

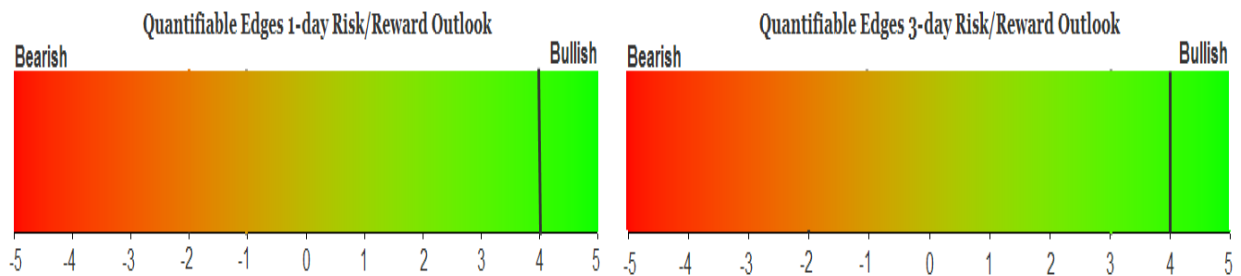
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 2, 2026

Volume 19 Issue 1

## 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.
- The weak close to the month suggests an upside edge for the 1<sup>st</sup> trading day of the new month.

