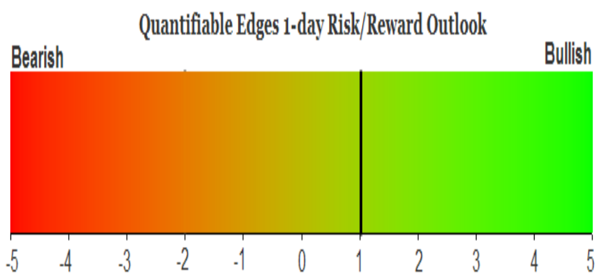
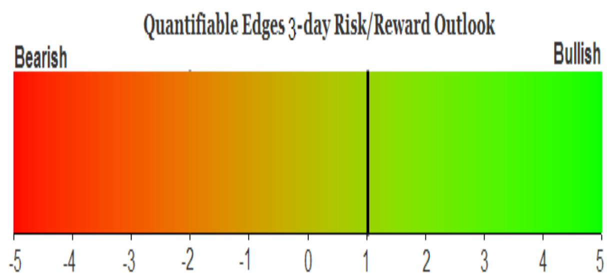
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 15, 2026 Volume 20 Issue 112

Market Overview





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Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- The 2-day bounce from a 10-day low that failed to close above the 10ma suggests more upside in the next couple of days.
- The NASDAQ has fallen into a lagging position – not a great sign for the intermediate-term.
- The SOMA account continues to grow. We will see if there are any Fed policy changes on Wednesday. For now, they remain dovish.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. But SPX is primed to flip from oversold to short-term overbought on Monday unless there is some strong selling, which would turn the Aggregator neutral. So it may be a good time to start reducing long exposure.

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 15, 2026	SPX up 2 days off a 10-day low, still below th	1-2 days	Bullish	1.07%	-0.78%	-1.63%
June 11, 2026	2nd 1.5%+ drop in 5 days at a 5-day low, SPX	1-8 days	Bullish	3.90%	-2.22%	-4.78%
June 10, 2026	SPY 1%+ intraday high then down close, >20	1-6 days	Bullish	2.81%	-2.14%	-4.88%
June 8, 2026	VIX up 20%+ on the last day of the week	1-8 days	Bullish	2.59%	-2.00%	-4.01%
June 8, 2026	SPX 1st 10-day low in 30+ days, ADX>20	1-8 days	Bullish	2.49%	-1.72%	-3.78%
Active - Long Term						
June 15, 2026	NASDAQ lagging	int term	weak			
May 27, 2026	NDX > 18% above 200ma	1-90 days	Bullish	13.80%	-9.37%	-18.64%
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			
December 15, 2025	QE active. Rates dropping. Fed dovish	int term	Bullish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			
Dropped Tonight (target hit, or avg drawdown + 1 std dev exceeded)						
June 11, 2026	SPY 'failing' bounce off a 20-day low, then do	1-4 days	Bullish	2.28%	-1.35%	-3.20%

