

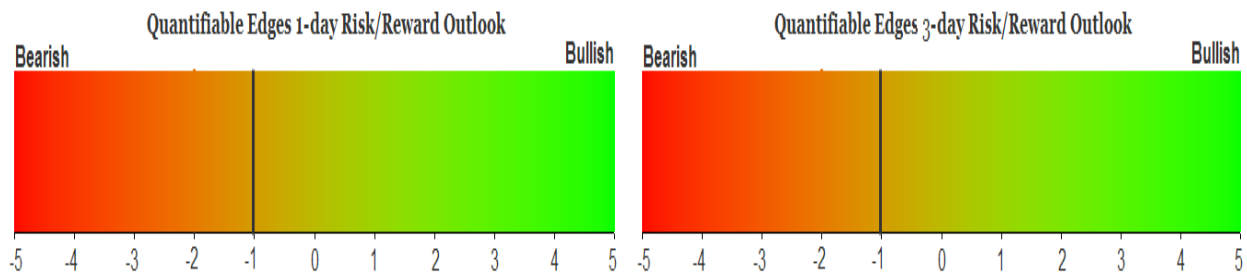
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 13, 2026

Volume 20 Issue 90

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	2

Tonight's Research Points

- The unfilled gap down from the 50-day high suggests we could see more selling on Wednesday.
- SPX has now spent 30 days above its 10-day moving average. You don't often see rallies persist that long.
- This has been one of the strongest six-week rallies in history, looking back at the other strongest rallies over time. I find that momentum is generally a long-term positive.

Short-term Outlook

The Bottom Line

The Aggregator is bearish. I still ain't interested in shorting.

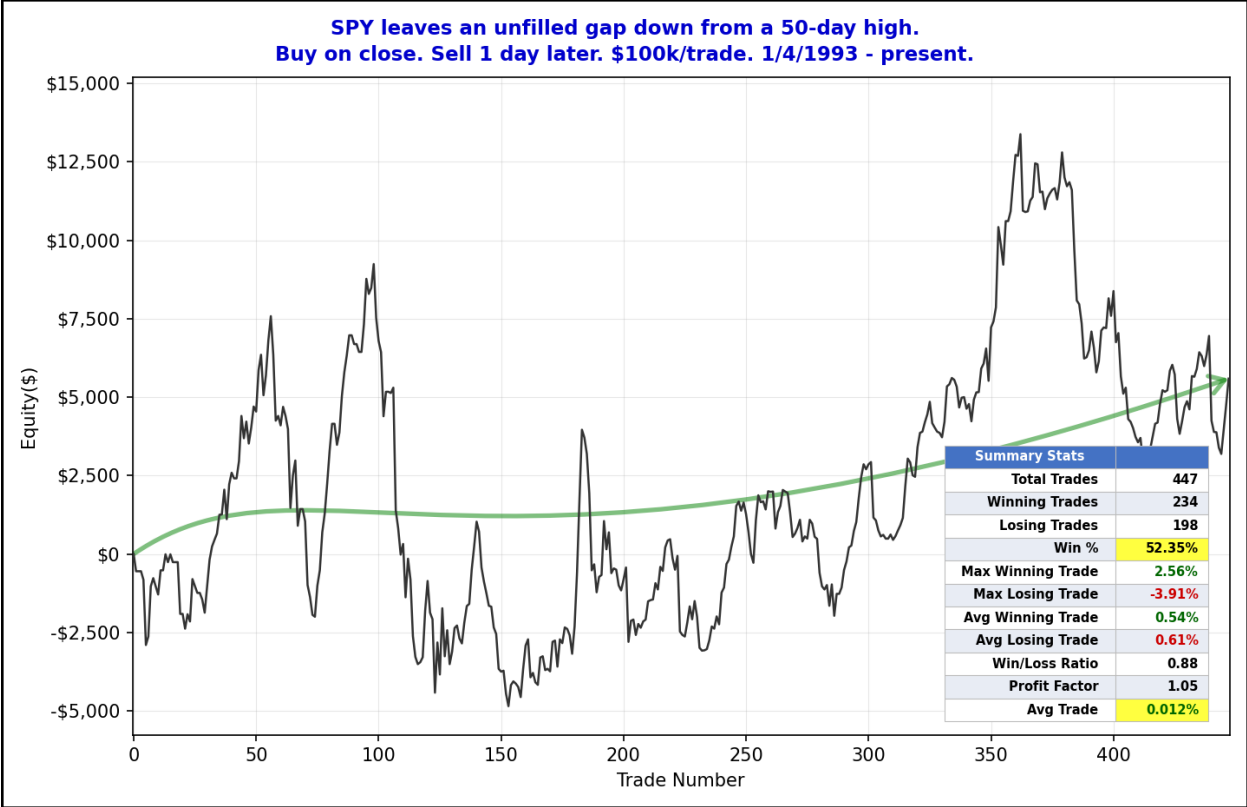
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 13, 2026	SPY unfilled gap down from a 50-day high	1 day	Bearish			
May 12, 2026	VIX up 6%+ while SPY positive on Monday	1-3 days	Bearish	-1.42%	0.85%	1.76%
Active - Long Term						
May 13, 2026	SPX historically strong 6-week rally	1-12 months	Bullish	18.96%	-8.29%	-10.88%
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 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			
Dropped Tonight (target hit, or avg drawdown + 1 std dev exceeded)						
May 12, 2026	1st day of week, VIX up, SPX at 50-day high	1-2 days	Bearish	-0.82%	0.45%	0.92%

