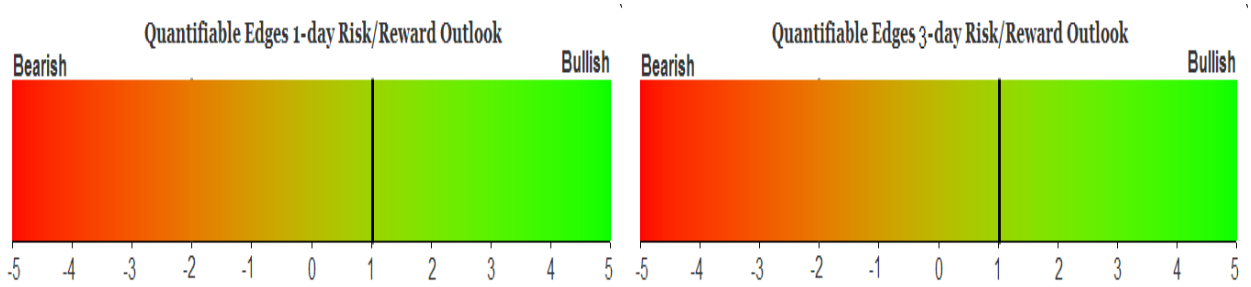
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 18, 2026 Volume 20 Issue 178

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- Moves from a 20-day low to a 4-day high in 1 day often see more rallying in the days and weeks that follow.
- Opex Friday often struggles after the open.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. But with an inverted Differential Pivot, I am not 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						
September 18, 2026	SPX 20-day low close to 4-day high close	1-8 days	Bullish	2.53%	-1.39%	-2.97%
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 18, 2026	SPX 20-day low close to 4-day high close	1-20 days	Bullish	3.95%	-1.99%	-4.27%
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

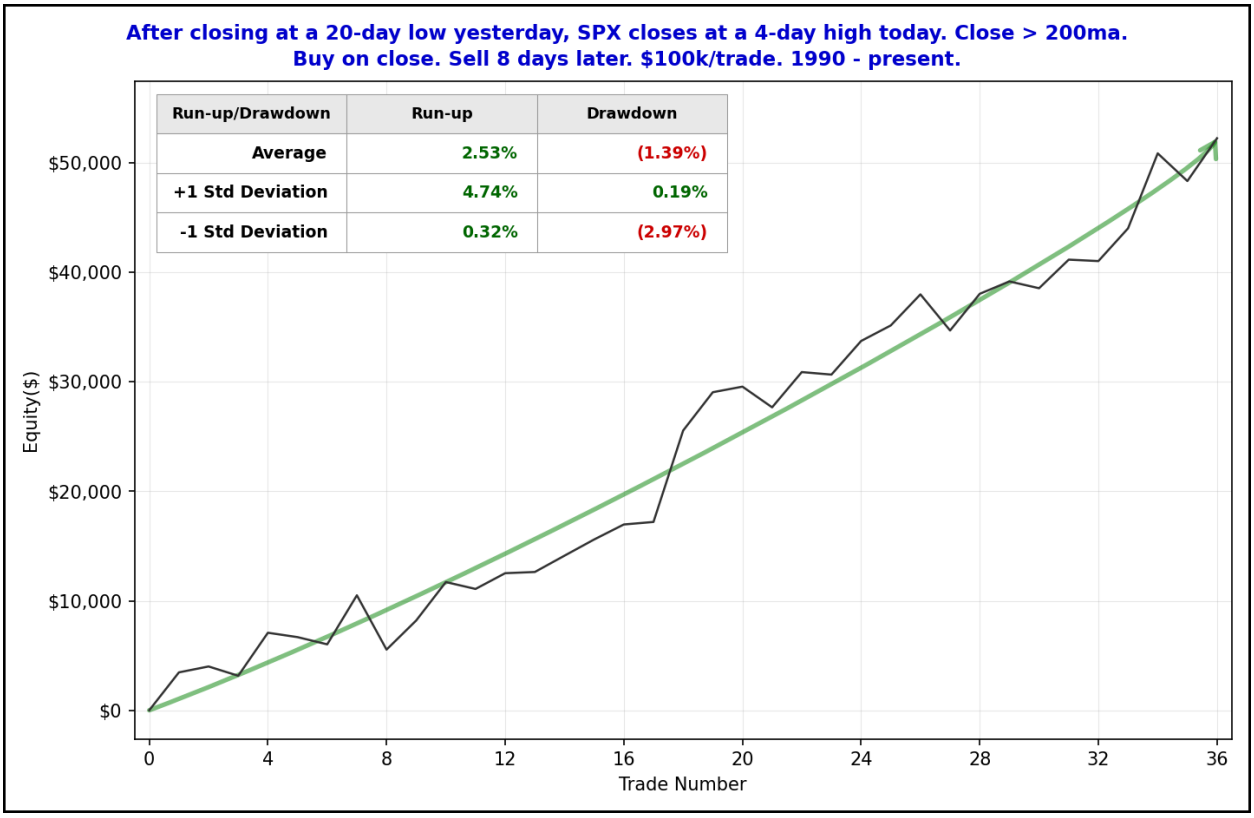
Thursday was a good day for the market. SPX finished up 1.1%, the NASDAQ gained 1.7%, and the Russell 2000 climbed 0.6%. Breadth was positive as the NYSE Up Issues % closed at 65% and the NYSE Up Volume % posted a 62% reading. NYSE total volume dropped a good bit from Wednesday's level.

