

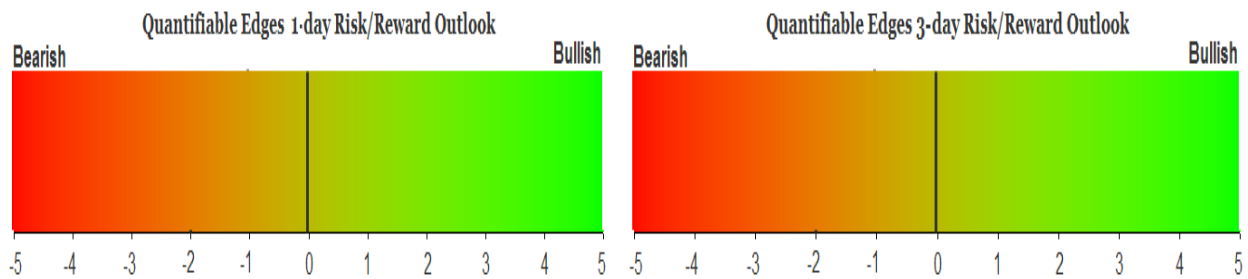
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 26, 2025

Volume 18 Issue 246

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Though overbought, this time of year overbought can easily become more overbought.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am too.

The Evidence

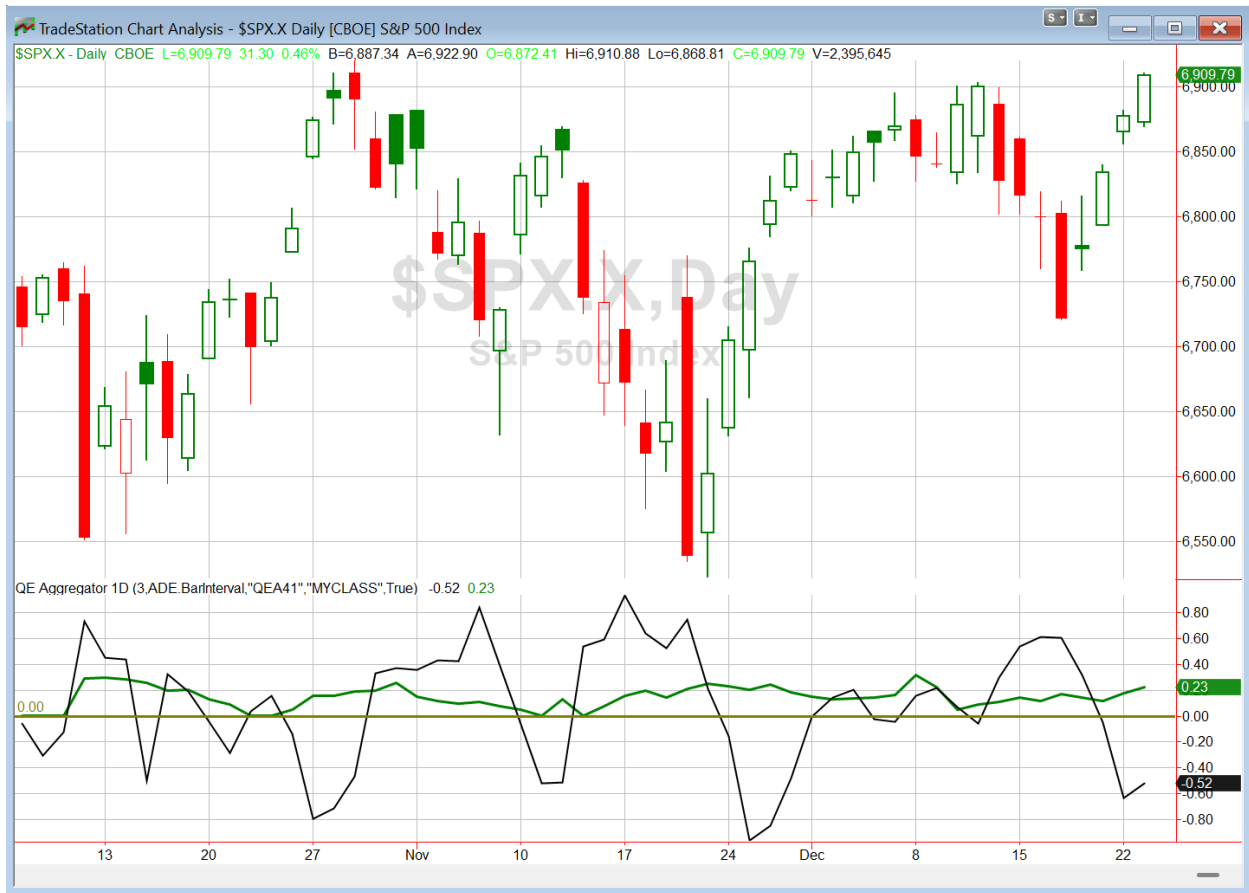
Christmas Eve saw mild gains for the indices. SPX finished up 0.3%, the NASDAQ gained 0.2%, and the Russell 2000 rose 0.3%. Breadth was strong as the NYSE Up Issues % closed at 68.0% and the NYSE Up Volume % posted a 67.9% reading. NYSE total volume was light thanks to shortened trading and the Christmas holiday. I expect it to be low on Friday as well.

The market is now quite short-term overbought, but we are in a strong seasonal period and the good holiday vibes have seemed to have a positive effect on market prices. It is not unusual for overbought markets to continue higher this time of year. This is demonstrated in the study below, which I last showed in the 12/26/13 subscriber letter.

Today is the last trading day before Christmas. SPX closed up for at least the 3rd day in a row. Buy on close. Sell X days later. \$100k/trade. 1960 - 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	8,159.37	17	12	5	70.59	4,482.50	-3,252.48	1,286.46	-1,455.64	0.88	2.12	479.96
4	5,233.88	17	10	7	58.82	4,440.00	-2,534.56	1,328.93	-1,150.77	1.15	1.65	307.88
3	7,457.25	17	11	6	64.71	3,950.00	-2,129.60	1,100.17	-774.10	1.42	2.61	438.66
2	4,328.89	17	11	6	64.71	1,839.29	-1,331.88	808.78	-761.28	1.06	1.95	254.64
1	6,892.05	17	11	5	64.71	1,751.75	-945.36	778.28	-333.80	2.33	5.13	405.41

As you can see, the short-term overbought condition sees the market continue higher more often than not. This study could even be considered borderline bullish based on the stats alone. But instances are low, the stats aren't quite compelling enough, and I wasn't greatly fond of the profit curves. Still, the point is that overbought appears less likely to lead to a selloff over the next few days than it typically does.

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 Friday. This is highly unlikely to change. Meanwhile, the Differential Pivot will be 6908.80. That is 0.3% below Wednesday's close. Therefore SPX will need to close down at least 0.3% on Friday in order to flip from overbought to oversold versus expectations.

So the Aggregator is still neutral. Expectations remain positive, partially due to strong seasonality. But SPX being overbought dampens reward/risk potential. I'll continue to 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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