

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 14, 2026

Volume 20 Issue 91

Market Overview



Signals Overview

Aggregator	CBI Reading
Short	2

Tonight's Research Points

- Weak breadth days with the SPX hitting a new high suggest an upside edge for the following day.

Short-term Outlook

The Bottom Line

The Aggregator is bearish. But evidence is set to turn bullish. I'm feeling mostly neutral.

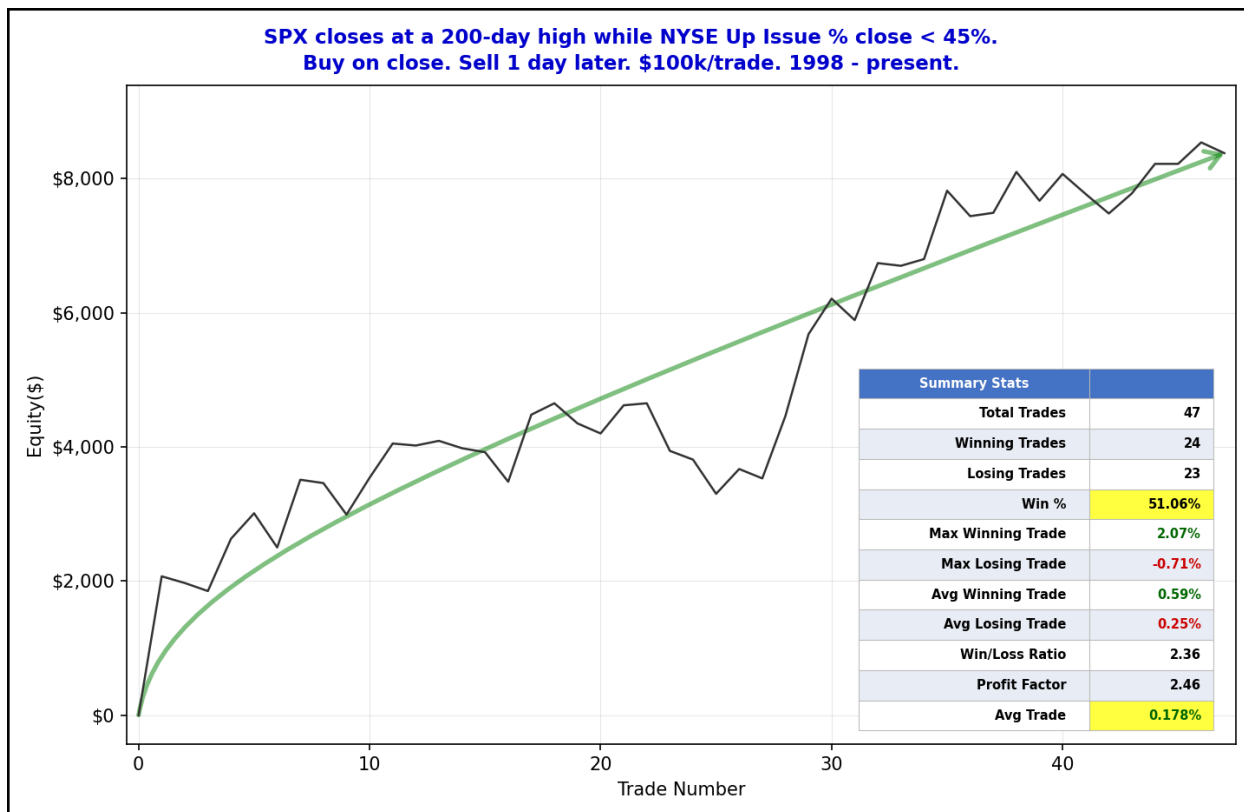
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 14, 2026	SPX 200-day high while Up Issue % < 45%	1 day	Bullish			
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			
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)						
March 30, 2026	SPX down 5 straight weeks	1-6 months	Bearish	-13.10%	8.60%	16.80%

