

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 1, 2025

Volume 18 Issue 228

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Up 5 days in a row < a 50-day high is a setup that often sees continued momentum over the next few weeks.
- Monday after Thanksgiving is often bearish.
- Turn-of-month has not been bullish when the last day of the month closes strongly.
- The NASDAQ is back leading SPX according to our NASDAQ/SPX Lead/Lag indicator. This is an intermediate-term bullish indication.
- QT is done and the Fed is likely to cut rates further – a dovish policy approach that could be a positive for the market.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. While evidence continues to point higher, SPX is already short-term overbought.

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						
December 1, 2025	5 days higher < 50-day high > 200ma	1-10 days	Bullish	2.50%	-1.40%	-2.65%
December 1, 2025	Monday after Thanksgiving bearish	1 day	Bearish			
November 28, 2025	3 up from 50-low. NR7	1-3 days	Bullish	1.70%	-1.10%	-3.00%
November 26, 2025	VIX 10% above to 10% below 10ma in 4 days	1-8 days	Bullish	2.00%	-1.30%	-2.60%
November 25, 2025	10-low close. Up 2 > 200ma < 50ma.	1-4 days	Bullish	1.90%	-1.00%	-2.20%
Active - Long Term						
December 1, 2025	5 days higher < 50-day high > 200ma	1-15 days	Bullish	3.30%	-1.50%	-2.90%
December 1, 2025	NASDAQ leading	int term	Bullish			
December 1, 2025	QT over. Rates dropping. Fed dovish	int term	Bullish			
November 3, 2025	Best 6 Months	1-6 months	Bullish			
October 31, 2025	Hindenburg Omen Cluster	1-35 days	Bearish	-6.90%	2.70%	4.70%
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			
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			
June 14, 2024	SPX new high with < 50% stocks > 100ma	1-18 months	Bearish			

The Evidence

Friday was a rally day. SPX rose 0.5% and eeked out a positive November, the NASDAQ gained 0.65%, and the Russell 2000 climbed 0.6%. Breadth was positive as the NYSE Up Issues % closed at 64% and the NYSE Up Volume % posted a 79% reading. NYSE total volume was light as many traders took the shortened day off.

There were a few studies that examined the strong move we have seen over the last several days. While many measures (including our own Differential tool) will consider the market short-term overbought at this point, that does NOT mean it is primed for an immediate pullback. The study below recognized the move higher over the last few days and suggested the momentum is likely to continue. It was from the 11/25/24 letter, and it looked at 5 up days that closed above the 200ma, but failed to close at a 50-day high. I have updated the results below.

SPX closes up 5 days in a row but < 50-day high. Close > 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
15	91,144.31	56	41	15	73.21	8,288.00	-3,766.10	2,687.83	-1,270.46	2.12	5.78	1,627.58
14	81,476.32	56	41	15	73.21	8,272.60	-4,738.50	2,471.87	-1,324.70	1.87	5.10	1,454.93
13	84,680.93	56	43	13	76.79	6,401.50	-3,773.44	2,449.94	-1,589.75	1.54	5.10	1,512.16
12	80,413.75	57	43	14	75.44	5,925.50	-2,944.80	2,315.76	-1,368.86	1.69	5.20	1,410.77
11	63,970.47	58	40	18	68.97	4,158.88	-4,894.24	2,156.40	-1,238.08	1.74	3.87	1,102.94
10	66,238.02	58	44	14	75.86	4,691.28	-4,684.28	1,932.91	-1,343.57	1.44	4.52	1,142.03
9	61,335.91	58	42	16	72.41	4,722.08	-4,910.55	1,997.01	-1,408.65	1.42	3.72	1,057.52
8	56,898.39	58	44	14	75.86	3,781.36	-3,376.64	1,731.74	-1,378.45	1.26	3.95	981.01
7	53,741.02	58	43	15	74.14	4,385.01	-3,500.70	1,757.28	-1,454.80	1.21	3.46	926.57
6	38,998.73	58	44	14	75.86	3,770.55	-3,366.60	1,406.87	-1,635.96	0.86	2.70	672.39
5	29,036.87	58	39	19	67.24	3,044.37	-3,496.92	1,347.85	-1,238.37	1.09	2.23	500.64
4	18,628.79	58	35	23	60.34	3,138.08	-3,330.40	1,184.61	-992.71	1.19	1.82	321.19
3	14,412.87	58	36	22	62.07	2,754.72	-3,359.36	1,003.96	-987.72	1.02	1.66	248.50
2	7,120.62	58	32	26	55.17	2,205.03	-3,748.50	844.23	-765.19	1.10	1.36	122.77
1	5,396.10	58	35	23	60.34	2,211.54	-2,200.96	602.11	-681.63	0.88	1.34	93.04

