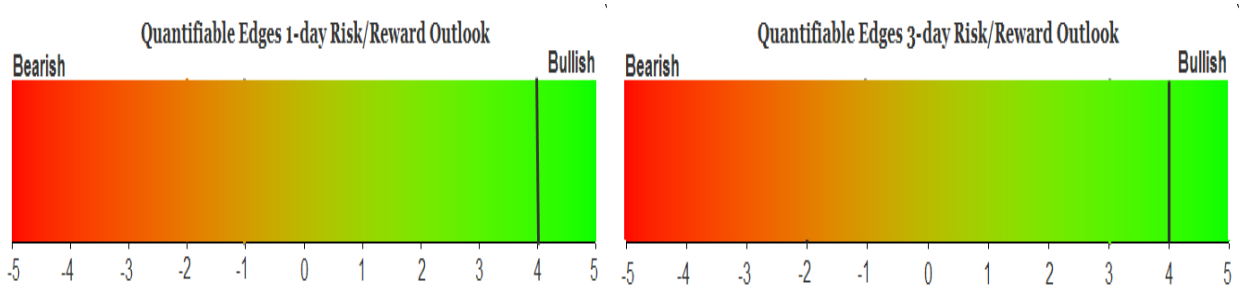
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

November 23, 2026 Volume 20 Issue 225

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	12

Tonight's Research Points

- A VIX crossing over 35% above its 10ma and with a reading over 30 suggests strong reward/risk for the bulls.
- The oversold McClellan Oscillator with SPX at 50-day low suggest a good chance of a bounce on Monday.
- SPY closing down more than 3% near its low after a 5-day low close has typically been followed by an upside edge over the following week.
- Oversized Friday declines while SPX is below its 200ma have typically been followed by a bounce over the next few days.
- The CBI reached 12, which has been a positive indication for both the short and intermediate-term.
- Thanksgiving week has shown some sizable seasonal tendencies over the years.
- The Fed remains hawkish.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I think there is a good chance of a strong bounce in the coming days.

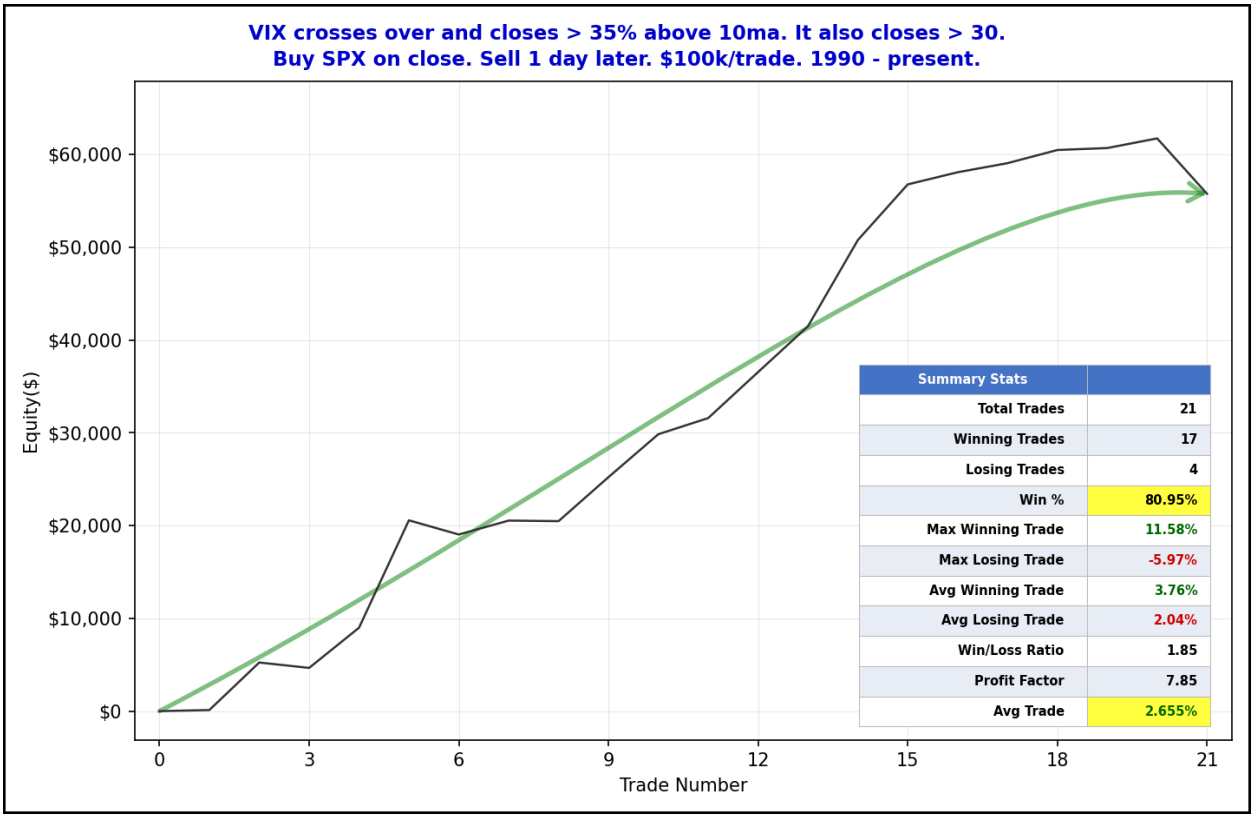
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
November 23, 2026	CBI reaches 10+ with SPX < 200ma	1-5 days	Bullish	3.97%	-3.10%	-6.75%
November 23, 2026	Friday drop > 1.5x ATR, below 200ma	1-3 days	Bullish	2.43%	-1.80%	-3.12%
November 23, 2026	SPY down 3%+ near low after 5-day low	1-5 days	Bullish	4.99%	-3.89%	-7.89%
November 23, 2026	SPX 50-day low, McClellan rank < 2%	1 day	Bullish			
November 23, 2026	VIX 35%+ above 10ma and above 30	1 day	Bullish			
November 20, 2026	SPX 2-day RSI <= 2 at 50-day low	1-2 days	Bullish	2.46%	-1.92%	-4.23%
November 20, 2026	SPX down 2%+ from 20-day low, < 200ma	1-3 days	Bullish	4.89%	-3.03%	-6.08%
Active - Long Term						
November 23, 2026	CBI reaches 11 or higher	1-20 days	Bullish	5.85%	-4.09%	-9.44%
November 20, 2026	NASDAQ 10-day breadth EMA < 37.5% at 10	1-19 days	Bullish	9.45%	-6.72%	-12.48%
November 19, 2026	SPX 5 lower lows to a 100-day low	1-19 days	Bullish	7.18%	-4.55%	-9.55%
November 9, 2026	SPX down 4 weeks in a row, > 40-week ma	1-50 days	Bullish	8.92%	-3.24%	-8.04%
November 2, 2026	Best 6 months 3rd year of Presidential Cycle	1-6 months	Bullish			
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 20, 2026	*SPY 50-day low, VIX up 15%-20%*	*1-2 days*	*Bullish*	*2.39%*	*-1.77%*	*-3.49%*
November 20, 2026	*SPY 5+ lower lows, biggest drop of sel*	*1-3 days*	*Bullish*	*3.08%*	*-1.76%*	*-3.90%*
November 19, 2026	*SPX down 5 days in a row, < 200ma*	*1-8 days*	*Bullish*	*4.24%*	*-2.09%*	*-4.86%*
November 19, 2026	*SPX down 3+ to 20-day low < 200ma,*	*1-7 days*	*Bullish*	*4.00%*	*-1.92%*	*-3.85%*
November 18, 2026	*SPX down 1%+ below 200ma while SC*	*1-4 days*	*Bullish*	*4.27%*	*-1.94%*	*-4.27%*
November 9, 2026	*SPX Friday up close after 21-day low*	*1-15 days*	*Bullish*	*3.96%*	*-2.93%*	*-6.41%*

The Evidence

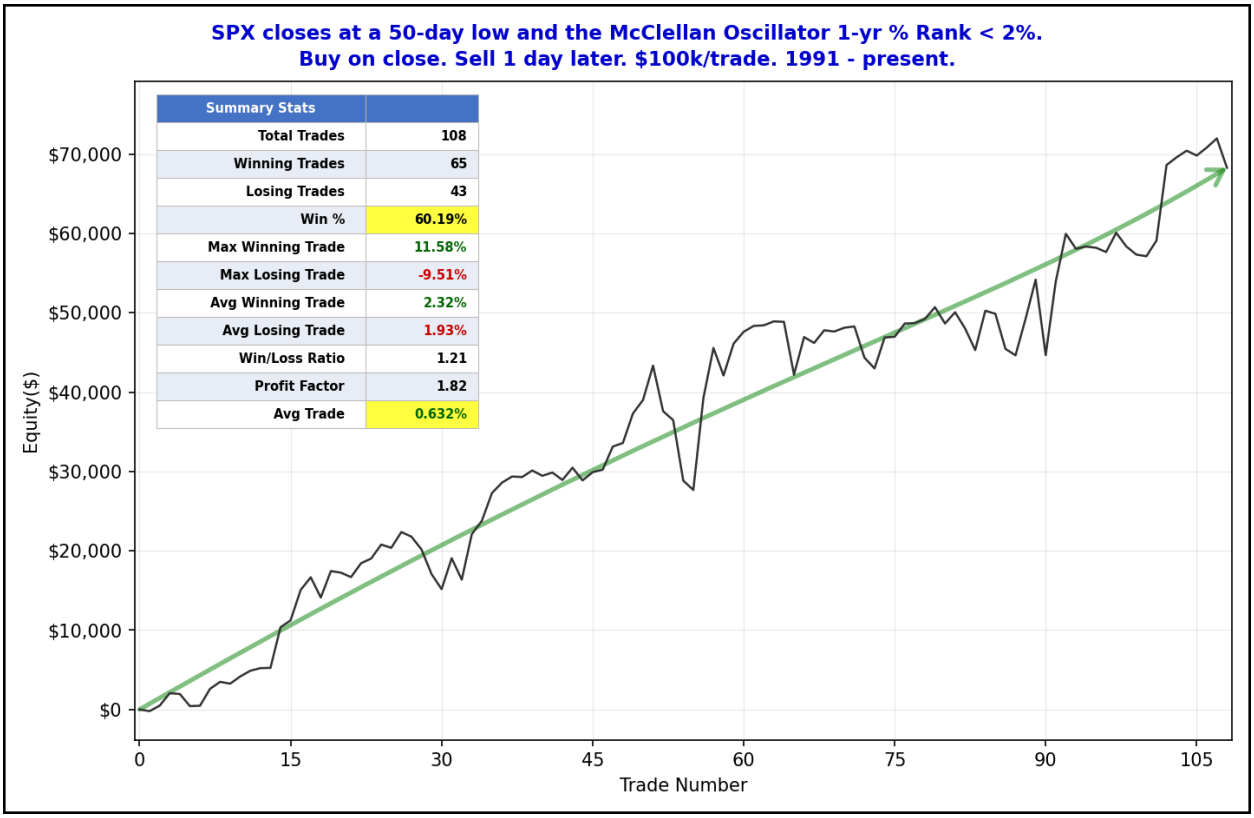
Stocks sold off sharply on Friday. SPX finished down 3.7%, the NASDAQ lost 5.3%, and the Russell 2000 tumbled 2.8%. Breadth was very weak as the NYSE Up Issues % closed at 19% and the NYSE Up Volume % also posted a 19% reading. NYSE total volume spiked higher from Thursday's level.

