

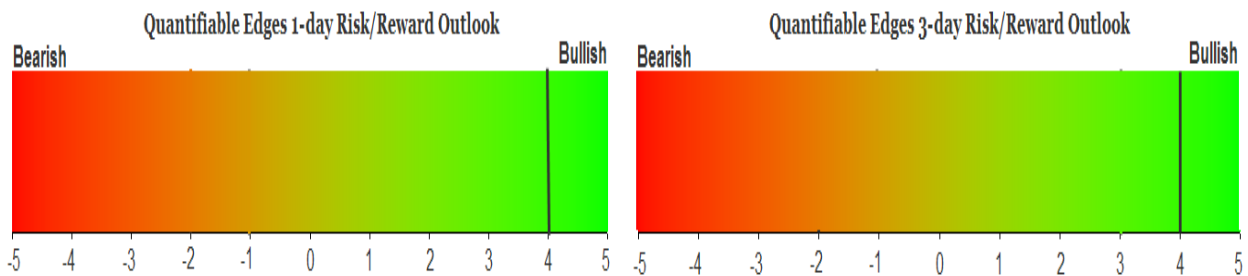
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 13, 2025

Volume 18 Issue 194

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- Friday's action triggered a ton of bullish evidence. It was based on price action, VIX, breadth (TICK), and seasonality.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I really like the long side.

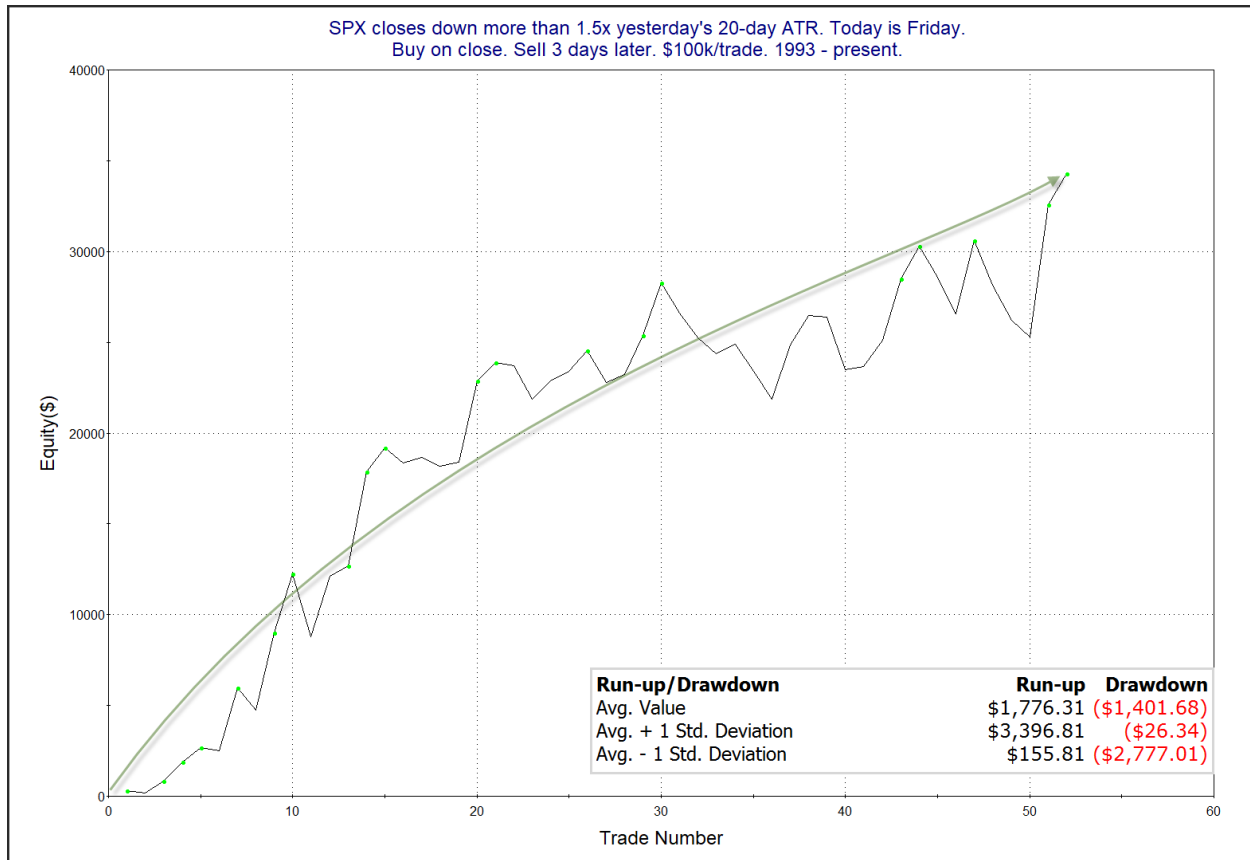
The Evidence

Friday was a bloodbath. SPX lost 2.7%, the NASDAQ fell 3.6%, and the Russell 2000 dropped 3.0%. Breadth was weak as the NYSE Up Issues % closed at 15% and the NYSE Up Volume % posted a 13% reading. NYSE total volume rose a good bit from Thursday's level.

There were several studies that triggered this weekend. I will cover the ones that I consider the most relevant and interesting below. One Quantifinder study looked at large drops on Fridays. Both the Crash of '29 and the Crash of '87 happened on Monday. The Crash of '87 is still remembered by some traders that are active today (old farts). In 1987, there was a strong selloff on Friday and then all hell broke loose on Monday. But since then, strong Friday selloffs have more often been followed by bounces in the following days. Perhaps this is due to the fact that fear of a crash causes what might otherwise be an ordinary selloff to become exaggerated and overdone on Fridays. Or perhaps it is just that people don't want to hold over the weekend. Whatever the reason, there has been a tendency to bounce. In recent years the bounce has not always occurred on Monday. Sometimes we saw more selling on Monday before the rebound started on Tuesday. The study below was last discussed in the 2/24/25 subscriber letter. It defines a strong selloff as more than 1.5x the recent (20-day) average true range. Results are updated.

SPX closes down more than 1.5x yesterday's 20-day ATR. Today is Friday. 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
10	59,337.89	50	33	17	66.00	9,241.60	-6,049.40	3,049.68	-2,429.51	1.26	2.44	1,186.76
9	60,709.65	50	33	17	66.00	7,602.40	-5,483.80	2,929.46	-2,115.44	1.38	2.69	1,214.19
8	67,736.18	50	34	16	68.00	7,949.70	-3,550.72	2,851.86	-1,826.70	1.56	3.32	1,354.72
7	56,032.25	50	32	18	64.00	7,662.81	-4,599.52	2,869.95	-1,989.22	1.44	2.56	1,120.64
6	57,398.46	50	35	15	70.00	8,870.96	-4,202.80	2,538.76	-2,097.22	1.21	2.82	1,147.97
5	40,138.75	52	33	19	63.46	5,496.32	-6,368.04	2,348.00	-1,965.54	1.19	2.07	771.90
4	33,869.16	52	35	17	67.31	5,731.96	-6,520.68	1,865.37	-1,848.16	1.01	2.08	651.33
3	34,282.57	52	31	21	59.62	7,273.58	-3,492.36	2,044.79	-1,386.00	1.48	2.18	659.28
2	11,454.51	52	30	22	57.69	6,245.15	-5,163.50	1,372.33	-1,350.69	1.02	1.39	220.28
1	13,967.38	52	39	13	75.00	3,322.23	-4,074.84	782.78	-1,273.94	0.61	1.84	268.60

The numbers here are all impressive and suggest a bullish bias. Below is a look at the 3-day returns.



