

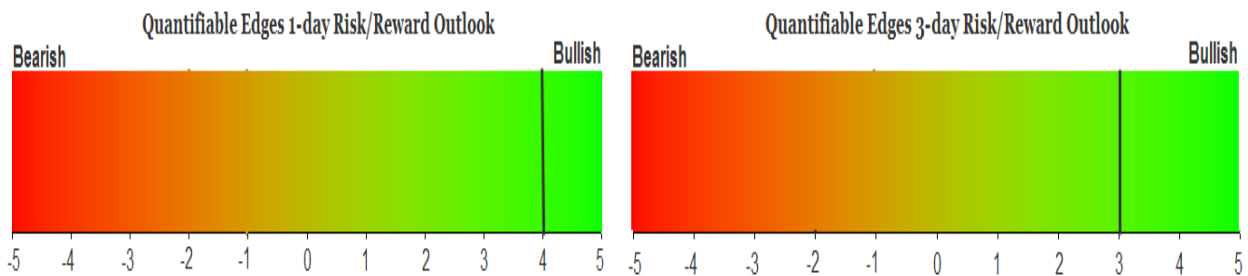
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 18, 2025

Volume 18 Issue 241

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Weak closes at 5-day lows above the 200ma are often followed by a bounce.
- 4 down days and an acceleration to the down move during a long-term uptrend has consistently led to a bounce at some point over the next several days.

Short-term Outlook

The Bottom Line

The Aggregator is long. Reward/risk appears favorable for the bulls.

