

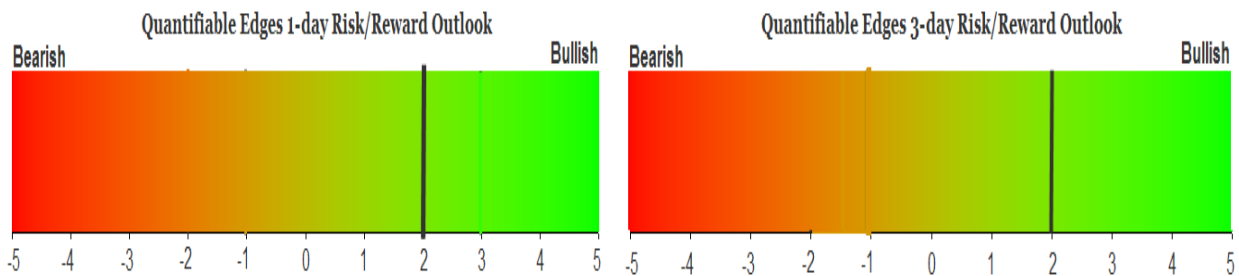
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

January 30, 2026

Volume 19 Issue 20

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 1 |

Tonight's Research Points

- A weak close on Friday could set up favorable odds for the 1st trading day of February.

Short-term Outlook

The Bottom Line

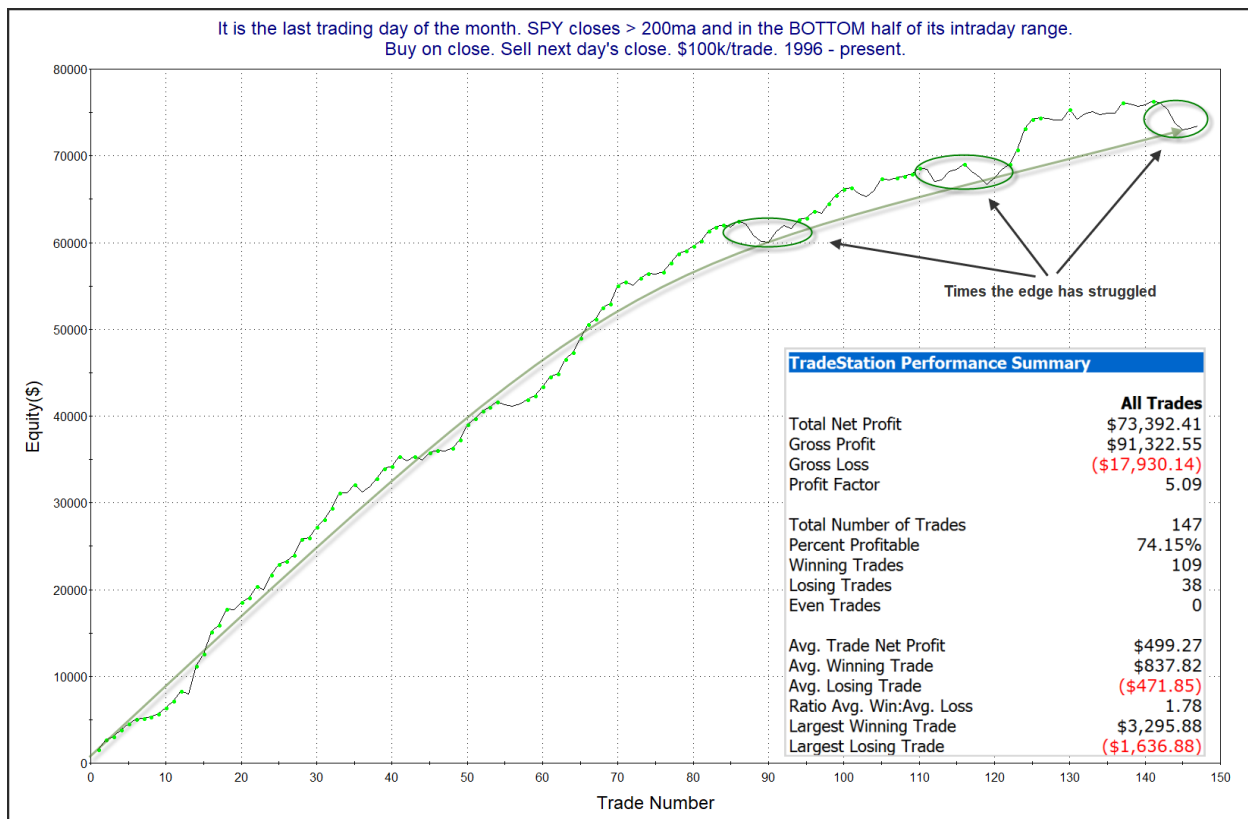
The Aggregator is bullish. There appears to be a mild long-side edge that could be even stronger if Friday closes poorly.

