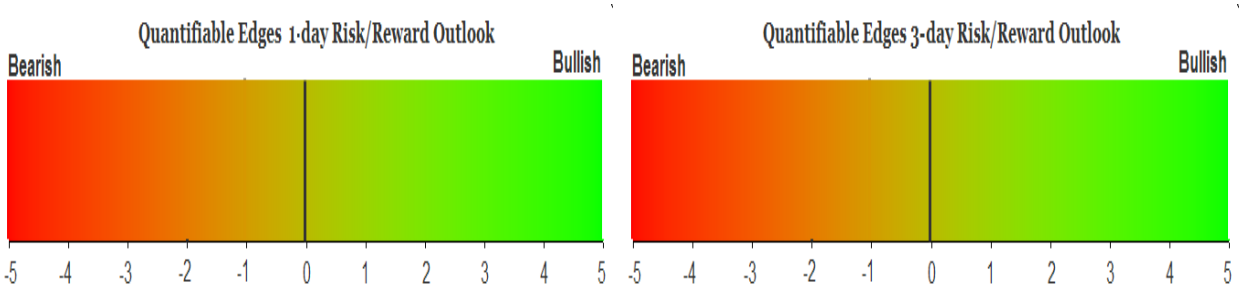
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 10, 2026 Volume 20 Issue 150

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Seasonality looks pretty good for the upcoming week.
- Odds of a rate hike declined this past week and the SOMA expanded, but I still wouldn't consider the Fed to be dovish.
- The intermediate-term bullish case is beginning to look a little better with SPX making new highs and multiple bullish intermediate-term studies emerging over the last few days.

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 7, 2026	SPX up 1.5% then 2 flat days	1-5 days	Bearish	-2.23%	1.15%	2.19%
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

Friday was a good day for the market. SPX finished up 0.6%, the NASDAQ gained 1.3%, and the Russell 2000 rallied 1.1%. Breadth was solid as the NYSE Up Issues % closed at 66% and the NYSE Up Volume % also posted a 66% reading. NYSE total volume declined some from Thursday's level.

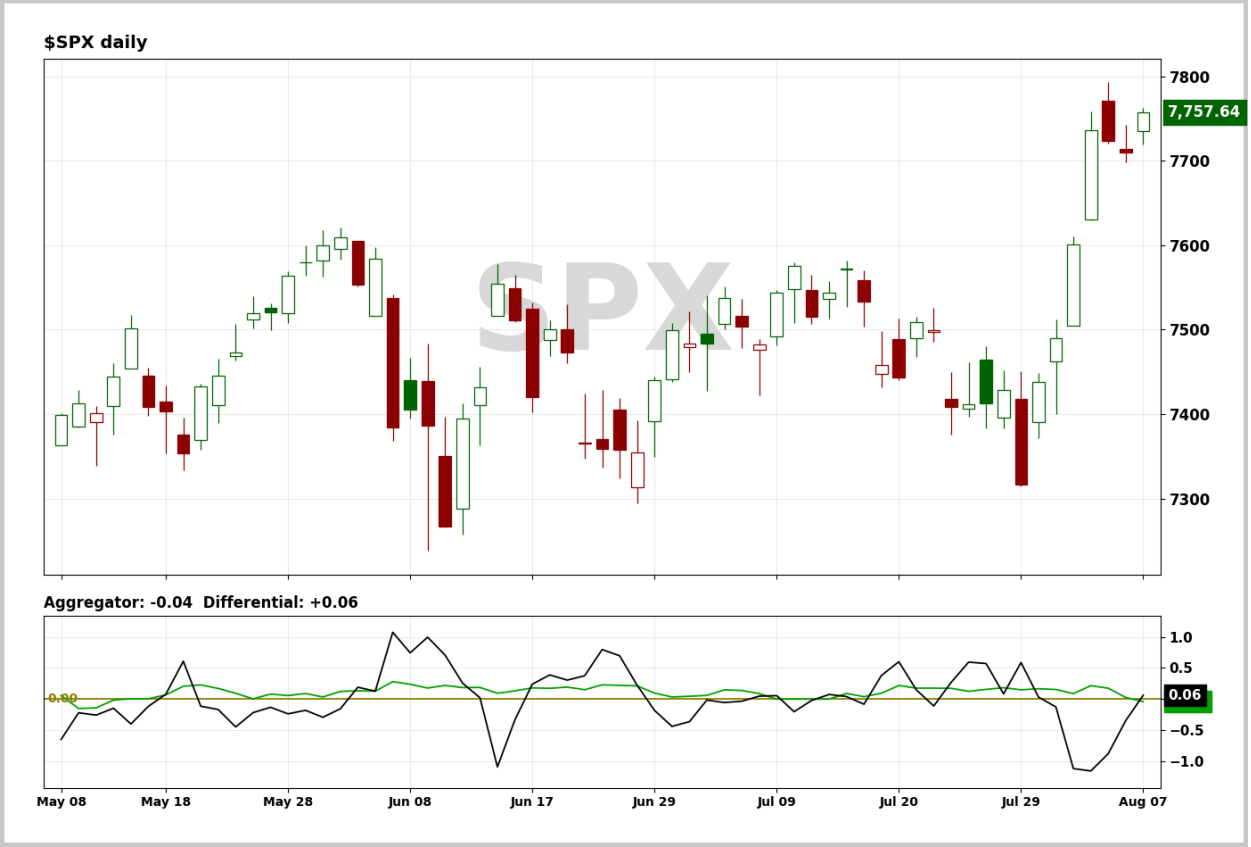
Friday's action didn't do anything to trigger compelling studies in the Quantifinder. There was only one that appeared and the edge has certainly faded over the last few years, so I'm not even going to bother with it. Nothing new is going to be added to the short-term active list today.