Despite the chop, there is a fairly persistent rise here from lower left to upper right. This study still appears worth some consideration.

It is also worth noting that such strong Friday selloffs have been rare when SPX has been in a long-term uptrend. The study below looks at all instances where SPX declined 2.5% or more on a Friday but still closed above its 200ma.

SPX closes down > 2.5% on a Friday. Close > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1988 - 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	27,067.09	11	9	2	81.82	5,499.84	-321.03	3,059.65	-234.88	13.03	58.62	2,460.64
9	28,550.90	11	10	1	90.91	4,900.80	-1,934.01	3,048.49	-1,934.01	1.58	15.76	2,595.54
8	34,157.96	11	10	1	90.91	5,982.72	-1,584.27	3,574.22	-1,584.27	2.26	22.56	3,105.27
7	35,249.64	11	10	1	90.91	5,956.07	-1,218.87	3,646.85	-1,218.87	2.99	29.92	3,204.51
6	32,406.43	11	10	1	90.91	5,461.44	-1,900.08	3,430.65	-1,900.08	1.81	18.06	2,946.04
5	29,752.17	11	10	1	90.91	4,687.33	-1,693.89	3,144.61	-1,693.89	1.86	18.56	2,704.74
4	27,218.67	11	10	1	90.91	4,731.13	-668.16	2,788.68	-668.16	4.17	41.74	2,474.42
3	21,795.37	11	10	1	90.91	4,277.94	-1,067.49	2,286.29	-1,067.49	2.14	21.42	1,981.40
2	16,124.03	11	9	2	81.82	3,585.76	-835.20	1,890.95	-447.24	4.23	19.03	1,465.82
1	10,623.86	11	10	1	90.91	2,753.79	-1,801.24	1,242.51	-1,801.24	0.69	6.90	965.81

While it says “1988 – present”, I actually looked back to 1961. There were no instances prior to 1989. The numbers appear strongly bullish and consistent. Below is a look at all 11 instances along with their 7-day returns.

SPX closes down > 2.5% on a Friday. Close > 200ma. Buy on close. Sell 7 days later. \$100k/trade. 1988 - present.				
Date	Trade	Price	% Chg	RunUp/ DrawDn
10/13/1989	Buy	\$333.64	3.01%	\$4,538.82
10/24/1989	Sell	\$343.69		(\$1,949.48)
11/15/1991	Buy	\$382.62	-1.22%	\$722.97
11/26/1991	Sell	\$377.95		(\$2,871.00)
3/8/1996	Buy	\$633.51	2.87%	\$3,559.19
3/19/1996	Sell	\$651.69		(\$736.33)
4/11/1997	Buy	\$737.65	5.01%	\$4,993.65
4/22/1997	Sell	\$774.64		(\$554.85)
8/15/1997	Buy	\$900.81	1.36%	\$4,291.26
8/26/1997	Sell	\$913.02		(\$829.17)
1/9/1998	Buy	\$927.69	4.64%	\$5,447.37
1/21/1998	Sell	\$970.78		(\$1,590.02)
1/28/2000	Buy	\$1,360.16	6.00%	\$5,961.91
2/8/2000	Sell	\$1,441.75		(\$738.03)
10/19/2007	Buy	\$1,500.61	2.03%	\$2,907.96
10/30/2007	Sell	\$1,531.01		(\$729.30)
10/30/2009	Buy	\$1,036.19	5.48%	\$5,782.08
11/10/2009	Sell	\$1,093.01		(\$653.76)
6/24/2016	Buy	\$2,037.30	3.06%	\$3,499.09
7/6/2016	Sell	\$2,099.73		(\$2,235.38)
8/23/2019	Buy	\$2,847.11	3.18%	\$3,266.20
9/4/2019	Sell	\$2,937.78		\$0.00

I see nothing concerning here. Aside from the lone loser in 1991, returns were strong across the board. There were not a few outliers skewing the returns. The numbers were impressive and I have added this study to the active list.

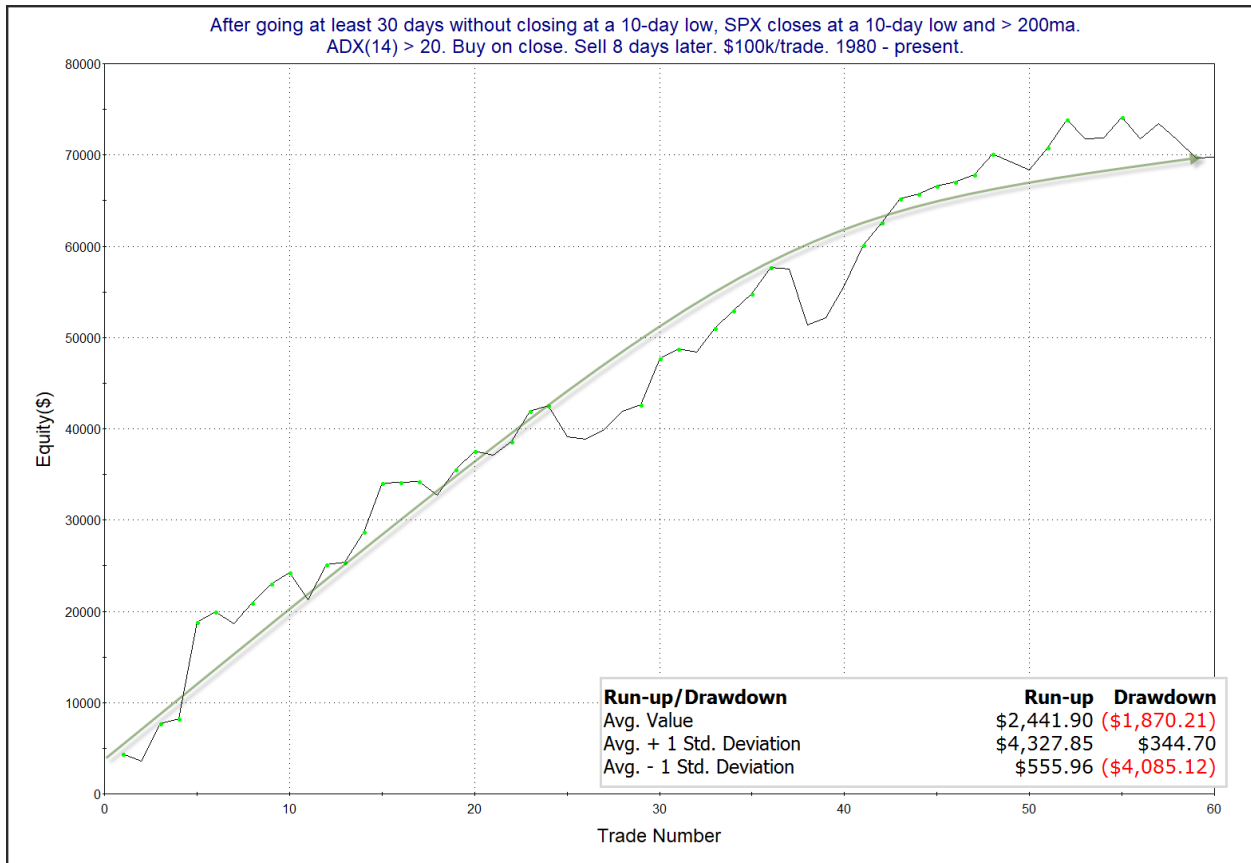
Friday marked the 1st time SPX closed at a 10-day low since August 21st. Before Friday, SPX had gone 34 trading days without closing at a 10-day low. That is a long time. Historically the 1st pullback to a 10-day low after a long time without one has provided a solid upside edge. In the past I also found that the edge is more prevalent when SPX has been trending than when it has been chopping sideways for an extended period. I used ADX to determine trend strength. I found

that a reading of 20 or higher seemed to be a decent filter. I last shared the study below in the 4/5/24 letter. Results are updated.

