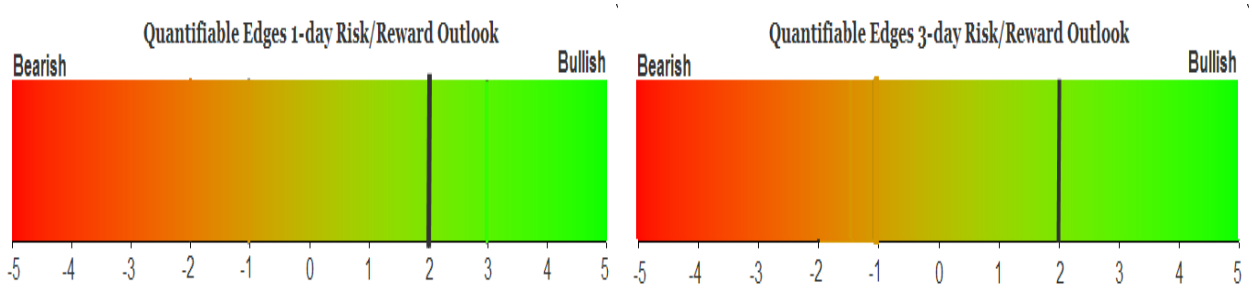
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 23, 2026 Volume 20 Issue 203

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- SPX closed down > 1% for the 3rd time in the last 10 days. Other bouts of similar volatility above the 200ma have typically been followed by intermediate-term gains.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but I am not terribly enthused yet.

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%
Active - Long Term						
October 23, 2026	SPX down 1%+ 3rd time in 10 days, > 200ma	1-20 days	Bullish	4.02%	-3.60%	-8.30%
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

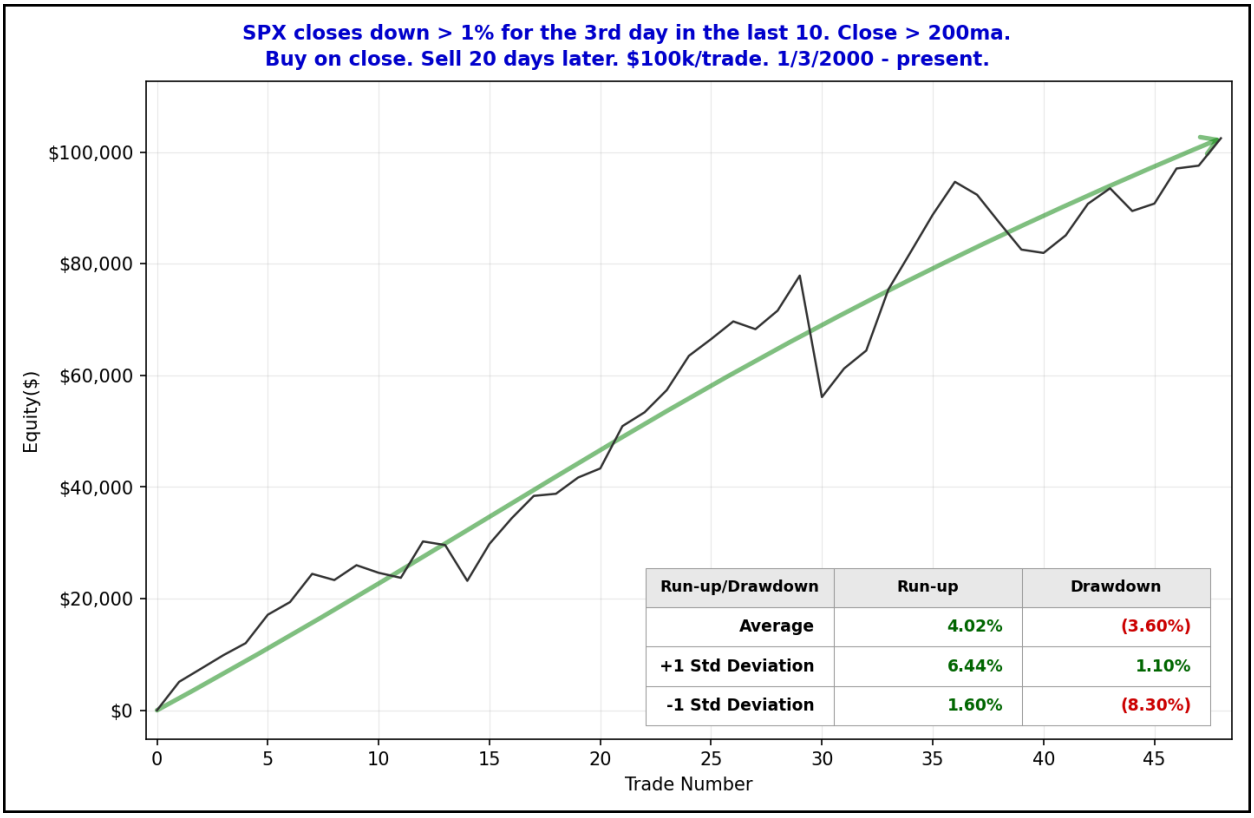
The market was mostly lower on Thursday. SPX finished down 1.2%, the NASDAQ lost 2.6%, and the Russell 2000 rose 0.1%. Breadth was moderately positive as the NYSE Up Issues % closed at 57% and the NYSE Up Volume % posted a 57% reading. NYSE total volume rose from Wednesday's level.

