QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 6, 2026 Volume 20 Issue 214

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- The sharp VIX spike suggests a bounce in the next few days.
- When SPX closes down more than 1.5% for the 2nd time in 5 days and makes a 10-day low during a long-term uptrend, there has typically been an upside edge over the following week.
- When SPY drops at least 2% and closes weak at a 10-day low during a long-term uptrend, there has typically been an upside edge over the following week.
- SPX closing at a 50-day low the day before an Employment Report has typically been followed by weakness on Employment Day.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Long-side odds look appealing.

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 6, 2026	SPX 50-day low before Employment Day	1 day	Bearish			
November 6, 2026	SPY 2% drop, weak close at 10-day low	1-5 days	Bullish	2.76%	-1.72%	-3.97%
November 6, 2026	SPX 2nd 1.5% drop in 5 days, 10-day low	1-6 days	Bullish	3.42%	-1.82%	-4.25%
November 6, 2026	VIX 35%+ above 10ma, SPX > 200ma	1-2 days	Bullish	1.87%	-0.96%	-1.96%
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 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%*

The Evidence

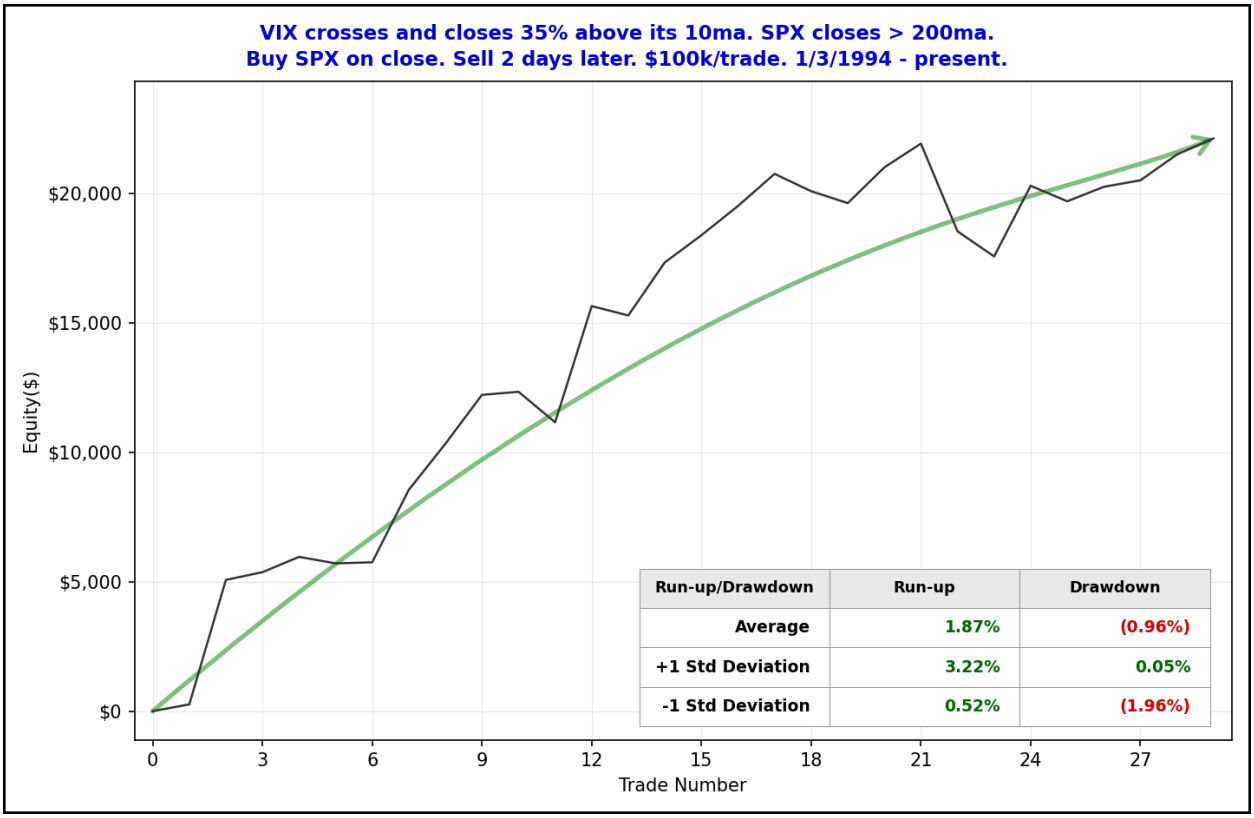
Stocks sold off sharply on Thursday. SPX finished down 4.4%, the NASDAQ lost 5.5%, and the Russell 2000 tumbled 4.4%. Breadth was very weak as the NYSE Up Issues % closed at 15% and the NYSE Up Volume % posted a 17% reading. NYSE total volume rose some from Wednesday's level. There were a ton of studies that triggered in the Quantifinder on Thursday evening. Below is a sampling of some of the most relevant and compelling ones.

