

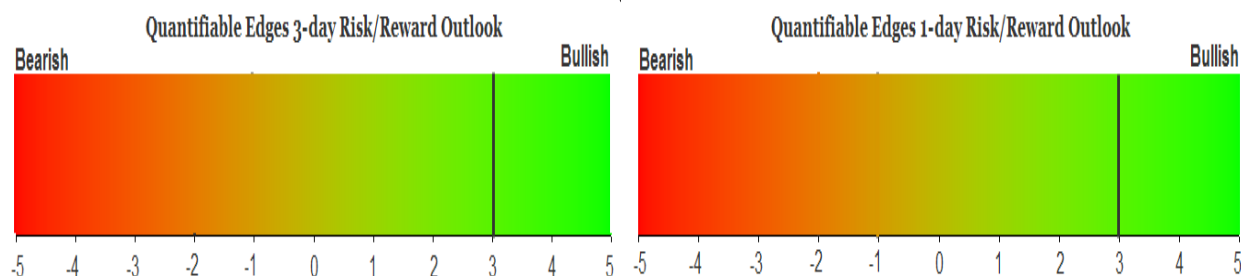
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 28, 2026

Volume 20 Issue 141

## Market Overview



## Signals Overview

| Aggregator | CBI Reading |
|------------|-------------|
| Long       | 0           |

## Tonight's Research Points

- When SPY closes up for the 2nd day in a row after closing at a 10-day low 2 days ago, there has often been an upside edge over the following week.

## Short-term Outlook

### *The Bottom Line*

The Aggregator is bullish. There appears to be a moderate 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 |
|----------------------------|---------------------------------------------|-------------|---------|------------|------------|------------------------|
| <b>Active - Short Term</b> |                                             |             |         |            |            |                        |
| July 28, 2026              | SPY up 2 days from 10-day low, below 50ma   | 1-4 days    | Bullish | 1.91%      | -1.08%     | -2.31%                 |
| July 24, 2026              | SPY gaps below a 5-day low, closes below op | 1-5 days    | Bullish | 1.92%      | -1.40%     | -3.04%                 |
| <b>Active - Long Term</b>  |                                             |             |         |            |            |                        |
| 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 |            |            |                        |

