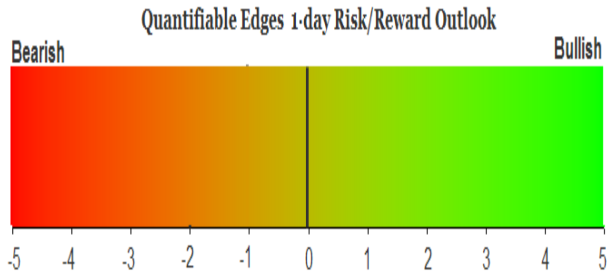
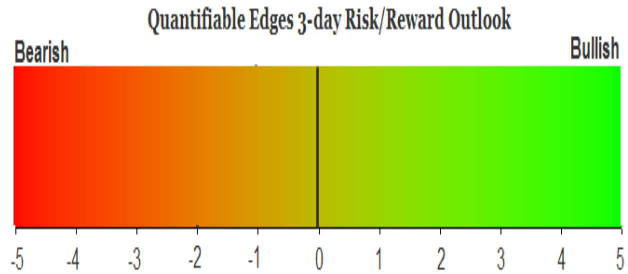
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

February 23, 2026 Volume 19 Issue 35

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	5

Tonight's Research Points

- Strong intraday moves on opex Friday often lead to more buying over the next 1-2 days.
- The last 5 days have now closed within the previous day's range. After a 1% selloff in an uptrend this type of consolidation has often been followed by a pop.
- The SOMA continues to rise, and the Fed is dovish.

Short-term Outlook
The Bottom Line
The Aggregator is neutral. So am I.

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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 23, 2026	Dn 1%. Then close in range 5 in row.	1-3 days	Bullish	1.20%	-0.90%	-2.00%
February 23, 2026	Up 1% from open to close on opex Fri	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	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

Friday was mostly higher for the indices. SPX rose 0.7%, the NASDAQ gained 0.9%, and the Russell 2000 declined 0.05%. Breadth was strong as the NYSE Up Issues % closed at 59% and the NYSE Up Volume % posted a 60% reading. NYSE total volume closed higher as it often does on opex Friday.

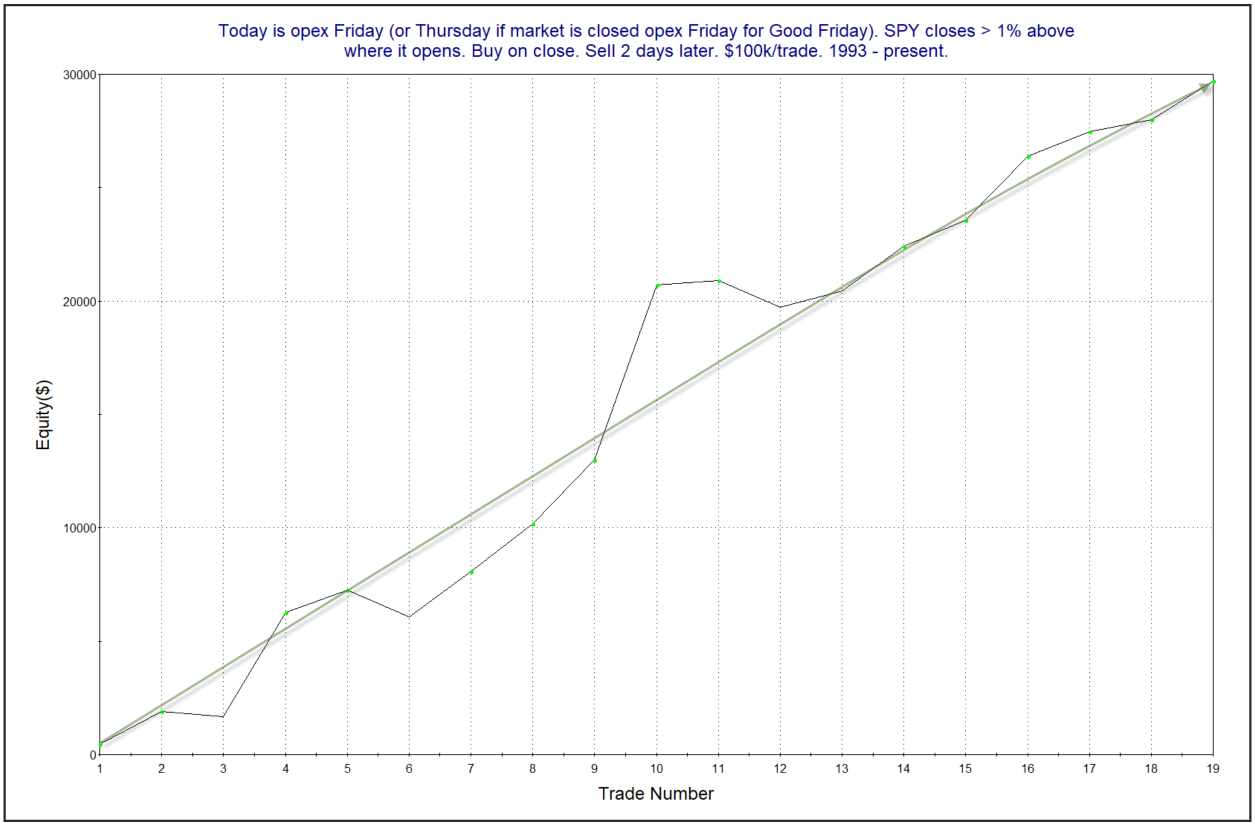
Another oddity about Friday's action is that SPY rallied strongly above the open, and it was opex Friday. I discussed opex Friday tendencies in the Thursday night letter. Typically, you will intraday weakness. From the open to the close there is often a selloff – and rarely do you see an open to close rally as strong as we just saw. The study below looks at other times SPY rose > 1% from the open to the close on Opex Friday. It is updated from the 1/23/23 letter.

