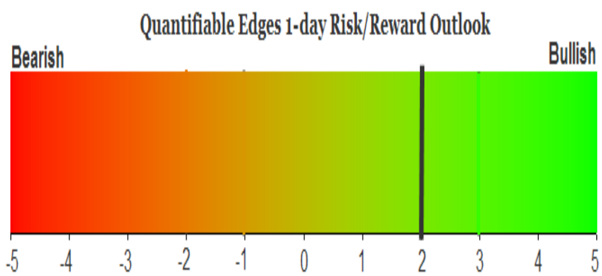
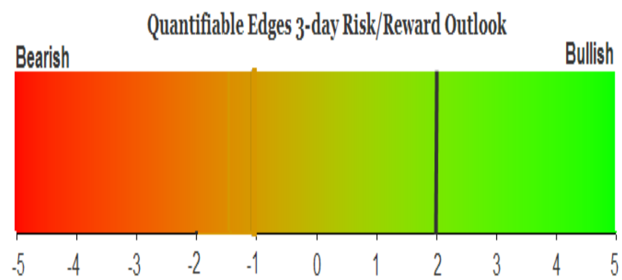
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 29, 2025 Volume 18 Issue 184

Market Overview





Signals Overview

Aggregator	CBI Reading
Long	4

Tonight's Research Points

- October tends to have big swings, despite the Seasonality Calendar looking generally favorable.
- There was a bit of a liquidity drain last week as stocks dipped. The Fed remains fairly neutral overall.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but the setup is tenuous. I'm looking for a bit more upside.

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 26, 2025	1st close < 10ma in over 15 days	1-3 days	Bullish			
September 26, 2025	3 down from 50-hi. SPX < 10ma > 10-low	1-4 days	Bullish			
September 22, 2025	Up vol < 40%. SPX up and > 200	1-8 days	Bullish	1.80%	-1.40%	-2.80%
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

After pulling back for 3 days, the market put in a bounce on Friday. SPX rose 0.6%, the NASDAQ gained 0.4%, and the Russell 2000 jumped 1.0%. Breadth was strong as the NYSE Up Issues % closed at 69% and the NYSE Up Volume % posted a 76% reading. NYSE total volume declined for the 5th day in a row.

Action was not extreme, and SPX is just slightly above its 10ma, near the middle of its recent range. So it is not terribly surprising that no compelling studies triggered in the Quantifinder. But October is nearly upon us. And it often can be an interesting month.

Breaking the year down by week is something I have done numerous times over the years, and it has provided some interesting insights. The table below shows stats back to 1985. I chose 1985 as the start date because SPX options trading began in 1984, so 1985 is the 1st full year where there was an options expiration schedule. Action on and around options expiration, which occurs on the 3rd Friday of each month, seems to generate some seasonal tendencies. So this study encompasses the full range of time that SPX options have been in existence.

SPX Performance in the Week that Followed the Month and Friday Specified.
$100k/trade. 1985 - present. Top 10 and Bottom 10 Results (by Avg Trade) Shown.

