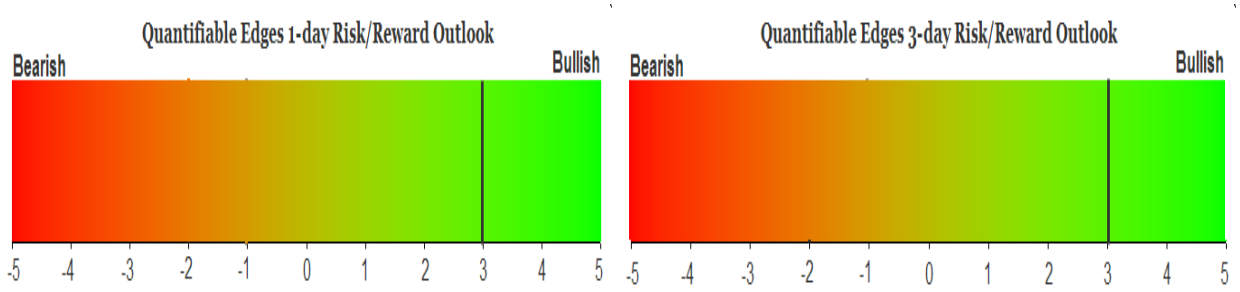
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 17, 2026 Volume 20 Issue 221

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- When the 3rd straight SPX down day is the largest drop of the pullback, there has typically been an upside edge over the next few days.
- 3 down days heading into a potential Turnaround Tuesday, has often seen the SPX rally.
- When SPY gaps down to below a short-term low and sells off further during the day, that has often been followed by a bounce in the coming days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I am as well.

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 17, 2026	SPY gap below 5-day low, close < open	1-5 days	Bullish	1.90%	-1.39%	-3.02%
November 17, 2026	SPX down 3 days into Turnaround Tuesday	1-7 days	Bullish	2.01%	-1.47%	-3.22%
November 17, 2026	SPX 3rd down day is the largest drop	1-3 days	Bullish	1.63%	-0.93%	-2.09%
November 9, 2026	SPX up on lower vol after high-vol 50-day lo	1-7 days	Bearish	-4.96%	2.21%	3.91%
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			
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 13, 2026	SPX down 1%+, then 5 closes inside its rang	1-3 days	Bullish	1.36%	-0.93%	-1.99%
November 12, 2026	VIX from 10% over 10ma to 10% under, > 20	1-6 days	Bullish	1.69%	-1.13%	-2.46%

The Evidence

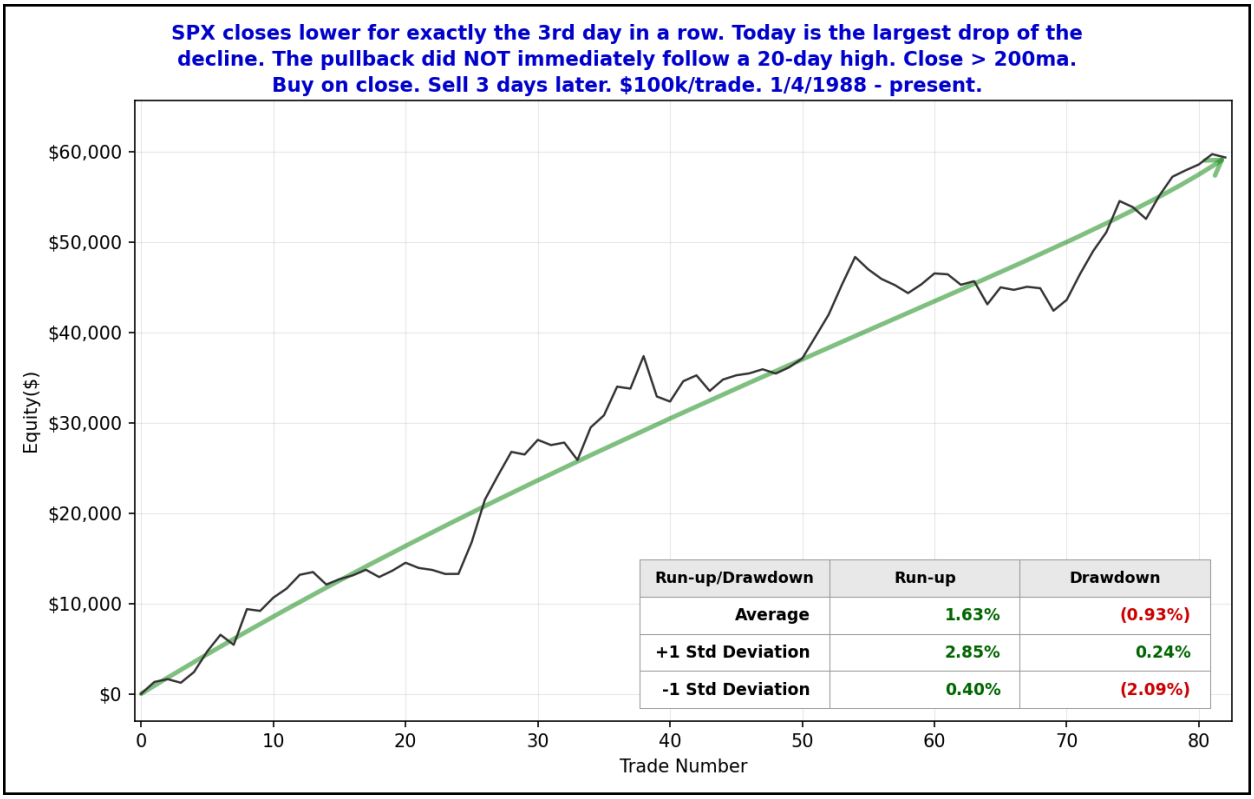
Stocks sold off sharply on Monday. SPX finished down 1.9%, the NASDAQ lost 2.5%, and the Russell 2000 tumbled 1.7%. Breadth was very weak as the NYSE Up Issues % closed at 24% and the NYSE Up Volume % posted a 24% reading. NYSE total volume rose from Friday's level.

