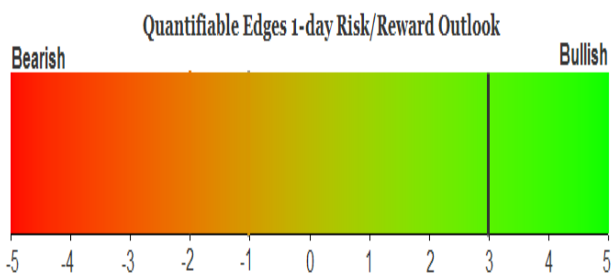
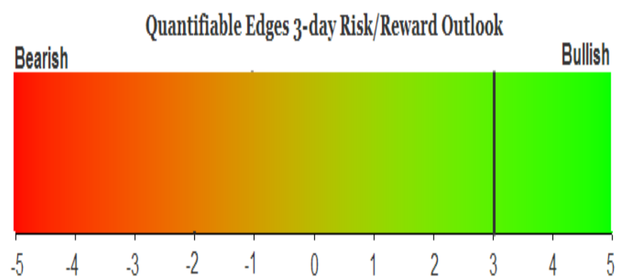
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 29, 2026 Volume 20 Issue 121

Market Overview





Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- When SPX closes down for exactly the 5th day in a row, there has typically been an upside edge over the next few days.
- Breakdowns from similar consolidations during a long-term uptrend have been rare and have often seen the market bounce in the following days and weeks.
- Our NASDAQ/SPX Relative Leadership Indicator once again flipped and the NASDAQ is now lagging. Under similar circumstances the market has struggled to make gains historically.
- Early July has been a bullish period over the years, especially for the NDX.
- Liquidity tightened some this past week. Whether the Fed will remain generally accommodative is a bit unclear.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I believe the market is likely to bounce in the coming days.

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 29, 2026	SPX down exactly 5 days, > 20-lo & 200ma	1-2 days	Bullish	1.41%	-0.41%	-0.98%
June 26, 2026	SPX mildest 3-day drop, lowest 5-day volum	1-2 days	Bullish	1.29%	-0.76%	-1.54%
June 24, 2026	SPY gaps below 5-day low, close < open	1-5 days	Bullish	1.92%	-1.40%	-3.04%
Active - Long Term						
June 29, 2026	NASDAQ lagging	int term	weak			
June 18, 2026	SPX -1% while SOX finishes positive	1-17 days	Bullish	5.37%	-2.79%	-5.71%
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			

The Evidence

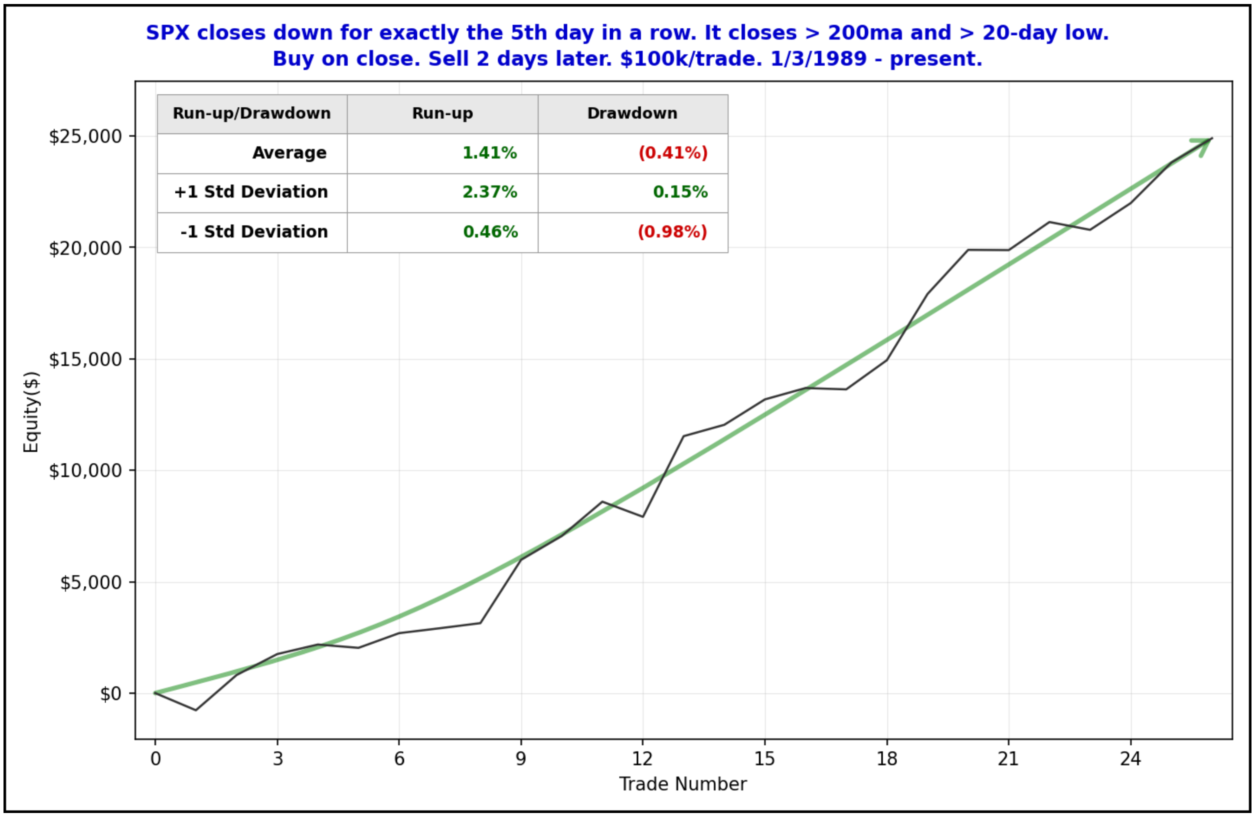
The market was mixed on Friday. SPX finished down 0.07%, the NASDAQ lost 0.2%, and the Russell 2000 rose 0.07%. Breadth was solid as the NYSE Up Issues % closed at 64% and the NYSE Up Volume % posted a 69% reading. NYSE total volume spiked higher from Thursday's level.

