

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 26, 2025

Volume 18 Issue 183

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	4

Tonight's Research Points

- 3 down days from a 50-day high that closes < 10ma but above 10-day low suggest an upside edge.
- The 1st dip below the 10ma in a while is often buyable.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side.

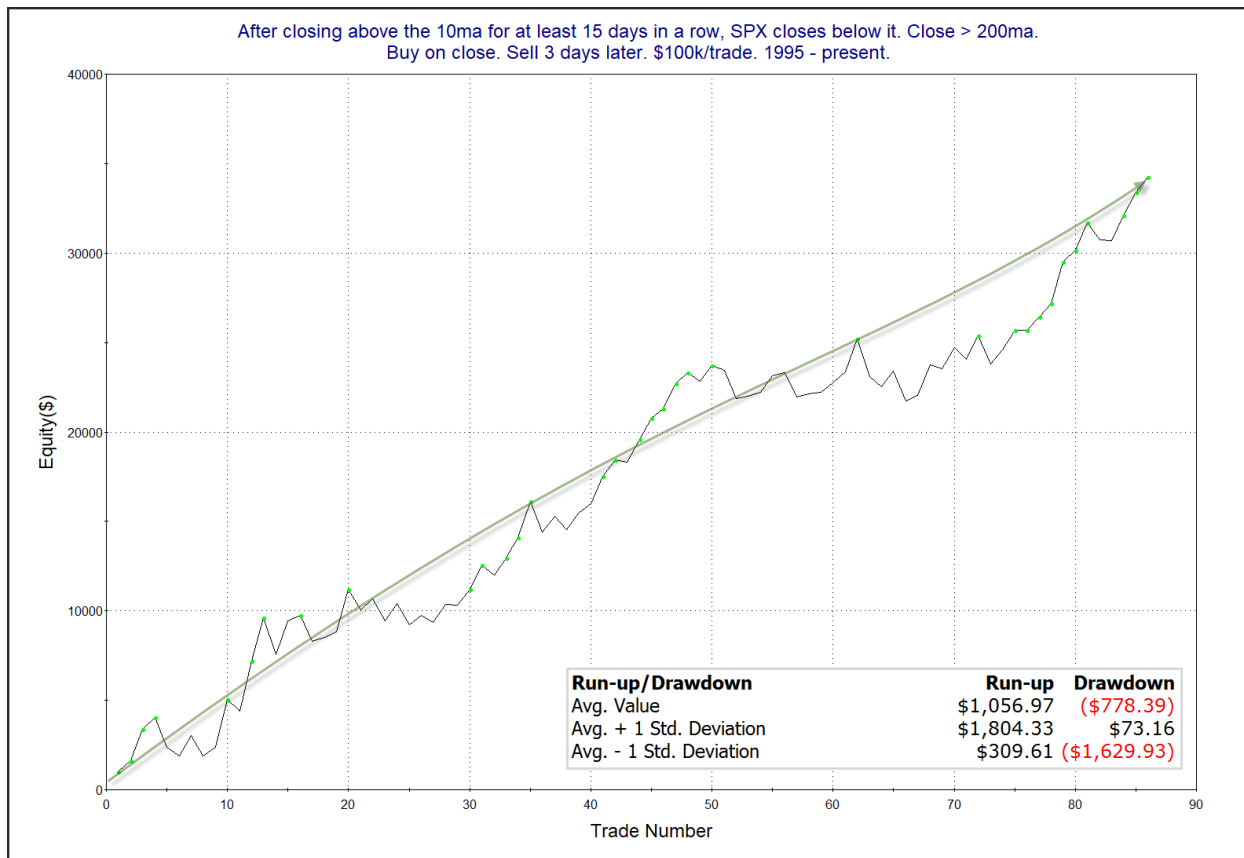
The Evidence

Thursday was another day of selling. SPX closed down 0.5%, the NASDAQ fell 0.5%, and the Russell 2000 lost 1.0%. Breadth was weak as the NYSE Up Issues % closed at 27% and the NYSE Up Volume % posted a 31% reading. NYSE total volume declined for the 4th day in a row.