VIX action was notable on Friday as it rose over 25% and closed at the highest level since the 2025 tariff tantrum selloff. An interesting study from the Quantifinder was from the 4/4/25 letter. It notes not only that the VIX is relatively stretched on a short-term basis, but that the VIX reading is also somewhat high on an absolute basis. Over the years I have found that short-term stretches are not as impactful when the stretch is coming from a very low level. This is the reason the VIX > 30 is also included as a filter. Results are updated.



Instances are just a little lower than I'd prefer, but the stats are very strong. The average performance the day after the setup has been a 2.7% gain. That is a huge average for just a 1-day trade.

Breadth has really deteriorated lately. That is often a bad thing for the intermediate-term. But extremely negative breadth readings can sometimes act as a short-term oversold reading. On Friday, the McClellan Oscillator posted a reading that was in the bottom 2% of all readings over the last year. When overdone breadth occurs in conjunction with an oversold price reading, you often see a bullish short-term result. The study below, from the 11/18/26 letter, looks at times SPX closed at a 50-day low while the McClellan Oscillator closed at one of the lowest readings of the last year. Results are updated.



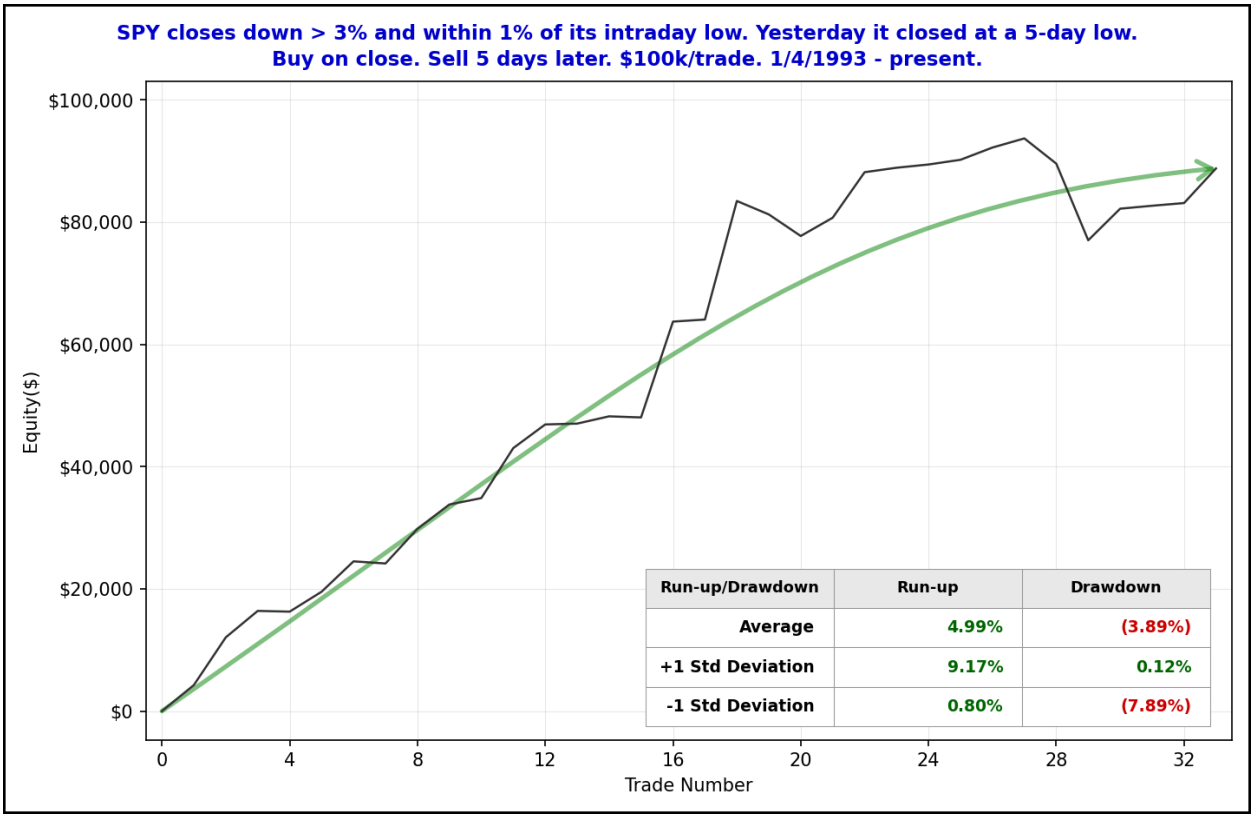
The curve and the stats suggest a bullish tendency for the next day. I have also added this study to the active list tonight.

Another study looked for large drops that closed poorly that alsocame after there was already a short-term low in place. Last seen in the 6/14/22 letter, I have updated it below.

SPY closes down > 3% and within 1% of its intraday low. Yesterday it closed at a 5-day low.
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
5	33	26	7	78.79%	19.40%	-12.54%	4.30%	3.29%	1.31	4.86	2.692%
4	35	22	13	62.86%	17.92%	-8.11%	4.38%	2.52%	1.74	2.94	1.815%
3	36	20	16	55.56%	14.71%	-11.53%	4.31%	2.91%	1.48	1.85	1.102%
2	37	26	11	70.27%	12.70%	-9.33%	3.22%	2.80%	1.15	2.72	1.431%
1	38	25	13	65.79%	11.69%	-4.21%	2.77%	1.59%	1.74	3.35	1.281%

Very substantial looking numbers here. Below is the profit curve.



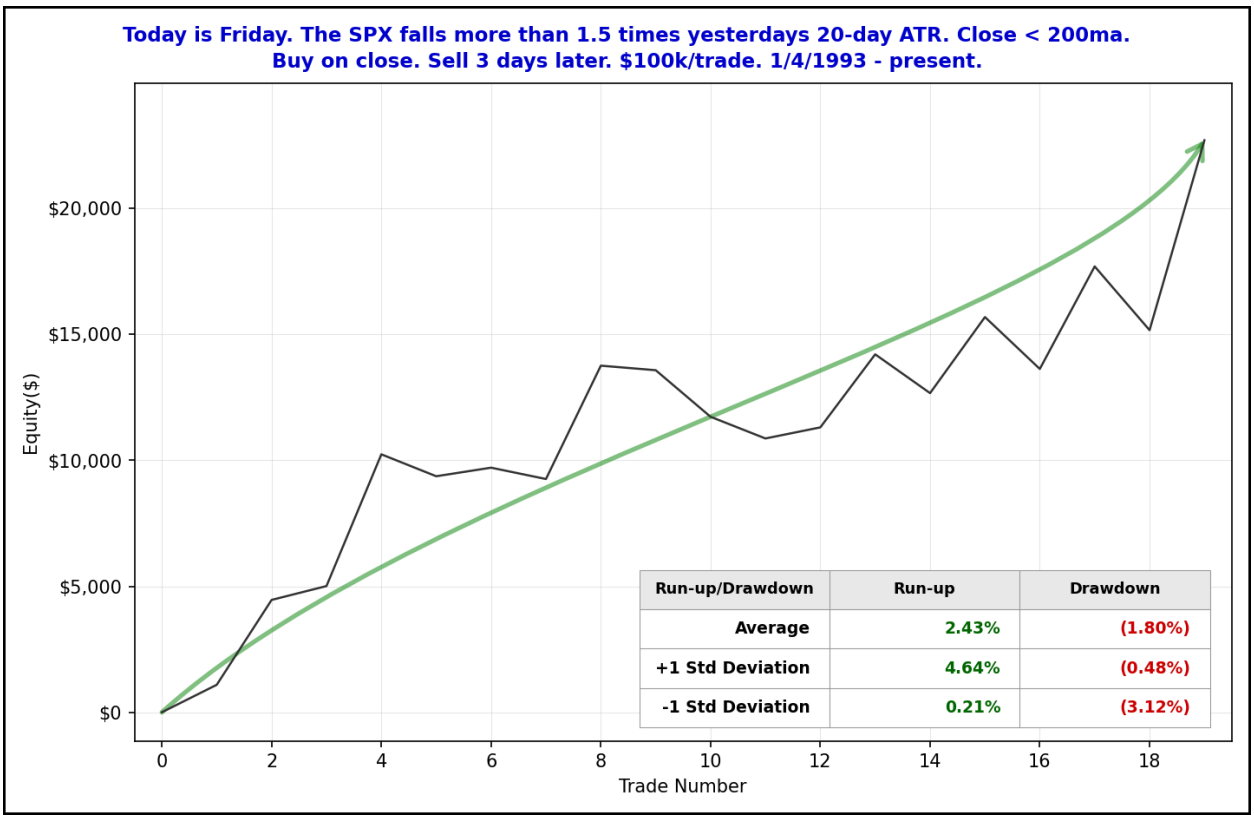
March 2020 uglied this one up a little. I'll forgive that for now, since the rest of the curve remains impressive.

One Quantifinder study looked at large drops on Fridays. Both the Crash of '29 and the Crash of '87 happened on Monday. The Crash of '87 is still remembered by some traders that are active today (old farts). In 1987, there was a strong selloff on Friday and then all hell broke loose on Monday. But since then, strong Friday selloffs have more often been followed by bounces in the following days. Perhaps this is due to the fact that fear of a crash causes what might otherwise be an ordinary selloff to become exaggerated and overdone on Fridays. Or perhaps it is just that people don't want to hold over the weekend. Whatever the reason, there has been a tendency to bounce. In recent years the bounce has not always occurred on Monday. Sometimes we saw more selling on Monday before the rebound started on Tuesday. The study below was last discussed in the 8/4/25 subscriber letter. It defines a strong selloff as more than 1.5x the recent (20-day) average true range. Results are updated.

Today is Friday. The SPX falls more than 1.5 times yesterdays 20-day ATR. Close < 200ma.
Buy on close. Sell X days later. 1/4/1993 - present.

