QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 2, 2026 Volume 20 Issue 167

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- 3 down days, a gap down, and a 10-day low have combined for a substantial upside edge in the past.
- When SPY leaves unfilled downside gap 2 days in a row, there has typically been an upside edge the following day.
- When SPY gaps down to below a short-term low and sells off further during the day, that has often been followed by a bounce in the coming days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Evidence is building. I like the long side.

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						
September 2, 2026	SPY gaps below a 5-day low, closes below op	1-5 days	Bullish	1.91%	-1.40%	-3.03%
September 2, 2026	SPY unfilled gap down 2 days in a row	1 day	Bullish			
September 2, 2026	SPY unfilled gap down at a 10-day low, 3 day	1-2 days	Bullish	1.61%	-0.70%	-1.54%
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

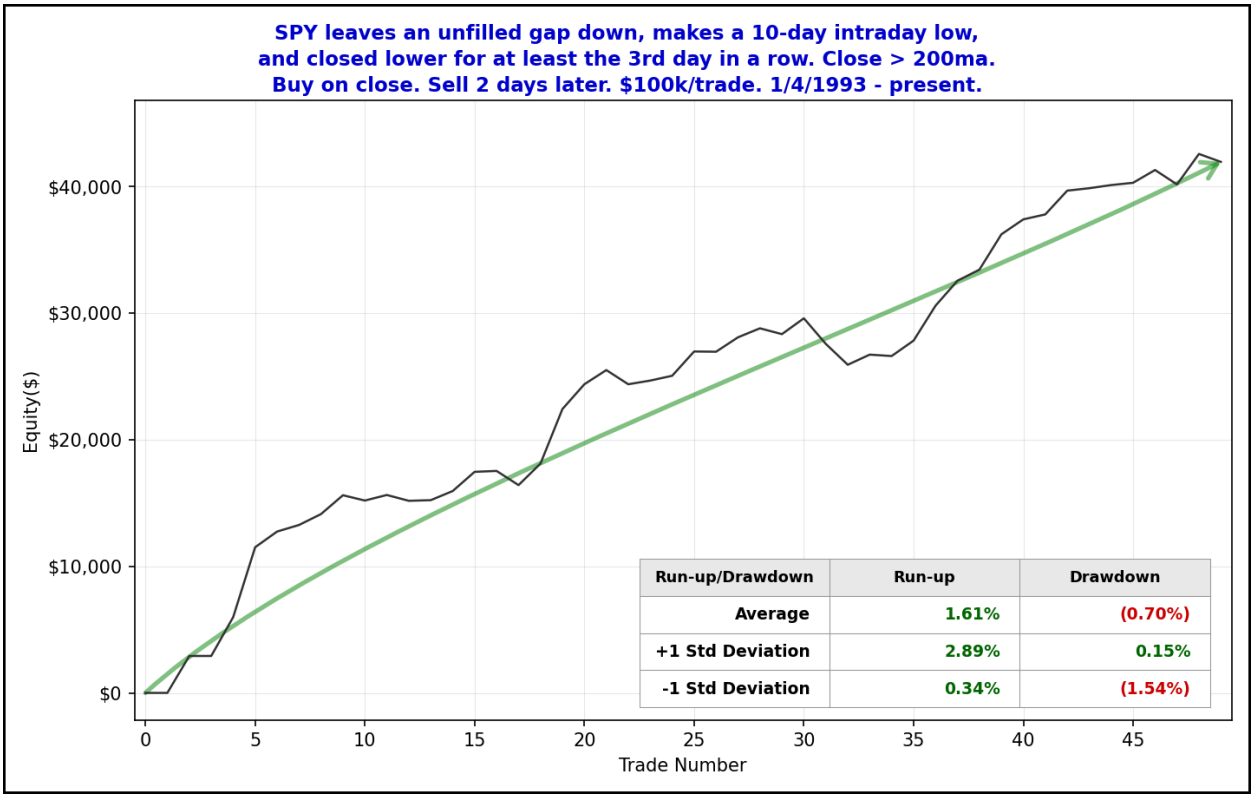
Tuesday was a down day for the market. SPX finished lower by 0.7%, the NASDAQ lost 1.0%, and the Russell 2000 tumbled 1.2%. Breadth was weak as the NYSE Up Issues % closed at 29% and the NYSE Up Volume % posted a 35% reading. NYSE total volume dropped sharply from Monday's level.

Some observations that suggest a possible upside edge are 1) SPY has now closed lower 3 days in a row during a long-term uptrend, and 2) SPY left an unfilled gap down and made a short-term low. These things triggered a few studies in the Quantifinder tonight. The study below combined them and served as a good description of the current market setup. It looked for multiple down days, short-term lows, and an unfilled gap down. It was last seen in the 2/22/23 letter. I have updated the results.