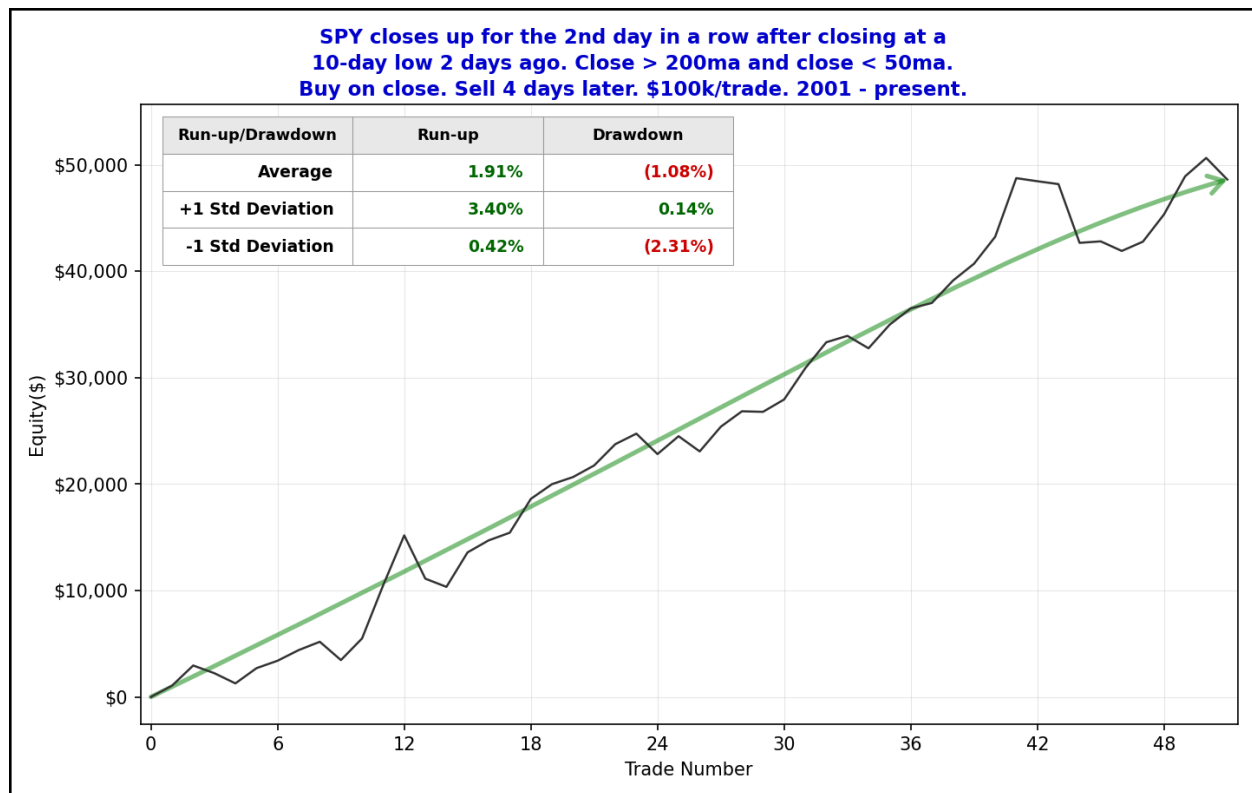
### The Evidence

The market was mixed on Monday. SPX finished up 0.02%, the NASDAQ lost 0.2%, and the Russell 2000 climbed 0.6%. Breadth was solid as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % posted a 70% reading. NYSE total volume rose some from Friday's level.

SPX has tried bouncing the last couple of days, but both days it has stalled just below its 50ma. In the 11/25/25 letter I looked at rallies like we have seen the last two days that left SPY above its 200ma, but still below the 50ma. I have updated the research results below.

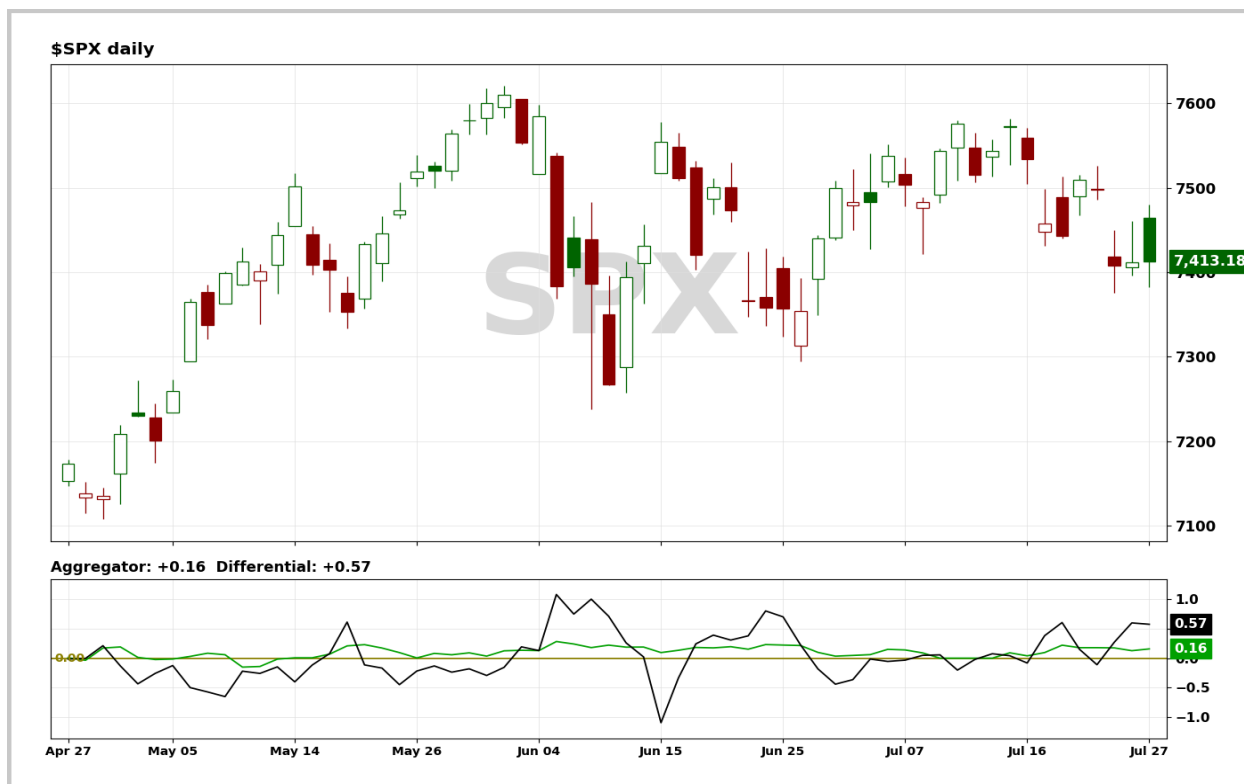
| SPY closes up for the 2nd day in a row after closing at a 10-day low 2 days ago. Close > 200ma and close < 50ma. Buy on close. Sell X days later. 2001 - present. |              |                |               |        |                   |                  |                   |                  |                |               |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|---------------|--------|-------------------|------------------|-------------------|------------------|----------------|---------------|-----------|
| 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                                                                                                                                                                | 49           | 35             | 14            | 71.43% | 8.03%             | -4.10%           | 3.00%             | 1.90%            | 1.58           | 3.95          | 1.601%    |
| 9                                                                                                                                                                 | 49           | 34             | 15            | 69.39% | 8.54%             | -5.52%           | 3.00%             | 2.18%            | 1.38           | 3.12          | 1.417%    |
| 8                                                                                                                                                                 | 49           | 33             | 16            | 67.35% | 8.22%             | -5.20%           | 2.69%             | 2.12%            | 1.27           | 2.62          | 1.122%    |
| 7                                                                                                                                                                 | 50           | 34             | 16            | 68.00% | 7.78%             | -4.49%           | 2.44%             | 1.57%            | 1.56           | 3.31          | 1.160%    |
| 6                                                                                                                                                                 | 51           | 33             | 18            | 64.71% | 6.14%             | -4.64%           | 2.34%             | 1.28%            | 1.82           | 3.34          | 1.059%    |
| 5                                                                                                                                                                 | 51           | 36             | 15            | 70.59% | 5.47%             | -4.10%           | 1.89%             | 1.66%            | 1.14           | 2.73          | 0.843%    |
| 4                                                                                                                                                                 | 51           | 37             | 14            | 72.55% | 5.51%             | -5.52%           | 1.90%             | 1.56%            | 1.22           | 3.23          | 0.954%    |
| 3                                                                                                                                                                 | 51           | 34             | 17            | 66.67% | 4.20%             | -3.81%           | 1.58%             | 1.24%            | 1.27           | 2.54          | 0.638%    |
| 2                                                                                                                                                                 | 51           | 34             | 17            | 66.67% | 4.23%             | -3.57%           | 1.25%             | 1.10%            | 1.14           | 2.28          | 0.468%    |
| 1                                                                                                                                                                 | 51           | 36             | 14            | 70.59% | 2.92%             | -2.14%           | 0.81%             | 0.57%            | 1.43           | 3.68          | 0.416%    |

