QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 1, 2026 Volume 20 Issue 187

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	4

Tonight's Research Points

- SPY closing in the bottom half of its range on the last day of the month has historically set up a bullish 1st trading day of the new month.
- A 3-day pullback that did not start from a 20-day high has typically produced an upside edge the following day.
- Weak closes at 5-day lows above the 200ma are often followed by a bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I am as well.

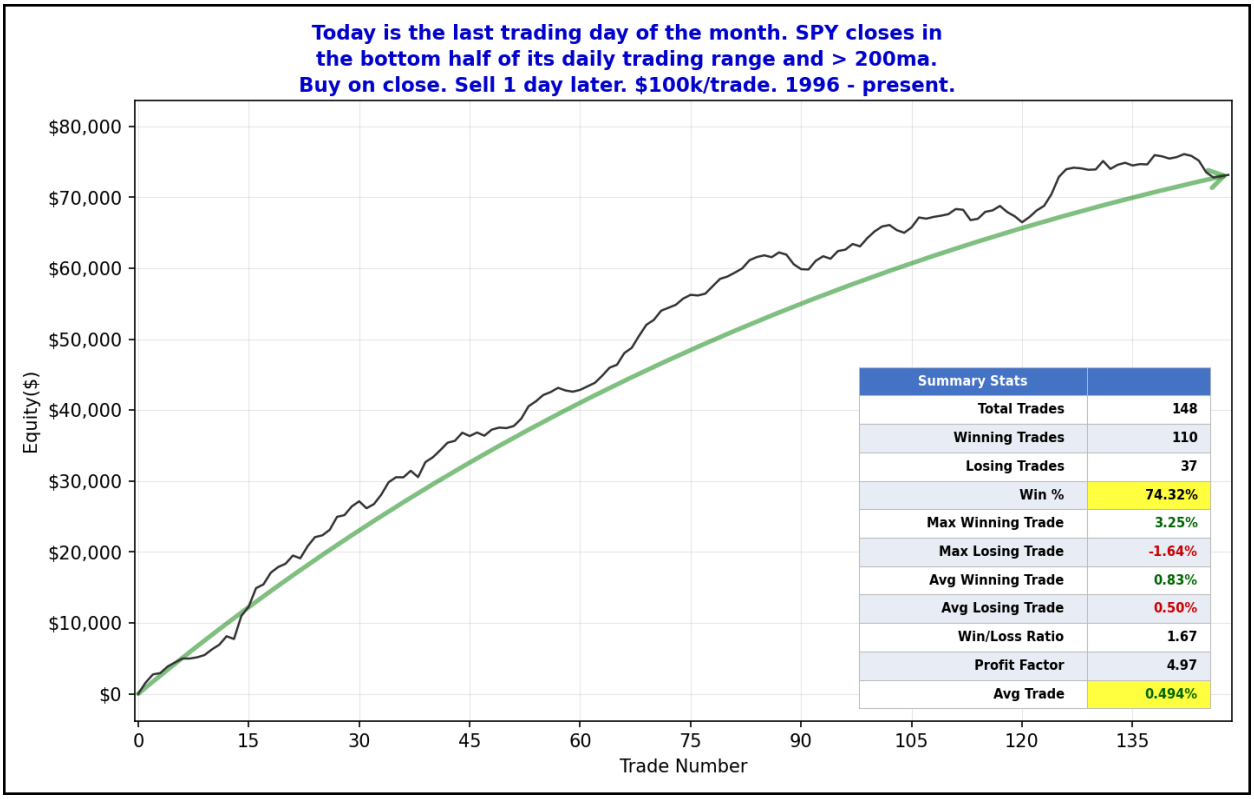
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
October 1, 2026	SPX bottom 10% of range at 5-day low	1-5 days	Bullish	1.64%	-1.30%	-2.72%
October 1, 2026	SPX down exactly 3 days, not from 20-high	1 day	Bullish			
October 1, 2026	SPY closes month in bottom half of range	1 day	Bullish			
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 5, 2026	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.91%	-4.26%	-8.73%
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

After trading higher much of the day, sharp selling into the close caused the indices to finish mixed on Wednesday. SPX closed down 0.3%, the NASDAQ gained 0.2%, and the Russell 2000 declined 0.4%. Breadth was weak as the NYSE Up Issues % closed at 36% and the NYSE Up Volume % posted a 32% reading. NYSE total volume spiked higher from Tuesday's level.

Last night I discussed that the market has had a bullish tendency on the first day of a new month but that bullish tendency has primarily played out when it has closed poorly on the last day of the previous month. We certainly got that poor close today. Below is the study I showed last night, which has now triggered.



