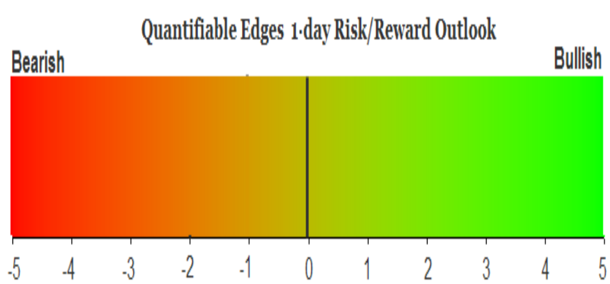
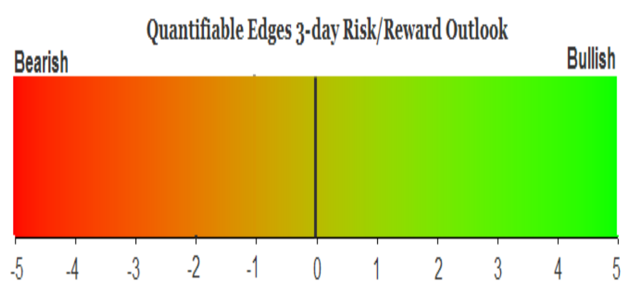
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 1, 2026 Volume 20 Issue 102

Market Overview





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Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- When SPX has closed at a long-term high on weak breadth, there has typically been an upside edge for the following day.
- SPX closing at an intermediate-term high on the highest volume in 20 days (not including Opex Fridays) suggests more upside to come the following week.
- SPX is up for the 7th day in a row. That has often been followed by more gains over the next few weeks.
- The Fed remains dovish and liquidity is plentiful.
- The NASDAQ continues to lead and the long-term trend continues higher - both positives.
- Breath is lagging and seasonality is poor, but neither has mattered yet

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

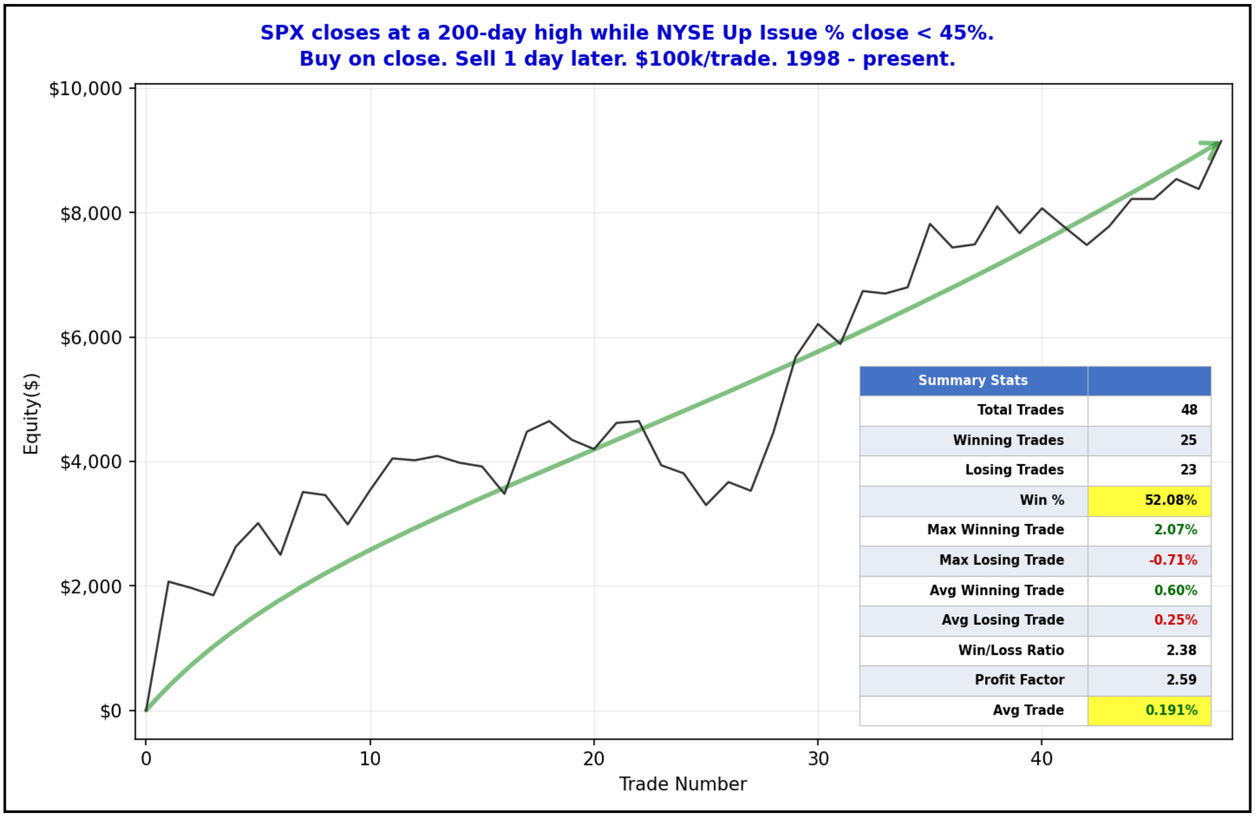
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
June 1, 2026	SPX 20-day high on highest 20-day volume,	1-5 days	Bullish	1.42%	-1.05%	-2.21%
June 1, 2026	SPX 200-day high with NYSE Up Issues % <	1 day	Bullish			
Active - Long Term						
June 1, 2026	SPX up exactly 7 days in a row, > 200ma	1-20 days	Bullish	3.13%	-2.06%	-4.34%
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 27, 2026	SPY 2 unfilled up gaps + 50-day high	1-4 days	Bullish	0.94%	-0.87%	-1.89%

The Evidence

The market was mixed on Friday. SPX finished up 0.2%, the NASDAQ gained 0.2%, and the Russell 2000 declined 0.6%. Breadth was negative as the NYSE Up Issues % closed at 41% and the NYSE Up Volume % posted a 42% reading. NYSE total volume spiked higher from Thursday's level.

