

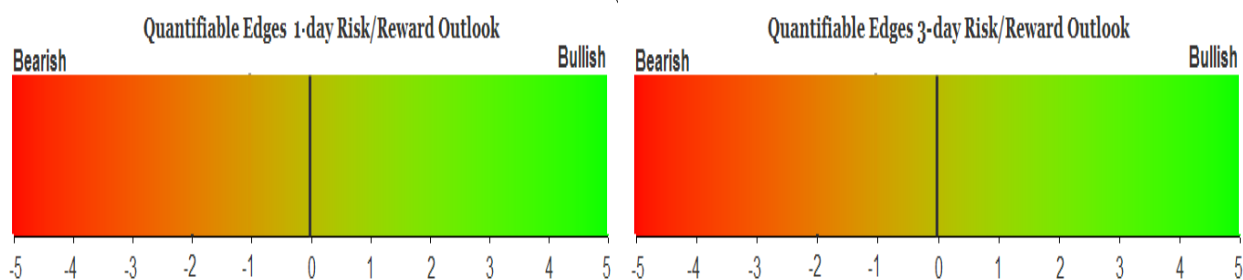
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 16, 2026

Volume 20 Issue 71

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The breakout came without an unfilled gap higher and on volume that was less than ideal.
- The move from a long-term low to a long-term high so quickly suggests more upside in the coming weeks.
- I have some concerns with New Highs lagging quite a bit.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. The market is too overbought to buy and too strong to short.

Summary of Recent 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						
April 16, 2026	SPX 50-low to 50-high in 12 days	1-6 days	Bullish	2.25%	-0.73%	-1.46%
Active - Long Term						
April 16, 2026	SPX 50-low to 50-high in 12 days	1-15 days	Bullish	3.71%	-0.94%	-2.05%
April 10, 2026	SPX up 7 in a row	1-20 days	Bullish	3.00%	-2.10%	-4.30%
April 9, 2026	RSI(2) > 99	1-15 days	Bullish	2.20%	-1.60%	-3.00%
April 7, 2026	SPY up 3+ with vol lower 3. Close < 200ma	1-20 days	Bearish	-7.20%	2.70%	4.60%
April 6, 2026	NASDAQ leading	int term	Bullish			
March 30, 2026	SPX down 5 straight weeks	1-6 months	Bearish	-13.10%	8.60%	16.80%
March 9, 2026	Hindenburg Omen cluster	1-35 days	Bearish			
December 15, 2025	QE active. Rates dropping. Fed dovish	int term	Bullish			
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

The rally just keeps going, with SPX and NASDAQ both making new all-time highs on Wednesday. SPX finished higher by 0.8%, the NASDAQ gained 1.6%, and the Russell 2000 rallied 0.3%. Breadth was not very impressive as the NYSE Up Issues % closed at 52% and the NYSE Up Volume % posted a 60% reading. NYSE total volume rose a little from Tuesday's level.

With SPX and the NASDAQ breaking out to new highs for the 1st time in months, there was a good number of studies that triggered in the Quantifinder. Based on those studies, the breakout did not occur under the best of circumstances. For example, when SPY leaves an unfilled gap higher on the day of a breakout, it has historically shown much better odds of short-term follow through than times when there was no unfilled gap higher. Wednesday did not have an unfilled gap. NYSE volume can also serve as a potential clue on a breakout day. When volume comes in at a 20-day high, that is a favorable scenario. When volume comes in lower than the previous day, that is also favorable (a little less so). But when volume rises and does not come in at a 20-day high, that is the most unreliable setup of the bunch. And that is what happened on Wednesday.

But the breakout from a long-term low to a long-term high has come at record speed. Just 11 trading days ago, SPX was at a 100+-day low. I made the following observation on X and Bluesky today:



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\$SPX and \$NDX have both gone from a 100-day low to a 200-day closing high in 11 days. \$SPX has never done it that fast before. (12 days 10/31/2014 was the closest). \$NDX did it once (1/31/1985). So...wow.

