

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 3, 2025

Volume 18 Issue 188

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	5

Tonight's Research Points

- VXX hitting a 5-day high at the same time as SPX has been followed by SPX pullbacks in the following days.

Short-term Outlook

The Bottom Line

The Aggregator is bearish, but I am not terribly excited about shorting right here. SPX could easily flip to oversold with a small move lower, and the setup is counter-trend. So not the most compelling short opportunity.

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						
October 3, 2025	VXX & SPX close at 5-day highs	1-3 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 continue to rally. SPX rose 0.1%, the NASDAQ gained 0.4%, and the Russell 2000 climbed 0.7%. Breadth was a bit weak as the NYSE Up Issues % closed at 49% and the NYSE Up Volume % posted a 48% reading. NYSE total volume declined some from Wednesday's level.

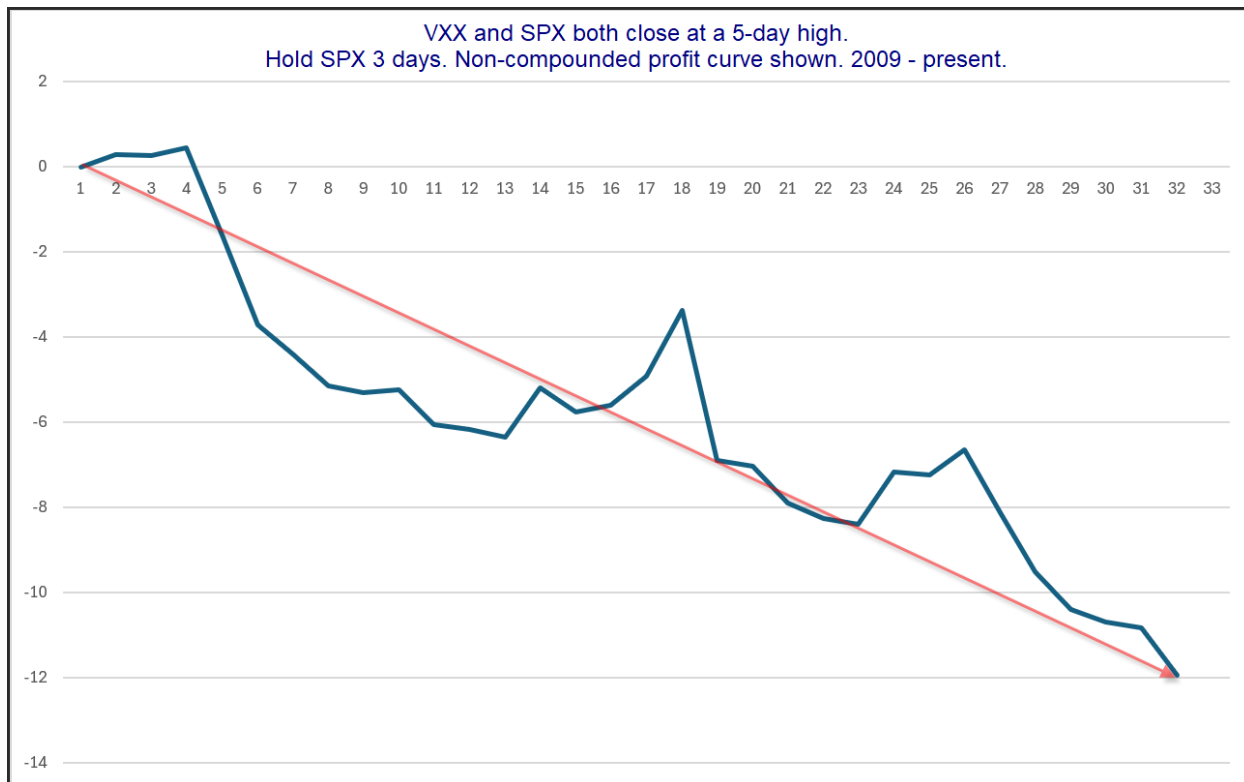
The Quantifinder noted several studies related to the employment report, which was originally supposed to come out on Friday. But with the government shutdown underway, the report is postponed until the shutdown is over. So I will have to do some reprogramming of dates once we know when to expect the report. In any case, those studies are not relevant, since no report will be issued on Friday.

