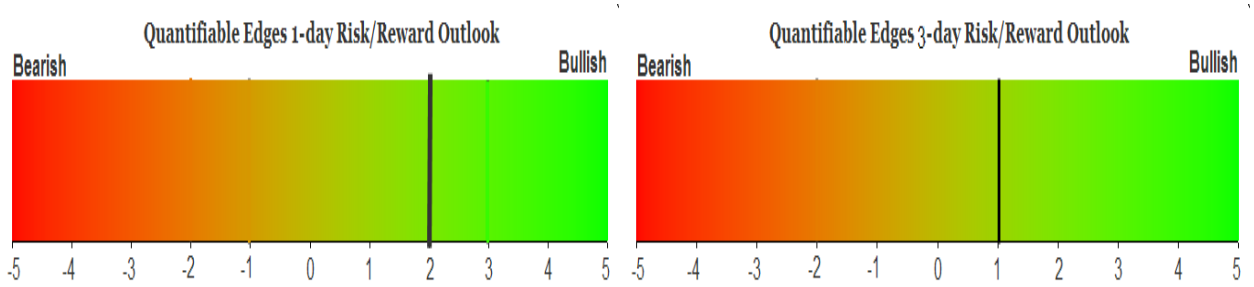
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 16, 2026 Volume 20 Issue 176

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- SPY closed Tuesday in the lower half of its daily range, which has historically strengthened the Fed Day edge for Wednesday.
- When SPY leaves unfilled downside gap 2 days in a row, there has typically been an upside edge the following day.
- The low closing TICK readings combined with the 10-day low suggest a high probability of a bounce on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but it may be short-lived and the Fed is a wildcard. I am not overly-enthused.

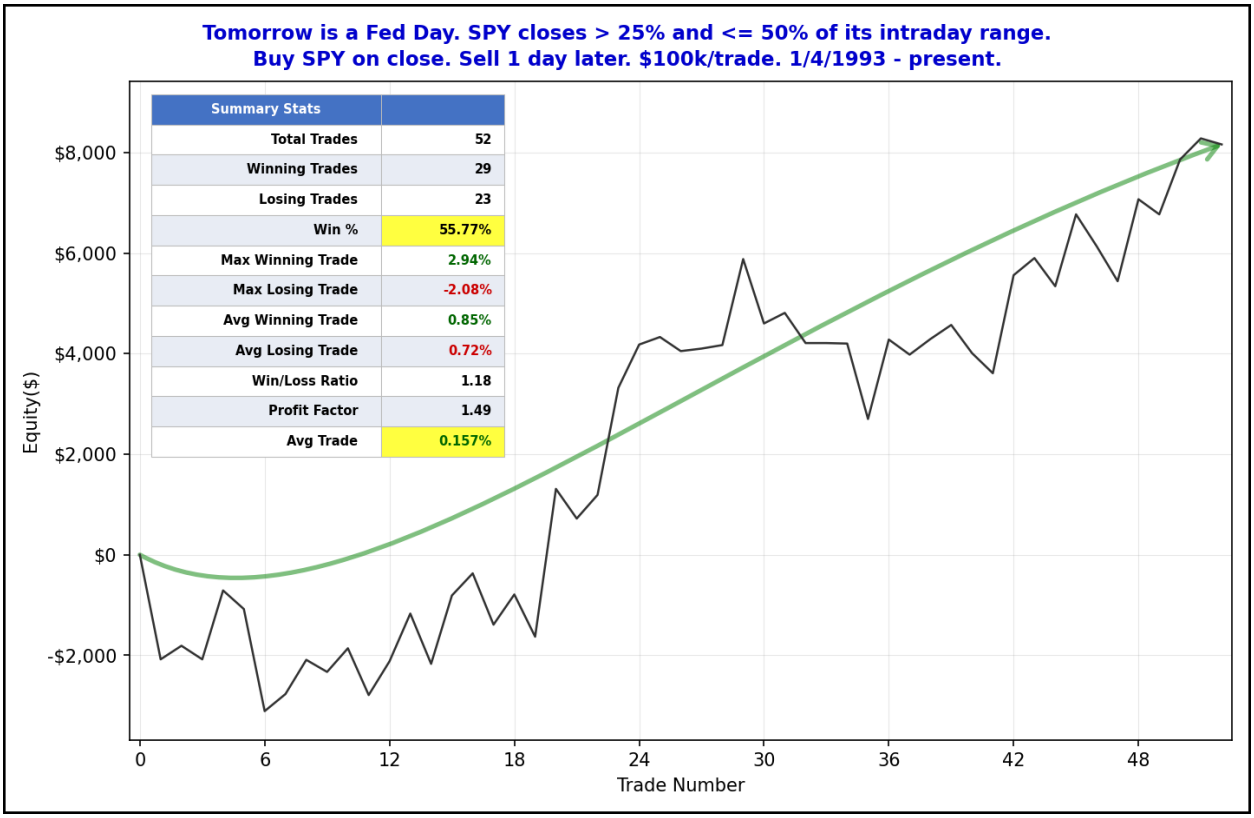
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 16, 2026	TICK TomOscillator < 1% rank at 10-day low	1 day	Bullish			
September 16, 2026	SPY unfilled gap down 2 days in a row	1 day	Bullish			
September 16, 2026	Fed Day, SPY closed in 3rd quartile of range	1 day	Bullish			
Active - Long Term						
September 14, 2026	SPX up after 21-day low, on a Friday	1-15 days	Bullish	3.99%	-2.95%	-6.45%
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

