

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 4, 2026

Volume 20 Issue 105

## Market Overview



## Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long       | 2           |

## Tonight's Research Points

- When a multi-day advance gives back a few days' gains and SPX closes below the close of three days ago, there has typically been an upside edge over the next day or two.
- Weak closes at 5-day lows above the 200ma are often followed by a bounce.
- An unfilled gap down from a 50-day high has often been followed by further selling the next day.

## Short-term Outlook

### *The Bottom Line*

The Aggregator is bullish. I like the long side, but am not inclined to get aggressive with just one down day.

### 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 |
|----------------------------|---------------------------------------------|-------------|---------|------------|------------|------------------------|
| <b>Active - Short Term</b> |                                             |             |         |            |            |                        |
| June 4, 2026               | SPY unfilled gap down from a 50-day high    | 1 day       | Bearish |            |            |                        |
| June 4, 2026               | SPX weak close at a 5-day low above the 200 | 1-5 days    | Bullish | 1.62%      | -1.30%     | -2.72%                 |
| June 4, 2026               | SPX up 5+ days, then down below the close   | 1-2 days    | Bullish | 1.26%      | -0.46%     | -1.04%                 |
| June 3, 2026               | SOX up 4%+ while NASDAQ lags under 1%       | 1-2 days    | Bullish | 1.40%      | -1.09%     | -2.20%                 |
| June 1, 2026               | SPX 20-day high on highest 20-day volume,   | 1-5 days    | Bullish | 1.42%      | -1.05%     | -2.21%                 |
| <b>Active - Long Term</b>  |                                             |             |         |            |            |                        |
| June 4, 2026               | SPX up 5+ days, then down below the close   | 1-11 days   | Bullish | 2.89%      | -1.12%     | -2.46%                 |
| June 2, 2026               | SPX RSI(2) crosses above 99, > 200ma        | 1-15 days   | Bullish | 2.25%      | -1.60%     | -3.05%                 |
| 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%                |

