

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 18, 2026

Volume 19 Issue 32

Market Overview



Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long | 8 |

Tonight's Research Points

- SPY up 2 days but failing to make up the loss of 3 days ago suggests more bounce is likely in the next 1-2 days.
- 4 lower lows and a 20-day intraday low while in a long-term uptrend is something that has historically shown an upside edge over the next 1-2 weeks.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Evidence is pointing higher and the market is short-term oversold. There still seems to be an upside 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 18, 2026 | SPY up 2 < 3 ago and > 200ma | 1-2 days | Bullish | | | |
| February 18, 2026 | 4 lower lows, 20-day low > 200 | 1-8 days | Bullish | 2.40% | -1.70% | -3.30% |
| February 13, 2026 | Dn 1%. Bad breadth. 4-day low close. | 1-5 days | Bullish | 2.30% | -2.05% | -4.50% |
| February 13, 2026 | Btm 10% rng 2 of 3 days. Cls < 10ma > 200 | 1-9 days | Bullish | 3.05% | -1.30% | -2.70% |
| 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 | | | |

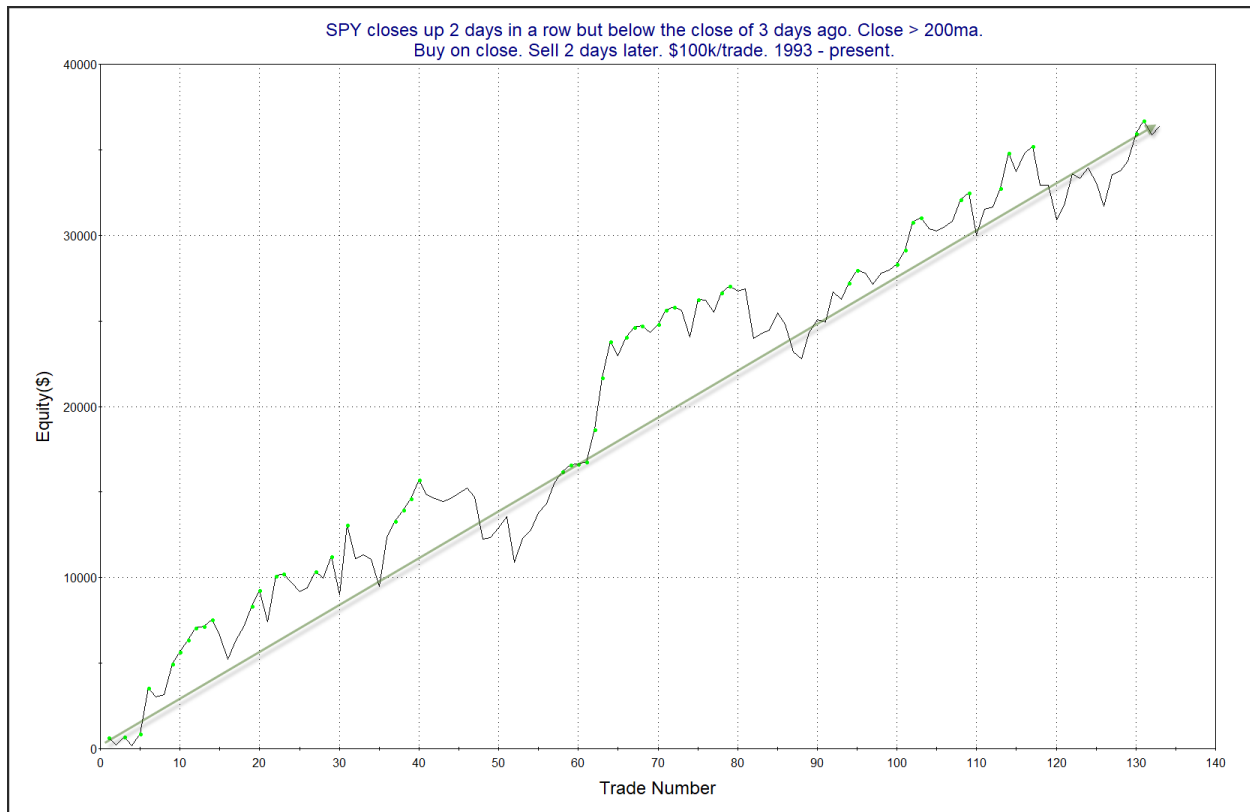
The Evidence

Tuesday was a back and forth day with mild end-of-day changes. SPX rose 0.10%, the NASDAQ gained 0.14%, and the Russell 2000 dipped less than 0.01%. Breadth was mixed as the NYSE Up Issues % closed at 51% and the NYSE Up Volume % posted a 42.5% reading. NYSE total volume rose some from Friday’s level.