The Evidence

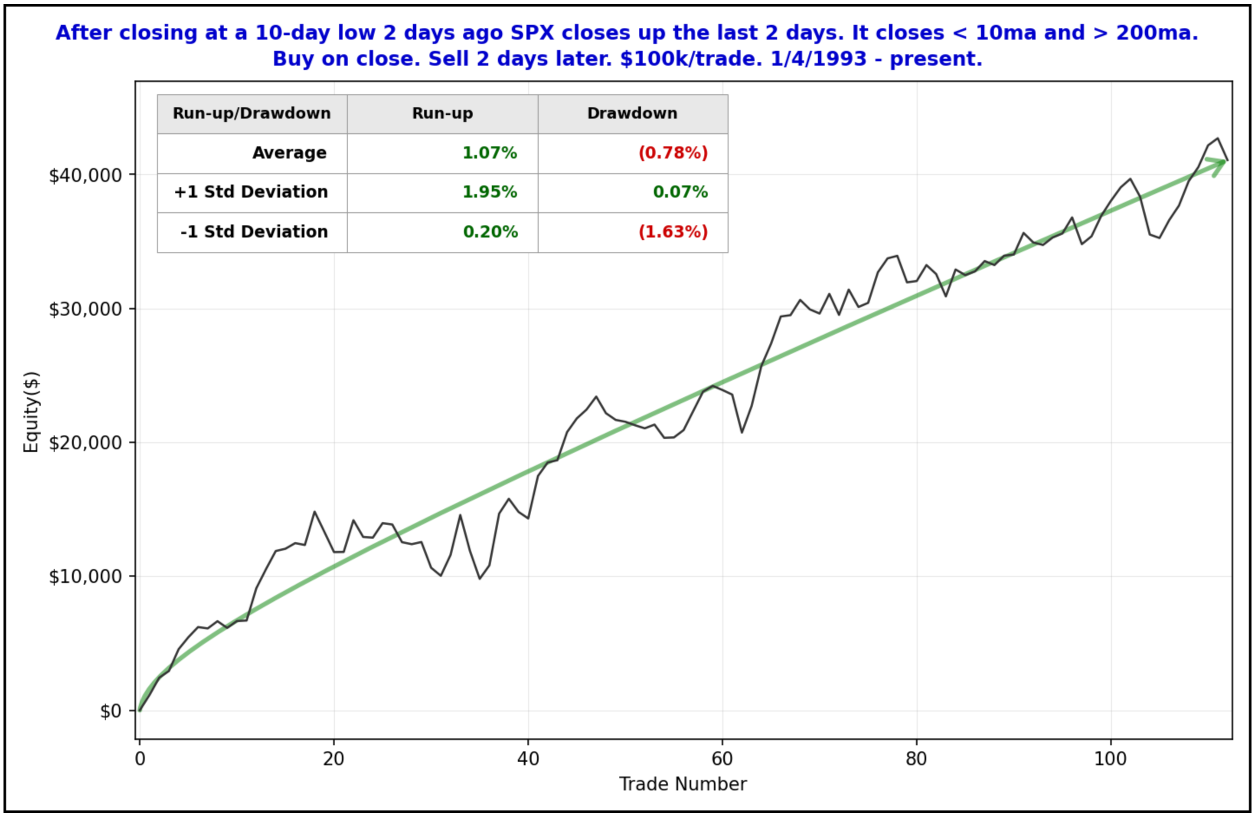
Friday saw the market make modest gains. SPX finished up 0.5%, the NASDAQ gained 0.3%, and the Russell 2000 climbed 0.8%. Breadth was solid as the NYSE Up Issues % closed at 65% and the NYSE Up Volume % posted a 68% reading. NYSE total volume declined some from Thursday's level.

While SPX has risen the last 2 days, the rally still did not quite manage to close above its 10-day moving average. In the 7/30/24 letter I looked at other 2-day bounces from 10- day lows that failed to exceed the 10ma. I have updated that study below.

After closing at a 10-day low 2 days ago SPX closes up the last 2 days. It closes < 10ma and > 200ma.
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	109	66	43	60.55%	4.55%	-5.15%	1.60%	1.93%	0.83	1.27	0.207%
4	110	67	43	60.91%	4.56%	-5.58%	1.54%	1.61%	0.96	1.49	0.310%
3	112	74	38	66.07%	3.20%	-4.00%	1.24%	1.48%	0.84	1.63	0.317%
2	112	71	41	63.39%	3.86%	-2.84%	1.14%	0.98%	1.17	2.02	0.367%
1	112	68	44	60.71%	2.71%	-3.06%	0.77%	0.73%	1.05	1.63	0.179%

Stats here seem to suggest a bit of an upside edge, especially over the 1st couple of days. Below is a look at a profit curve that assumes a 2-day holding period.



While it is a bit choppy, the move from lower left to upper right certainly is persistent. The curve serves as some confirmation of the upside tendency suggested by the stats table. I have added this study to the active list tonight.

Let's also take a quick look at the Seasonality Calendar for the upcoming week.

