

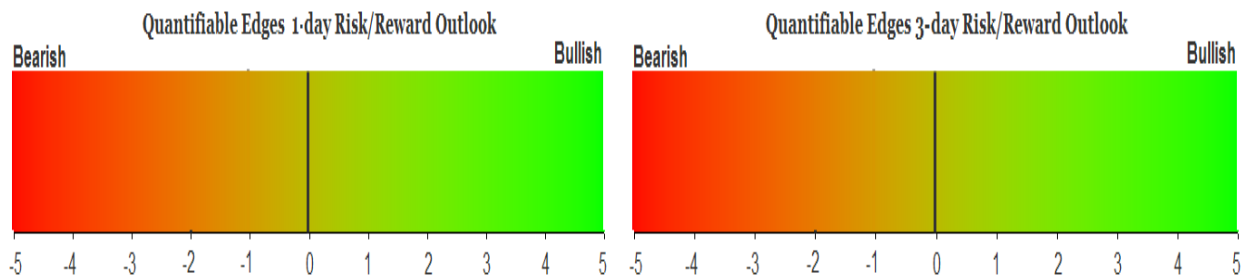
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 13, 2026

Volume 19 Issue 8

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- 3 days up to a 200-day high on a Monday is often followed by more buying.
- VIX up with SPX making a 50-day high on a Monday suggests a 1-2 day downside edge.

Short-term Outlook

The Bottom Line

The Aggregator is neutral – same as me.

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
Active - Short Term						
January 13, 2026	VIX up SPX 50-high on Monday	1-2 days	Bearish			
January 13, 2026	SPX up 3 to 200-high on Monday	1-3 days	Bullish	0.90%	-0.50%	-1.00%
Active - Long Term						
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	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			

