QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 9, 2026 Volume 20 Issue 171

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- When SPY leaves unfilled downside gap 2 days in a row, there has typically been an upside edge the following day.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I like the long side.

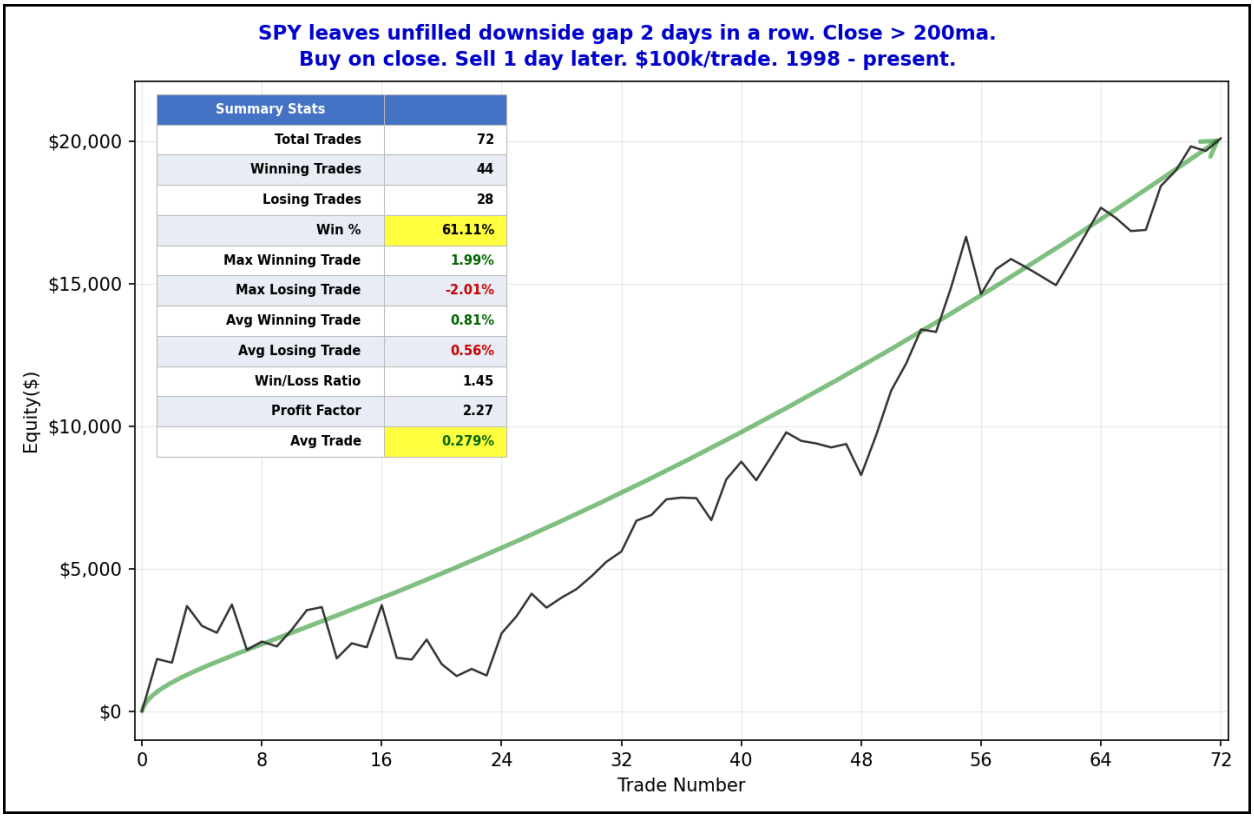
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 9, 2026	SPY leaves unfilled gap down 2 days in a row	1 day	Bullish			
September 8, 2026	Labor Day week after SPX declines 20 days	1-5 days	Bullish	2.19%	-1.59%	-3.21%
September 2, 2026	SPY gaps below a 5-day low, closes below op	1-5 days	Bullish	1.91%	-1.40%	-3.03%
Active - Long Term						
September 8, 2026	NASDAQ leading	int term	Bullish			
August 12, 2026	Hindenburg Omen - 4th signal in 30 days	1-35 days	Bearish	-6.54%	2.95%	4.86%
August 5, 2026	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.91%	-4.26%	-8.73%
August 3, 2026	Down June & down July -> weak Aug & Sep	1-2 months	Bearish			
July 6, 2026	No QE. Rate rise probable. Fed hawkish	int term	Bearish			
May 27, 2026	NDX > 18% above 200ma	1-90 days	Bullish	13.80%	-9.37%	-18.64%
May 13, 2026	SPX historically strong 6-week rally	1-12 months	Bullish	18.96%	-8.29%	-10.88%
April 27, 2026	Sell in May 2nd yr Pres Cycle & 5% pullback	1-6 months	Bearish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

