

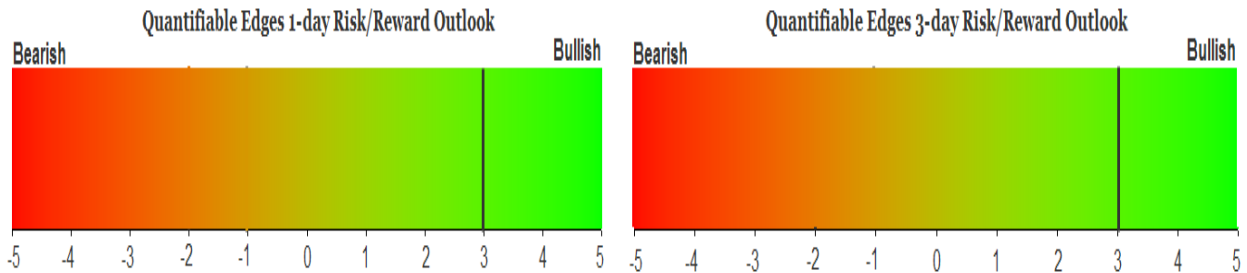
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 21, 2026

Volume 19 Issue 13

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- System 110524 triggered for SPX. This has exhibited a bullish edge over the years.
- Tuesday's VIX spike is also suggesting a bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I believe there is a long-side edge.

The Evidence

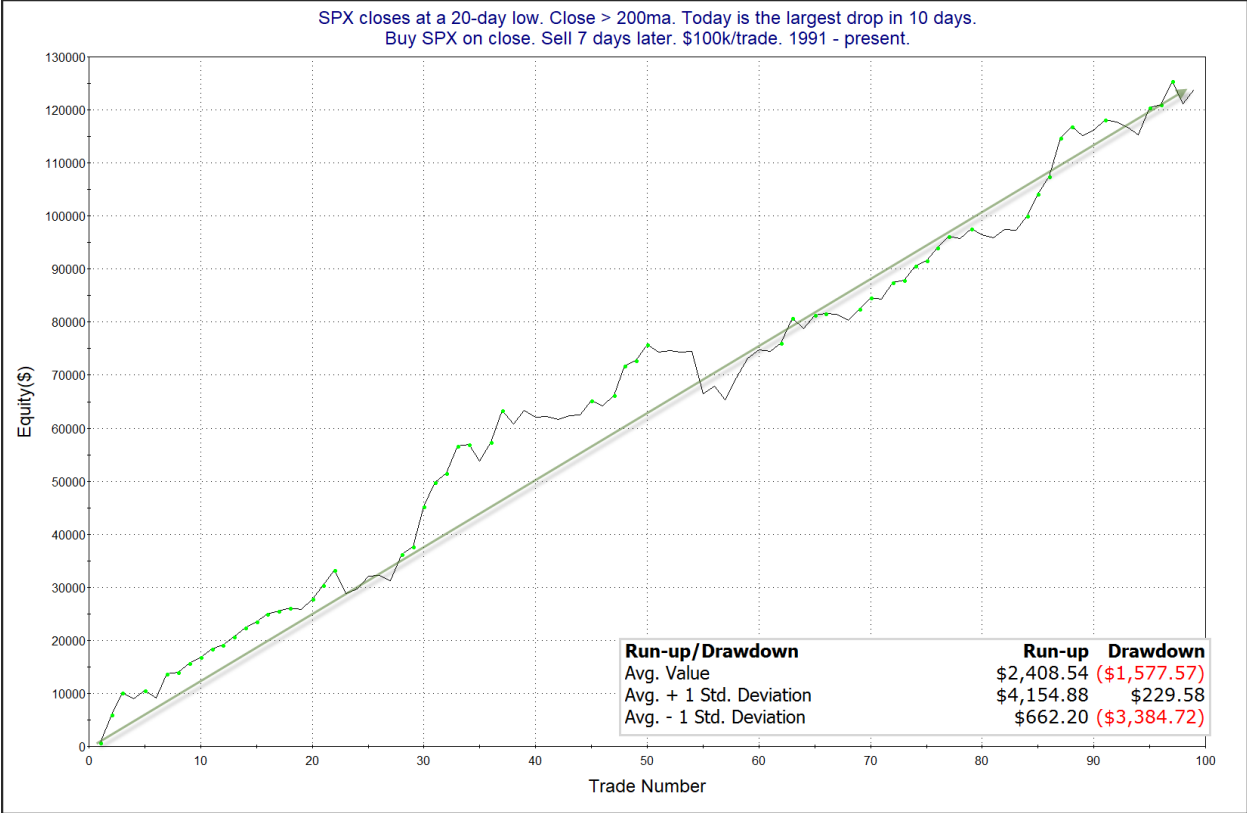
It was a rough start to the week. SPX lost 2.1%, the NASDAQ finished down 2.4%, and the Russell 2000 dropped 1.2%. Breadth was weak as the NYSE Up Issues % closed at 22% and the NYSE Up Volume % posted a 29% reading. NYSE total volume declined some from Friday's level.

