

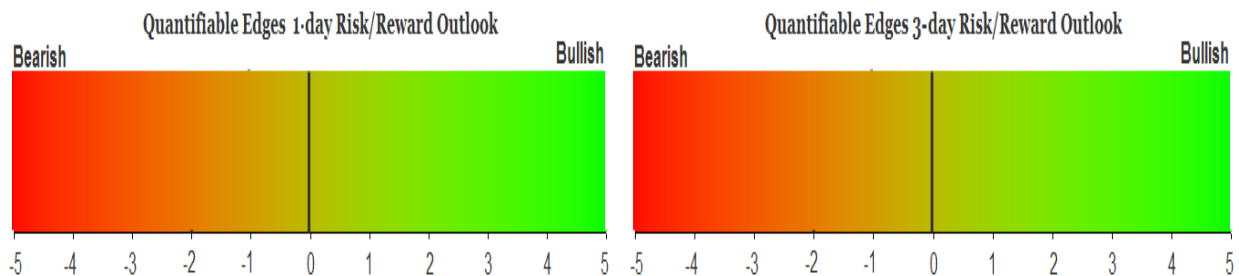
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 4, 2026

Volume 20 Issue 83

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	2

## Tonight's Research Points

- We see multiple bullish studies based on the move up but weak close on Friday.
- VIX closing higher while SPX closes at a 50-day high on a Friday, it has often been followed by a dip over the next 1-2 days.
- When the market has rallied on the first trading day of May, there has often been a pullback in the next few days.
- SPX and the NASDAQ continue to make new highs and the uptrend appears strong.
- Despite strong price action, breadth continues to lag.
- We have now entered a seasonally weak period for the market.
- The Fed remains dovish and that is a positive from a liquidity standpoint.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is now neutral, and short-term evidence has turned mixed. I am neutral 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
<b>Active - Short Term</b>						
May 4, 2026	SPX higher on 1st trading day of May	1-4 days	Bearish	-2.07%	1.05%	2.39%
May 4, 2026	VIX up, SPX at 50-day high, on a Friday	1-2 days	Bearish	-0.81%	0.48%	1.03%
May 4, 2026	SPX 20-day high, closes bottom 10% of range	1-2 days	Bullish	0.85%	-0.58%	-1.14%
May 4, 2026	SPY 20-day intraday high w/ unfilled gap, w	1-4 days	Bullish	1.04%	-0.67%	-1.26%
April 30, 2026	Fed Day with SPX down 2+ days in a row	1-6 days	Bullish	2.18%	-1.53%	-3.13%
<b>Active - Long Term</b>						
May 4, 2026	SPX 20-day high, closes bottom 10% of range	1-10 days	Bullish	2.02%	-1.47%	-2.79%
April 27, 2026	Sell in May 2nd yr Pres Cycle & 5% pullback	1-6 months	Bearish			
April 20, 2026	SPX 50-day %b > 100	1-50 days	Bullish	4.90%	-4.30%	-8.75%
April 16, 2026	SPX 50-low to 50-high in 12 days	1-15 days	Bullish	3.71%	-0.94%	-2.05%
April 6, 2026	NASDAQ leading	int term	Bullish			
March 30, 2026	SPX down 5 straight weeks	1-6 months	Bearish	-13.10%	8.60%	16.80%
December 15, 2025	QE active. Rates dropping. Fed dovish	int term	Bullish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

### The Evidence

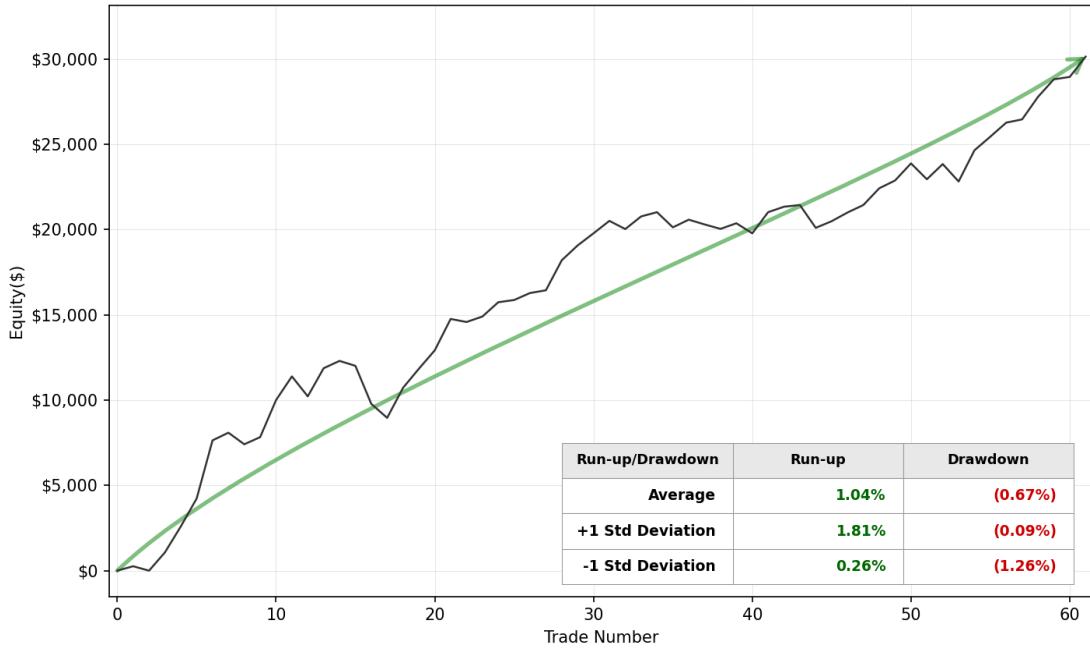
Friday the market started strong and despite fading in the afternoon, all the indices finished positive. SPX closed up 0.3%, the NASDAQ gained 0.9%, and the Russell 2000 climbed 0.5%. Breadth was moderately negative as the NYSE Up Issues % closed at 48% and the NYSE Up Volume % posted a 45% reading. NYSE total volume dropped sharply from Thursday's level.

The action generated a real mix of bullish and bearish evidence. Let's take a look at some of the more compelling studies. One study from the 9/11/25 letter looked at unfilled gaps up that make a 20-day high, but close below the open. The study suggested an upside edge over the next several days. Below is an updated look.

<b>SPY posts a 20-day intraday high and a low above yesterdays close. It then closes below the open but above the 200ma. Buy on close. Sell X days later. 1/4/1993 - present.</b>											
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	60	40	20	66.67%	3.75%	-4.55%	1.20%	0.76%	1.58	3.16	0.545%
4	61	46	15	75.41%	3.41%	-2.23%	0.90%	0.76%	1.19	3.65	0.495%
3	64	46	18	71.88%	2.06%	-2.43%	0.86%	0.57%	1.51	3.85	0.458%
2	65	41	24	63.08%	2.00%	-0.93%	0.71%	0.37%	1.93	3.29	0.310%
1	66	41	25	62.12%	1.70%	-1.02%	0.47%	0.34%	1.40	2.30	0.166%

The numbers here suggest a solid bullish tendency in the days following such setups. Below is a look at a 4-day profit curve.