After going at least 30 days without closing at a 10-day low, SPX closes at a 10-day low and > 200ma.
ADX(14) > 20. Buy on close. Sell X days later. \$100k/trade. 1980 - 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	75,596.44	60	39	21	65.00	12,395.76	-5,362.24	2,747.59	-1,502.83	1.83	3.40	1,259.94
9	72,161.34	60	41	19	68.33	10,529.82	-3,753.36	2,446.11	-1,480.49	1.65	3.57	1,202.69
8	69,796.05	60	44	16	73.33	10,554.48	-6,117.72	2,205.51	-1,702.90	1.30	3.56	1,163.27
7	50,696.05	60	41	19	68.33	7,743.24	-8,141.12	2,149.81	-1,970.85	1.09	2.35	844.93
6	49,979.08	60	41	19	68.33	5,893.74	-4,111.40	1,872.09	-1,409.30	1.33	2.87	832.98
5	42,370.51	60	39	21	65.00	4,608.35	-3,502.11	1,781.69	-1,291.20	1.38	2.56	706.18
4	35,616.87	60	43	17	71.67	4,690.50	-2,617.20	1,495.15	-1,686.74	0.89	2.24	593.61
3	19,476.92	60	40	20	66.67	3,940.55	-4,464.88	1,162.42	-1,350.99	0.86	1.72	324.62
2	5,436.92	60	36	24	60.00	3,744.45	-7,559.56	963.33	-1,218.46	0.79	1.19	90.62
1	1,834.84	60	33	27	55.00	2,287.60	-2,758.48	731.43	-826.01	0.89	1.08	30.58

The numbers here are quite good, suggesting a short-term upside edge. Below is an 8-day profit curve.



This curve appears persistent despite struggling a little in the last few instances. I have added this study to the active list.

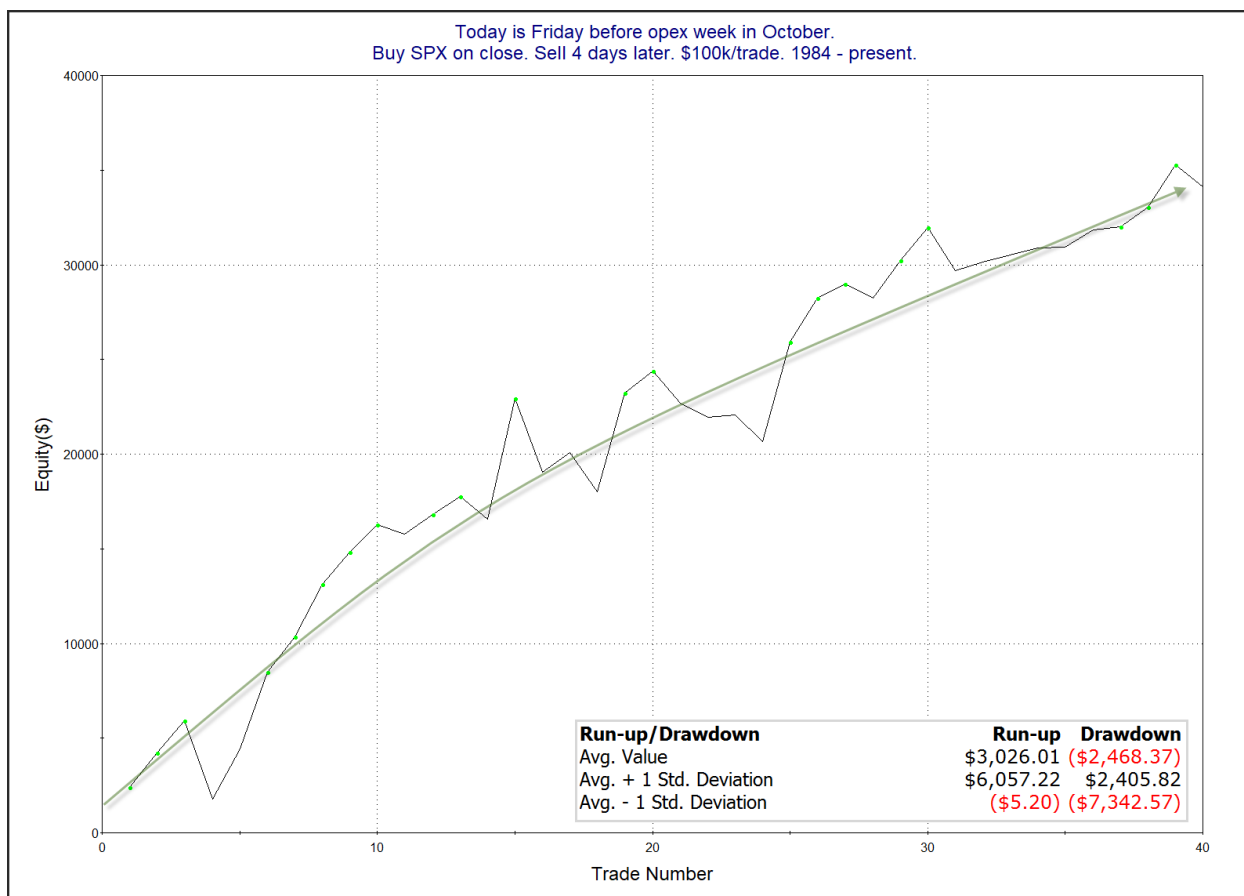
But it is also notable that next week is options expiration. October Opex has seen the 6th best average gains of any week of the year, looking back to 1985. This can be seen in the chart below, which I copied from the 9/29/25 letter a few weeks ago.

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

The study below looks at October Opex from 1984 – present. It is updated from the 10/16/23 letter.

Today is Friday before opex week in October. Buy SPX on close. Sell X days later. \$100/trade. 1984 - 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	31,784.26	41	31	10	75.61	7,282.10	-9,109.98	1,983.32	-2,969.85	0.67	2.07	775.23
4	34,587.96	41	30	11	73.17	6,383.20	-4,169.79	1,812.75	-1,799.49	1.01	2.75	843.61
3	16,114.68	41	27	14	65.85	3,026.43	-3,734.78	1,236.44	-1,233.51	1.00	1.93	393.04
2	31,949.52	41	28	13	68.29	10,965.69	-1,737.36	1,488.24	-747.79	1.99	4.29	779.26
1	25,448.44	41	29	12	70.73	11,558.43	-1,921.32	1,126.46	-601.59	1.87	4.53	620.69

Results 1-4 days out look solid. I found the profit curve for the 4-day hold the most compelling. It can be found below.



