QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 21, 2026 Volume 20 Issue 159

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- Continued closes in near the bottom of the daily range are suggesting a short-term bullish edge.
- When SPY gaps down to below a short-term low and sells off further there has typically been an upside edge over the next few days.
- Opex Friday often struggles after the open.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. A short-term move higher appears likely.

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 21, 2026	SPY gaps below 5-day low close, then closes	1-5 days	Bullish	1.91%	-1.40%	-3.04%
August 21, 2026	SPY closes in bottom 25% of range 4 days in	1-5 days	Bullish	3.27%	-1.76%	-3.45%
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%
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

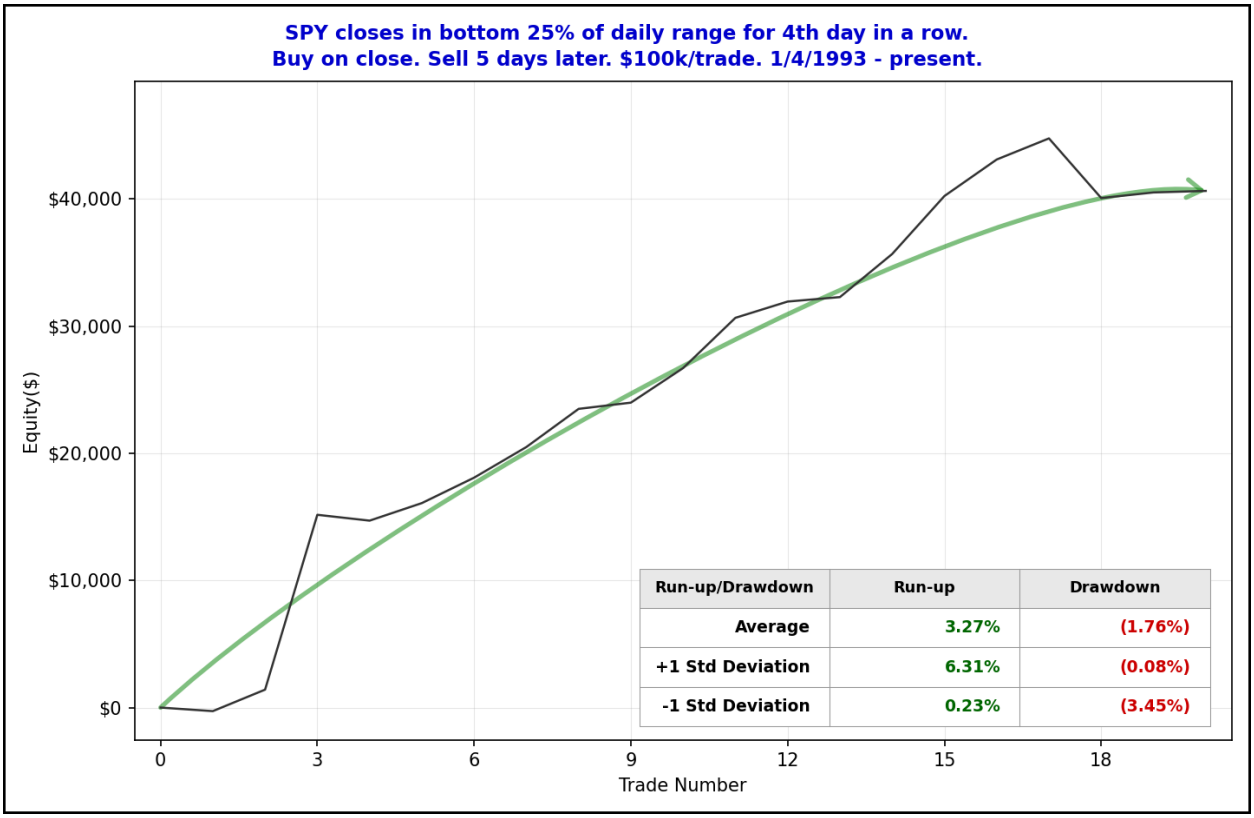
Thursday was a bad day for the market. SPX finished lower by 0.9%, the NASDAQ lost 1.0%, and the Russell 2000 tumbled 1.3%. Breadth was weak as the NYSE Up Issues % closed at 34% and the NYSE Up Volume % posted a 35% reading. NYSE total volume dropped quite a bit from Wednesday's level.

