QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 16, 2026 Volume 20 Issue 198

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- Opex Friday often struggles after the open.

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 15, 2026	SPX 3rd down day is the largest drop	1-3 days	Bullish	1.64%	-0.93%	-2.09%
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 8, 2026	NASDAQ leading	int term	Bullish			
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

Thursday saw the market turn around from a rough start and finish higher. SPX rose 0.3%, the NASDAQ gained 0.1%, and the Russell 2000 rallied 1.4%. Breadth was strong as the NYSE Up Issues % closed at 74% and the NYSE Up Volume % also posted a 74% reading. NYSE total volume declined some from Wednesday's level.

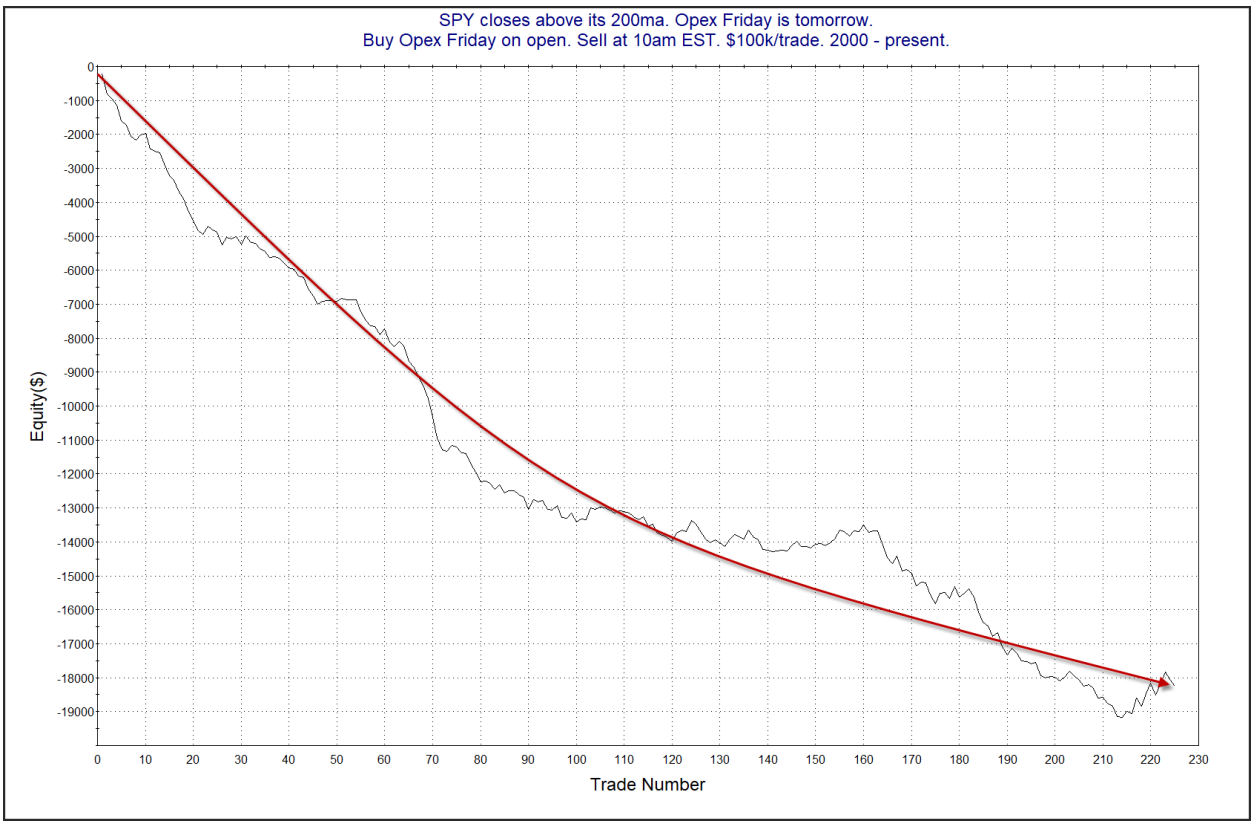
Price action did not generate anything in the way of new, compelling evidence. But Friday is options expiration. Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years. Results are all updated tonight.

