

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 20, 2026

Volume 20 Issue 73

## Market Overview



## Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Flat       | 0           |

## Tonight's Research Points

- Seasonality looks favorable for this upcoming week, and the rest of the month.
- SPX moving above its 50-day Bollinger Band suggests momentum is likely to continue for a while longer.
- Price action has been strong, but breadth indicators are lagging. That could eventually be troublesome for the rally.
- The SOMA keeps rising. The Fed is dovish. That's a positive.

## *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 |
|----------------------------|--|-------------|---------|------------|------------|------------------------|
| <b>Active - Short Term</b> |  |             |         |            |            |                        |
| April 16, 2026             | SPX 50-low to 50-high in 12 days         | 1-6 days    | Bullish | 2.25%      | -0.73%     | -1.46%                 |
| <b>Active - Long Term</b>  |  |             |         |            |            |                        |
| April 20, 2026             | SPX 50-day %b > 100                      | 1-50 days   | Bullish | 4.90%      | -4.30%     | -8.75%                 |
| April 16, 2026             | SPX 50-low to 50-high in 12 days         | 1-15 days   | Bullish | 3.71%      | -0.94%     | -2.05%                 |
| 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**

Friday was another strong day for stocks. SPX finished up 1.2%, the NASDAQ gained 1.5%, and the Russell 2000 rallied 2.1%. Breadth was strong as the NYSE Up Issues % closed at 78% and the NYSE Up Volume % posted a 74% reading. NYSE total volume spiked higher from Thursday's level.

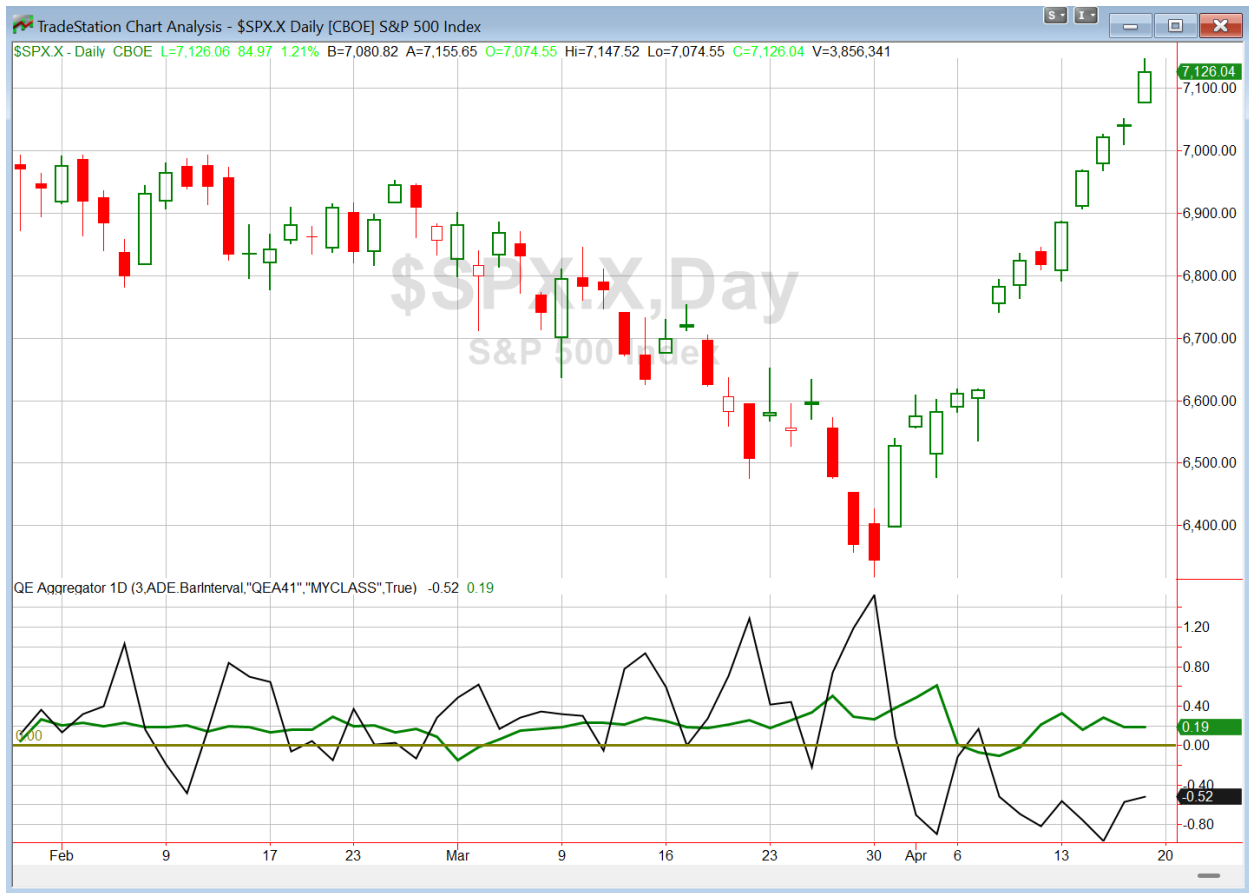
The push this market has made over the last few weeks has been historic from a price and consistency perspective. The NASDAQ has now risen 13 days in a row and is up over 17% during that span. There has never been a 13-day streak that has seen such large gains. The closest was leading up to 1/9/1992 when the NASDAQ rose 13 days in a row for a gain of 16%. So I am not exaggerating when I say this has been a historic run. Short-term overbought started a while ago and has just kept going. Because the market is overbought, I was not able to get much in the way of long signals for short-term models. But thank goodness I did not have a bunch of bearish signals trigger! Strength begetting strength has been the theme, and that persists. Friday's action was just a continuation, and no new studies emerged with short-term implications. There was one study that I will discuss in the intermediate-term section.

