

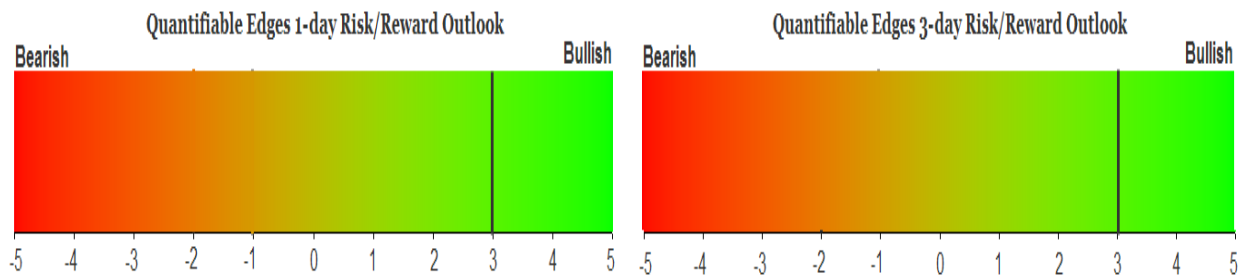
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 13, 2026

Volume 19 Issue 30

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	6

## Tonight's Research Points

- Thursday's selling generated a couple of compelling short-term bullish studies.