The Evidence

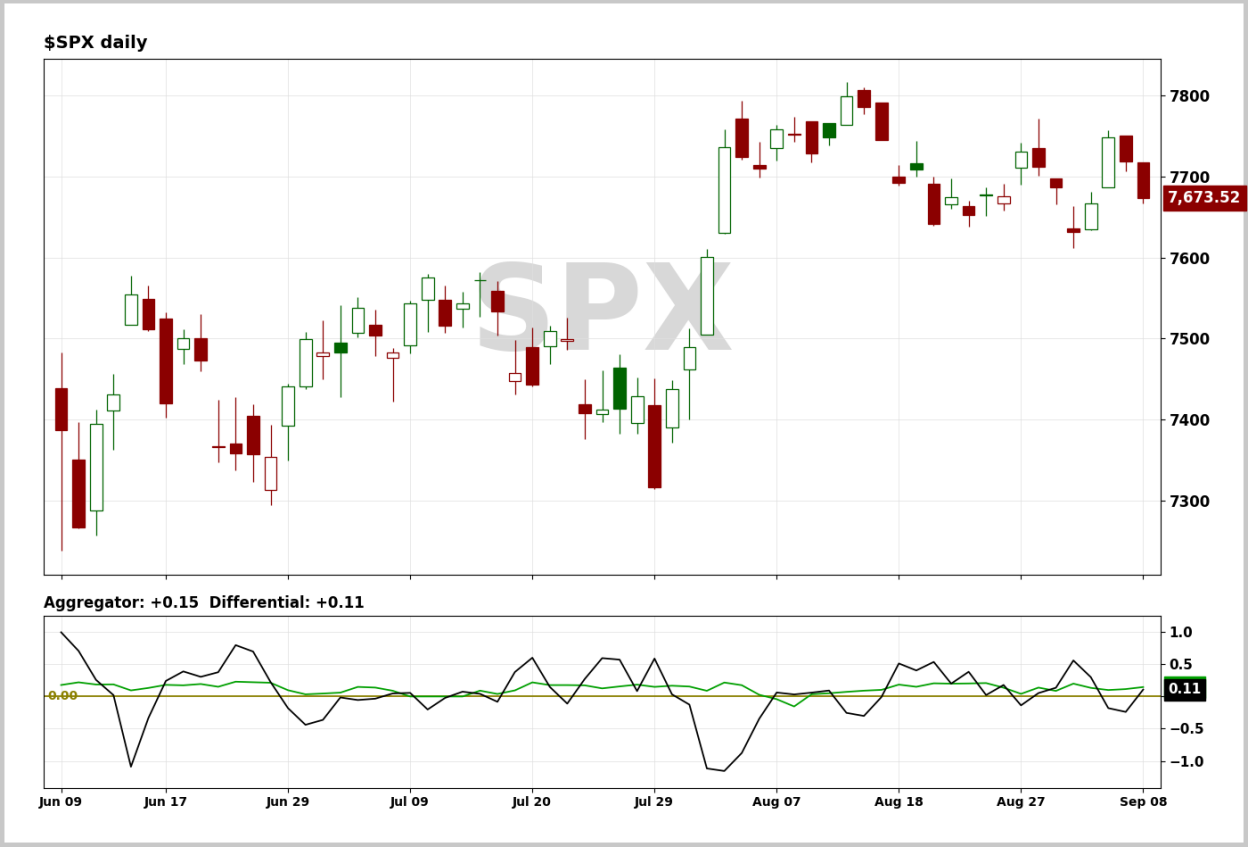
Tuesday was a down day for the market. SPX finished lower by 0.6%, the NASDAQ lost 0.3%, and the Russell 2000 declined 0.5%. Breadth was weak as the NYSE Up Issues % closed at 34% and the NYSE Up Volume % posted a 35% reading. NYSE total volume rose from Friday's level.

Tuesday was the 2nd day in a row that SPY left an unfilled gap down. The study below suggests there has been a bullish tendency the following day after similar historical occurrences. Last featured recently in the 9/2/26 letter, results are updated.



The curve is certainly choppy, but it continues to make new highs. I find the overall evidence strong enough to again add it to the Active List as a 1-day edge.

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 moved 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 turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7780.40. That is 1.4% above Tuesday's close. Therefore, SPX will need to close up at least 1.4% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. We have a few studies suggesting an upside edge. And there is ample room to the upside before SPX flips from oversold to overbought. This combination suggests a favorable reward/risk setup for short-term bulls. I like the long side. I have placed an index trade idea in the trade ideas section down below to try and take advantage of a potential bounce.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/8 – 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

SPY – Buy ¼ index position @ $765.96 LIMIT. Based on the short-term outlook above, I will look to establish a position in SPY if I am filled at or below Tuesday's closing price.

Current Open Trade Ideas

None

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