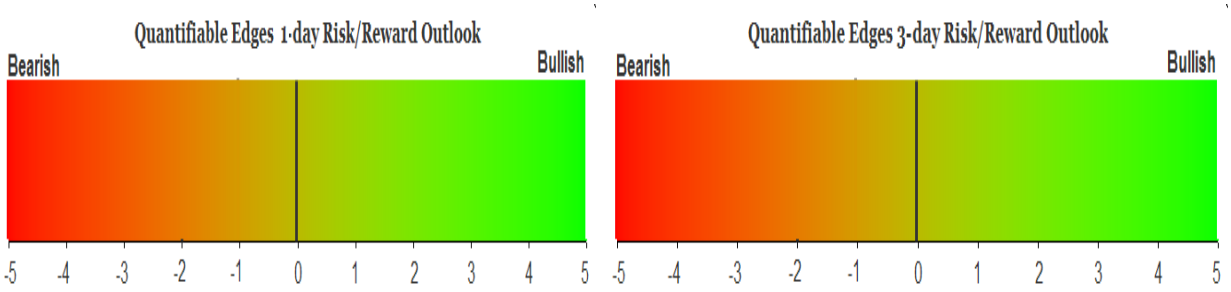
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 22, 2026 Volume 20 Issue 179

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- The rising VIX with SPX at a 10-day high under similar circumstances has shown a downside tendency the next day.
- A lagging Russell 2000 near the bottom of its 20-day range while SPX sits near the top of its range has typically led to an upside edge for SPX over the next several weeks.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Evidence is mixed with a bullish lean, but SPX is unusually strong for this time of year. There does not appear to be a clear and compelling edge.

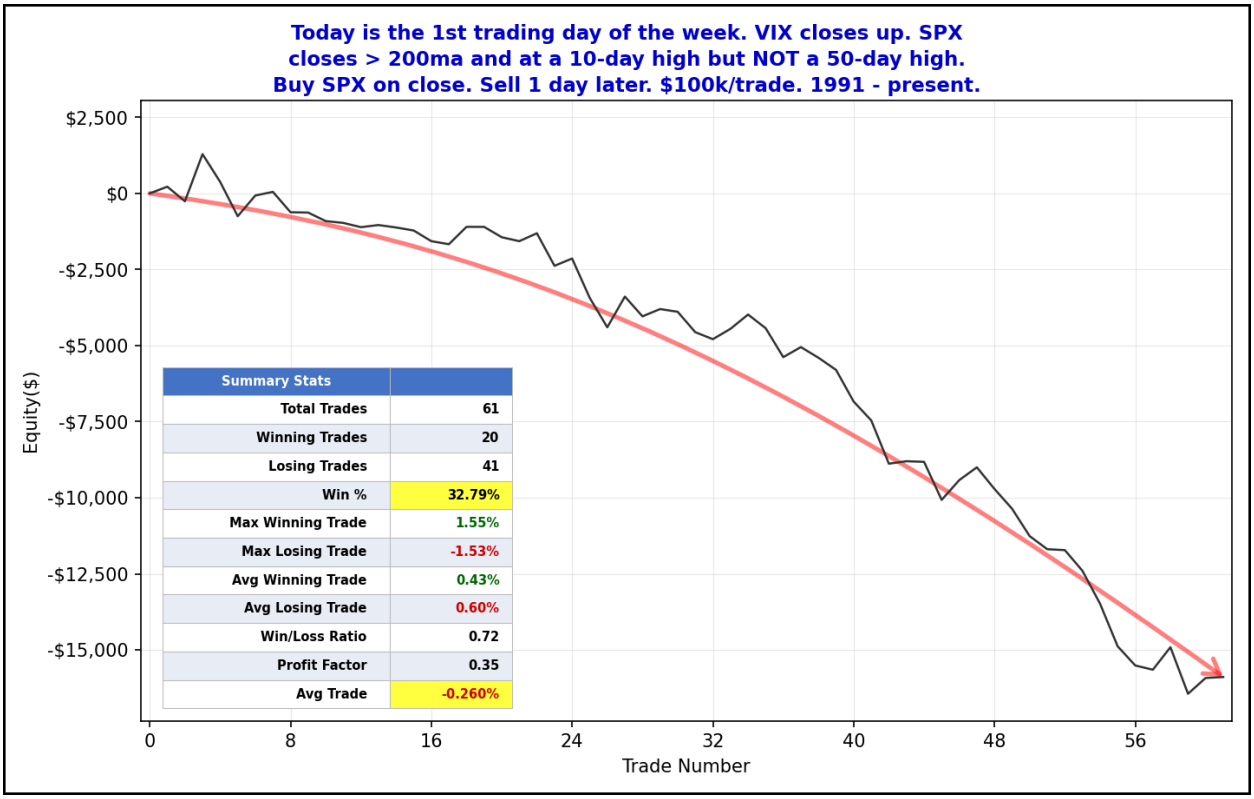
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 22, 2026	Mon VIX up, SPX 10-day high but not 50-da	1 day	Bearish			
September 18, 2026	SPX 20-day low close to 4-day high close	1-8 days	Bullish	2.53%	-1.39%	-2.97%
Active - Long Term						
September 22, 2026	RUT low in 20-day range, SPX high in range	1-40 days	Bullish	5.17%	-3.67%	-6.92%
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			
Dropped Tonight (target hit, or avg drawdown + 1 std dev exceeded)						
September 21, 2026	***Up Vol < 40% while SPX up, > 200ma***	***1-6 days***	***Bullish***	***1.50%***	***-1.38%***	***-2.73%***
September 21, 2026	***Sept opex Friday after 2+ up days***	***1-4 days***	***Bearish***	***-2.94%***	***0.32%***	***0.65%***
September 17, 2026	***Fed Day and SPX closes lower 2+ days***	***1-6 days***	***Bullish***	***2.19%***	***-1.52%***	***-3.11%***

