

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 4, 2025

Volume 18 Issue 41

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- Tuesdays are the best days to see a turnaround, and one study shows a very positive outlook over the next few days.
- The big outside day down is suggesting a move up over the next few days.
- SPX closed down > 1% for the 3rd time recently. Other bouts of similar volatility above the 200ma have often been followed by intermediate-term gains.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Reward/risk appears favorable for the bulls. I still like the long side.

The Evidence

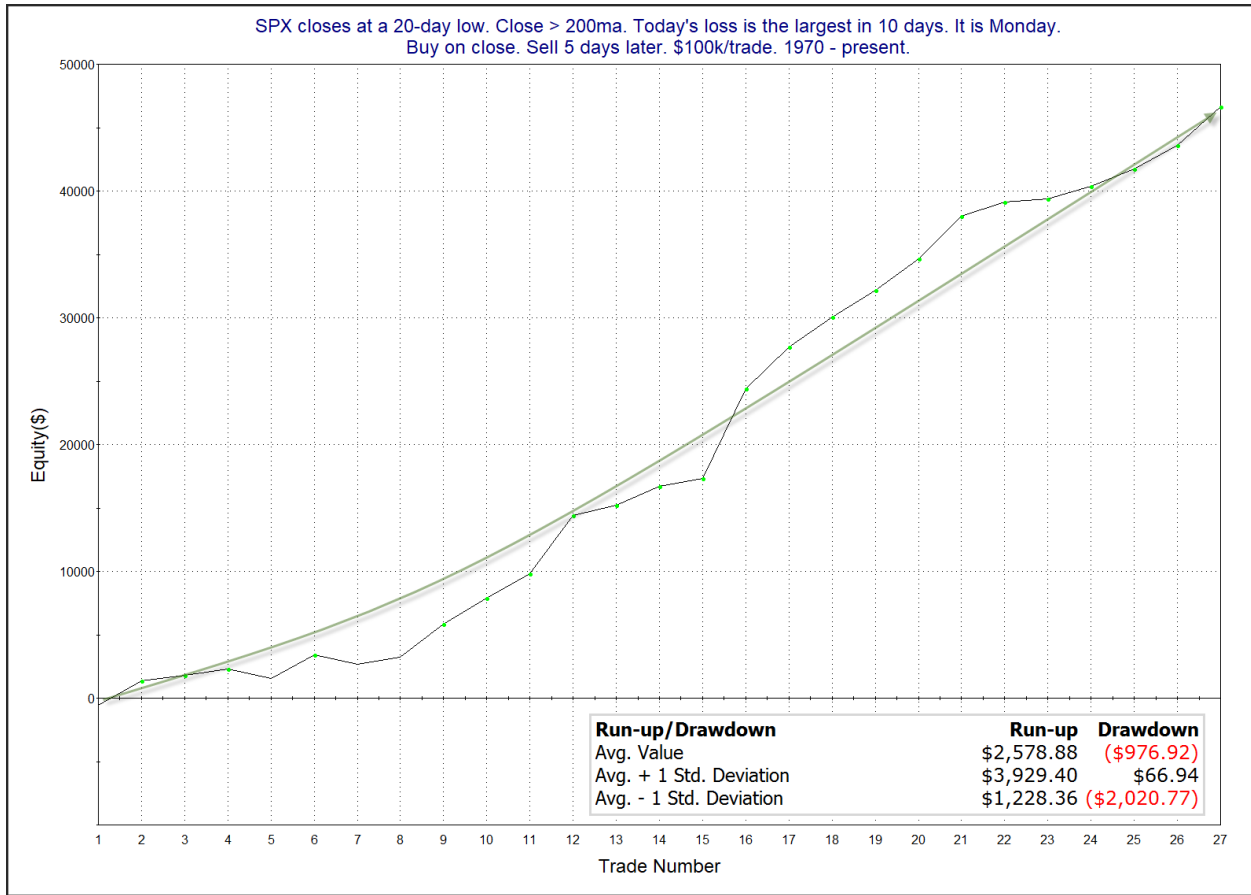
Monday was rough. SPX closed down 1.8%, the NASDAQ lost 2.6%, and the Russell 2000 tumbled 2.8%. Breadth was weak as the NYSE Up Issues % closed at 29% and the NYSE Up Volume % posted a 22% reading. NYSE total volume declined some from Friday's level.