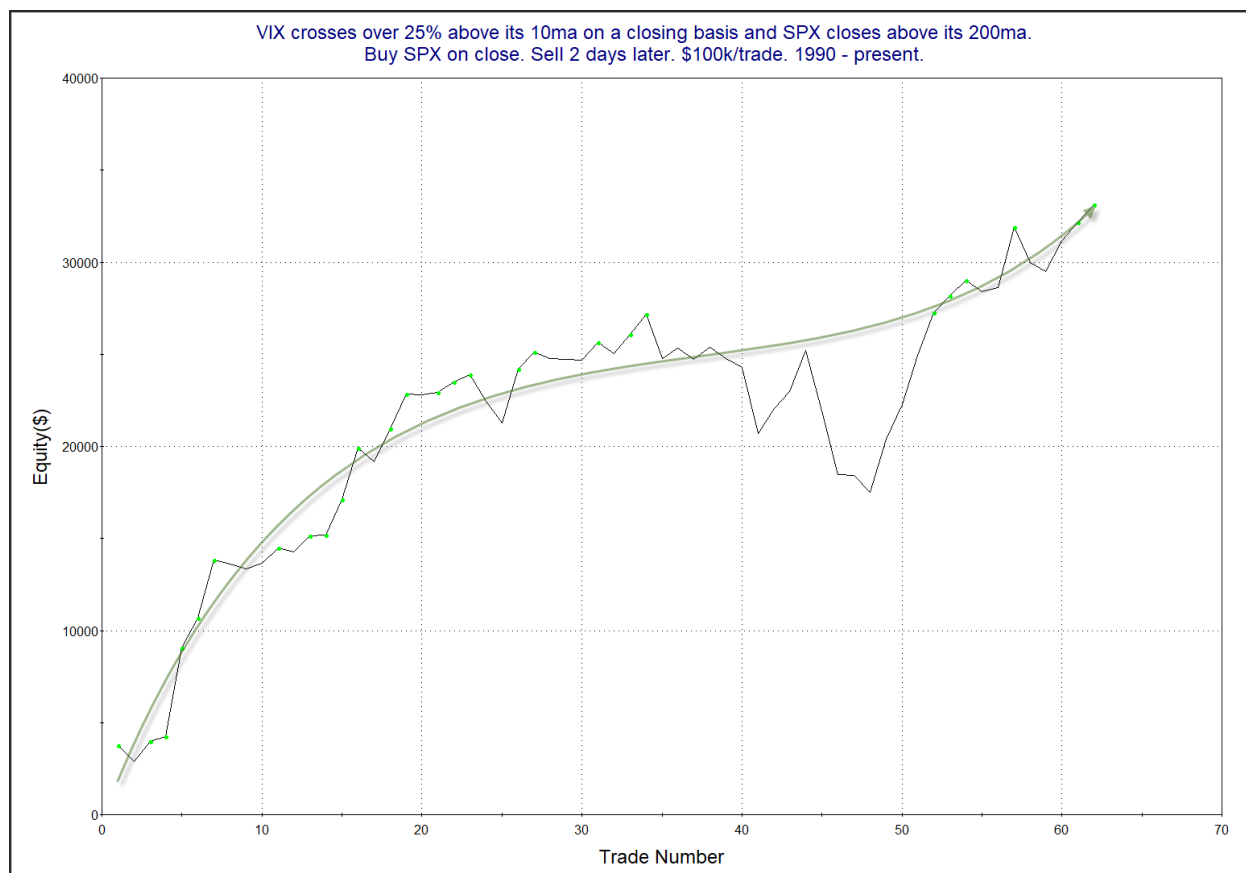
That is an impressive move from lower left to upper right. I have included this study on the active list tonight.

While the SPX declined sharply, the VIX index rose sharply. In fact, it closed 27.4% above its 10-day moving average. The study below examined stretches of 25% or more. I've shown it several times in the past, and have updated the results.

VIX crosses over 25% above its 10ma on a closing basis and SPX closes above its 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 1990 - present.

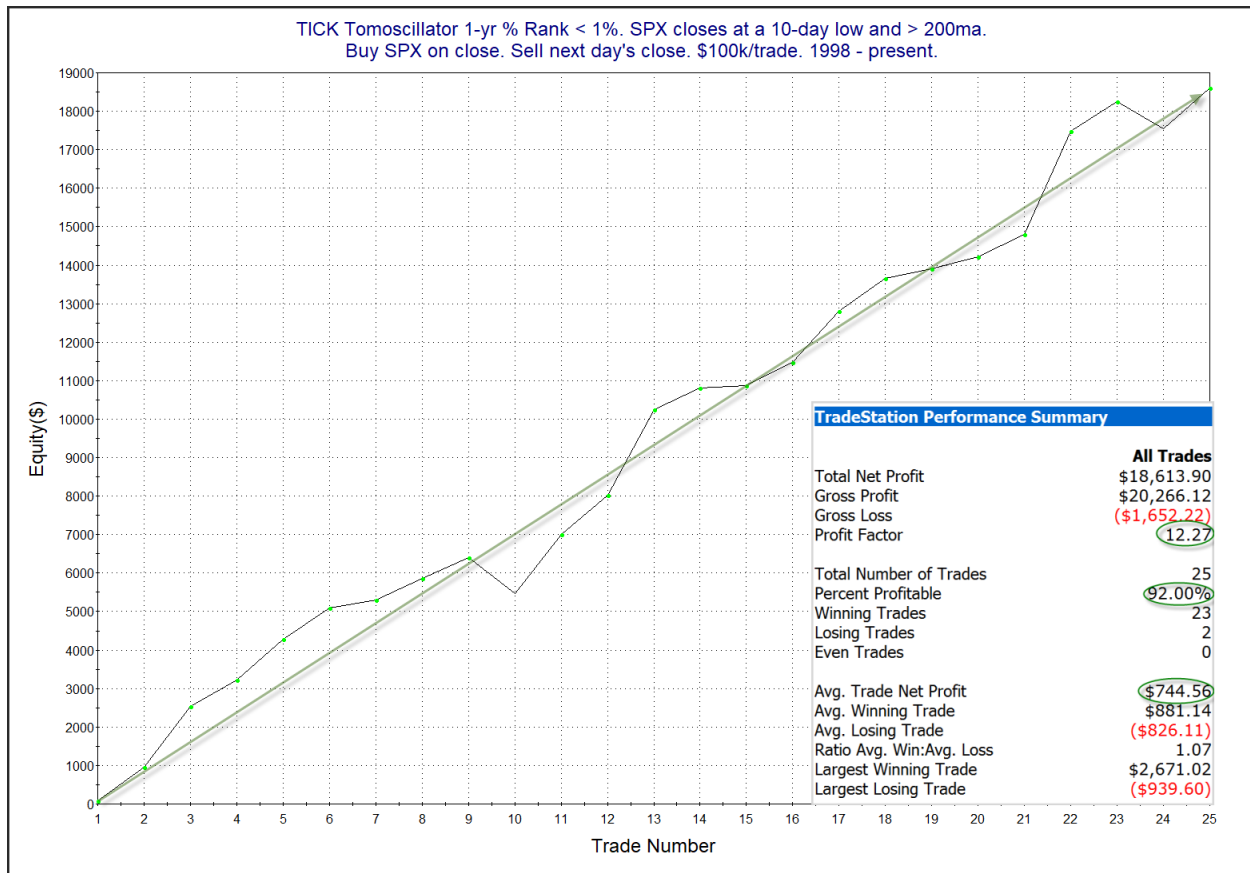
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	44,510.96	56	33	23	58.93	7,070.28	-5,132.88	2,248.69	-1,291.13	1.74	2.50	794.84
4	37,408.77	57	37	20	64.91	4,690.50	-8,150.10	2,009.20	-1,846.57	1.09	2.01	656.29
3	28,063.29	57	36	21	63.16	3,940.55	-7,413.90	1,672.29	-1,530.43	1.09	1.87	492.34
2	33,125.82	62	38	24	61.29	4,809.66	-3,591.06	1,513.76	-1,016.54	1.49	2.36	534.29
1	14,424.83	62	39	23	62.90	5,117.46	-4,074.84	1,015.87	-1,095.40	0.93	1.57	232.66

The numbers look solid. Bounces seem to have been the norm under these circumstances. Below is a profit curve that assumes a 2-day exit strategy.