But let's take a quick look at the seasonality calendar for the upcoming week.

Quantifiable Edges Seasonality Calendar $SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
8/3/2026	57.41	1.373	0.108
8/4/2026	50.92	1.008	-0.002
8/5/2026	57.51	1.368	0.094
8/6/2026	52.24	1.000	-0.003
8/7/2026	54.88	1.113	0.041
8/10/2026	55.64	1.276	0.072
8/11/2026	51.68	1.231	0.064
8/12/2026	55.46	1.304	0.090
8/13/2026	52.57	1.043	-0.001
8/14/2026	53.50	1.356	0.097
8/17/2026	59.54	1.157	0.037
8/18/2026	55.01	1.170	0.050
8/19/2026	56.15	0.940	-0.029
8/20/2026	54.50	0.980	-0.007
8/21/2026	52.00	0.955	-0.017
8/24/2026	57.50	1.381	0.102
8/25/2026	53.28	1.144	0.044
8/26/2026	53.42	1.134	0.041
8/27/2026	54.61	1.172	0.053
8/28/2026	54.30	1.089	0.029
8/31/2026	57.17	1.320	0.083
Baseline	*54.76*	*1.165*	*0.056*
	QuantifiableEdges.com		

Wednesday's numbers look strong. The other four days this upcoming week are just very modestly bullish. Overall, there does appear to be a mild bullish tendency for this upcoming week. The following week doesn't look as good, and if bears are to have a chance to make any noise in August, that would look like the most opportune time.

I have updated the Aggregator chart below.



Without any new studies being added, the green Aggregator Line dipped below zero. Negative readings mean net expectations are for downside 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 negative but SPX is slightly oversold. 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 negative on Monday. This could change if compelling new bullish evidence emerges. Meanwhile, the Differential Pivot will be 7760.52. That is just *3 points* above Friday's close. Therefore, SPX will only need to close up less than 0.1% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is again neutral. Short-term evidence is light and leaning slightly bearish. Despite being at a new high, the market is slightly oversold versus where it was expected to be based on recent studies. With both lines so close to zero, there doesn't appear to be any substantial edge over the next few days. Monday's action could certainly change that. But for now, there's not much for me to do but wait and observe.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/10 – slightly bullish

Combo #1	Combo #2	Combo #3	Combo #4
Flat	Flat	Flat	Flat

Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course, which is included with all annual subscriptions. *All four combo models are again flat.*

August started with a boom, as the major indices put in a very strong week. The SPX finished up 3.6%, the NASDAQ rallied 5.2%, and the Russell 2000 rose 3.5%. Bonds also posted a good number. The US Aggregate Bond ETF (AGG) gained 0.6%. TLT, the 20-year Treasury Bond ETF, climbed 1.0%. Stocks had gone sideways for a couple of months, leaving the long-term uptrend in some doubt. But SPX closed at a new all-time high on Friday, confirming the fact that the uptrend remains in place. We also had a couple of studies emerge over the last few days with bullish intermediate-term implications. This first one below was discussed in the Tuesday night letter.

