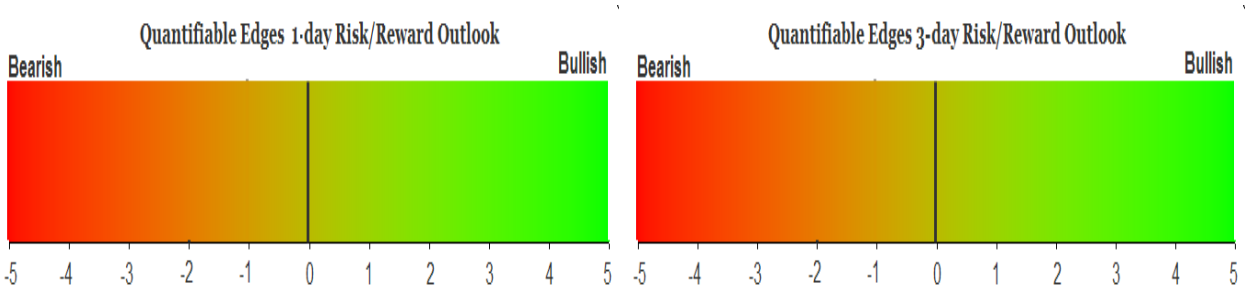
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 5, 2026 Volume 20 Issue 213

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- When SPY closes up for the 2nd day in a row after closing at a 10-day low 2 days ago, there has often been an upside edge over the following week.
- The VIX has quickly moved from overbought to oversold. In the past, that has been followed by short-term SPX strength.
- The big drop in the VIX suggests Thursday could be a down day for SPX.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. This appears to be a decent time to look at take some short-term profits.

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						
November 5, 2026	VIX drops 20%+ in 1 day	1 day	Bearish			
November 5, 2026	VIX quickly overbought to oversold	1-6 days	Bullish	1.69%	-1.13%	-2.46%
November 5, 2026	SPY up 2 days off 10-day low, < 50ma	1-4 days	Bullish	1.90%	-1.09%	-2.30%
November 2, 2026	Friday SPX drop > 1.5x 20-day ATR	1-8 days	Bullish	2.86%	-2.09%	-4.27%
November 2, 2026	SPX 20-day low, biggest loss in 10, high volu	1-7 days	Bullish	2.59%	-1.53%	-3.15%
Active - Long Term						
November 2, 2026	Best 6 months 3rd year of Presidential Cycle	1-6 months	Bullish			
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			
Dropped Tonight (target hit, or avg drawdown + 1 std dev exceeded)						
November 4, 2026	*SPX up on Up Volume < 40%, > 200ma*	*1-6 days*	*Bullish*	*1.50%*	*-1.36%*	*-2.70%*
November 3, 2026	*SPX bottom 10% of range at 20-day lo*	*1-5 days*	*Bullish*	*2.08%*	*-1.41%*	*-3.03%*
November 3, 2026	*SPX 20-day low on a Monday, above 2*	*1-4 days*	*Bullish*	*1.73%*	*-1.30%*	*-2.95%*

The Evidence

With the election out of the way, stocks decided to rally. SPX finished up 1.6%, the NASDAQ gained 1.4%, and the Russell 2000 rallied 1.6%. Breadth was strong as the NYSE Up Issues % closed at 76% and the NYSE Up Volume % posted a 72% reading. NYSE total volume rose from Tuesday's level.

SPY saw a nice bounce, but it closed just below its 50ma. In the 7/28/26 letter I looked at similar rallies to what we have seen the last two days that left SPY above its 200ma, but still below the 50ma. I have updated the research results below.