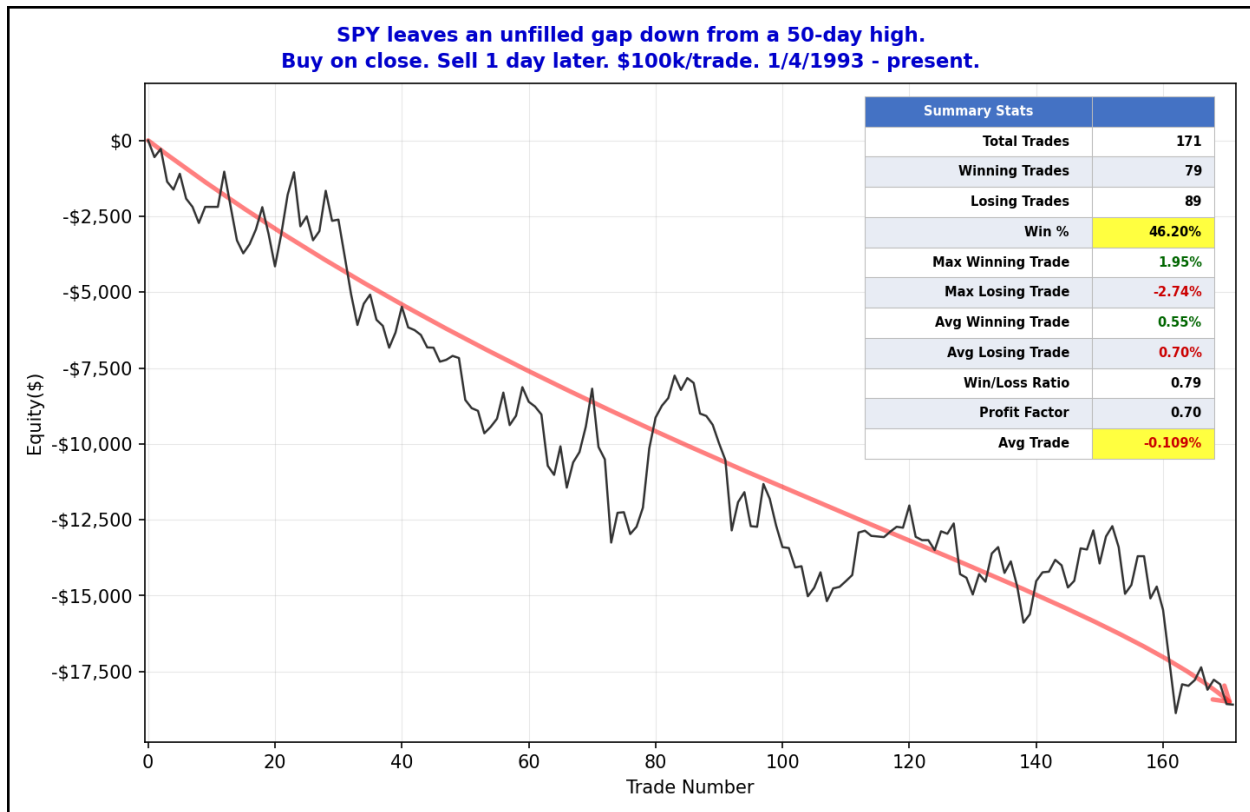
The Evidence

Tuesday started weak, but an afternoon rally lessened the damage. SPX finished down 0.2%, the NASDAQ lost 0.7%, and the Russell 2000 lost 1.0%. Breadth was negative as the NYSE Up Issues % closed at 39% and the NYSE Up Volume % posted a 45% reading. NYSE total volume declined some from Monday's level.

I discussed in the 9/2/25 letter that the 1st day down from a high does not often suggest a strong edge. But when the 1st day down is accompanied by an unfilled gap, then that has increased the odds of additional selling. We saw this happen on Tuesday. The unfilled gap will sometimes leave buyers from the day before with losing positions where they had no opportunity to exit. And they may not be let off the hook too quickly. The studies below demonstrate this. The 1st one shows performance following down closes from a 50-day high that do not include an unfilled gap lower.



There is no compelling edge suggested by either the numbers or the profit curve here. Now let's look at instances that see an unfilled gap down follow a 50-day high.



The move lower has persisted for a long time. The curve is back near new lows. The study overall is impressive considering the market must be in an uptrend since it was at a 50-day high the day before. It suggests a moderate downside edge for Wednesday.

I will note that Tuesday marked the 30th day in a row in which SPX closed above its 10-day moving average. Stretches of this length are quite rare, especially since 1980. I looked at this back in the 2/19/19 letter. There I examined similar rallies that originated from below the 200-day moving average. I have updated those results below.

