

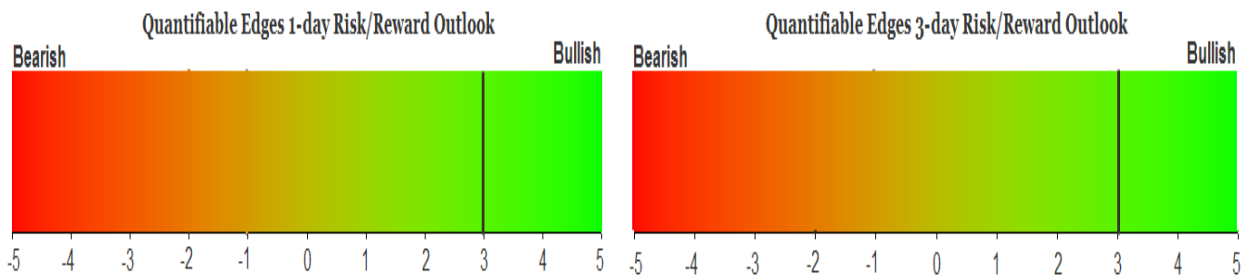
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 16, 2026

Volume 19 Issue 11

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	3

Tonight's Research Points

- Opex Friday has often seen selling after the opening bell.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I believe there is a long-side edge, but opex Friday is not a day that you typically want to make early morning entries.

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 15, 2026	SPX down & > 200ma. NYSE Up Iss > 60%	1-3 days	Bullish	1.30%	-0.60%	-1.50%
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

Thursday started strong, but it gave up a sizable portion of its gains before the close. SPX and NASDAQ both finished up 0.25%, and the Russell 2000 gained 0.32%. Breadth was strong as the NYSE Up Issues % closed at 65% and the NYSE Up Volume % posted a 58% reading. NYSE total volume declined some from Wednesday’s level.

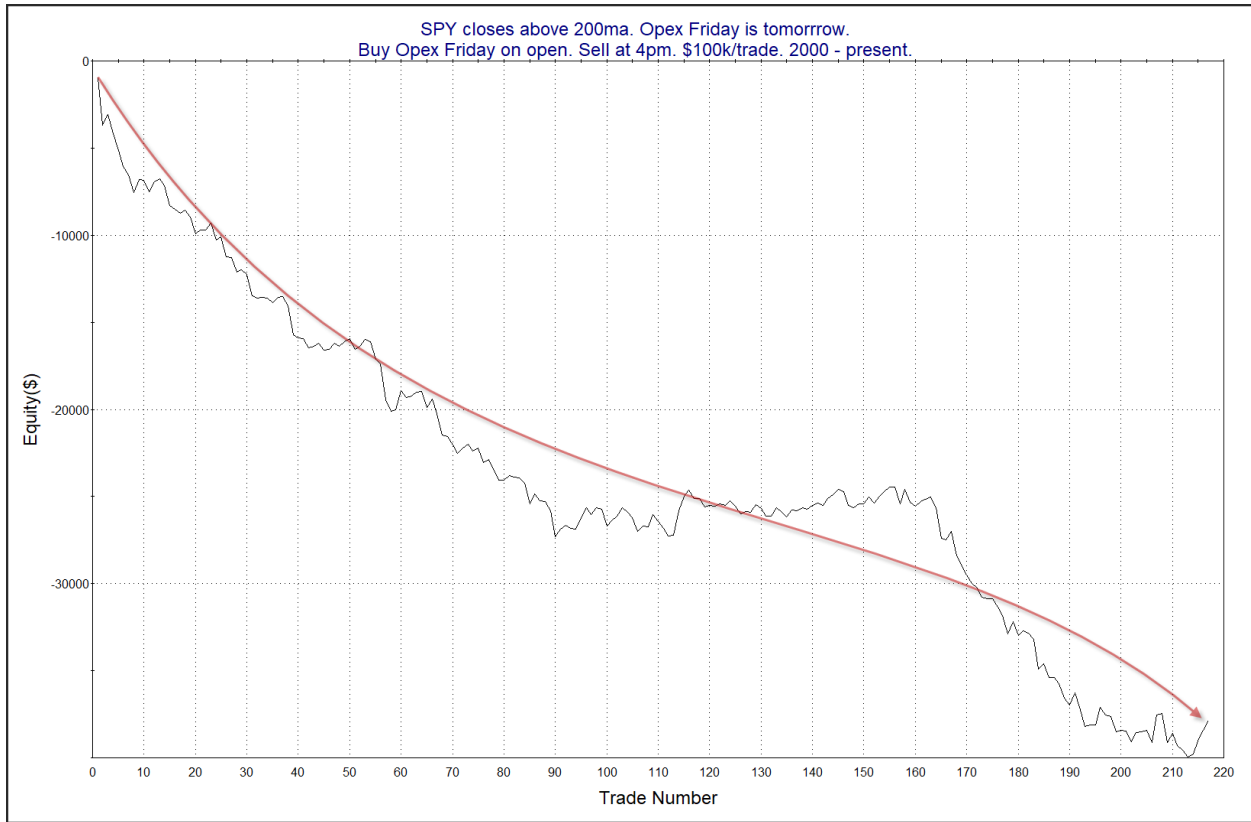
Price action did not generate anything in the way of new, compelling evidence. But Friday is options expiration. Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years. This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

