

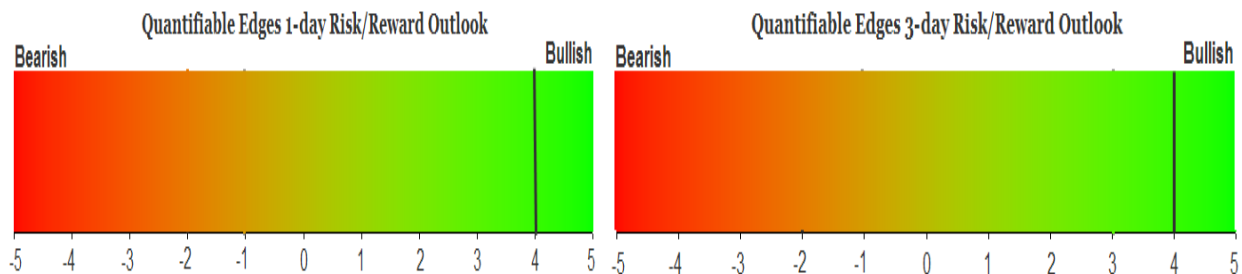
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 24, 2020

Volume 13 Issue 57

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	28

## Tonight's Research Points

- The low close heading into a Tuesday suggests a possible turnaround.
- Low volume on the new low Monday suggests a possible reversal.
- The strong SOX is a possible bullish sign.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish, and some more positive evidence emerged on Monday.