**SPY posts a 20-day intraday high and a low above yesterday's close. It then closes below the open but above the 200ma. Buy on close. Sell 4 days later. \$100k/trade. 1/4/1993 - present.**



This curve shows a persistent move up that also supports the idea of a bullish tendency. I have included this study on the active list.

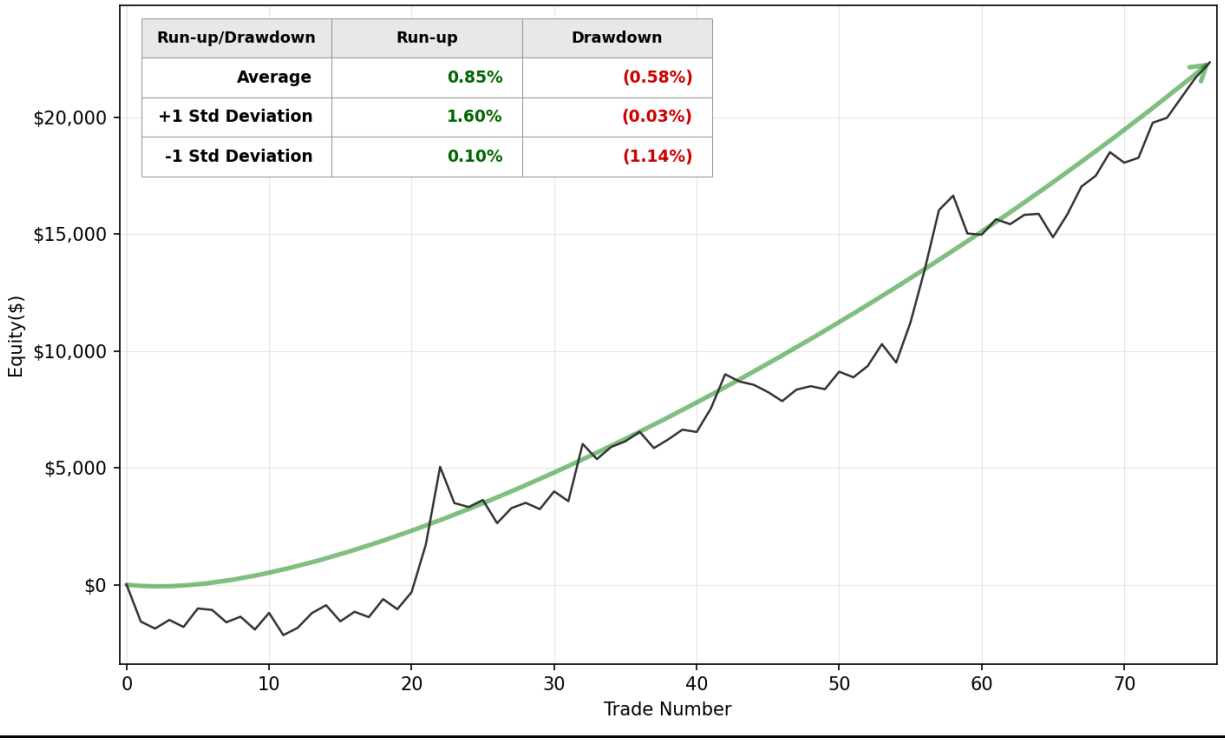
There was another study that also looked at times when SPX made a 20-day high and closed poorly on the day. This one required a close in the bottom 10% of its intraday range. It was last seen in the 7/16/25 subscriber letter. While somewhat similar to the previous study, I still thought this one was worth a deeper look, and have updated the results below.

**SPX makes 20-day high and closes in bottom 10% of daily range.  
Buy on close. Sell X days later. 2003 - present.**

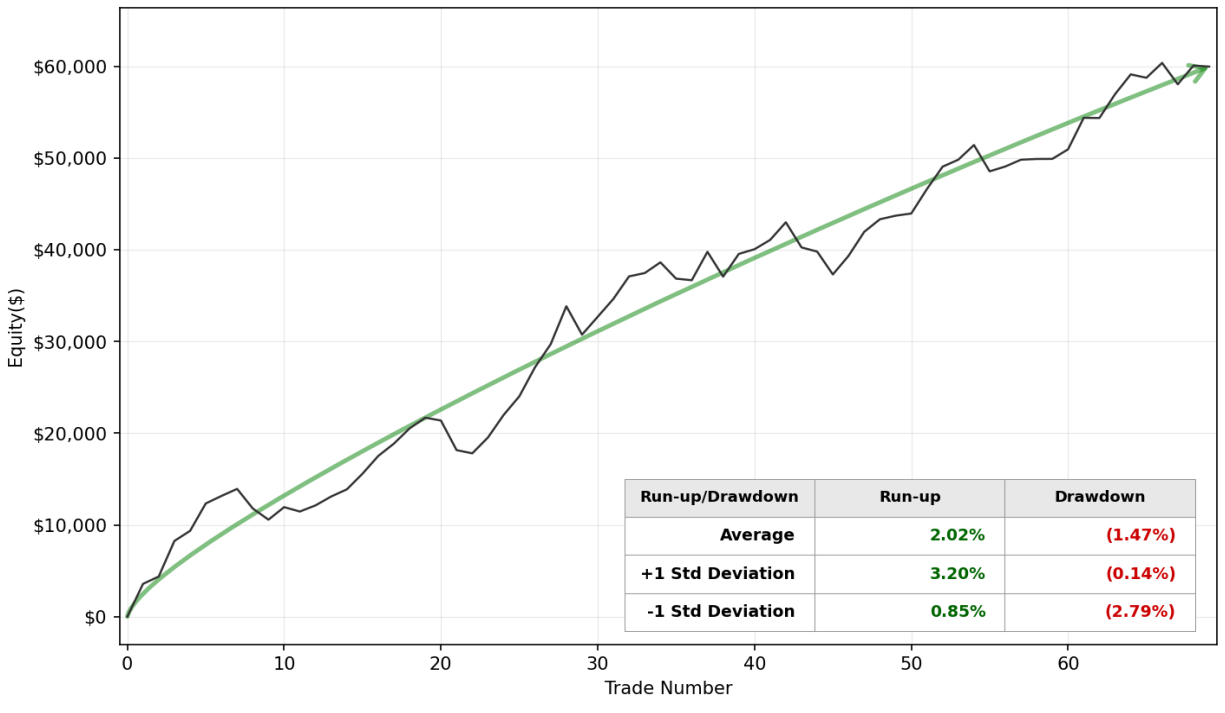
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
<b>10</b>	<b>69</b>	<b>51</b>	<b>18</b>	<b>73.91%</b>	<b>4.14%</b>	<b>-3.23%</b>	<b>1.70%</b>	<b>1.49%</b>	<b>1.14</b>	<b>3.24</b>	<b>0.870%</b>
9	70	50	20	71.43%	3.64%	-3.82%	1.65%	1.45%	1.14	2.85	0.767%
8	71	51	20	71.83%	4.51%	-3.83%	1.63%	1.60%	1.02	2.60	0.720%
7	72	51	21	70.83%	3.83%	-4.18%	1.47%	1.46%	1.01	2.45	0.616%
6	73	53	20	72.60%	3.80%	-3.63%	1.26%	1.32%	0.95	2.52	0.550%
5	73	45	28	61.64%	4.49%	-3.59%	1.09%	0.96%	1.14	1.84	0.306%
4	76	51	25	67.11%	5.15%	-2.53%	0.97%	1.11%	0.87	1.78	0.287%
3	76	49	27	64.47%	3.46%	-3.52%	0.89%	0.86%	1.03	1.86	0.265%
<b>2</b>	<b>76</b>	<b>46</b>	<b>30</b>	<b>60.53%</b>	<b>3.32%</b>	<b>-1.62%</b>	<b>0.84%</b>	<b>0.54%</b>	<b>1.56</b>	<b>2.39</b>	<b>0.294%</b>
1	77	53	24	68.83%	2.66%	-2.57%	0.55%	0.54%	1.03	2.26	0.212%

The stats table certainly suggests an upside edge. Below are looks at both the 2-day and 10-day curves.