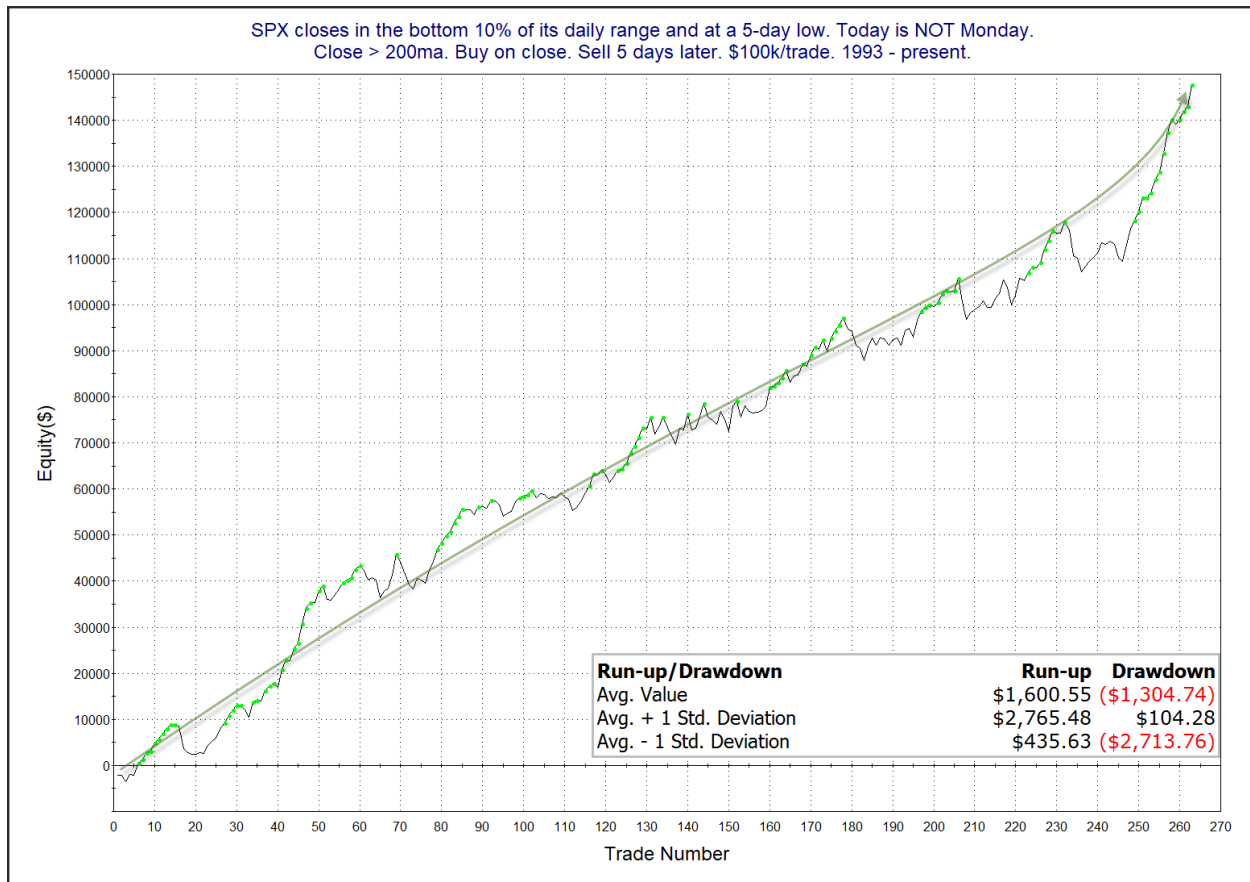
The Evidence

Wednesday was a bit rough for the market. SPX lost 1.2%, the NASDAQ dropped 1.8%, and the Russell 2000 fell 1.1%. Breadth was weak as the NYSE Up Issues % closed at 44% and the NYSE Up Volume % posted a 51% reading. NYSE total volume declined some from Tuesday's level

Action triggered a few interesting studies worth consideration. The study below looks at times since 1993 that SPX 1) closed in the bottom 10% of its daily range, 2) at a 5-day low, 3) above the 200ma, and 4) it was not Monday. The "not Monday" requirement seems like an odd one. But it is included because when it happens on a Monday it is even more powerful – containing Turnaround Tuesday potential. Results are all updated.

SPX closes in the bottom 10% of its daily range and at a 5-day low. Today is NOT Monday. 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	147,660.83	263	169	94	64.26	5,555.16	-5,482.89	1,656.41	-1,407.16	1.18	2.12	561.45
4	112,990.80	274	168	106	61.31	5,290.00	-6,520.68	1,498.46	-1,308.96	1.14	1.81	412.38
3	87,909.66	282	178	104	63.12	4,895.50	-5,393.69	1,219.87	-1,242.57	0.98	1.68	311.74
2	67,163.88	301	177	123	58.80	4,424.50	-7,559.56	1,071.43	-995.77	1.08	1.55	223.14
1	36,458.40	331	200	131	60.42	2,671.02	-5,829.81	692.74	-779.31	0.89	1.36	110.15

The stats table shows moderate odds of a move higher over the next few days. Below is a look at the 5-day profit curve.



The stats were not overwhelming, but I do like the profit curve. It shows a very persistent move higher that has accelerated in recent times. Overall, the study appears to suggest an upside edge.