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

| <b>Quantifiable Edges Seasonality Calendar</b> |              |                      |                  |
|--|--------------|----------------------|------------------|
| <b>\$SPX S&amp;P 500 Index</b>                 |              |                      |                  |
| <b>Date</b>                                    | <b>Win%</b>  | <b>Profit Factor</b> | <b>Avg % Chg</b> |
| 4/1/2026                                       | 60.77        | 1.391                | 0.116            |
| 4/2/2026                                       | 59.36        | 1.404                | 0.105            |
| 4/6/2026                                       | 56.18        | 1.722                | 0.249            |
| 4/7/2026                                       | 51.78        | 1.464                | 0.162            |
| 4/8/2026                                       | 56.11        | 1.699                | 0.238            |
| 4/9/2026                                       | 51.11        | 1.249                | 0.051            |
| 4/10/2026                                      | 56.06        | 1.695                | 0.253            |
| 4/13/2026                                      | 51.16        | 0.899                | -0.091           |
| 4/14/2026                                      | 50.59        | 1.411                | 0.174            |
| 4/15/2026                                      | 48.29        | 1.030                | 0.034            |
| 4/16/2026                                      | 47.95        | 0.920                | -0.048           |
| 4/17/2026                                      | 49.62        | 1.058                | 0.049            |
| 4/20/2026                                      | 57.41        | 1.020                | -0.046           |
| 4/21/2026                                      | 54.99        | 1.558                | 0.229            |
| 4/22/2026                                      | 52.37        | 1.324                | 0.142            |
| 4/23/2026                                      | 54.81        | 1.201                | 0.047            |
| 4/24/2026                                      | 58.05        | 1.226                | 0.110            |
| 4/27/2026                                      | 54.37        | 1.017                | -0.058           |
| 4/28/2026                                      | 53.64        | 1.373                | 0.166            |
| 4/29/2026                                      | 60.23        | 1.883                | 0.323            |
| 4/30/2026                                      | 53.27        | 1.063                | -0.004           |
| <b>Baseline</b>                                | <b>54.56</b> | <b>1.155</b>         | <b>0.052</b>     |

Numbers this week (and for the rest of the month) are all green. But seasonality has not seemed to have much of an impact in this news-driven market. Once we get into May, long-term cycles will worsen. We will be entering the “worst 6 months” of the year in the 2<sup>nd</sup> year of the Presidential Cycle. That is often a challenging time. I will have more to say about that next week in the intermediate-term section of the letter.

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 Monday. This could change if compelling bearish evidence emerges. Meanwhile, the Differential Pivot will be 7076.48. That is 0.7% below Friday's close. Therefore, SPX will need to close down at least 0.7% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. And my short-term outlook basically remains the same. From a swing trade perspective, 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 4/20 – somewhat bullish**

| Combo #1   | Combo #2   | Combo #3   | Combo #4   |
|------------|------------|------------|------------|
| Long \$NDX | Long \$NDX | Long \$NDX | Long \$NDX |