This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

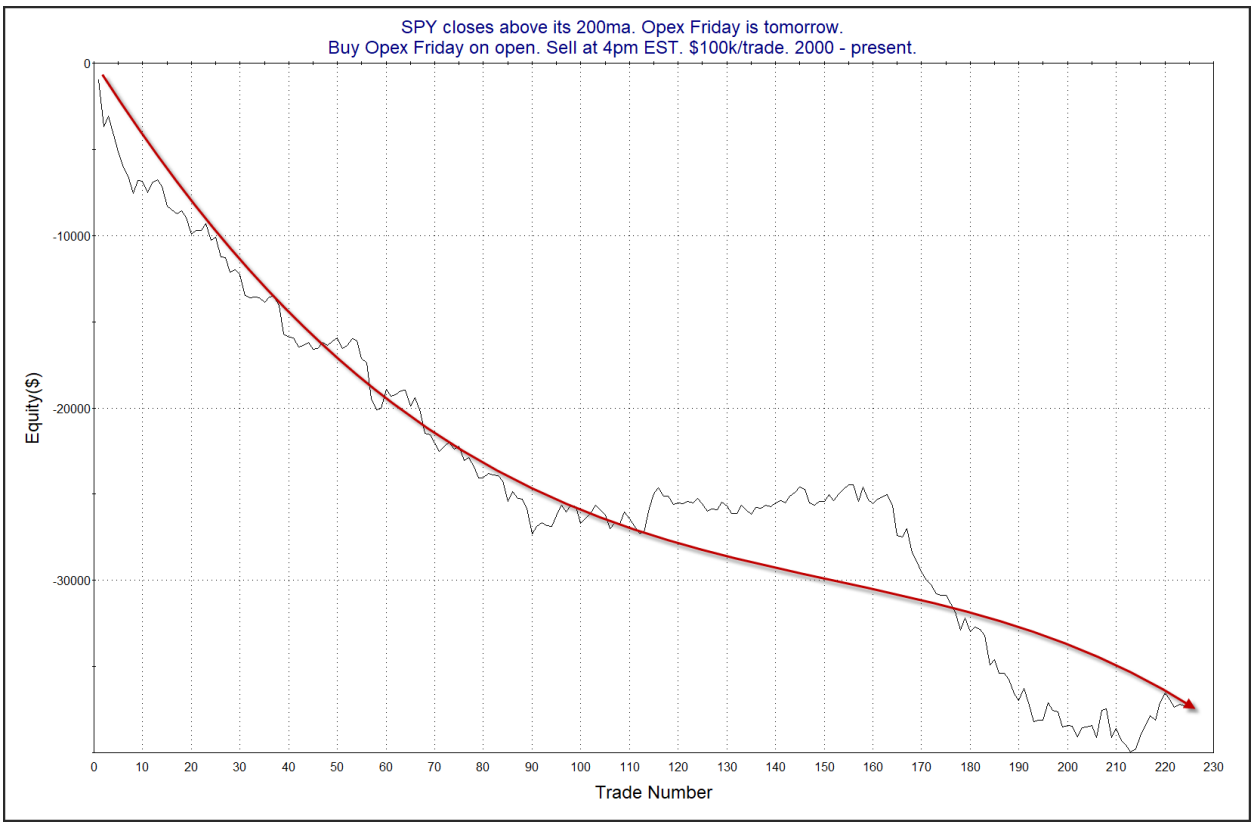
SPY closes above its 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at time shown on left. $100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-37,220.03	225	94	131	41.78	1,547.00	-2,746.58	347.06	-533.16	0.65	0.47	-165.42
1,500	-30,583.31	225	94	130	41.78	1,824.10	-2,315.18	334.08	-476.82	0.70	0.51	-135.93
1,400	-29,749.00	225	82	143	36.44	1,751.00	-2,000.00	333.37	-399.20	0.84	0.48	-132.22
1,300	-26,111.37	225	85	139	37.78	2,172.60	-1,324.62	316.35	-381.30	0.83	0.51	-116.05
1,200	-24,433.36	225	81	144	36.00	2,150.50	-1,318.40	310.63	-344.41	0.90	0.51	-108.59
1,100	-22,221.75	225	84	140	37.33	1,103.30	-968.50	240.40	-302.97	0.79	0.48	-98.76
1,000	-18,252.83	225	67	158	29.78	473.34	-629.00	148.99	-178.70	0.83	0.35	-81.12

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Close to half of the downside would have been achieved by exiting after just 30 minutes. Below is a look at a profit curve for the 10am exit.



Overall, the strong move from upper left to lower right supports the bearish case. But we have seen a bump in the last several months that is worth keeping an eye on. Next is the 4pm exit.