This next study looked at the SPX closing price in relation to its 50-day Bollinger Bands. In it I used 2 standard deviations in the Bollinger Band calculation. I used %b to measure where we fell. For those unaware, %b simply measures the distance between the 2 bands. So a reading of 0 means price is right at the lower band. A reading of 100 is right at the upper band. A reading of 50 would be right at the moving average being used – in this case the 50ma. So a move 2 standard deviations above the 50ma would be a %b reading of 100. I discussed this study in the 4/20/26 letter. Updated results are below.

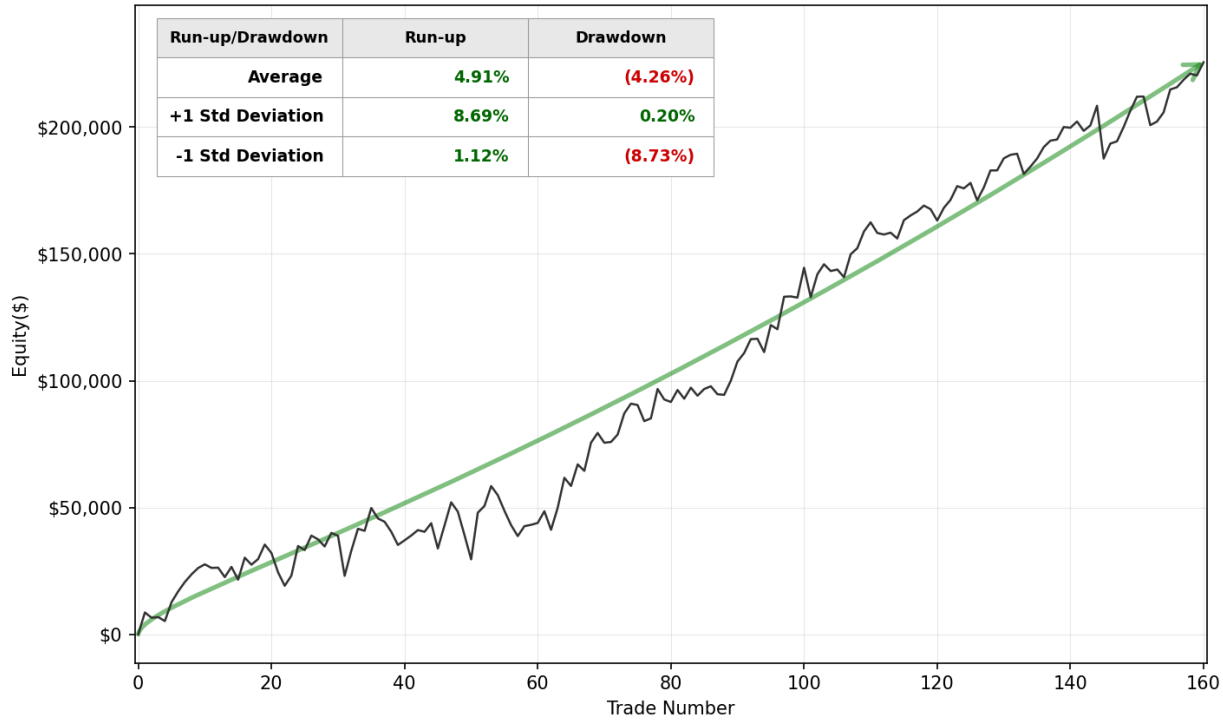
SPX 50-day %b crosses over 100.
Buy on close. Sell X days later. 1/3/1961 - present.

