

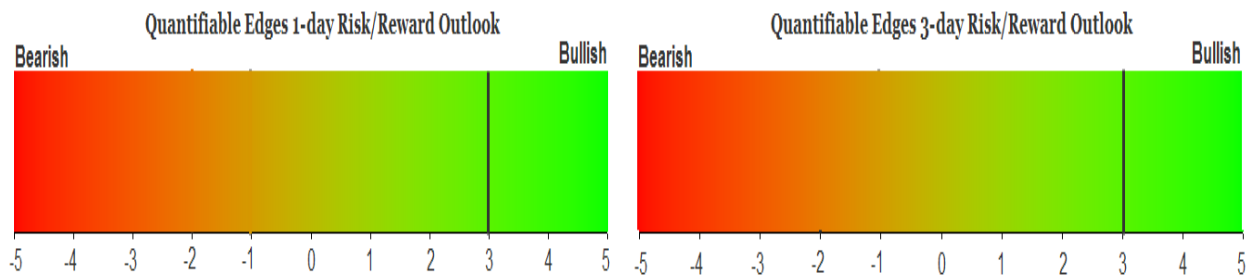
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 4, 2026

Volume 19 Issue 23

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 7 |

Tonight's Research Points

- Making a 3-day high, 3-day low, and 3-day low close for SPY is something that is often followed by a bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a mild long-side edge.

Summary of Current 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 | | | | | | |
| February 2, 2026 | Fed 2 ago. Down 3+ days. | 1-4 days | Bullish | 1.70% | -1.05% | -2.10% |
| February 2, 2026 | Down 3 on rising volume. Today biggest | 1-2 days | Bullish | | | |
| Active - Long Term | | | | | | |
| 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 | | | |