The VIX underwent a large spike on Thursday. This left it 44.0% above its 10-day ma. That is greatly stretched. In the 3/9/26 letter I looked at other stretches that took the VIX more than 35% above its 10ma while the SPX was above the 200ma. Tonight I updated that study.

VIX crosses and closes 35% above its 10ma. SPX closes > 200ma.
Buy SPX on close. Sell X days later. 1/3/1994 - 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
5	26	16	10	61.54%	7.07%	-4.21%	2.09%	1.38%	1.51	2.41	0.752%
4	27	16	11	59.26%	5.36%	-8.42%	2.45%	1.78%	1.37	2.00	0.723%
3	29	20	9	68.97%	4.96%	-7.66%	1.84%	1.88%	0.98	2.17	0.684%
2	29	21	8	72.41%	4.81%	-3.39%	1.43%	0.99%	1.45	3.80	0.762%
1	29	20	9	68.97%	5.12%	-3.03%	1.17%	0.96%	1.22	2.70	0.508%

This appears to suggest an edge, especially over the next 2 days. Below is a profit curve for the 2-day holding period.



The 22nd and 23rd instances caused a dip, but the study is now back on track and at new highs. I have included this study on the Active List tonight.

There were a few studies that looked at other times SPX saw multiple strong selling days in a short period of time that brought the index to a new short-term low. The one below is updated from the 12/1/21 subscriber letter.

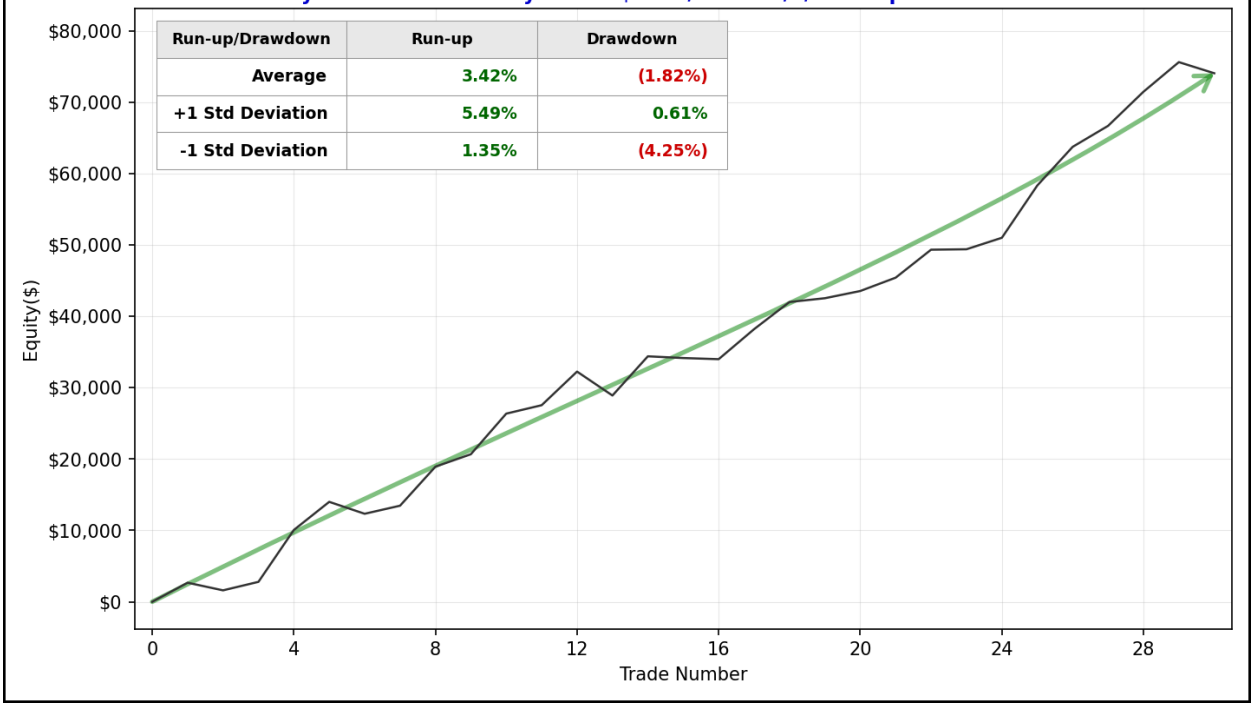
SPX closes down more than 1.5% for at least the 2nd time in the last 5 days. Todays low is the lowest in 10 days. Close > 200ma. Buy on close. Sell X days later. 1/4/1988 - present.

