QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 24, 2026 Volume 20 Issue 160

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- No new compelling short-term evidence emerged on Friday.
- The seasonality calendar is showing green for the next three weeks before we hit the second half of September, which tends to be bearish.
- Intermediate-term indicators remain mixed.
- The SOMA rose slightly this past week. Despite this, the Fed still appears neutral or perhaps hawkish. We may learn more about their thinking after the Jackson Hole meeting this upcoming week.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Short-term gains 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

Friday saw decent gains for the market. SPX finished up 0.4%, the NASDAQ gained 0.4%, and the Russell 2000 climbed 0.8%. Breadth was positive as the NYSE Up Issues % closed at 60% and the NYSE Up Volume % posted a 66% reading. NYSE total volume rose from Thursday's level.

Nothing new and compelling triggered in the Quantifinder on Friday. The SPX broke out strongly the first two days of August, but that stalled out almost immediately and it has just chopped back and forth since. Friday was the third day in a row that SPX changed direction. It's been having a hard time deciding what to do. That's not entirely unusual during this time of year when many traders are on vacation and volume isn't typically as high. So I won't be adding any new short-term studies to the active list tonight. But let's take a quick look at the SPX 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		

The rest of August is showing positive numbers. Of course September has a bad reputation but it is showing positive numbers on its chart for the first half of the month. It's the second half of the month where September typically tends to struggle, and that does seem to be reflected in September's seasonality calendar, which I have pasted below.

Quantifiable Edges Seasonality Calendar $SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
9/1/2026	54.52	1.136	0.031
9/2/2026	59.09	1.501	0.123
9/3/2026	54.95	1.157	0.033
9/4/2026	58.73	1.266	0.065
9/8/2026	52.42	1.203	0.056
9/9/2026	54.92	1.281	0.083
9/10/2026	53.12	1.040	-0.002
9/11/2026	55.73	1.322	0.086
9/14/2026	56.82	1.142	0.033
9/15/2026	53.01	1.140	0.040
9/16/2026	48.22	0.793	-0.082
9/17/2026	52.39	0.942	-0.019
9/18/2026	49.95	0.919	-0.028
9/21/2026	54.21	1.008	-0.018
9/22/2026	49.85	0.953	-0.024
9/23/2026	50.11	0.937	-0.028
9/24/2026	51.07	0.973	-0.017
9/25/2026	50.74	0.889	-0.042
9/28/2026	58.68	1.316	0.081
9/29/2026	54.23	1.080	0.024
9/30/2026	54.49	1.064	0.019
Baseline	***54.72***	***1.169***	***0.057***
		QuantifiableEdges.com	

From a seasonality perspective it appears we have about three weeks left with the wind at the market's back. Then a strong gust may hit it in the face.

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 also 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 Monday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7741.10. That is 0.9% above Friday's close. Therefore, SPX will need to close up at least 0.9% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. I like the long side. I have some long exposure already. With the bounce on Friday and the fact that the market is so choppy right now, I'm not inclined to add more just yet. But I will hold on to the current position for at least another day. Evidence suggests we should see more of a bounce, and reward/risk does appear favorable.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/24 – neutral