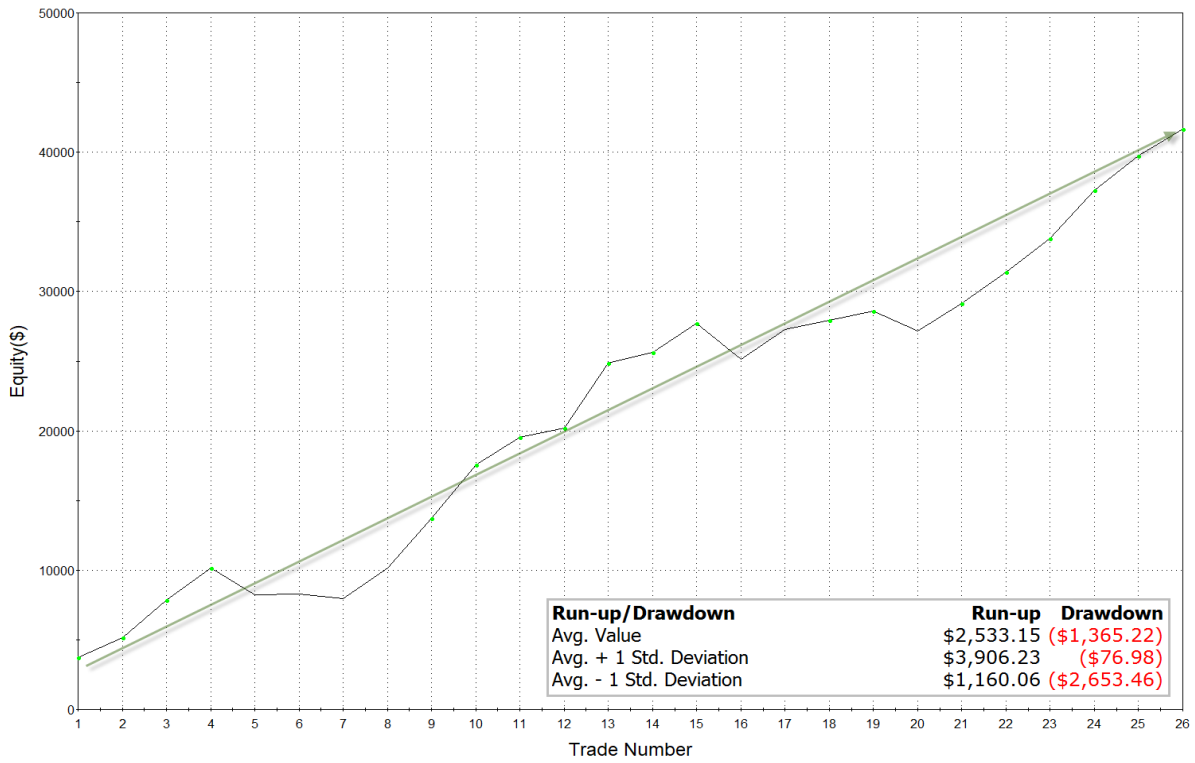
Though the 1st couple of days don't show much of an edge, these results appear to suggest a pretty consistent upside tendency over the 1-3 week period. One thing that stands out about the current rally is that it has been quite powerful compared to most. Many of the 5-day moves in the study above occurred in low-volatility markets. In the 9/16/24 letter I also filtered further to see how results appeared when the move was fairly strong. I used a 3% threshold. The last 5 days have gained 4.75%.

SPX closes up 5 days in a row but < 50-day high. Close > 200ma. The 5-day gain is > 3%.
Buy on close. Sell X days later. \$100k/trade. 1980 - present.

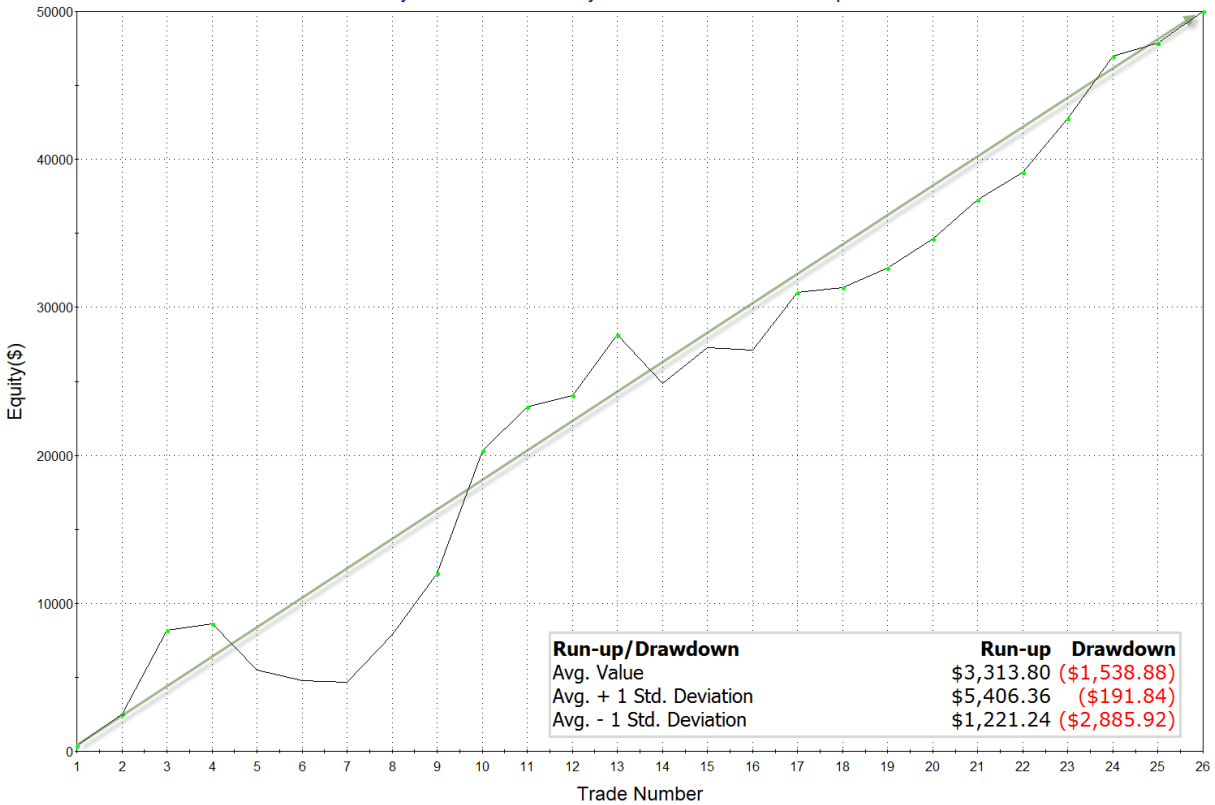
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
15	49,974.60	26	21	5	80.77	8,288.00	-3,282.90	2,730.49	-1,473.14	1.85	7.78	1,922.10
14	45,710.67	26	22	4	84.62	8,272.60	-3,691.52	2,351.07	-1,503.19	1.56	8.60	1,758.10
13	45,104.61	26	21	5	80.77	6,401.50	-3,773.44	2,540.75	-1,650.22	1.54	6.47	1,734.79
12	46,074.93	26	20	6	76.92	5,925.50	-2,877.44	2,587.01	-944.20	2.74	9.13	1,772.11
11	41,372.42	26	18	8	69.23	4,158.88	-2,485.76	2,648.51	-787.60	3.36	7.57	1,591.25
10	41,631.70	26	22	4	84.62	4,691.28	-2,533.02	2,175.22	-1,555.77	1.40	7.69	1,601.22
9	38,057.17	26	21	5	80.77	4,722.08	-3,125.76	2,200.55	-1,630.86	1.35	5.67	1,463.74
8	25,205.70	26	19	7	73.08	3,781.36	-3,376.64	1,907.16	-1,575.76	1.21	3.29	969.45
7	22,415.81	26	19	7	73.08	3,814.86	-3,500.70	1,822.13	-1,743.52	1.05	2.84	862.15
6	16,655.85	26	19	7	73.08	3,720.00	-2,882.56	1,469.65	-1,609.64	0.91	2.48	640.61
5	12,650.46	26	17	9	65.38	3,025.44	-2,664.96	1,421.39	-1,279.24	1.11	2.10	486.56
4	10,649.61	26	16	10	61.54	3,138.08	-2,002.44	1,277.92	-979.70	1.30	2.09	409.60
3	9,585.89	26	15	11	57.69	2,754.72	-2,971.50	1,317.02	-924.49	1.42	1.94	368.69
2	3,531.50	26	12	14	46.15	2,205.03	-3,748.50	1,061.87	-657.93	1.61	1.38	135.83
1	3,833.05	26	15	11	57.69	2,211.54	-1,252.30	631.79	-513.08	1.23	1.68	147.43