The big move that the 3/10 offset HV suggested was possible last night got started before the market even opened on Thursday. The SPX has made a few sizable moves over the last couple of weeks as volatility has generally increased. It is unusual to see such high volatility when the SPX is trading above its 200ma. Thursday marked the 3rd day in the last 10 in which SPX closed down over 1%. In the 4/6/22 letter I looked back at other times where SPX closed down more than 1% for the 3rd time in the last 10 days, but above its 200ma. Below are updated results of that study.

SPX closes down > 1% for the 3rd day in the last 10. Close > 200ma.
Buy on close. Sell X days later. 1/3/2000 - present.

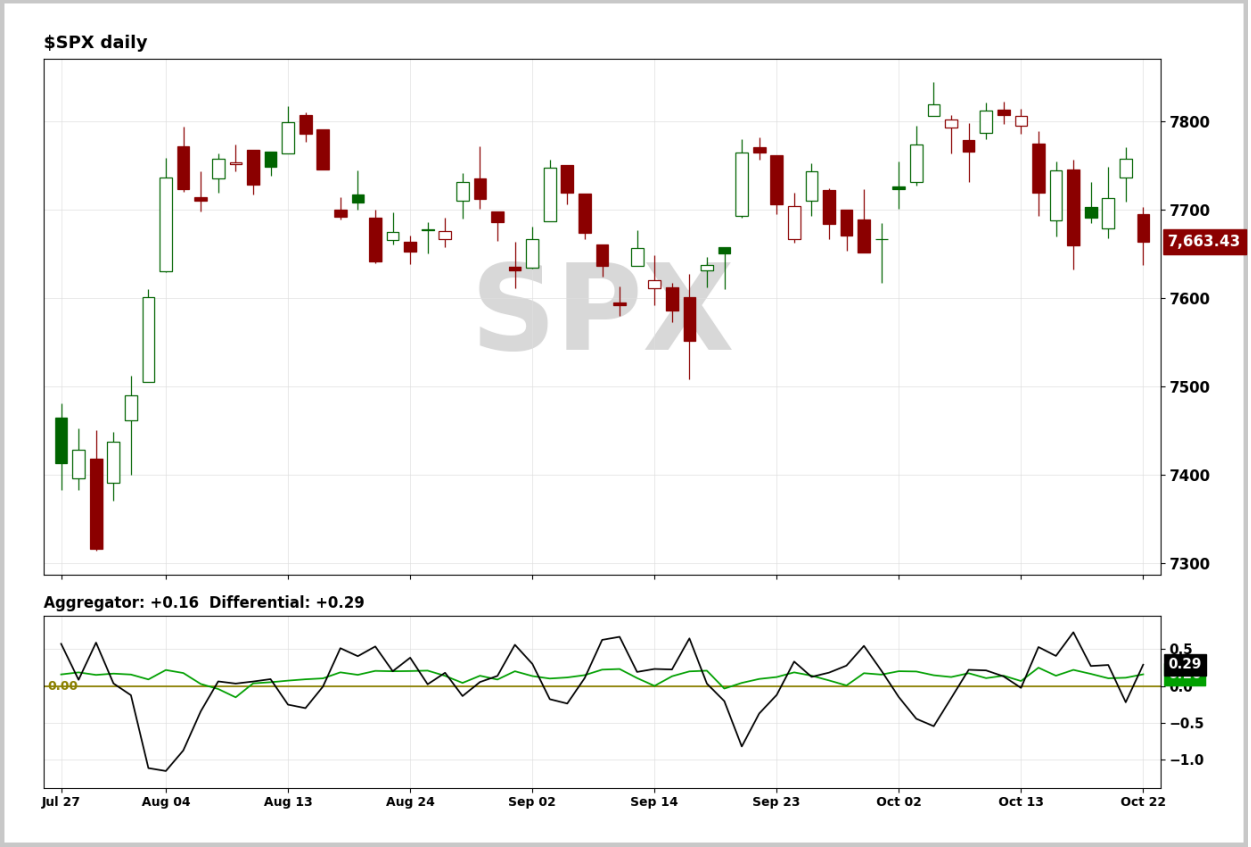
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
20	48	36	12	75.00%	10.96%	-21.77%	4.25%	4.20%	1.01	3.03	2.135%
19	48	36	12	75.00%	11.14%	-28.48%	3.82%	5.57%	0.69	2.06	1.473%
18	48	35	13	72.92%	9.37%	-26.32%	3.66%	4.92%	0.74	2.00	1.338%
17	48	34	14	70.83%	8.76%	-22.98%	3.39%	4.07%	0.83	2.02	1.215%
16	50	38	12	76.00%	9.50%	-23.34%	3.30%	4.65%	0.71	2.25	1.394%
15	50	36	14	72.00%	9.07%	-19.15%	3.55%	4.09%	0.87	2.23	1.408%
14	50	35	15	70.00%	10.35%	-23.72%	3.37%	4.69%	0.72	1.68	0.956%
13	50	30	20	60.00%	10.88%	-13.34%	3.41%	2.66%	1.28	1.92	0.982%
12	51	34	17	66.67%	9.60%	-20.70%	3.00%	3.44%	0.87	1.74	0.855%
11	52	34	18	65.38%	8.13%	-12.37%	3.01%	2.69%	1.12	2.12	1.040%
10	52	34	18	65.38%	9.22%	-7.86%	2.85%	2.33%	1.22	2.31	1.056%
9	54	34	20	62.96%	8.39%	-12.20%	2.85%	2.28%	1.25	2.13	0.953%
8	54	34	20	62.96%	8.54%	-5.61%	2.66%	2.20%	1.21	2.06	0.861%