The Evidence

After strongly selling odd until 11am EST, the market reversed hard and finished mixed. SPX closed down 0.1%, the NASDAQ lost 0.7%, and the Russell 2000 gained 0.05%. Breadth was positive as the NYSE Up Issues % closed at 58% and the NYSE Up Volume % posted a 56% reading. NYSE total volume rose quite a bit from Wednesday's level.

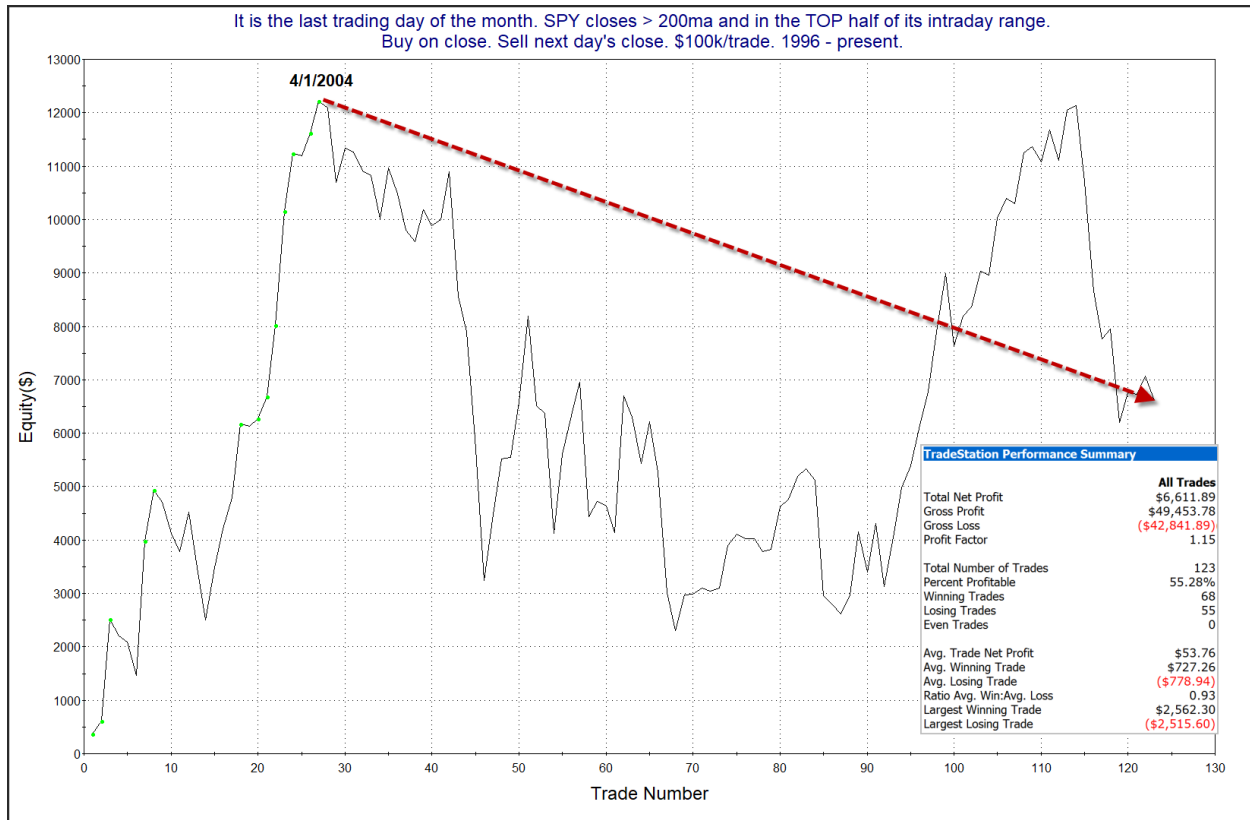
The Quantifinder identified one mildly bullish study that looked at mild 2-day pullback from 50-day highs. It required that the close of day 2 of the pullback was less than 0.25% from the close 2 days ago. So Thursday qualified, but it has not really been a quiet pullback, since SPX was down over 90 points at its low on Thursday. More importantly, the study has chopped around and failed to register any gains in the last several years. So I elected to exclude it from consideration.

The 1st day of a new month (Monday) is often a bullish day. But over the years I have found the bullish tendency to be more consistent and powerful when SPY closes poorly on the last trade day of the month. The two studies below delineate between times SPY closed in the top half of its intraday range, and the bottom half. They also utilize a long-term trend filter. First, let's look at times SPY closed in the bottom half.



The stats here are very strong. Gains absolutely blow away losses in every category. Gross gains are over 5x the size of gross losses. That's a very impressive stat when you are looking at a sample size of 147 instances. And despite a few recent failures, the curve has shown progress over a long period of time. The current dip is not completely out of character, either. I've shown a few instances on the chart where there have been similar struggles. This setup certainly appears to provide a 1-day bullish edge.