Today is opex Friday (or Thursday if market is closed opex Friday for Good Friday). SPY closes > 1% above where it opens. 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	20,407.03	19	13	6	68.42	7,353.32	-6,614.24	2,331.12	-1,649.58	1.41	3.06	1,074.05
4	31,300.23	19	14	5	73.68	13,286.49	-2,299.08	2,669.32	-1,214.06	2.20	6.16	1,647.38
3	26,480.55	19	14	5	73.68	11,878.65	-2,755.04	2,499.29	-1,701.91	1.47	4.11	1,393.71
2	29,702.49	19	16	3	84.21	7,717.98	-1,190.80	2,018.27	-863.29	2.34	12.47	1,563.29
1	25,445.77	19	14	5	73.68	6,926.07	-1,291.56	1,988.92	-479.82	4.15	11.61	1,339.25

All 19 instances closed above the entry price at some point in the next 4 days.

This kind of opex Friday intraday rally has always been followed by more strength. And most of the gains have occurred right on Monday. Below is a detailed look at the 1-day performance.



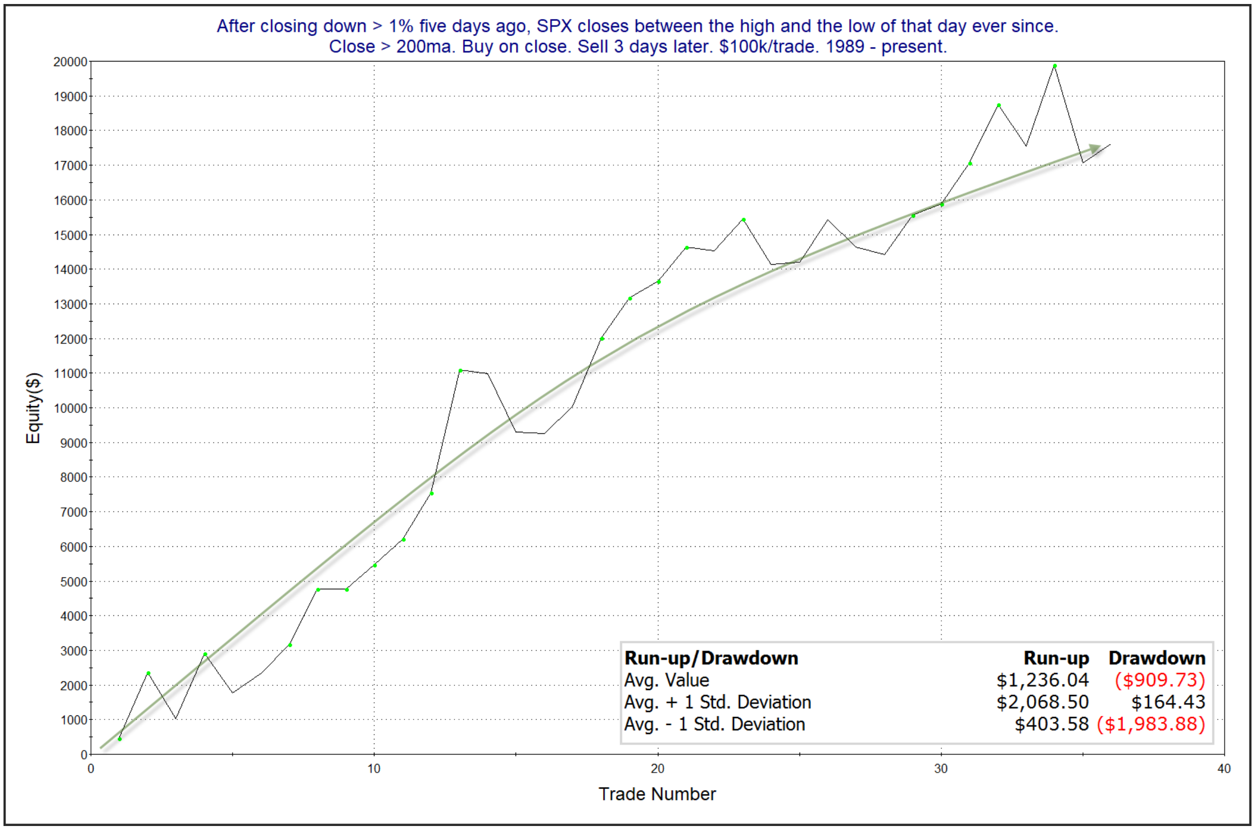
The numbers and the curve are both appealing. Two days out, an 84% win rate, a win:loss ratio > 2 and the Profit Factor of 12.5 are very strong. I have added this study to the active list.