We did see some interesting evidence emerge. This study looked at 5-day declines that did not reach 20-day lows. I last featured it in the 9/13/21 letter, and have updated the results table below.

SPX closes down for exactly the 5th day in a row. It closes > 200ma and > 20-day low.
Buy on close. Sell X days later. 1/3/1989 - 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	26	16	10	61.54%	5.47%	-2.00%	1.56%	0.86%	1.80	2.89	0.627%
4	26	19	7	73.08%	5.22%	-1.69%	1.35%	0.81%	1.66	4.50	0.768%
3	26	20	6	76.92%	5.38%	-1.22%	1.32%	0.77%	1.71	5.71	0.839%
2	26	20	6	76.92%	3.62%	-0.77%	1.35%	0.34%	4.00	13.34	0.958%
1	26	20	6	76.92%	1.52%	-1.16%	0.80%	0.50%	1.60	5.32	0.498%

Based on the stats table there appears to be a bullish inclination, especially over the 1st couple of days. Below is a look at the 2-day profit curve.



The strong, steady upslope serves as some confirmation of the upside edge. I have added this study to the active list tonight.

Way back in the 12/11/2009 subscriber letter I looked at breakouts/breakdowns from consolidations. Friday marked the first time that SPY had closed at a 10-day low or 10-day high in over two weeks. Such breakdowns have been fairly rare. This can be seen in the updated table below.