Despite some attempts to put in rallies over the last few days, SPY has been persistently weak in the afternoon. It has not managed to hold gains and has closed in the bottom 25% of its daily range for the last 4 days in a row. That may not sound all that extreme, but it is quite rare. Below is a look at how the market has performed following past occurrences. It looks back to the inception of SPY in 1993. This study was last seen in the 3/27/24 letter and has been updated.

SPY closes in bottom 25% of daily range for 4th day in a row.
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	20	17	3	85.00%	13.75%	-4.69%	2.71%	1.81%	1.50	8.48	2.031%
4	20	17	3	85.00%	12.28%	-2.80%	2.21%	2.04%	1.08	6.13	1.572%
3	20	13	6	65.00%	7.07%	-2.23%	1.99%	0.91%	2.19	4.75	1.022%
2	20	14	6	70.00%	5.07%	-1.81%	1.53%	0.67%	2.29	5.34	0.871%
1	20	10	9	50.00%	5.97%	-1.07%	1.43%	0.70%	2.05	2.28	0.402%

The numbers are very lopsided in favor of the bulls. Below is the profit curve assuming a 5- day holding period.



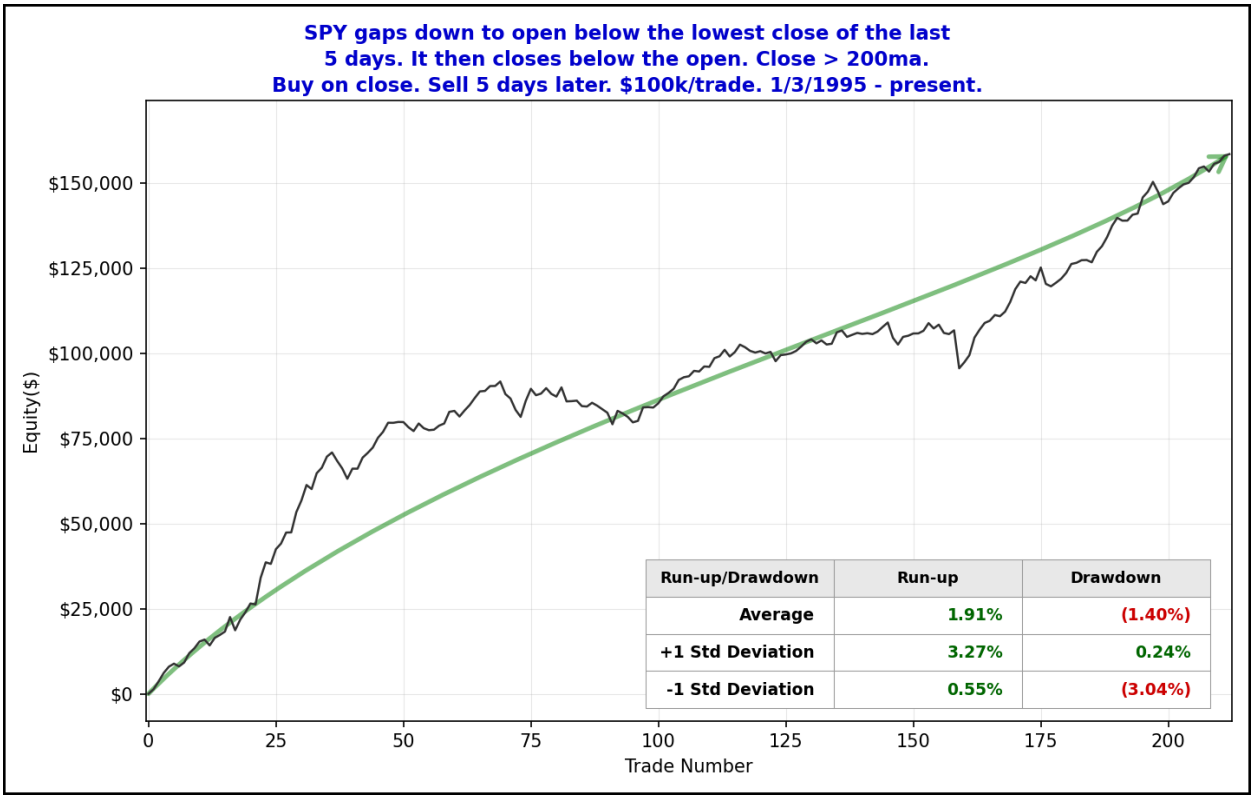
That is an impressive looking curve. The bears have owned the afternoons lately. It appears in the next few days the bulls will have their chance.

