

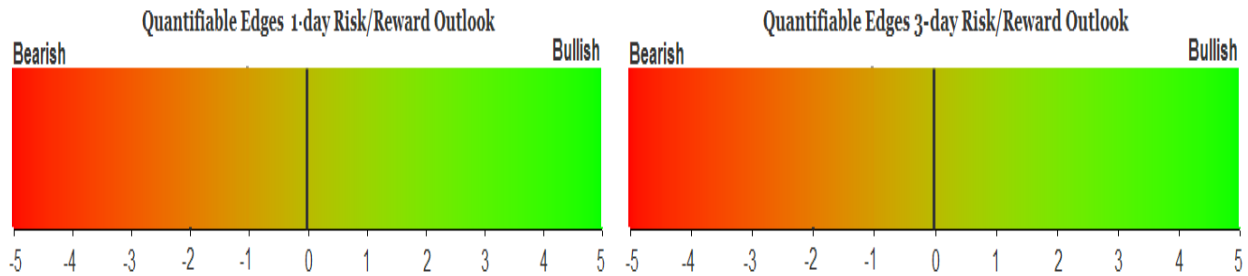
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 8, 2026

Volume 19 Issue 5

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	3

## Tonight's Research Points

- SPX made a 20-day intraday high and closed in the bottom 10% of its intraday range. This has historically been a bullish setup.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. Evidence continues to point higher but SPX is still overbought.

### Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
January 8, 2026	SPX 20-day high and close btm 10% rng	1-2 days	Bullish	0.80%	-0.60%	-1.10%
January 7, 2026	SPY 2 unfilled up & 50-day high	1-4 days	Bullish	1.00%	-0.80%	-1.80%
January 2, 2026	Dn 4. Today biggest. Close > 200	1-5 days	Bullish			
January 2, 2026	Btm Rng 5-low not Monday	1-5 days	Bullish			
<b>Active - Long Term</b>						
January 8, 2026	SPX 20-day high and close btm 10% rng	1-10 days	Bullish	2.00%	-1.40%	-2.70%
December 29, 2026	5 up to 50-high then down 1.	1-10 days	Bullish	1.80%	-1.10%	-2.30%
December 15, 2025	QE active. Rates dropping. Fed dovish	int term	Bullish			
December 15, 2025	QQQ 5 lower lows & big 1-day drop	1-18 days	Bullish	9.00%	-4.20%	-7.60%
December 15, 2025	Dec Opex week bullish	1-15 days	Bullish	3.30%	-1.90%	-4.10%
December 15, 2025	NASDAQ lagging	int term	Neutral			
November 3, 2025	Best 6 Months	1-6 months	Bullish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			
May 19, 2025	DeGraaf Thrust (55% SPX 20-day high)	1-12 months	Bullish			
April 25, 2025	Zweig Breadth Thrust	1-12 months	Bullish	29.50%	-2.90%	-6.55%
April 23, 2025	Up Issue % & Up Vol % > 86% 2x in 9 days	1-12 months	Bullish			

