QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 2, 2026 Volume 20 Issue 188

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	4

Tonight's Research Points

- SPX's 2-day reversal pattern near the low end of its short-term range suggests it could be set up to bounce over the next several days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. This bounce has more upside potential but it won't take too much more for SPX to turn from short-term oversold to overbought relative to recent expectations.

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 2, 2026	SPX higher high & down, then lower low & u	1-5 days	Bullish	2.07%	-1.18%	-2.38%
October 1, 2026	SPX bottom 10% of range at 5-day low	1-5 days	Bullish	1.64%	-1.30%	-2.72%
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

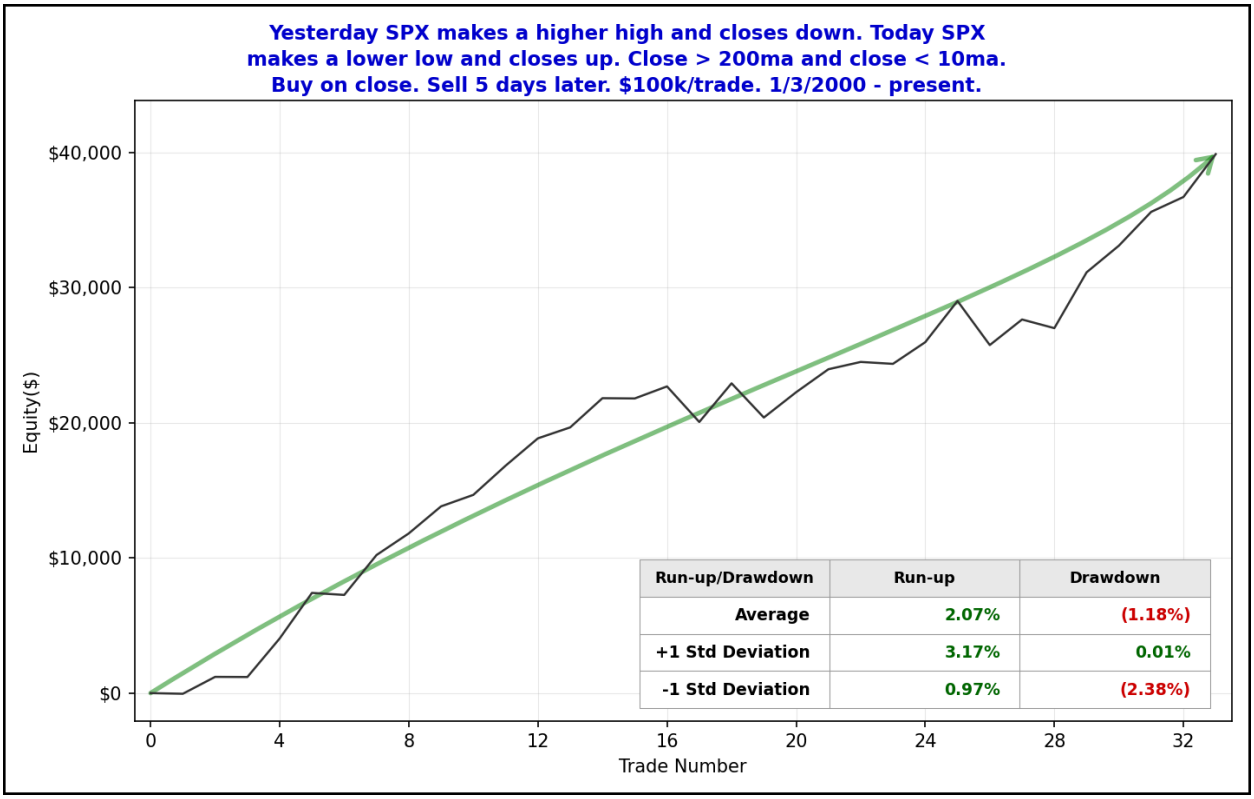
Thursday saw modest gains for the indices. SPX finished up 0.2%, the NASDAQ gained 0.04%, and the Russell 2000 climbed 0.3%. Breadth was moderately positive as the NYSE Up Issues % closed at 56% and the NYSE Up Volume % also posted a 56% reading. NYSE total volume dropped sharply from Wednesday's level.

On Wednesday the bulls tried to make a move higher and failed, making for a higher high and a lower close. On Thursday the opposite happened. The bears failed in their attempt at a move lower. In the 10/3/23 Subscriber Letter I looked at two-day moves like this. I found results to be substantially different based on whether the market is near the top or the bottom of its short-term range. When the pattern occurs in the lower end of the short-term range it has been bullish over the next 4-5 days. This can be seen in the below test.

Yesterday SPX makes a higher high and closes down. Today SPX makes a lower low and closes up. Close > 200ma and close < 10ma. Buy on close. Sell X days later. 1/3/2000 - present.

