QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 1, 2026 Volume 20 Issue 166

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The turn-of-month setup is not showing its often strong odds this time.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but I am still not all that enthusiastic.

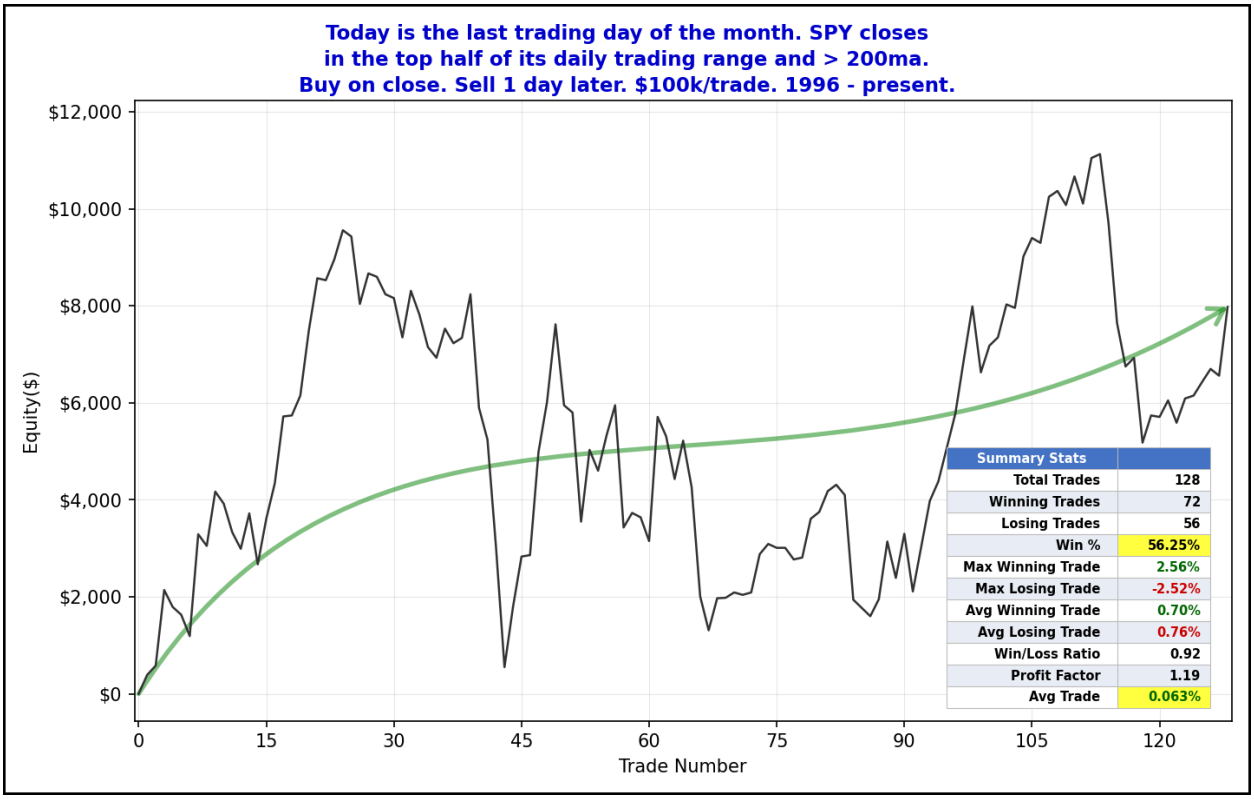
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
August 31, 2026	SPY down close after 3 higher highs, > 200m	1-3 days	Bullish	0.97%	-0.69%	-1.39%
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