SPX closes above the 10-day moving avg for 30 days in a row, originating from below the 200ma. 1928 - present

Ticker	Date	Close	Days Above 10ma After Trigger
\$SPX	5/12/2026	7,400.96	<i>ongoing</i>
\$SPX	2/15/2019	2,775.60	11
\$SPX	3/29/2016	2,055.01	5
\$SPX	2/4/1976	101.91	2
\$SPX	1/7/1972	103.47	11
\$SPX	2/15/1967	88.27	3
\$SPX	1/19/1961	59.77	16
\$SPX	5/8/1957	46.31	13
\$SPX	7/23/1956	49.33	4
\$SPX	12/10/1952	25.98	18
\$SPX	8/10/1949	15.44	3
\$SPX	5/18/1933	8.89	2
\$SPX	8/19/1932	7.53	15
		Average	8.6
		Median	8
		Max	18

Spending 30 days or more above the 10-day moving average is fairly rare. Even more rare when that rally begins during a downtrend. This suggests the market is overdue for at least a mild pullback. But as you can see it doesn't necessarily have to happen right away. The longest streak in the table above (from 1952) actually went 48 days. And if you remove the 200-day moving average filter, then the longest streak of all time above the 10 MA was 59 days, which occurred in 1971. So the market is stretched. And it will pull back at some point. But it doesn't have to be immediately.

[Monday on X, Charlie Bilello pointed out](#) SPX had gained more than 16% over the previous six weeks and that's one of the biggest six-week rallies of all time. I looked back at the top 20 non-overlapping 30-trading-day rallies since 1950. They can all be found in the table below.