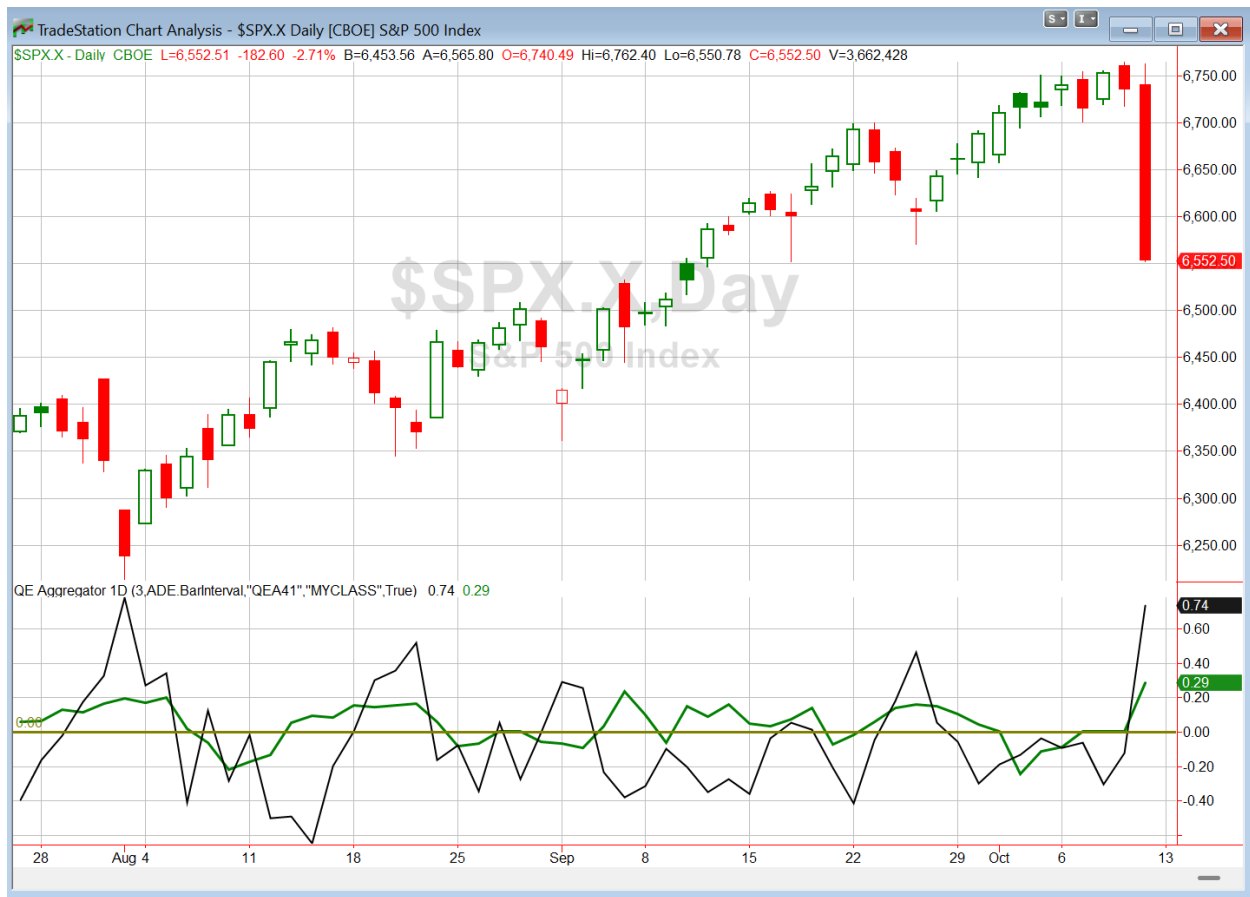
Despite the chop, performance lately has been strong, and the curve is back new highs. I have included this study on the Active List also.

There was also a study that used the TICK TomOscillator. The TICK Tomoscillator is the brain child of my friend and fellow market analyst, Tom McClellan of McClellan Financial Publications ([click for Tom's article on the indicator](#)). It uses the NYSE closing TICK readings to measure recent end-of-day sentiment. I first introduced the TICK Tomoscillator in the 4/19/11 subscriber letter. For those that are not familiar with the TICK Tomoscillator, you may find a detailed description in [the May 13, 2011 blog](#). The Tomoscillator % Rank Thursday came in below 1%, meaning Thursday's reading is among the lowest 1% in the last year. The study below uses the Tomoscillator % Rank reading rather than just the raw reading...



With 23 of 25 instances closing up the next day, there has been a strong bullish inclination. I have added this study to the active list.

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



With a boatload of bullish studies triggering, the green Aggregator Line is now far above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is also far 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 slated to remain positive on Monday. That is highly unlikely to change. Meanwhile, the Differential Pivot will be 6743.25 on Monday. That is 2.9% above Friday's close. Therefore, SPX will need to close up over 2.9% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Lots of compelling evidence and a strongly oversold market. This appears to be a compelling opportunity. Traders could certainly look to take advantage if a decent entry price is available on Monday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/13 – *bullish*

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

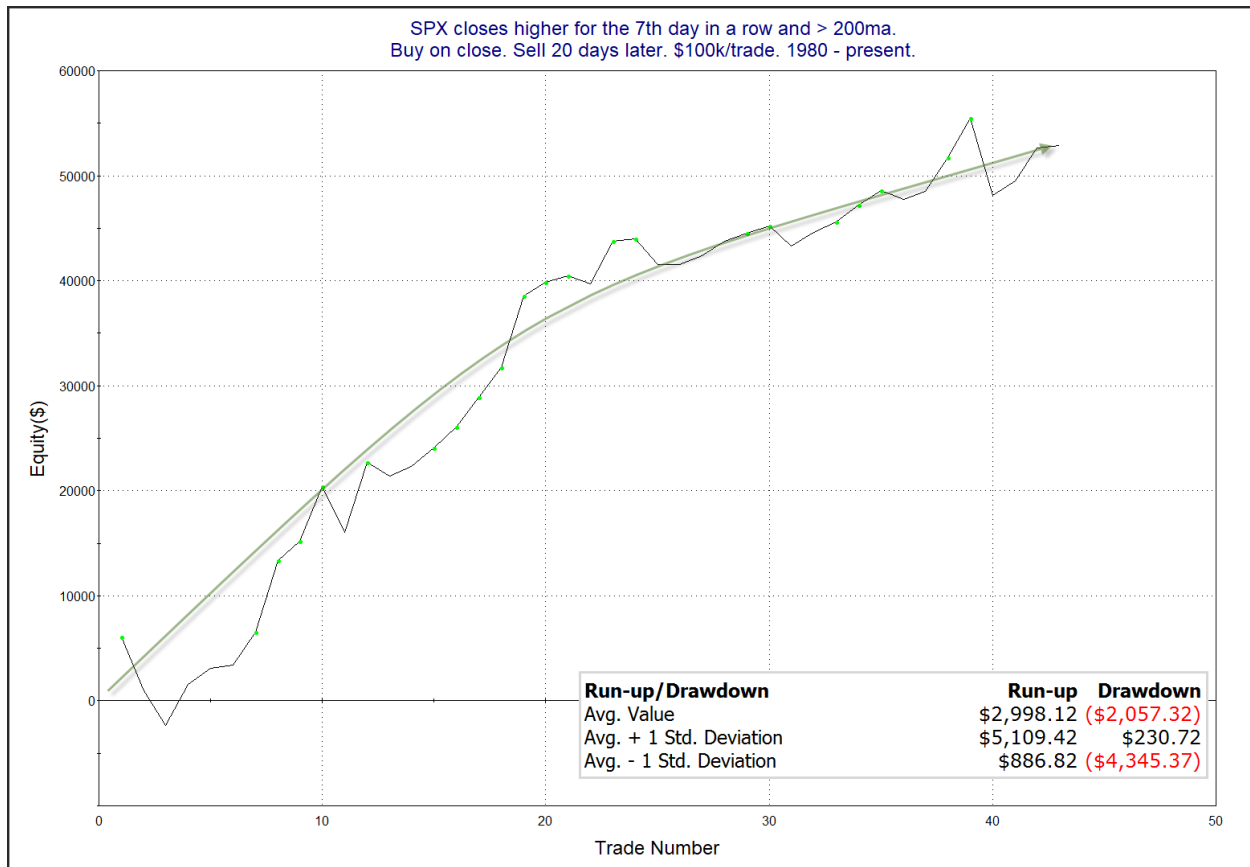
Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course,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

