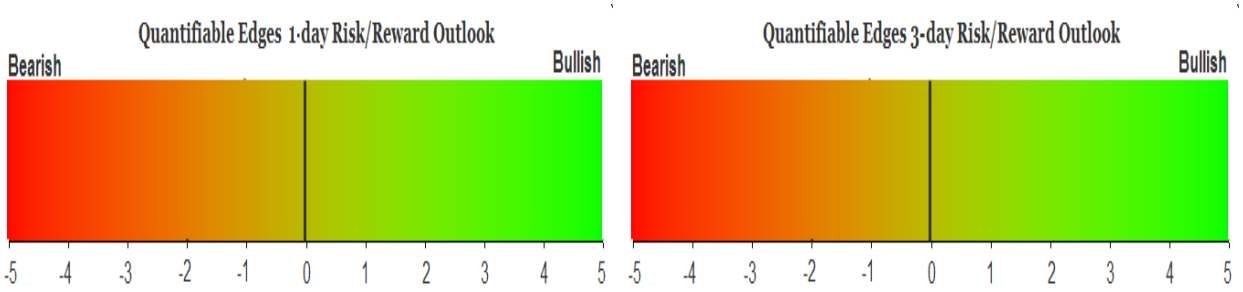
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 6, 2026 Volume 20 Issue 148

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- SPX made a 20-day intraday high and closed in the bottom 10% of its intraday range. This has historically been a bullish setup.

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 6, 2026	SPX 20-day high, closes in bottom 10% of ra	1-2 days	Bullish	0.85%	-0.59%	-1.14%
August 5, 2026	SPX up 4+ days with 3 gains over 1%	1-4 days	Bullish	2.12%	-0.77%	-1.46%
August 5, 2026	SPY 50-day high breakout with unfilled gap	1-5 days	Bullish	1.38%	-0.97%	-1.98%
Active - Long Term						
August 6, 2026	SPX 20-day high, closes in bottom 10% of ra	1-10 days	Bullish	2.05%	-1.46%	-2.77%
August 5, 2026	SPX 50-day %b crosses over 100	1-50 days	Bullish	4.91%	-4.26%	-8.73%
August 3, 2026	Down June & down July -> weak Aug & Sep	1-2 months	Bearish			
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