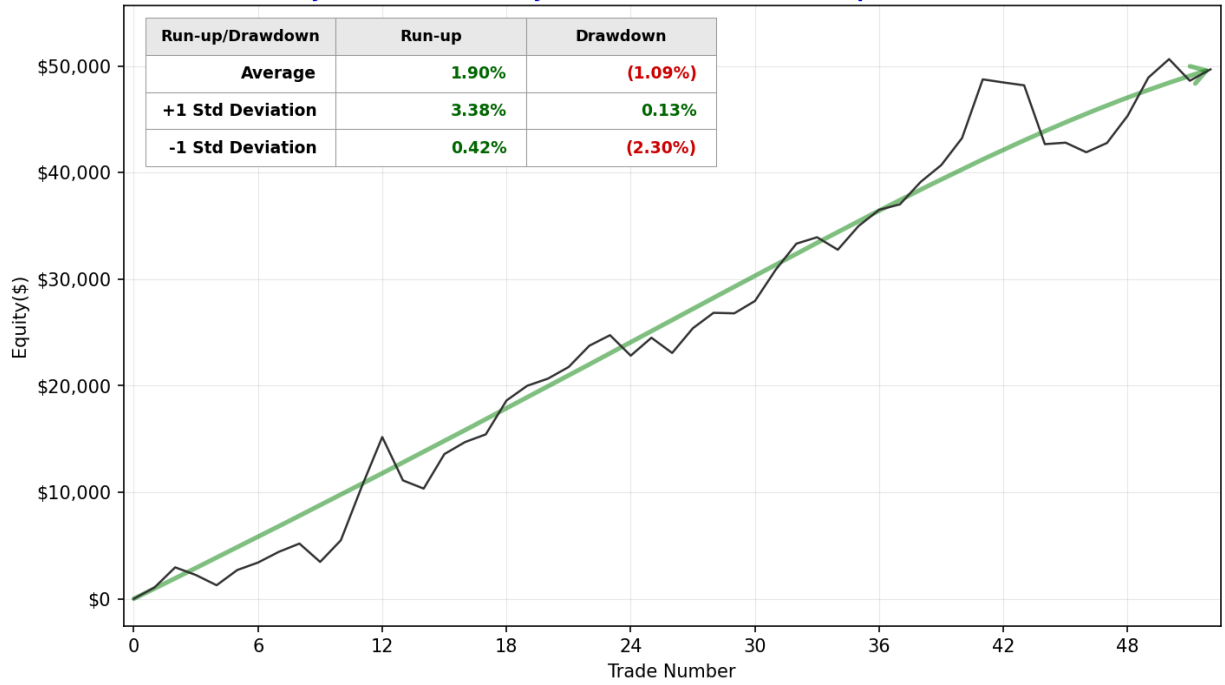
SPY closes up for the 2nd day in a row after closing at a 10-day low 2 days ago. Close > 200ma and close < 50ma. Buy on close. Sell X days later. 2001 - present.

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	50	36	14	72.00%	8.03%	-4.10%	3.05%	1.90%	1.60	4.12	1.661%
9	50	35	15	70.00%	8.54%	-5.52%	3.05%	2.18%	1.40	3.27	1.481%
8	50	34	16	68.00%	8.22%	-5.20%	2.73%	2.12%	1.29	2.74	1.180%
7	51	35	16	68.63%	7.78%	-4.49%	2.49%	1.57%	1.59	3.48	1.219%
6	52	34	18	65.38%	6.14%	-4.64%	2.40%	1.28%	1.87	3.53	1.123%
5	52	37	15	71.15%	5.47%	-4.10%	1.90%	1.66%	1.15	2.83	0.875%
4	52	38	14	73.08%	5.51%	-5.52%	1.88%	1.56%	1.21	3.28	0.956%
3	52	35	17	67.31%	4.20%	-3.81%	1.54%	1.24%	1.24	2.55	0.633%
2	52	34	18	65.38%	4.23%	-3.57%	1.29%	1.11%	1.16	2.19	0.456%
1	52	37	14	71.15%	2.92%	-2.14%	0.79%	0.57%	1.40	3.71	0.412%

Results here look bullish over the next couple of weeks. A good chunk of the gains have come in the 1st four trading days. Below is a profit curve for the 4-day holding period.

SPY closes up for the 2nd day in a row after closing at a 10-day low 2 days ago. Close > 200ma and close < 50ma. Buy on close. Sell 4 days later. $100k/trade. 2001 - present.

Run-up/Drawdown	Run-up	Drawdown
Average	1.90%	(1.09%)
+1 Std Deviation	3.38%	0.13%
-1 Std Deviation	0.42%	(2.30%)



That is a persistent upslope, and the curve is again near new highs. I like this study and have added it to the active list tonight.