Top 20 non-overlapping 6-week SPX rallies (1950–2026)
Shaded rows = non-bear context • Darker row = current rally (excluded from summary)

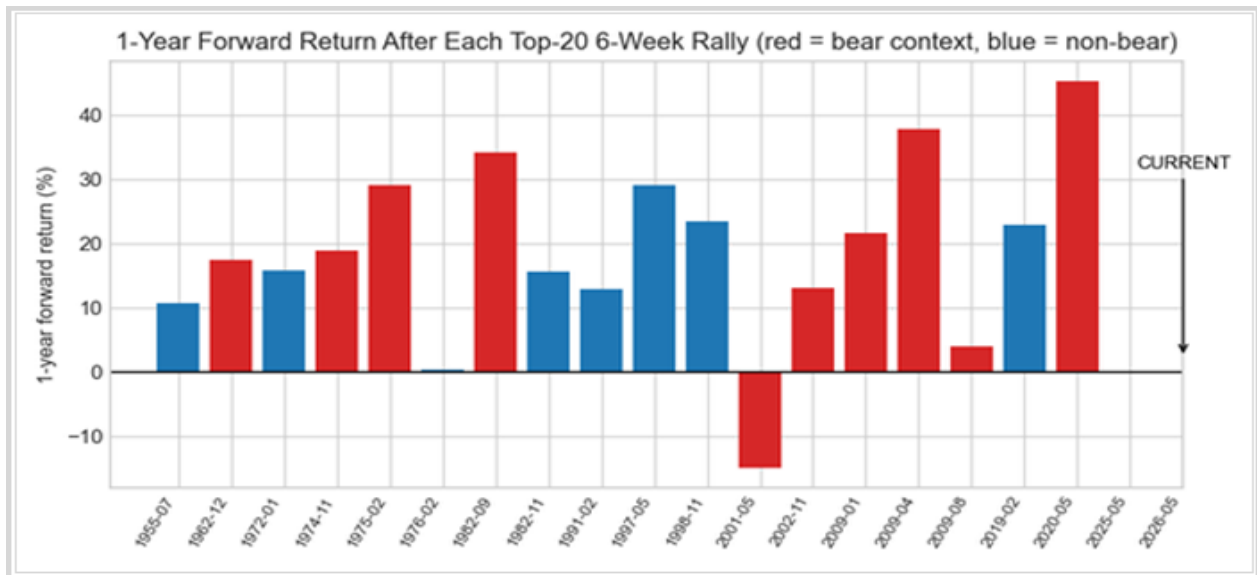
Rank	End Date	Gain	DD at Start	Fwd 1M	Fwd 6M	Fwd 1Y
1	2020-05-05	28.20%	-33.9%	+8.50%	+15.40%	+45.29%
2	2009-04-17	27.40%	-52.2%	+4.61%	+26.10%	+37.71%
3	2009-01-06	24.22%	-50.4%	-9.51%	-5.90%	+21.66%
4	1982-09-21	21.15%	-23.0%	+11.49%	+21.07%	+34.22%
5	1998-11-19	20.13%	-19.1%	+4.36%	+13.36%	+23.37%
6	1975-02-05	19.69%	-33.9%	+6.78%	+9.25%	+29.08%
7	1974-11-11	18.27%	-43.0%	-9.95%	+21.86%	+18.88%
8	1982-11-11	17.71%	-4.7%	-1.27%	+15.87%	+15.68%
9	2002-11-20	17.69%	-33.8%	-2.01%	+2.09%	+13.07%
10	1962-12-06	17.65%	-26.4%	+2.88%	+11.89%	+17.53%
11	2025-05-19	17.53%	-17.4%	+0.29%	+11.89%	n/a
12	1991-02-27	17.22%	-15.0%	+2.03%	+6.89%	+12.95%
13	2001-05-17	16.79%	-27.5%	-6.21%	-11.32%	-14.86%
14	2009-08-21	16.72%	-32.7%	+4.44%	+6.67%	+4.02%
15	2026-05-11	16.39%	-8.7%	n/a	n/a	n/a
16	1976-02-04	15.62%	-7.8%	-2.75%	+2.47%	+0.44%
17	1955-07-06	15.21%	-2.2%	-1.90%	+4.10%	+10.70%
18	2019-02-07	15.10%	-19.8%	+2.85%	+8.57%	+22.97%
19	1997-05-23	14.83%	-9.6%	+5.82%	+13.22%	+29.16%
20	1972-01-06	14.81%	-13.9%	+1.30%	+5.34%	+15.79%
	All — Mean			+1.15%	+9.41%	+18.76%
	All — Win %			63.2%	89.5%	94.4%
	Bear — Mean			+1.10%	+9.71%	+20.66%
	Bear — Win %			60.0%	80.0%	90.0%
	Non-bear — Mean			+1.19%	+9.08%	+16.38%
	Non-bear — Win %			66.7%	100.0%	100.0%

