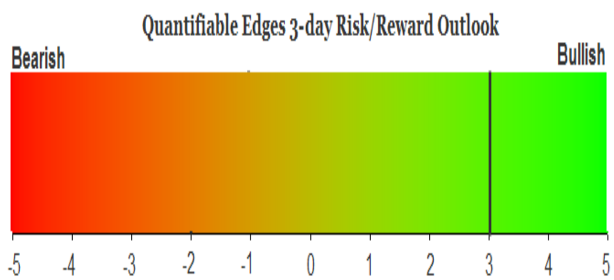
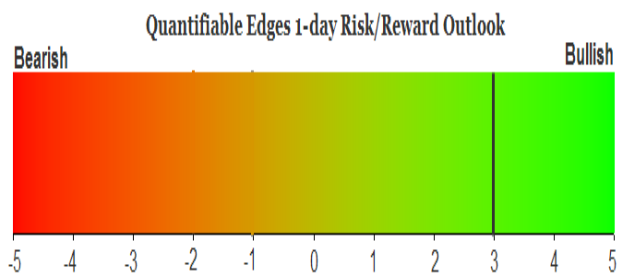
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 24, 2026 Volume 20 Issue 139

Market Overview





Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- When SPY gaps down to open below the lowest close of the last 5 days and sells off further, there has typically been an upside edge over the following week.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be an upside edge.

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 24, 2026	SPY gaps below a 5-day low, closes below op	1-5 days	Bullish	1.92%	-1.40%	-3.04%
July 21, 2026	SPX weak close at a 5-day low on a Monday,	1-5 days	Bullish	1.97%	-1.09%	-2.22%
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

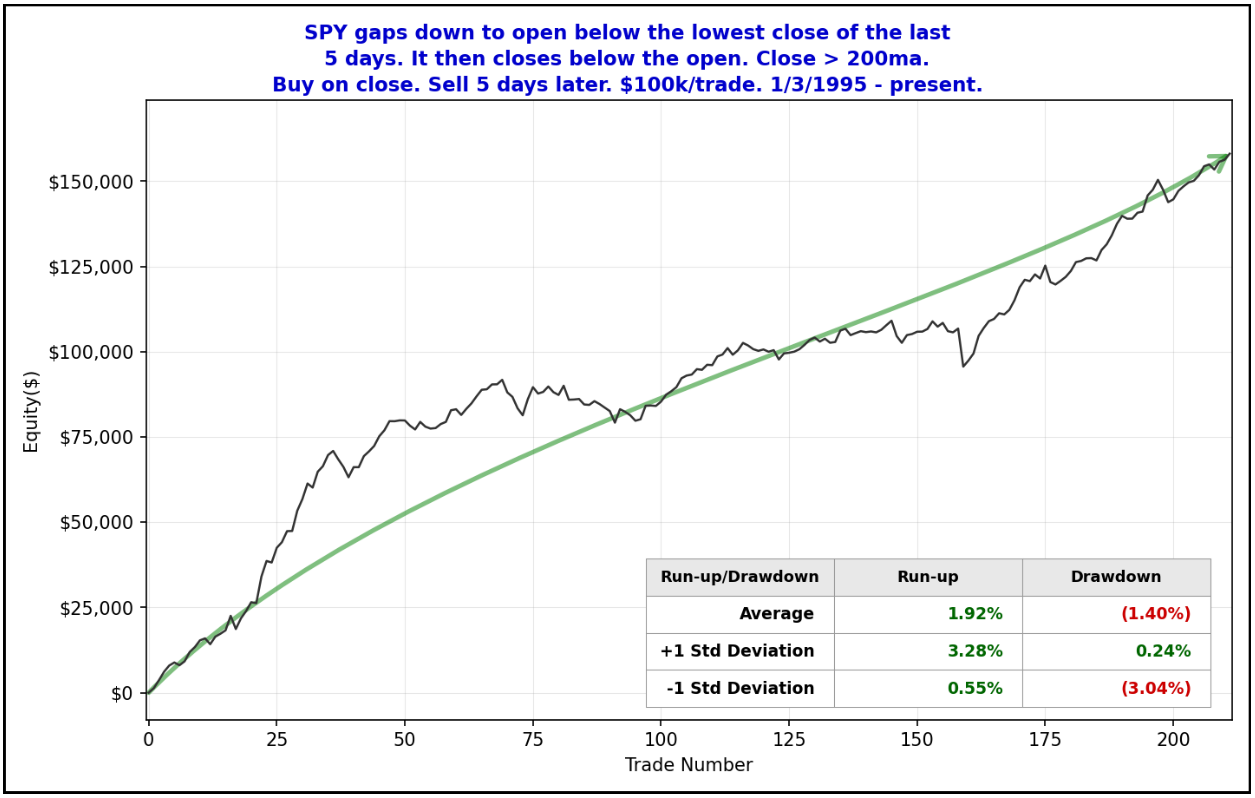
Thursday was the worst day in a good while. SPX finished lower by 1.2%, the NASDAQ lost 2.2%, and the Russell 2000 declined 0.7%. Breadth was weak as the NYSE Up Issues % closed at 28% and the NYSE Up Volume % posted a 29% reading. NYSE total volume rose from Wednesday's level.

