QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 20, 2026 Volume 20 Issue 200

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- When NYSE Up Volume % closes < 40% while SPX closes up and above the 200ma, there has typically been an upside edge over the following week.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Up appears more likely, but the edge is not strong enough that I want to get too heavily positioned.

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 20, 2026	NYSE Up Vol % < 40. SPX closes up.	1-6 days	Bullish	1.51%	-1.36%	-2.71%
October 19, 2026	Bullish-month opex week closes lower	1-5 days	Bullish	1.82%	-1.27%	-2.54%
October 19, 2026	SPX outside day down 1%+ after an up day	1-4 days	Bullish	1.73%	-1.15%	-2.38%
October 19, 2026	VIX closes 25%+ above 10ma, SPX > 200ma	1-2 days	Bullish	1.62%	-0.98%	-2.19%
Active - Long Term						
October 19, 2026	NASDAQ lagging	int term	neutral			
October 19, 2026	QQQ 5+ lower lows, worst day of the decline	1-20 days	Bullish	9.15%	-4.70%	-9.55%
September 22, 2026	RUT low in 20-day range, SPX high in range	1-40 days	Bullish	5.17%	-3.67%	-6.92%
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

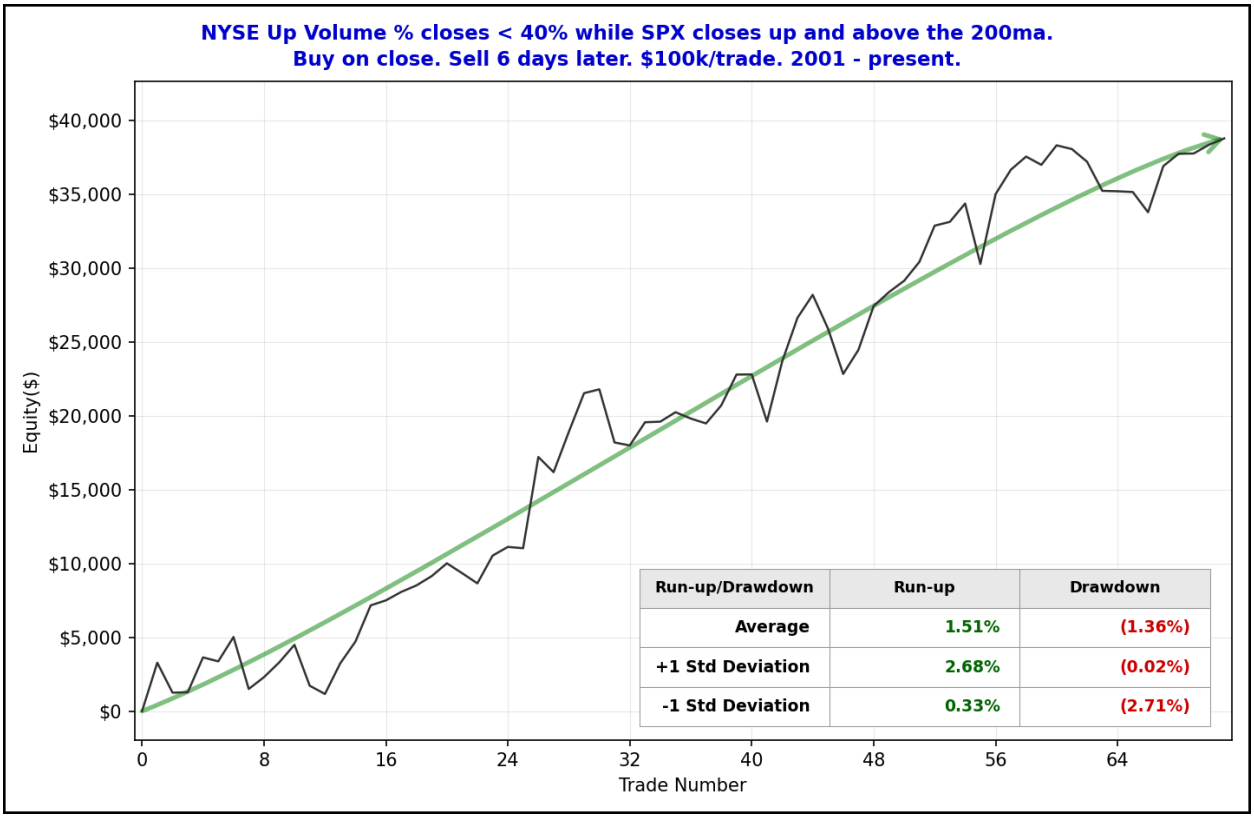
Monday was a good day for the market, but really the gains all came Sunday night. SPX finished up 0.4%, the NASDAQ gained 1.1%, and the Russell 2000 rose 0.3%. Breadth was weak as the NYSE Up Issues % closed at 36% and the NYSE Up Volume % posted a 34% reading. NYSE total volume dropped sharply from Friday's level.

Breadth was notably weak, but that is not necessarily a bad thing for the short-term. In the 9/21/26 letter I looked at occurrences where the NYSE Up Volume % came in under 40% while SPX closed higher during a long-term uptrend. This triggered on Monday, and I have again updated the results below.

NYSE Up Volume % closes < 40% while SPX closes up and above the 200ma.
Buy on close. Sell X days later. 2001 - 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
10	62	43	19	69.35%	5.10%	-7.95%	1.90%	1.96%	0.97	2.19	0.716%
9	64	41	23	64.06%	5.43%	-7.65%	1.81%	1.57%	1.15	2.06	0.596%
8	67	45	22	67.16%	4.79%	-6.70%	1.60%	1.53%	1.05	2.14	0.573%
7	70	48	22	68.57%	5.35%	-4.83%	1.55%	1.59%	0.98	2.13	0.564%
6	71	47	24	66.20%	6.18%	-4.09%	1.55%	1.41%	1.09	2.14	0.546%
5	73	45	28	61.64%	4.94%	-5.07%	1.35%	1.40%	0.96	1.55	0.294%
4	75	44	31	58.67%	3.93%	-4.61%	1.08%	1.20%	0.90	1.28	0.139%
3	79	48	31	60.76%	3.72%	-3.41%	0.85%	1.03%	0.83	1.28	0.114%
2	84	52	32	61.90%	2.07%	-3.32%	0.69%	0.80%	0.86	1.40	0.121%
1	89	50	39	56.18%	1.68%	-1.56%	0.50%	0.56%	0.90	1.15	0.037%

Results continue to look solid. Below is a look at a 6-day profit curve.



The curve has shown strong upside persistence and it is back at new highs. These results appear compelling and I have added this 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 also 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 Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7778.14. That is 1.1% above Monday's close. Therefore, SPX will need to close up at least 1.1% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. There is a decent amount of evidence from the past few days that is suggesting further gains. And there is also some room to the upside before SPX would turn from oversold to overbought. There is a partial long position in the trade ideas section. With the environment choppy and the VIX also twitchy, I will only look to add another lot to that trade idea if Tuesday closes down a fair amount. Otherwise, I'll just keep the position small.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/19 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

SPY – Buy ¼ index position @ $763.25 LIMIT ON CLOSE. Based on the short-term outlook above, I may look to add another lot to this trade idea is SPY has a tough day on Tuesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	10/15/2026	$766.25	$766.48	0.03%	Aggregator

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