Notable on Thursday was that the VIX and VIX futures rose alongside the SPX. It is unusual that they are not only rising but both making short-term highs at the same time. I noticed this action could be a warning sign years ago when looking at the old XIV and SPX moving in opposite directions. In the 6/13/25 letter I looked at VXX (and the old VXX which expired in 2019) vs SPX. Updated results can be found below.

VXX and SPX both close at a 5-day high.
 Forward SPX results shown, 2009 - present.

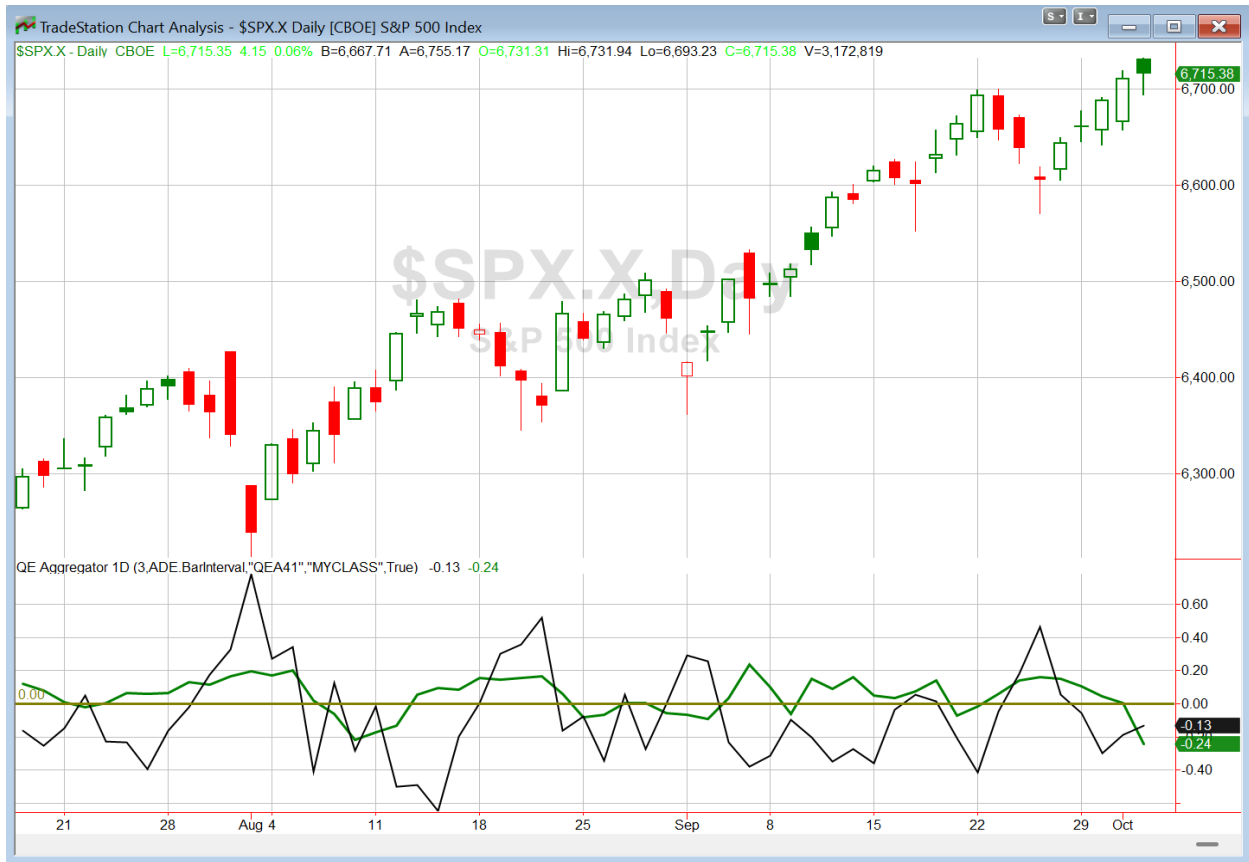
Ticker	Date/Time	SPX Close	Next Day % Chg	2-Day %Chg	3-Day %Chg	4-Day %Chg	5-Day %Chg	6-Day %Chg	7-Day %Chg	8-Day %Chg	9-Day %Chg	10-Day %Chg
\$\$PX	8/26/2009	1028.12	0.28	0.08	-0.73	-2.93	-3.25	-2.42	-1.14	-0.27	0.51	1.56
\$\$PX	3/11/2010	1150.24	-0.02	0.02	0.8	1.39	1.36	0.84	1.35	2.08	1.52	1.35
\$\$PX	2/17/2011	1340.43	0.19	-1.86	-2.46	-2.56	-1.53	-0.99	-2.54	-2.39	-0.71	-1.44
\$\$PX	2/18/2011	1343.01	-2.05	-2.65	-2.75	-1.72	-1.18	-2.73	-2.57	-0.9	-1.63	-2.45
\$\$PX	12/7/2011	1261.01	-2.11	-0.46	-1.95	-2.8	-3.9	-3.59	-3.28	-4.41	-1.56	-1.37
\$\$PX	2/9/2012	1351.95	-0.69	-0.01	-0.11	-0.64	0.45	0.69	0.76	0.42	0.85	1.02
\$\$PX	2/28/2014	1859.45	-0.74	0.78	0.77	0.95	1	0.95	0.44	0.47	-0.71	-0.99
\$\$PX	8/27/2014	2000.12	-0.17	0.16	0.11	0.03	-0.12	0.38	0.07	-0.58	-0.22	-0.13
\$\$PX	11/14/2014	2039.82	0.07	0.59	0.44	0.63	1.16	1.45	1.33	1.62	1.36	0.67
\$\$PX	12/13/2016	2271.72	-0.81	-0.43	-0.6	-0.4	-0.04	-0.29	-0.47	-0.35	-0.13	-0.96
\$\$PX	2/21/2017	2365.38	-0.11	-0.07	0.08	0.18	-0.07	1.29	0.7	0.75	0.42	0.13
\$\$PX	11/30/2017	2647.58	-0.2	-0.31	-0.68	-0.69	-0.4	0.15	0.47	0.62	0.58	0.17
