

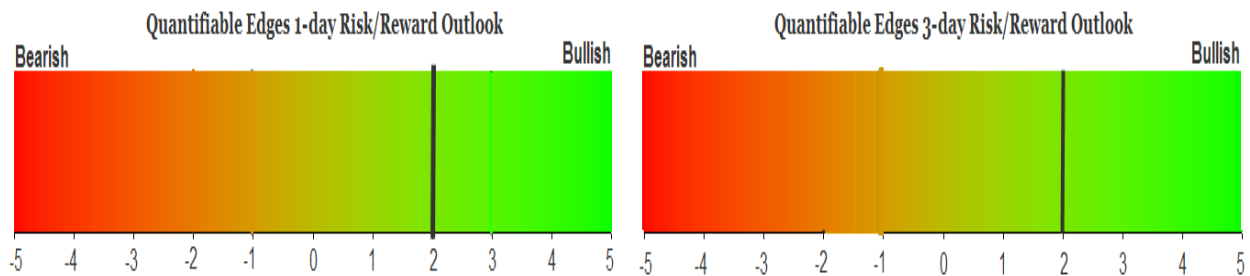
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 11, 2025

Volume 18 Issue 236

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	7

Tonight's Research Points

- The 10-day high, but not a 100-day high, on a Fed Day suggest a short-term downside edge.

Short-term Outlook

The Bottom Line

The Aggregator is still bullish. But evidence is now mixed and today's study offers a warning. Additionally, SPX will turn overbought with just about any higher close on Thursday. So the setup is not terribly strong.

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 11, 2025	10-high but not 100-high on Fed Day	1-2 days	Bearish			
December 10, 2025	1st 5-low in 10 days. Cls > 10ma	1-5 days	Bullish			
December 1, 2025	5 days higher < 50-day high > 200ma	1-10 days	Bullish	2.50%	-1.40%	-2.65%
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			