SPY closes above 200ma. Opex Friday is tomorrow. Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.												
OE Op-Ex Fri Intra Short: timeofday	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
1,600	-37,829.52	217	90	127	41.47	1,547.00	-2,746.58	342.82	-540.82	0.63	0.45	-174.33
1,500	-31,552.26	217	90	126	41.47	1,824.10	-2,315.18	330.45	-486.45	0.68	0.49	-145.40
1,400	-31,031.38	217	78	139	35.94	1,751.00	-2,000.00	323.54	-404.80	0.80	0.45	-143.00
1,300	-27,323.84	217	81	135	37.33	2,172.60	-1,324.62	304.98	-385.39	0.79	0.47	-125.92
1,200	-25,736.59	217	77	140	35.48	2,150.50	-1,318.40	296.14	-346.71	0.85	0.47	-118.60
1,100	-23,210.77	217	81	135	37.33	1,103.30	-968.50	225.04	-306.96	0.73	0.44	-106.96
1,000	-18,592.39	217	63	154	29.03	473.34	-629.00	137.14	-176.83	0.78	0.32	-85.68

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) A good chunk of the downside would have been achieved by exiting as early as 11am. Below is a look at a profit curve for the 11am exit.



The strong move from upper left to lower right supports the bearish case. Next is the 4pm exit.