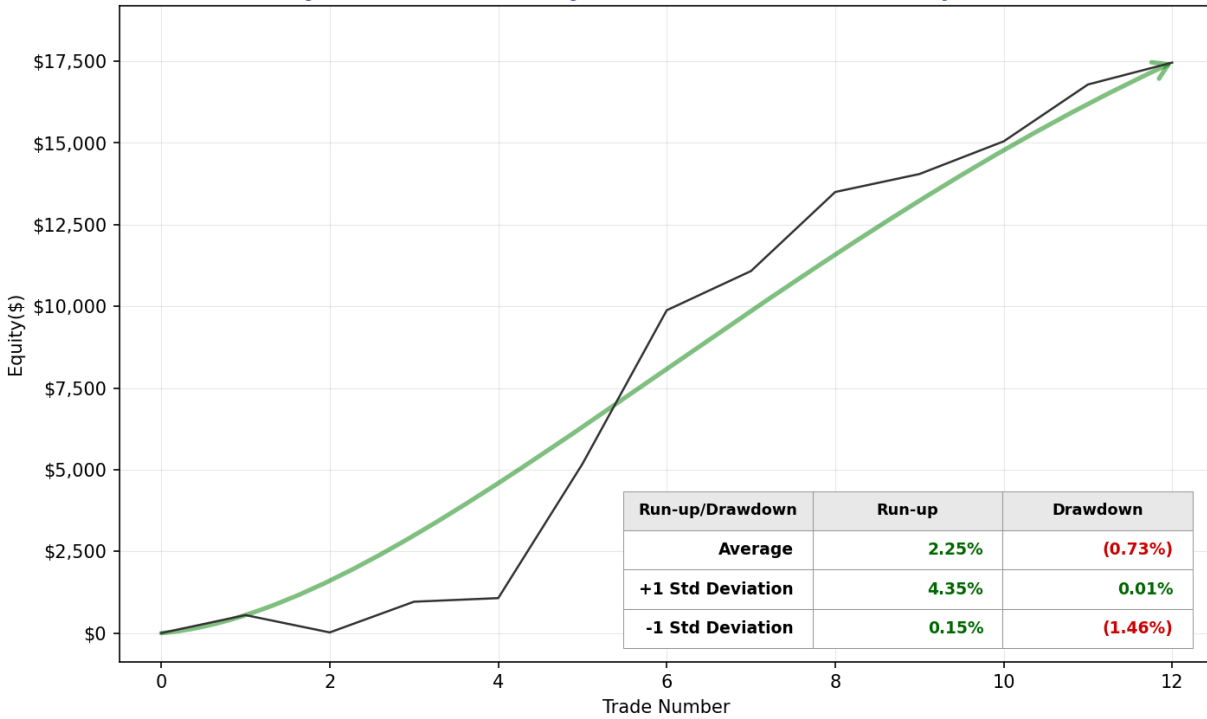
Obviously, you can't do a quantitative study with a sample size of one. So to get a larger sample size and see if the quick turnaround might provide an edge, I decided to loosen the requirements a bit and concocted the following study.

**SPX moves from a 50-day low close to a 50-day high close in 12 days or less.
Buy on close. Sell X days later. \$100k/trade. 1957 - present.**