### *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.

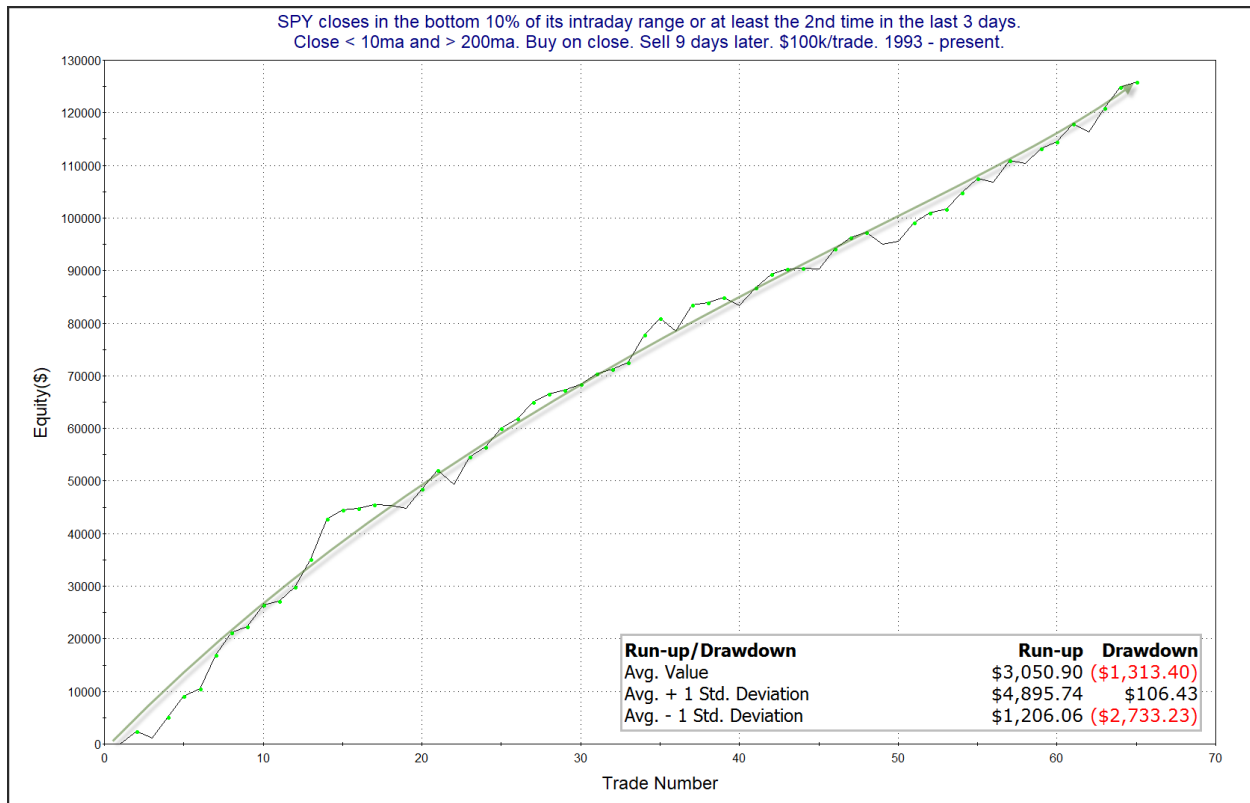
## The Evidence

Thursday saw some hard selling. SPX lost 1.6, the NASDAQ dropped 2.0%, and the Russell 2000 also fell 2.0%. Interestingly, breadth was weak as the NYSE Up Issues % closed at 31% and the NYSE Up Volume % posted a 27% reading. NYSE total volume rose some from Wednesday's level.

Closes that occur right near the high or the low of the day can serve as a sort of sentiment reading. Traders are looking to get in or get out at the worst prices of the day because their of perception of risk, and what might occur tomorrow. This late-day reaction is often an overreaction, and prices will often rebound in the short term. Thursday we saw traders selling hard at the end of the day, despite being offered the worst prices that they saw all day. This also happened on Wednesday. This triggered a study from the 12/20/24 letter that examined times SPY closed in the bottom 10% of its intraday range for at least the 2nd time in the last 3 days. Updated results can be seen in the table below.

SPY closes in the bottom 10% of its intraday range or at least the 2nd time in the last 3 days. Close < 10ma and > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - 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	128,111.04	64	52	12	81.25	9,282.24	-2,690.64	2,791.72	-1,421.53	1.96	8.51	2,001.73
9	125,836.01	65	53	12	81.54	7,585.77	-2,770.56	2,641.12	-1,178.63	2.24	9.90	1,935.94
8	122,172.96	65	52	13	80.00	7,858.26	-2,601.84	2,652.02	-1,210.17	2.19	8.77	1,879.58
7	107,865.72	65	46	19	70.77	8,324.13	-2,645.44	2,737.21	-949.79	2.88	6.98	1,659.47
6	89,164.87	65	52	13	80.00	6,100.26	-4,158.00	2,111.95	-1,588.96	1.33	5.32	1,371.77
5	80,521.37	67	50	17	74.63	5,634.39	-3,578.85	2,034.17	-1,246.29	1.63	4.80	1,201.81
4	74,362.99	67	50	17	74.63	4,299.75	-3,268.58	1,881.11	-1,158.37	1.62	4.78	1,109.90
3	55,315.94	68	48	19	70.59	4,069.77	-2,610.72	1,557.47	-1,023.29	1.52	3.85	813.47
2	41,352.08	71	52	18	73.24	4,479.35	-2,760.94	1,151.85	-1,030.22	1.12	3.23	582.42
1	16,904.75	77	49	28	63.64	2,584.26	-3,744.92	866.70	-912.99	0.95	1.66	219.54

The numbers suggest a substantial upside edge over the next couple of weeks. Below is a look at a 9-day profit curve.



