

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 24, 2026

Volume 20 Issue 77

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- The SOX strength on a day NASDAQ declined suggests a rise on Friday.
- Key reversal days near short-term highs are often only temporary setbacks.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. But SPX is now primed to turn overbought. I am still not very enthusiastic.

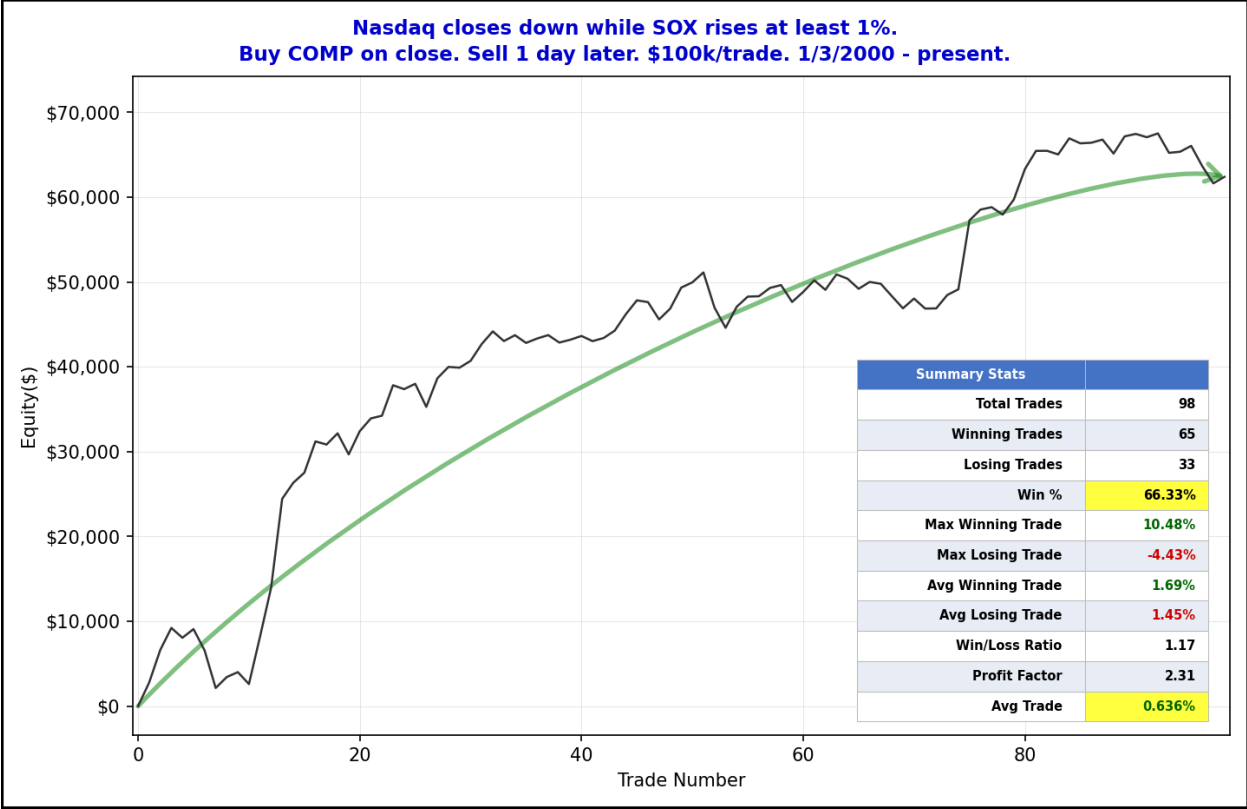
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
April 24, 2026	NASDAQ down while SOX up 1%+	1 day	Bullish			
April 21, 2026	NASDAQ up 10+ days then down 1	1-4 days	Bullish	1.44%	-0.68%	-1.38%
Active - Long Term						
April 24, 2026	SPY outside down day from 10-high	1-11 days	Bullish	2.18%	-1.82%	-3.96%
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			