**SPX makes 20-day high and closes in bottom 10% of daily range.  
Buy on close. Sell 2 days later. \$100k/trade. 2003 - present.**



**SPX makes 20-day high and closes in bottom 10% of daily range.  
Buy on close. Sell 10 days later. \$100k/trade. 2003 - present.**



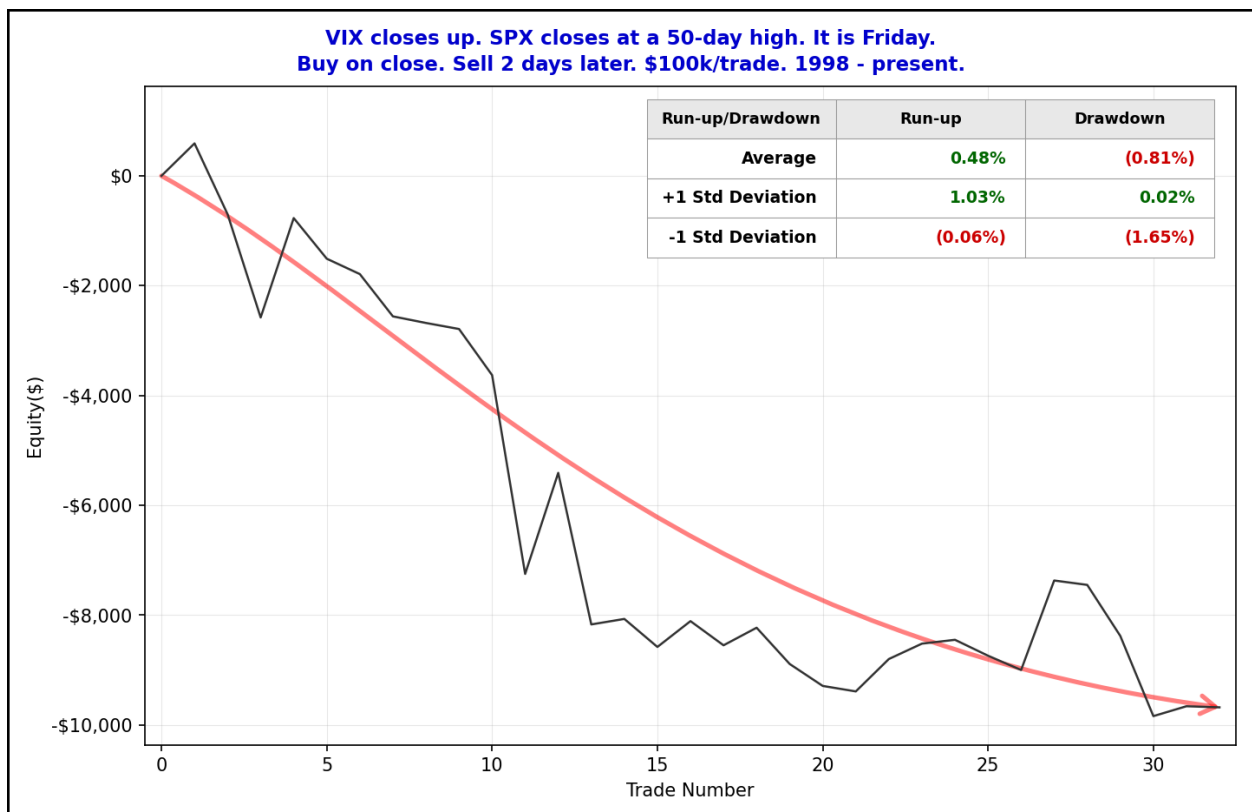
The persistent upslopes appear to confirm the upside edge suggested by the numbers. I have included this study on the short and intermediate-term active lists.

But not everything that triggered on Friday suggested a bullish inclination. We also had a couple of bearish studies trigger. The one below noted that the VIX closed higher on the same day that the SPX closed at a 50-day high to end the week. It last appeared in the 11/8/21 letter. All results are updated.

**VIX closes up. SPX closes at a 50-day high. It is Friday.  
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
5	31	11	20	35.48%	2.58%	-3.47%	1.13%	1.40%	0.81	0.44	-0.502%
4	32	13	19	40.62%	2.95%	-2.94%	0.74%	1.05%	0.70	0.48	-0.323%
3	32	11	21	34.38%	1.98%	-3.75%	0.84%	0.85%	0.99	0.52	-0.270%
2	32	11	21	34.38%	1.84%	-3.62%	0.72%	0.84%	0.86	0.45	-0.302%
1	32	15	17	46.88%	1.53%	-2.38%	0.34%	0.41%	0.84	0.74	-0.056%

The numbers all appear to suggest a bearish edge. Below is a profit curve assuming a 2-day exit strategy.