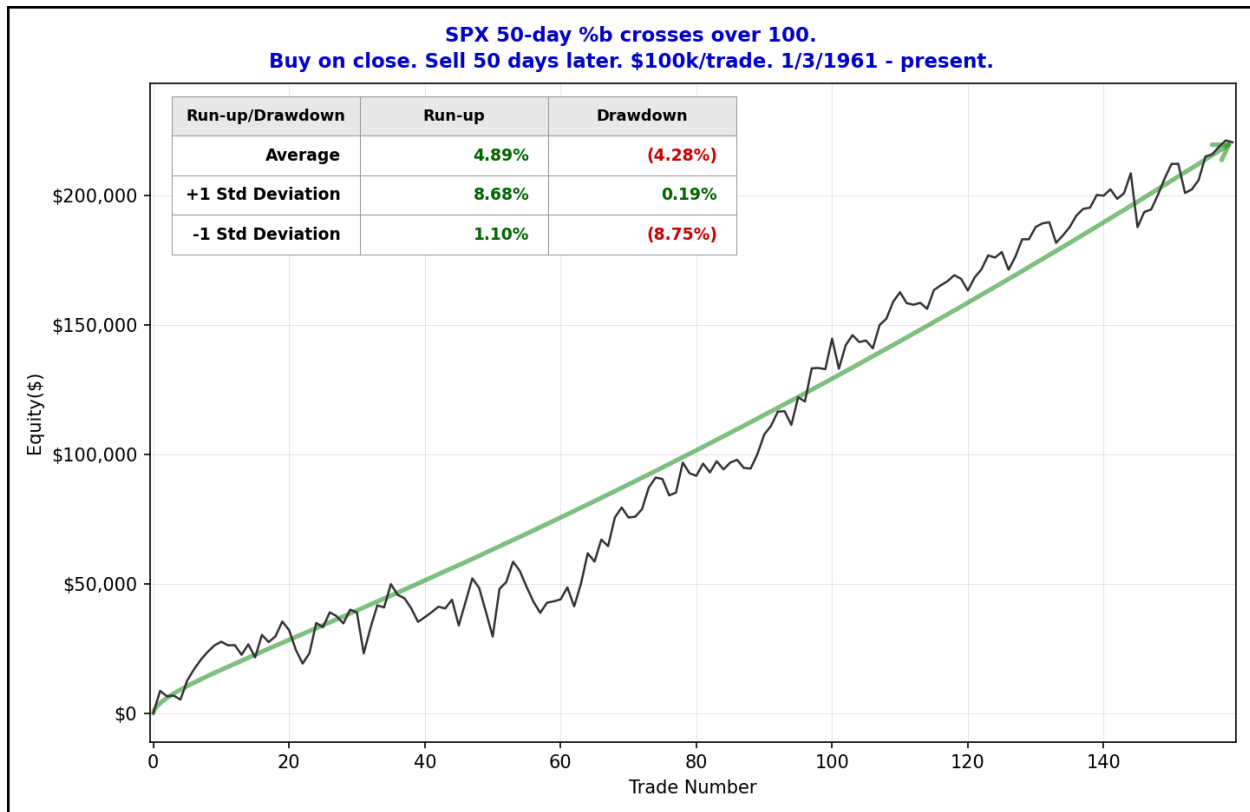
Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course,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

It was a 3<sup>rd</sup> great week for stocks. The SPX closed up 4.5%, the NASDAQ rallied 6.8%, and the Russell 2000 rose 5.6%. Bonds saw more mild gains. The US Aggregate Bond ETF (AGG) closed up 0.5%. TLT, the 20-year Treasury Bond ETF, gained 0.7%. The SPX and NASDAQ are both at all-time highs, so clearly we are in a long-term uptrend.

An interesting study that triggered in the Quantifinder looked at the SPX closing price in relation to its 50-day Bollinger Bands. In it I used 2 standard deviations in the Bollinger Band calculation. I used %b to measure where we fell. For those unaware, %b simply measures the distance between the 2 bands. So a reading of 0 means price is right at the lower band. A reading of 100 is right at the upper band. A reading of 50 would be right at the moving average being used – in this case the 50ma. So a move 2 standard deviations above the 50ma would be a %b reading of 100. I discussed this study in the 7/11/24 letter. Updated results are below.

| SPX 50-day %b crosses over 100.<br>Buy on close. Sell X days later. 1/3/1961 - 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 |  |
| 50  | 159          | 100            | 59            | 62.89% | 18.41%            | -20.81%          | 4.73%             | 4.29%            | 1.10           | 1.87          | 1.386%    |  |
| 45  | 165          | 98             | 67            | 59.39% | 15.82%            | -32.54%          | 4.81%             | 4.61%            | 1.04           | 1.53          | 0.984%    |  |
| 40  | 172          | 104            | 68            | 60.47% | 17.63%            | -28.06%          | 4.40%             | 4.25%            | 1.04           | 1.58          | 0.981%    |  |
| 35  | 181          | 109            | 72            | 60.22% | 15.79%            | -14.06%          | 4.02%             | 3.76%            | 1.07           | 1.62          | 0.922%    |  |
| 30  | 189          | 113            | 76            | 59.79% | 11.93%            | -14.60%          | 3.23%             | 3.46%            | 0.93           | 1.39          | 0.539%    |  |
| 25  | 196          | 113            | 83            | 57.65% | 10.87%            | -8.88%           | 2.95%             | 3.11%            | 0.95           | 1.29          | 0.379%    |  |
| 20  | 208          | 118            | 90            | 56.73% | 9.52%             | -10.21%          | 2.69%             | 2.74%            | 0.98           | 1.29          | 0.340%    |  |
| 15  | 230          | 133            | 97            | 57.83% | 7.86%             | -9.84%           | 2.31%             | 2.60%            | 0.89           | 1.22          | 0.237%    |  |
| 10  | 255          | 157            | 98            | 61.57% | 8.25%             | -9.14%           | 1.68%             | 2.17%            | 0.77           | 1.24          | 0.200%    |  |
| 5   | 307          | 175            | 131           | 57.00% | 5.03%             | -6.75%           | 1.11%             | 1.33%            | 0.83           | 1.11          | 0.062%    |  |

Results generally appear moderately bullish. They seem to suggest that the kind of strong momentum that would have SPX closing above its 50-day Bollinger Band favors more upside rather than a possible reversal. The “% Profitable” is not terribly high, but I produced a profit curve below to see how the edge has played out over time.



