

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 21, 2026

Volume 20 Issue 74

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- NASDAQ up 10+ days and then down 1 is normally just a brief pause rather than a momentum shift.
- SPX up 5+ to a 50-day high and then down one also suggests higher prices over the next couple of weeks.
- The unfilled gap up to a 20-day high and then an unfilled gap down is a pattern that has often been follow by another 1-2 days of selling.

Short-term Outlook

The Bottom Line

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

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 21, 2026	Unfilled gap to 20-high. Unfilled down next.	1-2 days	Bearish	-0.96%	0.49%	0.86%
April 21, 2026	NASDAQ up 10+ days then down 1	1-4 days	Bullish	1.44%	-0.68%	-1.38%
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 21, 2026	SPX up 5+ to 50-high, then down 1.	1-10 days	Bullish	1.78%	-1.19%	-2.41%
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			

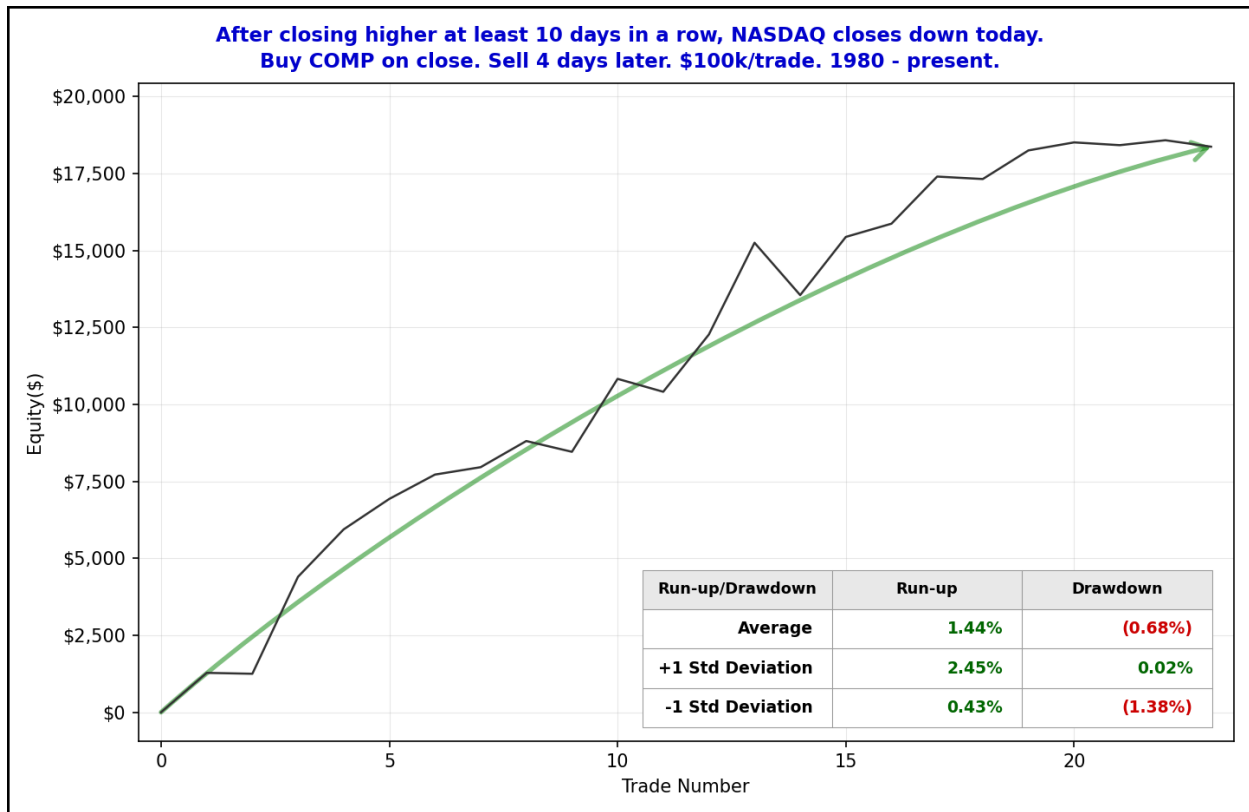
The Evidence

The market was mixed on Monday. SPX finished down 0.2%, the NASDAQ lost 0.3%, and the Russell 2000 climbed 0.6%. Breadth was modestly positive as the NYSE Up Issues % closed at 53% and the NYSE Up Volume % posted a 55% reading. NYSE total volume dropped sharply from Friday's high opex level.