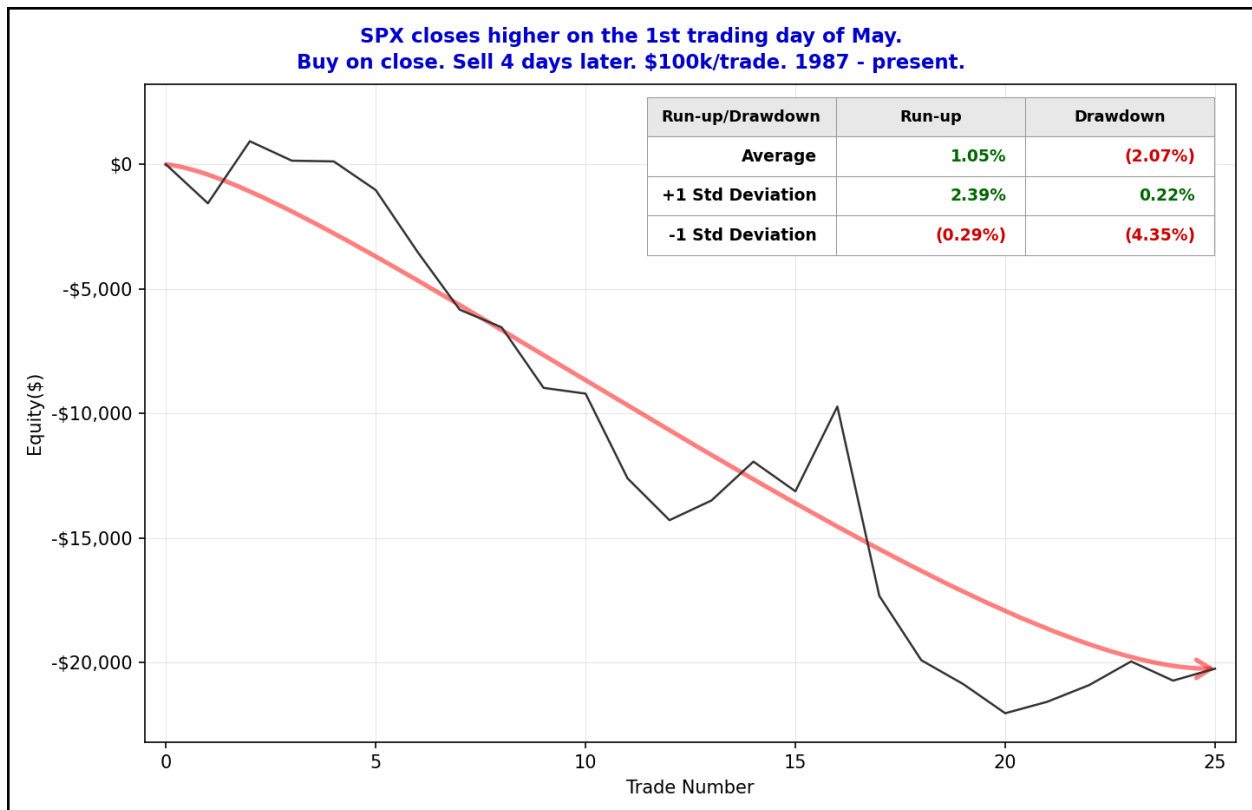
While it has faded a little bit lately, the move from upper left to lower right offers some confirmation of the downside edge. I also included this study on the active list tonight.

May got off to a positive start. (If it turns out as good as April, I will eat my hat.) But a strong start to May has typically been followed by a dip in the next few days. This can be seen in the study below, which is updated from the 5/3/22 letter.

**SPX closes higher on the 1st trading day of May.  
Buy on close. Sell X days later. 1987 - 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	25	10	15	40.00%	5.89%	-3.95%	1.45%	1.81%	0.81	0.54	-0.502%
4	25	8	17	32.00%	3.40%	-7.60%	1.35%	1.83%	0.74	0.35	-0.809%
3	25	11	14	44.00%	4.79%	-6.16%	0.94%	1.85%	0.51	0.40	-0.624%
2	25	9	16	36.00%	3.48%	-3.62%	1.28%	1.13%	1.13	0.64	-0.262%
1	25	15	10	60.00%	3.39%	-2.38%	0.58%	1.00%	0.58	0.87	-0.053%

Of the 25 instances that rose on the first day in May since 1987, 17 of them closed lower 4 days later. Below is an equity curve that shows how it has played out over time.



I'll note the big drop in instance 17 was the 2010 Flash Crash. Even without that instance there appears to be a solid downside inclination.

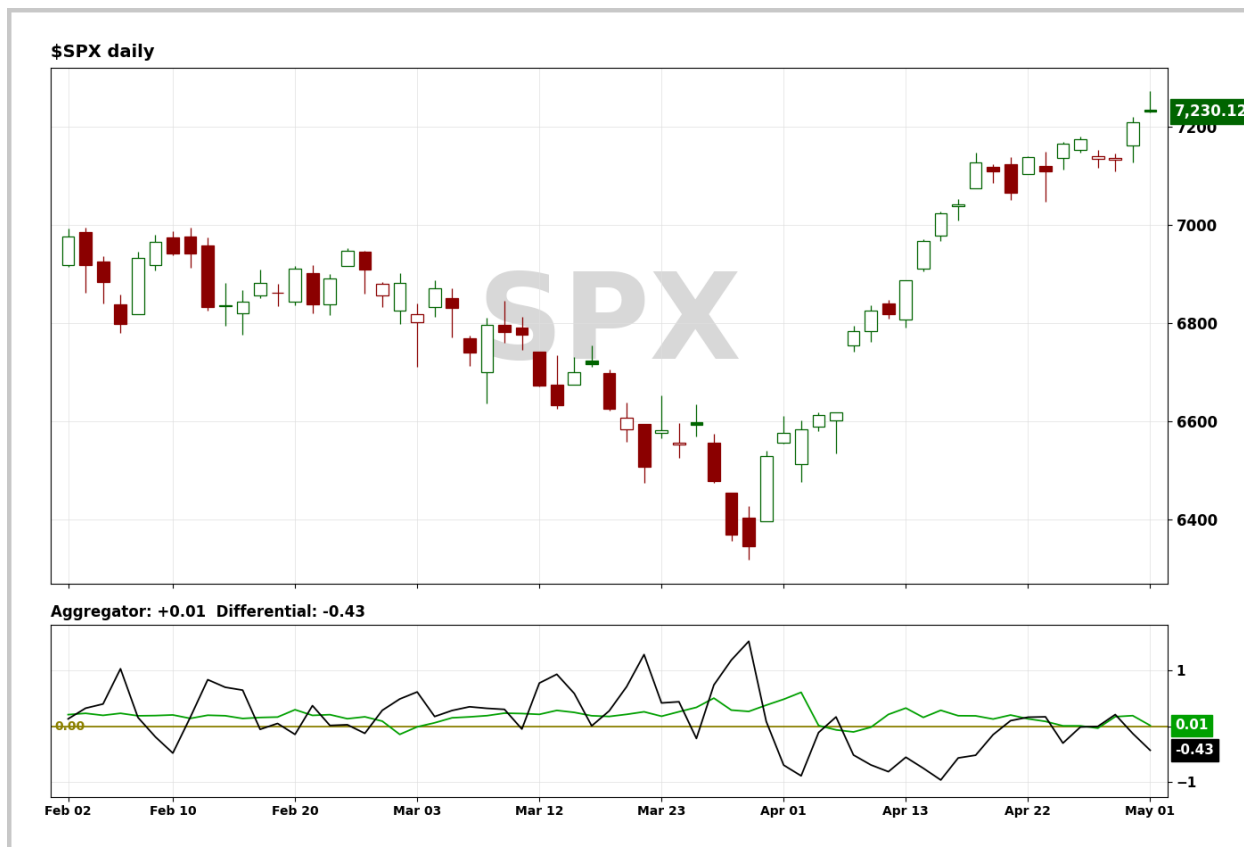
Let's also take a look at the seasonality calendar for May, which was published Thursday evening.

Quantifiable Edges Seasonality Calendar			
\$SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
5/1/2026	59.78	1.260	0.079
5/4/2026	56.97	1.359	0.104
5/5/2026	50.56	0.985	-0.010
5/6/2026	57.71	1.336	0.084
5/7/2026	51.47	0.961	-0.014
5/8/2026	52.69	1.209	0.059
5/11/2026	57.75	1.178	0.048
5/12/2026	54.11	1.178	0.051
5/13/2026	57.88	1.225	0.069
5/14/2026	53.74	0.925	-0.036
5/15/2026	50.58	0.978	-0.007
5/18/2026	60.32	1.466	0.108
5/19/2026	55.16	1.497	0.125
5/20/2026	57.13	1.440	0.086
5/21/2026	56.29	1.492	0.111
5/22/2026	58.95	1.514	0.108
5/26/2026	53.03	1.539	0.124
5/27/2026	52.31	1.541	0.124
5/28/2026	54.18	1.575	0.135
5/29/2026	55.20	1.429	0.090
<b>Baseline</b>	<b>54.68</b>	<b>1.165</b>	<b>0.056</b>
<i>QuantifiableEdges.com</i>			

You can see this upcoming week looks a little weak. In fact the first half of the month is pretty underwhelming. But the second half of the month looks pretty solid.