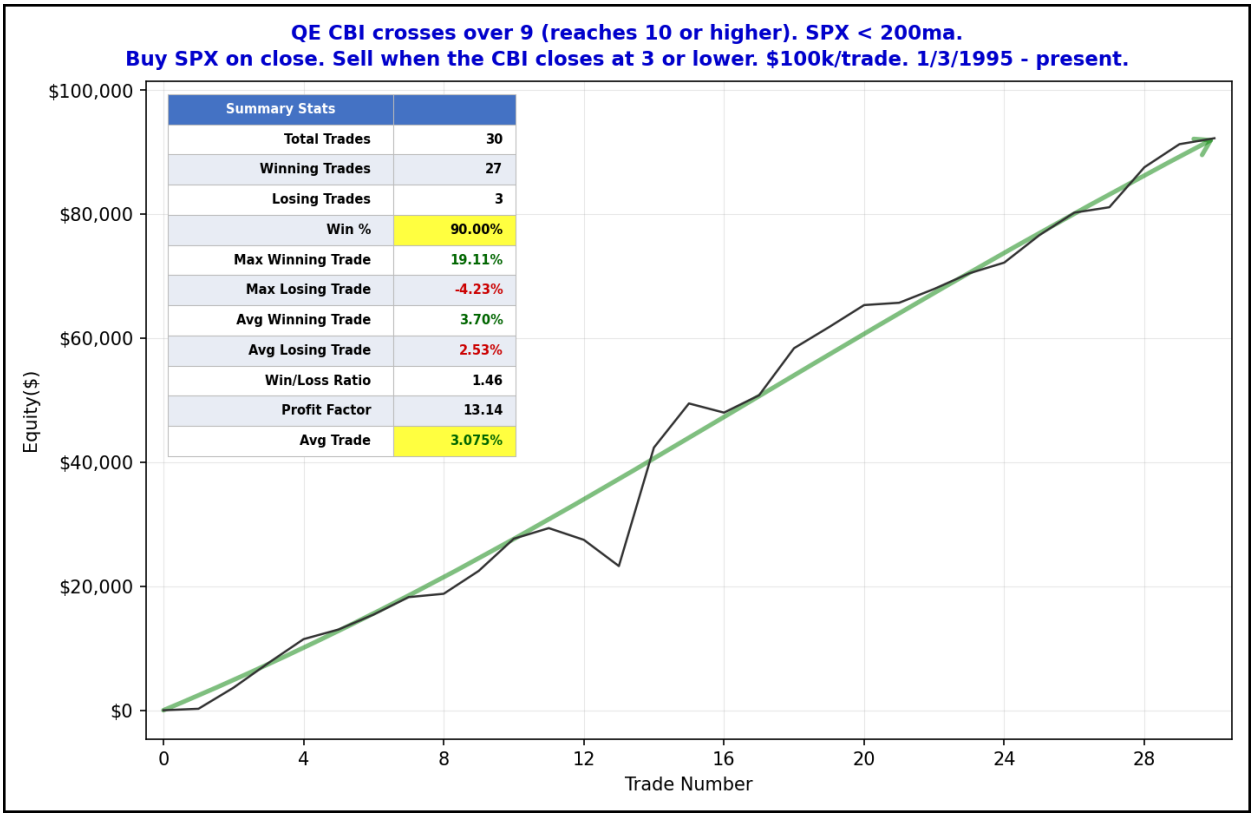
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
10	18	13	5	72.22%	9.26%	-6.12%	3.42%	3.79%	0.90	2.35	1.420%
9	18	12	6	66.67%	7.62%	-5.55%	3.50%	2.50%	1.40	2.80	1.500%
8	18	12	6	66.67%	7.99%	-2.72%	3.09%	1.78%	1.74	3.47	1.469%
7	18	11	7	61.11%	7.70%	-2.89%	3.37%	1.71%	1.98	3.11	1.397%
6	18	14	4	77.78%	8.91%	-3.68%	2.56%	1.64%	1.56	5.45	1.626%
5	19	12	7	63.16%	5.70%	-3.29%	2.62%	1.22%	2.14	3.67	1.204%
4	19	15	4	78.95%	5.75%	-2.24%	1.90%	1.67%	1.14	4.28	1.150%
3	19	11	8	57.89%	7.54%	-2.53%	3.00%	1.29%	2.32	3.20	1.195%
2	19	10	9	52.63%	6.27%	-5.24%	1.81%	1.57%	1.15	1.28	0.209%
1	19	14	5	73.68%	3.32%	-3.94%	0.81%	1.56%	0.52	1.45	0.186%

The numbers here are all impressive and suggest a bullish bias. Below is a look at the 3-day returns.



Despite the chop, there is a fairly persistent rise here from lower left to upper right. This study still appears worth some consideration.

Also notable about Friday's action is that the Quantifiable Edges Capitulative Breadth Indicator (CBI) rose to 12. I have generally viewed 10+ as strongly bullish over the years. The study below is one I have shown many times before. It looks at SPX performance if you were to buy the index when the CBI reached 10 or higher while SPX was below its 200ma, and then sell when it returned back down to 3 or lower. Results are updated.



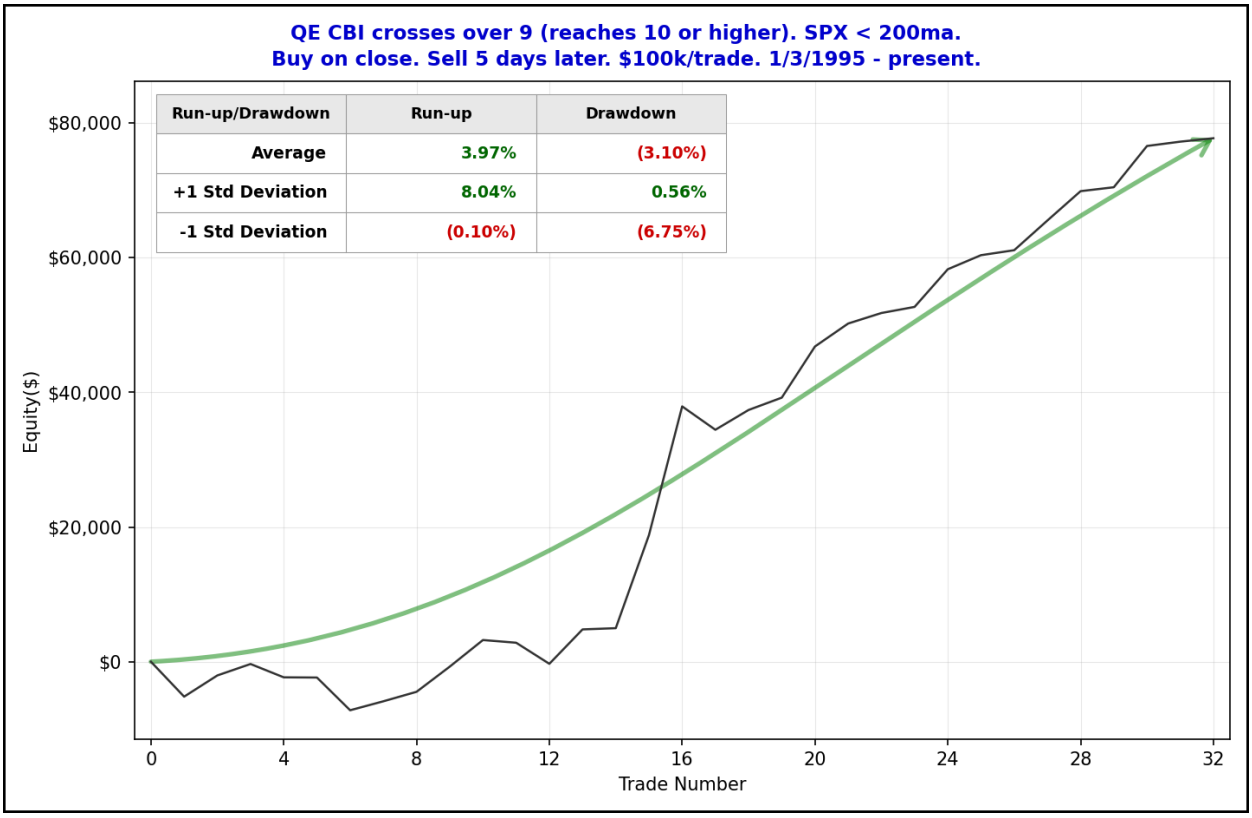
27 of the 30 instances closed higher by the time the CBI returned back down to 3 or lower.

Next is the same setup, but looking out a certain number of days rather than allowing the CBI reading to dictate the exit.

QE CBI crosses over 9 (reaches 10 or higher). SPX < 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
10	31	23	8	74.19%	16.43%	-4.58%	4.73%	2.57%	1.84	5.30	2.849%
9	32	25	7	78.12%	12.33%	-5.45%	4.47%	2.07%	2.15	7.69	3.035%
8	32	25	7	78.12%	15.72%	-5.59%	4.05%	2.78%	1.46	5.21	2.558%
7	32	25	7	78.12%	12.81%	-5.00%	4.01%	2.57%	1.56	5.58	2.572%
6	32	24	8	75.00%	18.47%	-8.87%	4.03%	2.64%	1.53	4.59	2.366%
5	32	25	7	78.12%	19.11%	-5.19%	3.87%	2.72%	1.42	5.08	2.429%
4	32	23	9	71.88%	17.97%	-4.38%	3.74%	2.05%	1.82	4.66	2.112%
3	33	20	13	60.61%	13.95%	-9.74%	3.12%	3.15%	0.99	1.52	0.649%
2	34	19	15	55.88%	13.21%	-8.66%	3.04%	2.92%	1.04	1.32	0.408%
1	34	19	15	55.88%	10.79%	-6.79%	2.39%	1.81%	1.32	1.68	0.540%

Stats certainly favor the bulls. Below is a look at the 5-day profit curve.



It is probably not a surprise that I am viewing the 12 reading on the CBI as a positive.

Also notable is that this upcoming week is Thanksgiving. Thanksgiving week has shown some strong seasonal tendencies over the years. This is something I last showed in the 11/24/25 subscriber letter. I have re-run those studies and updated them below.

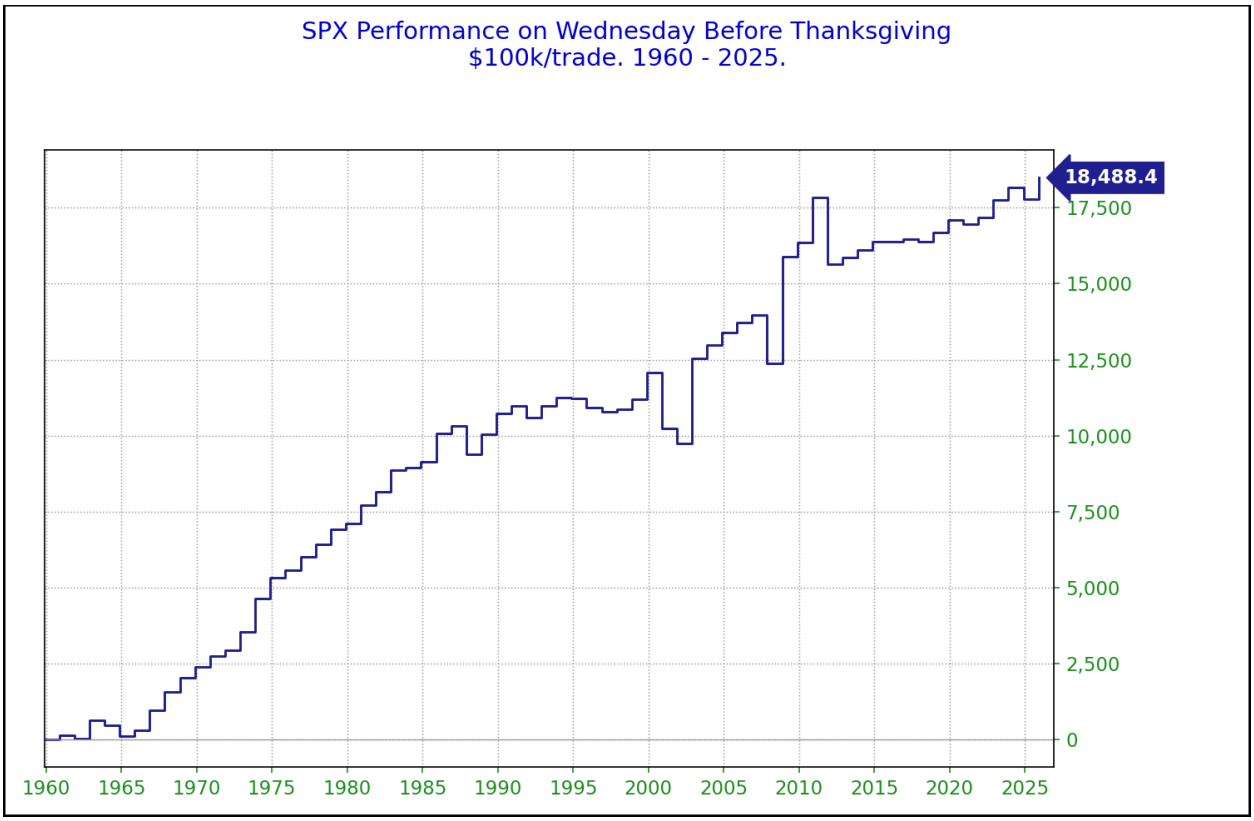
This first one breaks down performance during Thanksgiving week by day.

