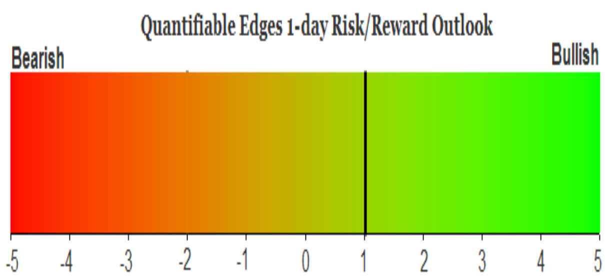
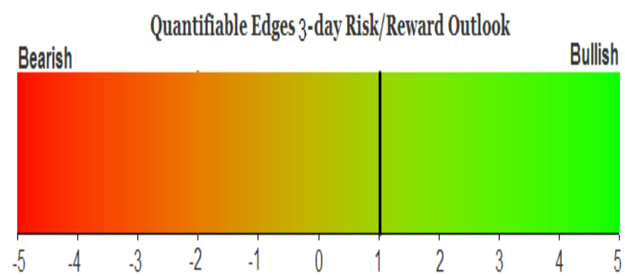
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 16, 2026 Volume 20 Issue 133

Market Overview





Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The SPY bounce looks like it should have further to go.

Short-term Outlook

The Bottom Line
The Aggregator is now bullish, but I'm still not terribly enthused.

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						
July 16, 2026	SPY up 2 days but below close of 3 days ago	1-2 days	Bullish	0.96%	-0.74%	-1.50%
Active - Long Term						
July 6, 2026	No QE. Rate rise probable. Fed hawkish	int term	Bearish			
June 29, 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			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

The Evidence

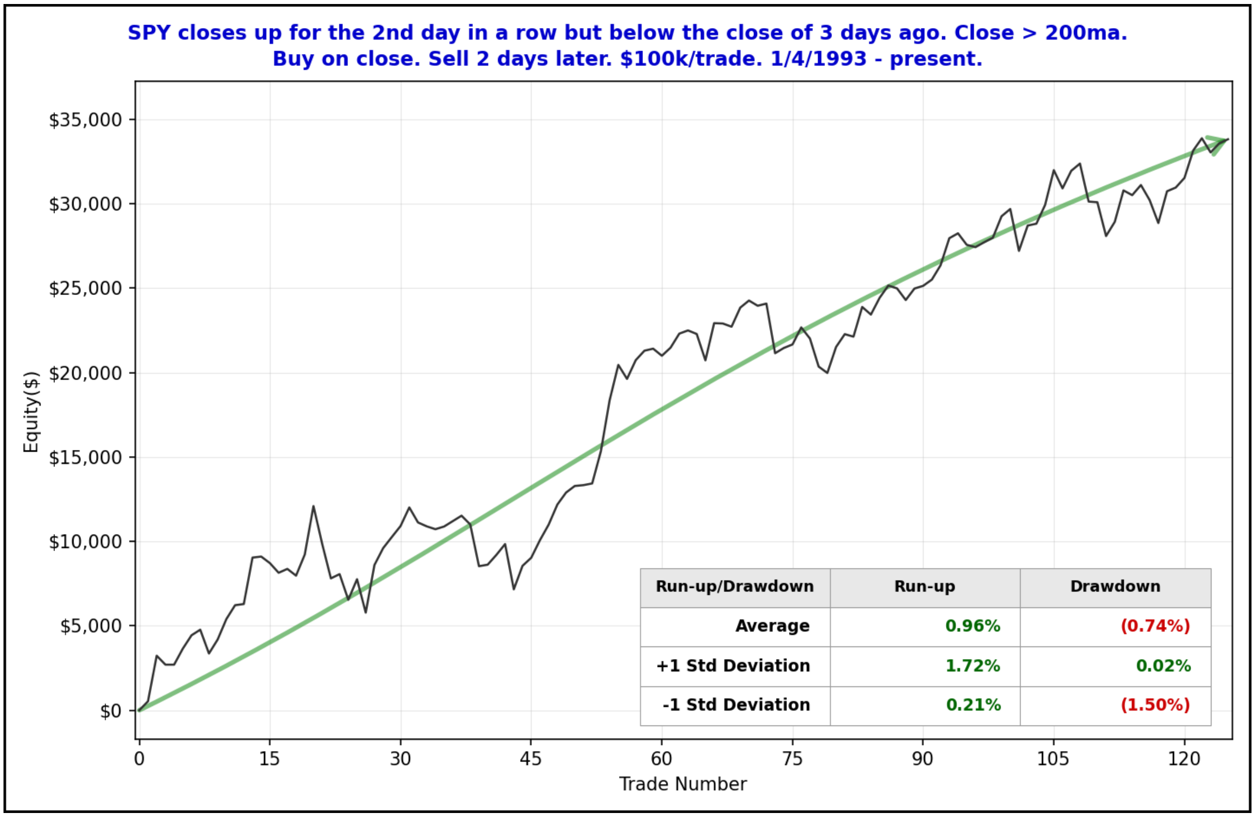
Wednesday saw modest gains for most indices. SPX finished up 0.4%, the NASDAQ gained 0.6% (though NDX was down 0.3%), and the Russell 2000 climbed 0.4%. Breadth was moderately positive as the NYSE Up Issues % closed at 57% and the NYSE Up Volume % posted a 53% reading. NYSE total volume rose some from Tuesday's level.