Thursday's move was big enough to flip SPX from a 20-day low close to a 4-day high close. In the 7/31/26 letter I looked at other times in which the market put in a strong thrust off at least a 20-day low like this. I have updated the results below.

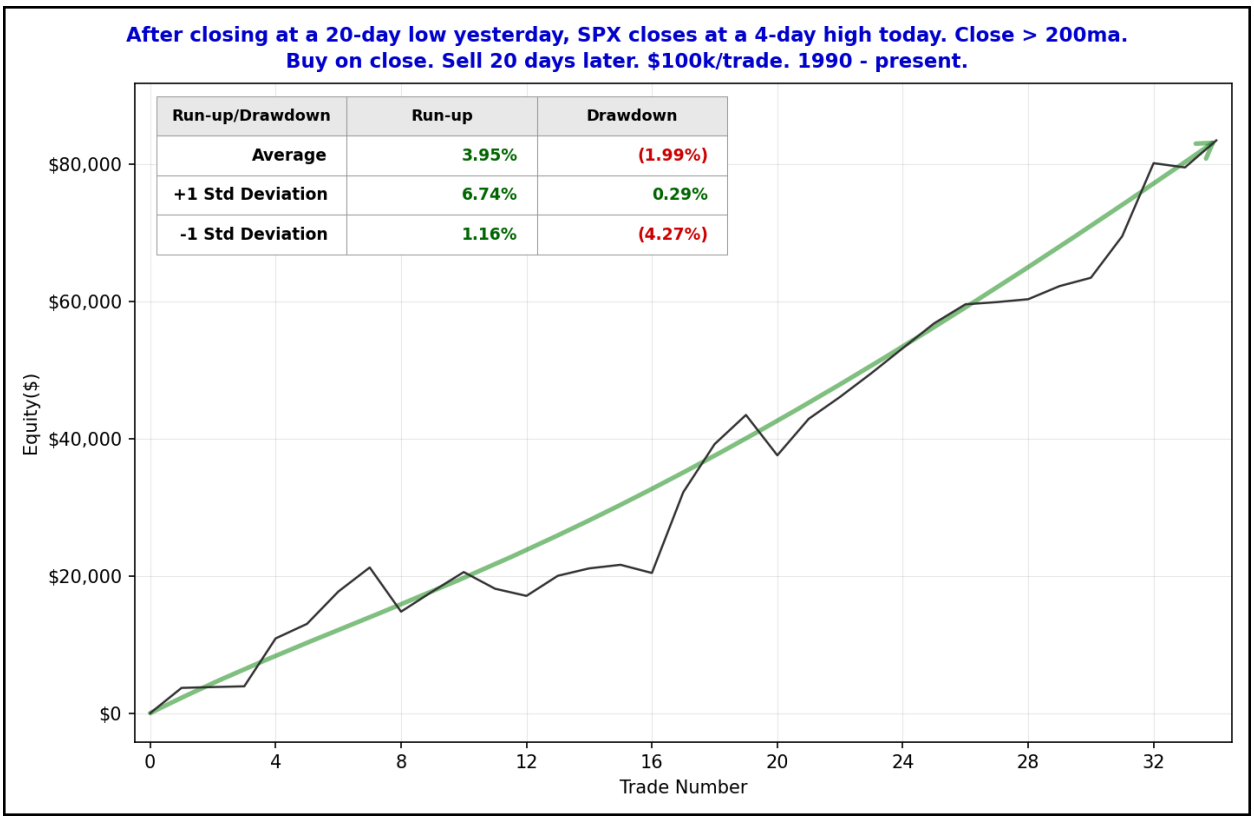
After closing at a 20-day low yesterday, SPX closes at a 4-day high today. Close > 200ma.
Buy on close. Sell X days later. 1990 - present.