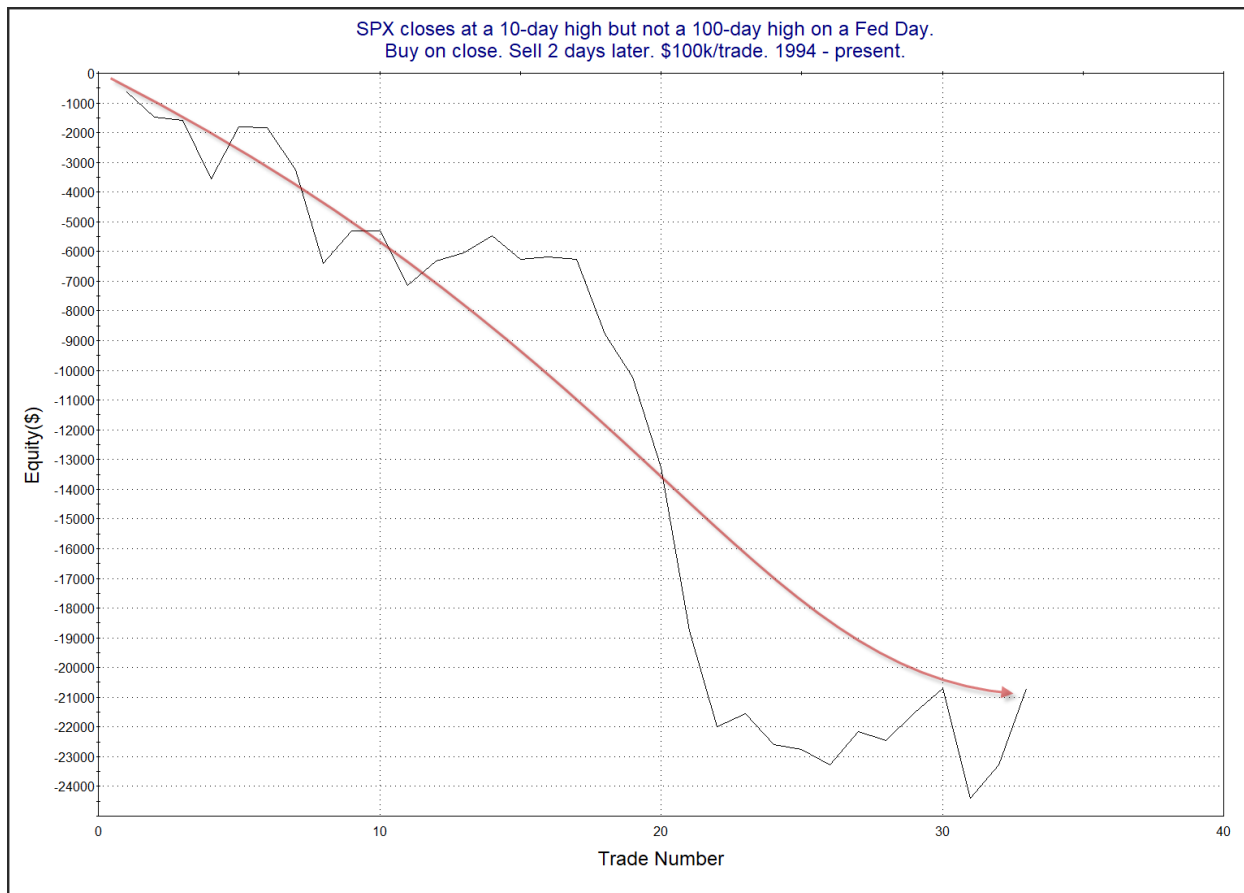
The Evidence

Wednesday was a good day for the indices. SPX rose 0.7%, the NASDAQ gained 0.3%, and the Russell 2000 rallied 1.3%. Breadth was strong as the NYSE Up Issues % closed at 72% and the NYSE Up Volume % also posted a 72% reading. NYSE total volume rose some from Tuesday's level

It was a Fed Day celebration on Wall St! Historically, rallies on Fed Days that lead to new short-term highs, but not long-term highs, have been susceptible to pullbacks in the following days. This can be seen in the updated study below, last seen in the 7/28/22 letter.

SPX closes at a 10-day high but not a 100-day high on a Fed Day. Buy on close. Sell X days later. \$100k/trade. 1994 - 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	-20,946.30	33	15	18	45.45	5,231.46	-6,268.92	1,402.10	-2,332.10	0.60	0.50	-634.74
4	-16,548.85	33	15	18	45.45	3,438.24	-4,528.95	1,271.79	-1,979.21	0.64	0.54	-501.48
3	-9,365.20	33	19	14	57.58	3,830.40	-5,547.24	1,191.07	-2,285.40	0.52	0.71	-283.79
2	-20,714.65	33	13	20	39.39	2,560.32	-5,495.94	888.17	-1,613.04	0.55	0.36	-627.72
1	-10,194.24	33	10	23	30.30	1,990.25	-3,300.30	917.16	-841.99	1.09	0.47	-308.92

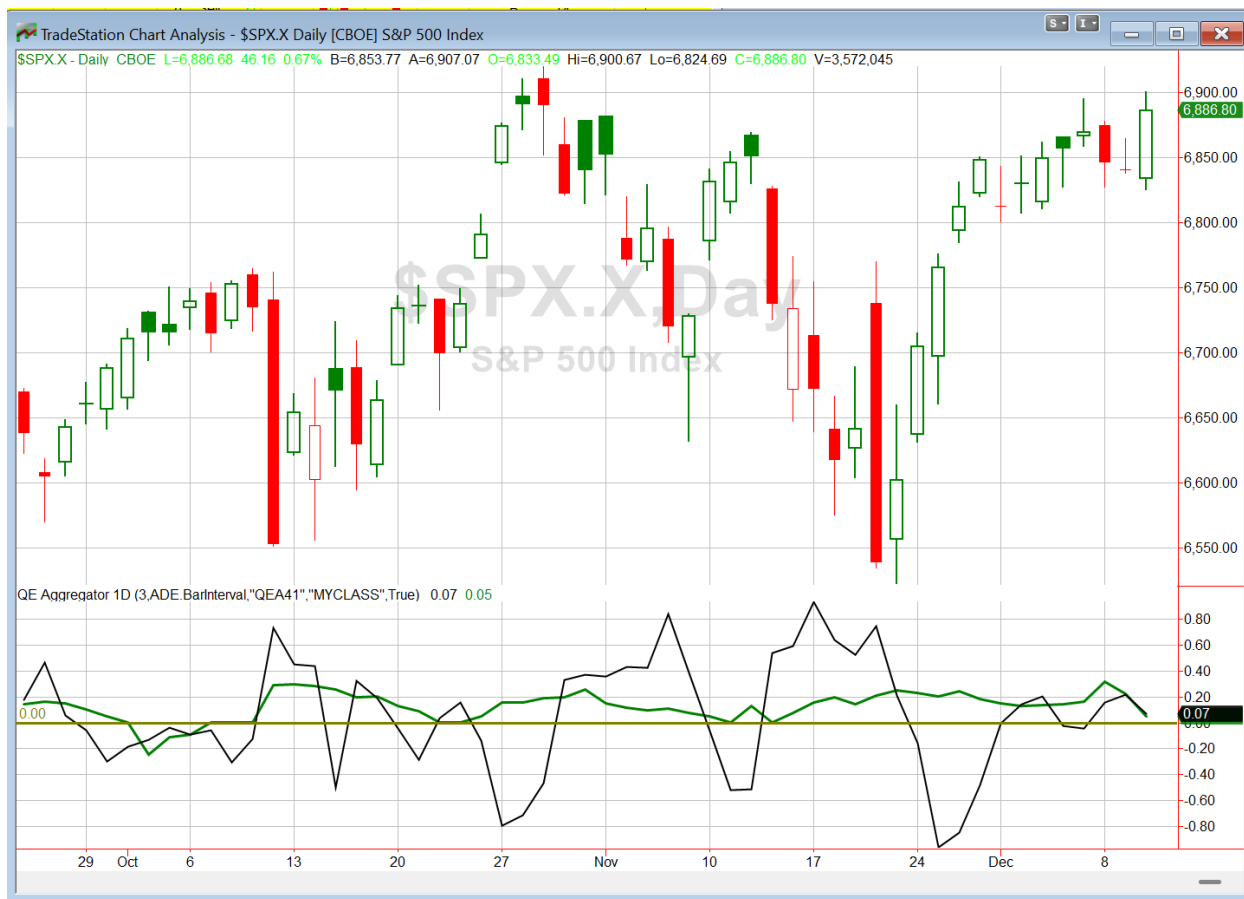
The numbers here all point to a downside edge, primarily over the 1st 2 days. Below is a profit curve showing how the edge has played out over time.