The moderate rise for SPY meant the last 2 days of gains have failed to make up for the losses of the 1-day drop on Monday. This triggered the below study, last seen in the 2/12/25 letter.

SPY closes up for the 2nd day in a row but below the close of 3 days ago. Close > 200ma.
Buy on close. Sell X days later. 1/4/1993 - present.

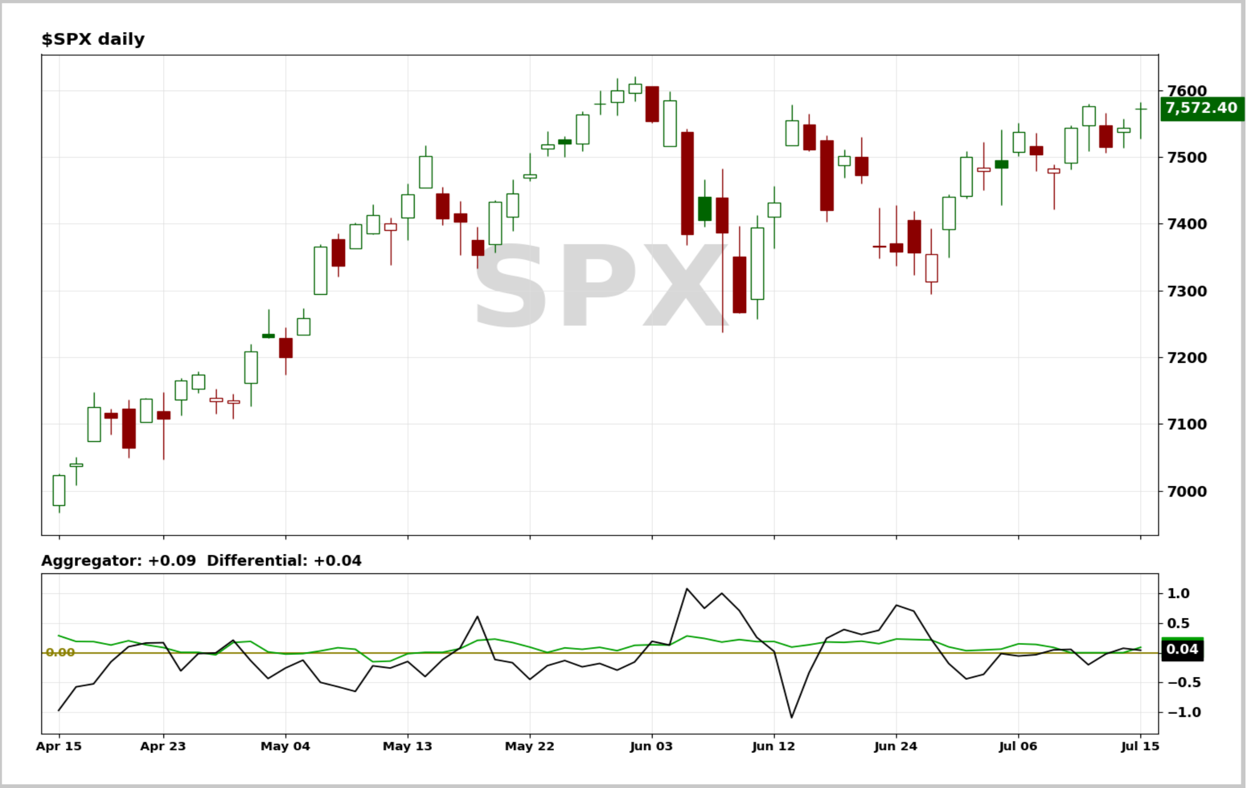
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	123	70	53	56.91%	4.72%	-6.55%	1.56%	1.48%	1.06	1.40	0.254%
4	124	80	43	64.52%	4.70%	-4.39%	1.35%	1.48%	0.91	1.69	0.357%
3	125	79	44	63.20%	3.00%	-4.12%	1.16%	1.25%	0.93	1.66	0.292%
2	125	83	41	66.40%	3.01%	-2.94%	0.90%	0.99%	0.90	1.83	0.271%
1	125	75	48	60.00%	2.17%	-1.78%	0.65%	0.61%	1.06	1.66	0.154%

This suggests a 2-day upside edge. Let's check the curve for confirmation.



This is an appealing curve. So it appears this bounce has a pretty good chance of continuing higher over the next day or two. This study has been added to the short-term active list. There was nothing else that stood out tonight suggesting a compelling edge. But at least we got some directional hint today!

I have updated the Aggregator chart below.



With tonight's evidence considered, the green Aggregator Line moved 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 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 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 *inverted at* 7515.51. That is 0.8% *below* Wednesday'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 0.8% on Thursday in order to remain oversold. Anything other than that and it will flip to overbought versus recent expectations as of Thursday's close.

So the Aggregator is bullish. But reward/risk isn't great here. If SPX moves up, like our study suggests, then the bullish signal will expire at the close on Thursday. In order for the bullish signal to persist, SPX would need to lose over 0.8%. When we see an inverted pivot like this, I often view it as a good time to take profits if I am already in a trade. Obviously I'm not. And I don't view inverted pivots as opportune times to enter new positions. So while we could see a bump higher over the next day or two, I'll continue to wait for a more compelling setup to emerge before looking for my next short-term index trade.

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

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

None