

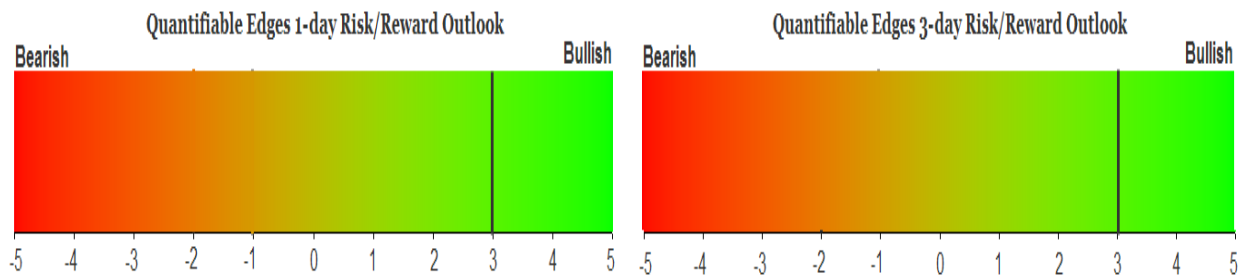
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 12, 2026

Volume 19 Issue 29

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- The SOX strength on a day NASDAQ declined suggests a rise on Thursday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Evidence is pointing higher and the market is short-term oversold. I believe there is a long-side edge.

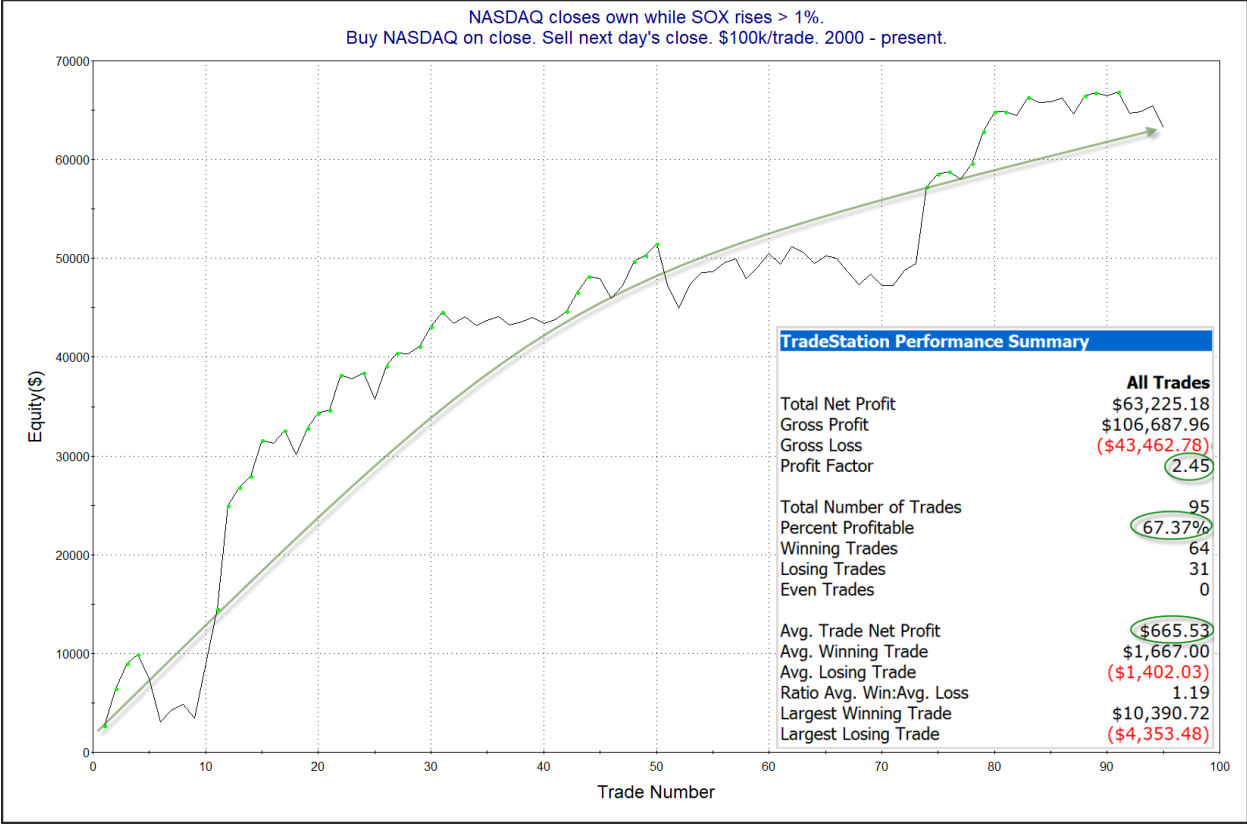
Summary of Current Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 12, 2026	NASDAQ down. SOX up > 1%	1 day	Bullish			
February 11, 2026	5-high thwn down today on strong breadth	1-3 days	Bullish	1.50%	-0.90%	-2.00%
February 6, 2026	Down 3. Big drop today to 10-low > 200	1-5 days	Bullish	2.10%	-1.30%	-2.80%
Active - Long Term						
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			

