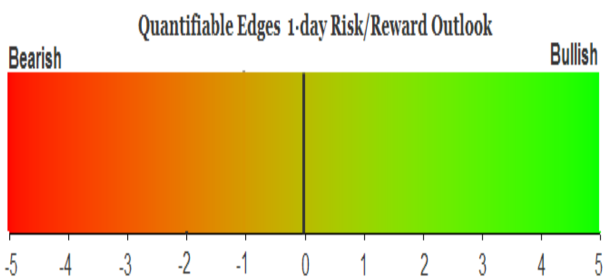
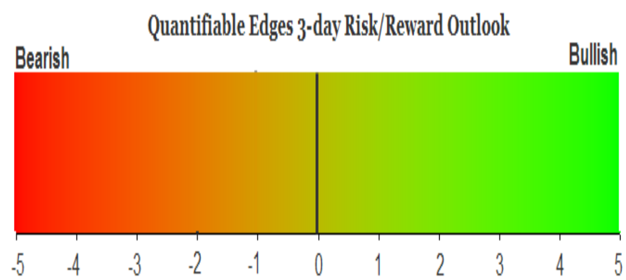
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 13, 2026 Volume 20 Issue 130

Market Overview





Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- A 20-day SPX high on the lightest volume in 20 days used to carry a next-day downside edge, but that edge has not persisted well in recent years.
- The SOMA is chopping around just like the market.
- This upcoming week appears to be the weakest in July from a seasonal standpoint.

Short-term Outlook

The Bottom Line

The Aggregator neutral. I am as well.

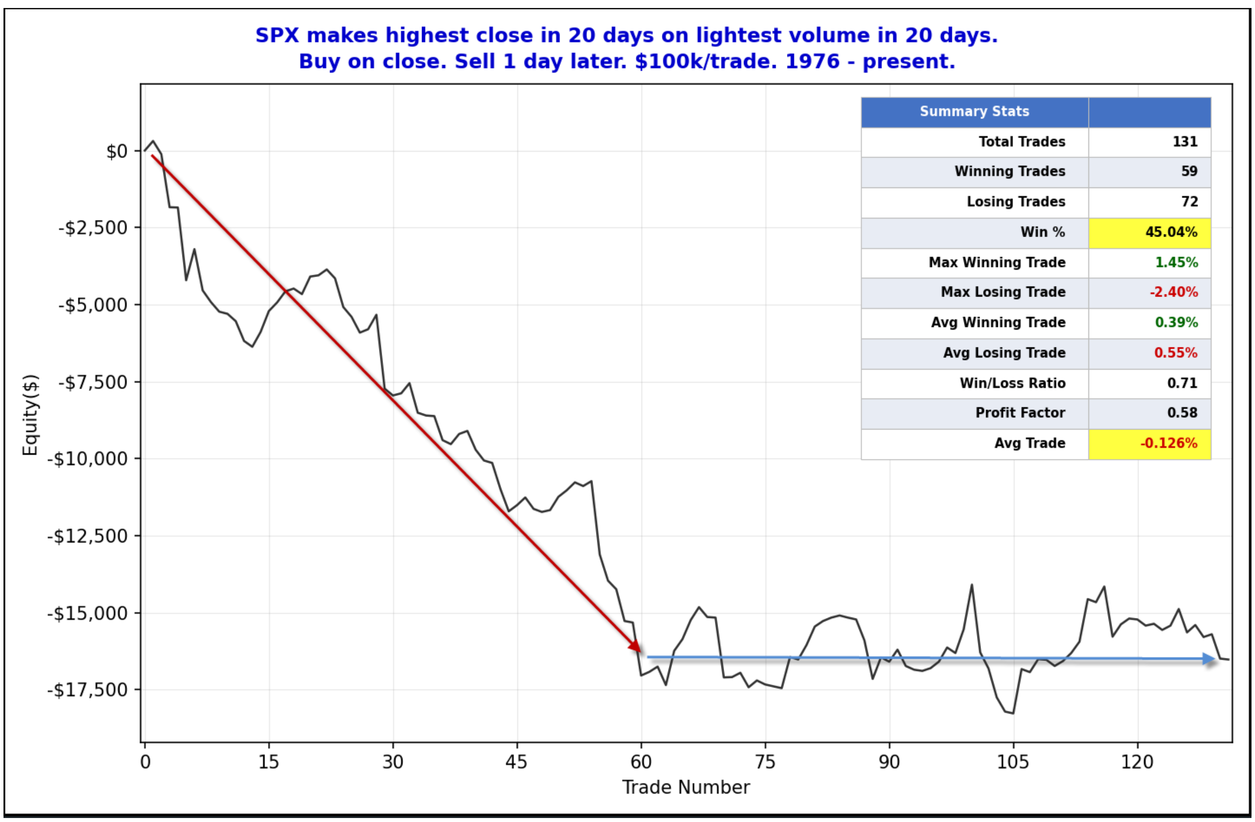
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
None						
Active - Long Term						
July 6, 2026	No QE. Rate rise probable. Fed hawkish	int term	Bearish			
June 29, 2026	1st two weeks of July bullish - NDX	1-10 days	Bullish	4.26%	-2.66%	-5.95%
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			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