Monday the NASDAQ posted its first down day since 3/30. That was a string of 13 up days before Monday. Momentum in the NASDAQ is often a good thing. We see this with the NASDAQ/SPX Relative Strength indicator we follow for the intermediate-term. And we also see it in the study below, which was discussed in the 12/30/19 letter.

After closing higher at least 10 days in a row, NASDAQ closes down today. Buy COMP on close. Sell X days later. 1980 - 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
5	23	16	6	69.57%	3.56%	-2.80%	1.41%	0.92%	1.54	4.11	0.745%
4	23	16	7	69.57%	3.15%	-1.70%	1.33%	0.41%	3.25	7.42	0.800%
3	23	17	6	73.91%	2.46%	-1.85%	1.05%	0.58%	1.82	5.17	0.628%
2	23	16	7	69.57%	2.09%	-2.08%	0.84%	0.80%	1.05	2.40	0.340%
1	23	14	9	60.87%	0.98%	-1.66%	0.52%	0.60%	0.87	1.36	0.084%

That 1st down day has rarely been the end of the up move. Results over the following week are impressive. Below is a look at the profit curve, assuming a 4-day hold.



That is a strong move higher, and serves as some confirmation of the upside edge. Of course past studies have shown that strong upward momentum in the NASDAQ has also been bullish for the SPX. So I ran results for SPX following the NASDAQ pattern as well.

**After closing higher at least 10 days in a row, NASDAQ closes down today.
Buy SPX on close. Sell X days later. 1980 - 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
5	23	17	6	73.91%	3.62%	-2.19%	1.18%	1.20%	0.99	2.80	0.561%
4	23	16	7	69.57%	3.51%	-1.05%	1.32%	0.28%	4.65	10.62	0.832%
3	23	15	8	65.22%	2.52%	-1.69%	1.06%	0.48%	2.22	4.17	0.524%
2	23	14	9	60.87%	3.38%	-2.00%	1.05%	0.64%	1.64	2.55	0.388%
1	23	9	14	39.13%	2.04%	-1.75%	1.15%	0.48%	2.43	1.56	0.162%

