

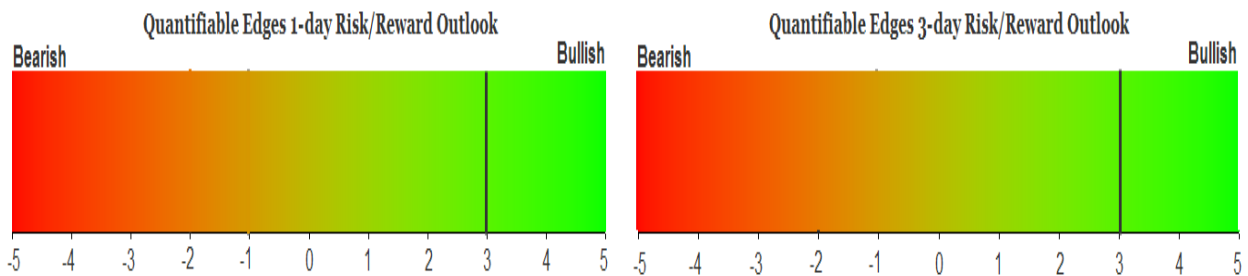
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

December 31, 2025

Volume 18 Issue 249

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The quiet action on the 3-day pullback suggests an upside edge.
- Indices have often seen selling heading into the close on the last day of the year.

Short-term Outlook

The Bottom Line

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

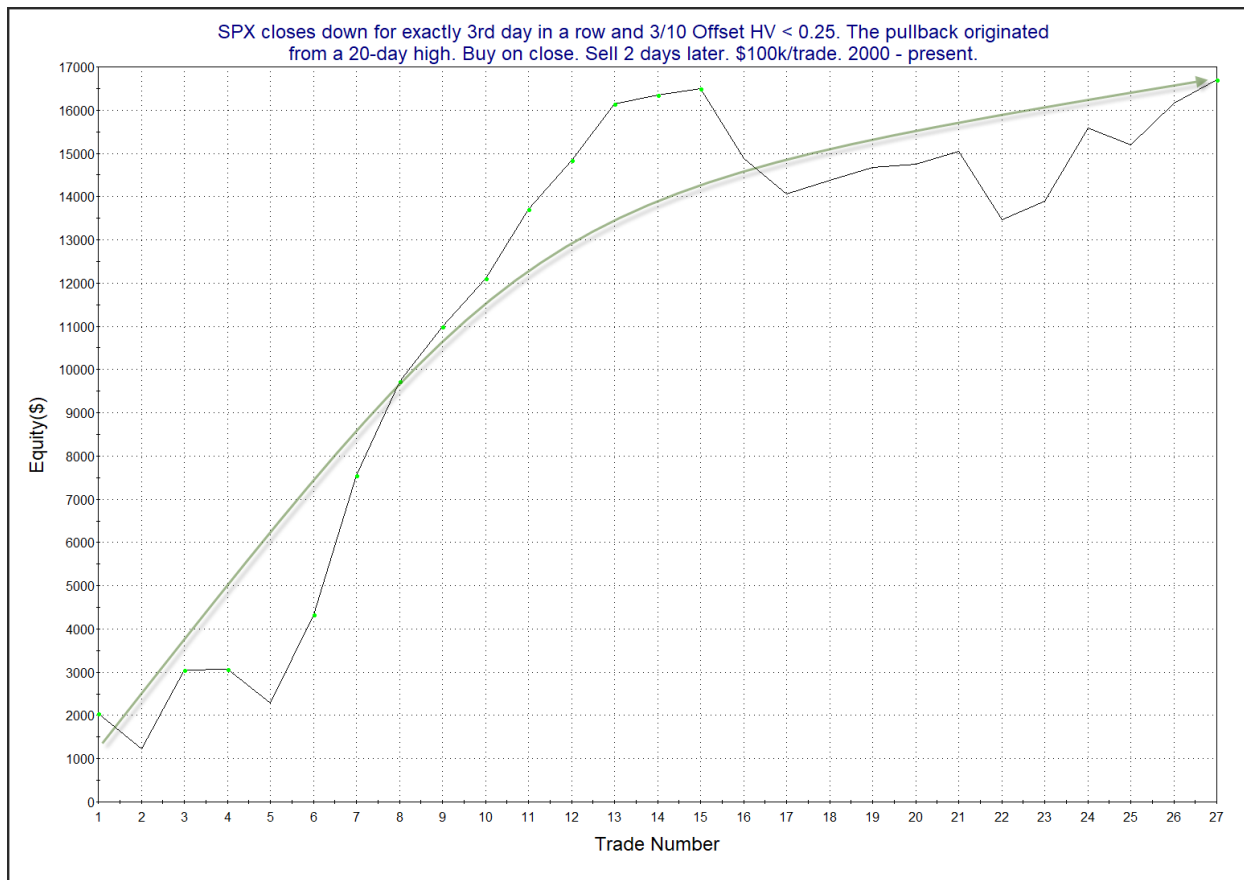
The Evidence

Tuesday saw the major indices finish lower. SPX closed down 0.1%, the NASDAQ dropped 0.2%, and the Russell 2000 declined 0.9%. Breadth was near even as the NYSE Up Issues % closed at 47% and the NYSE Up Volume % posted a 50% reading. NYSE total volume declined some from Monday's level.