The Evidence

Monday saw the market really pop higher. SPX finished up 1.5%, the NASDAQ gained 2.3%, and the Russell 2000 climbed 0.5%. Breadth was moderately positive as the NYSE Up Issues % closed at 55% and the NYSE Up Volume % posted a 58% reading. NYSE total volume dropped sharply from Friday's level.

While the SPX closed higher, so did the VIX. This is against the norm as they will most often close in the opposite direction. But the VIX has a natural tendency to decline on Friday afternoons ahead of the weekend and then rise on Mondays after the weekend. So occurrences of them both rising are more common on Monday than on any other day of the week. In a strong bull market with SPX closing at 50-day or greater highs, the fact that they both close higher on a Monday has not mattered a whole heck of a lot. But when the SPX has been short-term overbought without making intermediate-term closing highs as it is now, the inclination has appeared bearish for the next day. This can be seen in the study below, which is updated from the 10/19/21 letter.



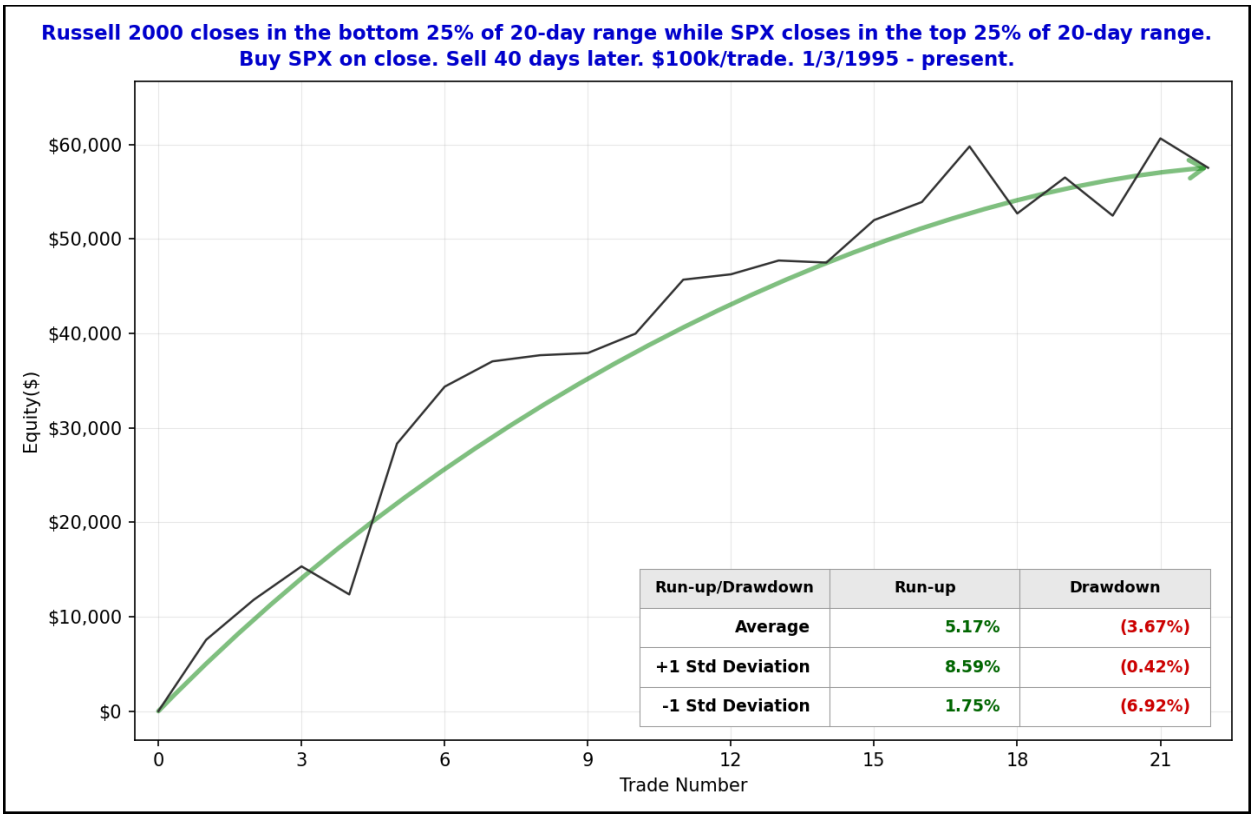
The strong, persistent downslope is impressive, and the curve just recently made new lows. There have been more than 2x as many losers as winners and the losers were larger on average. Both the curve and the numbers support the idea of a bearish tendency. I have included this study on the Active List tonight.

