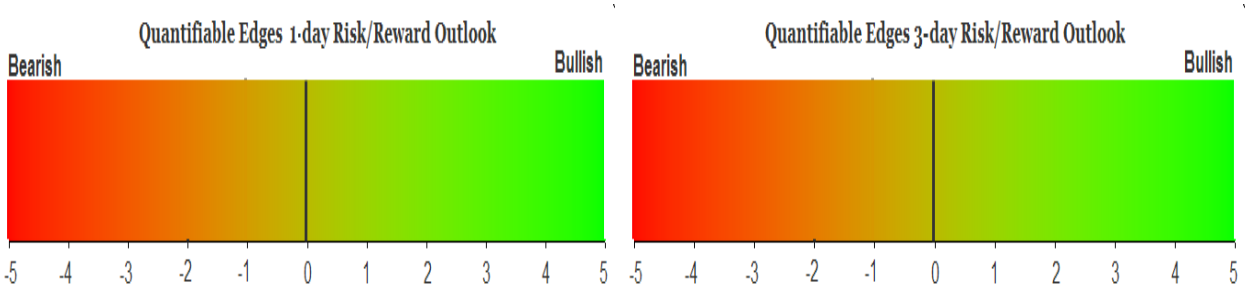
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 17, 2026 Volume 20 Issue 155

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- OpEx week in August has been inconsistent historically.
- This past week saw a moderate increase in the SOMA, helping from a liquidity standpoint.
- The trend remains up, but there are some warning signs based on the lack of New Highs being made by individual stocks.

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			

The Evidence

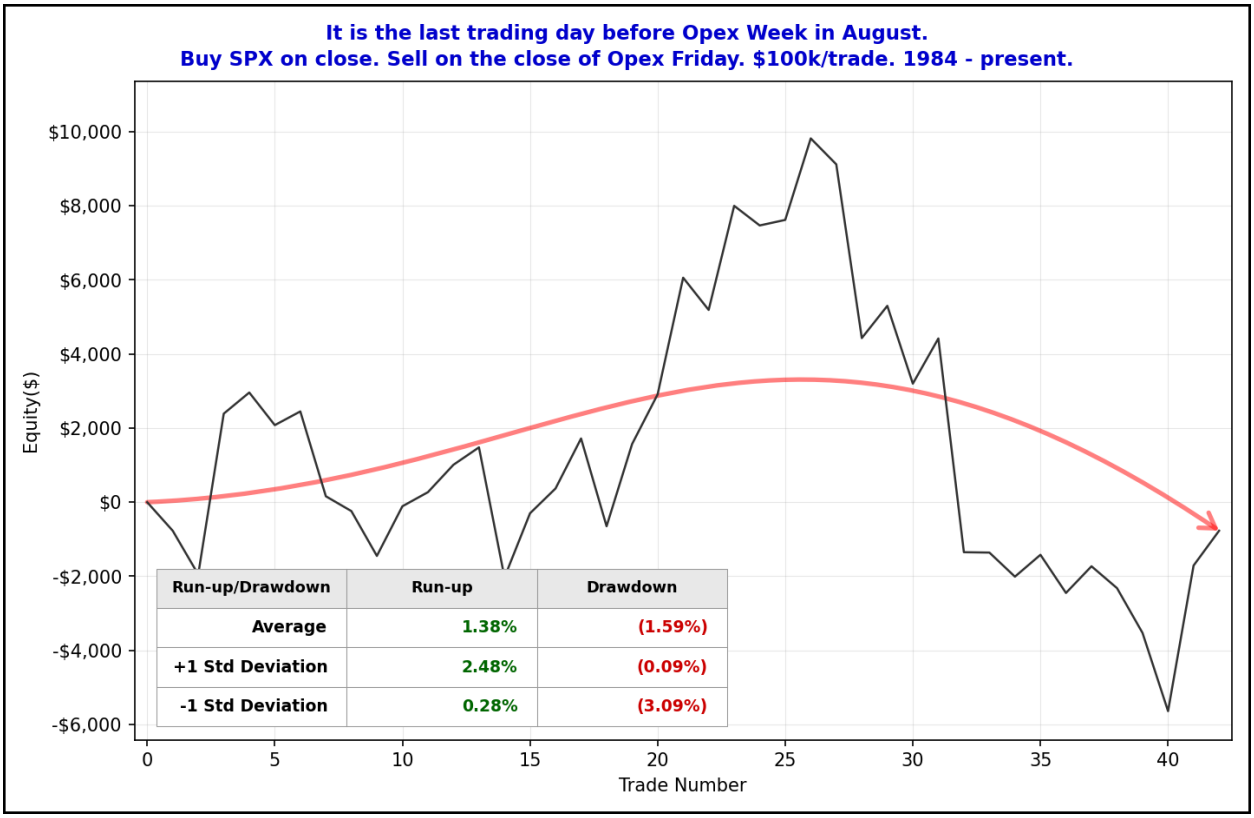
The market was mixed on Friday. SPX finished down 0.2%, the NASDAQ lost 0.3%, and the Russell 2000 climbed 0.5%. Breadth was moderately positive as the NYSE Up Issues % closed at 50% and the NYSE Up Volume % posted a 56% reading. NYSE total volume declined some from Thursday's level.

Op-ex week has been a fairly bullish week historically. But that has not been the case during the summer months. The table below is one I've shown many times over the years, most recently in March. It goes back to 1984 and shows op-ex week performance broken down by month.

Opex Week SPX Performance by Month. (Excludes Sep 2001)
Buy SPX on close of the last trading day before Opex week. Sell on the close of Opex Friday. 1984 - present.

