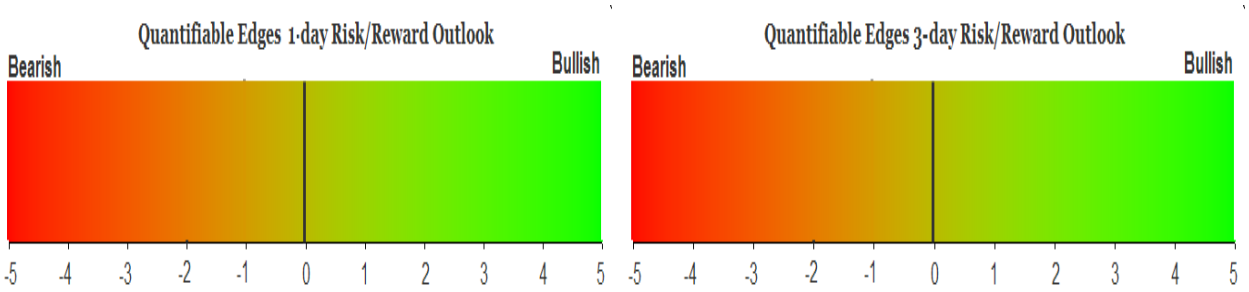
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 28, 2026 Volume 20 Issue 207

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- SPY closing in the top 25% of its daily range while below a 20-day high the day before a Fed Day has not produced a meaningful Fed Day edge.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Same here.

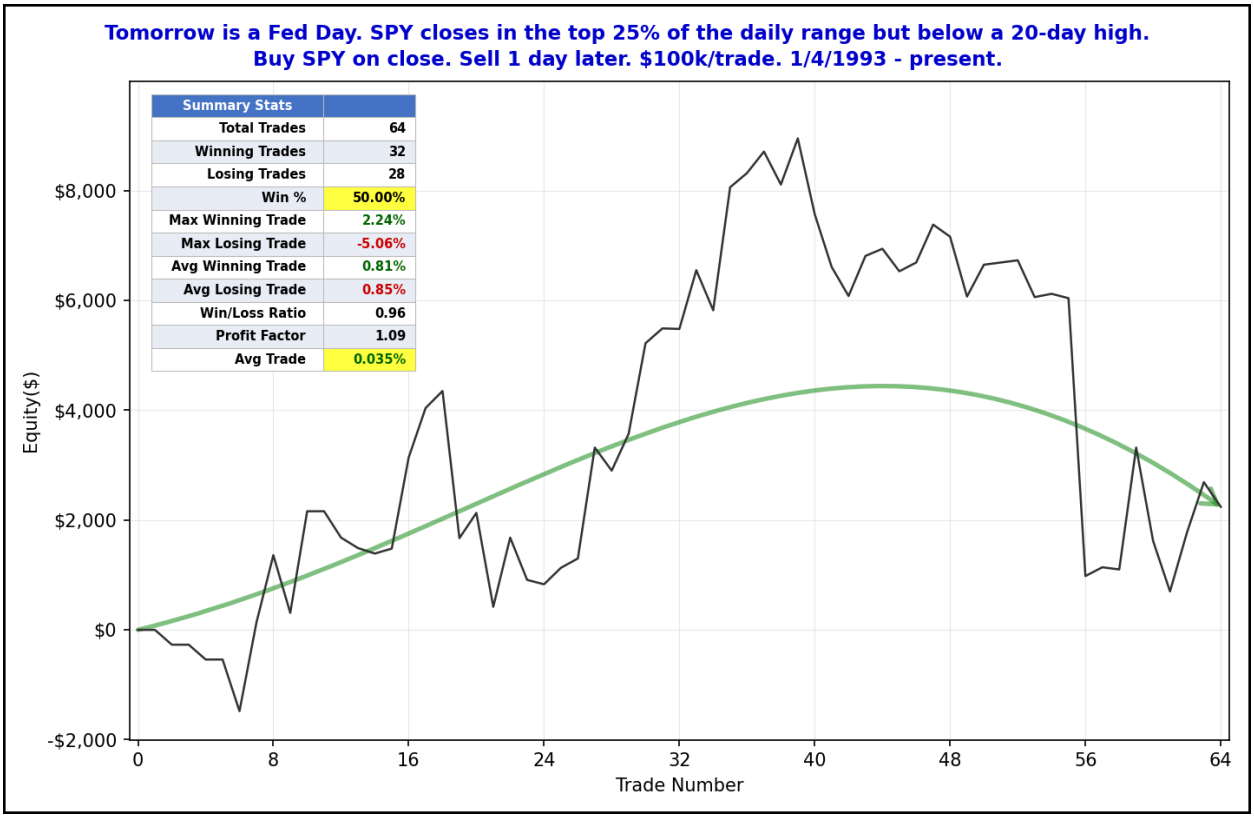
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
October 27, 2026	Day after the 4th Friday in October	1-5 days	Bullish	2.60%	-1.19%	-2.46%
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%
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

The Evidence

Tuesday was a good day for the market. SPX finished up 0.6%, the NASDAQ gained 1.2%, and the Russell 2000 rallied 1.2%. Breadth was moderately positive as the NYSE Up Issues % closed at 58% and the NYSE Up Volume % posted a 55% reading. NYSE total volume declined some from Monday's level.

As I'm sure everyone reading this knows, Fed Days have generally had a bullish tendency over the years. But this tendency has not persisted when we have seen either short-term or intermediate-term strength leading up to the Fed Day. So when the market has closed at a 20-day high on the day before a Fed Day, the Fed Day has not been bullish. That was not a problem on Tuesday. With the recent pullback, SPX is well below its 20-day high. But SPY closed in the top 25% of its intraday range. And this has been a negative historically. The study below was last seen in the 11/1/23 letter. It looked at other times SPY closed in the top 25% of its intraday range but below a 20-day high.



Fifty-percent win % and choppy sideways action for a long time suggest no substantial Fed Day edge under these circumstances.

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 fell 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 turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 7649.17. That is 1.0% below Tuesday's close. Therefore, SPX will need to close down at least 1.0% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is now neutral. I don't see a good reason to get involved. I will continue to wait for a more compelling reward/risk setup before considering taking on new index positions. A strong reaction could to Fed (in either direction) could change things quickly.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/26 – 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 tonight.

Current Open Trade Ideas

None

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