QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 20, 2026 Volume 20 Issue 158

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- No new compelling evidence emerged on Wednesday.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a decent chance that Wednesday's bounce will continue.

Summary of Recent Active Studies (see Letters from listed dates for details

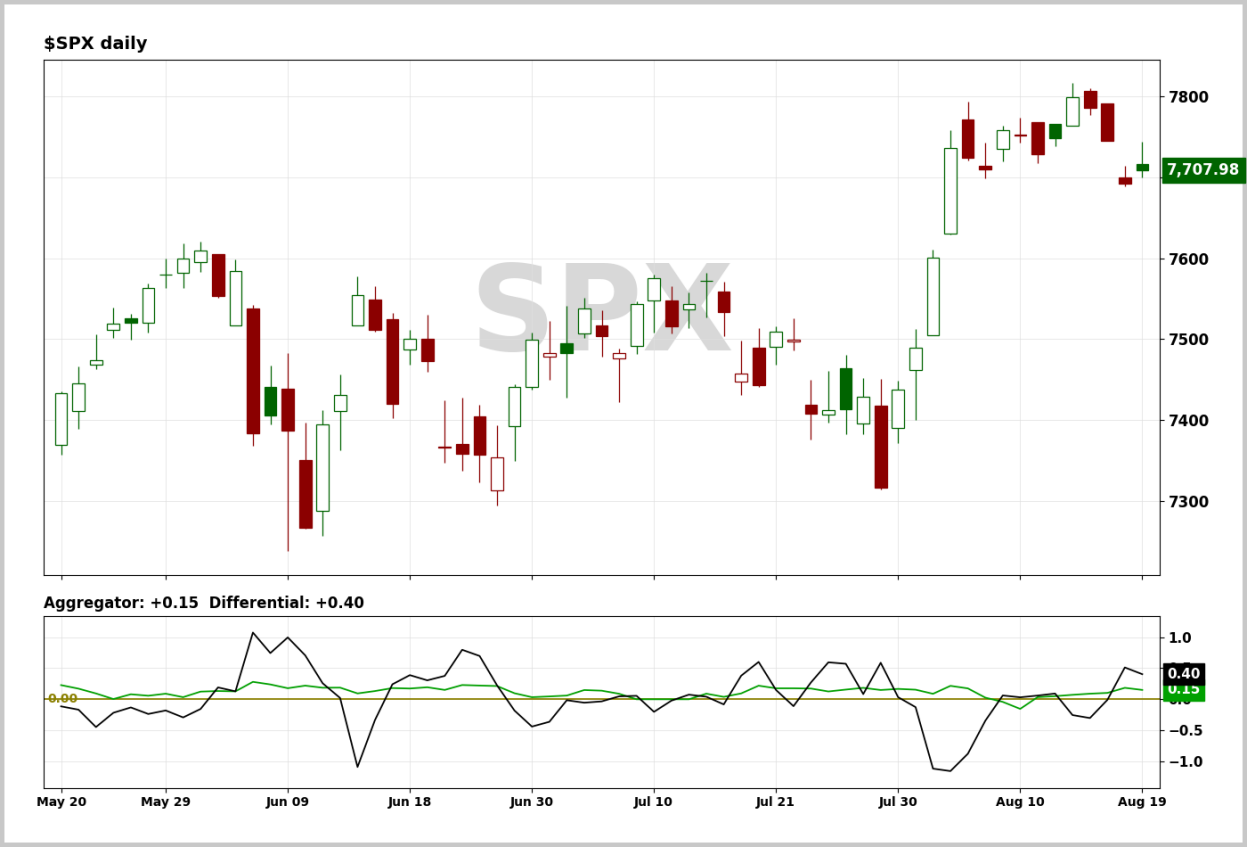
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 19, 2026	SPX 3 days dn from a 50-high to a 10-low	1-8 days	Bullish	2.38%	-1.52%	-3.53%
August 19, 2026	SPY unfilled gap down at a 10-day low, 3 day	1-2 days	Bullish	1.63%	-0.70%	-1.55%
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 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 saw modest gains for the indices. SPX finished up 0.2%, the NASDAQ gained 0.2%, and the Russell 2000 climbed 0.5%. Breadth was positive as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % also posted a 63% reading. NYSE total volume rose some from Tuesday's level.

Action was pretty dull on Wednesday, and it failed to generate any studies in the Quantifinder. That is somewhat unusual, but it happens more during the summer than any other time of year. And it seems like we've had quite a few dull days lately. Last night's studies suggested a bit more upside than we saw on Wednesday so perhaps we'll get some continuation over the next few days. But we don't have anything new tonight confirming the upside edge.

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 above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long 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 7765.13. That is 0.7% above Wednesday's close. Therefore, SPX will need to close up at least 0.7% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Wednesday did not add anything from an evidence standpoint, but odds still seem to favor gains over the next few days. Without confirming evidence I'm a little less enthusiastic than I was yesterday. The unfilled gap higher on Wednesday did leave the trade ideas section without a fill. I may still look to take on some long exposure on Thursday, but only if SPY closes down a couple of points. Details are in the trade ideas section down below.

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

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers
None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

SPY - Buy ¼ index position @ $767.00 LIMIT ON CLOSE. Based on the short-term outlook above, if Thursday falters and closes a bit lower then I may look to start building my position at the close.

Current Open Trade Ideas

None

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