The moderate rise for SPY meant the last 2 days of gains have failed to make up for the losses of the 1-day drop on Friday. This triggered the below study, last seen in the 11/4/25 letter.

| SPY closes up 2 days in a row but below the close of 3 days ago. Close > 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 |
| 5 | 32,688.74 | 130 | 76 | 53 | 58.46 | 4,717.70 | -6,549.84 | 1,499.93 | -1,534.08 | 0.98 | 1.40 | 251.45 |
| 4 | 42,562.86 | 132 | 87 | 45 | 65.91 | 4,698.60 | -4,384.89 | 1,283.37 | -1,535.34 | 0.84 | 1.62 | 322.45 |
| 3 | 35,522.75 | 133 | 84 | 49 | 63.16 | 3,000.00 | -4,092.24 | 1,137.04 | -1,224.25 | 0.93 | 1.59 | 267.09 |
| 2 | 36,402.05 | 133 | 88 | 45 | 66.17 | 4,088.25 | -2,932.22 | 904.95 | -960.74 | 0.94 | 1.84 | 273.70 |
| 1 | 20,403.59 | 133 | 79 | 52 | 59.40 | 3,732.75 | -1,777.90 | 666.77 | -620.61 | 1.07 | 1.63 | 153.41 |

This suggests a 2-day upside edge. Let’s check the curve for confirmation.



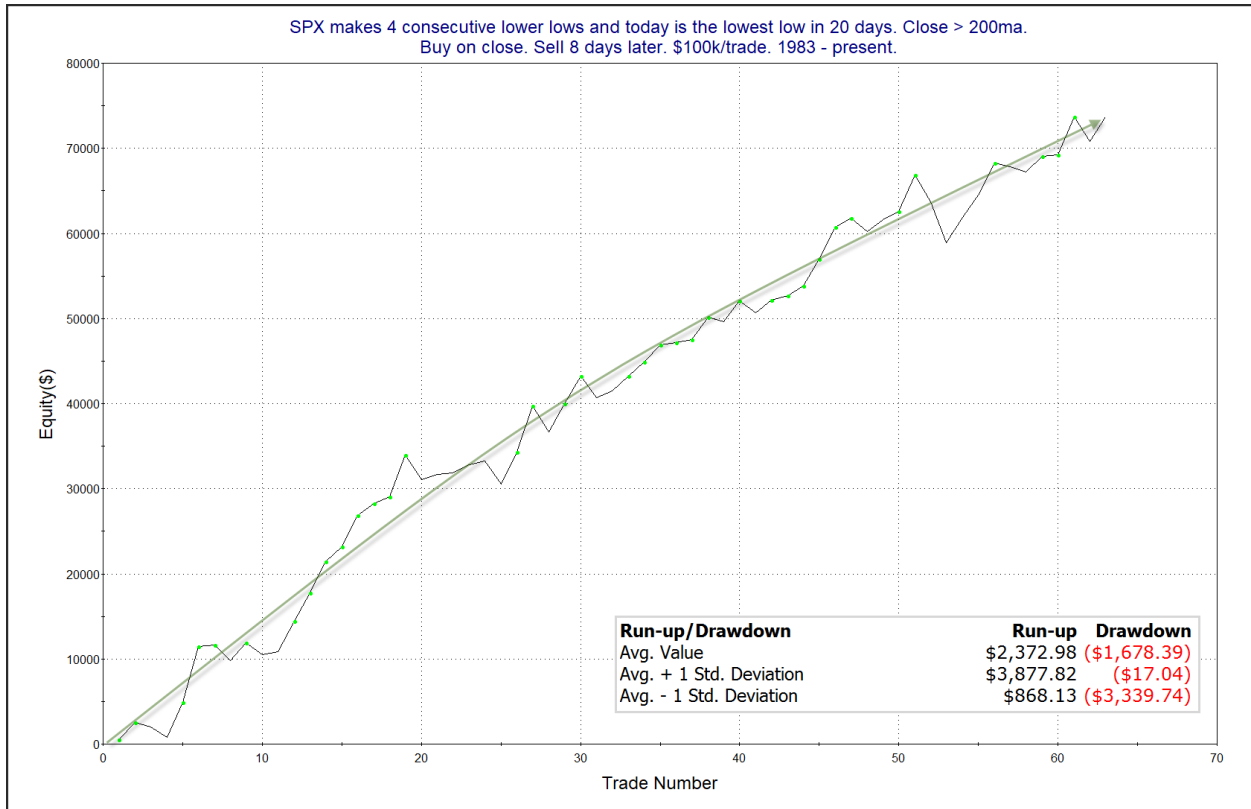
This is an appealing curve that is again making new highs. So it appears this bounce has a pretty good chance of continuing higher over the next day or two. This study has been added to the short-term active list. There was nothing else that stood out tonight suggesting a compelling edge.

