QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 9, 2026 Volume 20 Issue 193

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- When SPX has closed lower despite strong breadth (NYSE Up Issues % and Up Volume % both above 60%), there has typically been an upside edge over the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I believe there is an upside 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						
October 9, 2026	SPX down, Up Issues & Up Volume % > 60%	1-2 days	Bullish	0.98%	-0.61%	-1.40%
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			

The Evidence

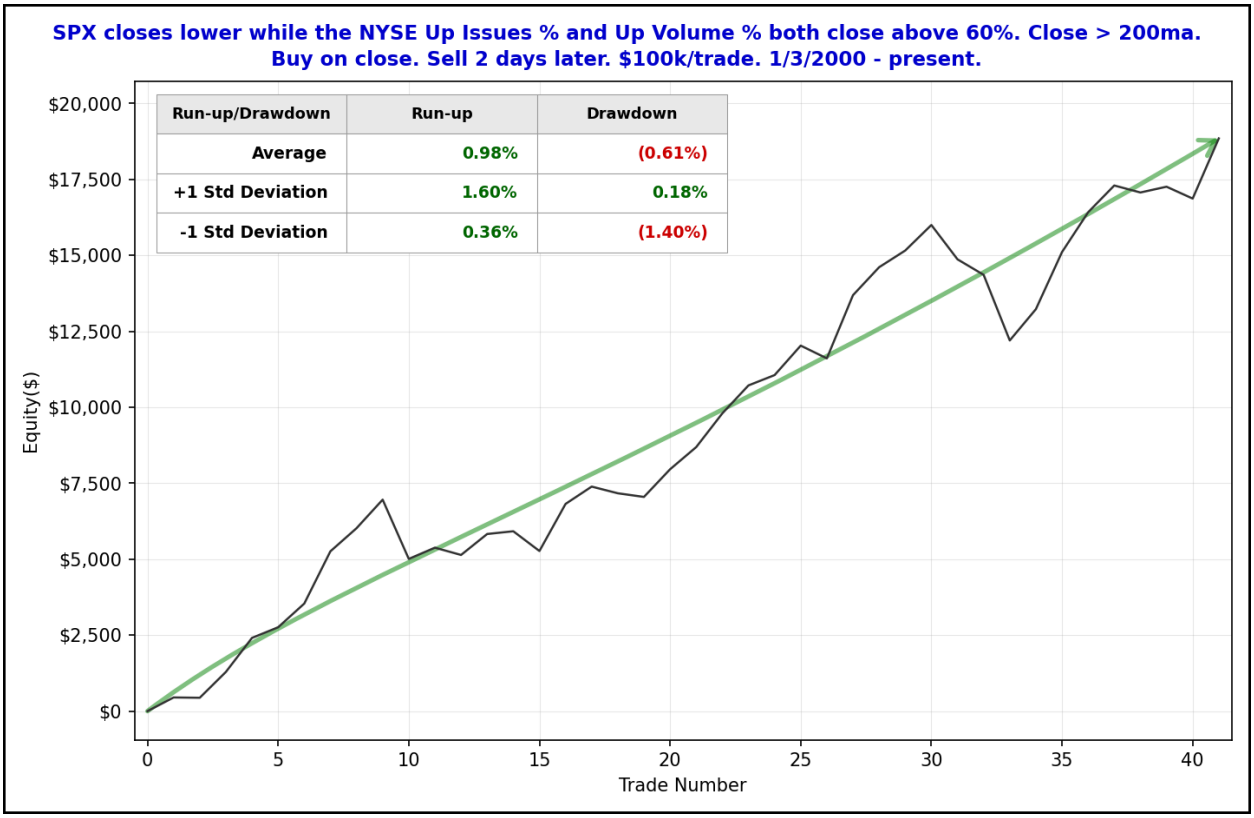
The market was mostly lower on Thursday. SPX finished down 0.5%, the NASDAQ lost 1.3%, and the Russell 2000 rose 0.03%. Breadth was decent, though as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % posted a 69% reading. NYSE total volume spiked higher from Wednesday's level.

Seeing both the NYSE Up Issues % and the NYSE Up Volume % post such strong numbers on a day that the SPX closed down is quite unusual. I decided to take a look at that tonight and see how the market performed over the next few days following other similar instances. The study I concocted is below.

SPX closes lower while the NYSE Up Issues % and Up Volume % both close above 60%. Close > 200ma.
Buy on close. Sell X days later. 1/3/2000 - present.