Thanksgiving Week Performance Broken Down by Day of Week.
$100k/trade in SPX. 1960 - present.

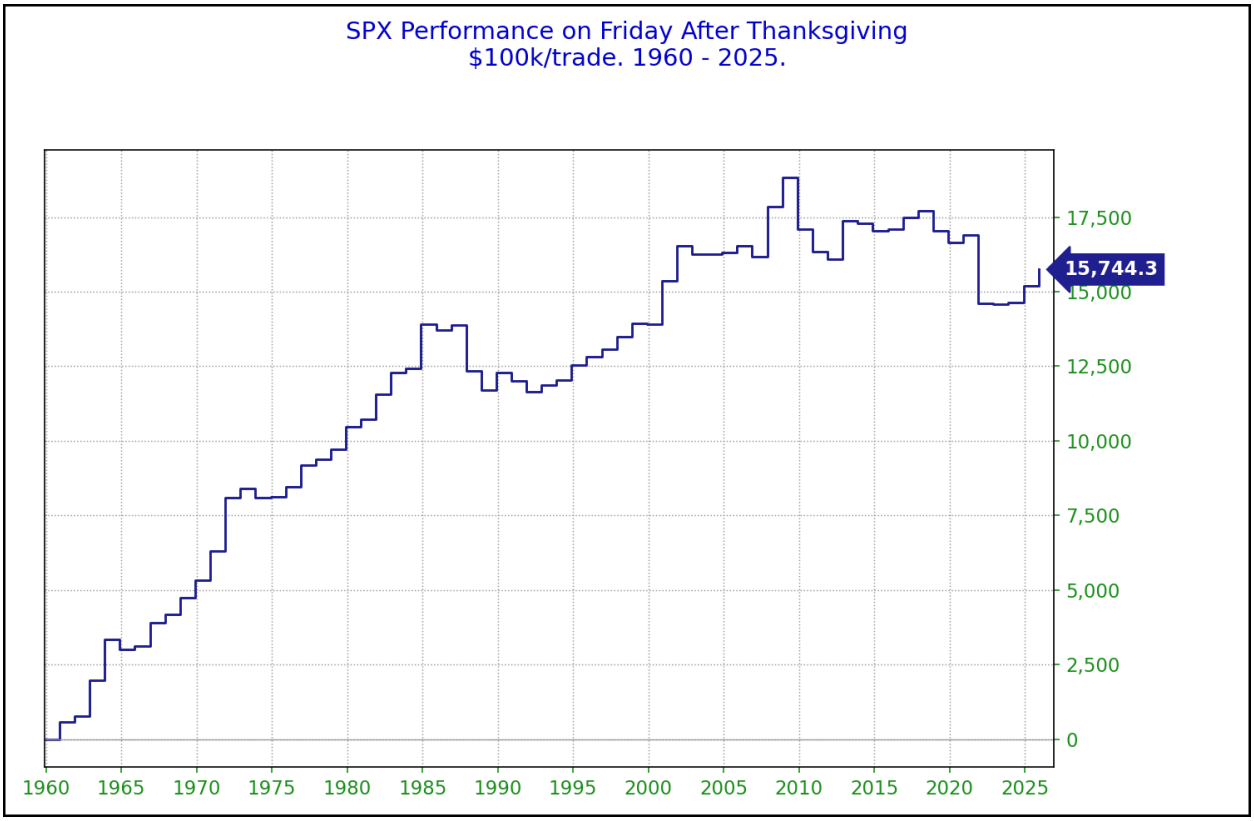
Day	Net Profit	# Trades	# of winners	# of losers	% Wins	Profit Factor	Avg Profit/Loss
Monday	$1,060.62	65	31	34	47.69	1.04	$16.32
Tuesday	$10,136.77	66	42	24	63.64	1.55	$153.59
Wednesday	$18,488.40	66	50	16	75.76	3.01	$280.13
Friday	$15,744.31	66	46	20	69.70	2.46	$238.55
Monday After	-$21,060.85	66	24	42	36.36	0.51	-$319.10

Monday and Tuesday don't show anything suggesting a large edge. Wednesday and Friday, on the other hand, appear to be strongly bullish. And the Monday after Thanksgiving appears to exhibit

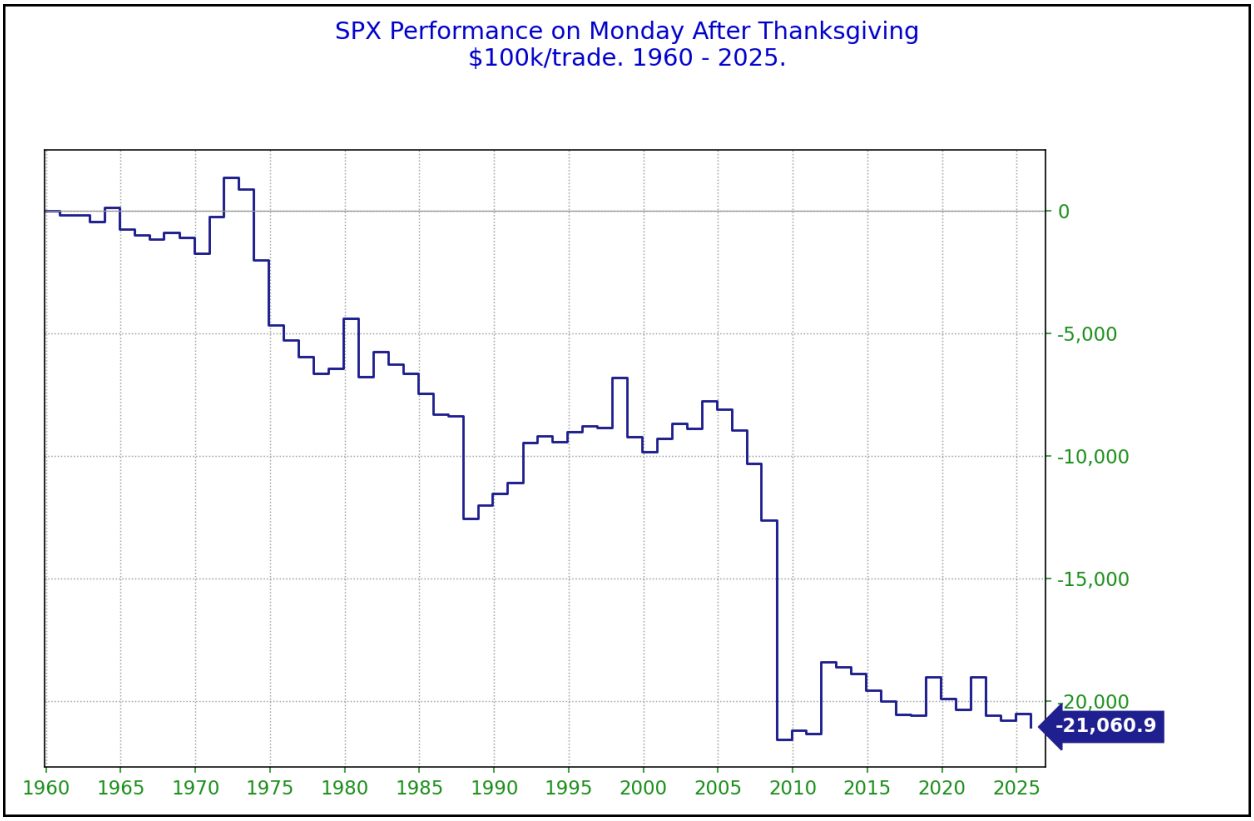
a possible bearish edge. But before we jump to conclusions, let's examine the profit curves for Wednesday, Friday, and the following Monday. First below is Wednesday.



This curve looks to be strong. While there were a few bad Wednesdays, they were overwhelmed by the good ones. And new highs were posted just last year. The next chart looks at Fridays after Thanksgiving.



This curve doesn't appear as strong as the Wednesday curve. It has turned lower in recent years. 2021 was especially bad. There still may be a bit of a seasonal upside edge, but it does not appear obvious as it once did. Now let's look at what has happened on the Monday after Thanksgiving.



The numbers from the results table were extremely negative, but as you can see the downside edge has not been steady at all. While the trend has been down pretty much the entire time, a large portion of the downside move is thanks to a 9% drop in 2008. And it has been a lot of sideways chop since then. So perhaps a seasonal downside edge does exist, but it is likely not as strong as the raw numbers would suggest.

I will also note that the Wed-Fri bullish tendency is well known. And I suspect it has been front-run quite a bit in recent years. I say this because 10 of the last 11 years SPY has closed in the top half of its intraday range on Thanksgiving Tuesday. 2018 was the lone exception. So intraday dip buying on Tuesday could be a play that nimble, aggressive traders might want to consider.

I have updated the Aggregator chart below.



With this weekend'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 held 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Monday. This is unlikely to change. Meanwhile, the Differential Pivot will be 7343.58. That is 6.3% above Friday's close. Therefore, SPX will need to close up a sizable 6.3% on Monday in order to flip from oversold to overbought versus recent expectations. I don't see that happening.

So the Aggregator is bullish. There is a ton of room to the upside before it would turn overbought. And we have ample evidence suggesting a bounce. The CBI spike is especially compelling. I believe the market is overdue for what will likely be a very strong bounce. There are plenty of ways that traders could consider taking advantage of this, whether it be with individual stocks - like the securities that are making the CBI spike. Or you could look to trade indices. It still may be worth leaving some cash in the portfolio in case this waterfall decline continues. That is always a potential risk when you have a CBI spike. I'll note there have been 14 occurrences when the CBI has spiked all the way up to 20 or higher. But most of the time when you get these moves to 10 or higher, there isn't much time left for the spike. It tends to wash out in the next 1 to 3 days. So I am short-term bullish.