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***

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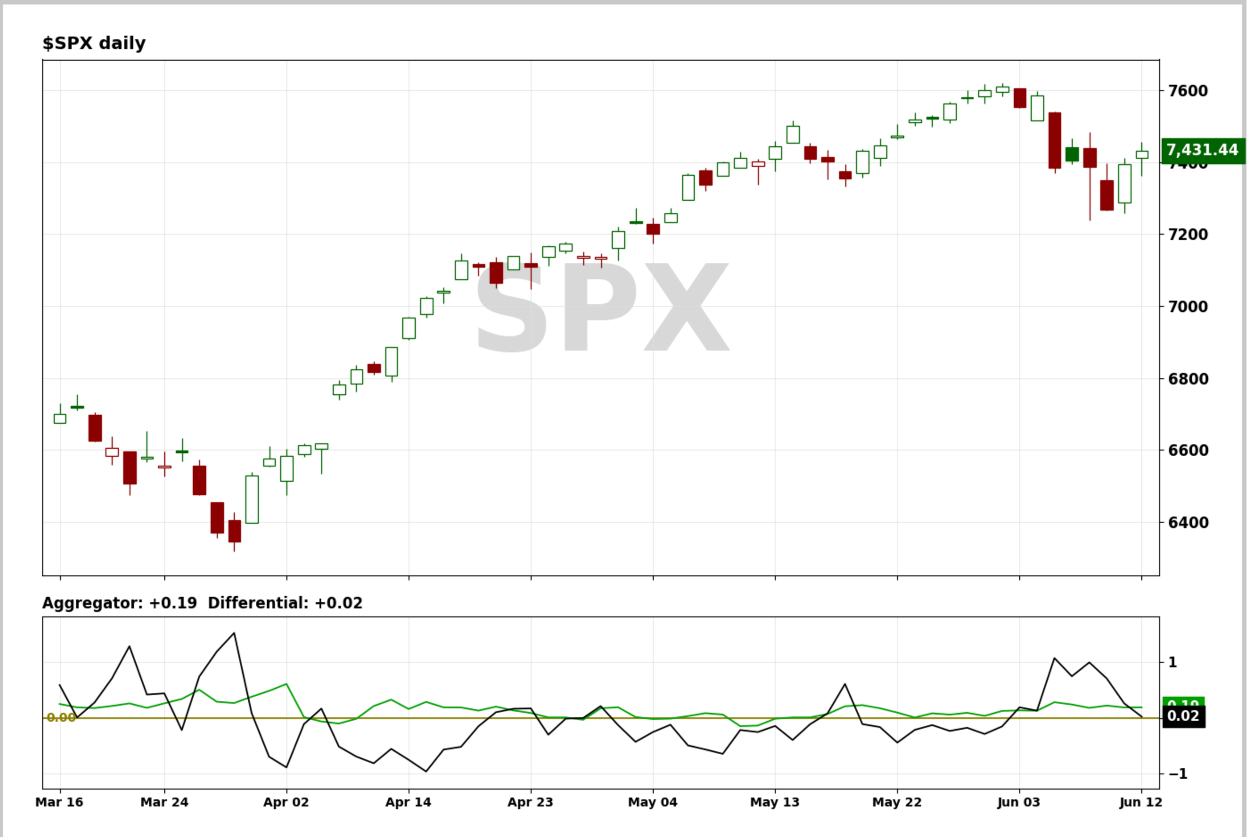
Numbers this week are the weakest they look in all of June. A few other seasonality notes to keep in mind: 1. The Fed meeting is on Wednesday. Odds for that can shift depending on whether we rally into that meeting or whether we sell off into that meeting. In general, weakness heading into a Fed meeting tends to be good news for the actual Fed day. 2. You will also note that the market is closed on Friday for the Juneteenth holiday. So it is a short week.

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 is now just barely 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Monday. This is unlikely to change. Meanwhile, the Differential Pivot will be highly *inverted at* 7311.33. That is 1.6% *below* Friday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close down at least 1.6% on Monday in order to remain oversold. Anything other than that and it will flip to overbought versus recent expectations as of Monday's close.

So the Aggregator is bullish. But it will not remain so unless there is a strong selloff on Monday. I often view inverted pivots as opportune times to start reducing exposure. While there is a decent chance we could rally further, there is not much time left in which SPX could move higher and we could still have a bullish formation. So I'll start looking to reduce my index exposure on Monday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/15 – neutral

Combo #1	Combo #2	Combo #3	Combo #4
Flat	Flat	Flat	Long $SPX

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. *All three original combo models are now flat. Only combo 4 remains long due to favorable Fed liquidity conditions.*

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Stocks posted gains this past week. The SPX rose 0.65%, the NASDAQ climbed 0.7%, and the Russell 2000 rallied 3.9%. Bonds also did well. The US Aggregate Bond ETF (AGG) gained 0.6%. TLT, the 20-year Treasury Bond ETF, added 0.8%. Stocks remain above their long-term moving averages, and the long-term uptrend still appears intact.