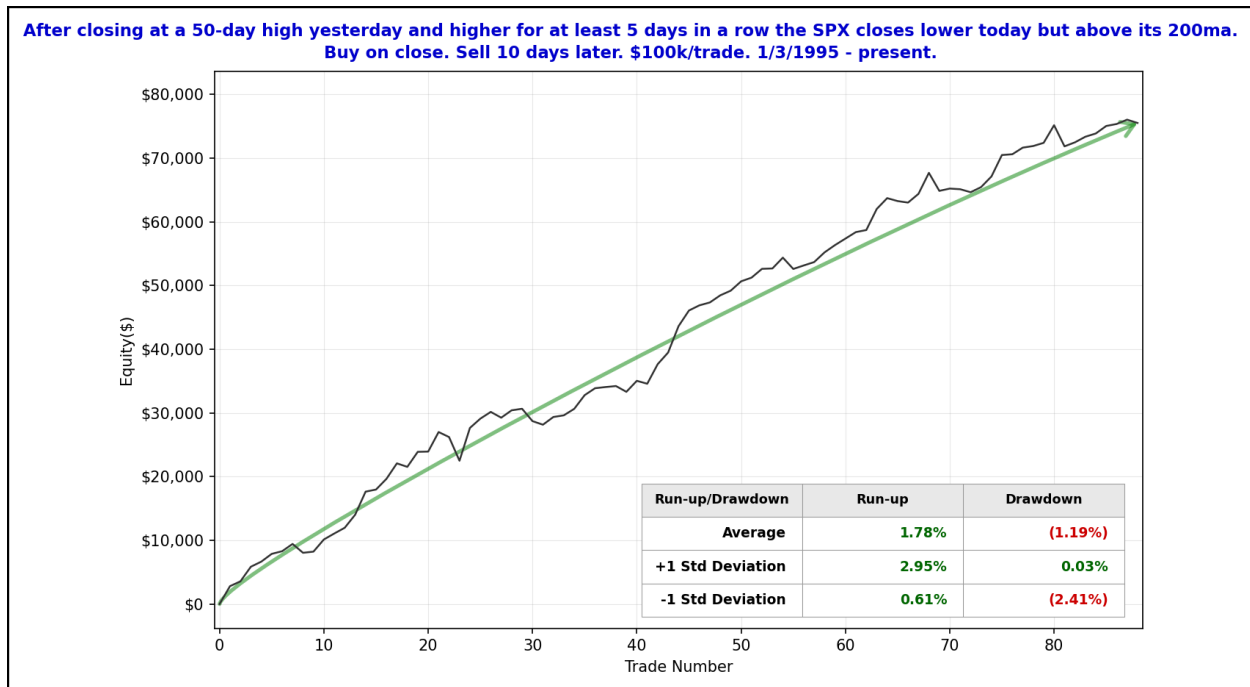
The numbers here are very close to the NASDAQ results. It appears both indices have seen the momentum continue when the NASDAQ has been as persistent as we've seen lately. I have also included this study on the Active List.

Another study that triggered noted that SPX has had a streak of its own. It examined what happens after the market moves up at least 5 days in a row to a 50-day high, and then pulls back. It was last seen in the 1/29/26 Letter. I have updated the stats in the table below.

After closing at a 50-day high yesterday and higher for at least 5 days in a row the SPX closes lower today but above its 200ma.
Buy on close. Sell X days later. 1/3/1995 - 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
10	88	71	17	80.68%	5.15%	-3.72%	1.36%	1.23%	1.10	4.60	0.858%
9	92	73	19	79.35%	5.04%	-4.21%	1.33%	1.36%	0.97	3.74	0.771%
8	93	62	31	66.67%	4.88%	-4.94%	1.46%	1.01%	1.45	2.89	0.639%
7	96	63	33	65.62%	3.88%	-4.60%	1.29%	1.11%	1.17	2.23	0.468%
6	98	67	31	68.37%	4.31%	-3.67%	1.18%	1.16%	1.02	2.20	0.440%
5	98	62	36	63.27%	4.26%	-4.81%	1.06%	0.96%	1.11	1.91	0.320%
4	98	60	38	61.22%	3.85%	-3.01%	1.06%	0.79%	1.33	2.10	0.339%
3	98	57	41	58.16%	2.50%	-2.41%	0.84%	0.83%	1.01	1.40	0.140%
2	98	62	36	63.27%	2.45%	-2.63%	0.76%	0.75%	1.02	1.76	0.207%
1	98	62	36	63.27%	1.75%	-1.75%	0.52%	0.51%	1.02	1.76	0.143%

We see here a decent edge that becomes stronger and more consistent as you look out over the next several days. The 9-10 day time frame shows exceptional stats. Below is a look at a 10-day profit curve.



The strong upslope appears to confirm the bullish edge. The study also appears worthy of consideration. I have added it to the intermediate-term active list.