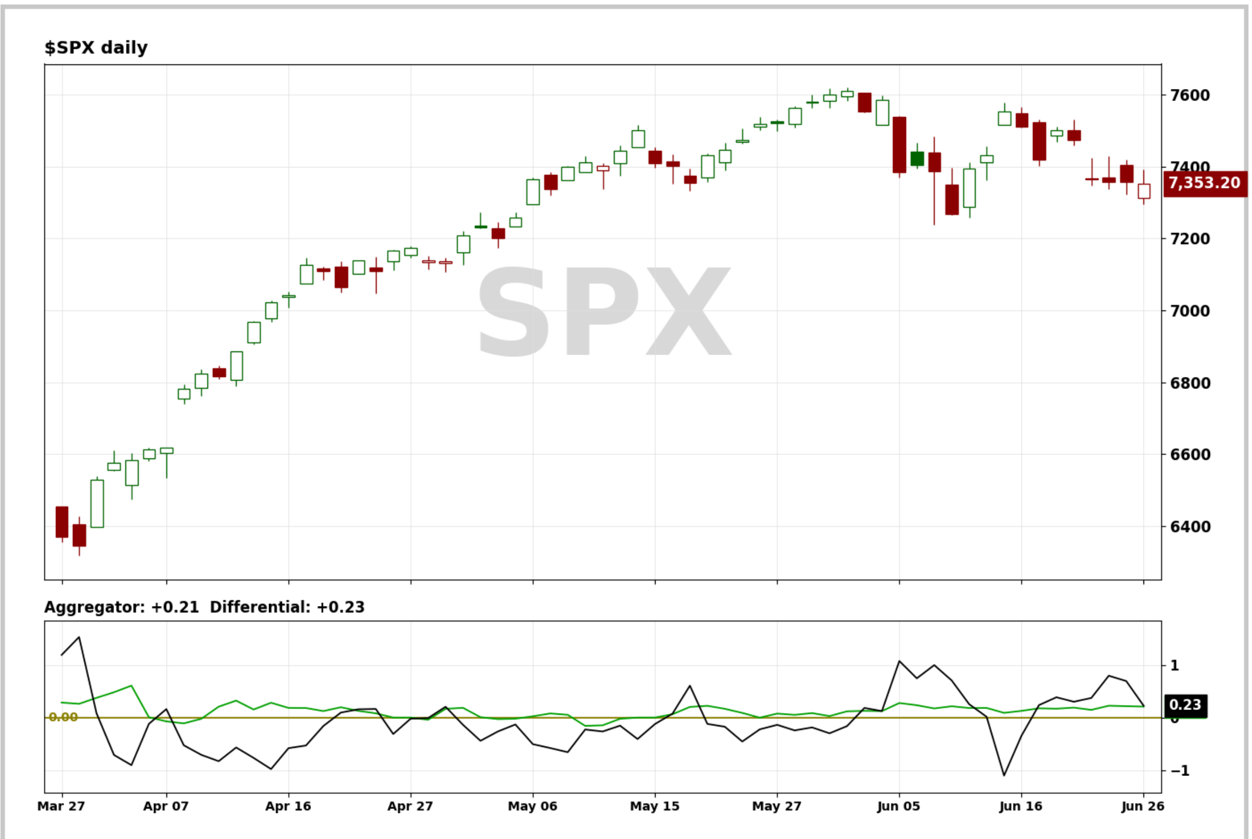
After closing at neither a 10-day high nor a 10-day low for at least 10 days, SPY closes at a 10-day low. Close > 200ma.
Buy on close. Sell X days later. 1/4/1993 - present.

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
10	6	5	1	83.33%	4.60%	-0.21%	2.10%	0.21%	10.22	51.09	1.716%
9	6	6	0	100.00%	4.21%	0.00%	2.05%	0.00%	0.00	0.00	2.045%
8	6	6	0	100.00%	3.32%	0.00%	1.63%	0.00%	0.00	0.00	1.632%
7	6	5	1	83.33%	3.00%	-0.32%	1.26%	0.32%	3.92	19.60	0.994%
6	6	4	2	66.67%	2.72%	-1.09%	1.01%	0.68%	1.49	2.97	0.446%
5	6	4	2	66.67%	3.25%	-2.47%	1.21%	1.59%	0.76	1.52	0.276%
4	6	2	4	33.33%	2.31%	-0.49%	1.61%	0.33%	4.92	2.46	0.318%
3	6	3	3	50.00%	1.93%	-0.68%	1.21%	0.30%	4.06	4.06	0.456%
2	6	5	1	83.33%	1.64%	-0.20%	0.85%	0.20%	4.33	21.65	0.677%
1	6	4	2	66.67%	0.90%	-0.65%	0.44%	0.39%	1.11	2.21	0.159%

There have only been six instances since 1993, so I am not inclined to include this on the active study list tonight. But it is interesting that all six of those breakdowns failed over the 8 and 9-day period. Every instance led to higher prices - not lower ones.

I am not going to bother looking at the QE seasonality calendar this weekend. It's generally bullish but instead I have an interesting study that I'm going to share in the intermediate-term section regarding the first half of July.

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 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Monday. This could change if strongly compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7400.64. That is 0.6% above Friday's close. Therefore, SPX will need to close up at least 0.6% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. I like the long side and have taken some long exposure over the last few days to try and take advantage of a bounce. If we start to see a spike in the CBI or extremely compelling bullish evidence, then I may even look to add to my current position. I'd be a bit surprised if we didn't see at least some bounce in the next few days.

