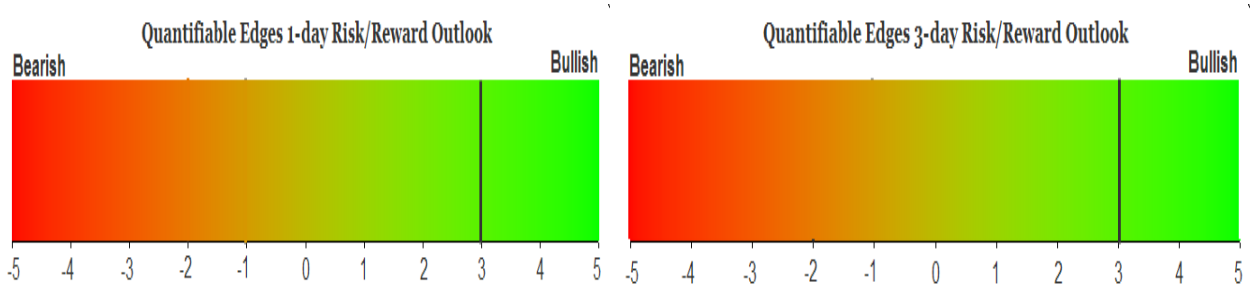
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 10, 2026 Volume 20 Issue 172

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- 3 lower closes during an uptrend often suggest an upside edge – and the current setup seems to qualify.

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 10, 2026	SPX down 3 days, not from a 20-day high	1 day	Bullish			
September 8, 2026	Labor Day week after SPX declines 20 days	1-5 days	Bullish	2.19%	-1.59%	-3.21%
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

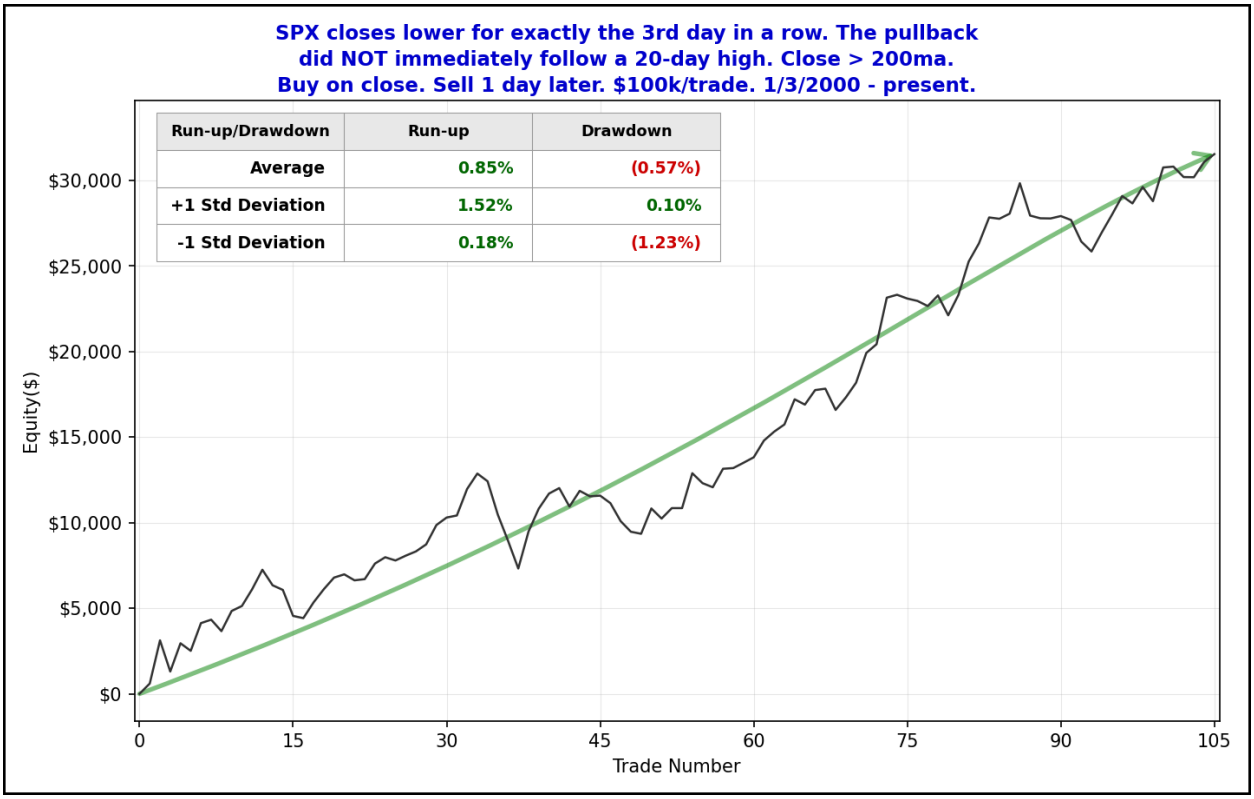
Wednesday was another down day for the market. SPX finished lower by 0.5%, the NASDAQ lost 0.6%, and the Russell 2000 tumbled 1.3%. Breadth was very weak as the NYSE Up Issues % closed at 25% and the NYSE Up Volume % posted a 22% reading. NYSE total volume declined some from Tuesday's level.

The main theme of the studies in the Quantifinder is that the SPX is now experiencing a 3-day pullback. A simple 3-day pullback will often suggest a short-term upside edge. And times when the market is in a long-term uptrend that edge is often more consistent. Below is a simple pullback study that appeared in the 10/13/21 letter. It examined pullbacks during uptrends that did not originate at intermediate-term highs.

