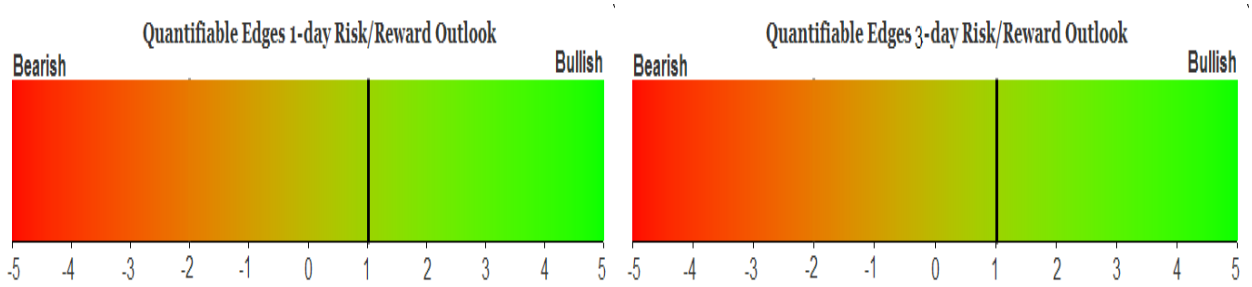
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 28, 2026 Volume 20 Issue 183

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- The CBI backed off a bit on Friday, make a spike to 10 or higher in the next few days less likely.
- October will be here on Thursday, and we have a study that shows it deserves it reputation as the most volatile month.
- We saw positive liquidity flows this past week, but the Fed still appears hawkish and additional rate increases appear to be coming.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but SPX is primed to flip to overbought tomorrow. Therefore, I'm not terribly 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%
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			

The Evidence

Friday saw modest gains for the indices. SPX finished up 0.5%, the NASDAQ gained 0.5%, and the Russell 2000 rose 0.07%. Breadth was moderately positive as the NYSE Up Issues % closed at 56% and the NYSE Up Volume % posted a 58% reading. NYSE total volume declined some from Thursday's level.

Action did not inspire anything in the way of compelling new studies from the Quantifinder. But October is nearly upon us. And it often can be an interesting month.

Breaking the year down by week is something I have done numerous times over the years, and it has provided some interesting insights. The table below shows stats back to 1985. I chose 1985 as the start date because SPX options trading began in 1984, so 1985 is the 1st full year where there was an options expiration schedule. Action on and around options expiration, which occurs on the 3rd Friday of each month, seems to generate some seasonal tendencies. So this study encompasses the full range of time that SPX options have been in existence.

SPX Performance in the Week that Followed the Month and Friday Specified
1985 - present. Top 10 and Bottom 10 Results (by Avg Trade) Shown.

Month of Year	Fri of Month	Net % (sum)	Total Trades	Winning Trades	Losing Trades	% Profitable	Max Win %	Max Loss %	Avg Win %	Avg Loss %	Win/Loss Ratio	Profit Factor	Avg Trade %
10	5	19.61	17	12	5	70.59	7.32	-3.90	2.31	-1.62	1.43	3.42	1.154
1	5	15.22	19	12	7	63.16	5.17	-3.14	2.33	-1.82	1.28	2.20	0.801
10	2	31.50	41	31	10	75.61	7.32	-9.12	1.98	-2.98	0.66	2.06	0.768
4	2	32.25	42	25	17	59.52	5.68	-3.59	2.30	-1.48	1.55	2.28	0.768
5	4	31.97	42	28	14	66.67	7.20	-3.02	1.86	-1.45	1.29	2.58	0.761
1	4	31.50	42	27	15	64.29	4.87	-3.85	2.05	-1.59	1.29	2.32	0.750
10	4	30.19	41	29	12	70.73	10.49	-5.64	2.04	-2.42	0.84	2.04	0.736
11	4	27.66	41	31	10	75.61	7.39	-6.83	1.42	-1.63	0.87	2.70	0.675
6	4	26.41	42	26	16	61.90	5.77	-5.03	1.88	-1.41	1.34	2.17	0.629
11	3	24.76	41	26	15	63.41	12.03	-4.69	1.77	-1.41	1.25	2.17	0.604
11	5	-1.87	12	8	4	66.67	1.72	-4.60	0.96	-2.38	0.40	0.80	-0.156
6	1	-9.21	42	20	22	47.62	4.11	-5.05	1.19	-1.50	0.79	0.72	-0.219
6	3	-9.92	42	16	26	38.10	6.45	-3.65	1.64	-1.39	1.18	0.73	-0.236
10	3	-9.92	41	20	21	48.78	4.35	-12.20	1.89	-2.27	0.83	0.79	-0.242
7	5	-5.86	18	9	9	50.00	3.58	-7.19	1.49	-2.14	0.70	0.70	-0.326
10	1	-16.77	41	23	18	56.10	5.98	-18.20	1.77	-3.20	0.55	0.71	-0.409
8	5	-7.88	18	9	9	50.00	3.29	-4.25	1.26	-2.14	0.59	0.59	-0.438
2	3	-26.11	42	19	23	45.24	2.11	-11.49	0.90	-1.87	0.48	0.39	-0.622
4	5	-7.94	11	4	7	36.36	1.25	-6.39	0.93	-1.66	0.56	0.32	-0.722
9	3	-33.08	42	12	30	28.57	7.78	-6.54	1.52	-1.71	0.89	0.35	-0.788