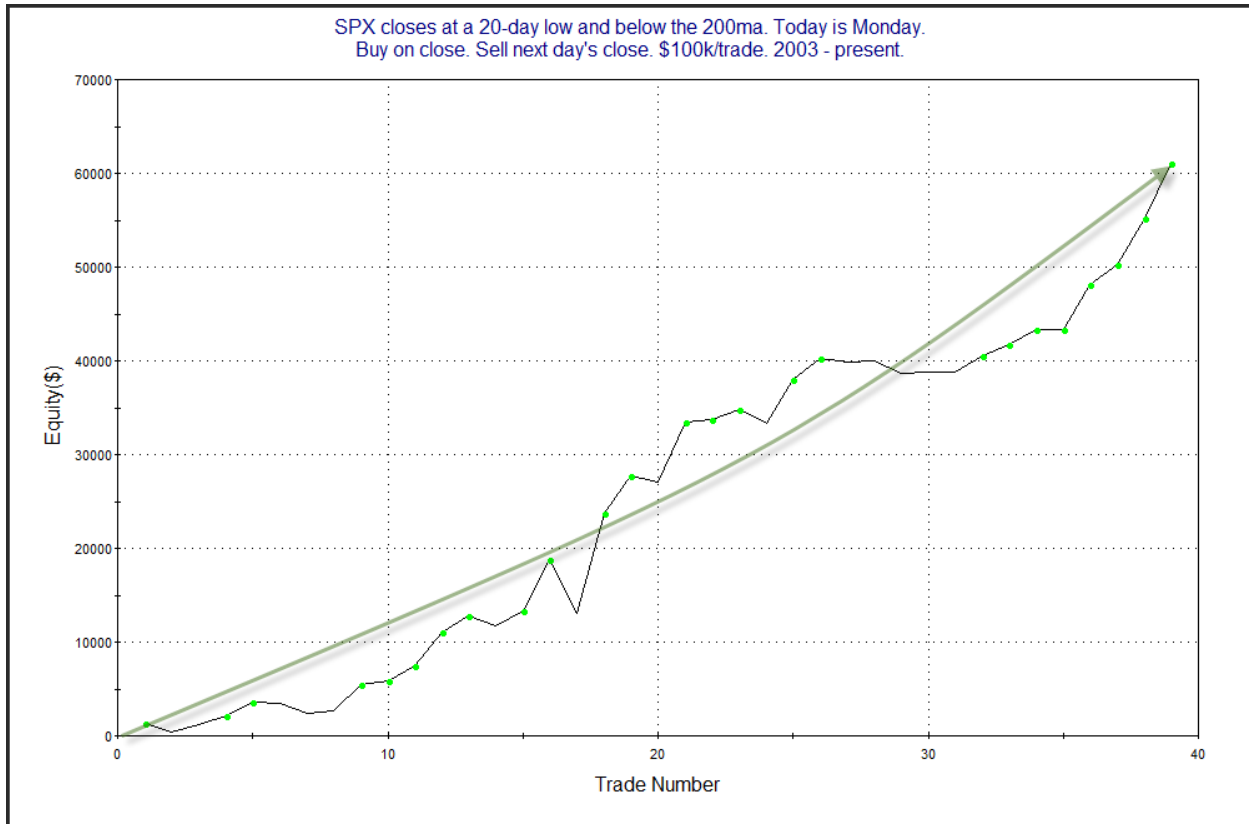
### The Evidence

Monday was as Monday has been...down. The SPX fell 2.9%, while the NASDAQ lost 0.3% and the Russell 2000 dropped 1.1%. Breadth was negative as the NYSE Up Issues % was 23% and the Up Volume % came in at 27%. NYSE volume came in at the lightest level in several days.

So on the surface, Monday looked quite bad. But I do see a few things that the market has going for it as we head into Tuesday. For one...Tuesday. It's the most likely day of the week for a "turnaround", and it has even panned out this month after some horrible Mondays. This is the 3<sup>rd</sup> Monday night in a row I am showing the study below, so it may look familiar. Results are updated from the 3/17/20 letter.

SPX closes at a 20-day low and below the 200ma. Today is Monday. Buy on close. Sell X days later. \$100k/trade. 2003 - 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	69,357.75	31	23	8	74.19	21,519.33	-18,329.76	5,130.43	-6,080.27	0.84	2.43	2,237.35
9	76,326.57	32	25	7	78.13	13,525.47	-18,648.00	5,014.82	-7,006.27	0.72	2.56	2,385.21
8	73,740.89	32	25	7	78.13	15,803.97	-17,685.00	4,639.70	-6,035.94	0.77	2.75	2,304.40
7	85,523.88	32	23	9	71.88	17,319.54	-12,544.56	5,173.76	-3,719.18	1.39	3.56	2,672.62
6	81,360.90	32	23	9	71.88	18,349.11	-9,917.10	4,994.08	-3,722.56	1.34	3.43	2,542.53
5	52,376.76	38	26	12	68.42	13,733.46	-12,975.48	3,983.37	-4,265.91	0.93	2.02	1,378.34
4	65,816.43	39	26	13	66.67	14,020.11	-14,820.98	3,808.06	-2,553.32	1.49	2.98	1,687.60
3	56,962.71	39	28	11	71.79	12,304.89	-13,815.18	3,365.63	-3,388.63	0.99	2.53	1,460.58
2	51,638.10	39	25	14	64.10	9,496.89	-6,763.30	2,869.83	-1,436.27	2.00	3.57	1,324.05
1	61,046.88	39	29	10	74.36	10,716.03	-5,702.04	2,543.89	-1,272.60	2.00	5.80	1,565.30

Not only do the numbers look strong on Tuesday, but the setup has often seen good follow through over the next several days. Below is the 1-day profit curve.



The strong upslope serves as some confirmation of the bullish edge suggested by the numbers.

The light volume on Monday was notable. It was actually the lightest in 2 weeks. A common misconception is that the market won't bottom on low volume. I have found that to be false with regards to both short-term and long-term bottoms. The study below was one I showed in the 7/9/15 letter. It looked at substantial drops to 50-day closing lows on light volume. Results are updated.

SPX closes down > 1% and at a 50-day low. NYSE volume is the lightest in 5 days.  
Buy on close. Sell X days later. \$100k/trade. 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
10	50,151.92	13	11	2	84.62	21,519.33	-6,974.13	5,247.95	-3,787.75	1.39	7.62	3,857.84
9	40,526.52	13	10	3	76.92	13,525.47	-5,224.16	4,785.31	-2,442.18	1.96	6.53	3,117.42
8	43,546.88	13	10	3	76.92	15,803.97	-4,867.78	5,031.86	-2,257.25	2.23	7.43	3,349.76
7	45,287.03	13	10	3	76.92	17,319.54	-4,251.84	5,152.62	-2,079.72	2.48	8.26	3,483.62
6	35,341.38	13	9	4	69.23	14,933.73	-4,962.54	4,959.64	-2,323.84	2.13	4.80	2,718.57
5	36,227.18	15	10	5	66.67	11,371.92	-1,629.46	4,237.38	-1,229.32	3.45	6.89	2,415.15
4	34,494.43	15	12	3	80.00	11,762.94	-1,380.14	3,107.33	-931.19	3.34	13.35	2,299.63
3	34,986.80	15	14	1	93.33	10,908.87	-1,295.58	2,591.60	-1,295.58	2.00	28.00	2,332.45
2	22,496.12	15	11	4	73.33	6,590.01	-1,509.98	2,330.03	-783.55	2.97	8.18	1,499.74
1	15,275.25	15	11	4	73.33	6,331.29	-2,117.68	1,635.99	-680.16	2.41	6.61	1,018.35