The Evidence

The market was mixed on Friday. SPX finished up 0.4%, the NASDAQ gained 0.3%, and the Russell 2000 declined 0.5%. Breadth was positive as the NYSE Up Issues % closed at 58% and the NYSE Up Volume % posted a 65% reading. NYSE total volume dropped sharply from Thursday's level.

Nothing really compelling triggered in the Quantifinder on Friday. Over the years I have found studies that rely heavily on volume as an indication have seen their edges wither. The study below is an example of that. I last featured it in the 6/30/21 letter. Results below are updated.



The first half of the curve showed a strong negative tendency but since then it's been nothing but chop. While this setup used to suggest a potential one-day downside edge, it no longer seems to. There won't be any new studies added to the short-term active list tonight.

Let's take a quick look at the seasonality calendar for SPX.

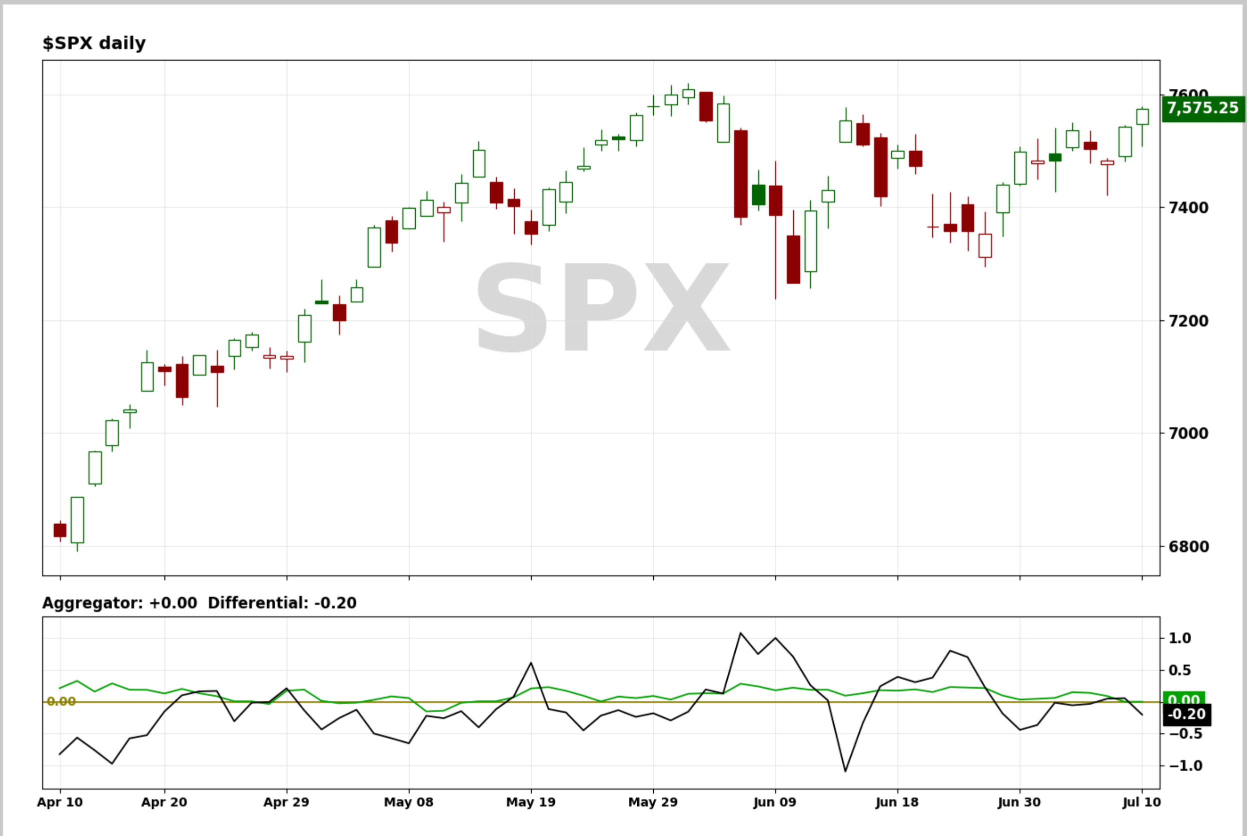
Quantifiable Edges Seasonality Calendar
$SPX S&P 500 Index