You'll note that the highlighted weeks are the October weeks. It's amazing that all 5 potential weeks in October are included in either the Best 7 or the Worst 7 weeks of the year. Weeks are ranked based on Avg Trade (last column).

Weeks following the 1st and 3rd Friday in October have been among the ***worst*** on average. I'll also note that the 2 of the 3 largest "max losing trades" occurred following the 1st and 3rd Friday in October. They were a 12% and an 18% drop.

Weeks following the 2nd, 4th, and 5th Fridays in October made up 3 of the ***best*** 10 weeks of the year on average. And they show some of the biggest winners as well, with 7.3%, 7.3% and 10.5% max gains.

As I said, October can be volatile. There could easily be some strong moves up and down throughout the month, and traders may want to keep this in mind for position sizing, or if they are making volatility trades.

The CBI hit 7 on Thursday and was threatening a 10+ reading. But it backed off on Friday to 5. So Friday's bounce is making a bullish 10+ reading more *un*likely to occur in the near future.

I have updated the Aggregator chart below.



Without any new studies being added, 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 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Monday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be slightly *inverted at* 7725.65. That is 0.2% *below* Friday'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 0.2% on Monday in order to remain oversold. Anything other than that and it will flip to overbought versus recent expectations as of Monday's close.

So the Aggregator is bullish. But evidence remains light, and SPX is primed to flip from oversold to overbought unless there is some selling on Monday. I don't normally view inverted pivots as opportune times to take on new index exposure. This is because reward potential is limited to just one day. With evidence weak, I don't see a reason to make an exception in this case. I'll continue to stand aside and wait for a more compelling reward/risk opportunity to emerge.

Intermediate-term Outlook (2 weeks – 2 months) – updated 9/28 – bullish

Combo #1	Combo #2	Combo #3	Combo #4
Flat	Long NDX	Long NDX	Long NDX

Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course, which is included with all annual subscriptions. *There were no changes to the Combo model signals this week.*