Three-day pullbacks for SPX will often trigger some bullish studies. And that was the case on tonight. The most compelling of those studies was the one below. It considered the facts that 1) the pullback is coming off an intermediate-term high and 2) it occurred on relatively low volatility as shown by the Quantifiable Edges 3/10 Offset HV calculation. (This indicator compares Historical Volatility over the last 3 days versus Historical Volatility over the 10 days previous to these 3.) The study was last seen in the 10/16/20 letter. It has been updated.

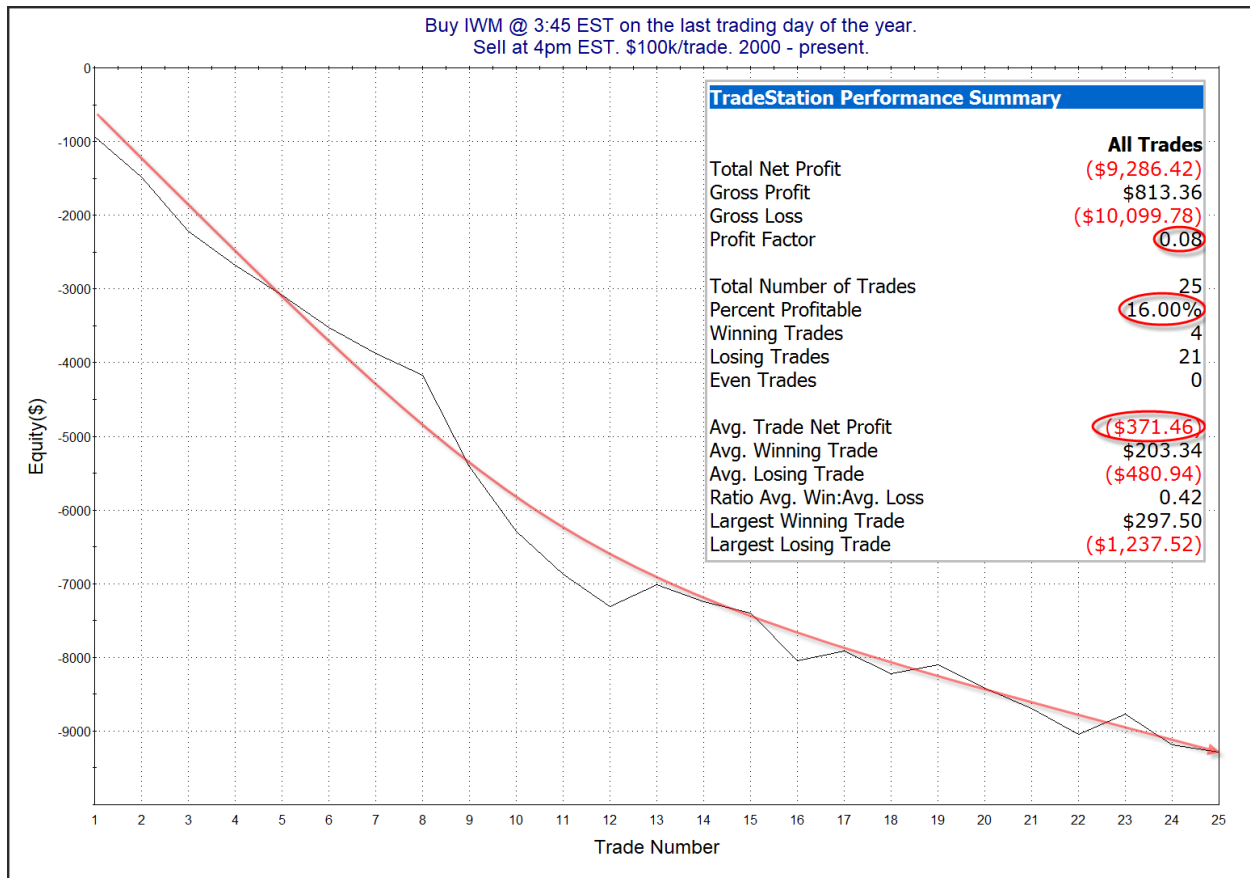
SPX closes down for exactly 3rd day in a row and 3/10 Offset HV < 0.25. The pullback originated from a 20-day high. Buy on close. Sell X days later. \$100k/trade. 2000 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	16,461.98	27	18	9	66.67	4,674.00	-3,579.52	1,643.52	-1,457.93	1.13	2.25	609.70
4	17,504.86	27	17	10	62.96	3,783.20	-2,501.81	1,577.22	-930.79	1.69	2.88	648.33
3	15,001.70	27	17	10	62.96	3,576.02	-1,438.78	1,332.64	-765.32	1.74	2.96	555.62
2	16,703.10	27	21	6	77.78	3,212.80	-1,621.97	1,081.01	-999.69	1.08	3.78	618.63
1	9,426.55	27	20	7	74.07	2,861.60	-1,057.50	657.91	-533.09	1.23	3.53	349.13
26 of 27 instances (96%) closed above the entry price at some point in the next week.												