Date	Win%	Profit Factor	Avg % Chg
7/1/2026	65.84	1.880	0.203
7/2/2026	60.72	1.558	0.105
7/6/2026	59.02	1.788	0.154
7/7/2026	55.19	1.555	0.076
7/8/2026	61.82	1.770	0.145
7/9/2026	58.66	1.505	0.053
7/10/2026	59.38	1.822	0.151
7/13/2026	56.03	1.156	0.040
7/14/2026	51.67	1.114	0.032
7/15/2026	52.88	0.913	-0.036
7/16/2026	51.23	0.955	-0.014
7/17/2026	48.52	0.926	-0.024
7/20/2026	61.32	1.406	0.093
7/21/2026	56.20	1.417	0.104
7/22/2026	57.02	1.360	0.088
7/23/2026	58.23	1.396	0.099
7/24/2026	57.19	1.260	0.058
7/27/2026	55.57	1.311	0.083
7/28/2026	51.46	1.115	0.035
7/29/2026	45.88	1.014	-0.002
7/30/2026	53.08	1.148	0.044
7/31/2026	52.05	1.012	0.003
Baseline	***54.84***	***1.170***	***0.057***

QuantifiableEdges.com

Monday and Tuesday show bullish readings but that fades from Wednesday through Friday. This upcoming week appears to be the worst in July from a seasonal standpoint.

I have updated the Aggregator chart below.



Without any new studies being added, the green Aggregator Line closed exactly at zero. Neutral readings mean expectations are flat over the next few days. Meanwhile the black Differential Line fell below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are neutral but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines fail to close on the same side of zero. Therefore, the Aggregator formation stayed flat at the close.

With the short-term active list currently bare and the intermediate-term outlook neutral, expectations are set to remain flat on Monday. Of course any new evidence that emerges should be highly impactful on expectations going forward. Meanwhile, the Differential Pivot will be 7510.16. That is 0.9% below Friday's close. Therefore, SPX will need to close down at least 0.9% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is flat. Evidence is lacking. And despite closing at a short-term high, SPX is still stuck in the range it has been in since May. I'm not seeing a compelling reason to take on new short-term index positions here. I'll continue to wait until a more favorable reward/risk opportunity arises.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/13 – neutral

Combo #1	Combo #2	Combo #3	Combo #4
Flat	Flat	Flat	Flat

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 four combo models are now flat.*

