

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 3, 2025

Volume 18 Issue 40

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- Reversals from intermediate-term lows that occur on Fridays are often a good sign for both the short and intermediate-term.
- The strong close the last day of the month reduced the odds for the 1st day of the new month.
- Liquidity flows were quite negative this past week, perhaps aiding the market drop.
- Seasonality looks favorable for the 1st week of March (and the last week of March), after having been unfavorable for the 2nd half of February.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Reward/risk appears favorable for the bulls. I still 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						
March 3, 2025	21-day low then up close on a Friday.	1-4 days	Bullish	2.70%	-1.30%	-2.80%
February 28, 2025	Dn > 1.5% 2x in 5 days. Lowest low 10 days	1-6 days	Bullish	3.40%	-1.70%	-4.20%
February 28, 2025	20-low. Up close. 20-low. > 200	1-6 days	Bullish	2.45%	-1.20%	-2.65%
February 26, 2025	Down 4th day on Tuesday	1-6 days	Bullish	2.40%	-1.40%	-3.10%
February 26, 2025	20-Lo then Gap Dn and C < O and > 200	1-5 days	Bullish	2.55%	-1.05%	-2.15%
February 25, 2025	Btm 10% range, 50-low on Monday	1-5 days	Bullish	2.00%	-1.00%	-2.10%
February 25, 2025	Dn 3 from 50-high to 10-low.	1-8 days	Bullish	2.40%	-1.40%	-3.40%
Active - Long Term						
March 3, 2025	21-day low close yest. Up close on a Friday.	1-25 days	Bullish	5.40%	-3.80%	-8.80%
January 21, 2025	First 75 of new president bullish	1-75 days	Bullish			
November 26, 2024	Triple 70 Thrust	1-80 days	Bullish	9.40%	-4.60%	-11.20%
September 23, 2024	Fed neutral. QT active. Rates dropping.	int term	Neutral			
June 14, 2024	SPX new high with < 50% stocks > 100ma	1-18 months	Bearish			
February 2, 2023	SPX Golden Cross	int term	Bullish			

