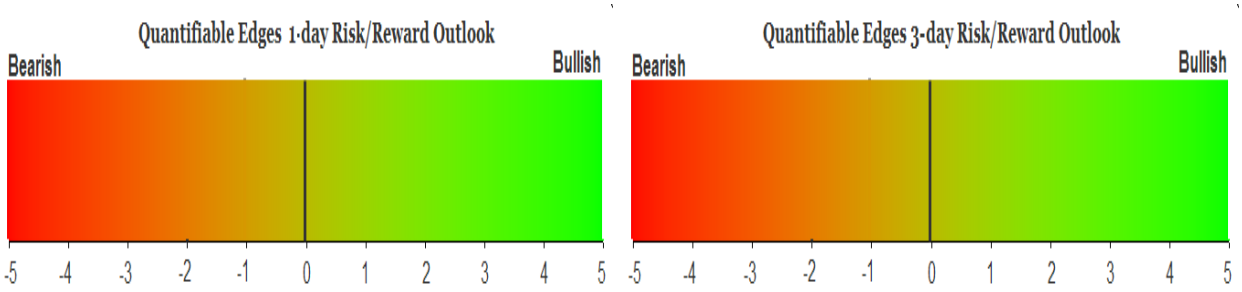
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 4, 2026 Volume 20 Issue 146

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	1

Tonight's Research Points

- Monday's action did not generate any strongly compelling new studies.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. That's where I am at 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						
August 3, 2026	VIX quickly moves from overbought to overs	1-6 days	Bullish	1.65%	-1.15%	-2.49%
July 31, 2026	SPX 20-day low, then 4-day high	1-8 days	Bullish	2.47%	-1.41%	-3.01%
Active - Long Term						
August 3, 2026	Down June & down July -> weak Aug & Sep	1-2 months	Bearish			
July 31, 2026	SPX 20-day low, then 4-day high	1-20 days	Bullish	3.91%	-2.03%	-4.33%
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

Monday was a strong day for stocks. SPX finished up 1.5%, the NASDAQ gained 2.1%, and the Russell 2000 rallied 1.7%. Breadth was solid as the NYSE Up Issues % closed at 68% and the NYSE Up Volume % posted a 70% reading. NYSE total volume dropped sharply from Friday's level.

Nothing truly compelling triggered on Monday. There was one study tonight that looked at other times when SPY posted 3 up days immediately following a 20-day low. It showed that such moves generally did not show a strong edge in either direction over the next few days. It was last featured in the 1/22/15 letter and I have updated the results below.

After closing at a 20-day low SPY closes up 3 days in a row and > 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	69	41	28	59.42%	4.98%	-5.87%	1.64%	2.10%	0.78	1.14	0.123%
4	69	40	29	57.97%	4.45%	-4.59%	1.42%	2.00%	0.71	0.98	-0.017%
3	69	42	26	60.87%	4.43%	-3.19%	1.23%	1.41%	0.87	1.41	0.218%
2	69	38	30	55.07%	3.54%	-3.42%	1.02%	1.19%	0.86	1.09	0.045%
1	69	35	32	50.72%	1.95%	-2.96%	0.72%	0.70%	1.03	1.13	0.041%

We've seen a good bounce off of an oversold condition. And it's tough to tell whether that bounce is going to continue or whether we're going to get a dip in the next few days. If it continues, we'll probably see some interesting studies emerge since SPX is extremely close to a new all-time high. But interesting studies are lacking tonight, and nothing new is getting added to the active list.

I have updated the Aggregator chart below.



Without any new studies being added, 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 below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is strongly overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation stayed flat 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 7472.86. That is 1.7% below Monday's close. Therefore, SPX will need to close down at least 1.7% on Tuesday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Monday saw a pretty good rally, but it didn't change anything. SPX is quite overbought and evidence from the past few days suggests it could go higher. If it does, it very well could make a new all-time high. Currently, reward/risk does not appear strong and I have no desire to get involved in a new short-term index trade. I will continue to wait for a more compelling setup to emerge.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/3 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

BNY @ $152.50 (buy 1/3 @ limit) – *not filled, cancel for now*

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

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

None

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