Month	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
12	42	30	12	71.43%	5.88%	-7.05%	1.45%	1.83%	0.79	1.98	0.514%
11	42	24	18	57.14%	3.74%	-8.39%	1.39%	1.73%	0.80	1.07	0.053%
10	42	32	10	76.19%	7.32%	-9.12%	1.99%	2.98%	0.67	2.13	0.805%
9	41	24	17	58.54%	5.35%	-4.99%	1.48%	1.39%	1.07	1.51	0.294%
8	42	22	20	52.38%	4.34%	-5.77%	1.46%	1.64%	0.89	0.98	-0.018%
7	43	23	20	53.49%	6.97%	-7.99%	1.27%	1.54%	0.83	0.95	-0.035%
6	43	25	18	58.14%	3.80%	-5.79%	1.20%	1.79%	0.67	0.93	-0.051%
5	43	21	22	48.84%	5.27%	-4.99%	1.89%	1.63%	1.16	1.11	0.093%
4	43	26	17	60.47%	5.68%	-3.59%	2.23%	1.48%	1.50	2.30	0.760%
3	43	28	15	65.12%	7.50%	-14.98%	2.06%	2.33%	0.88	1.65	0.526%
2	43	23	20	53.49%	4.30%	-6.87%	1.63%	1.17%	1.39	1.59	0.325%
1	43	20	23	46.51%	5.39%	-5.68%	2.13%	1.58%	1.35	1.17	0.144%

August is right there with June and July, with a slightly positive win percent and a slightly negative average trade. Below is a profit curve that shows how OpEx week in August has played out over since 1984.



Lots of back and forth. No real consistency. There does not seem to be a seasonal edge associated with OPEX week in August.

Of course the seasonality calendar uses different algorithms, rather than just looking at the week of the month. So let's take a peek at how this upcoming week appears on the seasonality calendar.

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		

Interestingly we see much of the same here. Very neutral-looking upcoming week.

From a price action standpoint, nothing triggered on Friday that was truly compelling. So there will not be any new short-term studies added to the active list today.

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 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 Monday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7742.78. That is 0.6% below Friday's close. Therefore, SPX will need to close down at least 0.6% on Monday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is neutral. Evidence is weak, short-term seasonality is neutral, and the S&P 500 is mildly overbought. I am not seeing a high probability entry opportunity here. I will continue to exercise patience and wait for the next favorable reward/risk setup to emerge before considering my next move.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/17 – neutral

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.*

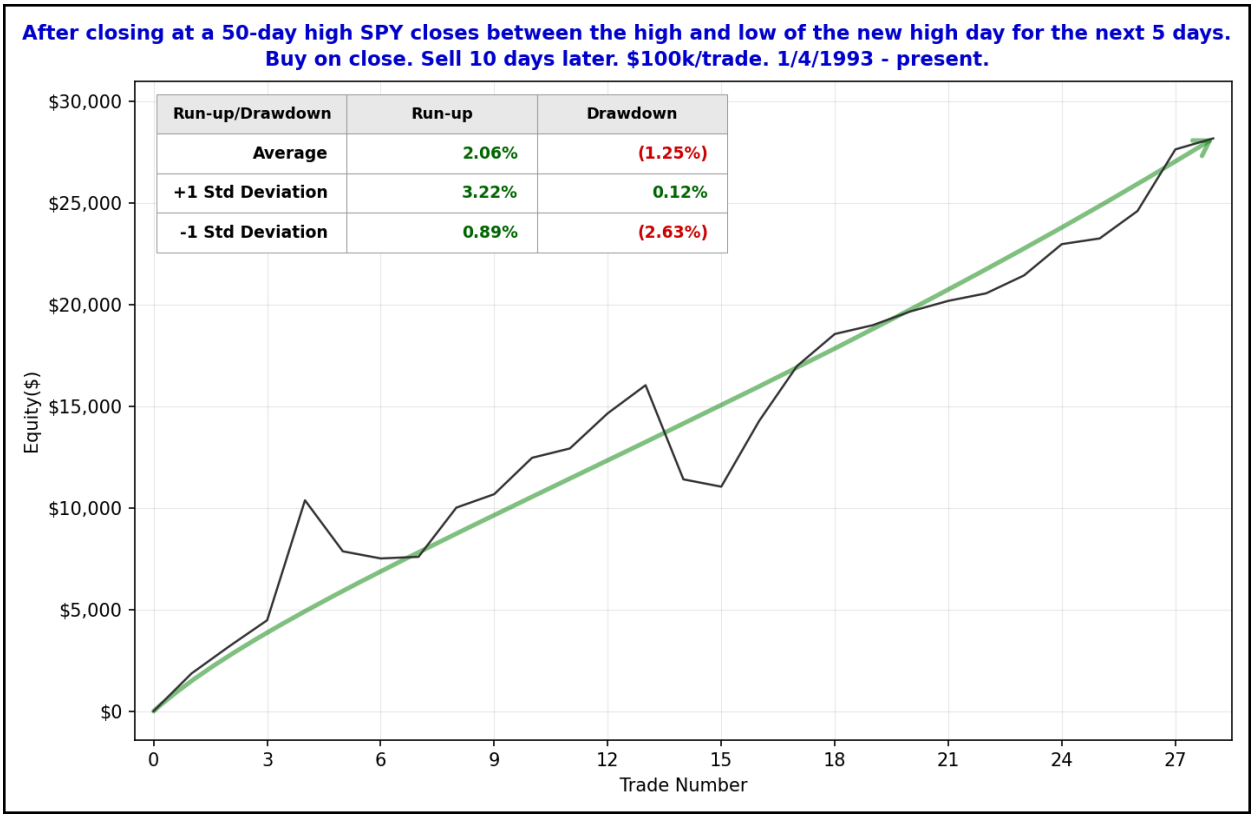
This past week saw some back and forth but ended with mostly mild gains for the major indices. The SPX finished up 0.4%, the NASDAQ rose 0.1%, and the Russell 2000 gained 1.1%. Bonds struggled. The US Aggregate Bond ETF (AGG) dipped 0.1%. TLT, the 20-year Treasury Bond ETF, fell 0.9%. SPX again made new all-time highs this week so the long-term uptrend certainly appears to be in place. In Tuesday night's letter we saw a couple of studies with potential intermediate-term implications. One leaned bullish and the other bearish. I have copied them below, starting with the bullish study.