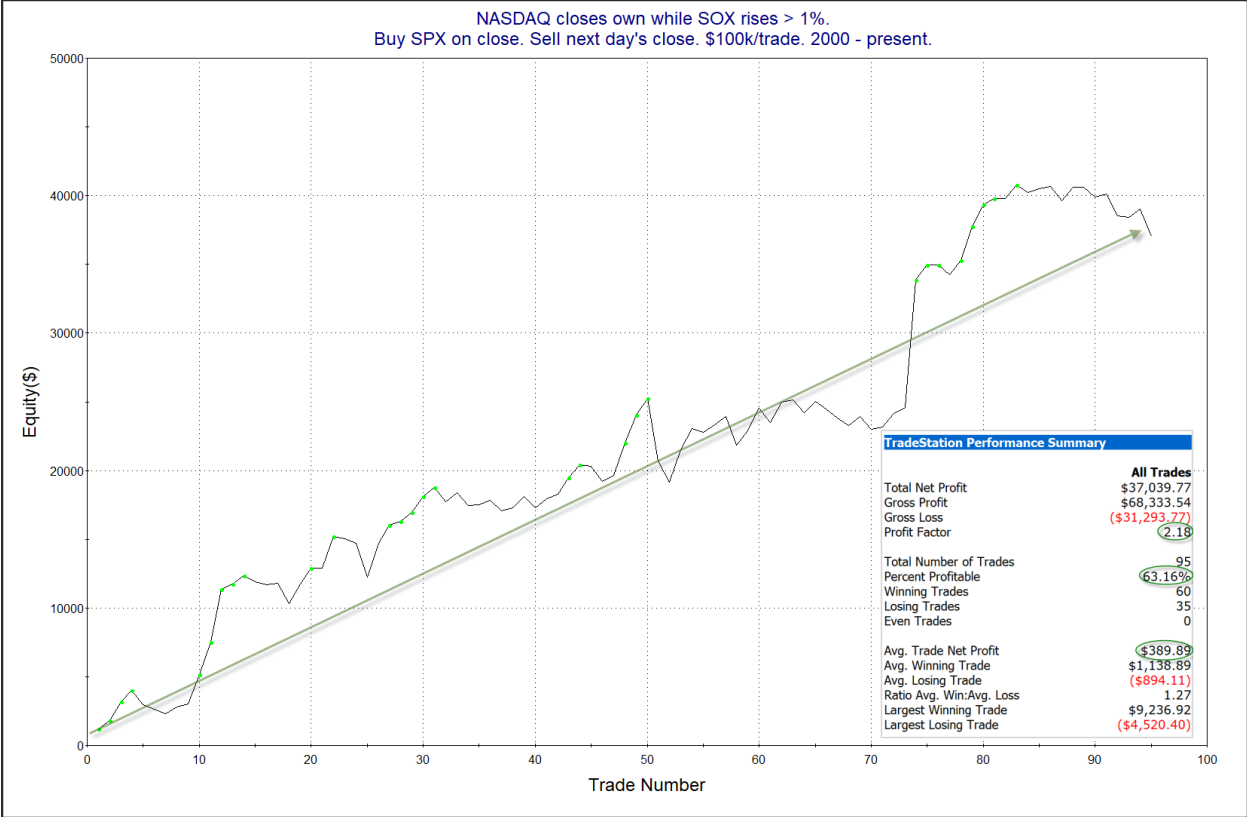
The Evidence

Wednesday saw the indices close mostly lower. SPX was basically flat – down just a fraction of a point, the NASDAQ fell 0.2%, and the Russell 2000 lost 0.4%. Interestingly, breadth was positive as the NYSE Up Issues % closed at 54% and the NYSE Up Volume % posted a 52% reading. NYSE total volume rose some from Tuesday’s level.

Despite the small decline in the NASDAQ, the Semiconductor Index (SOX) rose strongly, closing up 1.15%. When the SOX does well on a day the NASDAQ declines, that has often been followed by a rise in the NASDAQ the next day. This can be seen in the study below, which was last seen in the 1/20/26 letter. Results are updated.