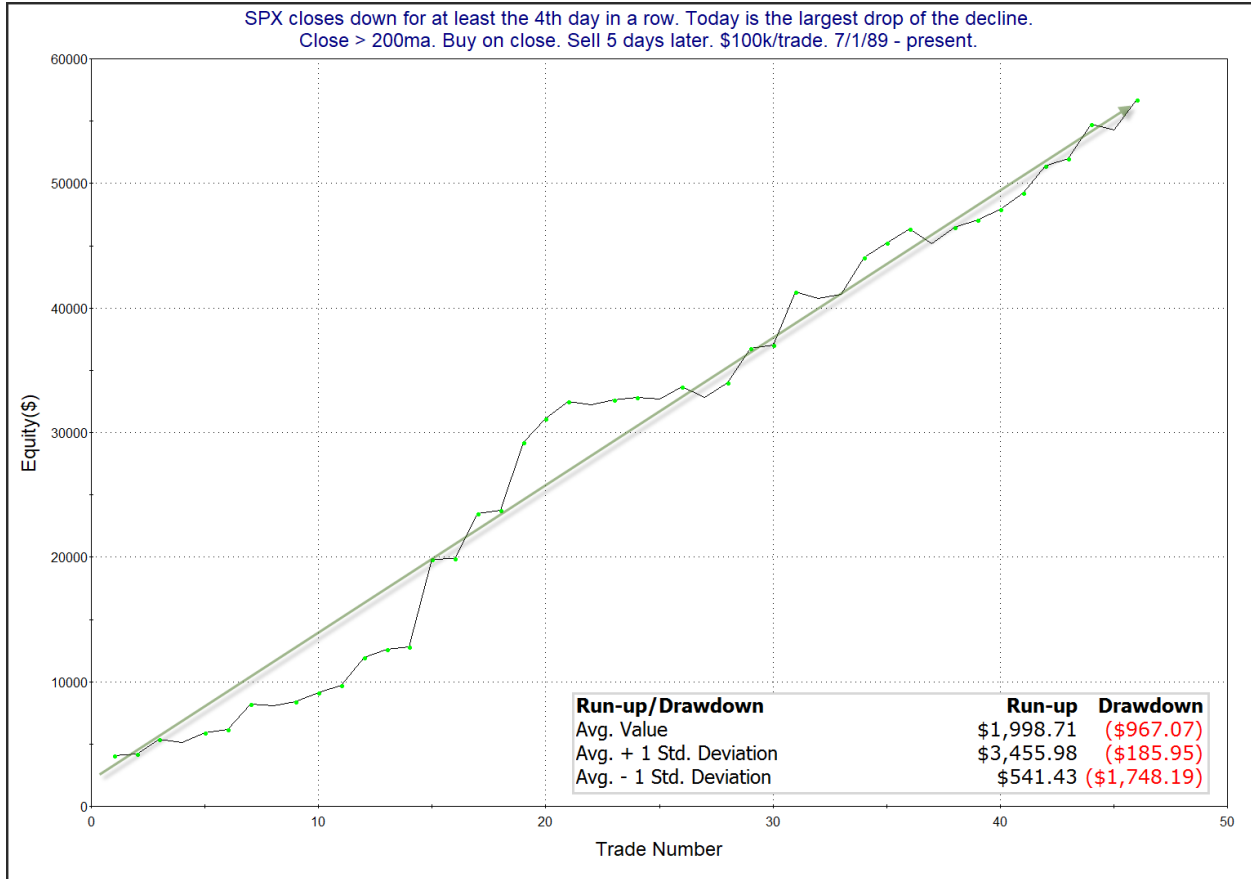
The next study was even more impressive. It examined other multi-day selloffs that accelerated after already being down for a number of days. It was last seen in the 8/4/25 Subscriber Letter.

SPX closes down for at least the 4th day in a row. Today is the largest drop of the decline.
Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 7/1/89 - 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	56,744.61	46	38	8	82.61	7,070.28	-1,218.72	1,594.01	-478.47	3.33	15.82	1,233.58
4	44,853.03	46	34	12	73.91	5,187.49	-2,665.92	1,636.51	-899.02	1.82	5.16	975.07
3	41,022.25	46	32	14	69.57	5,339.18	-1,565.28	1,625.46	-785.18	2.07	4.73	891.79
2	36,499.98	47	34	13	72.34	4,809.66	-1,343.84	1,339.41	-695.39	1.93	5.04	776.60
1	22,285.22	51	35	16	68.63	5,117.46	-2,005.85	966.65	-721.73	1.34	2.93	436.97