## *Short-term Outlook*

### *The Bottom Line*

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

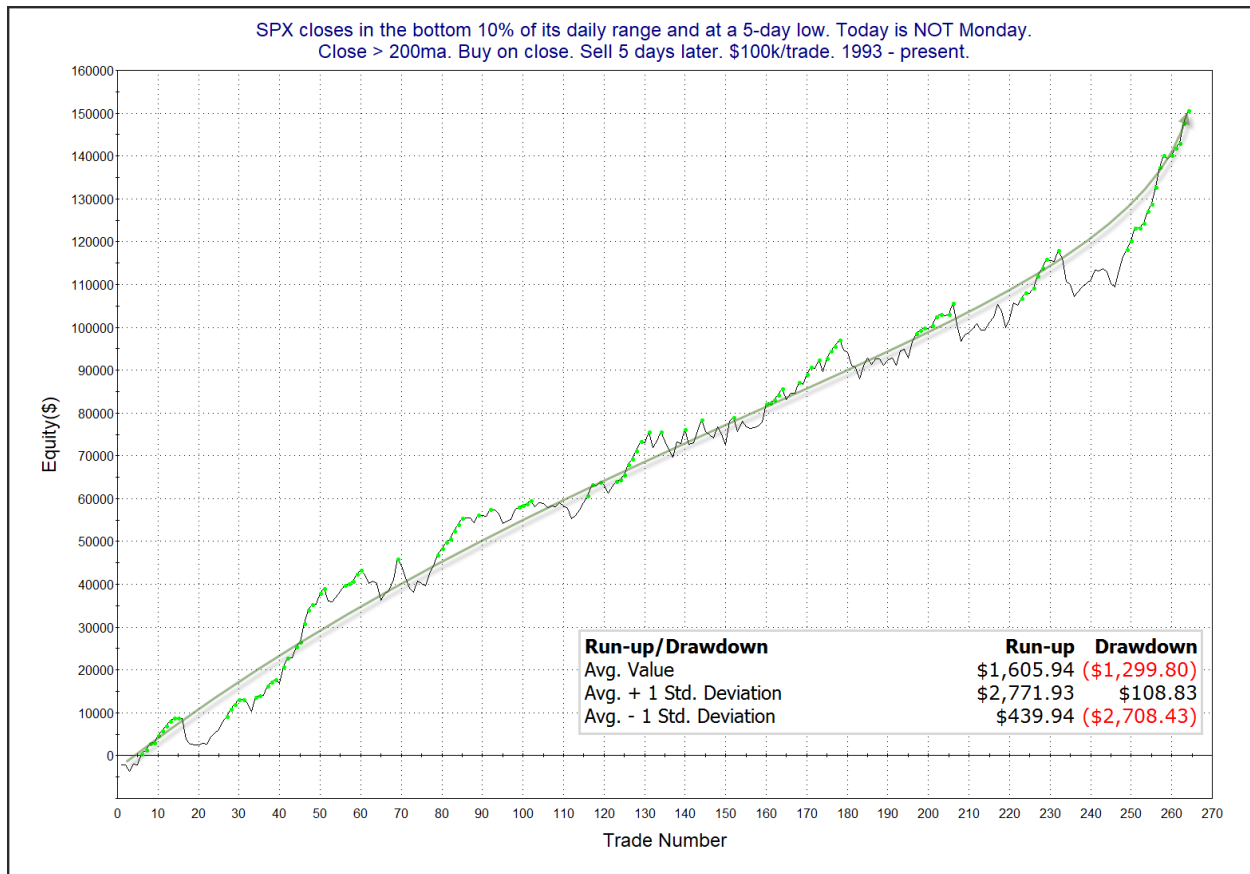
## The Evidence

Wednesday was a down day for the indices. SPX fell 0.74%, the NASDAQ dropped 0.76%, and the Russell 2000 declined 0.75%. Breadth was weak as the NYSE Up Issues % closed at 24% and the NYSE Up Volume % posted a 16% reading. NYSE total volume rose 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. Last seen a few weeks ago in the 12/18/25 letter, 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	150,608.52	264	170	94	64.39	5,555.16	-5,482.89	1,664.01	-1,407.16	1.18	2.14	570.49
4	115,626.86	275	169	106	61.45	5,290.00	-6,520.68	1,505.19	-1,308.96	1.15	1.83	420.46
3	90,107.52	283	179	104	63.25	4,895.50	-5,393.69	1,225.34	-1,242.57	0.99	1.70	318.40
2	68,749.80	302	178	123	58.94	4,424.50	-7,559.56	1,074.32	-995.77	1.08	1.56	227.65
1	37,204.04	332	201	131	60.54	2,671.02	-5,829.81	693.01	-779.31	0.89	1.36	112.06

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.

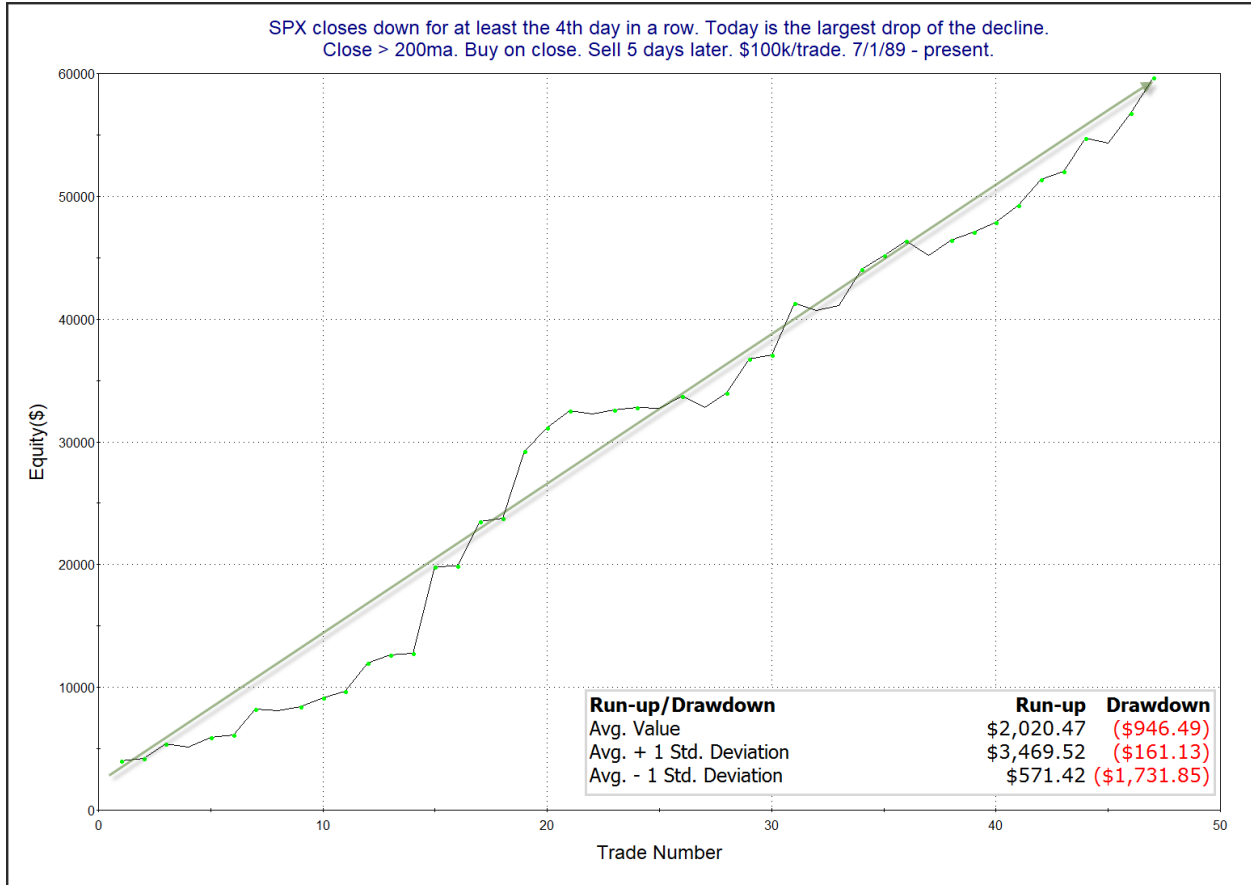
The next study was even more impressive. It examined other multi-day selloffs that accelerated after already being down for a number of days. It was also last seen in the 12/18/25 Subscriber Letter.