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
20	34	28	6	82.35%	11.77%	-6.44%	3.61%	2.93%	1.23	5.75	2.456%
19	34	26	8	76.47%	12.14%	-6.40%	3.77%	2.25%	1.68	5.44	2.356%
18	35	28	7	80.00%	10.66%	-4.17%	3.18%	2.22%	1.43	5.73	2.100%
17	35	27	8	77.14%	11.28%	-4.29%	3.28%	2.15%	1.53	5.16	2.039%
16	35	26	9	74.29%	11.61%	-4.35%	3.26%	1.69%	1.92	5.56	1.983%
15	35	25	10	71.43%	11.27%	-4.77%	3.16%	1.53%	2.06	5.16	1.822%
14	36	28	8	77.78%	9.59%	-7.97%	3.02%	2.21%	1.37	4.78	1.858%
13	36	27	9	75.00%	9.51%	-7.43%	2.87%	2.10%	1.37	4.11	1.627%
12	36	25	11	69.44%	8.22%	-5.74%	3.00%	1.62%	1.85	4.21	1.588%
11	36	28	8	77.78%	9.04%	-5.77%	2.80%	1.73%	1.62	5.66	1.794%
10	36	26	10	72.22%	9.57%	-8.81%	3.00%	1.77%	1.70	4.41	1.678%
9	36	25	11	69.44%	8.68%	-6.43%	2.80%	1.26%	2.23	5.06	1.559%
8	36	25	11	69.44%	8.35%	-4.96%	2.74%	1.47%	1.86	4.23	1.452%
7	36	24	12	66.67%	7.93%	-4.17%	2.63%	1.56%	1.68	3.36	1.229%
6	36	22	14	61.11%	7.11%	-5.39%	2.56%	1.36%	1.88	2.96	1.035%
5	36	23	13	63.89%	7.26%	-5.40%	2.19%	1.38%	1.59	2.81	0.900%
4	37	26	11	70.27%	6.02%	-4.63%	1.94%	1.66%	1.17	2.76	0.868%
3	37	26	11	70.27%	6.05%	-4.78%	1.77%	1.67%	1.06	2.52	0.751%
2	38	28	10	73.68%	4.02%	-3.19%	1.25%	1.44%	0.87	2.43	0.544%
1	38	20	18	52.63%	2.54%	-2.07%	0.77%	0.68%	1.14	1.26	0.084%

Day 1 is a bit iffy, but after that there appears to be a strong and consistent edge over the next 4 weeks. This suggests a decent chance that Thursday's rally was the beginning of a continued move higher. I produced profit curves for the 8-day and 20-day holding periods highlighted above. First, the 8 day…



The strong, steady upslope for the 8-day period is impressive and serves as confirmation of the upside edge. Now the 20-day curve.



This one is a little choppier, but it has been strong lately. This study has been added to both the short and long term active lists.

