

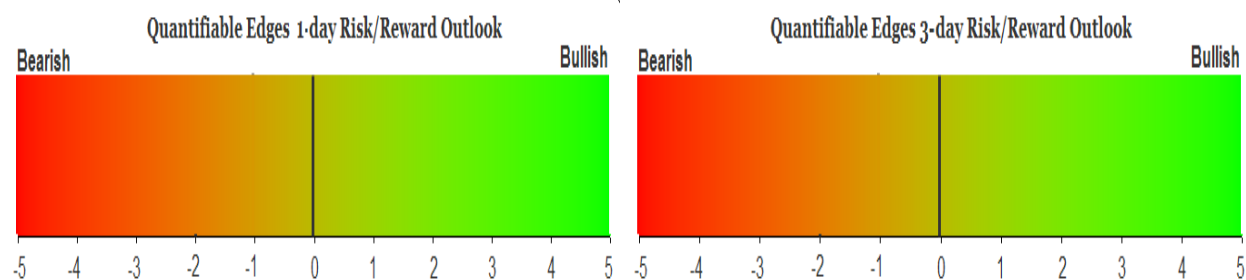
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

May 27, 2026

Volume 20 Issue 99

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- A rising VIX at a 50-day SPX high (on the first day of the week) suggests a pullback.
- 2 unfilled up gaps and a 50-day high are a short-term positive.
- NDX is getting extremely extended, but that has not been a bad thing historically.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Same here. Again.

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 27, 2026	SPY 2 unfilled up gaps + 50-day high	1-4 days	Bullish	0.94%	-0.87%	-1.89%
May 27, 2026	1st day of week + VIX up + SPX 50-day high	1-2 days	Bearish	-0.83%	0.45%	0.92%
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			
May 27, 2026	NDX > 18% above 200ma	1-90 days	Bullish	13.80%	-9.37%	-18.64%
Dropped Tonight (target hit, or avg drawdown + 1 std dev exceeded)						
May 20, 2026	SPX dips below 10ma after 25+ days above	1-9 days	Bullish	2.49%	-1.19%	-2.41%