Another compelling study from the Quantifinder is the one below. Last seen in the 6/24/26 letter, it looks at times that SPY gapped down to a short-term low, and then sold off further during the day, while in a long-term uptrend. I have updated the results.

SPY gaps down to open below the lowest close of the last 5 days. It then closes below the open. Close > 200ma.
Buy on close. Sell X days later. 1/3/1995 - 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	212	148	64	69.81%	7.81%	-11.16%	1.78%	1.63%	1.09	2.52	0.748%
4	224	148	76	66.07%	5.59%	-10.79%	1.69%	1.48%	1.14	2.22	0.615%
3	237	149	88	62.87%	5.01%	-6.59%	1.51%	1.20%	1.25	2.12	0.499%
2	253	160	90	63.24%	6.17%	-6.25%	1.23%	0.92%	1.33	2.37	0.450%
1	274	178	95	64.96%	5.81%	-4.18%	0.85%	0.80%	1.07	2.00	0.277%

The numbers here look fairly bullish. Here is the 5-day profit curve.



There were some flattish periods along the way, but the curve has made it way from lower left to upper right and is again at new highs. I have also added this study to the Active List.

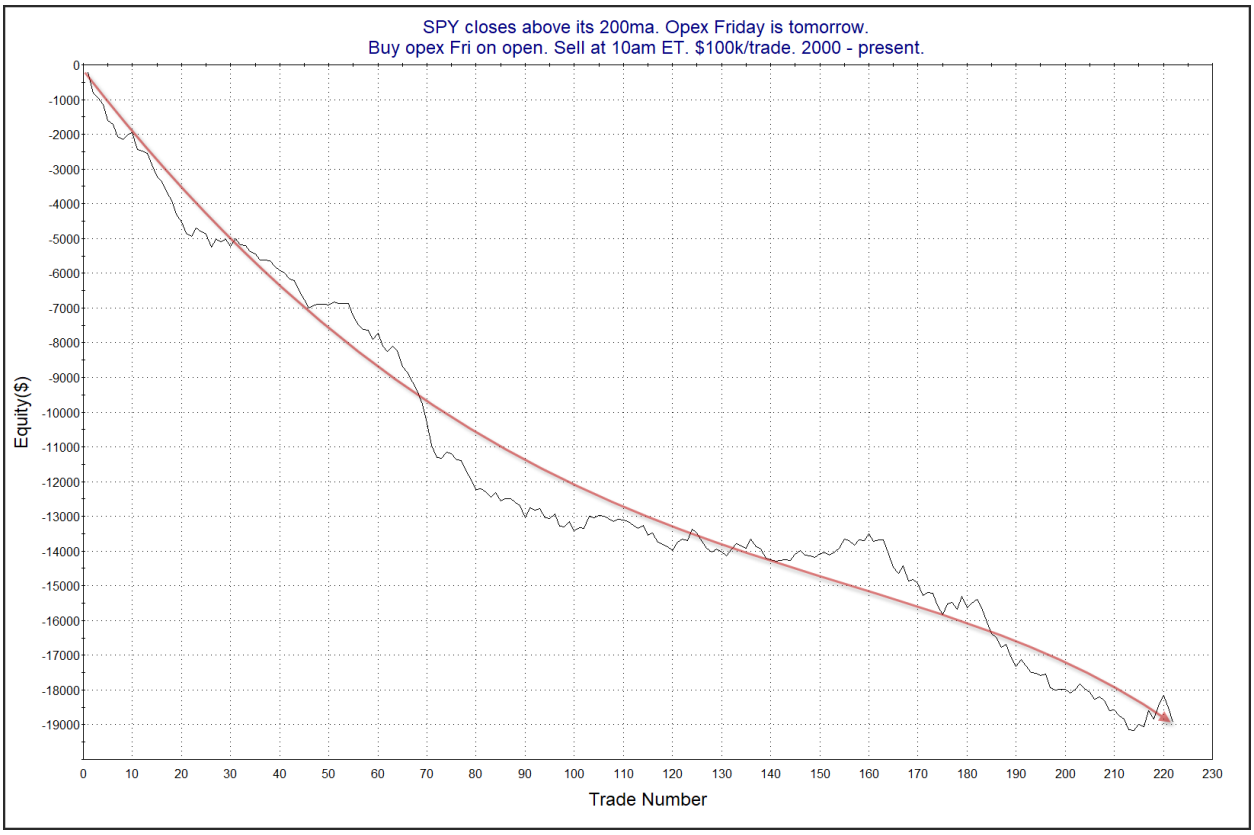
It is also notable that Friday is options expiration. Options expiration has long been a day that has seen weakness after the opening bell. The studies below are some that I have shown several times over the years. I did not update them tonight, but have copied everything below from the 7/17/26 letter.