Intermediate-term Outlook (2 weeks – 2 months) – updated 6/29 – slightly bullish

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. *Combos 2 and 3 both flipped back to "Flat". Combo 4 changed from NDX to SPX.*

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Stocks had a wild week. The SPX declined 1.95%, the NASDAQ tumbled 4.6%, and yet the Russell 2000 gained 1.0%. Bonds did well. The US Aggregate Bond ETF (AGG) gained 0.4%. TLT, the 20-year Treasury Bond ETF, added 0.7%. The long-term trend is now somewhat in doubt, with both the SPX and the NASDAQ closing above their 200-day moving averages but below their 50-day moving averages.

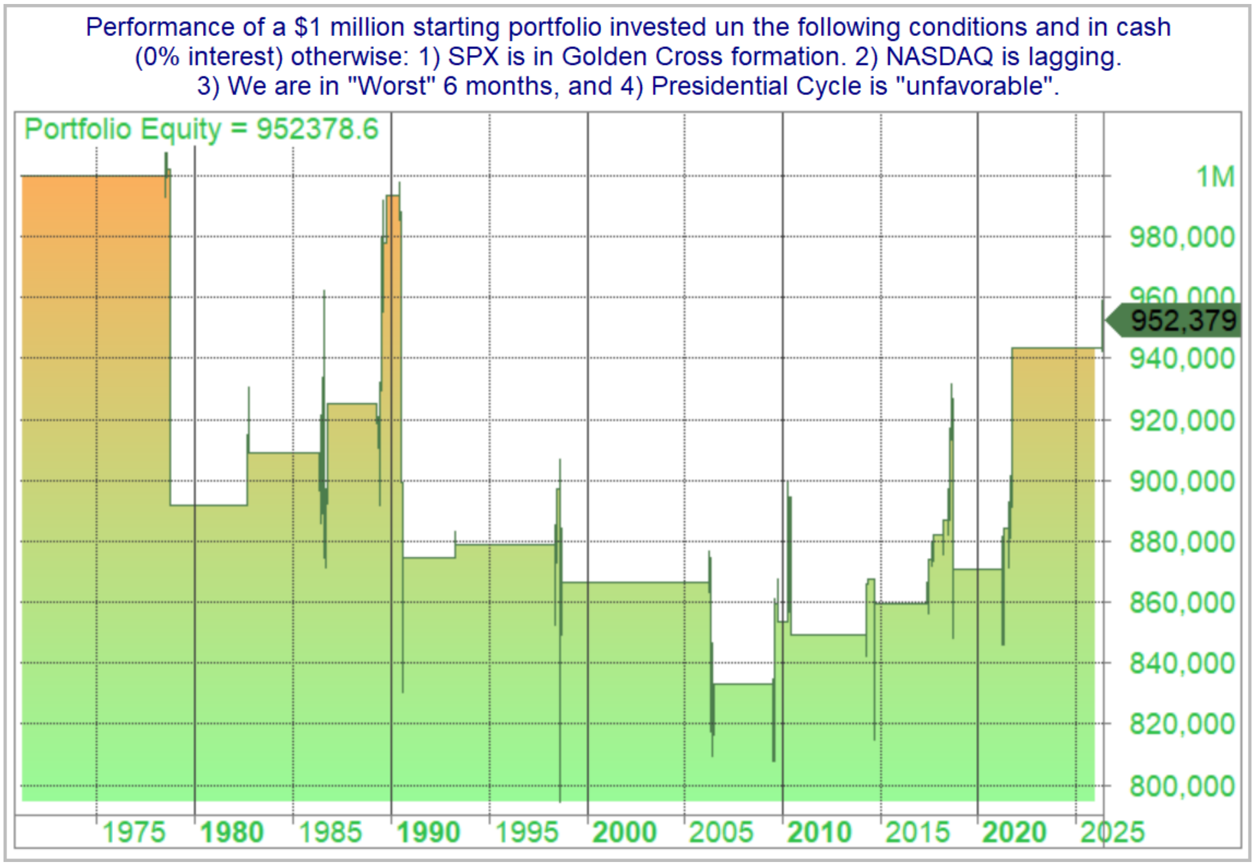
Our NASDSAQ/SPX Relative Leadership indicator changed position for the third week in a row, which is quite unusual. The big decline this week caused the NASDAQ to fall into a lagging position. This can be seen in the chart below.

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 updated table below.