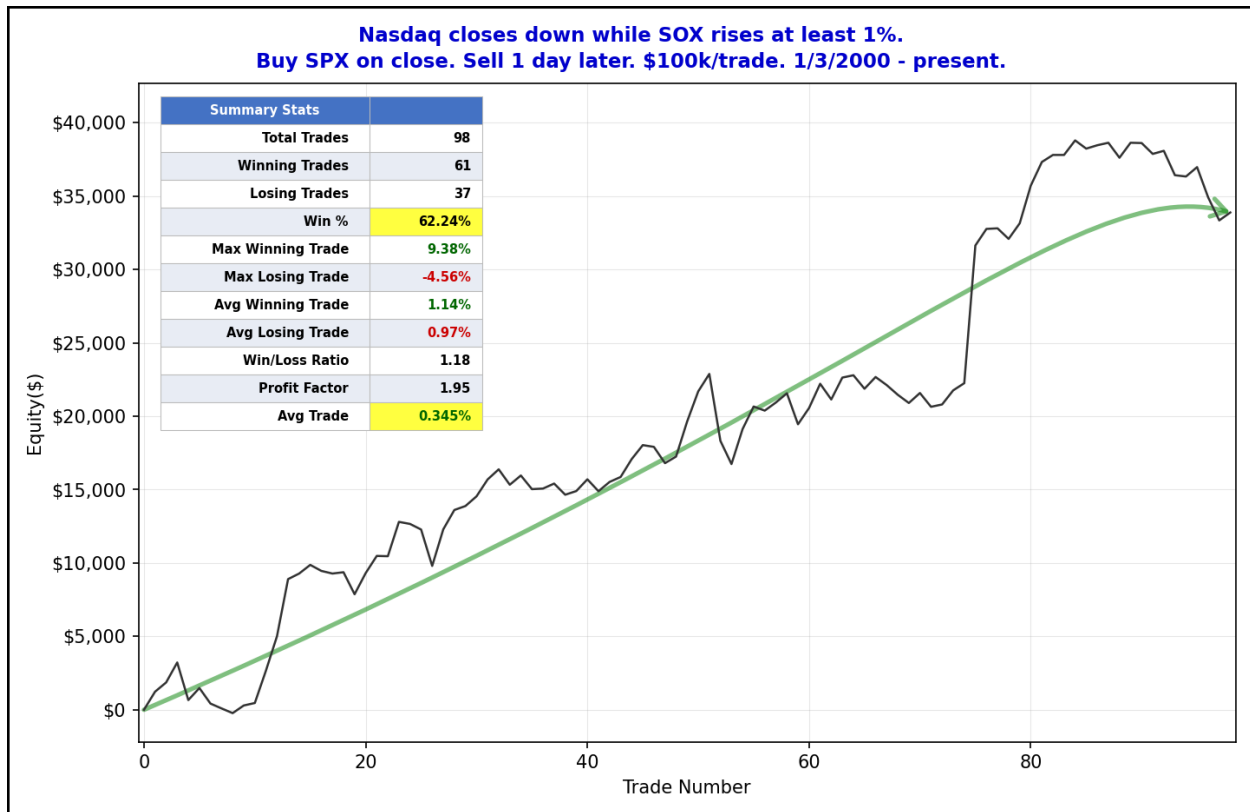
The Evidence

Thursday was a down day for the market. SPX finished down 0.4%, the NASDAQ lost 0.9%, and the Russell 2000 lost 0.4%. Breadth was moderately negative as the NYSE Up Issues % closed at 45% and the NYSE Up Volume % posted a 40% reading. NYSE total volume up slightly from Wednesday's level.

Despite the decline in the NASDAQ, the Semiconductor Index (SOX) rose strongly, closing up 1.7%. When the SOX does well on a day the NASDAQ declines, that has often been followed by a rise in the NASDAQ the next day. This can be seen in the study below, which was last seen in the 2/12/26 letter. Results are updated.



Not exactly a steady rise, but the move and numbers are decent nonetheless. Below is a look at how the SPX has performed when the NASDAQ/SOX have acted this way.