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
50	160	101	59	63.12%	18.41%	-20.81%	4.74%	4.29%	1.10	1.89	1.410%
45	166	99	67	59.64%	15.82%	-32.54%	4.79%	4.61%	1.04	1.54	0.998%
40	173	105	68	60.69%	17.63%	-28.06%	4.42%	4.25%	1.04	1.60	1.010%
35	182	110	72	60.44%	15.79%	-14.06%	4.02%	3.76%	1.07	1.63	0.939%
30	190	114	76	60.00%	11.93%	-14.60%	3.26%	3.46%	0.94	1.41	0.571%
25	197	114	83	57.87%	10.87%	-8.88%	2.96%	3.11%	0.95	1.31	0.402%
20	209	119	90	56.94%	9.52%	-10.21%	2.70%	2.74%	0.99	1.30	0.357%
15	231	134	97	58.01%	7.86%	-9.84%	2.32%	2.60%	0.89	1.23	0.253%
10	257	159	98	61.87%	8.25%	-9.14%	1.67%	2.17%	0.77	1.25	0.208%
5	309	177	131	57.28%	5.03%	-6.75%	1.10%	1.33%	0.83	1.12	0.066%

Results generally appear moderately bullish. They seem to suggest that the kind of strong momentum that would have SPX closing above its 50-day Bollinger Band favors more upside rather than a possible reversal. The "% Profitable" is not terribly high, but I produced a profit curve below to see how the edge has played out over time.

SPX 50-day %b crosses over 100.
Buy on close. Sell 50 days later. $100k/trade. 1/3/1961 - present.

Run-up/Drawdown	Run-up	Drawdown
Average	4.91%	(4.26%)
+1 Std Deviation	8.69%	0.20%
-1 Std Deviation	1.12%	(8.73%)



That's a pretty steady upslope for a study without a very high "% Profitable". Overall, I like this study enough to add it to the intermediate-term active list.

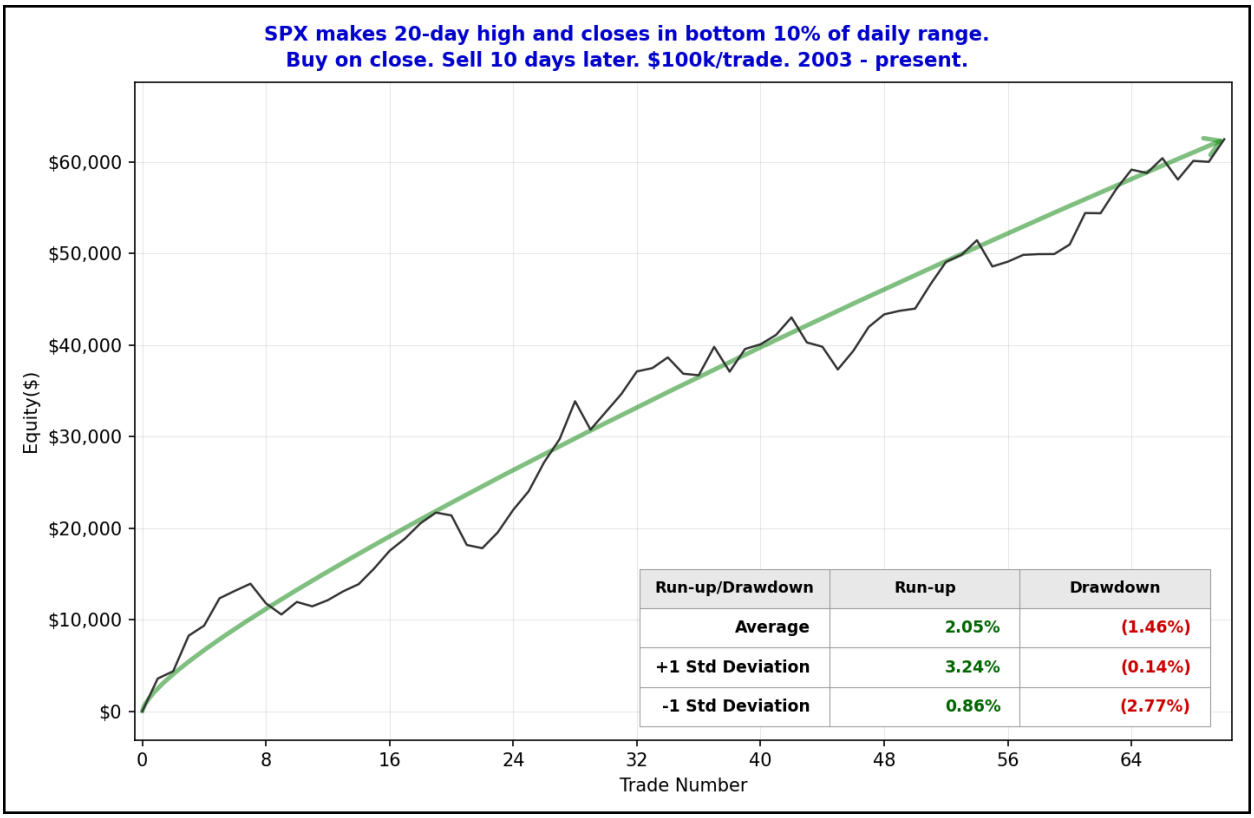
Then on Wednesday night we saw this study emerge:

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.

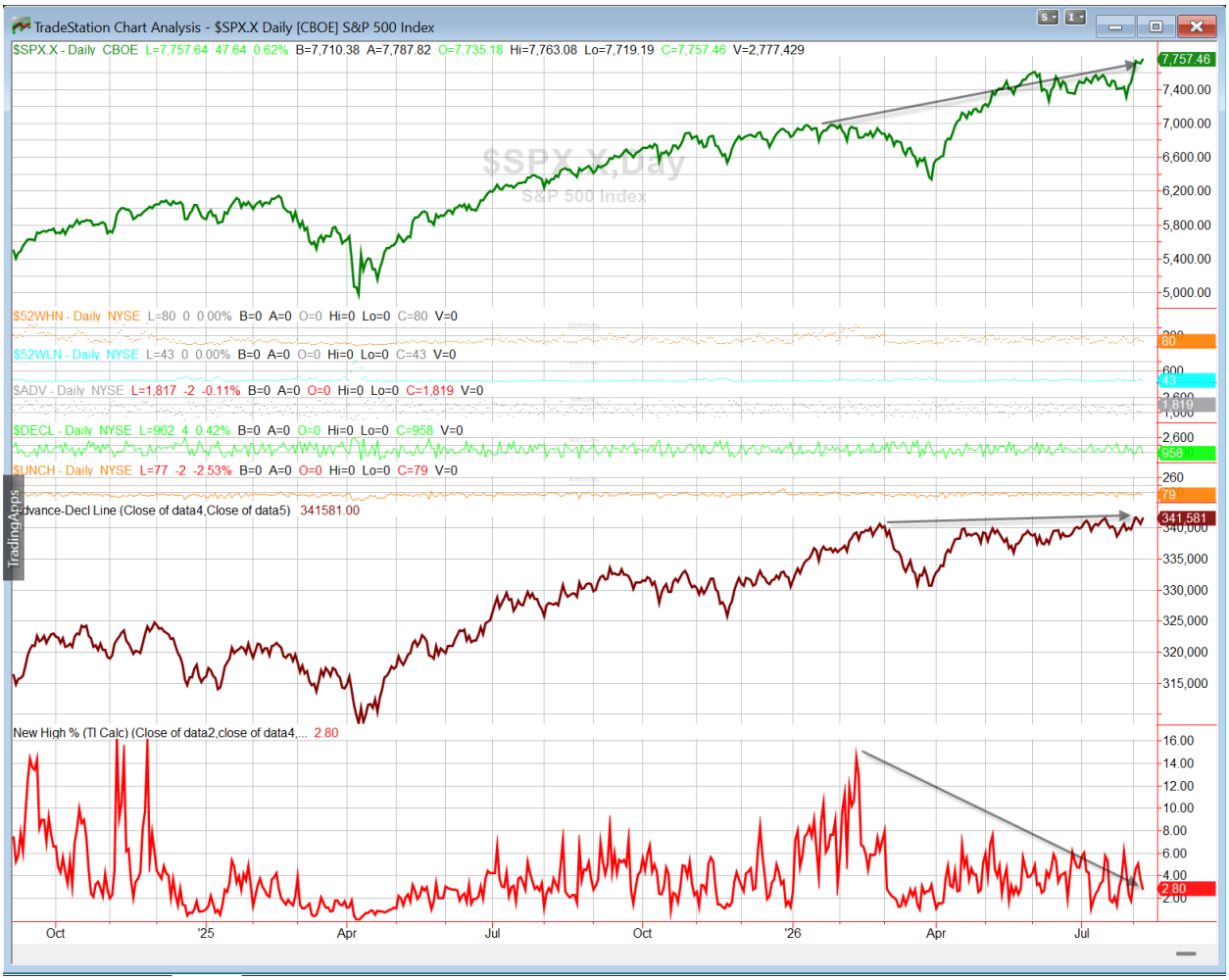
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
10	70	52	18	74.29%	4.14%	-3.23%	1.72%	1.49%	1.15	3.33	0.893%
9	71	51	20	71.83%	3.75%	-3.82%	1.69%	1.45%	1.17	2.98	0.809%
8	72	52	20	72.22%	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...