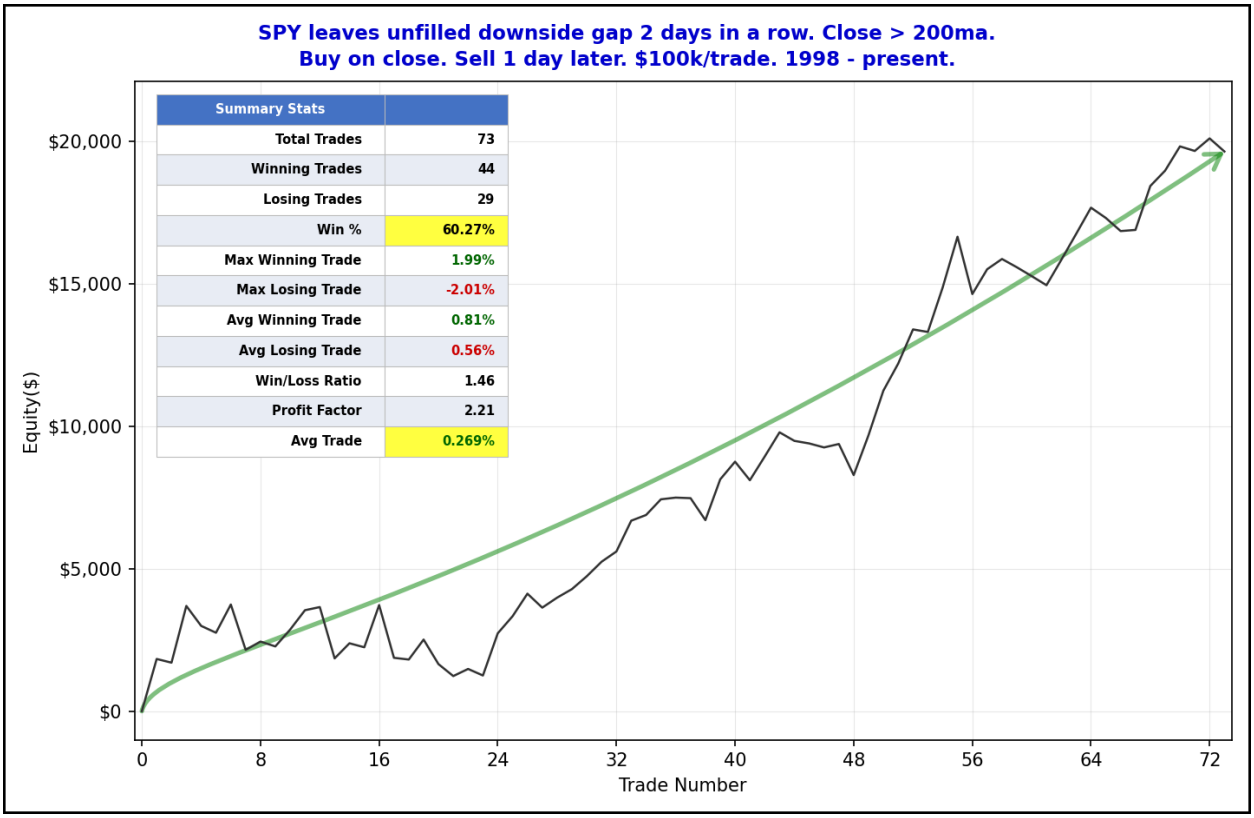
Tuesday was a down day for the market. SPX finished lower by 0.4%, the NASDAQ lost 0.8%, and the Russell 2000 declined 0.8%. Breadth was weak as the NYSE Up Issues % closed at 31% and the NYSE Up Volume % posted a 34% reading. NYSE total volume declined some from Monday's level.

Wednesday is a Fed Day. In last night's letter I broke down Fed Day performance based on the quartile that the SPY closed in of the daily range on the day before the Fed Day. The basic finding was that the worse the close, the better the Fed Day edge. SPY closed Tuesday at 29.5% of its daily range, putting it in the 3rd quartile. Below again are the results for that band.