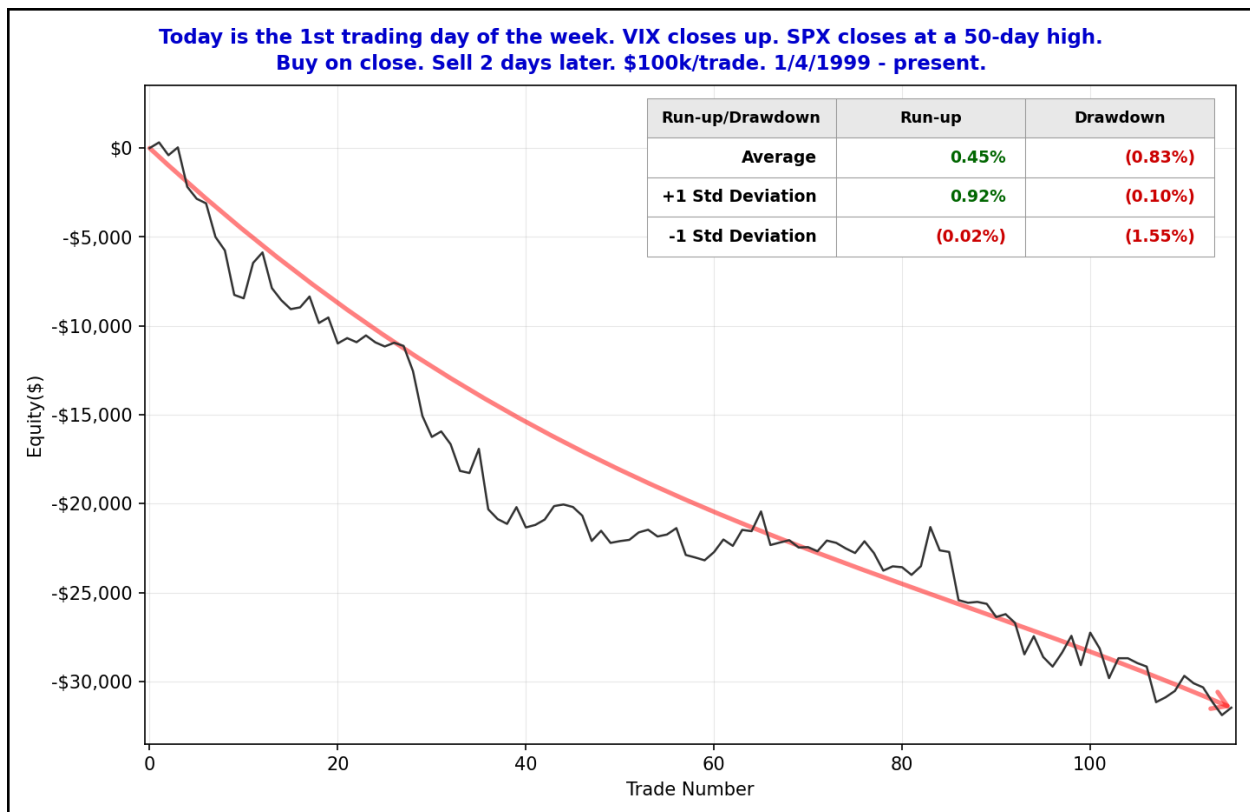
The Evidence

Tuesday was a good day for the market. SPX finished up 0.6%, the NASDAQ gained 1.2%, and the Russell 2000 rallied 1.8%. Breadth was solid as the NYSE Up Issues % closed at 67% and the NYSE Up Volume % posted a 64% reading. NYSE total volume rose from Friday's level.

While the SPX closed up the VIX also rose. Most often they trade opposite each other, so this kind of action is somewhat unusual. But VIX has a tendency to decline going into the weekend (Friday afternoons), and then rise when it returns from the weekend. So to see this action on the first trading day of the week is less unusual than at any other time. Still, combined with the SPX 50-day high, it has been often followed by a dip in the next few days. This can be seen in the study below, which was last seen in the 8/16/22 letter. Results are all updated.

Today is the 1st trading day of the week. VIX closes up. SPX closes at a 50-day high. Buy on close. Sell X days later. 1/4/1999 - 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	110	52	58	47.27%	5.78%	-5.13%	1.11%	1.31%	0.84	0.75	-0.170%
4	115	54	61	46.96%	4.52%	-5.91%	0.97%	1.23%	0.79	0.70	-0.197%
3	115	56	59	48.70%	2.65%	-7.12%	0.74%	1.02%	0.73	0.69	-0.163%
2	115	47	68	40.87%	2.20%	-3.40%	0.56%	0.85%	0.66	0.46	-0.273%
1	115	41	74	35.65%	0.88%	-1.59%	0.36%	0.33%	1.08	0.60	-0.086%

Results here appear somewhat bearish. Below is a profit curve that assumes a 2-day exit strategy.