The lack of pullbacks lately had kept SPX above its short-term moving averages for an extended period. Thursday, after 16 consecutive closes above the 10ma, SPX dipped down and closed below it. In the 7/16/25 letter I looked at performance following other instances where SPX closed below its 10ma for the first time in over 15 days. Results are updated below.

After closing above the 10ma for at least 15 days in a row, SPX closes below it. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1995 - 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	47,175.86	86	56	30	65.12	3,505.74	-4,455.15	1,435.97	-1,107.95	1.30	2.42	548.56
4	41,327.53	86	58	28	67.44	3,206.40	-6,072.15	1,302.25	-1,221.53	1.07	2.21	480.55
3	34,247.28	86	59	27	68.60	2,805.12	-2,110.50	1,022.07	-965.00	1.06	2.31	398.22
2	19,889.13	86	55	31	63.95	2,682.72	-3,450.16	884.30	-927.34	0.95	1.69	231.27
1	14,632.77	86	53	33	61.63	2,097.92	-1,579.41	597.77	-516.64	1.16	1.86	170.15

The numbers suggest a good chance of a bounce in the next few days. Below is a look at the 3-day profit curve.



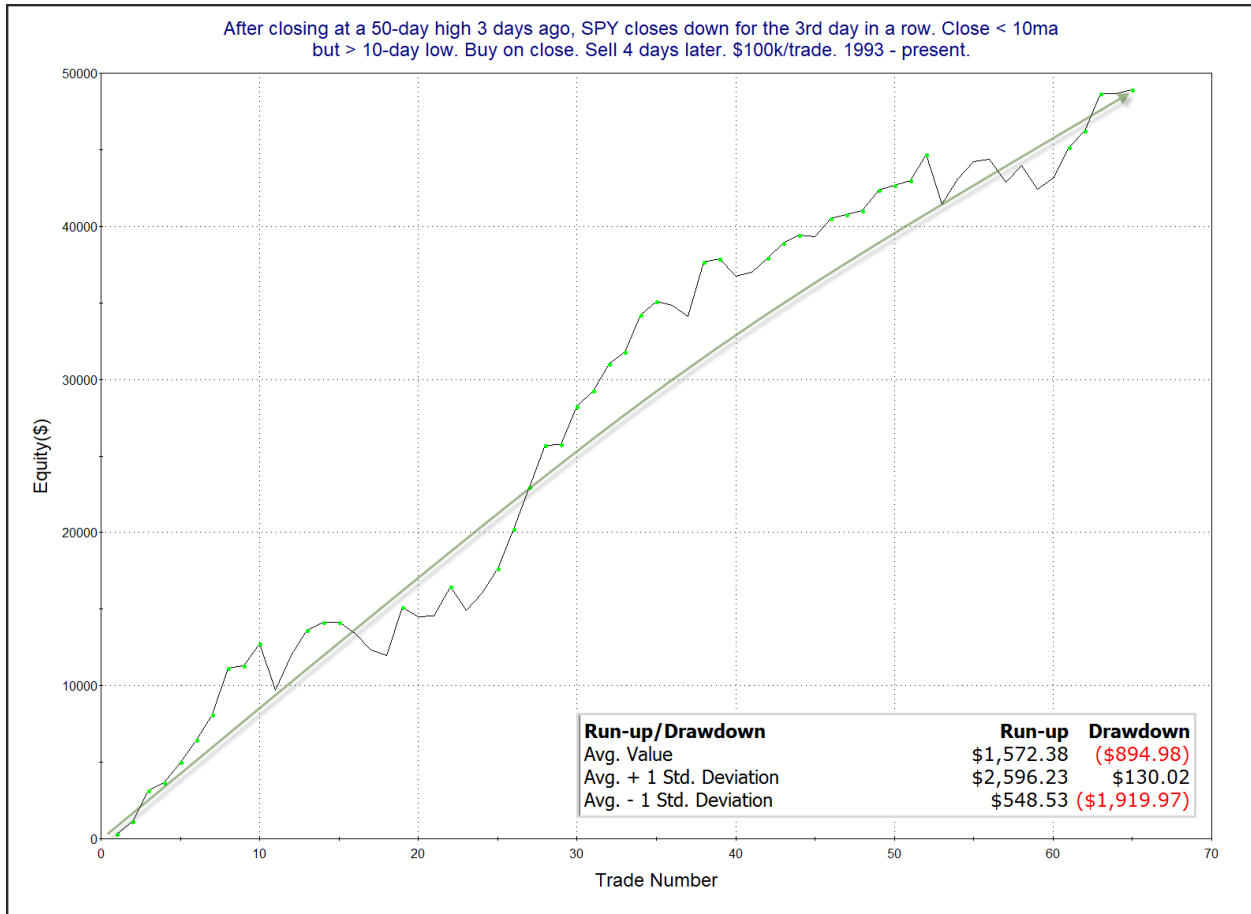
The move up has been somewhat choppy, but it has persisted higher for a long time and is again at a new high. The curve seems to offer some confirmation of the upside tendency suggested by the stats table. I have included this study on the active list tonight.