The numbers appear quite strong. Below is a look at the profit curve.



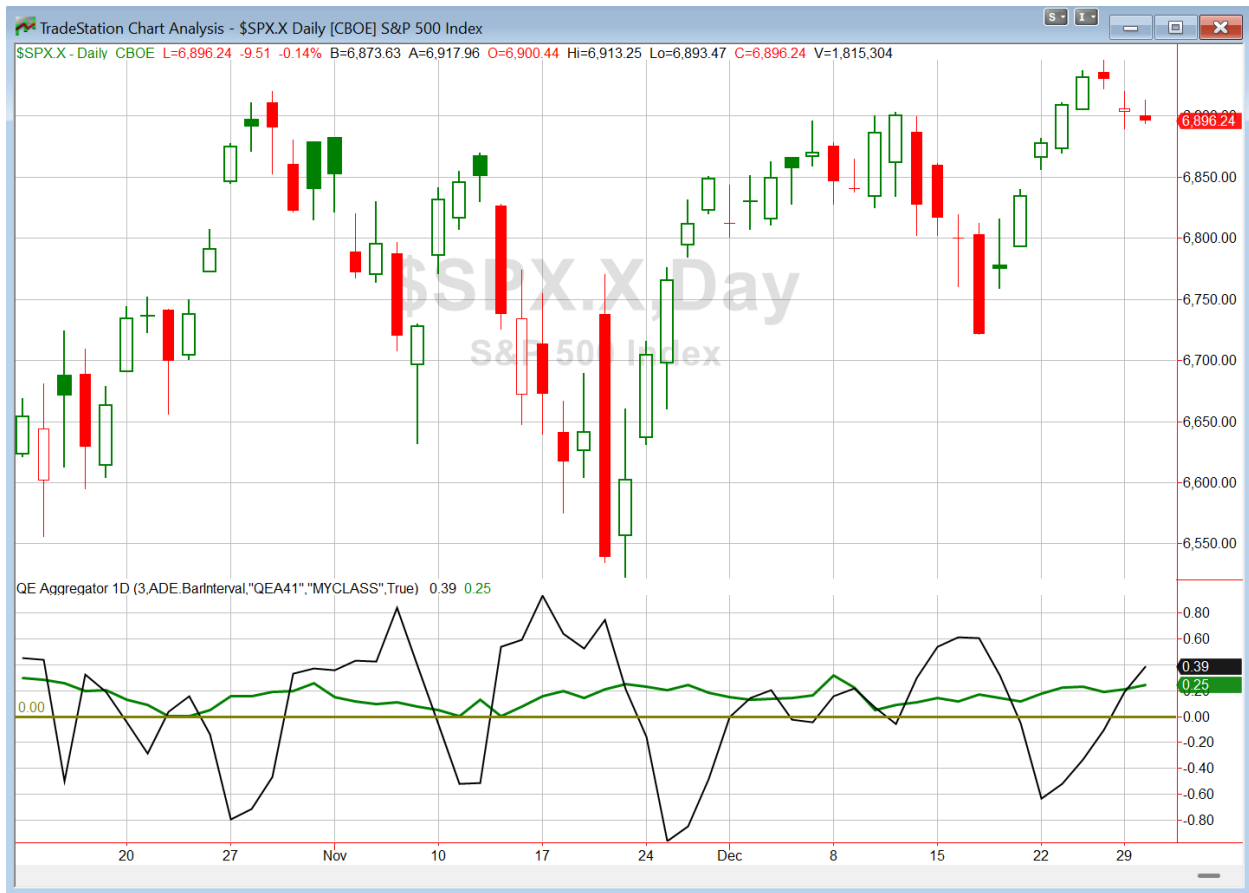
There were some recent struggles, but the curve is back at new highs. Overall, the results seem to suggest an upside edge. I have added this study to the active list tonight.

In past years I have noted that the market has had a tendency to sell off heading into the close on the final day of the year. The study below shows IWM performance in the last 15 minutes of the year.



There has been a substantial and consistent downside tendency for the market to sell off in the last few minutes of the year. Traders may want to keep this in mind on Tuesday.

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 bullish at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6974.71. That is 1.1% above Tuesday's close. Therefore, SPX will need to close up over 1.1% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. I like the reward/risk potential and believe there is an upside edge. We saw a long trade idea get filled at the open on Tuesday. I will look to add to that position if SPY closes down a decent amount on Wednesday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 12/29 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

Additional New Trade Ideas

SPY – Buy ¼ index position @ \$682.00 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to start building a long index position if I can get filled at Monday’s closing price or better.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	12/30/2025	\$687.44	\$687.01	-0.06%	Aggregator

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