QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 17, 2026 Volume 20 Issue 177

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- When SPX closes lower for exactly the 3rd day in a row and at a 10-day low, there has typically been an upside edge over the next few days.
- A Fed Day that closes lower for at least the 2nd day in a row is often followed by a bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a long-side edge.

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 17, 2026	Fed Day and SPX closes lower 2+ days	1-6 days	Bullish	2.19%	-1.52%	-3.11%
September 17, 2026	SPX down exactly 3 days to 10-day low >200	1-2 days	Bullish	1.28%	-0.86%	-2.18%
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

The Fed hiked rates and the market did not quite know what to make of it, with volatile back and forth trading after the announcement. SPX finished down 0.4%, the NASDAQ lost 0.01%, and the Russell 2000 declined 0.4%. Breadth was weak as the NYSE Up Issues % closed at 39% and the NYSE Up Volume % posted a 27% reading. NYSE total volume rose from Tuesday's level.

One theme among some 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 pullback study that appeared in the 3/13/26 letter. It examined pullbacks during uptrends that did not originate at intermediate-term highs, and posted a 10-day low.

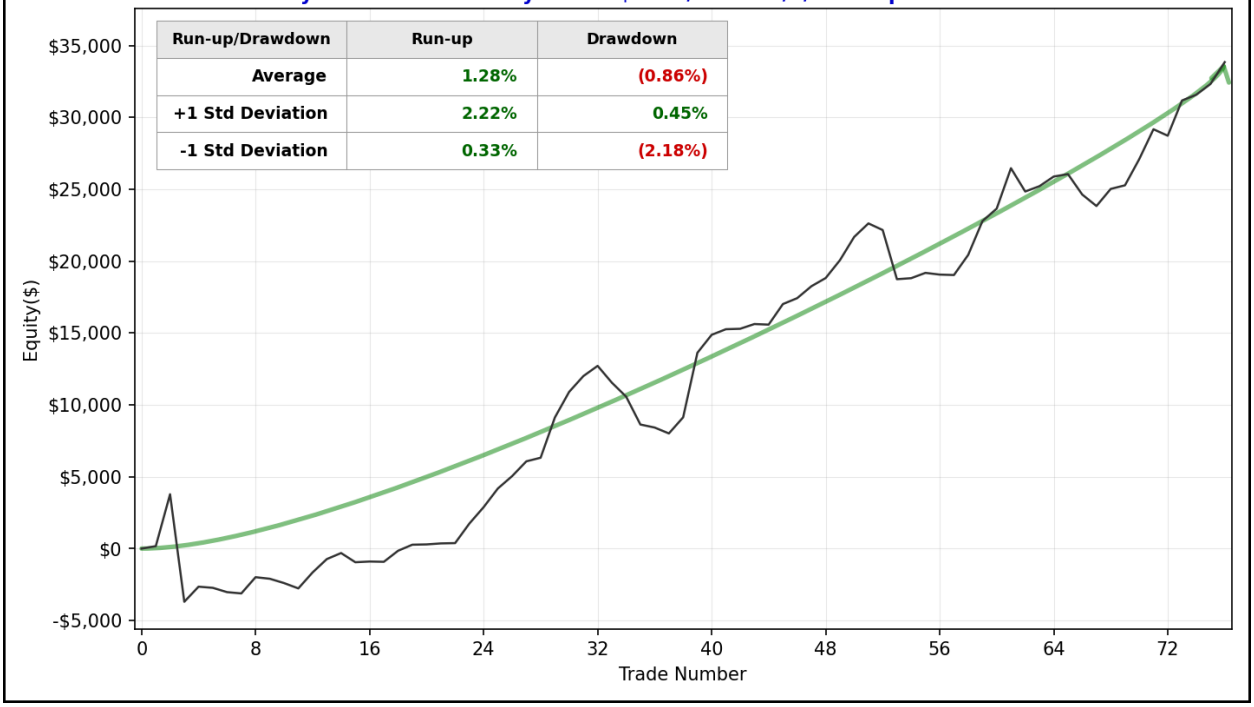
SPX closes lower for exactly the 3rd day in a row and at a 10-day low.
The pullback did NOT immediately follow a 20-day high. Close > 200ma.
Buy on close. Sell X days later. 1/3/2000 - present.

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	73	43	30	58.90%	5.55%	-4.63%	1.69%	1.31%	1.29	1.85	0.457%
4	76	45	31	59.21%	5.36%	-4.07%	1.74%	1.43%	1.21	1.76	0.446%
3	76	48	28	63.16%	4.96%	-5.41%	1.40%	1.54%	0.91	1.56	0.318%
2	76	53	23	69.74%	4.49%	-7.48%	1.06%	0.98%	1.09	2.51	0.445%
1	76	51	25	67.11%	2.72%	-1.95%	0.93%	0.74%	1.26	2.57	0.382%

Numbers here look strong, with a nice little pop over the next two days. Below is a look at the 2-day profit curve.