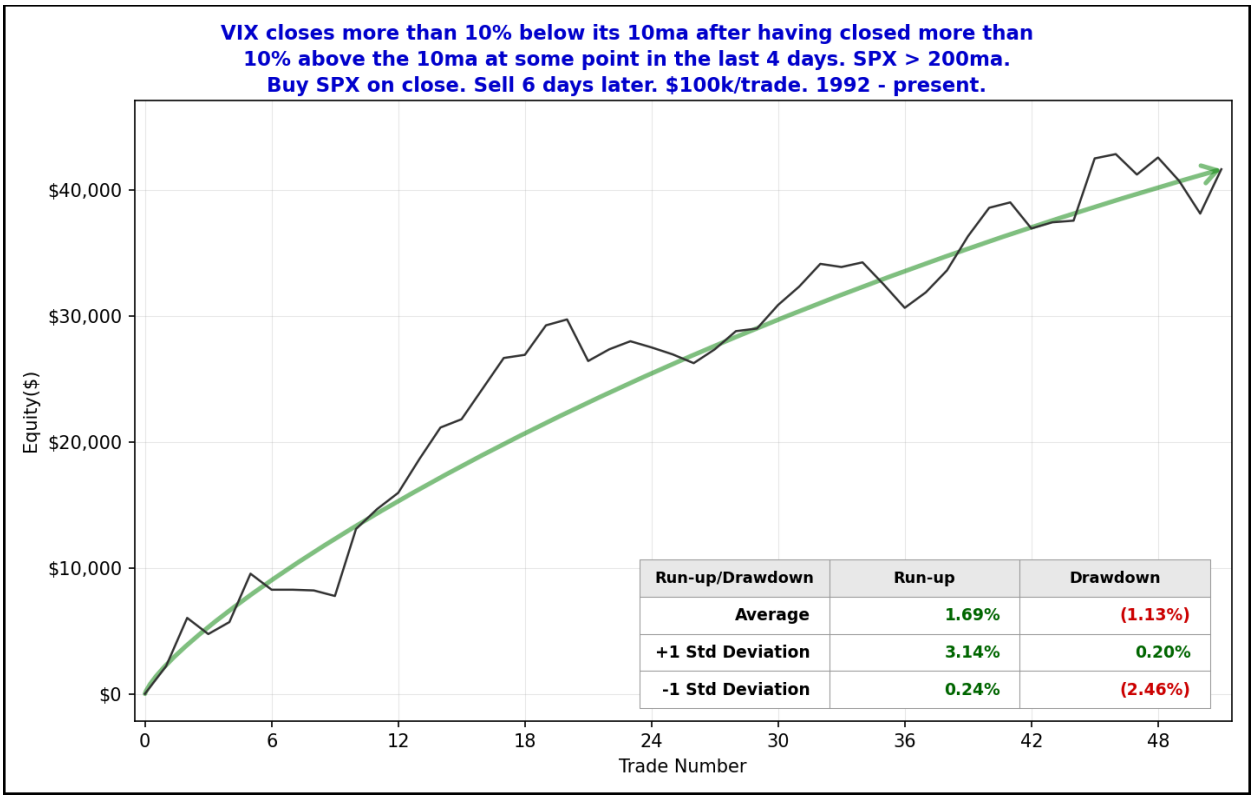
Another study from the Quantifinder worth a review considered the sharp drop in the VIX over the last couple of days after a sharp rise just prior to that. It was last seen in the 8/3/26 subscriber letter. The results are updated.

VIX closes more than 10% below its 10ma after having closed more than 10% above the 10ma at some point in the last 4 days. SPX > 200ma. Buy SPX on close. Sell X days later. 1992 - 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	51	30	21	58.82%	8.14%	-4.32%	2.33%	1.58%	1.47	2.10	0.717%
9	51	32	19	62.75%	8.43%	-5.54%	2.06%	1.58%	1.30	2.19	0.700%
8	51	35	16	68.63%	8.11%	-5.17%	1.99%	1.60%	1.24	2.72	0.863%
7	51	35	16	68.63%	7.78%	-3.56%	1.92%	1.50%	1.28	2.80	0.846%
6	51	35	16	68.63%	5.32%	-3.30%	1.76%	1.26%	1.40	3.07	0.816%
5	51	32	19	62.75%	5.38%	-3.18%	1.77%	1.26%	1.41	2.37	0.641%
4	52	34	18	65.38%	5.00%	-2.96%	1.36%	1.33%	1.02	1.92	0.426%
3	53	32	21	60.38%	3.81%	-3.65%	1.12%	1.04%	1.08	1.64	0.264%
2	53	33	20	62.26%	3.85%	-5.34%	1.01%	1.00%	1.01	1.67	0.253%
1	53	32	21	60.38%	2.96%	-3.59%	0.74%	0.64%	1.16	1.77	0.194%