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.

While the rally continues, an important breadth measure is still lagging. As I have discussed the in the past, the QE Study of Tops shows that nearly every major market top since 1970 saw a breadth divergence occur ahead of it. The lone exception was 2020. The measurements the study looks at are 1) the NYSE Advance/Decline Line, and 2) the % of NYSE stocks making new highs. Here is an updated look at where we are now:

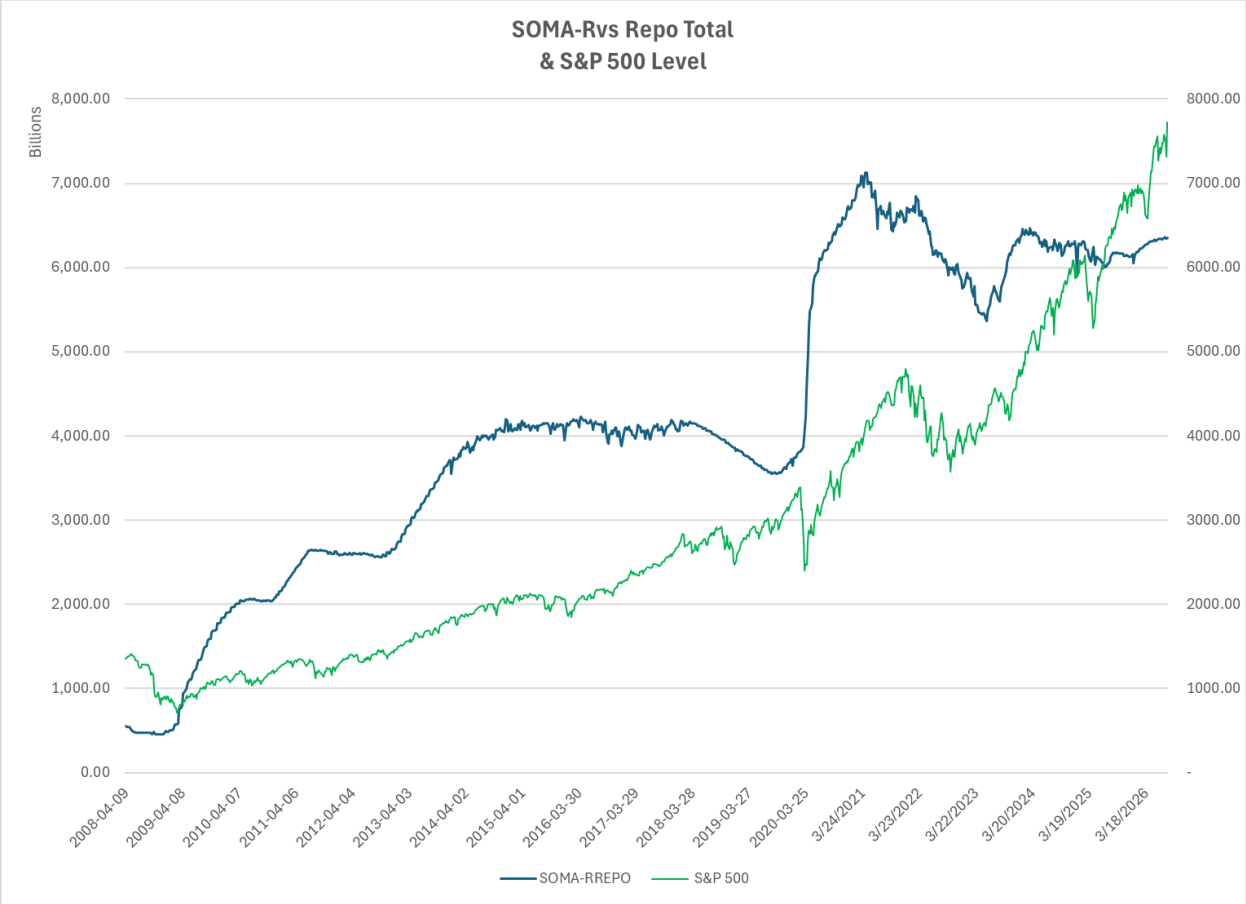


The Advance/Decline line has managed a new high. But the New High % is ***way*** off. This is not a trigger to sell. It is a condition that sets the stage for a possible major top. But that top could still be many weeks or months away. If this divergence resolves itself and the New High % makes a new high, then we will be back to a point where the market would be unlikely to top out for at least 2-3 more months. So it is nothing to act on yet. But it is something that bears watching.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Domestic Security Holdings as of 2026-08-05	
SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills	524,876,926.7
US Treasury Notes and Bonds	3,601,804,749.0
US Treasury FRNs	20,045,553.8
US Treasury TIPS	276,076,310.7
Federal Agency Securities	2,347,000.0
Agency MBS	1,923,337,226.0
Agency CMBS	7,517,477.2
Total SOMA Holdings	**6,356,005,243.5**
Change From Prior Week	**+10,358,000.0**