Intermediate-term Outlook (2 weeks – 2 months) – updated 11/23 – somewhat bullish

Combo #1	Combo #2	Combo #3	Combo #4
Long SPX	Long SPX	Long SPX	Long SPX

Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course, which is included with all annual subscriptions. *All 4 Combo models remain LONG SPX.*

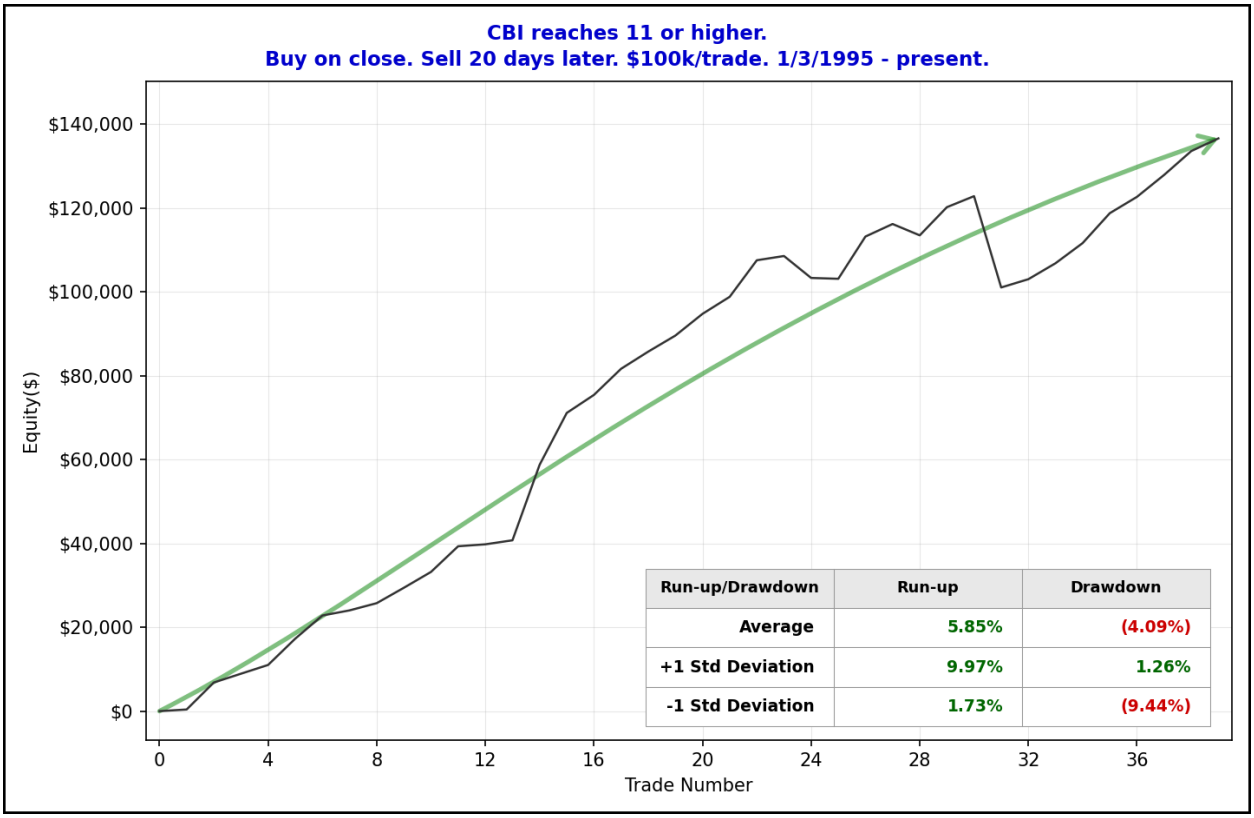
This past week was brutal for stocks. The SPX fell 8.6%, the NASDAQ tumbled 10.0%, and the Russell 2000 dropped 7.5%. Perhaps some of that money went to safety assets like bonds. The US Aggregate Bond ETF (AGG) rose 1.1%. TLT, the 20-year Treasury Bond ETF, gained 2.6%. SPX is now back at April levels, while the NASDAQ closed Friday down 2.7% so far for 2026. The trend no longer looks good.

I mentioned above the spike in the CBI that occurred on Friday. Not only are spikes this large suggestive of a *short-term* bounce but, I have also shown in the past that readings of 11 or higher have been a bullish *intermediate-term* indication. The study below is one I have shared several times, most recently in the 12/19/24 letter.

CBI reaches 11 or higher.
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
20	39	35	4	89.74%	18.00%	-21.77%	4.76%	7.47%	0.64	5.57	3.501%
19	39	33	6	84.62%	17.65%	-28.48%	4.84%	6.23%	0.78	4.27	3.138%
18	39	34	5	87.18%	20.20%	-26.32%	4.45%	6.40%	0.70	4.73	3.061%
17	39	35	4	89.74%	21.36%	-22.98%	4.21%	7.48%	0.56	4.93	3.012%
16	39	35	4	89.74%	15.43%	-23.34%	3.88%	7.69%	0.50	4.41	2.692%
15	39	30	9	76.92%	17.42%	-19.15%	4.21%	3.19%	1.32	4.40	2.500%
14	40	30	10	75.00%	16.10%	-23.72%	3.85%	4.86%	0.79	2.37	1.669%
13	41	33	8	80.49%	19.51%	-13.34%	3.84%	4.44%	0.86	3.56	2.222%
12	41	32	9	78.05%	18.11%	-20.70%	3.58%	4.60%	0.78	2.77	1.789%
11	41	31	10	75.61%	20.90%	-12.37%	3.83%	3.06%	1.25	3.88	2.148%
10	41	27	14	65.85%	16.43%	-7.86%	3.69%	1.68%	2.20	4.24	1.859%
9	41	30	11	73.17%	12.33%	-12.20%	3.44%	2.30%	1.49	4.07	1.897%
8	41	33	8	80.49%	15.72%	-5.59%	2.96%	3.03%	0.98	4.03	1.788%
7	41	31	10	75.61%	12.81%	-5.00%	3.16%	2.15%	1.47	4.55	1.865%
6	42	33	9	78.57%	18.47%	-8.87%	2.87%	2.48%	1.16	4.24	1.722%
5	42	32	10	76.19%	19.11%	-5.19%	3.12%	2.18%	1.43	4.58	1.855%
4	44	31	13	70.45%	17.97%	-4.38%	3.11%	2.12%	1.47	3.50	1.564%
3	44	27	17	61.36%	13.95%	-9.74%	3.00%	3.08%	0.97	1.55	0.652%
2	44	25	19	56.82%	13.21%	-8.66%	2.63%	2.70%	0.97	1.28	0.324%
1	44	23	21	52.27%	10.79%	-6.79%	2.03%	1.53%	1.33	1.46	0.333%

Looking out over the next several weeks, the stats are (almost) all very impressive. The one exception is the Max Losing Trade. And you can guess when that was. (Hint: COVID.) Below is a look at the 20-day profit curve.



Even with the COVID Crash included, this study easily made it back to new highs and beyond. Overall, I view the CBI spike over the last few days to be a favorable indication for both the short and intermediate-term.

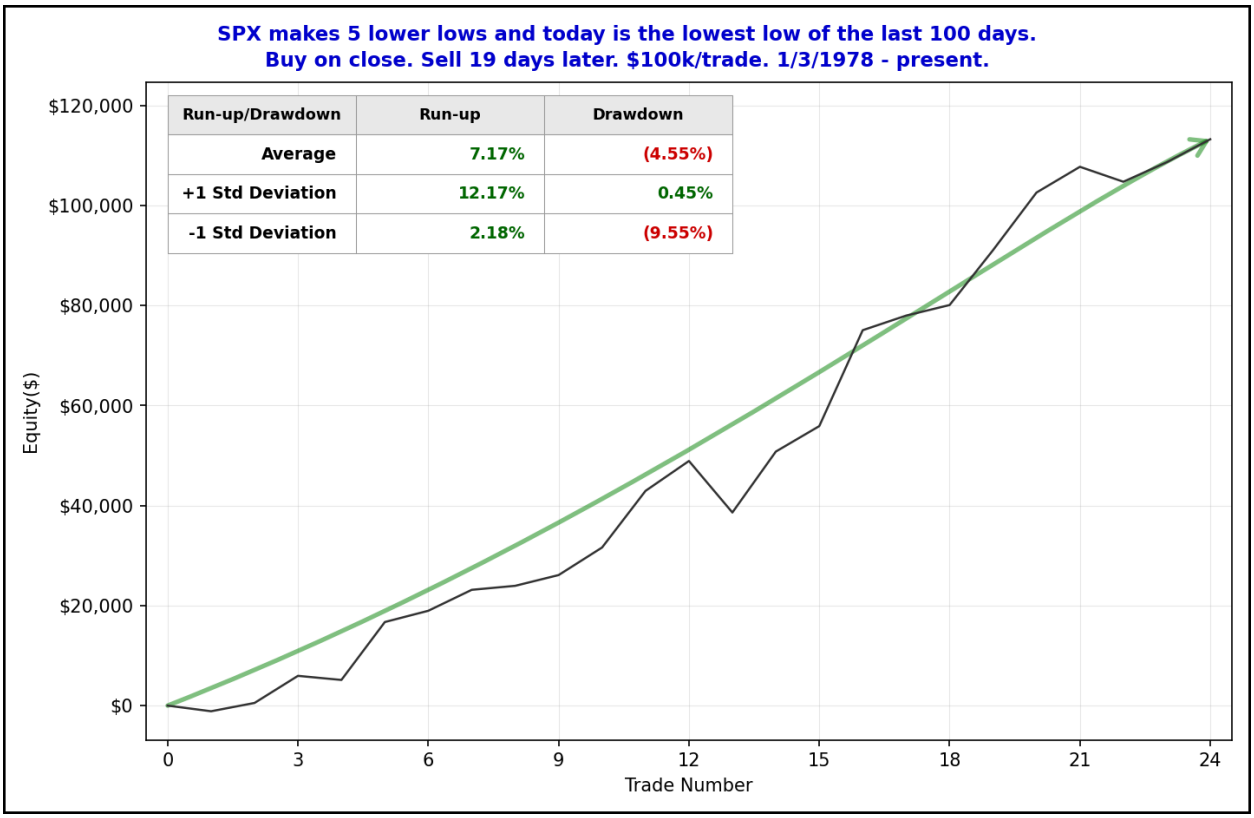
There were also some other studies with intermediate-term implications that triggered in the last few days. The 1st one below was from Wednesday night's letter.

Also notable is that the S&P 500 made its 5th consecutive lower low today while also making a 100-day low. This is a condition we discussed way back in the 10/9/08 Subscriber Letter. I've updated that study below.