Historical Compound Returns of $100,000 Starting Portfolio Using the NASDAQ/SPX Relative Leadership Indicator as a Filter. 12/31/71 - 6/26/26.			
	Compound Annual Growth Rate	Max Drawdown	End Value of $100,000
S&P 500 Index	8.16%	-56.78%	$7,203,467.71
SPX when NASDAQ lags	-0.06%	-67.21%	$96,617.31
SPX when NASDAQ leads	8.23%	-33.92%	$7,455,669.28
NASDAQ Composite	10.41%	-77.93%	$22,167,559.87
NASDAQ when lagging	-1.47%	-85.53%	$44,694.66
NASDAQ when leading	12.06%	-40.62%	$49,597,782.50
NASDAQ when leading (with interest when in cash)*	14.54%	-37.64%	$164,051,222.26
*interest on cash calculated at historical 30-day Fed Funds rate			

SPX performance has been 8.16% compound annual growth rate (CAGR) when the NASDAQ is leading vs ***-0.06%*** when NASDAQ is lagging. The NASDAQ performance difference is even more dramatic. It has returned 12.06% CAGR when leading versus ***-1.47%*** when lagging. More on this indicator can be found in the Market Dynamics Course. (Free for all annual subscribers.)

I also updated 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.

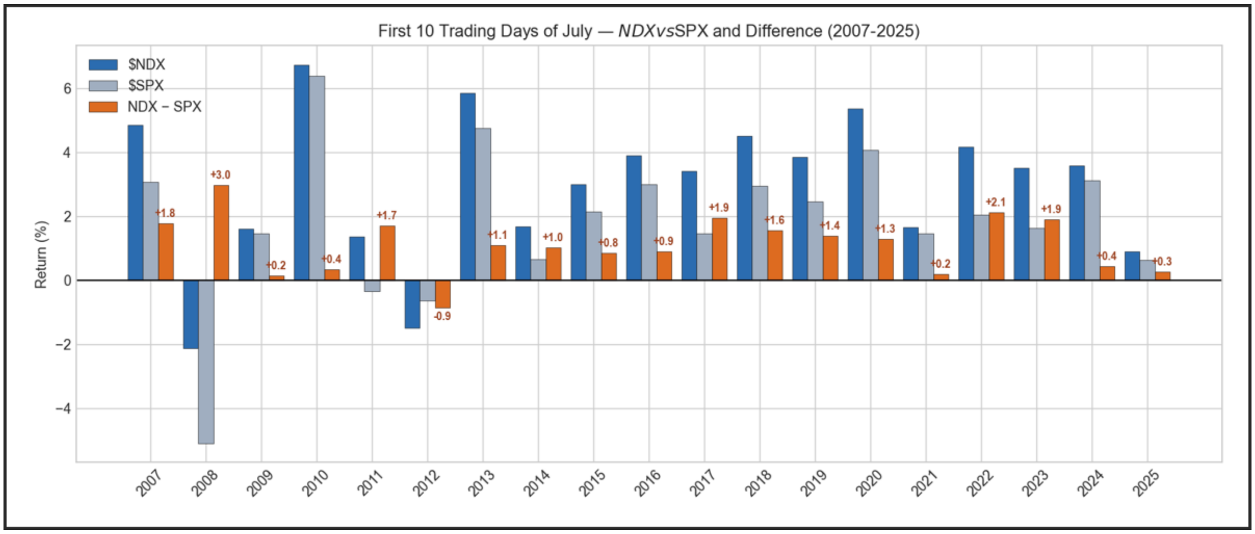


Not good. You will also note that due to the current formation, all 3 of the original combo models are now flat. So the Market Dynamics course models are giving a bit of a warning flag.

Last week I showed the preliminary seasonality calendar for July and it was basically all green for the first couple of weeks. Early July has been a strong period over the last several years, especially for the NDX. This weekend I generated the study below, which exemplifies this. It looks back to 1985, which was the inception of the NDX.