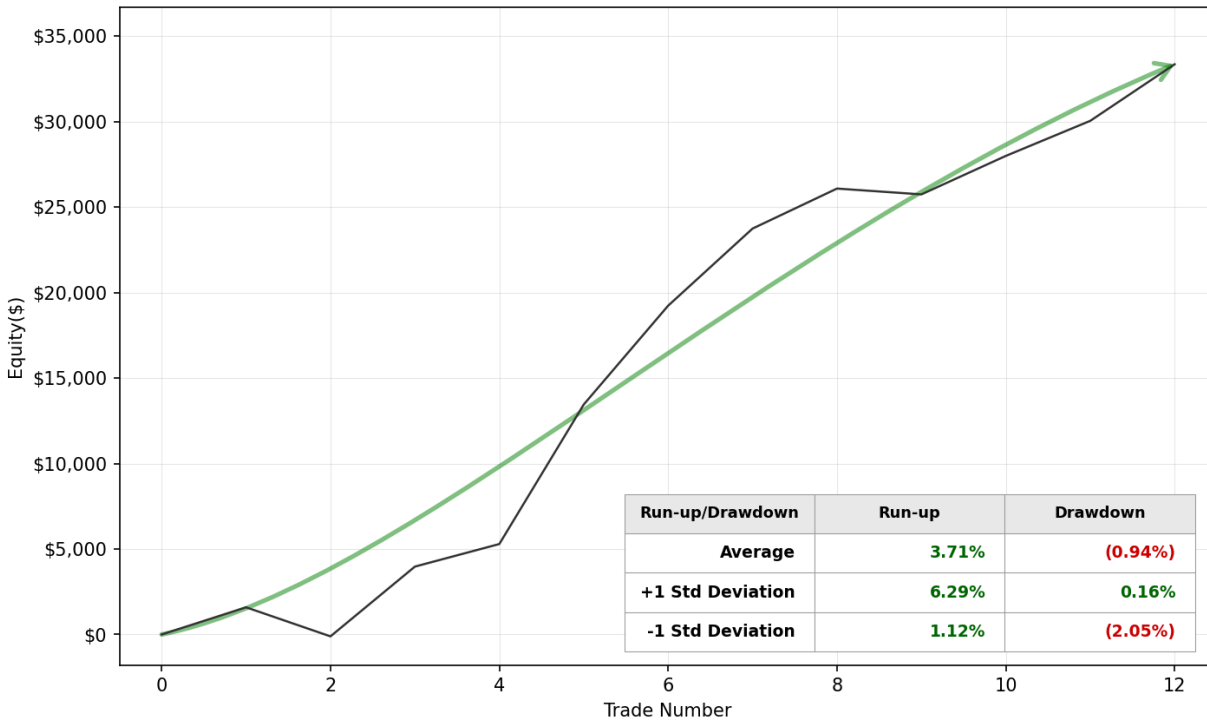
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
15	12	10	2	83.33%	8.16%	-1.70%	3.54%	1.02%	3.47	17.37	2.780%
14	12	11	1	91.67%	7.03%	-1.74%	2.88%	1.74%	1.66	18.22	2.497%
13	12	11	1	91.67%	7.92%	-2.50%	2.71%	2.50%	1.08	11.91	2.274%
12	12	8	4	66.67%	8.12%	-2.99%	2.96%	0.94%	3.14	6.28	1.659%
11	12	11	1	91.67%	7.39%	-3.13%	2.20%	3.13%	0.70	7.72	1.752%
10	12	10	2	83.33%	8.55%	-2.75%	2.61%	1.38%	1.88	9.42	1.941%
9	12	11	1	91.67%	6.43%	-2.41%	2.12%	2.41%	0.88	9.65	1.739%
8	12	11	1	91.67%	4.63%	-1.90%	1.76%	1.90%	0.92	10.14	1.451%
7	12	10	2	83.33%	5.74%	-1.35%	1.89%	0.76%	2.48	12.39	1.447%
6	12	11	1	91.67%	4.70%	-0.53%	1.63%	0.53%	3.11	34.19	1.454%
5	12	11	1	91.67%	4.78%	-0.56%	1.46%	0.56%	2.60	28.60	1.293%
4	12	9	3	75.00%	4.89%	-0.75%	1.32%	0.60%	2.19	6.56	0.836%
3	12	10	2	83.33%	4.03%	-1.20%	1.16%	0.67%	1.74	8.70	0.857%
2	12	10	2	83.33%	2.92%	-0.29%	0.92%	0.21%	4.47	22.35	0.736%
1	12	6	6	50.00%	2.76%	-1.94%	1.10%	0.56%	1.98	1.98	0.272%

Still only 12 instances, but the stats are heavily lopsided in favor of the bulls from Day 1 all the way through Day 15. To see how the edge has played out over time, I also produced profit curves.

