

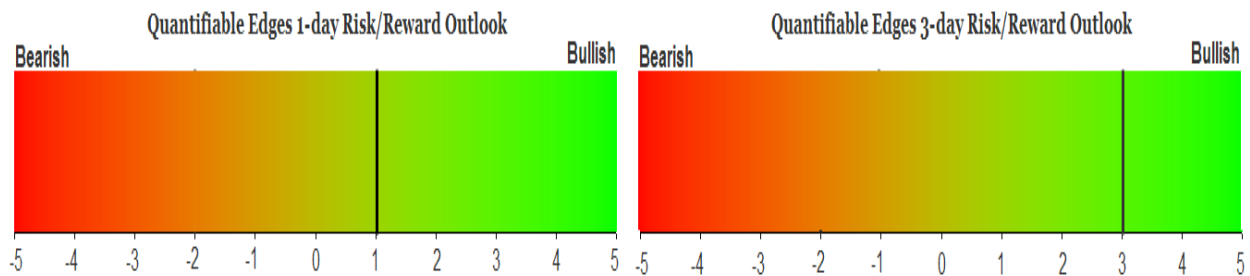
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 16, 2020

Volume 13 Issue 51

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	26

Tonight's Research Points

- Too many to list.

Short-term Outlook

The Bottom Line

The Aggregator is still bullish. We should see some stimulus help to spark more upside in the next several days. I am not so sure about Monday & Tuesday.

The Evidence

Friday saw one of the biggest market gains of all time. SPX closed up 9.29%, while the NASDAQ rose 9.35% and the Russell 2000 rallied 7.77%. Breadth was extremely positive as the NYSE Up Issues % was 87% and the Up Volume % came in at 92%. NYSE volume came in lower than Thursday.

At 3pm Friday I was glued to the tv. Watching the Trump press conference. For the 1st several minutes he said nothing that got me excited at all. I kept waiting for him to talk about how they were going to increase and handle testing. Then he said it. Google was putting 1700 engineers to work to coordinate website where you could login and enter your symptoms, and then be told the nearest drive-thru that you can get tested at. I thought that was huge. If we can get a handle on how many people are sick, we can better estimate the curve and what is likely to happen. And the market agreed. It shot higher by a near unprecedented amount. But then later that night and the next day the reports came out that the Google site and the mass testing were, to turn a phrase, “fake news”. I don’t anticipate the market will receive this well. I would not be surprised to see the futures limit down again at some point on Sunday night / Monday morning. And additional bad news keeps coming, as countries one after the other seem to be completely shutting down. Needless to say, this is unprecedented times. And maybe the studies I am about to show do not matter as much as they usually do. But I think market action is still worth consideration, so I worked a long time over the weekend going through them. And I’ll discuss my overall take later on.

Below are some studies from the 3/11 letter a few nights ago. I left in all the language and updated the stats...

There were several studies that appeared in the Quantifinder that looked at sizable moves from intermediate-term lows. They also broke the data down by how strong the volume was on the rebound day. The studies below were from the 3/29/18 letter. I will note that NYSE volume Tuesday was NOT high compared to Monday. As you’ll see, the lack of volume is potentially concerning. The first study looks at strong rebounds that occur on the highest volume of the last 5 days.

After closing at a 20-day low yesterday, SPX closes up > 2.5% today. NYSE volume *is* the highest of the last 5 days. Buy on close. Sell X days later. \$100k/trade. 1970 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	45,568.69	16	10	6	62.50	5,759.82	13,599.08	-2,004.92	-7,562.86	2.87	4.79	2,848.04
9	52,725.28	16	10	6	62.50	6,065.47	14,258.16	-1,321.56	-3,726.90	4.59	7.65	3,295.33
8	36,415.16	16	11	5	68.75	4,030.73	10,693.76	-1,584.58	-3,292.30	2.54	5.60	2,275.95
7	39,158.63	16	12	4	75.00	4,231.63	11,879.20	-2,905.23	-8,207.38	1.46	4.37	2,447.41
6	37,231.64	16	12	4	75.00	3,559.44	10,315.50	-1,370.40	-1,660.50	2.60	7.79	2,326.98
5	42,103.86	16	15	1	93.75	2,909.33	9,334.72	-1,536.08	-1,536.08	1.89	28.41	2,631.49
4	35,798.03	16	13	3	81.25	3,434.75	11,930.04	-2,951.22	-3,869.74	1.16	5.04	2,237.38
3	35,008.58	16	10	6	62.50	4,350.15	10,868.60	-1,415.49	-2,437.50	3.07	5.12	2,188.04
2	18,630.52	16	9	7	56.25	2,997.14	7,112.64	-1,191.96	-3,081.26	2.51	3.23	1,164.41
1	19,590.02	16	9	7	56.25	2,795.59	9,089.88	-795.76	-1,516.06	3.51	4.52	1,224.38