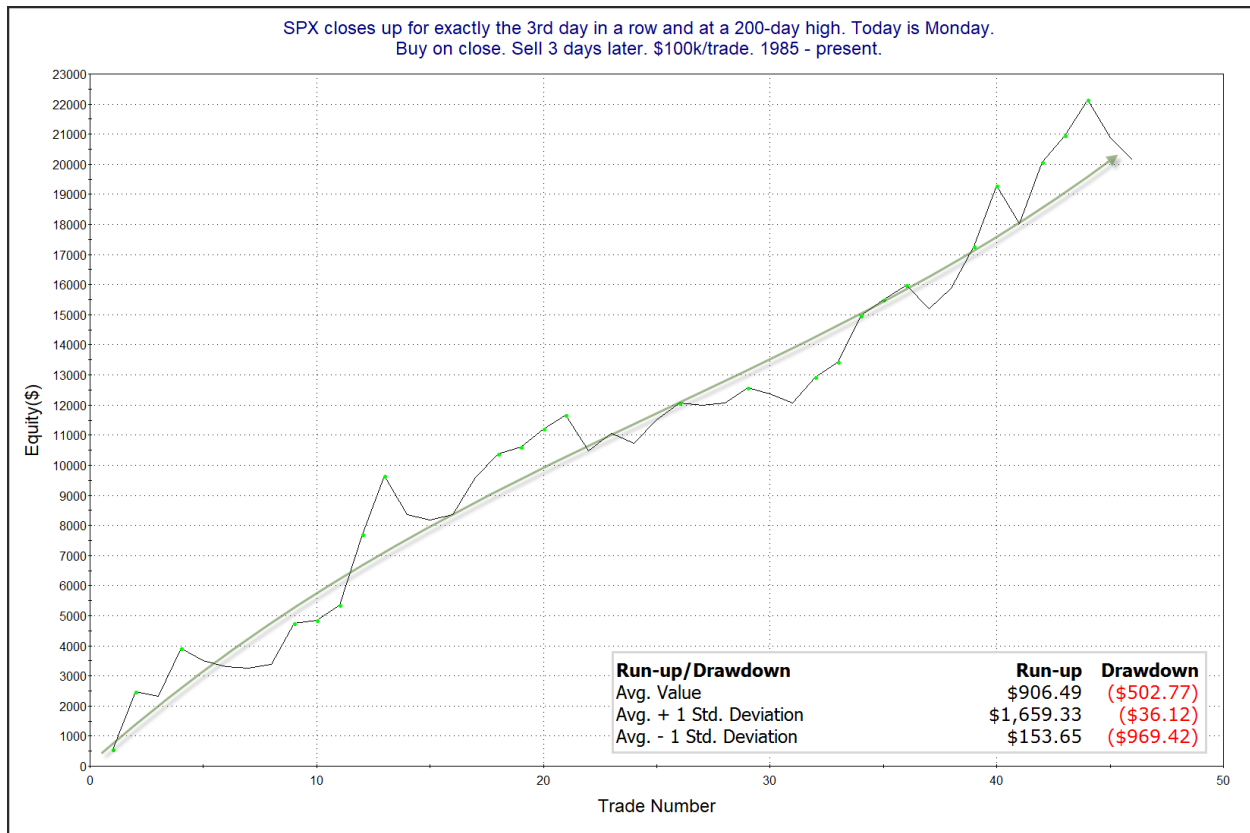
The Evidence

The major indices all saw gains on Monday. SPX closed up 0.2%, the NASDAQ gained 0.3%, and the Russell 2000 rose 0.4%. Breadth was positive as the NYSE Up Issues % closed at 57% and the NYSE Up Volume % posted a 50.2% reading. NYSE total volume rose some from Friday’s level.

One interesting study that triggered looked at other times SPX closed up 3 days in a row and made a new 200-day high on a Monday. Results below are updated from the 10/28/25 letter.

SPX closes up for exactly the 3rd day in a row and at a 200-day high. Today is Monday. Buy on close. Sell X days later. \$100k/trade. 1985 - 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	26,593.30	46	31	15	67.39	3,565.00	-1,497.69	1,182.84	-671.66	1.76	3.64	578.12
4	19,831.06	46	28	18	60.87	3,489.10	-2,042.82	1,165.43	-711.17	1.64	2.55	431.11
3	20,150.68	46	31	15	67.39	2,359.80	-1,300.86	918.79	-555.46	1.65	3.42	438.06
2	16,580.84	46	33	13	71.74	2,426.12	-1,482.30	666.54	-416.53	1.60	4.06	360.45
1	5,753.86	46	25	21	54.35	1,687.28	-539.07	420.12	-226.15	1.86	2.21	125.08

Results here appear quite bullish. Below is a look at the 3-day profit curve.