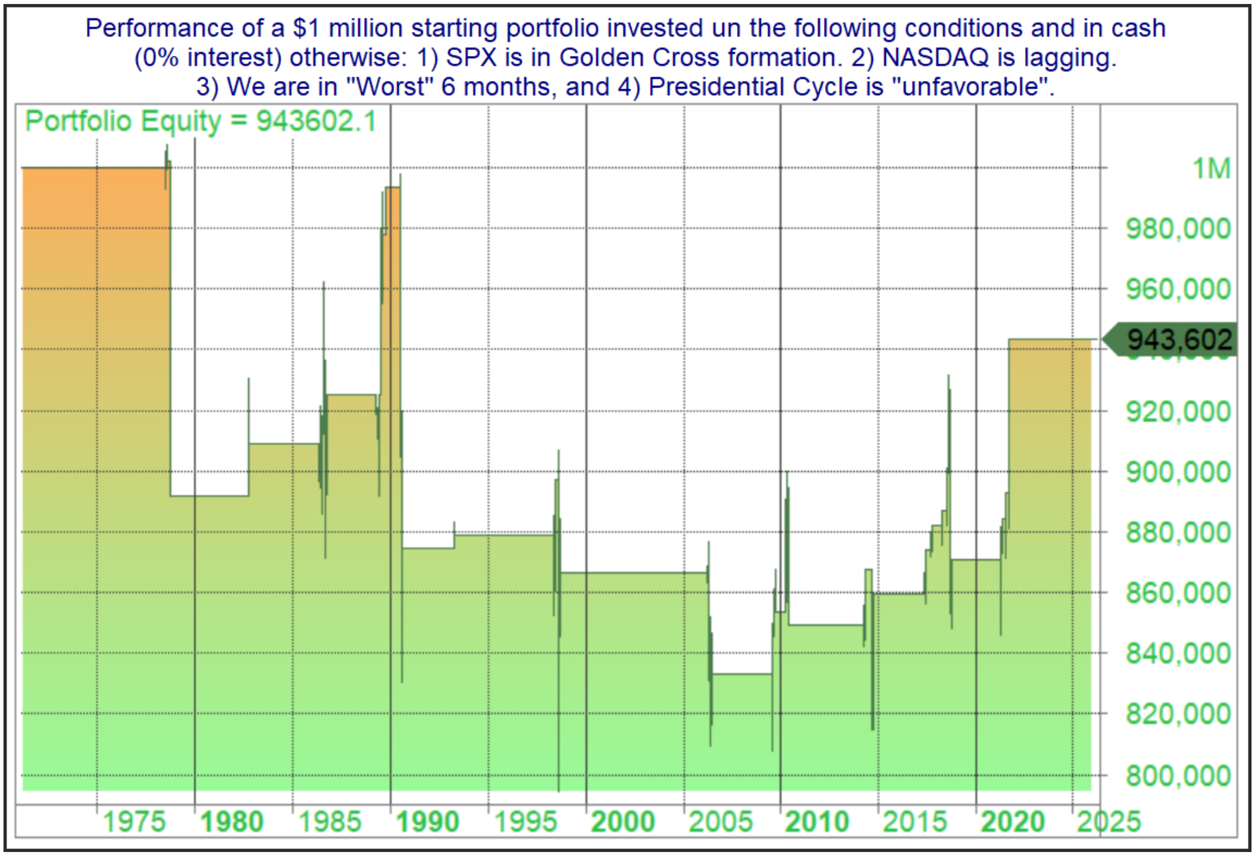
One notable indicator that changed position is our NASDSAQ/SPX Relative Leadership indicator. Recent action caused the NASDAQ to fall into a lagging position. This can be seen in the chart below.