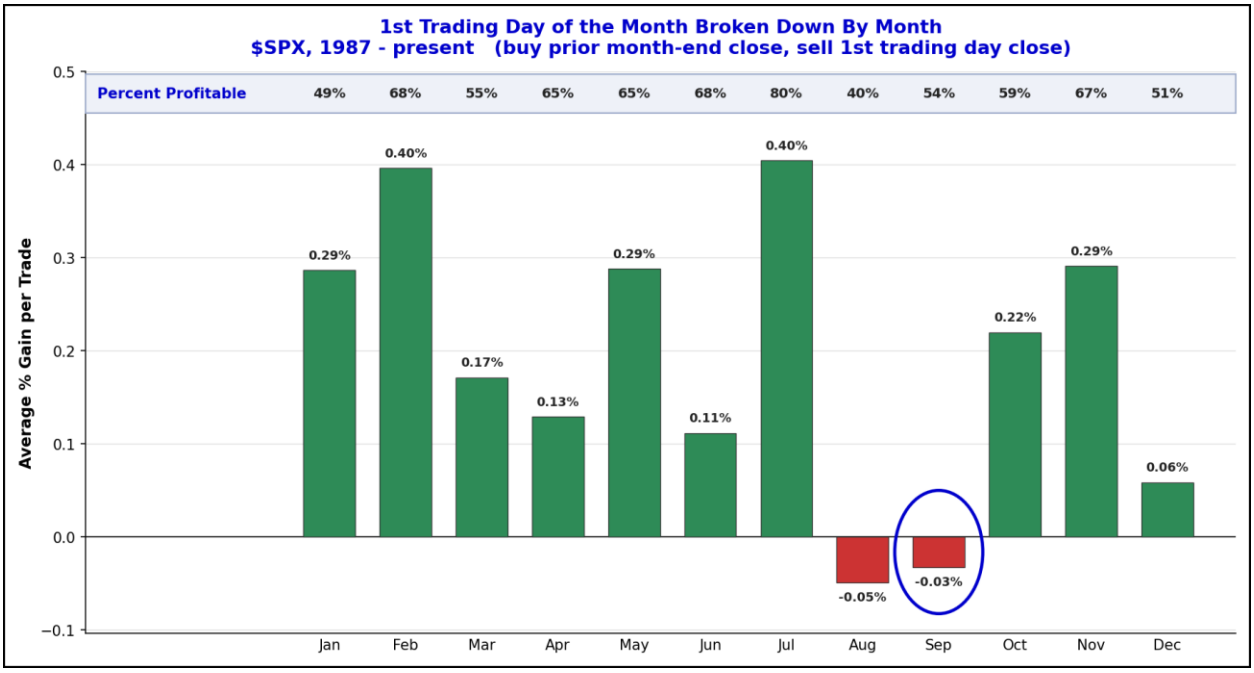
Monday was a down day for the market. SPX finished lower by 0.3%, the NASDAQ lost 0.1%, and the Russell 2000 declined 0.5%. Breadth was negative as the NYSE Up Issues % closed at 34% and the NYSE Up Volume % posted a 40% reading. NYSE total volume spiked higher from Friday's level.

Monday was the last trading day of August, and it brought out a list of turn-of-the-month studies. Nearly all of them lean bullish. But SPY closed in the top half of its intraday range, and over the years I have found the first-of-the-month bullish tendency to be far more consistent and more powerful when SPY closes poorly on the last trading day of the month. I looked at this in the 3/2/26 letter. Below is the updated top-half version, with a long-term trend filter applied.



There is not much of an edge to be found here. Across 128 instances the average gain is just 0.06% with a profit factor of 1.19, and the curve has spent well over a decade going nowhere. Monday's close at 71% of the day's range puts us squarely in this weaker group rather than in the strong bottom-half group. I would not call it an outright negative - it is simply an absence of the edge the calendar might otherwise suggest. There was one turn-of-month study that looked to have a little bit of promise. It involved seeing the SPX close down two days in a row heading into the end of the month. But when I added this filter to that study, it managed to kill the edge.

Below is another turn-of-month study. It was last shown in the 8/1/2026 letter. It breaks down the first trade day of the month by month.



September is one of only two months with a negative average reading. The average 1st trading day of September has lost 0.03% Only August has been worse. And the 54% win rate ranks near the bottom of as well.

So while turn of month is often bullish, the current setup does not seem to show a favorable turn of the month edge. No studies made the cut tonight, so no new studies will be added to the active list.

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 Tuesday. This could easily change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7760.42. That is 1.0% above Monday's close. Therefore, SPX will need to close up at least 1.0% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. But I am still not terribly enthused. We did not get any confirming evidence on Monday. There is some decent room to the upside before SPX would turn more overbought so I'd love to have a better excuse to take on some long exposure here. But we only have one active short-term study and nothing from the last two nights. So I'll sit out at least one more day and see how Tuesday plays out before considering any new trade ideas for Wednesday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 8/31 – 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

None.

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