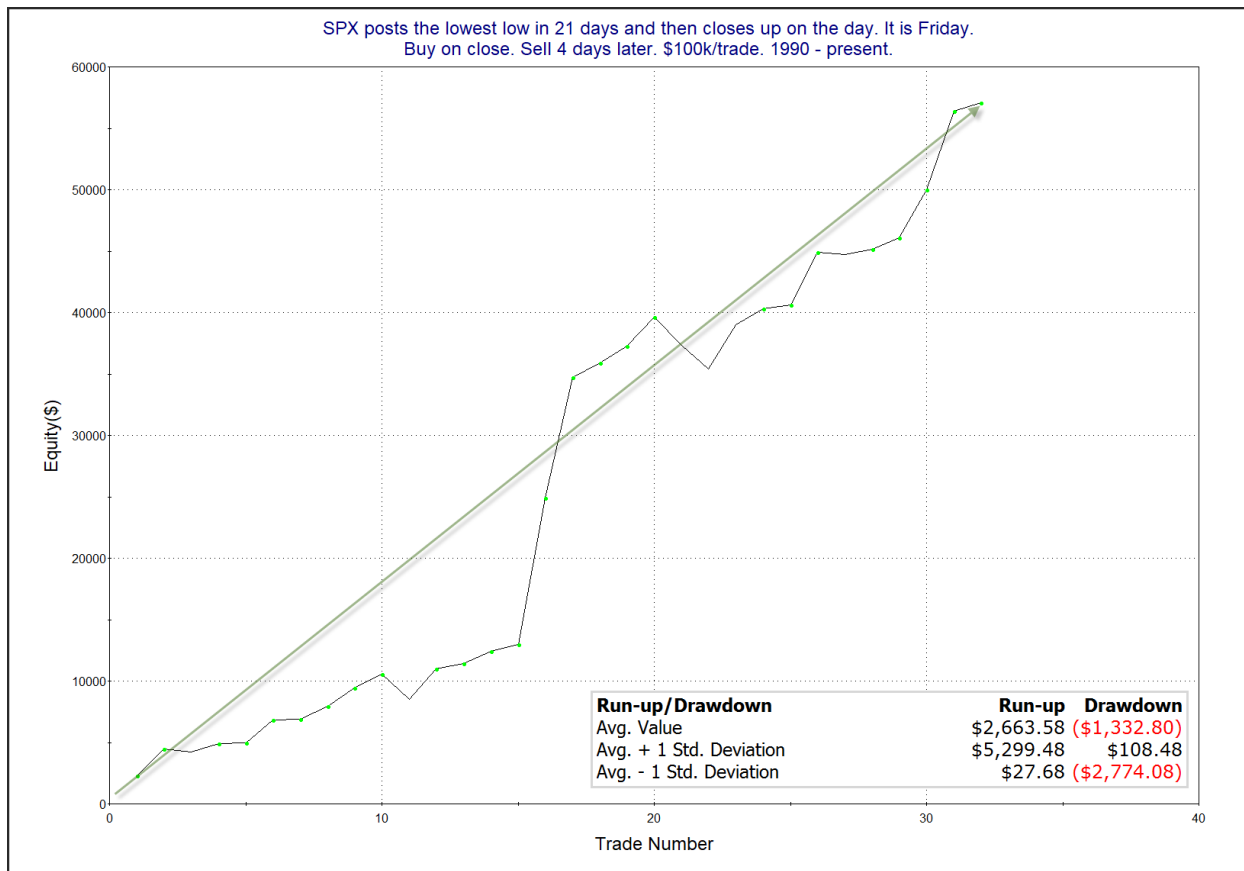
The Evidence

After struggling for much of the day, the market shot higher in the last 2 hours on Friday, turning numbers strongly positive. SPX closed up 1.59%, the NASDAQ gained 1.63%, and the Russell 2000 rose 1.09%. Breadth was strong as the NYSE Up Issues % closed at 67% and the NYSE Up Volume % posted a 73% reading. NYSE total volume spiked strongly higher.

Reversals from lows that occur on Fridays will often see strong follow through in the coming days. This can be seen in the study below.

SPX posts the lowest low in 21 days and then closes up on the day. It is Friday. Buy on close. Sell X days later. \$100k/trade. 1990 - 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	45,340.50	32	22	10	68.75	10,682.82	-3,017.16	2,693.77	-1,392.24	1.93	4.26	1,416.89
4	57,065.69	32	27	5	84.38	11,930.04	-2,322.56	2,360.59	-1,334.06	1.77	9.56	1,783.30
3	31,997.20	32	22	10	68.75	10,868.60	-3,602.40	2,173.00	-1,580.87	1.37	3.02	999.91
2	19,888.49	32	18	14	56.25	7,112.64	-3,079.80	2,028.75	-1,187.79	1.71	2.20	621.52
1	17,649.75	32	22	10	68.75	6,420.72	-2,364.02	1,338.07	-1,178.77	1.14	2.50	551.55

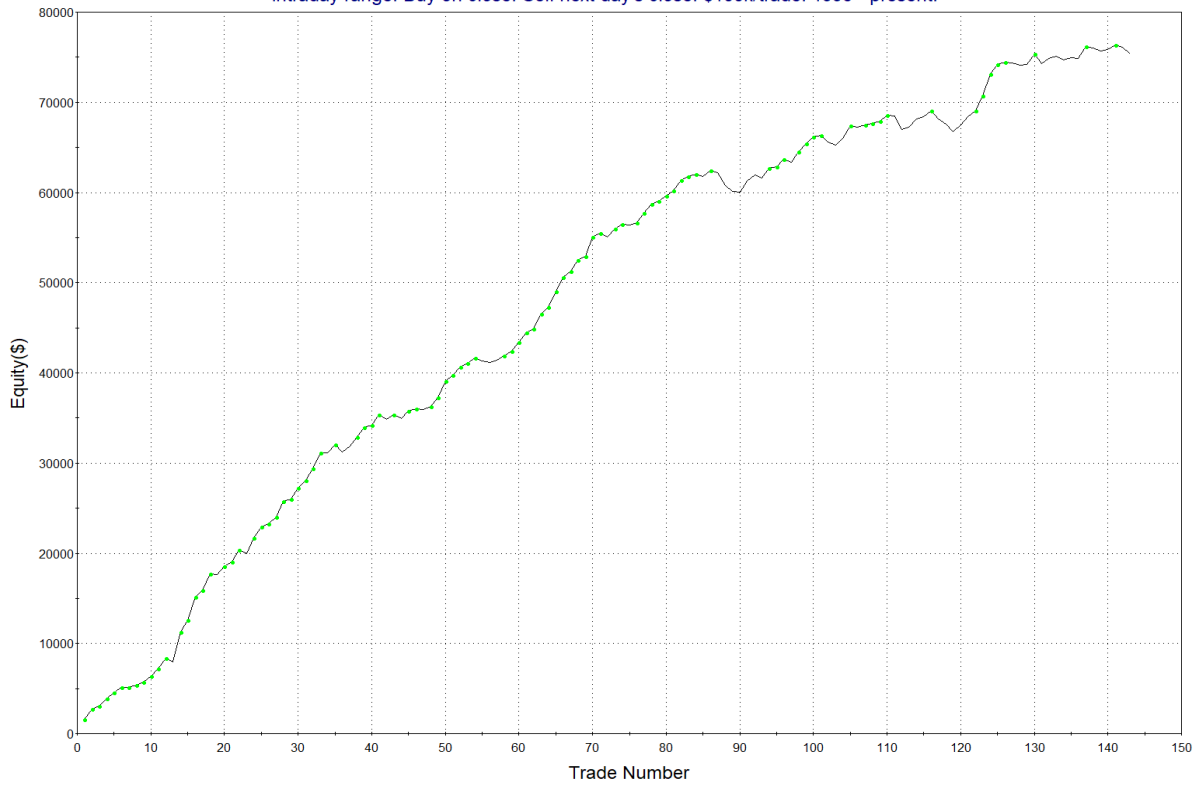
Four days later 85% of instances were higher and the average instance had gained 1.8%. Those are some impressive numbers. Below is a look at the 4-day profit curve.