After a big down day on Thursday the 12th, the market has chopped around and made little progress. In fact, it has closed within the range of that 1 bar every day for the last 5 trading days. The bulls failed to push the market up above the 2/12 high, but the bears have not managed to drop the SPX back out of the range either. This triggered the study below, which I have shown several times over the years, and last discussed in the 10/20/25 Letter.

After closing down > 1% five days ago, SPX closes between the high and the low of that day ever since. Close > 200ma. Buy on close. Sell X days later. $100k/trade. 1989 - 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	-1,284.80	36	20	16	55.56	3,757.60	-5,937.53	1,796.41	-2,325.81	0.77	0.97	-35.69
4	1,770.41	36	23	13	63.89	3,706.56	-3,482.61	1,287.86	-2,142.33	0.60	1.06	49.18
3	17,605.16	36	25	11	69.44	3,552.64	-2,805.35	1,134.36	-977.61	1.16	2.64	489.03
2	9,979.30	36	22	14	61.11	2,111.20	-2,607.56	1,065.69	-961.84	1.11	1.74	277.20
1	7,196.09	36	24	12	66.67	1,760.80	-1,663.20	709.06	-818.45	0.87	1.73	199.89

Over the last 36 years or so the SPX has popped higher out of this "failed selloff" and consolidation on a consistent basis. But the implications are only bullish for a few short days. After that there does not appear to be a decided edge for either the bulls or the bears. Below is a look at a 3-day profit curve.