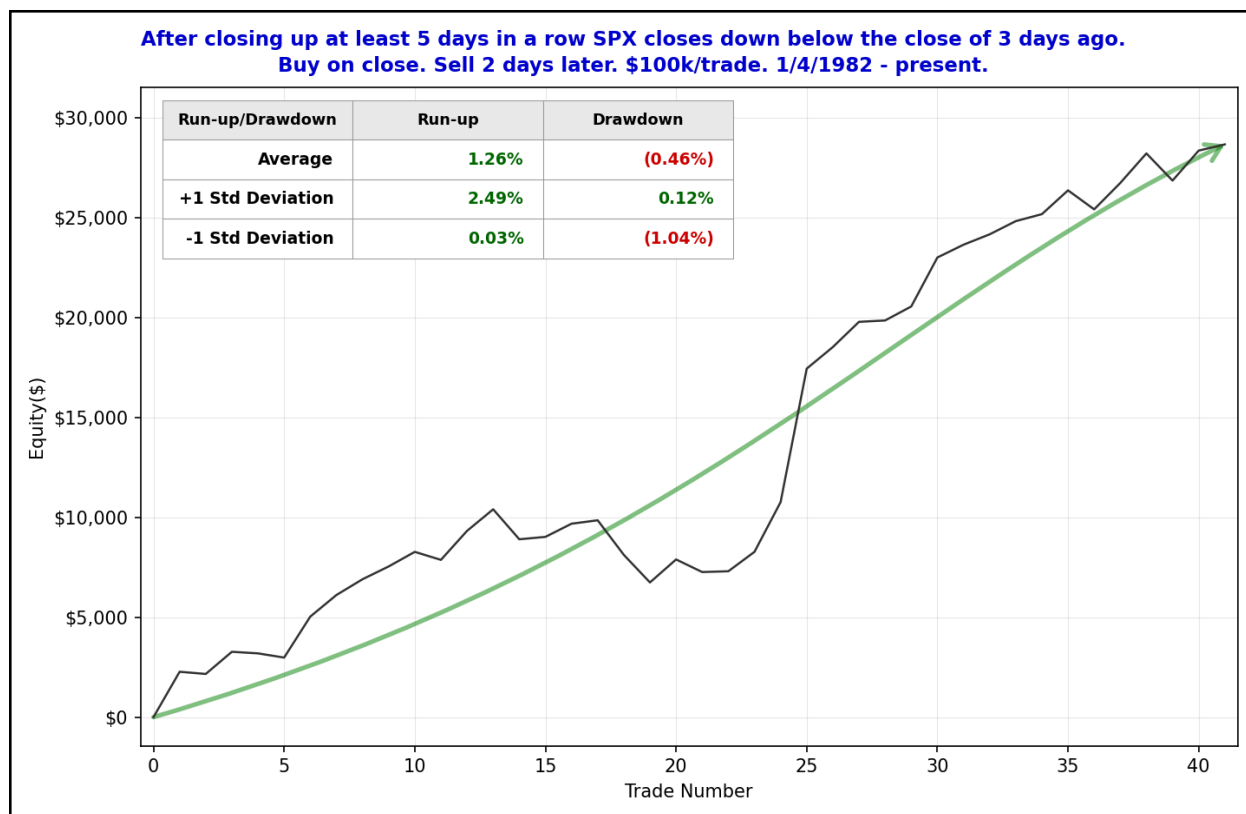
### The Evidence

The market finally had a losing day. SPX finished down 0.7%, the NASDAQ fell 0.9%, and the Russell 2000 dropped 1.3%. Breadth was very weak as the NYSE Up Issues % closed at 24% and the NYSE Up Volume % posted a 26% reading. NYSE total volume was slightly lower than Tuesday's level.

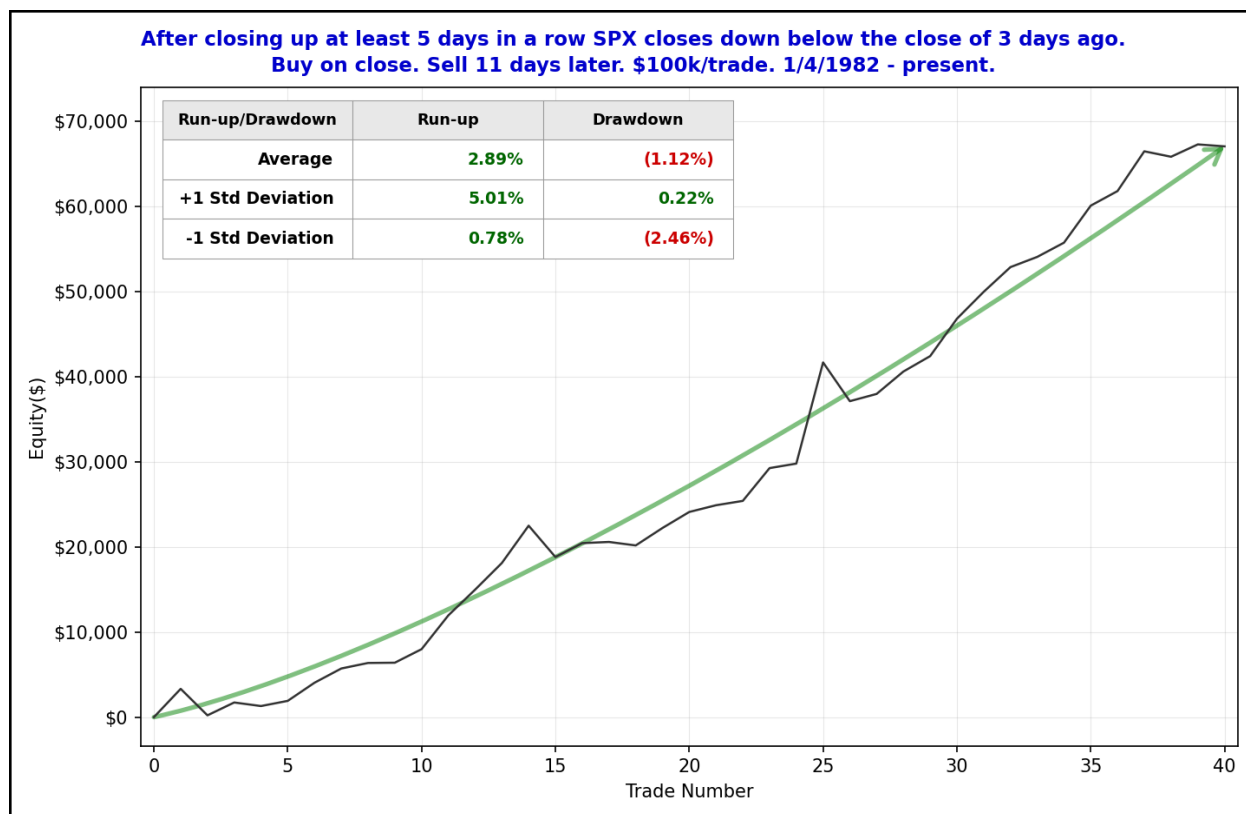
The selloff Wednesday wiped out a few days worth of gains. Below I show results since 1982 where 3+ days of gains were erased after a rally of 5+ days. This study is updated from the 8/23/21 letter.

