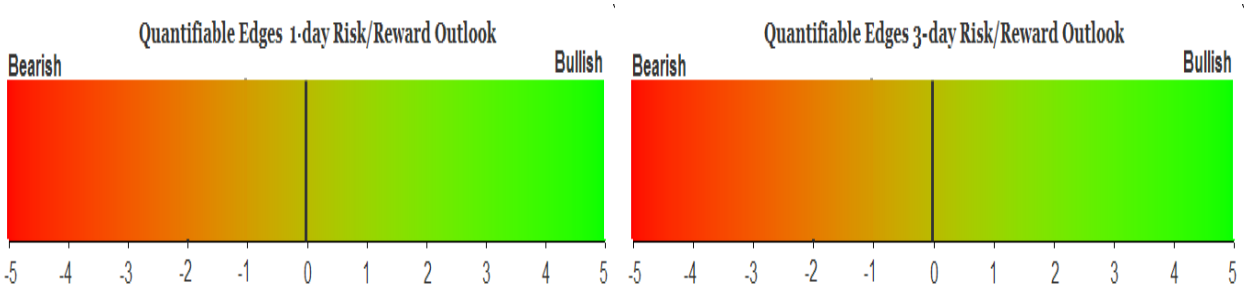
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

August 28, 2026 Volume 20 Issue 164

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Breadth was weak, but an edge isn't evident above the 200ma the way it is below the 200ma.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

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%
Active - Long Term						
August 12, 2026	Hindenburg Omen - 4th signal in 30 days	1-35 days	Bearish	-6.54%	2.95%	4.86%
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 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 good day for the market. SPX finished up 0.7%, the NASDAQ gained 1.6%, and the Russell 2000 rose 0.3%. Breadth was moderately negative as the NYSE Up Issues % closed at 44% and the NYSE Up Volume % posted a 41% reading. NYSE total volume rose some from Wednesday's level.

I am still not seeing much suggesting a strong edge. But the fairly weak breadth on a day that the indices all rose was interesting. Way back in the 3/31/10 subscriber letter I showed that weak breadth on an up day suggested different implications depending on whether the market was in a long-term uptrend or long-term downtrend. This can be seen in the two tables below.

NYSE Up Volume % < 45% and SPX closes higher on the day and above the 200ma.
Buy on close. Sell X days later. 1/4/1999 - 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	137	91	46	66.42%	5.83%	-13.74%	1.87%	2.64%	0.71	1.40	0.353%
9	142	86	56	60.56%	5.43%	-12.60%	1.82%	2.13%	0.85	1.31	0.259%
8	145	94	51	64.83%	4.79%	-12.16%	1.63%	2.22%	0.74	1.36	0.278%
7	150	101	49	67.33%	5.35%	-7.80%	1.56%	2.18%	0.71	1.47	0.336%
6	154	97	57	62.99%	6.18%	-7.45%	1.50%	1.71%	0.88	1.49	0.311%
5	164	100	64	60.98%	4.94%	-5.57%	1.32%	1.42%	0.93	1.45	0.249%
4	174	102	72	58.62%	3.93%	-4.61%	1.17%	1.17%	1.00	1.42	0.203%
3	182	106	76	58.24%	3.72%	-5.75%	0.94%	1.11%	0.85	1.19	0.086%
2	196	124	72	63.27%	2.81%	-3.32%	0.74%	0.94%	0.79	1.37	0.126%
1	208	114	94	54.81%	1.81%	-2.10%	0.54%	0.60%	0.91	1.11	0.029%

NYSE Up Volume % < 45% and SPX closes higher on the day and below the 200ma.
Buy on close. Sell X days later. 1/4/1999 - 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	29	13	16	44.83%	6.76%	-25.87%	3.34%	5.06%	0.66	0.54	-1.293%
9	29	13	16	44.83%	7.44%	-24.99%	3.43%	4.41%	0.78	0.63	-0.895%
8	30	16	14	53.33%	10.75%	-18.80%	2.75%	3.80%	0.72	0.83	-0.308%
7	30	13	17	43.33%	6.41%	-17.87%	2.55%	3.60%	0.71	0.54	-0.938%
6	31	13	18	41.94%	6.68%	-12.87%	2.49%	2.63%	0.95	0.68	-0.485%
5	33	15	18	45.45%	5.30%	-9.38%	2.06%	2.10%	0.98	0.82	-0.205%
4	33	14	19	42.42%	4.07%	-8.14%	1.67%	2.12%	0.79	0.58	-0.510%
3	34	17	17	50.00%	3.57%	-5.36%	1.48%	1.97%	0.75	0.75	-0.245%
2	34	14	20	41.18%	3.14%	-6.52%	1.62%	2.05%	0.79	0.56	-0.535%
1	35	14	21	40.00%	2.68%	-8.79%	1.32%	1.35%	0.98	0.65	-0.284%

During uptrends there does not appear to be much of an edge. The numbers are all very slightly positive. Downtrends show a bit more edge potential, but it is to the down side. Of course with SPX well above its 200-day moving average and near an all-time high, we are looking at the first study tonight. And since that doesn't suggest a compelling edge, we again won't be adding anything new to the short-term active list. Thank God September is almost here. I'm quite confident it will be a lot more interesting than August has been from a market perspective.

I have updated the Aggregator chart below.



Without any new studies being added, the green Aggregator Line remained slightly 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.

With the last of the short-term studies set to expire, expectations are primed to turn flat on Friday. Of course any new studies that emerge could have a substantial impact on short-term expectations. Meanwhile, the Differential Pivot will be 7723.91. That is 0.1% below Thursday's close. Therefore, SPX will only need to close down less than 0.1% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is flat. Evidence is primed to turn flat. And the market movement over the last few days has been very close to expectations. I'm not seeing an edge among all that flatness. There is still a partial index trade open in the trade ideas section. With the edge now gone, this seems like a good time to take that off and wait for the next compelling set up to arise. I will exit that trade at the open on Friday, and then re-evaluate potential positions over the weekend.

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

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

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	$771.10	1.11%	*sell on open*

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