QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 10, 2026 Volume 20 Issue 216

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- A sharp selloff followed by a 2-day bounce that still fails to close above the close of 3 days ago has often been followed by more upside over the next several days.
- 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 big drop in the VIX suggests Tuesday could be a down day for SPX.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but SPX is primed to flip to overbought tomorrow. Therefore, I'm not enthusiastic.

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 10, 2026	VIX drops 20%+ in 1 day	1 day	Bearish			
November 10, 2026	SPY up 2 days off 10-day low, < 50ma	1-4 days	Bullish	1.90%	-1.09%	-2.30%
November 10, 2026	SPX up 2 days after 1.75% drop to 10-day low	1-4 days	Bullish	2.12%	-0.99%	-2.26%
November 9, 2026	SPX up on lower vol after high-vol 50-day lo	1-7 days	Bearish	-4.96%	2.21%	3.91%
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 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 9, 2026	SPX down 4 weeks in a row, > 40-week ma	1-50 days	Bullish	8.92%	-3.24%	-8.04%
November 9, 2026	SPX Friday up close after 21-day low	1-15 days	Bullish	3.96%	-2.93%	-6.41%
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 9, 2026	*Up close on last day of week after 50-d*	*1-2 days*	*Bullish*	*1.76%*	*-1.09%*	*-3.09%*
November 9, 2026	*SPY bottom-10% close 2x in 3 days, < 1*	*1-8 days*	*Bullish*	*2.70%*	*-1.22%*	*-2.76%*
November 9, 2026	*SPY up but closes in bottom 10% of ra*	*1-2 days*	*Bullish*	*0.89%*	*-0.49%*	*-0.97%*
November 6, 2026	*SPY 2% drop, weak close at 10-day lo*	*1-5 days*	*Bullish*	*2.76%*	*-1.72%*	*-3.97%*

The Evidence

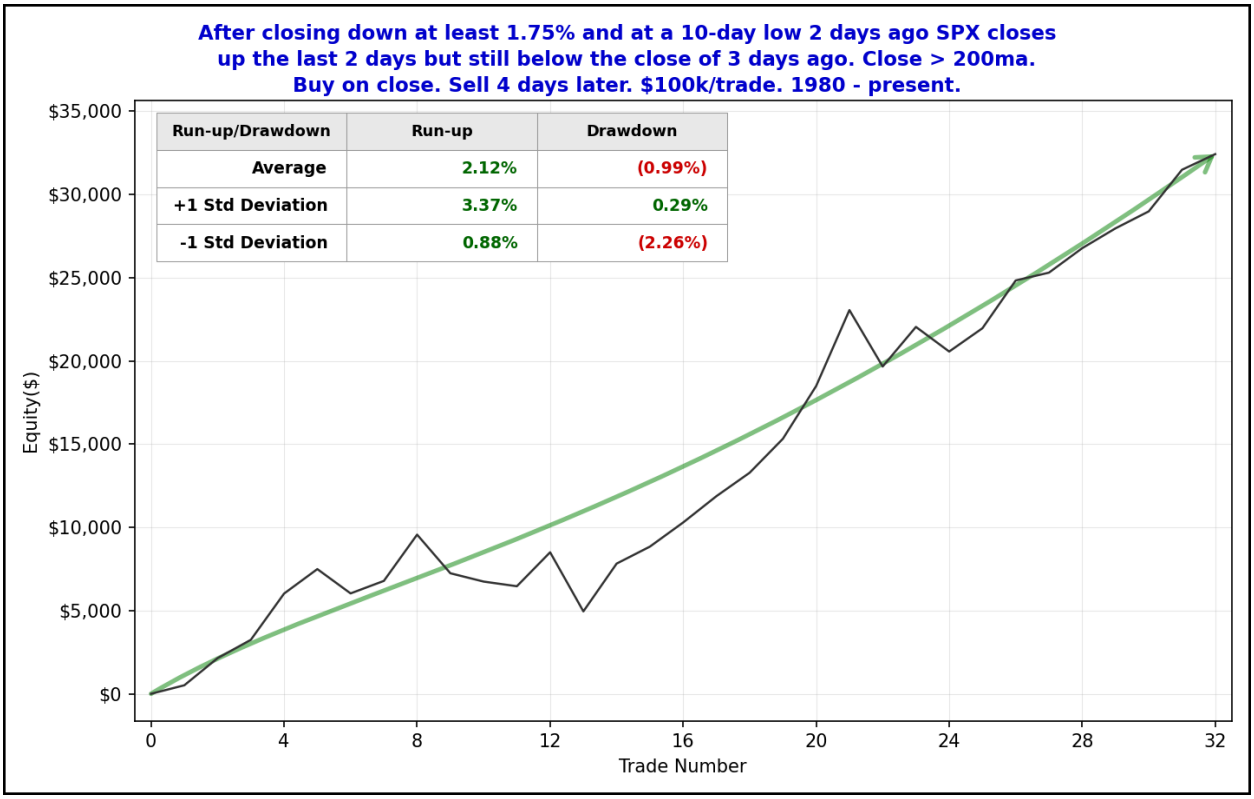
Monday was a strong day for stocks with the Russell 2000 leading the way. SPX finished up 2.3%, the NASDAQ gained 2.7%, and the Russell 2000 rallied 3.1%. Breadth was strong as the NYSE Up Issues % closed at 80% and the NYSE Up Volume % posted an 82% reading. NYSE total volume was slightly lower than Friday's level.