The weak breadth seemed notable. Interestingly 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, which I last featured just recently in the 5/12/26 letter.



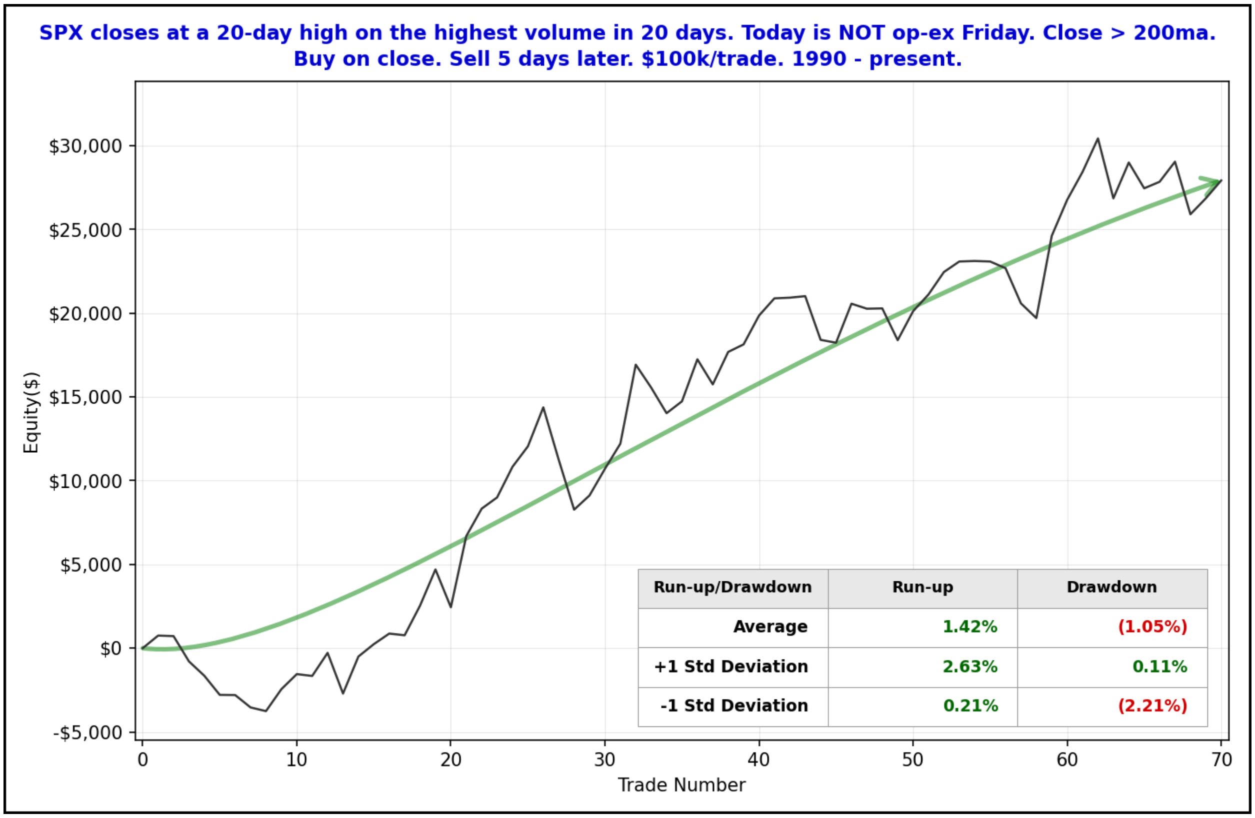
The Win% is only a little over 50%, but the average win has been more than double the average loss. This has made for a persistent move from lower left to upper right. Perhaps there is a mean reversion to the breadth and with more issues heading higher the following day, price tends to increase. In any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

Friday's move to a new closing high on strong volume triggered an interesting study from back in the 1/26/21 letter. It looked at other times SPX made a new 20-day high on the highest volume in 20 days. Opex Fridays were excluded from the study since it is common for them to have the highest volume of the last 20 days. An updated results table can be found below.

SPX closes at a 20-day high on the highest volume in 20 days. Today is NOT op-ex Friday. Close > 200ma.
Buy on close. Sell X days later. 1990 - present.