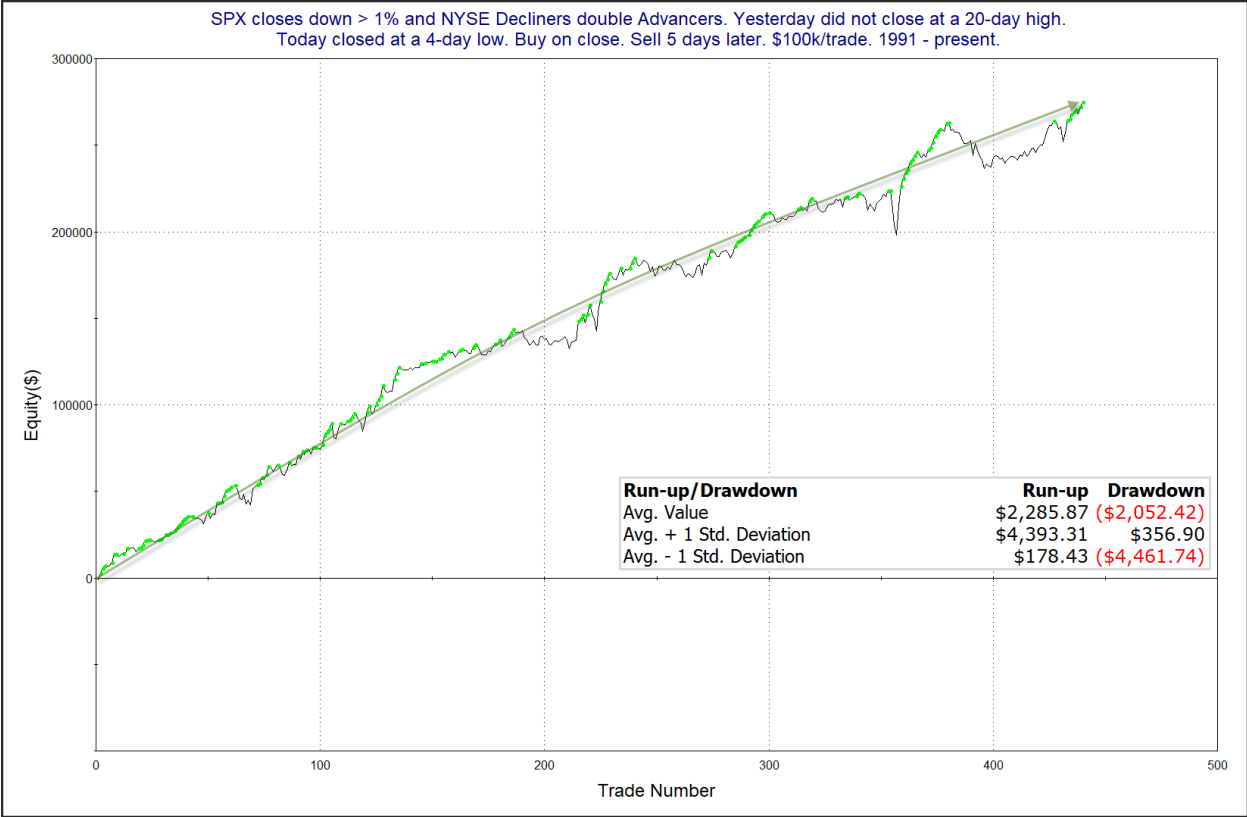
The strong upslope and minimal drawdowns support the numbers, and serve as some confirmation of the bullish tendency. I have included this study on the Active List tonight.

There was another interesting study that was last featured in the 11/14/25 letter,. It looked at large down days on strongly negative breadth. I have updated it below.

SPX closes down > 1% and NYSE Decliners double Advancers. Yesterday did not close at a 20-day high.  
Today closed at a 4-day low. Buy on close. Sell X days later. \$100k/trade. 1991 - present.