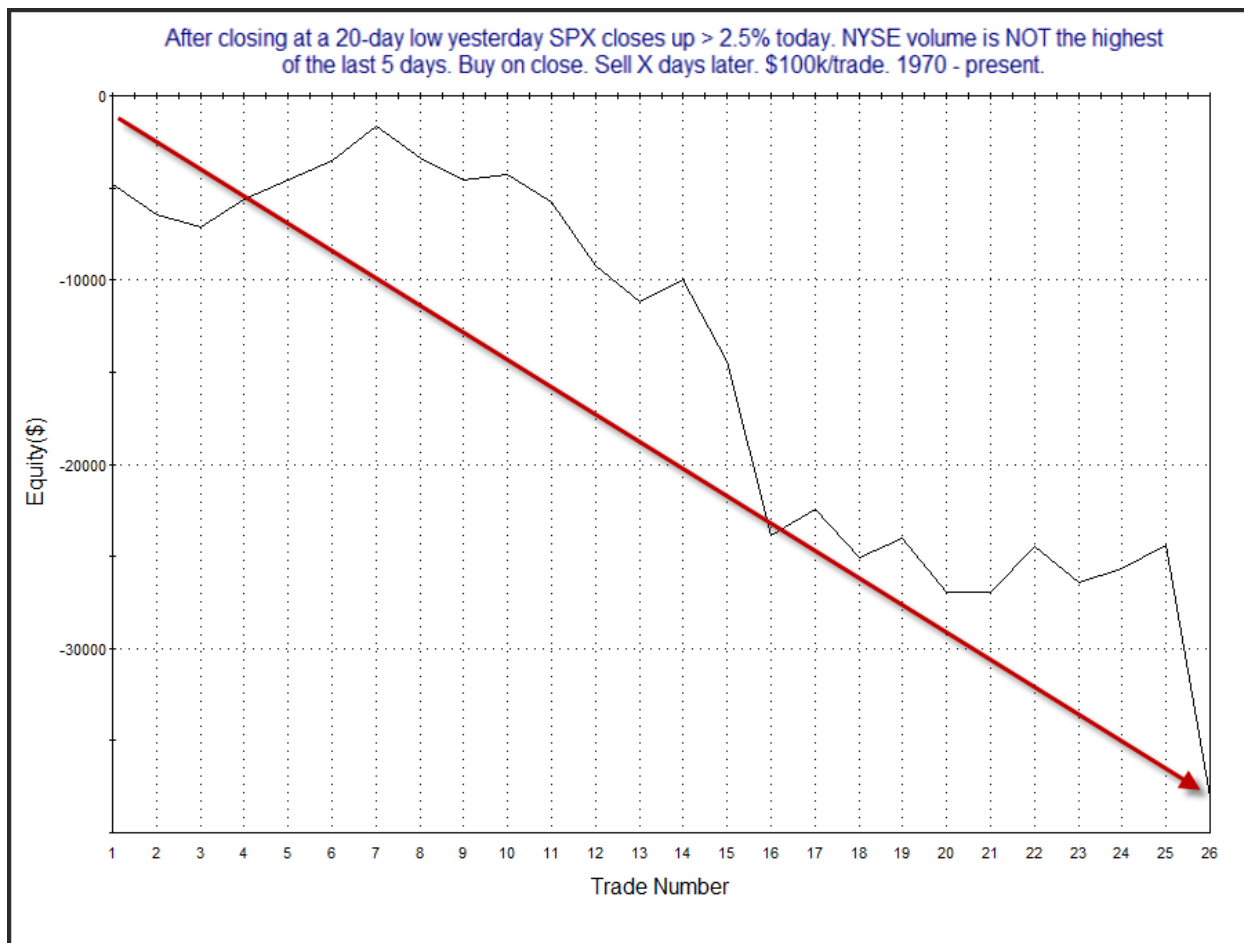
All 16 instances closed above the entry price at some point in the next week.

Terrific follow through has been seen under these circumstances and the rally has persisted over the next 1-5 days on a consistent basis. But the next study looks at times like the present where NYSE volume was lacking, and did not post a 5-day high.

After closing at a 20-day low yesterday SPX closes up > 2.5% today. NYSE volume is NOT the highest of the last 5 days. Buy on close. Sell X days later. \$100k/trade. 1970 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-14,108.23	22	10	12	45.45	8,721.35	-14,309.75	4,091.81	-4,585.53	0.89	0.74	-641.28
9	-51,757.07	24	8	16	33.33	9,514.20	-13,855.85	4,881.60	-5,675.62	0.86	0.43	-2,156.54
8	-68,971.39	24	8	16	33.33	8,645.60	-22,706.90	4,621.98	-6,621.70	0.70	0.35	-2,873.81
7	-58,573.21	24	10	14	41.67	8,044.65	-21,797.40	3,262.94	-6,514.47	0.50	0.36	-2,440.55
6	-36,645.55	24	12	12	50.00	7,888.10	-15,420.70	2,626.23	-5,680.03	0.46	0.46	-1,526.90
5	-29,433.00	24	10	14	41.67	7,282.10	-14,461.05	3,457.67	-4,572.12	0.76	0.54	-1,226.37
4	-26,340.24	24	11	13	45.83	6,383.20	-9,329.28	2,519.74	-4,158.26	0.61	0.51	-1,097.51
3	-23,975.27	26	11	15	42.31	2,993.44	-5,821.14	1,770.69	-2,896.86	0.61	0.45	-922.13
2	-38,077.71	26	12	14	46.15	2,466.36	-13,654.06	1,162.81	-3,716.53	0.31	0.27	-1,464.53
1	-14,141.36	26	11	15	42.31	2,842.84	-4,788.90	1,170.09	-1,800.83	0.65	0.48	-543.90

The results here show a decided lack of follow-through. While the win rate is not much worse than breakeven over the 1st few days, the losers were substantially larger than the winners. A two-day profit curve can be seen below.



Certainly not consistent, but it has managed to meander its way from upper left to lower right over time. So what would have been a strong upside edge if Monday was accompanied by big volume, is pointing towards a possible bearish inclination.

Another study from the 3/29/18 letter used SPY and demanded a strong close within the day's range. It also showed a big difference in performance when filtering by volume. Note that like NYSE volume, SPY volume also did not post a 5-day high on Monday. Here are the breakdowns of that SPY study.

After closing at a 20-day low yesterday, SPY closes up over 2% today and in the top 25% of the day's range. SPY volume *is* the highest of the last 5 days. Buy on close. Sell X days later.
\$100k/trade. 1993 - present

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Avg Winning Trade	All: Max Winning Trade	All: Avg Losing Trade	All: Max Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	40,355.93	12	12	0	100.00	3,362.99	7,599.20	0.00	0.00	100.00	100.00	3,362.99
4	28,297.98	12	10	2	83.33	3,248.87	7,339.60	-2,095.34	-3,242.20	1.55	7.75	2,358.16
3	16,373.15	12	8	4	66.67	2,638.88	5,959.00	-1,184.48	-2,254.46	2.23	4.46	1,364.43
2	6,661.29	12	7	5	58.33	1,943.75	3,693.50	-1,388.99	-3,016.93	1.40	1.96	555.11
1	720.64	12	5	7	41.67	1,842.03	3,369.60	-1,212.79	-4,416.69	1.52	1.08	60.05

After closing at a 20-day low yesterday, SPY closes up > 2% today and in the top 25% of the days range. SPY volume is NOT the highest of the last 5 days.
Buy on close. Sell X days later. \$100k/trade. 1993 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	4,390.00	35	19	15	54.29	9,473.60	-13,757.52	3,415.49	-4,033.62	0.85	1.07	125.43
4	8,760.18	37	22	15	59.46	13,286.49	-9,714.74	3,178.31	-4,077.50	0.78	1.14	236.76
3	-920.35	38	18	20	47.37	11,878.65	-7,473.88	3,117.64	-2,851.89	1.09	0.98	-24.22
2	-13,238.90	38	20	18	52.63	7,717.98	-13,947.26	2,362.80	-3,360.83	0.70	0.78	-348.39
1	9,711.90	38	24	14	63.16	6,926.07	-4,864.76	1,370.25	-1,655.29	0.83	1.42	255.58

Like the previous study, you can see that the volume makes a massive difference in the follow-through potential over the next few days. In this case, there is not necessarily a bearish inclination, but the bullish inclination is greatly reduced, and only persists for one day rather than a full week...