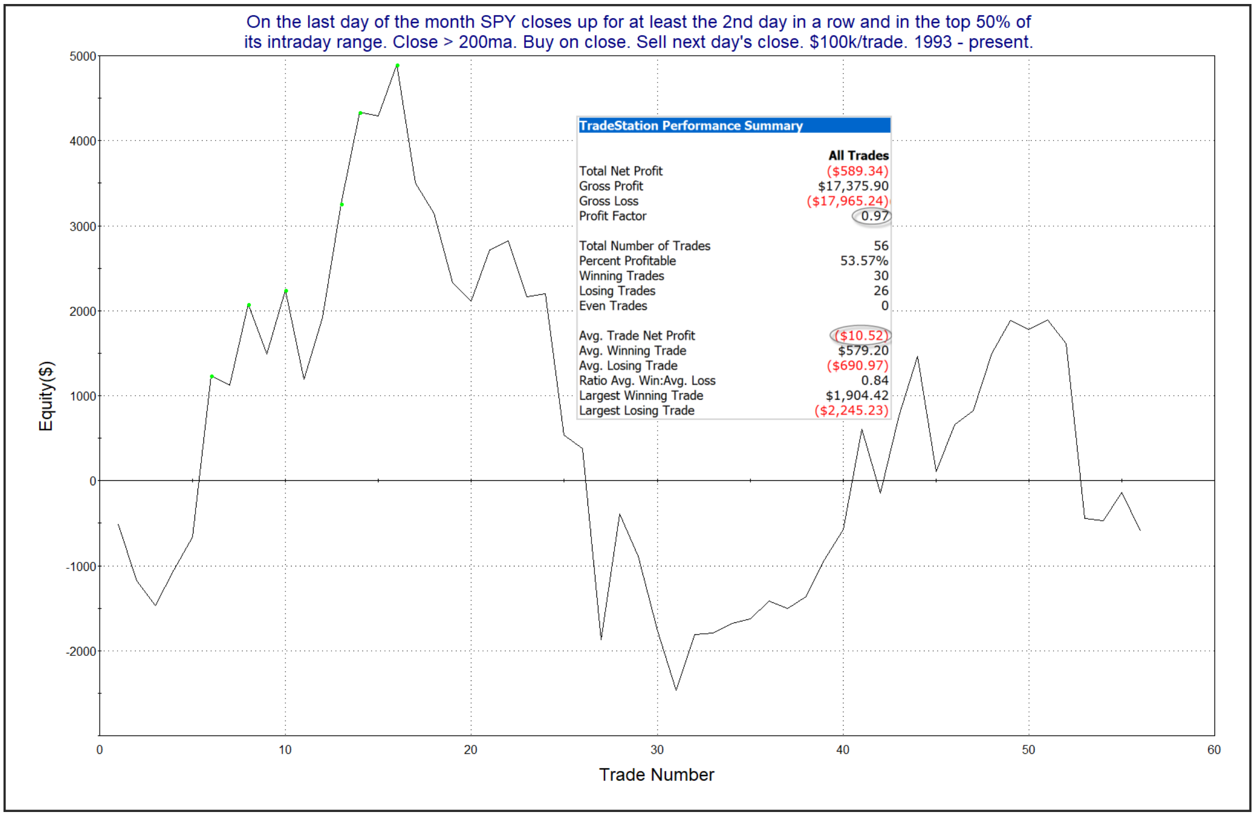
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	70	43	27	61.43%	4.91%	-3.58%	1.50%	1.35%	1.11	1.76	0.399%
4	71	43	28	60.56%	4.56%	-4.25%	1.22%	1.24%	0.98	1.51	0.248%
3	73	45	28	61.64%	2.58%	-3.85%	1.02%	1.00%	1.02	1.65	0.247%
2	74	49	25	66.22%	2.53%	-2.27%	0.73%	0.76%	0.96	1.88	0.226%
1	89	52	37	58.43%	1.62%	-2.12%	0.56%	0.44%	1.28	1.80	0.146%

These results appear to lean bullish. Here is an equity curve using a 5-day exit strategy.



As you can see, the upslope appears solid. This seems to be a study worth considering.

Of course Monday is the first trading day of the new month. And that often carries an upside edge. But most of that edge over the years has played out when the market has been short-term oversold - even on just an intraday basis. Several Quantifinder studies looked at turn of the month. The one below is currently relevant, and exemplifies why the new month edge doesn't appear terribly strong this upcoming month.



That's a very choppy chart that's made basically zero progress over the last 33 years. No edge there.

Let's next take a look at the seasonality calendar for June.