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	29	19	10	65.52%	9.22%	-7.86%	4.65%	3.17%	1.47	2.79	1.955%
9	29	21	8	72.41%	8.39%	-12.20%	4.21%	4.32%	0.97	2.56	1.857%
8	30	22	8	73.33%	8.54%	-5.93%	4.18%	2.96%	1.41	3.89	2.275%
7	30	24	6	80.00%	7.65%	-4.21%	3.71%	2.36%	1.57	6.29	2.499%
6	30	24	6	80.00%	7.32%	-3.35%	3.42%	1.34%	2.55	10.20	2.468%
5	31	22	9	70.97%	7.07%	-3.99%	2.95%	1.62%	1.82	4.44	1.622%
4	31	22	9	70.97%	5.22%	-2.43%	2.62%	1.24%	2.12	5.19	1.502%
3	32	21	11	65.62%	5.38%	-5.56%	2.24%	2.24%	1.00	1.90	0.696%
2	36	25	11	69.44%	4.81%	-4.78%	1.78%	1.53%	1.16	2.64	0.769%
1	37	30	7	81.08%	5.12%	-1.60%	1.25%	1.03%	1.21	5.19	0.815%

The numbers look squarely bullish. Below is a look at the profit curve.

SPX closes down more than 1.5% for at least the 2nd time in the last 5 days. Todays low is the lowest in 10 days. Close > 200ma. Buy on close. Sell 6 days later. $100k/trade. 1/4/1988 - present.

Run-up/Drawdown	Run-up	Drawdown
Average	3.42%	(1.82%)
+1 Std Deviation	5.49%	0.61%
-1 Std Deviation	1.35%	(4.25%)



