

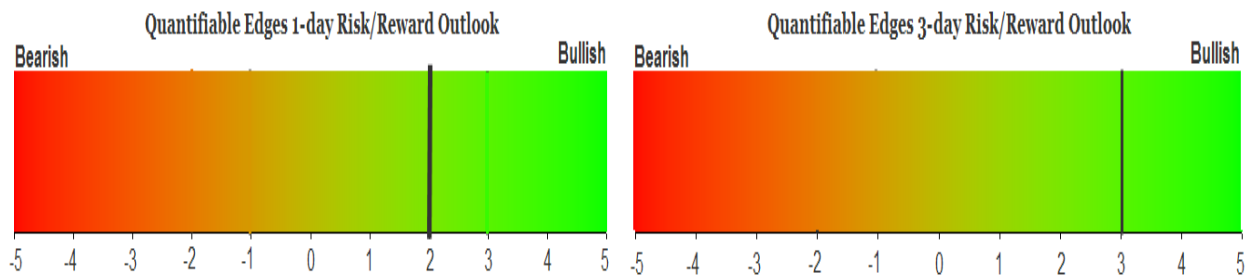
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 19, 2025

Volume 18 Issue 242

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- One study suggests decent odds the bounce will continue on Friday.
- We are entering a seasonal period where smallcaps tend to do very well.
- Opex Friday has often seen selling after the opening bell.