| After closing up at least 5 days in a row SPX closes down below the close of 3 days ago.<br>Buy on close. Sell X days later. 1/4/1982 - 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 |  |
| 12                                                                                                                                               | 40           | 32             | 8             | 80.00% | 10.81%            | -5.49%           | 2.53%             | 1.97%            | 1.28           | 5.12          | 1.627%    |  |
| 11                                                                                                                                               | 40           | 33             | 7             | 82.50% | 11.88%            | -4.55%           | 2.43%             | 1.86%            | 1.30           | 6.14          | 1.675%    |  |
| 10                                                                                                                                               | 40           | 33             | 7             | 82.50% | 6.42%             | -3.72%           | 2.28%             | 1.82%            | 1.25           | 5.90          | 1.561%    |  |
| 9                                                                                                                                                | 40           | 35             | 5             | 87.50% | 7.78%             | -4.21%           | 2.17%             | 2.62%            | 0.83           | 5.80          | 1.574%    |  |
| 8                                                                                                                                                | 40           | 31             | 9             | 77.50% | 7.03%             | -4.94%           | 2.31%             | 1.61%            | 1.44           | 4.95          | 1.428%    |  |
| 7                                                                                                                                                | 41           | 32             | 9             | 78.05% | 10.17%            | -3.91%           | 2.19%             | 1.43%            | 1.53           | 5.43          | 1.394%    |  |
| 6                                                                                                                                                | 41           | 31             | 10            | 75.61% | 8.88%             | -2.77%           | 1.92%             | 1.04%            | 1.85           | 5.73          | 1.199%    |  |
| 5                                                                                                                                                | 41           | 30             | 11            | 73.17% | 11.45%            | -1.88%           | 1.91%             | 0.91%            | 2.09           | 5.70          | 1.150%    |  |
| 4                                                                                                                                                | 41           | 29             | 12            | 70.73% | 7.33%             | -3.13%           | 1.71%             | 1.00%            | 1.70           | 4.11          | 0.914%    |  |
| 3                                                                                                                                                | 41           | 27             | 14            | 65.85% | 3.55%             | -3.25%           | 1.41%             | 1.17%            | 1.21           | 2.32          | 0.529%    |  |
| 2                                                                                                                                                | 41           | 31             | 10            | 75.61% | 6.68%             | -1.73%           | 1.19%             | 0.84%            | 1.43           | 4.43          | 0.699%    |  |
| 1                                                                                                                                                | 41           | 33             | 8             | 80.49% | 3.99%             | -1.07%           | 0.79%             | 0.45%            | 1.75           | 7.23          | 0.551%    |  |

These results appear to provide a solid upside edge. Below is a profit curve that assumes a 2-day holding period.



The persistent move from lower left to upper right has this again at a new high. Next let's look at an 11-day hold.



