QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 14, 2026 Volume 20 Issue 154

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- 2 unfilled up gaps and a 50-day high are a short-term positive.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. Reward/risk does not appear to be strongly favorable in either direction.

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 14, 2026	SPY 2 unfilled up gaps at a 50-day high	1-4 days	Bullish	0.94%	-0.86%	-1.87%
Active - Long Term						
August 12, 2026	Hindenburg Omen - 4th signal in 30 days	1-35 days	Bearish	-6.54%	2.95%	4.86%
August 12, 2026	SPY inside the 50-day-high day's range 5 day	1-10 days	Bullish	2.06%	-1.25%	-2.63%
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			
Dropped Tonight (target hit, or avg drawdown + 1 std dev exceeded)						
August 12, 2026	*SPY inside the 50-day-high day's rang*	*1-3 days*	*Bullish*	*1.00%*	*-0.73%*	*-1.46%*

The Evidence

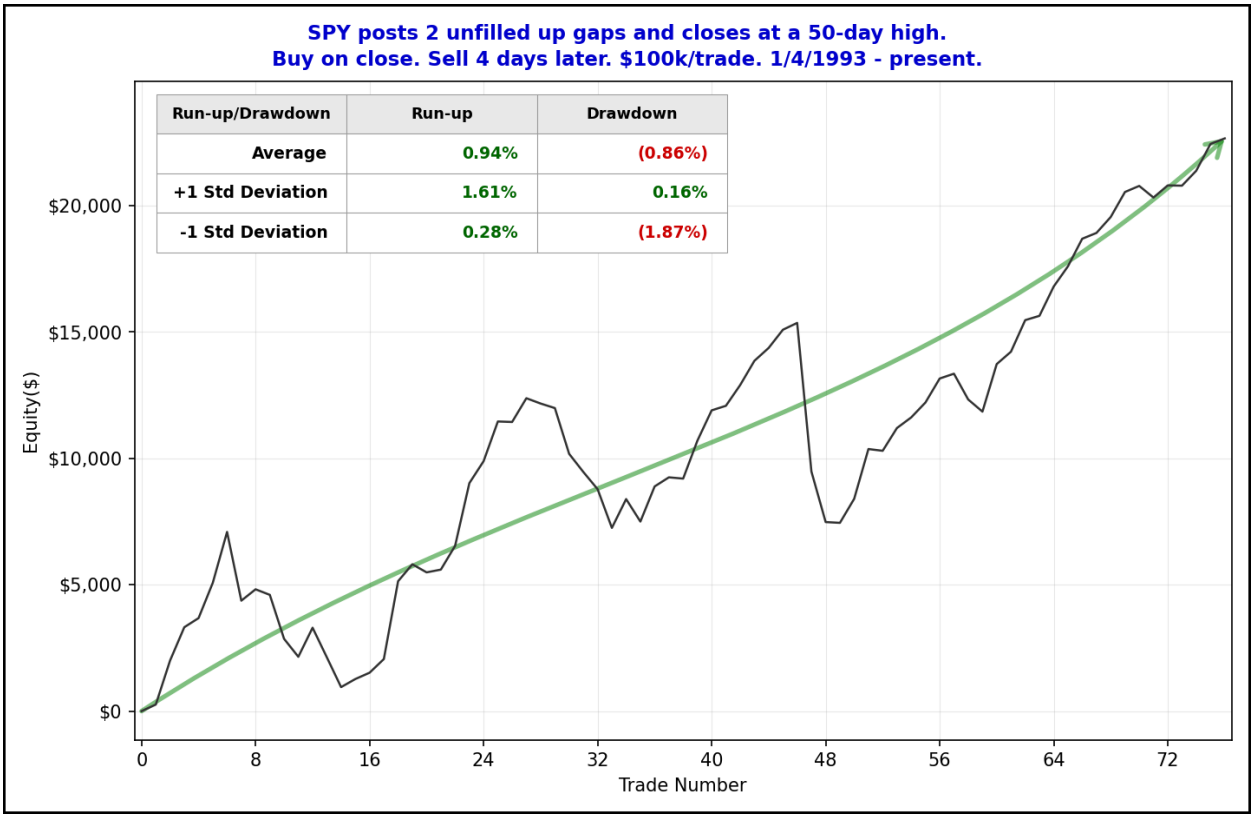
Thursday was a good day for the market. SPX finished up 0.7%, the NASDAQ gained 0.8%, and the Russell 2000 rose 0.2%. Breadth was solid as the NYSE Up Issues % closed at 64% and the NYSE Up Volume % posted a 68% reading. NYSE total volume rose some from Wednesday's level.

Thursday not only saw SPY make a new high, but it was also the 2nd day in a row with an unfilled gap up. The study below was last seen in the 5/27/26 letter. It examined other times SPY left at least 2 unfilled up gaps and closed at a 50-day high.