### The Evidence

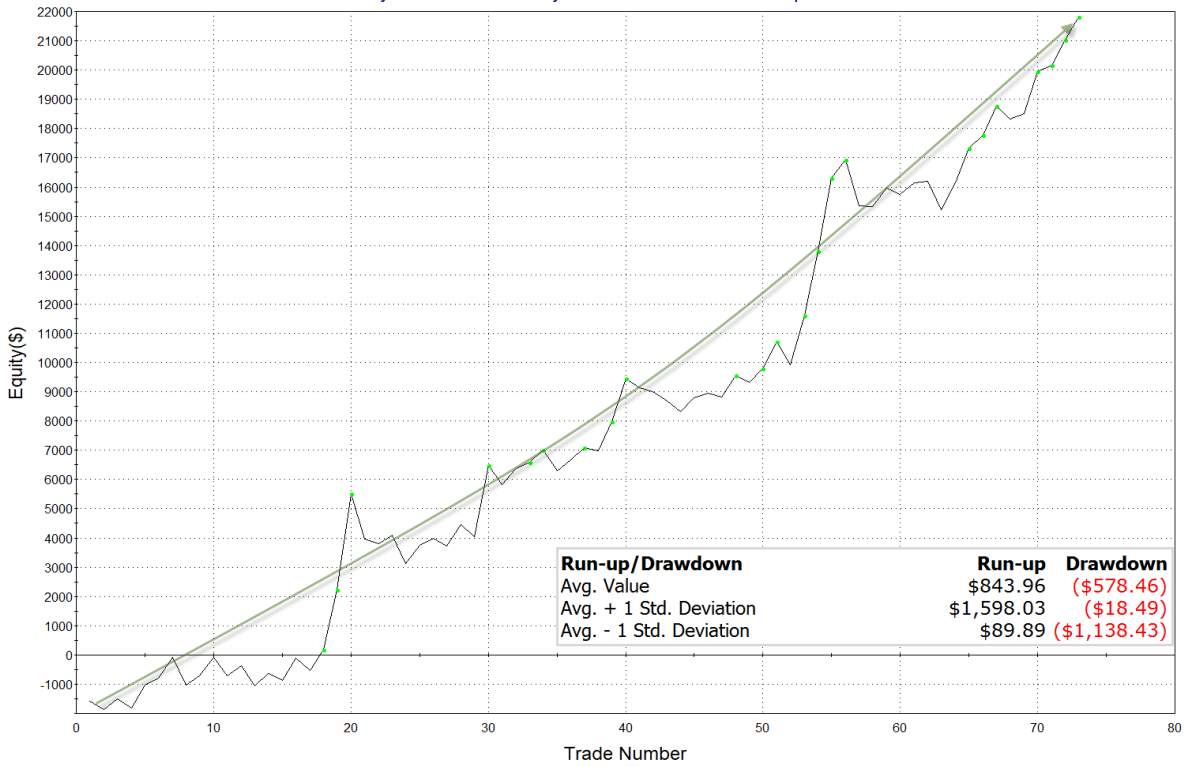
The indices were mixed on Wednesday. SPX closed down 0.3%, the NASDAQ rose 0.2%, and the Russell 2000 declined 0.3%. Breadth was weak as the NYSE Up Issues % closed at 37% and the NYSE Up Volume % posted a 28% reading. NYSE total volume declined some from Tuesday's level.

Early in the day the SPX managed to make a new intraday high. The new high followed by a poor close triggered the study below, which was last seen in the 7/16/25 subscriber letter. Results are updated.