Shaded rows are those instances where there was less than a 20% drawdown at the start of the rally. The current instance saw one of the shallower drawdowns. Only 1955, 1976, and 1982 saw rallies that were not coming out of larger drawdowns than the current one. After such strong rallies whether they were bear or non-bear, the next month generally did not see much progress. But longer-term results were quite impressive. After the 19 prior top-20 6-week rallies, SPX averaged +18.8% over the next year with a 94.4% win rate, versus a +9.4% / 74.5% baseline. Below you can see the signal versus the baseline numbers.

Signal vs baseline forward returns (top 20 rallies)

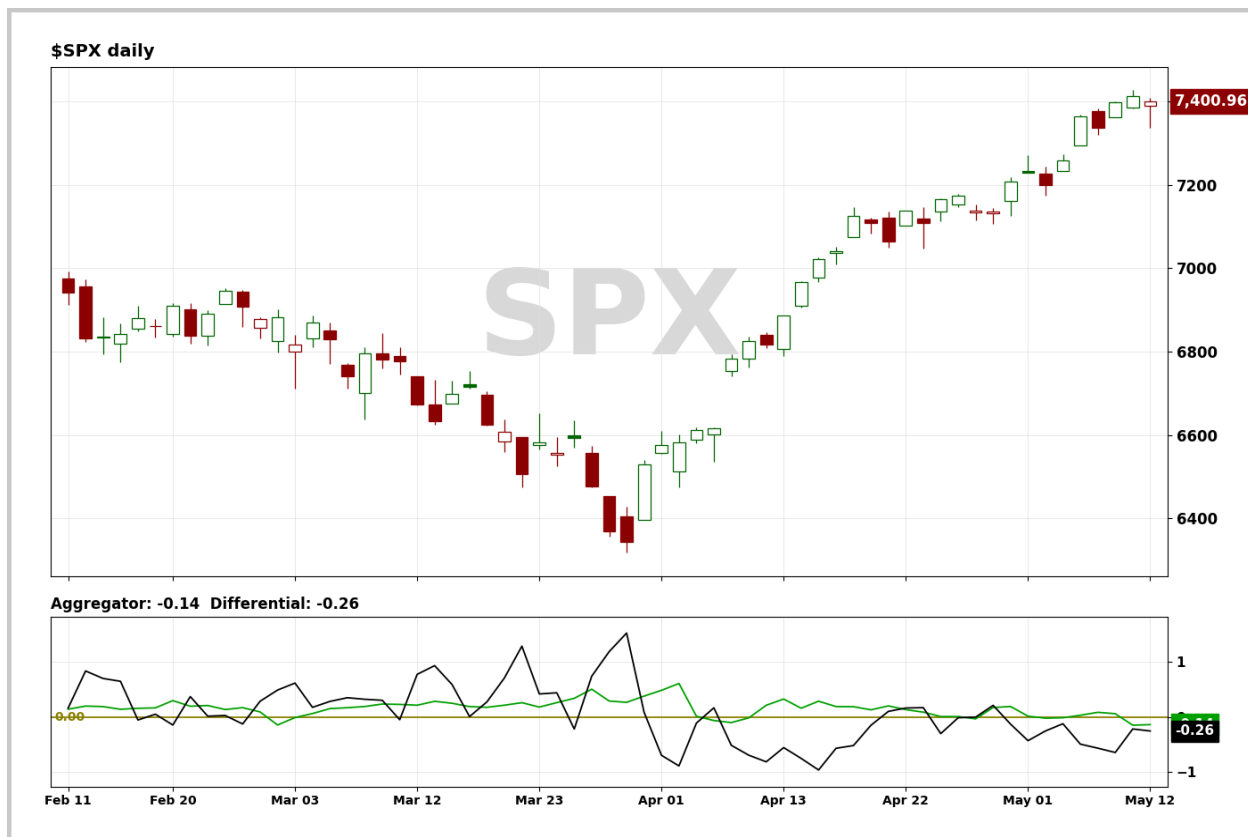
Horizon	Signal Mean	Signal Win%	Baseline Mean	Baseline Win%	Diff (pp)
3M	+3.97%	73.7%	+2.26%	66.7%	+1.71
6M	+9.41%	89.5%	+4.59%	70.6%	+4.82
1Y	+18.76%	94.4%	+9.36%	74.5%	+9.40