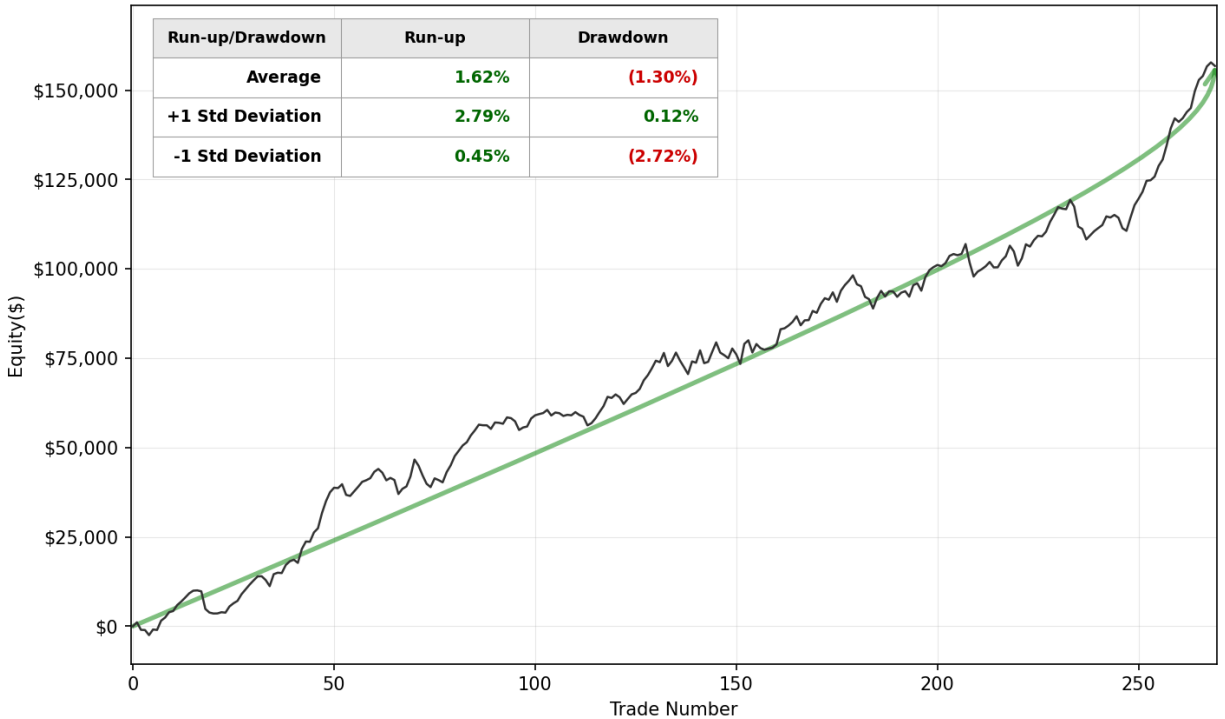
This appears nicely consistent. I have added this study to the short and intermediate-term active list.

The study below looks at times since 1993 that SPX 1) closed in the bottom 10% of its daily range, 2) at a 5-day low, 3) above the 200ma, and 4) it was not Monday. The “not Monday” requirement seems like an odd one. But it is included because when it happens on a Monday it is even more powerful – containing Turnaround Tuesday potential. Last seen in the 1/2/26 letter, results are all updated.

| <b>SPX closes in the bottom 10% of its daily range and at a 5-day low. Close &gt; 200ma. It is NOT Monday.<br/>Buy on close. Sell X days later. 1/4/1993 - present.</b> |              |                |               |        |                   |                  |                   |                  |                |               |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|---------------|--------|-------------------|------------------|-------------------|------------------|----------------|---------------|-----------|
| 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                                                                                                                                                                       | 269          | 174            | 95            | 64.68% | 5.61%             | -5.60%           | 1.67%             | 1.42%            | 1.18           | 2.17          | 0.583%    |
| 4                                                                                                                                                                       | 281          | 173            | 108           | 61.57% | 5.36%             | -6.56%           | 1.51%             | 1.31%            | 1.15           | 1.85          | 0.427%    |
| 3                                                                                                                                                                       | 289          | 184            | 105           | 63.67% | 4.96%             | -5.56%           | 1.22%             | 1.25%            | 0.97           | 1.71          | 0.322%    |
| 2                                                                                                                                                                       | 308          | 184            | 124           | 59.74% | 4.49%             | -7.48%           | 1.06%             | 1.01%            | 1.05           | 1.56          | 0.228%    |
| 1                                                                                                                                                                       | 338          | 205            | 133           | 60.65% | 2.72%             | -5.76%           | 0.70%             | 0.77%            | 0.90           | 1.38          | 0.117%    |

