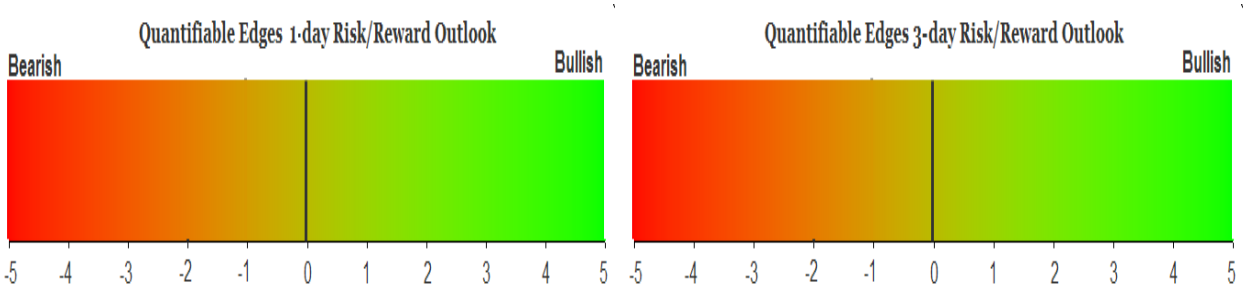
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 7, 2026 Volume 20 Issue 191

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	3

Tonight's Research Points

- SPX broke out to a new 50-day high for the 1st time in a few weeks. Doing so on lower volume and on at least a 3rd straight higher close has historically shown an upside edge over the next week.
- SPY breakouts to 50-day highs that occur with an unfilled up gap have often led to more short-term buying.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. 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 7, 2026	SPY 50-day high with unfilled gap up	1-5 days	Bullish	1.37%	-0.96%	-1.97%
October 7, 2026	SPX 50-day high, lower volume, 3+ up days	1-5 days	Bullish	1.54%	-0.91%	-1.90%
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 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 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)						
October 2, 2026	***SPX higher high & down, then lower l***	***1-5 days***	***Bullish***	***2.07%***	***-1.18%***	***-2.38%***

The Evidence

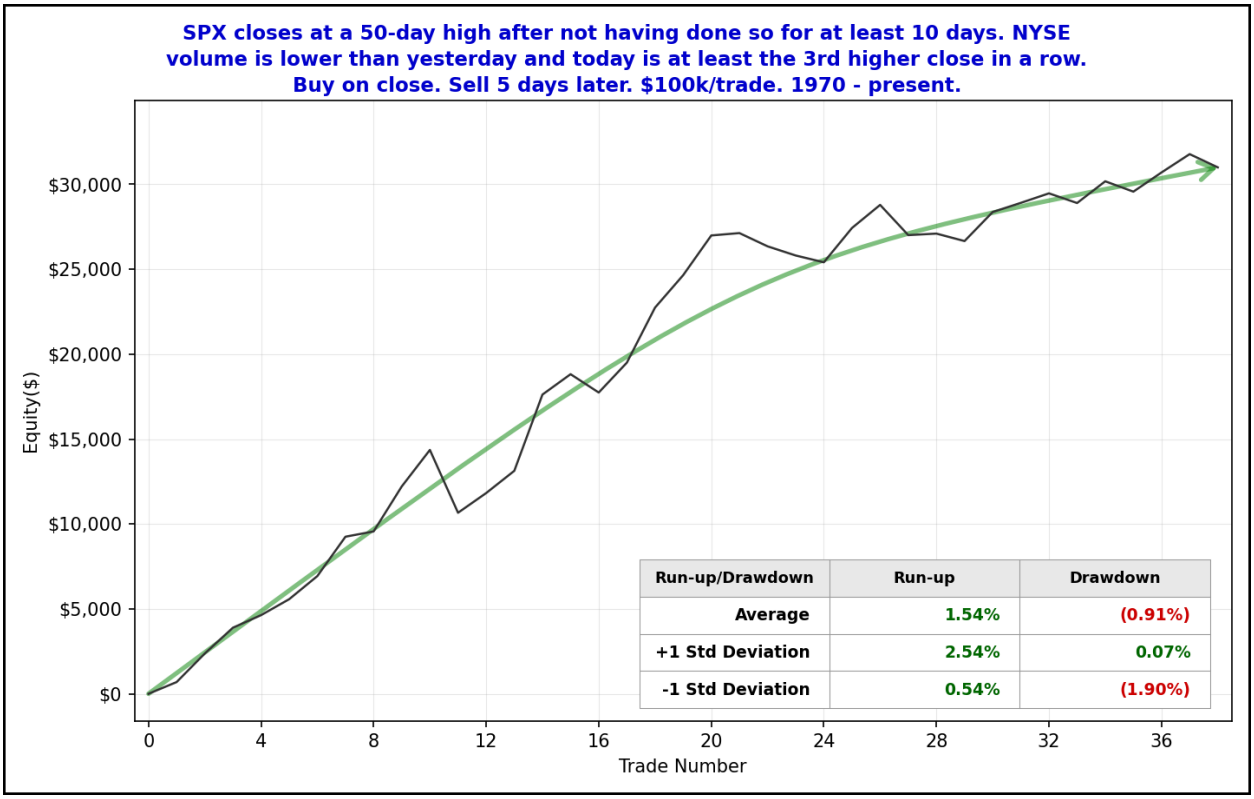
The market was mostly higher on Tuesday with the SPX and the Nasdaq both making new all-time highs. SPX finished up 0.6%, the NASDAQ gained 0.4%, and the Russell 2000 declined 0.6%. Breadth was positive as the NYSE Up Issues % closed at 60% and the NYSE Up Volume % posted a 65% reading. NYSE total volume dropped sharply from Monday's level.

