

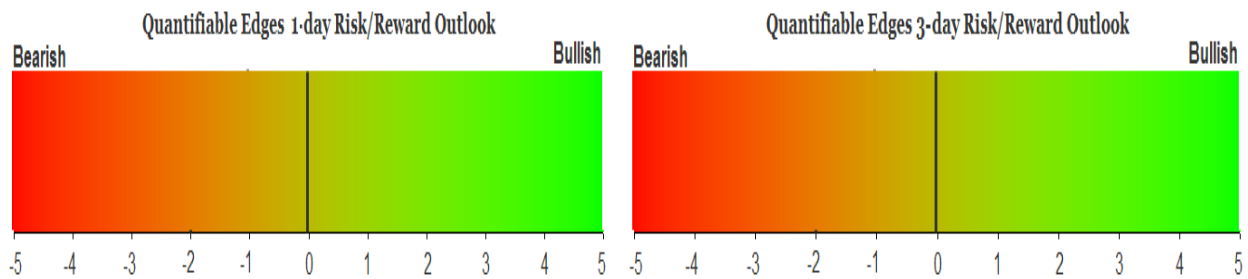
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 24, 2025

Volume 18 Issue 245

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Strong Christmas seasonality has not waned in the past when the market has been hitting new highs.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am too.

The Evidence

Tuesday saw the indices mostly higher. SPX finished up 0.5%, the NASDAQ gained 0.6%, and the Russell 2000 declined 0.7%. Breadth was weak as the NYSE Up Issues % closed at 42% and the NYSE Up Volume % posted a 43% reading. NYSE total volume declined some from Monday's level. I expect it to be very low for the next few days as well.

So we know from last night's "Twas 3 nights before Christmas" study that seasonality is strong, but with the market now making fresh highs, does that make further advances less likely over the next week or so? The study below, from the 12/23/19 letter, examines other times since 1970 that SPX made a 50-day high on one of the last three trading days leading up to Christmas.

SPX closes at a 50-day high on any of the 3 days just before Christmas. Buy on close. Sell X days later. \$100k/trade. 1970 - 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	14,612.31	14	13	1	92.86	4,482.50	-463.54	1,159.68	-463.54	2.50	32.52	1,043.74
4	16,595.72	14	13	1	92.86	4,440.00	-915.04	1,346.98	-915.04	1.47	19.14	1,185.41
3	12,815.05	14	12	2	85.71	3,950.00	-1,041.46	1,224.27	-938.08	1.31	7.83	915.36
2	9,010.67	17	12	5	70.59	1,884.10	-1,040.92	897.89	-352.80	2.55	6.11	530.04
1	7,899.28	26	17	9	65.38	2,073.34	-608.84	596.54	-249.09	2.39	4.52	303.82

Numbers here look extremely strong. Eleven out of the twelve instances were higher both four and five days later. This suggests a bullish inclination. Below is a list of all instances assuming a four day hold.

SPX closes at a 50-day high on any of the 3 days just before Christmas. Buy on close. Sell X days later.
\$100k/trade. 1970 - present.

Date	Trade	Price	% Chg	Runup/Ddn
12/24/1970	Buy	\$90.61	1.70%	\$2,625.14
12/31/1970	Sell	\$92.15		(\$363.99)
12/21/1971	Buy	\$101.80	0.15%	\$147.30
12/28/1971	Sell	\$101.95		(\$1,040.92)
12/21/1990	Buy	\$331.75	-0.92%	\$0.00
12/28/1990	Sell	\$328.71		(\$1,360.52)
12/24/1991	Buy	\$399.33	4.45%	\$4,747.50
12/31/1991	Sell	\$417.09		(\$5.00)
12/22/1998	Buy	\$1,203.56	3.18%	\$3,178.90
12/29/1998	Sell	\$1,241.80		\$0.00
12/21/1999	Buy	\$1,433.43	1.69%	\$2,053.44
12/28/1999	Sell	\$1,457.66		(\$302.22)
12/22/2003	Buy	\$1,092.94	1.51%	\$1,505.14
12/29/2003	Sell	\$1,109.48		(\$110.11)
12/22/2004	Buy	\$1,209.57	0.32%	\$377.20
12/29/2004	Sell	\$1,213.45		(\$381.30)
12/22/2009	Buy	\$1,118.02	0.73%	\$1,100.04
12/29/2009	Sell	\$1,126.20		(\$179.78)
12/21/2010	Buy	\$1,254.60	0.31%	\$418.70
12/28/2010	Sell	\$1,258.51		(\$246.48)
12/20/2013	Buy	\$1,818.31	1.27%	\$1,435.32
12/27/2013	Sell	\$1,841.40		\$0.00
12/22/2014	Buy	\$2,078.54	0.58%	\$720.48
12/29/2014	Sell	\$2,090.57		\$0.00
12/20/2019	Buy	\$3,221.22	0.58%	\$828.01
12/27/2019	Sell	\$3,240.02		(\$22.01)
12/23/2021	Buy	\$4,725.79	1.12%	\$1,745.94
12/30/2021	Sell	\$4,778.73		\$0.00

The only loser was in 1990. The 11 instances since then have not only gone on to produce gains over the next four days, none of them pulled back even as much as 0.4% from the entry price at any time during the next 4 days. It appears momentum this time of year has been a plus, and rallies have almost always continued higher.

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 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 Wednesday. This is highly unlikely to change. Meanwhile, the Differential Pivot will be 6863.61. That is 0.7% below Tuesday's close. Therefore SPX will need to close down at least 0.7% on Wednesday in order to flip from overbought to oversold versus expectations.

So the Aggregator is still neutral. Tuesday's action did not change that. Like I said last night...*Expectations are positive and we have a strong seasonal period the next couple of weeks. So trying to short at this time would be risky. But with SPX short-term overbought, reward/risk potential for bulls also is not great. I'll wait for a more compelling opportunity to arise before looking to take on new index positions.*

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/22 – **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

None

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