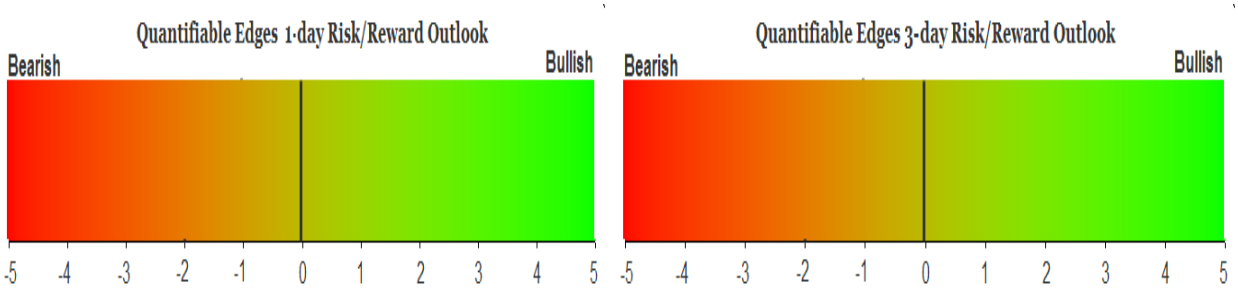
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

September 4, 2026 Volume 20 Issue 169

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	0

Tonight's Research Points

- Employment days have done well since 2013 when SPY has been in an uptrend and finished strongly the day before, but that edge has faded badly in recent years.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. I am as well.

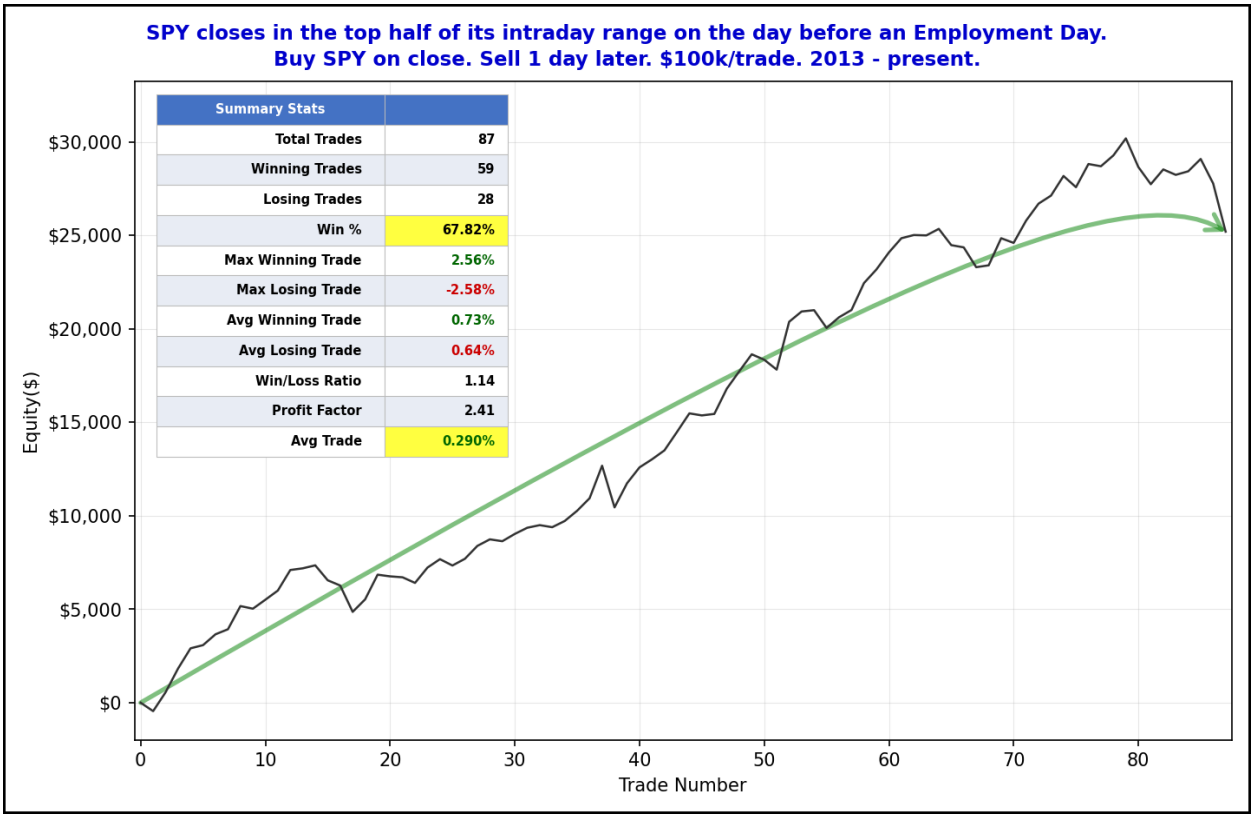
Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
September 2, 2026	SPY gaps below a 5-day low, closes below op	1-5 days	Bullish	1.91%	-1.40%	-3.03%
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 1.1%, the NASDAQ gained 1.4%, and the Russell 2000 climbed 0.5%. Breadth was positive as the NYSE Up Issues % closed at 60% and the NYSE Up Volume % posted a 65% reading. NYSE total volume declined some from Wednesday's level.