This first study shows results of purchasing SPY at the open and then exiting at different times during the day.

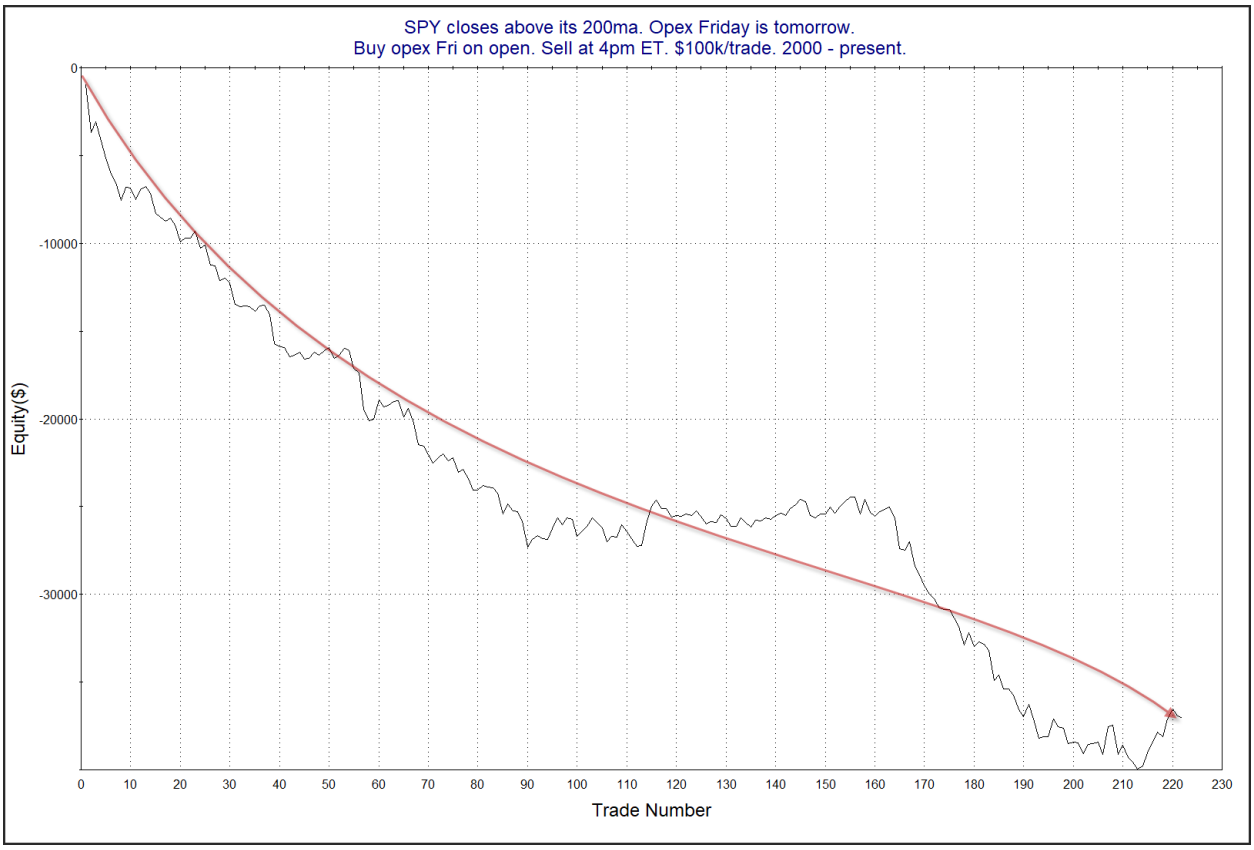
SPY closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at time on left. $100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-37,072.45	222	92	130	41.44	1,547.00	-2,746.58	352.58	-534.69	0.66	0.47	-166.99
1,500	-30,568.54	222	92	129	41.44	1,824.10	-2,315.18	337.76	-477.85	0.71	0.50	-137.70
1,400	-29,518.56	222	81	141	36.49	1,751.00	-2,000.00	333.34	-400.84	0.83	0.48	-132.97
1,300	-26,265.94	222	83	138	37.39	2,172.60	-1,324.62	316.58	-380.74	0.83	0.50	-118.32
1,200	-24,721.83	222	79	143	35.59	2,150.50	-1,318.40	308.46	-343.29	0.90	0.50	-111.36
1,100	-22,140.79	222	83	138	37.39	1,103.30	-968.50	238.49	-303.88	0.78	0.47	-99.73
1,000	-18,913.84	222	65	157	29.28	473.34	-629.00	143.39	-179.83	0.80	0.33	-85.20