That's a pretty steady upslope for a study without a very high "% Profitable". Overall, I like this study enough to add it to the intermediate-term active list.

There was another study with intermediate-term implications that appeared Wednesday night's letter. I have copied it below:

*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:*



### Quantifiable Edges

5h

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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.

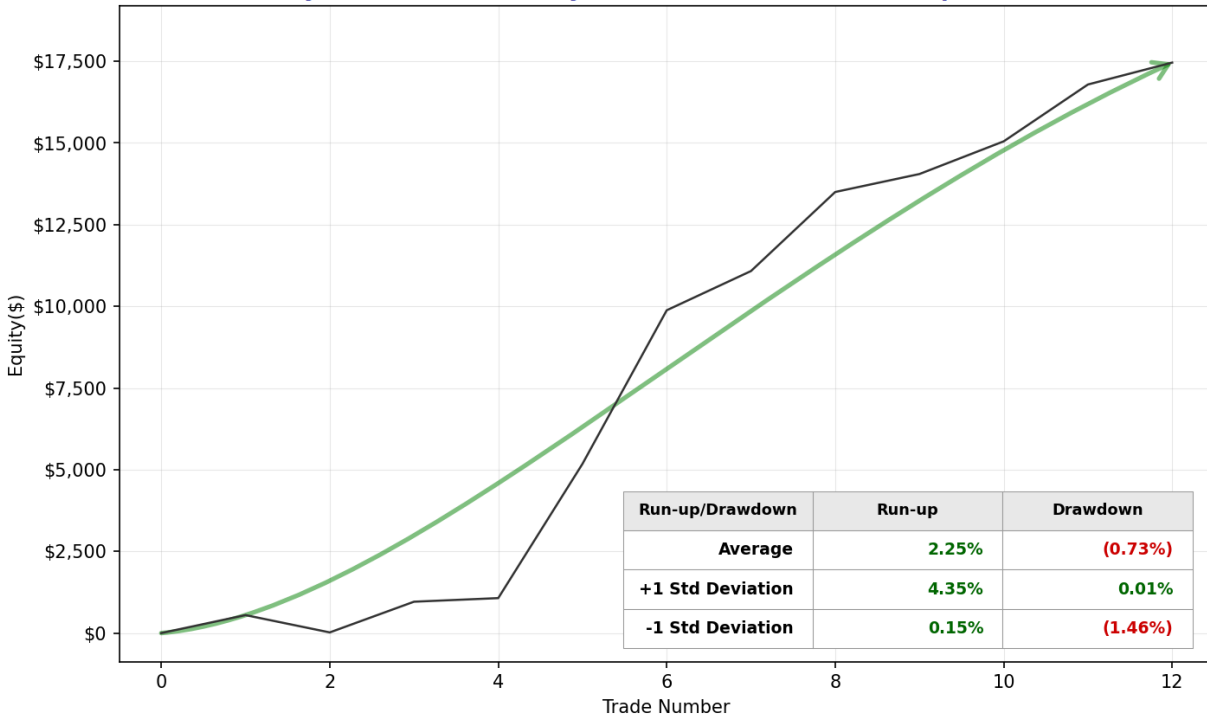
*Obviously, you can't do a quantitative study with a sample size of one. So to get a larger sample size and see if the quick turnaround might provide an edge, I decided to loosen the requirements a bit and concocted the following study.*