Month of Year	Fri of Month	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	5	20,984.09	16	12	4	75.00	7,184.40	-3,889.28	2,286.54	-1,613.59	1.42	4.25	1,311.51
1	5	15,532.97	18	12	6	66.67	5,169.12	-3,138.72	2,339.80	-2,090.78	1.12	2.24	862.94
1	4	31,055.87	41	26	15	63.41	4,860.00	-3,765.16	2,100.78	-1,570.97	1.34	2.32	757.46
5	4	30,303.76	41	27	14	65.85	7,145.28	-2,983.50	1,866.70	-1,435.51	1.30	2.51	739.12
10	4	29,511.90	40	28	12	70.00	10,485.72	-5,472.04	2,078.82	-2,391.26	0.87	2.03	737.80
10	2	29,482.24	40	30	10	75.00	7,282.10	-9,109.98	1,972.69	-2,969.85	0.66	1.99	737.06
4	2	29,000.21	41	25	16	60.98	5,731.96	-3,580.15	2,150.94	-1,548.32	1.39	2.17	707.32
11	4	27,019.63	40	30	10	75.00	7,362.46	-6,830.72	1,440.59	-1,619.80	0.89	2.67	675.49
5	5	12,731.83	19	13	6	68.42	4,787.84	-3,683.73	1,825.57	-1,833.43	1.00	2.16	670.10
6	4	24,074.08	41	25	16	60.98	5,769.16	-4,984.56	1,857.94	-1,398.40	1.33	2.08	587.17
11	5	-1,874.87	12	8	4	66.67	1,717.40	-4,574.88	948.94	-2,366.60	0.40	0.80	-156.24
6	3	-7,956.42	41	16	25	39.02	6,396.30	-3,626.75	1,621.66	-1,356.12	1.20	0.77	-194.06
6	1	-9,734.97	41	19	22	46.34	4,090.16	-4,984.32	1,206.88	-1,484.80	0.81	0.70	-237.44
10	3	-11,852.63	40	19	21	47.50	4,339.20	-12,167.91	1,874.15	-2,260.07	0.83	0.75	-296.32
10	1	-14,306.11	40	23	17	57.50	5,944.32	-18,000.90	1,754.98	-3,215.92	0.55	0.74	-357.65
8	5	-7,647.38	18	9	9	50.00	3,283.38	-4,206.40	1,257.47	-2,107.18	0.60	0.60	-424.85
7	5	-9,682.89	17	8	9	47.06	2,404.80	-7,153.30	1,213.42	-2,154.47	0.56	0.50	-569.58
2	3	-25,182.11	41	19	22	46.34	2,106.80	-11,122.37	887.53	-1,911.14	0.46	0.40	-614.20
4	5	-7,963.05	11	4	7	36.36	1,247.86	-6,368.04	909.67	-1,657.39	0.55	0.31	-723.91
9	3	-33,913.02	41	11	30	26.83	7,739.42	-6,525.56	1,532.71	-1,692.43	0.91	0.33	-827.15

You'll note that the highlighted weeks are the October weeks. It's amazing that all 5 potential weeks in October are included in either the Best 7 or the Worst 7 weeks of the year. Weeks are ranked based on Avg Trade (last column).

Weeks following the 1st and 3rd Friday in October have been among the ***worst*** on average. I'll also note that the 2 of the 3 largest "max losing trades" occurred following the 1st and 3rd Friday in October. They were a 12% and an 18% drop.

Weeks following the 2nd, 4th, and 5th Fridays in October made up 3 of the ***best*** 10 weeks of the year on average. And they show some of the biggest winners as well, with 7.2%, 7.3% and 10.5% max gains.

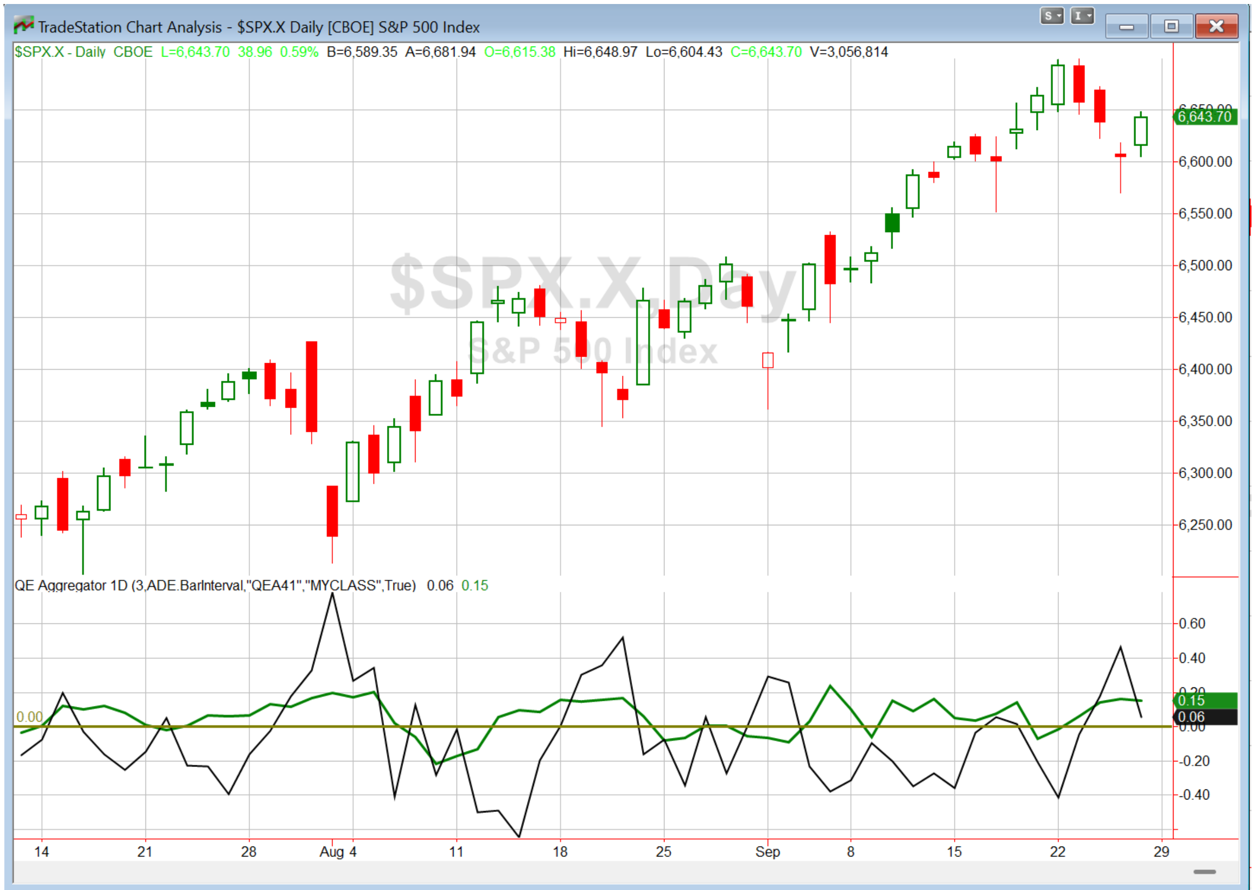
As I said, October can be volatile. There could easily be some strong moves up and down throughout the month, and traders may want to keep this in mind for position sizing, or if they are making volatility trades.