Lastly a little graphic showing the one-year forward returns after each of the 6-week rallies:



So the momentum over the last six weeks seems to be positive. We've seen this other ways but I thought this was an interesting look. Also impressive is that looking at the eight non-bear instances the average drawdown was only 8.29%, while the average run-up was 18.96%. I have added this study to the long-term active list tonight.

I have updated the Aggregator chart below.



With tonight's evidence considered, the green Aggregator Line remained below zero. Negative readings mean net expectations are for downside 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 negative and SPX is overbought. This is considered a bearish configuration. Bearish configurations are visible on the chart whenever both lines close below zero. Therefore, the Aggregator formation stayed short at the close.

Based on the current list of active studies, expectations are set to remain negative on Wednesday. This could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be slightly *inverted* at 7411.53. That is 0.1% *above* Tuesday'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 up 0.1% or more on Wednesday in order to remain overbought. Anything other than that and it will flip to oversold versus recent expectations as of Wednesday's close.

So the Aggregator is bearish. Short-term bearish evidence is building, but this is a hell of a market to try and short against. And with the differential pivot now inverted, reward/risk does not appear terribly favorable. I will continue to exercise patience and wait for the next strongly compelling opportunity to arise.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/11 – *bullish*

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

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

ABT – 1/3 @ \$86.30 – (bought @ limit)

Broad Market Large Cap CBI – 2 (MDT, ABT)

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	\$521.00	2.19%	<i>sell on open</i>
MDT(1/3)	4/30/2026	\$79.37	\$76.82	-3.21%	Catapult
ABT(1/3)	5/7/2026	\$86.30	\$84.35	-2.26%	Catapult

DISCLAIMER: PAST PERFORMANCE, WHETHER ACTUAL OR TESTED, DOES NOT GUARANTEE FUTURE RESULTS, PROFITABILITY, OR CORRELATION TO ANY LISTED SECURITY OR TRADE IDEA.

This publication is produced by Quantifiable Edges, LLC (QE), and is intended solely for informational and educational purposes. It is a regularly issued impersonal financial research commentary, and should not be construed as personalized investment advice, a solicitation to buy or sell securities, or a recommendation tailored to any individual's financial circumstances. Data provided by Tradestation and Norgate Data. The information presented herein is believed to be accurate at the time of publication, but QE makes no representation or warranty as to its completeness or reliability. Opinions, data and analyses are subject to change without notice. Readers are encouraged to conduct their own due diligence and consult with a qualified financial professional before making investment decisions. There is a high degree of risk in trading and simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading or the results of a specific account or group of accounts. Because these trades may not have been executed, results could misrepresent the effects of market factors like liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve results like those shown. QE, its officers and employees do not accept responsibility for any direct or consequential loss resulting from the use of this information.

Mr. Robert Hanna, author of the publication, is separately affiliated with Eastsound Capital Advisors, LLC (ECA), doing business as Capital Advisors 360. ECA is registered as an investment adviser with the Securities and Exchange Commission (SEC). ECA provides individual client services only in states in which it is filed, or which an exemption or exclusion from such filing exists. Registration with the SEC does not imply a certain level of skill or training. Although ECA clients utilizing the approaches developed by Mr. Hanna incidentally receive the QE Gold Subscription at no charge, ECA does not sponsor, endorse or validate its content. Mr. Hanna and/or his clients may hold positions in securities (including derivatives) mentioned herein; however, such holdings are not intended as endorsements and may change without notice and/or differ from published study indications at the sole discretion of Mr. Hanna. No part of this publication may be reproduced, redistributed, or republished without prior written consent from QE.

Copyright © 2026 Quantifiable Edges, LLC.