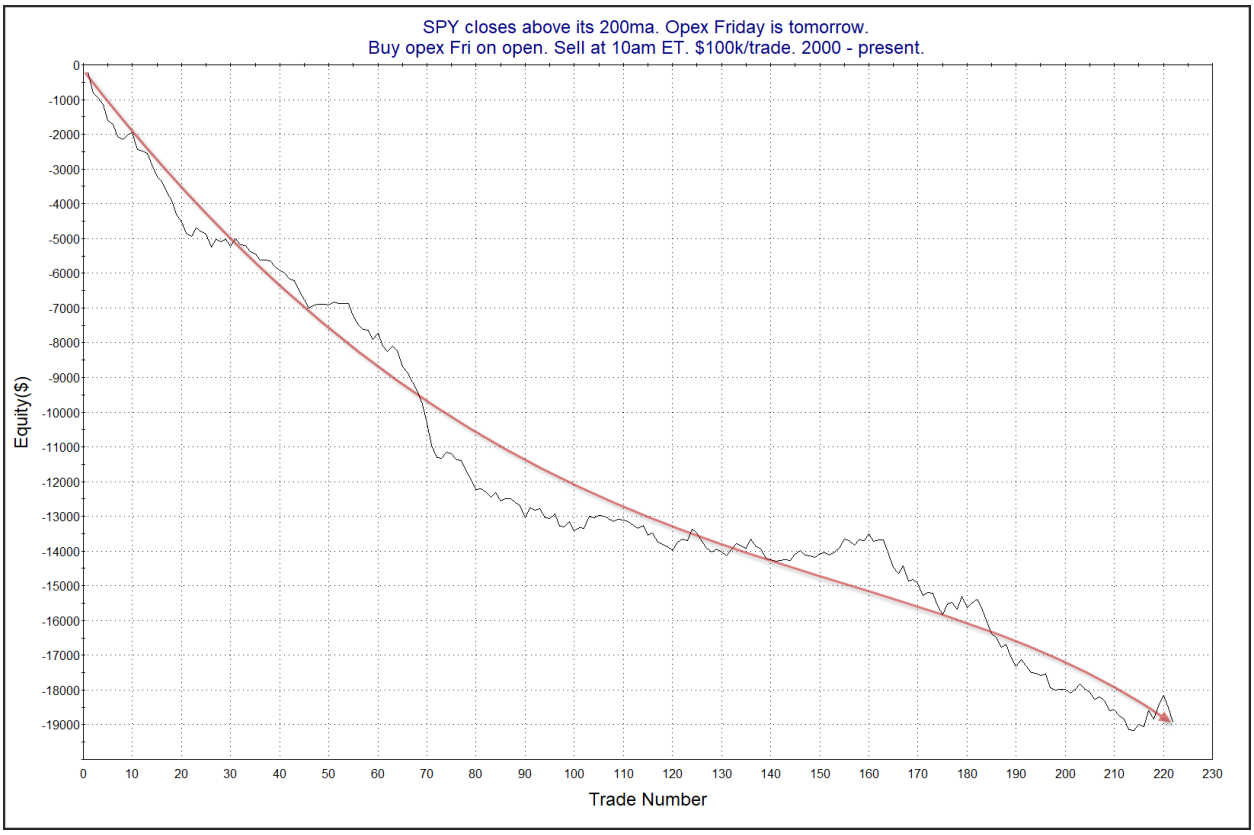
It is also notable that Friday is options expiration. Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years. I did not update them tonight, but have copied everything below from the 7/17/26 letter.