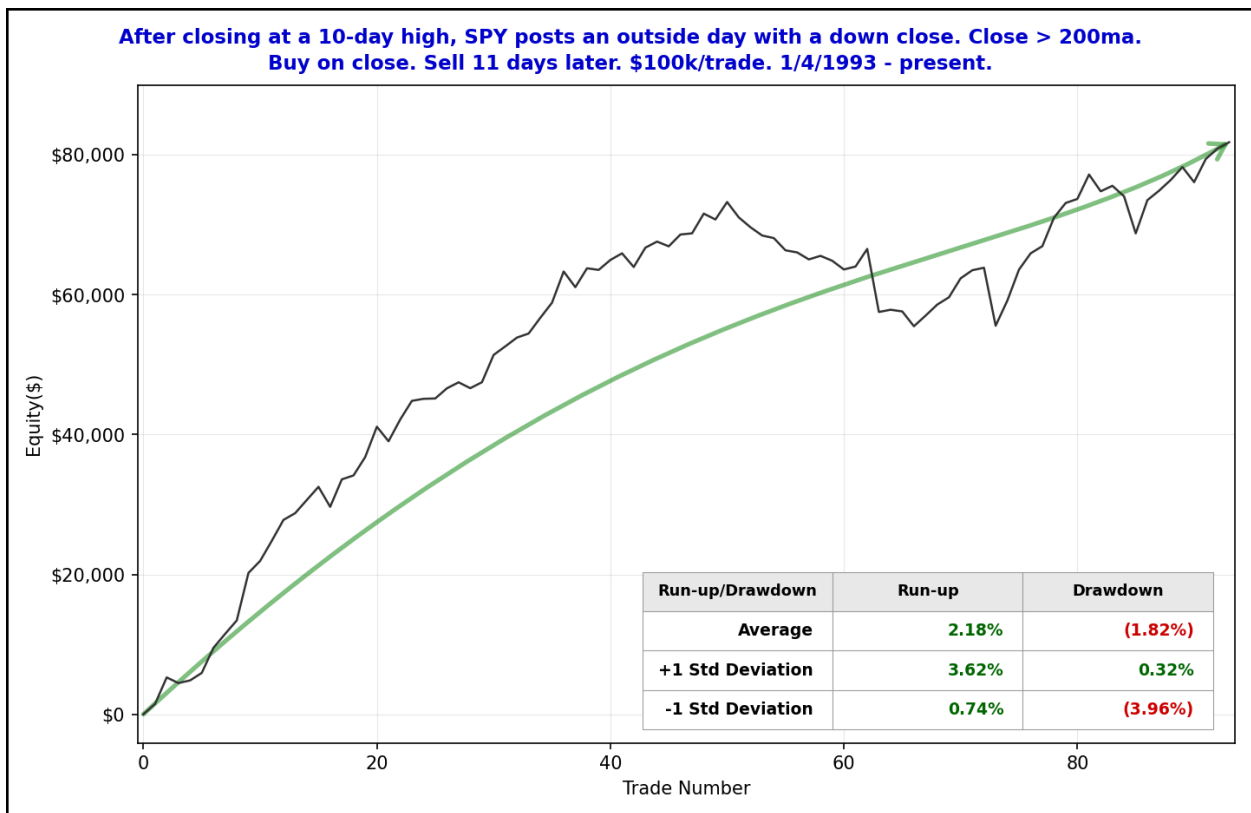
Results here are less explosive but still potentially bullish. The recent pullback is a bit concerning and I will put this study on hold if it does not right itself soon. But overall, the study appears worthy of some consideration, and I have added it to the Active List tonight.

When price makes a new short-term high as it did Thursday, and then reverses down to form an outside day, and closes negative, that is sometimes considered a "key reversal". I looked at reversals like this a number of times in the past. For the very short-term there rarely appears to be a substantial edge. Often test results will show churn or very mildly bearish numbers. But when you look out 1 to 2 weeks what you often see is that the uptrend most of the time will reassert itself. In the 12/5/14 subscriber letter there was a study that exemplified this. I have updated its results below.

After closing at a 10-day high, SPY posts an outside day with a down close. Close > 200ma.
Buy on close. Sell X days later. 1/4/1993 - present.