**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.**

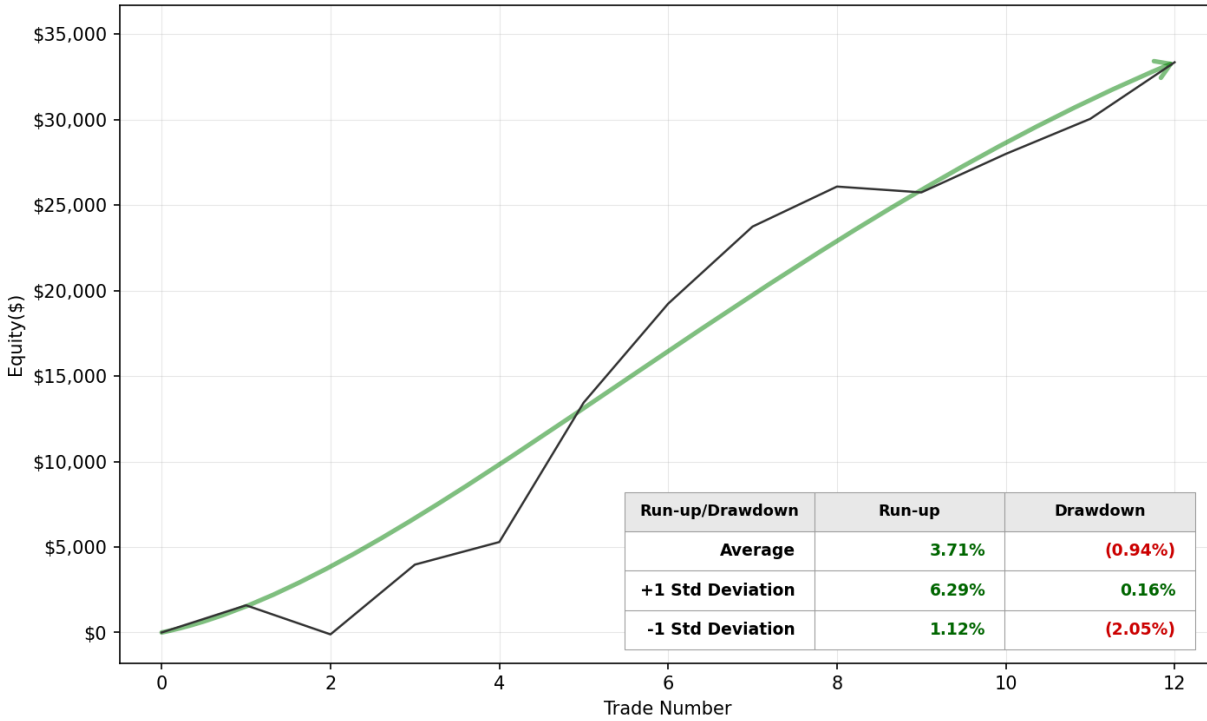
| X Days | Total Trades | Winning Trades | Losing Trades | Win %  | Max Winning Trade | Max Losing Trade | Avg Winning Trade | Avg Losing Trade | Win/Loss Ratio | Profit Factor | Avg Trade |
|--------|--------------|----------------|---------------|--------|-------------------|------------------|-------------------|------------------|----------------|---------------|-----------|
| 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.**



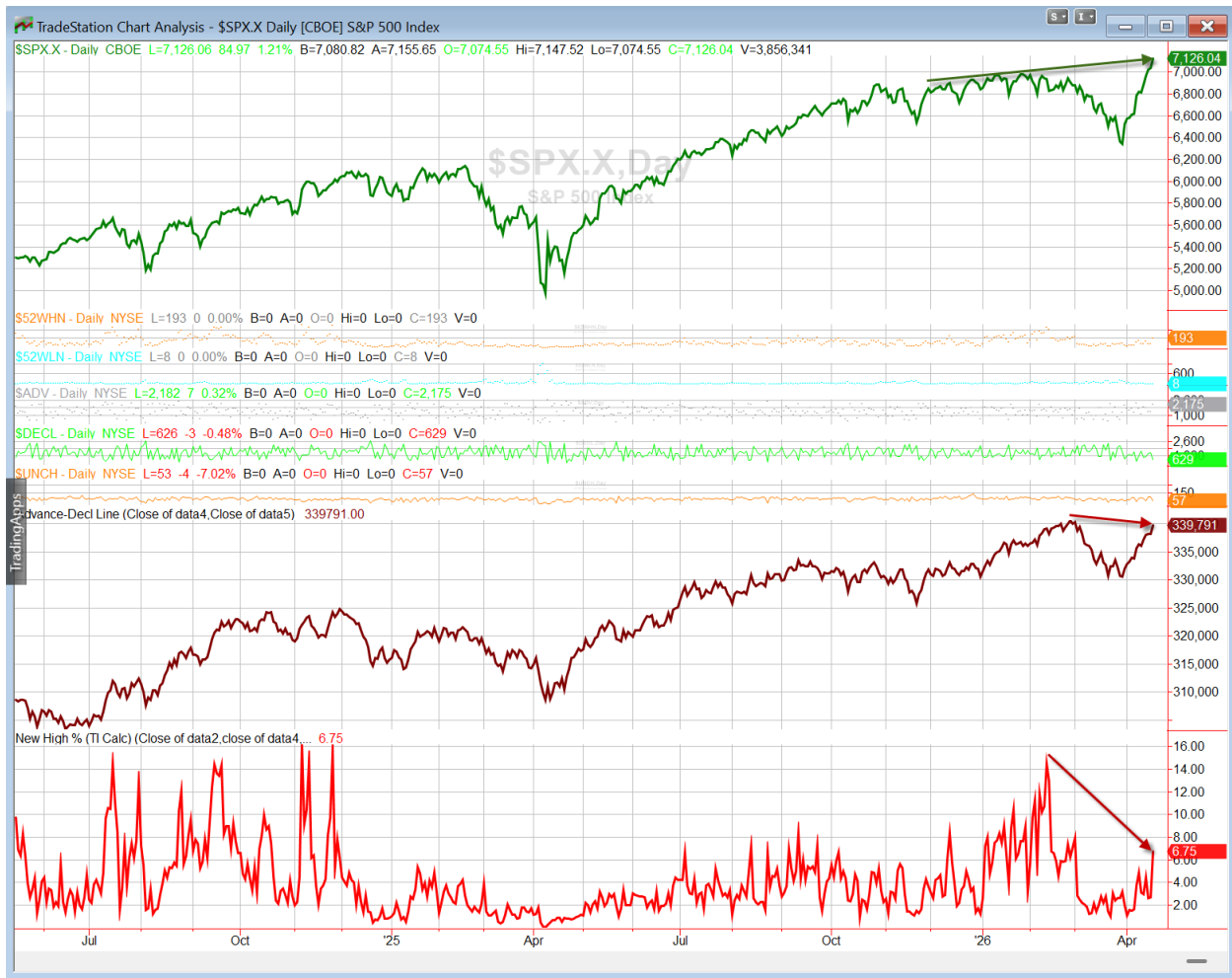
**SPX moves from a 50-day low close to a 50-day high close in 12 days or less.  
Buy on close. Sell 15 days later. \$100k/trade. 1957 - present.**