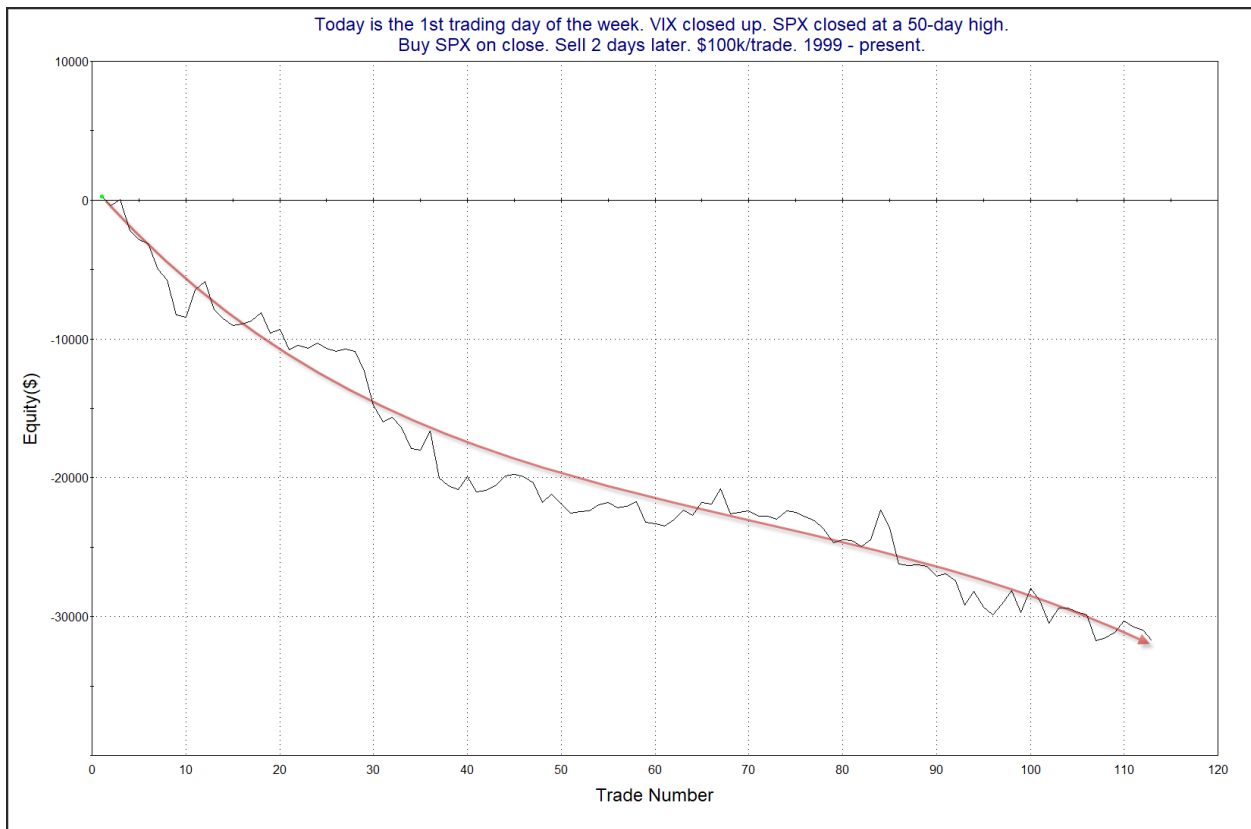
That is a very consistent move from lower left to upper right. I find the study appealing, and have included it on the active list as a 3-day edge.

While the SPX closed up the VIX also rose. Most often they trade opposite each other, so this kind of action is somewhat unusual. But VIX has a tendency to decline going into the weekend (Friday afternoons), and then rise when it returns from the weekend. So to see this action on the first trading day of the week is less unusual than at any other time. Still, combined with the SPX 50-day high, it has been often followed by a dip in the next few days. This was last discussed in the 9/23/25 letter. I have updated the research below.

Today is the 1st trading day of the week. VIX closed up. SPX closed at a 50-day high.
Buy SPX on close. Sell X days later. \$100k/trade. 1999 - present.

