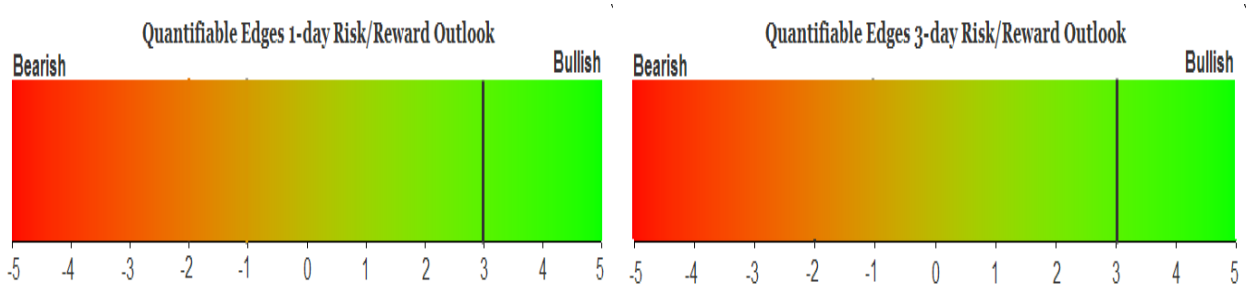
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

July 31, 2026 Volume 20 Issue 144

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- Moves from a 20-day low to a 4-day high in 1 day often see more rallying in the days and weeks that follow.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. I believe this bounce could have further to go.

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 31, 2026	SPX 20-day low, then 4-day high	1-8 days	Bullish	2.47%	-1.41%	-3.01%
July 30, 2026	SPX weak close at a 20-day low, above 200m	1-5 days	Bullish	2.01%	-1.43%	-3.05%
July 30, 2026	SPX 20-day low, largest loss in 10 days	1-7 days	Bullish	2.38%	-1.58%	-3.39%
July 28, 2026	SPY up 2 days from 10-day low, below 50ma	1-4 days	Bullish	1.91%	-1.08%	-2.31%
Active - Long Term						
July 31, 2026	SPX 20-day low, then 4-day high	1-20 days	Bullish	3.91%	-2.03%	-4.33%
July 30, 2026	SPX 3rd 1% down day in 10, above 200ma	1-20 days	Bullish	3.96%	-3.68%	-8.40%
July 30, 2026	QQQ 5th lower low, worst drop of the declin	1-20 days	Bullish	9.09%	-4.85%	-9.70%
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

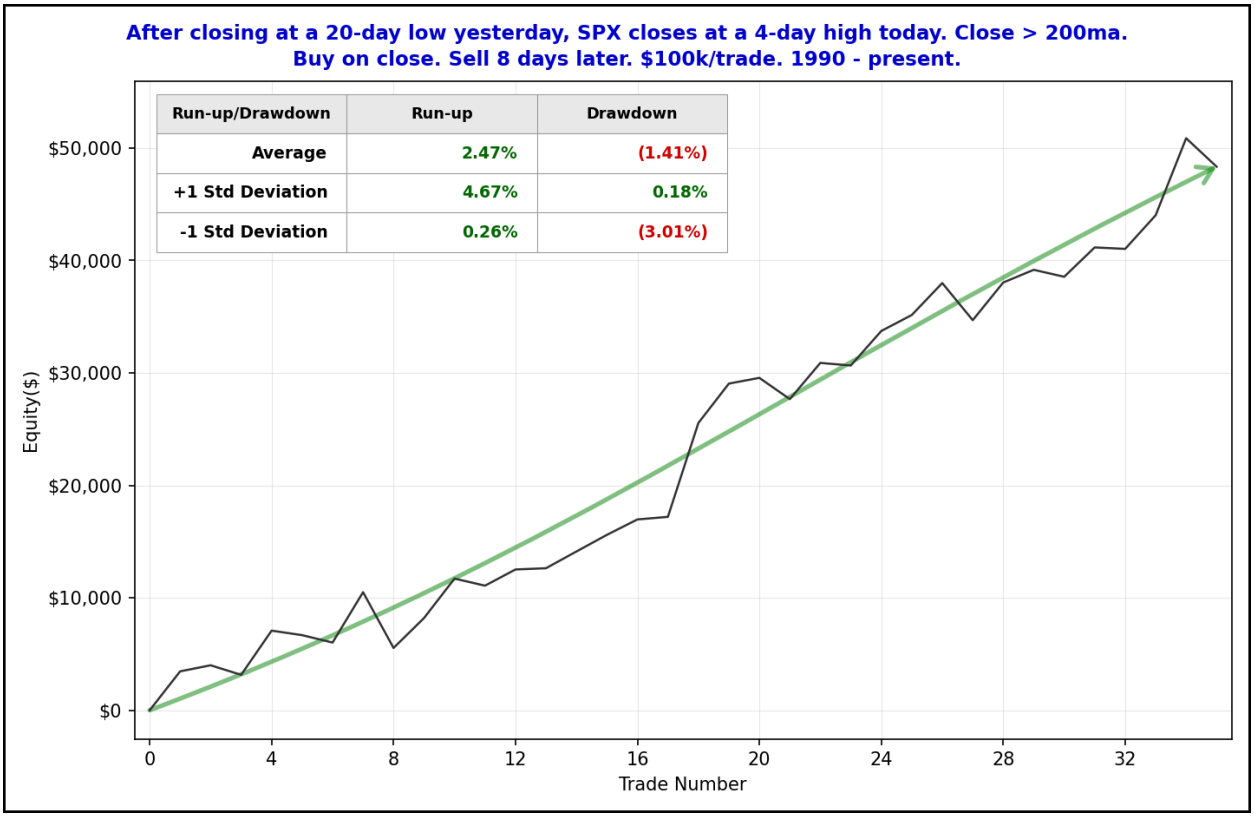
Thursday saw a very strong rebound. SPX finished up 1.7%, the NASDAQ gained 2.8%, and the Russell 2000 rallied 1.4%. But breadth was just moderately positive as the NYSE Up Issues % closed at 57% and the NYSE Up Volume % posted a 54% reading. NYSE total volume declined some from Wednesday's level.