**SPX moves from a 50-day low close to a 50-day high close in 12 days or less.
Buy on close. Sell 6 days later. \$100k/trade. 1957 - present.**

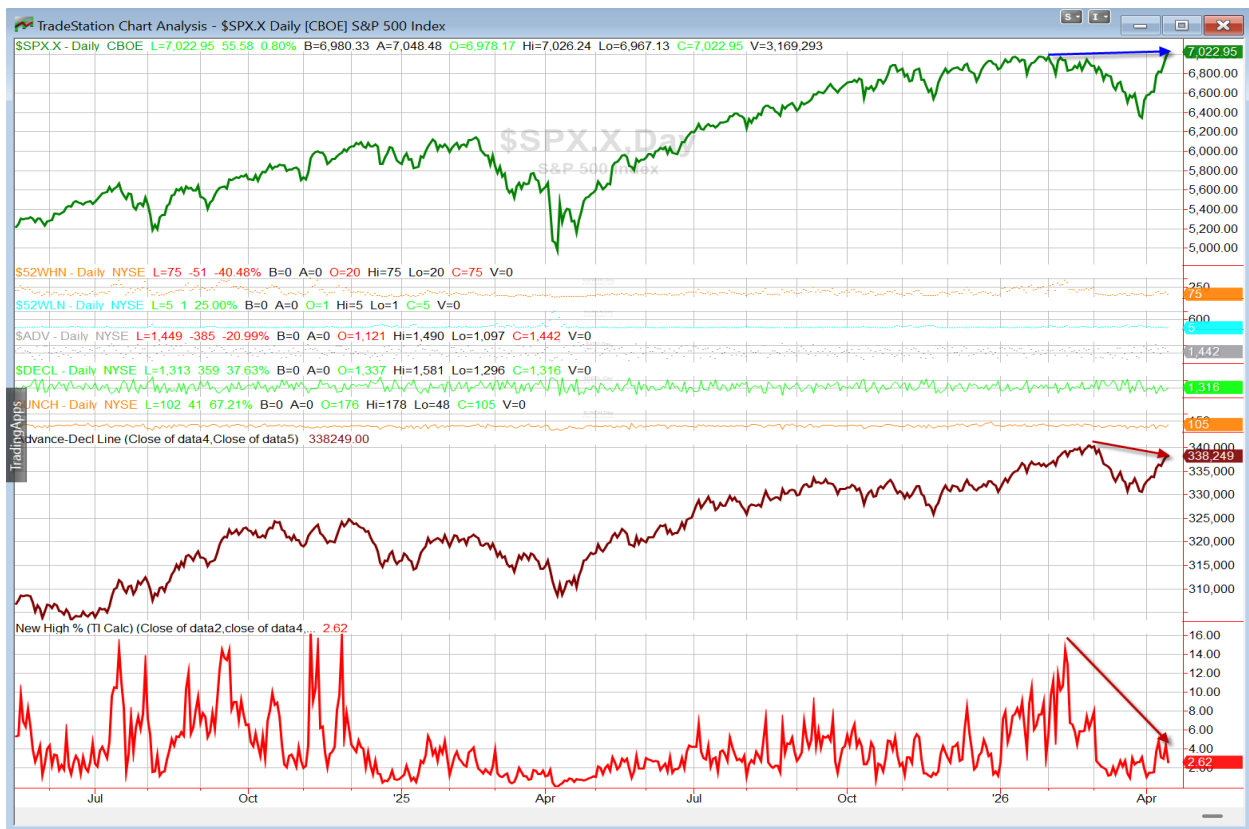


**SPX moves from a 50-day low close to a 50-day high close in 12 days or less.
Buy on close. Sell 15 days later. \$100k/trade. 1957 - present.**