In the bottom pane, the movement of the green line (which is about to turn red) below the blue dotted line is our indication that the NASDAQ is in a lagging position. Since 12/31/1971, the market has performed substantially better when the NASDAQ has been leading. This can be seen in the table below.

Historical Compound Returns of $100,000 Starting Portfolio Using the NASDAQ/SPX Relative Leadership Indicator as a Filter. 12/31/71 - 6/12/26.			
	Compound Annual Growth Rate	**Max Drawdown**	**End Value of $100,000**
S&P 500 Index	8.19%	-56.78%	$7,279,322.35
SPX when NASDAQ lags	-0.08%	-67.21%	$95,726.95
SPX when NASDAQ leads	8.27%	-33.92%	$7,604,255.07
NASDAQ Composite	10.47%	-77.93%	$22,685,628.56
NASDAQ when lagging	-1.51%	-85.53%	$43,634.36
NASDAQ when leading	12.16%	-40.62%	$51,990,287.11
NASDAQ when leading (with interest when in cash)*	14.65%	-37.64%	$171,863,158.29
*interest on cash calculated at historical 30-day Fed Funds rate			

SPX performance has been 8.19% compound annual growth rate (CAGR) when the NASDAQ is leading vs ***-0.08%*** when NASDAQ is lagging. The NASDAQ performance difference is even more dramatic. It has returned 12.16% CAGR when leading versus ***-1.51%*** when lagging. More on this indicator can be found in the Market Dynamics Course. (Free for all annual subscribers.)

I decided also to take a look at how the market has done when all original 4 Market Dynamics Course indicators have been aligned as they are now. That means: 1) SPX "Golden Cross" in effect, 2) the NASDAQ is lagging, 3) unfavorable Presidential Cycle, and 4) "Worst" 6 months in effect. Below is a chart showing SPX performance during this alignment.