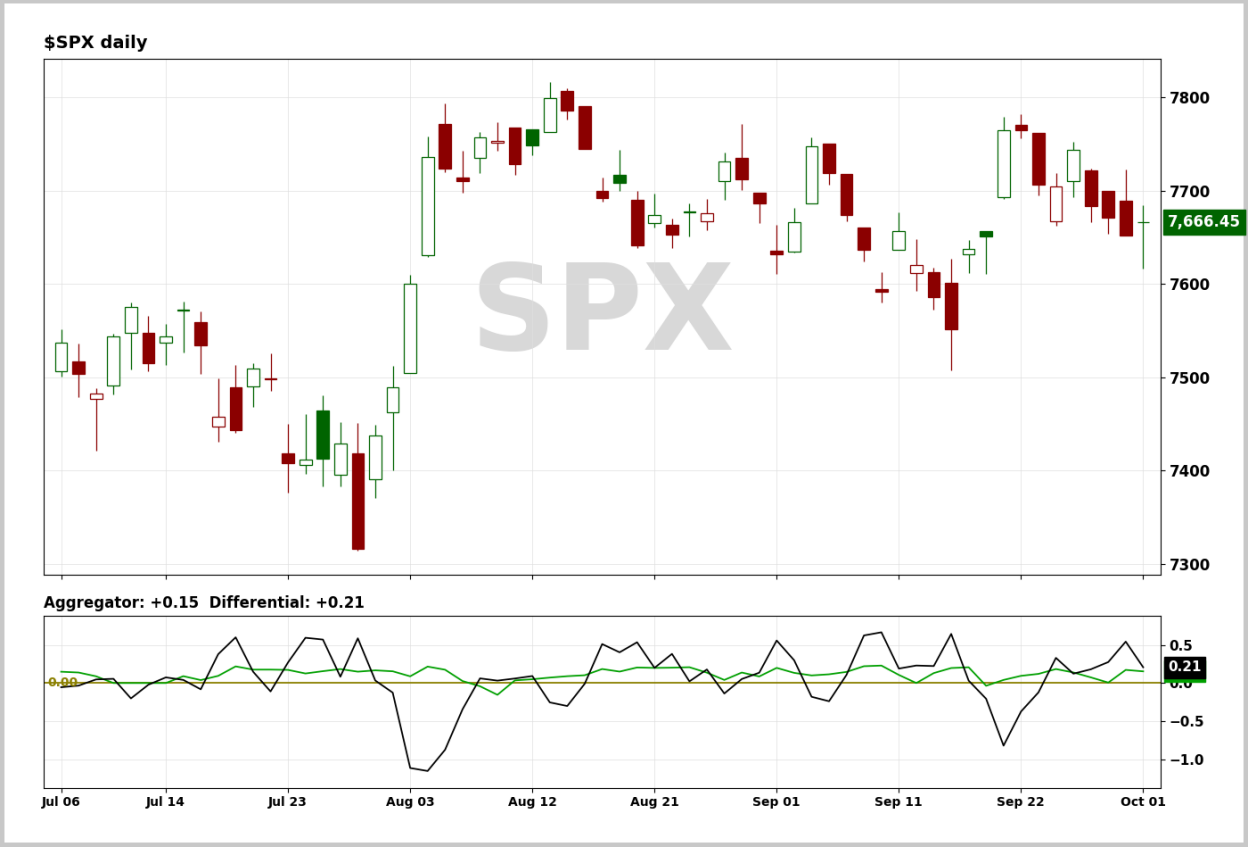
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	33	24	9	72.73%	4.13%	-3.26%	2.05%	1.05%	1.96	5.22	1.208%
4	34	29	5	85.29%	3.73%	-2.64%	1.48%	1.73%	0.86	4.96	1.006%
3	34	24	10	70.59%	3.17%	-3.54%	1.31%	1.10%	1.19	2.87	0.603%
2	34	21	13	61.76%	3.23%	-2.28%	1.32%	1.13%	1.17	1.88	0.382%
1	34	19	15	55.88%	1.72%	-2.00%	0.92%	0.79%	1.17	1.49	0.168%

Odds favor a move higher and the stats are impressive over the next 4-5 days. Here is a look at the 5-day profit curve.



That is a steady move from lower left to upper right. This serves as some confirmation of the upside edge suggested by the results table. I have added this study to the Active List.

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 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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7687.62. That is 0.3% above Thursday's close. Therefore, SPX will need to close up at least 0.3% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. We are seeing more evidence suggesting the market could run higher over the next few days. But while there is some room to the upside before SPX would turn overbought, there really isn't much. I am not inclined to add any more to the current index position. I may look to take profits on it if Friday is a strong day, since that would mean the end of the bullish aggregator formation

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)
New
LMT – 1/3 @ $505.50 (buy @ limit)
MS – 1/3 @ $188.01 (buy @ limit)

***Broad Market Large Cap CBI* – 4(FDX, GD, LMT, MS)**

Additional New Trade Ideas

LMT – Buy 1/3 Catapult position @ $505.50 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of LMT.

MS – Buy 1/3 Catapult position @ $188.01 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of MS.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SO(1/3)	***9/25/2026***	***$82.67***	***$82.64***	***-0.04%***	***sold on open***
NEE(1/3)	9/25/2026	$75.62	$76.35	0.97%	*sell on open*
GD(1/3)	9/25/2026	$336.21	$332.72	-1.04%	Catapult
FDX(1/3)	9/25/2026	$279.54	$287.07	2.69%	Catapult
SO(1/3)	***9/28/2026***	***$82.88***	***$82.64***	***-0.29%***	***sold on open***
SO(1/3)	***9/29/2026***	***$81.95***	***$82.64***	***0.84%***	***sold on open***
SPY(1/4)	9/30/2026	$762.63	$763.99	0.18%	*see note below*
SPG(1/3)	10/1/2026	$199.73	$200.81	0.54%	*sell on open*

I will look to *sell SPY @ $767.50 LIMIT ON CLOSE IF SPY ALSO CLOSES IN THE TOP HALF OF ITS INTRADAY RANGE*.

SPG was listed as a catapult trigger last night. This was an error on my part since it is no longer in the S&P 100. I have removed it from the CBI count and will be looking to exit that position in the morning.

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