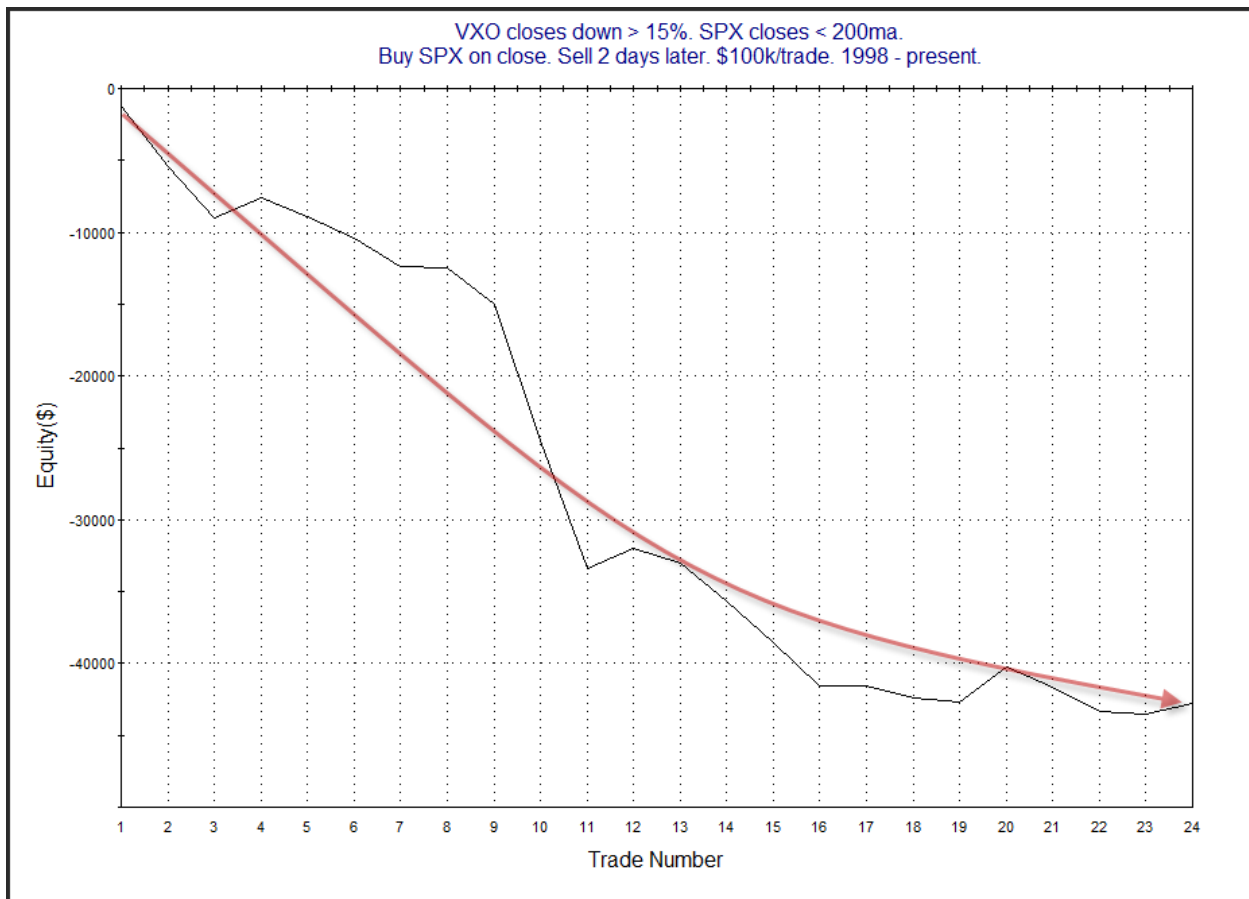
The bottom line with these rebound studies is that the edge is somewhat unclear. If there was strong volume on Tuesday, that would have been a clear bullish indication for the short-term. But the lack of volume is a bit discouraging.

There were also a number of VIX and VXO (old calculation for the VIX) studies that triggered. The one below was last seen in the 7/9/18 letter. It looks at big drops in the VXO when SPX is below its 200ma. I have updated the results.

VXO closes down > 15%. SPX closes < 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 1998 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-25,188.40	21	11	10	52.38	6,915.44	-13,784.48	2,004.29	-4,723.56	0.42	0.47	-1,199.45
4	-34,966.69	23	9	14	39.13	4,104.78	-10,971.63	1,921.06	-3,732.59	0.51	0.33	-1,520.29
3	-34,023.76	24	8	16	33.33	2,993.44	-7,806.29	1,254.98	-2,753.97	0.46	0.23	-1,417.66
2	-42,765.44	24	5	19	20.83	2,466.36	-9,455.49	1,214.59	-2,570.44	0.47	0.12	-1,781.89
1	-18,019.57	24	7	17	29.17	2,404.65	-4,400.45	833.06	-1,403.00	0.59	0.24	-750.82

Numbers here appear quite bearish. Below is a look at the profit curve.



The move from upper left to lower right serves as some confirmation of the downside edge. But the VXO drop on Friday was actually over 30%. That is more than double what is required here. So I tightened the requirements to “greater than 25%” and also looked back a bit further in order to get as many instances as I could. Below is the new study.

VXO closes down > 25%. SPX closes < 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 1987 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	-23,185.60	6	1	5	16.67	1,320.09	-15,288.57	1,320.09	-4,901.14	0.27	0.05	-3,864.27
9	-24,562.85	6	0	6	0.00	0.00	-12,531.42	0.00	-4,093.81	0.00	0.00	-4,093.81
8	-18,257.67	6	0	6	0.00	0.00	-9,428.76	0.00	-3,042.95	0.00	0.00	-3,042.94
7	-18,664.79	6	0	6	0.00	0.00	-10,550.43	0.00	-3,110.80	0.00	0.00	-3,110.80
6	-12,109.28	6	1	5	16.67	1,814.75	-5,263.20	1,814.75	-2,784.81	0.65	0.13	-2,018.21
5	-27,440.08	7	1	6	14.29	1,719.55	-13,784.48	1,719.55	-4,859.94	0.35	0.06	-3,920.01
4	-27,726.39	7	2	5	28.57	2,716.60	-10,971.63	1,534.47	-6,159.07	0.25	0.10	-3,960.91
3	-28,584.47	7	1	6	14.29	533.80	-11,884.77	533.80	-4,853.04	0.11	0.02	-4,083.50
2	-25,527.22	7	2	5	28.57	577.57	-9,455.49	293.46	-5,222.83	0.06	0.02	-3,646.75
1	-13,254.10	7	0	7	0.00	0.00	-4,400.45	0.00	-1,893.44	0.00	0.00	-1,893.44

It appears the bigger VXO drops, like the current one, have been even more bearish. Below is the list of instances along with the 3-day results.