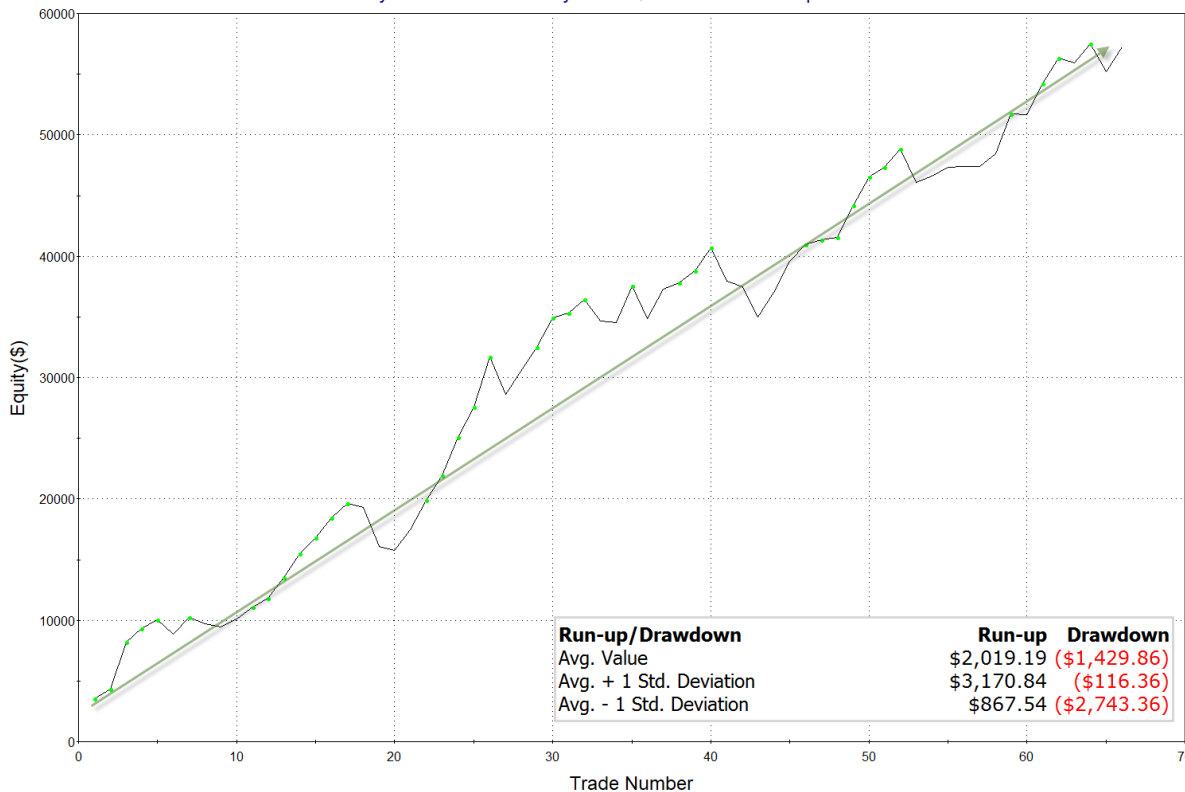
SPX makes a 20-day intraday high and closes in the bottom 10% of its intraday range. Buy on close. Sell X days later. \$100k/trade. 2003 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	57,234.40	66	49	17	74.24	4,119.18	-3,210.80	1,672.09	-1,452.81	1.15	3.32	867.19
9	52,684.85	67	48	19	71.64	3,613.36	-3,775.10	1,639.12	-1,368.05	1.20	3.03	786.34
8	52,565.13	68	50	18	73.53	4,483.84	-3,803.24	1,601.71	-1,528.90	1.05	2.91	773.02
7	43,193.41	69	50	19	72.46	3,761.94	-4,159.32	1,441.60	-1,520.34	0.95	2.50	625.99
6	40,119.55	70	51	19	72.86	3,703.30	-3,567.90	1,260.74	-1,272.52	0.99	2.66	573.14
5	23,011.58	70	43	27	61.43	4,377.84	-3,566.84	1,094.35	-890.57	1.23	1.96	328.74
4	20,964.62	73	48	25	65.75	5,024.25	-2,435.84	984.44	-1,051.55	0.94	1.80	287.19
3	18,613.37	73	46	27	63.01	3,368.93	-3,384.50	894.34	-834.30	1.07	1.83	254.98
2	21,817.75	73	45	28	61.64	3,288.48	-1,575.22	826.46	-549.04	1.51	2.42	298.87
1	15,364.78	74	50	24	67.57	2,588.08	-2,471.25	556.58	-519.35	1.07	2.23	207.63

Results here seem to suggest an upside edge. Below are looks at both the 2-day and 10-day curves.

SPX makes a 20-day intraday high and closes in the bottom 10% of its intraday range.  
Buy on close. Sell 2 days later. \$100k/trade. 2003 - present.