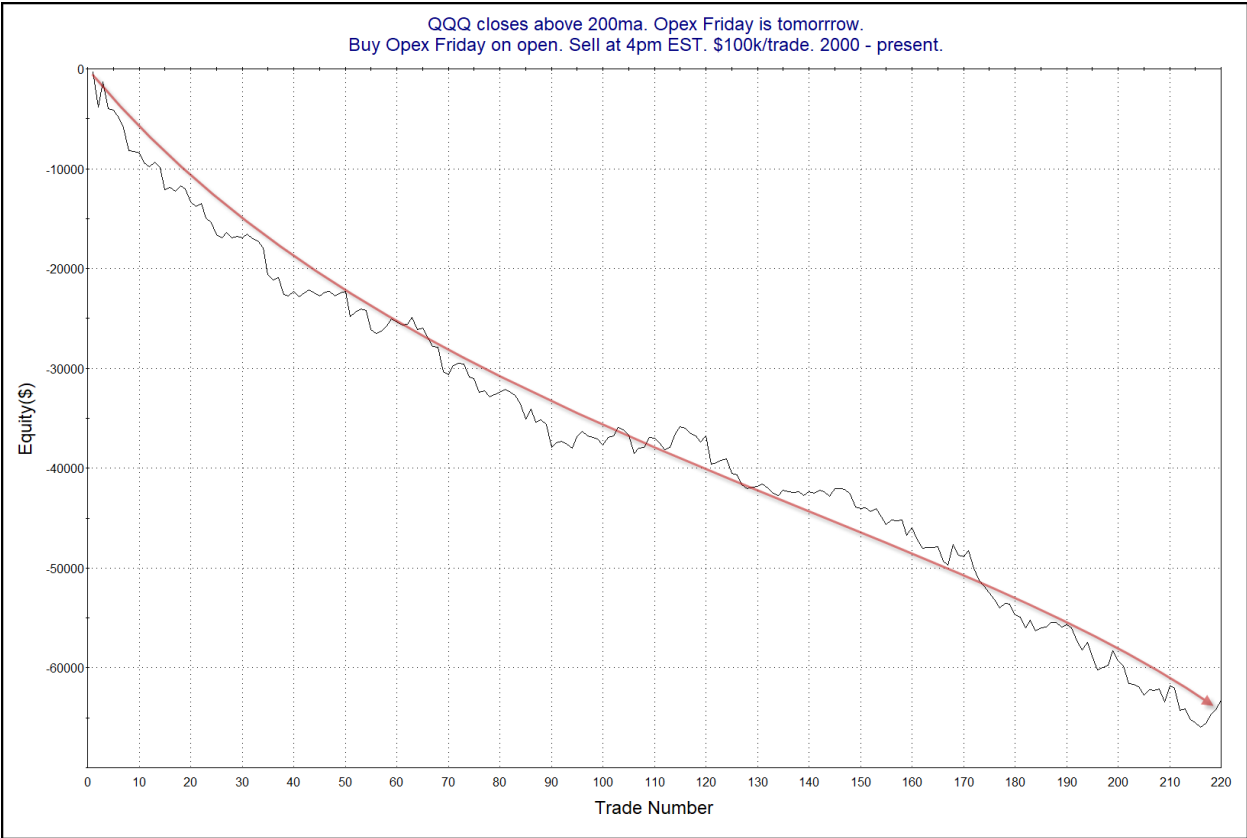
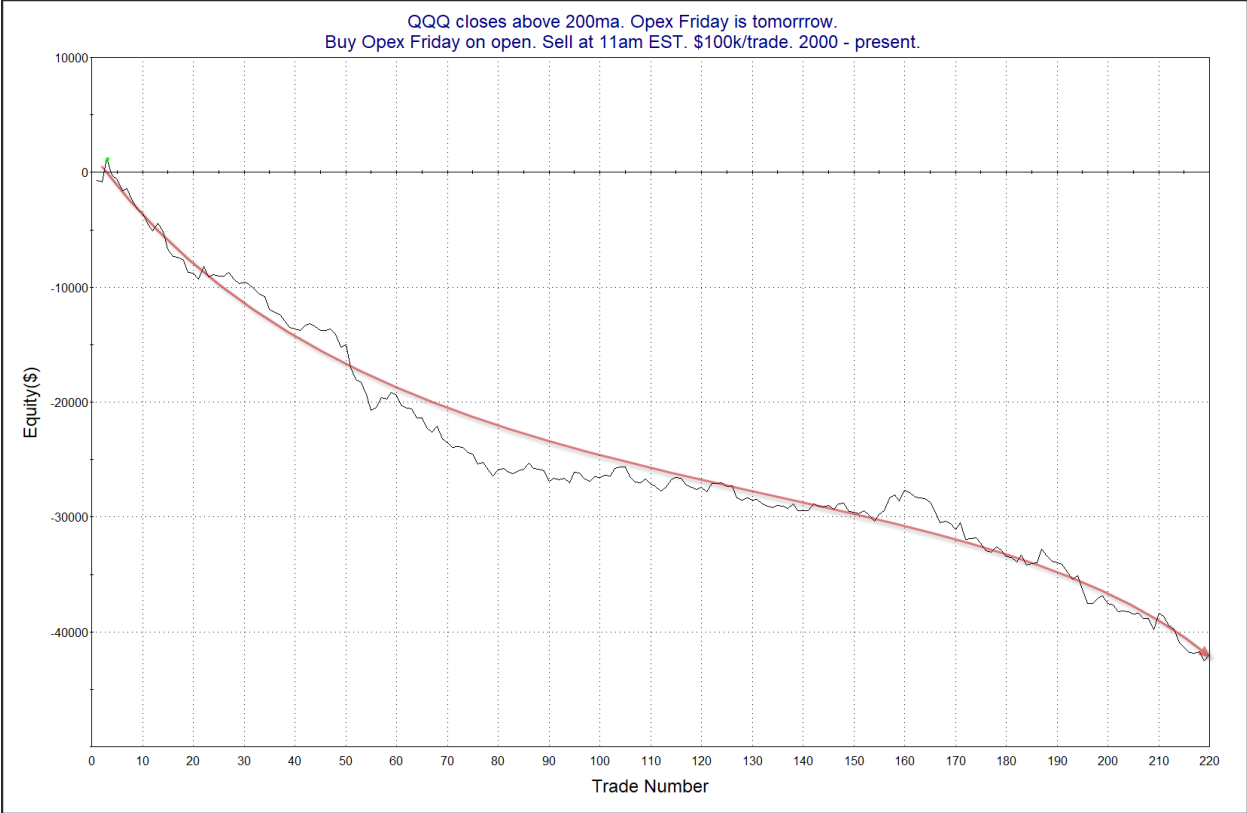
Despite the last few instances not panning out, this is also impressive.