Results here are even more impressive than in the larger sample. The consistency and the size of the moves over the next 1-3 weeks is considerable. Below is a look at the 10 and 15-day profit curves.

SPX closes up 5 days in a row but < 50-day high. Close > 200ma. The 5-day gain is > 3%.
Buy on close. Sell 10 days later. \$100k/trade. 1980 - present.



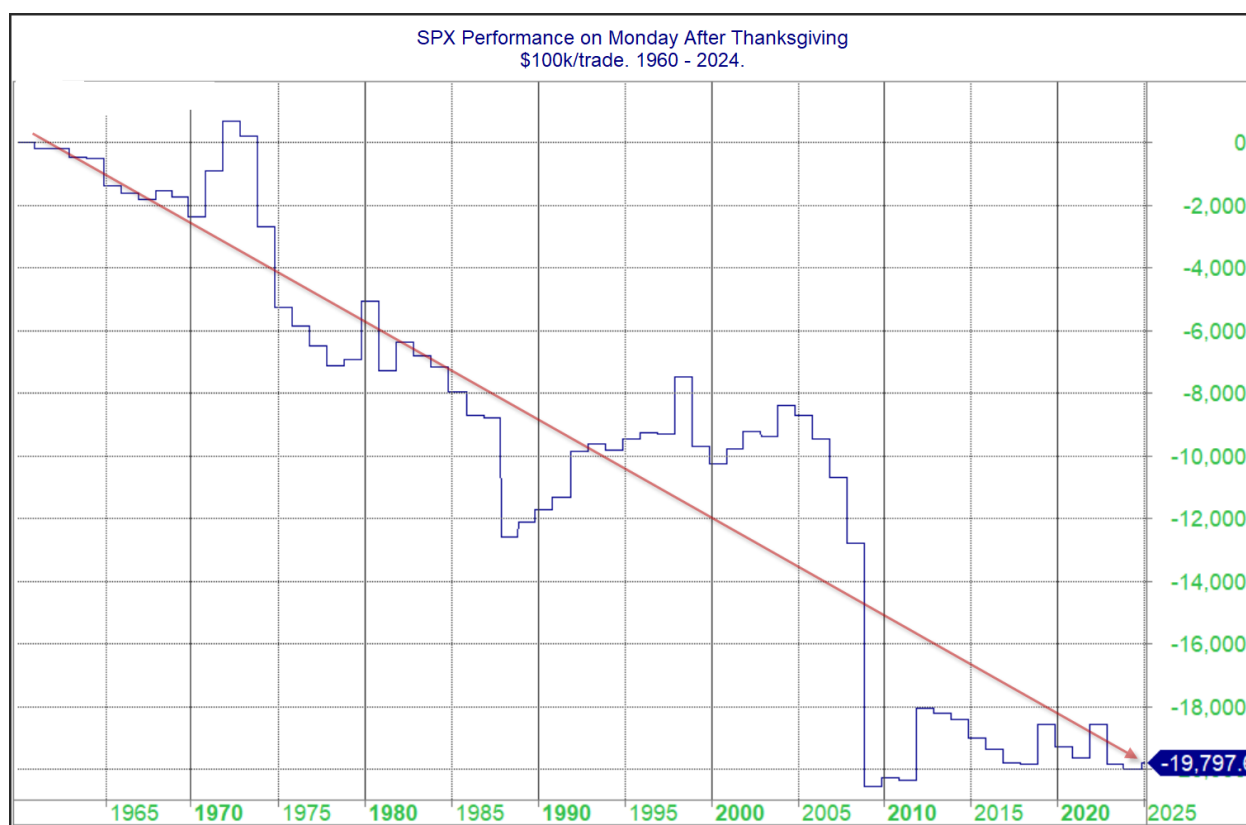
SPX closes up 5 days in a row but < 50-day high. Close > 200ma. The 5-day gain is > 3%.
Buy on close. Sell 15 days later. \$100k/trade. 1980 - present.



That is a nice move from lower left to upper right in both cases. I have included this study on the short and intermediate-term active lists.

Last weekend I noted that the Monday after Thanksgiving has had a bearish tilt historically. I copied some of that commentary below.