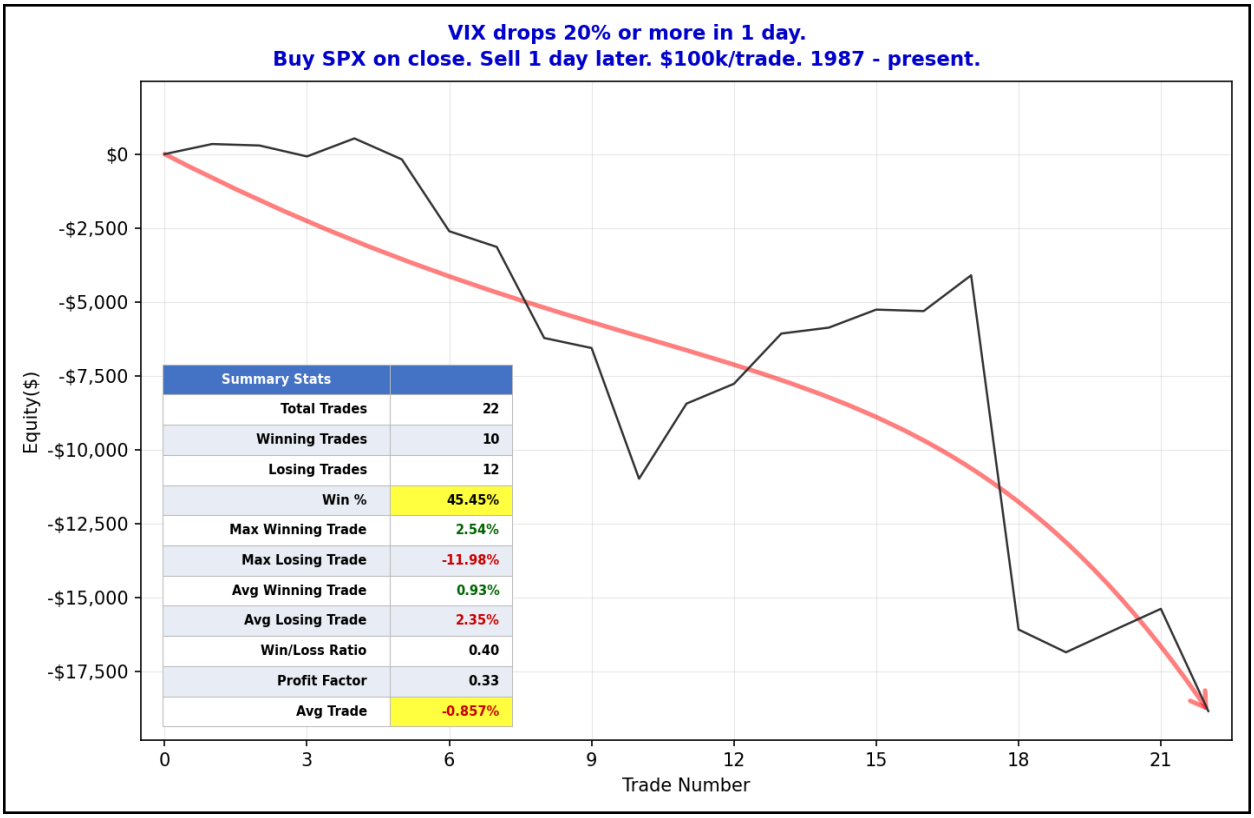
The market condition that would typically accompany such VIX movement is one where you see SPX post a strong rebound from a sharp decline during a long-term uptrend. Results over the first 2-3 days are not terribly consistent, but once you get out beyond that the bounce becomes more

reliable and more powerful. Below I have provided the profit curve assuming a 6-day holding period.