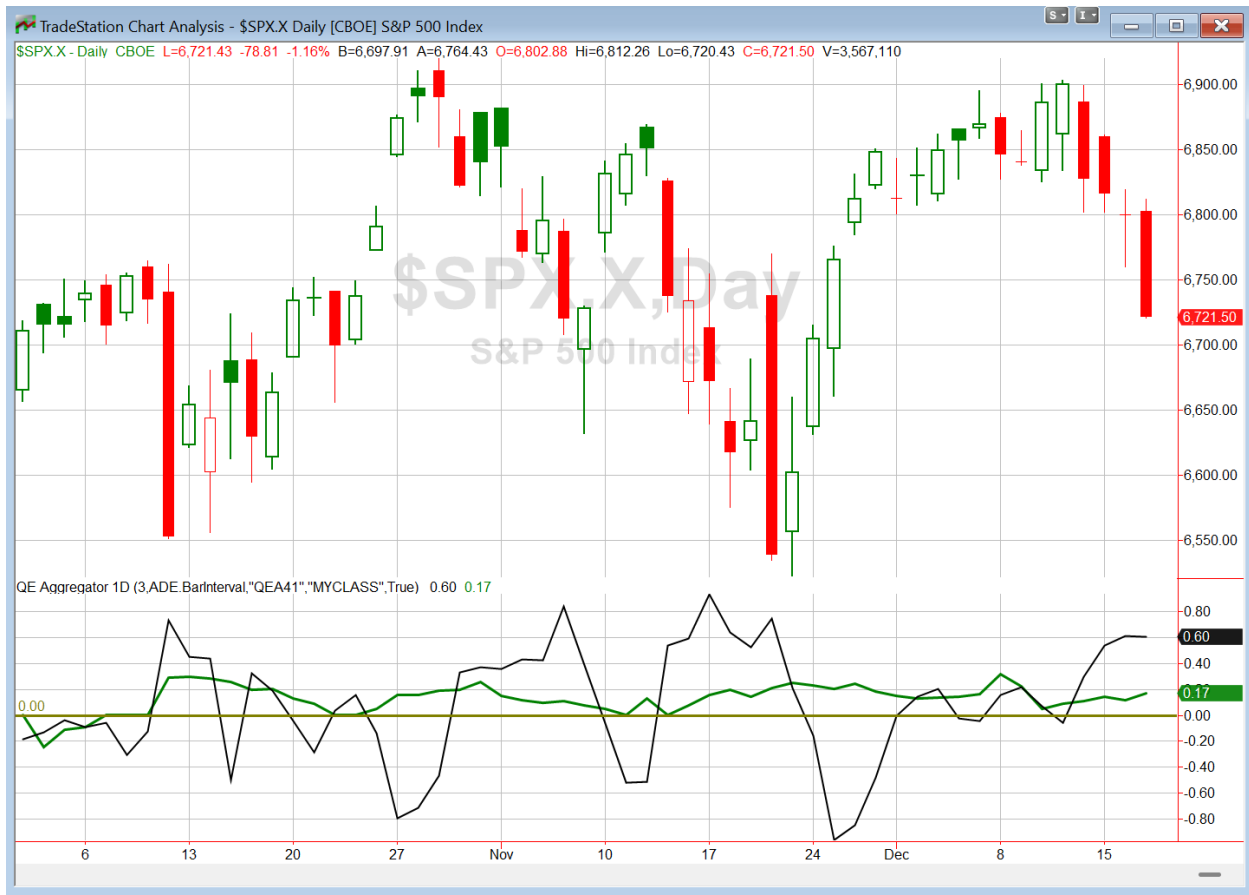
The 9/10/2021 instance was the only one that failed to close above the entry price at any point in the next 6 days.

These results appear extremely compelling. The consistency is very strong. Just one instance failed to bounce at some point in the next few days. The consistency is further confirmed by the equity curve below.



The strong and steady upslope makes this an appealing looking equity curve.

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 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 strongly compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6838.58. That is 1.7% above Wednesday's close. Therefore SPX will need to close up at least 1.7% on Thursday in order to flip from oversold to overbought versus expectations.

So the Aggregator is still bullish. Evidence has been pointing higher the last few days, but that has yet to matter. I have some long exposure already, looking to take advantage of the potential move up over the next few days. I won't look to add to that position on Thursday, but will maintain the current exposure.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/15 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	12/15/2025	\$681.76	\$671.40	-1.52%	Aggregator
SPY(1/4)	12/17/2025	\$671.40	\$671.40	0.00%	Aggregator

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