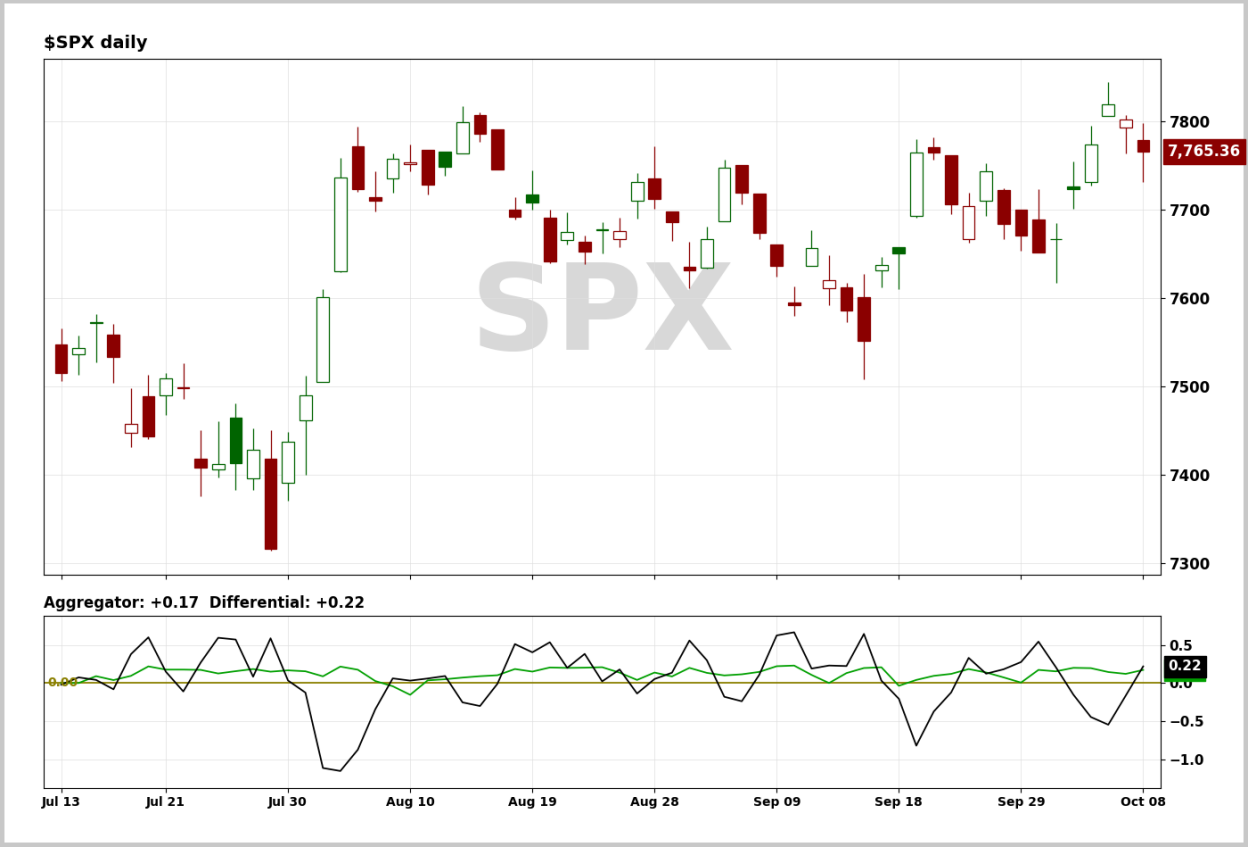
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	37	27	10	72.97%	3.84%	-4.39%	1.47%	1.58%	0.93	2.50	0.644%
4	39	31	8	79.49%	3.05%	-2.80%	1.37%	1.34%	1.02	3.96	0.814%
3	40	33	7	82.50%	3.02%	-3.08%	1.17%	1.57%	0.75	3.52	0.691%
2	41	29	12	70.73%	2.08%	-2.16%	0.93%	0.67%	1.38	3.34	0.460%
1	41	31	10	75.61%	1.80%	-1.37%	0.58%	0.66%	0.88	2.73	0.279%

Over the next 1 to 4 days especially, there appears to be an upside edge. Stats are strong across the board. In looking at the profit curves, the 1- and 2-day curves were a little more appealing than the 3- and 4-day curves. I decided to show the 2-day holding period results below.



A little choppy, but that really is a nice strong move from lower left to upper right. This study appears to be worth some consideration and I have added it to the active list tonight.

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 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 turned 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 7860.61. That is 1.2% above Thursday's close. Therefore, SPX will need to close up at least 1.2% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence suggests there is a decent chance of a bounce over the next few days. And the market is short-term oversold with a room to the upside before it would flip to overbought. Overall this appears to be a compelling setup, and this seems like a favorable opportunity to at least start taking on some long index exposure. I have added a SPY trade idea to the trade ideas section down below.

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)
RTX – 1/3 @ $183.29 (bought @ limit)
RTX – 1/3 @ $180.26 (bought @ limit)
CMCSA – 1/3 @ $20.94 (bought @ limit)

***Broad Market Large Cap CBI* – 5(GD, RTX-3, CMCSA)**

Additional New Trade Ideas

SPY – Buy ¼ index position @ $773.92 LIMIT. Based on the short-term outlook above, there appears to be an upside edge. This trade idea will look to take advantage of it by starting to scale into an index position.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
GD(1/3)	9/25/2026	$336.21	$329.90	-1.88%	Catapult
RTX(1/3)	10/6/2026	$183.55	$184.32	0.42%	Catapult
RTX(1/3)	10/7/2026	$182.99	$184.32	0.73%	Catapult
RTX(1/3)	10/8/2026	$180.25	$184.32	2.26%	Catapult
CMCSA(1/3	10/8/2026	$20.91	$21.21	1.43%	Catapult

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