SPY leaves an unfilled gap down, makes a 10-day intraday low, and closed lower for at least the 3rd day in a row. Close > 200ma. Buy on close. Sell X days later. 1/4/1993 - present.

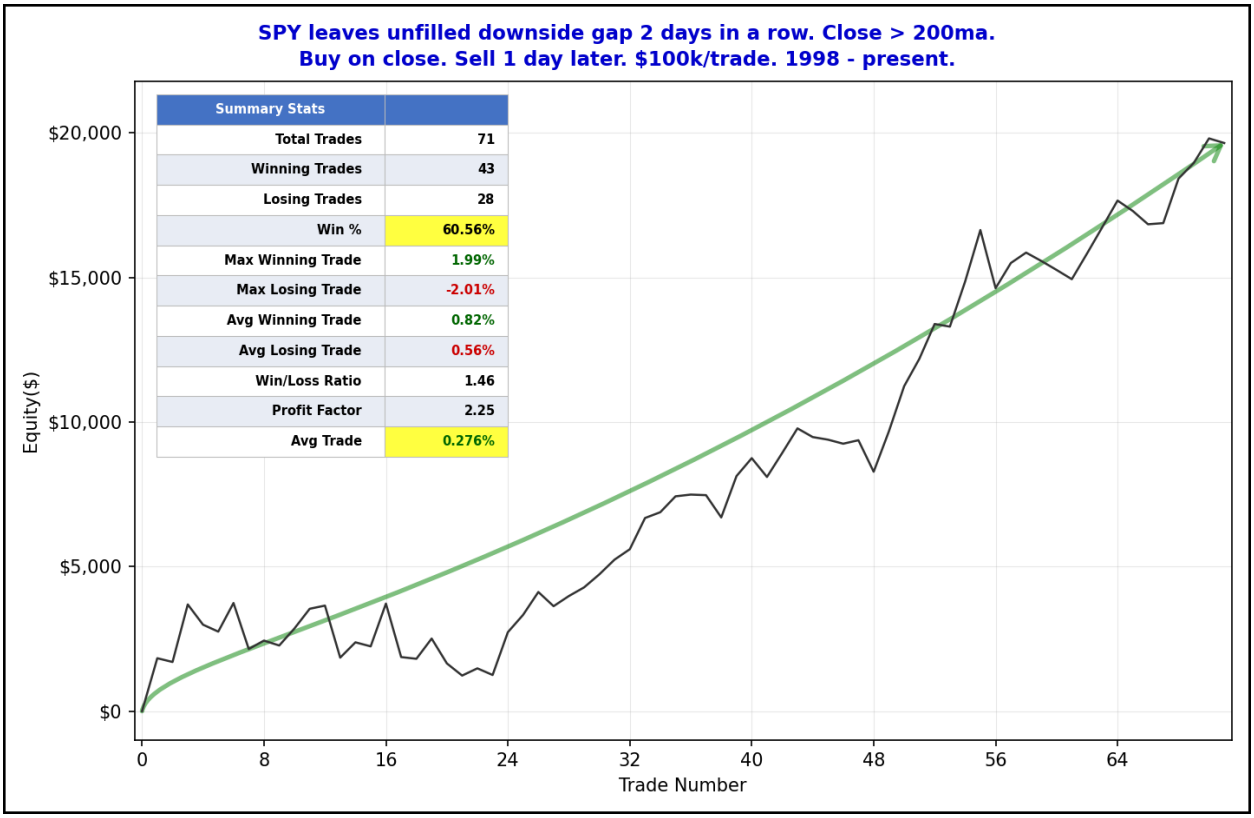
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	49	34	15	69.39%	7.81%	-4.78%	1.95%	1.15%	1.69	3.84	1.000%
4	49	32	17	65.31%	5.59%	-4.43%	2.00%	1.36%	1.47	2.77	0.833%
3	49	33	16	67.35%	4.26%	-2.42%	1.78%	0.95%	1.88	3.88	0.891%
2	49	36	11	73.47%	5.52%	-2.02%	1.42%	0.83%	1.71	5.59	0.857%
1	52	39	13	75.00%	5.52%	-3.01%	0.96%	0.65%	1.46	4.38	0.554%

The stats suggest a high probability of an almost immediate bounce. Below is a profit curve assuming a 2-day holding period.



The curve is a little choppy, but it has made its way from lower left to upper right. The study certainly seems strong enough to include on the Active List tonight.

Tuesday was also the 2nd day in a row that SPY left an unfilled gap down. The study below suggests there has been a bullish tendency the following day after similar historical occurrences. Last featured recently in the 7/20/26 letter, results are updated.