*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 price momentum has been great. Breadth has not confirmed though. We have not seen any of the breadth-thrust type signals that I look for when a rally emerges. These include studies like the Zweig Breadth Thrust as well as Deemer, Whaley, and DeGraff thrusts, or the Quantifiable Edges Triple 70 or Double 86 thrusts. Breadth so far is lagging, so that is a bit disappointing.

So the market is hitting new highs, and 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. A few times lately I have been referred to the [QE Study of Tops](#). The Study of Tops shows that nearly every major market top since 1970 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:

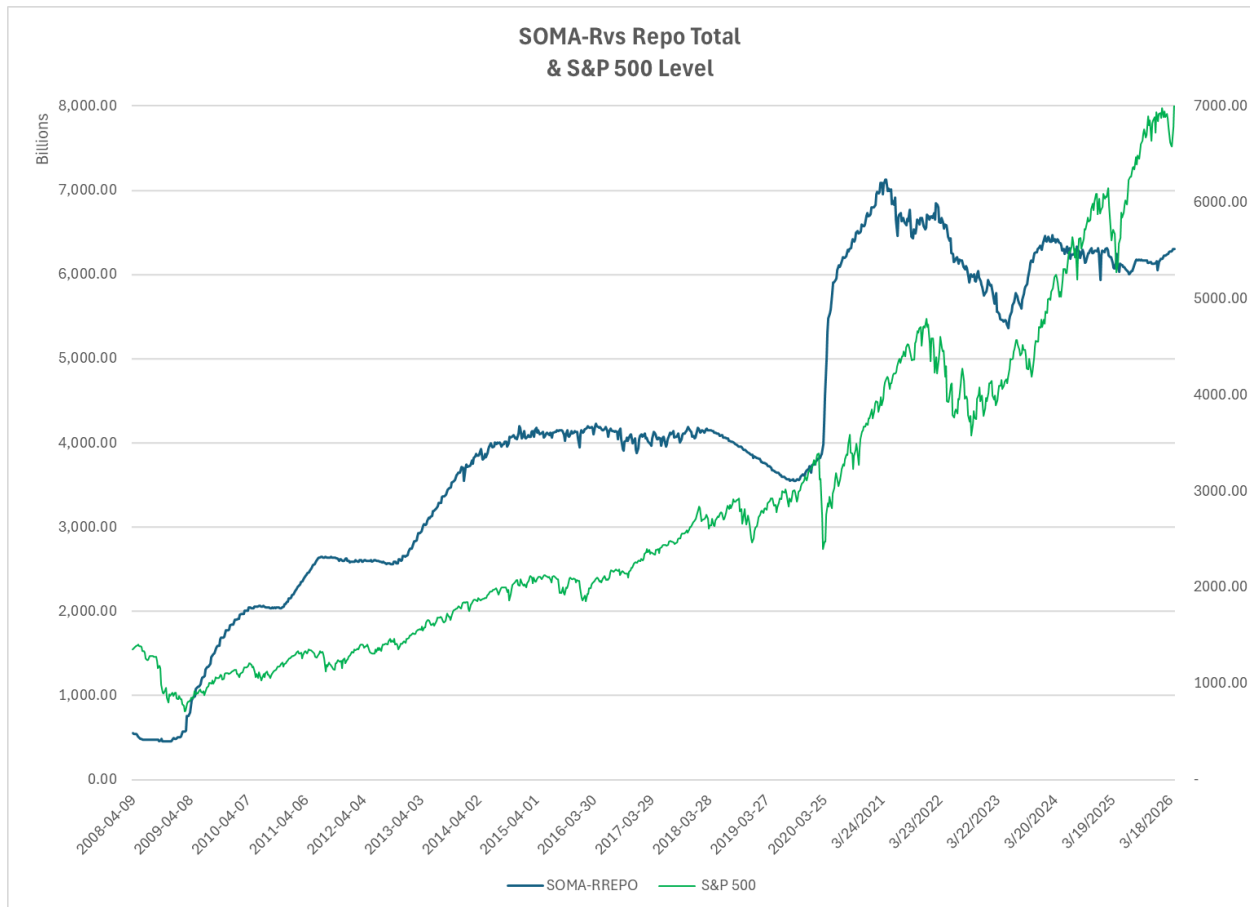


The Advance/Decline line is lagging a bit. The Net New High % is *way* off. This is not a trigger to sell. This is a condition that now exists that had not previously. It is a condition that sets the stage for a possible major top. But that top could still be many weeks or months away. If this divergence 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'll be watching the Net New High % very closely should this rally continue.