There are not a ton of instances, but the numbers are extremely favorable. Below is the full list along with their 3-day results.

SPX closes down > 1% and at a 50-day low. NYSE volume is the lightest in 5 days. Buy on close. Sell 3 days later. \$100k/trade. 1985 - present.				
Date/Time	Signal	Price	% Profit	Run-up Drawdown
9/25/1985	Buy	\$180.66	2.44%	\$2,444.26
10/1/1985	Sell	\$185.07		(\$674.66)
8/15/1988	Buy	\$258.68	0.91%	\$1,574.88
8/18/1988	Sell	\$261.03		(\$455.48)
8/22/1988	Buy	\$256.97	0.86%	\$1,614.35
8/25/1988	Sell	\$259.17		(\$171.16)
1/22/1990	Buy	\$330.37	-1.30%	\$721.78
1/25/1990	Sell	\$326.08		(\$1,875.42)
11/22/1991	Buy	\$376.13	0.11%	\$572.40
11/27/1991	Sell	\$376.55		(\$1,195.15)
10/9/1992	Buy	\$402.65	1.67%	\$2,199.76
10/14/1992	Sell	\$409.37		\$0.00
9/29/1999	Buy	\$1,268.37	2.86%	\$2,825.94
10/4/1999	Sell	\$1,304.60		(\$195.78)
4/29/2002	Buy	\$1,065.45	1.79%	\$2,415.21
5/2/2002	Sell	\$1,084.56		(\$185.07)
5/6/2002	Buy	\$1,052.67	1.93%	\$3,407.50
5/9/2002	Sell	\$1,073.01		(\$348.74)
7/1/2002	Buy	\$968.65	2.10%	\$2,103.26
7/5/2002	Sell	\$989.03		(\$3,479.34)
10/7/2002	Buy	\$785.28	2.37%	\$2,985.77
10/10/2002	Sell	\$803.92		(\$2,109.47)
3/9/2009	Buy	\$676.53	10.97%	\$11,186.70
3/12/2009	Sell	\$750.74		\$0.00
6/6/2011	Buy	\$1,286.17	0.22%	\$773.85
6/9/2011	Sell	\$1,289.00		(\$673.75)
7/8/2015	Buy	\$2,046.69	2.59%	\$2,591.04
7/13/2015	Sell	\$2,099.60		\$0.00
12/24/2018	Buy	\$2,351.10	5.73%	\$7,105.14
12/28/2018	Sell	\$2,485.74		(\$189.84)

Not only are these 3-day results impressive, but you'll also note some substantial long-term bottoms on this list, including the 2018 bottom, the 2009 bottom and the 10/7/2002 instance which came two days before the ultimate bottom there.

To demonstrate the importance of the low volume, I thought I would also show results with moderate volume and with high volume.

SPX closes down > 1% and at a 50-day low. NYSE volume is neither the highest nor the lowest in 5 days. Buy on close. Sell X days later. \$100k/trade. 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
10	81,688.35	69	46	23	66.67	15,280.64	-14,281.20	3,594.39	-3,637.12	0.99	1.98	1,183.89
9	87,234.99	69	43	26	62.32	14,515.20	-13,752.00	3,894.46	-3,085.65	1.26	2.09	1,264.28
8	40,112.77	73	46	26	63.01	15,738.88	-18,143.28	3,243.88	-4,196.38	0.77	1.37	549.49
7	34,721.07	75	43	32	57.33	13,776.64	-15,712.56	3,146.96	-3,143.70	1.00	1.35	462.95
6	52,197.55	75	44	31	58.67	13,112.32	-11,951.64	3,113.85	-2,735.86	1.14	1.62	695.97
5	16,911.04	81	47	34	58.02	13,135.00	-18,000.90	2,950.03	-3,580.60	0.82	1.14	208.78
4	4,990.83	87	52	35	59.77	13,377.28	-17,037.90	2,216.08	-3,149.87	0.70	1.05	57.37
3	42,596.41	95	58	37	61.05	12,304.89	-12,789.00	2,495.11	-2,760.00	0.90	1.42	448.38
2	22,668.66	106	55	51	51.89	10,183.87	-9,270.00	2,158.16	-1,882.94	1.15	1.24	213.86
1	4,120.63	117	63	54	53.85	10,716.03	-9,386.64	1,482.30	-1,653.05	0.90	1.05	35.22

