

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 5, 2025

Volume 18 Issue 42

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	2

## Tonight's Research Points

- More bullish studies emerged. A bounce is overdue.

## *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***

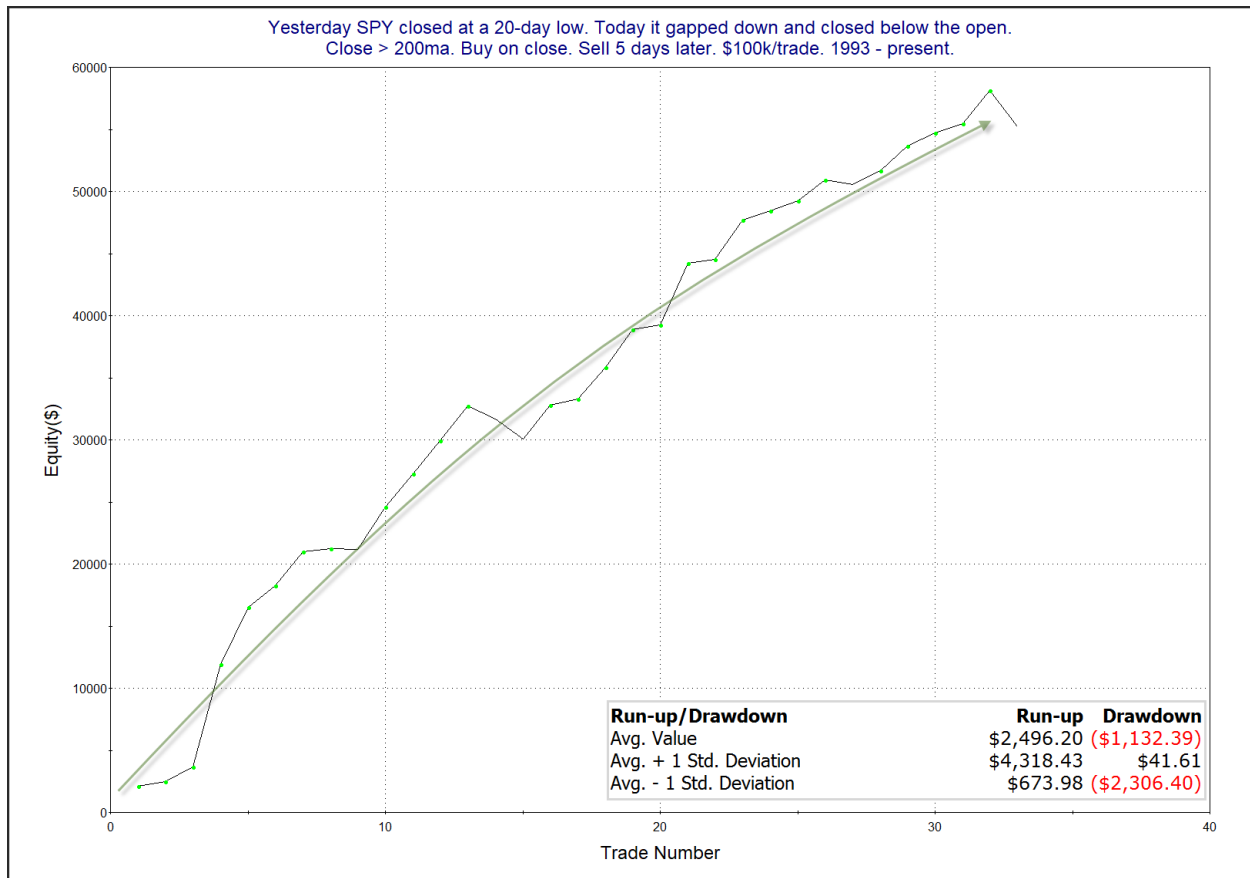
Tuesday was another rough day for the market. SPX closed down 1.2%, the NASDAQ lost 0.35%, and the Russell 2000 fell 1.1%. Breadth was weak as the NYSE Up Issues % closed at 23.0% and the NYSE Up Volume % posted a 22.5% reading. NYSE total volume declined some from Monday’s level.