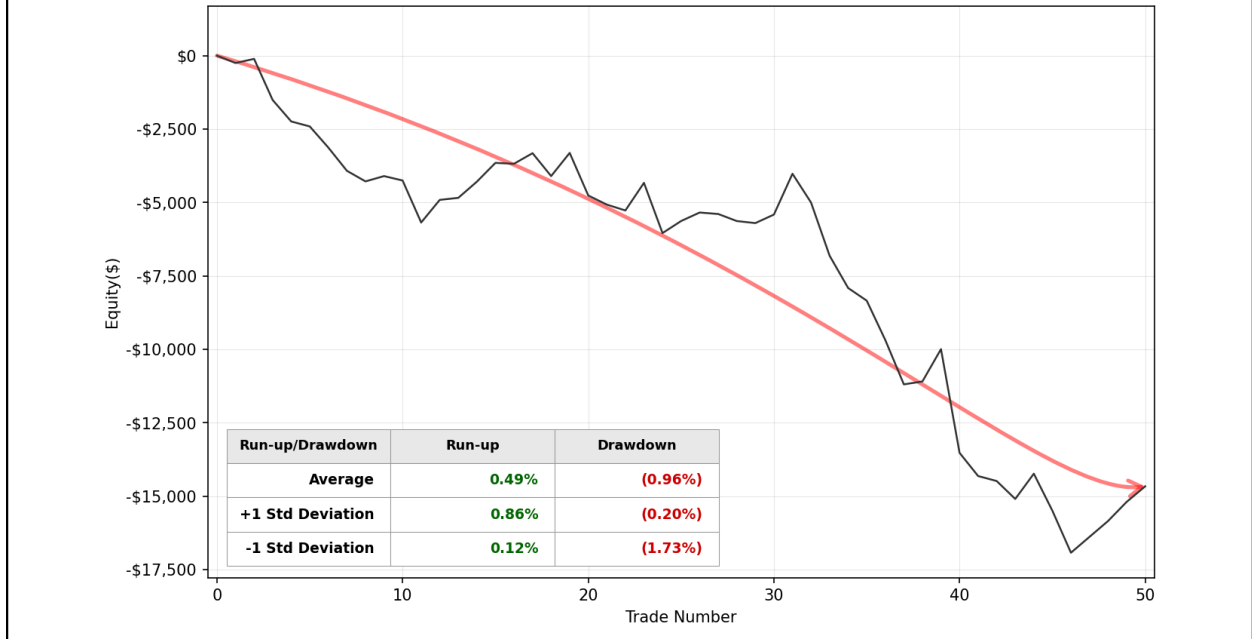
But not everything was bullish. One study suggested the action the last couple of days could lead to more selling. It examined SPY performance after posting an unfilled gap down from a high level immediately after an unfilled gap up. We've seen the study several times in the last few months. It was last shown in the 12/8/20 Subscriber Letter. Below are updated results.

SPY posts an unfilled gap down after posting an unfilled gap up. Yesterday was the highest close in 20 days. Close > 200ma. Buy on close. Sell X days later. 1/4/1999 - 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
5	49	24	25	48.98%	1.83%	-7.29%	0.74%	1.98%	0.38	0.36	-0.646%
4	49	22	27	44.90%	2.00%	-3.73%	0.78%	1.36%	0.58	0.47	-0.399%
3	49	22	27	44.90%	1.32%	-2.20%	0.64%	0.97%	0.66	0.54	-0.245%
2	50	20	30	40.00%	1.39%	-3.53%	0.56%	0.86%	0.65	0.43	-0.292%
1	50	22	28	44.00%	0.94%	-1.67%	0.34%	0.61%	0.55	0.43	-0.195%

The numbers here appear to suggest a downside edge. Let's also take a look at a profit curve.

SPY posts an unfilled gap down after posting an unfilled gap up. Yesterday was the highest close in 20 days. Close > 200ma. Buy on close. Sell 2 days later. \$100k/trade. 1/4/1999 - present.



We have tracked this study for a long time. While the curve is choppy, it has persisted downwards. This suggests we could see further selling over the next few days. I added this to the Active List tonight as well.

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 Tuesday. This could change if compelling bearish evidence emerges. Meanwhile, the Differential Pivot will be 7085.32. That is 0.3% below Monday's close. Therefore, SPX will need to close down at least 0.3% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. And the mix of evidence tonight did not really change my short-term outlook. 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

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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