There were several studies that looked at two-day bounces following either sharp sell-offs or sell-offs to short- or intermediate-term lows. Results were quite similar for several of them. I decided to feature the study below since it looked at both a large down day and a short-term low prior to the two-day bounce. Last seen in the 1/23/26 letter, the stats are all are updated.

After closing down at least 1.75% and at a 10-day low 2 days ago SPX closes up the last 2 days but still below the close of 3 days ago. Close > 200ma. Buy on close. Sell X days later. 1980 - 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	32	23	9	71.88%	5.60%	-6.52%	2.09%	2.10%	0.99	2.54	0.910%
4	32	25	7	78.12%	4.56%	-3.55%	1.81%	1.85%	0.98	3.50	1.012%
3	32	25	7	78.12%	3.27%	-3.99%	1.57%	1.58%	0.99	3.54	0.878%
2	32	23	9	71.88%	3.86%	-1.92%	1.35%	0.80%	1.70	4.33	0.749%
1	32	21	11	65.62%	2.71%	-1.66%	1.00%	0.75%	1.33	2.53	0.396%

Results look very favorable for the bulls. Below is a look at a 4-day profit curve.



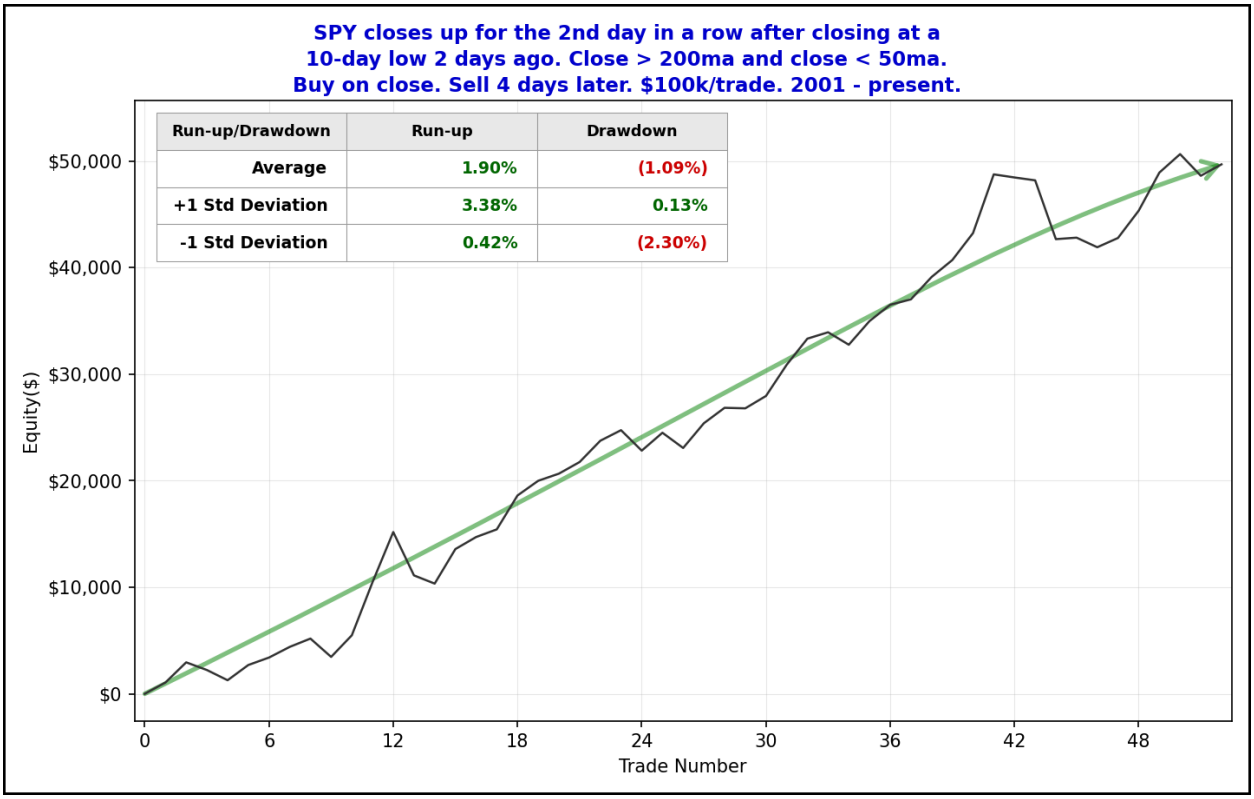
That is an impressive curve, and serves as some confirmation of the bullish edge suggested by the stats table.