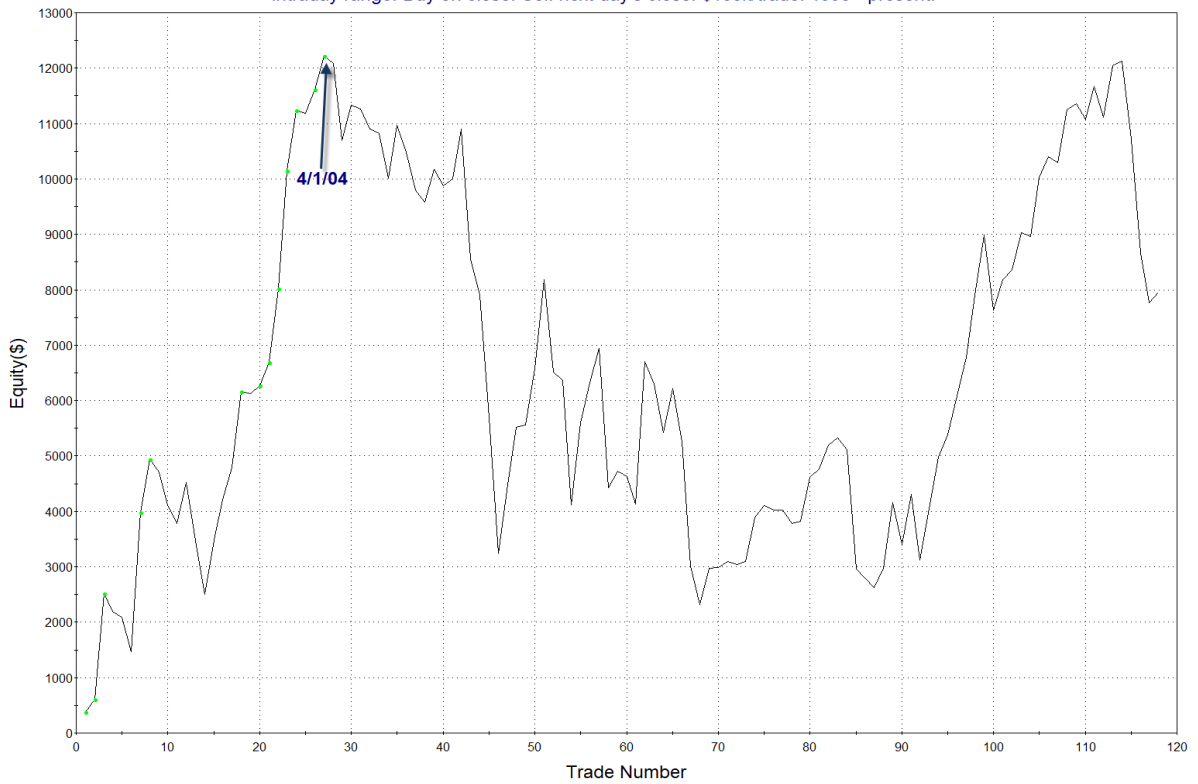
That is a nice move from lower left to upper right. I have included this study on the Active List tonight. I will also do a similar study in the intermediate-term section that shows bullish implications for Friday reversals.

There were several studies that noted Friday was the last trading day of the month. Unfortunately, the strong close on Friday negatively impacted the odds of a strong Monday. The studies below simply show the difference between closing in the top half of the day's range vs the bottom.

It is the last trading day of the month. SPY closes > 200ma and in the **bottom** half of its intraday range. Buy on close. Sell next day's close. \$100k/trade. 1996 - present.



It is the last trading day of the month. SPY closes > 200ma and in the **top** half of its intraday range. Buy on close. Sell next day's close. \$100k/trade. 1996 - present.