This next study considered the fact that the current 3-day pullback is occurring right after a high was hit. Additionally, it required that the pullback is deep enough to put it below the 10ma, but *not* deep enough to see it at a 10-day closing low. It was last seen in the 10/24/24 subscriber letter, and I have updated the stats.

After closing at a 50-day high 3 days ago, SPY closes down for the 3rd day in a row. Close < 10ma but > 10-day low. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

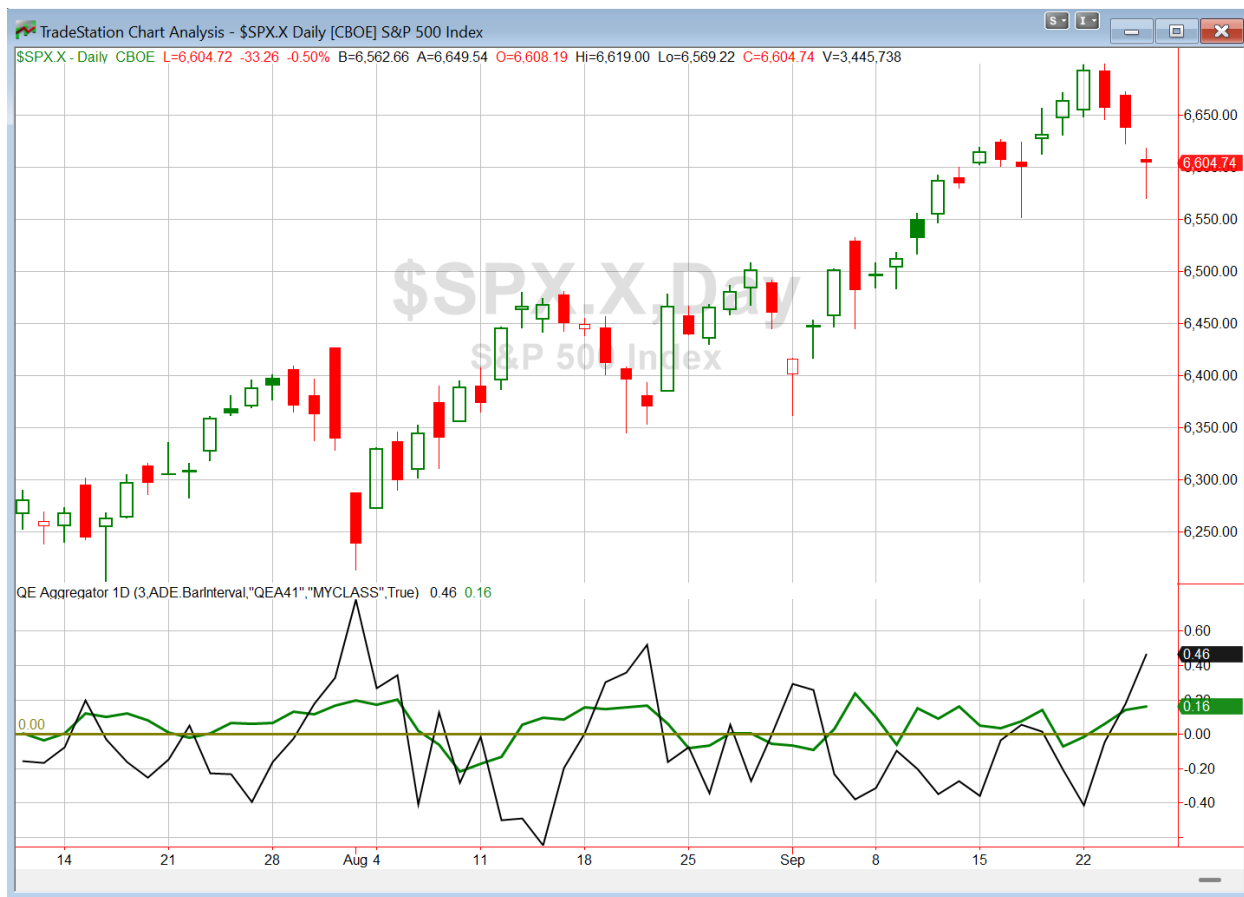
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	46,370.50	64	45	19	70.31	3,522.94	-3,453.71	1,505.80	-1,125.82	1.34	3.17	724.54
4	48,776.02	65	51	14	78.46	3,543.50	-3,235.68	1,270.08	-1,142.70	1.11	4.05	750.40
3	34,683.07	65	44	21	67.69	3,543.50	-4,572.96	1,262.51	-993.68	1.27	2.66	533.59
2	17,430.27	65	43	22	66.15	3,073.95	-2,781.35	911.90	-990.07	0.92	1.80	268.16
1	9,975.99	65	40	25	61.54	3,149.85	-2,031.09	720.25	-753.35	0.96	1.53	153.48