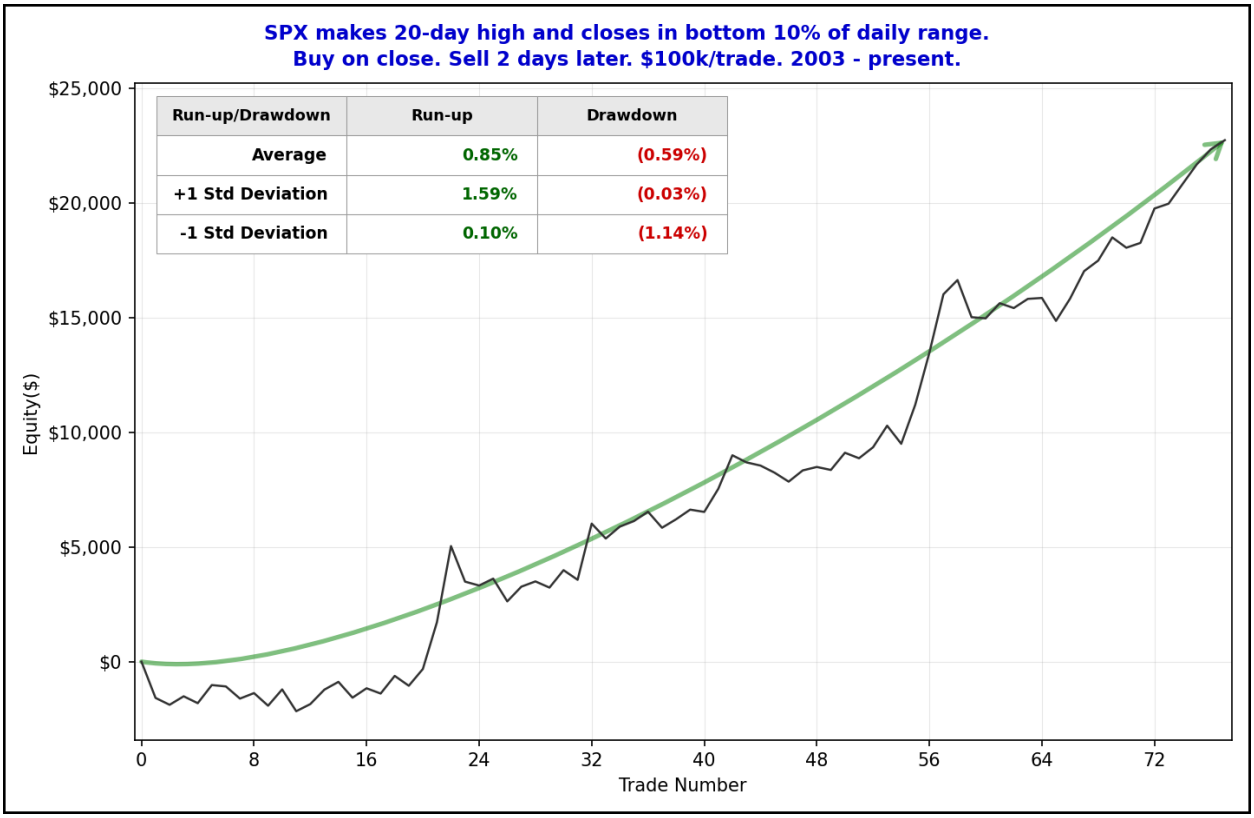
Wednesday was a moderate down day for the market. SPX finished lower by 0.2%, the NASDAQ lost 0.8%, and the Russell 2000 declined 0.6%. Breadth was mildly negative as the NYSE Up Issues % closed at 41% and the NYSE Up Volume % posted a 45% reading. NYSE total volume dropped sharply from Tuesday's level.

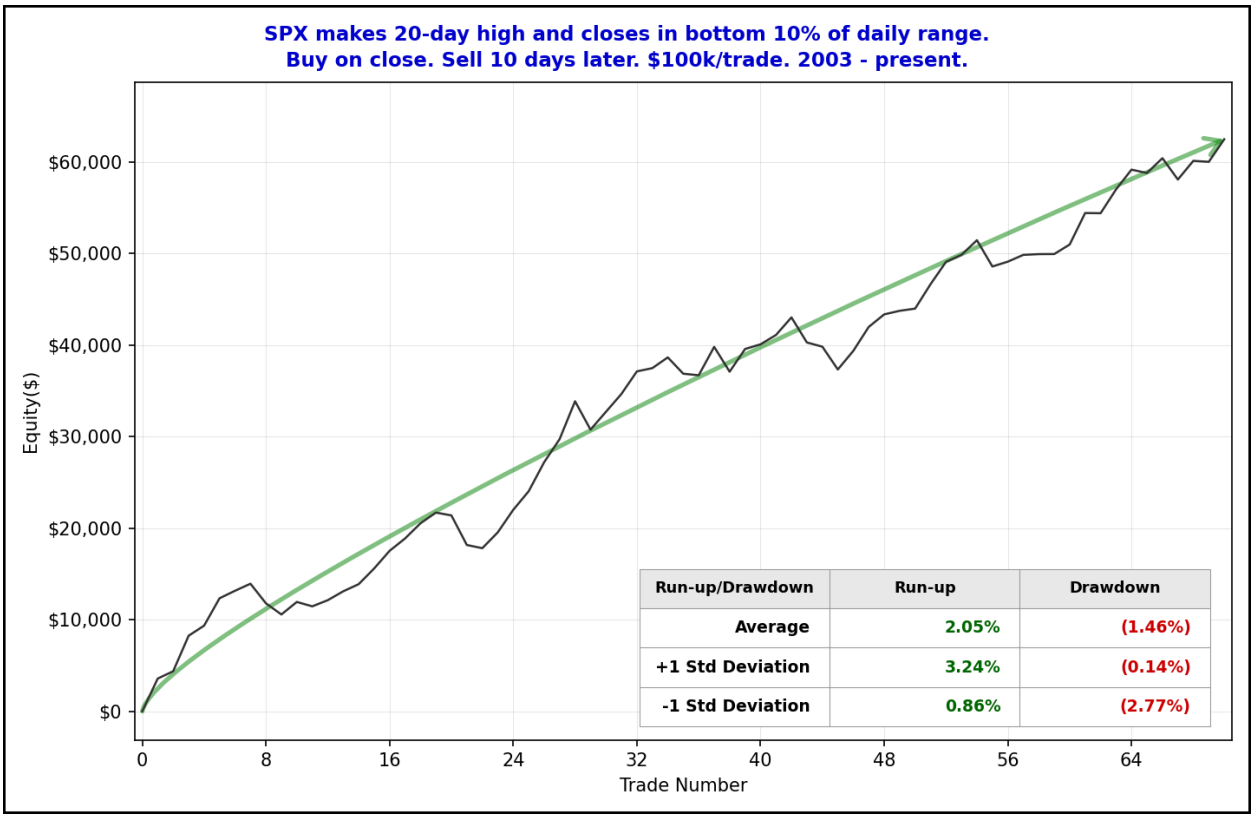
Early in the day the SPX managed to make a new intraday high. Some technicians claim these kinds of reversals have bearish implications. I have not found that to be the case. The study below, which was last seen in the 7/16/25 subscriber letter, exemplifies this. Results are updated.