SPX makes 5 lower lows and today is the lowest low of the last 100 days.
Buy on close. Sell X days later. 1/3/1978 - 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
20	23	19	4	82.61%	17.52%	-8.51%	5.57%	3.36%	1.65	7.86	4.014%
19	24	20	4	83.33%	19.18%	-10.30%	6.42%	3.81%	1.69	8.43	4.718%
18	24	20	4	83.33%	16.43%	-9.93%	6.40%	3.81%	1.68	8.41	4.698%
17	24	20	4	83.33%	16.62%	-9.22%	6.03%	4.98%	1.21	6.05	4.197%
16	24	20	4	83.33%	15.28%	-7.82%	5.43%	4.63%	1.17	5.87	3.755%
15	24	20	4	83.33%	11.23%	-9.88%	5.01%	6.13%	0.82	4.09	3.157%
14	24	19	5	79.17%	13.30%	-5.80%	5.17%	3.82%	1.35	5.14	3.299%
13	24	18	6	75.00%	13.91%	-13.81%	5.35%	4.65%	1.15	3.45	2.853%
12	24	17	7	70.83%	13.51%	-10.98%	5.57%	3.86%	1.44	3.51	2.820%
11	24	17	7	70.83%	11.08%	-7.80%	4.23%	3.09%	1.37	3.33	2.096%
10	24	16	8	66.67%	13.71%	-9.70%	4.78%	2.99%	1.60	3.20	2.191%
9	24	17	7	70.83%	10.00%	-10.73%	4.02%	2.78%	1.44	3.51	2.034%
8	24	17	7	70.83%	9.83%	-18.38%	4.06%	3.66%	1.11	2.70	1.808%
7	24	15	9	62.50%	10.90%	-15.92%	4.03%	3.05%	1.32	2.20	1.378%
6	24	14	10	58.33%	14.28%	-12.11%	3.63%	2.55%	1.42	1.99	1.056%
5	24	14	10	58.33%	13.17%	-12.52%	3.09%	3.03%	1.02	1.43	0.540%
4	24	17	7	70.83%	12.69%	-7.74%	3.38%	3.63%	0.93	2.26	1.335%
3	24	15	9	62.50%	10.96%	-12.96%	3.02%	3.39%	0.89	1.48	0.616%
2	24	16	8	66.67%	7.17%	-8.70%	2.64%	2.58%	1.02	2.04	0.898%
1	24	15	9	62.50%	9.10%	-9.51%	2.50%	2.34%	1.07	1.78	0.684%

Below is a look at the 19-day profit curve.



We see here another strong steady up move, which seems to have intermediate-term implications. And the upside potential seems really strong. Over the next 19 trading days the average trade has made nearly 5% and the average runup for these signals was over 7%. I have added this study to the intermediate-term list this evening.

This next one also is copied from Wednesday night's letter.

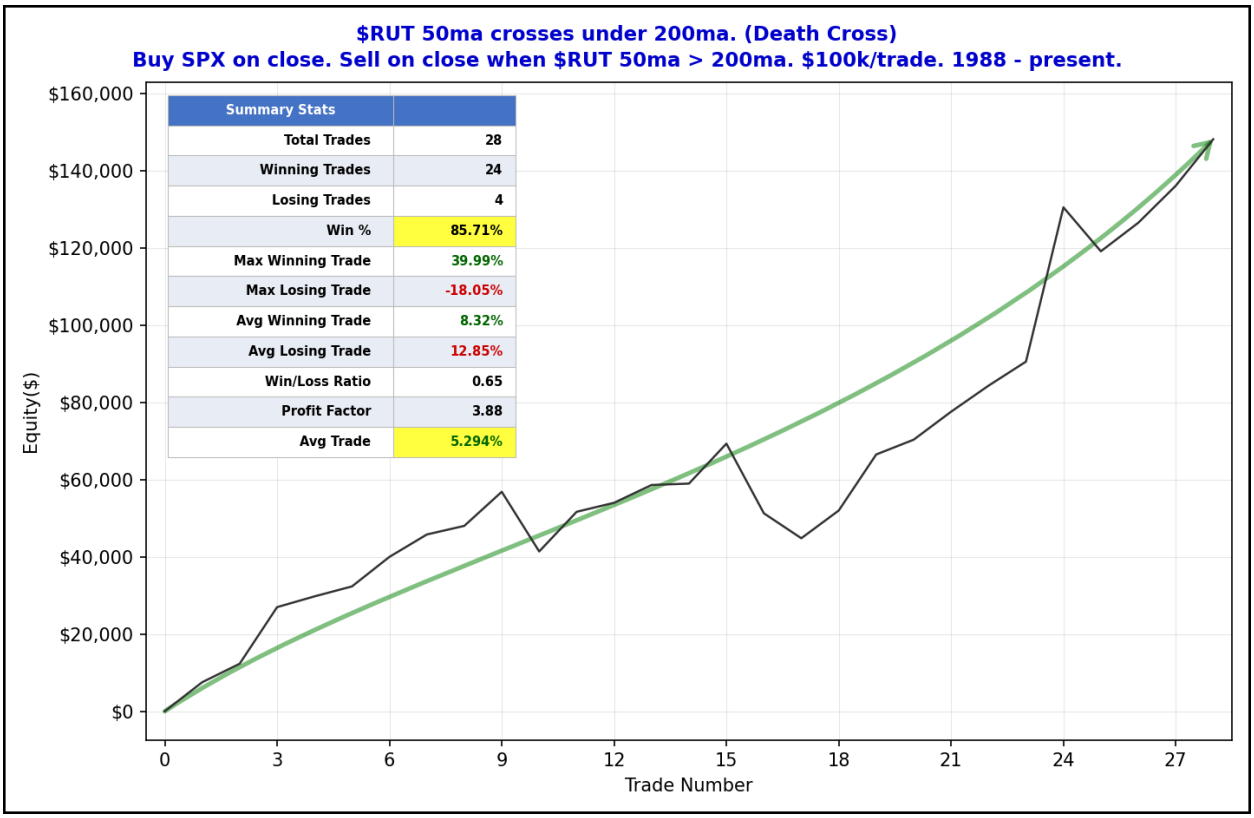
A Russell "Death Cross" occurred on Thursday. A "Death Cross" is a catchy (though not terribly accurate) term for when the 50-day moving average of a security cross below its 200-day moving average. It is sometimes promoted as a warning of a potential bear market. Of course basically all bear markets will see this happen at some point, because a bear market is an extended decline. But the real question when considering the implications of the Death Cross are whether it serves any value in predicting a more substantial decline. In the past I did an examination of previous Russell Death Crosses, and what they meant for the S&P 500. I have updated that study from the 3/21/25 letter below.

Both of my data sources show Russell data back to late 1987. And since I need 200 days to calculate a 200-day moving average, the earliest the study could look back to was 1988.
Here is the list of all Russell Death Crosses and how the SPX performed from the time of the initial cross until the Russell Death Cross was no longer in effect (meaning the 50-day moving average closed back above the 200-day moving average).

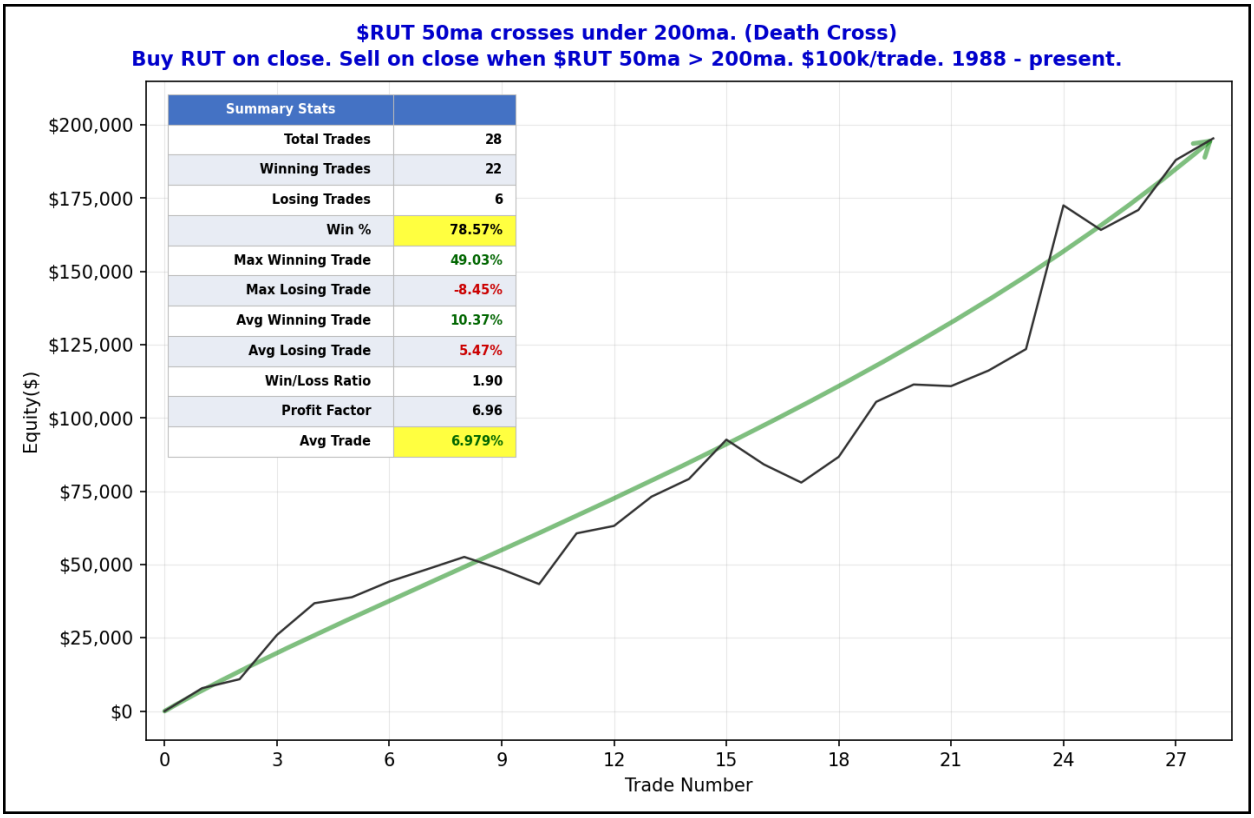
$RUT 50ma crosses under 200ma. (Death Cross) Buy SPX on close.
Sell on close when $RUT 50ma > 200ma. $100k/trade. 1988 - present.