Not the smoothest curve, but it still appears to suggest a bearish edge. I found this study compelling enough to include on the Active List.

While SPX narrowly missed making a new high on Wednesday, SPY did make one. The new high in SPY saw a few studies trigger – one bullish, one bearish, and one neutral. Since the new high was not confirmed by SPX, I decided not to consider those studies tonight.

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



With tonight'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 also 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 list of active studies, expectations are set to remain positive on Thursday. This could change if additional bearish evidence emerges. Meanwhile, the Differential Pivot will be 6889.23. That is less than 0.1% above Wednesday's close. So SPX will only need to close up a few points on Thursday in order to flip from oversold to overbought versus expectations.

So the Aggregator is still bullish. The reaction to the Fed was positive. (I will talk more about the announcement in this weekend's letter.) But evidence is now mixed and there is not much room to the upside before SPX will turn overbought. I will not be adding any to the index trade idea on Thursday. In fact, if SPX closes up much, then I may look to exit near the close.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/8 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

LLY – 1/3 @ \$1010.31 (bought @ limit)

LLY – 1/3 @ \$997.59 (bought @ limit)

LIN – 1/3 @ \$389.38 (buy @ limit) – *not filled – cancel for now*

LLY – 1/3 @ \$982.22 (bought @ limit)

SO – 1/3 @ \$85.49 (bought @ limit)

New

DUK – 1/3 @ \$114.00 (buy @ limit)

SO – 1/3 @ \$84.08 (buy @ limit)

Broad Market Large Cap CBI – 7 (LLY-3, LIN, SO-2, DUK)

Additional New Trade Ideas

SO – Buy 1/3 Catapult position @ \$84.08 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of SO.

DUK – Buy 1/3 Catapult position @ \$114.00 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of DUK.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>JNJ(1/3)</i>	<i>12/8/2025</i>	<i>\$201.90</i>	<i>\$200.59</i>	<i>-0.65%</i>	<i>sold on open</i>
LLY(1/3)	12/8/2025	\$1,010.31	\$993.64	-1.65%	Catapult
<i>JNJ(1/3)</i>	<i>12/9/2025</i>	<i>\$201.62</i>	<i>\$200.59</i>	<i>-0.51%</i>	<i>sold on open</i>
LLY(1/3)	12/9/2025	\$997.59	\$993.64	-0.40%	Catapult
SPY(1/4)	12/9/2025	\$683.04	\$687.57	0.66%	<i>sell @ \$687.90 limit on close</i>
LLY(1/3)	12/10/2025	\$982.22	\$993.64	1.16%	Catapult
SO(1/3)	12/10/2025	\$85.18	\$84.08	-1.29%	Catapult

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