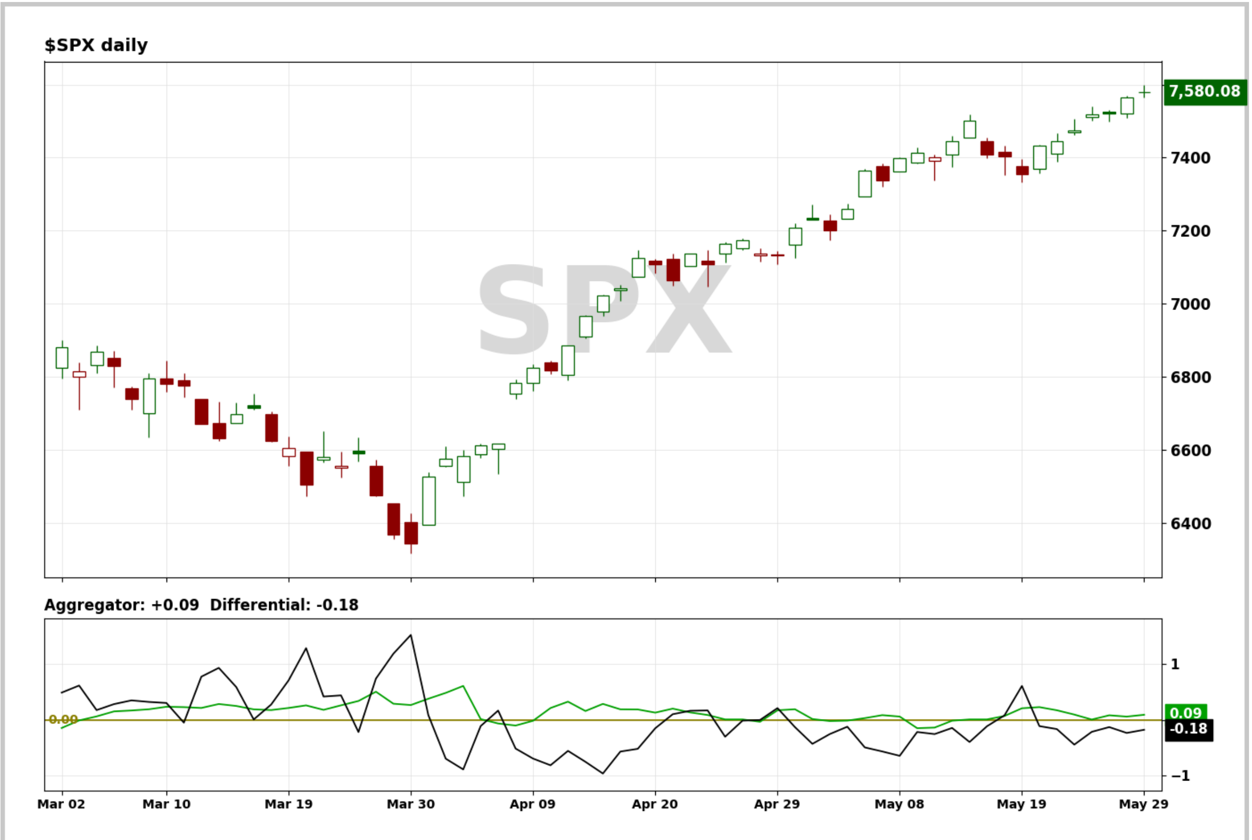
Quantifiable Edges Seasonality Calendar
$SPX S&P 500 Index

Date	Win%	Profit Factor	Avg % Chg
6/1/2026	61.04	1.813	0.193
6/2/2026	54.45	1.464	0.087
6/3/2026	61.87	1.852	0.187
6/4/2026	55.34	1.431	0.078
6/5/2026	58.22	1.574	0.132
6/8/2026	57.64	1.034	-0.004
6/9/2026	53.78	1.025	-0.003
6/10/2026	58.38	1.123	0.028
6/11/2026	54.25	0.795	-0.082
6/12/2026	55.02	1.116	0.022
6/15/2026	55.85	1.082	0.015
6/16/2026	51.09	1.133	0.037
6/17/2026	46.19	0.806	-0.072
6/18/2026	50.43	0.913	-0.028
6/22/2026	57.93	1.403	0.113
6/23/2026	54.13	1.253	0.077
6/24/2026	54.95	1.244	0.074
6/25/2026	55.54	1.250	0.076
6/26/2026	54.77	1.130	0.040
6/29/2026	62.17	1.619	0.147
6/30/2026	60.69	1.646	0.151
Baseline	***54.88***	***1.174***	***0.059***

QuantifiableEdges.com

The beginning and the end of the month look strong, with a bit of a lull in the middle of the month. This upcoming week's numbers look solidly bullish.

I have updated the Aggregator chart below.



With this weekend'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 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 Monday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7533.57. That is 0.6% below Friday's close. Therefore, SPX will need to close down at least 0.6% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is still neutral. It's again one of those markets where it is "too strong to short and too overbought to buy " from a short -term perspective. So I 'll continue to exercise patience until a more compelling reward/risk setup avails itself.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/1 – bullish

Combo #1	Combo #2	Combo #3	Combo #4
Flat	**Long $NDX**	**Long $NDX**	**Long $NDX**

Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course, which is included with all annual subscriptions. *There were no changes to the four combo models this week.*