VXO closes down > 25%. SPX closes < 200ma.
Buy SPX on close. Sell X days later. \$100k/trade. 1987 - present.

Date/Time	Signal	Price	% Profit	Run-up Drawdown
10/21/1987	Buy	\$258.37	-11.89%	\$0.00
10/26/1987	Sell	\$227.66		(\$12,043.44)
4/5/1994	Buy	\$448.29	-0.27%	\$626.63
4/8/1994	Sell	\$447.10		(\$738.13)
6/15/2006	Buy	\$1,256.16	-1.28%	\$8.69
6/20/2006	Sell	\$1,240.12		(\$1,500.21)
5/19/2008	Buy	\$1,426.63	-2.26%	\$0.00
5/22/2008	Sell	\$1,394.35		(\$2,647.40)
10/13/2008	Buy	\$1,003.35	-5.67%	\$4,055.04
10/16/2008	Sell	\$946.43		(\$13,614.48)
10/20/2008	Buy	\$985.40	-7.84%	\$4.04
10/23/2008	Sell	\$908.11		(\$12,822.96)
8/9/2011	Buy	\$1,172.53	0.54%	\$1,403.35
8/12/2011	Sell	\$1,178.81		(\$4,634.20)

The last instance was the one that got the bounce. But even that saw a 4.6% drawdown. You'll recognize some of the dates here...1987...2008. We have seen them a number of times in the past couple of weeks.

I saw the Up Volume % being touted as bullish on Twitter since it came in so strong. And often a 90%+ Up Vol % day is a good thing, especially when you get a cluster of them. But when coming off an intermediate-term low, and looking at the next day, I have found that extremely strong breadth can actually be bearish. This can be seen in the study below, which is from the 12/27/18 letter.

SPX closed at a 50-day low yesterday. Today the NYSE Up Volume % > 90%. Buy on close. Sell 1 day later. \$100k/trade. 1970 - present.			
All Trades			
Total Net Profit	(\$11,404.83)	Profit Factor	0.20
Gross Profit	\$2,856.67	Gross Loss	(\$14,261.50)
Total Number of Trades	15	Percent Profitable	26.67%
Winning Trades	4	Losing Trades	11
Even Trades	0		
Avg. Trade Net Profit	(\$760.32)	Ratio Avg. Win:Avg. Loss	0.55
Avg. Winning Trade	\$714.17	Avg. Losing Trade	(\$1,296.50)
Largest Winning Trade	\$1,400.13	Largest Losing Trade	(\$4,400.45)

The number of instances is a little light, but the raw results appear quite bearish. Below is the full list.

SPX closed at a 50-day low yesterday. Today the NYSE Up Volume % > 90%.
Buy on close. Sell 1 day later. \$100k/trade. 1970 - present.

Date/Time	Signal	Price	% Profit	Run-up Drawdown
11/1/1978	Buy	\$96.85	-1.28%	\$474.72
11/2/1978	Sell	\$95.61		(\$2,074.32)
3/28/1980	Buy	\$100.68	1.40%	\$1,956.21
3/31/1980	Sell	\$102.09		(\$655.38)
4/5/1994	Buy	\$448.29	-0.05%	\$298.82
4/6/1994	Sell	\$448.05		(\$738.13)
3/6/2007	Buy	\$1,395.41	-0.25%	\$408.25
3/7/2007	Sell	\$1,391.97		(\$338.67)
11/13/2007	Buy	\$1,481.01	-0.78%	\$745.71
11/14/2007	Sell	\$1,469.52		(\$974.18)
11/23/2007	Buy	\$1,440.70	-2.33%	\$371.91
11/26/2007	Sell	\$1,407.20		(\$2,387.40)
10/13/2008	Buy	\$1,003.35	-0.53%	\$4,055.04
10/14/2008	Sell	\$998.01		(\$3,096.72)
10/28/2008	Buy	\$940.51	-1.11%	\$3,105.80
10/29/2008	Sell	\$930.09		(\$1,934.50)
2/24/2009	Buy	\$773.14	-1.07%	\$900.42
2/25/2009	Sell	\$764.90		(\$2,612.25)
3/10/2009	Buy	\$719.60	0.24%	\$1,700.16
3/11/2009	Sell	\$721.36		(\$793.50)
5/21/2010	Buy	\$1,087.69	-1.29%	\$205.66
5/24/2010	Sell	\$1,073.65		(\$1,364.09)
5/27/2010	Buy	\$1,103.06	-1.24%	\$0.00
5/28/2010	Sell	\$1,089.41		(\$1,645.20)
8/9/2011	Buy	\$1,172.53	-4.42%	\$0.00
8/10/2011	Sell	\$1,120.76		(\$4,634.20)
11/7/2016	Buy	\$2,131.52	0.38%	\$706.10
11/8/2016	Sell	\$2,139.53		(\$366.16)
12/26/2018	Buy	\$2,467.70	0.86%	\$856.00
12/27/2018	Sell	\$2,488.83		(\$2,790.40)