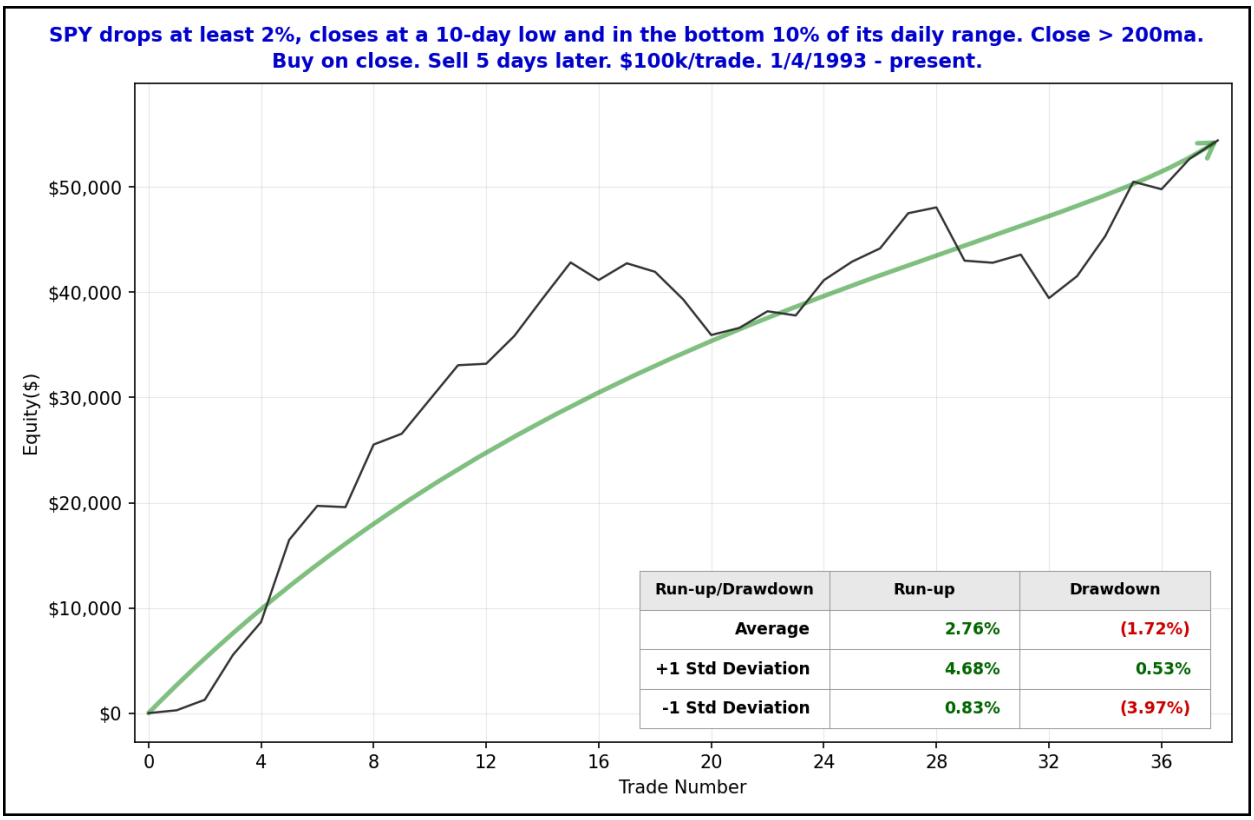
The steady move from lower left to upper right is very impressive and serves as some confirmation of the bullish edge suggested by the numbers.

This next study also looked at strong selloffs during long-term uptrends. It was last seen in the 4/11/14 Letter and has been updated.

SPY drops at least 2%, closes at a 10-day low and in the bottom 10% of its daily range. Close > 200ma. Buy on close. Sell X days later. 1/4/1993 - present.