The range over the last week has been extremely tight. Every SPY close in the 5 days since 8/4 has been within the intraday range of that 8/4/26 bar. It is said that consolidations are often resolved in the direction of the trend. This guideline suggests that we're more likely to see another leg up from here than a breakdown. The study below tests this concept. It was last seen in the 3/1/24 letter and has been updated.

After closing at a 50-day high SPY closes between the high and low of the new high day for the next 5 days.
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
10	28	24	4	85.71%	5.90%	-4.63%	1.50%	1.96%	0.76	4.59	1.006%
9	28	25	3	89.29%	5.90%	-3.32%	1.28%	1.88%	0.68	5.67	0.942%
8	28	23	5	82.14%	5.01%	-2.60%	1.41%	1.81%	0.78	3.59	0.838%
7	28	21	7	75.00%	2.95%	-3.48%	1.27%	1.84%	0.69	2.06	0.490%
6	28	19	8	67.86%	2.80%	-3.02%	1.25%	1.46%	0.86	2.03	0.430%
5	28	18	10	64.29%	2.41%	-3.78%	1.12%	1.06%	1.06	1.90	0.343%
4	28	19	8	67.86%	2.14%	-2.70%	0.98%	0.88%	1.12	2.66	0.415%
3	28	19	8	67.86%	2.41%	-2.37%	0.87%	0.61%	1.44	3.41	0.417%
2	29	19	8	65.52%	1.56%	-1.97%	0.71%	1.04%	0.68	1.62	0.179%
1	30	19	11	63.33%	1.07%	-2.04%	0.44%	0.61%	0.72	1.24	0.054%

It certainly appears to confirm the old technical adage. Results favor the long side over the immediate 3-day period and they are even more impressive when looking out 8 to 10 days…



The persistent move from lower left to upper right serves as some confirmation of the upside edge… I find this study appealing and believe it is worth considering over both very short and intermediate-term timeframes.

One intermediate-term notable is that we have seen multiple Hindenburg Omen signals trigger in the last few weeks. Monday and Tuesday both saw Hindenburg Omen signals. I last discussed the Hindenburg Omen in detail in April. I have updated the notes and research below.

The Hindenburg Omen was created by Jim Miekka in 1995. It looks to identify times when there is a split market developing, which could signal trouble ahead. Tuesday marked the 4th recent Hindenburg Omen signal. Note, there have been some discrepancy in the rules over the years. To get larger sample sizes, I have used the less-strict rules in my testing. The rules I use are below.

1) *The daily number of NYSE new 52 week highs and the daily number of new 52 week lows are both greater than or equal to 2.8 percent (typically about 84) of the sum of NYSE issues that advance or decline that day (typically, around 3000). The original version of the indicator used 2.2%. When I originally researched the Hindenburg Omens a few years ago, 2.2% was the number I used, and it is the number I again use in the studies below. (Two side notes: 1) If I use 2.8% rather than 2.2% there have been substantially less signals, making it difficult to utilize the stats. This is why I have stuck to the 2.2% to this*

point. 2) Over time I have also seen published different places levels of 2.4% and 2.5%, so there is often some confusion over this requirement.

2) *The NYSE index is greater in value than it was 50 trading days ago. Originally, this was expressed as a rising 10 week moving average, but the new rule is more relevant to the daily data used to look at new highs and lows. I now use the SPX instead of the NYSE Composite, because Tradestation no longer tracks the NYSE Composite. When I ran tests, the results were nearly identical.*
3) *The McClellan Oscillator is negative on the same day.*
4) *New 52 week highs cannot be more than twice the new 52 week lows (though new 52 week lows may be more than double new highs).*

It is generally viewed that a single Hindenburg Omen signal is not a reliable indication of a market top, but that numerous signals provide a more reliable indication of danger. This is something I explored in the past and updated today. So let's look at some numbers. This first table shows results of entering the market when the 1st signal triggers.