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	59,692.31	47	39	8	82.98	7,070.28	-1,218.72	1,628.72	-478.47	3.40	16.59	1,270.05
4	47,489.09	47	35	12	74.47	5,187.49	-2,665.92	1,665.07	-899.02	1.85	5.40	1,010.41
3	43,220.11	47	33	14	70.21	5,339.18	-1,565.28	1,642.81	-785.18	2.09	4.93	919.58
2	38,085.90	48	35	13	72.92	4,809.66	-1,343.84	1,346.45	-695.39	1.94	5.21	793.46
1	23,030.86	52	36	16	69.23	5,117.46	-2,005.85	960.52	-721.73	1.33	2.99	442.90

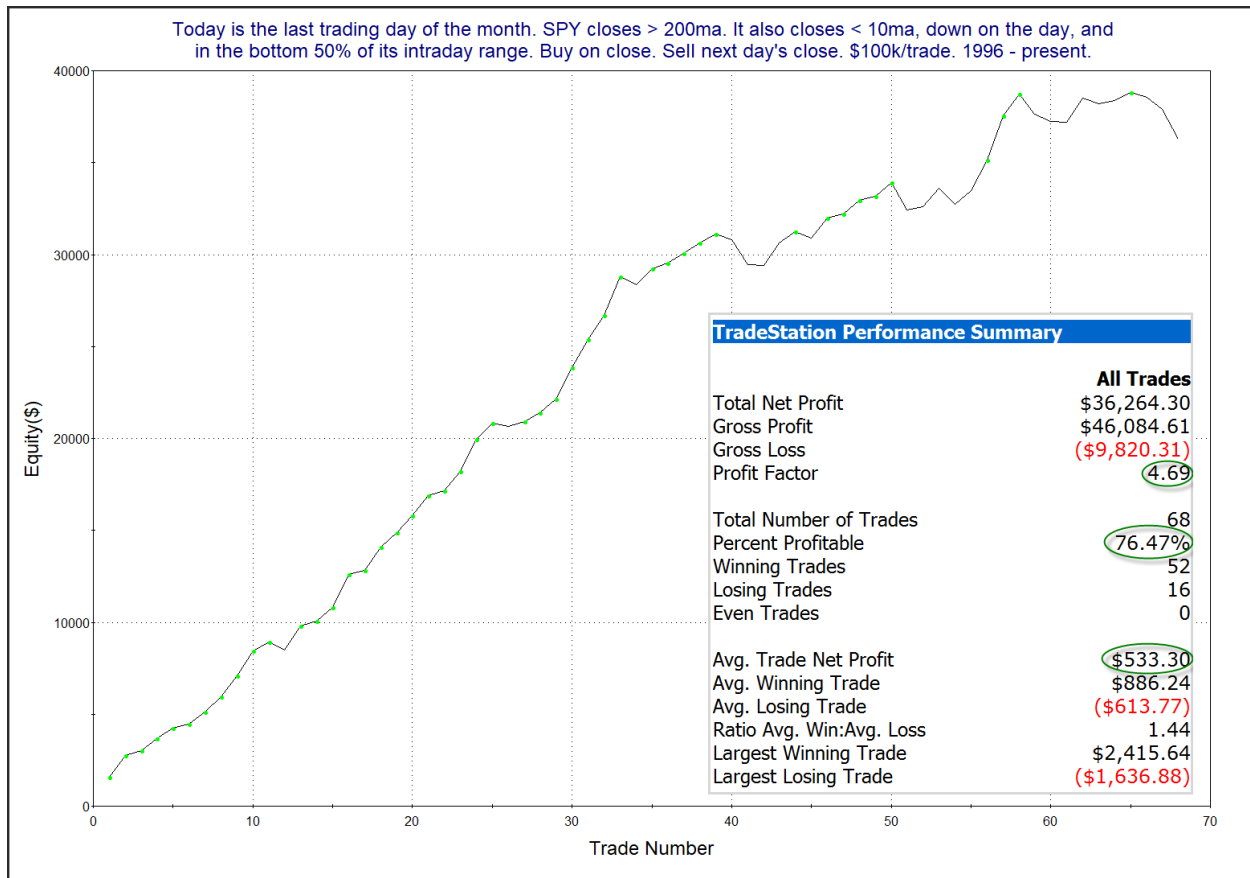
**The 9/10/2021 instance was the only one that failed to close above the entry price at any point in the next 6 days.**

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.