Overall it's quite a mix of studies with evidence seemingly pointing in both directions this weekend. That doesn't normally lead to a strong, compelling case.

I have updated the Aggregator chart below.



With this weekend's evidence considered, the green Aggregator Line remained slightly above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held 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 stayed flat at the close.

Based on the current list of active studies, expectations are set to turn negative on Monday. This could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 7145.07. That is 1.2% below Friday's close. Therefore, SPX will need to close down a sizable 1.2% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. The big notable is that we are now seeing mixed evidence rather than primarily bullish evidence. Expectations could easily turn negative on Monday and we might actually see the Aggregator turn short. But this has been a heck of a rally and it's unlikely I will try and fight it by shorting if evidence is mixed rather than overwhelmingly bearish. We will see how things play out over the next several days, but for now I am not looking to add any new short-term index exposure.

***Intermediate-term Outlook (2 weeks – 2 months) – updated 5/4 – bullish***

<b>Combo #1</b>	<b>Combo #2</b>	<b>Combo #3</b>	<b>Combo #4</b>
<b>Flat</b>	<b>Long \$NDX</b>	<b>Long \$NDX</b>	<b>Long \$NDX</b>

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. *Combo 1 switched to Flat while the other models remained Long \$NDX this week.*

Stocks again this week. SPX and NASDAQ have now followed up a 5-week losing streak with a 5-week winning streak. The SPX this week gained 0.9%, the NASDAQ rallied 1.1%, and the Russell 2000 rose 0.9%. Bonds struggled. The US Aggregate Bond ETF (AGG) lost 0.4%. TLT, the 20-year Treasury Bond ETF, declined 0.9%. The SPX and NASDAQ are both at all-time highs, so clearly we are in a long-term uptrend.

Other than the study I showed in the short-term section, there were no other studies that emerged in the last few days with bullish intermediate-term implications. But in Thursday night's letter I did share some studies that looked at SPX performance following months where it gained at least 10%. I have copied that discussion below.

*I will note that SPX finished April with a 10.4% gain. One-month gains of that magnitude are quite rare. In the 12/1/20 letter I decided to take a look at past instances of 10% gains. I updated that research tonight.*

**SPX closes up > 10% on the Month  
Forward returns shown. 1928 - present.**

Date	Current Month %Chg	21-Day %Chg	63-Day %Chg	126-Day %Chg	252-Day %Chg
11/30/20	10.75%	3.05%	5.47%	16.19%	26.10%
4/30/20	12.68%	4.92%	11.46%	12.31%	43.56%
10/31/11	10.77%	-0.51%	5.65%	11.89%	13.91%
12/31/91	11.16%	-1.31%	-3.21%	-2.15%	5.01%
1/30/87	13.18%	3.66%	5.09%	16.27%	-6.21%
8/31/84	10.63%	-1.85%	-1.86%	9.23%	13.17%
10/29/82	11.04%	3.60%	8.07%	22.97%	23.27%
8/31/82	11.60%	0.76%	15.91%	26.25%	35.76%
11/28/80	10.24%	-3.69%	-6.06%	-5.77%	-10.98%
1/30/76	11.83%	-0.28%	0.77%	2.56%	1.06%
1/31/75	12.28%	8.55%	15.90%	14.30%	31.02%
10/31/74	16.30%	-7.83%	4.17%	20.73%	20.85%
11/30/62	10.16%	0.69%	3.95%	13.54%	18.25%
9/29/39	14.40%	0.31%	-0.16%	-2.11%	-15.09%
7/31/39	10.87%	-4.65%	7.64%	0.08%	-14.78%
6/30/38	24.70%	5.97%	2.94%	14.45%	-3.20%
4/29/38	15.06%	-5.21%	26.07%	34.36%	15.03%
1/31/34	12.04%	-1.43%	-7.88%	-19.34%	-20.41%
11/29/33	10.27%	2.33%	11.44%	-3.95%	-3.24%
8/31/33	11.46%	-13.26%	-10.73%	-4.42%	-16.95%
6/30/33	13.17%	-6.05%	-10.91%	-8.62%	-9.99%
5/31/33	23.12%	11.41%	16.18%	2.49%	-1.56%
4/28/33	33.85%	24.90%	33.21%	21.84%	30.91%
8/31/32	39.14%	-3.69%	-22.88%	-17.40%	32.66%
7/29/32	36.12%	42.29%	17.58%	15.09%	75.62%
6/30/31	13.90%	-7.35%	-29.20%	-45.38%	-70.13%
2/27/31	11.37%	-7.60%	-26.18%	-24.02%	-54.02%
6/28/29	10.39%	3.98%	10.43%	-22.73%	-25.36%
11/30/28	11.99%	2.18%	4.28%	5.60%	-9.93%
3/30/28	11.70%	2.59%	-0.73%	9.65%	31.22%
<b>% Winners</b>		<b>53.33%</b>	<b>63.33%</b>	<b>63.33%</b>	<b>53.33%</b>
<b>Average %Chg</b>		<b>1.88%</b>	<b>2.88%</b>	<b>3.80%</b>	<b>5.18%</b>
<b>Median %Chg</b>		<b>0.50%</b>	<b>4.22%</b>	<b>7.42%</b>	<b>3.04%</b>

*It was fairly common during the 1930s. Since then, not nearly as much. Overall, the forward returns appear moderate. But returns have seemed to do better in modern times vs the 1920s/30s. Here are the two periods broken apart.*

**SPX closes up > 10% on the Month  
Forward returns shown. 1928 - 1956.**

Date	Current Month %Chg	21-Day %Chg	63-Day %Chg	126-Day %Chg	252-Day %Chg
9/29/39	14.40%	0.31%	-0.16%	-2.11%	-15.09%
7/31/39	10.87%	-4.65%	7.64%	0.08%	-14.78%
6/30/38	24.70%	5.97%	2.94%	14.45%	-3.20%
4/29/38	15.06%	-5.21%	26.07%	34.36%	15.03%
1/31/34	12.04%	-1.43%	-7.88%	-19.34%	-20.41%
11/29/33	10.27%	2.33%	11.44%	-3.95%	-3.24%
8/31/33	11.46%	-13.26%	-10.73%	-4.42%	-16.95%
6/30/33	13.17%	-6.05%	-10.91%	-8.62%	-9.99%
5/31/33	23.12%	11.41%	16.18%	2.49%	-1.56%
4/28/33	33.85%	24.90%	33.21%	21.84%	30.91%
8/31/32	39.14%	-3.69%	-22.88%	-17.40%	32.66%
7/29/32	36.12%	42.29%	17.58%	15.09%	75.62%
6/30/31	13.90%	-7.35%	-29.20%	-45.38%	-70.13%
2/27/31	11.37%	-7.60%	-26.18%	-24.02%	-54.02%
6/28/29	10.39%	3.98%	10.43%	-22.73%	-25.36%
11/30/28	11.99%	2.18%	4.28%	5.60%	-9.93%
3/30/28	11.70%	2.59%	-0.73%	9.65%	31.22%
% Winners		52.94%	52.94%	47.06%	29.41%
Average %Chg		2.75%	1.24%	-2.61%	-3.48%
Median %Chg		0.31%	2.94%	-2.11%	-9.93%