The SOMA rose by about $10.4 billion this week (almost the exact amount it declined last week). This provided some additional liquidity to the system. Meanwhile, reverse repos declined by about $900 million for the week ending 8/5/26. A drop in reverse repos can act as a liquidity injection. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about $11.3 billion (through Wednesday the 5th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos remain quite low. So unless that changes, they will not be providing too much influence on liquidity flows. Quantitative Easing had been providing some support for the bulls, but that no longer appears to be the case since Warsh took over. Fed policy seems to be getting more hawkish and we will likely see a rise in rates within the next few meetings.

With regards to rates, odds shifted again this past week. The September meeting now shows about a 44% chance of a rate increase. That's down quite a bit from the 67% reading we saw last week. Looking out to October, odds currently show a 59% chance that rates are elevated vs today's rates. That's down from 77% a week ago. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.

FedWatch Tool

Target Rate
Current
Compare
Probabilities
Aggregated

Historical
Historical
Downloads
Prior Hikes

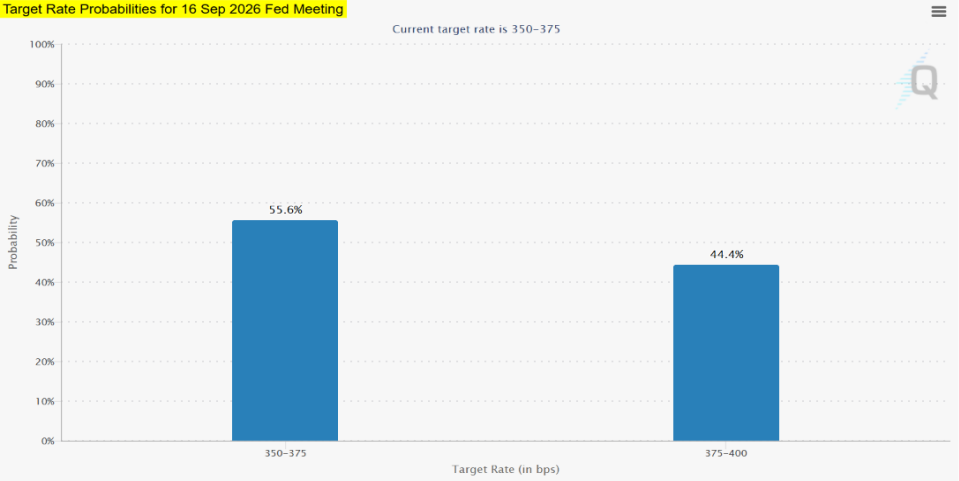
Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 27 Oct27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
16 Sep 2026	ZQU6	30 Sep 2026	96.3150	25,962	236,789	0.0 %	55.6 %	44.4 %