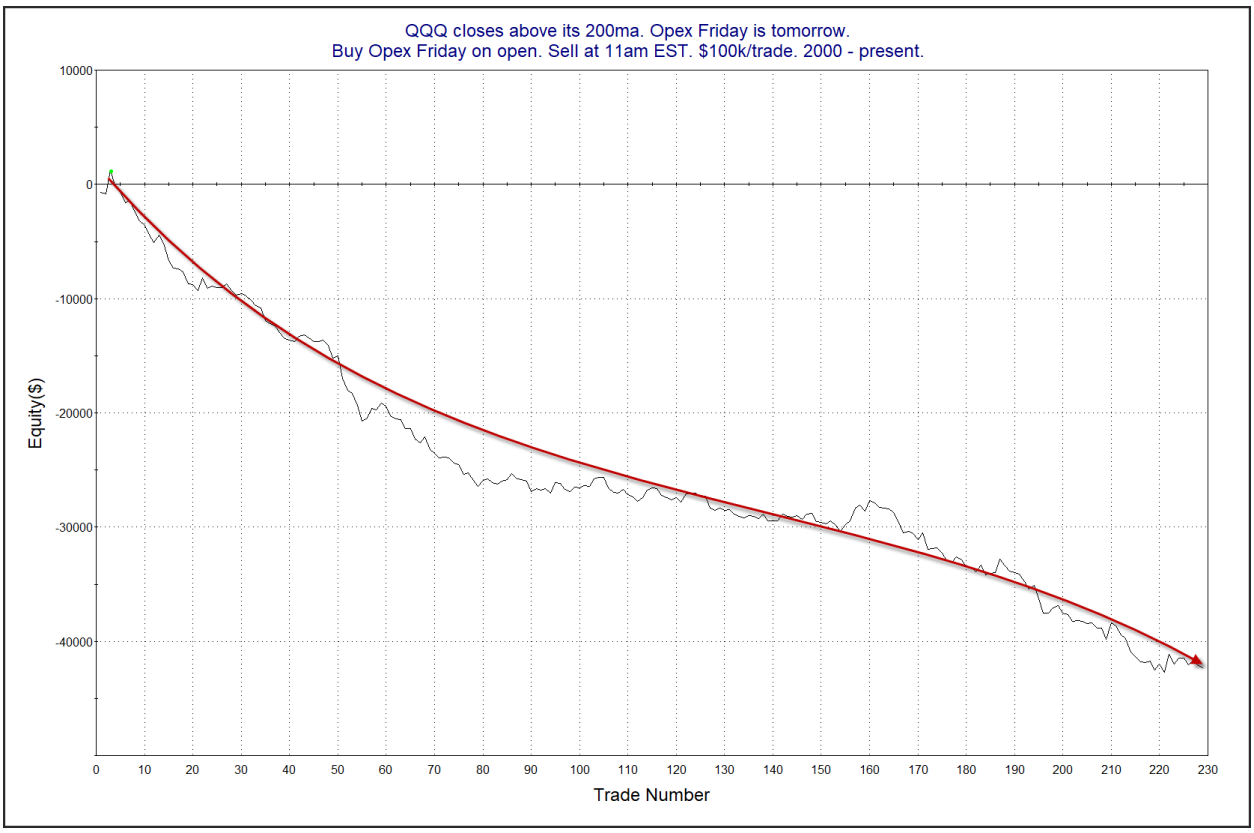
Again this is also impressive despite some recent instances not panning out.

