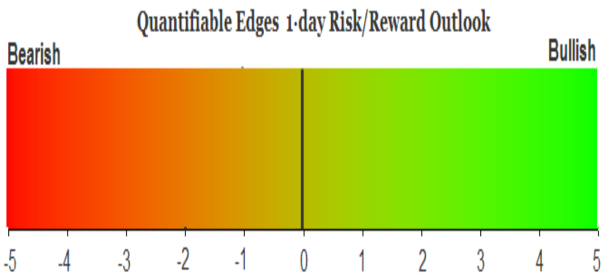
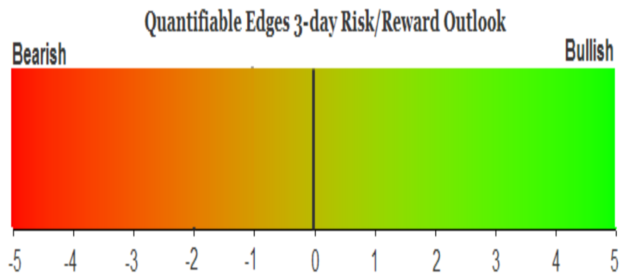
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 29, 2026 Volume 19 Issue 19

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- 5+ days higher to a 50-day high is rarely a rally that ends abruptly.
- When an overbought SPX has pulled back as little as it did Wednesday, it may not want to pull back at all, and has often continued higher over the next 1 to 2 days.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Same here.

The Evidence

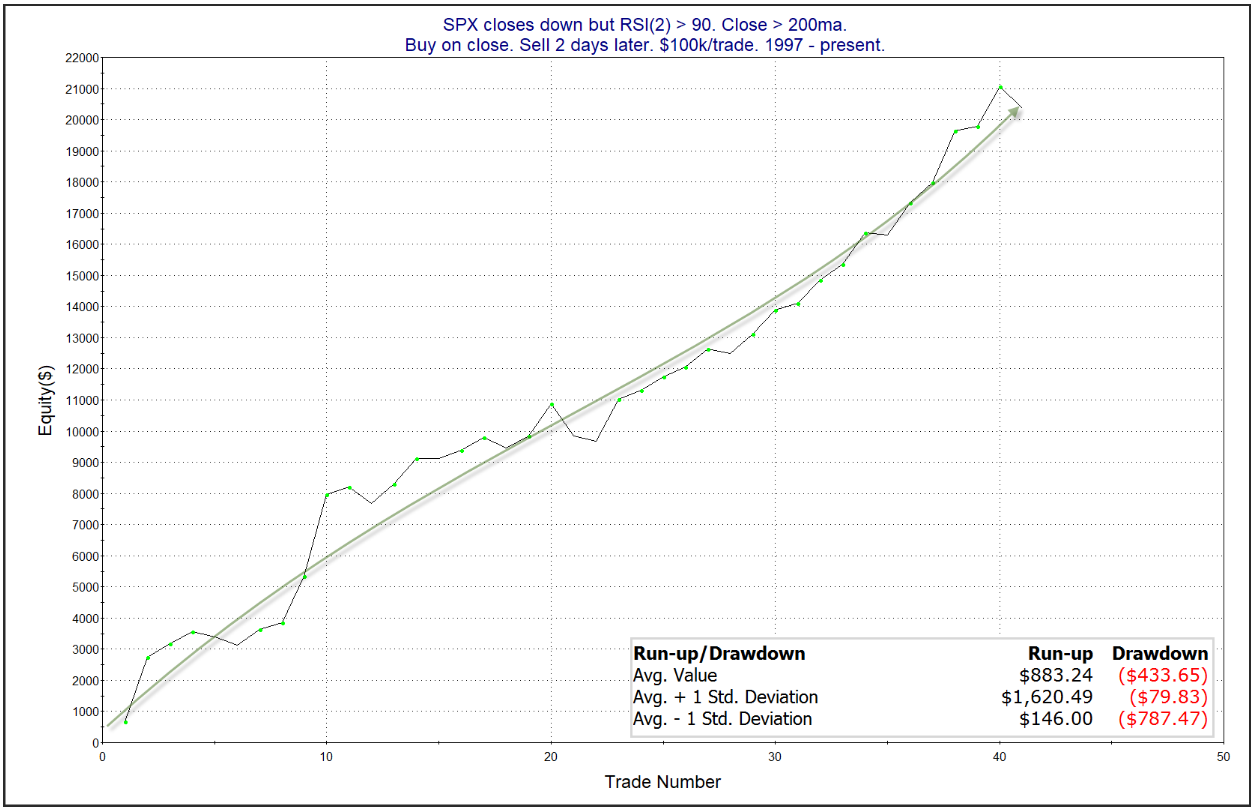
Wednesday's results were mixed and mild. SPX was basically flat as it declined 0.01%, the NASDAQ finished up 0.2%, and the Russell 2000 lost 0.5%. Breadth was weak as the NYSE Up Issues % closed at 39% and the NYSE Up Volume % posted a 38% reading. NYSE total volume rose some from Tuesday's level.