Short-term Outlook

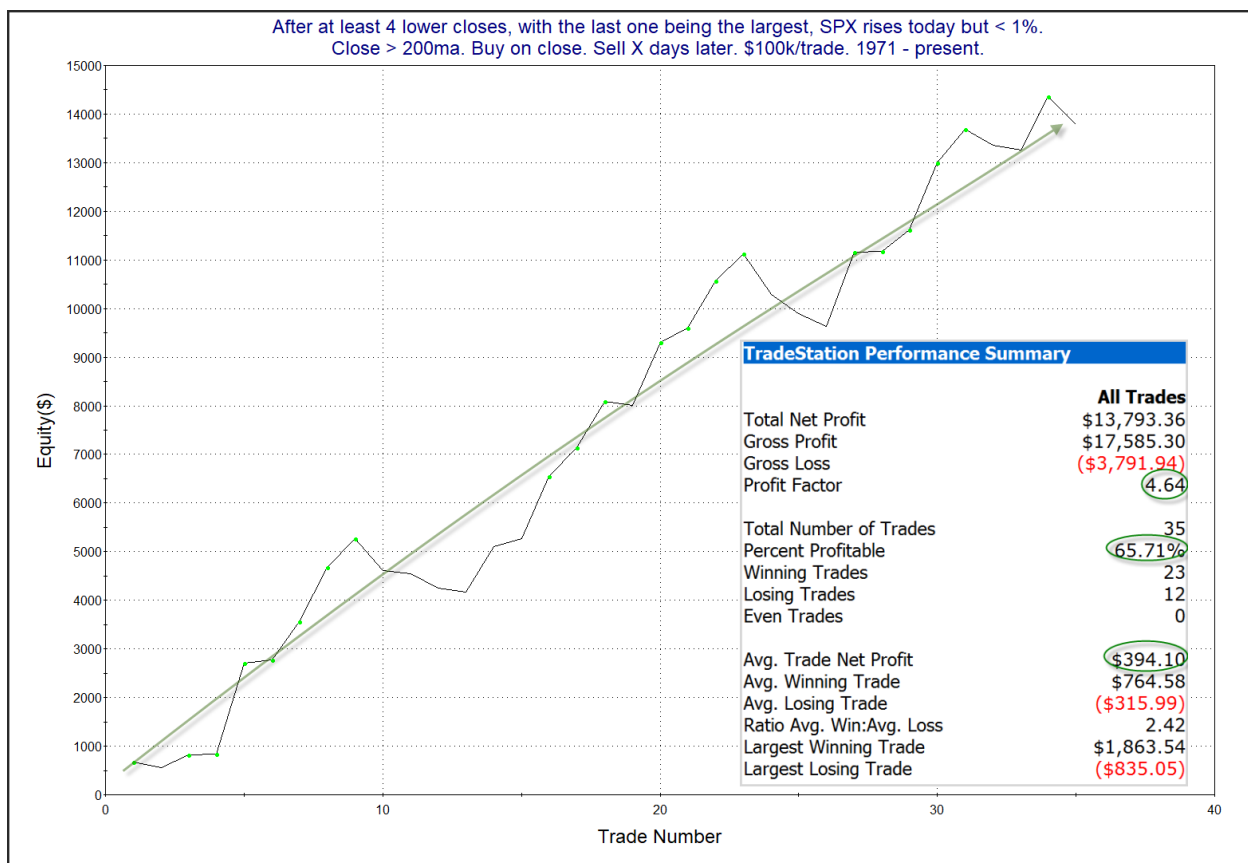
The Bottom Line

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

The Evidence

Thursday saw the market start strong and then mostly move sideways. SPX finished up 0.8%, the NASDAQ gained 1.4%, and the Russell 2000 rose 0.6%. Breadth was positive as the NYSE Up Issues % closed at 62% and the NYSE Up Volume % posted a 54% reading. NYSE total volume rose some from Wednesday's level

So after 4 days in a row of closing lower and an acceleration down on Wednesday, SPX had a moderate up close on Thursday. This somewhat muted action triggered the study below, which was last featured in the 9/14/21 letter.



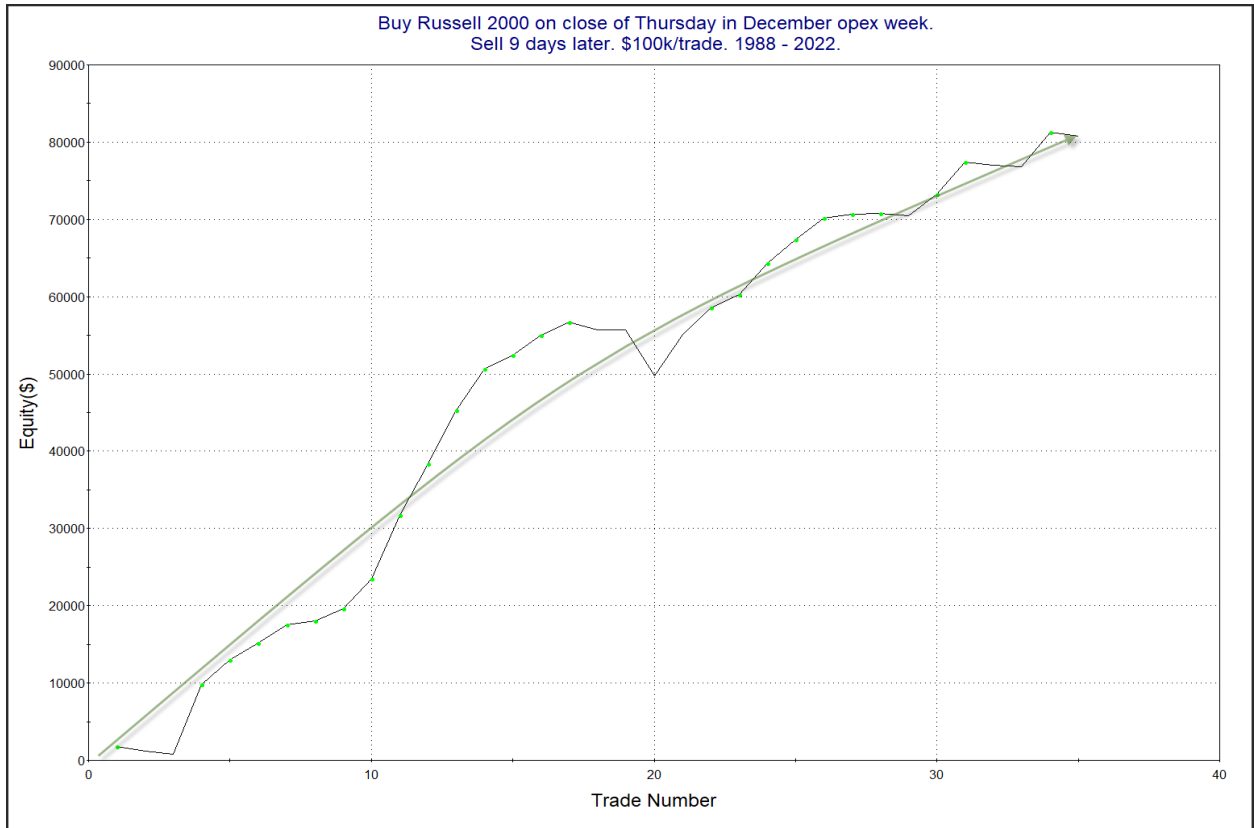
The stats and the curve are both impressive.