As you can see, the bearish implications primarily play themselves out by early afternoon. (1000 = 10am EST, 1200 = noon EST, 1400 = 2pm EST, etc.) Close to half of the downside would have been achieved by exiting after just 30 minutes. Below is a look at a profit curve for the 10am exit.



Overall, the strong move from upper left to lower right supports the bearish case. But we have seen a bump in the last several months that is worth keeping an eye on. Next is the 4pm exit.



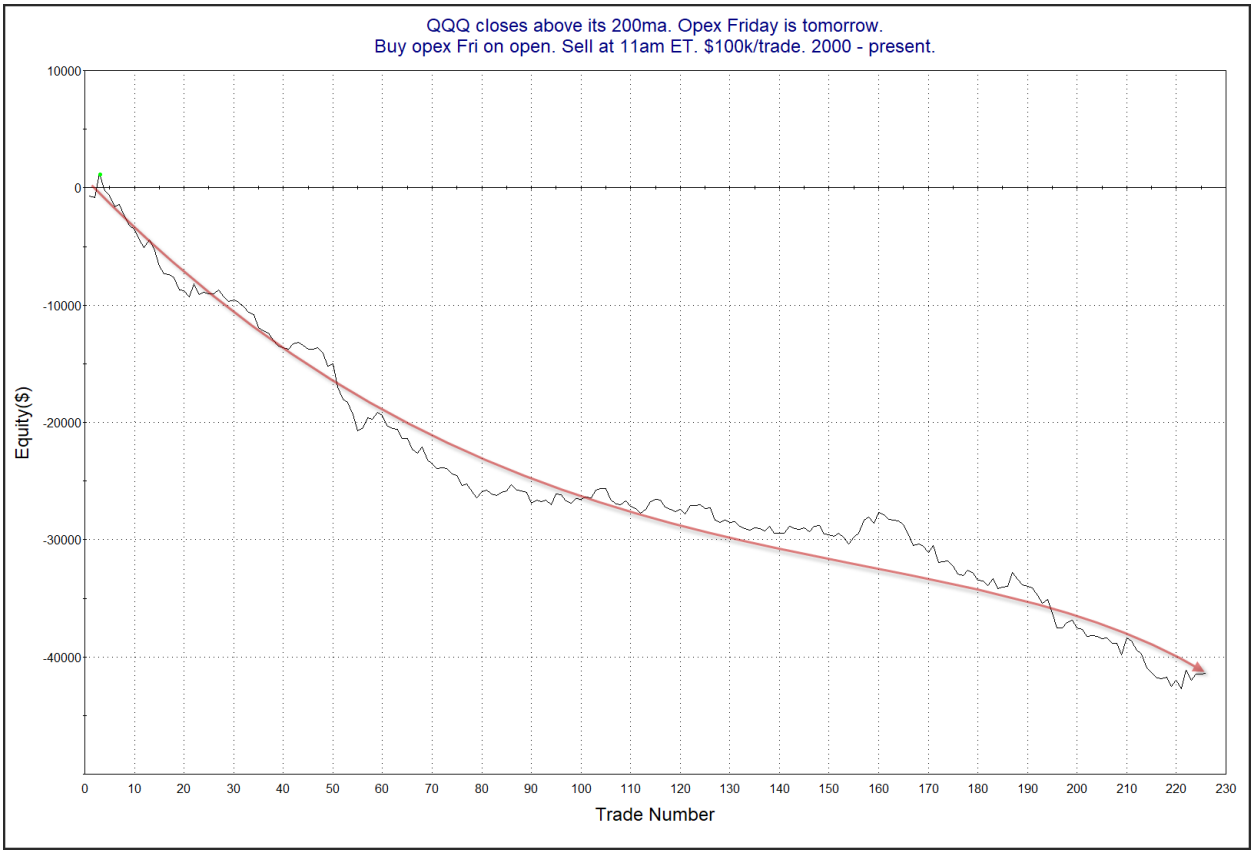
Again this is also impressive despite some recent instances not panning out.