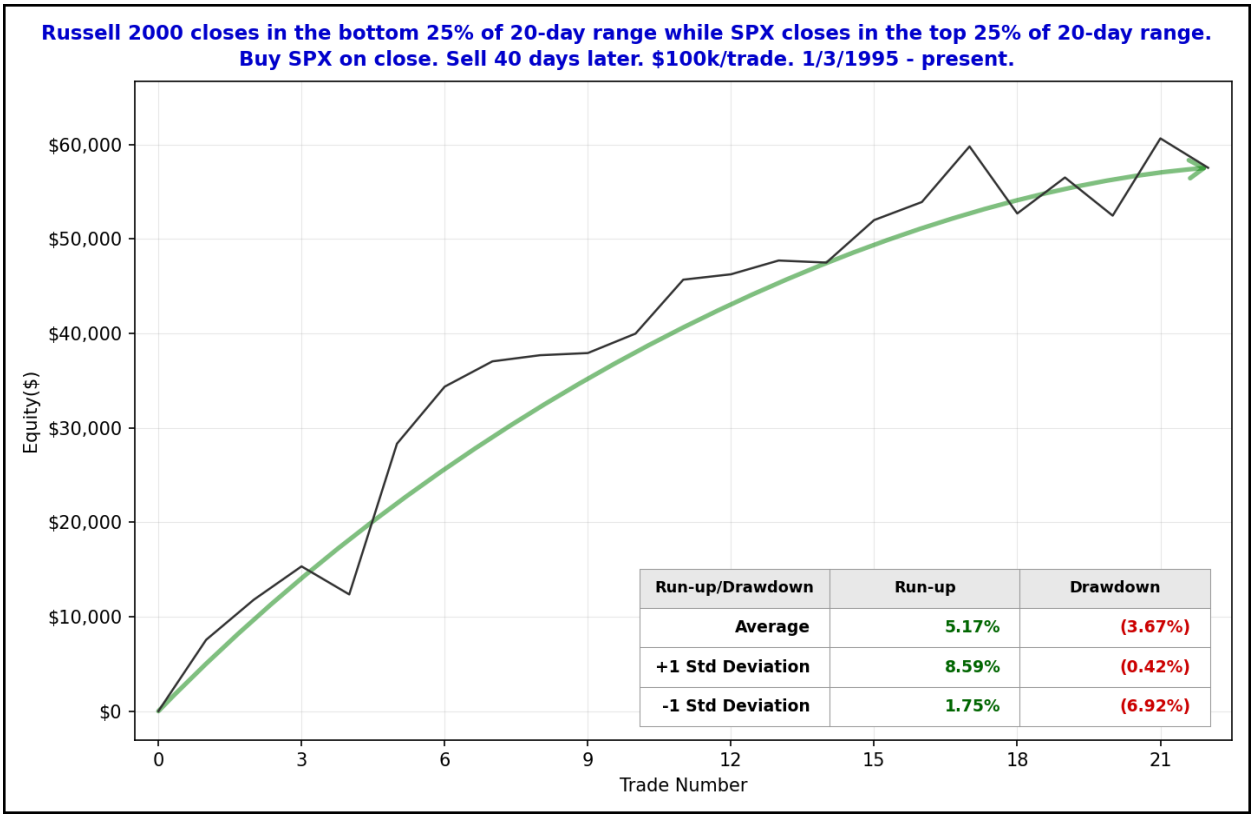
This past week saw mixed results for the major indices. The SPX rose 1.2%, the NASDAQ rallied 2.1%, and the Russell 2000 declined 0.8%. Bonds got a beat-down. The US Aggregate Bond ETF (AGG) dropped 0.9%. TLT, the 20-year Treasury Bond ETF, tumbled 2.4%. SPX dipped below its 50ma early in the week before closing back above it on Thursday and Friday. It remains well above its 200ma. There was one study with intermediate-term implications that appeared in Monday night's letter. I have copied it below.

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.