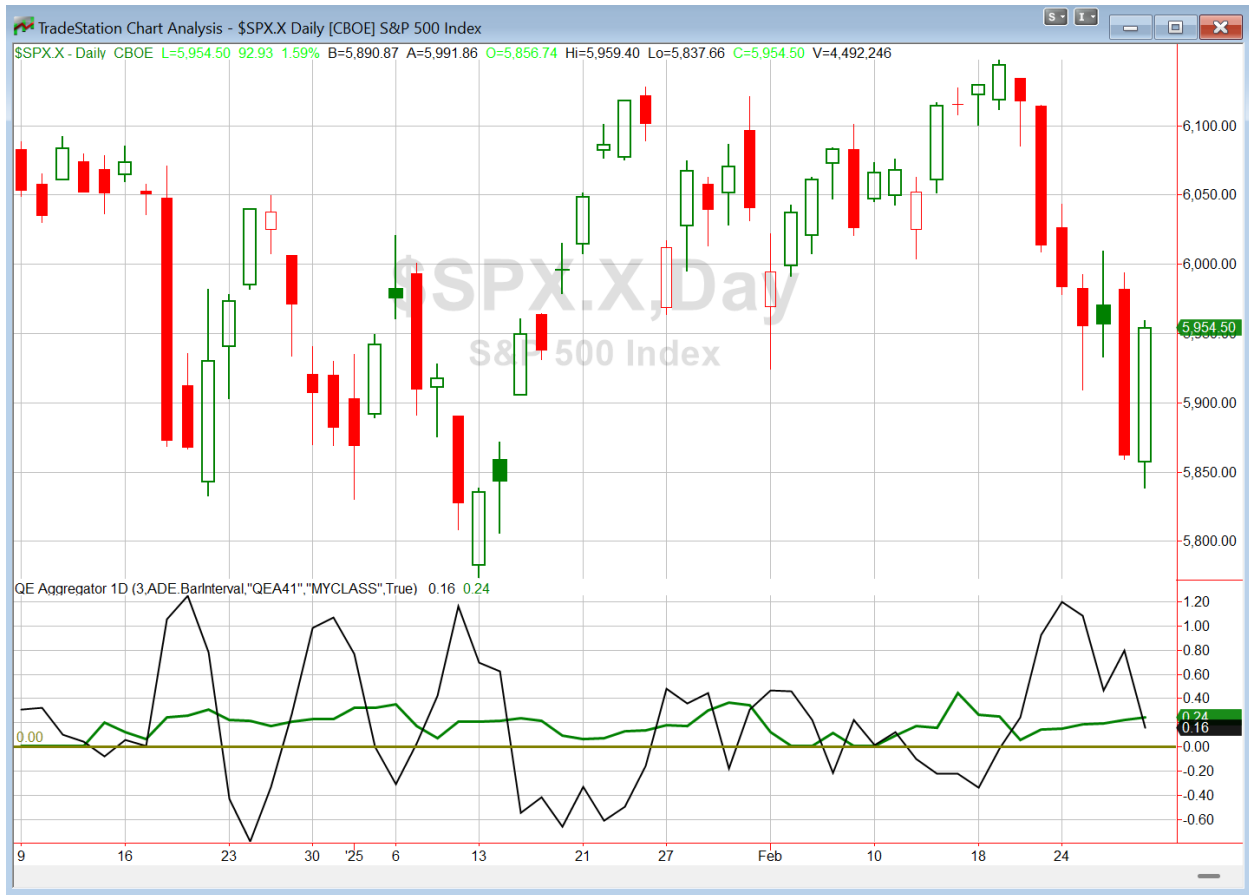
The messy bottom chart is the current setup. Strong closes also negatively impacted other turn-of-month setups when I incorporated it into them. So I am not including an turn-of-month studies into the Aggregator today.

I updated the seasonality calendars on the website over the weekend. Below is a look at SPX.

Quantifiable Edges Seasonality Calendar			
\$SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
3/3/2025	57.49	1.585	0.161
3/4/2025	50.03	1.043	0.016
3/5/2025	55.14	1.305	0.094
3/6/2025	51.23	1.050	0.024
3/7/2025	52.68	1.170	0.066
3/10/2025	52.19	0.929	-0.076
3/11/2025	51.19	1.046	-0.038
3/12/2025	52.40	0.925	-0.071
3/13/2025	51.54	0.891	-0.084
3/14/2025	52.01	1.123	-0.020
3/17/2025	56.85	1.096	0.020
3/18/2025	52.13	1.285	0.061
3/19/2025	48.75	0.903	-0.042
3/20/2025	49.83	0.941	-0.028
3/21/2025	46.74	0.828	-0.074
3/24/2025	51.84	1.163	0.063
3/25/2025	50.60	1.139	0.058
3/26/2025	50.87	1.200	0.078
3/27/2025	51.73	1.231	0.086
3/28/2025	50.52	1.075	0.039
3/31/2025	55.72	1.200	0.061
Baseline	53.85	1.139	0.047

The first and last weeks of March look strong. Mid-month is a bit messy. So bulls should have some wind at their back this upcoming week to help with a potential bounce.