The SPX closed at new 50-day high for the 1st time since August 13th. Days where the market breaks out to a new 50-day high for the 1st time in a while will often give some clues as to the likely additional follow-through. One indicator that helps to give clues is the volume on the breakout. In the past I have broken down volume by times it came in 1) lower, 2) the highest in 20 days, and 3) higher, but not the highest level in 20 days. Tuesday the volume fit into the 1st category, which was lower. That has been a good one. (Higher volume, but not the highest in 20 days is the worst.) Back in the 10/27/25 letter I looked at other times this happened while SPX had also closed higher for 3 days in a row, suggesting it was short-term overbought. I've updated those results below.

SPX closes at a 50-day high after not having done so for at least 10 days. NYSE volume is lower than yesterday and today is at least the 3rd higher close in a row. Buy on close. Sell X days later. 1970 - 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	38	28	10	73.68%	4.49%	-3.70%	1.49%	1.07%	1.39	3.90	0.815%
4	38	29	9	76.32%	4.45%	-2.15%	1.04%	1.11%	0.93	3.01	0.529%
3	38	25	13	65.79%	3.96%	-1.08%	1.07%	0.56%	1.91	3.67	0.510%
2	38	28	10	73.68%	2.14%	-1.74%	0.77%	0.85%	0.91	2.54	0.342%
1	38	23	15	60.53%	1.39%	-1.05%	0.50%	0.40%	1.25	1.92	0.146%

The numbers here look solidly bullish. Below is a look at the 5-day profit curve.