Target Rate Probabilities for 16 Sep 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 6 AUG 2026	1 WEEK 31 JUL 2026	1 MONTH 8 JUL 2026
350-375 (Current)	55.6%	45.0%	33.0%	33.4%
375-400	44.4%	55.0%	67.0%	50.6%
400-425	0.0%	0.0%	0.0%	16.0%

* Data as of 8 Aug 2026 01:45:59 CT

1/1/2028 and forward are projected meeting dates

FedWatch Tool

Target Rate
Current
Compare
Probabilities
Aggregated

Historical
Historical
Downloads
Prior Hikes

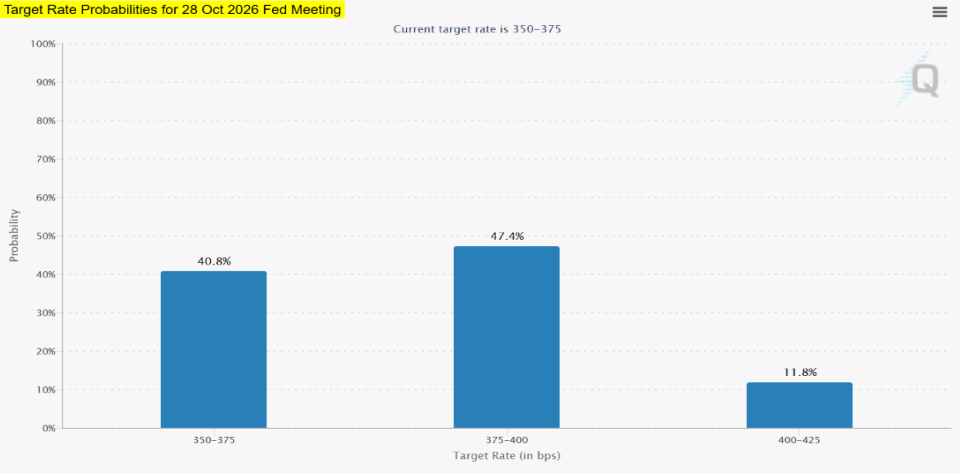
Dot Plot
Chart
Table

Tools
CVOL
SOFR Watch
ESTR Watch

16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 27 Oct27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
28 Oct 2026	ZQV6	30 Oct 2026	96.2500	203,592	490,816	0.0 %	40.8 %	59.2 %

Target Rate Probabilities for 28 Oct 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 6 AUG 2026	1 WEEK 31 JUL 2026	1 MONTH 8 JUL 2026
350-375 (Current)	40.8%	31.0%	22.8%	25.2%
375-400	47.4%	51.9%	56.5%	46.4%
400-425	11.8%	17.1%	20.8%	24.4%
425-450	0.0%	0.0%	0.0%	3.9%

* Data as of 8 Aug 2026 01:51:00 CT

1/1/2028 and forward are projected meeting dates

As we have seen over and over, odds continually shift, so we will likely see further refinement as we get closer to these meeting dates. But at this point it certainly seems that the next Fed move is quite a bit more likely to be a hike in rates than it is to be a cut. And that move very well could come in the next few months.

Intermediate-term evidence is starting to lean more bullish. We saw a couple of studies this past week suggesting the uptrend is not yet done. We also have several prior price thrust type studies suggesting more gains to come. The new high this week means the trend has to be viewed as up. But the Nasdaq being in a lagging position is still a yellow flag. Still, that indicator made some progress this past week and we could see that flip as early as this upcoming week if the NASDAQ outperforms. Of course the Fed appears somewhat hawkish, or at best neutral. From a breadth standpoint we would certainly like to see an expansion in the number of NYSE stocks making new highs. Long-term seasonality is now bearish through October, and the study I showed last weekend suggests September could be especially dangerous. Geopolitical risks can pop up at any time. Overall, the bullish case is starting to look a little better. Of course bulls still need to fight a lagging Nasdaq, a hawkish Fed, middling breadth, and weak intermediate-term seasonality. But with the trend confirmation this past week and the additional studies suggesting more upside, I'm inclined to move my bias to slightly bullish. I may still be a little cautious with long trades, but I will be especially careful when considering short side positions.

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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