

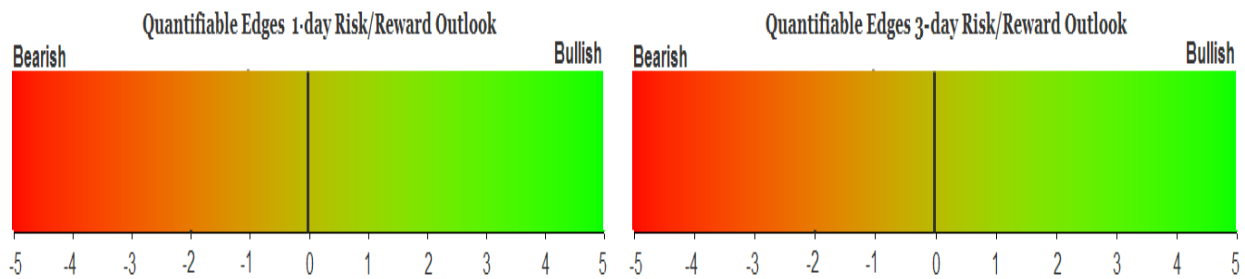
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 27, 2026

Volume 19 Issue 17

## Market Overview



## Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Flat       | 1           |

## Tonight's Research Points

- SPX up 4 days in a row above the 200ma without closing at a 10-day high is something that has often been followed by more gains over the last 25 years.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. But a weak close on Tuesday could set up a bullish opportunity.

**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 27, 2026           | Up 4 & > 200 but < 10-day high              | 1-4 days    | Bullish | 1.70%      | -0.70%     | -1.70%                 |
| January 23, 2026           | 2-low. Then unfilled gap up 2x. Close > 200 | 1-6 days    | Bullish | 2.00%      | -1.20%     | -2.50%                 |
| January 23, 2026           | Dn 1.75%. Then up 2 close < 3 ago           | 1-4 days    | Bullish | 2.10%      | -1.00%     | -2.30%                 |
| January 22, 2026           | SPX dn 2% to 10-low. Then up 1% < 2 ago     | 1-5 days    | Bullish | 2.90%      | -1.40%     | -2.70%                 |
| <b>Active - Long Term</b>  |   |             |         |            |            |                        |
| January 20, 2026           | SPY 50-high then sideways for 5 days        | 1-10 days   | Bullish | 2.10%      | -1.10%     | -2.40%                 |
| 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 |            |            |                        |