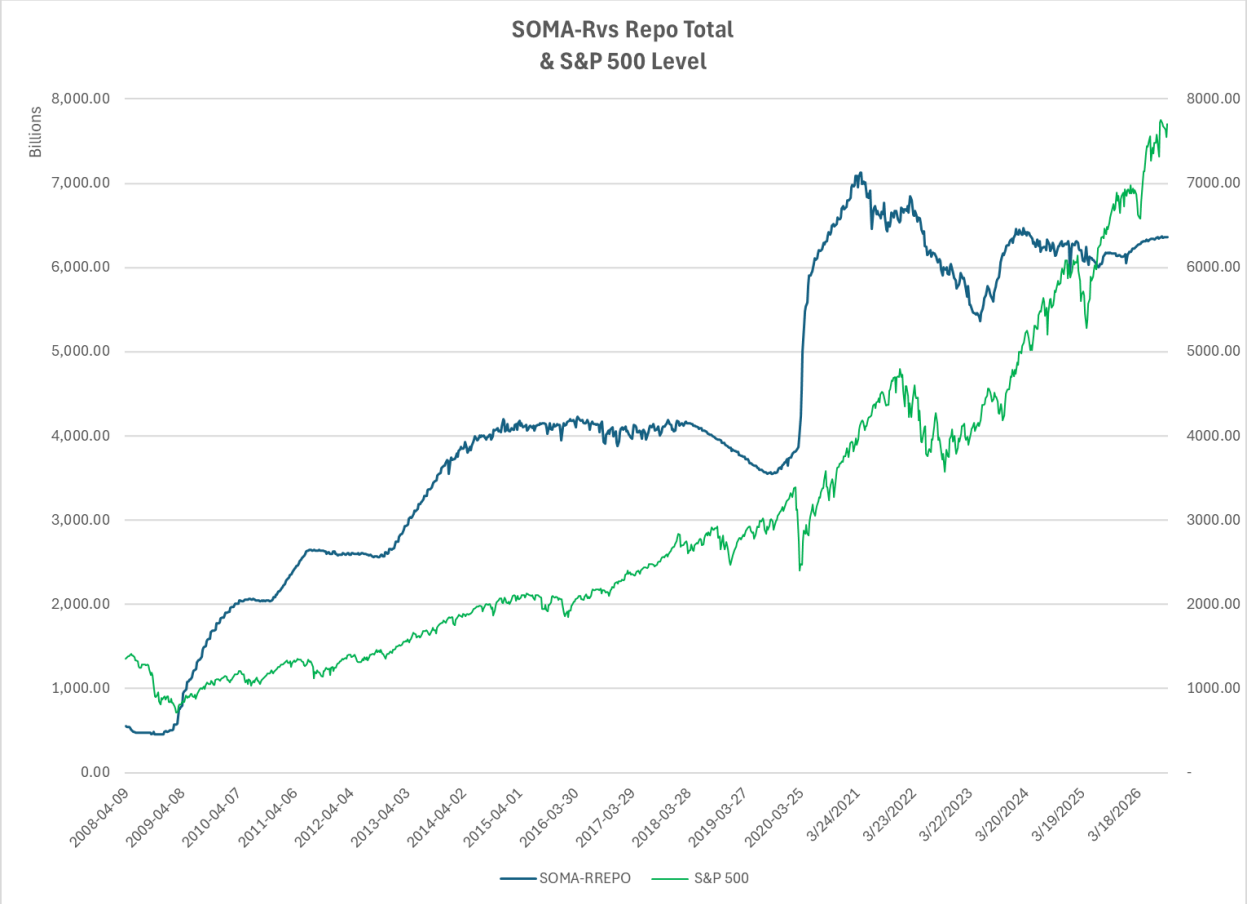
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
50	21	13	8	61.90%	18.24%	-13.30%	6.38%	7.60%	0.84	1.36	1.054%
45	22	14	8	63.64%	17.27%	-16.42%	5.19%	6.39%	0.81	1.42	0.978%
40	22	14	8	63.64%	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.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