Next is a study I have shown for several years that looks at buying the Russell 2000 on opex Thursday in December and holding for up to 2 weeks. With very limited time tonight, I did not update it. Below is copied from the 12/20/24 Letter...

Buy Russell 2000 on close of Thursday in December opex week.
 Sell X days later. \$100k/trade. 1988 - 2022.

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	80,140.88	35	25	10	71.43	10,279.71	-5,643.30	3,869.45	-1,659.55	2.33	5.83	2,289.74
9	80,812.77	35	27	8	77.14	9,009.63	-5,973.50	3,332.75	-1,146.45	2.91	9.81	2,308.94
8	65,640.91	35	28	7	80.00	7,115.85	-2,948.40	2,630.75	-1,145.72	2.30	9.18	1,875.45
7	62,287.37	35	28	7	80.00	7,790.58	-1,809.60	2,484.39	-1,039.35	2.39	9.56	1,779.64
6	50,846.01	35	26	9	74.29	6,599.88	-2,720.64	2,244.56	-834.71	2.69	7.77	1,452.74
5	38,410.60	35	25	10	71.43	4,892.25	-3,194.64	2,008.02	-1,178.98	1.70	4.26	1,097.45
4	32,106.91	35	26	9	74.29	4,413.75	-3,892.32	1,740.56	-1,460.86	1.19	3.44	917.34
3	24,454.68	35	24	11	68.57	3,814.20	-2,650.68	1,614.87	-1,300.19	1.24	2.71	698.71
2	5,123.48	35	19	16	54.29	3,495.70	-4,431.00	1,341.83	-1,273.20	1.05	1.25	146.39
1	9,312.20	35	19	16	54.29	2,299.70	-2,543.25	921.61	-512.39	1.80	2.14	266.06

Results here are very strong. But a look at the max loss column shows you that it has not been without risk. Below is an equity curve that assumes a 9-day exit strategy.



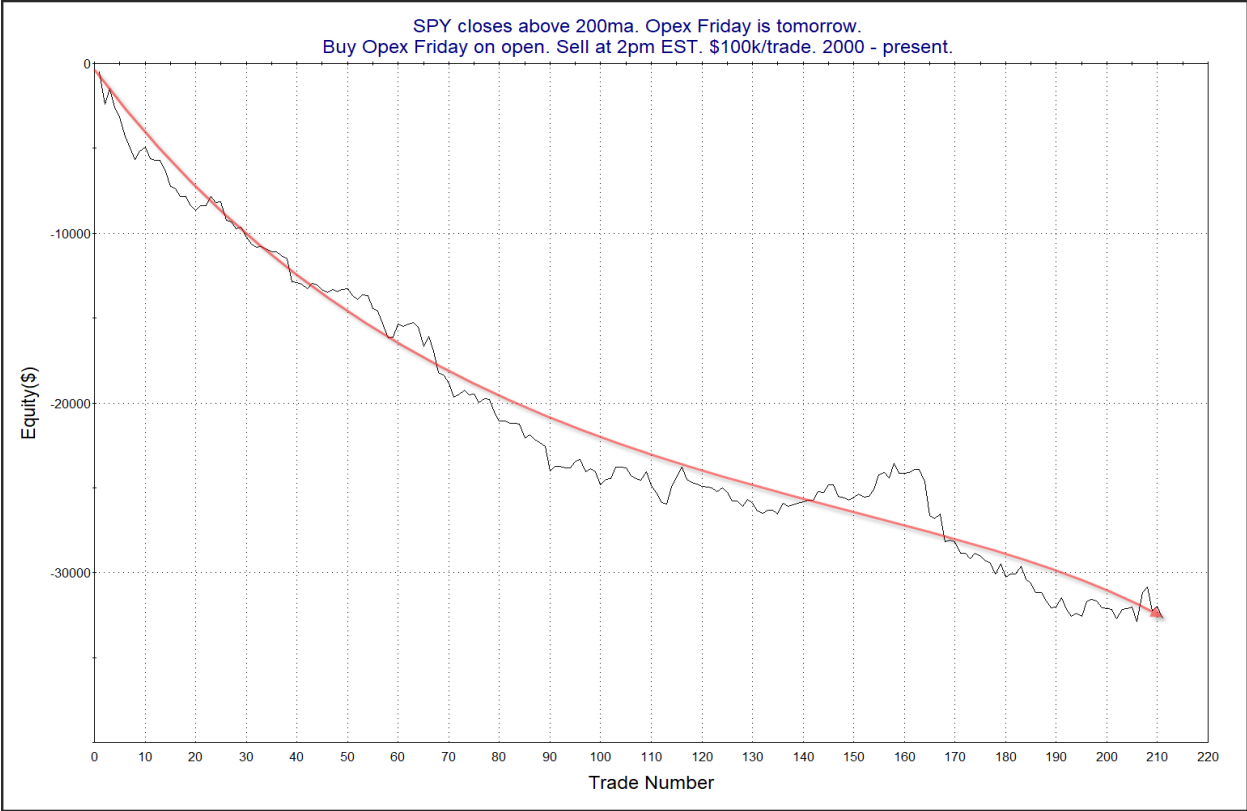
That is a strong looking curve.