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

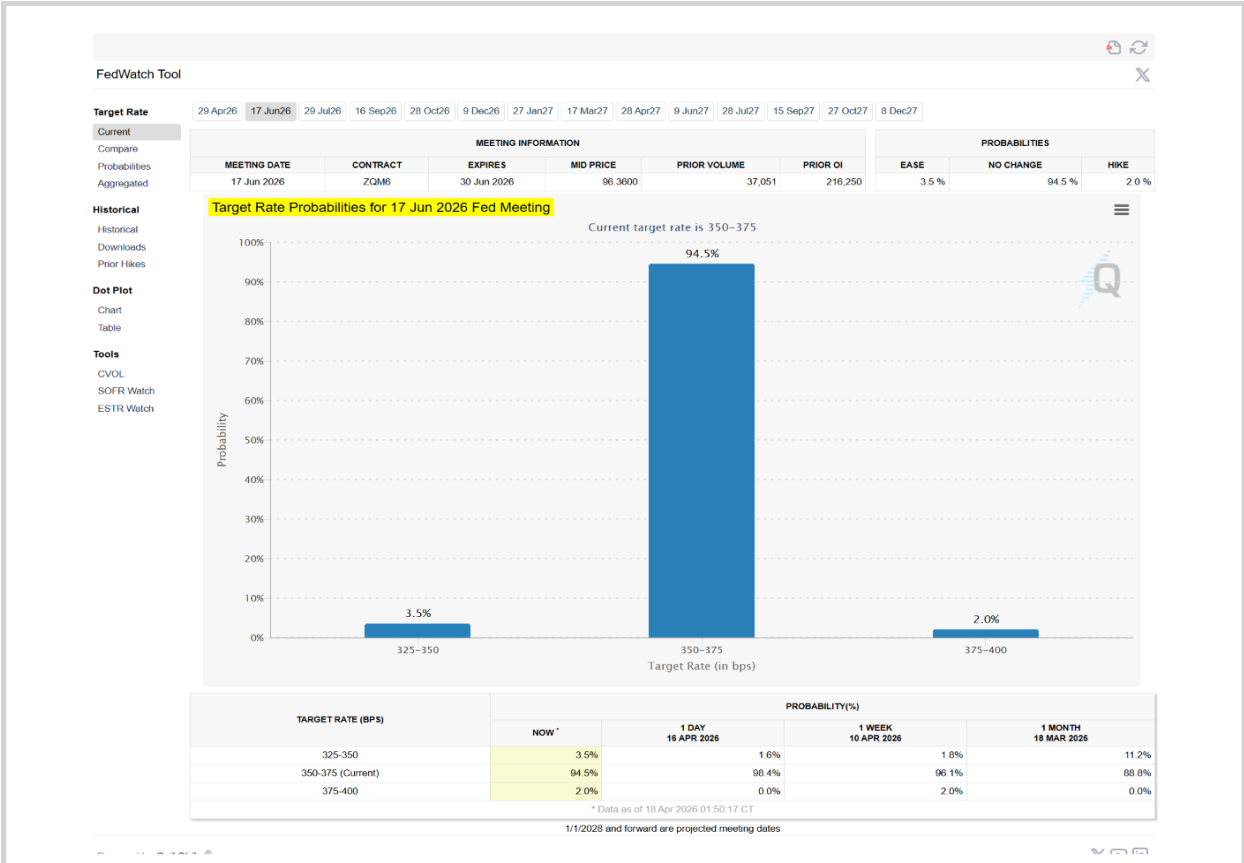
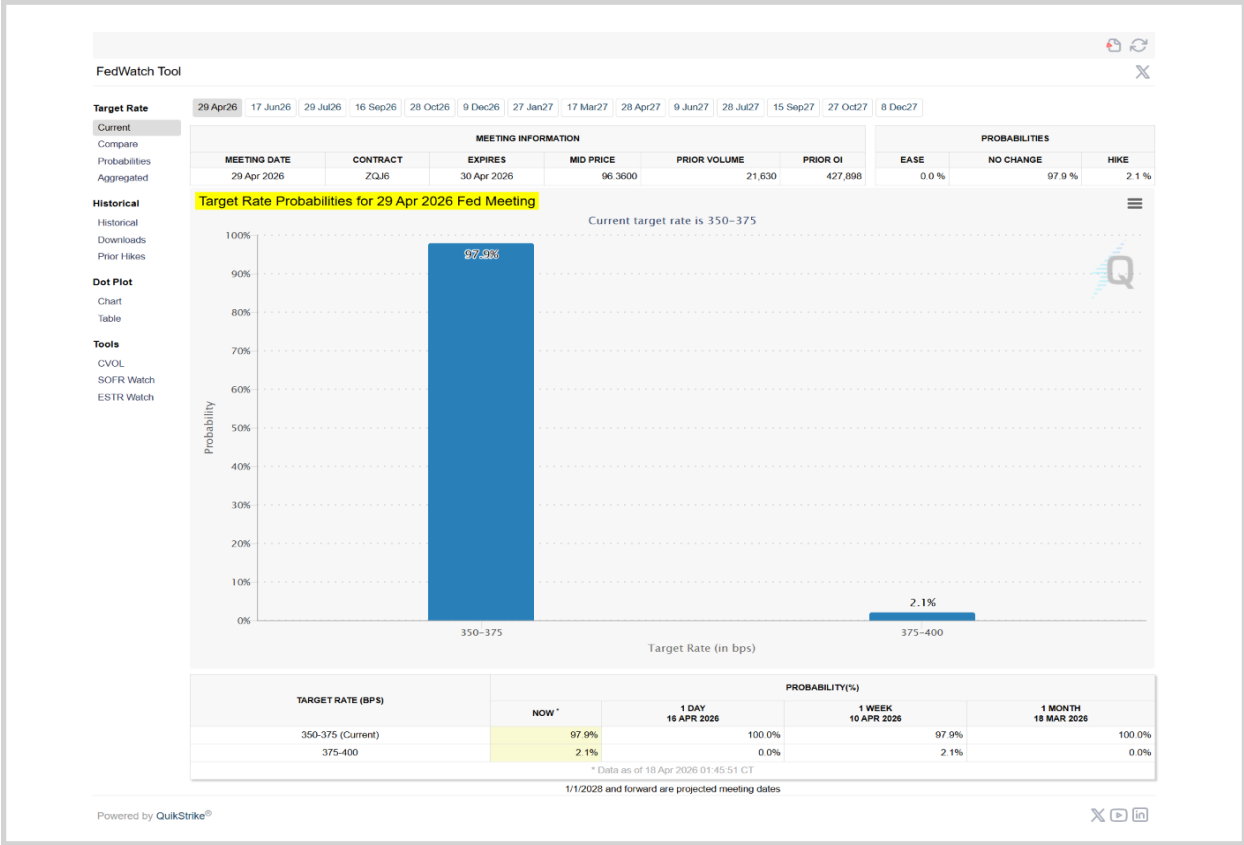
| <b>Domestic Security Holdings as of April 15, 2026</b> |                            |
|--|----------------------------|
| <b>SECURITY TYPE</b>                                   | <b>TOTAL (\$Thousands)</b> |
| US Treasury Bills                                      | 412,568,926.7              |
| US Treasury Notes and Bonds                            | 3,602,253,322.4            |
| US Treasury FRNs                                       | 16,412,388.3               |
| US Treasury TIPS                                       | 275,768,943.5              |
| Federal Agency Securities                              | 2,347,000.0                |
| Agency MBS   | 1,988,805,939.4            |
| Agency CMBS  | 7,671,726.2                |
| <b>Total SOMA Holdings</b>                             | <b>6,305,828,246.5</b>     |
| <b>Change From Prior Week</b>                          | <b>+3,417,532.7</b>        |