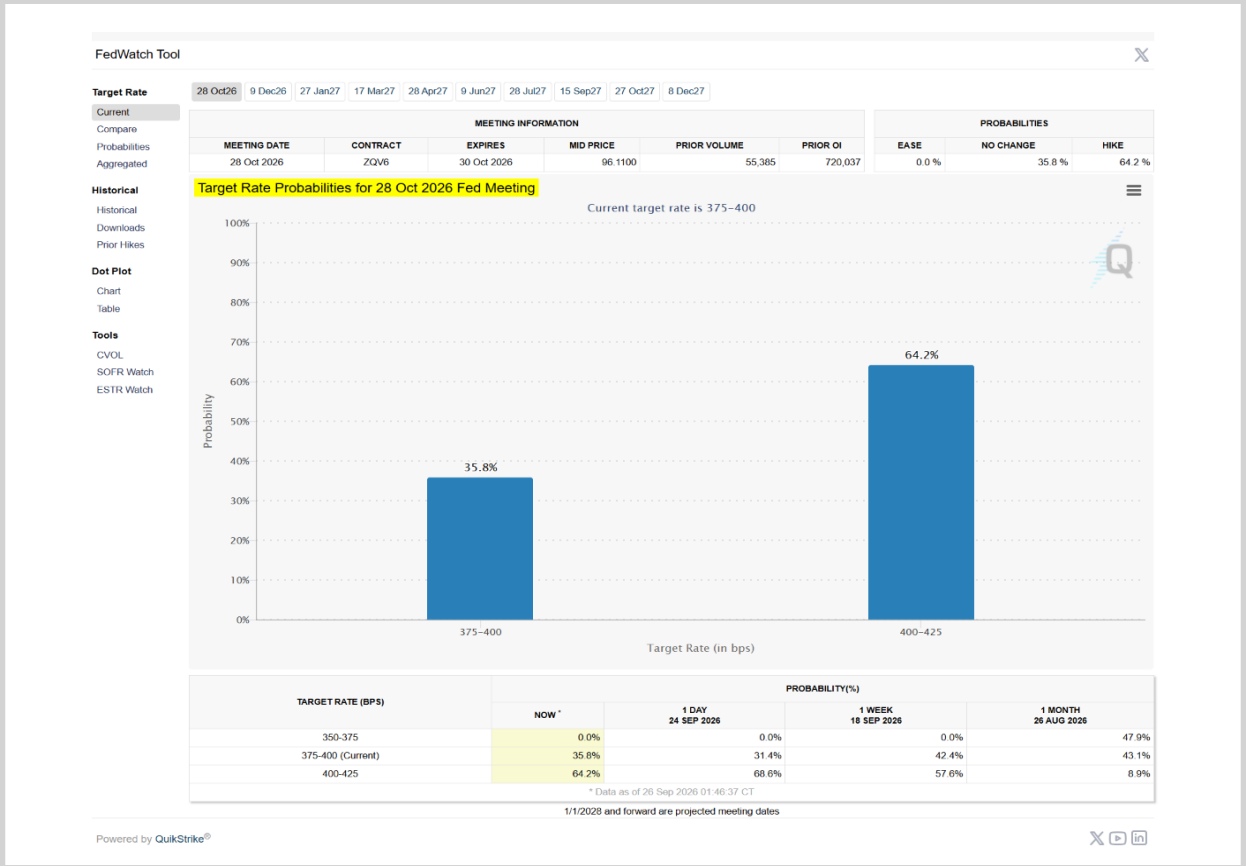
Domestic Security Holdings as of 2026-09-23	
SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills	554,372,926.7
US Treasury Notes and Bonds	3,600,776,303.2
US Treasury FRNs	20,045,553.8
US Treasury TIPS	277,104,756.5
Federal Agency Securities	2,347,000.0
Agency MBS	1,902,994,781.3
Agency CMBS	7,413,899.7
Total SOMA Holdings	**6,365,055,221.2**
Change From Prior Week	**+776,865.1**

The SOMA rose by $777 million this past week, adding a small amount of liquidity to the system. Meanwhile, reverse repos declined by $4.9 billion for the week ending 9/23/26. That leaves them with only about $0.5 billion outstanding A decline in reverse repos can act as a liquidity injection. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about $5.7 billion (through Wednesday the 23rd). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are now very low. So unless they rise substantially, they will not be providing much influence on liquidity flows. Quantitative Easing had been providing some support for the bulls early in the year, but that no longer appears to be the case since Warsh took over. Fed policy seems to be getting more hawkish and the recent rate increase is evidence of that.

With regards to future rate moves, the market suspects the Fed is not done with just the ¼ point move we saw at the September meeting. The October meeting now shows about a 64% chance of another rate increase. Looking out to December, odds currently show a 93% chance that rates are elevated vs today's rates. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.


