on the Active List.

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



With tonight's evidence considered, 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 also held below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation stayed short at the close.

Based on the current active list, expectations are set to flip to positive on Tuesday. This could change if compelling new bearish evidence. Meanwhile, the Differential Pivot will be 6648.34 on Tuesday. That is 0.7% below Monday's close. Therefore, SPX will need to close down at least 0.7% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again bearish. But evidence is mixed, and with expectations now set to flip bullish on Tuesday afternoon the downside edge doesn't have much shelf-life. Additionally, the trend is very strong. The market has just continued pushing higher and higher over the last few months. So while this week is the most likely of the year to see a selloff, I'm not compelled to bet against this uptrend. I'm more neutral than bearish.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 9/22 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

New

LOW – 1/3 @ \$260.39 (buy @ limit)

Broad Market Large Cap CBI – 1 (LOW)

Additional New Trade Ideas

LOW – Buy 1/3 Catapult position @ \$260.39 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of LOW.

Current Open Trade Ideas

None

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