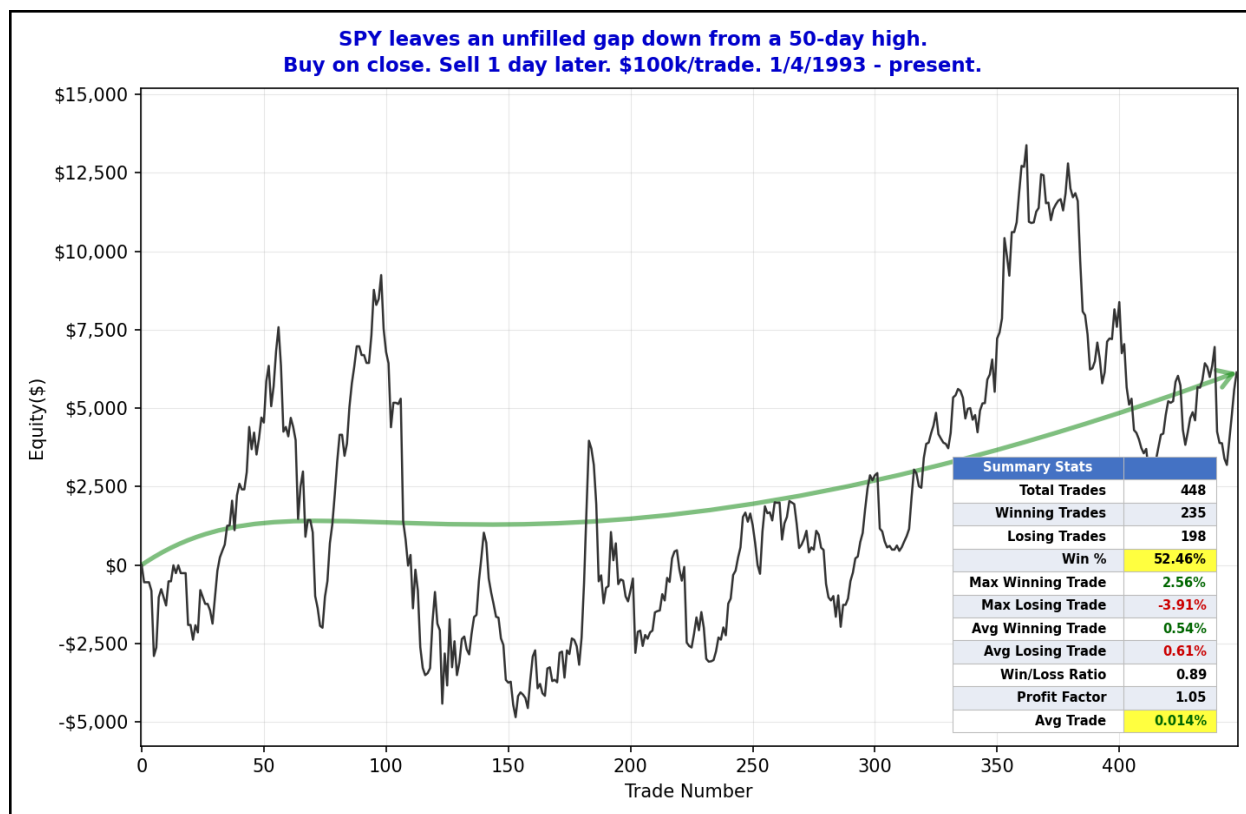
The stats table shows moderate odds of a move higher over the next few days. Below is a look at the 5-day profit curve.

**SPX closes in the bottom 10% of its daily range and at a 5-day low. Close > 200ma. It is NOT Monday.  
Buy on close. Sell 5 days later. \$100k/trade. 1/4/1993 - present.**