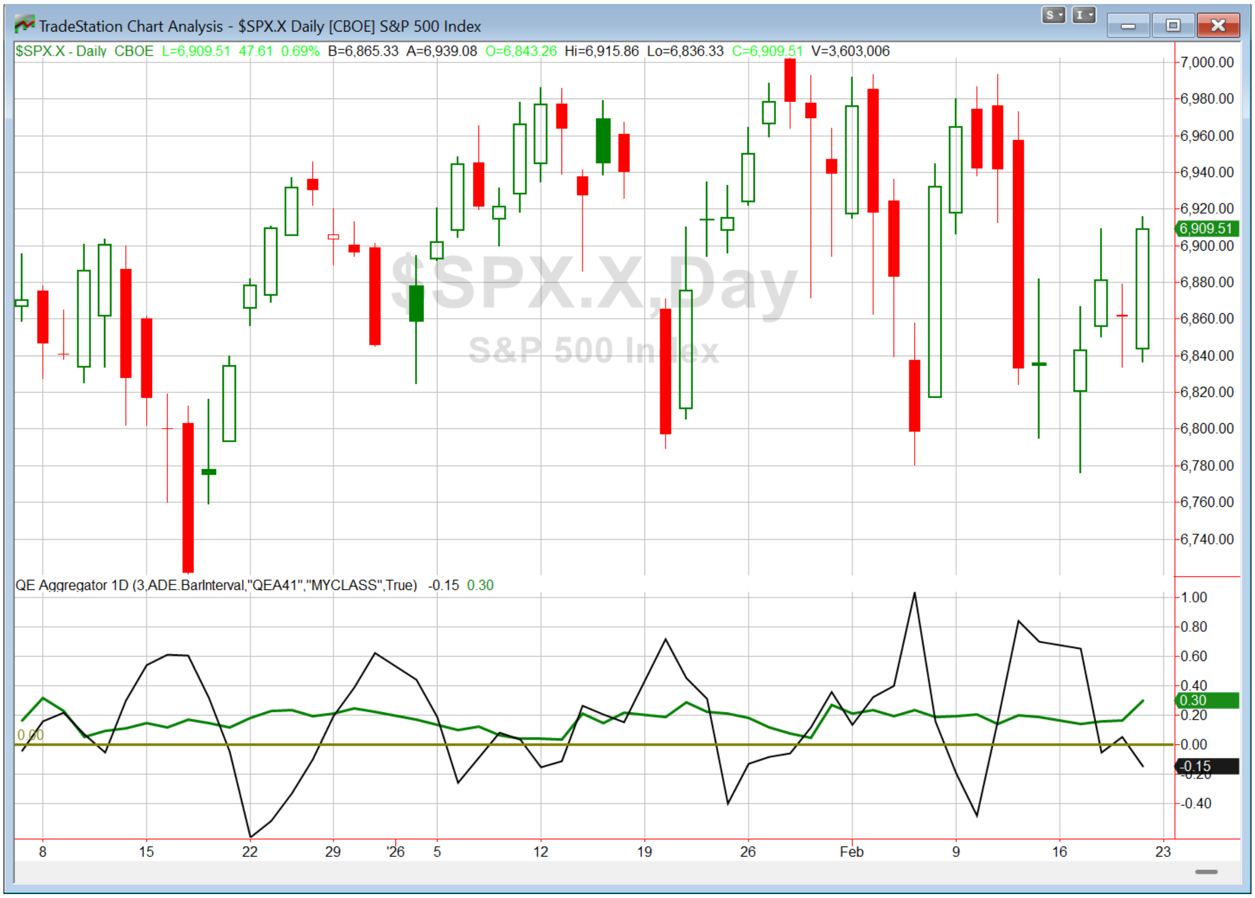
Despite the recent loser, the strong upslope serves as some confirmation of the bullish numbers. I have included this study on the active list tonight.

Let's also take a quick look at the SPX Seasonality Calendar for the upcoming week.

Quantifiable Edges Seasonality Calendar $SPX S&P 500 Index			
Date	**Win%**	**Profit Factor**	**Avg % Chg**
2/2/2026	59.25	1.404	0.122
2/3/2026	53.04	1.052	0.014
2/4/2026	60.47	1.408	0.107
2/5/2026	54.34	1.033	0.012
2/6/2026	57.10	1.152	0.057
2/9/2026	56.75	1.073	0.009
2/10/2026	54.28	1.111	0.026
2/11/2026	59.17	1.340	0.084
2/12/2026	56.54	1.083	-0.005
2/13/2026	58.59	1.427	0.092
2/17/2026	50.61	1.313	0.088
2/18/2026	50.76	1.081	0.012
2/19/2026	49.64	1.120	0.030
2/20/2026	49.17	1.102	0.025
2/23/2026	54.89	1.118	-0.021
2/24/2026	51.51	0.971	-0.057
2/25/2026	51.85	0.935	-0.067
2/26/2026	52.76	1.004	-0.048
2/27/2026	51.94	0.880	-0.082
Baseline	***54.80***	***1.172***	***0.058***

Numbers are generally mild. There does not appear to be a strong seasonal edge over the next week.

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 dropped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is 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 Monday. This is unlikely to change. Meanwhile, the Differential Pivot will be *slightly inverted at* 6914.38. That is 0.21% *above* Friday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up at least 0.1% in order to remain overbought. Anything other than that and it will flip to oversold versus recent expectations.