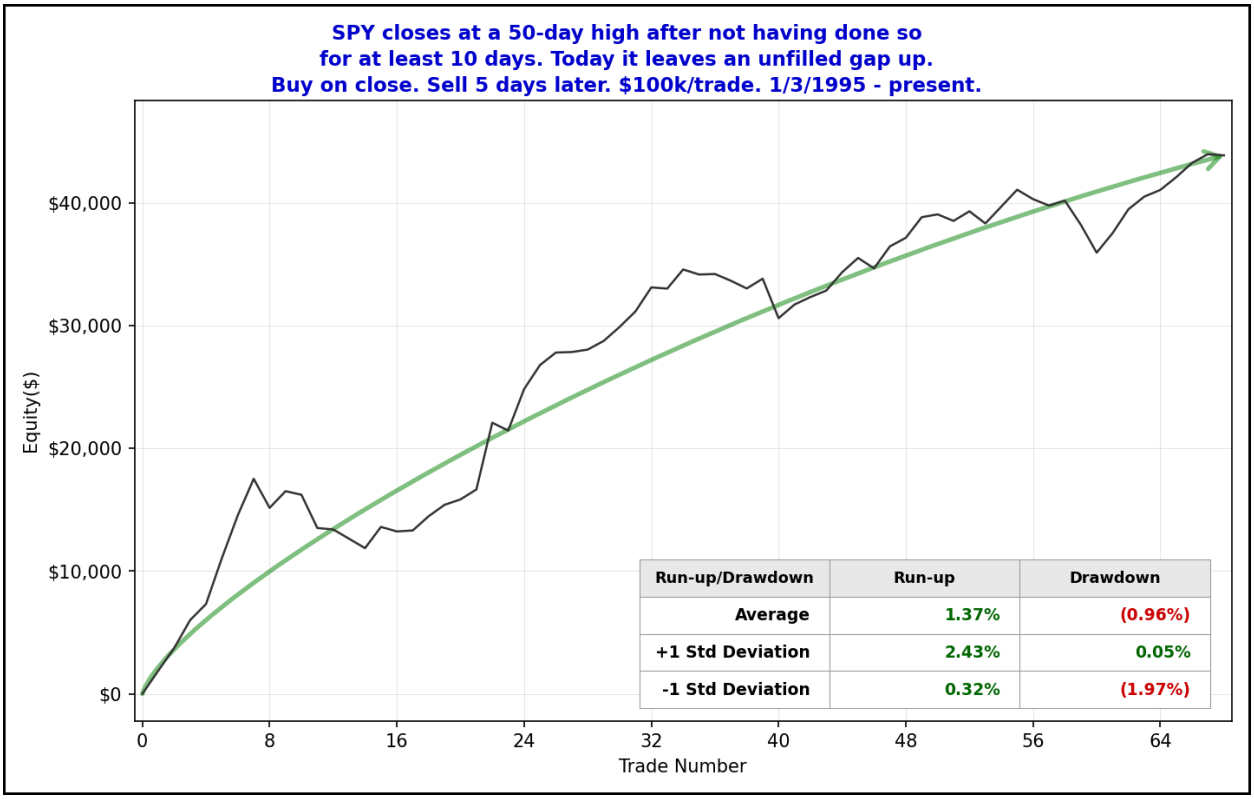
That is a nice persistent move from lower left to upper right on the chart. The evidence as a whole seems good enough to give this study some consideration. So I have included it on the active list.

There was also good news with regards to how SPY broke out. This is because the breakout came with an unfilled gap up. I last showed the importance of an unfilled gap in the 8/5/26 subscriber letter. I have updated those studies below.

SPY closes at a 50-day high after not having done so for at least 10 days. Today it leaves an unfilled gap up.
Buy 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
5	68	47	21	69.12%	5.44%	-3.22%	1.38%	1.00%	1.38	3.09	0.645%
4	68	46	22	67.65%	3.64%	-3.27%	1.08%	0.88%	1.23	2.58	0.448%
3	68	44	24	64.71%	3.99%	-2.54%	1.02%	0.85%	1.19	2.19	0.358%
2	68	44	24	64.71%	2.60%	-2.32%	0.77%	0.65%	1.18	2.17	0.269%
1	68	43	24	63.24%	1.92%	-2.64%	0.49%	0.58%	0.85	1.52	0.107%

Results here are strong across the board. Below is an equity curve using a 5-day holding period.



It has been a bit choppy, but the move up is still impressive. Technicians will often use the term "breakaway gap". This suggests the gap occurs on the same day as a base breakout. The idea is that the new high causes excitement and the gap leaves a good amount of people sidelined or stuck short. When it doesn't immediately fill, it leads these people to chase and helps to propel the market even higher.