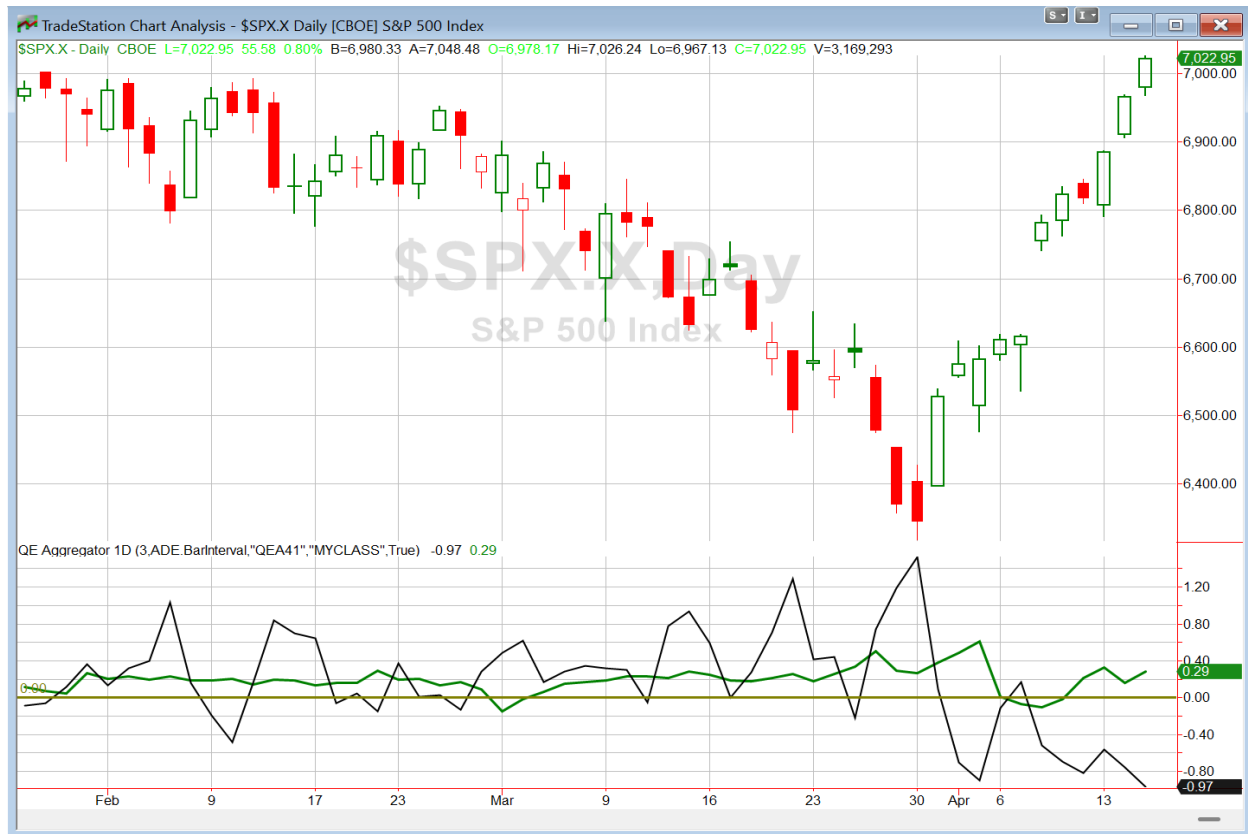
Nothing wrong with either of these. The steadiness is quite impressive. I have added this study to both the short and intermediate-term active list tonight.

So when the market is hitting new highs, that means the bull is still in force. But as of now, it does not appear as healthy as it did a couple of months ago. In the intermediate-term section lately I have been referring to the QE Study of Tops. The Study of Tops shows that nearly every major market top since 1960 saw a breadth divergence occur ahead of it. The lone exception was 2020. The measurements the study looks at are 1) the NYSE Advance/Decline Line, and 2) the Net % of NYSE stocks making new highs (vs new lows). When SPX topped at the end of January, there was no divergence. Breadth was strong by both measures. This led me to believe that a major selloff (20%+) seemed unlikely. But here is where we are now:



The Advance/Decline line is lagging a bit. The Net New High % is *way* off. This is not a trigger to sell. This is a condition that now exists that had not previously. It is a condition that sets the stage for a possible major top. But that top could still be many weeks or months away. If this divergence resolves itself and the Net New High % and the NYSE Advance/Decline Line make new highs, then we will be back to a point where the market would be unlikely to top out for at least 2-3 more months. So it is nothing to act on yet. But it is something that bears watching.

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 held 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 stayed flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Thursday. This could change if new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6920.63. That is 1.5% below Wednesday's close. Therefore, SPX will need to close down at least 1.5% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. And while SPX and the NASDAQ are in a confirmed bull market, my short-term outlook has not changed from last night. I still feel this market is too strong to try and short, and it is too overbought to try and buy. I don't have any index trade ideas listed right now, and I won't until a more compelling reward/risk setup emerges.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/13 – neutral to slightly bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

None

Broad Market Large Cap CBI – 0

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

None

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