The move higher recently turned many short-term oscillators strongly overbought. With such a small SPX decline on Wednesday, SPX is still strongly overbought as measured by the 2-day RSI. The 2-day RSI is a sensitive indicator so it would take a very small decline from a very overbought position in order for it to remain above 90 on a down day. This is what happened on Wednesday. I've shown this study many times over the years. Updated results can be found below.

SPX closes down but RSI(2) > 90. Close > 200ma.
Buy on close. Sell X days later. $100k/trade. 1997 - 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	15,817.75	37	21	16	56.76	4,121.28	-2,008.73	1,325.58	-751.22	1.76	2.32	427.51
4	12,049.86	38	24	14	63.16	3,806.46	-1,717.70	977.14	-814.40	1.20	2.06	317.10
3	19,405.60	41	26	15	63.41	2,923.44	-1,123.50	990.58	-423.30	2.34	4.06	473.31
2	20,363.95	41	31	10	75.61	2,619.76	-1,054.68	767.37	-342.47	2.24	6.95	496.68
1	9,268.86	41	28	13	68.29	2,310.88	-955.50	490.40	-343.26	1.43	3.08	226.07

The stats here are all appealing over the 1-2 day period. Winning %, win/loss ratio, and profit factor all strongly favor the bulls. Below is a profit curve assuming a 2-day holding period.