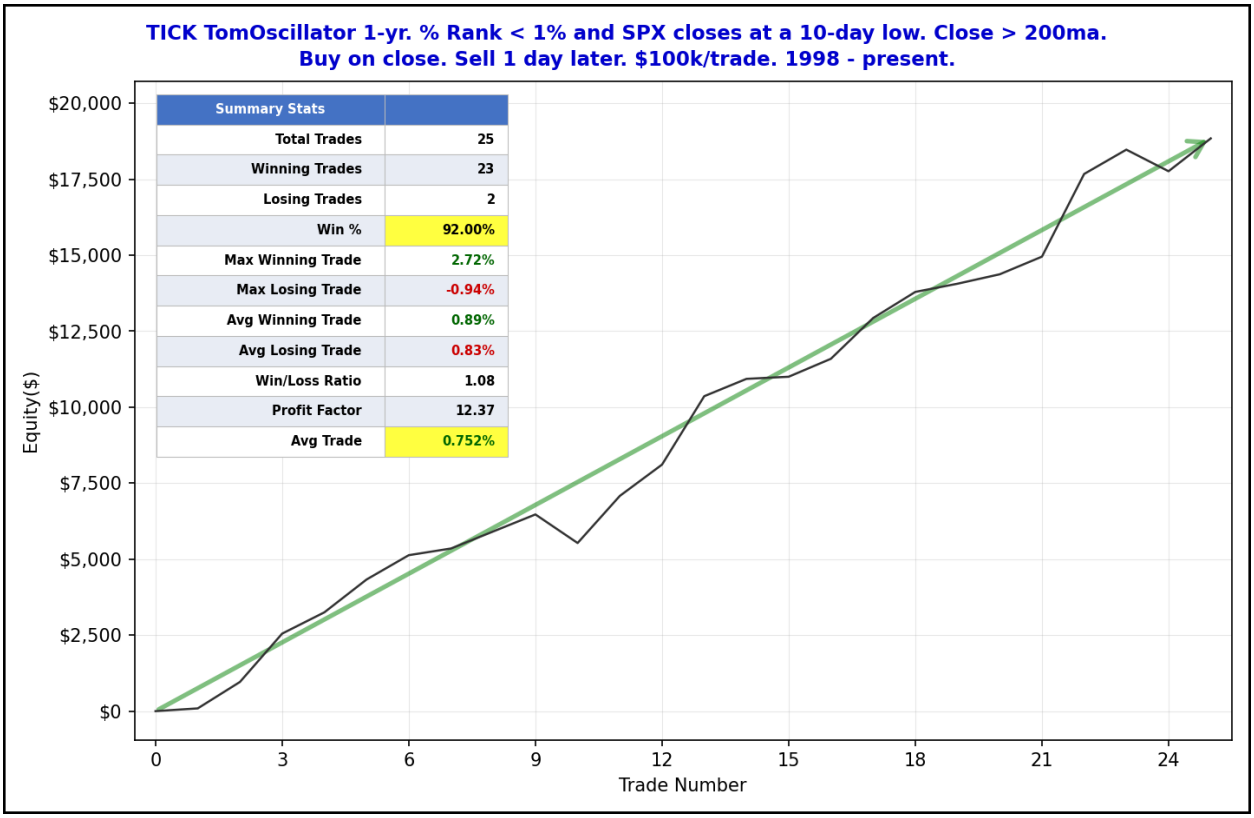
The edge is not huge, but it got off to a rough start and has done better in recent times. I like this enough to include it on the Active List tonight.

One notable about Tuesday's action is that it 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 7/20/26 letter, results are updated.