Hindenburg Omen
Buy on close. Sell X days later. 1980 - 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
100	45	28	17	62.22%	13.99%	-30.88%	6.96%	8.37%	0.83	1.37	1.168%
95	45	27	18	60.00%	14.25%	-29.81%	7.13%	8.56%	0.83	1.25	0.853%
90	47	28	19	59.57%	16.05%	-26.65%	7.06%	8.52%	0.83	1.22	0.761%
85	48	32	16	66.67%	16.71%	-26.78%	6.76%	9.46%	0.71	1.43	1.350%
80	49	31	18	63.27%	16.69%	-21.58%	6.43%	7.81%	0.82	1.42	1.202%
75	50	31	19	62.00%	14.67%	-22.95%	6.29%	6.83%	0.92	1.50	1.305%
70	52	32	20	61.54%	17.81%	-20.32%	6.34%	7.39%	0.86	1.37	1.057%
65	53	31	22	58.49%	16.71%	-21.54%	6.51%	7.55%	0.86	1.22	0.676%
60	56	34	22	60.71%	17.30%	-24.35%	5.70%	7.75%	0.74	1.14	0.416%
55	57	34	23	59.65%	14.39%	-27.28%	5.04%	8.09%	0.62	0.92	-0.259%
50	58	32	26	55.17%	14.59%	-29.88%	4.97%	6.56%	0.76	0.93	-0.200%
45	59	36	23	61.02%	13.31%	-24.00%	4.45%	7.05%	0.63	0.99	-0.035%
40	61	34	27	55.74%	12.67%	-24.55%	5.01%	6.16%	0.81	1.02	0.064%
35	64	37	27	57.81%	12.16%	-24.69%	4.33%	6.25%	0.69	0.95	-0.135%
30	70	39	31	55.71%	9.97%	-22.49%	4.09%	5.30%	0.77	0.97	-0.066%
25	74	43	31	58.11%	9.38%	-27.37%	3.61%	4.84%	0.75	1.03	0.070%
20	77	43	34	55.84%	9.27%	-19.56%	2.91%	4.05%	0.72	0.91	-0.163%
15	88	49	39	55.68%	9.11%	-26.03%	2.36%	3.46%	0.68	0.86	-0.216%
10	103	55	48	53.40%	9.02%	-14.86%	2.04%	2.56%	0.80	0.92	-0.101%
5	128	61	67	47.66%	4.98%	-7.17%	1.27%	1.58%	0.81	0.73	-0.220%

The numbers here certainly aren't encouraging for the bull case, but they don't appear to be terribly dire either.

Let's now look at results if instead of entering after the 1st trigger, you purchase only if the trigger is at least the 2nd one in a 30-day period, which is a common time-period that Hindenburg watchers look for.

Hindenburg Omen — at least the 2nd signal in 30 trading days.
Buy on close. Sell X days later. 1980 - 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
100	31	23	8	74.19%	18.02%	-18.93%	6.18%	8.42%	0.73	2.11	2.411%
95	31	23	8	74.19%	18.31%	-21.27%	5.89%	9.83%	0.60	1.72	1.834%
90	31	23	8	74.19%	20.63%	-20.06%	5.78%	10.18%	0.57	1.63	1.659%
85	33	22	11	66.67%	20.61%	-22.49%	5.94%	7.90%	0.75	1.50	1.327%
80	33	23	10	69.70%	19.10%	-22.02%	5.63%	7.16%	0.79	1.81	1.752%
75	34	24	10	70.59%	17.99%	-23.24%	5.83%	7.70%	0.76	1.82	1.848%
70	34	25	9	73.53%	21.81%	-19.11%	5.64%	8.77%	0.64	1.79	1.828%
65	36	24	12	66.67%	20.66%	-23.19%	5.90%	9.07%	0.65	1.30	0.907%
60	40	26	14	65.00%	19.60%	-22.07%	5.44%	7.61%	0.72	1.33	0.875%
55	41	26	15	63.41%	18.76%	-26.40%	4.84%	7.38%	0.66	1.14	0.372%
50	43	29	14	67.44%	19.18%	-29.96%	4.88%	7.80%	0.63	1.30	0.754%
45	44	27	17	61.36%	16.47%	-24.83%	4.95%	6.36%	0.78	1.24	0.582%
40	44	24	20	54.55%	14.72%	-24.92%	4.81%	5.68%	0.85	1.02	0.040%
35	46	25	21	54.35%	13.40%	-29.81%	4.64%	6.05%	0.77	0.91	-0.244%
30	47	28	19	59.57%	11.09%	-20.41%	3.71%	5.71%	0.65	0.96	-0.098%
25	54	33	21	61.11%	11.58%	-23.44%	3.37%	5.05%	0.67	1.05	0.095%
20	55	31	24	56.36%	8.95%	-22.35%	3.30%	3.72%	0.89	1.15	0.236%
15	63	38	25	60.32%	8.32%	-26.03%	2.25%	3.50%	0.64	0.98	-0.029%
10	75	35	40	46.67%	9.26%	-14.86%	2.22%	2.22%	1.00	0.88	-0.146%
5	96	45	51	46.88%	6.26%	-7.17%	1.54%	1.78%	0.86	0.76	-0.226%

Some of these numbers look a little worse, but they still mostly lean positive. I next checked instances that triggered a 3rd signal in a 30-day period.