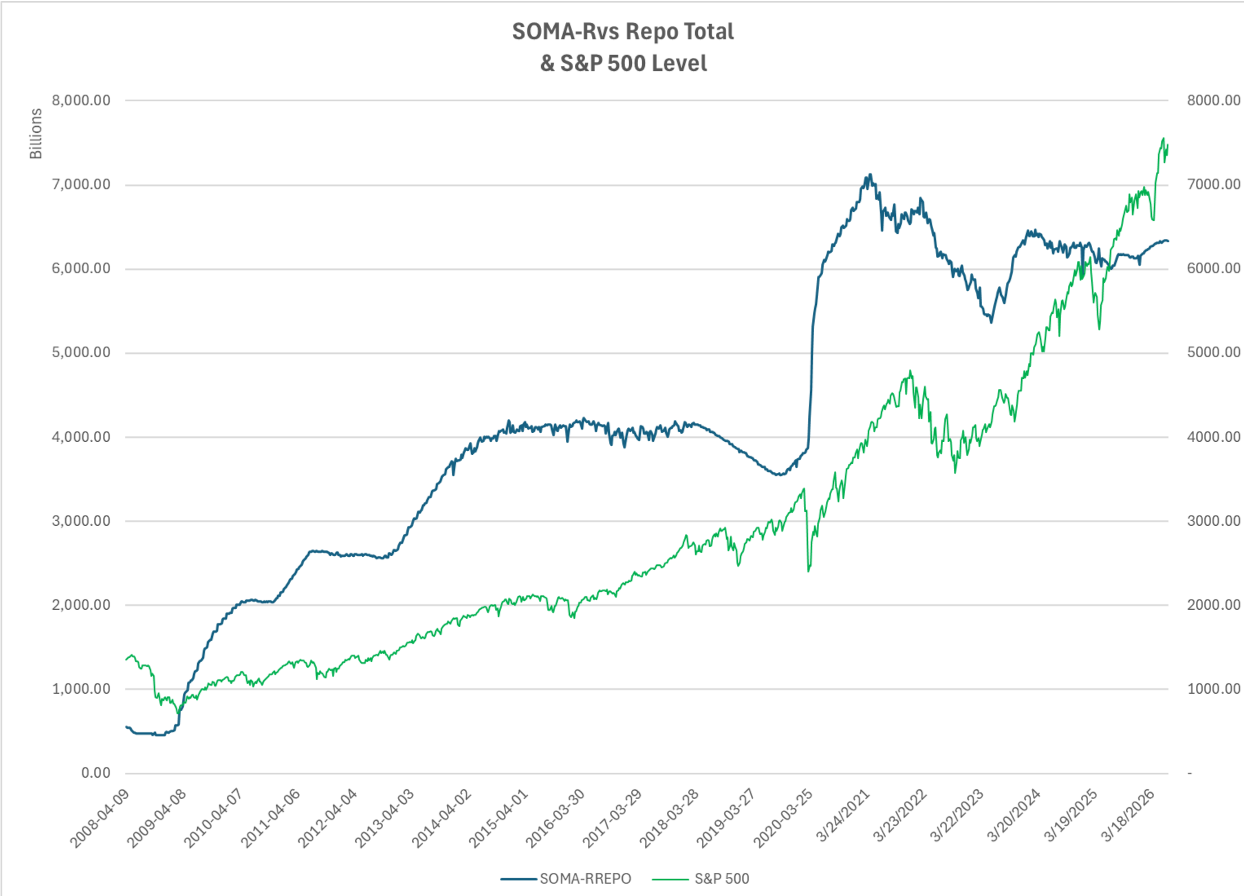
.

Stocks we're mixed on the shortened week. The SPX rose 1.2%, the NASDAQ gained 1.7%, and the Russell 2000 declined 0.6%. Bonds struggled. The US Aggregate Bond ETF (AGG) lost 0.5%. TLT, the 20-year Treasury Bond ETF, tumbled 1.2%. The long-term trend has not yet rolled over, but we have now seen about a month and a half of chop and net sideways movement. There were not any new studies that emerged with intermediate-term implications over the last few days.