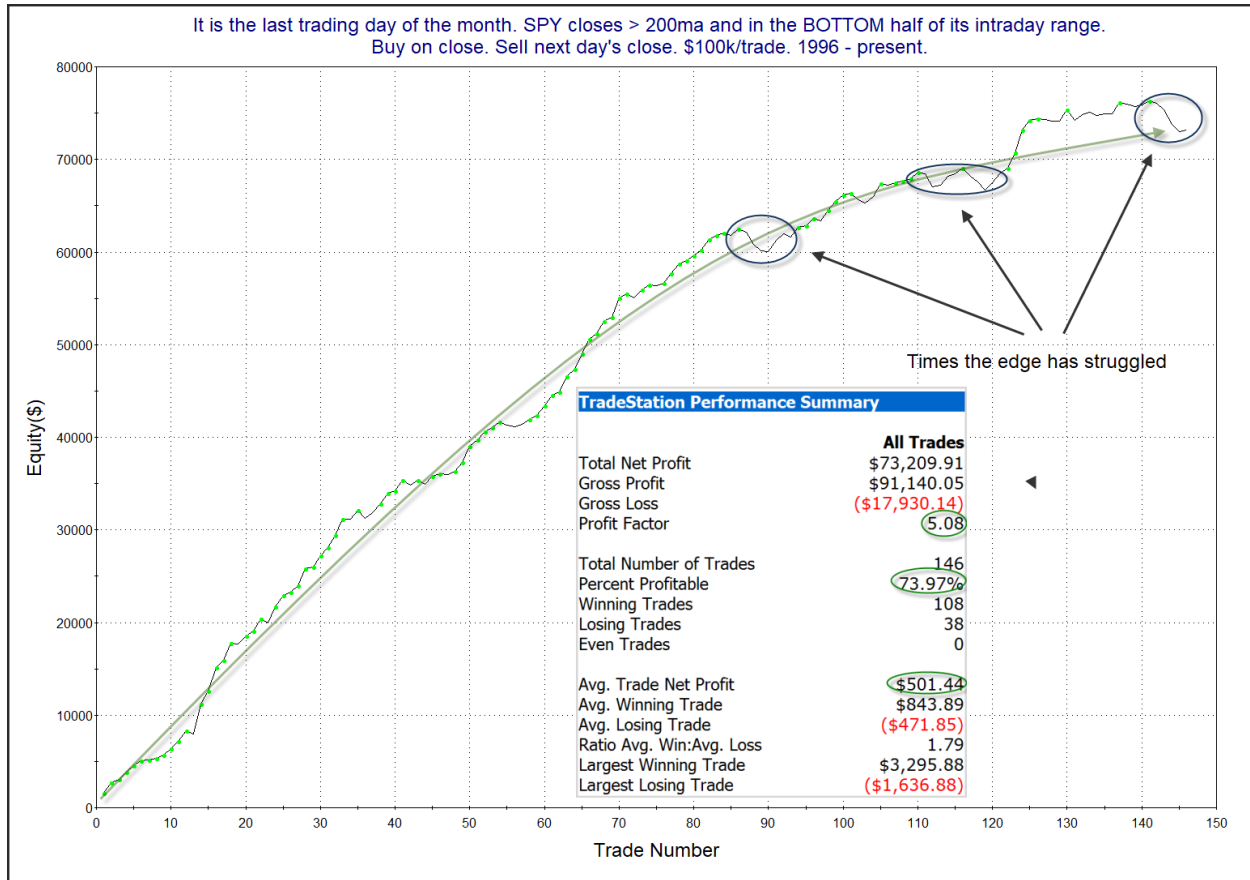
Now let's look at what has happened on the Monday after Thanksgiving.



The numbers from the results table were extremely negative, but as you can see the downside edge has not been steady at all. While the trend has been down pretty much the entire time, a large portion of the downside move is thanks to a 9% drop in 2008. And it has been a lot of sideways chop since then. So perhaps a seasonal downside edge does exist, but it is likely not as strong as the raw numbers would suggest.

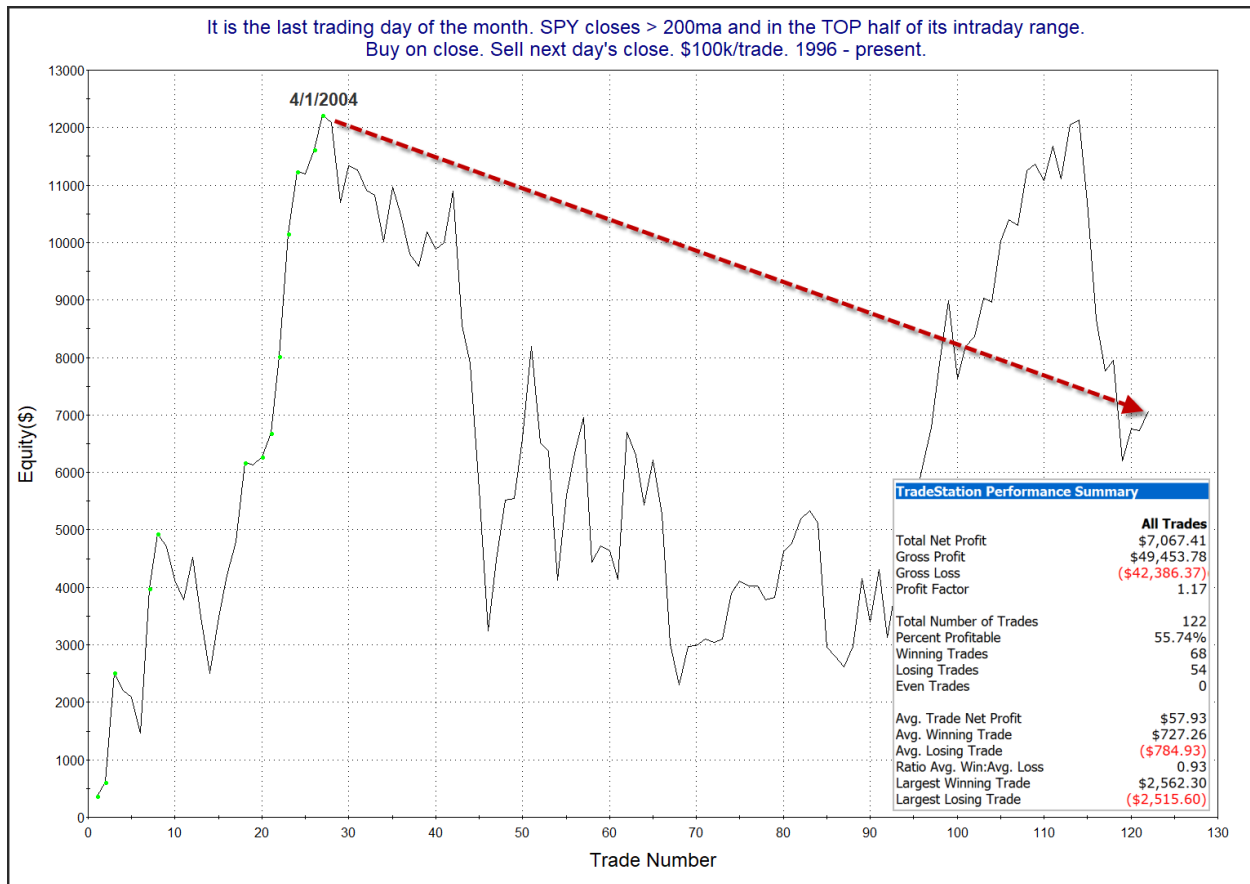
I will also note that this Monday is a little different than many post-Thanksgiving Mondays. That is because it is the 1st trading day of a new month. The 1st day of a new month is often a bullish

