

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 13, 2025

Volume 18 Issue 48

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	6

Tonight's Research Points

- Small-range inside days under the 200ma are often followed by selling in the following days.
- The CBI is creeping higher, but not yet at a level I would consider bullish.

Short-term Outlook

The Bottom Line

The Aggregator is neutral. We are seeing some evidence suggesting more selling could occur over the next day or two, but the market remains strongly oversold and due for a larger bounce.

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 13, 2025	Low range inside day < 200ma	1-2 days	Bearish			
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			

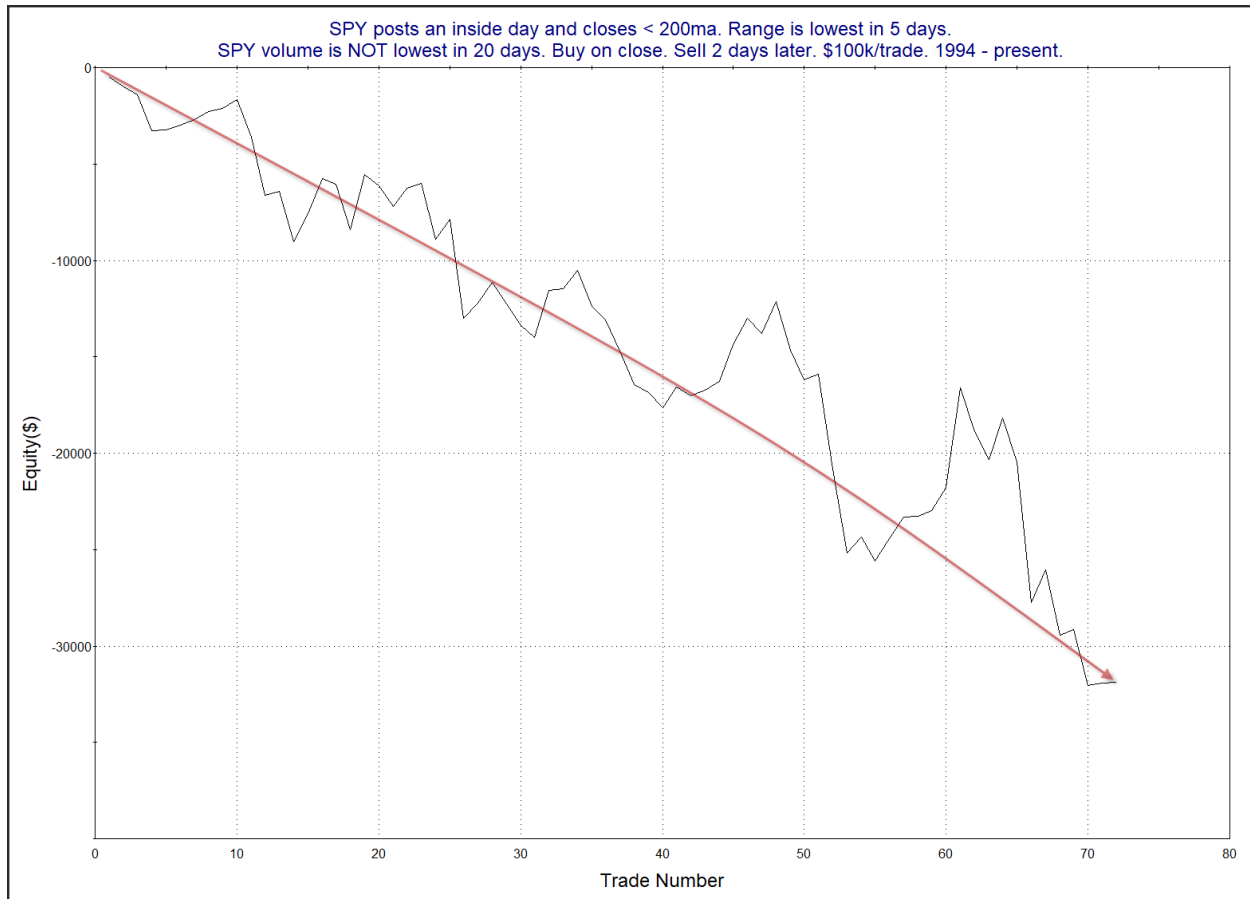
The Evidence

Wednesday saw the market put in a mild bounce. SPX rose 0.5%, the NASDAQ climbed 1.2%, and the Russell 2000 rose 0.1%. Breadth was weak as the NYSE Up Issues % closed at 55% and the NYSE Up Volume % posted a 49% reading. NYSE total volume declined some from Tuesday's level.