The fact that Monday was the 3rd down day in a row was notable. I've discussed 3-day pullbacks many times before and a few studies associated with them came up tonight. They tend to provide a nice upside edge under the right conditions. The study below considers the fact that today's drop was especially large compared to the previous 2 days. I last showed this version recently in the 10/15/26 letter, and it fit the current scenario nicely tonight. All information has been updated.

SPX closes lower for exactly the 3rd day in a row. Today is the largest drop of the decline. The pullback did NOT immediately follow a 20-day high. 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
5	81	52	29	64.20%	6.22%	-4.99%	2.06%	1.03%	2.00	3.58	0.953%
4	82	53	29	64.63%	4.89%	-3.90%	1.76%	1.16%	1.51	2.77	0.726%
3	82	53	29	64.63%	4.70%	-4.47%	1.66%	0.98%	1.69	3.09	0.724%
2	82	54	28	65.85%	3.75%	-7.54%	1.27%	0.79%	1.61	3.10	0.569%
1	82	54	28	65.85%	2.52%	-1.82%	0.81%	0.61%	1.32	2.55	0.323%

Results here appear fairly impressive. Below is an equity curve that was created using a 3-day holding strategy.



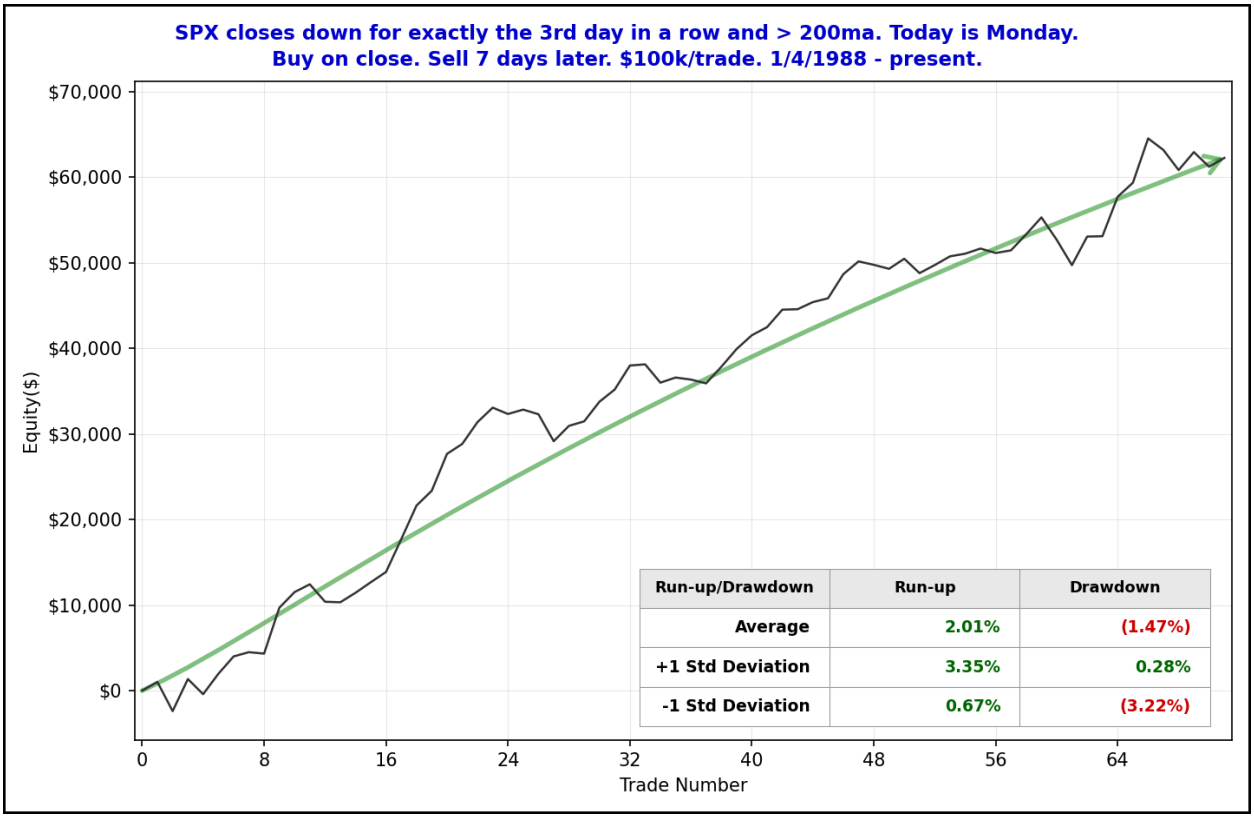