I will note that October has been a bit smoother in recent years. And this is reflected in the preliminary Seasonality Calendar, which I just posted this weekend.

Quantifiable Edges Seasonality Calendar $SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
10/1/2025	60.74	1.463	0.119
10/2/2025	53.37	0.951	-0.020
10/3/2025	55.91	1.103	0.039
10/6/2025	57.67	1.367	0.117
10/7/2025	53.21	1.084	0.026
10/8/2025	57.10	1.195	0.067
10/9/2025	54.45	1.000	-0.004
10/10/2025	55.02	1.310	0.093
10/13/2025	54.59	1.280	0.065
10/14/2025	52.75	1.367	0.097
10/15/2025	52.74	1.149	0.027
10/16/2025	50.77	1.181	0.043
10/17/2025	47.78	1.125	0.022
10/20/2025	57.14	1.142	0.038
10/21/2025	51.81	1.271	0.073
10/22/2025	51.76	1.108	0.033
10/23/2025	52.37	1.157	0.046
10/24/2025	51.55	1.033	0.012
10/27/2025	56.29	1.336	0.097
10/28/2025	54.05	1.268	0.081
10/29/2025	49.29	1.203	0.061
10/30/2025	54.83	1.302	0.090
10/31/2025	54.01	1.178	0.056
Baseline	***54.37***	***1.161***	***0.055***

I'm surprised we don't see any red on the October Calendar. Still, based on the longer history, and using a less complex algorithm, I'll be wary of some sizable market swings as we get into October.

I have updated the Aggregator chart below.



Without any new studies making the active list, 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 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 Monday. This could change if compelling new bearish evidence. Meanwhile, the Differential Pivot will be 6650.39 on Monday. That is 0.1% above Friday's close. Therefore, SPX will only need to close up 0.1% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. And this bounce could have further to go. But we are not seeing new compelling short-term evidence, and the Differential Pivot is close by. So I am not interested in taking on new index exposure. I do have some already. I'll look to exit that if SPX closes much higher on Monday, since that would market the end of the bullish Aggregator formation.

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

Combo #1	Combo #2	Combo #3	Combo #4
Flat	Long QQQ	Long QQQ	Long QQQ

Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course, which is included with all annual subscriptions. *There were no changes to the Combo signals.*

.