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



With this weekend's evidence considered, 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 is 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 active list, expectations are set to remain positive on Monday. This ain't gonna change. Meanwhile, the Differential Pivot will be 5986.45. That is 0.5% above Friday's close. So SPX will need to close up over 0.5% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is again bullish. Friday's bounce should have a bit further to go based on the studies we have seen over the last few days. And reward/risk remains positive with SPX still oversold. I have some long exposure. I will not look to add to it on Monday. I may reduce my exposure if SPX closes above its Differential Pivot on Monday.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/3 – somewhat bullish

Combo #1	Combo #2	Combo #3	Combo #4
Long SPY	Long SPY	Flat	Long SPY

Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 4 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. *The Combo Systems all remained the same this week.*

Friday’s rally was not enough to overcome a lousy start to the week. For the full week, the SPX declined 1.0%, the NASDAQ tumbled 3.5%, and the Russell 2000 (RUT) lost 1.5%. Bonds rallied strongly. The US Aggregate Bond ETF (AGG) gained 1.25%. TLT, the 20-year Treasury Bond ETF, climbed 3.15%. The long-term is in doubt. SPX has not made any progress since mid-November. It now sits below its 50ma but above its 200ma. The NASDAQ is in a similar position, while the Russell 2000 is now below its 200ma.

Fridays are interesting in that they are the least likely day of the week for a selloff to end or a rally to begin. But when rallies do start on a Friday, they have shown the best odds of success of any day of the week. I’ve seen this a number of ways over the years. The study below was featured in the 12/23/24 letter. It describes the current market setup. It looks at times the market closed up the day after closing at a 21-day low. Results are broken down by day of the week, and also by holding period.

After closing at a 1-month (21-day) low yesterday, SPX closes up today. Today is the Day of Week listed.
Buy on close. Sell X days later. \$100k/trade. 1985 - present.