Friday forced a down week for the market. The SPX declined 2.4%, the NASDAQ dropped 2.5%, and the Russell 2000 tumbled 3.3%. Bonds posted gains. The US Aggregate Bond ETF (AGG) climbed 0.25%. TLT, the 20-year Treasury Bond ETF, jumped 1.4%. The indices made new all-time high early in the week, so the long-term uptrend appears intact. There were a couple of studies that triggered with intermediate-term implications. This first one was from Monday night’s letter.

Monday marked the 7th day in a row in which SPX closed higher. Looking back to 1980, there have been 46 previous streaks of 7-day rallies where SPX closed above the 200ma. The study below was last seen in the 11/27/24 letter. I have updated the stats table.

SPX closes higher for the 7th day in a row and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1980 - 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
20	52,872.86	43	34	9	79.07	6,854.40	-7,384.97	2,365.11	-3,060.11	0.77	2.92	1,229.60
19	54,685.11	43	33	10	76.74	7,580.16	-6,695.96	2,603.51	-3,123.06	0.83	2.75	1,271.75
18	48,009.34	43	30	13	69.77	8,006.40	-7,608.86	2,553.65	-2,200.01	1.16	2.68	1,116.50
17	47,185.97	44	31	13	70.45	7,422.72	-7,532.75	2,503.27	-2,339.64	1.07	2.55	1,072.41
16	40,664.52	44	28	16	63.64	6,021.12	-6,880.25	2,543.54	-1,909.67	1.33	2.33	924.19
15	39,261.69	44	30	14	68.18	6,197.76	-5,270.75	2,281.55	-2,084.63	1.09	2.35	892.31
14	30,061.69	45	34	11	75.56	5,439.96	-5,279.12	1,909.05	-3,167.82	0.60	1.86	668.04
13	31,503.43	45	30	15	66.67	5,349.12	-4,228.00	1,903.05	-1,705.88	1.12	2.23	700.08
12	34,924.74	45	31	14	68.89	5,794.56	-4,104.27	1,835.45	-1,569.58	1.17	2.59	776.11
11	29,842.68	46	28	18	60.87	5,750.00	-3,989.73	1,995.96	-1,446.90	1.38	2.15	648.75
10	25,484.46	46	29	17	63.04	5,076.56	-4,247.60	1,826.06	-1,615.97	1.13	1.93	554.01
9	29,621.59	46	33	13	71.74	4,669.08	-4,677.12	1,535.64	-1,619.57	0.95	2.41	643.95
8	22,812.46	46	31	15	67.39	5,222.40	-4,726.96	1,430.45	-1,435.42	1.00	2.06	495.92
7	19,208.92	46	34	12	73.91	3,635.40	-6,521.20	1,268.63	-1,993.71	0.64	1.80	417.59
6	16,923.60	46	31	15	67.39	3,501.08	-4,932.76	1,165.85	-1,281.18	0.91	1.88	367.90
5	23,412.22	46	35	11	76.09	3,582.84	-2,665.71	1,021.44	-1,121.64	0.91	2.90	508.96
4	14,986.18	46	32	14	69.57	3,720.08	-3,022.92	826.84	-819.49	1.01	2.31	325.79
3	15,984.17	46	30	16	65.22	2,917.08	-2,626.02	906.84	-701.32	1.29	2.42	347.48
2	4,797.18	46	24	22	52.17	1,998.39	-1,508.17	598.90	-435.29	1.38	1.50	104.29
1	-2,383.83	46	21	25	45.65	1,606.89	-840.84	363.91	-401.04	0.91	0.76	-51.82

No apparent edge over the 1st few days, but the market has typically pressed higher over the intermediate term. Momentum this strong often sees follow through. Below is a look at the 20-day profit curve.



More confirmation that suggests the strong momentum is a positive sign for the intermediate-term.

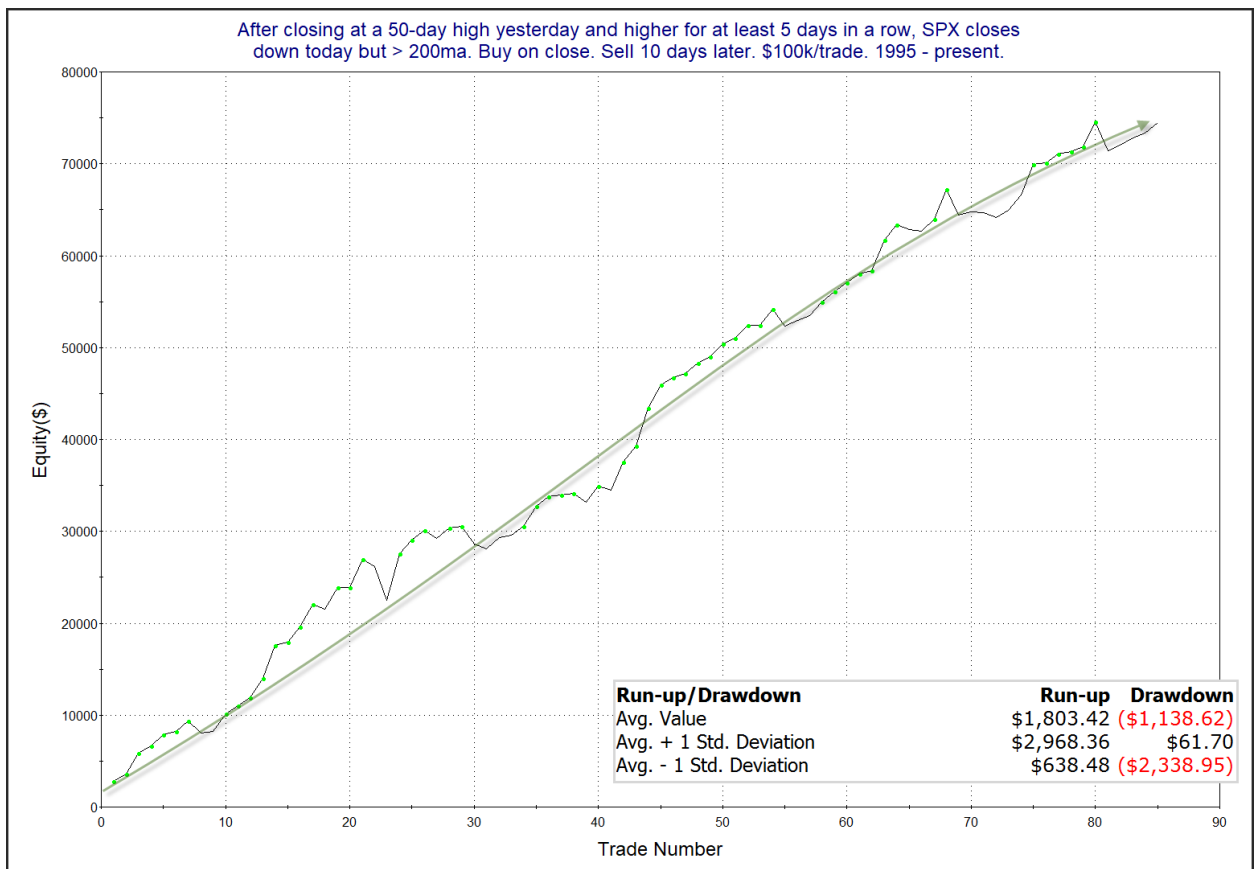
I also discussed another study with intermediate-term implications on Wednesday night...