Lastly, a reminder that opex Friday often sees selling during the day. Below is copied from the 7/18/25 letter...

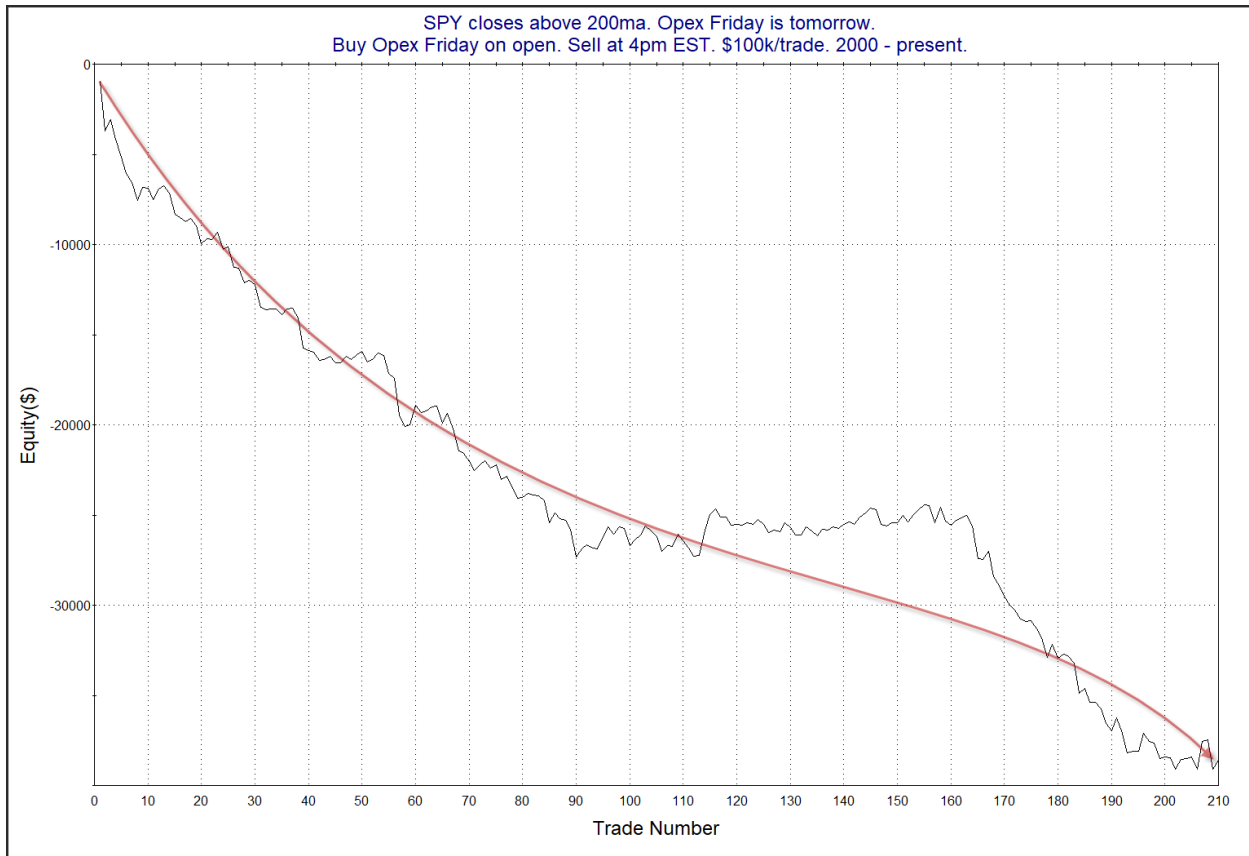
Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years... This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