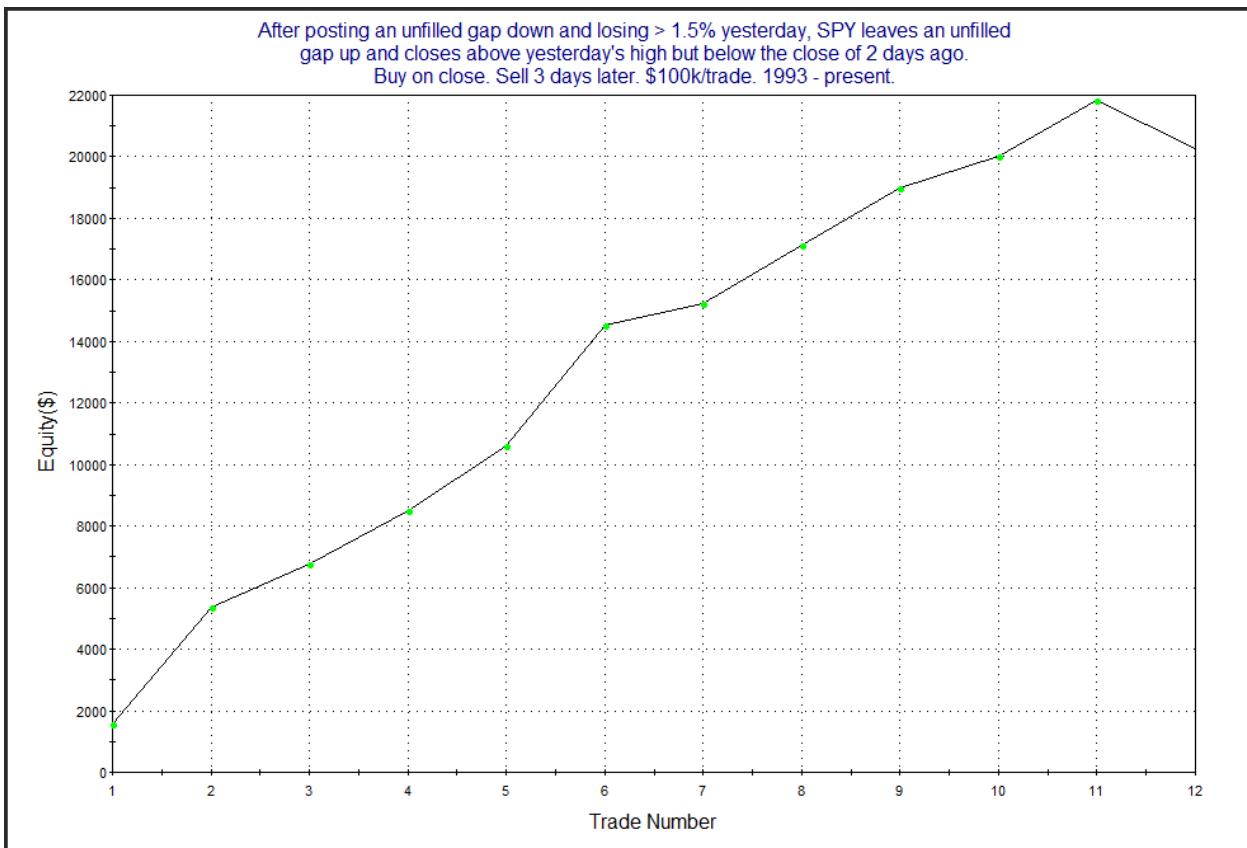
It appears such strong breadth likely means the 1-day move was a bit overdone. This study appears strong enough to warrant some consideration.

I will note that there were also some bullish studies that triggered. The one below was last seen in the 12/12/11 letter. It looked at SPY price action like we have seen the last couple of days, and it showed compelling results. I have updated them.

After posting an unfilled gap down and losing > 1.5% yesterday, SPY leaves an unfilled gap up and closes above yesterday's high but below the close of 2 days ago.
Buy on close. Sell X days later. \$100k/trade. 1993 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	11,567.43	12	9	3	75.00	4,106.63	-2,402.64	1,628.89	-1,030.87	1.58	4.74	963.95
4	21,268.62	12	10	2	83.33	3,904.83	-844.85	2,243.03	-580.84	3.86	19.31	1,772.39
3	20,280.83	12	11	1	91.67	3,914.92	-1,573.80	1,986.78	-1,573.80	1.26	13.89	1,690.07
2	10,616.30	12	9	3	75.00	2,828.00	-1,441.02	1,523.41	-1,031.45	1.48	4.43	884.69
1	1,389.26	12	7	5	58.33	1,821.56	-2,203.74	737.86	-755.16	0.98	1.37	115.77

Instances are a bit low, but the numbers are quite strong. Below is the profit curve for a 3-day holding period.



The last instance was the only one that did not rise over the next 3 days. This study appears to suggest a bullish edge.

Friday is one of the least popular days for a bounce from a low to occur. But a potential positive about a Friday bounce is that they tend to be the most reliable moving forward. The below tables look at performance following a bounce from a 50-day low. The 1st table looks at performance 1 day later, and the 2nd table looks at performance 5 days later.

After closing at a 50-day low yesterday, SPX closes up today. It is the day of week shown. Buy on close. Sell next day's close. \$100k/trade. 1985 - present.												
Day of Week	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
Fri	22,548.91	35	26	9	74.29	6,420.72	-2,311.50	1,199.93	-961.02	1.25	3.61	644.25
Thurs	3,082.66	40	20	20	50.00	3,982.74	-3,447.40	1,307.73	-1,153.60	1.13	1.13	77.07
Wed	3,246.00	27	15	12	55.56	3,644.16	-4,761.33	1,511.09	-1,618.37	0.93	1.17	120.22
Tues	-6,084.96	53	25	28	47.17	9,089.88	-4,788.90	1,318.36	-1,394.43	0.95	0.84	-114.81
Mon	-5,033.62	40	22	18	55.00	2,691.92	-4,893.07	850.61	-1,319.28	0.64	0.79	-125.84

After closing at a 50-day low yesterday, SPX closes up today. It is the day of week shown. Buy on close. Sell 5 days later. \$100k/trade. 1985 - present.												
Day of Week	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
Fri	47,177.52	35	26	9	74.29	10,682.82	-3,611.52	2,354.09	-1,558.77	1.51	4.36	1,347.93
Thurs	40,672.50	38	25	13	65.79	9,334.72	-4,901.67	2,485.90	-1,651.91	1.50	2.89	1,070.33
Wed	787.57	27	15	12	55.56	8,658.92	-11,026.82	2,415.68	-2,953.97	0.82	1.02	29.17
Tues	9,874.81	51	31	20	60.78	10,340.00	-24,627.73	3,005.63	-4,164.98	0.72	1.12	193.62
Mon	-6,184.57	40	23	17	57.50	5,873.28	-11,533.34	2,025.71	-3,104.46	0.65	0.88	-154.61