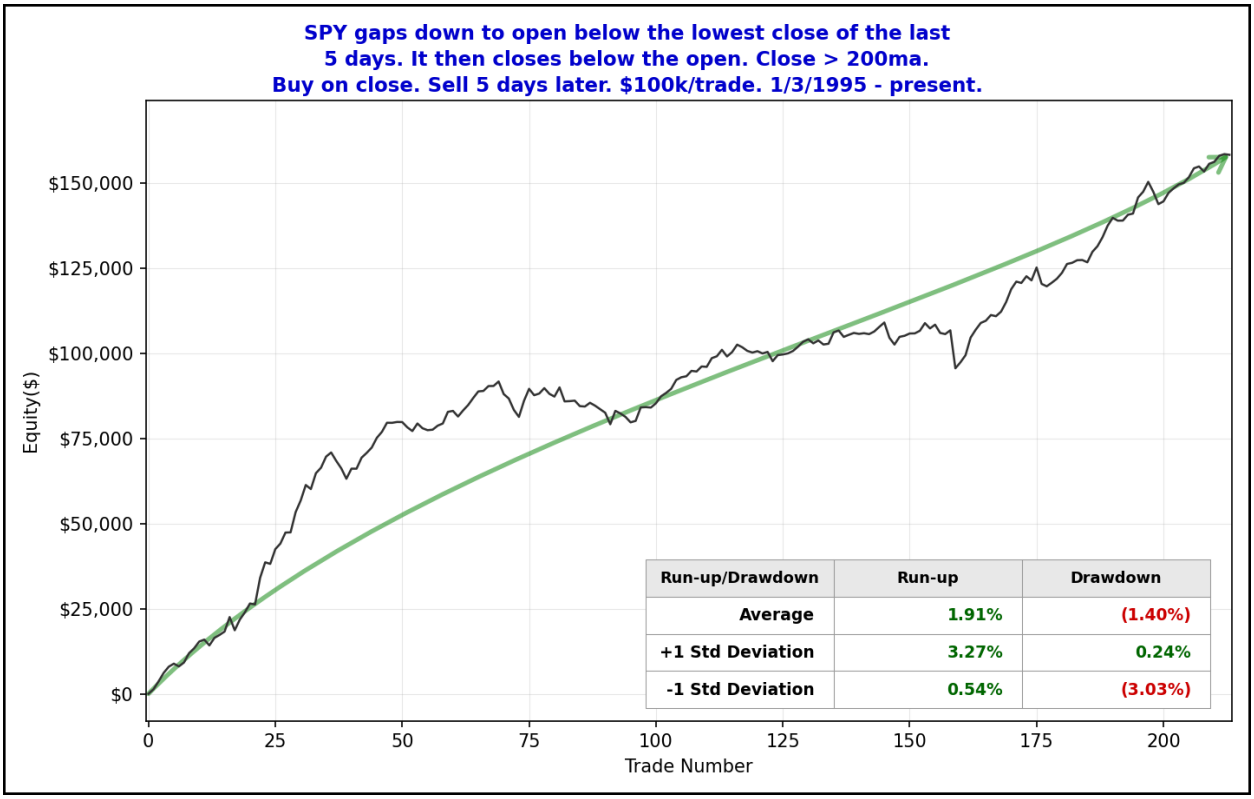
The curve is certainly choppy, but it continues to make new highs. I find the overall evidence strong enough to also add it to the Active List as a 1-day edge.

This last one 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. Last seen in the 6/24/26 subscriber letter 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	213	148	65	69.48%	7.81%	-11.16%	1.78%	1.61%	1.10	2.51	0.744%
4	225	148	77	65.78%	5.59%	-10.79%	1.69%	1.47%	1.15	2.21	0.610%
3	238	149	89	62.61%	5.01%	-6.59%	1.51%	1.19%	1.26	2.11	0.496%
2	255	161	91	63.14%	6.17%	-6.25%	1.22%	0.92%	1.33	2.35	0.444%
1	275	179	95	65.09%	5.81%	-4.18%	0.85%	0.80%	1.07	2.01	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 updated the Aggregator chart below.



With tonight's evidence considered, the green Aggregator Line moved fruther 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 strongly 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 Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 7735.17. That is 1.4% above Tuesday's close. Therefore, SPX will need to close up at least 1.4% on Wednesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. Evidence is building. SPX is oversold, and there is ample room to the upside before it would flip to overbought. Therefore, short-term reward/risk potential now appears quite favorable. I like the long side. I put a new trade idea in the trade ideas section to try and take advantage of the potential bounce.

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

SPY – Buy ¼ index position @ $761.78 LIMIT. Based on the short-term outlook above, I will start scaling into a long position if I can get filled at Tuesday's closing price (or better).

Current Open Trade Ideas

None.

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.