While SPX has close up the last 2 days, it has managed lower intraday lows now for 4 days in a row. The persistently lower lows suggest a relief move higher. Combined with the 20-day intraday low, this triggered the study below, which is updated from the 11/19/25 letter.

SPX makes 4 consecutive lower lows and today is the lowest low in 20 days. Close > 200ma.
Buy on close. Sell X days later. \$100k/trade. 1983 - present.

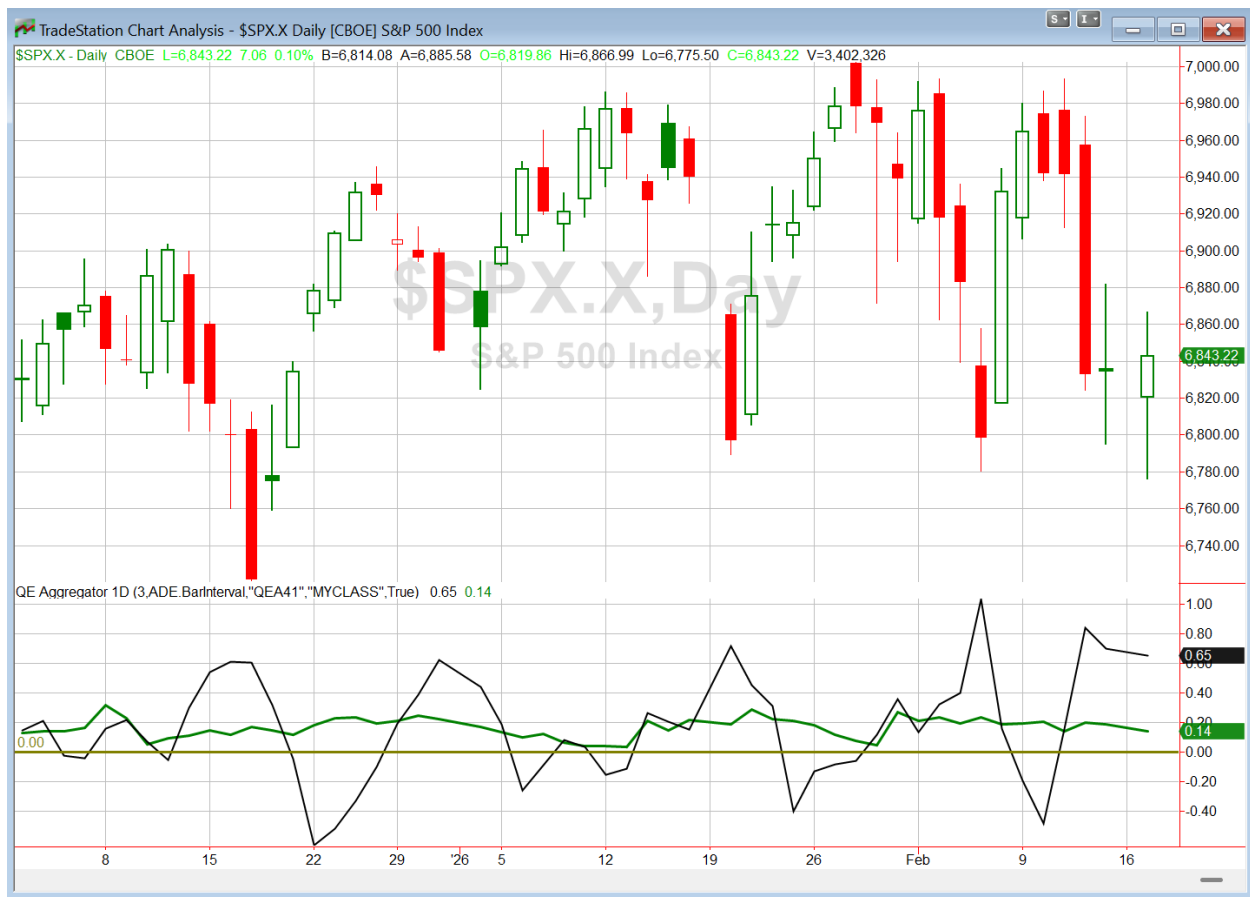
| X Days | All: Net Profit | All: Total Trades | All: Winning Trades | All: Losing Trades | All: % Profitable | All: Max Winning Trade | All: Max Losing Trade | All: Avg Winning Trade | All: Avg Losing Trade | All: Win/Loss Ratio | All: ProfitFactor | All: Avg Trade |
|--------|-----------------|-------------------|---------------------|--------------------|-------------------|------------------------|-----------------------|------------------------|-----------------------|---------------------|-------------------|----------------|
| 10 | 59,772.68 | 63 | 40 | 23 | 63.49 | 5,268.12 | -7,625.38 | 2,505.16 | -1,757.99 | 1.43 | 2.48 | 948.77 |
| 9 | 57,297.32 | 63 | 46 | 17 | 73.02 | 6,263.40 | -11,831.15 | 2,207.81 | -2,603.64 | 0.85 | 2.29 | 909.48 |
| 8 | 73,705.98 | 63 | 47 | 16 | 74.60 | 6,529.38 | -4,831.04 | 2,242.74 | -1,981.43 | 1.13 | 3.32 | 1,169.94 |
| 7 | 62,864.47 | 63 | 40 | 23 | 63.49 | 5,954.52 | -3,467.68 | 2,230.25 | -1,145.46 | 1.95 | 3.39 | 997.85 |
| 6 | 56,113.85 | 65 | 46 | 19 | 70.77 | 5,148.00 | -4,537.50 | 1,753.68 | -1,292.38 | 1.36 | 3.29 | 863.29 |
| 5 | 35,924.03 | 67 | 40 | 27 | 59.70 | 3,818.98 | -4,022.26 | 1,809.24 | -1,349.83 | 1.34 | 1.99 | 536.18 |
| 4 | 33,378.74 | 67 | 42 | 25 | 62.69 | 3,868.10 | -3,878.82 | 1,532.61 | -1,239.63 | 1.24 | 2.08 | 498.19 |
| 3 | 19,396.89 | 67 | 36 | 31 | 53.73 | 3,939.79 | -5,393.69 | 1,466.41 | -1,077.22 | 1.36 | 1.58 | 289.51 |
| 2 | 13,963.46 | 67 | 36 | 31 | 53.73 | 3,263.04 | -4,632.95 | 1,268.22 | -1,022.34 | 1.24 | 1.44 | 208.41 |
| 1 | 13,031.54 | 67 | 45 | 22 | 67.16 | 2,536.10 | -2,968.54 | 761.30 | -964.86 | 0.79 | 1.61 | 194.50 |