There were several bullish studies that triggered in the Quantifinder. Below are a couple of the most relevant and compelling ones.

The selloff in SPX put it at a 20-day low. In the 1/13/25 letter I showed a study that examined large losses that finished at intermediate-term lows. I have updated that study below.

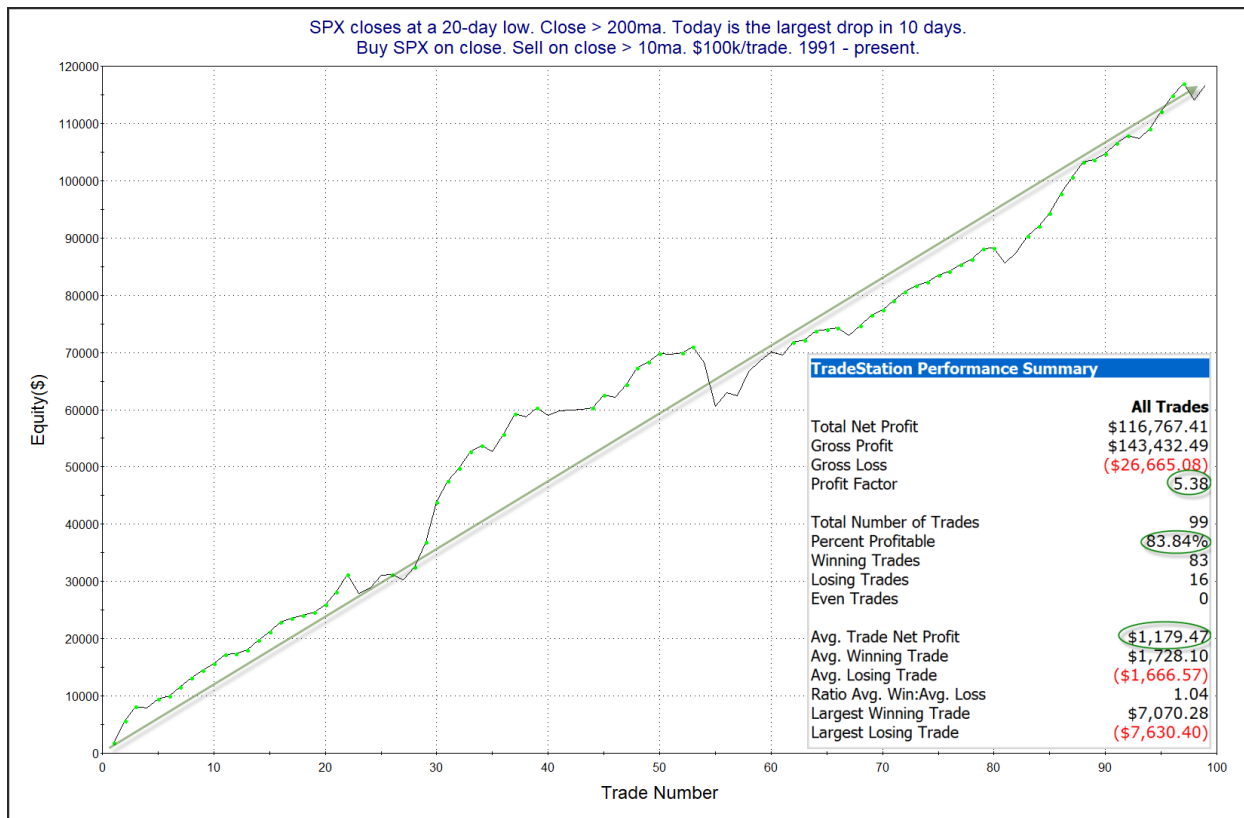
SPX closes at a 20-day low. Close > 200ma. Today is the largest drop in 10 days. Buy SPX on close. Sell X days later. \$100k/trade. 1991 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	104,787.35	94	65	29	69.15	9,048.90	-13,993.88	2,651.24	-2,329.09	1.14	2.55	1,114.76
9	123,025.93	95	71	24	74.74	8,235.00	-10,059.36	2,402.80	-1,982.19	1.21	3.59	1,295.01
8	113,988.34	97	71	26	73.20	8,384.10	-14,092.68	2,452.36	-2,312.67	1.06	2.90	1,175.14
7	123,887.43	99	71	28	71.72	7,500.06	-8,018.76	2,361.49	-1,563.52	1.51	3.83	1,251.39
6	117,421.98	101	74	27	73.27	7,272.06	-7,966.32	2,234.77	-1,775.97	1.26	3.45	1,162.59
5	99,753.95	102	66	36	64.71	7,070.28	-3,997.72	2,106.86	-1,091.63	1.93	3.54	977.98
4	72,233.96	104	68	36	65.38	4,731.13	-3,863.84	1,745.70	-1,290.94	1.35	2.55	694.56
3	54,178.62	105	68	37	64.76	4,277.94	-5,331.20	1,492.55	-1,278.78	1.17	2.15	515.99
2	51,791.74	106	70	36	66.04	4,809.66	-3,863.25	1,182.59	-860.82	1.37	2.67	488.60
1	20,282.71	109	68	41	62.39	5,117.46	-2,162.04	743.23	-737.97	1.01	1.67	186.08