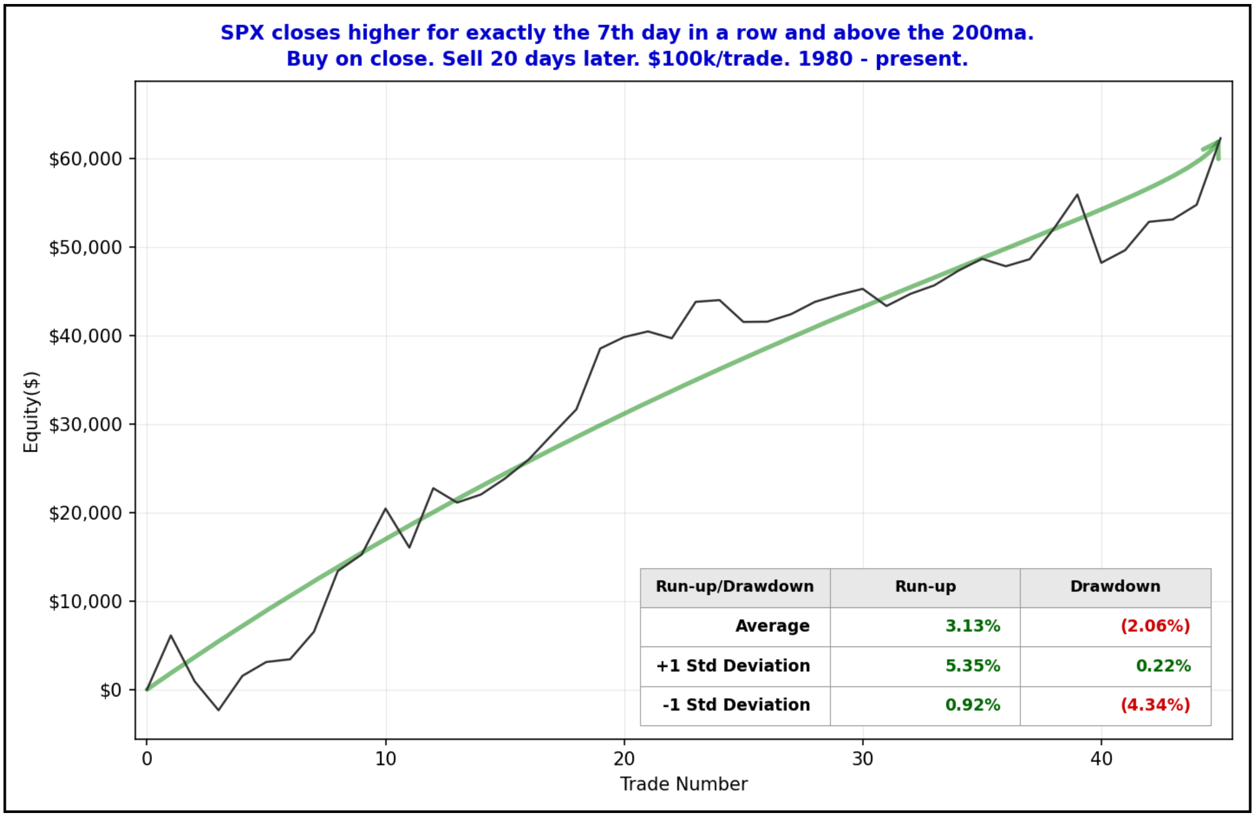
Stocks rallied again this past week. (It was the 9th week in a row for the S&P 500.) The SPX gained 1.4%, the NASDAQ rose 2.4%, and the Russell 2000 closed up 1.75%. Bonds also did well. The US Aggregate Bond ETF (AGG) climbed 0.6%. TLT, the 20-year Treasury Bond ETF, rallied 1.3%. The SPX and NADSAQ are both at all-time highs, so the long-term uptrend is currently intact.

Friday marked the 7th day in a row in which SPX closed higher. Looking back to 1980, there have been 48 previous streaks of 7-day rallies where SPX closed above the 200ma. The study below was last seen in the 4/10/26 letter. I have updated the stats table.

SPX closes higher for exactly the 7th day in a row and above the 200ma.
Buy on close. Sell X days later. 1980 - present.