7	55	33	22	60.00%	7.29%	-5.48%	2.58%	2.21%	1.16	1.75	0.660%
6	55	33	22	60.00%	7.32%	-4.96%	2.20%	2.03%	1.08	1.63	0.508%
5	59	32	27	54.24%	5.57%	-4.82%	2.25%	1.85%	1.21	1.44	0.370%
4	60	33	27	55.00%	5.75%	-4.07%	1.81%	1.58%	1.15	1.40	0.286%
3	61	34	27	55.74%	3.89%	-5.56%	1.32%	1.68%	0.79	0.99	-0.008%
2	63	32	31	50.79%	2.76%	-4.78%	1.09%	1.19%	0.92	0.95	-0.029%
1	63	37	26	58.73%	2.72%	-3.00%	1.02%	0.69%	1.48	2.10	0.315%

The next day has seen a mild upside tendency. Then chop for the few days. And then the market has often risen over the following weeks. The 20-day numbers appear quite bullish. I also produced the 20-day profit curve.



This curve is impressive and suggestive of an upside edge. I have added this study to the intermediate-term active list.

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 moved back 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 7748.88. 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 back to bullish. But while there is a good amount of room to the upside before SPX would flip to overbought, short-term evidence over the last two days has been lacking. We have a couple of studies active from a few days back, but so far they aren't exactly playing out. And I would like to see additional confirming evidence before considering taking on new index exposure. So I will stand aside again, see how Friday plays out, and reevaluate over the weekend.

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

None.

Current Open Trade Ideas

None

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.