SPY was also already oversold before Tuesday’s action. Tuesday saw it gap down from a 20- day low the day before and then continue the selling. You may recall, I discussed the study below just last week in the 2/26/25 letter. It triggered again, and I have updated the results.

Yesterday SPY closed at a 20-day low. Today it gapped down and closed below the open. Close > 200ma. 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	55,200.09	33	28	5	84.85	8,239.74	-2,919.84	2,183.10	-1,185.37	1.84	10.31	1,672.73
4	43,412.23	33	26	7	78.79	5,581.02	-3,255.65	1,953.33	-1,053.48	1.85	6.89	1,315.52
3	36,960.73	33	22	11	66.67	4,348.05	-2,421.25	2,068.66	-777.26	2.66	5.32	1,120.02
2	26,183.76	34	19	15	55.88	5,477.88	-1,643.62	1,947.04	-720.66	2.70	3.42	770.11
1	19,864.64	39	26	13	66.67	5,764.38	-3,000.80	1,162.47	-796.89	1.46	2.92	509.35

**The only instance NOT to close above the entry price at some point in the next week triggered on 5/14/12.**

Results here appear consistent and powerful. Below is a look at the profit curve assuming a 5-day holding period.



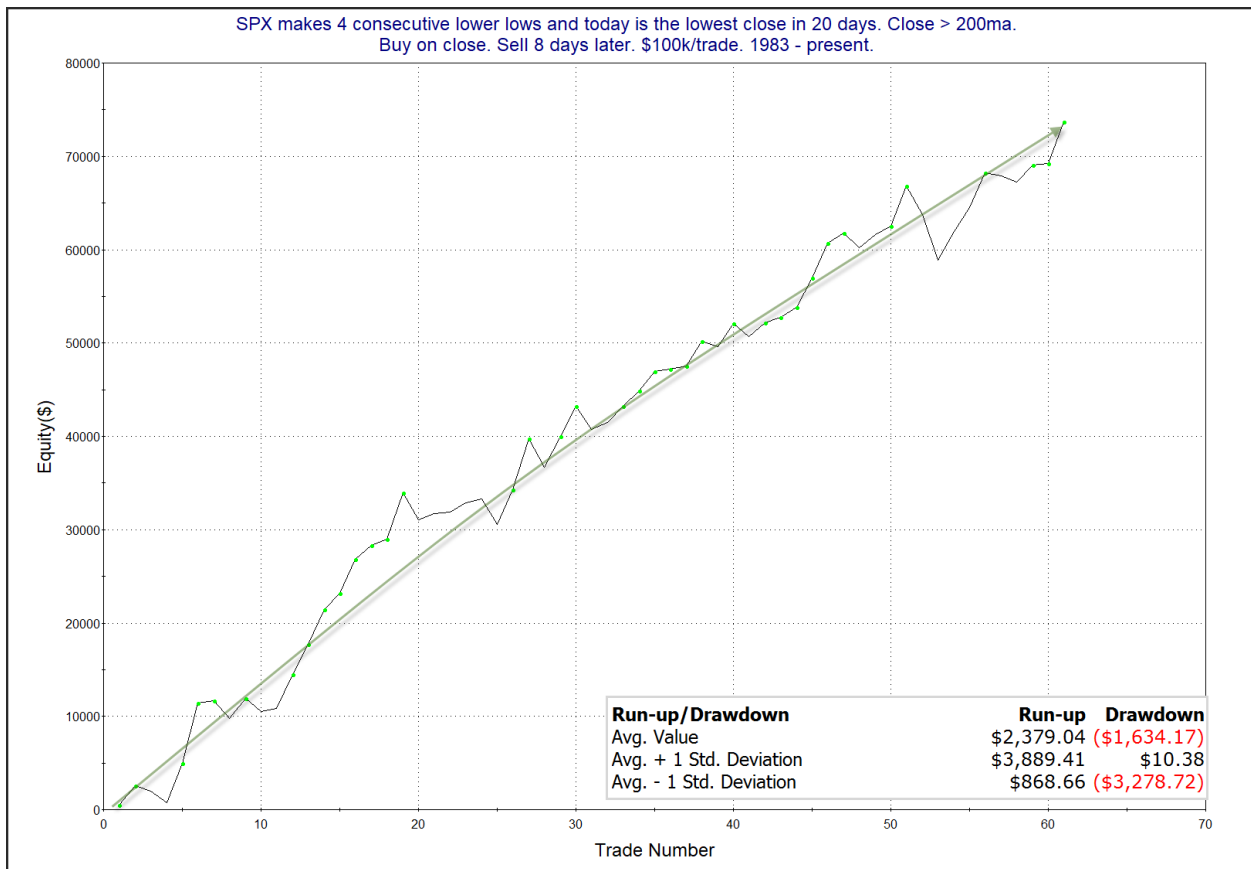
The strong, steady upslope is impressive. It serves as some confirmation of the bullish edge. Last week's instance was a big miss. But with the 85% win rate and the steadiness of the curve, two substantial losses in a row seems unlikely. I have included this study on the Active List.