SPX closes lower for exactly the 3rd day in a row and at a 10-day low.
The pullback did NOT immediately follow a 20-day high. Close > 200ma.
Buy on close. Sell 2 days later. $100k/trade. 1/3/2000 - present.

Run-up/Drawdown	Run-up	Drawdown
Average	1.28%	(0.86%)
+1 Std Deviation	2.22%	0.45%
-1 Std Deviation	0.33%	(2.18%)



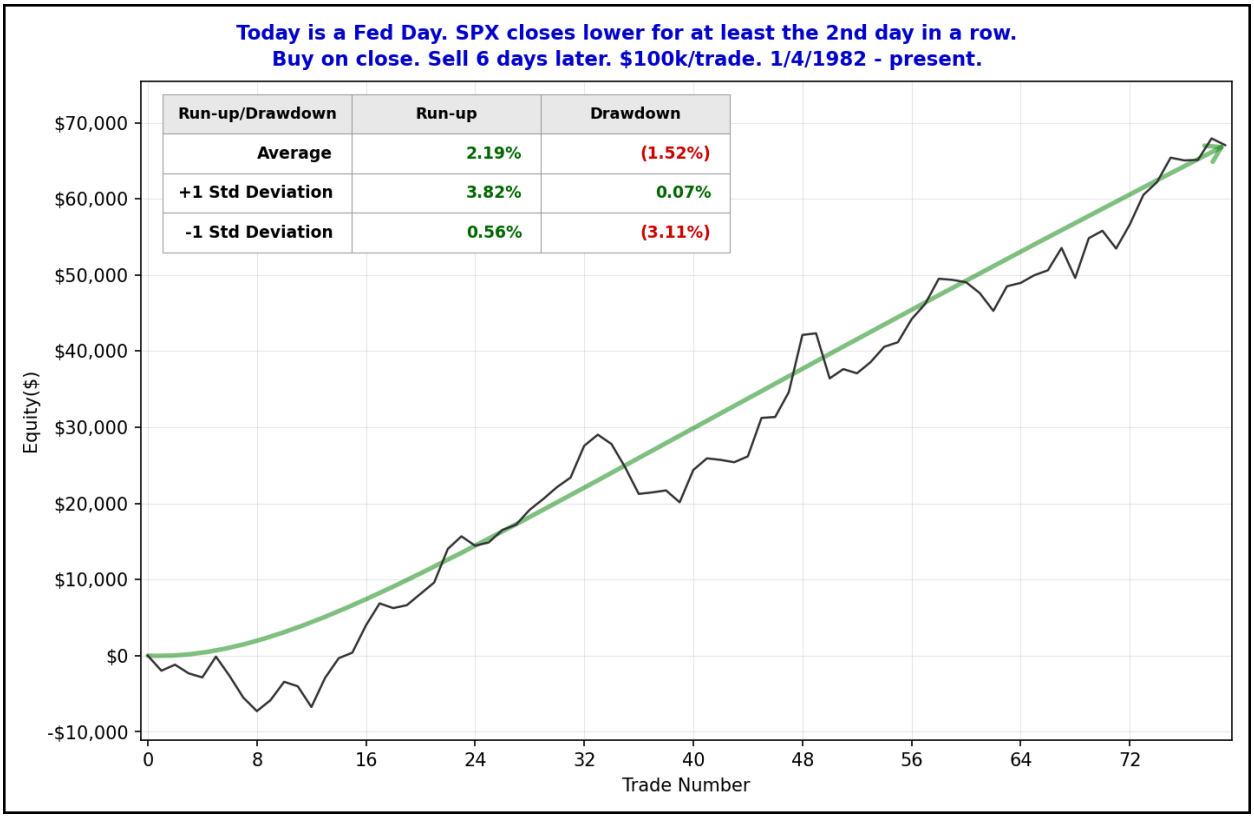
That is a strong, steady upslope. I have added this study to the active list.

This next study is one I have shown many times over the years, most recently in the 6/18/26 letter. It looks at other times where SPX has closed down on a Fed day and it was at least the second down day in a row. I have updated the results tonight.

Today is a Fed Day. SPX closes lower for at least the 2nd day in a row.
Buy on close. Sell X days later. 1/4/1982 - present.