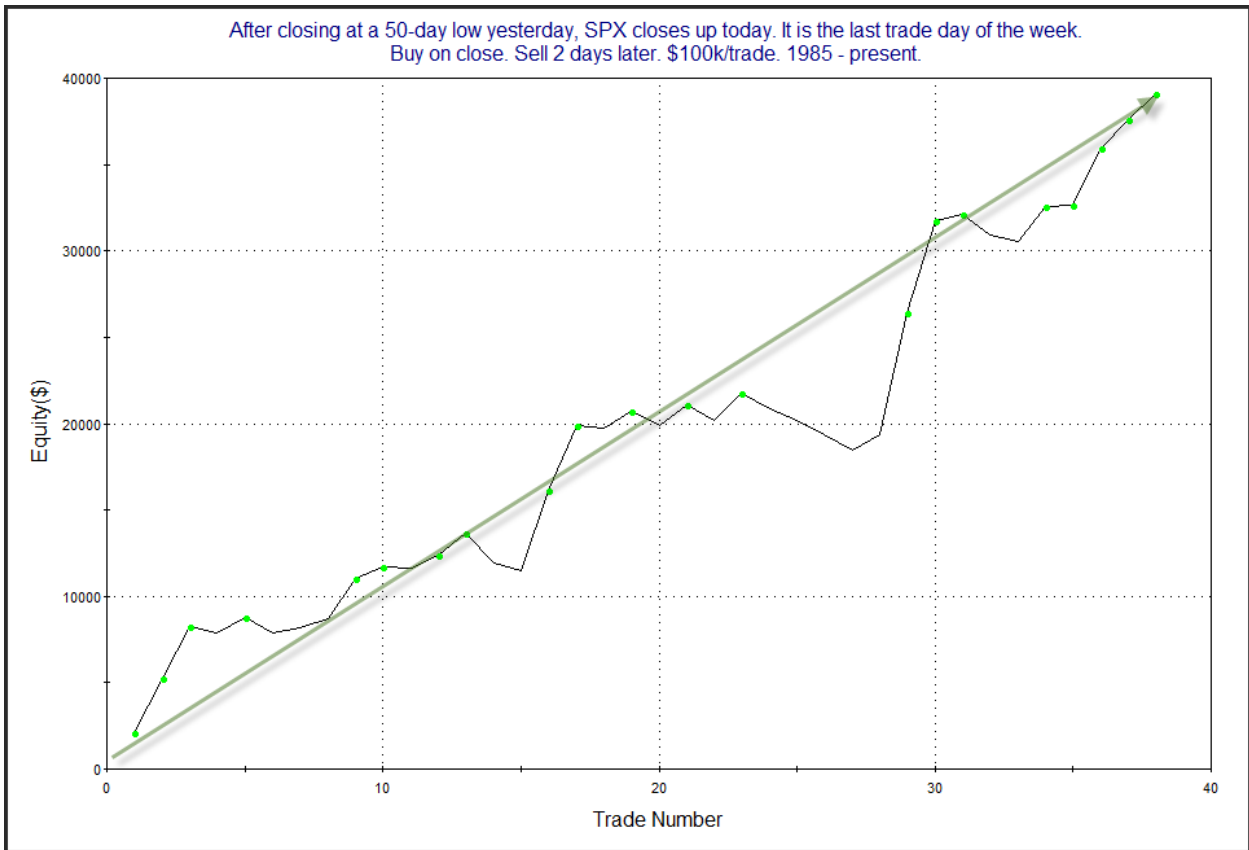
In both cases we see that Friday is the day of the week that that shows the strongest odds moving forward. This is true whether you are looking at Net Profits, % Profitable, Win/Loss Ratio, Profit Factor, or Avg Trade. So Tuesday is the most likely day to see a bounce occur, but Friday is the day where that bounce is most likely to stick.

The table below is just slightly different. Rather than saying Friday, I required it be the last day of the week. In other words, if it is Thursday, and Friday is a holiday, then that also qualifies for the study below. Here I look at performance over the next few days after the end-of-week bounce has occurred.

After closing at a 50-day low yesterday, SPX closes up today. It is the last trade day of the week.
Buy on close. Sell X days later. 1985 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	46,699.60	38	28	10	73.68	10,682.82	-3,611.52	2,234.84	-1,587.59	1.41	3.94	1,228.94
4	48,475.90	38	27	11	71.05	11,930.04	-4,206.40	2,391.21	-1,462.44	1.64	4.01	1,275.68
3	37,439.03	38	26	11	68.42	10,868.60	-2,391.84	2,051.32	-1,445.04	1.42	3.36	985.24
2	39,136.80	38	24	14	63.16	7,112.64	-1,737.36	2,059.01	-734.25	2.80	4.81	1,029.92
1	20,619.36	38	27	11	71.05	6,420.72	-2,311.50	1,171.81	-1,001.77	1.17	2.87	542.61

Much of the gains occur in the 1st 2 days. I also produced a profit curve below.



The strong upslope that has persisted for a long time serves as confirmation of the upside edge.

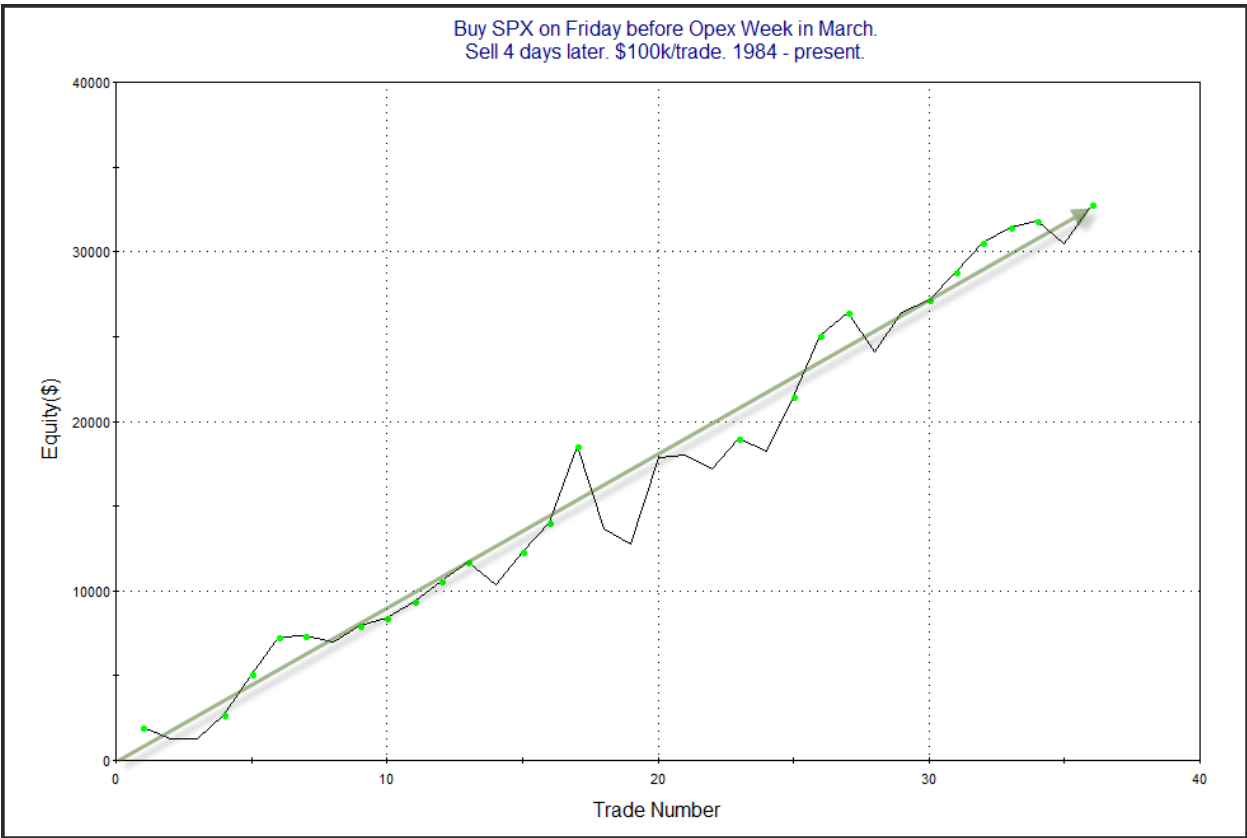
There is a seasonal influence that could have a bullish impact on the market next week. (Though I am doubtful it really will have much impact in this environment.) Op-ex week in general is pretty bullish. March, April, October, and December it has been especially so. S&P 500 options began trading in mid-1983. The table below is one I showed in the 3/11/19 Subscriber Letter. It goes back to 1984 and shows op-ex week performance broken down by month.