**SPX closes up > 10% on the Month  
Forward returns shown. 1957 - present.**

Date	Current Month %Chg	21-Day %Chg	63-Day %Chg	126-Day %Chg	252-Day %Chg
11/30/20	10.75%	3.05%	5.47%	16.19%	26.10%
4/30/20	12.68%	4.92%	11.46%	12.31%	43.56%
10/31/11	10.77%	-0.51%	5.65%	11.89%	13.91%
12/31/91	11.16%	-1.31%	-3.21%	-2.15%	5.01%
1/30/87	13.18%	3.66%	5.09%	16.27%	-6.21%
8/31/84	10.63%	-1.85%	-1.86%	9.23%	13.17%
10/29/82	11.04%	3.60%	8.07%	22.97%	23.27%
8/31/82	11.60%	0.76%	15.91%	26.25%	35.76%
11/28/80	10.24%	-3.69%	-6.06%	-5.77%	-10.98%
1/30/76	11.83%	-0.28%	0.77%	2.56%	1.06%
1/31/75	12.28%	8.55%	15.90%	14.30%	31.02%
10/31/74	16.30%	-7.83%	4.17%	20.73%	20.85%
11/30/62	10.16%	0.69%	3.95%	13.54%	18.25%
% Winners		53.85%	76.92%	84.62%	84.62%
Average %Chg		0.75%	5.02%	12.18%	16.52%
Median %Chg		0.69%	5.09%	13.54%	18.25%

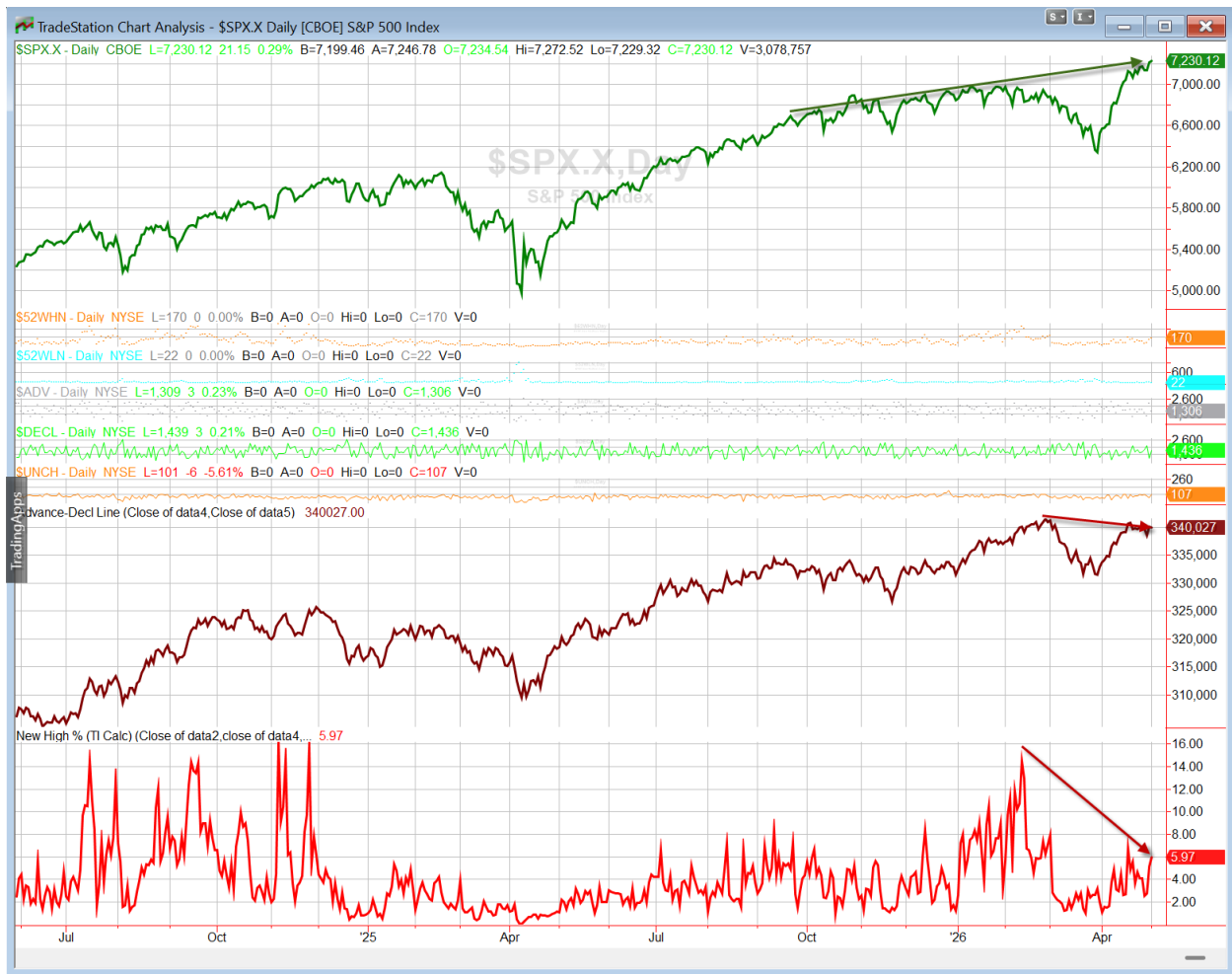
Modern returns have been quite a bit better. Strong momentum is often a positive, and that may be the message here. But I also noted that such strong moves most often happen coming off a bottom, rather than at multi-year highs. I decided to filter the complete list to see those instances that also included a 24-month SPX high.

<b>SPX gains &gt; 10% in one month and makes the highest high in the last 24 months Forward returns shown. 1957 - present.</b>					
Date	Current Month %Chg	21-Day %Chg	63-Day %Chg	126-Day %Chg	252-Day %Chg
11/30/20	10.75%	3.05%	5.47%	16.19%	26.10%
12/31/91	11.16%	-1.31%	-3.21%	-2.15%	5.01%
1/30/87	13.18%	3.66%	5.09%	16.27%	-6.21%
11/28/80	10.24%	-3.69%	-6.06%	-5.77%	-10.98%
1/30/76	11.83%	-0.28%	0.77%	2.56%	1.06%
<b>% Winners</b>		<b>40.00%</b>	<b>60.00%</b>	<b>60.00%</b>	<b>60.00%</b>
<b>Average %Chg</b>		<b>0.29%</b>	<b>0.41%</b>	<b>5.42%</b>	<b>3.00%</b>
<b>Median %Chg</b>		<b>-0.28%</b>	<b>0.77%</b>	<b>2.56%</b>	<b>1.06%</b>

Only 5 instances. Results were mixed.

Overall, the strong April was notable. But I am not sure the 10% gain is really indicative of much. I won't be adding any of this to the active list, but I thought it was interesting enough to share.