SPX closes down > 1% and at a 50-day low. NYSE volume is the highest in 5 days. Buy on close. Sell X days later. \$100k/trade. 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
10	2,573.80	67	36	31	53.73	16,319.16	-23,527.65	3,754.88	-4,277.48	0.88	1.02	38.41
9	-12,455.39	70	43	27	61.43	12,246.96	-23,553.81	3,341.01	-5,782.19	0.58	0.92	-177.93
8	-6,965.81	71	40	31	56.34	15,615.60	-25,362.12	3,418.89	-4,636.17	0.74	0.95	-98.11
7	11,421.59	73	41	32	56.16	12,720.84	-18,639.00	3,384.93	-3,980.02	0.85	1.09	156.46
6	-7,835.69	73	40	33	54.79	8,667.90	-18,629.19	2,738.87	-3,557.29	0.77	0.93	-107.34
5	-12,965.48	76	36	40	47.37	18,981.60	-15,319.95	2,967.54	-2,994.92	0.99	0.89	-170.60
4	-18,382.63	81	43	38	53.09	17,851.68	-22,363.53	2,555.20	-3,375.17	0.76	0.86	-226.95
3	-21,834.05	85	46	39	54.12	13,853.40	-26,287.53	2,176.80	-3,127.36	0.70	0.82	-256.87
2	-22,303.66	96	48	48	50.00	13,116.84	-16,188.58	2,224.87	-2,689.53	0.83	0.83	-232.33
1	363.05	107	60	47	56.07	11,558.43	-20,424.58	1,732.71	-2,204.25	0.79	1.00	3.39

Neither of these suggest a bullish edge, and the “high” volume has shown more downside than upside in the following days. Low volume selloffs to new lows can be a sign that sellers are losing enthusiasm. Monday’s light volume could be a good sign, and I have added the light-volume study to the Active List.

Another possible good short-term sign is the fact that the Semiconductor Index (SOX) performed well on Monday despite the SPX selloff. The study below looks at some other times where SPX struggled while the SOX closed higher.

SPX closes down > 1% and at a 20-day low and < 200ma. SOX closes up.  
Buy SPX on close. Sell X days later. \$100k/trade. 1995 - 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	13,132.59	10	6	4	60.00	13,733.46	-9,314.08	4,892.82	-4,056.08	1.21	1.81	1,313.26
4	19,533.13	10	7	3	70.00	14,020.11	-6,410.56	4,093.47	-3,040.39	1.35	3.14	1,953.31
3	19,234.65	10	8	2	80.00	12,304.89	-4,879.68	3,097.33	-2,772.02	1.12	4.47	1,923.46
2	20,175.90	10	8	2	80.00	9,496.89	-4,324.92	3,159.48	-2,549.96	1.24	4.96	2,017.59
1	14,567.07	10	7	3	70.00	10,716.03	-3,446.88	2,666.34	-1,365.76	1.95	4.56	1,456.71