Results here are quite bullish. Below is a look at the 7-day profit curve.



That is a nice looking curve heading in a fairly straight line from lower left to upper right.

Some subscribers may recognize the setup as numbered-system 110524. Results below are also updated and they utilize the system exit strategy rather than a simple day count.



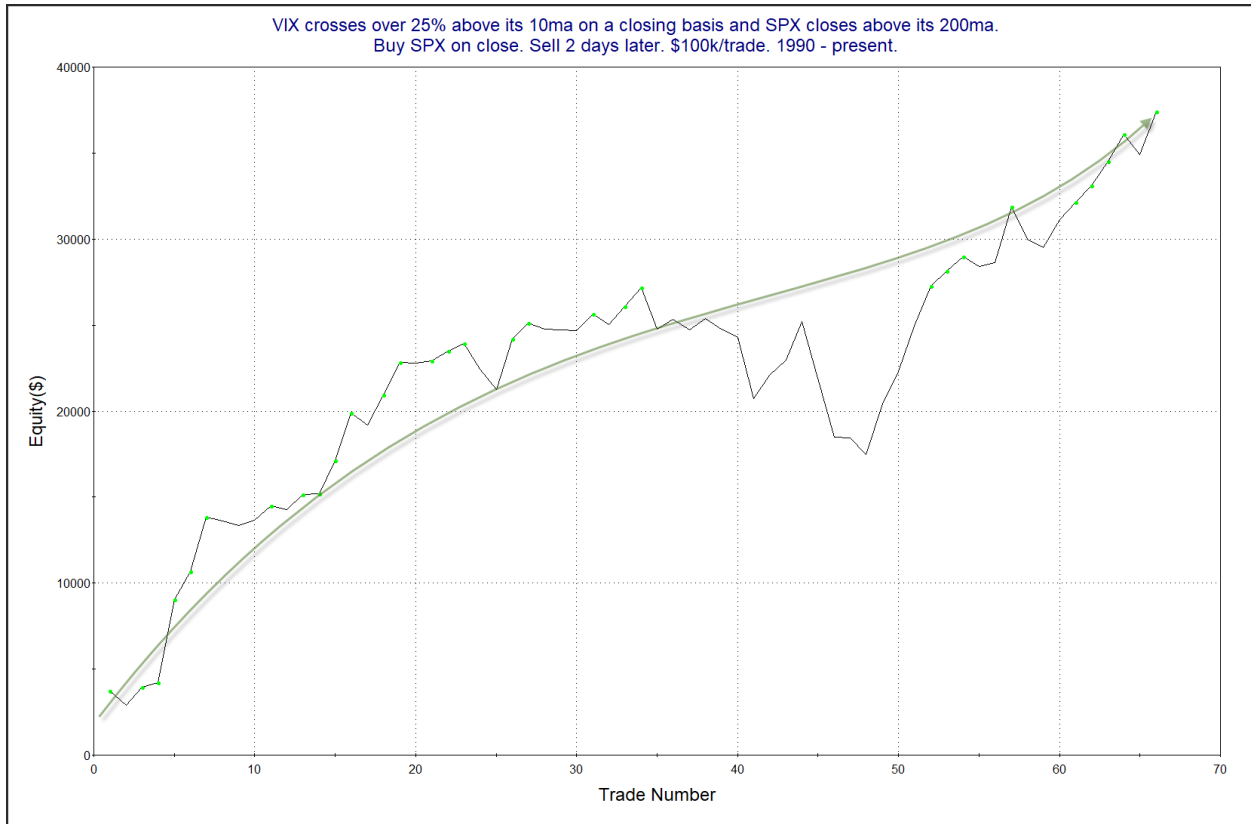
As you can see, waiting for a reversion to exit has often been a good way to go. You'll note the largest losing trade is a big one. It triggered shortly before the US debt downgrade in 2011. But the big drop was made up for fairly quickly and the upward slope continues to impress.