Another study that triggered looked at the bounce in relation to its 50ma. In the 11/5/26 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.

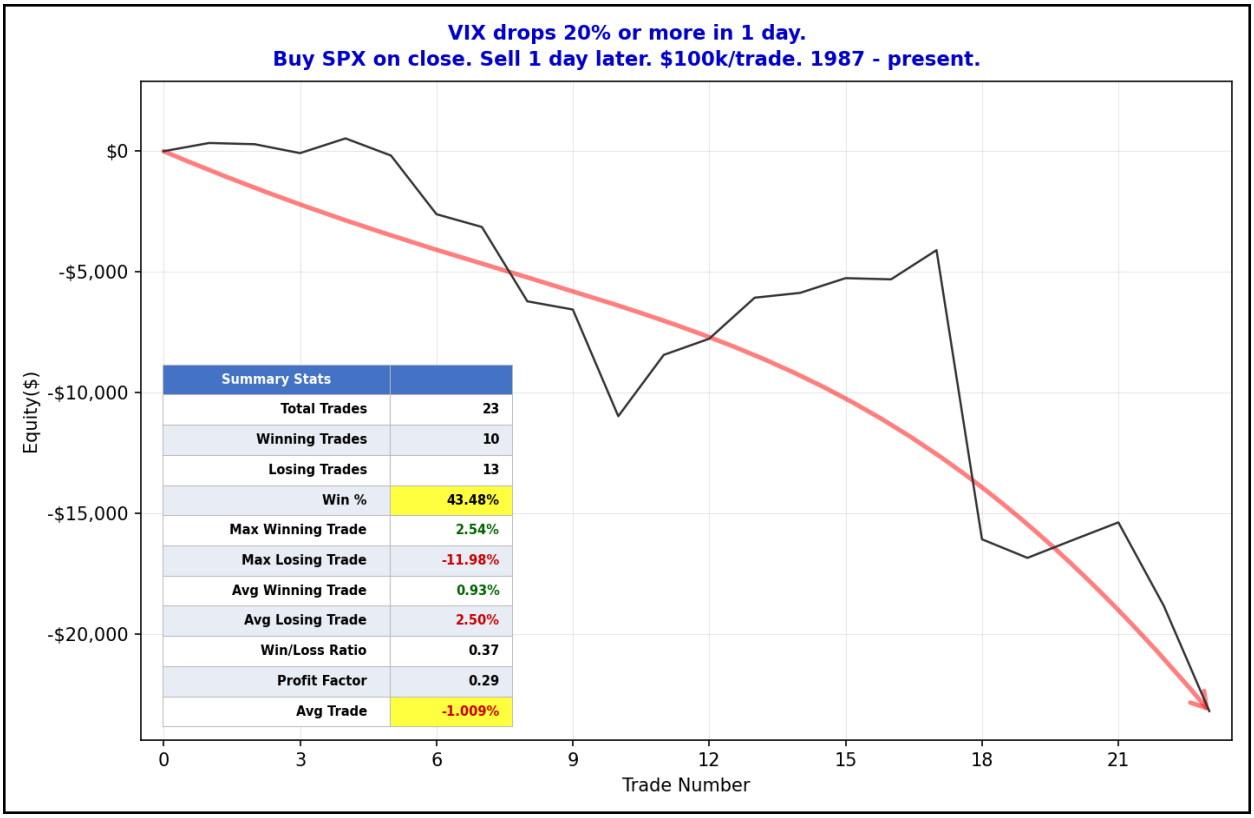
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
10	50	36	14	72.00%	8.03%	-4.10%	3.05%	1.90%	1.60	4.12	1.661%
9	50	35	15	70.00%	8.54%	-5.52%	3.05%	2.18%	1.40	3.27	1.481%
8	50	34	16	68.00%	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	53	34	19	64.15%	4.23%	-4.11%	1.29%	1.27%	1.01	1.81	0.370%
1	53	37	15	69.81%	2.92%	-4.41%	0.79%	0.82%	0.97	2.38	0.321%

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.