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

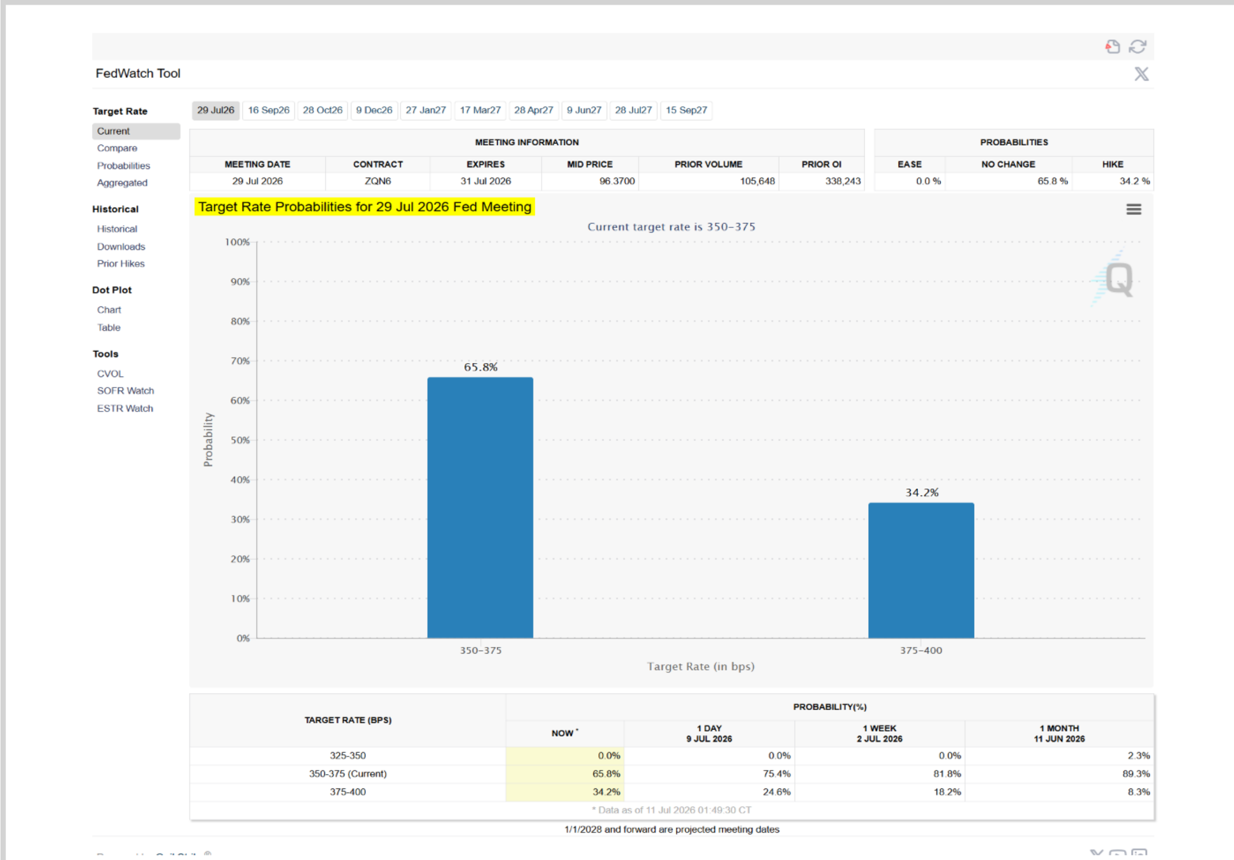
Domestic Security Holdings as of 2026-07-08	
SECURITY TYPE	**TOTAL ($Thousands)**
US Treasury Bills	499,248,926.7
US Treasury Notes and Bonds	3,593,418,008.9
US Treasury FRNs	18,382,825.8
US Treasury TIPS	282,633,819.5
Federal Agency Securities	2,347,000.0
Agency MBS	1,940,863,715.8
Agency CMBS	7,533,878.4
Total SOMA Holdings	**6,344,428,175.1**
Change From Prior Week	**+9,956,000.0**

The SOMA rose by about $10 billion this week, adding liquidity to the system. This effectively neutralized the decline we saw the week before. Meanwhile, reverse repos rose by $2.3 billion for the week ending 7/8/26. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about $7.6 billion (through Wednesday the 8th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



