

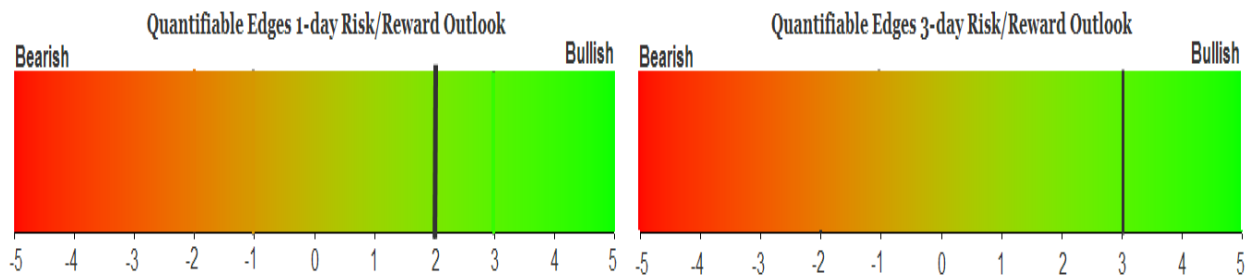
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 10, 2025

Volume 18 Issue 45

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- The Friday bounce looks encouraging from a few different perspectives.
- Seasonality appears meh this upcoming week (and next week also).
- There has been a liquidity drain the last couple of weeks.
- The long-term trend is in doubt, with several indices near or below the 200ma.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Reward/risk appears favorable, and the market is quite overdue for a bounce of more than 1 day.

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 10, 2025	50-day intraday low up close Friday	1-4 days	Bullish	3.40%	-1.20%	-2.70%
March 10, 2025	50-low yesterday. Up on last fay of week	1-2 days	Bullish			
March 5, 2025	20-Lo then Gap Dn and C < O and > 200	1-5 days	Bullish	2.50%	-1.10%	-2.30%
March 5, 2025	4 lower lows, 20-day low > 200	1-8 days	Bullish	2.40%	-1.60%	-3.30%
March 4, 2025	Outside day dn 1% > 200	1-4 days	Bullish			
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

The market reversed morning selling and finished moderately positive on Friday. SPX closed up 0.55%, the NASDAQ rose 0.7%, and the Russell 2000 gained 0.4%. Breadth was positive as the NYSE Up Issues % closed at 56% and the NYSE Up Volume % posted a 65% reading. NYSE total volume rose some from Thursday's level.

As I have discussed before, the fact that a reversal happened on a Friday could be a positive. 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 are updated from the 6/21/22 letter and looks 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 listed. Buy on close. Sell 1 day 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	15,306.79	41	29	12	70.73	6,420.72	-11,696.04	1,285.44	-1,830.92	0.70	1.70	373.34
Thur	2,944.83	42	21	21	50.00	3,982.74	-3,447.40	1,350.55	-1,210.32	1.12	1.12	70.12
Wed	-3,741.20	33	16	17	48.48	3,644.16	-4,761.33	1,452.86	-1,587.47	0.92	0.86	-113.37
Tues	-13,410.06	59	27	32	45.76	9,089.88	-5,112.51	1,277.71	-1,497.14	0.85	0.72	-227.29
Mon	-3,544.07	45	25	20	55.56	3,037.50	-4,893.07	914.16	-1,319.90	0.69	0.87	-78.76

After closing at a 50-day low yesterday, SPX closes up today. Today is the day of week listed.
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	44,387.05	41	30	11	73.17	10,682.82	-14,619.60	2,532.54	-2,871.75	0.88	2.41	1,082.61
Thur	42,281.16	40	26	14	65.00	9,334.72	-4,901.67	2,456.44	-1,541.89	1.59	2.96	1,057.03
Wed	6,802.70	32	19	13	59.38	8,658.92	-11,026.82	2,236.73	-2,745.78	0.81	1.19	212.58
Tues	4,844.27	58	35	23	60.34	10,340.00	-24,627.73	2,987.97	-4,336.30	0.69	1.05	83.52
Mon	-6,135.24	45	25	20	55.56	5,873.28	-11,533.34	2,139.65	-2,981.32	0.72	0.90	-136.34

