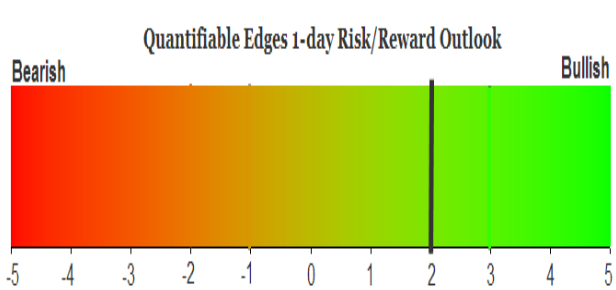
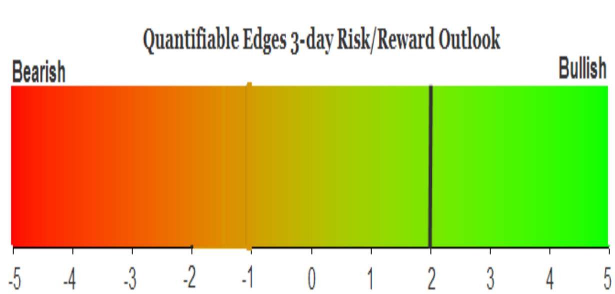
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 19, 2026 Volume 20 Issue 94

Market Overview





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Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- After 2 days pulling back, SPX could be set up for a Turnaround Tuesday.
- Monday's positive breath could help Tuesday's odds
- NDX making its 5th straight weekly close above its upper Bollinger Band has been a good momentum sign in the past, but it just occurred for the first time this century.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I'm cautiously optimistic and might consider adding some long exposure if there is further selling on Tuesday.

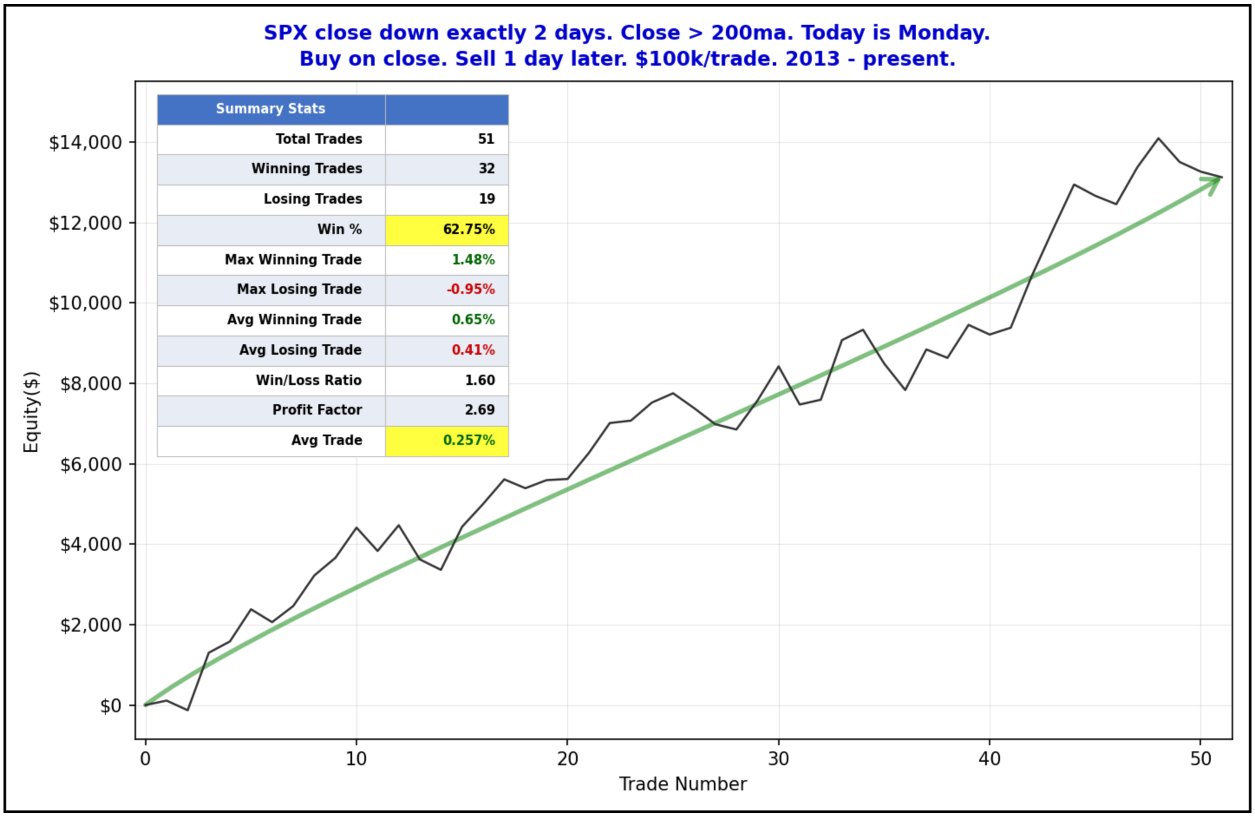
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 19, 2026	SPX down day with NYSE Up Issues > 55%,	1 day	Bullish			
May 19, 2026	SPX down 2 days then Monday, > 200ma	1 day	Bullish			
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 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			