FedWatch Tool
Target Rate
Current
Compare
Probabilities
Aggregated
Historical
Historical
Downloads
Prior Hikes
Dot Plot
Chart
Table
Tools
CVOL
SOFR Watch
ESTR Watch
28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 27 Oct27 | 8 Dec27
MEETING INFORMATION
MEETING DATE | CONTRACT | EXPIRES | MID PRICE | PRIOR VOLUME | PRIOR OI
28 Oct 2026 | ZQV6 | 30 Oct 2026 | 96.1100 | 55,385 | 720,037
PROBABILITIES
EASE | NO CHANGE | HIKE
0.0 % | 35.8 % | 64.2 %
Target Rate Probabilities for 28 Oct 2026 Fed Meeting
Current target rate is 375-400
Probability
35.8%
64.2%
375-400
400-425
Target Rate (in bps)
TARGET RATE (BPS) | PROBABILITY(%)
NOW * | 1 DAY 24 SEP 2026 | 1 WEEK 18 SEP 2026 | 1 MONTH 26 AUG 2026
350-375 | 0.0% | 0.0% | 0.0% | 47.9%
375-400 (Current) | 35.8% | 31.4% | 42.4% | 43.1%
400-425 | 64.2% | 68.6% | 57.6% | 8.9%
* Data as of 26 Sep 2026 01:46:37 CT
1/1/2028 and forward are projected meeting dates
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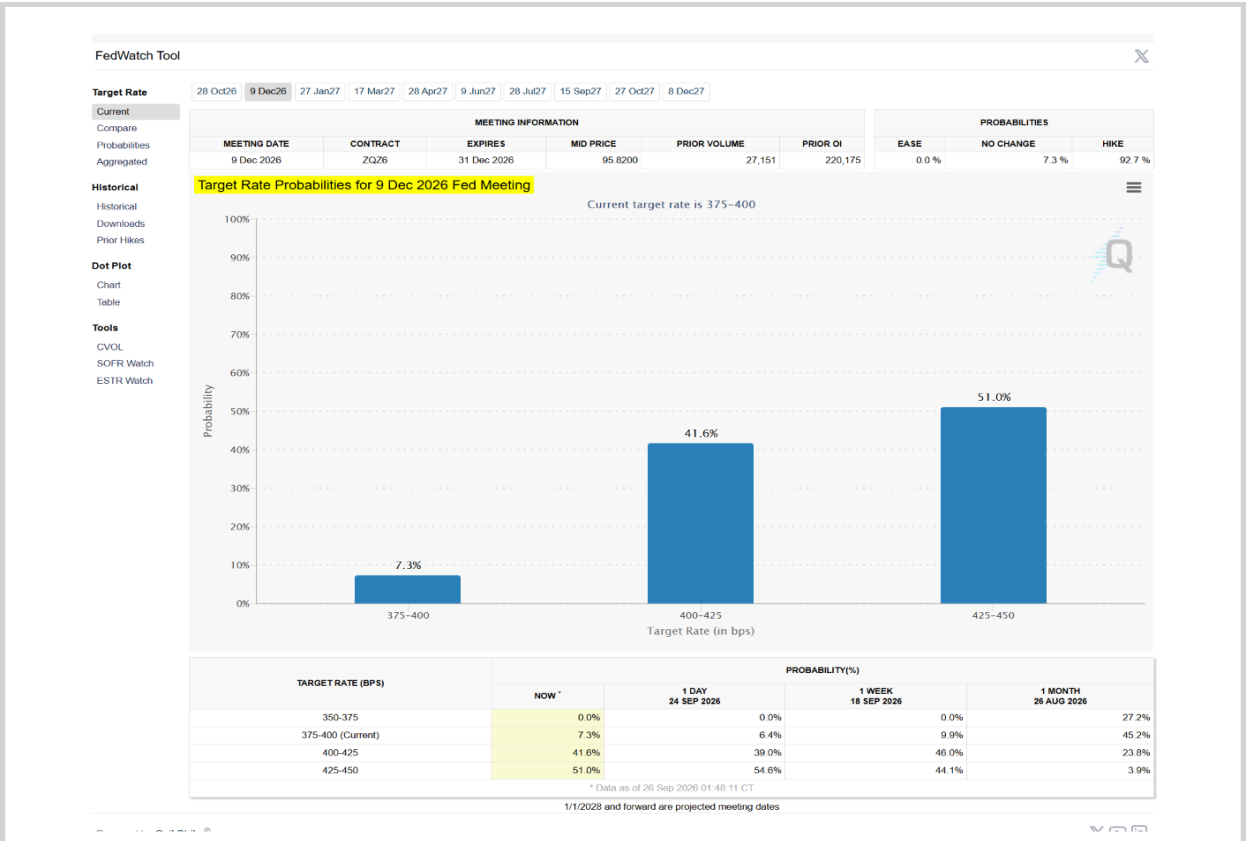
FedWatch Tool
Target Rate
Current
Compare
Probabilities
Aggregated
Historical
Historical
Downloads
Prior Hikes
Dot Plot
Chart
Table
Tools
CVOL
SOFR Watch
ESTR Watch
28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 27 Oct27 | 8 Dec27
MEETING INFORMATION
MEETING DATE | CONTRACT | EXPIRES | MID PRICE | PRIOR VOLUME | PRIOR OI
9 Dec 2026 | ZQZ6 | 31 Dec 2026 | 95.8200 | 27,151 | 220,175
PROBABILITIES
EASE | NO CHANGE | HIKE
0.0 % | 7.3 % | 92.7 %
Target Rate Probabilities for 9 Dec 2026 Fed Meeting
Current target rate is 375-400
Probability
7.3%
41.6%
51.0%
375-400
400-425
425-450
Target Rate (in bps)
TARGET RATE (BPS) | PROBABILITY(%)
NOW * | 1 DAY 24 SEP 2026 | 1 WEEK 18 SEP 2026 | 1 MONTH 26 AUG 2026
350-375 | 0.0% | 0.0% | 0.0% | 27.2%
375-400 (Current) | 7.3% | 6.4% | 9.9% | 45.2%
400-425 | 41.6% | 39.0% | 46.0% | 23.8%
425-450 | 51.0% | 54.6% | 44.1% | 3.9%
* Data as of 26 Sep 2026 01:48:11 CT
1/1/2028 and forward are projected meeting dates