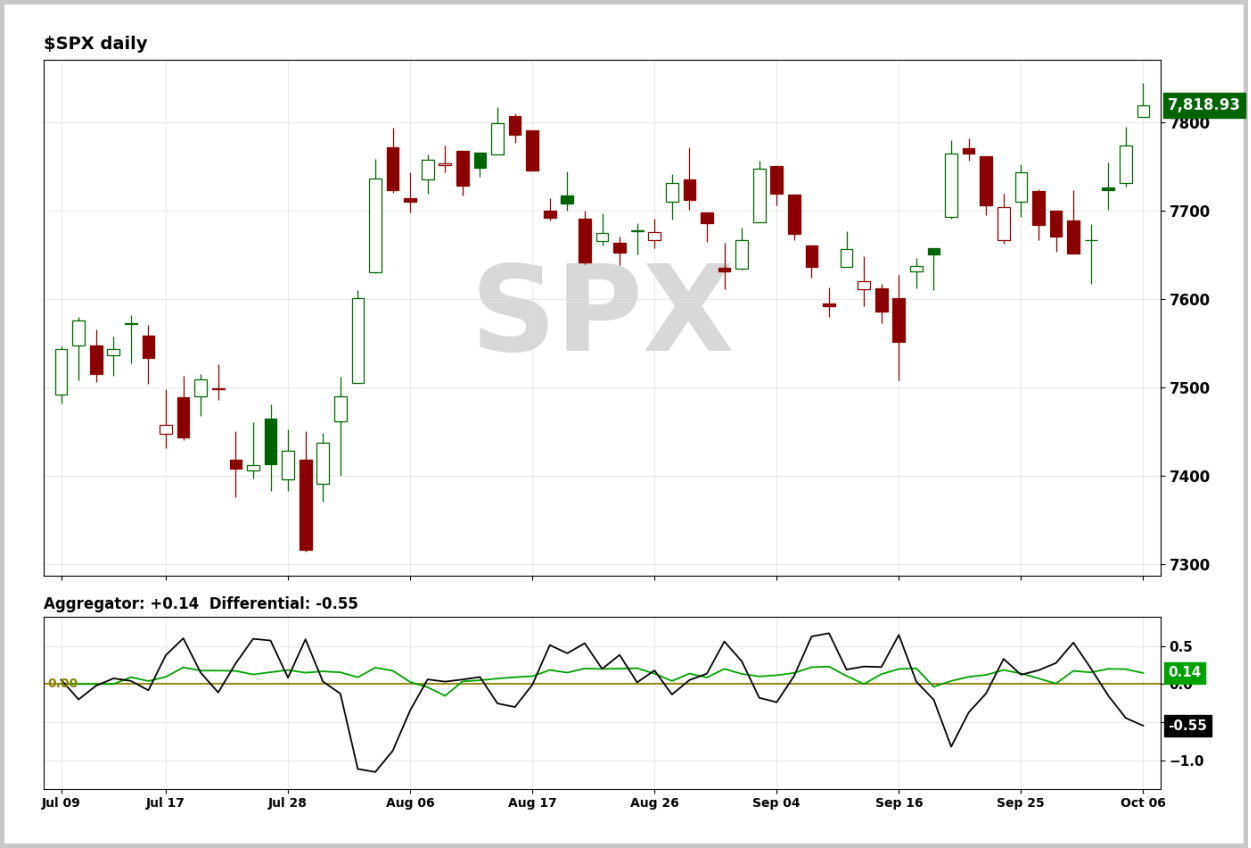
So let's look at instances where the 50-day high breakout was not accompanied by an unfilled gap. Interestingly, the number of instances was a little lower here. This study also appeared in the 8/5/26 letter (stats updated below).