The persistently lower lows also suggest a relief move higher. Tuesday marked the 4<sup>th</sup> day in a row that SPX made a lower low. Combined with the 20-day low close, this triggered the study below, which is updated from the 4/18/24 letter.

SPX makes 4 consecutive lower lows and today is the lowest close in 20 days. Close > 200ma.  
Buy on close. Sell X days later. \$100k/trade. 1983 - 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	62,413.66	61	39	22	63.93	5,268.12	-7,625.38	2,479.91	-1,559.22	1.59	2.82	1,023.17
9	59,567.61	61	45	16	73.77	6,263.40	-11,831.15	2,186.19	-2,425.68	0.90	2.53	976.52
8	73,736.82	61	46	15	75.41	6,529.38	-4,831.04	2,227.80	-1,916.14	1.16	3.57	1,208.80
7	62,855.60	61	39	22	63.93	5,954.52	-3,232.37	2,198.29	-1,039.90	2.11	3.75	1,030.42
6	54,986.42	63	45	18	71.43	5,148.00	-4,537.50	1,727.55	-1,264.08	1.37	3.42	872.80
5	37,198.99	65	39	26	60.00	3,818.98	-4,022.26	1,798.49	-1,267.01	1.42	2.13	572.29
4	34,842.77	65	41	24	63.08	3,868.10	-3,878.82	1,537.87	-1,175.41	1.31	2.24	536.04
3	19,746.99	65	36	29	55.38	3,939.79	-5,393.69	1,466.41	-1,139.44	1.29	1.60	303.80
2	15,815.57	65	36	29	55.38	3,263.04	-4,632.95	1,268.22	-1,028.98	1.23	1.53	243.32
1	11,562.78	65	43	22	66.15	2,536.10	-2,968.54	762.55	-964.86	0.79	1.54	177.89