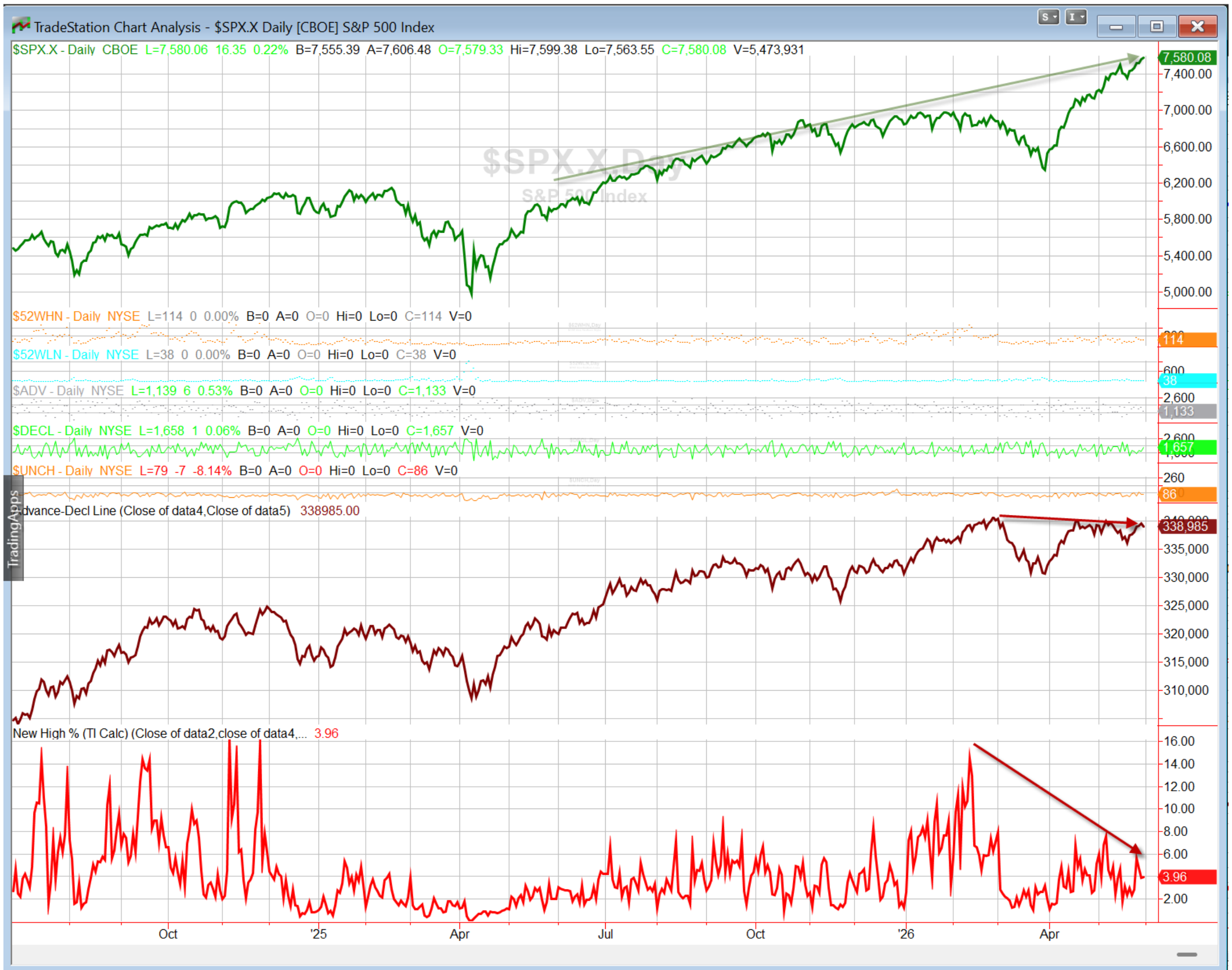
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
20	45	36	9	80.00%	7.51%	-7.71%	2.51%	3.14%	0.80	3.21	1.384%
19	45	35	10	77.78%	7.92%	-6.99%	2.74%	3.05%	0.90	3.15	1.457%
18	45	32	13	71.11%	8.01%	-7.94%	2.66%	2.23%	1.19	2.93	1.247%
17	46	33	13	71.74%	7.43%	-7.54%	2.60%	2.36%	1.10	2.80	1.198%
16	46	30	16	65.22%	6.03%	-6.89%	2.66%	1.94%	1.38	2.58	1.065%
15	46	33	13	71.74%	6.20%	-5.28%	2.36%	2.22%	1.06	2.70	1.065%
14	47	35	12	74.47%	5.45%	-5.37%	2.02%	3.02%	0.67	1.95	0.732%
13	47	31	16	65.96%	5.36%	-4.30%	2.01%	1.56%	1.29	2.50	0.794%
12	47	32	15	68.09%	5.80%	-4.12%	1.96%	1.52%	1.29	2.75	0.848%
11	48	29	19	60.42%	5.80%	-4.17%	2.11%	1.39%	1.52	2.32	0.726%
10	48	30	18	62.50%	5.12%	-4.25%	1.90%	1.55%	1.23	2.04	0.606%
9	48	33	15	68.75%	4.68%	-4.76%	1.68%	1.52%	1.11	2.43	0.682%
8	48	32	16	66.67%	5.23%	-4.81%	1.52%	1.46%	1.04	2.07	0.524%
7	48	35	13	72.92%	4.17%	-6.53%	1.36%	1.94%	0.70	1.89	0.468%
6	48	32	16	66.67%	4.42%	-5.02%	1.28%	1.30%	0.98	1.96	0.417%
5	48	36	12	75.00%	3.59%	-2.68%	1.12%	1.14%	0.97	2.92	0.550%
4	48	33	15	68.75%	3.73%	-3.04%	0.91%	0.96%	0.95	2.09	0.326%
3	48	31	17	64.58%	2.92%	-2.64%	0.97%	0.67%	1.44	2.63	0.387%
2	48	26	22	54.17%	2.01%	-1.52%	0.61%	0.44%	1.38	1.63	0.128%
1	48	21	27	43.75%	1.62%	-0.88%	0.38%	0.39%	0.97	0.76	-0.054%

No apparent edge over the 1st few days, but the market has typically pressed higher over the intermediate term. Momentum this strong often sees follow through. Below is a look at the 20-day profit curve.



More confirmation that suggests the strong momentum is a positive sign for the intermediate-term. This study has been added to the intermediate-term active list.

While the rally continues, breadth is ***still*** lagging. As I have discussed the last several weeks, the QE Study of Tops shows that nearly every major market top since 1970 saw a breadth divergence occur ahead of it. The lone exception was 2020. The measurements the study looks at are 1) the NYSE Advance/Decline Line, and 2) the Net % of NYSE stocks making new highs (vs new lows). When SPX topped at the end of January, there was no divergence. Breadth was strong by both measures. This led me to believe that a major selloff (20% +) seemed unlikely. But here is an updated look at where we are now:

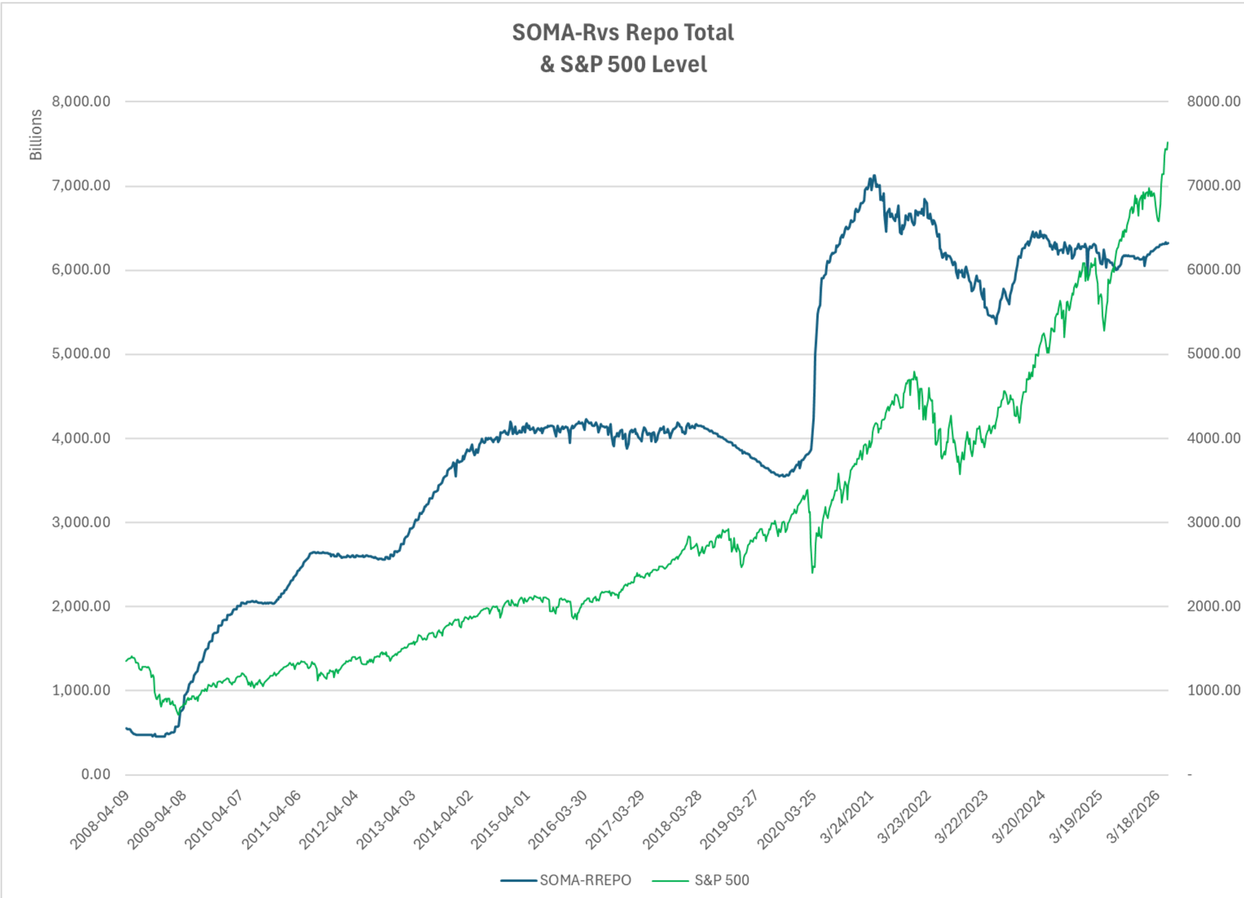


The Advance/Decline line is still lagging. I will note that some data providers did show the AD line making a new high a few weeks ago, but my TradeStation data did not. Either way the Net New High % is ***way*** off. This is not a trigger to sell. It is a condition that sets the stage for a possible major top. But that top could still be many weeks or months away. If this divergence resolves itself and the Net New High % and the NYSE Advance/Decline Line make new highs, then we will be back to a point where the market would be unlikely to top out for at least 2-3 more months. So it is nothing to act on yet. But it is something that bears watching. I'll especially be watching the Net New High % very closely should this rally continue, since that is lagging by such a large amount.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Domestic Security Holdings as of 2026-05-27	
SECURITY TYPE	**TOTAL ($Thousands)**
US Treasury Bills	462,895,926.7
US Treasury Notes and Bonds	3,597,035,598.2
US Treasury FRNs	18,357,825.8
US Treasury TIPS	279,041,230.2
Federal Agency Securities	2,347,000.0
Agency MBS	1,957,187,501.3
Agency CMBS	7,598,700.1
Total SOMA Holdings	**6,324,463,782.3**
Change From Prior Week	**-9,585,351.4**

The SOMA actually declined over $9.5 billion this week, sucking liquidity from the system. Meanwhile, reverse repos dropped by $23 billion for the week ending 5/27/26. A decline in reverse repos can act as a liquidity injection. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about $13.4 billion (through Wednesday the 27th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are again extremely low. So unless that changes, they will not be providing too much influence on liquidity flows. Quantitative Easing has kicked in and is providing some support for the bulls. But while current Fed policy is a bit dovish, the market is unsure of what or when the next policy move will be.

With regards to rates, odds have shifted a good bit over the last few weeks. This week saw odds change from zero chance of a rate cut to mixed potential outcomes. The June meeting shows a 0.4% chance of a 0.25% cut. But looking out to July, odds currently show a 6% chance of a possible increase. (Down from 18% last week.) This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