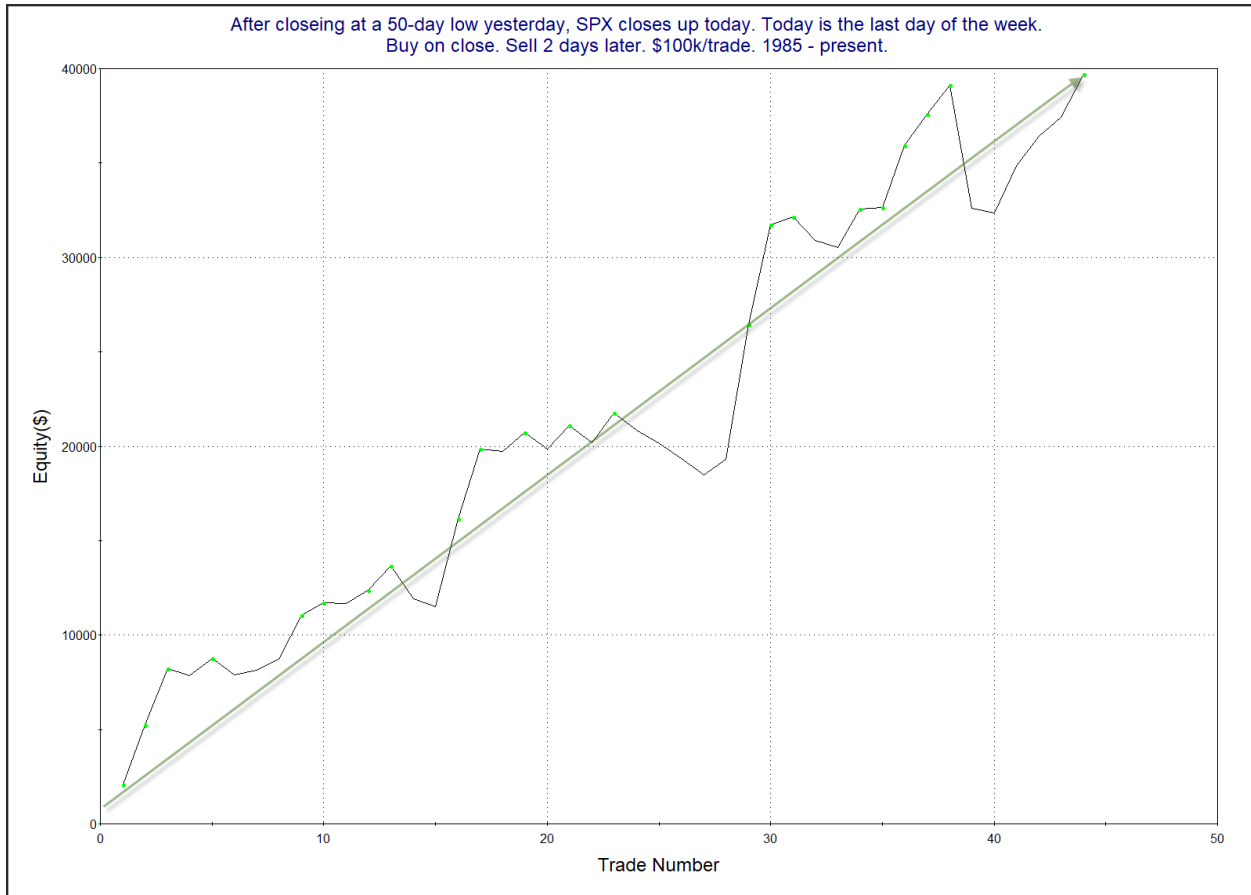
We see that Friday is the day of the week that that shows most of the strongest odds moving forward. This is true whether you are looking at Net Profits, % Profitable, Win/Loss Ratio, Profit Factor, or Avg Trade. So Tuesday is the most likely day to see a bounce occur, but Friday is the day where that 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. Today is the last day of the week.
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
5	43,909.13	44	32	12	72.73	10,682.82	-14,619.60	2,417.04	-2,786.35	0.87	2.31	997.93
4	46,913.94	44	31	13	70.45	11,930.04	-10,858.68	2,477.87	-2,299.99	1.08	2.57	1,066.23
3	32,576.03	44	30	13	68.18	10,868.60	-11,265.12	2,071.39	-2,274.28	0.91	2.10	740.36
2	39,723.45	44	28	16	63.64	7,112.64	-6,545.88	2,028.50	-1,067.15	1.90	3.33	902.81
1	13,377.24	44	30	14	68.18	6,420.72	-11,696.04	1,257.29	-1,738.67	0.72	1.55	304.03