As we have seen over and over, odds continually shift, so we will likely see further refinement as we get closer to these meeting dates. It currently seems that the next Fed move is more likely to be a hike in rates than it is to be a cut. There is a decent chance that move could come soon.

Intermediate-term evidence remains mixed, but it is tilting a little more towards the bulls. With Monday night's study being added, we have seen 4 new bullish studies emerge over the last few weeks. One of them points to the fact that the NASDAQ continues to lead versus the SPX. There are also the %b momentum study from August 5th, longer-term price thrust type studies from May, and the fact that the long-term trend remains up. Of course potential issues remain. The recent Hindenburg Omen Cluster is a warning sign that suggests the market is still susceptible to selling. Since the August 12th discussion when the Hindenburg Omen cluster reached 4 triggers, it has increased even further. Split market conditions are not resolving themselves. We also have multi-month new-high divergence from the Study of Tops. Long-term seasonality is bearish through October, though as we saw in the study at the start of the letter, that volatility can swing both ways. The Fed is looking hawkish, and further rate increases appear likely. Geopolitical risks can pop up at any time. And with mid-term elections coming up soon, that could add more uncertainty to the mix. But the bear case is largely seasonality and *potential* triggers. The bull case is mostly positive price action. I think the bulls have a better case. I am shifting my bias back to bullish. I intend to trade more conservatively with short trades and potentially more aggressively with long trades.

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers
FDX – 1/3 @ $279.54 (bought @ limit)
GD – 1/3 @ $336.29 (bought @ limit)
NEE – 1/3 @ $75.62 (bought @ limit)
SO – 1/3 @ $82.89 (bought @ limit)
New
SO – 1/3 @ $82.88 (buy @ limit)

***Broad Market Large Cap CBI* – 5(FDX, GD, NEE, SO-2)**

Additional New Trade Ideas

SO – Buy 1/3 Catapult position @ $82.88 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of SO.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
CVS(1/3)	9/23/2026	$86.70	$89.13	2.80%	*sell on open*
CVS(1/3)	9/24/2026	$85.83	$89.13	3.84%	*sell on open*
CVS(1/3)	9/25/2026	$85.05	$89.13	4.80%	*sell on open*
SO(1/3)	9/25/2026	$82.67	$82.88	0.25%	Catapult
NEE(1/3)	9/25/2026	$75.62	$76.08	0.61%	Catapult
GD(1/3)	9/25/2026	$336.21	$336.72	0.15%	Catapult
FDX(1/3)	9/25/2026	$279.54	$285.85	2.26%	Catapult

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