SPY closes above 200ma. Opex Friday is tomorrow. Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.												
OE Op-Ex Fri Intra Short: timeofday	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
1,600	-39,288.41	211	86	125	40.76	1,547.00	-2,746.58	334.10	-544.17	0.61	0.42	-186.20
1,500	-33,419.04	211	86	124	40.76	1,824.10	-2,315.18	317.17	-489.48	0.65	0.45	-158.38
1,400	-32,693.54	211	74	137	35.07	1,751.00	-2,000.00	311.26	-406.77	0.77	0.41	-154.95
1,300	-28,400.50	211	77	133	36.49	2,172.60	-1,324.62	297.61	-385.84	0.77	0.45	-134.60
1,200	-26,688.94	211	74	137	35.07	2,150.50	-1,318.40	285.89	-349.23	0.82	0.44	-126.49
1,100	-22,397.43	211	79	131	37.44	1,103.30	-968.50	226.17	-307.37	0.74	0.44	-106.15
1,000	-18,742.59	211	61	150	28.91	365.47	-629.00	130.95	-178.21	0.73	0.30	-88.83

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Most of the downside would have been achieved by exiting at 2pm. Below is a look at a profit curve the 2pm exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.



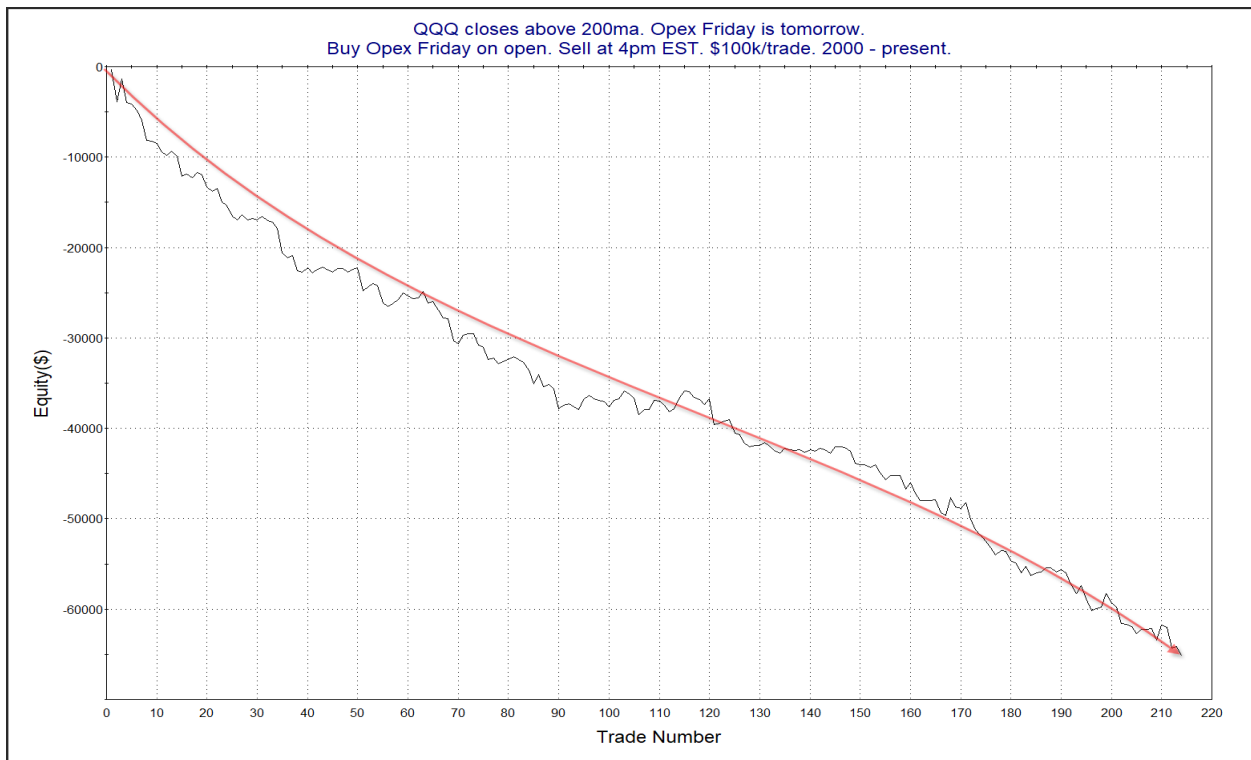
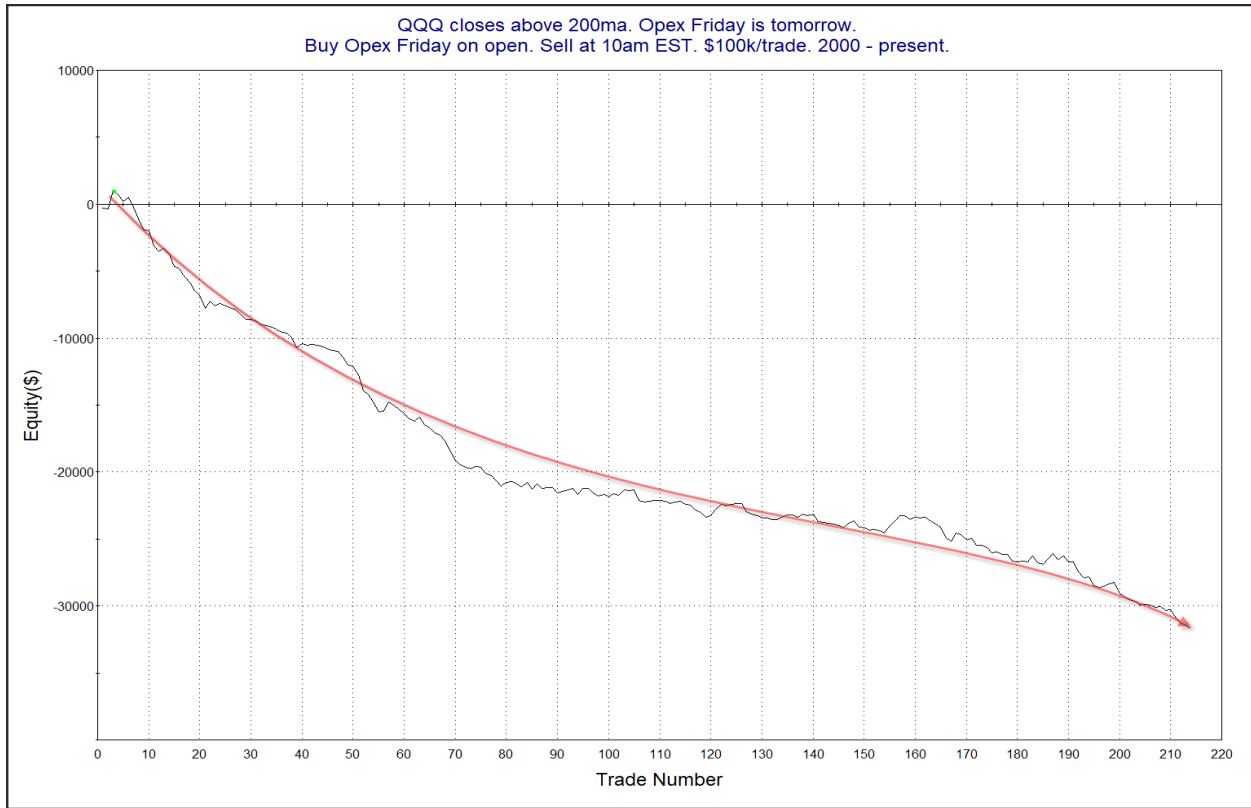
This is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table below.