There were several studies that appeared in the Quantifinder that looked at the fact that Wednesday was an inside day with a low range. The study below appeared to be the most relevant and most compelling. It was last seen in the 1/25/19 letter. Stats are all updated.

SPY posts an inside day and closes < 200ma. Range is lowest in 5 days. SPY volume is NOT lowest in 20 days. Buy on close. Sell X days later. \$100k/trade. 1994 - 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	-11,604.21	63	30	32	47.62	8,586.35	-15,971.55	2,075.29	-2,308.21	0.90	0.84	-184.19
4	-23,369.62	64	32	32	50.00	6,497.00	-13,801.83	1,721.18	-2,451.48	0.70	0.70	-365.15
3	-39,489.72	68	31	37	45.59	7,413.70	-9,763.74	1,611.92	-2,417.82	0.67	0.56	-580.73
2	-31,882.87	72	37	35	51.39	5,188.70	-7,287.40	991.64	-1,959.24	0.51	0.54	-442.82
1	-17,230.93	72	35	37	48.61	4,485.60	-5,444.46	935.08	-1,350.24	0.69	0.66	-239.32

The numbers suggest a possible downside edge. Below is a look at the 2-day profit curve.

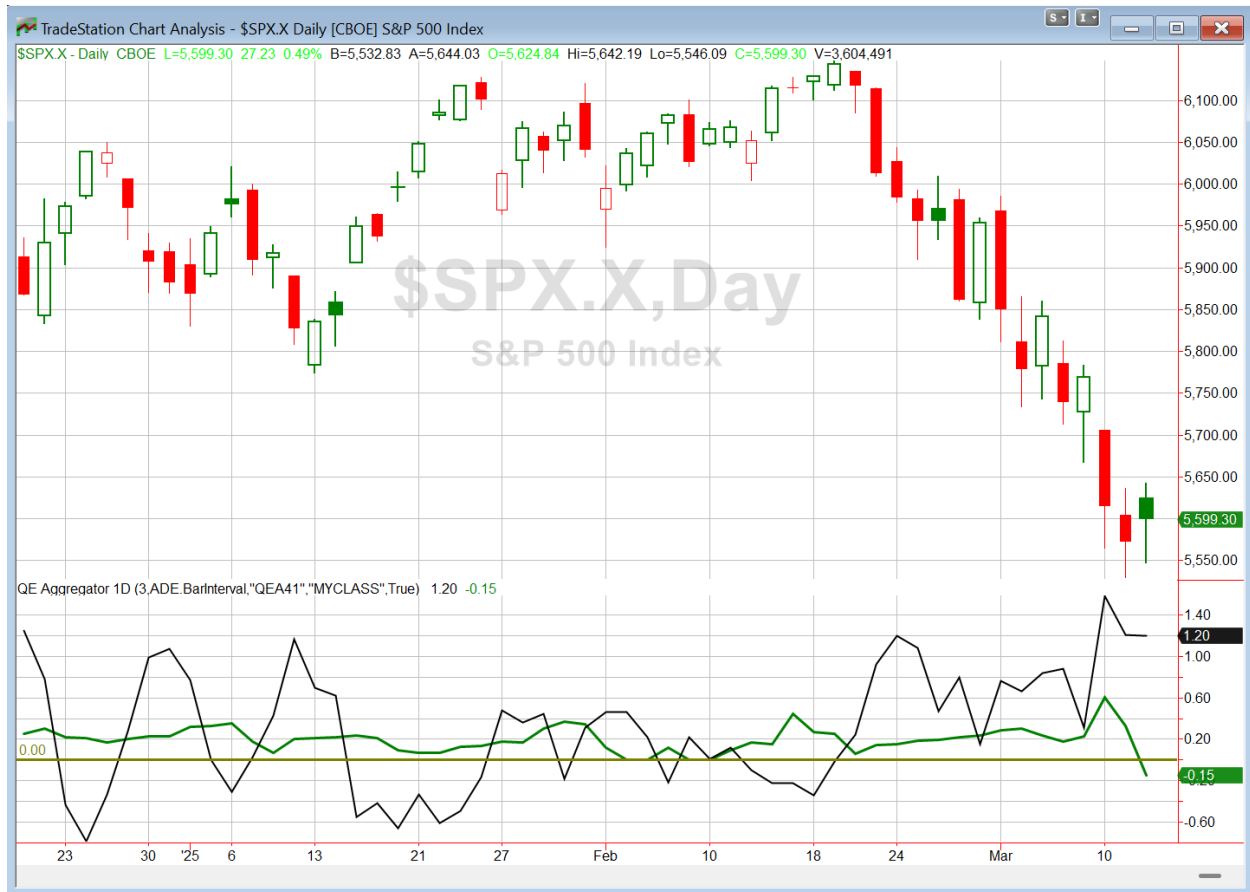


The win % is not high, and the curve is choppy, but the edge has certainly been persistent over a long period of time. I have added this study to the active list tonight.

Overall, the “bounce” on Wednesday was disappointing. When a market gets this oversold, the bounces are typically very strong. A 0.5% up day for SPX is not near the kind of rebound that could be expected when the market has dropped over 9% in a 3-week period leading up to that. It also fails a good bit short of the average day shown in last night’s study. Additionally, the weak bounce failed to generate any compelling bullish evidence to consider for tonight. So while I still believe there should be a strong upside short-term rally at some point soon, there is not immediate compelling evidence supporting that hypothesis.

The one potentially bullish development is that the CBI again crept higher – up to 6. Note there was a trigger last night that I missed in AXP. I have added that to the Catapult section tonight. A reading of six is not bullish in itself. We would like to see it a little higher to be suggestive of an upside edge. But it is getting close.