Despite Friday's rally, the major indices all posted losses on the week. The SPX declined 0.3%, the NASDAQ fell 0.65%, and the Russell 2000 dropped 0.6%. Bonds also struggled a little. The US Aggregate Bond ETF (AGG) declined 0.2%. TLT, the 20-year Treasury Bond ETF, lost 0.1%. SPX and NASDAQ both closed at new all-time highs on Monday, so the long-term uptrend still appears intact. There were no studies that triggered in the last few days with intermediate-term implications.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Domestic Security Holdings as of

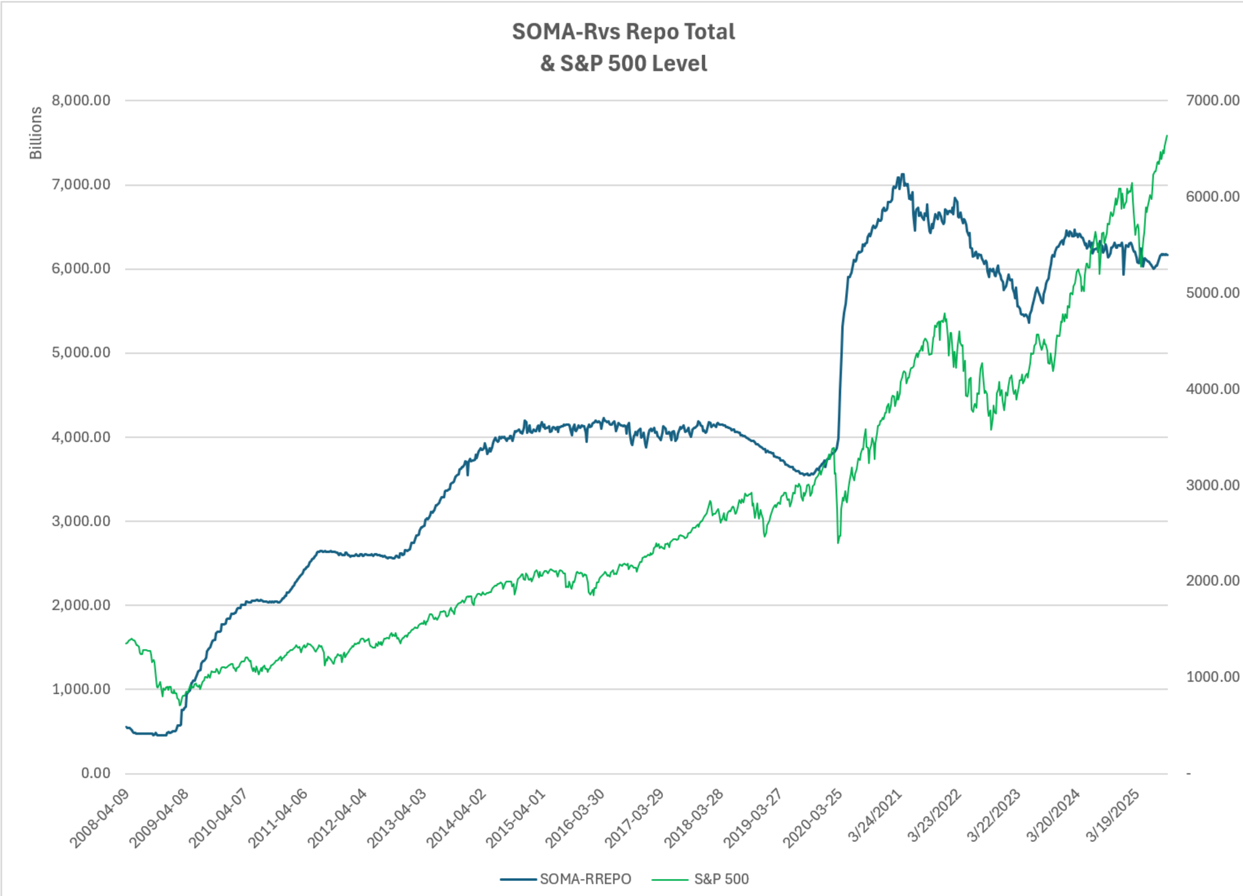
Previous September 24, 2025

Posted September 25, 2025 at 4:30 PM

SUMMARY | T-BILLS | T-NOTES AND T-BONDS | FRNS | TIPS | AGENCY DEBTS | MBS | CMBS

SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills (T-Bills)	195,492,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,572,148,691.0
US Treasury Floating Rate Notes (FRNs)	12,575,703.6
US Treasury Inflation-Protected Securities (TIPS)*	309,452,193.8
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,091,317,008.4
Agency Commercial Mortgage-Backed Securities***	7,897,668.8
Total SOMA Holdings	6,191,231,192.3
Change From Prior Week	-3,568,402.7