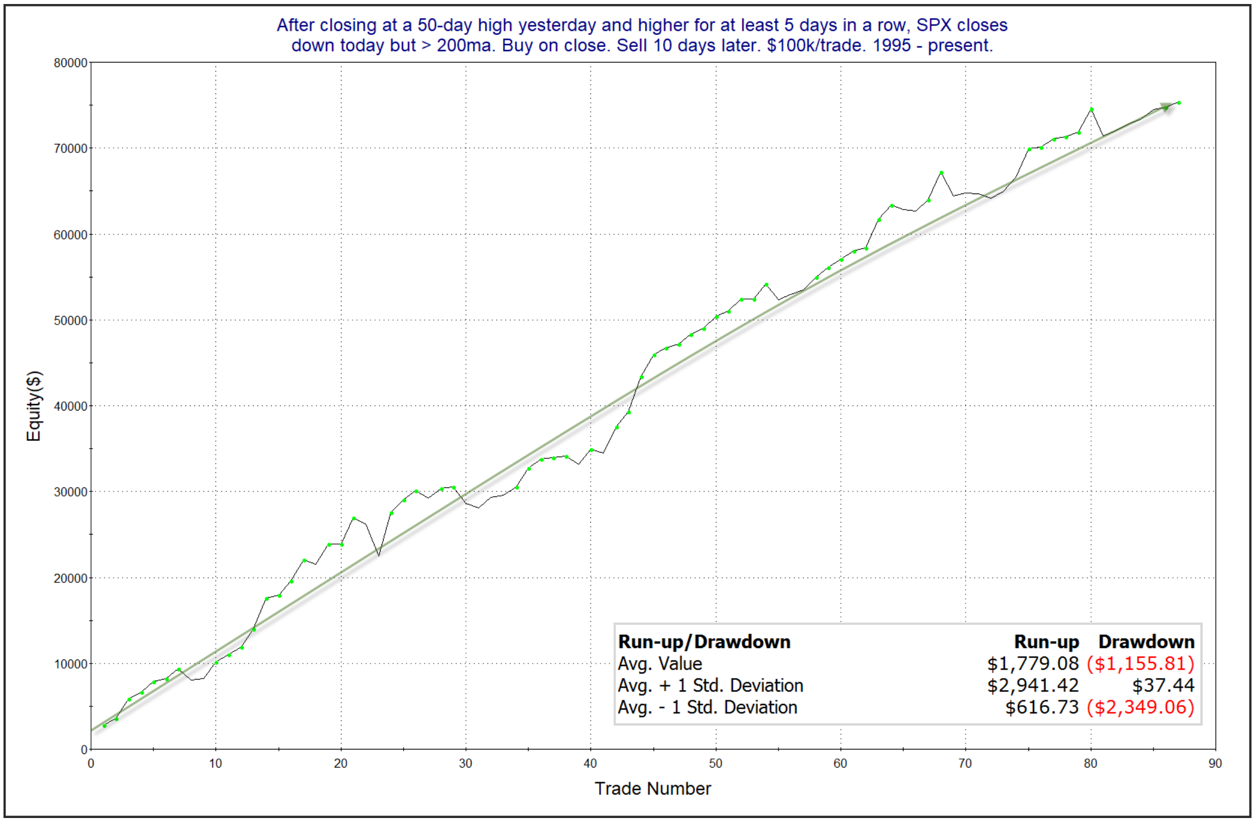
The profit curve shows a strong upslope. I have added this study to the Active List.

Another study that triggered Wednesday afternoon suggested the recent persistent upmove is unlikely to abruptly end. It examined what happens after the market moves up at least 5 days in a row to a 50-day high, and then pulls back. It was last seen in the 12/29/25 Letter. I have updated the stats in the table below.

After closing at a 50-day high yesterday and higher for at least 5 days in a row, SPX closes down today but > 200ma. Buy on close. Sell X days later. $100k/trade. 1995 - present.