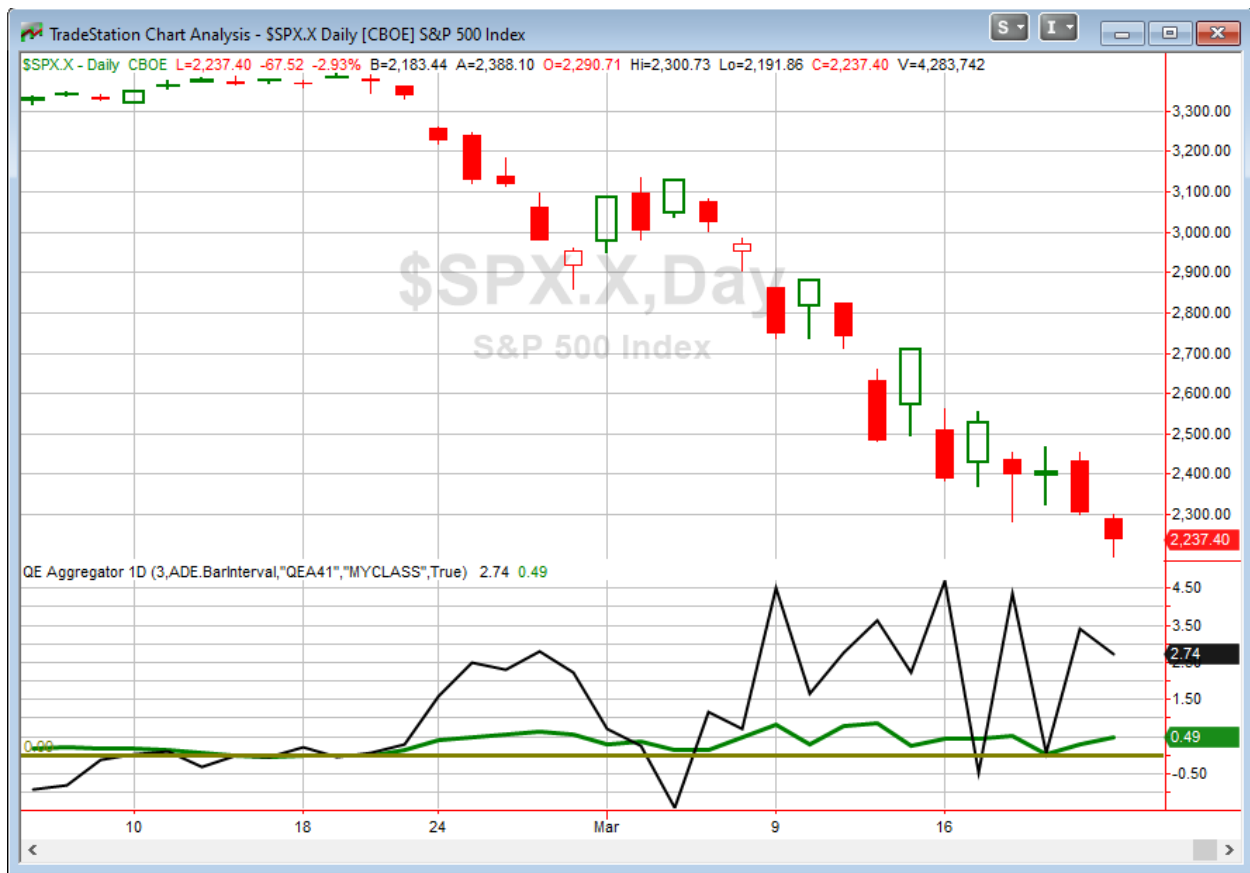
Instances are rare, but the results look strong to this point. Below is a look at the individual instances.

SPX closes down > 1% and at a 20-day low and < 200ma. SOX closes up.  
Buy SPX on close. Sell X days later. \$100k/trade. 1995 - present.

Date/Time	Signal	Price	% Profit	Run-up Drawdown
7/28/2000	Buy	\$1,419.89	1.28%	\$1,655.50
8/1/2000	Sell	\$1,438.09		(\$82.60)
2/21/2001	Buy	\$1,255.28	-0.78%	\$368.14
2/23/2001	Sell	\$1,245.47		(\$3,147.36)
3/21/2001	Buy	\$1,122.08	1.56%	\$1,757.75
3/23/2001	Sell	\$1,139.63		(\$3,639.21)
9/7/2001	Buy	\$1,085.78	-4.33%	\$1,026.72
9/17/2001	Sell	\$1,038.77		(\$4,445.44)
4/29/2002	Buy	\$1,065.45	1.97%	\$2,126.91
5/1/2002	Sell	\$1,086.46		(\$185.07)
9/24/2002	Buy	\$819.29	4.35%	\$4,550.60
9/26/2002	Sell	\$854.95		(\$93.94)
7/15/2008	Buy	\$1,214.90	3.73%	\$3,887.62
7/17/2008	Sell	\$1,260.25		(\$287.82)
10/27/2008	Buy	\$848.92	9.56%	\$14,144.13
10/29/2008	Sell	\$930.09		(\$427.05)
2/20/2009	Buy	\$770.05	0.40%	\$1,006.20
2/24/2009	Sell	\$773.14		(\$3,570.72)
1/20/2016	Buy	\$1,859.33	2.56%	\$2,624.56
1/22/2016	Sell	\$1,906.90		(\$548.55)

You'll note that the big losing instance here occurred due to the 9/11 attack. If you don't include that one, then the average gain over the next 2 days would be 2.7%.