That is a strong and fairly steady upslope moving from lower left to upper right and it's made several new highs recently. This study appears well worth consideration and I have added it to the active list tonight.

Another Quantifinder study considered the tendencies for the market to bounce 1) after 3 days lower, and 2) going into a Tuesday. Last seen in the 12/31/24 letter, below are updated results.

SPX closes down for exactly the 3rd day in a row and > 200ma. Today is Monday.
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	70	49	21	70.00%	8.14%	-14.86%	2.28%	2.47%	0.92	2.15	0.853%
9	71	52	19	73.24%	7.09%	-7.86%	2.12%	1.88%	1.12	3.08	1.047%
8	71	51	20	71.83%	6.88%	-6.26%	2.01%	1.72%	1.16	2.97	0.956%
7	71	51	20	71.83%	5.36%	-3.41%	1.78%	1.44%	1.24	3.16	0.877%
6	71	46	25	64.79%	4.93%	-6.90%	1.71%	1.34%	1.27	2.34	0.634%
5	76	53	23	69.74%	4.78%	-4.63%	1.63%	1.62%	1.00	2.31	0.643%
4	76	51	25	67.11%	4.89%	-8.42%	1.52%	1.62%	0.94	1.91	0.486%
3	76	45	31	59.21%	3.95%	-7.66%	1.38%	1.38%	1.00	1.46	0.256%
2	76	48	28	63.16%	3.75%	-3.42%	1.11%	0.92%	1.20	2.06	0.360%
1	76	43	32	56.58%	2.30%	-3.03%	0.80%	0.63%	1.26	1.70	0.185%

Results here appear to be quite bullish. The 7-day time period shows nice stats and an especially smooth equity curve. You can see that below.