Hindenburg Omen — at least the 3rd signal in 30 trading days.
Buy on close. Sell X days later. 1980 - 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
100	22	14	8	63.64%	18.60%	-16.10%	5.72%	5.51%	1.04	1.82	1.640%
95	23	12	11	52.17%	16.14%	-18.40%	5.17%	6.75%	0.77	0.84	-0.528%
90	23	13	10	56.52%	18.68%	-19.29%	5.67%	7.56%	0.75	0.98	-0.080%
85	23	13	10	56.52%	18.97%	-22.19%	5.70%	7.54%	0.76	0.98	-0.058%
80	25	14	11	56.00%	16.60%	-19.89%	5.18%	6.95%	0.75	0.95	-0.157%
75	25	13	12	52.00%	18.37%	-22.78%	7.03%	5.49%	1.28	1.39	1.023%
70	26	15	11	57.69%	19.20%	-21.04%	5.11%	6.75%	0.76	1.03	0.094%
65	27	13	14	48.15%	17.99%	-23.75%	5.44%	6.12%	0.89	0.83	-0.554%
60	28	16	11	57.14%	17.30%	-22.60%	4.98%	7.53%	0.66	0.96	-0.113%
55	31	16	15	51.61%	17.99%	-20.69%	5.25%	6.14%	0.86	0.91	-0.258%
50	32	18	14	56.25%	17.32%	-22.29%	4.60%	5.68%	0.81	1.04	0.101%
45	32	16	16	50.00%	15.58%	-25.16%	4.81%	5.68%	0.85	0.85	-0.434%
40	33	17	16	51.52%	13.76%	-26.87%	3.57%	6.06%	0.59	0.63	-1.097%
35	33	14	19	42.42%	11.51%	-30.63%	3.88%	5.78%	0.67	0.49	-1.685%
30	35	19	16	54.29%	11.04%	-26.02%	3.08%	6.47%	0.48	0.56	-1.286%
25	39	19	20	48.72%	9.89%	-25.13%	3.04%	4.56%	0.67	0.63	-0.859%
20	42	18	24	42.86%	8.50%	-21.43%	2.84%	3.85%	0.74	0.55	-0.984%
15	47	25	22	53.19%	7.11%	-26.95%	1.95%	4.75%	0.41	0.47	-1.187%
10	56	25	31	44.64%	4.79%	-25.81%	1.93%	3.23%	0.60	0.48	-0.930%
5	72	28	44	38.89%	4.19%	-5.03%	1.33%	1.55%	0.86	0.55	-0.429%

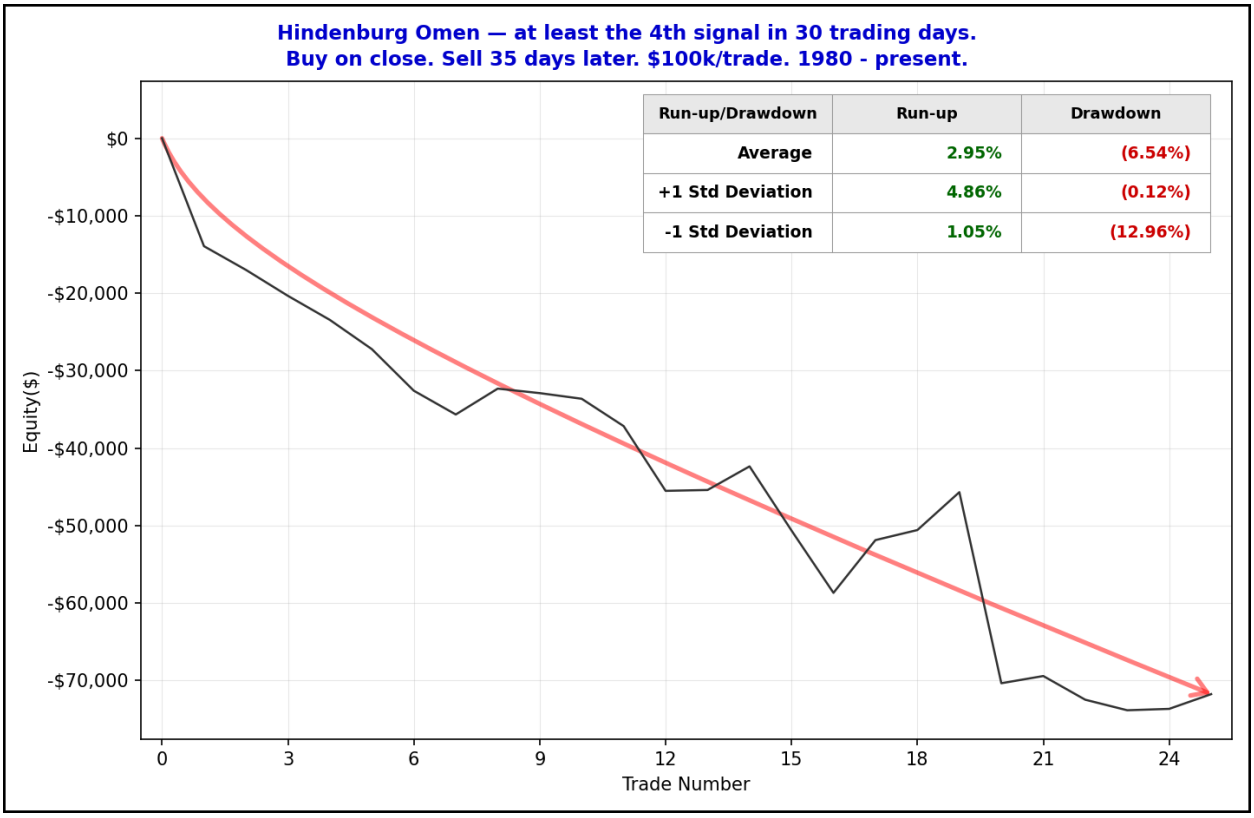
Between 10 and 40 days out there appears to be somewhat weak returns. The losing instances are fairly sizable as well.

I also updated the stats when 4 signals occur.

Hindenburg Omen — at least the 4th signal in 30 trading days.
Buy on close. Sell X days later. 1980 - present.