Date	Side	Price	% Profit	Runup/Drawdn
12/13/1988	Buy	$276.31	7.52%	$7,970
2/1/1989	Sell	$297.09		($900)
12/18/1989	Buy	$343.69	4.79%	$7,300
7/3/1990	Sell	$360.16		($6,940)
8/17/1990	Buy	$327.83	14.67%	$15,810
3/7/1991	Sell	$375.91		($10,160)
7/16/1992	Buy	$417.54	2.79%	$2,840
11/25/1992	Sell	$429.19		($4,970)
5/23/1994	Buy	$453.20	2.58%	$5,380
10/21/1994	Sell	$464.89		($2,950)
11/25/1994	Buy	$452.29	7.65%	$8,160
2/23/1995	Sell	$486.91		($2,080)
9/3/1996	Buy	$654.72	5.81%	$6,120
10/3/1996	Sell	$692.78		($890)
5/16/1997	Buy	$829.75	2.23%	$2,670
5/30/1997	Sell	$848.28		($400)
7/30/1998	Buy	$1,142.86	8.83%	$12,320
2/8/1999	Sell	$1,243.77		($19,210)
9/29/2000	Buy	$1,436.51	-15.46%	$1,270
6/15/2001	Sell	$1,214.36		($24,730)
9/17/2001	Buy	$1,038.77	10.28%	$13,300
1/11/2002	Sell	$1,145.60		($9,050)
7/15/2002	Buy	$917.93	2.33%	$5,130
5/14/2003	Sell	$939.28		($16,260)
8/5/2004	Buy	$1,080.70	4.61%	$5,680
11/2/2004	Sell	$1,130.56		($1,850)
5/25/2005	Buy	$1,190.01	0.37%	$2,490
7/1/2005	Sell	$1,194.44		($140)
7/21/2006	Buy	$1,240.29	10.35%	$10,690
10/20/2006	Sell	$1,368.60		$0
9/5/2007	Buy	$1,472.29	-18.05%	$7,050
9/18/2008	Sell	$1,206.51		($23,010)
10/8/2008	Buy	$984.94	-6.47%	$6,030
6/19/2009	Sell	$921.23		($32,300)
7/28/2010	Buy	$1,106.13	7.19%	$8,140
10/25/2010	Sell	$1,185.62		($6,010)
8/12/2011	Buy	$1,178.81	14.52%	$14,610
2/8/2012	Sell	$1,349.96		($8,830)
9/22/2014	Buy	$1,994.29	3.83%	$4,270
12/19/2014	Sell	$2,070.65		($8,710)
9/2/2015	Buy	$1,948.86	7.25%	$8,600
5/26/2016	Sell	$2,090.10		($7,120)
11/14/2018	Buy	$2,701.58	6.75%	$9,350
5/7/2019	Sell	$2,884.05		($13,140)
10/3/2019	Buy	$2,910.63	6.23%	$6,600
11/12/2019	Sell	$3,091.84		($620)
3/19/2020	Buy	$2,409.39	39.99%	$40,610
8/14/2020	Sell	$3,372.85		($9,030)
1/19/2022	Buy	$4,532.76	-11.40%	$2,310
1/25/2023	Sell	$4,016.22		($22,970)
4/21/2023	Buy	$4,133.52	7.40%	$7,860
7/11/2023	Sell	$4,439.26		($2,060)
10/13/2023	Buy	$4,327.78	9.59%	$10,760
1/2/2024	Sell	$4,742.83		($5,180)
3/20/2025	Buy	$5,662.89	12.05%	$13,490
8/6/2025	Sell	$6,345.06		($14,620)

Twenty-three winners. Only four losers. So 85% of the "predictions" were wrong. The biggest winner of the group came in 2020. The most recent instance, from late 2023, saw a nice rally to close out that year. Here is a look at the summary stats and a profit curve for this setup.



Below is the same Death Cross signal, buying the Russell 2000 instead of SPX.



I am having a hard time seeing the Russell 2000 Death Cross as a bearish indication. You would have a much easier time convincing me this is a bullish indication for the intermediate-term. (I don't really view it as bullish though. Drawdowns were generally sizable, even for a good portion of the "winners".)

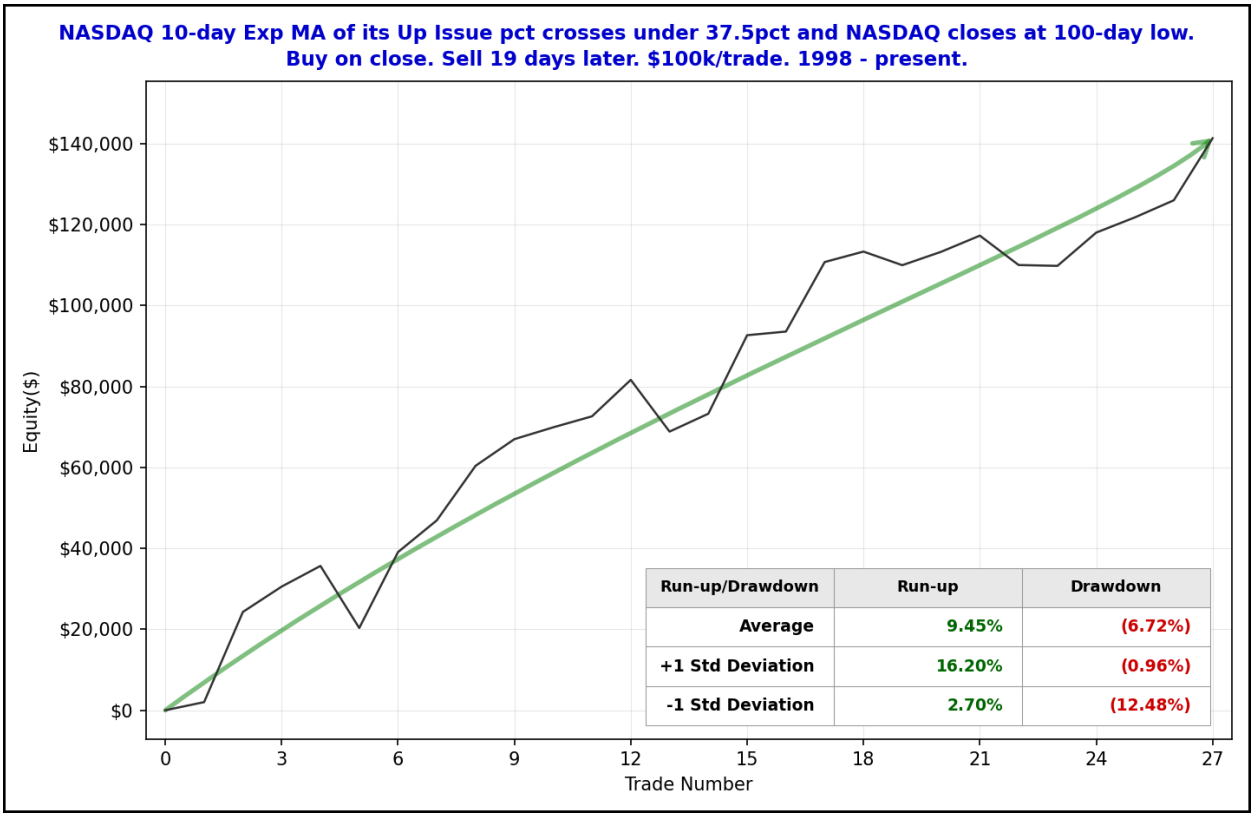
We also saw a bullish intermediate-term study trigger in Thursday night's letter. I have copied that one below.

Breadth has deteriorated so much recently that it is now suggesting a bounce is likely. Wednesday's strong selloff saw an old study trigger that examined the recent strongly negative NASDAQ breadth. It uses a 10-period exponential moving average of the NASDAQ Up Issues %. It found that when this number gets oversold at the same time the NASDAQ is hitting long-term lows, that has typically been followed by a move up. Last seen in the 5/12/22 letter I have updated the research below.

NASDAQ 10-day Exp MA of its Up Issue pct crosses under 37.5pct and NASDAQ closes at 100-day low.
Buy on close. Sell X days later. 1998 - 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
20	26	20	6	76.92%	24.68%	-15.07%	7.90%	5.31%	1.49	4.96	4.854%
19	27	22	5	81.48%	22.28%	-15.34%	8.19%	7.79%	1.05	4.63	5.233%
18	27	22	5	81.48%	23.13%	-14.90%	7.92%	6.92%	1.14	5.04	5.173%
17	27	21	6	77.78%	21.11%	-15.30%	7.31%	5.77%	1.27	4.44	4.403%
16	28	19	9	67.86%	20.14%	-22.67%	8.42%	4.71%	1.79	3.77	4.195%
15	28	21	7	75.00%	22.12%	-20.30%	7.43%	5.29%	1.40	4.21	4.249%
14	28	19	9	67.86%	17.65%	-17.64%	7.41%	4.43%	1.67	3.53	3.606%
13	28	21	7	75.00%	17.94%	-17.03%	5.91%	4.83%	1.22	3.67	3.223%
12	28	18	10	64.29%	19.71%	-12.87%	6.15%	4.36%	1.41	2.54	2.398%
11	28	19	9	67.86%	16.41%	-9.11%	5.59%	4.55%	1.23	2.59	2.330%
10	28	17	11	60.71%	19.17%	-13.71%	5.63%	4.21%	1.33	2.06	1.760%
9	29	17	12	58.62%	16.24%	-13.47%	6.46%	4.29%	1.51	2.14	2.014%
8	30	20	10	66.67%	13.63%	-16.38%	5.73%	5.44%	1.05	2.11	2.008%
7	30	17	13	56.67%	14.70%	-12.09%	5.69%	4.24%	1.34	1.76	1.389%
6	31	21	10	67.74%	13.28%	-12.21%	5.73%	5.03%	1.14	2.39	2.256%
5	34	22	12	64.71%	11.19%	-15.30%	5.23%	6.04%	0.87	1.59	1.251%
4	36	24	12	66.67%	9.71%	-15.52%	4.17%	4.47%	0.93	1.87	1.293%
3	36	22	14	61.11%	11.60%	-10.63%	4.62%	3.64%	1.27	1.99	1.406%
2	48	30	18	62.50%	14.22%	-11.10%	4.68%	4.26%	1.10	1.83	1.327%
1	62	37	25	59.68%	12.16%	-8.56%	3.96%	2.99%	1.33	1.96	1.160%

Nineteen days later we see 22 of 27 instances higher, and the average of those 22 winners saw the market up 8.2%. The 5 instances that did not close higher were down 7.8% on average. Here is a look at the 19-day profit curve.