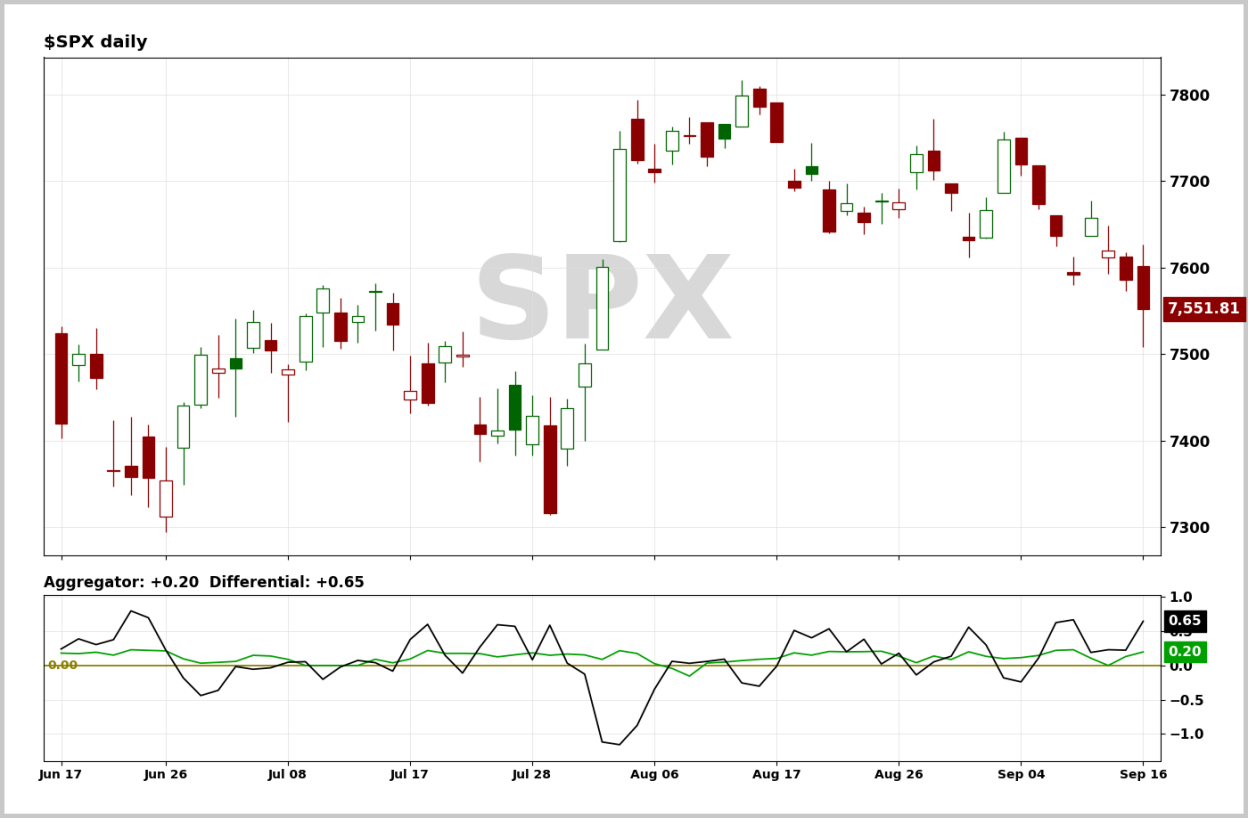
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
10	79	56	23	70.89%	7.33%	-4.86%	2.54%	2.28%	1.12	2.72	1.140%
9	79	56	23	70.89%	6.32%	-4.32%	2.41%	1.97%	1.22	2.98	1.136%
8	79	54	24	68.35%	8.66%	-7.41%	2.27%	2.34%	0.97	2.18	0.841%
7	79	56	23	70.89%	6.20%	-6.36%	2.10%	2.26%	0.93	2.26	0.830%
6	79	53	26	67.09%	7.53%	-5.92%	2.10%	1.69%	1.24	2.52	0.849%
5	79	51	28	64.56%	5.98%	-5.62%	2.02%	1.66%	1.22	2.22	0.716%
4	79	49	30	62.03%	6.09%	-4.65%	1.93%	1.52%	1.27	2.08	0.621%
3	79	54	25	68.35%	4.14%	-4.55%	1.39%	1.42%	0.98	2.11	0.501%
2	79	44	35	55.70%	3.75%	-4.67%	1.32%	1.06%	1.24	1.56	0.263%
1	79	41	38	51.90%	4.24%	-5.89%	0.95%	0.86%	1.11	1.20	0.082%

When Fed Days fail to produce a bounce, you normally see a rally shortly after. Below is a profit curve assuming a 6-day exit strategy.



That is an impressive looking curve, and it recently made new highs. I have added this study to the active list again 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 strongly 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 7644.92. That is 1.2% above Wednesday's close. Therefore, SPX will need to close up at least 1.2% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is emerging that is suggesting a bounce is likely. And there is ample room to the upside before SPX would turn overbought. So it seems there is a bit of an upside edge. But we are now heading into a weak seasonal period. That will especially be worth considering next week since the week after options expiration in September has historically been the worst week of the year. But we have a day or two here to try and take advantage of a bounce before that strongly negative seasonality really becomes a factor. So I've put a trade idea in the Trade Ideas section to take on a small amount of SPY if I can get filled at a favorable price on Thursday.

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

SPY – Buy ¼ index position @ $754.00 LIMIT. Based on the short-term outlook above, I will look to take on a small amount of SPY exposure on Thursday if we get even a small dip below Wednesday's closing price.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
AMGN(1/3)	9/11/2026	$382.47	$376.35	-1.60%	Catapult
AMGN(1/3)	9/14/2026	$377.35	$376.35	-0.27%	Catapult

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