There was a lot that appeared in the Quantifinder tonight. Below I have featured a few studies that I found to be the most compelling, relevant, and non-repetitive.

Several studies viewed the strong selling and closing lows to be potentially bullish. And Turnaround Tuesday is typically the best day for a bounce to begin. The study below considered the long-term uptrend, intermediate-term low, and strong selling on Monday. It was last seen in the 8/6/19 letter. All stats are now updated.

SPX closes at a 20-day low. Close > 200ma. Today's loss is the largest in 10 days. It is Monday. 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
5	46,620.15	27	24	3	88.89	7,070.28	-734.40	2,026.78	-674.18	3.01	24.05	1,726.67
4	40,925.99	27	26	1	96.30	4,690.50	-1,087.43	1,615.90	-1,087.43	1.49	38.64	1,515.78
3	32,510.65	27	22	5	81.48	3,940.55	-2,513.78	1,677.85	-880.42	1.91	8.39	1,204.10
2	24,782.57	27	23	4	85.19	4,809.66	-925.32	1,176.64	-570.05	2.06	11.87	917.87
1	13,673.01	27	19	8	70.37	5,117.46	-2,264.50	899.14	-426.34	2.11	5.01	506.41

The only instance that did not close higher 4 days later was the one that triggered on 2/5/18. But that instance did close higher on day 5. Below is a look at the profit curve assuming 5-day holding periods.



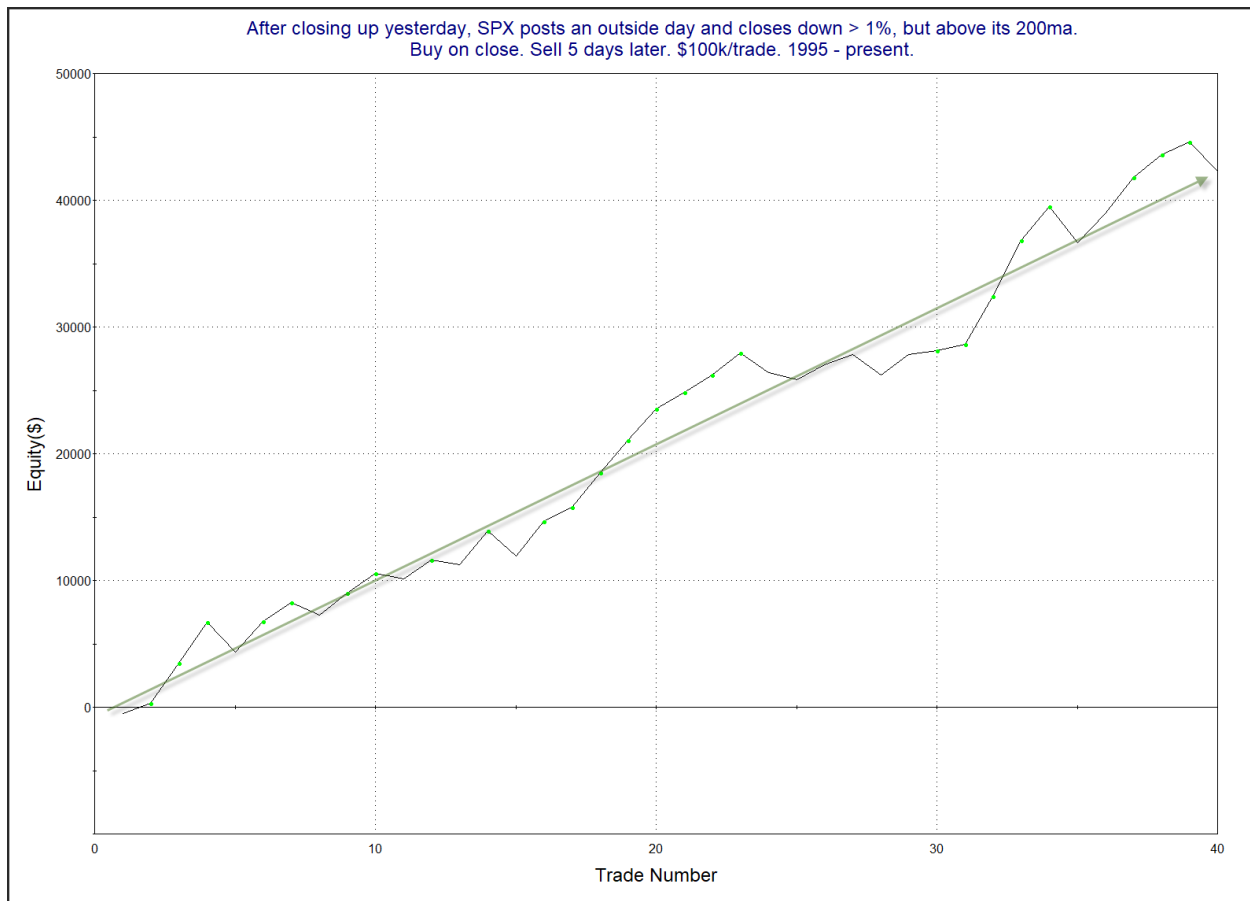
Nothing here makes me think any less of the numbers. This study is strongly suggestive of a bounce.