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



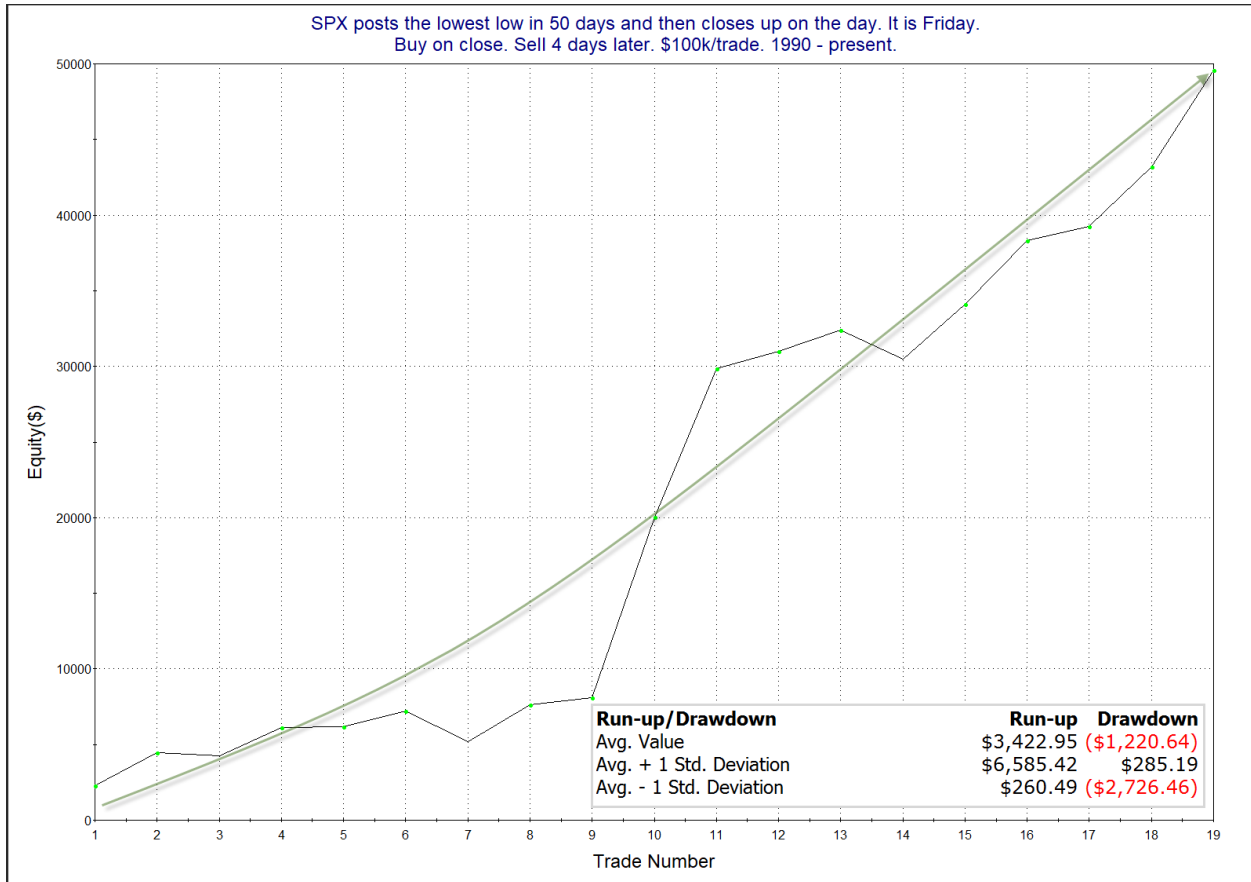
The recent instance with the big drop occurred in March 2020. Other than that, the strong upslope has persisted for a long time, it is back at new highs, and serves as some confirmation of the upside edge.

I also looked at times we saw a 50-day intraday low on a Friday where the day ended higher. Below is the stats table for this setup.