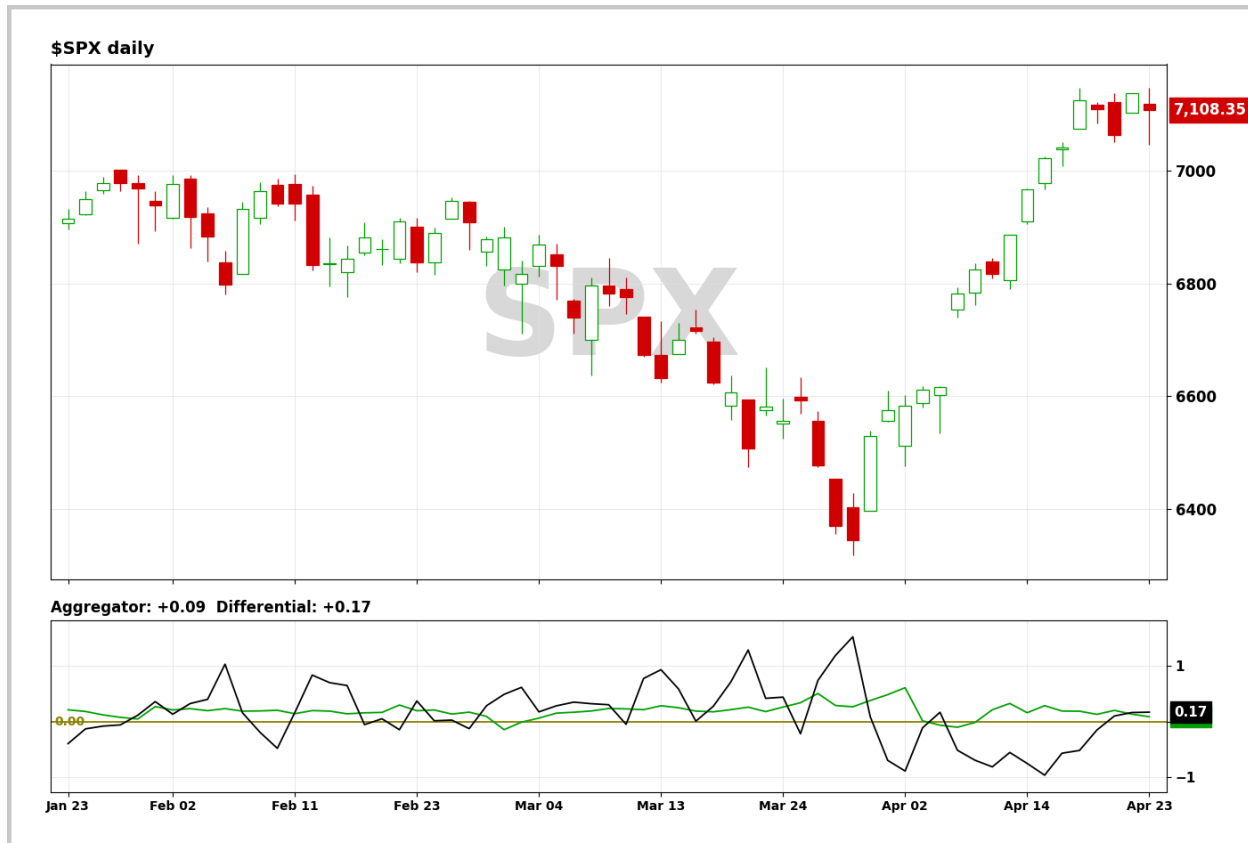
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
12	93	62	31	66.67%	8.56%	-10.92%	2.38%	1.89%	1.26	2.51	0.955%
11	93	67	26	72.04%	6.79%	-9.02%	2.02%	2.07%	0.98	2.52	0.879%
10	96	69	27	71.88%	5.98%	-12.10%	1.76%	2.24%	0.78	2.00	0.632%
9	98	66	32	67.35%	5.33%	-11.73%	1.79%	1.92%	0.93	1.92	0.575%
8	100	67	33	67.00%	7.59%	-7.58%	1.71%	1.69%	1.01	2.04	0.584%
7	100	64	35	64.00%	7.75%	-7.24%	1.67%	1.51%	1.11	2.03	0.542%
6	102	65	37	63.73%	5.33%	-4.34%	1.49%	1.36%	1.10	1.93	0.459%
5	107	70	36	65.42%	4.54%	-4.35%	1.30%	1.15%	1.13	2.19	0.461%
4	107	62	44	57.94%	5.22%	-4.23%	1.29%	1.10%	1.17	1.65	0.292%
3	107	67	40	62.62%	3.56%	-5.29%	1.00%	1.22%	0.82	1.37	0.168%
2	111	59	52	53.15%	2.64%	-3.74%	0.76%	0.80%	0.95	1.08	0.030%
1	111	61	49	54.95%	1.74%	-3.91%	0.58%	0.70%	0.83	1.03	0.010%

Inconsistent results over the next couple of days is normal, but before long the move higher often sees a continuation. Below is a profit curve using an 11-day holding period.



This study struggled for a while, and so I stopped featuring it for a period of time. But the curve has righted itself in recent years. It seems worth including it on the intermediate-term active list, and that is what I did tonight.

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 also held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be slightly inverted at 7100.04. That is 0.1% below Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close down at least 0.1% on Friday in order to remain oversold. Anything other than that and it will flip to overbought versus recent expectations as of Friday's close.

So the Aggregator is bullish. But we now have an inverted pivot. And times where there is an inverted pivot are not times that I generally view as favorable entry opportunities. This is because reward potential is quite limited. And flat or up close will be the end of the signal. And even a slight down close could see the Aggregator finish neutral or bearish. I'll continue to wait for a better opportunity before considering any new index trade ideas.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/20 – somewhat bullish

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

New

GD @ \$318.71 – buy 1/3 @ limit

Broad Market Large Cap CBI – 1 (GD)

Additional New Trade Ideas

GD – Buy 1/3 Catapult position @ \$318.71 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of GD.

Current Open Trade Ideas

None

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