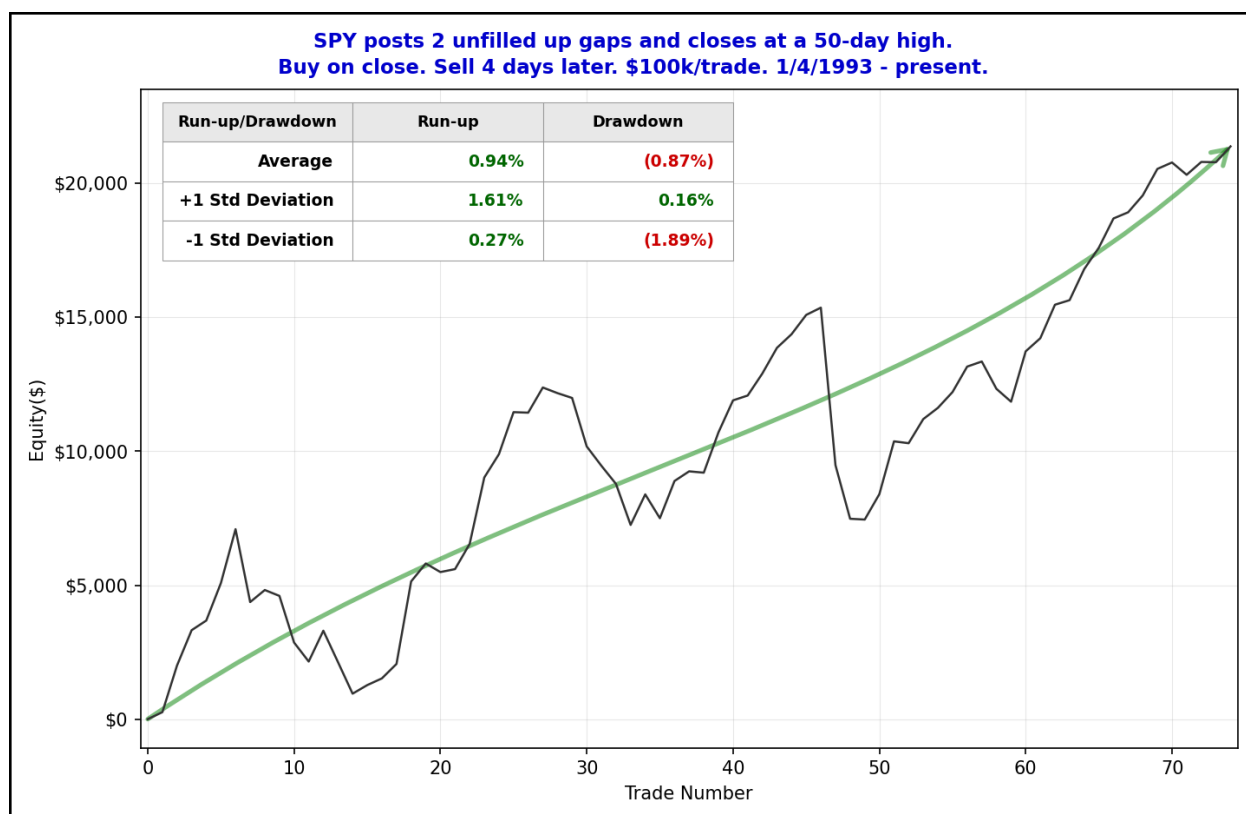
The profit curve has had a long decline. It is again near new lows and seems worthy of consideration. I have included this study on the Active List.

Tuesday not only saw SPY make a new high, but it was also the 2nd day in a row with an unfilled gap up. The study below was last seen in the 1/7/26 letter. It examined other times SPY left at least 2 unfilled up gaps and closed at a 50-day high.

**SPY posts 2 unfilled up gaps and closes at a 50-day high.
Buy on close. Sell X days later. 1/4/1993 - 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	73	50	23	68.49%	3.38%	-5.00%	0.95%	1.30%	0.73	1.59	0.240%
4	74	50	24	67.57%	3.08%	-5.88%	0.91%	1.00%	0.91	1.89	0.289%
3	74	52	20	70.27%	2.66%	-6.99%	0.66%	0.95%	0.69	1.80	0.207%
2	76	47	29	61.84%	1.38%	-1.73%	0.48%	0.48%	1.02	1.65	0.118%
1	88	47	40	53.41%	1.44%	-1.94%	0.35%	0.34%	1.02	1.20	0.032%

The size of the follow-through isn't terribly large, but the numbers appear consistent enough to warrant further examination. Below is the 4-day profit curve.