Another thing to note is that while the SPX closed at a new 1-month high, RUT closed down near the bottom of its 20-day range. This triggered the study below, which looked at times SPX closed high in its 20-day range while RUT closed low in its range. It is updated from the 12/13/21 letter.

Russell 2000 closes in the bottom 25% of 20-day range while SPX closes in the top 25% of 20-day range.
Buy SPX on close. Sell X days later. 1/3/1995 - 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
50	21	14	7	66.67%	17.41%	-10.33%	5.97%	3.47%	1.72	3.44	2.827%
45	22	15	7	68.18%	15.28%	-8.87%	5.41%	3.67%	1.48	3.16	2.523%
40	22	17	5	77.27%	15.96%	-7.10%	4.41%	3.49%	1.26	4.30	2.616%
35	22	16	6	72.73%	15.71%	-3.79%	4.19%	2.41%	1.74	4.63	2.390%
30	22	18	4	81.82%	11.94%	-7.55%	3.28%	3.75%	0.87	3.94	2.004%
25	23	16	7	69.57%	9.38%	-8.66%	3.11%	2.32%	1.34	3.07	1.461%
20	23	16	7	69.57%	9.93%	-6.15%	3.05%	2.49%	1.23	2.81	1.366%
15	23	18	5	78.26%	7.80%	-5.19%	2.37%	2.97%	0.80	2.88	1.211%
10	28	20	8	71.43%	8.37%	-6.94%	1.96%	2.33%	0.84	2.10	0.730%
5	31	13	18	41.94%	7.42%	-2.83%	1.95%	1.00%	1.95	1.41	0.238%

It appears the lagging RUT in similar circumstances has not been a drag going forward, and that SPX has continued to flourish. Below is a look at a profit curve with a 40-day holding period.



That is a solid looking curve. I also checked to see how the Russell 2000 did going forward.

Russell 2000 closes in the bottom 25% of 20-day range while SPX closes in the top 25% of 20-day range.
Buy RUT on close. Sell X days later. 1/3/1995 - 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
50	21	13	8	61.90%	18.24%	-13.30%	6.38%	7.60%	0.84	1.36	1.054%
45	22	14	8	63.64%	17.27%	-16.42%	5.19%	6.39%	0.81	1.42	0.978%
40	22	14	8	63.64%	17.02%	-11.77%	5.08%	4.50%	1.13	1.97	1.595%
35	22	14	8	63.64%	16.80%	-10.62%	4.90%	4.71%	1.04	1.82	1.403%
30	22	13	9	59.09%	15.24%	-11.25%	4.90%	4.60%	1.07	1.54	1.016%
25	23	13	10	56.52%	14.04%	-13.75%	3.64%	4.13%	0.88	1.14	0.259%
20	23	13	10	56.52%	12.09%	-16.39%	3.30%	4.64%	0.71	0.92	-0.153%
15	23	12	11	52.17%	9.07%	-8.16%	3.33%	3.43%	0.97	1.06	0.096%
10	28	12	16	42.86%	8.23%	-11.03%	3.02%	2.90%	1.04	0.78	-0.361%
5	31	14	17	45.16%	7.83%	-4.60%	1.96%	1.94%	1.01	0.83	-0.179%

Results still lean bullish over the intermediate-term, but not nearly to the degree that we see with the SPX. This suggests the leading SPX has a good chance to rally, and over the intermediate-term, continue to outperform the RUT.

I have updated the Aggregator chart below.



Even with tonight's bearish evidence considered, the green Aggregator Line moved above zero. Positive readings mean net expectations are for upside over the next few days. Clearly this is not due to the new evidence that emerged. More significant than tonight's short-term study is the fact that we saw two bullish studies reach their profit targets and one bearish study exceed its typical drawdown plus one standard deviation. This meant that all three of these studies were removed from the active list. And the bearish study, which was the one that looked at an overbought SPX heading into the weakest week, had some substantially negative numbers. With that study off the board, those are no longer a factor. Meanwhile the black Differential Line held below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are now positive but SPX is strongly overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7677.41. That is 1.1% below Monday's close. Therefore, SPX will need to close down at least 1.1% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is back to neutral. The strong move on Monday was greatly counter to what typically occurs after September options expiration. We have unusual market behavior and mixed evidence. We also have a market that is strongly overbought short-term. This is not a favorable combination when considering new index positions. I won't be looking to take on any new exposure on Tuesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/21 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

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*	*$385.71*	*0.85%*	*sold on open*
AMGN(1/3)	*9/14/2026*	*$377.35*	*$385.71*	*2.22%*	*sold on open*

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