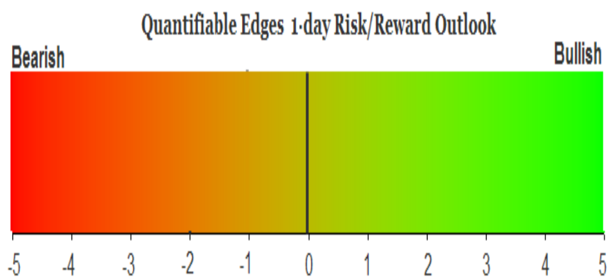
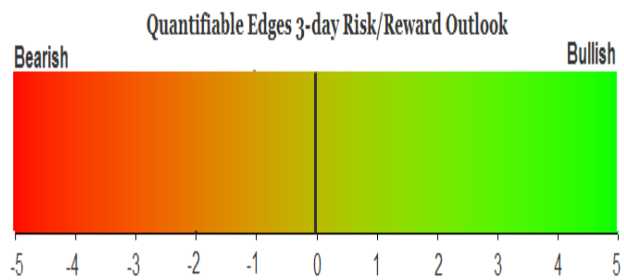
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 21, 2026 Volume 20 Issue 96

Market Overview





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Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- No compelling new evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is back to neutral. Same here.

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

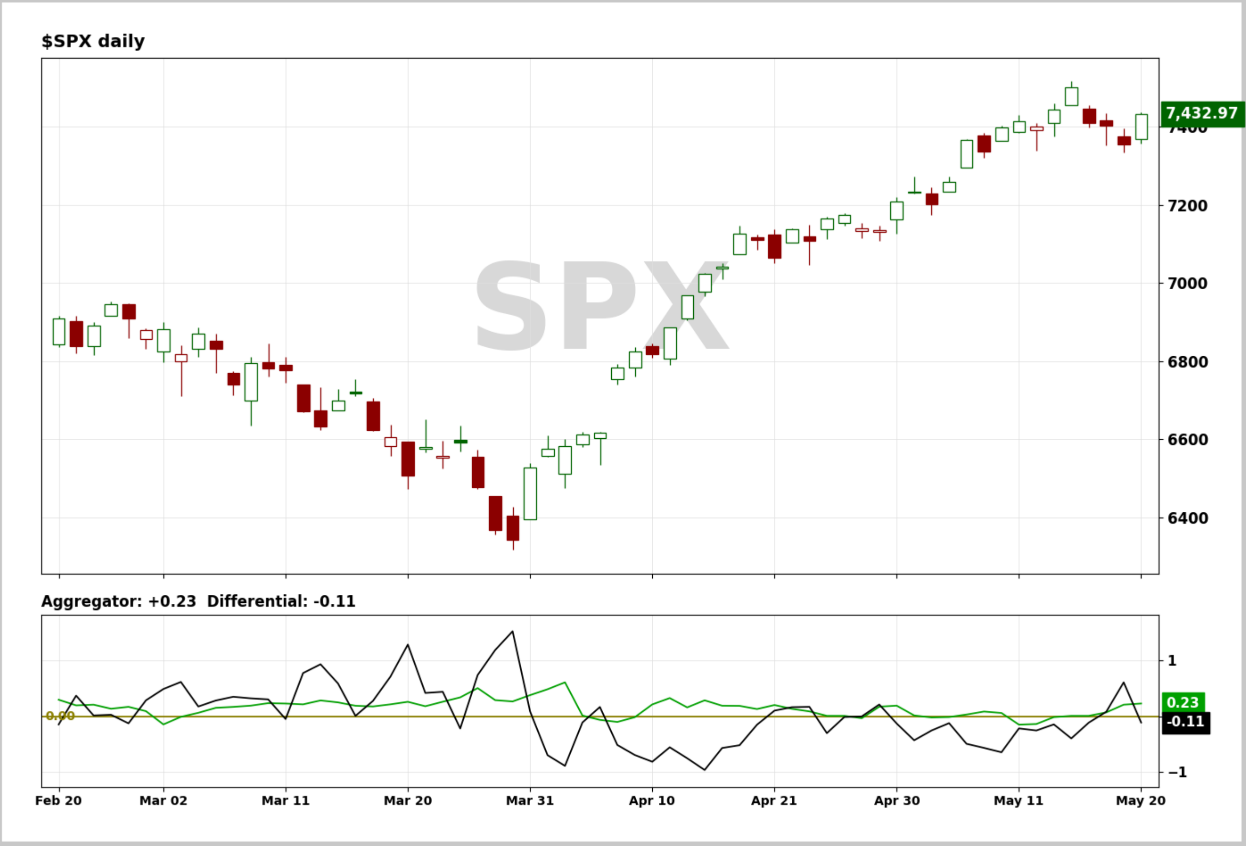
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
May 20, 2026	SPX dips below 10ma after 25+ days above	1-9 days	Bullish	2.49%	-1.19%	-2.41%
May 20, 2026	SPY down 3 days from a 50-day high, closes	1-4 days	Bullish	1.56%	-0.86%	-1.81%
Active - 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

Wednesday was a strong day for stocks with the Russell 2000 leading the way. SPX finished up 1.1%, the NASDAQ gained 1.5%, and the Russell 2000 rallied 2.6%. Breadth was strong as the NYSE Up Issues % closed at 76% and the NYSE Up Volume % posted a 71% reading. NYSE total volume declined some from Tuesday's level.

After three days of selling, we got the bounce that we were anticipating yesterday. But even though the move up on Wednesday was impressive, it did not generate any new compelling evidence in the Quantifinder. Wednesday's rally essentially put the S&P back near the middle of its range over the last week. When we get blank days in the Quantifinder, they are often mid-range type days. So it's not a huge surprise but it leaves me without much to talk about. That's okay. I'll keep it short tonight.

I have updated the Aggregator chart below.



Without any new studies being added, 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 fell 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 turned flat at the close.

Based on the current list of active studies, expectations are set to remain positive on Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7408.35. That is 0.3% below Wednesday's close. Therefore, SPX will need to close down at least 0.3% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. And while yesterday's evidence is still suggesting there may be more upside to come, Wednesday's strong bounce quickly flipped to SPX from oversold to overbought. Overbought reduces potential reward and increases potential risk. So with the Aggregator neutral and the reward risk no longer strongly favorable, I'll be looking to take some quick profits on the trade idea from the other day.

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

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
MDT(1/3)	*4/30/2026*	*$79.37*	*$78.17*	*-1.51%*	*sold on open*
SPY(1/4)	5/19/2026	$733.73	$741.25	1.02%	*sell on open*