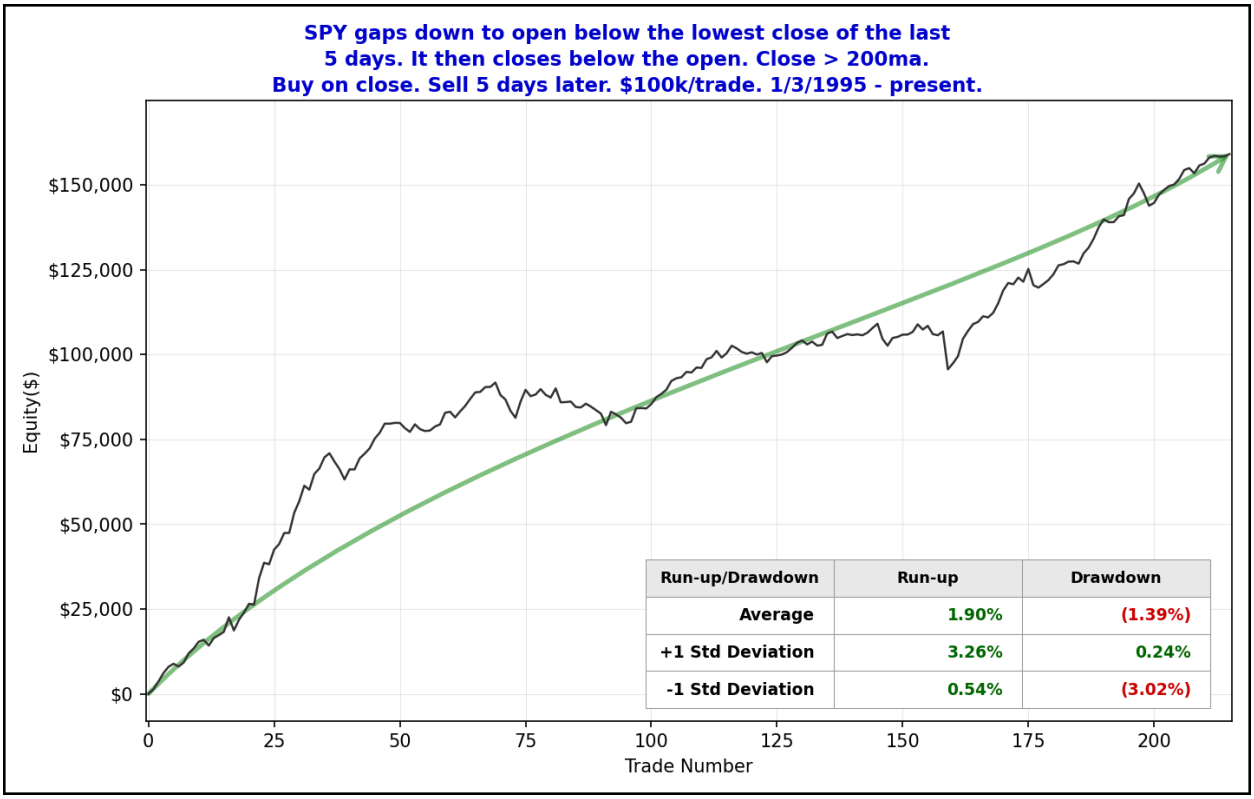
It has been a very persistent move higher. This serves as some confirmation of the upside edge suggested by the numbers. I have included this study on the Active List.

This last study looks at times that SPY gapped down to a short-term low, and then sold off further during the day, while in a long-term uptrend. Last seen in the 9/2/26 subscriber letter I have updated the results.

SPY gaps down to open below the lowest close of the last 5 days. It then closes below the open. Close > 200ma.
Buy on close. Sell X days later. 1/3/1995 - 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	215	150	65	69.77%	7.81%	-11.16%	1.76%	1.61%	1.09	2.52	0.740%
4	227	149	78	65.64%	5.59%	-10.79%	1.68%	1.45%	1.16	2.21	0.604%
3	240	150	90	62.50%	5.01%	-6.59%	1.50%	1.18%	1.27	2.12	0.496%
2	257	163	91	63.42%	6.17%	-6.25%	1.22%	0.92%	1.33	2.37	0.448%
1	277	181	95	65.34%	5.81%	-4.18%	0.85%	0.80%	1.06	2.03	0.280%

The numbers here look fairly bullish. Here is the 5-day profit curve.



There were some flattish periods along the way, but the curve has made it way from lower left to upper right and is again at new highs.

So based on multiple looks, it appears the pullback has reached a point where it will likely soon see a bounce.

I have updated the Aggregator chart below.



With tonight's 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 strongly above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is substantially 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 Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7617.42. That is 2.7% above Monday's close. Therefore, SPX will need to close up a sizable 2.7% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Overall short-term evidence is pointing higher, including three compelling studies from tonight. And there is quite a bit of room to the upside before SPX would flip from oversold to overbought. So not only does the setup suggest a bullish edge, but risk/reward appears quite favorable. The market is certainly volatile so I am inclined to start with a small position. But I do like the long side and have shared a long trade idea in the trade ideas section that will trigger if SPY is available at or below Monday's closing price at any point on Tuesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/16 – 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 @ $739.95 LIMIT. Based on the short-term section above, I will look to take on a starter position here if I can get a fill at or below Monday's closing price.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
NOW(1/3)	11/2/2026	$104.85	$99.37	-5.23%	Catapult

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