While the SPX declined sharply, the VIX index rose sharply. In fact, it closed 25.8% above its 10-day moving average. The study below examined stretches of 25% or more. I've shown it several times in the past, and have updated the results.

VIX crosses over 25% above its 10ma on a closing basis and SPX closes above its 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 1990 - present.

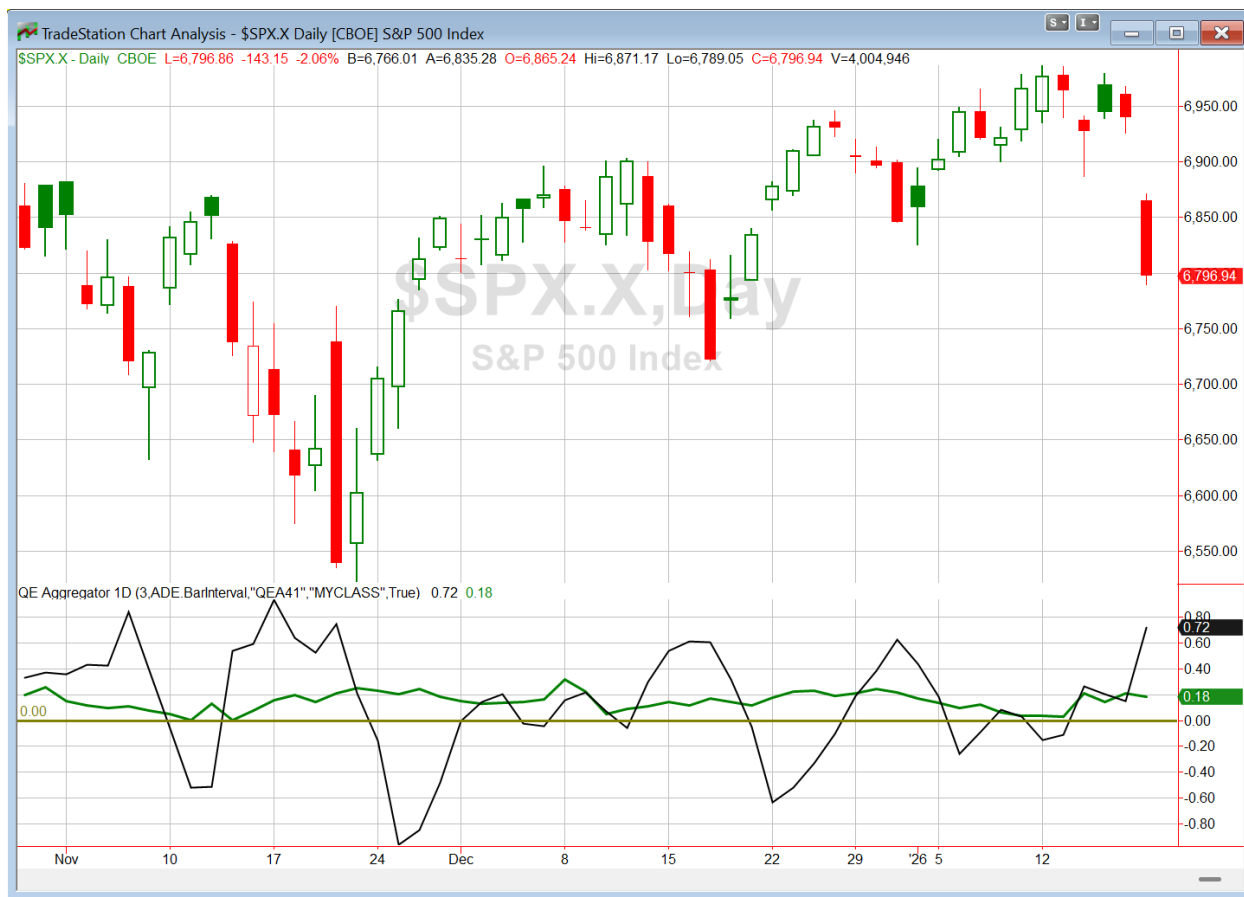
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	48,412.00	58	35	23	60.34	7,070.28	-5,132.88	2,231.66	-1,291.13	1.73	2.63	834.69
4	40,929.27	60	40	20	66.67	4,690.50	-8,150.10	1,946.52	-1,846.57	1.05	2.11	682.15
3	31,221.10	60	38	22	63.33	3,940.55	-7,413.90	1,673.03	-1,470.64	1.14	1.96	520.35
2	37,408.74	66	41	25	62.12	4,809.66	-3,591.06	1,536.20	-1,023.01	1.50	2.46	566.80
1	17,817.84	66	43	23	65.15	5,117.46	-4,074.84	1,000.28	-1,095.40	0.91	1.71	269.97

The numbers look solid. Bounces seem to have been the norm under these circumstances. Below is a profit curve that assumes a 2-day exit strategy.



Despite the chop, performance lately has been strong, and the curve is back new highs. I have included this study on the Active List also.