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



With tonight's evidence considered, the green Aggregator Line dropped below zero. Negative readings mean net expectations are for downside 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 negative but SPX is oversold. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation turned flat at the close.

Based on the current active list, expectations are set to remain negative on Thursday. This could change if new bullish evidence emerges. Meanwhile, the Differential Pivot will be 5671.16. That is 1.3% above Wednesday's close. So SPX will need to close up at least 1.3% on Thursday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is now neutral. While the market remains overdue for a stronger bounce, there is some evidence suggesting a downside edge over the next couple of days. So I will look to lighten up on my index positions.

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

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

JPM – 1/3 @ \$232.22 (bought @ limit)

SBUX – 1/3 @ \$101.13 (bought @ limit)

JPM – 1/3 @ \$229.14 (bought @ limit)

New

JPM – 1/3 @ \$227.90 (buy @ limit)

AXP – 1/3 @ \$255.39 (buy @ limit) – missed entry, cancel for now

ACN – 1/3 @ \$324.33 (buy @ limit)

Broad Market Large Cap CBI – 6(JPM-3, SBUX, AXP, ACN)

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.

JPM – Buy 1/3 Catapult position @ \$227.90 LIMIT. From the Catapult section above, this is the 3rd and final lot of JPM.

ACN – Buy 1/3 Catapult position @ \$324.33 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of ACN.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	2/21/2025	\$599.94	\$558.87	-6.85%	<i>sell on open</i>
SPY(1/4)	2/24/2025	\$597.21	\$558.87	-6.42%	<i>sell @ \$559.00 LIMIT</i>
META(1/3)	2/25/2025	\$665.97	\$619.56	-6.97%	<i>sell on open</i>
SPY(1/4)	3/4/2025	\$579.71	\$558.87	-3.59%	Aggregator
META(1/3)	3/4/2025	\$645.51	\$619.56	-4.02%	<i>sell on open</i>
JPM(1/3)	3/11/2025	\$231.74	\$227.90	-1.66%	Catapult
SBUX(1/3)	3/11/2025	\$101.13	\$98.69	-2.41%	Catapult
JPM(1/3)	3/12/2025	\$229.14	\$227.90	-0.54%	Catapult

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