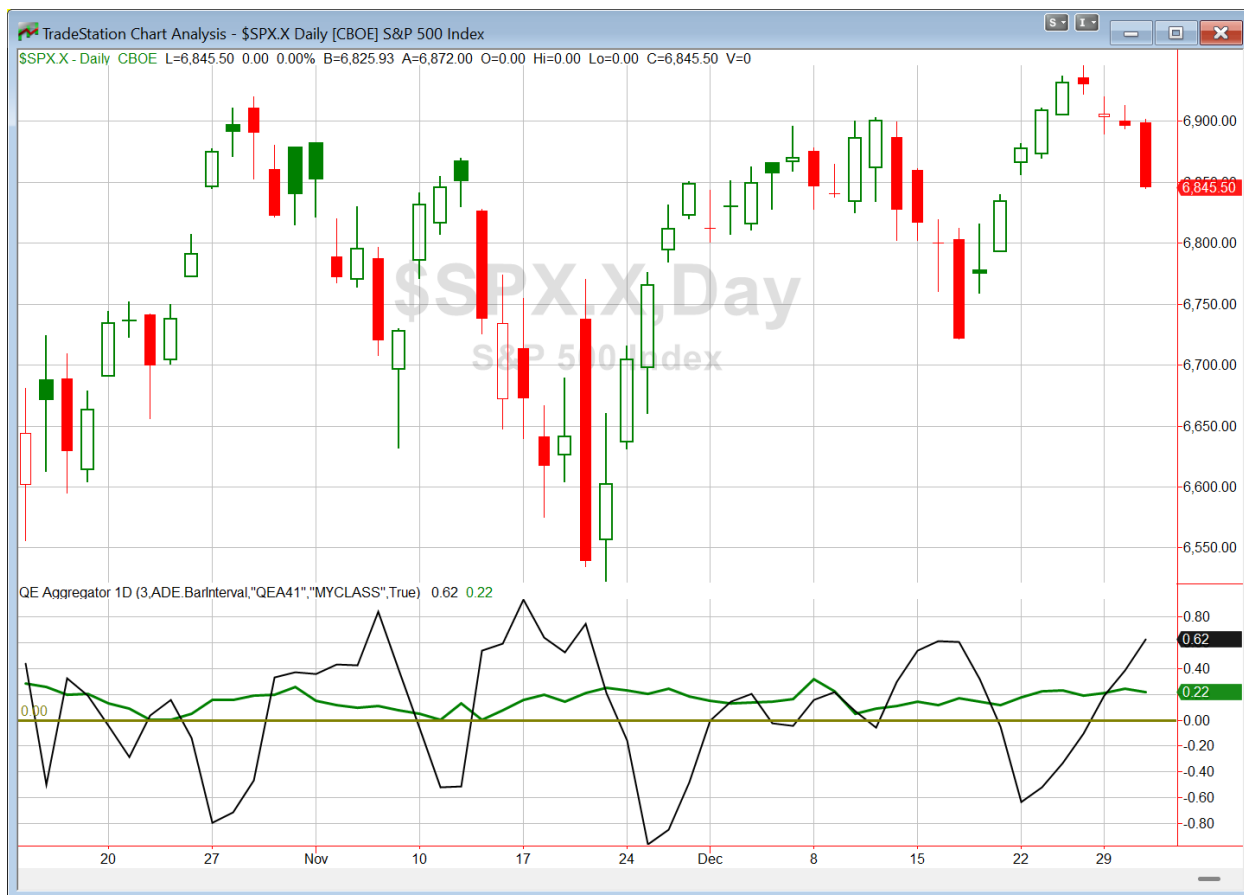
The strong and steady upslope makes this an appealing looking equity curve.

There were also a few “turn of month” studies that triggered. The one below seemed to be the most relevant and compelling.



While the last couple of instances have faltered, the stats and curve overall are very impressive. I have added this study to the active list as well.

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 Friday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6948.62. That is 1.5% above Wednesday's close. Therefore, SPX will need to close up over 1.5% on Friday 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. I have some long exposure already, having taken a 2<sup>nd</sup> lot at the close on Wednesday with the trade idea from Tuesday night. I won't look to add further to it on Friday, but I will hold it at least through the weekend.

*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**

**None tonight.**

## **Current Open Trade Ideas**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
SPY(1/4)	12/30/2025	\$687.44	\$681.92	-0.80%	Aggregator
SPY(1/4)	12/31/2025	\$681.92	\$681.92	0.00%	Aggregator

**DISCLAIMER: PAST PERFORMANCE, WHETHER ACTUAL OR TESTED, DOES NOT GUARANTEE FUTURE RESULTS, PROFITABILITY, OR CORRELATION TO ANY LISTED SECURITY OR TRADE IDEA.**

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