I also looked at the outside day reversal and found some interesting results with that pattern. Note – an outside day is a day that makes a higher high and a lower low than the day before. Below is a study from the 10/7/20 letter.

After closing up yesterday, SPX posts an outside day and closes down > 1%, but above its 200ma.
Buy on close. Sell X days later. \$100k/trade. 1995 - present.

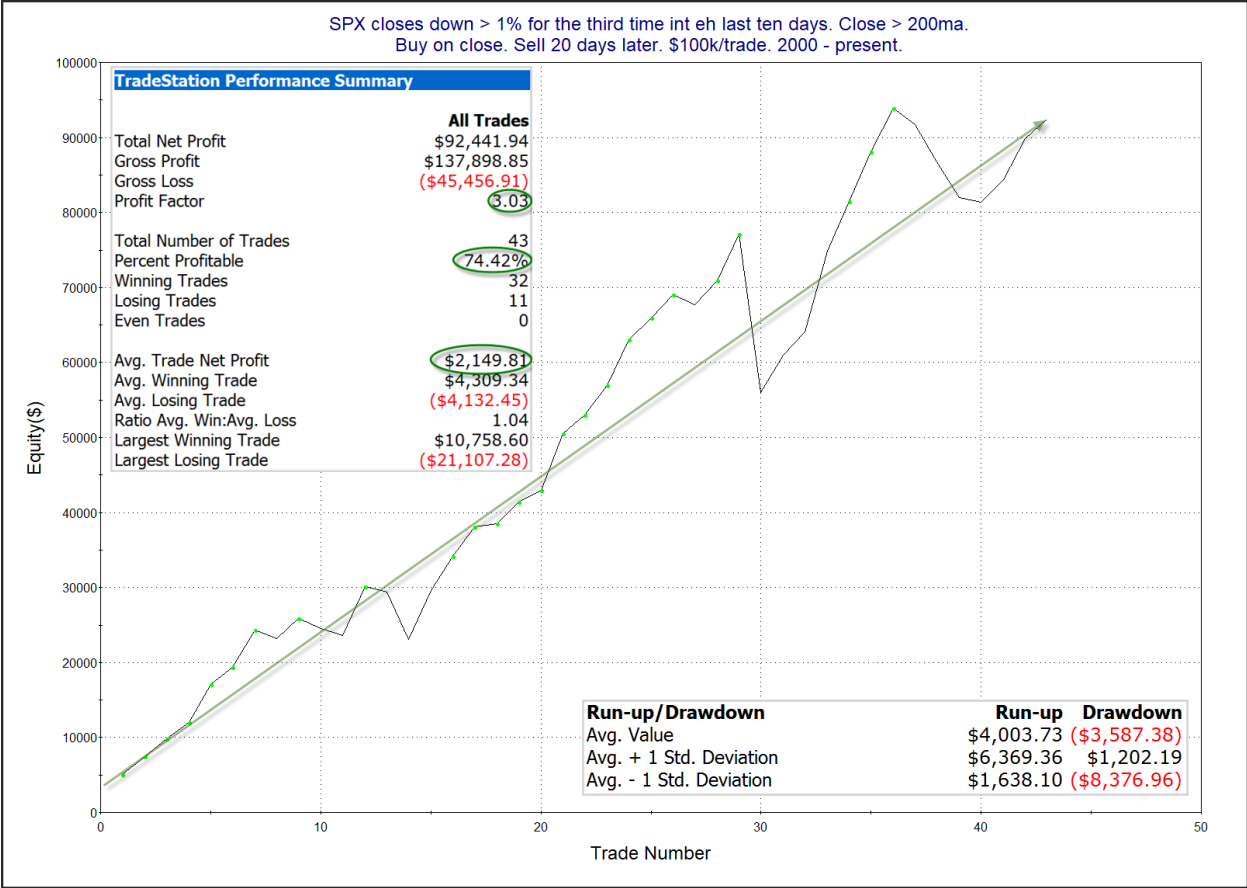
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	42,306.11	40	29	11	72.50	4,377.84	-2,808.74	1,989.31	-1,398.53	1.42	3.75	1,057.65
4	36,633.90	40	30	10	75.00	5,024.25	-4,449.24	1,619.81	-1,196.05	1.35	4.06	915.85
3	30,151.82	40	29	11	72.50	3,896.91	-3,719.70	1,553.56	-1,354.67	1.15	3.02	753.80
2	19,690.89	40	28	12	70.00	2,489.94	-4,686.30	1,221.84	-1,210.04	1.01	2.36	492.27
1	3,135.42	40	24	16	60.00	1,695.63	-1,802.16	723.30	-888.99	0.81	1.22	78.39

The numbers point to a possible upside edge. Below is a profit curve using a 5-day holding strategy.