The SOMA account holdings declined a mild $3.6 billion dollars this past week. Meanwhile, reverse repos rose by $15.2 billion for the week ending 9/24/25. A rise in reverse repos can act as a liquidity reduction. Combined for the week, SOMA and reverse repo action accounted for a liquidity drain of about $18.8 billion (through Wednesday the 24th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Liquidity was quite favorable from early July through early September. So it is not surprising that the market rallied well during that period. We've seen liquidity flows chop a bit more over the last few weeks. Quantitative Tightening (QT) can still be a headwind to the market, but it is not nearly as strong as it has been at times in the last few years. So the headwind now appears more like a gentle breeze. Reverse repo closeouts more than offset the QT from April 2023 through early March of 2024, and this helped provide fuel for that market rally. Reverse repos are near their lowest level in years. So this liquidity pump could dry up. But the Fed has other tools to provide liquidity even if it does. Potential Fed policy changes and possible changes to the Fed members could keep Fed news quite interesting in the coming weeks and months. It does now appear we have begun a series of rate cuts, with the Fed concerned about weakening employment data.

With regards to rates, October odds are 92% that rates will be reduced. Meanwhile, odds show a 32% chance that rates will be ¼ point lower in December than they are now, and a 65% they will be ½ point lower. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

FedWatch Tool

29 Oct25 | 10 Dec25 | 28 Jan26 | 18 Mar26 | 29 Apr26 | 17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27

arget Rate
Current
Compare
Probabilities
Aggregated

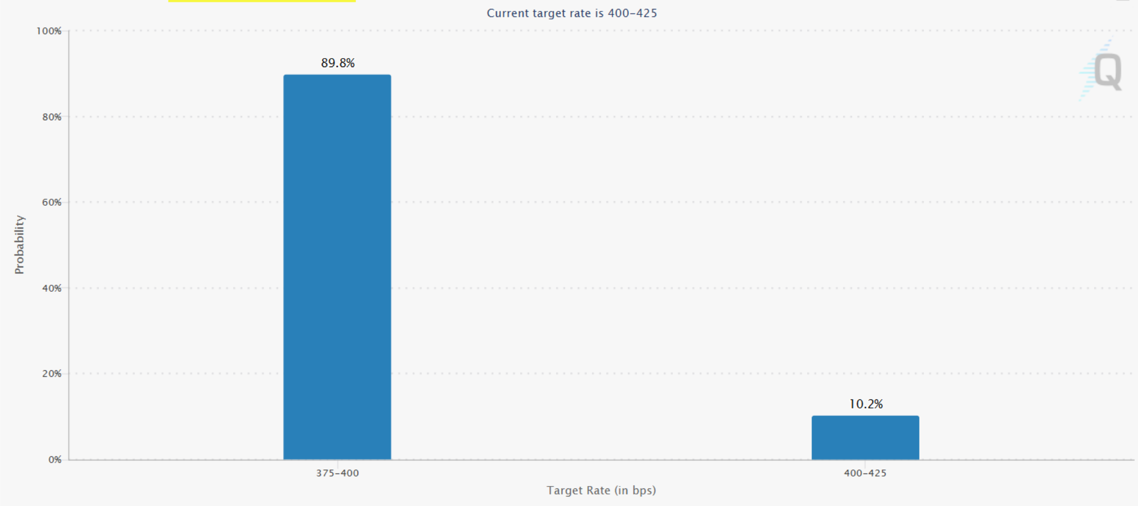
listorical
Historical
Downloads
Prior Hikes

ot Plot
Chart
Table

ools
CVOL
SOFR Watch
ESTR Watch

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
29 Oct 2025	ZQV5	31 Oct 2025	95.9175	67,212	672,477	89.8 %	10.2 %	0.0 %

Target Rate Probabilities for 29 Oct 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 26 SEP 2025	1 WEEK 19 SEP 2025	1 MONTH 28 AUG 2025
375-400	89.8%	87.7%	91.9%	44.5%
400-425 (Current)	10.2%	12.3%	8.1%	49.0%
425-450	0.0%	0.0%	0.0%	6.5%