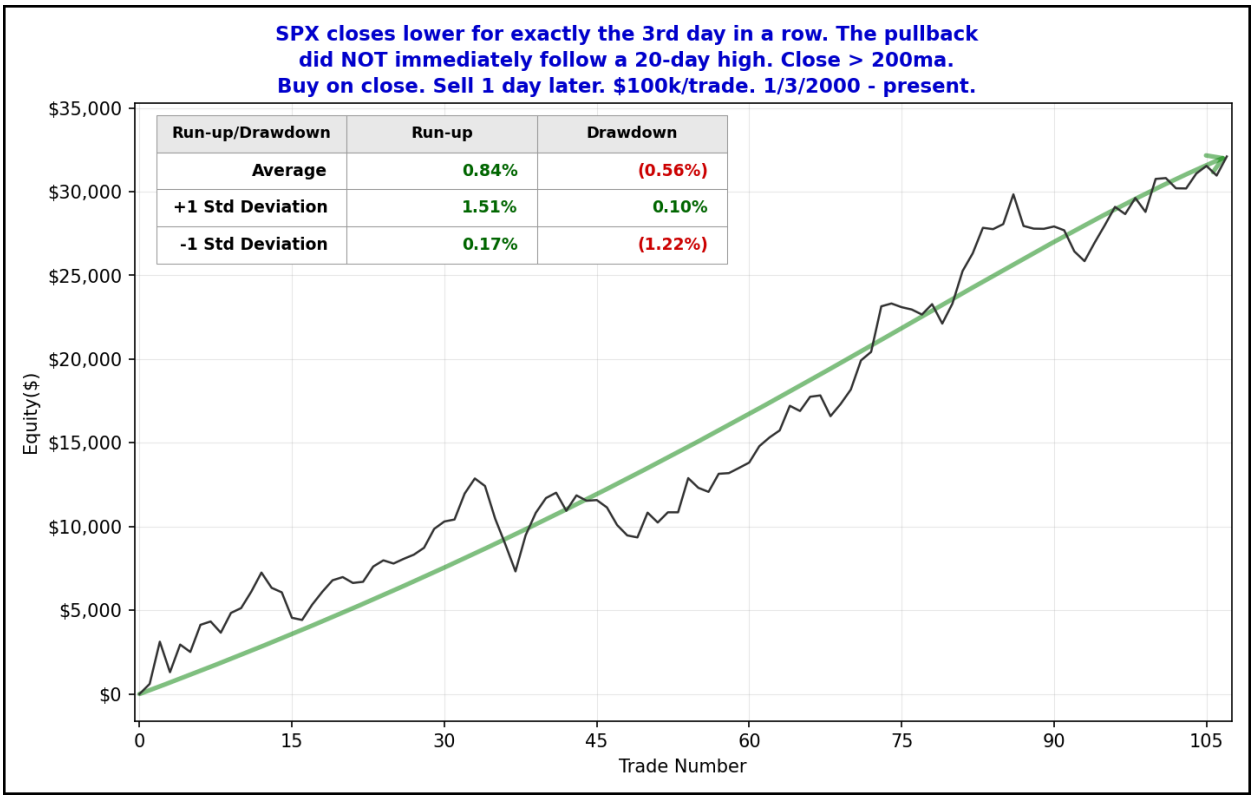
As I noted last night … *The stats here are very strong. Gains absolutely blow away losses in every category. Gross gains are nearly 5x the size of gross losses. That's a very impressive stat when you are looking at a sample size of 148 instances. And despite a few recent failures, the curve has shown progress over a long period of time. The current dip is not completely out of character, either. There have been a few other instances on the chart where there have been similar struggles. This setup certainly appears to provide a 1-day bullish edge.* I have added it to the active list tonight.

Another them from the Quantifinder this evening 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 10/13/21 letter. It examined pullbacks during uptrends that did not originate at intermediate-term highs.

SPX closes lower for exactly the 3rd day in a row. 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	103	62	41	60.19%	5.61%	-4.63%	1.69%	1.25%	1.35	2.04	0.520%
4	107	66	41	61.68%	5.36%	-4.07%	1.65%	1.33%	1.24	2.00	0.507%
3	107	65	42	60.75%	4.96%	-5.41%	1.43%	1.24%	1.16	1.79	0.384%
2	107	66	41	61.68%	4.49%	-7.48%	1.10%	0.91%	1.20	1.94	0.328%
1	107	67	40	62.62%	2.72%	-1.95%	0.88%	0.67%	1.31	2.19	0.300%

Much of the upside edge has been realized on Day 1. And the 1-day hold showed the most impressive looking equity curve as well. It can be seen below.