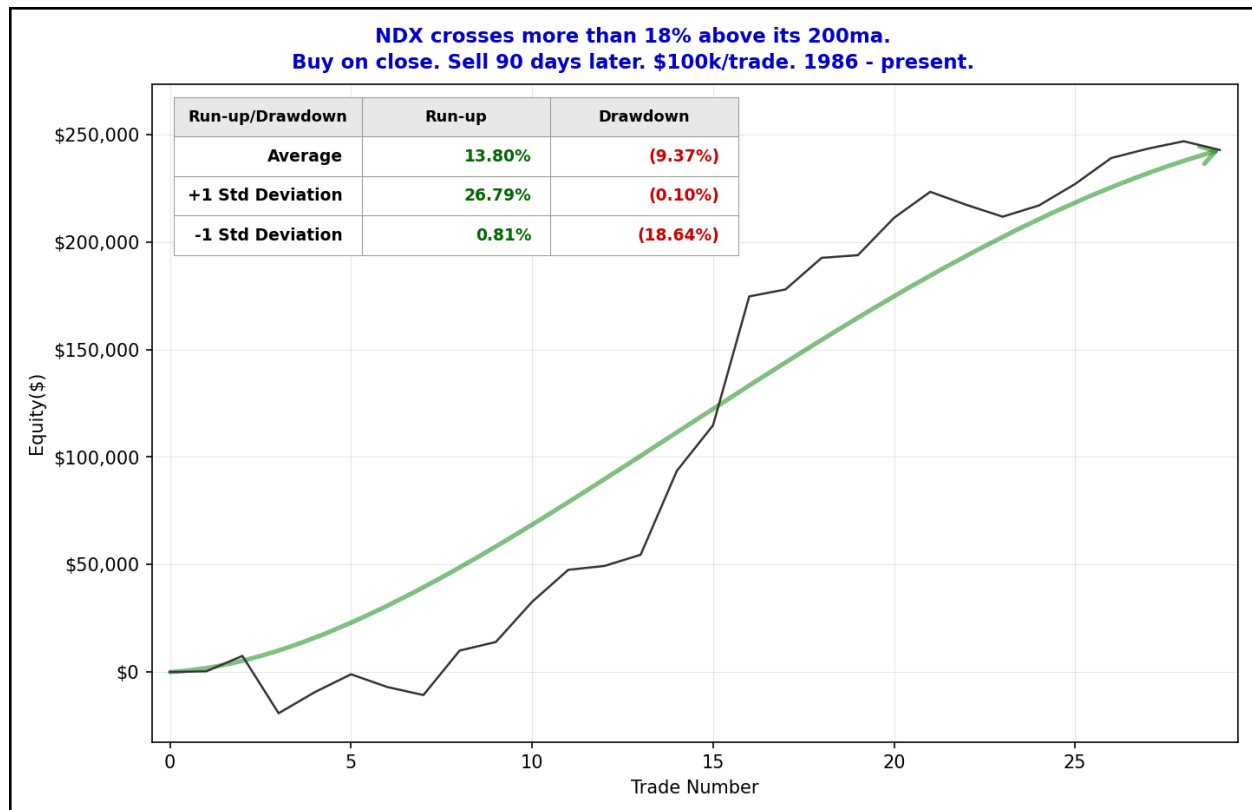


There were some sizable losers in 2020, including one in June of that year which lost nearly 6%. But the curve has certainly righted itself since then, rallying impressively since early 2021 and again at new highs. I have decided to add this study to the active list.

Another notable is that the NDX is reaching a point where it is getting stretched to an extreme level. Tuesday it closed over 18.6% above its 200ma. Many people might believe this means it is likely to revert back down. The study below looks at similar stretches. It is updated from the 5/31/23 subscriber letter.