Last night I mentioned a study from the 7/30/25 letter. I did not have time to update it in the abbreviated Tuesday edition of the letter. The study examined what happens after the market moves up at least 5 days in a row to a 50-day high, and then pulls back. I have updated the stats in the table below.

After closing at a 50-day high yesterday and higher for at least 5 days in a row, SPX closes down today but > 200ma. Buy on close. Sell X days later. 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
10	74,448.67	85	69	16	81.18	5,131.35	-3,672.90	1,370.55	-1,257.46	1.09	4.70	875.87
9	70,152.30	89	71	18	79.78	5,023.20	-4,151.40	1,341.06	-1,392.37	0.96	3.80	788.23
8	60,070.31	90	62	28	68.89	4,878.08	-4,874.10	1,452.62	-1,071.14	1.36	3.00	667.45
7	46,715.19	93	63	30	67.74	3,874.76	-4,511.36	1,282.75	-1,136.61	1.13	2.37	502.31
6	45,791.60	95	66	29	69.47	4,307.20	-3,637.71	1,182.38	-1,111.92	1.06	2.42	482.02
5	34,126.90	95	62	33	65.26	4,252.50	-4,717.16	1,052.40	-943.10	1.12	2.10	359.23
4	35,898.52	95	60	35	63.16	3,843.00	-3,003.39	1,048.05	-770.99	1.36	2.33	377.88
3	15,238.24	95	56	39	58.95	2,472.85	-2,202.24	842.62	-819.20	1.03	1.48	160.40
2	21,009.76	95	61	34	64.21	2,437.50	-2,614.95	761.82	-748.86	1.02	1.83	221.16
1	12,915.82	95	60	34	63.16	1,751.19	-1,744.10	508.08	-516.74	0.98	1.74	135.96

We see here a decent edge that becomes stronger and more consistent as you look out over the next several days. The 9-10 day time frame shows exceptional stats. Below is a look at the 10-day profit curve.

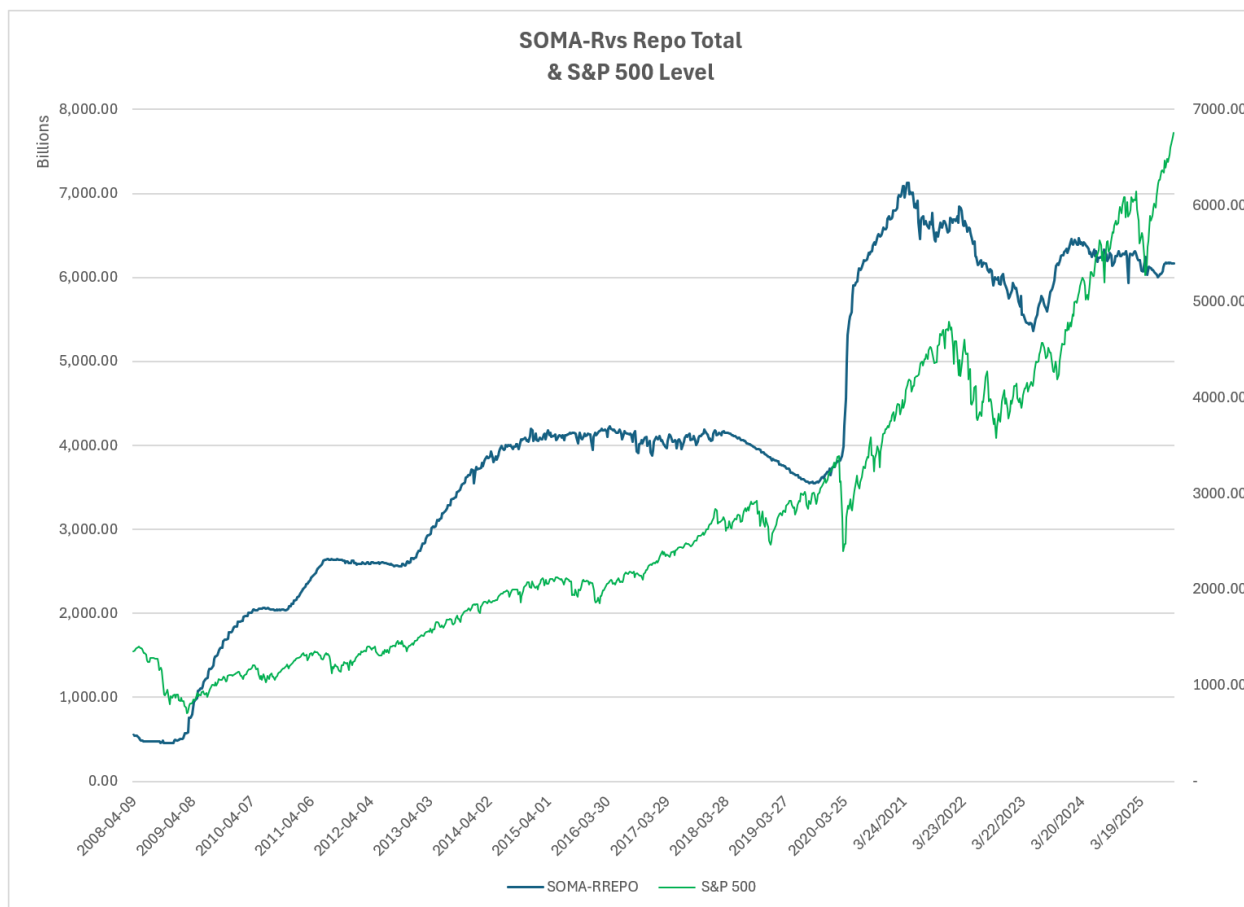


The strong upslope appears to confirm the bullish edge. This study was added to the intermediate-term active list.