Under these circumstances, it appears bounces have been both reliable and powerful. The 1st four days show some very impressive stats. Below is a look at the profit curve assuming a 4-day exit technique.



Despite a few bumps, the curve is back at a new high and appears to provide confirmation of the bullish tendency suggested by the stats table.

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 closed 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 active list, expectations are set to remain positive on Friday. This could change if compelling new bearish evidence. Meanwhile, the Differential Pivot will be 6655.02 on Friday. That is 0.8% above Thursday's close. Therefore, SP will need to close up at least 0.8% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. I like the long side. Friday is the end of the Weakest Week, and we have additional bullish evidence building tonight. I took some long exposure on Thursday. I will look to add to that on Friday if I can get a favorable entry either at the open or near the close of trading.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

LOW – 1/3 @ \$260.39 (bought @ limit)

LOW – 1/3 @ \$259.81 (bought @ limit)

LOW – 1/3 @ \$257.33 (buy @ limit)

HD – 1/3 @ \$409.77 (buy @ limit)

Broad Market Large Cap CBI – 4 (LOW-3, HD)

Additional New Trade Ideas

SPY – Buy ¼ index position @ \$656.00 LIMIT ON OPEN. If not filled on open, I will cancel the order and then look to enter @ \$656.00 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to add more long exposure if SPY gaps down or closes down around the \$656.00 level.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
LOW(1/3)	9/23/2025	\$259.56	\$255.53	-1.55%	Catapult
LOW(1/3)	9/24/2025	\$258.29	\$255.53	-1.07%	Catapult
LOW(1/3)	9/25/2025	\$257.33	\$255.53	-0.70%	Catapult
HD(1/3)	9/25/2025	\$406.79	\$407.45	0.16%	Catapult
SPY1/4)	9/25/2025	\$657.94	\$658.05	0.02%	Aggregator

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