So the Aggregator is back to neutral. Evidence is pointing higher, but the overbought condition limits potential upside and reduces reward/risk potential. Therefore, the upside edge does not appear great. The SPY trade idea that was active did flatten out on Friday. I won't look for a new position until reward/risk appears solidly favorable.

Intermediate-term Outlook (2 weeks – 2 months) – updated 2/23 – neutral

Combo #1	Combo #2	Combo #3	Combo #4
Long $SPX	Long $SPX	Flat	Long $SPX

Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course, which is included with all annual subscriptions. *All 4 Combo models saw their signals remain the same this week.*

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The major stock indices posted solid weeks. The SPX gained 1.1%, the NASDAQ rallied 1.5%, and the Russell 2000 rose 0.65%. Bonds dipped. The US Aggregate Bond ETF (AGG) closed down 0.1%. TLT, the 20-year Treasury Bond ETF, lost 0.35%. The long-term trend is becoming less clear. No real progress has been made since October and SPX and NASDAQ are near their 50-day moving averages. There were not any new studies with intermediate-term implications that triggered in the last few days.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Domestic Security Holdings as of

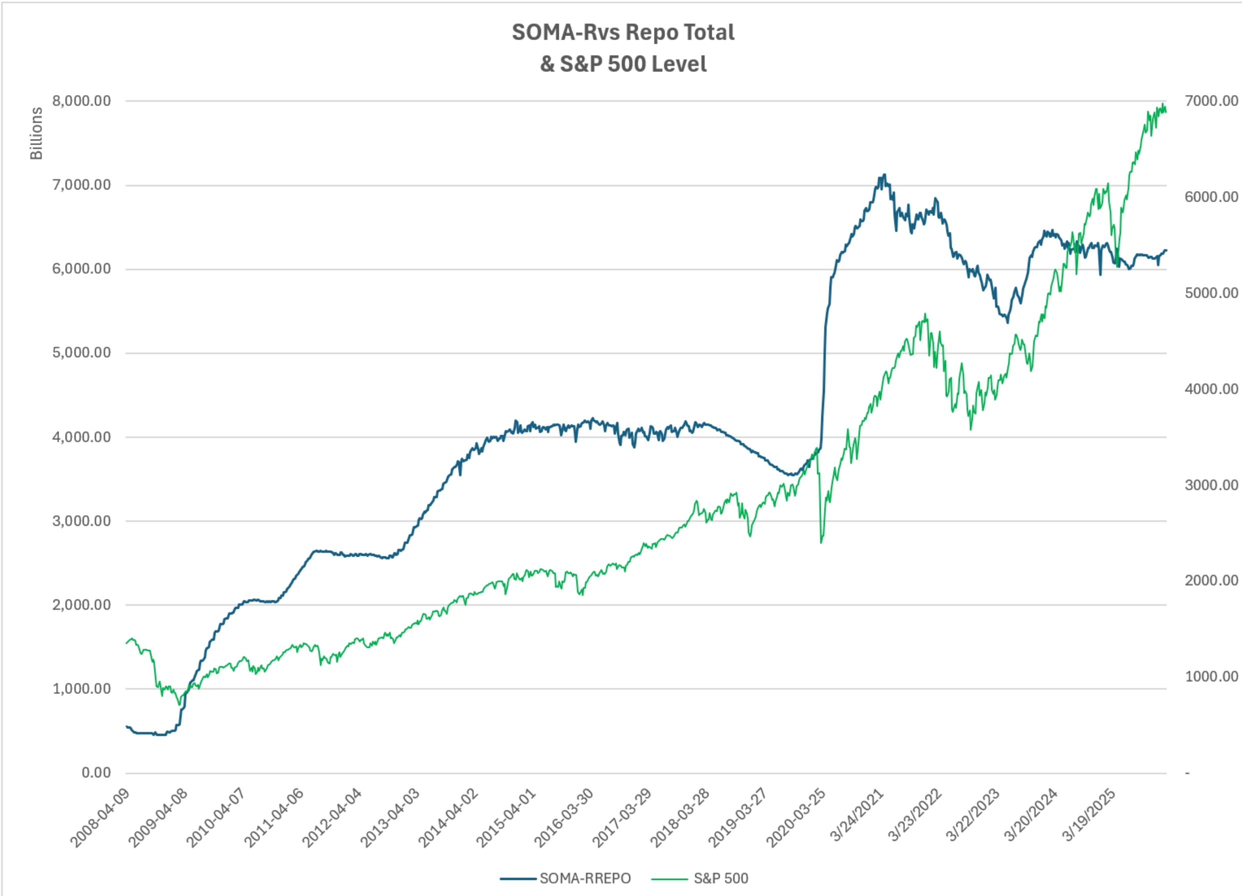
Previous **February 18, 2026**

Posted February 19, 2026 at 4:30 PM

SUMMARY | T-BILLS | T-NOTES AND T-BONDS | FRNS | TIPS | AGENCY DEBTS | MBS | CMBS

SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills (T-Bills)	313,295,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,585,696,264.4
US Treasury Floating Rate Notes (FRNs)	16,412,388.3
US Treasury Inflation-Protected Securities (TIPS)*	288,705,855.7
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,016,025,326.9