Thursday's move was big enough to flip SPX from a 20-day low close to a 4-day high close. In the 11/3/20 letter I looked at other times in which the market put in a strong thrust off at least a 20-day low like this. I have updated the results below.

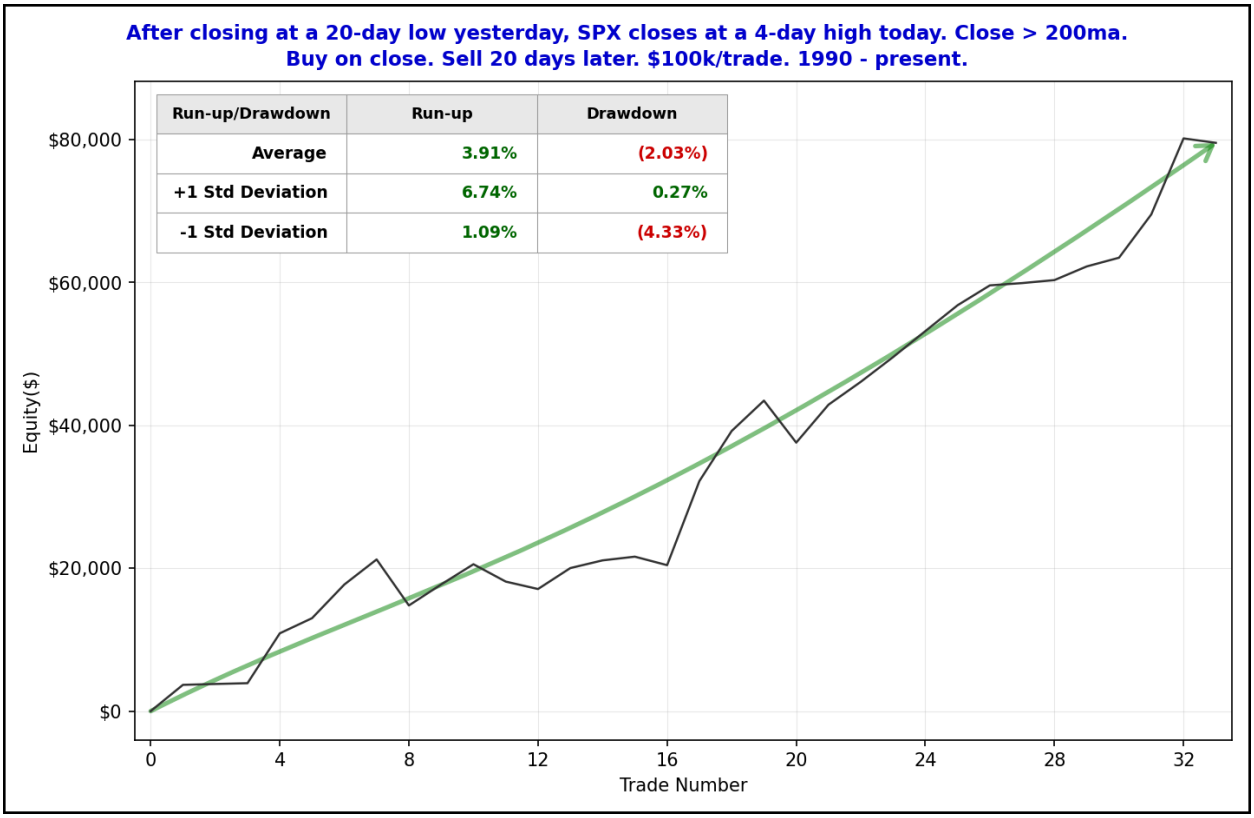
After closing at a 20-day low yesterday, SPX closes at a 4-day high today. Close > 200ma.
Buy on close. Sell X days later. 1990 - present.