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

Domestic Security Holdings as of	
◀ Previous	October 8, 2025 <small>Posted October 9, 2025 at 4:30 PM</small>
<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; padding-bottom: 5px;"> SUMMARY T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS </div>	
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	195,492,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,566,099,541.8
US Treasury Floating Rate Notes (FRNs)	12,575,703.6
US Treasury Inflation-Protected Securities (TIPS)*	310,501,343.0
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,078,092,682.7
Agency Commercial Mortgage-Backed Securities***	7,890,514.2
Total SOMA Holdings	6,172,999,712.1
	No change

The SOMA account holdings did not change this past week. Meanwhile, reverse repos fell by \$5 billion for the week ending 10/8/25. A decline in reverse repos can act as a liquidity injection. Combined for the week, SOMA and reverse repo action accounted for a small liquidity infusion of about \$5 billion (through Wednesday the 1st). 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 at their lowest level in years. So this liquidity pump is nearly dry. But the Fed has other tools to provide liquidity that could be put to work. 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, additional cuts are appearing more and more certain. October odds are 98% that rates will be reduced $\frac{1}{4}$ point. Meanwhile, December odds show a 98% chance they will be $\frac{1}{2}$ point lower. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

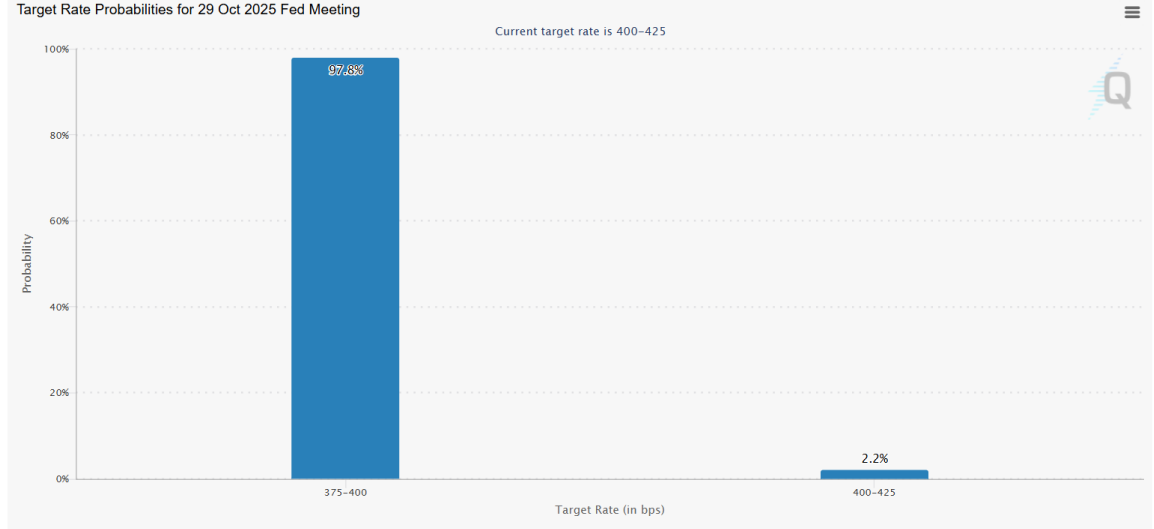


Target Rate: 29 Oct25, 10 Dec25, 28 Jan26, 18 Mar26, 29 Apr26, 17 Jun26, 29 Jul26, 16 Sep26, 28 Oct26, 9 Dec26, 27 Jan27, 17 Mar27, 28 Apr27, 9 Jun27, 28 Jul27, 15 Sep27

- Current
- Compare
- Probabilities
- Aggregated

MEETING INFORMATION							PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI		EASE	NO CHANGE	HIKE
29 Oct 2025	ZQV5	31 Oct 2025	95.9188	92,749	632,520		97.8 %	2.2 %	0.0 %

- Historical
- Downloads
- Prior Hikes
- Dot Plot
- Chart
- Table
- Tools
- CVOL
- SOFR Watch
- ESTR Watch



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 10 OCT 2025	1 WEEK 3 OCT 2025	1 MONTH 12 SEP 2025
350-375	0.0%	0.0%	0.0%	5.5%
375-400	97.8%	98.3%	96.2%	79.0%
400-425 (Current)	2.2%	1.7%	3.8%	15.5%

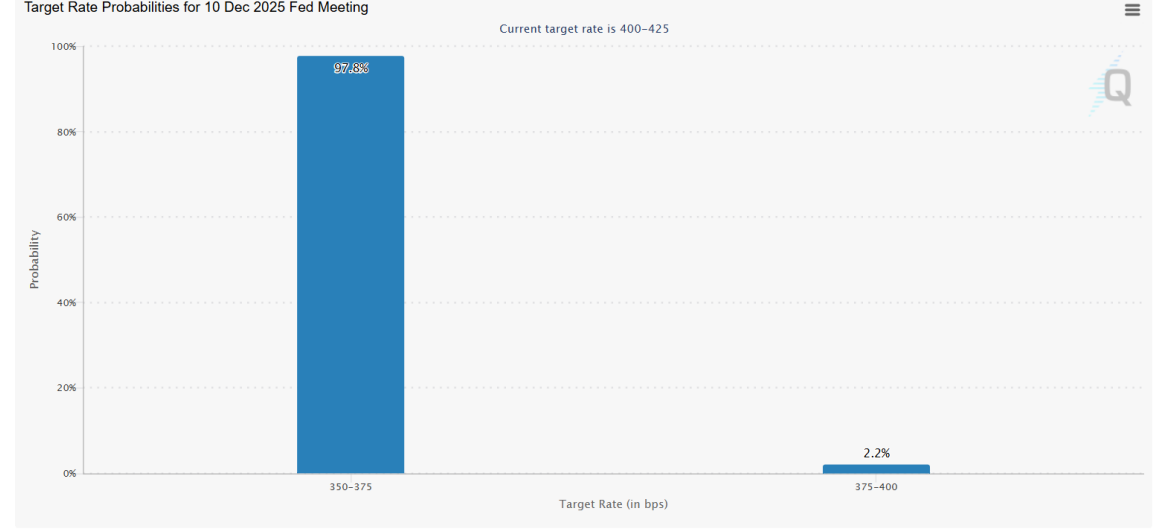


Target Rate: 29 Oct25, 10 Dec25, 28 Jan26, 18 Mar26, 29 Apr26, 17 Jun26, 29 Jul26, 16 Sep26, 28 Oct26, 9 Dec26, 27 Jan27, 17 Mar27, 28 Apr27, 9 Jun27, 28 Jul27, 15 Sep27

- Current
- Compare
- Probabilities
- Aggregated

MEETING INFORMATION							PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI		EASE	NO CHANGE	HIKE
10 Dec 2025	ZQZ5	31 Dec 2025	96.3075	32,971	217,621		100.0 %	0.0 %	0.0 %

- Historical
- Downloads
- Prior Hikes
- Dot Plot
- Chart
- Table
- Tools
- CVOL
- SOFR Watch
- ESTR Watch



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 10 OCT 2025	1 WEEK 3 OCT 2025	1 MONTH 12 SEP 2025
325-350	0.0%	0.0%	0.0%	5.1%
350-375	97.8%	91.7%	86.3%	74.0%
375-400	2.2%	8.1%	13.3%	19.8%
400-425 (Current)	0.0%	0.1%	0.4%	1.0%

* Data as of 12 Oct 2025 03:05:17 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 the government now “shut down”, the Fed is not going to receive as much data. So changing tack will be more difficult without new information.

Intermediate-term evidence is again mostly bullish. More bullish momentum studies emerged this past week. 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. Government shutdowns have not typically been a major problem for the market in the past, but if it drags on a long time, then it certainly could create issues. Stock valuations are also at levels that could be considered very high. Substantial volatility can re-emerge at any time – and Friday is an example of how fast things can change. 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 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 (bought @ limit)

HD – 1/3 @ \$409.77 (bought @ limit)

CMCSA – 1/3 @ \$30.40 (bought @ limit)

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

Additional New Trade Ideas

SPY – Buy ¼ index position @ 653.02 LIMIT. I will look to take on some SPY exposure if I can get filled at Friday’s closing price or better.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
LOW(1/3)	9/23/2025	\$259.56	\$232.22	-10.53%	Catapult
LOW(1/3)	9/24/2025	\$258.29	\$232.22	-10.09%	Catapult
LOW(1/3)	9/25/2025	\$257.33	\$232.22	-9.76%	Catapult
HD(1/3)	9/25/2025	\$406.79	\$375.75	-7.63%	Catapult
CMCSA(1/3)	10/10/2025	\$30.08	\$29.46	-2.06%	Catapult

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