This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

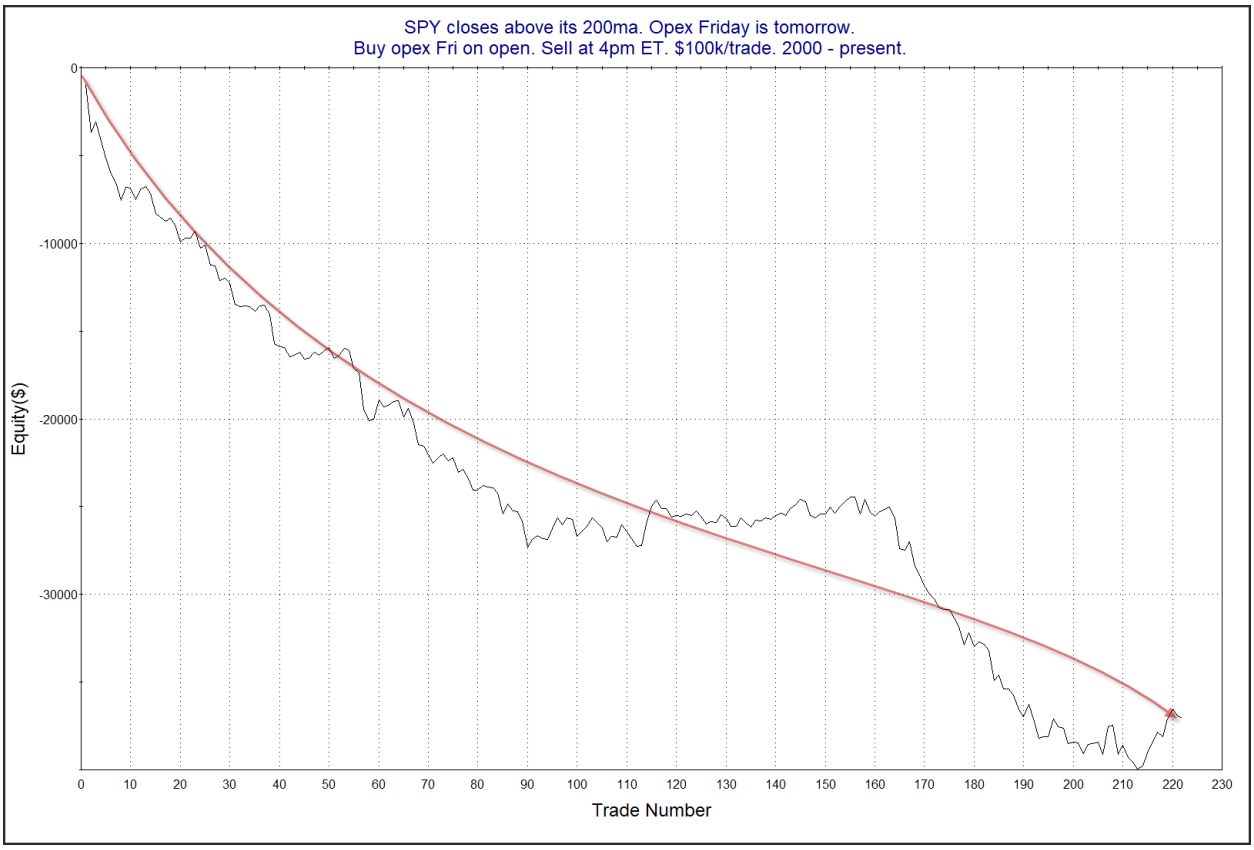
SPY closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at time on left. $100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-37,072.45	222	92	130	41.44	1,547.00	-2,746.58	352.58	-534.69	0.66	0.47	-166.99
1,500	-30,568.54	222	92	129	41.44	1,824.10	-2,315.18	337.76	-477.85	0.71	0.50	-137.70
1,400	-29,518.56	222	81	141	36.49	1,751.00	-2,000.00	333.34	-400.84	0.83	0.48	-132.97
1,300	-26,265.94	222	83	138	37.39	2,172.60	-1,324.62	316.58	-380.74	0.83	0.50	-118.32
1,200	-24,721.83	222	79	143	35.59	2,150.50	-1,318.40	308.46	-343.29	0.90	0.50	-111.36
1,100	-22,140.79	222	83	138	37.39	1,103.30	-968.50	238.49	-303.88	0.78	0.47	-99.73
1,000	-18,913.84	222	65	157	29.28	473.34	-629.00	143.39	-179.83	0.80	0.33	-85.20

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Close to half of the downside would have been achieved by exiting after just 30 minutes. Below is a look at a profit curve for the 10am exit.



Overall, the strong move from upper left to lower right supports the bearish case. But we have seen a bump in the last several months that is worth keeping an eye on. Next is the 4pm exit.