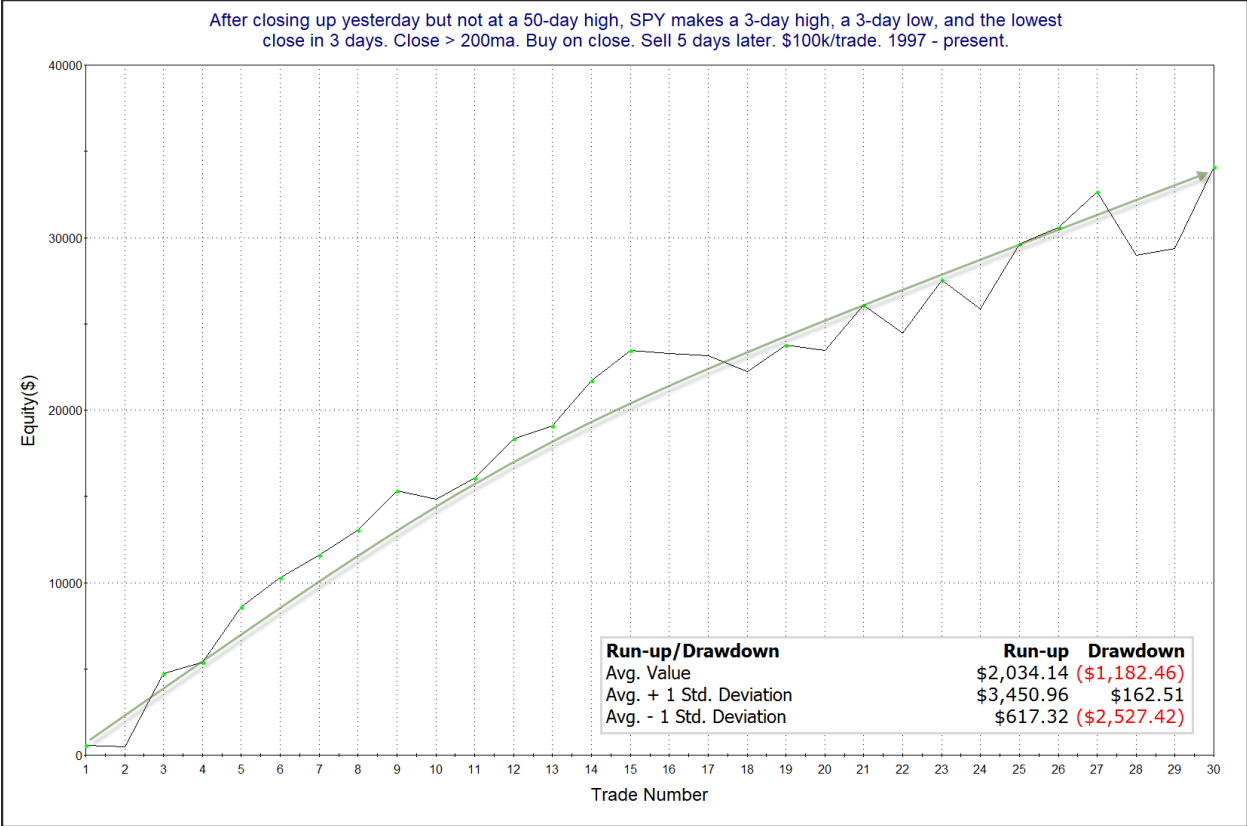
The Evidence

Tuesday was not great for the market, but some afternoon rally limited the damage. SPX closed up 0.8%, the NASDAQ dropped 1.4%, and the Russell 2000 gained 0.3%. Breadth was positive as the NYSE Up Issues % closed at 53% and the NYSE Up Volume % posted a 58% reading. NYSE total volume rose some from Monday's level.

An interesting study from the 11/21/25 letter triggered tonight. It looked at other times that SPY made a 3-day high, 3-day low, and then a 3-day low close. I found previously that filtering based on whether SPY had closed at a 50-day high the day before was also important. I have updated the study below.

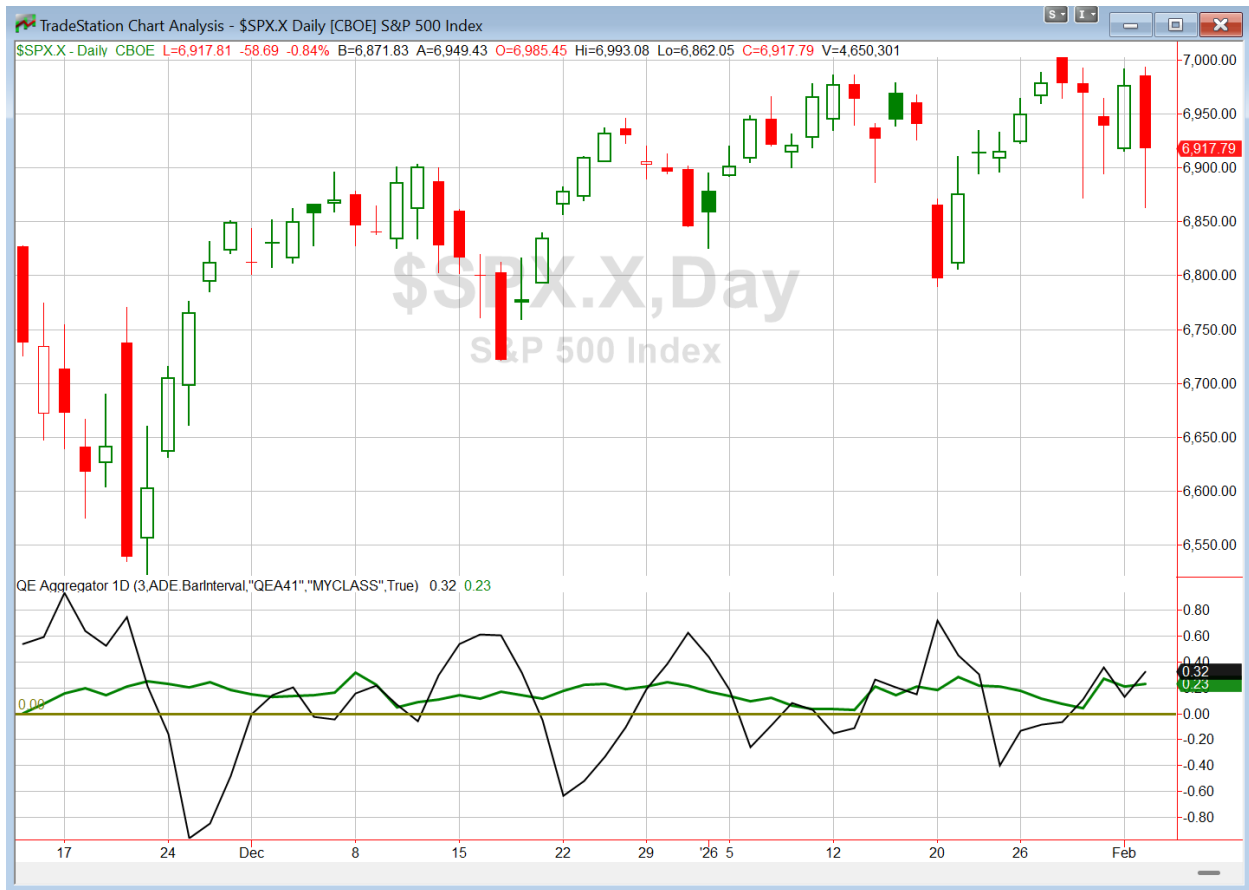
| After closing up yesterday but not at a 50-day high, SPY makes a 3-day high, a 3-day low, and the lowest close in 3 days. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1997 - present. | | | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 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 | 34,077.06 | 30 | 21 | 9 | 70.00 | 4,721.58 | -3,652.40 | 2,053.49 | -1,005.13 | 2.04 | 4.77 | 1,135.90 |
| 4 | 26,310.64 | 30 | 21 | 9 | 70.00 | 4,533.98 | -4,530.08 | 1,806.48 | -1,291.72 | 1.40 | 3.26 | 877.02 |
| 3 | 21,356.88 | 30 | 22 | 8 | 73.33 | 3,903.34 | -3,386.88 | 1,539.24 | -1,563.30 | 0.98 | 2.71 | 711.90 |
| 2 | 14,870.10 | 31 | 22 | 9 | 70.97 | 3,244.78 | -3,521.52 | 1,061.47 | -942.46 | 1.13 | 2.75 | 479.68 |
| 1 | 9,060.31 | 31 | 21 | 10 | 67.74 | 2,359.84 | -1,774.08 | 769.81 | -710.57 | 1.08 | 2.28 | 292.27 |