SPX makes 20-day high and closes in bottom 10% of daily range.
Buy on close. Sell X days later. 2003 - 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	70	52	18	74.29%	4.14%	-3.23%	1.72%	1.49%	1.15	3.33	0.893%
9	71	51	20	71.83%	3.75%	-3.82%	1.69%	1.45%	1.17	2.98	0.809%
8	72	52	20	72.22%	4.51%	-3.83%	1.66%	1.60%	1.04	2.69	0.751%
7	73	52	21	71.23%	3.83%	-4.18%	1.49%	1.46%	1.02	2.52	0.640%
6	74	54	20	72.97%	3.80%	-3.63%	1.28%	1.32%	0.97	2.62	0.577%
5	74	46	28	62.16%	4.49%	-3.59%	1.12%	0.96%	1.17	1.92	0.334%
4	77	52	25	67.53%	5.15%	-2.53%	0.98%	1.11%	0.88	1.84	0.303%
3	77	50	27	64.94%	3.46%	-3.52%	0.91%	0.86%	1.05	1.94	0.286%
2	77	47	30	61.04%	3.32%	-1.62%	0.83%	0.54%	1.54	2.41	0.295%
1	78	53	25	67.95%	2.66%	-2.57%	0.55%	0.53%	1.04	2.20	0.204%