Agency Commercial Mortgage-Backed Securities***	7,701,605.6
Total SOMA Holdings	6,230,184,367.7
Change From Prior Week	8,027,914.3

The SOMA rose over $8 billion this week, adding liquidity to the system. Meanwhile, reverse repos declined by $192 million for the week ending 2/18/26. A decline in reverse repos can act as a liquidity injection. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about $8.2 billion (through Wednesday the 18th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are near zero. So unless that changes, they will not be providing much influence on liquidity flows. Quantitative Easing has kicked in and is providing a nice tailwind for the bulls. Additionally, FNMA and Freddie Mac are in the process of purchasing mortgage bonds. This could have an additional impact to QE as the government buys these bonds and provides even more liquidity to the system.

With regards to rates, odds of a March cut are now down to 4%. (Not gonna happen.) Meanwhile, April odds now show just an 18% chance they will be lower than they are currently. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

FedWatch Tool

Target Rate
Current
Compare
Probabilities
Aggregated

Historical
Historical
Downloads
Prior Hikes

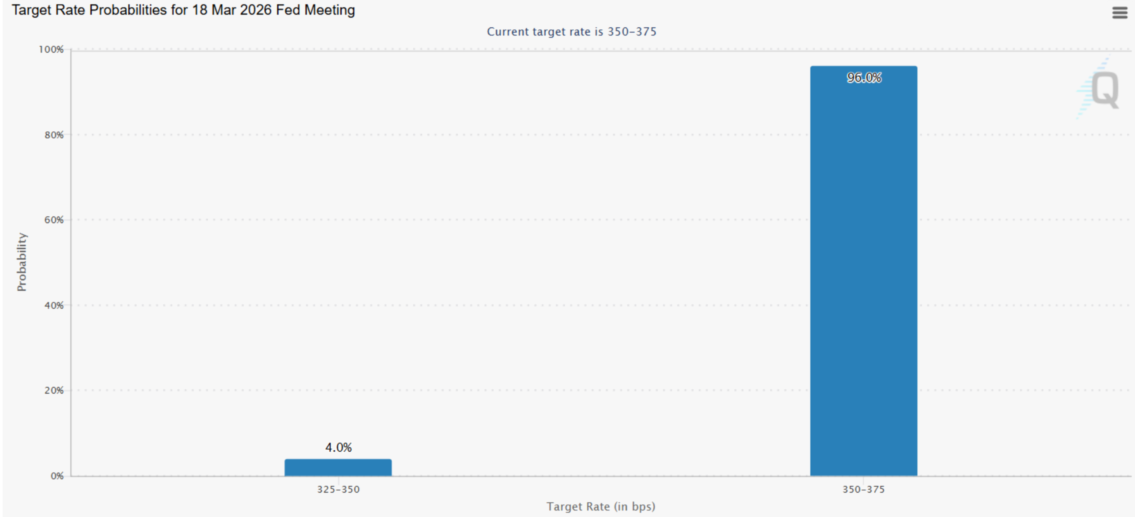
Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

18 Mar26 | 29 Apr26 | 17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 27 Oct27 | 8 Dec27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
18 Mar 2026	ZQH6	31 Mar 2026	96.3675	23,698	246,775	4.0 %	96.0 %	0.0 %

Target Rate Probabilities for 18 Mar 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 20 FEB 2026	1 WEEK 13 FEB 2026	1 MONTH 22 JAN 2026
300-325	0.0%	0.0%	0.0%	0.5%
325-350	4.0%	3.5%	9.2%	14.9%
350-375 (Current)	96.0%	96.5%	90.8%	84.6%