Well, I complained about a boring market last night. Thursday certainly gave action.There were a few studies that triggered Thursday afternoon. The one below is the one I found to be the most compelling. It was last seen in the 11/1/24 letter. It looked at times that SPY gapped down to a short-term low, and then sold off further during the day, while in a long-term uptrend. I have updated the results.

SPY gaps down to open below the lowest close of the last 5 days. It then closes below the open. Close > 200ma. Buy on close. Sell X days later. 1/3/1995 - present.

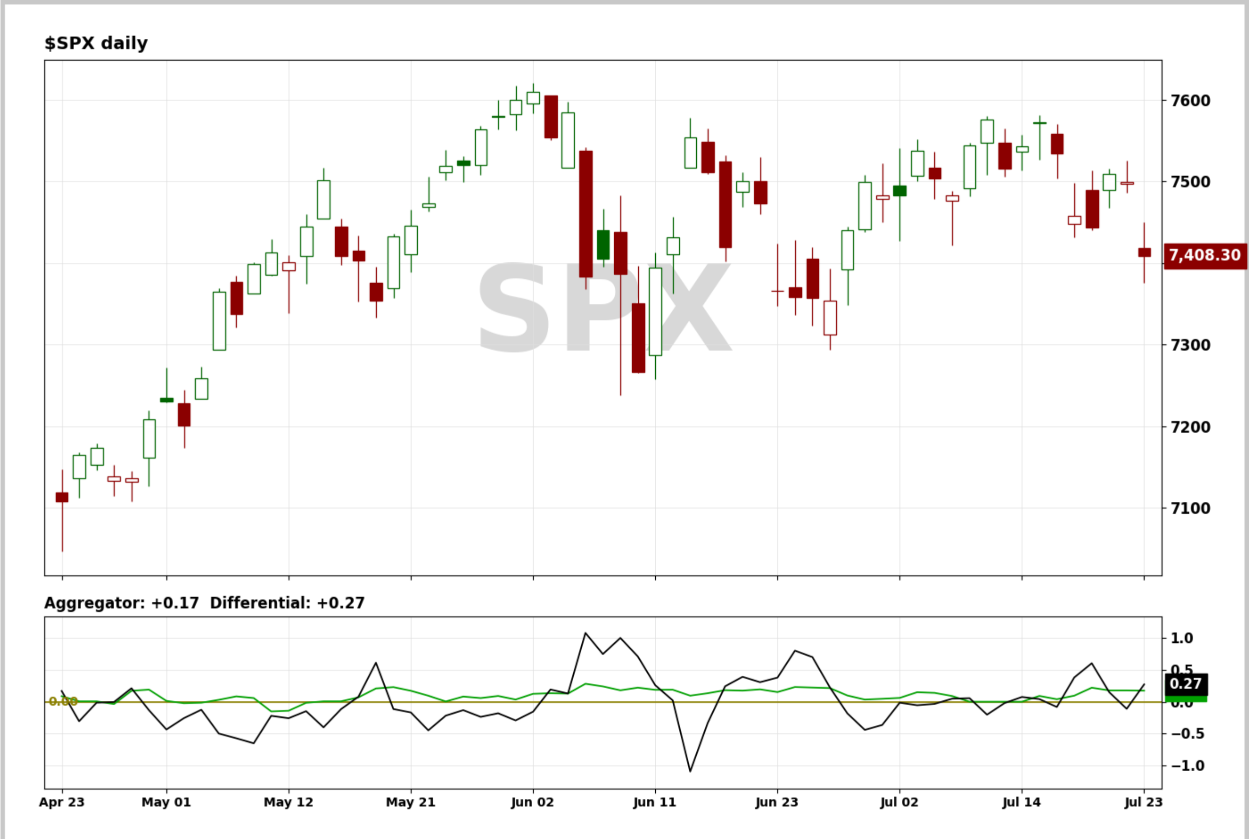
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	211	147	64	69.67%	7.81%	-11.16%	1.79%	1.63%	1.09	2.51	0.749%
4	223	148	75	66.37%	5.59%	-10.79%	1.69%	1.48%	1.14	2.25	0.623%
3	236	148	88	62.71%	5.01%	-6.59%	1.51%	1.20%	1.26	2.11	0.500%
2	252	159	90	63.10%	6.17%	-6.25%	1.24%	0.92%	1.34	2.37	0.451%
1	272	176	95	64.71%	5.81%	-4.18%	0.86%	0.80%	1.08	2.00	0.278%

The numbers here look fairly bullish. Here is the 5-day profit curve.



Not perfectly straight, but it has made it way from lower left to upper right and is again at new highs. The stats, the curve, and the long-term persistency all seem to support the idea of a short-term bullish edge. I have added this study to the active list tonight.

I have updated the Aggregator chart below.



With tonight'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 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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7544.25. That is 1.8% above Thursday's close. Therefore, SPX will need to close up at least 1.8% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. We have some evidence pointing higher. And there is ample room to the upside before SPX would turn overbought. Reward/risk appears favorable, and I like the long side. Traders could consider taking some long exposure to take advantage of a potential bounce. I'll be looking at starting to scale into an index position in the trade ideas section down below.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/20 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

SPY – Buy ¼ index position at $738.18 LIMIT. Based on the short-term outlook above, this will look to start scaling into an index position if SPY trades at or below where it closed on Thursday.

Current Open Trade Ideas

None