QQQ closes above 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

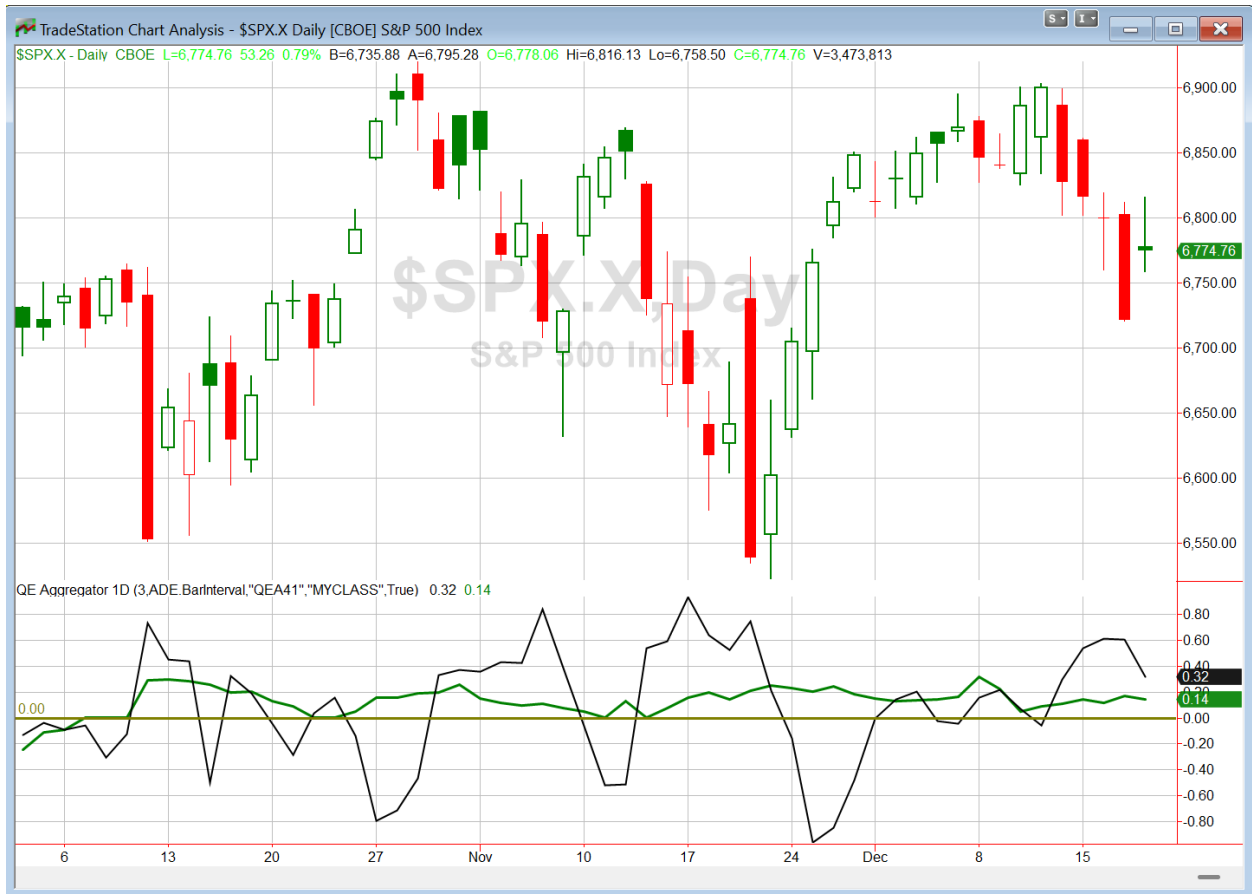
OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-65,176.18	214	82	132	38.32	2,516.00	-3,525.88	456.56	-777.38	0.59	0.36	-304.56
1,500	-58,465.34	214	77	135	35.98	2,246.52	-2,590.84	439.46	-683.73	0.64	0.37	-273.20
1,400	-57,355.83	214	68	143	31.78	2,104.90	-2,431.68	428.13	-604.68	0.71	0.34	-268.02
1,300	-49,280.00	214	72	141	33.64	2,541.40	-2,382.80	400.96	-554.25	0.72	0.37	-230.28
1,200	-47,912.98	214	76	137	35.51	2,518.12	-1,843.43	364.95	-552.18	0.66	0.37	-223.89
1,100	-40,940.07	214	71	142	33.18	1,998.00	-1,936.40	368.24	-472.43	0.78	0.39	-191.31
1,000	-31,708.78	214	66	147	30.84	1,332.00	-1,198.29	211.52	-310.67	0.68	0.31	-148.17

Also notable is that nearly half the downside edge has occurred in the 1st half hour of trading. So Below are profit curves for 10am and 4pm.



The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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 Friday. This is highly unlikely to change. Meanwhile, the Differential Pivot will be 6824.58. That is 0.7% above Thursday's close. Therefore SPX will need to close up at least 0.7% on Friday in order to flip from oversold to overbought versus expectations.

So the Aggregator is still bullish. Thursday did not really change anything for me. 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 Friday, but will again 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	\$676.47	-0.78%	Aggregator
SPY(1/4)	12/17/2025	\$671.40	\$676.47	0.76%	Aggregator

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