

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 16, 2025

Volume 18 Issue 197

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	2

## Tonight's Research Points

- Big drops like we saw a few days ago followed consolidations over the next 3 days is something that has typically been followed by a move higher.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. Evidence is pointing higher but SPX is now short-term overbought. We could easily see the Aggregator turn back to bullish if SPX fails to rally on Thursday.

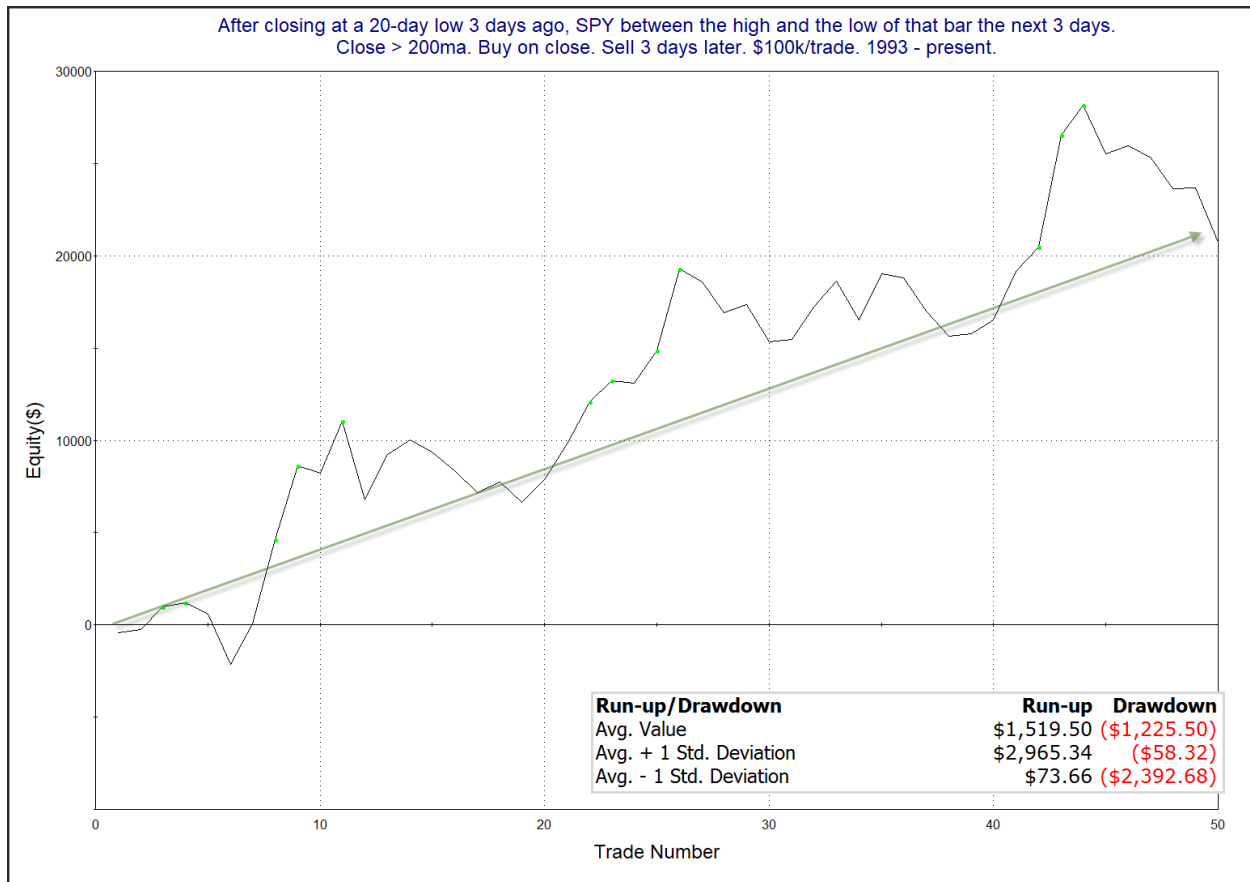
## The Evidence

Wednesday saw the market close mostly higher. SPX gained 0.4%, the NASDAQ rose 0.7%, and the Russell 2000 rallied 1.0%. Breadth was positive as the NYSE Up Issues % closed at 58% and the NYSE Up Volume % posted a 57% reading. NYSE total volume rose some from Tuesday's level.

After a large drop on Friday, the market has bounced around, but it has remained within the range of that one day. This triggered a study we saw last in the 7/31/24 letter. It looked at other times a big drop like last Friday was followed by sideways movement. I have updated the study below.