SPY closes at a 50-day high after not having done so for at least 10 days. Today it does not leave an unfilled gap up.
Buy 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
5	63	39	23	61.90%	2.78%	-4.29%	1.15%	1.41%	0.82	1.38	0.197%
4	63	38	24	60.32%	1.96%	-4.52%	1.00%	1.58%	0.64	1.01	0.006%
3	63	39	24	61.90%	2.93%	-5.14%	0.97%	1.27%	0.76	1.24	0.117%
2	63	37	25	58.73%	2.22%	-3.64%	0.72%	0.88%	0.82	1.21	0.075%
1	63	36	26	57.14%	1.60%	-2.45%	0.52%	0.42%	1.23	1.71	0.123%

Moves to new highs that don't start with an unfilled gap are much less reliable. The fact that we had an unfilled gap up on Tuesday appears beneficial, so I have added that study to the short-term 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 below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is 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 stayed flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7762.97. That is 0.7% below Tuesday's close. Therefore, SPX will need to close down at least 0.7% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. The breakout was encouraging and the way it occurred suggests we could see more upside over the next few days. But with SPX already being short-term overbought, that skews risk/reward so that it is not terribly favorable. I'll wait for a more compelling entry opportunity before considering taking on new index exposure.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/5 – bullish

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

GD – 1/3 @ $336.29 (bought @ limit)
RTX – 1/3 @ $184.33 (bought @ limit)
New
RTX – 1/3 @ $183.29 (buy @ limit)

***Broad Market Large Cap CBI* – 3(GD, RTX-2)**

Additional New Trade Ideas

RTX – Buy 1/3 Catapult position @ $183.29 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of RTX.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
GD(1/3)	9/25/2026	$336.21	$331.33	-1.45%	Catapult
LMT(1/3)	10/2/2026	$505.50	$510.12	0.91%	*sell on open*
LMT(1/3)	10/5/2026	$505.41	$510.12	0.93%	*sell on open*
RTX(1/3)	10/6/2026	$183.55	$183.29	-0.14%	Catapult

DISCLAIMER: PAST PERFORMANCE, WHETHER ACTUAL OR TESTED, DOES NOT GUARANTEE FUTURE RESULTS, PROFITABILITY, OR CORRELATION TO ANY LISTED SECURITY OR TRADE IDEA.

This publication is produced by Quantifiable Edges, LLC (QE), and is intended solely for informational and educational purposes. It is a regularly issued impersonal financial research commentary, and should not be construed as personalized investment advice, a solicitation to buy or sell securities, or a recommendation tailored to any individual's financial circumstances. Data provided by Tradestation and Norgate Data. The information presented herein is believed to be accurate at the time of publication, but QE makes no representation or warranty as to its completeness or reliability. Opinions, data and analyses are subject to change without notice. Readers are encouraged to conduct their own due diligence and consult with a qualified financial professional before making investment decisions. There is a high degree of risk in trading and simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading or the results of a specific account or group of accounts. Because these trades may not have been executed, results could misrepresent the effects of market factors like liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve results like those shown. QE, its officers and employees do not accept responsibility for any direct or consequential loss resulting from the use of this information.

Mr. Robert Hanna, author of the publication, is separately affiliated with Eastsound Capital Advisors, LLC (ECA), doing business as Capital Advisors 360. ECA is registered as an investment adviser with the Securities and Exchange Commission (SEC). ECA provides individual client services only in states in which it is filed, or which an exemption or exclusion from such filing exists. Registration with the SEC does not imply a certain level of skill or training. Although ECA clients utilizing the approaches developed by Mr. Hanna incidentally receive the QE Gold Subscription at no charge, ECA does not sponsor, endorse or validate its content. Mr. Hanna and/or his clients may hold positions in securities (including derivatives) mentioned herein; however, such holdings are not intended as endorsements and may change without notice and/or differ from published study indications at the sole discretion of Mr. Hanna. No part of this publication may be reproduced, redistributed, or republished without prior written consent from QE.

Copyright © 2026 Quantifiable Edges, LLC.