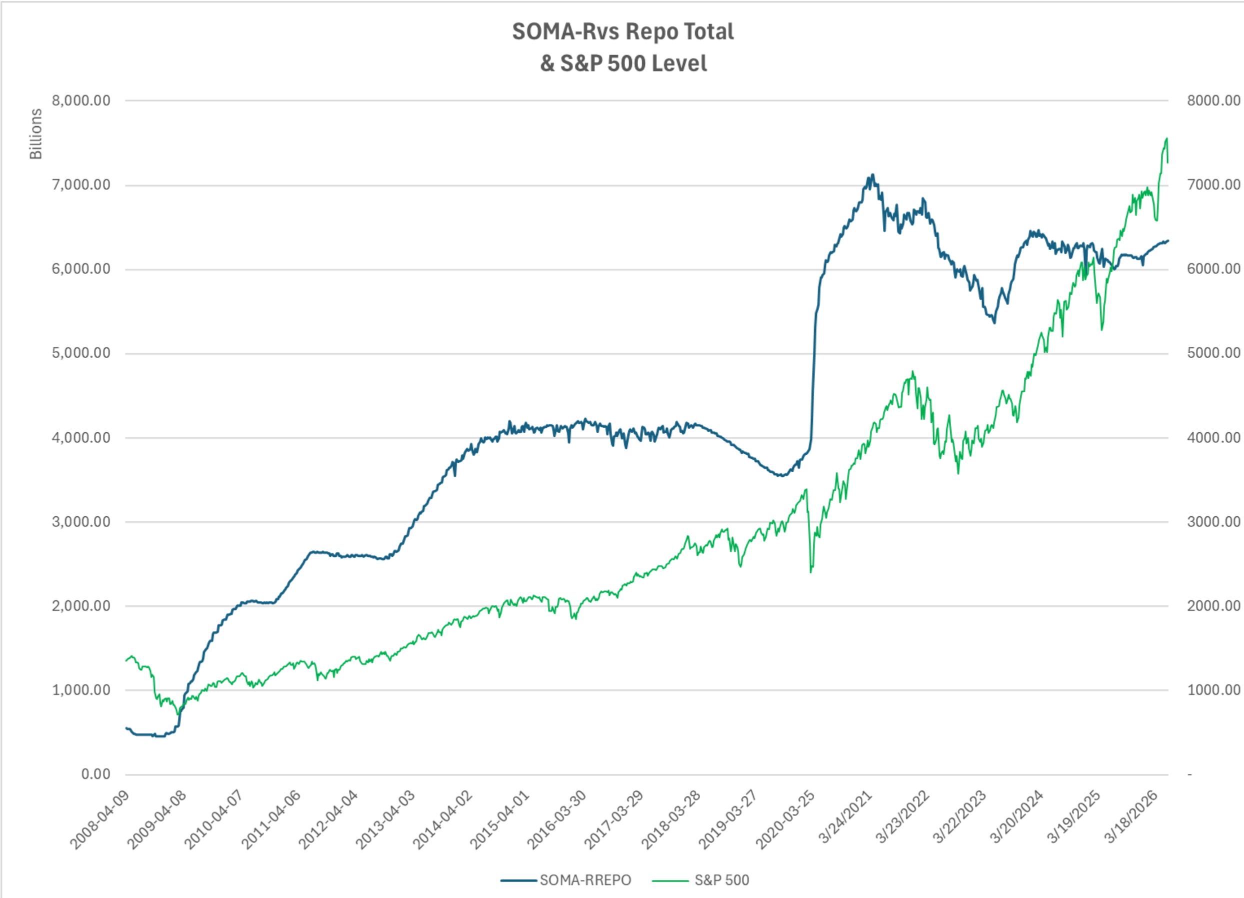


Not good. You will also note that due to the current formation, all 3 of the original combo models are now flat. So the Market Dynamics course models are giving a bit of a warning flag.

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

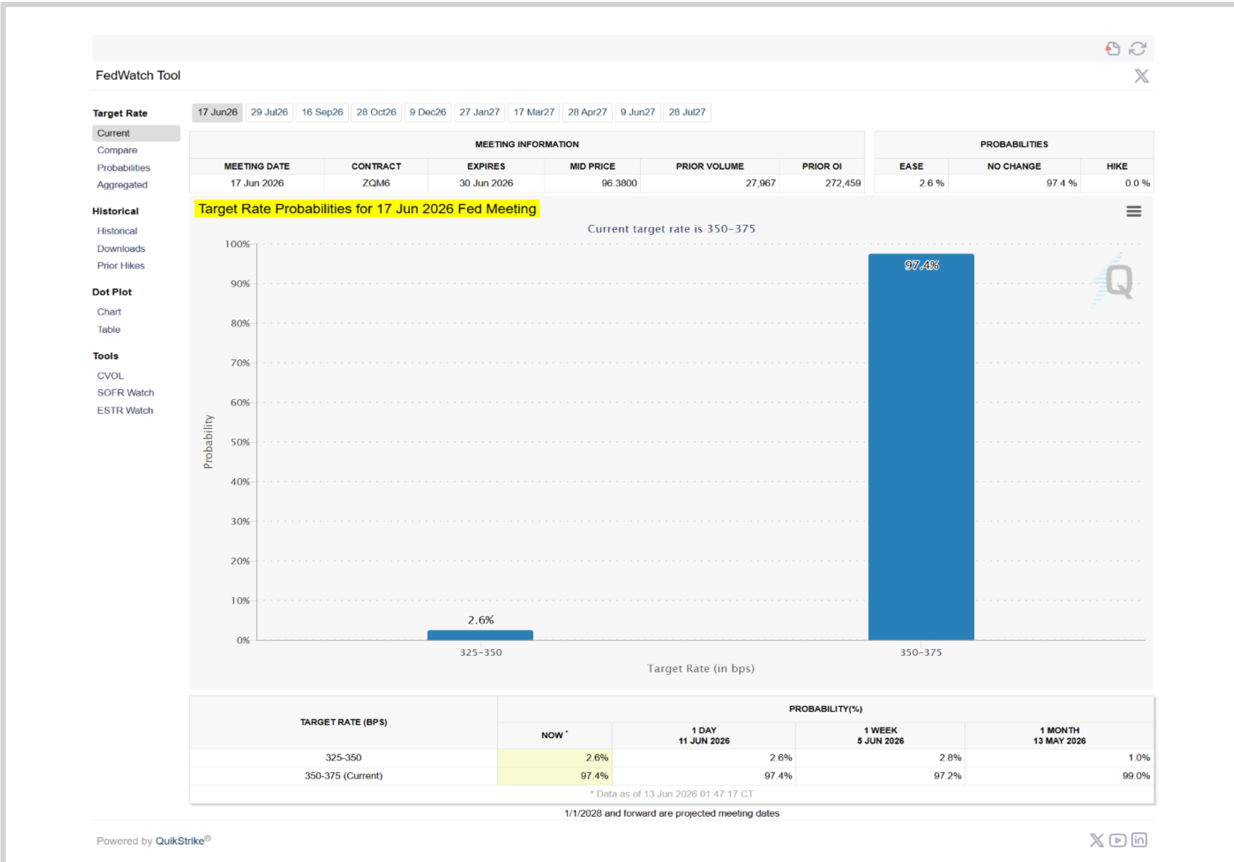
Domestic Security Holdings as of 2026-06-10	
SECURITY TYPE	**TOTAL ($Thousands)**
US Treasury Bills	479,335,926.7
US Treasury Notes and Bonds	3,597,010,598.2
US Treasury FRNs	18,357,825.8
US Treasury TIPS	279,041,230.2
Federal Agency Securities	2,347,000.0
Agency MBS	1,957,187,501.3
Agency CMBS	7,598,700.1
Total SOMA Holdings	**6,340,878,782.3**
Change From Prior Week	**+9,864,000.0**