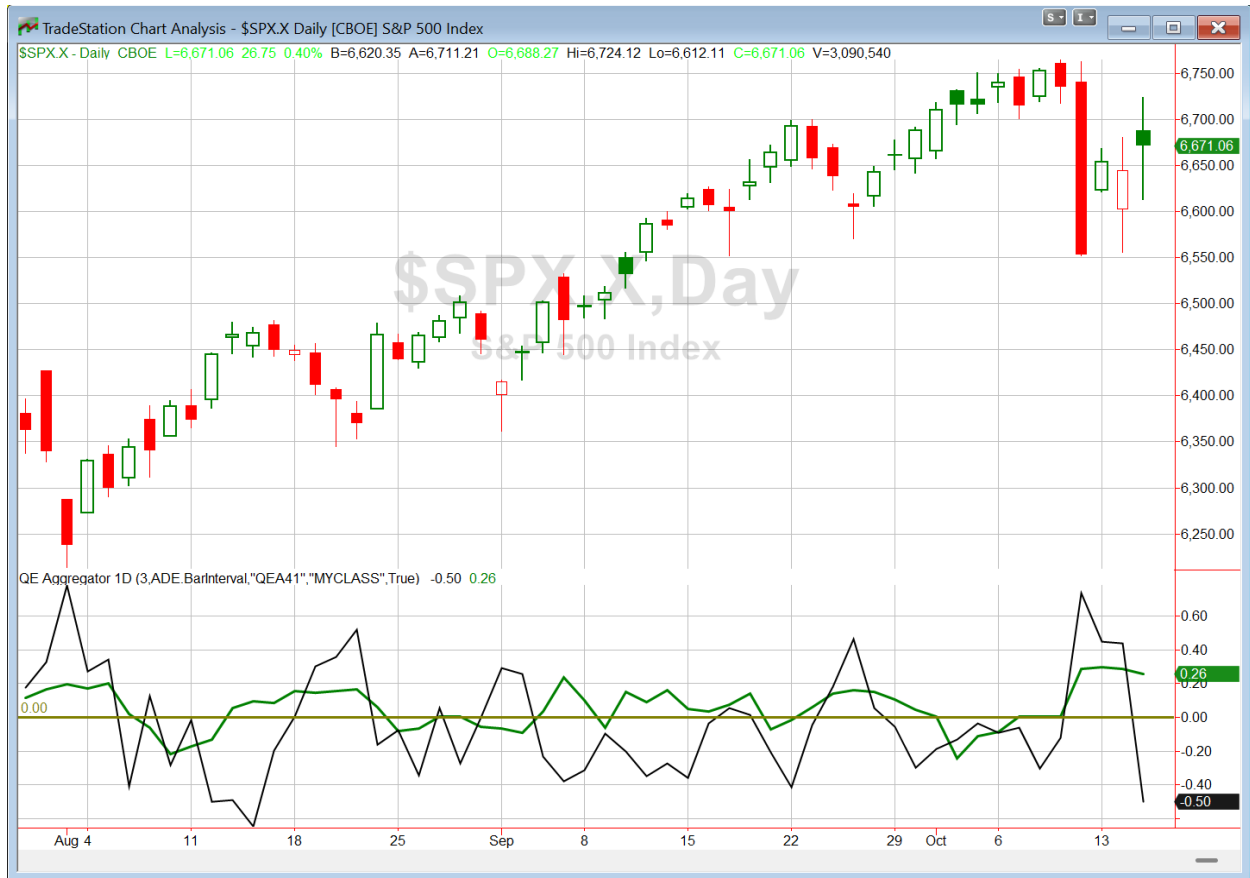
After closing at a 20-day low 3 days ago, SPY between the high and the low of that bar the next 3 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	35,141.70	49	34	14	69.39	7,356.72	-4,326.19	1,962.08	-2,254.94	0.87	2.11	717.18
4	18,433.36	50	31	19	62.00	6,027.92	-4,530.08	1,851.57	-2,050.80	0.90	1.47	368.67
3	20,724.11	50	29	21	58.00	6,052.08	-4,248.64	1,761.07	-1,445.09	1.22	1.68	414.48
2	17,563.81	51	32	19	62.75	4,932.84	-3,460.00	1,350.58	-1,350.25	1.00	1.68	344.39
1	11,375.88	53	29	22	54.72	2,355.32	-2,653.82	1,005.86	-808.82	1.24	1.64	214.64

Closing 3 times between the high and low of the bar that put us at a 20-day low means 1) the selloff day was probably large, and 2) the market has been moving moderately higher or sideways since. Results here seem to favor the bull case. I also examined the profit curves. They have seen some struggles in recent instances. The 3-day can be found below.



The curve has been choppy, and it is starting to falter. I decided to include this study on the Active List tonight. With the other studies already on there, it did not really matter whether I included it or not. I will likely suspend or drop this study in the near future if it does not get back on track quickly. But the recent struggles are not completely out of character just yet. So it is still alive...for now.

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



With tonight's evidence considered, the green Aggregator Line remained far above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive and SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current active list, expectations are slated to remain positive on Thursday. That is unlikely to change. Meanwhile, the Differential Pivot will be *inverted* at 6694.. That is 0.35% *above* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up at least 0.35% in order to remain overbought. Anything other than that and it will flip to oversold versus recent expectations as of Thursday's close.

So the Aggregator is neutral. All the evidence over the last few days has been bullish, and tonight's study is no exception. So odds suggest higher prices over the short-term. Of course the overbought SPX makes long positions less desirable. Unless SPX rallies on Thursday we could easily see the Aggregator formation turn back to "Long". But it is not there yet. I'll wait and see what happens before initiating my next move.

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

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

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

*New*

ABBV – 1/3 @ \$226.22 (buy @ limit)

### ***Broad Market Large Cap CBI – 2 (CMCSA, ABBV)***

## **Additional New Trade Ideas**

**ABBV – Buy 1/3 Catapult position @ \$226.22 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of ABBV.

## **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
LOW(1/3)	9/23/2025	\$259.56	\$241.51	-6.95%	<i>sold on open</i>
LOW(1/3)	9/24/2025	\$258.29	\$241.51	-6.50%	<i>sold on open</i>
LOW(1/3)	9/25/2025	\$257.33	\$241.51	-6.15%	<i>sold on open</i>
HD(1/3)	9/25/2025	\$406.79	\$389.23	-4.32%	<i>sold on open</i>
CMCSA(1/3)	10/10/2025	\$30.08	\$29.72	-1.20%	Catapult
SPY(1/4)	10/14/2025	\$662.23	\$665.17	0.44%	<i>sold on close</i>

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