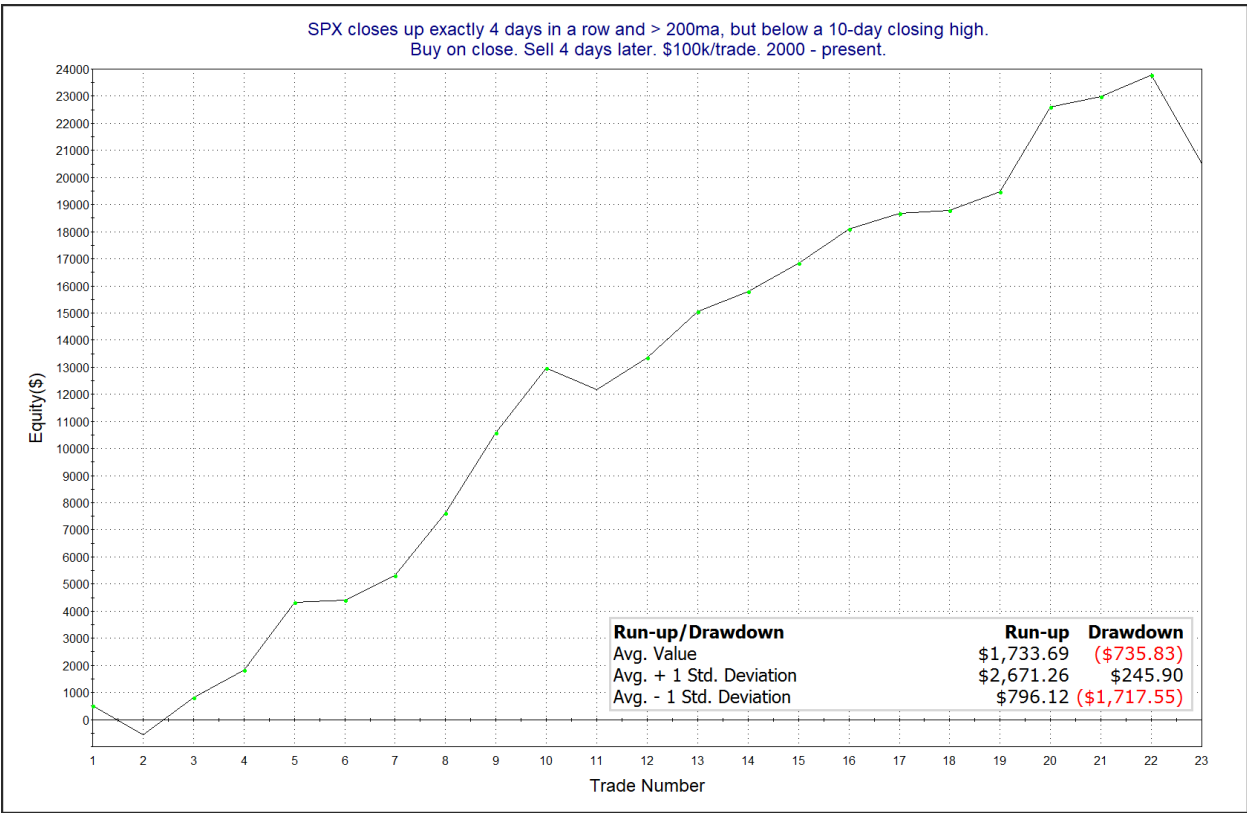
**The Evidence**

The market posted mixed and mild results on Monday. SPX rose 0.5%, the NASDAQ finished up 0.4%, and the Russell 2000 declined 0.4%. Breadth was flat as the NYSE Up Issues % closed at 50.8% and the NYSE Up Volume % posted a 50.5% reading. NYSE total volume rose some from Friday's level.

While SPX has managed to close up four days in a row, it still did not close at a 10-day high on Thursday. That suggests it is overbought very short-term, but there was some strong selling before the move up. In the 11/13/25 letter I looked back at other times this has happened, and the results were surprisingly lopsided. I've updated them below.

| SPX closes up exactly 4 days in a row and > 200ma, but below a 10-day closing high.<br>Buy on close. Sell X days later. \$100k/trade. 2000 - 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   | 20,779.59       | 23                | 17                  | 6                  | 73.91             | 2,928.42               | -3,198.00             | 1,646.83               | -1,202.76             | 1.37                | 3.88              | 903.46         |
| 4   | 20,511.71       | 23                | 20                  | 3                  | 86.96             | 3,128.76               | -3,270.40             | 1,282.06               | -1,709.84             | 0.75                | 5.00              | 891.81         |
| 3   | 19,680.52       | 23                | 17                  | 6                  | 73.91             | 3,000.26               | -2,499.14             | 1,499.07               | -967.29               | 1.55                | 4.39              | 855.67         |
| 2   | 18,012.94       | 23                | 19                  | 4                  | 82.61             | 2,459.85               | -1,723.80             | 1,155.17               | -983.83               | 1.17                | 5.58              | 783.17         |
| 1   | 6,696.41        | 23                | 16                  | 7                  | 69.57             | 1,973.52               | -1,588.02             | 768.32                 | -799.53               | 0.96                | 2.20              | 291.15         |
| <p><b>The most recent instance, which triggered on 11/12/25, is the only one that did NOT close above the entry price at some point in the next 4 days.</b></p> |                 |                   |                     |                    |                   |                        |                       |                        |                       |                     |                   |                |