The Evidence

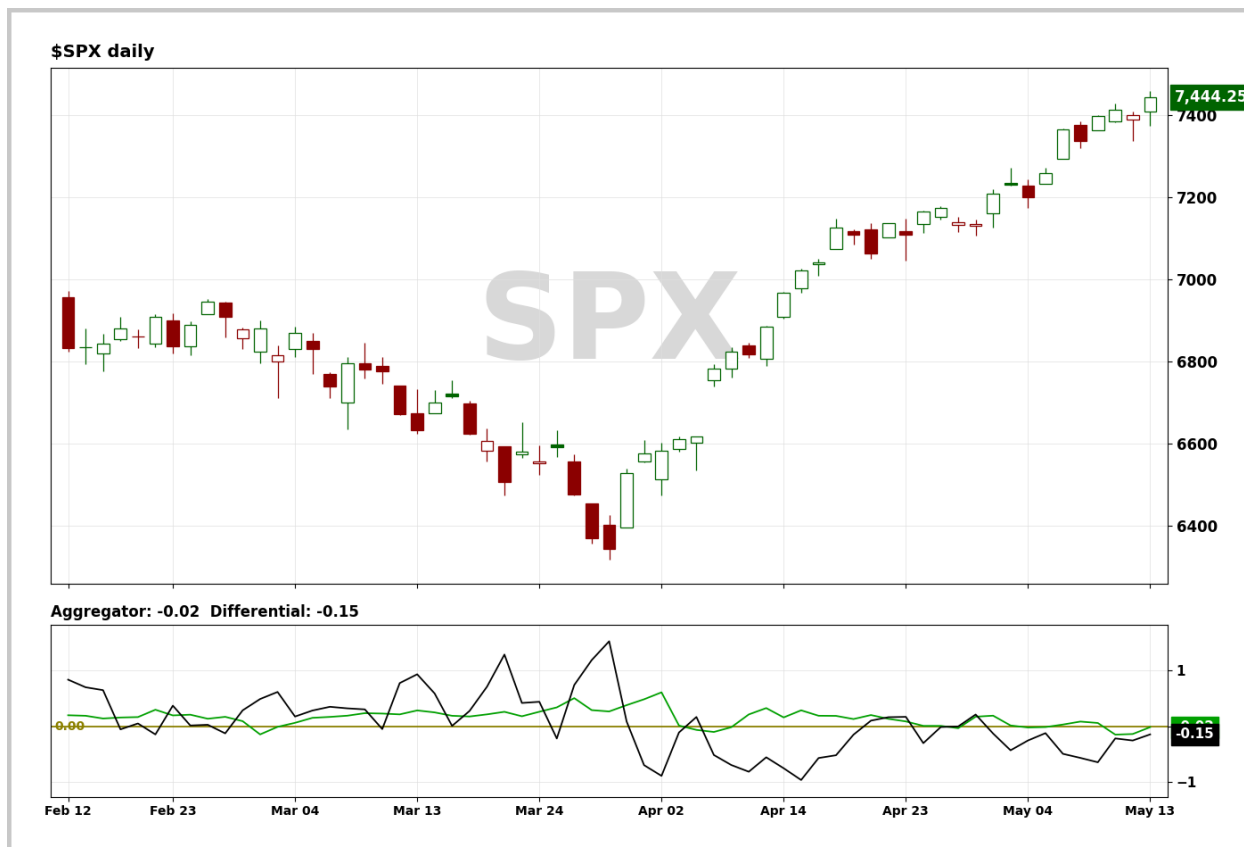
Wednesday was yet another up day. SPX rose 0.6%, the NASDAQ gained 1.2%, and the Russell 2000 inched up 0.04%. Breadth was negative as the NYSE Up Issues % closed at 39% and the NYSE Up Volume % posted a 41% reading. NYSE total volume rose some from Tuesday's level.

Two nights ago, in the 5/12/26 letter I noted when the market has posted poor breadth numbers on days where it was hitting a long-term high, the following day has carried an upside edge. This can be seen in the study below.



The Win% is only a little over 50%, but the average win has been more than double the average loss. This has made for a persistent move from lower left to upper right. Perhaps there is a mean reversion to the breadth and with more issues heading higher the following day, price tends to increase. In any case the numbers and the curve look good, and I've added this study to the active list.

I have updated the Aggregator chart below.



Even with tonight's bullish evidence considered, the green Aggregator Line remained slightly 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.

With both remaining short-term active studies set to expire on Thursday, expectations are set to turn slightly positive. This is thanks to the bullish intermediate-term outlook. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7411.84. That is 0.4% below Wednesday's close. Therefore, SPX will need to close down at least 0.4% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is bearish. But again it is not a very compelling bearish setup. With expectations about to turn positive I have no interest in attempting a counter trend move. I will still sit and wait for a better 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	\$517.47	1.50%	<i>sold on open</i>
MDT(1/3)	4/30/2026	\$79.37	\$76.21	-3.98%	Catapult
ABT(1/3)	5/7/2026	\$86.30	\$83.83	-2.86%	Catapult

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