The SOMA rose $9.9 billion this week, adding liquidity to the system. Meanwhile, reverse repos dropped by $1.675 billion for the week ending 6/10/26. 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 $11.5 billion (through Wednesday the 3rd). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are still extremely low (under $1 billion). So unless that changes, they will not be providing too much influence on liquidity flows. Quantitative Easing 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, the next move remains unclear. This week we again see mixed potential outcomes. The June meeting finishes on Wednesday the 17th and it shows about a 97% chance that rates will remain as-is. But looking out to July, odds currently show a 2% chance that rates are lower than present and an 8% chance of a possible increase. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

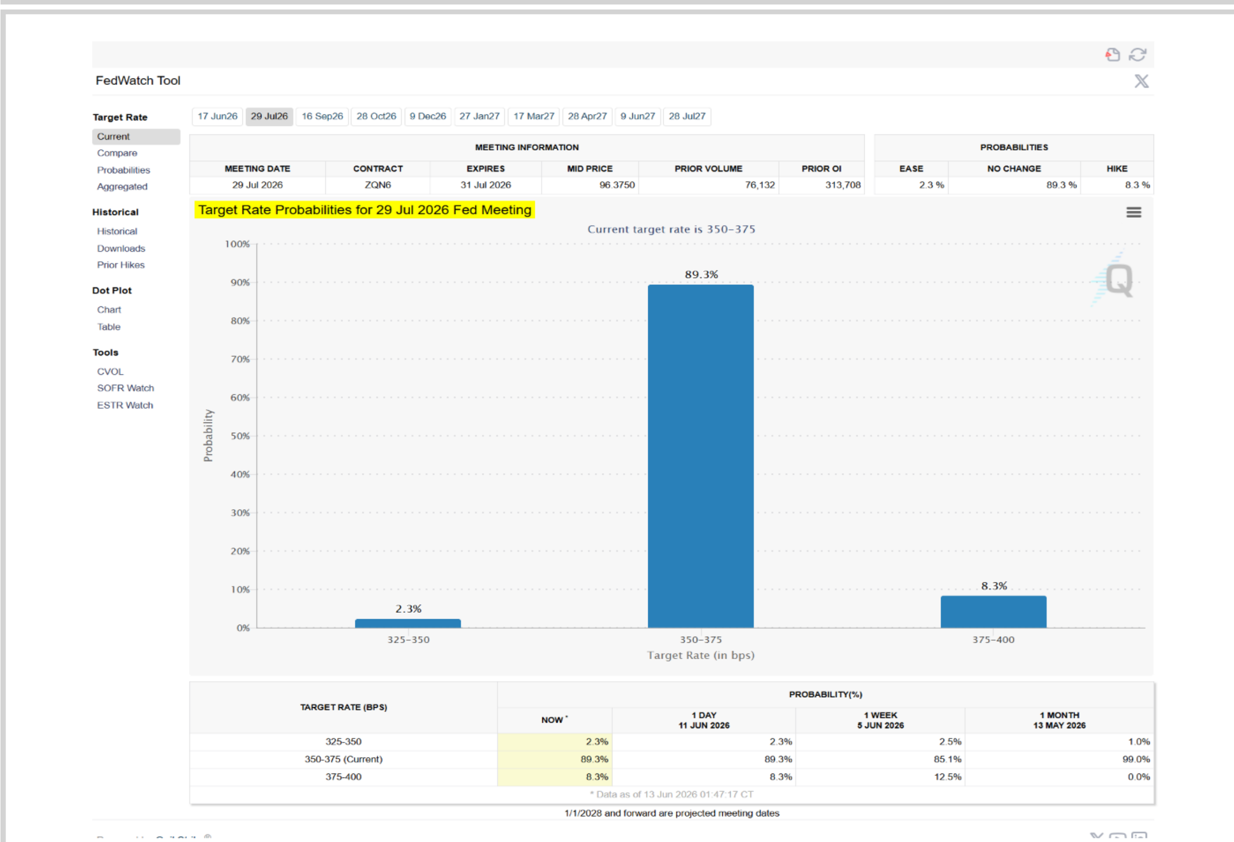


MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
17 Jun 2026	ZQM6	30 Jun 2026	96.3800	27,967	272,459	2.6 %	97.4 %	0.0 %

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 11 JUN 2026	1 WEEK 5 JUN 2026	1 MONTH 13 MAY 2026
325-350	2.6%	2.6%	2.8%	1.0%
350-375 (Current)	97.4%	97.4%	97.2%	99.0%

* Data as of 13 Jun 2026 01:47:17 CT

1/1/2028 and forward are projected meeting dates



MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
29 Jul 2026	ZQN6	31 Jul 2026	96.3750	76,132	313,708	2.3 %	89.3 %	8.3 %

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 11 JUN 2026	1 WEEK 5 JUN 2026	1 MONTH 13 MAY 2026
325-350	2.3%	2.3%	2.5%	1.0%
350-375 (Current)	89.3%	89.3%	85.1%	99.0%
375-400	8.3%	8.3%	12.5%	0.0%

* Data as of 13 Jun 2026 01:47:17 CT

1/1/2028 and forward are projected meeting dates

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. Wednesday's 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.

Bullish evidence is starting to weaken. We still have some price thrust type studies from May that are suggesting higher prices. And the long-term trend appears to be intact, with both the Golden Cross formation for the SPX and the fact that it remains above all of its long-term moving averages. Fed policy has also been fairly dovish, since they continue to increase the size of the SOMA account. So liquidity is positive. But we will be looking for hints as to possible changes starting Wednesday. We are now also seeing more vulnerabilities. NASDAQ losing leadership is certainly a potential warning sign. Breath was poor for much of the rally out of the March lows. We have had a few Hindenburg Omen signals trigger lately, and they haven't mattered yet but they always carry some potential for downside. I last discussed Hindenburgs in the March 9th letter if you want to take a detailed look at them. Also from a breadth standpoint, the lagging A/D line and New Highs % have created a divergence that could lead to trouble at some point, but that is not a great timing signal. Long-term seasonality is now bearish through October. Risks remain elevated with geopolitical and economic news capable of shifting the environment quickly. I am starting to lean more neutral. This effectively means that I will take a less aggressive approach to long positions than I have over the last couple of months. This is something that could quickly change back to bullish if we get back near new highs, or even perhaps if the Nasdaq retakes leadership quickly. But for this week at least, I intend to trade with a more neutral bias.

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

GOOGL @ $361.85 (bought 1/3 @ limit)
GOOGL @ $358.99 (bought 1/3 @ limit)

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

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
GOOGL(1/3	6/3/2026	$361.85	$359.68	-0.60%	Catapult
GOOGL(1/3	6/4/2026	$358.90	$359.68	0.22%	Catapult
SPY(1/4)	6/5/2026	$737.55	$741.75	0.57%	*sell @ $740.75 LIMIT*
SPY(1/4)	6/10/2026	$725.43	$741.75	2.25%	*sell if closes > $740 and in top 50% of its intraday range. Otherwise hold.*

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