day. But over the years I have found the bullish tendency to be more consistent and powerful when SPY closes poorly on the last trade day of the month. The two studies below delineate between times SPY closed in the top half of its intraday range, and the bottom half. They also utilize a long-term trend filter. First, let's look at times SPY closed in the bottom half.



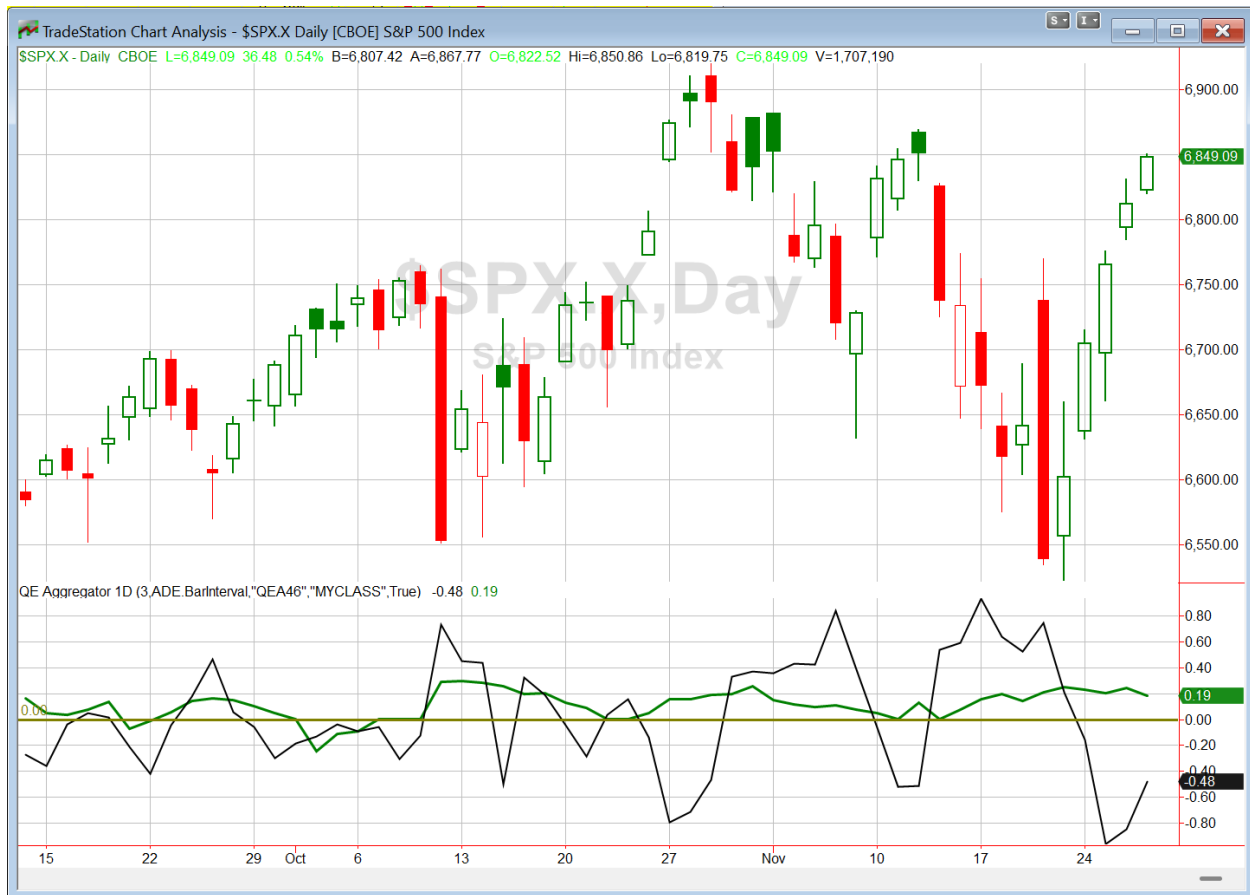
The stats here are very strong. Gains absolutely blow away losses in every category. Gross gains are over 5x the size of gross losses. That's a very impressive stat when you are looking at a sample size of 146 instances. And despite a few recent failures, the curve has shown progress over a long period of time. The current dip is not completely out of character, either. I've shown a few instances on the chart where there have been similar struggles. This setup certainly appears to provide a 1-day bullish edge.

But what about times where SPY closed in the top half of its intraday range as it did on Friday?



We see here huge inconsistency. And since 2004 there has been a sizable net loss. The 1st day of the month has performed much better with some afternoon selling leading up to the day. So it does not appear that the turn-of-month tendency will offset the post-Thanksgiving Monday bearishness.

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



With this weekend'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 held below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but 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 stayed flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Monday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6812.43. That is 0.5% below Friday's close. Therefore, SPX will need to close down over 0.5% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Evidence is bullish. But with the market rallying the last five days, it is already quite overbought on a short-term basis. So reward/risk potential is not great. I'll be waiting for a more compelling reward/risk setup before considering new short-term index trades.