First 10 Trading Days of July, year-by-year (1985-2025)			
Year	**NDX**	**SPX**	**NDX–SPX**
1985	+0.97%	+0.45%	+0.52%
1986	-10.07%	-6.85%	-3.22%
1987	+2.98%	+2.11%	+0.86%
1988	-0.28%	-0.53%	+0.26%
1989	+4.47%	+4.55%	-0.08%
1990	+3.24%	+3.05%	+0.18%
1991	+5.79%	+3.03%	+2.76%
1992	+2.71%	+2.20%	+0.51%
1993	-1.55%	-0.29%	-1.26%
1994	+1.93%	+2.23%	-0.30%
1995	+10.94%	+3.30%	+7.64%
1996	-10.40%	-6.09%	-4.31%
1997	+10.62%	+4.59%	+6.04%
1998	+8.39%	+3.61%	+4.78%
1999	+5.77%	+2.69%	+3.08%
2000	+7.92%	+3.84%	+4.08%
2001	-8.02%	-1.79%	-6.23%
2002	-2.89%	-7.26%	+4.37%
2003	+7.72%	+2.66%	+5.06%
2004	-6.64%	-2.99%	-3.65%
2005	+5.64%	+3.07%	+2.57%
2006	-6.78%	-2.81%	-3.96%
2007	+4.86%	+3.07%	+1.78%
2008	-2.11%	-5.09%	+2.98%
2009	+1.61%	+1.45%	+0.15%
2010	+6.73%	+6.38%	+0.35%
2011	+1.36%	-0.34%	+1.70%
2012	-1.48%	-0.63%	-0.85%
2013	+5.85%	+4.75%	+1.11%
2014	+1.69%	+0.67%	+1.02%
2015	+2.99%	+2.15%	+0.85%
2016	+3.90%	+3.00%	+0.90%
2017	+3.41%	+1.47%	+1.94%
2018	+4.50%	+2.95%	+1.56%
2019	+3.86%	+2.47%	+1.39%
2020	+5.36%	+4.07%	+1.29%
2021	+1.65%	+1.46%	+0.19%
2022	+4.17%	+2.05%	+2.12%
2023	+3.52%	+1.63%	+1.89%
2024	+3.58%	+3.13%	+0.45%
2025	+0.91%	+0.63%	+0.28%
Mean	**+2.17%**	**+1.17%**	**+1.00%**
Median	**+3.24%**	**+2.15%**	**+0.90%**
Win%	**75.6%**	**73.2%**	**78.0%**
Min	**-10.40%**	**-7.26%**	**-6.23%**
Max	**+10.94%**	**+6.38%**	**+7.64%**

The numbers above are really impressive for both the NDX and the SPX. Just as impressive to me is the fact that the NDX has so consistently outperformed the SPX. This tendency to outperform has been especially prevalent over the last nineteen years. Below is a bar chart showing each of those years.