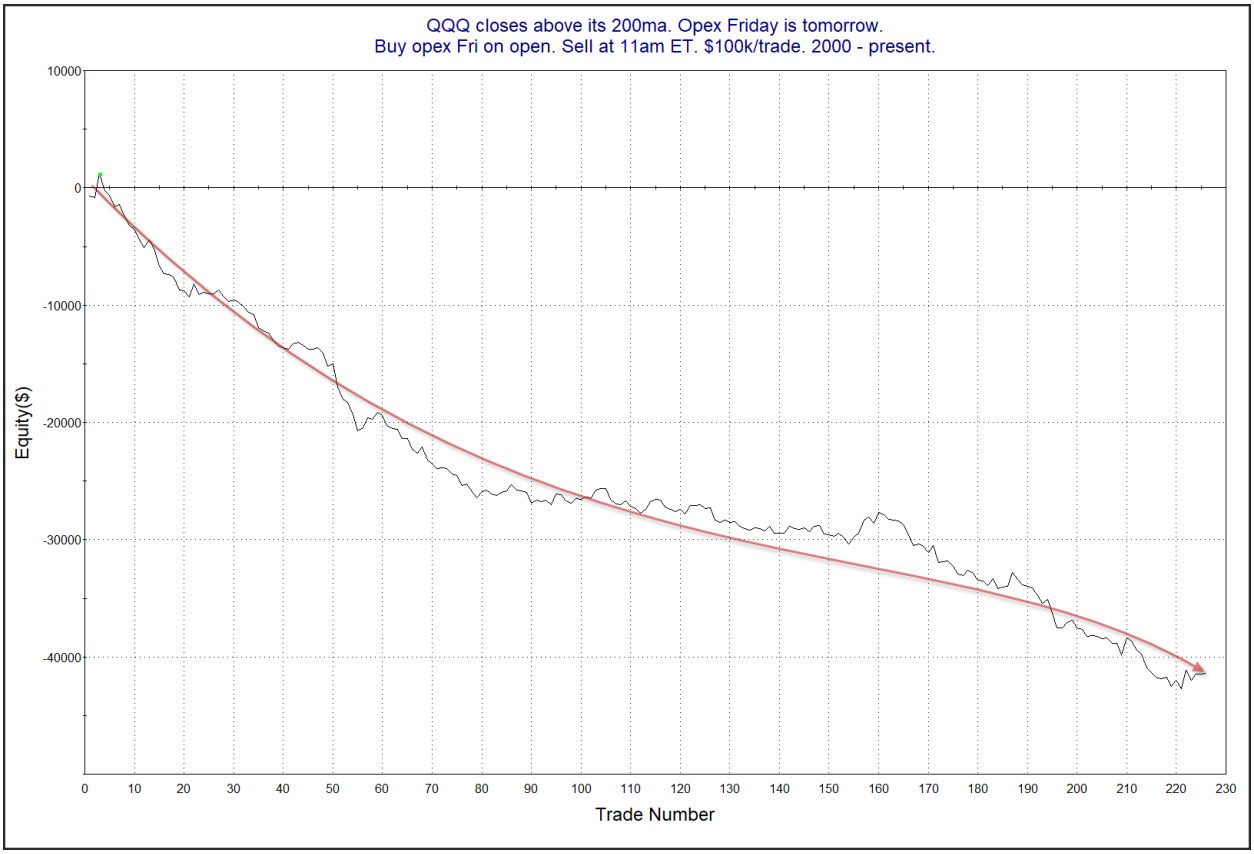
Again this is also impressive despite some recent instances not panning out.