The Evidence

Monday was mostly lower for the indices. SPX finished down 0.07%, the NASDAQ lost 0.5%, and the Russell 2000 declined 0.7%. Breadth was positive as the NYSE Up Issues % closed at 58% and the NYSE Up Volume % posted a 65% reading. NYSE total volume dropped sharply from Friday's level.

I have written a substantial number of times about “Turnaround Tuesday”. Over the years Tuesday has exhibited the strongest proficiency for the market to reverse a pullback of any day of the week. But in the case of 2-day pullbacks, which are quite short, they were not terribly consistent prior to 2013. The study below was seen in the 12/30/25 letter. Parameters look for 1) SPX to decline exactly 2 days in a row, 2) today is Monday, and 3) SPX closes above its 200ma. Results are updated.



The stats and the persistent upslope of the profit curve are impressive. I have included this study on the active list tonight as a potentially bullish edge.

Monday's positive breadth was also encouraging. It triggered the study below, which I last featured back in the 7/9/25 letter. Results are all updated.

The curve is definitely choppy, but it has persisted higher and the numbers are decent. There appears to be a moderate upside edge provided by the setup, and I have included this study on the active list tonight.

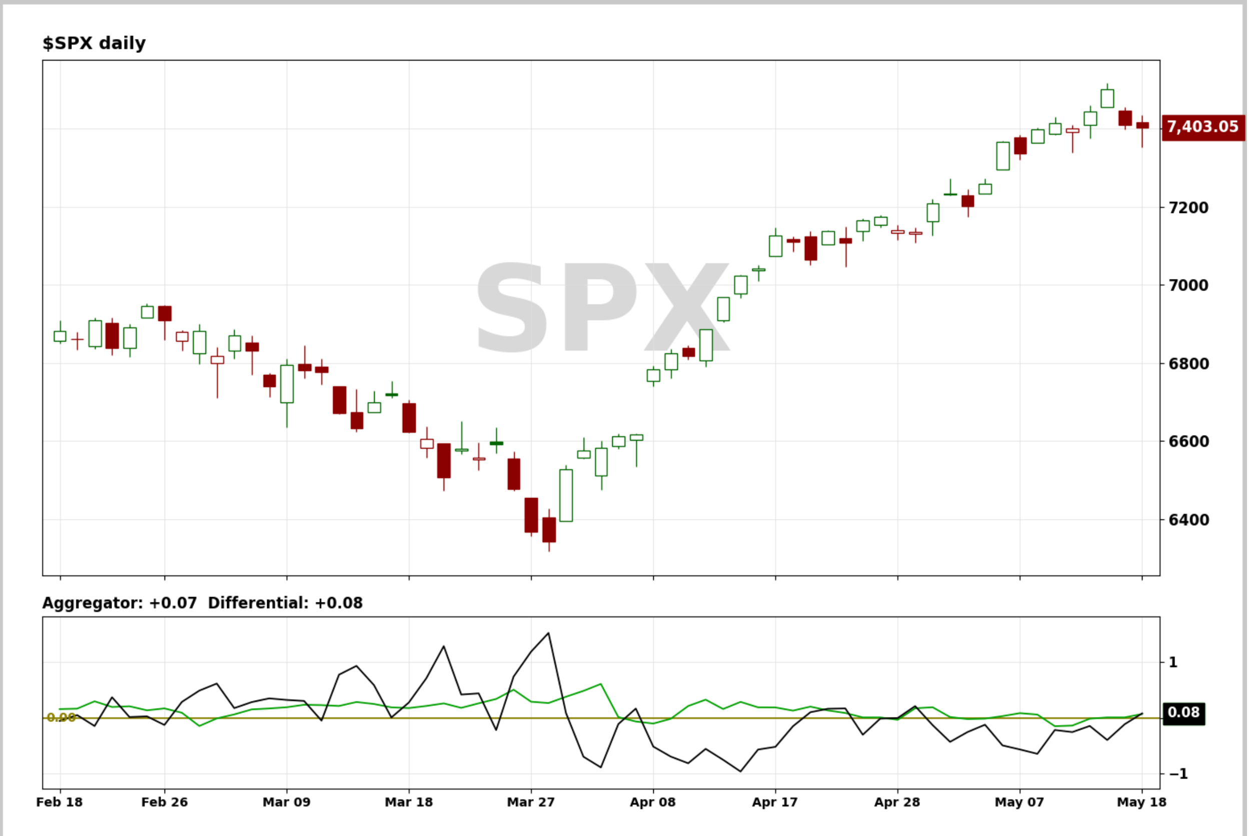
I also saw an interesting study today on X from @Bluekurtic. He noted that when NDX has recorded 5 consecutive weekly closes above its upper Bollinger Band (20-week, 2 std), the index has been higher 2 weeks later in 6/6 cases since 1986. I decided to dig a little deeper, and see how it played out over multiple time periods. The results were interesting and I decided to share them below.