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

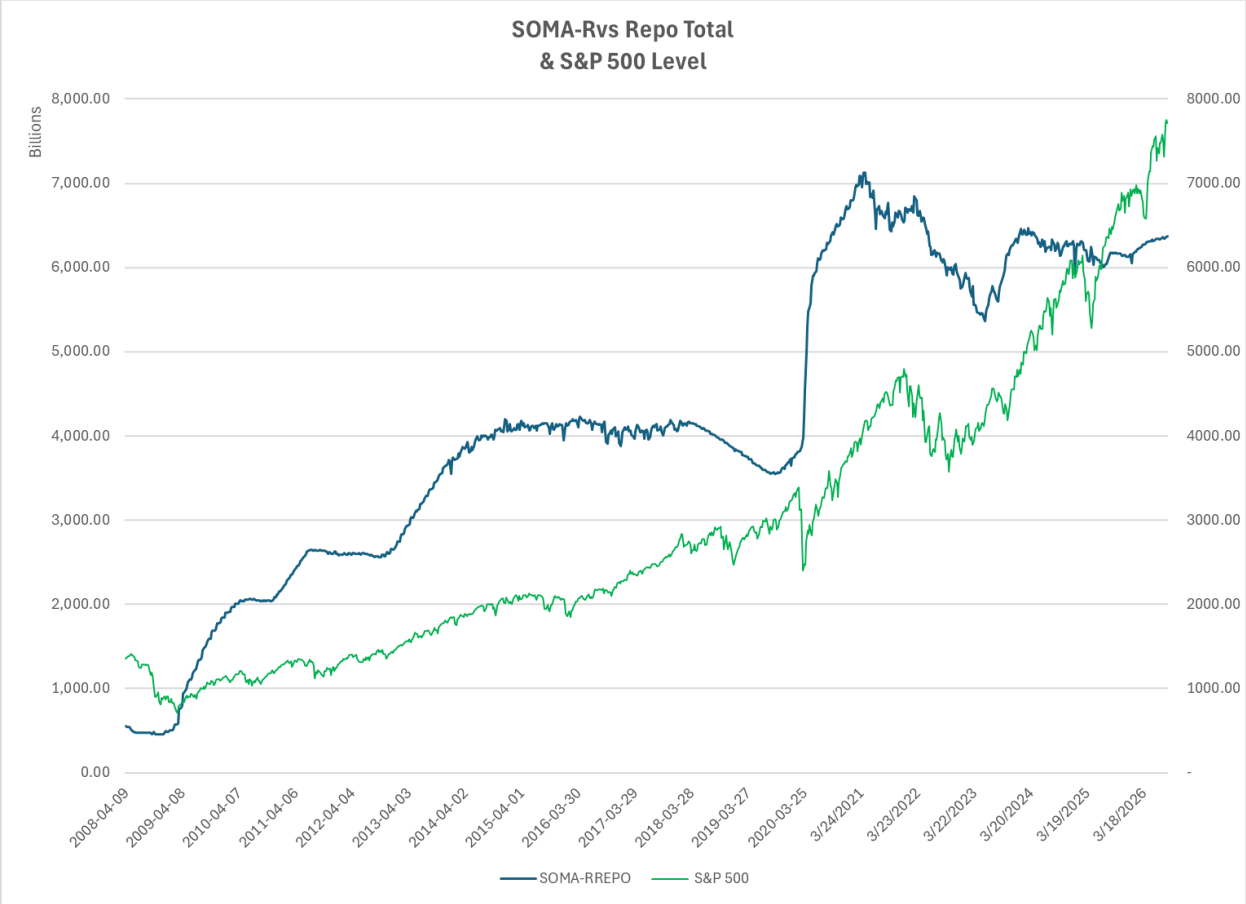
Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Dynamics Course,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

This past week was a difficult one for the major indices. The SPX lost 1.4%, the NASDAQ dropped 2.05%, and the Russell 2000 declined 1.65%. Bonds were mixed. The US Aggregate Bond ETF (AGG) dipped 0.13%. TLT, the 20-year Treasury Bond ETF, rose a scant 0.01%. SPX is still near new all-time highs, so the long-term uptrend appears to be in place. There were not any studies that emerged in the last few days suggesting intermediate-term implications.

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

Domestic Security Holdings as of 2026-08-19	
SECURITY TYPE	TOTAL ($Thousands)
US Treasury Bills	537,751,926.7
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	1,923,213,096.8
Agency CMBS	7,514,450.4
Total SOMA Holdings	**6,368,753,087.4**
Change From Prior Week	**+4,115,844.0**

The SOMA rose by about $4.1 billion this week. This provided a small amount of additional liquidity to the system. Meanwhile, reverse repos declined by about $400 million for the week ending 8/19/26. 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 $4.5 billion (through Wednesday the 19th). 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 could 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 40% chance of a rate increase. That's up some from the 33% we saw last week, but still down from where it was prior to that. Looking out to October, odds currently show a 53% chance that rates are elevated vs today's rates. That's up slightly from the 46% odds we saw last week. 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

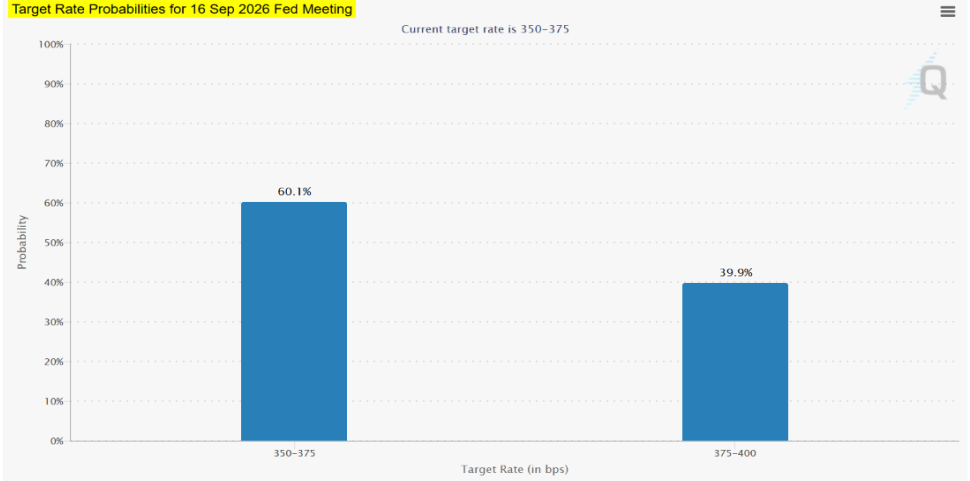
Dot Plot
Chart
Table

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	96.3250	70,252	255,706	0.0 %	60.1 %	39.9 %