Opex week SPX performance by month. 1984 - present. (Excludes September 2001)												
Month	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
12	23,690.73	36	27	9	75.00	5,868.16	-8,968.06	1,464.22	-1,760.35	0.83	2.50	658.08
11	5,097.93	36	22	14	61.11	3,718.25	-8,351.64	1,394.28	-1,826.87	0.76	1.20	141.61
10	26,794.86	36	27	9	75.00	7,282.10	-9,109.98	2,004.08	-3,035.03	0.66	1.98	744.30
9	15,510.55	35	22	13	62.86	5,313.08	-4,975.04	1,492.41	-1,332.49	1.12	1.90	443.16
8	-2,383.49	36	19	17	52.78	4,329.72	-5,670.55	1,387.73	-1,691.20	0.82	0.92	-66.21
7	314.19	36	19	16	52.78	6,921.25	-7,953.12	1,344.99	-1,577.54	0.85	1.01	8.73
6	186.18	36	21	15	58.33	3,786.09	-3,998.19	1,164.20	-1,617.47	0.72	1.01	5.17
5	1,071.21	36	17	19	47.22	4,850.40	-4,959.45	1,821.90	-1,573.74	1.16	1.04	29.76
4	31,748.45	36	24	12	66.67	5,731.96	-3,580.15	2,079.09	-1,512.48	1.37	2.75	881.90
3	32,107.04	36	25	11	69.44	7,515.60	-6,711.66	1,970.53	-1,559.66	1.26	2.87	891.86
2	17,413.45	37	22	15	59.46	4,281.46	-6,814.80	1,643.32	-1,249.31	1.32	1.93	470.63
1	10,235.41	37	18	19	48.65	5,389.00	-5,383.93	2,125.65	-1,475.07	1.44	1.37	276.63

While October and December have been more reliable, March op-ex week has seen the most in total gains. As I did in that 3/11/19 Subscriber Letter, I also broke down March performance in more detail below.

Buy SPX on Friday before Opex Week in March. Sell X days later. \$100k/trade. 1984 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	33,675.53	36	25	11	69.44	7,515.60	-6,711.66	2,033.27	-1,559.66	1.30	2.96	935.43
4	32,815.25	36	26	10	72.22	5,108.40	-4,848.66	1,781.31	-1,349.87	1.32	3.43	911.53
3	16,144.79	36	23	13	63.89	4,989.60	-5,403.51	1,399.97	-1,234.96	1.13	2.01	448.47
2	13,217.49	36	23	13	63.89	3,981.60	-2,894.94	1,182.76	-1,075.84	1.10	1.95	367.15
1	5,321.24	36	24	12	66.67	3,542.40	-4,302.72	668.41	-893.39	0.75	1.50	147.81

The upside edge seems to pretty much play out by Thursday. (Note that the 5 day stats differ slightly from the weekly above because of an occasional Easter influence.) Below is a visual representation of the Monday-Thursday returns.



The curve is impressive. Bottom line here is that seasonality this week could provide a bit of a wind at the markets' back.

I have updated [the Aggregator chart](#) below.



Tonight the green Aggregator remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line is also above 0. The positive Differential Line reading means 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 signal stayed long at the close.

Based on the current list of studies, expectations are set to remain bullish on Monday. This could change. Meanwhile, the Differential Pivot will be 2768.12 on Monday. That is 2.1% above Friday's close. So SPX would "only" need to close up about 2.1% on Monday in order to flip from oversold to overbought vs recent expectations.

The Aggregator formation is still bullish. I said Thursday night I think a massive bounce is coming. Not only was the market more stretched than it has ever been, but the Fed is starting to open the liquidity faucet like never before, I expect to see further rates cuts this week, and the government hopefully will be putting through some strong stimulus packages. We saw Friday what a little hope can do when the market is this stretched. Show it a little bit of good news and it should be good for at least a multi-day bounce of very strong magnitude. I think we will hear some more solid plans from the Fed and the government in the next week that the market can attach enough hope to in order to bounce strongly for a few days.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/16 – neutral

Combo #1	Combo #2	Combo #3
Long	Long	Long

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 3 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 Timing Course](#), which is included with all annual subscriptions. Detailed descriptions of these combination approaches [can be found in Lesson 8](#). Subscribers may also download detailed hypothetical historical performance reports covering 12/31/71 – 3/7/14 in [Lesson 11, Course Downloads](#). (You must go through the course first in order to access the Downloads.) *This week all 3 Combo Systems remained on long signals.*

Despite the 9% gain on Friday, this was an awful week for the market. SPX declined 8.8%, the NASDAQ lost 8.2%, and the Russell 2000 fell 16.5%. The trend is down, no matter what some indicators (like the Golden Cross) say.

Rather than go through the standard Fed charts this week, I thought I would just go through a little bit of bullet-point thinking. This letter is long enough.