NDX closes above upper (2,20) weekly Bollinger Band for 5th week in a row. Forward returns shown. 1985 – present.

Signal date	1W	2W	4W	8W	13W	26W
1987-02-06	+2.54%	+2.32%	+5.53%	+9.58%	+9.01%	+16.66%
1989-05-12	+2.63%	+3.51%	+5.61%	+1.17%	+4.42%	+7.42%
1991-02-15	+0.12%	+1.63%	+2.53%	+12.43%	+4.88%	+12.55%
1992-11-20	+0.14%	+2.75%	+2.60%	+8.72%	-0.26%	+5.12%
1998-12-18	+4.09%	+5.82%	+14.21%	+12.89%	+18.37%	+27.12%
1999-12-03	+0.97%	+5.91%	+16.88%	+8.63%	+40.05%	+18.39%
2026-05-15	n/a	n/a	n/a	n/a	n/a	n/a
Mean (n=6)	+1.75%	+3.66%	+7.89%	+8.90%	+12.74%	+14.54%
Median (n=6)	+1.75%	+3.13%	+5.57%	+9.15%	+6.95%	+14.61%

I've circled the only negative number on the table, which is the 11/20/1992 instance at 13 weeks out. Other than that, everything is positive. Just 6 instances is lower than I'd prefer, but I still might add it to the active list in some cases. In this case, the fact that this is the 1st instance this century gives me pause. So while I won't add it to the active list today, I will look to track this going forward in case this starts occurring more than once every 26 years.

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 above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is slightly 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 easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7488.80. That is 1.2% above Monday's close. Therefore, SPX will need to close up at least 1.2% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now bullish. SPX is oversold, but all the bullish short-term evidence is set to expire on Tuesday. If Tuesday were to close lower I do suspect we'd see more bullish evidence emerge since we'd be looking at a third down day from an all-time high. So Traders could consider taking some long exposure on Tuesday. I've decided to put a trade idea down below that would only look to take on a small SPY position if it closed down a fair amount.

Intermediate-term Outlook (2 weeks – 2 months) – updated 5/18 – bullish

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

MDT – 1/3 @ $79.37 – (bought @ limit)

***Broad Market Large Cap CBI* – 1 (MDT)**

Additional New Trade Ideas

SPY - Buy ¼ index position @ $735.00 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to take on a small amount of SPY exposure if it closes down a decent amount on Tuesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
MDT(1/3)	4/30/2026	$79.37	$77.32	-2.58%	Catapult
ABT(1/3)	*5/7/2026*	*$86.30*	*$84.86*	*-1.67%*	*sold on open*