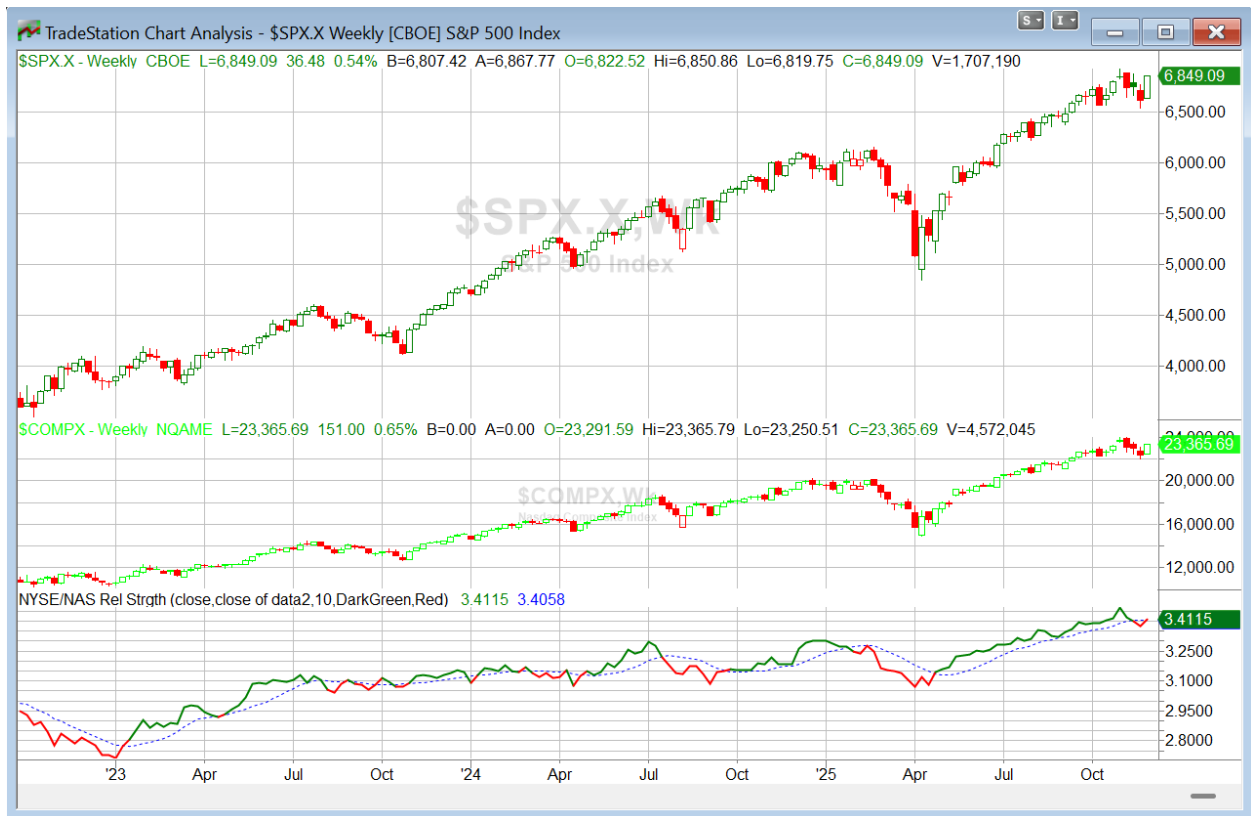
Intermediate-term Outlook (2 weeks – 2 months) – updated 12/1 – *bullish*

Combo #1	Combo #2	Combo #3	Combo #4
Long \$NDX	Long \$NDX	Long \$NDX	Long \$NDX

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. *All of the Combo signals saw changes this week to Long \$NDX.*

The major stock indices all saw strong gains this past week. The SPX rose 3.7%, the NASDAQ climbed 4.9%, and the Russell 2000 rallied 5.5%. Bonds also rose. The US Aggregate Bond ETF (AGG) gained 0.4%. TLT, the 20-year Treasury Bond ETF, jumped 0.8%. The SPX is back near its all-time highs, so the long-term uptrend appears to still be intact.

One notable indicator that changed position is our NASDAQ/SPX Relative Leadership indicator. After lagging the SPX the last 2 weeks, the NASDAQ has moved back into a leading position. This can be seen in the chart below.



The movement of the red line (which is about to turn green) above the blue dotted line is our indication that the NASDAQ is in a leading position. Since 12/31/1971, the market has performed substantially better when the NASDAQ has been leading. This can be seen in the table below.