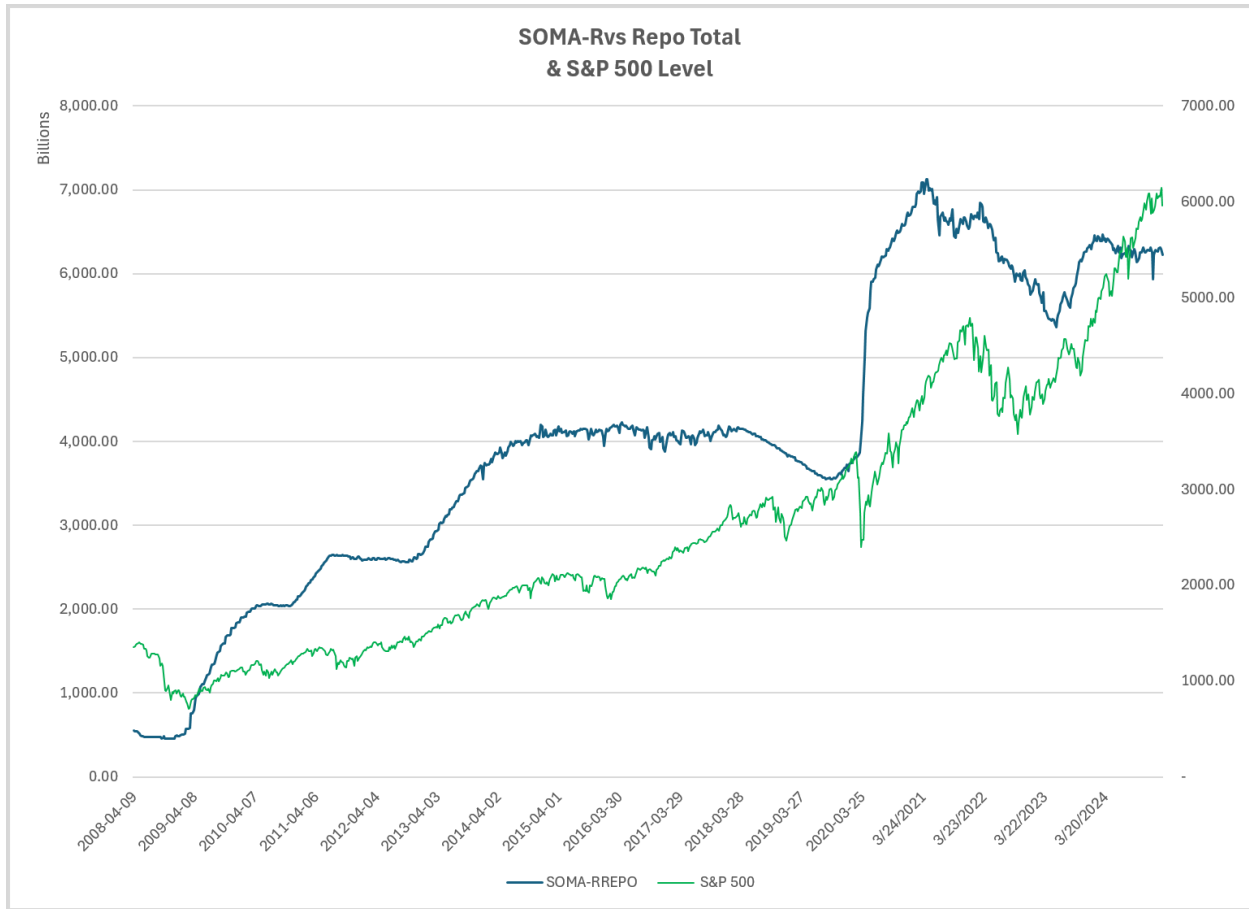
X Days	Day of Week	Net Profit	Total Trades	Winning Trades	Losing Trades	% Profitable	Winning Trade	Max Losing Trade	Winning Trade	Avg Losing Trade	Win/Loss Ratio	ProfitFactor	Avg Trade
25	Friday	\$178,068.73	66	48	18	72.73	\$25,601.10	-\$27,447.20	\$5,207.40	-\$3,993.68	1.30	3.48	\$2,698.01
25	Thursday	\$123,642.25	77	51	26	66.23	\$15,748.56	-\$24,468.80	\$5,020.70	-\$5,092.82	0.99	1.93	\$1,605.74
25	Wednesday	\$34,855.73	66	37	29	56.06	\$15,720.60	-\$26,260.20	\$4,229.64	-\$4,194.52	1.01	1.29	\$528.12
25	Tuesday	\$163,426.01	84	61	23	72.62	\$13,373.36	-\$26,928.72	\$4,792.55	-\$5,605.21	0.86	2.27	\$1,945.55
25	Monday	\$55,257.55	79	48	31	60.76	\$11,998.36	-\$15,107.40	\$4,392.98	-\$5,019.53	0.88	1.36	\$699.46
20	Friday	\$174,870.43	67	50	17	74.63	\$23,231.52	-\$11,446.40	\$4,589.98	-\$3,213.45	1.43	4.20	\$2,610.01
20	Thursday	\$102,456.56	79	52	27	65.82	\$13,310.83	-\$21,326.56	\$4,501.68	-\$4,875.21	0.92	1.78	\$1,296.92
20	Wednesday	\$14,494.76	69	40	29	57.97	\$13,749.40	-\$20,015.10	\$3,314.85	-\$4,072.39	0.81	1.12	\$210.07
20	Tuesday	\$119,172.48	85	63	22	74.12	\$10,340.45	-\$25,793.04	\$3,761.94	-\$5,355.89	0.70	2.01	\$1,402.03
20	Monday	\$48,372.73	82	50	32	60.98	\$13,166.81	-\$14,276.60	\$3,919.93	-\$4,613.24	0.85	1.33	\$589.91
15	Friday	\$140,413.54	68	50	18	73.53	\$19,353.76	-\$8,152.32	\$3,854.01	-\$2,904.82	1.33	3.69	\$2,064.90
15	Thursday	\$86,294.92	79	54	25	68.35	\$11,759.91	-\$24,320.38	\$3,461.30	-\$4,024.61	0.86	1.86	\$1,092.34
15	Wednesday	\$33,272.63	70	39	31	55.71	\$14,141.40	-\$12,682.85	\$3,363.82	-\$3,158.59	1.06	1.34	\$475.32
15	Tuesday	\$70,810.29	88	56	32	63.64	\$9,248.80	-\$20,192.90	\$3,573.73	-\$4,041.21	0.88	1.55	\$804.66
15	Monday	\$21,895.91	89	50	39	56.18	\$11,586.98	-\$27,290.56	\$3,498.32	-\$3,923.59	0.89	1.14	\$246.02
10	Friday	\$73,646.77	72	43	29	59.72	\$13,599.08	-\$14,764.64	\$3,236.08	-\$2,258.78	1.43	2.12	\$1,022.87
10	Thursday	\$69,061.03	84	48	36	57.14	\$10,577.93	-\$8,745.48	\$3,129.30	-\$2,254.04	1.39	1.85	\$822.16
10	Wednesday	\$15,143.68	74	42	32	56.76	\$11,407.20	-\$7,532.72	\$2,666.41	-\$3,026.43	0.88	1.16	\$204.64
10	Tuesday	\$49,765.14	93	59	34	63.44	\$11,970.12	-\$25,781.61	\$2,946.64	-\$3,649.60	0.81	1.40	\$535.11
10	Monday	-\$3,445.58	92	49	43	53.26	\$9,500.10	-\$22,531.20	\$3,023.69	-\$3,525.73	0.86	0.98	-\$37.45
5	Friday	\$65,723.93	79	49	30	62.03	\$10,682.82	-\$14,619.60	\$2,444.67	-\$1,802.17	1.36	2.22	\$831.95
5	Thursday	\$68,331.70	90	58	32	64.44	\$9,334.72	-\$4,901.67	\$2,178.49	-\$1,813.15	1.20	2.18	\$759.24
5	Wednesday	\$21,904.13	80	50	30	62.50	\$8,658.92	-\$11,026.82	\$1,788.74	-\$2,251.09	0.79	1.32	\$273.80
5	Tuesday	\$9,038.86	103	60	43	58.25	\$10,340.00	-\$24,627.73	\$2,440.72	-\$3,195.45	0.76	1.07	\$87.76
5	Monday	\$43,518.67	104	63	41	60.58	\$7,207.80	-\$11,533.34	\$2,250.05	-\$2,395.96	0.94	1.44	\$418.45