Stats here certainly favor the bulls. Below is a look at the 5-day profit curve.



That is an impressive move from lower left to upper right. This serves as some confirmation of the upside edge suggested by the stats table. I have also added this study 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 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 could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6965.61. That is 0.7% above Tuesday's close. Therefore SPX will need to close up 0.7% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. We saw some additional confirming evidence emerge tonight, and SPX is now fairly oversold on a short-term basis. So reward/risk appears to favor the bulls. Traders might want to consider looking for some long index exposure on Wednesday, and I have placed a potential SPY trade idea in the Trade Ideas section down below.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

BA @ \$234.04 (bought @ limit)

BA @ \$233.72 (bought @ limit)

BA @ \$233.02 (bought @ limit)

INTU @ \$487.12 (bought @ limit)

PYPL @ \$52.33 (bought @ limit)

New

INTU @ \$434.09 (buy @ limit)

PYPL @ \$41.70 (buy @ limit)

Broad Market Large Cap CBI – 7(BA-3, INTU-2, PYPL-2)

Additional New Trade Ideas

PYPL – Buy 1/3 Catapult position @ \$41.70 LIMIT. From the Catapult section above, this is the 2nd of up to 3 lots of PYPL.

INTU – Buy 1/3 Catapult position @ \$434.09 LIMIT. From the Catapult section above, this is the 2nd of up to 3 lots of INTU.

SPY – Buy ¼ index position @ \$689.53 LIMIT. Based on the short-term section above.

Current Open Trade Ideas

| Symbol | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes |
|-----------|------------|-------------|---------------|-------------|---------------------|
| BA(1/3) | 1/30/2026 | \$233.50 | \$233.15 | -0.15% | Catapult |
| BA(1/3) | 2/2/2026 | \$232.64 | \$233.15 | 0.22% | Catapult |
| COST(1/3) | 2/2/2026 | \$940.25 | \$977.92 | 4.01% | <i>sell on open</i> |
| BA(1/3) | 2/3/2026 | \$233.02 | \$233.15 | 0.06% | Catapult |
| PYPL(1/3) | 2/3/2026 | \$42.88 | \$41.70 | -2.75% | Catapult |
| INTU(1/3) | 2/3/2026 | \$468.50 | \$434.09 | -7.34% | Catapult |

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