

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 19, 2026

Volume 19 Issue 33

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	5

Tonight's Research Points

- SPY up 3 days but failing to make up the loss of 4 days ago suggests more bounce is likely in the next 1-2 days.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Seems like a good time to flatten out and wait for the next compelling setup to emerge.

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 19, 2026	SPY up 3 < 4 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			

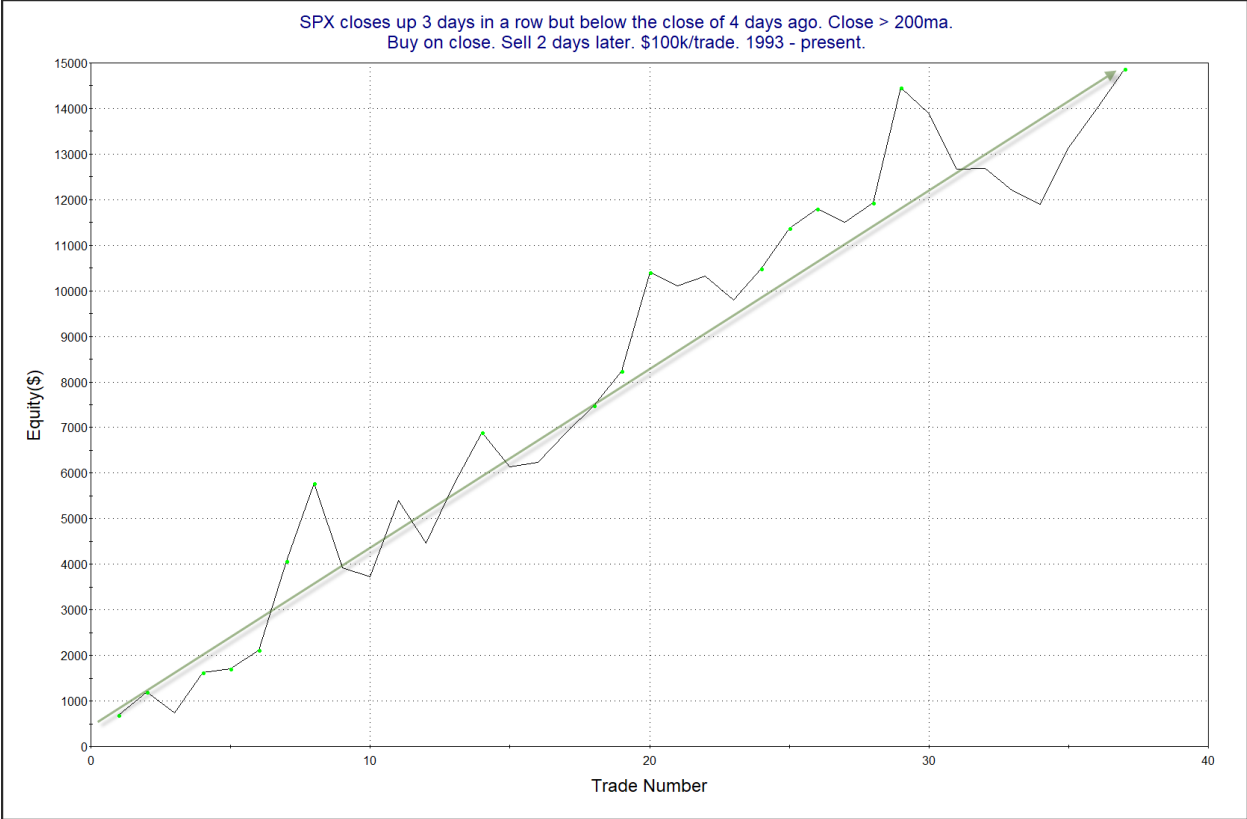
The Evidence

Wednesday was a solid day for the market. SPX rose 0.6%, the NASDAQ gained 0.8%, and the Russell 2000 climbed 0.45%. Breadth was positive as the NYSE Up Issues % closed at 56% and the NYSE Up Volume % posted a 64% reading. NYSE total volume declined some from Tuesday's level.

Last night I showed a study that looked at other times SPY closed higher 2 days in a row, but failed to make up for the loss that occurred in the 1 day prior to that. While the market did close higher on Wednesday, SPX is now up 3 days in a row, but still has not made up the 1-day loss from last Thursday. This triggered the study below, which is updated from the 9/20/19 letter.