FedWatch Tool

Target Rate
Current
Compare
Probabilities
Aggregated

Historical
Historical
Downloads
Prior Hikes

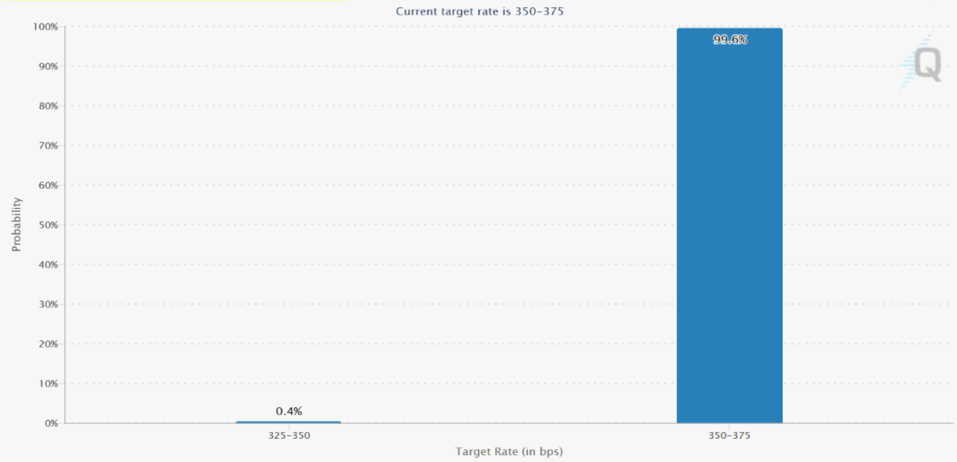
Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
17 Jun 2026	ZQM6	30 Jun 2026	96.3750	41,876	249,169	0.4 %	99.6 %	0.0 %

Target Rate Probabilities for 17 Jun 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 28 MAY 2026	1 WEEK 22 MAY 2026	1 MONTH 30 APR 2026
325-350	0.4%	0.0%	0.0%	5.6%
350-375 (Current)	99.6%	99.4%	96.0%	94.4%
375-400	0.0%	0.6%	4.0%	0.0%

* Data as of 30 May 2026 01:51:01 CT

1/1/2028 and forward are projected meeting dates

FedWatch Tool

Target Rate
Current
Compare
Probabilities
Aggregated

Historical
Historical
Downloads
Prior Hikes

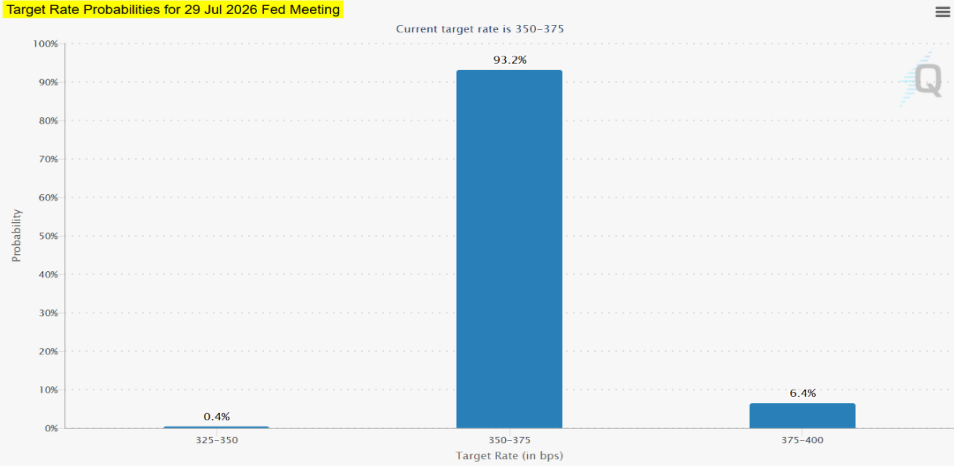
Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

17 Jun26 | 29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
29 Jul 2026	ZQN6	31 Jul 2026	96.3700	42,482	300,668	0.4 %	93.2 %	6.4 %

Target Rate Probabilities for 29 Jul 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 28 MAY 2026	1 WEEK 22 MAY 2026	1 MONTH 30 APR 2026
300-325	0.0%	0.0%	0.0%	0.4%
325-350	0.4%	0.0%	0.0%	11.3%
350-375 (Current)	93.2%	93.0%	81.6%	88.4%
375-400	6.4%	6.9%	17.8%	0.0%
400-425	0.0%	0.0%	0.6%	0.0%

* Data as of 30 May 2026 01:52:03 CT

As we have seen over and over, odds continually shift, so we will likely see further refinement as we get closer to these meeting dates. The next Fed meeting will also be the first one under Kevin Warsh, so it will be interesting to see how he differs from Powell in his opinions and how he delivers them during his press conference. Right now, any move still looks unlikely for the next few months.

We are in a runaway move and it's tough to be anything other than bullish for the time being. We have seen several price momentum studies with bullish intermediate-term implications trigger during the course of this recent rally, with the seven-day SPX rally study again triggering this week. The NASDAQ took leadership from the SPX almost exactly when the market bottomed at the end of March and has remained the leader since. A leading NASDAQ is generally a positive. Additionally, the Fed appears dovish since it is increasing the size of the SOMA, so liquidity is positive. Of course the Fed could turn more neutral if rates hikes come into play, but that is still looking unlikely. Long-term seasonality is now bearish through October. The lagging A/D line and Net New Highs % have created a divergence that could lead to trouble at some point, but that is not a great timing signal. Risks remain elevated with geopolitical and economic news capable of shifting the environment quickly. Overall, I am leaning bullish. I am always willing to change my stance if new evidence emerges, but for now I remain more willing to take long positions than short positions.

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

CVS @ $90.73 (bought 1/3 @ limit)

New

MDT @ $73.81 (buy 1/3 @ limit)

***Broad Market Large Cap CBI* – 2(CVS, MDT)**

Additional New Trade Ideas

MDT – Buy 1/3 Catapult position @ $73.81 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of MDT.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
CVS(1/3)	5/27/2026	$90.73	$90.98	0.28%	Catapult