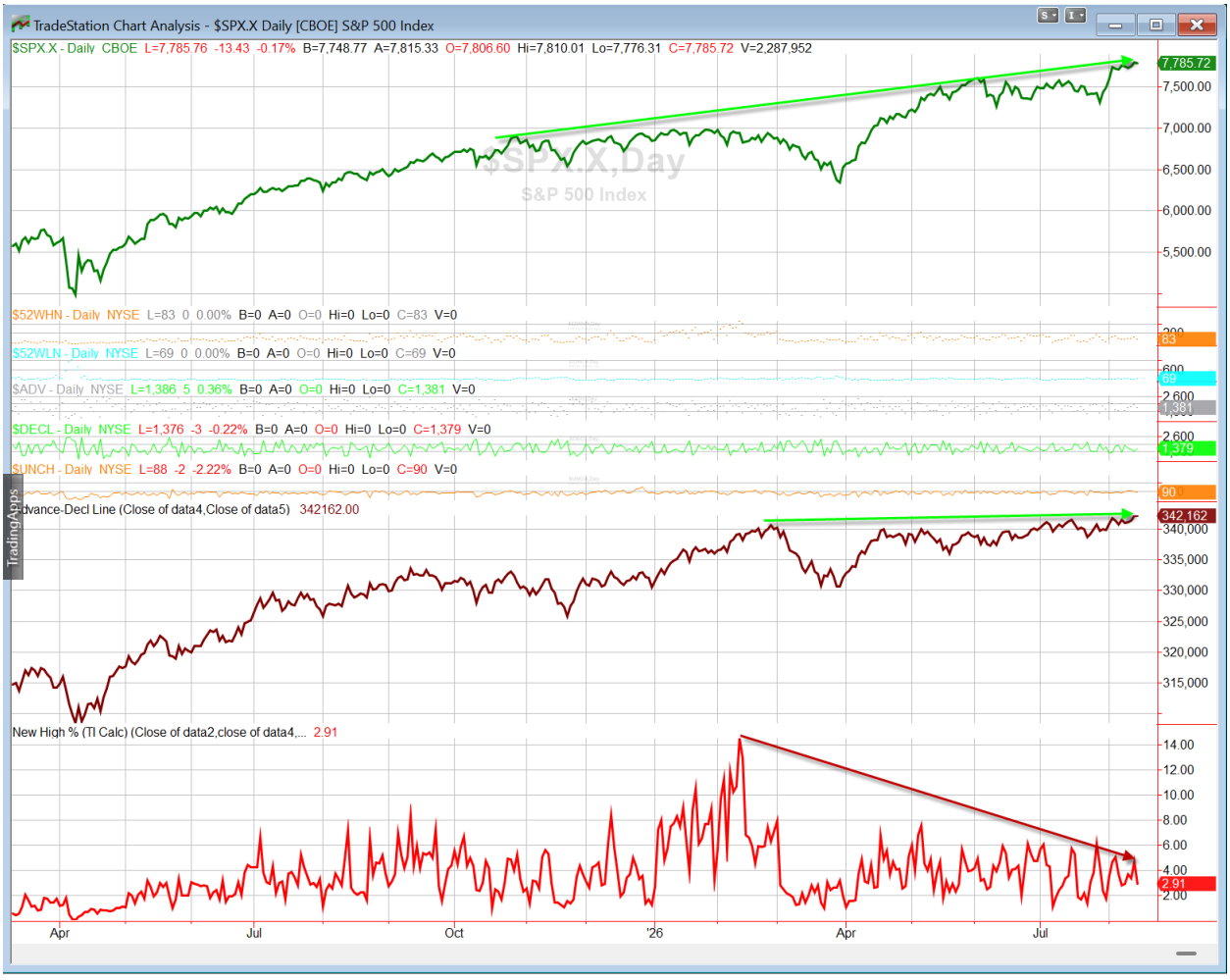
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
100	19	11	8	57.89%	9.27%	-10.84%	4.46%	5.87%	0.76	1.05	0.113%
95	19	9	10	47.37%	6.25%	-14.68%	4.24%	4.86%	0.87	0.78	-0.552%
90	19	10	9	52.63%	5.97%	-15.87%	3.53%	5.11%	0.69	0.77	-0.564%
85	19	10	9	52.63%	7.16%	-28.34%	4.33%	6.50%	0.67	0.74	-0.801%
80	19	9	10	47.37%	7.27%	-23.57%	4.38%	6.15%	0.71	0.64	-1.161%
75	20	9	11	45.00%	8.55%	-16.34%	4.67%	6.30%	0.74	0.61	-1.360%
70	20	11	9	55.00%	4.58%	-9.99%	2.86%	4.94%	0.58	0.71	-0.649%
65	21	10	11	47.62%	4.48%	-10.47%	2.22%	4.67%	0.48	0.43	-1.386%
60	21	12	9	57.14%	8.27%	-11.61%	2.74%	6.03%	0.45	0.61	-1.018%
55	24	12	12	50.00%	8.79%	-11.03%	3.35%	5.44%	0.61	0.61	-1.048%
50	25	14	11	56.00%	9.43%	-14.33%	2.86%	6.44%	0.44	0.57	-1.231%
45	25	11	14	44.00%	7.04%	-18.14%	3.02%	4.74%	0.64	0.50	-1.324%
40	25	11	14	44.00%	6.24%	-20.45%	2.88%	5.44%	0.53	0.42	-1.778%
35	25	9	16	36.00%	6.81%	-24.67%	2.50%	5.89%	0.42	0.24	-2.872%
30	26	14	12	53.85%	5.45%	-22.15%	2.18%	5.35%	0.41	0.48	-1.295%
25	28	15	13	53.57%	6.26%	-11.87%	2.37%	4.20%	0.56	0.65	-0.681%
20	30	13	17	43.33%	4.93%	-7.56%	2.19%	3.18%	0.69	0.53	-0.850%
15	32	15	17	46.88%	4.32%	-5.77%	1.73%	2.74%	0.63	0.56	-0.644%
10	45	23	22	51.11%	4.66%	-14.86%	1.83%	2.76%	0.66	0.69	-0.412%
5	51	21	30	41.18%	3.18%	-8.54%	1.28%	2.06%	0.62	0.43	-0.686%

There are only 25 instances when looking out 35 days, but with 16 of them being down 35 days later, these results warrant closer investigation. Below is the profit curve for the 35-day hold.