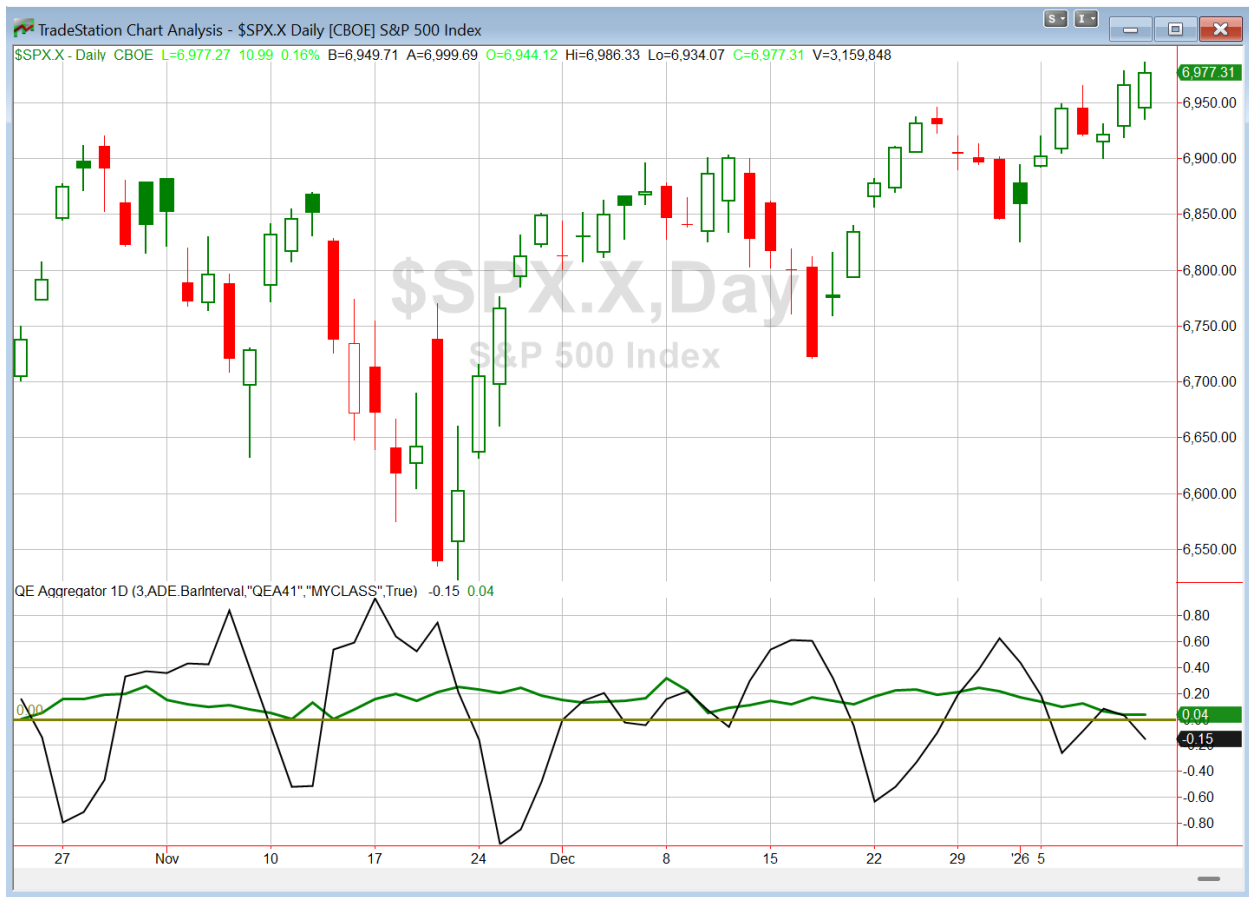
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-17,207.58	107	51	56	47.66	5,653.12	-5,048.68	1,087.64	-1,297.81	0.84	0.76	-160.82
4	-21,548.79	113	54	59	47.79	4,422.40	-5,732.40	954.43	-1,238.78	0.77	0.71	-190.70
3	-21,234.30	113	53	60	46.90	2,641.80	-6,908.70	729.10	-997.94	0.73	0.65	-187.91
2	-31,751.81	113	46	67	40.71	2,148.48	-3,372.16	547.00	-849.46	0.64	0.44	-280.99
1	-9,877.59	113	42	71	37.17	802.88	-1,580.04	326.76	-332.41	0.98	0.58	-87.41

Results here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



The profit curve has had a long decline. This study seems worthy of consideration. I have again included this study on the Active List.

I have updated the Aggregator chart below.



With tonight's mix of 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 fell 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 turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Tuesday. This could change if additional bearish evidence emerges. Meanwhile, the Differential Pivot will be 6940.64. That is 0.5% below Monday's close. Therefore, SPX will need to close down at least 0.5% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Evidence is mixed and the market is short-term overbought. There simply does not appear to be a short-term edge with strongly favorable reward/risk. I'll continue to wait for a more compelling setup to emerge before looking to take on my next index position.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/12 – **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)

AIG – 1/3 @ \$77.07 (bought @ limit)

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

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
AIG(1/3)	1/5/2026	\$83.56	\$74.09	-11.33%	Catapult
AIG(1/3)	1/7/2026	\$77.43	\$74.09	-4.31%	Catapult
AIG(1/3)	1/12/2026	\$75.43	\$74.09	-1.78%	Catapult

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