SPX posts the lowest low in 50 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	41,961.92	19	16	3	84.21	10,682.82	-3,017.16	3,066.85	-2,369.25	1.29	6.90	2,208.52
4	49,583.51	19	16	3	84.21	11,930.04	-2,035.80	3,359.91	-1,391.68	2.41	12.88	2,609.66
3	28,310.98	19	13	6	68.42	10,868.60	-2,303.28	2,921.89	-1,612.27	1.81	3.93	1,490.05
2	23,121.55	19	12	7	63.16	7,112.64	-1,737.36	2,440.68	-880.94	2.77	4.75	1,216.92
1	19,359.58	19	14	5	73.68	6,420.72	-1,277.64	1,724.84	-957.65	1.80	5.04	1,018.93

These are perhaps the most compelling numbers we have seen. Below is a look at the 4-day profit curve.



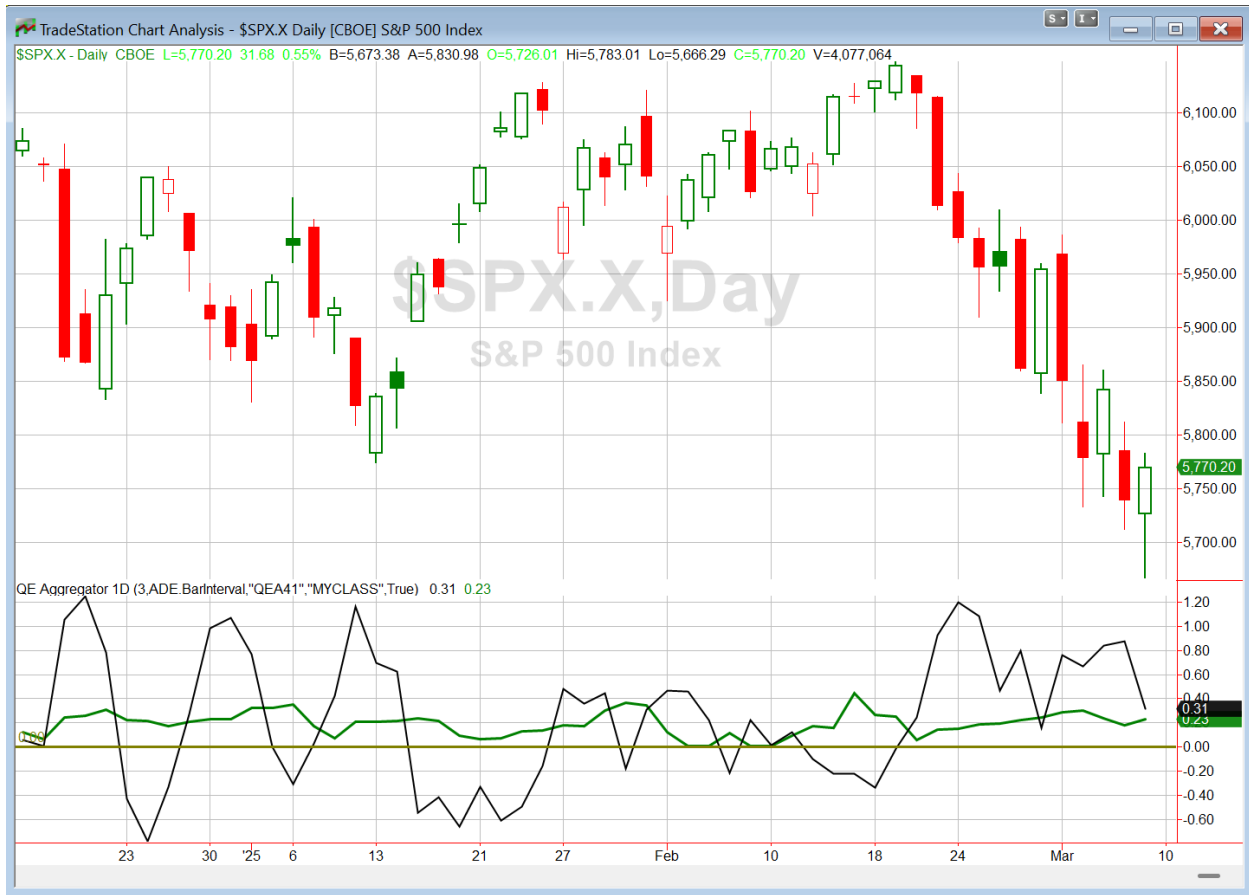
That is a strong move up from lower left to upper right. So Friday's bounce appears encouraging.

Let's also take a look at the Seasonality Calendar, and focus on the coming week.

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

While there are no outright bearish days, this upcoming week is more neutral than it is positive. Next week isn't great either. It isn't until the last week of the month that bulls will have favorable seasonality helping them out.