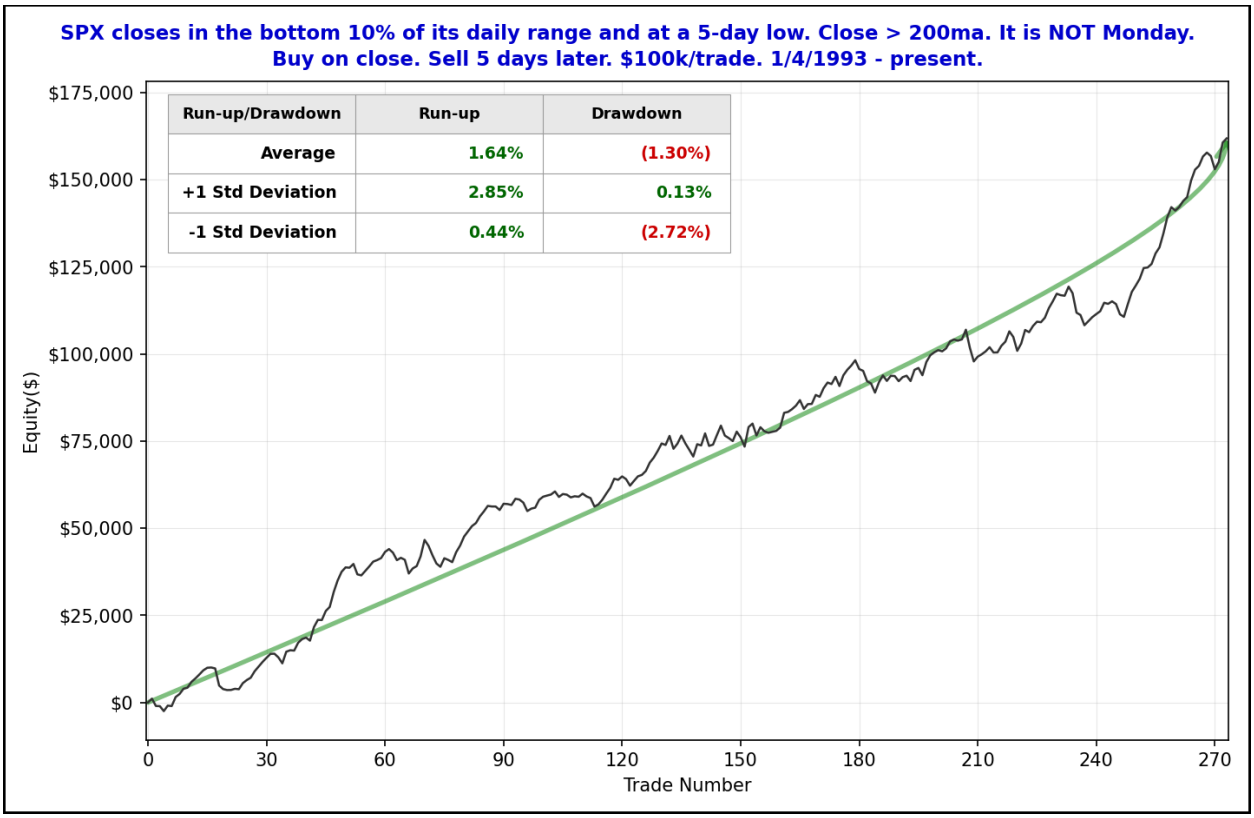
Not perfect, but not bad as it makes its way from lower left to upper right. This was also added to the active list.

The study below looks at times since 1993 that SPX 1) closed in the bottom 10% of its daily range, 2) at a 5-day low, 3) above the 200ma, and 4) it was not Monday. The "not Monday" requirement seems like an odd one. But it is included because when it happens on a Monday it is even more powerful – containing Turnaround Tuesday potential. Last seen in the 6/4/26 letter, results are all updated.

SPX closes in the bottom 10% of its daily range and at a 5-day low. Close > 200ma. It is NOT Monday.
Buy on close. Sell X days later. 1/4/1993 - present.