* Data as of 28 Sep 2025 01:14:00 CT

FedWatch Tool

29 Oct25 | 10 Dec25 | 28 Jan26 | 18 Mar26 | 29 Apr26 | 17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27

Target Rate
Current
Compare
Probabilities
Aggregated

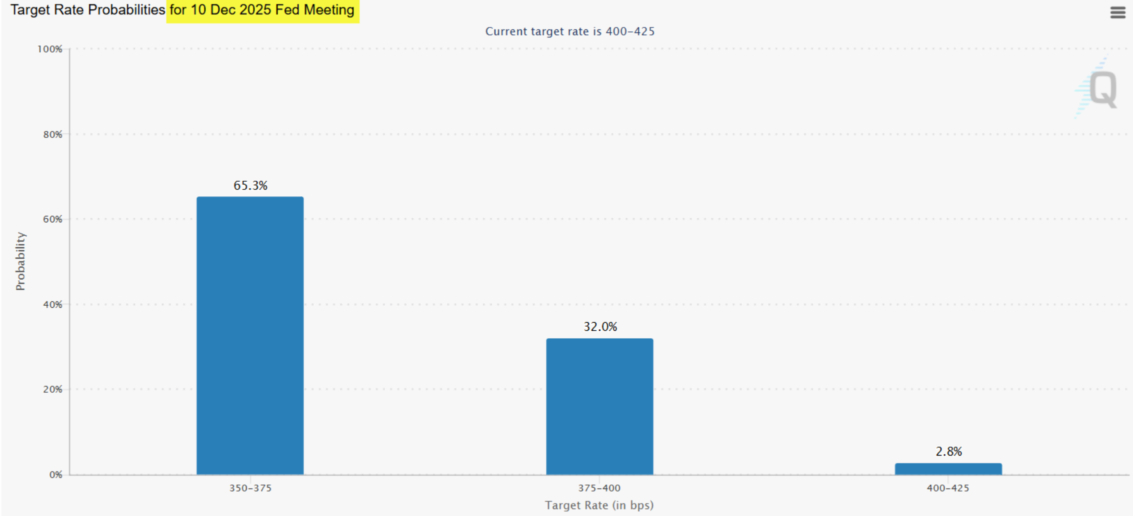
Historical
Historical
Downloads
Prior Hikes

Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
10 Dec 2025	ZQZ5	31 Dec 2025	96.2650	38,279	215,272	97.2 %	2.8 %	0.0 %

Target Rate Probabilities for 10 Dec 2025 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 26 SEP 2025	1 WEEK 19 SEP 2025	1 MONTH 28 AUG 2025
350-375	65.3%	65.4%	78.6%	37.0%
375-400	32.0%	31.5%	20.2%	48.3%
400-425 (Current)	2.8%	3.1%	1.2%	13.6%
425-450	0.0%	0.0%	0.0%	1.1%

* Data as of 28 Sep 2025 01:15:15 CT

As we have seen over and over, odds continually shift, so expect further refinement as we get closer to these Fed meeting dates. With lots of uncertainty regarding employment, geopolitics, inflation, and the economy in general it would be surprising to me if we did NOT see shifts in expectations over the next few months.

Intermediate-term evidence is again mostly bullish. We still have bullish momentum study from a few weeks ago when SPX moved up through its 50-day Bollinger Band. The NASDAQ has been leading the SPX since late April, and that remains a positive. We also saw multiple breadth thrust studies in April and May that are typically followed by large gains. A good portion of those gains may have already been realized, but there is still a little more room to the upside before we would reach the average max run-ups for those studies. Trend indicators are still pointing higher and the indices continue to post new all-time highs. So we see momentum, breadth, leadership, and trend indications all pointing higher. Still there is much uncertainty with geopolitics, trade, and the economy. Stock valuations are also at levels that could be considered very high. Substantial volatility can re-emerge at any time. Also notable is that stocks are in a seasonally weak period as measured by both the "worst 6 months" of May through October, and 1st year of the Presidential Cycle. So there are definitely risks. But the market is still not terribly concerned about the downside risks. With all the continued strength, I will be trading with a bullish bias. This means I will be more inclined to take long setups and quite conservative with regards to short trades.

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

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
LOW(1/3)	9/23/2025	$259.56	$257.12	-0.94%	Catapult
LOW(1/3)	9/24/2025	$258.29	$257.12	-0.45%	Catapult
LOW(1/3)	9/25/2025	$257.33	$257.12	-0.08%	Catapult
HD(1/3)	9/25/2025	$406.79	$410.09	0.81%	Catapult
SPY1/4)	9/25/2025	$657.94	$661.82	0.59%	*sell @ $662.75 LIMIT ON CLOSE*