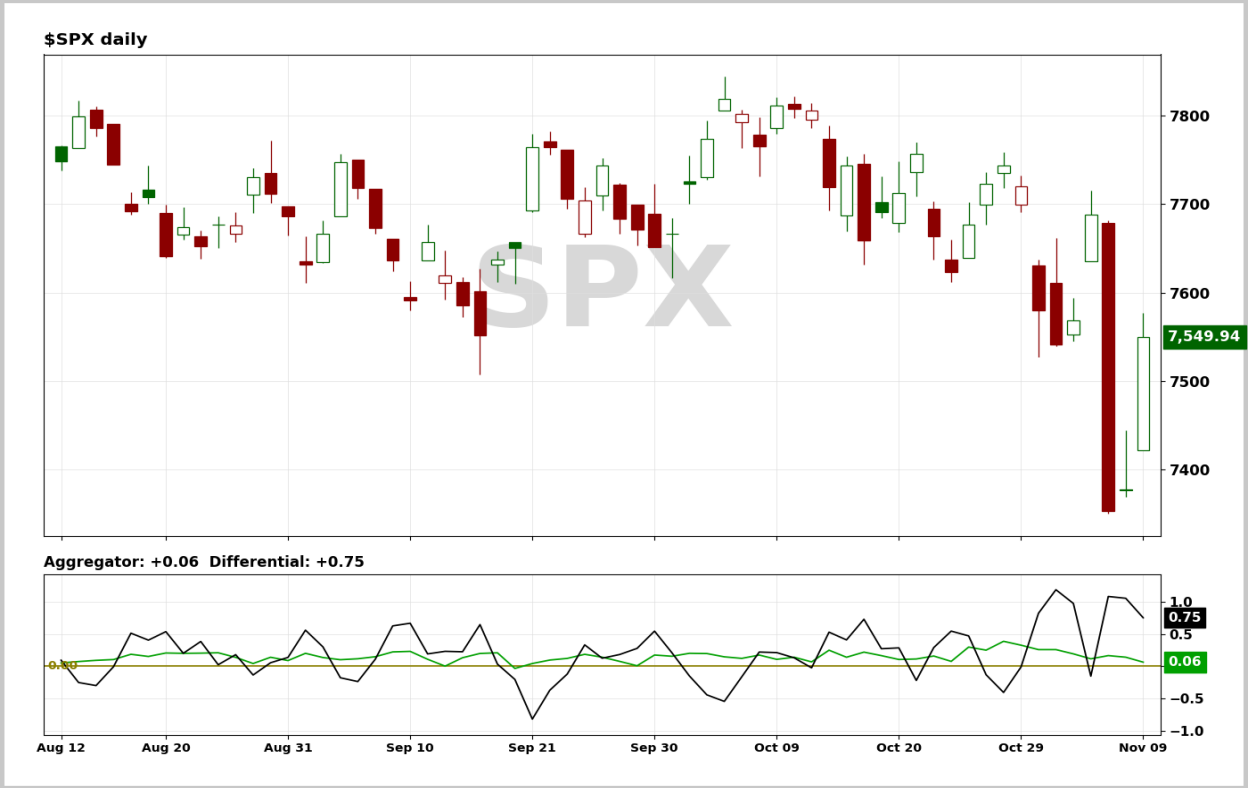
I like this study and have added it to the active list tonight.

The VIX saw a 22.3% drop on Monday. 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 11/5/26 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 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 highly *inverted at* 7384.42. That is 2.2% *below* Monday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close down a sizable 2.2% on Tuesday in order to remain oversold. Anything other than that and it will flip to overbought versus recent expectations as of Tuesday's close.

So the Aggregator is bullish. But the highly inverted differential pivot means that SPX is primed to flip to an overbought position on Tuesday. This greatly reduces the reward/risk ratio. I often view inverted pivots as opportune times to take profits on long index positions. Unfortunately while I put trade ideas out the last two days, neither of them was filled due to the unfilled gaps higher we saw on both Friday and Monday. We're certainly in a volatile market and we are seeing a real mix of evidence the last few days. I'm okay standing aside and waiting for the next compelling opportunity to arise.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/9 – 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
NOW(1/3)	11/2/2026	$104.85	$102.76	-1.99%	Catapult

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