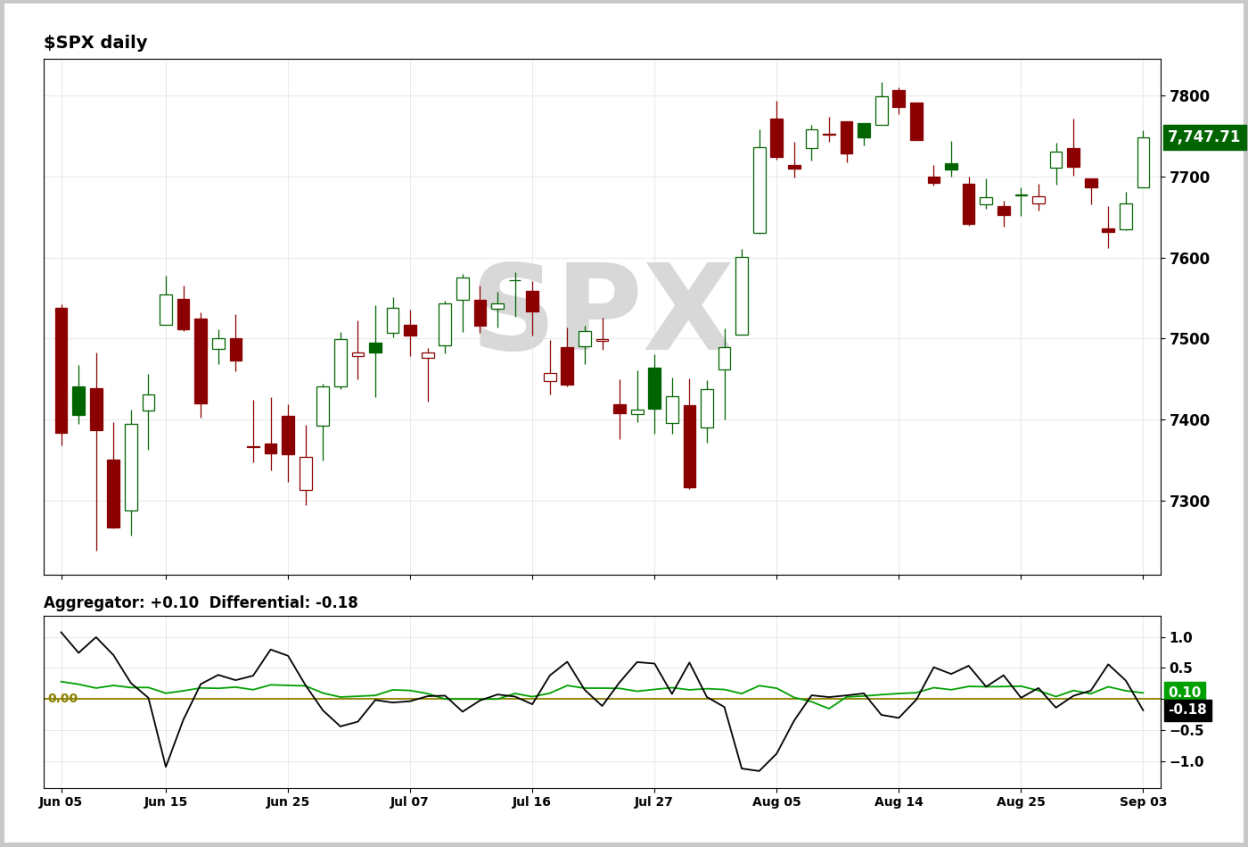
Friday is an “Employment Day”, where the BLS releases the employment situation report. Over the last few years – and most recently in the 6/5/26 letter, I showed that since 2013 when SPX was in a long-term uptrend, strong closes the day before an employment day have typically been followed by a strong employment day. That triggered again on Thursday. Below are updated results.



The lifetime numbers still look solid, but the curve has flattened out badly over the last several years. The most recent 29 instances have won just under 59% of the time with an average gain of about 0.10%, and the last 10 have averaged a loss. Given how much the study has struggled lately, I am not inclined to add it to the active list tonight. Employment days have long been streaky and without great consistency, and there was not a strong edge here prior to 2013, so it is possible the edge has simply worn out. I will continue to keep an eye on it, and if the edge reasserts itself, I will start using it again.

I will also note that yet another Hindenburg Omen signal triggered on Thursday. This is the 8th such trigger in the last 30 days. That is a very large group. Typically, clusters of 4 or more can suggest potential danger ahead. I may look into large clusters over the weekend.

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 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.

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 7662.92. That is 1.1% below Thursday's close. Therefore, SPX will need to close down at least 1.1% on Friday in order to flip from overbought to oversold versus recent expectations.

So the Aggregator is now neutral. Evidence has dwindled over the last few days as the expected bounce arrived. And because of the bounce of the last 2 days, SPX has now gone from over-sold to over-bought. There does not appear to be a compelling directional edge at this point. This seems like a good time to flatten out the index trade in the Trade Ideas section and then wait for the next favorable reward/risk setup to emerge.

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 tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	9/2/2026	$761.78	$773.17	1.50%	*sell on open*

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