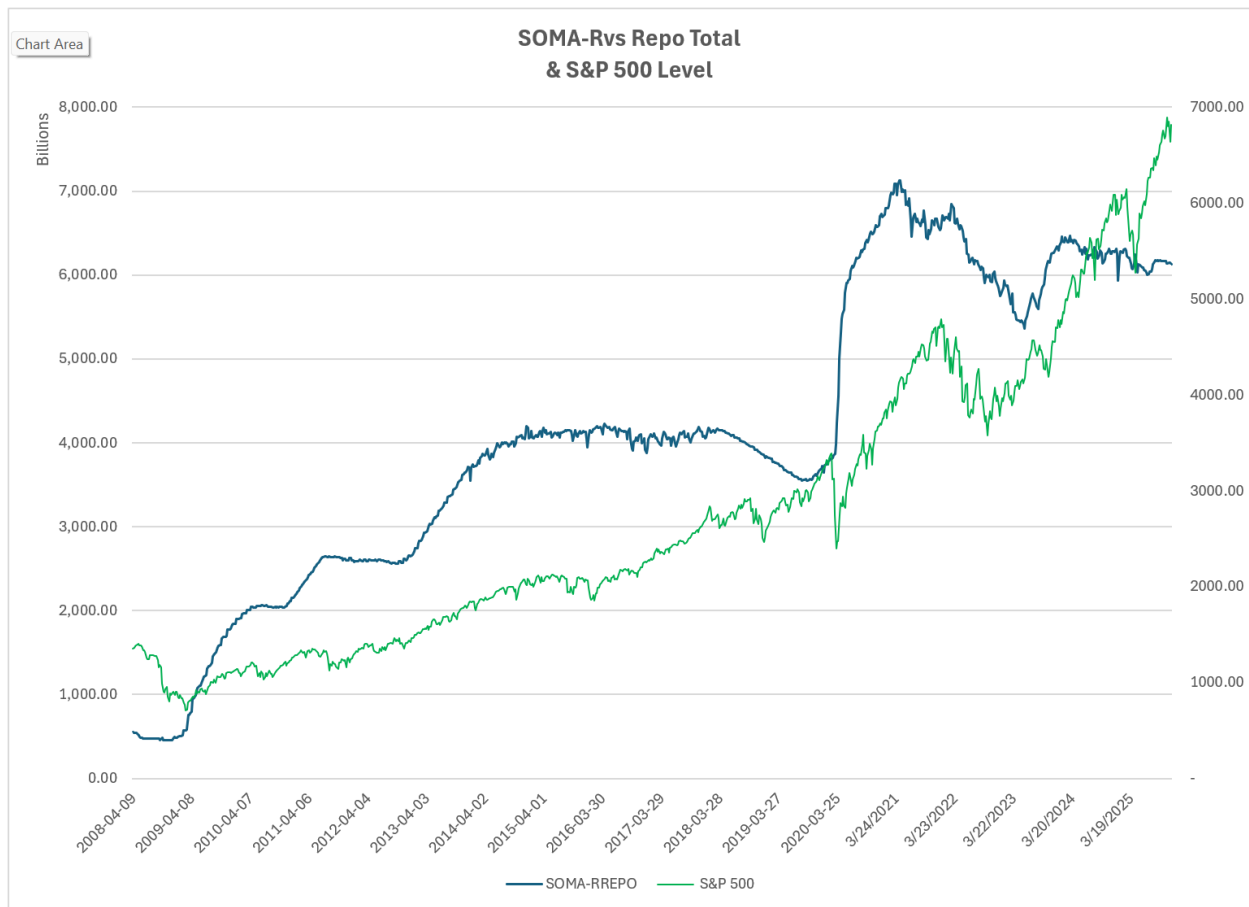
Historical Compound Returns of \$100,000 Starting Portfolio Using the NASDAQ/SPX Relative Leadership Indicator as a Filter. 12/31/71 - 4/25/25.			
	Compound Annual Growth Rate	Max Drawdown	End Value of \$100,000
S&P 500 Index	7.77%	-56.78%	\$5,412,097.31
SPX when NASDAQ lags	-0.05%	-67.21%	\$97,618.96
SPX when NASDAQ leads	7.82%	-33.92%	\$5,544,104.50
NASDAQ Composite	9.88%	-77.93%	\$15,232,158.72
NASDAQ when lagging	-1.47%	-85.53%	\$45,338.09
NASDAQ when leading	11.52%	-40.62%	\$33,596,827.95
NASDAQ when leading (with interest when in cash)*	14.02%	-37.64%	\$109,703,194.90
*interest on cash calculated at historical 30-day Fed Funds rate			

Much more on this indicator can be found in the Market Dynamics Course. (Free for all annual subscribers. If you are an annual subscriber and have any trouble accessing it, please let me know.)