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
20	33	27	6	81.82%	11.77%	-6.44%	3.60%	2.93%	1.23	5.52	2.411%
19	33	25	8	75.76%	12.14%	-6.40%	3.80%	2.25%	1.69	5.27	2.330%
18	34	27	7	79.41%	10.66%	-4.17%	3.18%	2.22%	1.43	5.52	2.067%
17	34	26	8	76.47%	11.28%	-4.29%	3.29%	2.15%	1.53	4.99	2.014%
16	34	25	9	73.53%	11.61%	-4.35%	3.26%	1.69%	1.93	5.35	1.948%
15	34	24	10	70.59%	11.27%	-4.77%	3.18%	1.53%	2.08	4.98	1.795%
14	35	27	8	77.14%	9.59%	-7.97%	3.00%	2.21%	1.36	4.58	1.807%
13	35	26	9	74.29%	9.51%	-7.43%	2.85%	2.10%	1.36	3.92	1.576%
12	35	24	11	68.57%	8.22%	-5.74%	2.95%	1.62%	1.82	3.98	1.515%
11	35	27	8	77.14%	9.04%	-5.77%	2.73%	1.73%	1.58	5.32	1.712%
10	35	25	10	71.43%	9.57%	-8.81%	2.93%	1.77%	1.65	4.13	1.587%
9	35	24	11	68.57%	8.68%	-6.43%	2.74%	1.26%	2.18	4.76	1.484%
8	35	24	11	68.57%	8.35%	-4.96%	2.69%	1.47%	1.83	3.99	1.382%
7	35	23	12	65.71%	7.93%	-4.17%	2.56%	1.56%	1.63	3.13	1.143%
6	35	21	14	60.00%	7.11%	-5.39%	2.47%	1.36%	1.82	2.73	0.941%
5	35	22	13	62.86%	7.26%	-5.40%	2.12%	1.38%	1.54	2.60	0.821%
4	36	25	11	69.44%	6.02%	-4.63%	1.86%	1.66%	1.12	2.55	0.786%
3	36	25	11	69.44%	6.05%	-4.78%	1.68%	1.67%	1.01	2.30	0.660%
2	37	27	10	72.97%	4.02%	-3.19%	1.22%	1.44%	0.85	2.28	0.499%
1	37	19	18	51.35%	2.54%	-2.07%	0.77%	0.68%	1.14	1.21	0.068%

Day 1 is a bit iffy, but after that there appears to be a strong and consistent edge over the next 4 weeks. This suggests a decent chance that Thursday's rally was the beginning of a continued move higher. I produced profit curves for the 8-day and 20-day holding periods highlighted above. First, the 8 day…



The strong, steady upslope for the 8-day period is impressive and serves as confirmation of the upside edge. Now the 20-day curve.



This one is a little choppier, but it has been strong lately. With volume declining from Wednesday's level, I also decided to do a quick check and see if that mattered. I found the number of instances were about half when requiring volume comes in lighter than the day before. Results appeared slightly better with the lower volume than with higher volume. It wasn't enough to make a big difference but it was still worth checking, and gives me confidence that the light volume is not a potential problem. This study has been added to both the short and long term active lists.

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 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 stayed 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 7461.52. That is 0.3% above Thursday's close. Therefore, SPX will need to close up at least 0.3% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is still bullish. Despite the big rally on Thursday, SPX remains short-term oversold and we're still seeing evidence that the bounce should have further to go. I have a partial SPY trade idea still open. I don't intend to add to it on Friday but I will exit at the close if SPX manages to close above its Differential Pivot, which of course would cause the aggregator formation to turn neutral or even possibly negative if compelling bearish evidence emerged.

Intermediate-term Outlook (2 weeks – 2 months) – updated 7/27 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

New

BNY @ $152.50 (buy 1/3 @ limit)

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

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	7/24/2026	$738.18	$741.69	0.48%	*see below*

I will exit SPY at the close if SPX closes >= 7461.52 on Friday.

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