- This time is different. In many ways.
- People are not going out...all around the world. Some are forced and some are voluntary, but business is at a standstill, and this is going to take some time to process.
- Seeing COVID-19 curves decline and countries re-open (like China) could give hope.
- To turn the corner from a market standpoint and put in a sustainable bottom, it just needs to see a light at the end of the tunnel. Right now I don't think anyone is confident how long the tunnel is or where it ends.
- The bond market is showing signs of instability. Hopefully, central banks can keep everything functioning properly. They seem to be on the case, and I have some confidence we will continue to see huge amounts of liquidity and lending support from the Fed and foreign central banks. (The Fed announced a TON of new QE on Thursday.)
- I anticipate waves of good news and bad news in the coming weeks and months. Hope is part of human nature. The market will begin to go up again when people are more hopeful than they are fearful. Right now, fear is winning out.
- This has been labeled a supply-side issue from an economic standpoint. That means that once things re-open, demand will come back. I am not confident in this. With many people being laid off, or at least earning less, there will be less overall wealth. Budgets may be tight.
- Industries like cruise ships...are people going to be hesitant to go on them? I bet they don't have the allure they once did. And many other travel and entertainment industries may be affected for years as people regain both comfort and budget.

- Lastly, a concern expressed by my son this morning...”What if the NBA season gets delayed a few months and Kyrie and Kevin Durant both get healthy and come back for the playoffs in the summer? The Nets might all of a sudden be a contender. That would suck.”

My intermediate-term outlook is overall similar to last week. While we have a decent amount of studies pointing higher, I have too many concerns to maintain a bullish stance. Movements down from the 2/19 high have been historic. The market is acting far outside norms. Pandemics, supply-side shocks, politics, oil prices, bond prices, and other forces are creating massive amount of uncertainty at the moment. So I am inclined to remain neutral. This means I’m a bit more cautious about timing new entries for both longs and shorts. I might lean bearish if we were not SO oversold already at this point. Even if the market rises over the next several weeks, I think it will be a long time before we see a low-volatility uptrend emerge. I do not foresee a v-bottom recovery like December 2018. I expect bottoms will be re-tested, and there should be sharp rallies and sharp declines for months to come as the market refigures valuations.

Final note: I will be sending out an additional special report to subscribers tonight or tomorrow about an indicator I use to measure action that could be especially notable during a bear market.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

OpenCatapult Triggers

DD – 1/3 @ \$50.45 (bought @ limit)
 XOM – 1/3 @ \$56.36 (bought @ limit)
 DD – 1/3 @ \$47.47 (bought @ limit)
 XOM – 1/3 @ \$54.20 (bought @ limit)
 ALL – 1/3 @ \$117.31 (bought @ limit)
 BLK – 1/3 @ \$506 (bought @ limit)
 COP – 1/3 @ \$53.83 (bought @ limit)
 ALL – 1/3 @ \$115.73 (bought @ limit)
 COP – 1/3 @ \$51.17 (bought @ limit)
 DD – 1/3 @ \$47.26 (bought @ limit)
 XOM – 1/3 @ \$53.01 (bought @ limit)
 COP – 1/3 @ \$47.13 (bought @ limit)
 MDT – 1/3 @ \$100.98 (bought @ limit)
 WFC – 1/3 @ \$42.47 (bought @ limit)
 AXP 1/3 @ \$109.93 (bought @ limit)
 BLK 1/3 @ \$463.01 (bought @ limit)

MDT 1/3 @ \$100.67 (bought @ limit)
USB 1/3 @ \$46.44 (bought @ limit)
WFC 1/3 @ \$40.85 (bought @ limit)
ALL 1/3 @ \$109.92 (filled)
GE 1/3 @ \$8.21 (buy @ limit)
OXY 1/3 @ \$12.51 (buy @ limit) – not filled. Cancel for now.
SLB 1/3 @ \$17.31 (buy @ limit)
USB 1/3 @ \$36.32 (buy @ limit)
BA – 1/3 @ \$154.84 (buy @ limit) – not filled. Cancel for now.
KMI – 1/3 @ \$13.86 (bought @ limit)

Broad Market Large Cap CBI – 26

Additional New Trade Ideas

A full listing of system triggers can be found at the [numbered systems page](#) each night. I will cherry pick some of my favorite setups from the S&P 100 and ETF lists along with occasional other trade ideas to track below.

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY	2/25/2020	\$312.65	\$269.32	-13.86%		sell on SPX close >= 2768.11
SPY	2/27/2020	\$305.46	\$269.32	-11.83%		Aggregator
DD	2/25/2020	\$50.45	\$37.10	-26.46%		Catapult
XOM	2/25/2020	\$56.36	\$38.12	-32.36%		Catapult
DD	2/26/2020	\$47.47	\$37.10	-21.85%		Catapult
XOM	2/26/2020	\$54.20	\$38.12	-29.67%		Catapult
ALL	2/26/2020	\$117.31	\$92.77	-20.92%		Catapult
BLK	2/26/2020	\$506.00	\$413.78	-18.23%		Catapult
COP	2/26/2020	\$53.83	\$31.38	-41.71%		Catapult
ALL	2/27/2020	\$114.59	\$92.77	-19.04%		Catapult
COP	2/27/2020	\$49.60	\$31.38	-36.73%		Catapult
DD	2/27/2020	\$45.82	\$37.10	-19.03%		Catapult
XOM	2/27/2020	\$51.71	\$38.12	-26.28%		Catapult
COP	2/28/2020	\$45.42	\$31.38	-30.91%		Catapult
MDT	2/28/2020	\$98.97	\$88.82	-10.26%		Catapult
WFC	2/28/2020	\$41.31	\$30.89	-25.22%		Catapult
AXP	3/2/2020	\$109.93	\$99.60	-9.40%		Catapult
BLK	3/2/2020	\$463.01	\$413.78	-10.63%		Catapult
MDT	3/2/2020	\$100.67	\$88.82	-11.77%		Catapult
USB	3/2/2020	\$46.44	\$37.10	-20.11%		Catapult
WFC	3/2/2020	\$40.85	\$30.89	-24.38%		Catapult
ALL	3/6/2020	\$104.21	\$92.77	-10.98%		Catapult
GE	3/10/2020	\$8.21	\$7.85	-4.38%		Catapult
SLB	3/10/2020	\$17.31	\$16.16	-6.64%		Catapult
USB	3/10/2020	\$36.32	\$37.10	2.15%		Catapult
KMI	3/13/2020	\$13.86	\$14.78	6.64%		Catapult

A complete list of Quantifiable Edges trade idea results since the inception of the letter in 2008 can be found [here](#).

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