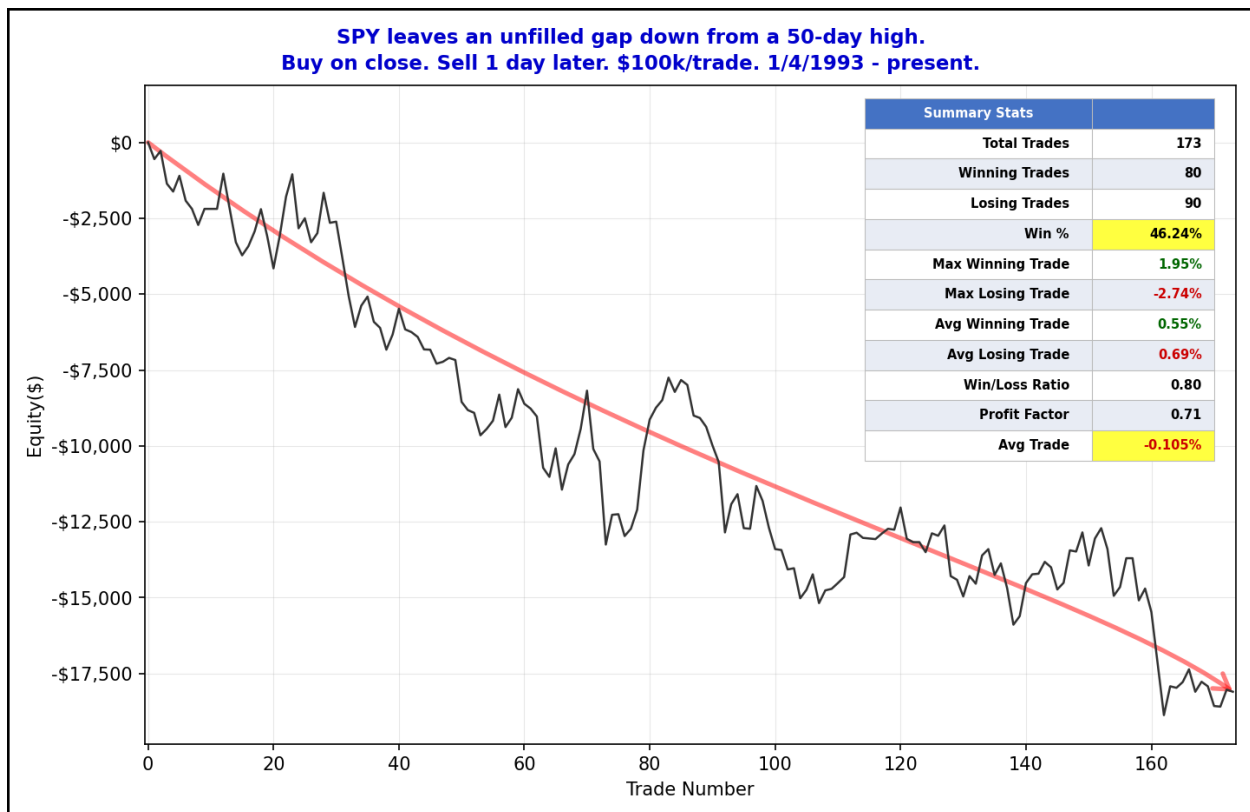


The stats were not overwhelming, but I do like the profit curve. It shows a very persistent move higher that has accelerated in recent times. Overall, the study appears to suggest an upside edge.

But not everything tonight is bullish. I discussed in the 4/29/26 letter that the 1st day down from a high does not often suggest a strong edge. But when the 1st day down is accompanied by an unfilled gap, then that has increased the odds of additional selling. We saw this happen on Wednesday. The unfilled gap will sometimes leave buyers from the day before with losing positions where they had no opportunity to exit. And they may not be let off the hook too quickly. The studies below demonstrate this. The 1<sup>st</sup> one shows performance following down closes from a 50-day high that do *not* include an unfilled gap lower.