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 Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6967.72. That is 2.5% above Tuesday's close. Therefore, SPX will need to close up a sizable 2.5% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is pointing higher and there is a good amount of room to the upside before SPX will turn overbought. I like the long side. There was 1 lot of SPY that filled on Tuesday near the close. I may look to add a 2nd in the trade ideas section if SPY struggles again on Wednesday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/20 – **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)

NOW – 1/3 @ \$127.31 (bought @ limit)

New

NOW – 1/3 @ \$125.40 (buy @ limit)

GM – 1/3 @ \$77.81 (buy @ limit)

Broad Market Large Cap CBI – 6 (AIG-3, NOW-2, GM)

Additional New Trade Ideas

SPY – Buy ¼ index position @ \$676.00 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to add a 2nd lot of SPY if it closes down much on Wednesday.

NOW – Buy 1/3 Catapult position @ \$125.40 LIMIT. From the Catapult section above, the is the 2nd of up to 3 lots of NOW.

GM – Buy 1/3 Catapult position @ \$77.81 LIMIT. From the Catapult section above, the is the 1st of up to 3 lots of GM.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
AIG(1/3)	1/5/2026	\$83.56	\$72.44	-13.31%	Catapult
AIG(1/3)	1/7/2026	\$77.43	\$72.44	-6.44%	Catapult
AIG(1/3)	1/12/2026	\$75.43	\$72.44	-3.96%	Catapult
NOW(1/3)	1/20/2026	\$126.57	\$125.40	-0.92%	Catapult
SPY(1/4)	1/20/2026	\$677.58	\$677.58	0.00%	Aggregator

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