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 is fairly unlikely to change. Meanwhile, the Differential Pivot will be 5888.83. That is 2.1% above Friday's close. So SPX will need to close up 2.1% on Monday in order to flip from oversold to overbought versus recent expectations. A more likely scenario for working off the off the oversold condition would be a multi-day rally or consolidation.

So the Aggregator is again bullish. We have not seen the SPX close higher for 2 consecutive days since it topped on 2/19. The studies look encouraging, and a more substantial bounce is certainly overdue. It just hasn't happened yet. So while the action has been frustrating, I will continue to hold my long index position a bit longer.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/10 – neutral

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.*

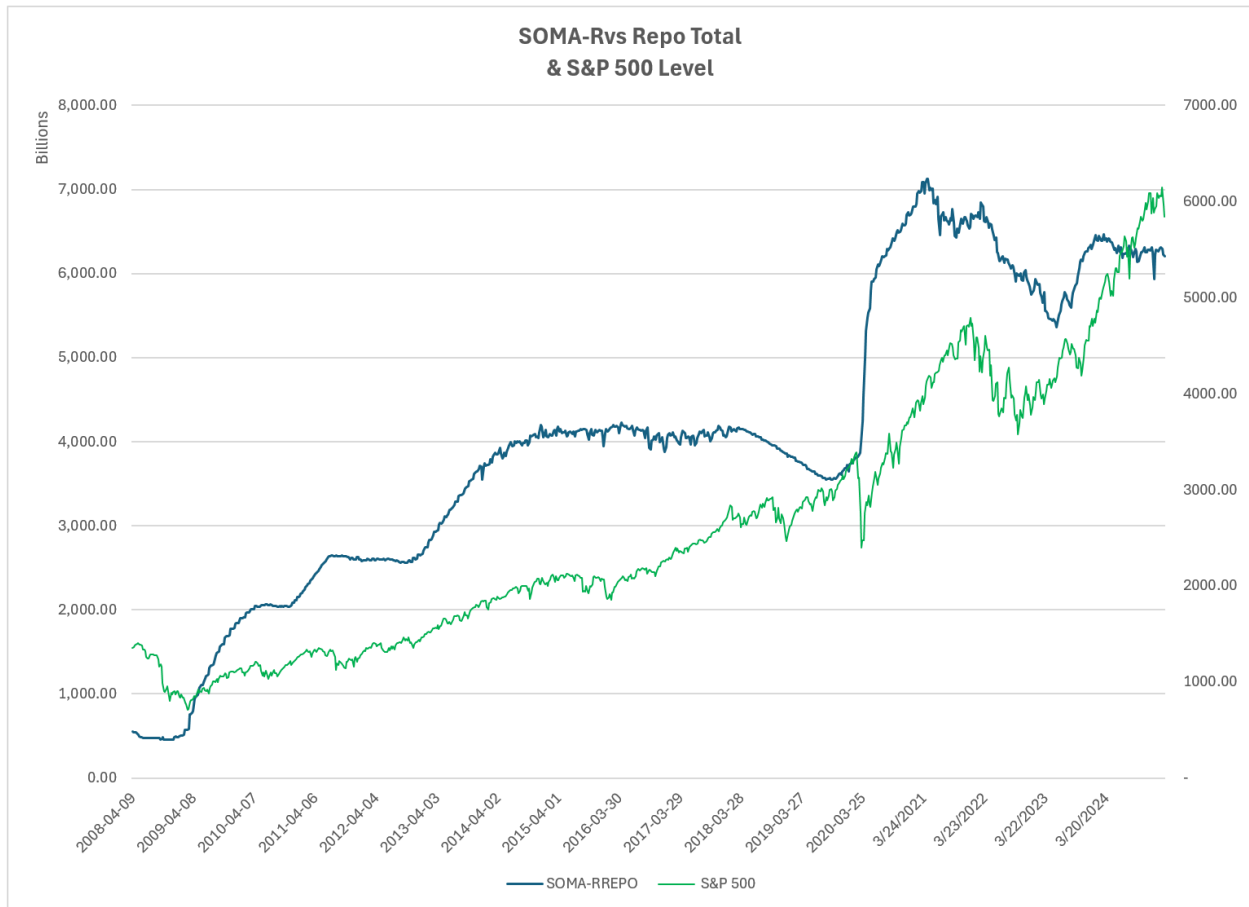
Friday’s rally was not enough to overcome a lousy start to the week. For the full week, the SPX declined 3.1%, the NASDAQ tumbled 3.45%, and the Russell 2000 (RUT) lost 4.05%. Bonds also struggled. The US Aggregate Bond ETF (AGG) fell 0.6%. TLT, the 20-year Treasury Bond ETF, dropped 2.2%. The long-term trend is in doubt. While SPX has (barely) held above its 200ma, it has been making 50-day lows. The SPX Golden Cross remains in effect, with the 50ma still well above the 200ma, but they are moving closer each day. Meanwhile, the NASDAQ and Russell 2000 are both below their 200mas. There were not any new studies that triggered in the last few days with intermediate-term implications.