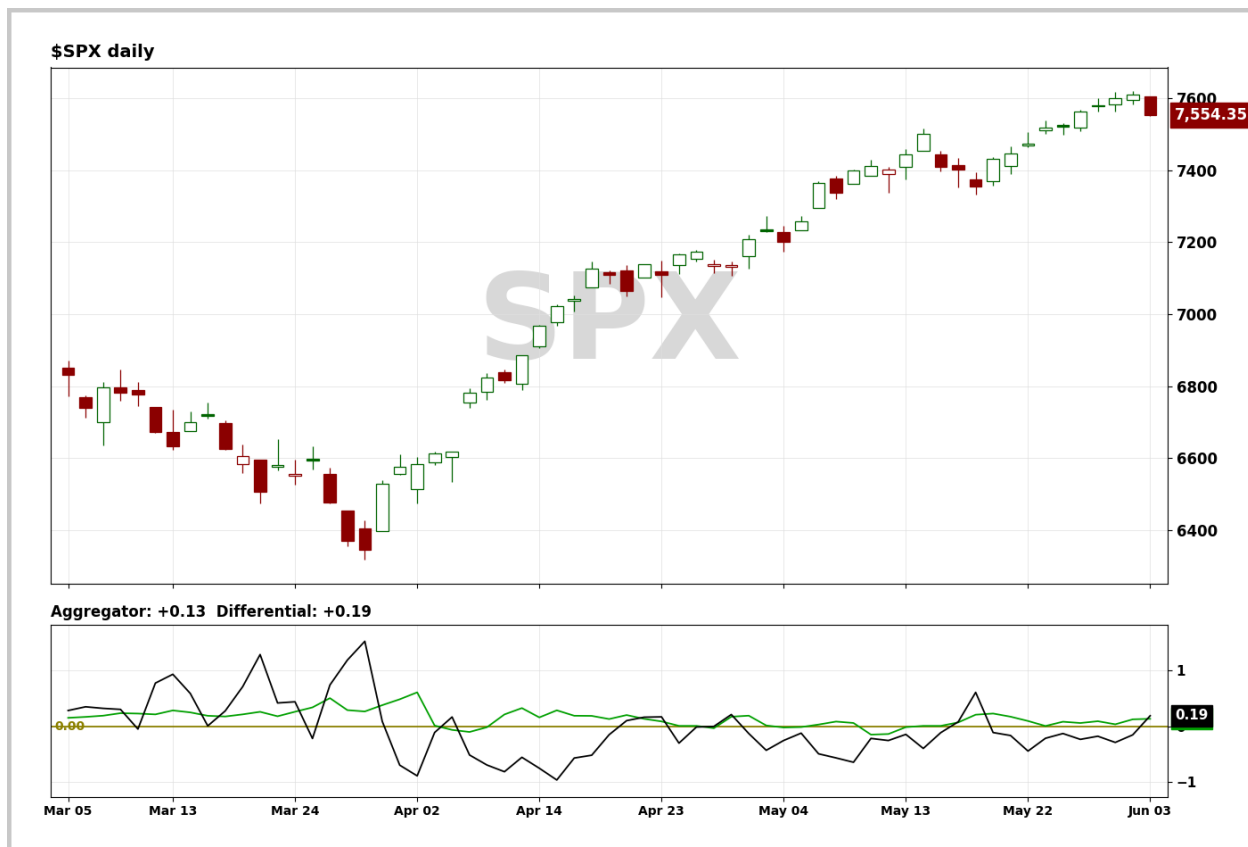


There is no compelling edge suggested by either the numbers or the profit curve here. Now let's look at instances that see an unfilled gap down follow a 50-day high.



The move lower has persisted for a long time. The curve is back near new lows. The study overall is impressive considering the market must be in an uptrend since it was at a 50-day high the day before. It suggests a moderate downside edge for Thursday.

I have updated the Aggregator chart below.



With tonight's mix of 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 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7613.34. That is 0.8% above Wednesday's close. Therefore, SPX will need to close up at least 0.8% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now bullish. Most studies are pointing higher and the SPX has underperformed expectations over the last few days. But one day lower is not much of a pullback. And the gap down study suggested we could see another day of selling on tap. So I am not inclined to get aggressive right here. But I would consider scaling into a position if we got another lower close on Thursday.

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

### **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

#### ***Open Catapult Triggers***

GOOGL @ \$361.85 (bought 1/3 @ limit)

*New*

GOOGL @ \$358.99 (buy 1/3 @ limit)

**Broad Market Large Cap CBI – 2(GOOGL)**

### **Additional New Trade Ideas**

**GOOGL - Buy 1/3 Catapult position @ \$358.99 LIMIT.** From the catapult section above, this is the first of up to three possible lots of GOOGL.

**SPY - Buy ¼ index position @ \$754.00 LIMIT ON CLOSE.** Based on the short-term outlook above I will look to start scaling into a SPY position if it closes even a mild amount lower on Thursday.

### **Current Open Trade Ideas**

| Symbol     | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes               |
|------------|------------|-------------|---------------|-------------|---------------------|
| CVS(1/3)   | 5/27/2026  | \$90.73     | \$91.37       | 0.71%       | <i>sell on open</i> |
| MDT(1/3)   | 6/1/2026   | \$73.81     | \$77.95       | 5.61%       | <i>sell on open</i> |
| GOOGL(1/3) | 6/3/2026   | \$361.85    | \$358.99      | -0.79%      | Catapult            |

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