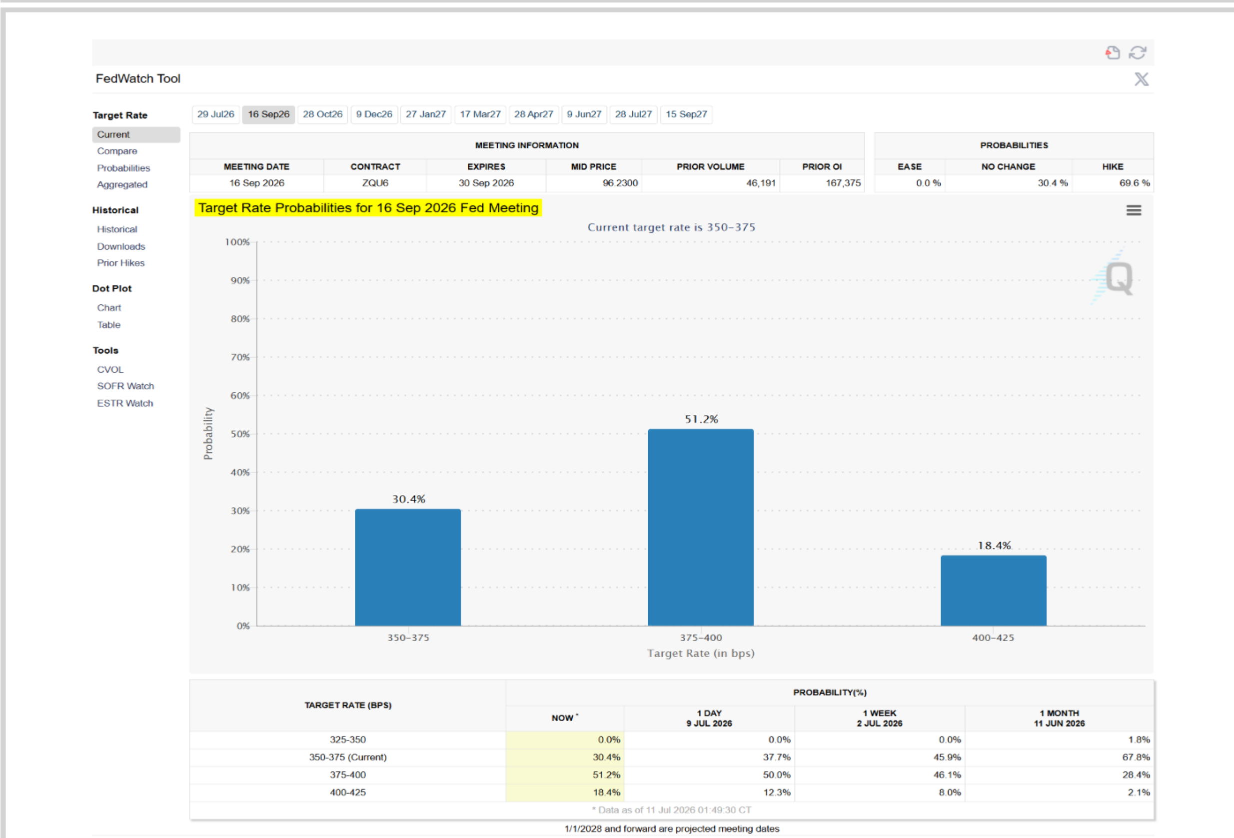
Reverse repos are still quite low. So unless that changes, they will not be providing too much influence on liquidity flows. Quantitative Easing had been providing some support for the bulls, but that no longer appears to be the case. Fed policy seems to be getting more hawkish and we could see a rise in rates at some point over the next few meetings.

With regards to rates, odds shifted again this past week. The July meeting now shows about a 34% chance of a rate increase, up from 22% last week. Looking out to September, odds currently show a 70% chance that rates are elevated vs today's rates. That's up from 55% last week. 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
29 Jul 2026	ZQN6	31 Jul 2026	96.3700	105,648	338,243	0.0 %	65.8 %	34.2 %

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 9 JUL 2026	1 WEEK 2 JUL 2026	1 MONTH 11 JUN 2026
325-350	0.0%	0.0%	0.0%	2.3%
350-375 (Current)	65.8%	75.4%	81.8%	89.3%
375-400	34.2%	24.6%	18.2%	8.3%



MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
16 Sep 2026	ZQU6	30 Sep 2026	96.2300	46,191	167,375	0.0 %	30.4 %	69.6 %

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 9 JUL 2026	1 WEEK 2 JUL 2026	1 MONTH 11 JUN 2026
325-350	0.0%	0.0%	0.0%	1.8%
350-375 (Current)	30.4%	37.7%	45.9%	67.8%
375-400	51.2%	50.0%	46.1%	28.4%
400-425	18.4%	12.3%	8.0%	2.1%

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. But at this point it certainly seems that the next Fed move is quite a bit more likely to be a hike in rates than it is to be a cut.

Intermediate-term evidence remains mixed and basically nothing that happened this past week changed that. There are still some studies on the intermediate-term active list suggesting further intermediate-term gains appear likely. These include price thrust type studies from May. But the overall market trend is starting to look questionable. The Nasdaq being in a lagging position is somewhat discouraging, but one strong NASDAQ week could change that. The Fed now appears more hawkish, or at best neutral. Breadth was poor for much of the rally out of the March lows and continues to struggle. We saw several Hindenburg Omen signals trigger fairly recently, 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. Long-term seasonality is now bearish through October. Geopolitical risks can pop up at any time. Overall, there is still some bullish evidence, and the long-term trend has not rolled over. But no leading NASDAQ, no dovish Fed, weak breadth, and weak intermediate-term seasonality could combine for some tough times. I remain neutral for the intermediate-term. I will likely trade more conservatively both to the long and the short side.

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

MMM - 1/3 @ $154.70 (bought @ LIMIT)

***Broad Market Large Cap CBI* – 1(MMM)**

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
MMM(1/3)	7/9/2026	$154.70	$157.52	1.82%	Catapult