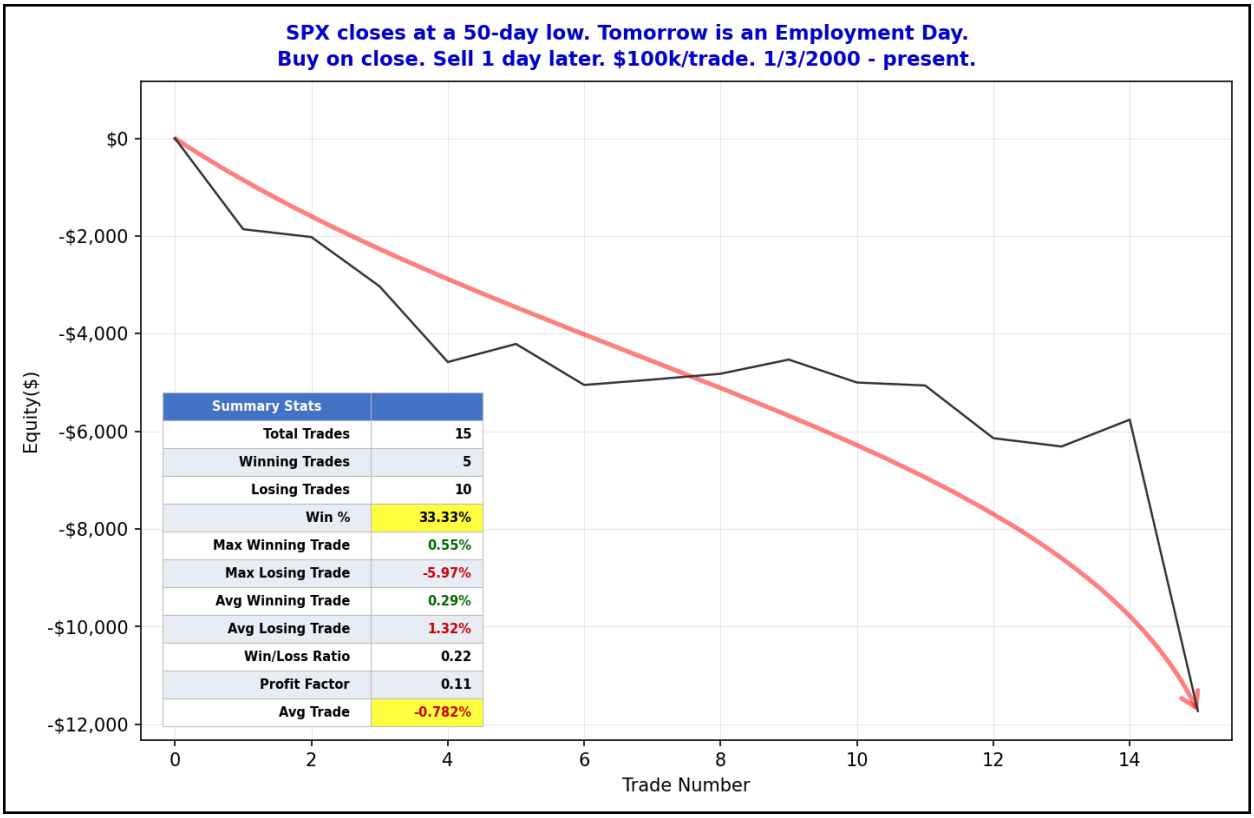
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
10	35	22	13	62.86%	9.63%	-14.95%	4.02%	3.65%	1.10	1.87	1.176%
9	37	27	10	72.97%	8.38%	-10.05%	3.39%	3.17%	1.07	2.89	1.619%
8	37	27	10	72.97%	8.54%	-14.04%	3.46%	3.61%	0.96	2.58	1.546%
7	37	27	10	72.97%	8.70%	-8.06%	3.10%	2.67%	1.16	3.13	1.539%
6	38	27	11	71.05%	7.81%	-7.92%	3.00%	2.64%	1.14	2.79	1.367%
5	38	28	10	73.68%	7.81%	-5.06%	2.63%	1.91%	1.37	3.85	1.433%
4	39	30	8	76.92%	5.59%	-8.11%	2.25%	3.08%	0.73	2.74	1.097%
3	39	27	12	69.23%	5.01%	-7.73%	2.00%	1.68%	1.19	2.68	0.868%
2	39	26	13	66.67%	5.52%	-3.39%	1.61%	0.99%	1.63	3.26	0.742%
1	41	28	13	68.29%	5.52%	-4.18%	1.20%	1.24%	0.97	2.08	0.425%

The numbers look bullish across the board. Below is a profit curve for a 5-day holding period.



The curve went through a choppy stretch but has recently pushed to new highs.

Not all studies were bullish though. Friday morning an hour before the open the BLS Employment Report will be released. Employment days have shown a bullish tilt since 2013. Interestingly, that bullish tilt primarily played out when the market has rallied in the afternoon prior to the report. Closing in the bottom half of the day's range prior to an Employment Day has not been nearly as appealing. And Thursday not only sold off into the close, but SPX finished at a 50-day low. In the 3/7/25 letter I looked at what happened when SPX closed at a 50-day low right before an Employment Day. Results are updated below.



Instances are low, but this is not encouraging for the bulls. I did add it to the active list tonight, though it only has a 1-day influence, and the bullish evidence we are seeing seems to more than offset it.

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 moved above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is strongly 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 is unlikely to change. Meanwhile, the Differential Pivot will be 7609.55. That is 3.5% above Thursday's close. Therefore, SPX will need to close up a sizable 3.5% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is mostly pointing higher and the market is clearly oversold. With volatility high, risk is elevated, but the edge appears substantial enough that scaling into an index position is a compelling proposition. I've placed an index trade idea in the Trade Ideas section down below.

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

SPY – Buy ¼ index position @ $733.00 LIMIT. Based on the short-term outlook above, this trade idea will look to start scaling into a long index position if a fill is available at Thursday's close or better.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	*10/30/2026*	*$755.72*	*$765.47*	*1.29%*	*sold on open*
NOW(1/3)	11/2/2026	$104.85	$102.36	-2.37%	Catapult

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