\$\$PX	1/25/2018	2839.25	1.18	0.5	-0.59	-0.54	-0.61	-2.72	-6.7	-5.08	-5.55	-9.1
\$\$PX	12/27/2019	3240.02	-0.58	-0.29	0.55	-0.16	0.19	-0.09	0.4	1.07	0.78	1.48
\$\$PX	8/26/2020	3478.73	0.17	0.84	0.62	1.38	2.94	-0.68	-1.49	-4.22	-2.29	-4.01
\$\$PX	8/27/2020	3484.55	0.67	0.45	1.21	2.76	-0.85	-1.65	-4.38	-2.46	-4.17	-4.12
\$\$PX	9/1/2020	3526.65	1.54	-2.03	-2.83	-5.52	-3.62	-5.32	-5.27	-4.06	-3.56	-4
\$\$PX	9/2/2020	3580.84	-3.51	-4.3	-6.95	-5.08	-6.75	-6.7	-5.51	-5.02	-5.46	-6.25
\$\$PX	1/25/2021	3855.36	-0.15	-2.71	-1.76	-3.66	-2.11	-0.75	-0.65	0.42	0.82	1.56
\$\$PX	7/7/2021	4358.13	-0.86	0.26	0.61	0.25	0.37	0.04	-0.71	-2.29	-0.8	0.01
\$\$PX	11/8/2021	4701.7	-0.35	-1.17	-1.12	-0.4	-0.4	-0.02	-0.28	0.06	-0.08	-0.4
\$\$PX	11/18/2021	4704.54	-0.14	-0.46	-0.29	-0.07	-2.34	-1.05	-2.92	-4.07	-2.71	-3.53
\$\$PX	3/28/2022	4575.52	1.23	0.59	-0.99	-0.65	0.16	-1.1	-2.06	-1.65	-1.91	-3.56
\$\$PX	8/3/2022	4155.17	-0.08	-0.24	-0.36	-0.79	1.33	1.25	3.01	3.42	3.61	2.86
\$\$PX	12/18/2023	4740.56	0.59	-0.89	0.13	0.3	0.72	0.87	0.9	0.62	0.05	-0.75
\$\$PX	12/19/2023	4768.37	-1.47	-0.45	-0.29	0.13	0.28	0.31	0.03	-0.54	-1.33	-1.67
\$\$PX	7/16/2024	5667.2	-1.39	-2.16	-2.86	-1.81	-1.97	-4.24	-4.73	-3.67	-3.59	-4.07
\$\$PX	8/21/2024	5620.85	-0.89	0.24	-0.07	0.09	-0.51	-0.51	0.49	-1.64	-1.79	-2.09
\$\$PX	9/17/2024	5634.58	-0.29	1.4	1.21	1.49	1.75	1.56	1.97	1.84	2.27	1.32
\$\$PX	9/26/2024	5745.37	-0.13	0.3	-0.64	-0.62	-0.79	0.1	-0.86	0.1	0.81	0.6
\$\$PX	6/12/2025	6045.26	-1.13	-0.2	-1.03	-1.07	-1.28	-0.33	0.78	0.78	1.58	2.11
		Average	-0.39	-0.47	-0.73	-0.73	-0.65	-0.82	-1.06	-0.95	-0.74	-1.16
		Median	-0.17	-0.2	-0.36	-0.4	-0.4	-0.29	-0.47	-0.35	-0.22	-0.75
		% Wins	29%	42%	35%	39%	39%	42%	45%	45%	42%	42%