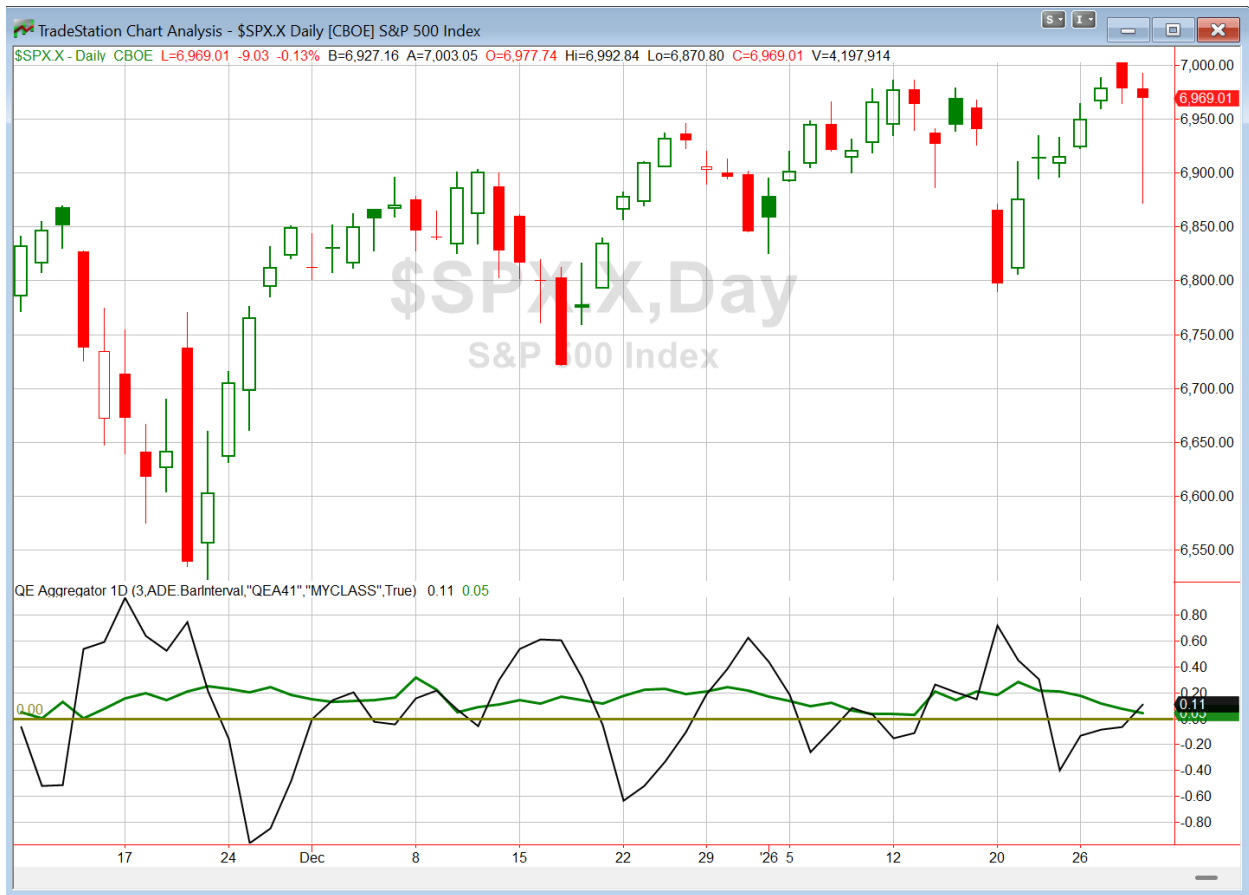
But what about times where SPY closed in the top half of its intraday range?



We see here huge inconsistency. And since 2004 there has been a sizable net loss. The 1st day of the month has performed much better with some afternoon selling leading up to the day. So traders may want to keep an eye on Friday's action to see how 1st-day-of-month odds set up for Monday.

No new studies are being added to the active list tonight.

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 moved 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 turned long at the close.

Based on the current list of active studies, expectations are set to turn slightly negative on Friday. This could easily change. Meanwhile, the Differential Pivot will be 7014.13. That is 0.65% above Thursday's close. Therefore SPX will need to close up at least 0.65% in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. And if SPY closes poorly on Friday, we will see some turn-of-month bullish evidence emerge. I will consider looking for some long index exposure on Friday, but only near the close if SPY struggles.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

New

BA @ \$234.04 (buy @ limit)

Broad Market Large Cap CBI – 1(BA)

Additional New Trade Ideas

SPY – Buy ¼ index position @ \$694.00 LIMIT ON CLOSE if SPY also closed in the bottom half of its intraday range. Based on the short-term section above, I will look to take on some SPY exposure of SPY struggles Friday.

BA – Buy 1/3 Catapult position @ \$234.04 LIMIT. From the Catapult section above, this is the 1st of up to 3 lots of BA.

Current Open Trade Ideas

None

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