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

Domestic Security Holdings as of **March 5, 2025**
Posted March 6, 2025 at 4:30 PM

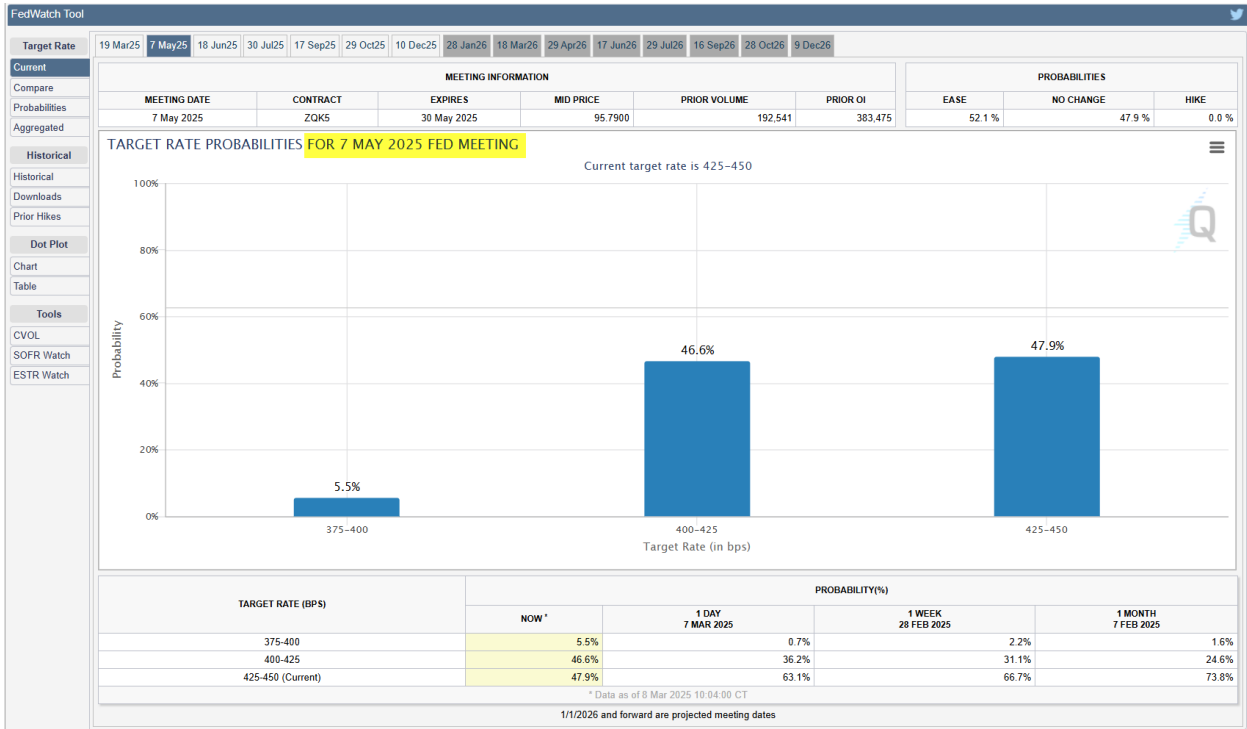
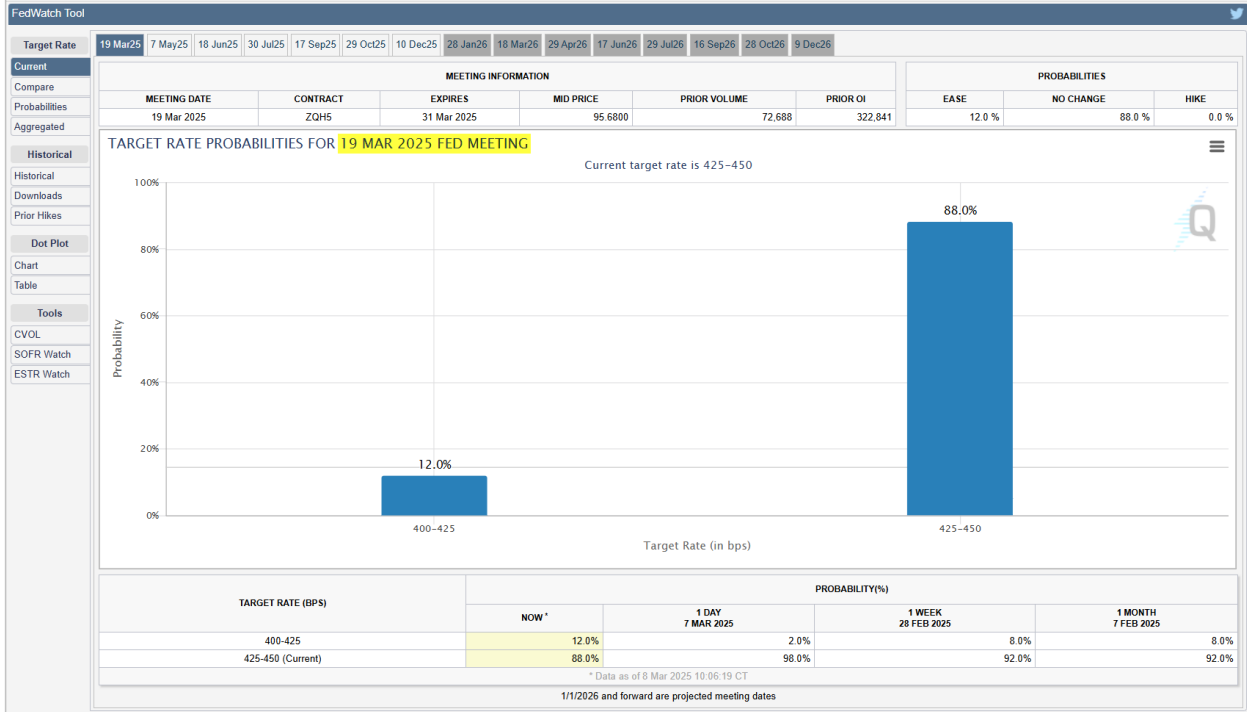
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	195,342,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,607,268,306.5
US Treasury Floating Rate Notes (FRNs)	10,820,651.2
US Treasury Inflation-Protected Securities (TIPS)*	320,911,678.1
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,195,291,210.3
Agency Commercial Mortgage-Backed Securities***	8,017,477.6
Total SOMA Holdings	6,339,999,250.5
Change From Prior Week	-10,230,643.0