SPX closes lower for exactly the 3rd day in a row. The pullback did NOT immediately follow a 20-day high. Close > 200ma. Buy on close. Sell X days later. 1/3/2000 - present.

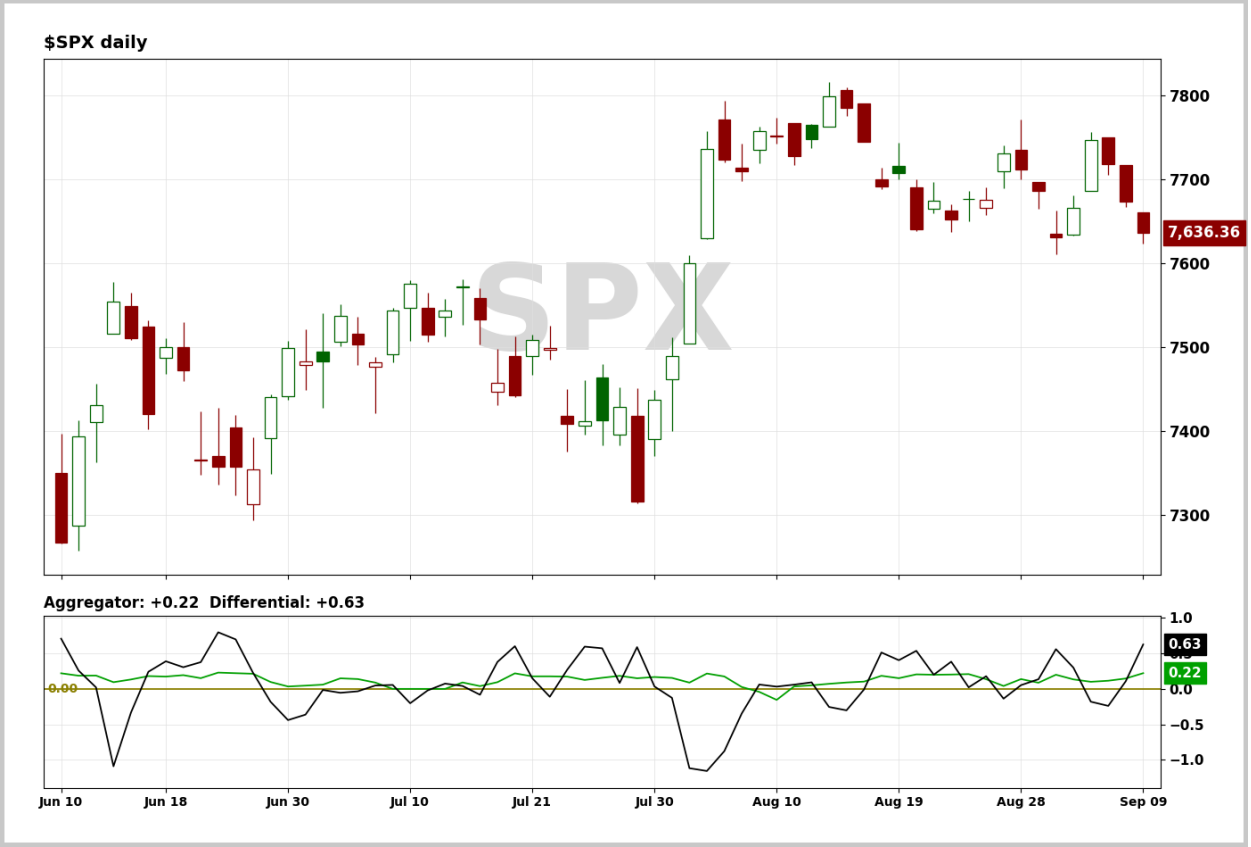
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	100	60	40	60.00%	5.61%	-4.63%	1.71%	1.25%	1.37	2.05	0.526%
4	105	65	40	61.90%	5.36%	-4.07%	1.63%	1.34%	1.21	1.97	0.496%
3	105	64	41	60.95%	4.96%	-5.41%	1.41%	1.27%	1.12	1.74	0.366%
2	105	64	41	60.95%	4.49%	-7.48%	1.11%	0.91%	1.21	1.90	0.319%
1	105	66	39	62.86%	2.72%	-1.95%	0.88%	0.68%	1.30	2.20	0.300%

Much of the upside edge has been realized on Day 1. And the 1-day hold showed the most impressive looking equity curve as well. It can be seen below.



While there are bumps along the way, this curve is quite persistent and the move from lower left to upper right is impressive. This study seems to warrant consideration. I have added it to the active list 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 is now a good bit above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is substantially 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7744.56. That is 1.4% above Wednesday's close. Therefore, SPX will need to close up at least 1.4% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. We are seeing some evidence that a bounce is likely. And there is still plenty of room to the upside before SPX would flip from oversold to overbought. So reward/risk appears quite favorable. There was some SPY exposure taken in the Trade Ideas section on Wednesday. I still like the setup, and I may look to add to that exposure if there is a favorable entry opportunity either at the open or the close on Thursday.

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 @ $760.75 LIMIT ON OPEN. If not filled on open then cancel order and look to buy @ $762.25 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to establish add a little more to the current SPY position if there is a favorable entry opportunity at the open or the close on Thursday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	9/9/2026	$764.09	$762.40	-0.22%	Aggregator

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