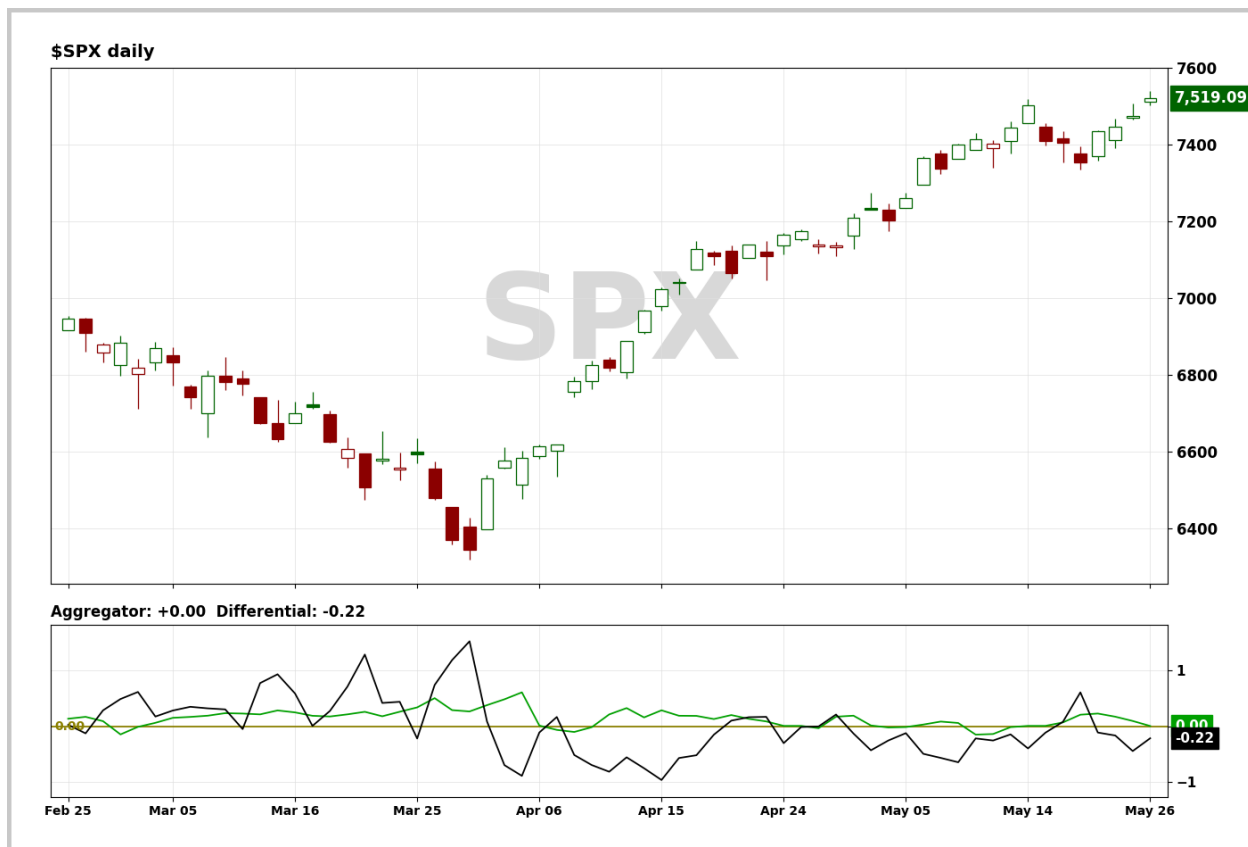
NDX crosses more than 18% above its 200ma. Buy on close. Sell X days later. 1986 - present.												
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade	
100	28	19	9	67.86%	76.71%	-24.16%	14.34%	6.21%	2.31	4.87	7.732%	
90	29	23	6	79.31%	59.97%	-26.68%	12.82%	8.66%	1.48	5.67	8.375%	
80	30	21	9	70.00%	47.37%	-33.04%	13.01%	7.95%	1.64	3.82	6.722%	
70	33	20	13	60.61%	34.10%	-30.32%	11.37%	8.48%	1.34	2.06	3.551%	
60	33	19	14	57.58%	24.85%	-28.59%	10.38%	5.42%	1.91	2.60	3.674%	
50	34	25	9	73.53%	37.22%	-30.13%	7.97%	9.38%	0.85	2.36	3.377%	
40	37	23	14	62.16%	34.25%	-15.42%	9.33%	5.24%	1.78	2.92	3.815%	
30	45	29	16	64.44%	22.94%	-20.63%	6.60%	5.15%	1.28	2.32	2.423%	
20	52	30	22	57.69%	16.14%	-12.03%	5.25%	4.46%	1.18	1.60	1.141%	
10	68	37	31	54.41%	9.53%	-13.29%	3.11%	3.55%	0.88	1.05	0.073%	

The overextended conditions have certainly not been a negative in the past. In fact, the numbers seem to solidly favor the bulls. There were some terrible plunges, such as the Crash of '87. But there were also massive runups under these conditions. Here is a look at the 90-day profit curve.



The market is extended. And that is a condition that will be worked off at some point. But it is not reliable sell signal, and actually appears to be an intermediate-term positive. I have added it to the intermediate-term active list as such.

I have updated the Aggregator chart below.



With tonight's mix of evidence considered, the green Aggregator Line held just very slightly above zero. Positive readings mean net expectations are for upside over the next few days. (More flat than upwards in this case.) 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 remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7490.72. That is 0.4% below Tuesday's close. Therefore, SPX will need to close down at least 0.4% on Wednesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Conflicting evidence tonight isn't really helping much from a short-term standpoint. Perhaps we can get a dip in the near future that might offer a favorable reward/risk opportunity for a short-term index position. A market this strong is extremely challenging to try and short. So I'm basically in the mode of waiting for high-probability long set ups. But we don't have one right now so I won't be putting any new trade ideas at the bottom of the letter tonight.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 5/25 – **bullish***

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

New

CVS @ \$90.73 (buy 1/3 @ limit)

Broad Market Large Cap CBI – 1(CVS)

Additional New Trade Ideas

CVS - Buy 1/3 Catapult position @ \$90.73 LIMIT. From the Catapult section above. This is the 1st of up to 3 potential lots of CVS.

Current Open Trade Ideas

None

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.