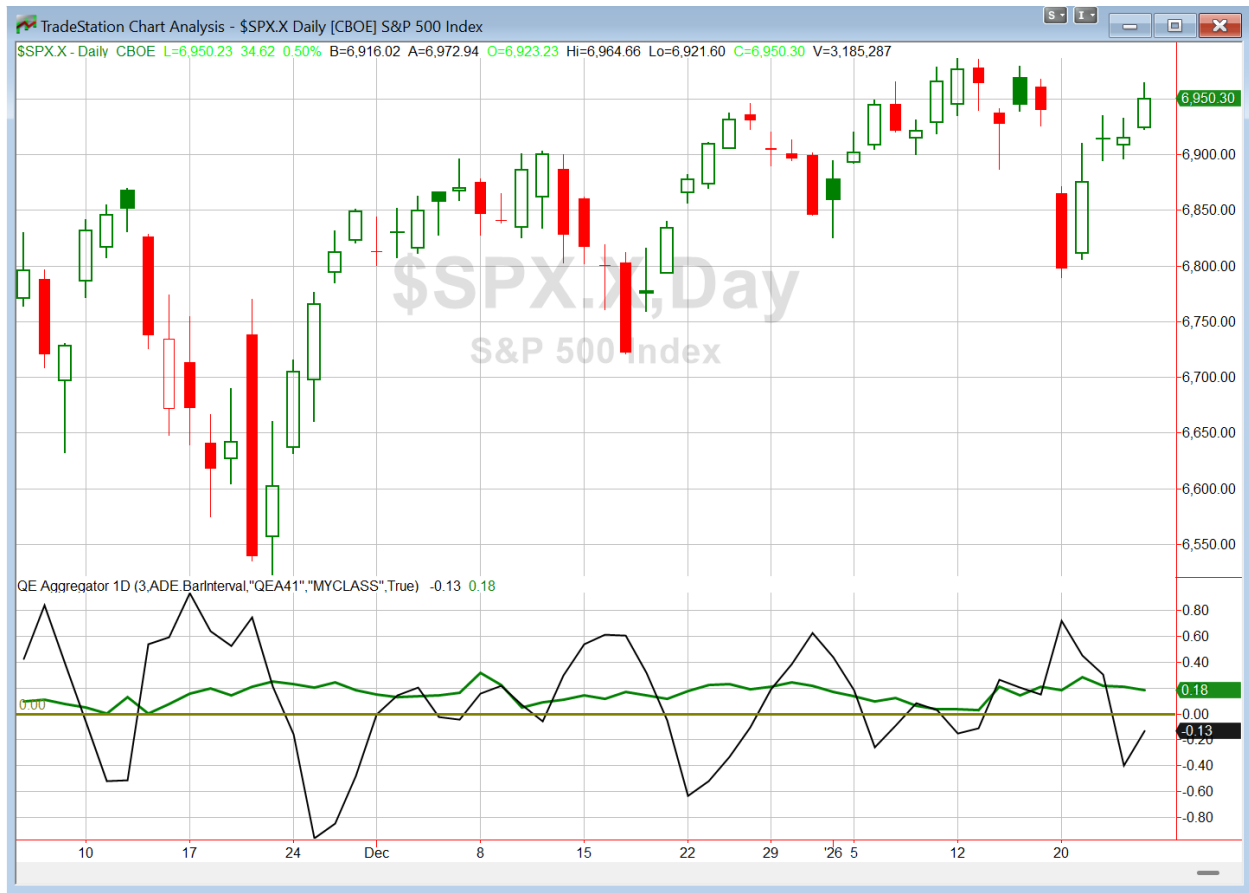
The short-term momentum has carried through over the next few days in every case except the last one. Looking out 4 days the record is 20-3 with an average gain of 0.9%. Below is a look at the 4-day profit curve.



The curve shows a persistent move from lower left towards upper right, and serves as some confirmation of the bullish edge suggested by the numbers. I have added this study to the short-term active list.

I will also note that Tuesday's closing range could help establish the odds for Wednesday. I discussed this in detail last night, but the bottom line was that the lower SPY closes in its intraday range on Tuesday, the stronger the upside edge for Wednesday's Fed Day.

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 Tuesday. This is unlikely to change. Meanwhile, the Differential Pivot will be *inverted* at 6961.15. That is 0.2% *above* Monday'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 nearly 0.2% in order to remain overbought. Anything other than that and SPX will flip from overbought to oversold versus recent expectations as of Tuesday's close.

So the Aggregator is neutral. It could easily flip back to bullish if it does not rally on Tuesday. In anticipation of that, and with last night's Fed Day study in mind, I will look to take on some SPY exposure near the close if SPY closes down and in the bottom 25% of its intraday range.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 1/26 – **bullish***

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

GM – 1/3 @ \$77.81 (buy @ limit) - *not filled – cancel for now*

### ***Broad Market Large Cap CBI – 1 (GM)***

## **Additional New Trade Ideas**

**SPY – Buy ½ index position @ \$692.70 LIMIT ON CLOSE IF SPY ALSO CLOSES IN THE BOTTOM 25% OF ITS INTRADAY RANGE.** Based on the short-term section above, this will look for SPY exposure if it closes down and in the bottom quarter of its intraday range. This is a ½ size position here rather than the typical ¼ position, because there is a good chance I will exit some of it on Wednesday, and I'd like the opportunity to potentially exit some prior to the announcement, and hold onto some through the announcement.

## **Current Open Trade Ideas**

| Symbol          | Entry Date       | Entry Price     | Current Price   | % Gain/Loss  | Notes                      |
|-----------------|------------------|-----------------|-----------------|--------------|----------------------------|
| AIG(1/3)        | 1/5/2026         | \$83.56         | \$73.79         | -11.69%      | <i>sell on open</i>        |
| AIG(1/3)        | 1/7/2026         | \$77.43         | \$73.79         | -4.70%       | <i>sell on open</i>        |
| AIG(1/3)        | 1/12/2026        | \$75.43         | \$73.79         | -2.17%       | <i>sell on open</i>        |
| <b>NOW(1/3)</b> | <b>1/20/2026</b> | <b>\$126.57</b> | <b>\$134.55</b> | <b>6.30%</b> | <b><i>sold on open</i></b> |
| <b>NOW(1/3)</b> | <b>1/21/2026</b> | <b>\$125.40</b> | <b>\$134.55</b> | <b>7.30%</b> | <b><i>sold on open</i></b> |
| <b>NOW(1/3)</b> | <b>1/22/2026</b> | <b>\$125.30</b> | <b>\$134.55</b> | <b>7.38%</b> | <b><i>sold on open</i></b> |

**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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