So you often see pullbacks in the following days. Let's take a look at a profit curve assuming a 3-day holding period.



The profit (loss) curve definitely chops around, but it has moved quite persistently from upper left to lower right on the chart, offering some confirmation of the downside edge suggested by the numbers. This study is a possible warning-light study in my view. Volatility might be spiking because someone “in the know” is buying it. Is something big about to go down? Maybe. In any case, I’ve added this study to the active list.

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



With tonight's evidence considered, the green Aggregator Line dropped below zero. Negative readings mean net expectations are for downside 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 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 turned short at the close.

Based on the current active list, expectations are slated to remain negative on Friday. Of course this could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 6708.85 on Friday. That is just 0.1% below Thursday's close. Therefore, SPX will only need to close down 0.1% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is bearish. Tonight's study is definitely an interesting one. And with some big moves lower it makes me wary of long positions. But SPX is only modestly overbought. Even a small dip on Friday could flip it to oversold. So reward potential seems small. And with the intermediate-term outlook bullish a short position would be a counter trend trade. I am not interested in taking a counter-trend trade with sub-par risk/reward. So I will remain sidelined as far as index trade ideas go.

*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 (bought @ limit)

HD – 1/3 @ \$409.77 (bought @ limit)

New

CMCSA – 1/3 @ \$30.40 (buy @ limit)

Broad Market Large Cap CBI – 5 (LOW-3, HD, CMCSA)

Additional New Trade Ideas

CMCSA – Buy 1/3 @ \$30.40 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of CMCSA.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
LOW(1/3)	9/23/2025	\$259.56	\$247.33	-4.71%	Catapult
LOW(1/3)	9/24/2025	\$258.29	\$247.33	-4.24%	Catapult
LOW(1/3)	9/25/2025	\$257.33	\$247.33	-3.89%	Catapult
HD(1/3)	9/25/2025	\$406.79	\$395.01	-2.90%	Catapult

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