Results here look bullish over the next couple of weeks. A good chunk of the gains have come in the 1st four trading days. Below is a profit curve for the 4-day holding period.



That is a persistent upslope, and the curve is again near new highs. I like this study and have added it 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 held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is strongly 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 Tuesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7447.30. That is 0.5% above Monday's close. Therefore, SPX will need to close up at least 0.5% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Despite the small bounce the last couple of days, the market remains oversold. And we do have a bit of upside evidence. Of course Wednesday is a Fed day. As I discussed over the weekend, the Fed Day edge tends to be greatly impacted by how the market closes on the day prior. Strong closes that might suggest overconfidence typically eliminate at least a good chunk of the edge, while weak closes heading into a Fed day have generally been over anxiety and a Fed Day relief rally tends to occur. I have a small SPY position in the Trade Ideas section down below. If we see a strong close above the differential pivot on Tuesday, I'll look to exit. But if the market closes poorly and remains oversold then I may look to add to the position.

**Intermediate-term Outlook (2 weeks – 2 months) – updated 7/27 – *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 @ \$738.00 LIMIT ON CLOSE IF IT ALSO CLOSES IN THE BOTTOM HALF OF ITS INTRADAY RANGE.** Based on the short-term outlook above, I will look to add exposure if SPY closes down a bit and poorly on the day heading into a Fed Day on Wednesday.

## **Current Open Trade Ideas**

| Symbol   | Entry Date | Entry Price | Current Price | % Gain/Loss | Notes                                 |
|----------|------------|-------------|---------------|-------------|---------------------------------------|
| SPY(1/4) | 7/24/2026  | \$738.18    | \$739.09      | 0.12%       | <i>sell @ \$743.00 LIMIT ON CLOSE</i> |
|          |            |             |               |             |                                       |
|          |            |             |               |             |                                       |

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