Overall, price action has been positive and the market continues to make new highs, but breadth is still lagging. As I have discussed the last several weeks, the [QE Study of Tops](#) shows that nearly every major market top since 1970 saw a breadth divergence occur ahead of it. The lone exception was 2020. The measurements the study looks at are 1) the NYSE Advance/Decline Line, and 2) the Net % of NYSE stocks making new highs (vs new lows). When SPX topped at the end of January, there was no divergence. Breadth was strong by both measures. This led me to believe that a major selloff (20%+) seemed unlikely. But here is an updated look at where we are now:

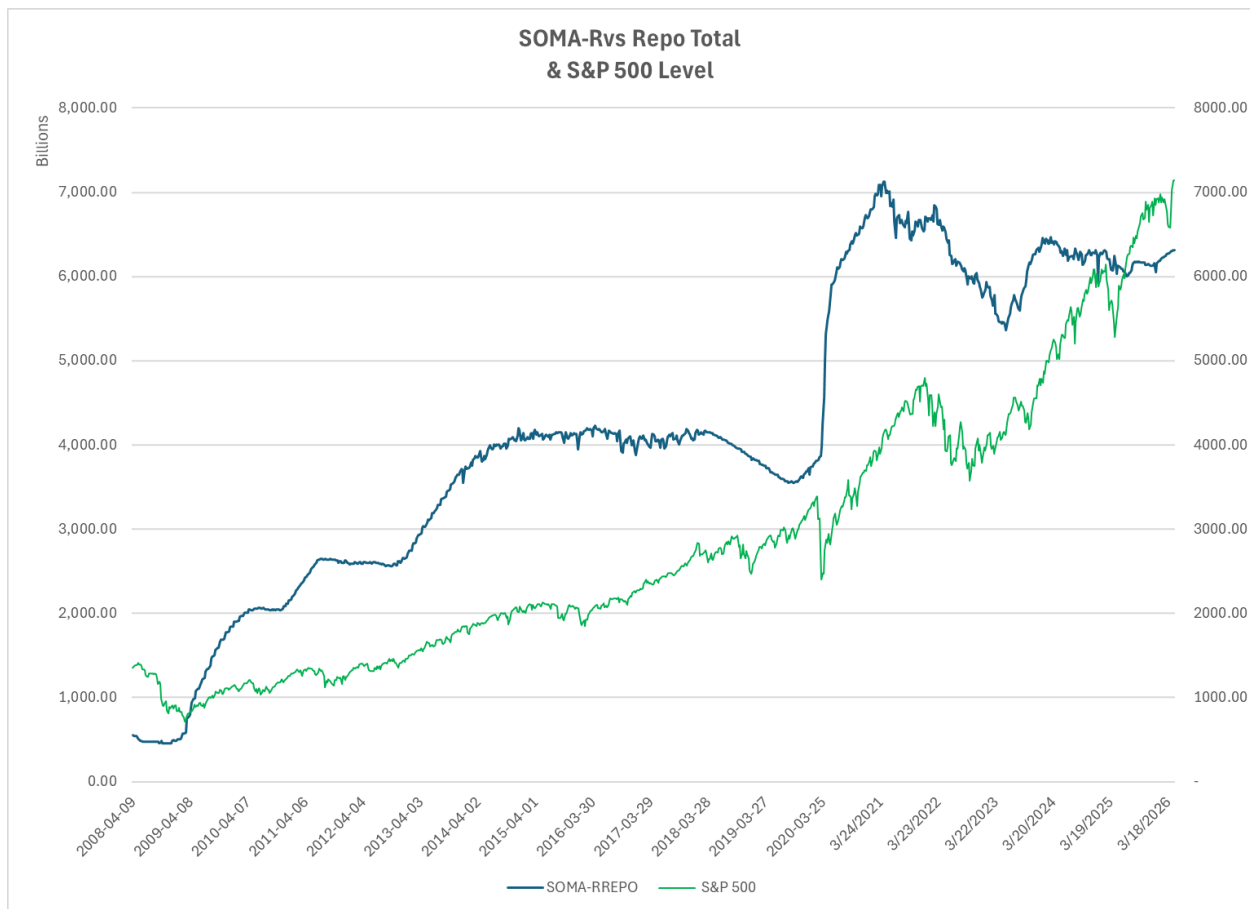


The Advance/Decline line is still lagging. The Net New High % is *way* off. This is not a trigger to sell. It is a condition that sets the stage for a possible major top. But that top could still be many weeks or months away. If this divergence resolves itself and the Net New High % and the NYSE Advance/Decline Line make new highs, then we will be back to a point where the market would be unlikely to top out for at least 2-3 more months. So it is nothing to act on yet. But it is something that bears watching. I'll especially be watching the Net New High % very closely should this rally continue, since that is lagging by such a large amount.