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

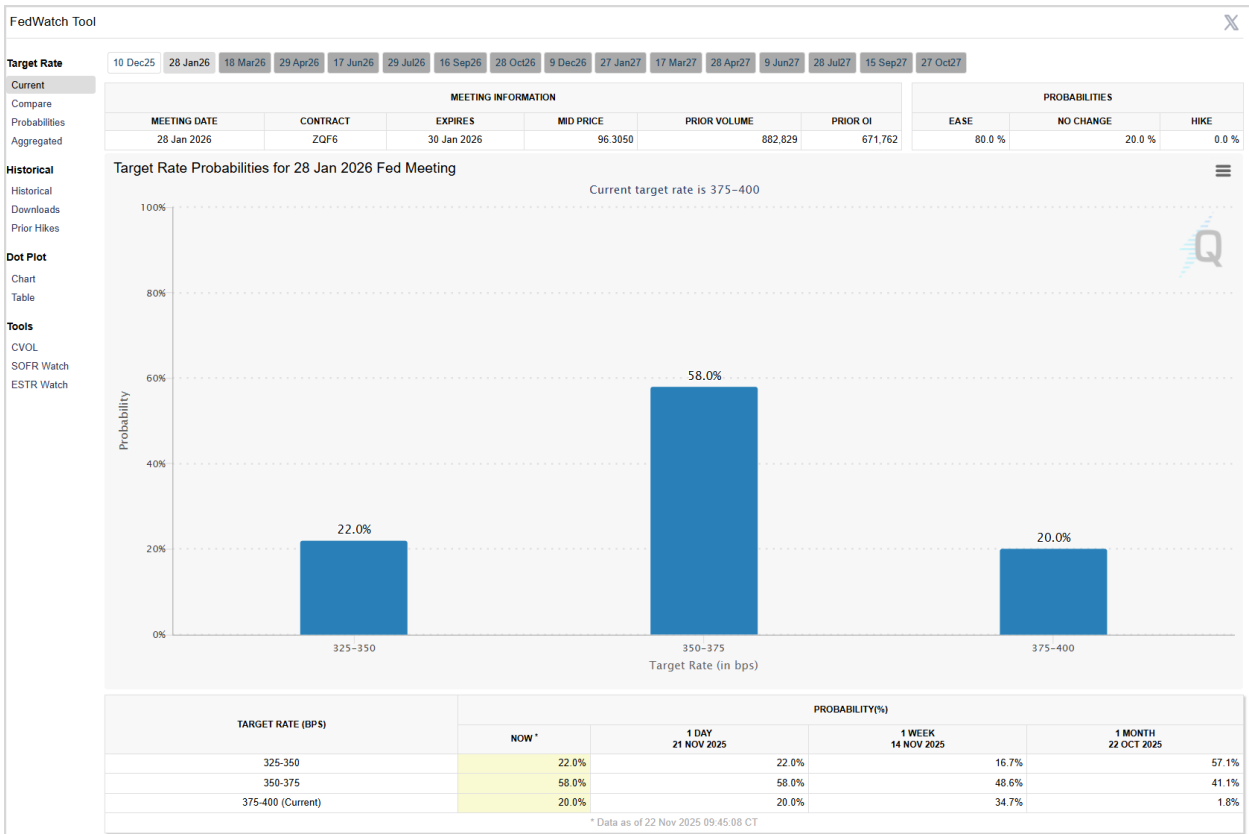
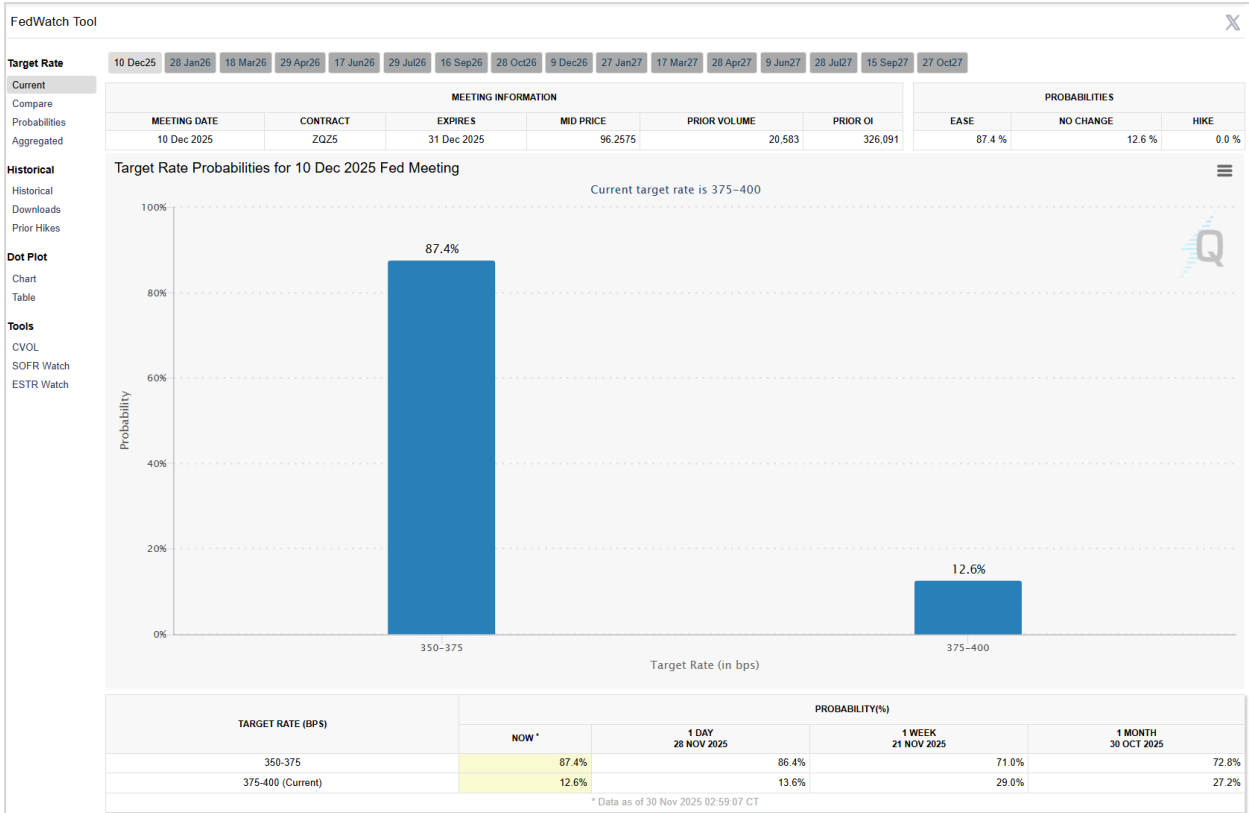
Domestic Security Holdings as of	
◀ Previous	November 26, 2025 📅
Posted November 28, 2025 at 4:30 PM	
SUMMARY T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS	
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	195,492,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,558,424,762.7
US Treasury Floating Rate Notes (FRNs)	14,298,365.0
US Treasury Inflation-Protected Securities (TIPS)*	309,716,153.4
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,045,824,659.7
Agency Commercial Mortgage-Backed Securities***	7,840,643.0
Total SOMA Holdings	6,133,944,510.4
Change From Prior Week	-16,241,440.0

The SOMA declined by \$16.2 billion this past week. Meanwhile, reverse repos rose by \$1.1 billion for the week ending 11/26/25. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a liquidity drain of about \$17.3 billion (through Wednesday the 26th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are near zero now. So unless that changes, they will not be providing much influence on liquidity flows. At the October Fed meeting, the Fed announced that Quantitative Tightening (QT) will end on December 1st. So we won't see much influence from that anymore either. So the blue line might basically move sideways from now until the Fed changes policy again. Anything other than would could be notable. I expect to see basically sideways movement for a while.

With regards to rates, additional cuts appear the more likely scenario. December odds are 87% that rates will be reduced $\frac{1}{4}$ point. That is up from 71% last week and just 44% two weeks ago. Meanwhile, January odds show a 91% chance they will be lower. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.



As we have seen over and over, odds continually shift, so we may see further refinement as we get closer to these Fed meeting dates. But right now, it appears we are highly likely to see at least one more cut.

Intermediate-term indications are starting to look more bullish. The 5-day rally study in the short-term section along with the NASDAQ taking back leadership have improved the picture from the last couple of weeks. QT is now over and the Fed appears dovish with at least one more rate cut likely. Seasonality is mixed but overall showing a bullish tilt – at least through the end of the year. Strong breadth back in April helped carry this market to new highs and beyond, but breadth recently showed split market conditions. The Hindenburg Omen cluster from the end of October is one indication of a split market, and a potentially bearish setup. The recent 5% pullback may be all the trouble that this Hindenburg Omen cluster is going to cause. We'll see. Stock valuations, geopolitics, and the economy are all potential catalysts for selling. With evidence improving this week, I am moving back to a bullish bias. This means that I will be more inclined to take advantage of long-side opportunities than shorts.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

Additional New Trade Ideas

None.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
LIN(1/3)	11/21/2025	\$407.38	\$410.32	0.72%	<i>sell on open</i>

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