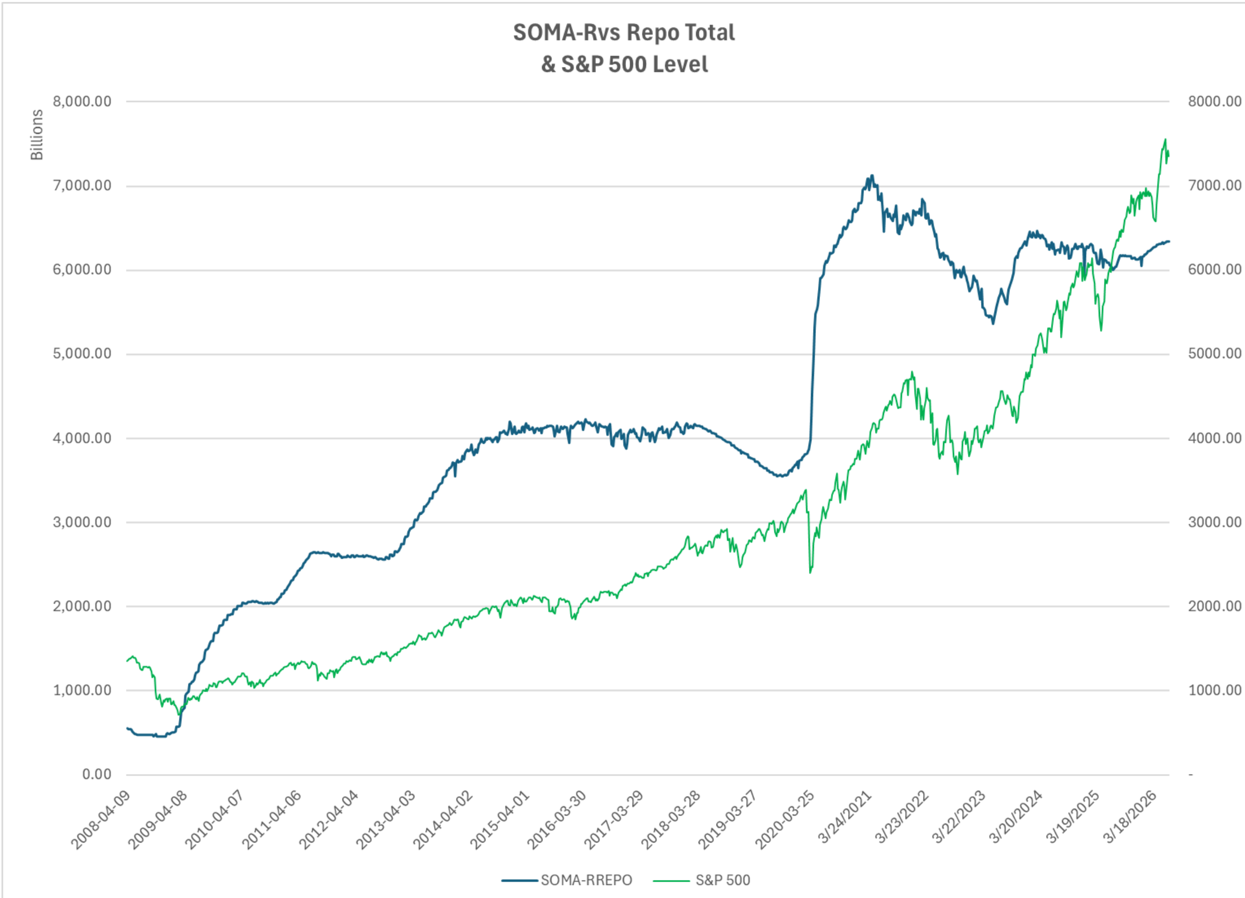


During this recent 19-year run the NDX averaged 3.0% in the early-July window, the SPX averaged 1.9%. And there was only one year when the NDX did not outperform the SPX, which was 2012. So not only do we seem to be entering a strong seasonal period but, if the outperformance holds true again this year, then once more we could see our NASDAQ/SPX Relative Leadership Indicator flip back to a leading NASDAQ.

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

Domestic Security Holdings as of 2026-06-24	
SECURITY TYPE	**TOTAL ($Thousands)**
US Treasury Bills	485,973,926.7
US Treasury Notes and Bonds	3,597,010,598.2
US Treasury FRNs	18,382,825.8
US Treasury TIPS	279,041,230.2
Federal Agency Securities	2,347,000.0
Agency MBS	1,953,996,338.0
Agency CMBS	7,593,648.6
Total SOMA Holdings	**6,344,345,567.4**
Change From Prior Week	**-3,182,747.1**

The SOMA declined by $3.2 billion this week, draining liquidity from the system. The Fed has not announced any changes in the SOMA policy, so this is likely just a quirk in the bond maturity calendar. I expect to see the SOMA continue to rise, but this will certainly be something to watch out for – especially month to month numbers. While unlikely, there is a chance this new Fed could make adjustments without clear notifications. Meanwhile, reverse repos dropped by $2.3 billion for the week ending 6/24/26. A drop in reverse repos can act as a liquidity infusion. Combined for the week, SOMA and reverse repo action accounted for a liquidity drain of about $900 million (through Wednesday the 24th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are still quite low. So unless that changes, they will not be providing too much influence on liquidity flows. Quantitative Easing has been providing some support for the bulls. But while recent Fed policy has been dovish, the market is unsure of what or when the next policy move will be.

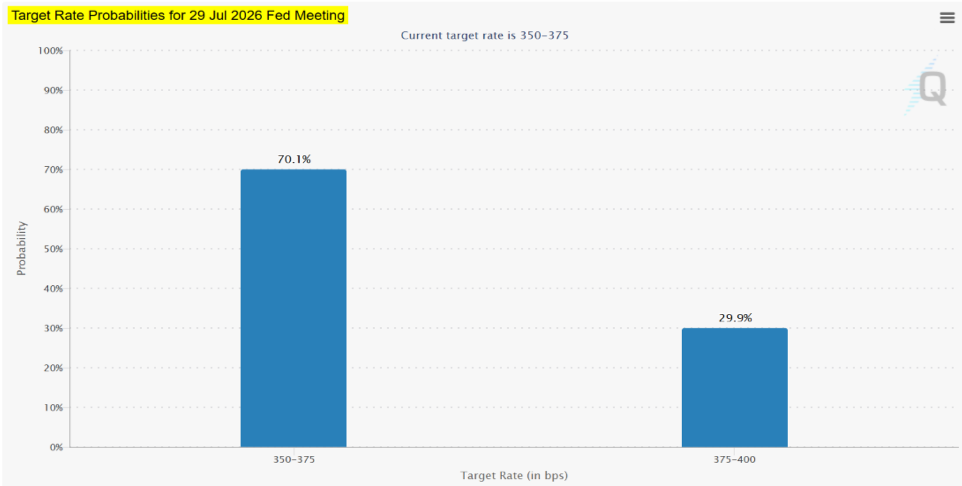
With regards to rates, odds shifted again this past week. The July meeting now shows about a 30% chance of a rate increase, down from 40% last week. Looking out to September, odds currently show a 59% chance that rates are elevated vs today's rates. That's down from 72% last week. This can be seen in 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