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

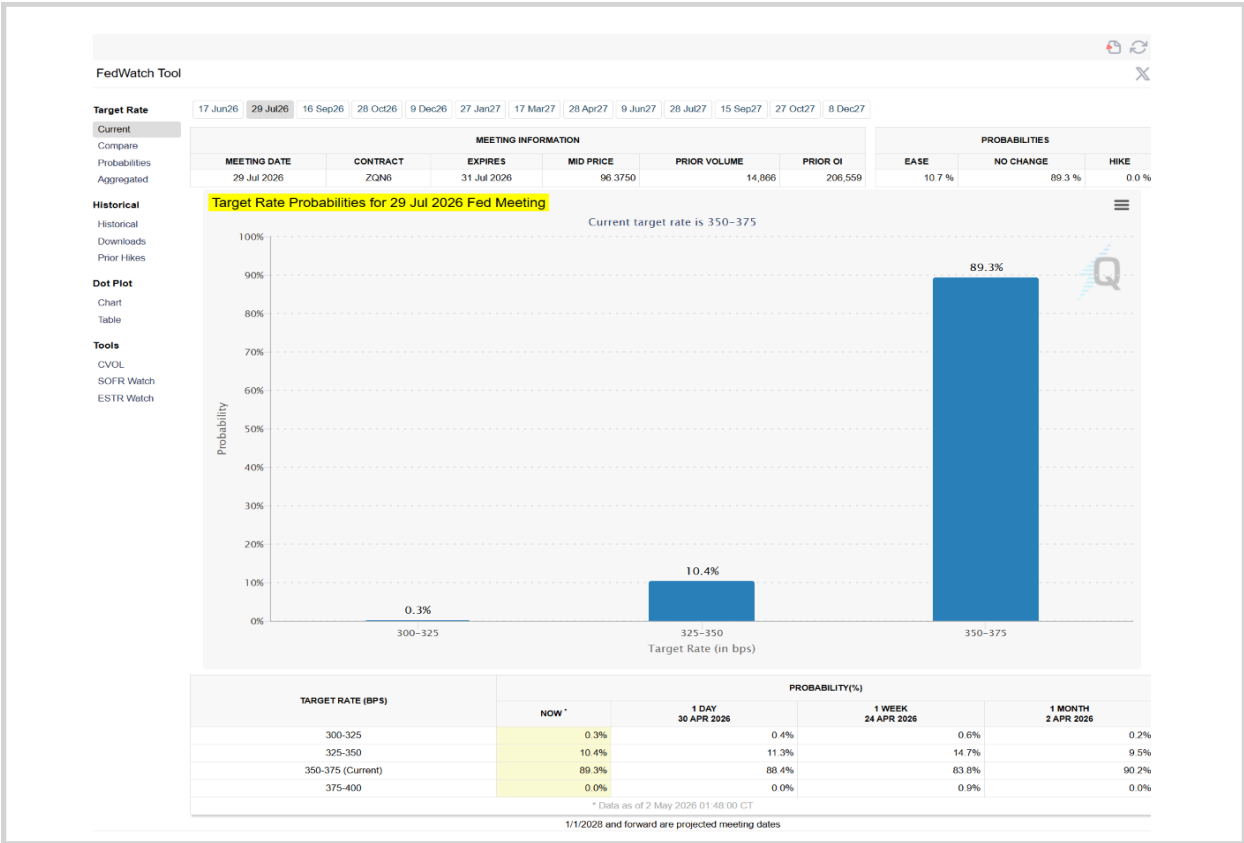
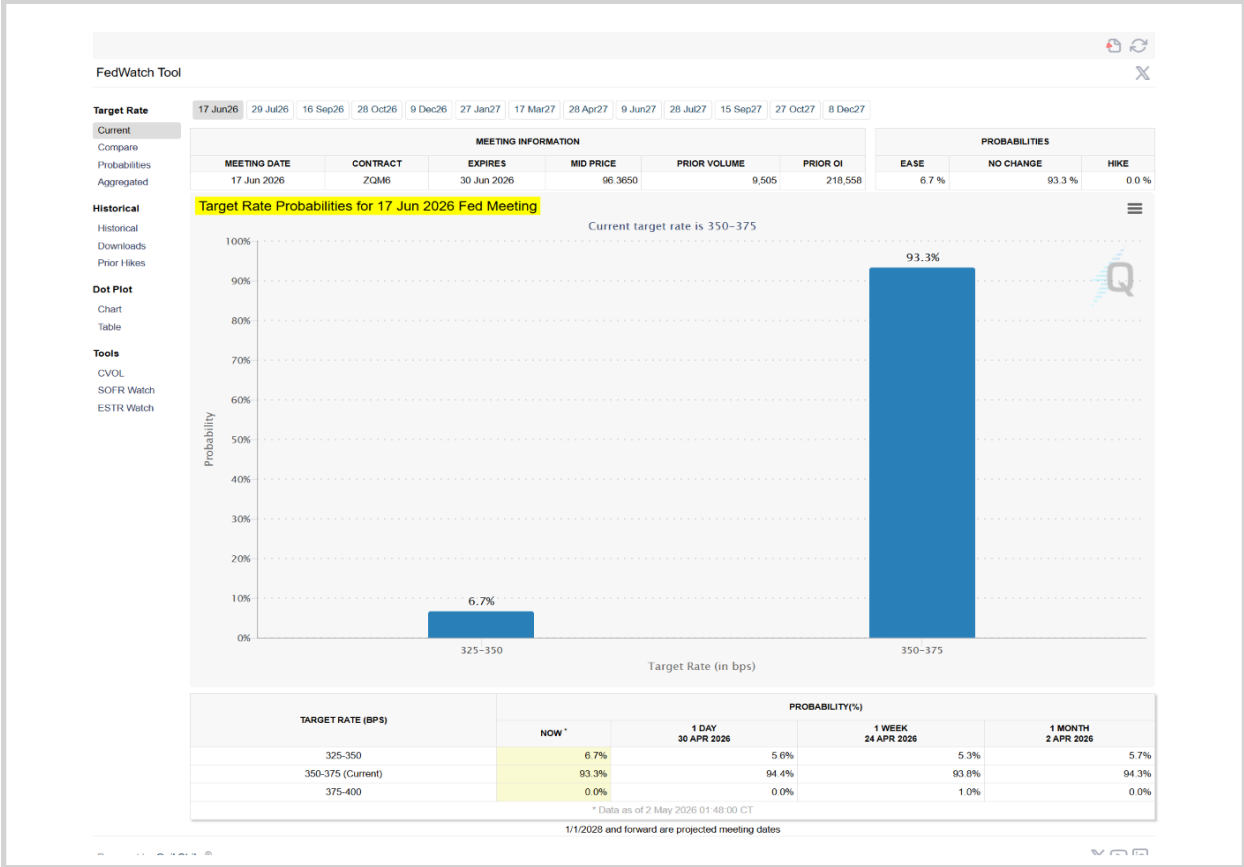
Domestic Security Holdings as of 2026-04-29	
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills	430,271,926.7
US Treasury Notes and Bonds	3,602,253,322.4
US Treasury FRNs	16,412,388.3
US Treasury TIPS	275,768,943.5
Federal Agency Securities	2,347,000.0
Agency MBS	1,973,437,803.3
Agency CMBS	7,622,211.7
<b>Total SOMA Holdings</b>	<b>6,308,113,595.9</b>
<b>Change From Prior Week</b>	<b>-7,158,348.3</b>

The SOMA dropped over \$7 billion this week, pulling some liquidity from the system. We are currently in a cycle of Quantitative Easing, so weeks where the SOMA declines are unusual. But it is not unusual to see it happen in the last week of a quarter. Meanwhile, reverse repos rose by a mild \$209 million for the week ending 4/29/26. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a liquidity drain of about \$7.4 billion (through Wednesday the 29<sup>th</sup>). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are still extremely low. So unless that changes, they will not be providing much influence on liquidity flows. Quantitative Easing has kicked in and is providing some support for the bulls. But while current Fed policy is a bit dovish, the market is unsure of what or when the next policy move will be.

With regards to rates, there was no change this past week. And odds of a change at the next couple of upcoming meetings still appear low. The June meeting shows a 7% chance of a decrease from current levels. And looking out to July, odds currently show only an 11% chance that rates are lower than today. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.



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. But right now, any move looks unlikely for the next few months.

It is tough to argue with a market that just keeps going up. Price momentum studies with bullish intermediate-term implications continue to trigger. The NASDAQ took leadership from the SPX a few weeks ago, and that was nearly perfect timing. Additionally, the Fed appears dovish since it is increasing the size of the SOMA, so liquidity is positive. Of course the Fed could turn more neutral if rates hikes come into play. As I discussed last week, long-term seasonality is now bearish for the next 6 months. The lagging A/D line and Net New Highs % have created a divergence that could lead to trouble at some point, but that is not a great timing signal. Risks remain elevated in a news-driven environment. Overall, I am leaning bullish. I am always willing to change my stance if new evidence emerges, but for now I remain more willing to take long positions than short positions.

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

#### ***Open Catapult Triggers***

LMT – 1/3 @ \$509.81 – (bought @ limit)

MDT – 1/3 @ \$79.37 – (bought @ limit)

#### ***Broad Market Large Cap CBI – 2 (LMT, MDT)***

### **Additional New Trade Ideas**

**None tonight.**

### **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
LMT(1/3)	4/30/2026	\$509.81	\$512.77	0.58%	Catapult
MDT(1/3)	4/30/2026	\$79.37	\$80.00	0.79%	Catapult

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