Results above suggest a solid bullish short-term edge. To see how it has played out over the years I have included below an equity curve assuming an 8-day exit strategy.



This curve is impressive and supports the idea of an upside edge. I have included this study on 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 is also well 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 Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6869.64. That is 0.4% above Tuesday's close. Therefore, SPX will need to close up 0.4% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence continues to point higher even though we have not been able to catch much of a bounce the last few days. But it looks like the market still may get one. There is long index exposure in the Trade Ideas section. I intend to hold firm, but I will exit some on Wednesday if SPX closes well above the Differential Pivot.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/17 – neutral

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)

TMO @ \$509.82 (bought @ limit)

TMO @ \$504.82 (bought @ limit)

NEW

TMO @ \$501.59 (buy @ limit)

Broad Market Large Cap CBI – 8 (INTU-2, PYPL-3, TMO-3)

Additional New Trade Ideas

TMO – Buy 1/3 Catapult position @ \$501.59 LIMIT. From the Catapult section above, this is the 3rd and final lot of TMO.

Current Open Trade Ideas

| Symbol | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes |
|-----------|------------|-------------|---------------|-------------|---------------------------------------|
| PYPL(1/3) | 2/3/2026 | \$42.88 | \$40.81 | -4.83% | Catapult |
| INTU(1/3) | 2/3/2026 | \$468.50 | \$379.17 | -19.07% | Catapult |
| INTU(1/3) | 2/4/2026 | \$427.94 | \$379.17 | -11.40% | Catapult |
| PYPL(1/3) | 2/4/2026 | \$41.60 | \$40.81 | -1.90% | Catapult |
| PYPL(1/3) | 2/5/2026 | \$40.60 | \$40.81 | 0.52% | Catapult |
| SPY(1/4) | 2/12/2026 | \$691.95 | \$682.85 | -1.32% | Aggregator |
| TMO(1/3) | 2/13/2026 | \$509.82 | \$501.59 | -1.61% | Catapult |
| SPY(1/4) | 2/17/2026 | \$680.14 | \$682.85 | 0.40% | sell @ \$686.25 LIMIT ON CLOSE |
| TMO(1/3) | 2/17/2026 | \$502.58 | \$501.59 | -0.20% | Catapult |
| | | | | | |

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