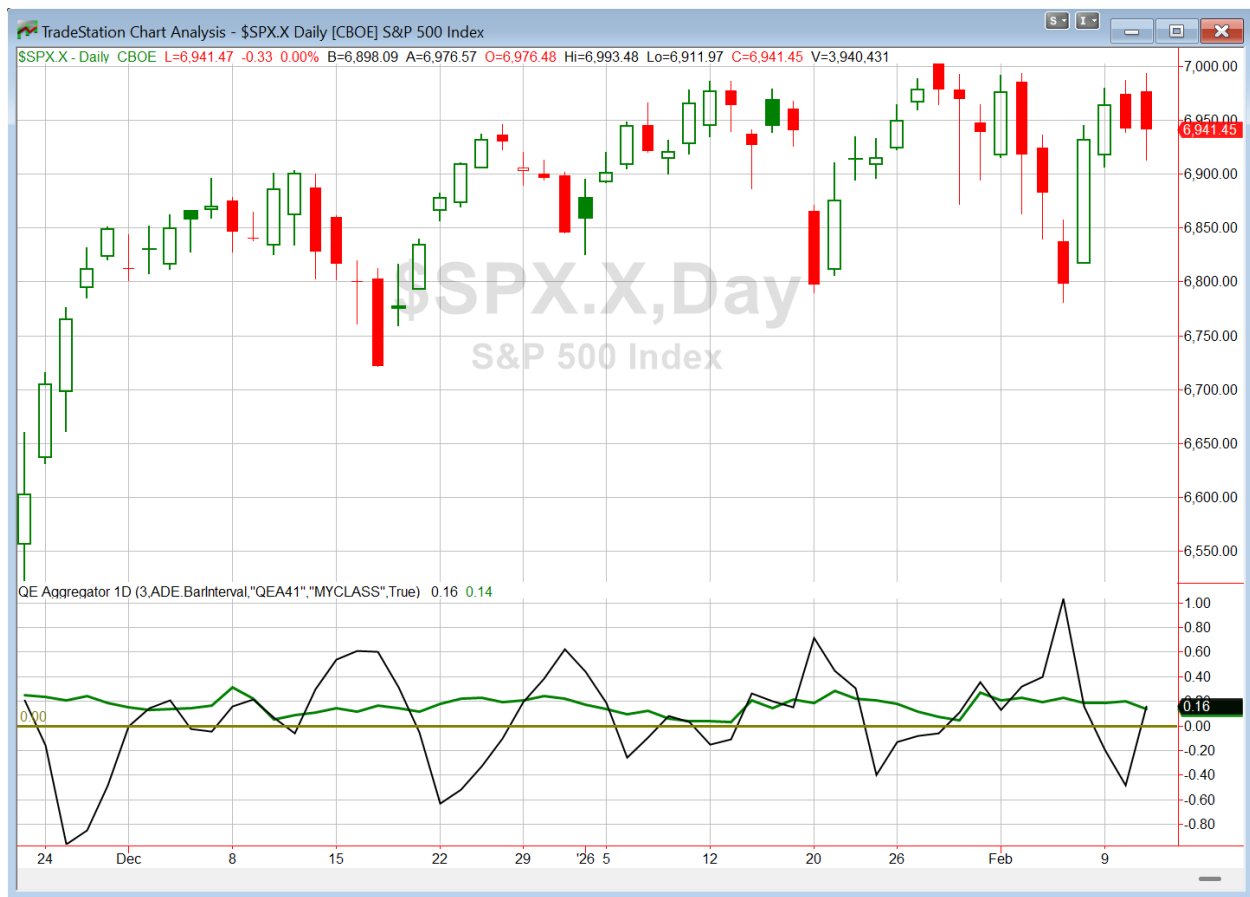


Not exactly a steady rise, but the move and numbers are impressive nonetheless. Below is a look at how the SPX has performed when the NASDAQ/SOX have acted this way.



Results here appear are less explosive but still potentially bullish. Overall, the study appears worthy of some consideration, and I have added it 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 remain positive on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7007.06. That is 0.9% above Wednesday's close. Therefore, SPX will need to close up at least 0.9% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is pointing higher and SPX is oversold with ample room to the north before it will flip to overbought. This suggests solid reward/risk for the bulls. I like the long side and have added an index trade idea down below. It will look to take on some SPY exposure if a decent entry point is available on Thursday.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

INTU @ \$487.12 (bought @ limit)

PYPL @ \$52.33 (bought @ limit)

INTU @ \$434.09 (bought @ limit)

PYPL @ \$41.70 (bought @ limit)

PYPL @ \$41.03 (bought @ limit)

Broad Market Large Cap CBI – 5 (INTU-2, PYPL-3)

Additional New Trade Ideas

SPY – Buy ¼ index position @ \$691.95 LIMIT. Based on the short-term outlook above, this will look to take on a small amount of index exposure if SPY moves lower by even \$0.01 on Thursday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
PYPL(1/3)	2/3/2026	\$42.88	\$40.46	-5.64%	Catapult
INTU(1/3)	2/3/2026	\$468.50	\$389.69	-16.82%	Catapult
INTU(1/3)	2/4/2026	\$427.94	\$389.69	-8.94%	Catapult
PYPL(1/3)	2/4/2026	\$41.60	\$40.46	-2.74%	Catapult
PYPL(1/3)	2/5/2026	\$40.60	\$40.46	-0.34%	Catapult

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