The SOMA rose over \$3 billion this week, adding some liquidity to the system. Meanwhile, reverse repos rose by a scant \$46 million for the week ending 4/15/26. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about \$3 billion (through Wednesday the 15<sup>th</sup>). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are still near zero. So unless that changes, they will not be providing much influence on liquidity flows. Quantitative Easing has kicked in and is providing some support for the bulls. And while current Fed policy is a bit dovish, the market is unsure of what or when the next policy move will be.

With regards to rates, there was not a big change this past week. The chance of rates being higher in April is again about 2%. (Not gonna happen.) Meanwhile, the June meeting shows a 2% chance of an increase from current levels and a 3.5% chance of a decrease. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.



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, any move looks unlikely for the next few months.

It is tough to argue with a market that just keeps going up. Price momentum studies with bullish intermediate-term implications continue to trigger. The NASDAQ took leadership from the SPX a few weeks ago, and that was nearly perfect timing. Additionally, the Fed appears dovish since it is increasing the size of the SOMA, so liquidity is positive. Of course the Fed could turn more neutral if rates hikes come into play. Seasonality is mixed now as we are in the Best 6 Months (bullish) of a 2<sup>nd</sup> Presidential Year (bearish), but that will soon change. The lagging A/D line and Net New Highs % have created a divergence that could lead to trouble at some point, but that is not a great timing signal. Risks remain elevated in a news-driven environment. I am now somewhat bullish. I am always willing to change my stance if new evidence emerges, but for now I will be more willing to take long positions than short positions.

### **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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