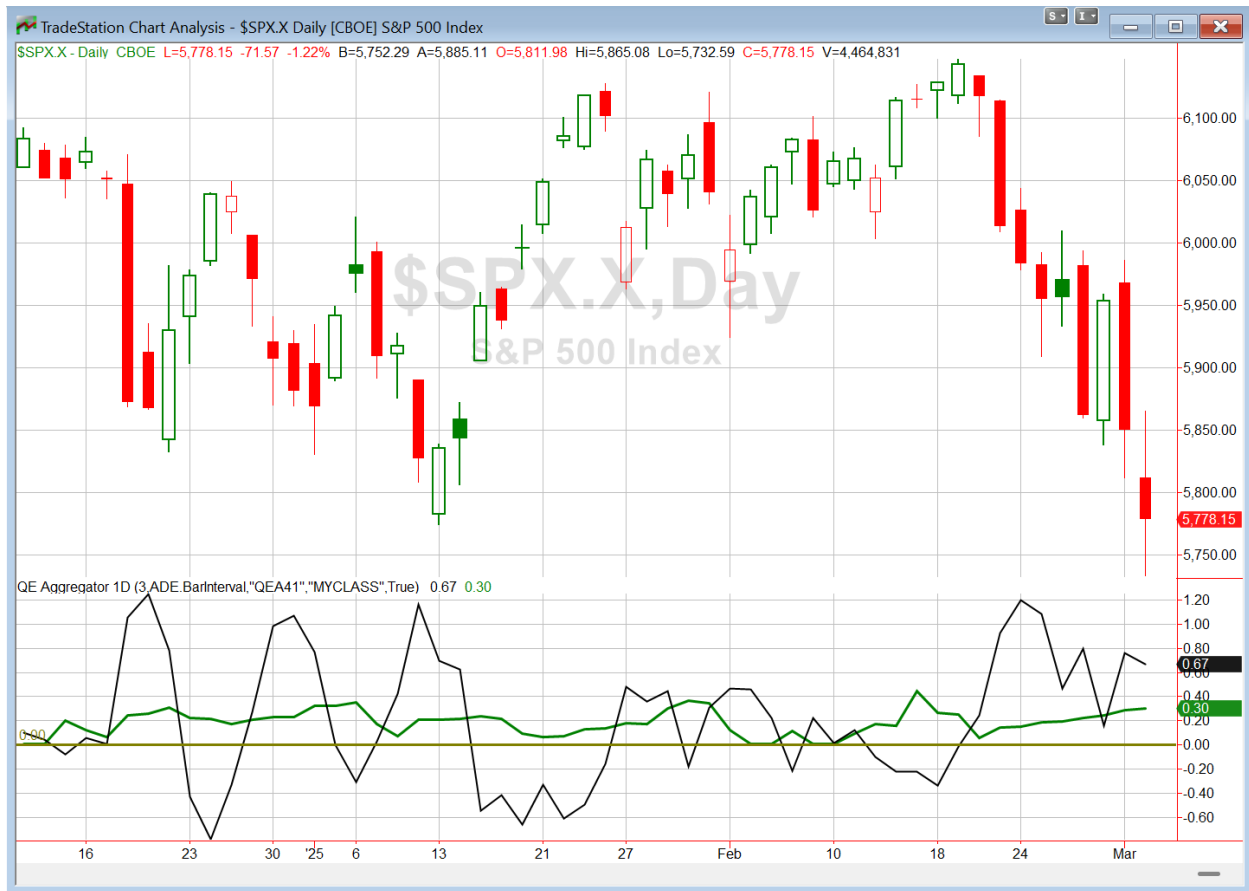
Results above suggest a solid bullish short-term edge. To see how it has played out over the years I have included below an equity curve assuming an 8-day exit strategy.



This curve is impressive and supports the idea of an upside edge. I have included this study on the active list tonight.

Potential negatives I am seeing are 1) The fact that we have seen a few strongly bullish studies simply get run over lately. Recent market action has not been acting according to many historical norms. It will eventually revert back to more normal behavior, but risks are a bit elevated. 2) The CBI remains completely neutral at just 2. You don't need a spike in the CBI to get a bounce, but it tends to improve both the probability and the upside potential of a bounce.

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 Wednesday. This ain't gonna change. Meanwhile, the Differential Pivot will be 5988.64. That is a whopping 3.6% above

Tuesday's close. So SPX will need to close up over 3.6% on Wednesday in order to flip from oversold to overbought versus recent expectations. I don't see that happening. We are going to need a multi-day rally or consolidation to work off the oversold condition.

So the Aggregator is again bullish. There has been lots of upside evidence that has not yet worked, but we see more again tonight. I am substantially long, having added more SPY on Tuesday. I will hold off before possibly adding a final piece. I would like to see a higher CBI in order to do so.

***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 2<sup>nd</sup> 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.*

**None tonight.**

### **Current Open Trade Ideas**

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	2/21/2025	\$599.94	\$576.86	-3.85%	Aggregator
SPY(1/4)	2/24/2025	\$597.21	\$576.86	-3.41%	Aggregator
META(1/3)	2/25/2025	\$665.97	\$640.00	-3.90%	Catapult
SPY(1/4)	3/4/2025	\$579.71	\$576.86	-0.49%	Aggregator
META(1/3)	3/4/2025	\$645.51	\$640.00	-0.85%	Catapult

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