Overall, when clusters begin to reach a decent size (at least 3 or 4), the Hindenburg study results seem to favor the bears. The split market suggests elevated risk and a market that could be susceptible to a sizable dip at some point in the next 1-2 months. The setup does not appear as menacing as the name might suggest, but there has been enough market damage, and enough sizable drops following these signals, that it is probably worth remaining cognizant of it. So I have added it to the Intermediate-term Active List, and will keep it under consideration when formulating my intermediate-term market bias.

While the rally continues, an important breadth measure is still lagging. As I discussed last week, 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:

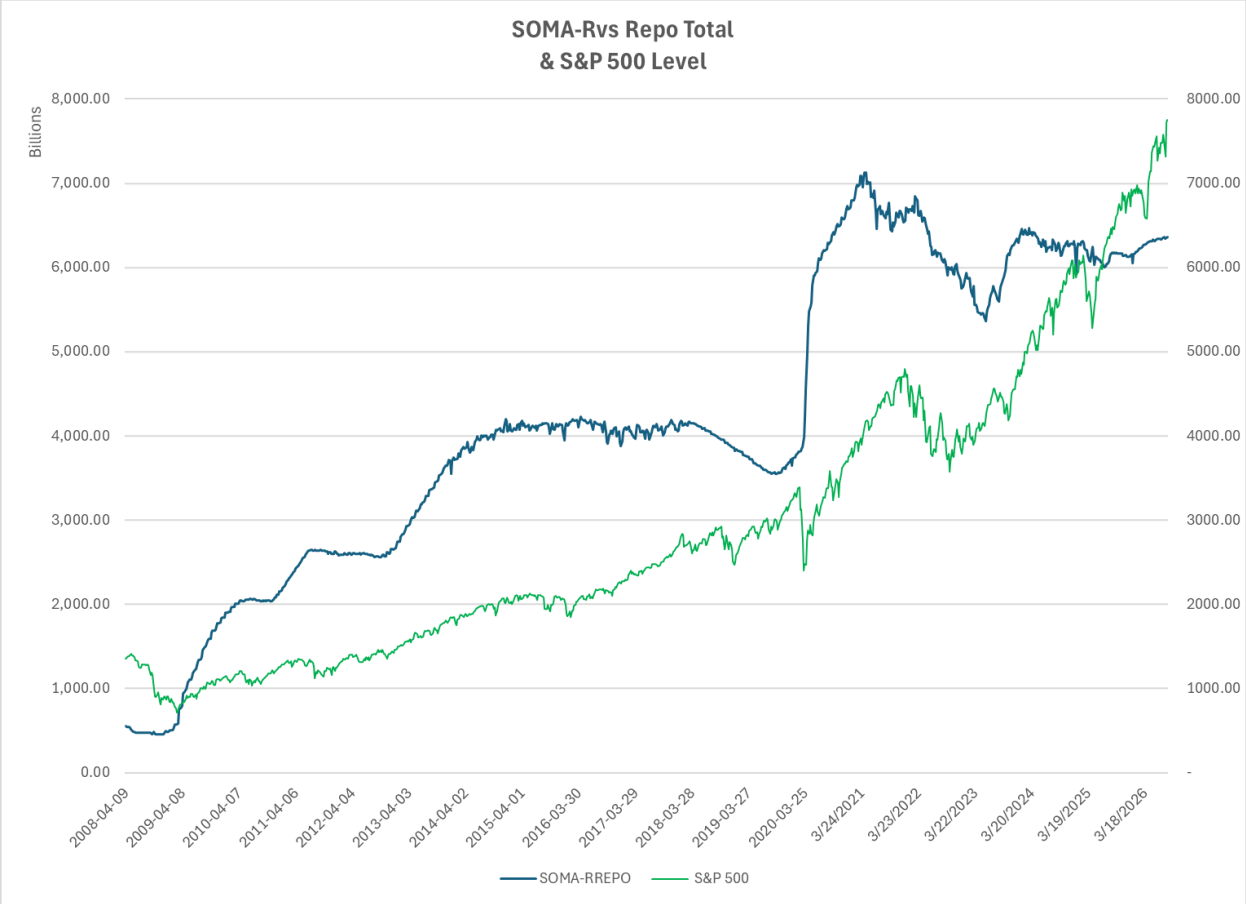


The Advance/Decline line has managed new highs lately. But the New High % is still ***way*** off. This is not a trigger to sell. It is a condition that sets the stage for a possible major top. But that top could be many weeks or months away. If this divergence resolves itself and the New High % makes 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 the market is rallying without this safety net, and that is something that merits attention.