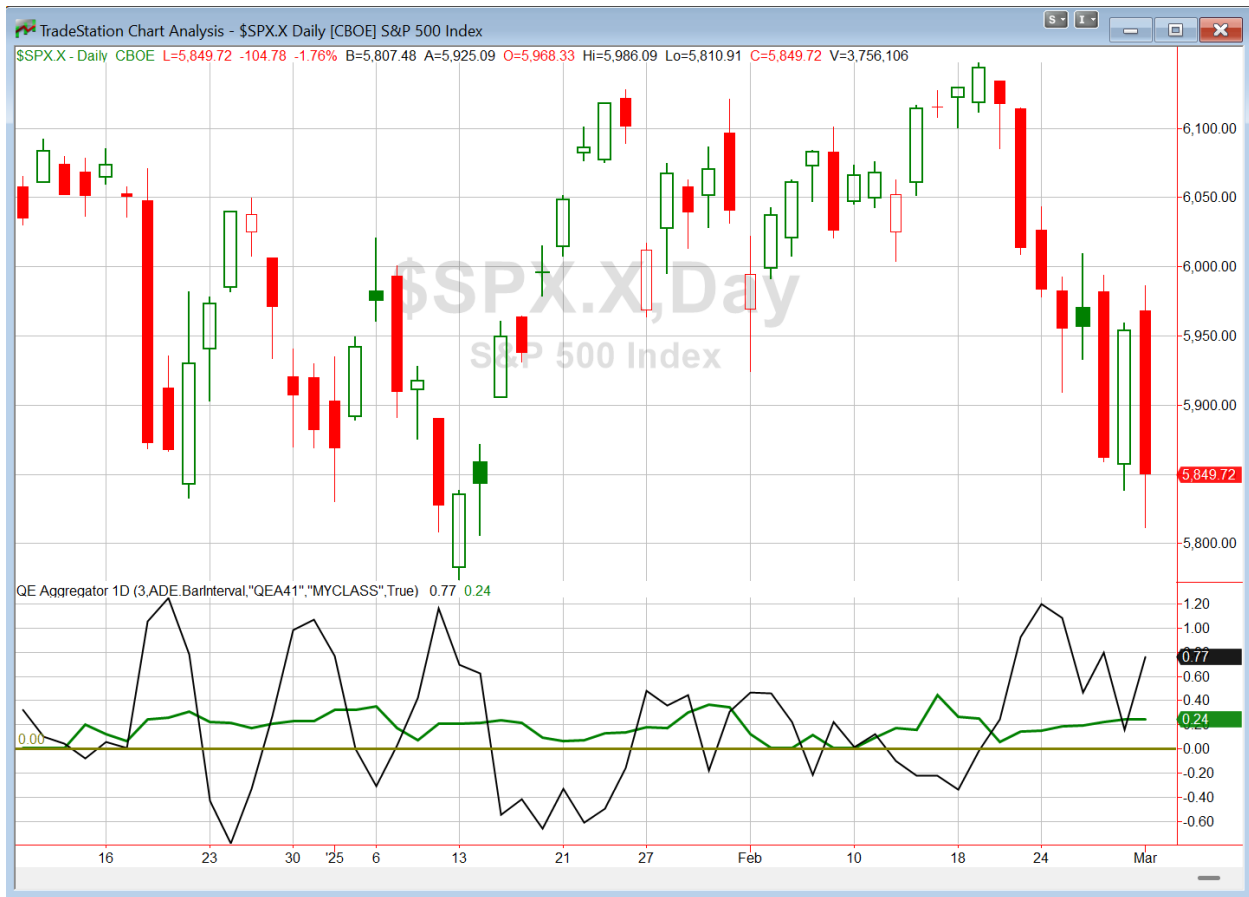
The move from lower left to upper right is impressive. I have added this study to the active list tonight.

The SPX has made some sizable moves over the last couple of weeks as volatility has been elevated. It is unusual to see high volatility when the SPX is trading above its 200ma. Monday marked the 3rd day in the last 10 in which SPX closed down over 1%. In the 1/8/25 letter I looked back at other times where SPX closed down more than 1% for the 3rd time in the last 10 days, but above its 200ma. Intermediate-term results appear strong, and I have updated the 20-day holding period results below.



It has been a persistent move higher. I have added this study to the intermediate-term active list.

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



With tonight'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 Tuesday. This ain't gonna change. Meanwhile, the Differential Pivot will be 5895.15. That is 0.8% above Monday's close. So SPX will need to close up over 0.8% on Tuesday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is again bullish. The market can't find a bounce that will stick for more than a few hours. But when we get one, it could be powerful, and there is plenty of evidence pointing higher. Sadly, I am underwater with some index positions currently. But I may look to take on a 3rd lot if there is a favorable entry opportunity down near Monday's low. It is highly unlikely I will enter a 4th and final lot until we see a spike in the CBI, which still sits at just 2.

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

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 – look for 2nd opportunity

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.

SPY – Buy ¼ index position @ \$580.00 LIMIT. Based on the short-term outlook above, I will look to take on a 3rd lot (of up to 4) on Tuesday if SPY pulls back near Monday's low.

META – Buy 1/3 Catapult position @ \$655.05 LIMIT. From the Catapult section above, this would be the 2nd of up to 3 possible lots of META.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	2/21/2025	\$599.94	\$583.77	-2.70%	<i>sell @ \$600.00 LIMIT ON CLOSE</i>
SPY(1/4)	2/24/2025	\$597.21	\$583.77	-2.25%	Aggregator
META(1/3)	2/25/2025	\$665.97	\$655.05	-1.64%	Catapult
JPM(1/3)	2/26/2025	\$257.16	\$264.00	2.66%	<i>sold on open</i>

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