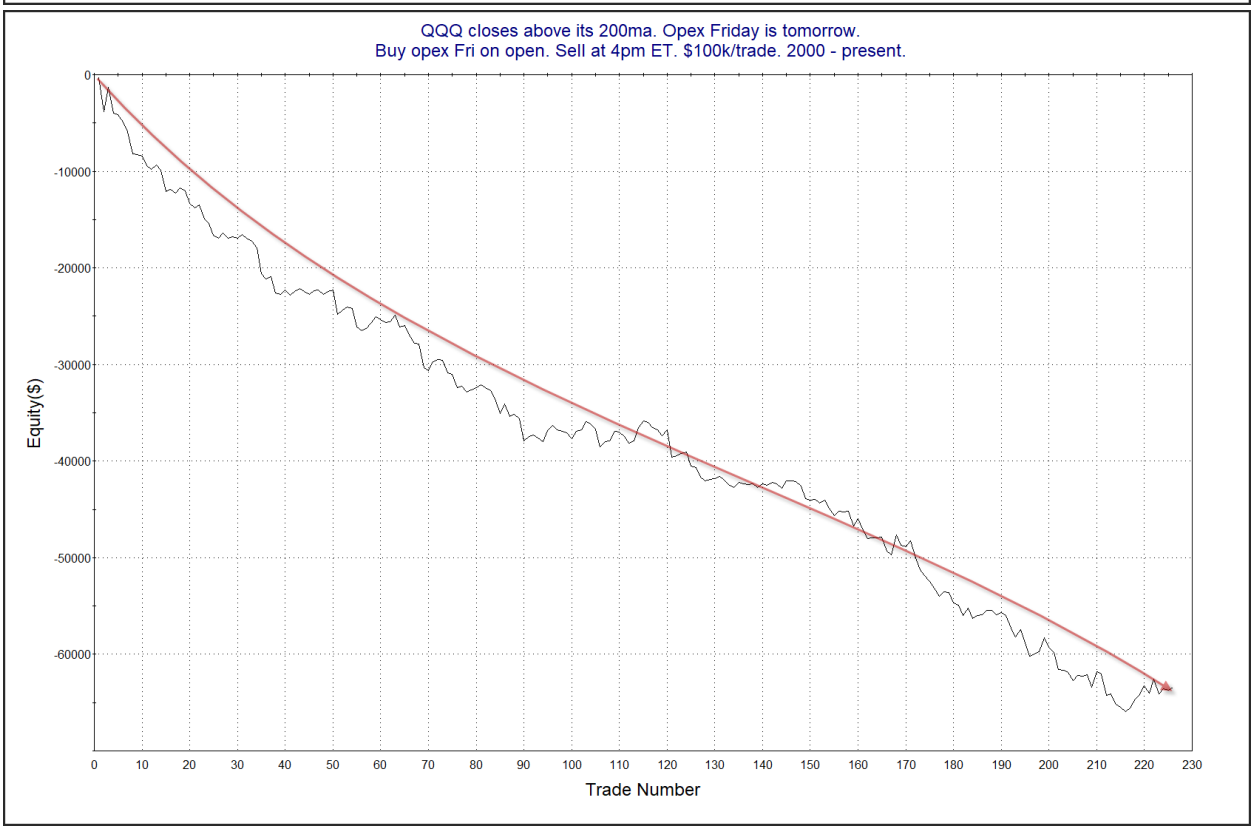
QQQ has seen an even stronger tendency to sell off. This can be seen in the table below.

QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at time on left. $100k/trade. 2000 - present.