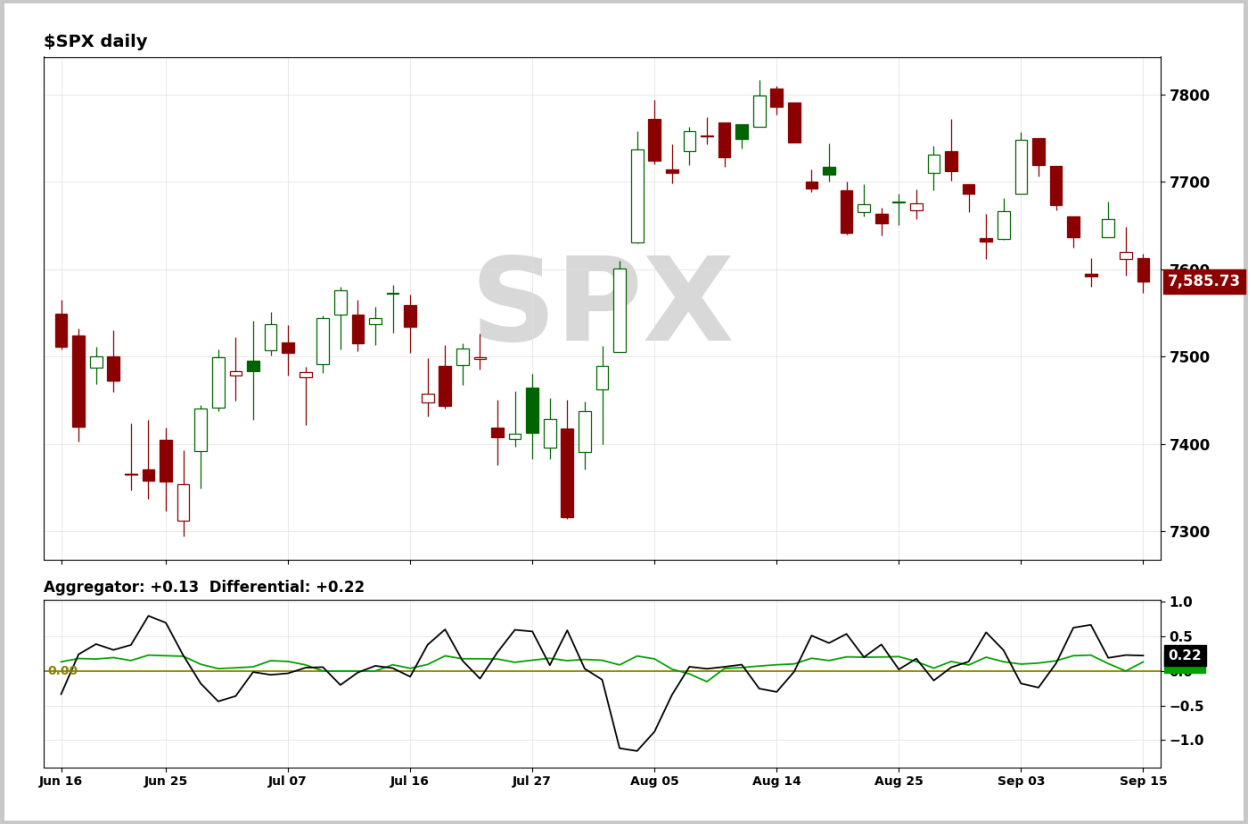
The curve is certainly choppy, but it continues to puh higher. I find the overall evidence strong enough to add it to the Active List as a 1-day edge.

There was also a study that used the TICK TomOscillator. The TICK Tomoscillator is the brain child of my friend and fellow market analyst, Tom McClellan of McClellan Financial Publications. It uses the NYSE closing TICK readings to measure recent end-of-day sentiment. I first introduced the TICK Tomoscillator several years ago in the subscriber letter. For those that are not familiar with the TICK Tomoscillator, you may find a detailed description in the May 13, 2011 blog. The Tomoscillator % Rank Monday came in below 1%, meaning Tuesday's reading is among the lowest 1% in the last year. The study below uses the Tomoscillator % Rank reading rather than just the raw reading. It is updated from the 6/8/26 letter.



With 23 of 25 instances closing up the next day, there has been a strong bullish inclination. And the line going from lower left to upper right is extremely straight. I have also added this study to the active list.

I have updated the Aggregator chart below.



With tonight's evidence considered, the green Aggregator Line moved back above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line 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 turned long at the close.

With all three studies on the short-term active list expiring Wednesday, expectations are set to turn flat at the close. Of course, any new studies that emerge should have a sizable influence on expectations. Meanwhile, the Differential Pivot will be 7698.77. That is 1.5% above Tuesday's close. Therefore, SPX will need to close up at least 1.5% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. But the edge may be short-lived, and the Fed announcement on Wednesday is a wildcard. While odds suggest a rally, there is always the possibility of a strongly negative reaction to the announcement, or to something Walsh says. Almost all of the historical Fed Day edge has come between the close the day before and the actual announcement time. The time after the announcement has been more random. So aggressive traders could consider take a position early on Wednesday and then exiting before the 2pm EST announcement. I'll just stand aside and see how things play out.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/14 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

AMGN @ $382.47 (bought 1/3 @ limit)
AMGN @ $377.35 (bought 1/3 @ limit)

***Broad Market Large Cap CBI* – 2(AMGN-2)**

Additional New Trade Ideas

None.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	*9/9/2026*	*$764.09*	*$760.12*	*-0.52%*	*sold on open*
SPY(1/4)	*9/10/2026*	*$758.03*	*$760.12*	*0.28%*	*sold on open*
AMGN(1/3)	9/11/2026	$382.47	$375.65	-1.78%	Catapult
AMGN(1/3)	9/14/2026	$377.35	$375.65	-0.45%	Catapult

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