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



Tonight the green Aggregator closed well above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line also remained 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 Tuesday. This could change if strong new bearish evidence emerges. Meanwhile, the Differential Pivot will be 2422.58 on Tuesday. That is 8.3% above Monday's close. Therefore, SPX will need to close up a very sizable 8.3% on Tuesday in order to change to overbought versus expectations.

The Aggregator is bullish. Turnaround Tuesday's have been good lately. The low volume on Monday appears to be a positive, as does the action in the SOX. I like the evidence I am seeing. Now if we could just get congress to get something done we might get a real boost. I am partially long and intend to stay that way on Tuesday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 3/23 – neutral*

**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)*  
*SLB 1/3 @ \$17.31 (buy @ limit)*  
*USB 1/3 @ \$36.32 (buy @ limit)*  
*BA – 1/3 @ \$154.84 (buy @ limit)*  
*KMI – 1/3 @ \$13.86 (bought @ limit)*  
*New*  
*F – 1/3 @ \$4.01 (buy @ limit)*  
*HON – 1/3 @ \$103.86 (bought @ limit)*

***Broad Market Large Cap CBI – 28***

### 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.

**F – Buy 1/3 Catapult position @ \$4.01 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots for F.

**HON – Buy 1/3 Catapult position @ \$103.86 LIMIT.** From the Catapult section above, this is the 1<sup>st</sup> of up to 3 possible lots for HON.

### Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Stop	Notes
SPY	2/25/2020	\$312.65	\$222.95	-28.69%		Aggregator
SPY	2/27/2020	\$305.46	\$222.95	-27.01%		Aggregator
DD	2/25/2020	\$50.45	\$28.46	-43.59%		Catapult
XOM	2/25/2020	\$56.36	\$31.45	-44.20%		Catapult
DD	2/26/2020	\$47.47	\$28.46	-40.05%		Catapult
XOM	2/26/2020	\$54.20	\$31.45	-41.97%		Catapult
ALL	2/26/2020	\$117.31	\$73.23	-37.58%		Catapult
BLK	2/26/2020	\$506.00	\$327.42	-35.29%		Catapult
COP	2/26/2020	\$53.83	\$24.55	-54.39%		Catapult
ALL	2/27/2020	\$114.59	\$73.23	-36.09%		Catapult
COP	2/27/2020	\$49.60	\$24.55	-50.50%		Catapult
DD	2/27/2020	\$45.82	\$28.46	-37.89%		Catapult
XOM	2/27/2020	\$51.71	\$31.45	-39.18%		Catapult
COP	2/28/2020	\$45.42	\$24.55	-45.95%		Catapult
MDT	2/28/2020	\$98.97	\$72.92	-26.32%		Catapult
WFC	2/28/2020	\$41.31	\$25.25	-38.88%		Catapult
AXP	3/2/2020	\$109.93	\$68.96	-37.27%		Catapult
BLK	3/2/2020	\$463.01	\$327.42	-29.28%		Catapult
MDT	3/2/2020	\$100.67	\$72.92	-27.57%		Catapult
USB	3/2/2020	\$46.44	\$28.93	-37.70%		Catapult
WFC	3/2/2020	\$40.85	\$25.25	-38.19%		Catapult
ALL	3/6/2020	\$104.21	\$73.23	-29.73%		Catapult
GE	3/10/2020	\$8.21	\$6.11	-25.58%		Catapult
SLB	3/10/2020	\$17.31	\$12.83	-25.88%		Catapult
USB	3/10/2020	\$36.32	\$28.93	-20.35%		Catapult
KMI	3/13/2020	\$13.86	\$12.35	-10.89%		Catapult
OXY	3/17/2020	\$12.02	\$10.23	-14.89%		Catapult
BA	3/17/2020	\$129.61	\$95.01	-26.70%		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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