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

Domestic Security Holdings as of 2026-08-12	
SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills	533,508,926.7
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	**6,364,637,243.5**
Change From Prior Week	**+8,632,000.0**

The SOMA rose by about $8.6 billion this week. This provided some additional liquidity to the system. Meanwhile, reverse repos declined by about $900 million for the week ending 8/12/26. 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 $9.6 billion (through Wednesday the 12th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are now extremely low. So unless that changes, they will not be providing 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 33% chance of a rate increase. That's down quite a bit from the 67% reading we saw a couple of weeks ago. Looking out to October, odds currently show a 46% chance that rates are elevated vs today's rates. That's down from 77% 2 weeks 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

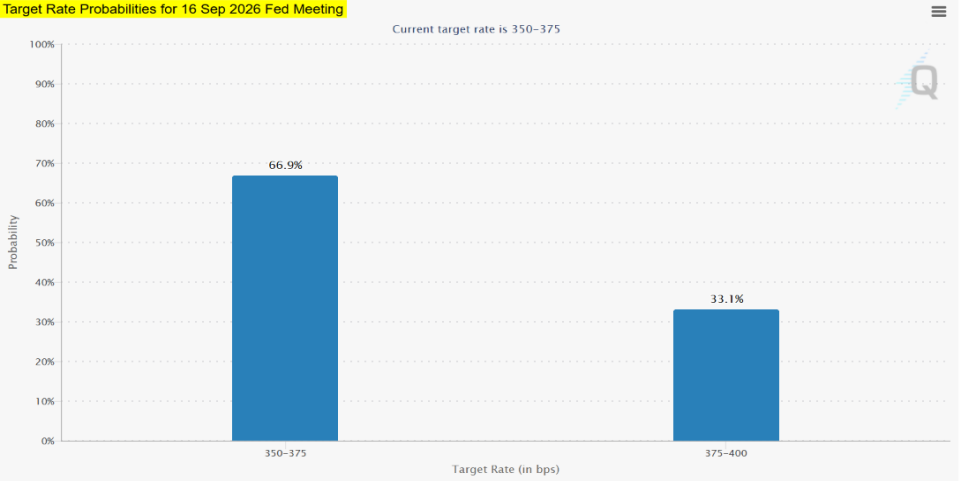
Dot Plot
Chart
Table

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	96.3300	33,403	232,477	0.0 %	66.9 %	33.1 %

Target Rate Probabilities for 16 Sep 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 13 AUG 2026	1 WEEK 7 AUG 2026	1 MONTH 15 JUL 2026
350-375 (Current)	66.9%	66.1%	55.6%	51.5%
375-400	33.1%	33.9%	44.4%	43.9%
400-425	0.0%	0.0%	0.0%	4.5%

* Data as of 15 Aug 2026 01:45:54 CT

1/1/2028 and forward are projected meeting dates

FedWatch Tool

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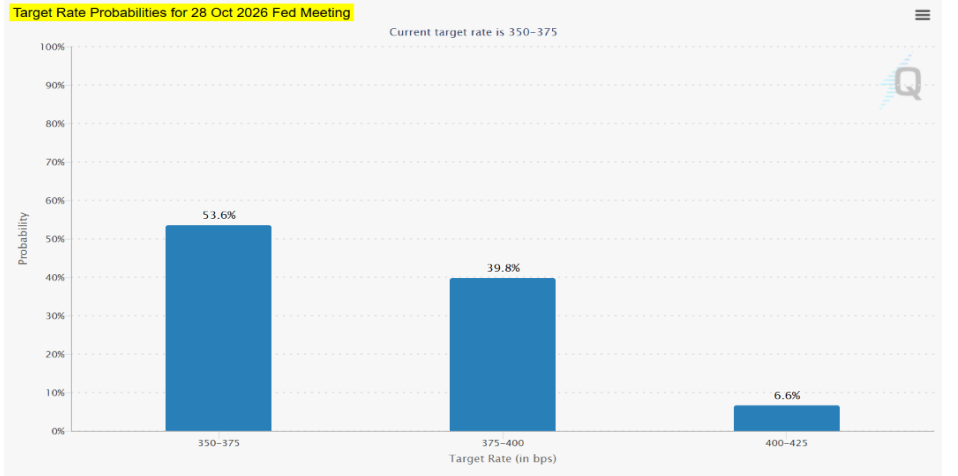
16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 27 Oct27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
28 Oct 2026	ZQV6	30 Oct 2026	96.2800	188,738	523,097	0.0 %	53.6 %	46.4 %

Target Rate Probabilities for 28 Oct 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 13 AUG 2026	1 WEEK 7 AUG 2026	1 MONTH 15 JUL 2026
350-375 (Current)	53.6%	51.5%	40.8%	42.4%
375-400	39.8%	41.0%	47.4%	45.3%
400-425	6.6%	7.5%	11.8%	11.5%
425-450	0.0%	0.0%	0.0%	0.8%

* Data as of 15 Aug 2026 01:50:46 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 it currently seems that the next Fed move is more likely to be a hike in rates than it is to be a cut. And while odds have been declining, that move could come in the next few months.

Intermediate-term evidence remains mixed. Over the last couple of weeks we have seen several price action/momentum type studies suggesting a continuation in the rally. We also have a few prior price thrust type studies suggesting more gains to come. The long-term trend remains up. But there are some warning signs. While it could flip with a strong week, the Nasdaq being in a lagging position is still a yellow flag. This week we saw the split market condition. Generate a new Hindenburg Omen cluster. This could leave the market susceptible to selling at some point in the next couple of months. We also have NH divergence from the Study of Tops. Long-term seasonality is bearish through October, and the study looking at down June / down July I showed a few weeks ago suggests September could be especially dangerous. The Fed appears somewhat hawkish, or at best neutral. Geopolitical risks can pop up at any time. With all of these potentially bearish factors to contend with, I've decided to move my bias back to neutral. It could easily change to bullish again next weekend, especially if we see the NASDAQ retake a leading position or if other compelling intermediate-term bullish evidence emerges. But for the time being I am inclined to tread somewhat lightly with both long and short trades.

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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