QQQ has seen an even stronger tendency to sell off. This can be seen in the table below.

QQQ closes above 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at time shown on left. \$100k/trade. 2000 - present.

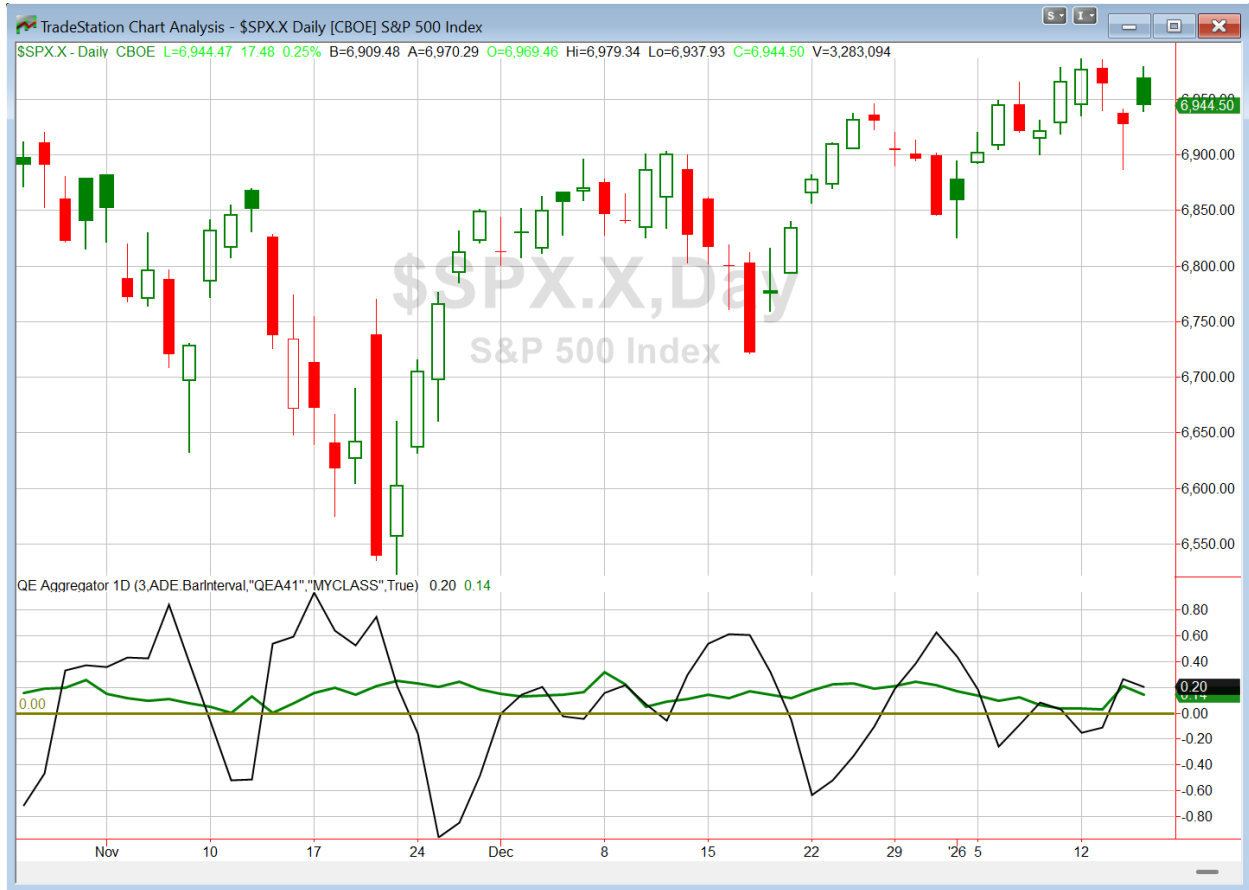
OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-63,289.26	220	86	134	39.09	2,516.00	-3,525.88	466.24	-771.53	0.60	0.39	-287.68
1,500	-56,207.45	220	81	137	36.82	2,246.52	-2,590.84	455.95	-679.85	0.67	0.40	-255.49
1,400	-55,270.58	220	72	145	32.73	2,104.90	-2,431.68	443.61	-601.45	0.74	0.37	-251.23
1,300	-47,871.05	220	76	143	34.55	2,541.40	-2,382.80	409.87	-552.60	0.74	0.39	-217.60
1,200	-46,952.66	220	80	139	36.36	2,518.12	-1,843.43	367.97	-549.57	0.67	0.39	-213.42
1,100	-42,014.57	220	73	146	33.18	1,998.00	-1,936.40	365.98	-470.76	0.78	0.39	-190.98
1,000	-31,228.55	220	69	150	31.36	1,332.00	-1,198.29	219.63	-309.22	0.71	0.33	-141.95

Also notable is that nearly 2/3 of the downside edge has occurred in the 90 minutes of trading. So Below are profit curves for 11am and 4pm.



The bearish edge appears alive and well here. It is something traders may want to consider on Friday morning.

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 also 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 long at the close.

Based on the current list of active studies, expectations are set to remain positive on Friday. This could change if strong bearish evidence emerges. Meanwhile, the Differential Pivot will be 6971.30. That is 0.4% above Thursday's close. Therefore, SPX will need to close up at least 0.4% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. While evidence is pointing higher, there is not much in the way of active short-term studies. And opex history has me wary of buying in the morning. So I will wait for the close, and if SPY closes a bit lower, I may look to take on some long exposure ahead of the long weekend.

*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

SPY – Buy ¼ index position @ \$691.50 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to start building a long SPY position if I can get filled at the close on Friday at a level a bit below Thursday's close.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
AIG(1/3)	1/5/2026	\$83.56	\$74.03	-11.40%	Catapult
AIG(1/3)	1/7/2026	\$77.43	\$74.03	-4.39%	Catapult
AIG(1/3)	1/12/2026	\$75.43	\$74.03	-1.86%	Catapult

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