SPY posts 2 unfilled up gaps and closes at a 50-day high.
Buy on close. Sell X days later. 1/4/1993 - present.

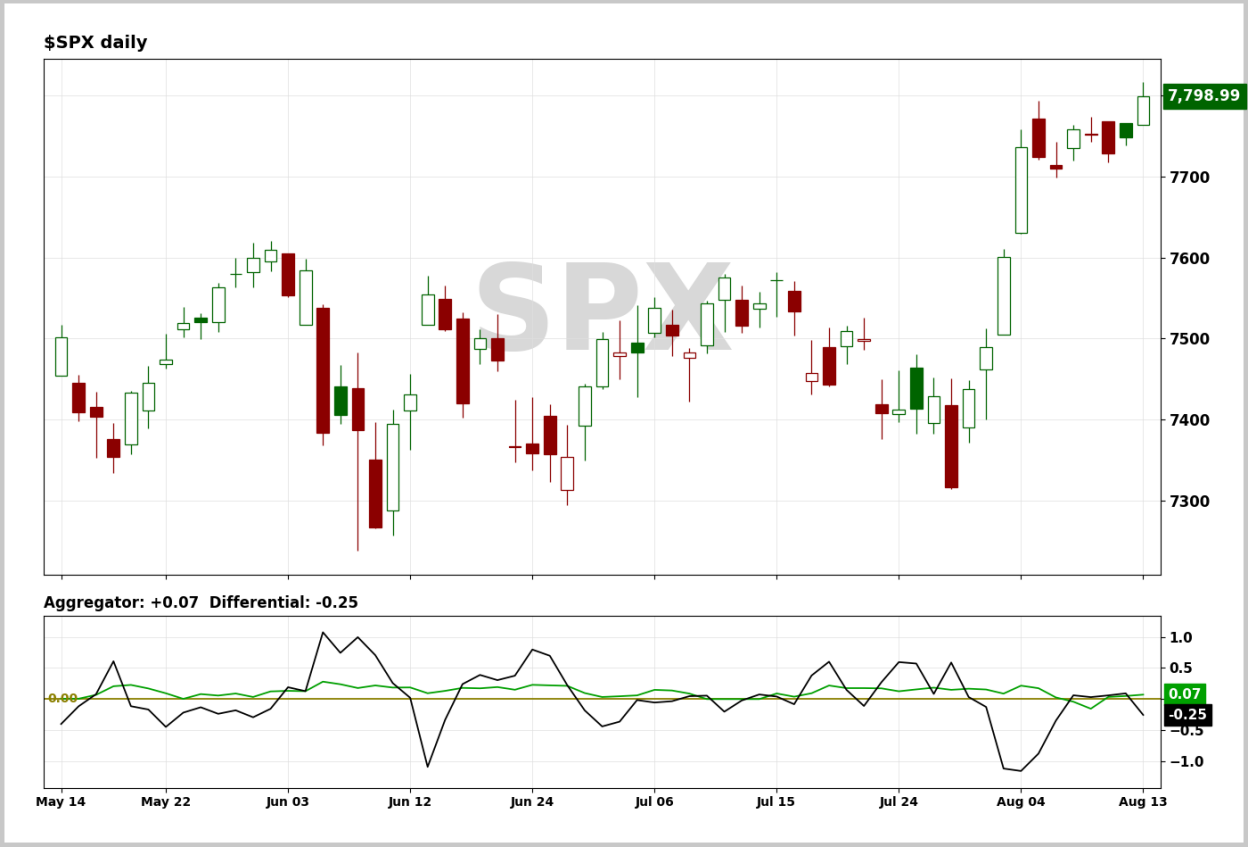
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	75	51	24	68.00%	3.38%	-5.00%	0.95%	1.25%	0.76	1.62	0.248%
4	76	52	24	68.42%	3.08%	-5.88%	0.90%	1.00%	0.90	1.94	0.298%
3	76	54	20	71.05%	2.66%	-6.99%	0.66%	0.95%	0.69	1.86	0.215%
2	78	48	30	61.54%	1.38%	-1.73%	0.49%	0.47%	1.03	1.64	0.117%
1	90	47	42	52.22%	1.44%	-1.94%	0.35%	0.33%	1.06	1.18	0.028%

The size of the follow-through isn't terribly large, but the numbers appear consistent enough to warrant further examination. Below is the 4-day profit curve.



This curve was quite choppy for a while, but over the last 5 years it has rallied strongly and continuously posted new highs. I have decided to add this study to the active list.

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 fell 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 turned flat 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 7715.05. That is 1.1% below Thursday's close. Therefore, SPX will need to close down at least 1.1% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is back to neutral. While tonight's study says we have a good chance of moving higher over the next few days, the overbought condition makes reward/risk less appealing. If we get a dip, I'd be more interested. But it looks like another day of sitting and waiting for a more compelling setup before taking on a potential new index trade.

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

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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