29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
29 Jul 2026	ZQN6	31 Jul 2026	96.3650	66,454	347,815	0.0 %	70.1 %	29.9 %



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 25 JUN 2026	1 WEEK 18 JUN 2026	1 MONTH 27 MAY 2026
350-375 (Current)	70.1%	67.9%	61.5%	91.0%
375-400	29.9%	32.1%	38.5%	8.9%

* Data as of 27 Jun 2026 01:49:04 CT

1/1/2028 and forward are projected meeting dates

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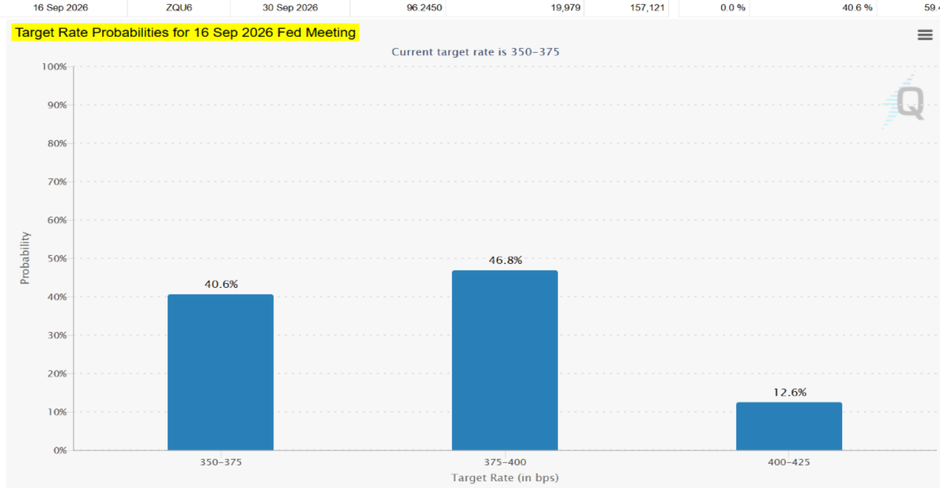
FedWatch Tool

Target Rate: Current · Compare · Probabilities · Aggregated
Historical: Historical · Downloads · Prior Hikes
Dot Plot: Chart · Table
Tools: CVOL · SOFR Watch · ESTR Watch

29 Jul26 | 16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
16 Sep 2026	ZQU6	30 Sep 2026	96.2450	19,979	157,121	0.0 %	40.6 %	59.4 %



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 25 JUN 2026	1 WEEK 18 JUN 2026	1 MONTH 27 MAY 2026
350-375 (Current)	40.6%	36.8%	31.1%	73.6%
375-400	46.8%	48.5%	49.9%	24.6%
400-425	12.6%	14.7%	19.0%	1.7%

* Data as of 27 Jun 2026 01:49:04 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.

June has been soft and intermediate-term evidence is somewhat mixed. There are still some studies on the intermediate-term list suggesting gains in the coming weeks. These include price thrust type studies from May that are suggesting higher prices. And this weekend's study looking at the 1st ten trading days of July is encouraging – especially for the NDX. But the overall market trend is starting to look questionable. June is looking like it will finish negative, and both the SPX and the Nasdaq are below their 50-day moving averages yet still above their 200mas. The Nasdaq falling back into a lagging position is also somewhat discouraging, but if seasonality plays out over the next couple weeks that could easily flip again. Fed policy is questionable, and changes could be on the way soon. We may not see liquidity as plentiful as it has been. Breadth was poor for much of the rally out of the March lows and continues to struggle. We have seen several Hindenburg Omen signals trigger in the last few weeks, and they always carry some potential for downside. I last discussed Hindenburgs in detail 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. But that is not a great timing signal. Outside of early-July, long-term seasonality is now bearish through October. Geopolitical risks seem to be decreasing. I am dialing back slightly to a "slightly bullish" bias. I am still more inclined to take long trades than short, but I intend to be conservative with both.

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
SPY(1/4)	6/24/2026	$733.58	$728.99	-0.63%	Aggregator
SPY(1/4)	6/26/2026	$728.95	$728.99	0.01%	Aggregator