Target Rate Probabilities for 16 Sep 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 20 AUG 2026	1 WEEK 14 AUG 2026	1 MONTH 22 JUL 2026
350-375 (Current)	60.1%	63.9%	66.9%	22.9%
375-400	39.9%	36.1%	33.1%	54.8%
400-425	0.0%	0.0%	0.0%	22.3%

* Data as of 22 Aug 2026 01:46:09 CT

1/1/2028 and forward are projected meeting dates

FedWatch Tool

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Current
Compare
Probabilities
Aggregated

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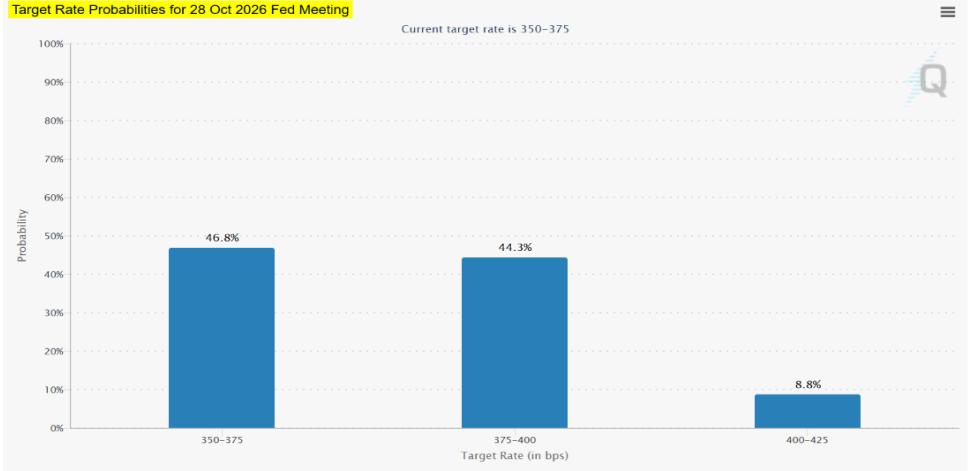
16 Sep26 | 28 Oct26 | 9 Dec26 | 27 Jan27 | 17 Mar27 | 28 Apr27 | 9 Jun27 | 28 Jul27 | 15 Sep27 | 27 Oct27

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
28 Oct 2026	ZQV6	30 Oct 2026	96.2650	135,644	569,132	0.0 %	46.8 %	53.2 %

Target Rate Probabilities for 28 Oct 2026 Fed Meeting



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 20 AUG 2026	1 WEEK 14 AUG 2026	1 MONTH 22 JUL 2026
350-375 (Current)	46.8%	51.2%	53.6%	16.3%
375-400	44.3%	41.6%	39.8%	45.6%
400-425	8.8%	7.2%	6.6%	31.7%
425-450	0.0%	0.0%	0.0%	6.4%

* Data as of 22 Aug 2026 01:51:09 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. This upcoming week the Fed will be holding its annual Jackson Hole meeting and Warsh will be giving a speech following that meeting. It will be interesting to see what he says and how the market interprets his comments. It currently seems that the next Fed move is more likely to be a hike in rates than it is to be a cut. There is a decent that move could come in the next few months.

Intermediate-term evidence remains mixed. While nothing new emerged this week, bulls can still point to price action/momentum type studies from a few weeks back. We also have longer-term price thrust type studies from May suggesting more gains to come. The long-term trend remains up. But potential issues remain. While it could flip with a strong week, the Nasdaq being in a lagging position is still a yellow flag. Last weekend I discussed the recent Hindenburg Omen Cluster. Friday we saw another Hindenburg Omen signal trigger. That is the sixth one in the last 30 days. 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 am keeping my bias neutral. Therefore, 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

EMR @ $154.72 (buy 1/3 @ limit) – *not filled – cancel for now*

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

Additional New Trade Ideas

None.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	8/20/2026	$762.60	$765.72	0.41%	Aggregator

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