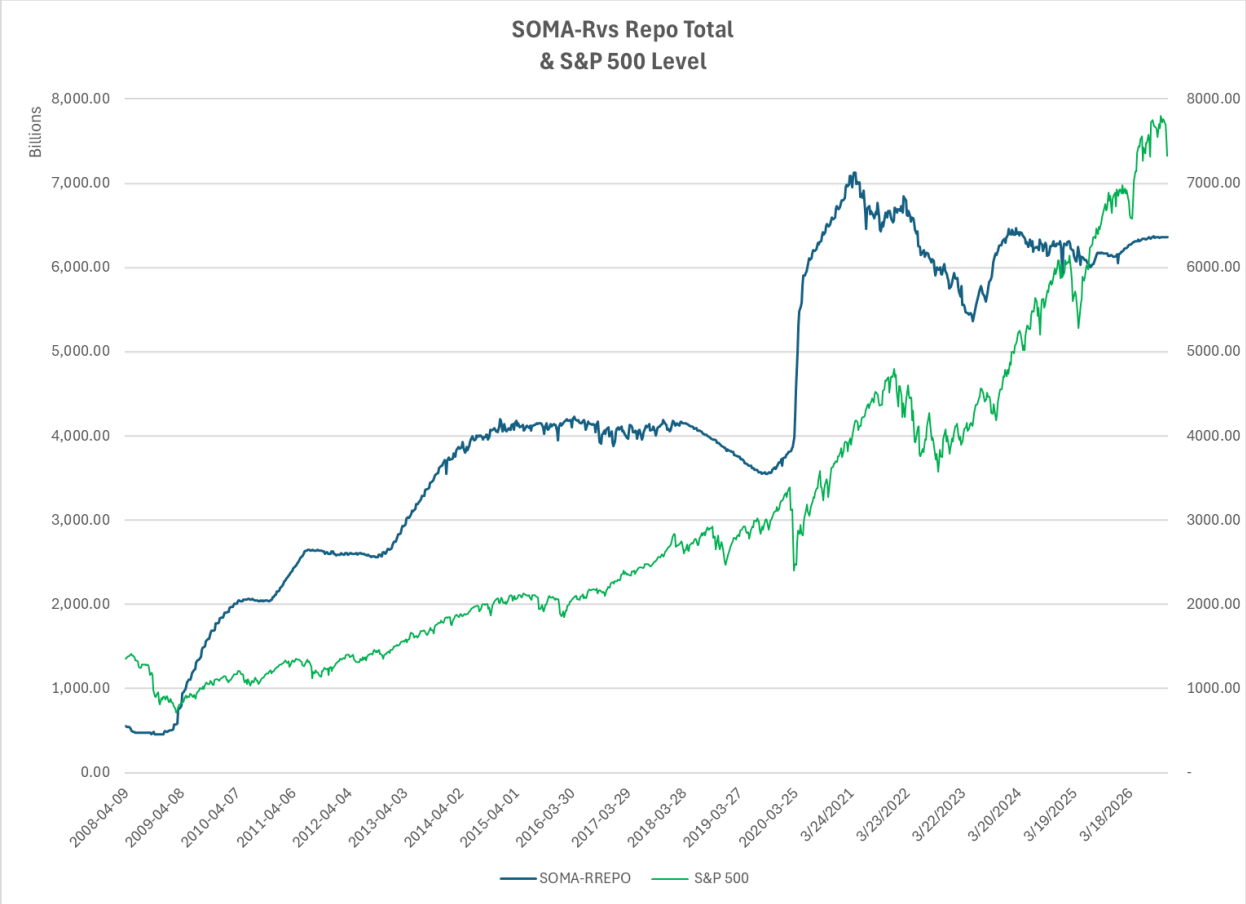


For the 19-day timeframe, we see here some massive rallies and some epic fails. Volatility is high and we could see a strong move occur in either direction. The more likely direction is up, but we could see continued ugliness if it goes the other way.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Domestic Security Holdings as of 2026-11-18	
SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills	580,659,926.7
US Treasury Notes and Bonds	3,597,864,734.5
US Treasury FRNs	22,873,047.1
US Treasury TIPS	277,655,585.9
Federal Agency Securities	2,347,000.0
Agency MBS	1,876,153,373.8
Agency CMBS	7,311,561.3
Total SOMA Holdings	**6,364,865,229.3**
Change From Prior Week	**-56,897.6**

The SOMA declined by a mere $57 million this past week, draining a small amount of liquidity from the system. Meanwhile, reverse repos rose by $179 million for the week ending 11/18/26. A rise in reverse repos can act as a liquidity reduction. Combined for the week, SOMA and reverse repo action accounted for a liquidity drain of about $236 million (through Wednesday the 18th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are still very low. So unless they rise substantially, they will not be providing much influence on liquidity flows. Quantitative Easing had been providing some support for the bulls early in the year, but that no longer appears to be the case since Warsh took over in June. Fed policy has been more hawkish and the recent rate increase is evidence of that.

With regards to future rate moves, the market believes the Fed is not done with just the ¼ point move we saw at the September meeting. The December meeting now shows an 89% chance of another rate increase. This is down a bit from the 100% outlook last week. Looking out to January, odds show a 95% chance that rates are elevated vs today's rates, and it could be anywhere from ¼ to ½ point higher at that time, with the more likely scenario being ½ point higher. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

FedWatch Tool

Target Rate
Current
Compare
Probabilities
Aggregated

Historical
Historical
Downloads
Prior Hikes

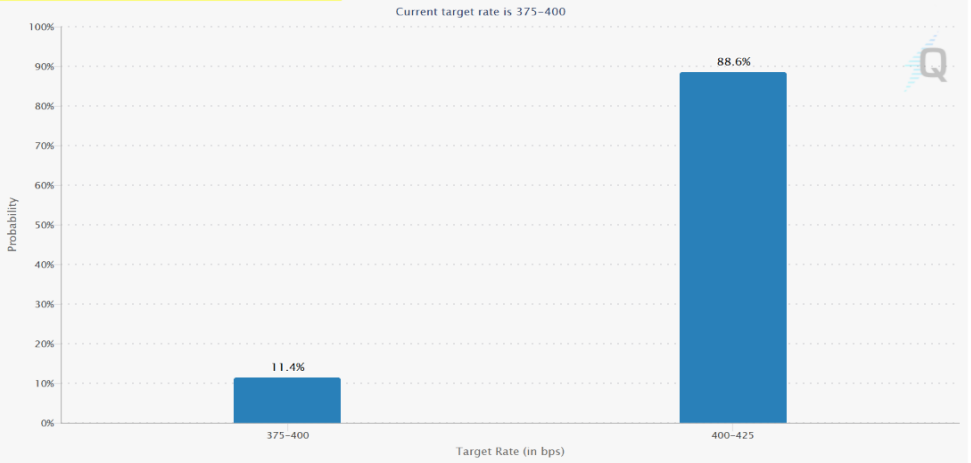
Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 17 Nov27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
9 Dec 2026	ZQZ6	31 Dec 2026	95.9600	94,741	356,911	0.0 %	11.4 %	88.6 %

Target Rate Probabilities for 9 Dec 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 19 NOV 2026	1 WEEK 13 NOV 2026	1 MONTH 21 OCT 2026
375-400 (Current)	11.4%	0.0%	0.0%	10.3%
400-425	88.6%	93.9%	88.5%	76.1%
425-450	0.0%	6.1%	11.5%	13.6%

* Data as of 21 Nov 2026 01:50:07 CT

1/1/2028 and forward are projected meeting dates

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FedWatch Tool

Target Rate
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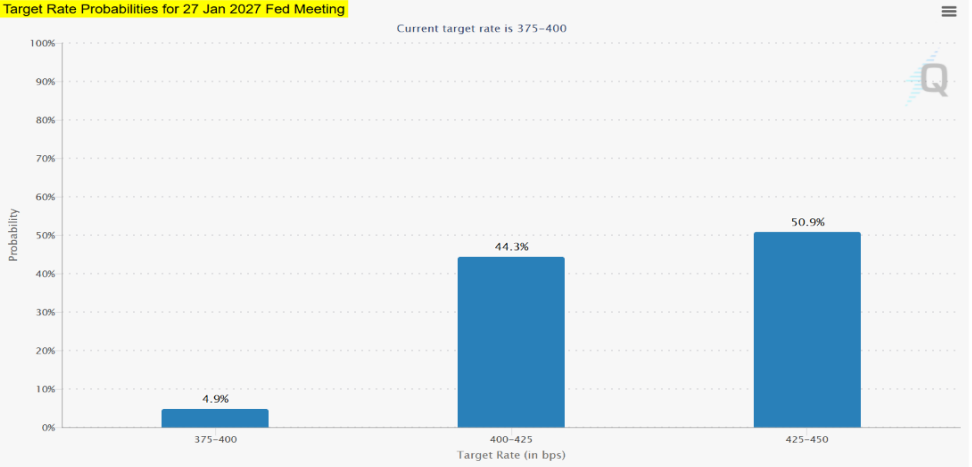
MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
27 Jan 2027	ZQF7	29 Jan 2027	95.8800	393,051	503,612	0.0 %	4.9 %	95.1 %

Target Rate Probabilities for 27 Jan 2027 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 19 NOV 2026	1 WEEK 13 NOV 2026	1 MONTH 21 OCT 2026
375-400 (Current)	4.9%	0.0%	0.0%	5.3%
400-425	44.3%	29.2%	23.5%	44.4%
425-450	50.9%	66.6%	68.1%	43.7%
450-475	0.0%	4.2%	8.5%	6.6%

* Data as of 21 Nov 2026 01:50:07 CT

1/1/2028 and forward are projected meeting dates

As we have seen over and over, odds continually shift, so we will likely see further refinement as we get closer to these meeting dates. It currently seems that the next Fed move is more likely to be a hike in rates than it is to be a cut. There is a good chance that move could come soon.

Intermediate-term evidence is mostly leaning bullish. We saw several studies in the last couple of days suggesting that this washout is probably strong enough that it will generate a bottom that could last for at least several weeks. Additionally we are in the Best 6 Months, and during the 3rd year of the Presidential Cycle, which is a very strong seasonal period. All 4 Combo signals remain long SPX. But the NASDAQ is still lagging versus the S&P, which is a formation that has seen the market historically struggle to make gains. And the long-term trend is now looking bad. Additionally, we have the multi-month new-high divergence and the weak advance/decline line from the Study of Tops I discussed a few weeks ago. The Fed is looking hawkish, and further rate increases appear imminent. Between the Fed, the breadth divergences, and the weak trend, there is certainly the potential for additional selling. But I think we are at a point where the bulls are soon likely to make a stand. So I am keeping my bias "somewhat bullish". Therefore I will continue lean more towards long trades than short trades.

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

NOW – 1/3 @ $105.12 (bought @ limit)
AMGN – 1/3 @ $443.89 (bought @ limit)
ACN – 1/3 @ $227.49 (bought @ limit)
CAT – 1/3 @ $537.37 (bought @ limit)
AMGN – 1/3 @ $438.82 (bought @ limit)
NVDA – 1/3 @ $145.98 (bought @ limit)
New
CAT – 1/3 @ $510.45 (buy @ limit)
AMGN – 1/3 @ $435.64 (buy @ limit)
NVDA – 1/3 @ $125.53 (buy @ limit)
DELL – 1/3 @ $278.02 (buy @ limit)
MU – 1/3 @ $594.51 (buy @ limit)
SNDK – 1/3 @ $79.24 (buy @ limit)

***Broad Market Large Cap CBI* – 12 (NOW, AMGN-3, ACN, CAT-2, NVDA-2, DELL, MU, SNDK)**

Additional New Trade Ideas

AMGN – Buy 1/3 Catapult position @ $435.64 LIMIT. From the Catapult section above, this is the 3rd and final lot of AMGN.

CAT – Buy 1/3 Catapult position @ $510.45 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of CAT.

NVDA – Buy 1/3 Catapult position @ $125.53 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of NVDA.

DELL – Buy 1/3 Catapult position @ $278.02 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of DELL.

MU – Buy 1/3 Catapult position @ $594.51 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of MU.

SNDK – Buy 1/3 Catapult position @ $79.24 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of SNDK.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
NOW(1/3)	11/2/2026	$104.85	$87.61	-16.44%	Catapult
SPY(1/4)	11/17/2026	$738.39	$689.81	-6.58%	Aggregator
SPY(1/4)	11/18/2026	$730.20	$689.81	-5.53%	Aggregator
AMGN(1/3)	11/19/2026	$443.50	$435.64	-1.77%	Catapult
ACN(1/3)	11/19/2026	$227.49	$221.17	-2.78%	Catapult
AMGN(1/3)	11/20/2026	$438.82	$435.64	-0.72%	Catapult
CAT(1/3)	11/20/2026	$528.42	$510.45	-3.40%	Catapult
NVDA(1/3)	11/20/2026	$143.52	$125.53	-12.53%	Catapult
SPY(1/4)	11/20/2026	$689.81	$689.81	0.00%	Aggregator

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