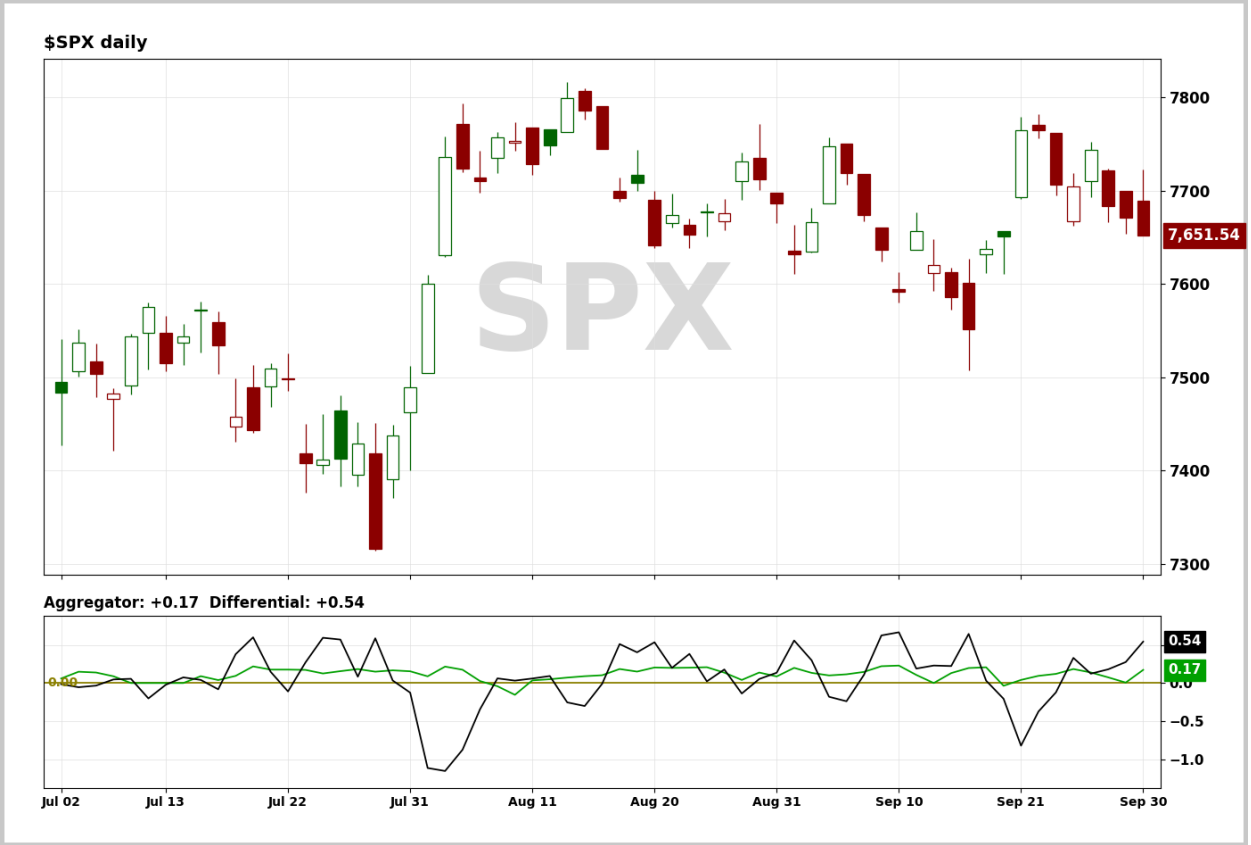
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	273	177	96	64.84%	5.61%	-5.60%	1.70%	1.44%	1.18	2.17	0.593%
4	285	176	109	61.75%	5.75%	-6.56%	1.54%	1.32%	1.17	1.88	0.447%
3	293	187	106	63.82%	4.96%	-5.56%	1.24%	1.26%	0.99	1.75	0.339%
2	313	188	125	60.06%	4.49%	-7.48%	1.06%	1.02%	1.04	1.57	0.232%
1	343	210	133	61.22%	2.72%	-5.76%	0.70%	0.77%	0.90	1.43	0.128%

The stats table shows moderate odds of a move higher over the next few days. Below is a look at the 5-day profit curve.



The stats were not overwhelming, but I do like the profit curve. It shows a very persistent move higher that has accelerated in recent times. Overall, the study appears to suggest an upside edge and seems to be worth consideration.

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 moved fruther 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7713.99. That is 0.8% above Wednesday's close. Therefore, SPX will need to close up at least 0.8% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Solid evidence appeared tonight. And there is decent upside potential. So risk/reward appears favorable. I anticipated this last night if we got a down day and a weak close, we did have a fill on the SPY trade idea from last night. I won't look to add further to that position just yet. Instead I will hold tight and see what tomorrow brings.

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

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)
New
SPG – 1/3 @ $200.76 (buy @ limit)

***Broad Market Large Cap CBI* – 4(FDX, GD, NEE, SPG)**

Additional New Trade Ideas

SPG – Buy 1/3 Catapult position @ $200.76 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of SPG.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SO(1/3)	9/25/2026	$82.67	$82.89	0.27%	*sell on open*
NEE(1/3)	9/25/2026	$75.62	$75.74	0.16%	Catapult
GD(1/3)	9/25/2026	$336.21	$331.83	-1.30%	Catapult
FDX(1/3)	9/25/2026	$279.54	$285.09	1.99%	Catapult
SO(1/3)	9/28/2026	$82.88	$82.89	0.01%	*sell on open*
SO(1/3)	9/29/2026	$81.95	$82.89	1.15%	*sell on open*
SPY(1/4)	9/30/2026	$762.63	$762.63	0.00%	Aggregator

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