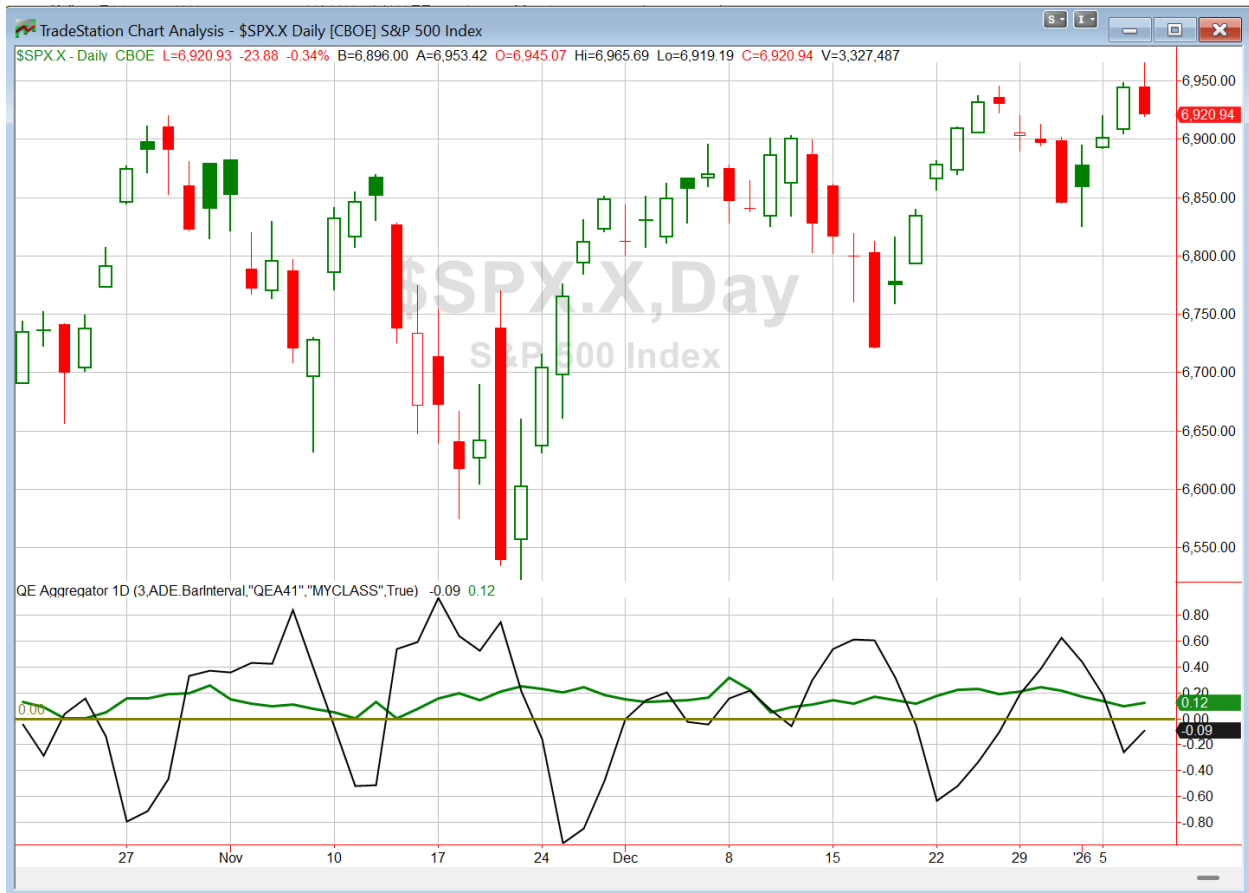


SPX makes a 20-day intraday high and closes in the bottom 10% of its intraday range.  
Buy on close. Sell 10 days later. \$100k/trade. 2003 - present.



The persistent upslopes appear to confirm the upside edge suggested by the statistics. I have included this study on the short and intermediate-term active lists.

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 Thursday. This could change if strongly compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at 6938.29*. That is 0.25% *above* Wednesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up over 0.25% in order to remain "overbought". Anything shy of that and it will flip to "oversold" versus recent expectations as of Thursday's close.

So the Aggregator is neutral. Evidence is still pointing higher, but the overbought market condition reduces reward/risk potential. That could easily change on Thursday if SPX does not put in a solid up day. But for now, there is nothing for me to do except wait for a more compelling short-term opportunity to emerge.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 1/5 – bullish***

**Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

***Open Catapult Triggers***

AIG – 1/3 @ \$84.27 (bought @ limit)

AIG – 1/3 @ \$78.07 (bought @ limit)

*New*

AIG – 1/3 @ \$77.07 (buy @ limit)

***Broad Market Large Cap CBI – 3 (AIG-2)***

**Additional New Trade Ideas**

**AIG – Buy 1/3 Catapult position @ \$77.07 LIMIT.** From the Catapult section above, this is the 3<sup>rd</sup> and final lot of AIG.

**Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
<i>SPY(1/4)</i>	<i>12/31/2025</i>	<i>\$681.92</i>	<i>\$692.19</i>	<i>1.51%</i>	<i>sold on open</i>
AIG(1/3)	1/5/2026	\$83.56	\$77.07	-7.77%	Catapult
AIG(1/3)	1/7/2026	\$77.43	\$77.07	-0.46%	Catapult

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