The SOMA account holdings declined by over \$10 billion this past week. Meanwhile, reverse repos rose by about \$13 billion for the week ending 3/5. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a sizable \$23.7 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 12%. Meanwhile, May odds have increased to show a 52% 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.

It is getting difficult to remain bullish. The Friday reversal studies the last couple of weekends give some hope. The first 75 days with a new president typically see a market rally, but its been a rough start so far for this administration. The long-term trend is in doubt with intermediate-term lows occurring this past week. We are in the best 6 months of the year from a Seasonality standpoint. Fed policy is basically neutral. There are plenty of potential triggers that could cause a market shock. While bullish evidence may still slightly outweigh bearish, I'm having trouble staying excited about the bull case. I am not inclined to give long trades the benefit of the doubt in a way that I would during a strong market uptrend. So I am dialing back my outlook to neutral for the time being. It won't take much to get me to swing back to bullish, but the market is going to have to start showing some higher prices, and quit running over bullish studies. For now I will be approaching both long and short trades somewhat conservatively.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

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

META – 1/3 @ \$657.50 (bought @ limit)

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	\$575.92	-4.00%	Aggregator
SPY(1/4)	2/24/2025	\$597.21	\$575.92	-3.56%	Aggregator
META(1/3)	2/25/2025	\$665.97	\$625.66	-6.05%	Catapult
SPY(1/4)	3/4/2025	\$579.71	\$575.92	-0.65%	Aggregator
META(1/3)	3/4/2025	\$645.51	\$625.66	-3.08%	Catapult

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