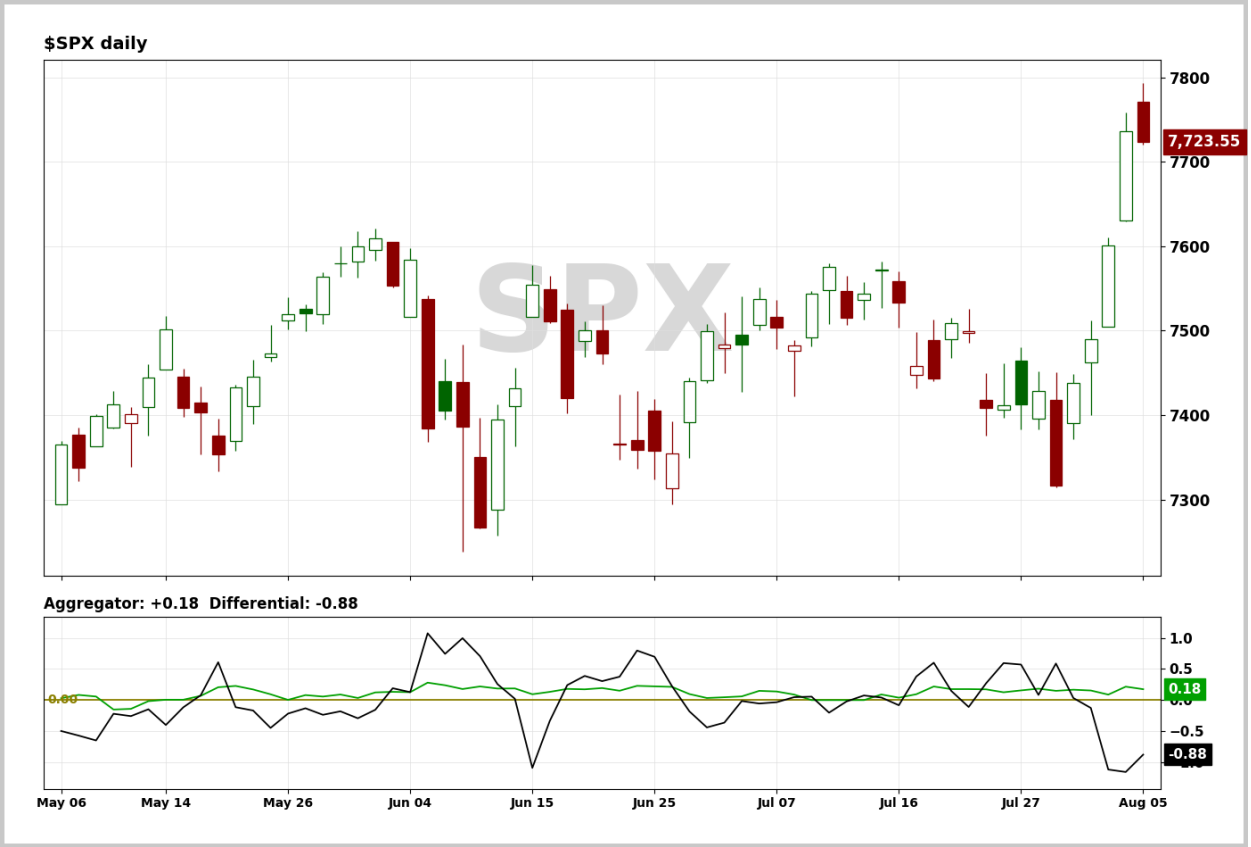
Results here seem to suggest an upside edge. Below are looks at both the 2-day and 10-day curves.


SPX makes 20-day high and closes in bottom 10% of daily range.
Buy on close. Sell 2 days later. $100k/trade. 2003 - present.
Run-up/Drawdown | Run-up | Drawdown
Average | 0.85% | (0.59%)
+1 Std Deviation | 1.59% | (0.03%)
-1 Std Deviation | 0.10% | (1.14%)
$25,000
$20,000
$15,000
$10,000
$5,000
$0
Equity($)
0
8
16
24
32
40
48
56
64
72
Trade Number


SPX makes 20-day high and closes in bottom 10% of daily range.
Buy on close. Sell 10 days later. $100k/trade. 2003 - present.
Run-up/Drawdown | Run-up | Drawdown
Average | 2.05% | (1.46%)
+1 Std Deviation | 3.24% | (0.14%)
-1 Std Deviation | 0.86% | (2.77%)
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Equity($)
0
8
16
24
32
40
48
56
64
Trade Number

The persistent upslopes appear to confirm the upside edge suggested by the statistics. I have included this study on the short and intermediate-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 below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is 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 Thursday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7629.91. That is 1.2% below Wednesday's close. Therefore, SPX will need to close down at least 1.2% on Thursday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is again neutral. While evidence is still pointing higher, Wednesday's mild pullback didn't do much to work off the strongly overbought condition after the rally of the last few days. So we would still need to see a fairly sizable dip on Thursday for a bullish Aggregator formation to emerge. I am not inclined to jump the gun. I will continue to exercise patience until the next compelling reward/risk opportunity avails itself.

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

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