* Data as of 22 Feb 2026 07:14:29 CT

FedWatch Tool

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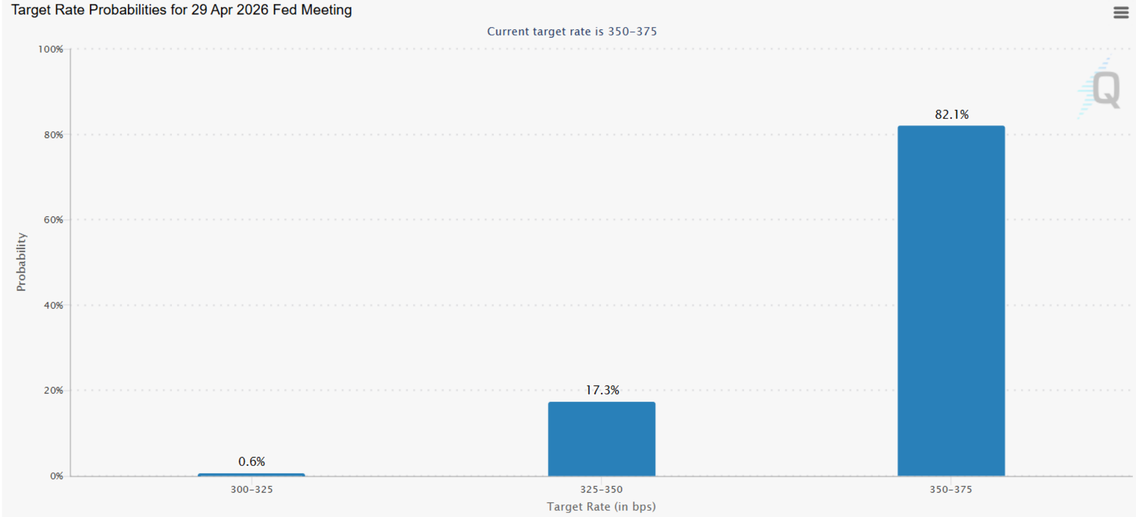
MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
29 Apr 2026	ZQJ6	30 Apr 2026	96.3725	62,580	293,266	17.9 %	82.1 %	0.0 %

Target Rate Probabilities for 29 Apr 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 20 FEB 2026	1 WEEK 13 FEB 2026	1 MONTH 22 JAN 2026
275-300	0.0%	0.0%	0.0%	0.1%
300-325	0.6%	0.5%	2.1%	2.6%
325-350	17.3%	17.0%	27.8%	25.0%
350-375 (Current)	82.1%	82.5%	70.1%	72.3%

* Data as of 22 Feb 2026 07:14:27 CT

As we have seen over and over, odds continually shift, so we will likely see further refinement as we get closer to these meeting dates. But right now, a cut at either of the next 2 meetings appears highly unlikely.

Overall, intermediate-term evidence appears quite moderate. We have not seen any strongly compelling new intermediate-term studies emerge in the last few of weeks, and there have been several that have expired. The trend appears more uncertain with SPX and NASDAQ having chopped mostly sideways over the last few months. On the plus side, the Fed appears dovish since it is increasing the size of the SOMA. So liquidity is positive. I am not yet seeing the kind of breadth divergence that would cause concern that a major top is likely. Seasonality is mixed now as we are in the Best 6 Months (bullish) of a 2nd Presidential Year (bearish). The NASDAQ remains in a lagging position versus the SPX, which is an unfavorable setup. Stock valuations, geopolitics, and the economy are all potential catalysts for selling. I am inclined to keep my intermediate-term outlook neutral for another week. That could easily change if we see some additional evidence appear. For now, I will likely trade a bit more conservatively from both the long and the short side than I would if I had a strong directional conviction.

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
INTU(1/3)	2/3/2026	$468.50	$380.55	-18.77%	Catapult
INTU(1/3)	2/4/2026	$427.94	$380.55	-11.07%	Catapult
SPY(1/4)	*2/12/2026*	*$691.95*	*$686.50*	*-0.79%*	*sold @ LIMIT*
TMO(1/3)	2/13/2026	$509.82	$510.93	0.22%	Catapult
TMO(1/3)	2/17/2026	$502.58	$510.93	1.66%	Catapult
TMO(1/3)	2/18/2026	$500.52	$510.93	2.08%	Catapult