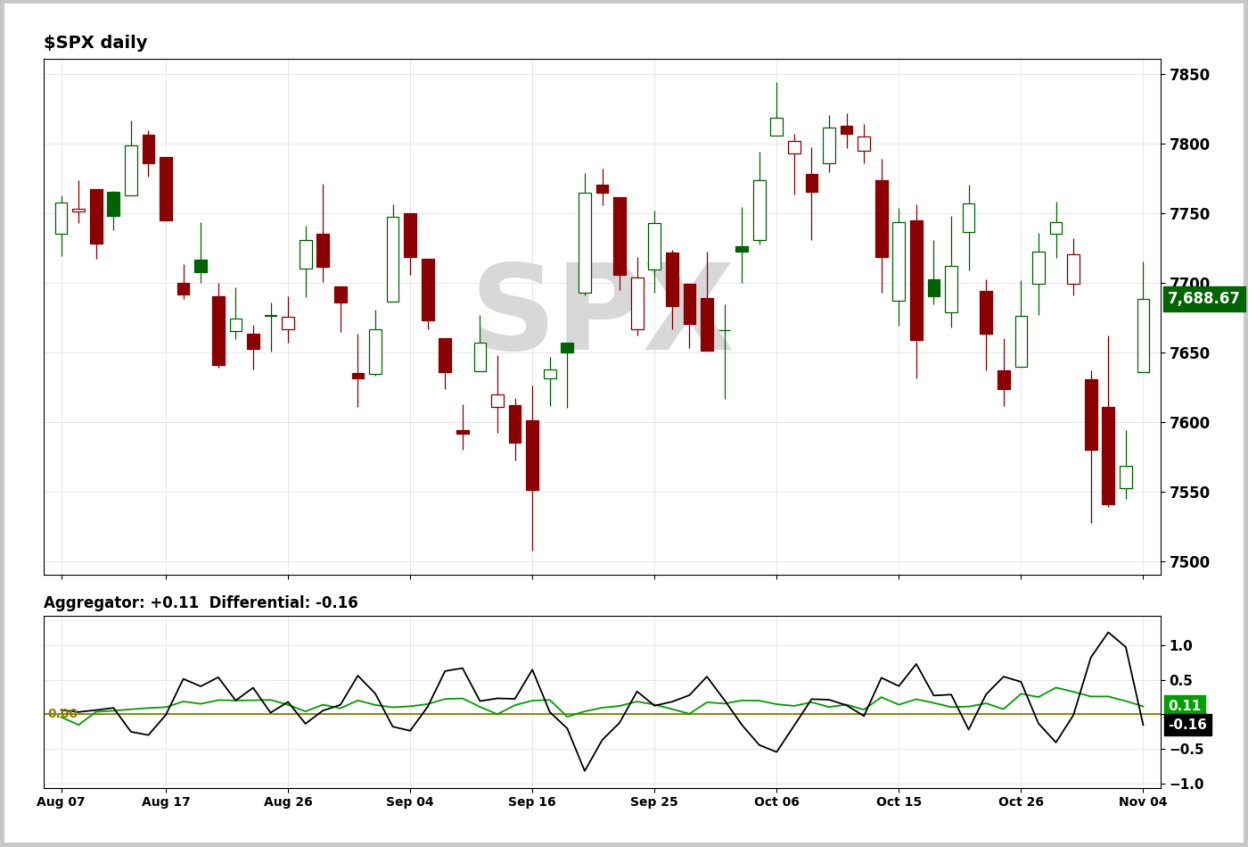
The curve shows a persistent move higher over a long period of time. I have included this study on the Active List tonight.

But not every VIX-based study was bullish. The VIX saw a 20.3% drop on Wednesday. Such big declines often suggest short-term over-optimism on the part of traders and are followed by a dip the next day. This can be seen in the study below, which was last seen in the 3/2/21 letter. All stats are updated.



That is a very choppy curve. It is not consistent, but it is notable that there have been so many sizable declines. This study also appears to be worth some consideration and I have included it on the active list as well.

I have updated the Aggregator chart below.



With tonight's mix of 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 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7603.50. That is 1.1% below Wednesday's close. Therefore, SPX will need to close down at least 1.1% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. The expected bounce arrived, and it even overshot some similar moves. So while we may see more upside in the coming days, reward/risk no longer appears terribly favorable. I will look to close out the long SPY position in the Trade Ideas section, and then wait for the next compelling entry opportunity to arise.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/2 – somewhat bullish

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

NOW – 1/3 @ $105.12 (bought @ limit)

***Broad Market Large Cap CBI* – 1(NOW)**

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	10/30/2026	$755.72	$766.81	1.47%	*sell on open*
NOW(1/3)	11/2/2026	$104.85	$108.81	3.78%	Catapult

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