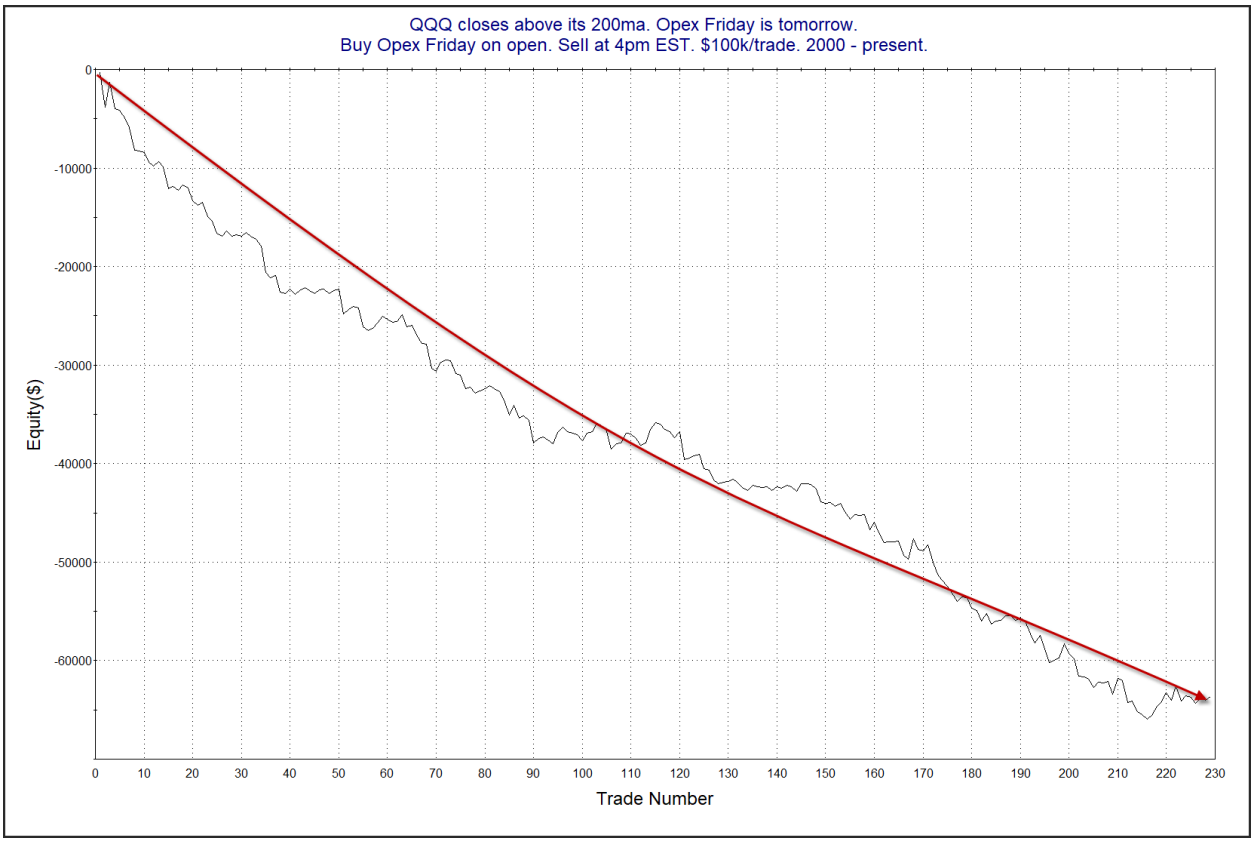
QQQ has seen an even stronger tendency to sell off. This can be seen in the table below.

QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at time shown on left. $100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-63,669.10	229	90	139	39.30	2,516.00	-3,525.88	476.76	-766.74	0.62	0.40	-278.03
1,500	-56,652.85	229	86	141	37.55	2,246.52	-2,590.84	462.40	-683.82	0.68	0.41	-247.39
1,400	-54,611.76	229	76	150	33.19	2,104.90	-2,431.68	466.15	-600.26	0.78	0.39	-238.48
1,300	-47,487.49	229	80	148	34.93	2,541.40	-2,382.80	430.47	-553.55	0.78	0.42	-207.37
1,200	-46,473.21	229	84	144	36.68	2,518.12	-1,843.43	386.82	-548.38	0.71	0.41	-202.94
1,100	-42,319.19	229	77	151	33.62	1,998.00	-1,936.40	379.79	-473.93	0.80	0.41	-184.80
1,000	-32,194.92	229	73	155	31.88	1,332.00	-1,198.29	228.06	-315.12	0.72	0.34	-140.59

Also notable is that about 2/3 of the downside edge has occurred in the 1st 90 minutes of trading. Below are profit curves for 11am and 4pm.


QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at 11am EST. $100k/trade. 2000 - present.
Equity($)
Trade Number


QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy Opex Friday on open. Sell at 4pm EST. $100k/trade. 2000 - present.
Equity($)
Trade Number

The bearish edge appears alive and well here. And the recent bump is barely noticeable for the QQQ 11am exit. Traders may want to keep this in mind Friday morning.

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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7828.74. That is 1.1% above Thursday's close. Therefore, SPX will need to close up at least 1.1% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is fairly light but there is still a good amount of room to the upside before SPX would flip from oversold to overbought. So reward potential is solid. The trade ideas section took on some exposure at the open on Thursday. With Opex Friday action potentially problematic, I don't intend to increase that position on Friday. I'll hold tight to the small position

for the time being, see how Friday plays out and what new evidence emerges over the weekend, before determining my next move.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/12 – bullish

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

None.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
CMCSA(1/3	*10/8/2026*	*$20.91*	*$21.45*	*2.58%*	*sold on open*
SPY(1/4)	10/15/2026	$766.25	$771.79	0.72%	Aggregator

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