Looking out 5,10,15,20, and 25 days, Friday has the best stats of any day. And in some cases, like 15 and 20 days out, none of the other days are even close. So if you are looking for an encouraging intermediate-term sign based on Friday's action, this appears to be one.

The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

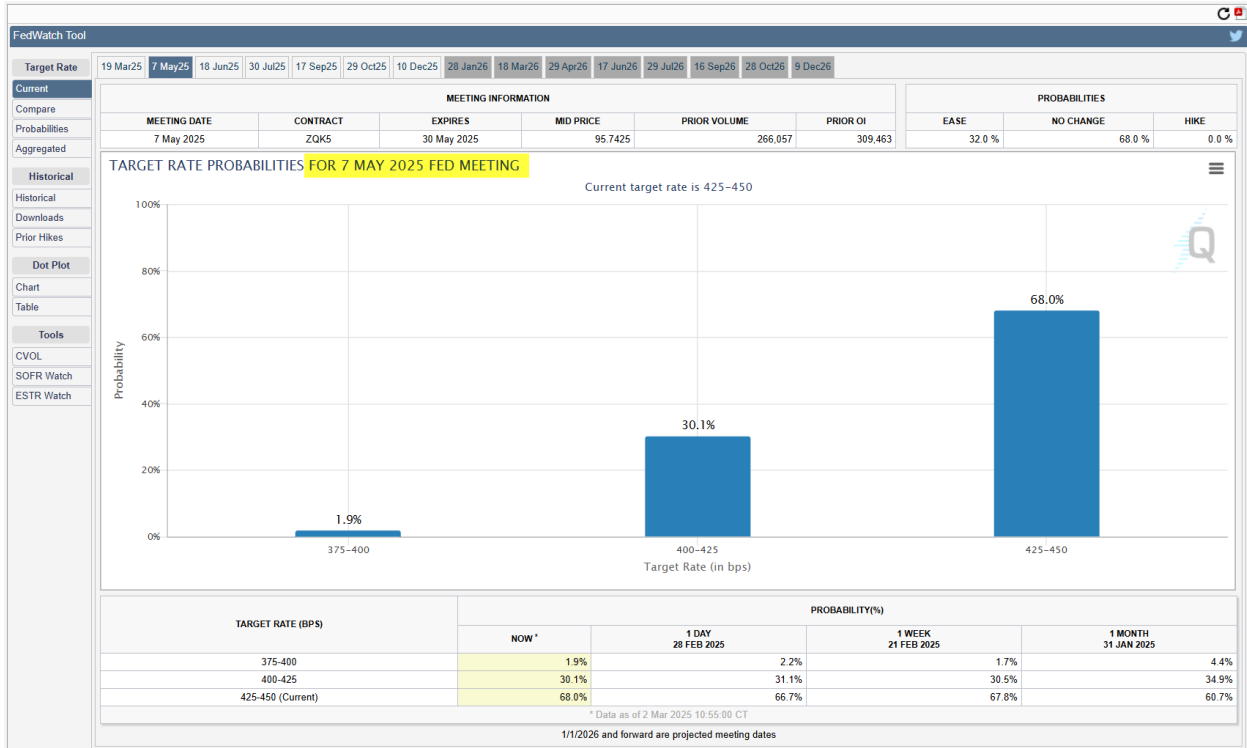
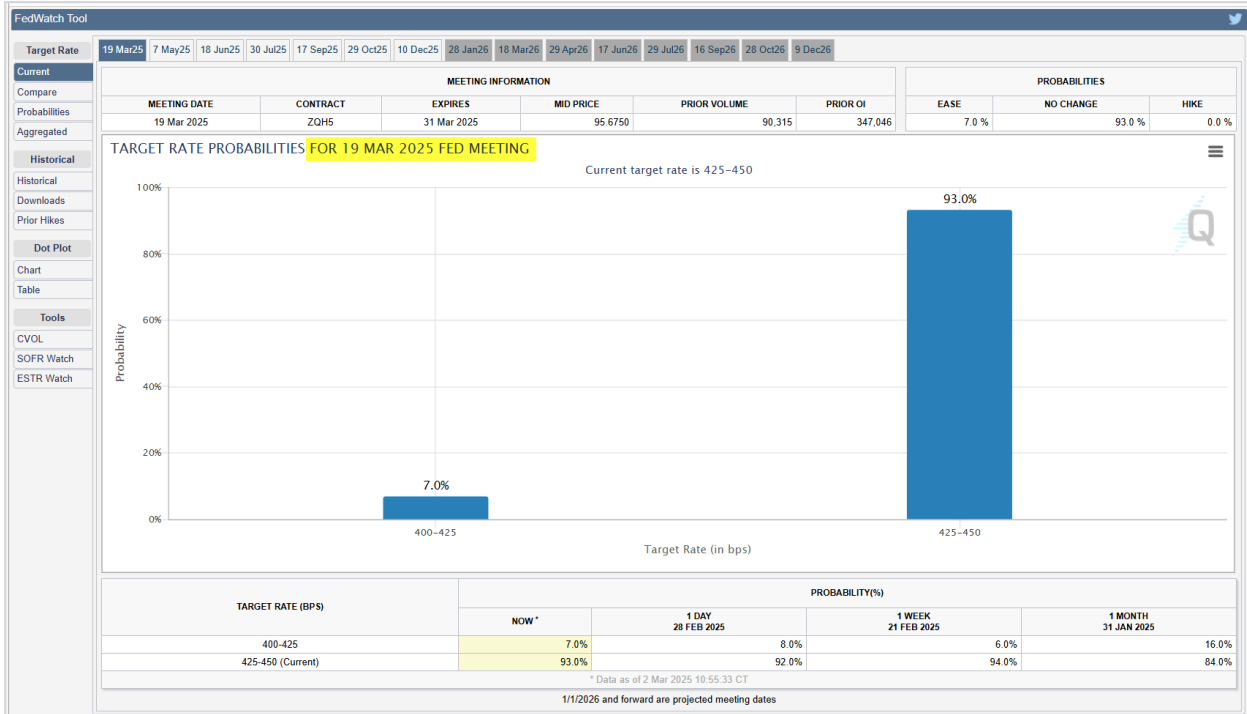
Domestic Security Holdings as of	
Previous	February 26, 2025 <i>Posted February 27, 2025 at 4:30 PM</i>
SUMMARY	T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	195,342,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,621,228,192.0
US Treasury Floating Rate Notes (FRNs)	7,998,521.7
US Treasury Inflation-Protected Securities (TIPS)*	320,004,565.1
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,195,291,210.3
Agency Commercial Mortgage-Backed Securities***	8,017,477.6
Total SOMA Holdings	6,350,229,893.5
Change From Prior Week	-14,213,199.9