OE Op-Ex Fri Intra Short: timeofday	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
1,600	-63,418.05	226	89	137	39.38	2,516.00	-3,525.88	476.02	-772.14	0.62	0.40	-280.61
1,500	-56,176.70	226	85	139	37.61	2,246.52	-2,590.84	460.72	-685.88	0.67	0.41	-248.57
1,400	-54,108.19	226	76	147	33.63	2,104.90	-2,431.68	458.00	-604.87	0.76	0.39	-239.42
1,300	-47,226.73	226	80	145	35.40	2,541.40	-2,382.80	418.37	-556.53	0.75	0.41	-208.97
1,200	-46,158.88	226	84	141	37.17	2,518.12	-1,843.43	375.29	-550.94	0.68	0.41	-204.24
1,100	-41,397.39	226	77	148	34.07	1,998.00	-1,936.40	375.64	-475.15	0.79	0.41	-183.17
1,000	-32,550.66	226	71	154	31.42	1,332.00	-1,198.29	225.81	-315.47	0.72	0.33	-144.03

Also notable is that about 2/3 of the downside edge has occurred in the 1st 90 minutes of trading. Below are profit curves for 11am and 4pm.


QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at 11am ET. $100k/trade. 2000 - present.
Equity($)
10000
0
-10000
-20000
-30000
-40000
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230
Trade Number


QQQ closes above its 200ma. Opex Friday is tomorrow.
Buy opex Fri on open. Sell at 4pm ET. $100k/trade. 2000 - present.
Equity($)
0
-10000
-20000
-30000
-40000
-50000
-60000
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230
Trade Number

The bearish edge appears alive and well here. And the recent bump is barely noticeable for the QQQ 11am exit. Traders may want to keep this in mind Friday morning.

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 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 Friday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7720.08. That is 1.0% above Thursday's close. Therefore, SPX will need to close up at least 1.0% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. I like the long side, and the trade idea from last night filled at the close on Thursday. We are seeing more evidence that a bounce could soon be at hand. But opex Friday often sees intraday selling. So I am not inclined look to add to the position on Friday. I will hold for now, see how Friday plays out, and then consider my next move over the weekend.

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

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

EMR @ $154.72 (buy 1/3 @ limit)

***Broad Market Large Cap CBI* – 1 (EMR)**

Additional New Trade Ideas

EMR - Buy 1/3 Ctapult position @ $154.72 LIMIT. Based on the Catapult section above, this is the 1st of up to 3 possible plots for EMR.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	8/20/2026	$762.60	$762.60	0.00%	bought on close

DISCLAIMER: PAST PERFORMANCE, WHETHER ACTUAL OR TESTED, DOES NOT GUARANTEE FUTURE RESULTS, PROFITABILITY, OR CORRELATION TO ANY LISTED SECURITY OR TRADE IDEA.

This publication is produced by Quantifiable Edges, LLC (QE), and is intended solely for informational and educational purposes. It is a regularly issued impersonal financial research commentary, and should not be construed as personalized investment advice, a solicitation to buy or sell securities, or a recommendation tailored to any individual's financial circumstances. Data provided by Tradestation and Norgate Data. The information presented herein is believed to be accurate at the time of publication, but QE makes no representation or warranty as to its completeness or reliability. Opinions, data and analyses are subject to change without notice. Readers are encouraged to conduct their own due diligence and consult with a qualified financial professional before making investment decisions. There is a high degree of risk in trading and simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading or the results of a specific account or group of accounts. Because these trades may not have been executed, results could misrepresent the effects of market factors like liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve results like those shown. QE, its officers and employees do not accept responsibility for any direct or consequential loss resulting from the use of this information.

Mr. Robert Hanna, author of the publication, is separately affiliated with Eastsound Capital Advisors, LLC (ECA), doing business as Capital Advisors 360. ECA is registered as an investment adviser with the Securities and Exchange Commission (SEC). ECA provides individual client services only in states in which it is filed, or which an exemption or exclusion from such filing exists. Registration with the SEC does not imply a certain level of skill or training. Although ECA clients utilizing the approaches developed by Mr. Hanna incidentally receive the QE Gold Subscription at no charge, ECA does not sponsor, endorse or validate its content. Mr. Hanna and/or his clients may hold positions in securities (including derivatives) mentioned herein; however, such holdings are not intended as endorsements and may change without notice and/or differ from published study indications at the sole discretion of Mr. Hanna. No part of this publication may be reproduced, redistributed, or republished without prior written consent from QE.

Copyright © 2026 Quantifiable Edges, LLC.