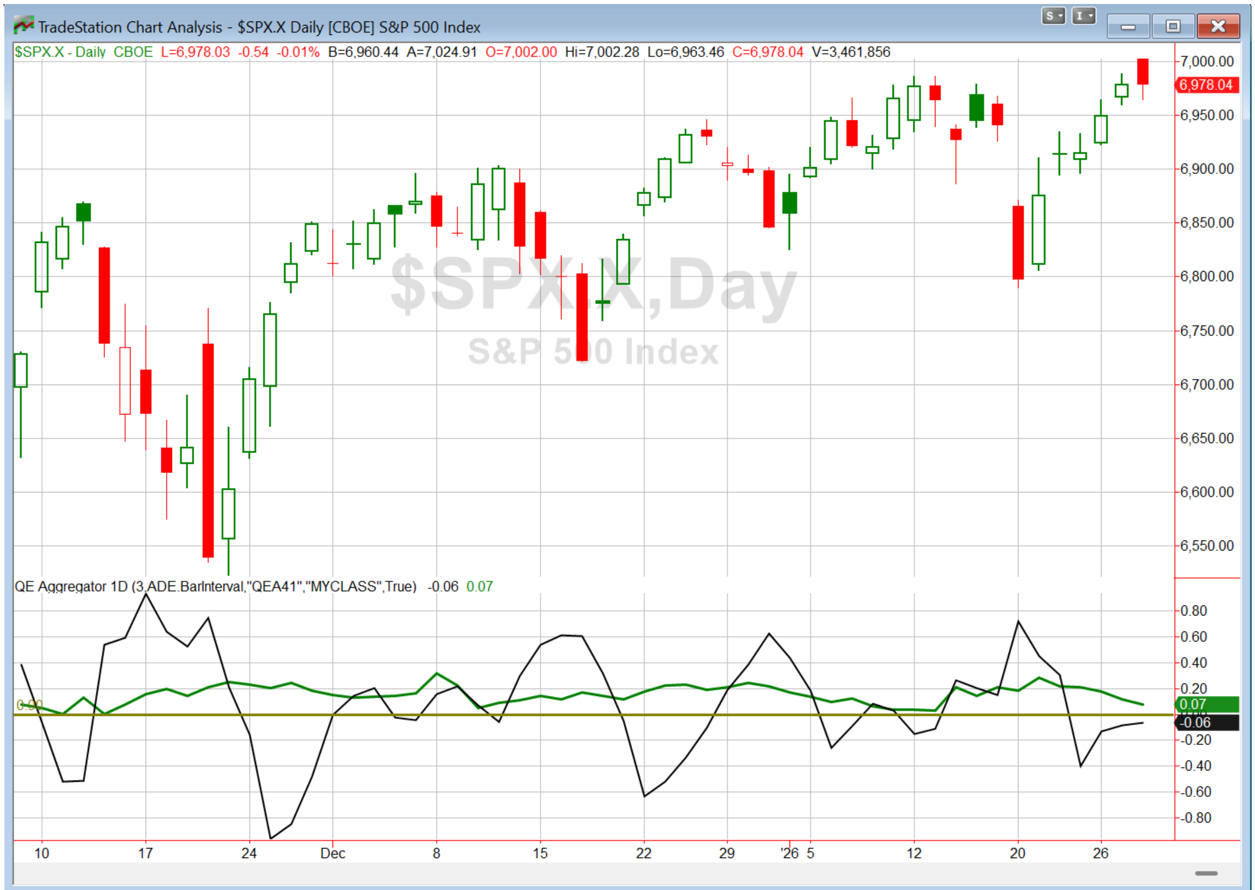
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	75,402.94	87	71	16	81.61	5,131.35	-3,672.90	1,345.38	-1,257.46	1.07	4.75	866.70
9	70,949.07	91	73	18	80.22	5,023.20	-4,151.40	1,315.23	-1,392.37	0.94	3.83	779.66
8	59,242.04	92	62	30	67.39	4,878.08	-4,874.10	1,452.61	-1,027.32	1.41	2.92	643.94
7	45,391.30	95	63	32	66.32	3,874.76	-4,511.36	1,282.75	-1,106.94	1.16	2.28	477.80
6	45,390.05	97	67	30	69.07	4,307.20	-3,637.71	1,167.84	-1,095.18	1.07	2.38	467.94
5	32,752.33	97	62	35	63.92	4,252.50	-4,717.16	1,052.40	-928.48	1.13	2.01	337.65
4	34,058.89	97	60	37	61.86	3,843.00	-3,003.39	1,048.05	-779.04	1.35	2.18	351.12
3	11,786.53	97	56	41	57.73	2,472.85	-2,269.26	842.62	-863.42	0.98	1.33	121.51
2	20,827.19	97	62	35	63.92	2,437.50	-2,614.95	754.16	-740.89	1.02	1.80	214.71
1	13,124.03	97	61	35	62.89	1,751.19	-1,744.10	508.73	-511.68	0.99	1.73	135.30

We see here a decent edge that becomes stronger and more consistent as you look out over the next several days. The 9-10 day time frame shows exceptional stats. Below is a look at a 10-day profit curve.



The strong upslope appears to confirm the bullish edge. The study appears worthy of consideration. I have added it to the intermediate-term active list.

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 compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at* 6992.73. That is 0.2% *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 0.2% in order to remain overbought. Anything other than that and SPX will flip from overbought to oversold versus recent expectations as of Thursday's close.

So the Aggregator is neutral. I am flat. We could easily see the Aggregator turn bullish on Thursday, but there is nothing for me to do yet. I will sit and wait for the next compelling reward/risk opportunity to emerge before considering new index positions.

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

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

None.

Current Open Trade Ideas

None