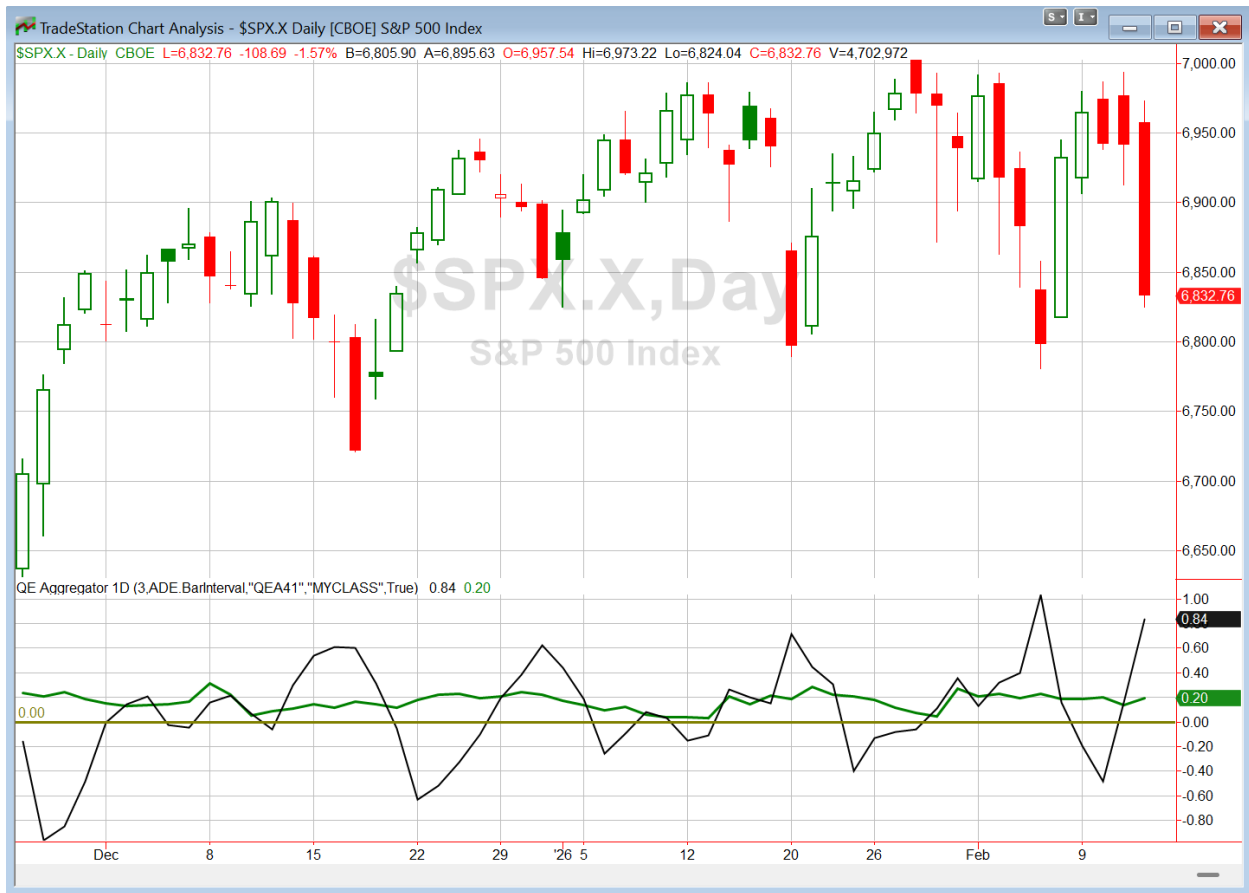
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	275,048.16	440	266	174	60.45	17,127.00	-11,122.37	2,365.65	-2,035.72	1.16	1.78	625.11
4	211,232.34	470	278	192	59.15	13,379.08	-16,227.09	2,150.38	-2,013.40	1.07	1.55	449.43
3	201,525.06	513	307	206	59.84	17,277.48	-13,815.18	1,949.38	-1,926.86	1.01	1.51	392.84
2	151,675.66	581	320	261	55.08	10,479.04	-8,657.72	1,614.01	-1,397.73	1.15	1.42	261.06
1	140,446.03	657	374	283	56.93	10,716.03	-9,386.64	1,186.76	-1,072.09	1.11	1.46	213.77

The implications here appear to be moderately bullish. Below is a look at the 5-day profit curve.



The long-term upslope is impressive. The dip that can be seen between instance 380 and 400 all occurred during 2022. That was a tough year for many mean-reversion strategies, so seeing a dip there is not terribly surprising or concerning. I have added this study to the 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 moved further above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is strongly 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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6979.73. That is 2.15% above Thursday's close. Therefore, SPX will need to close up a very sizable 2.15% on Friday 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. I have added a trade idea that could enter a 2<sup>nd</sup> lot of SPY if there is a favorable entry available on Friday.

*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)

**NEW**

TMO @ \$509.82 (buy @ limit)

***Broad Market Large Cap CBI – 6 (INTU-2, PYPL-3, TMO)***

### **Additional New Trade Ideas**

**TMO – Buy 1/3 Catapult position @ \$509.82 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots of TMO.

**SPY – Buy ¼ index position @ \$680.00 LIMIT ON OPEN. If not filled on open, cancel order and look to enter @ \$681.26 LIMIT ON CLOSE.** Based on the short-term outlook above, this will look to add a 2<sup>nd</sup> lot of index exposure if SPY gaps down or closes lower on Friday.

### **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
PYPL(1/3)	2/3/2026	\$42.88	\$39.08	-8.86%	Catapult
INTU(1/3)	2/3/2026	\$468.50	\$397.96	-15.06%	Catapult
INTU(1/3)	2/4/2026	\$427.94	\$397.96	-7.01%	Catapult
PYPL(1/3)	2/4/2026	\$41.60	\$39.08	-6.06%	Catapult
PYPL(1/3)	2/5/2026	\$40.60	\$39.08	-3.74%	Catapult
SPY(1/4)	2/12/2026	\$691.95	\$681.27	-1.54%	Catapult

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