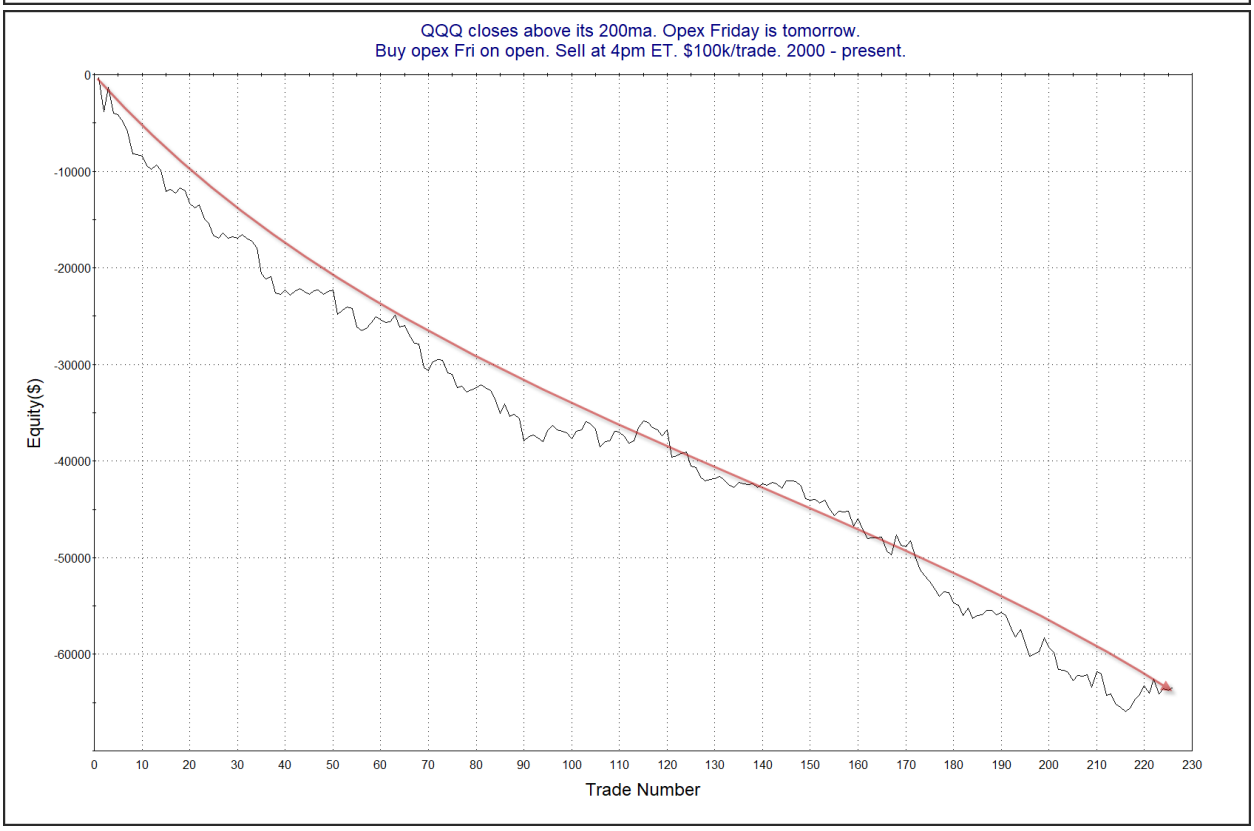
QQQ has seen an even stronger tendency to sell off. This can be seen in the table below.

QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at time on left. $100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-63,418.05	226	89	137	39.38	2,516.00	-3,525.88	476.02	-772.14	0.62	0.40	-280.61
1,500	-56,176.70	226	85	139	37.61	2,246.52	-2,590.84	460.72	-685.88	0.67	0.41	-248.57
1,400	-54,108.19	226	76	147	33.63	2,104.90	-2,431.68	458.00	-604.87	0.76	0.39	-239.42
1,300	-47,226.73	226	80	145	35.40	2,541.40	-2,382.80	418.37	-556.53	0.75	0.41	-208.97
1,200	-46,158.88	226	84	141	37.17	2,518.12	-1,843.43	375.29	-550.94	0.68	0.41	-204.24
1,100	-41,397.39	226	77	148	34.07	1,998.00	-1,936.40	375.64	-475.15	0.79	0.41	-183.17
1,000	-32,550.66	226	71	154	31.42	1,332.00	-1,198.29	225.81	-315.47	0.72	0.33	-144.03

Also notable is that about 2/3 of the downside edge has occurred in the 1st 90 minutes of trading. Below are profit curves for 11am and 4pm.


QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at 11am ET. $100k/trade. 2000 - present.
Equity($)
10000
0
-10000
-20000
-30000
-40000
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230
Trade Number


QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at 4pm ET. $100k/trade. 2000 - present.
Equity($)
0
-10000
-20000
-30000
-40000
-50000
-60000
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230
Trade Number

The bearish edge appears alive and well here. And the recent bump is barely noticeable for the QQQ 11am exit. Traders may want to keep this in mind Friday morning.

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 held just above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is slightly 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 is unlikely to change. Meanwhile, the Differential Pivot will be *inverted at* 7603.13. That is 0.5% *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 0.5% 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 I do not view setups with an inverted pivot as ones that provide favorable reward/risk opportunity. Upside potential is limited to just 1 day. I often use setups like this to take profits on long index positions if I have any outstanding. There are no open index trade ideas right now. Therefore instead, I will look to remain silent, see how Friday plays out, and determine my next move over the weekend.

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 tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
AMGN(1/3)	9/11/2026	$382.47	$379.78	-0.70%	Catapult
AMGN(1/3)	9/14/2026	$377.35	$379.78	0.64%	Catapult

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