The SOMA account holdings declined by over \$14 billion this past week. Meanwhile, reverse repos rose by about \$53 billion for the week ending 2/26. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a sizable \$67 billion liquidity drain. Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Quantitative Tightening (QT) can still be a headwind to the market, but it is not nearly as strong as it has been at times in the last few years. I am expecting that the Fed will stop QT at some point in 2025, but they gave no indication at the last meeting. Reverse repo closeouts more than offset the QT from April 2023 through early March of 2024, and this helped provide fuel for the market rally. Since last March, there has been a chopping around of the blue line, which looks at the SOMA level and subtracts the amount of outstanding reverse repos. If that line heads lower again as reverse repos approach \$0, then that could mean a liquidity headwind for the market.

With regards to rates, the chance of a 25 point cut in March is just 7%. Meanwhile, May odds continued to show a 32% chance that rates will be lower than current. This can be seen in the graphics below, courtesy of the CME Fedwatch tool.



As we have seen over and over, odds continually shift, so expect further refinement as we get closer to these Fed meeting dates. Inflation news will be especially important to watch.

From an intermediate-term standpoint, bulls still appear to be hanging on. The Friday reversal study gave some hope. The first 75 days with a new president typically see that market rally. The long-term trend still appears higher by most measures, though there is some doubt there. We are in the best 6 months of the year. Fed policy is basically neutral. There are plenty of potential triggers that could cause a market shock. Overall, bullish evidence is still outweighing bearish by a modest amount. For now, I will maintain a somewhat bullish bias. Hence, I'll remain a bit more aggressive with long trades than I am with short trades.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

META – 1/3 @ \$668.13 (bought @ limit)

META – 1/3 @ \$657.50 (buy @ limit) – not filled – cancel for now

Broad Market Large Cap CBI – 2(META-2)

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	Notes
SPY(1/4)	2/21/2025	\$599.94	\$594.18	-0.96%	<i>sell @ \$600.00 LIMIT ON CLOSE</i>
SPY(1/4)	2/24/2025	\$597.21	\$594.18	-0.51%	Aggregator
META(1/3)	2/25/2025	\$665.97	\$668.20	0.33%	Catapult
JPM(1/3)	2/26/2025	\$257.16	\$264.65	2.91%	<i>sell on open</i>

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