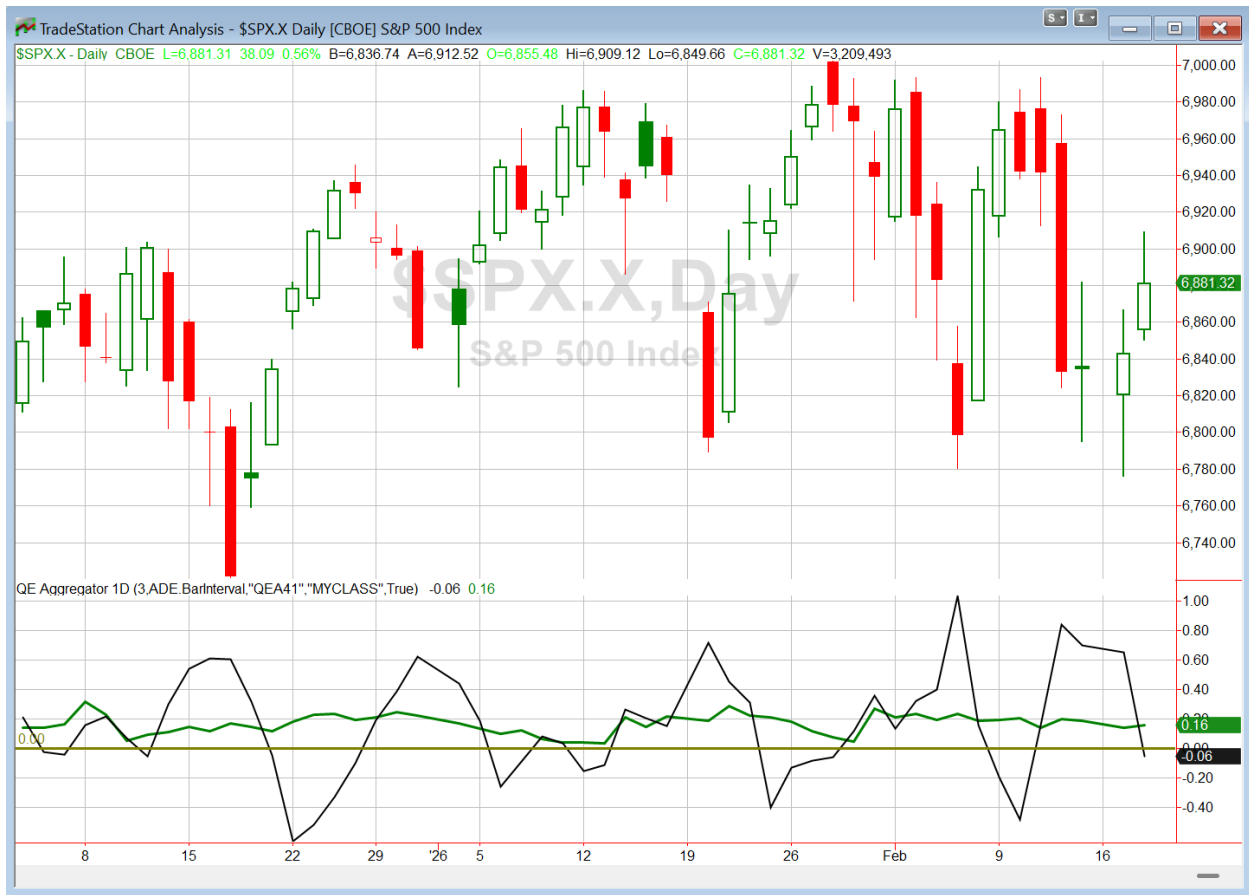
SPX closes up 3 days in a row but below the close of 4 days ago. Close > 200ma. Buy on close. Sell X days later. \$100k/trade. 1993 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	17,018.33	37	25	12	67.57	4,940.95	-3,864.28	1,330.62	-1,353.92	0.98	2.05	459.95
4	17,661.58	37	24	13	64.86	4,418.45	-4,304.58	1,414.62	-1,253.02	1.13	2.08	477.34
3	18,043.38	37	22	15	59.46	4,425.10	-4,052.24	1,441.30	-911.02	1.58	2.32	487.66
2	14,869.47	37	25	12	67.57	2,525.62	-1,851.48	910.62	-658.00	1.38	2.88	401.88
1	7,140.52	37	23	14	62.16	2,015.52	-2,068.30	698.60	-637.66	1.10	1.80	192.99

Despite already having risen 3 days in a row, more upside has typically been seen over the next 1-2 days. Below is a look at the profit curve assuming a 2-day holding period.



A bit choppy, but still a strong move from lower left to upper right over the last 33 years. This serves to support the stats table in suggesting a short-term upside edge. I have included this study on the active list tonight, using it to replace the 2-day rally study from last night.

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 dipped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is slightly overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Thursday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6872.01. That is just 0.1% below Wednesday's close. Therefore, SPX will only need to close down a small amount on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Evidence continues to point higher, but after 3 days of rallying, SPX is no longer "oversold". Index exposure in the Trade Ideas section was reduced at the close on Wednesday. With the Aggregator neutral, I will look to exit the rest on Thursday. But since the Differential Pivot is so close by, I will demand a decent price to exit, rather than just using a market order.

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)

INTU @ \$434.09 (bought @ limit)

TMO @ \$509.82 (bought @ limit)

TMO @ \$504.82 (bought @ limit)

TMO @ \$501.59 (buy @ limit)

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

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
PYPL(1/3)	2/3/2026	\$42.88	\$41.45	-3.33%	<i>sell on open</i>
INTU(1/3)	2/3/2026	\$468.50	\$389.57	-16.85%	Catapult
INTU(1/3)	2/4/2026	\$427.94	\$389.57	-8.97%	Catapult
PYPL(1/3)	2/4/2026	\$41.60	\$41.45	-0.36%	<i>sell on open</i>
PYPL(1/3)	2/5/2026	\$40.60	\$41.45	2.09%	<i>sell on open</i>
SPY(1/4)	2/12/2026	\$691.95	\$686.29	-0.82%	<i>sell @ \$686.50 LIMIT</i>
TMO(1/3)	2/13/2026	\$509.82	\$513.56	0.73%	Catapult
SPY(1/4)	2/17/2026	\$680.14	\$686.29	0.90%	<i>sold on close</i>
TMO(1/3)	2/17/2026	\$502.58	\$513.56	2.18%	Catapult
TMO(1/3)	2/18/2026	\$500.52	\$513.56	2.61%	Catapult

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