

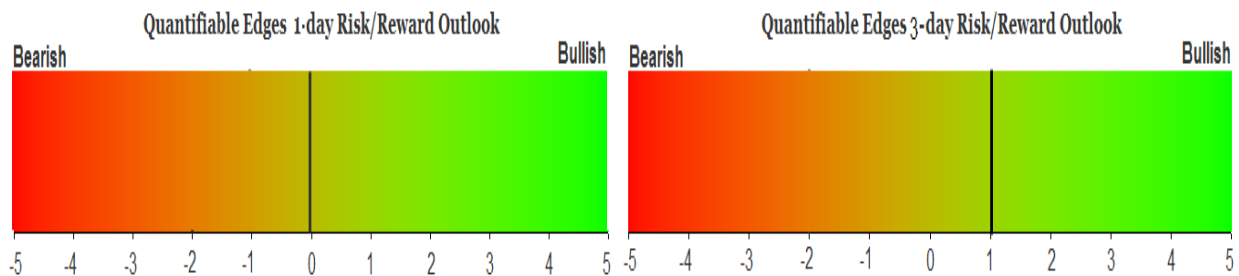
QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 17, 2025

Volume 18 Issue 50

Market Overview



Signals Overview

Aggregator	CBI Reading
Flat	10

Tonight's Research Points

- The gap and go action on Friday suggests a possible pullback Monday.
- The unremarkable volume on the bounce from a 100-day low could be an issue for Monday.
- The CBI reached 10, which is a potential short-term positive.
- Friday reversals will often see follow-through over the next few days.
- Seasonality this upcoming week is mixed.
- The SOMA held firm, but it should continue to decline in the coming weeks. The Fed still appears basically neutral overall.

Short-term Outlook

The Bottom Line

The Aggregator is back neutral, but could easily turn back bullish on Monday if the bounce does not continue. I am still favoring the long side and expect a bit more of a bounce thanks to the high CBI.

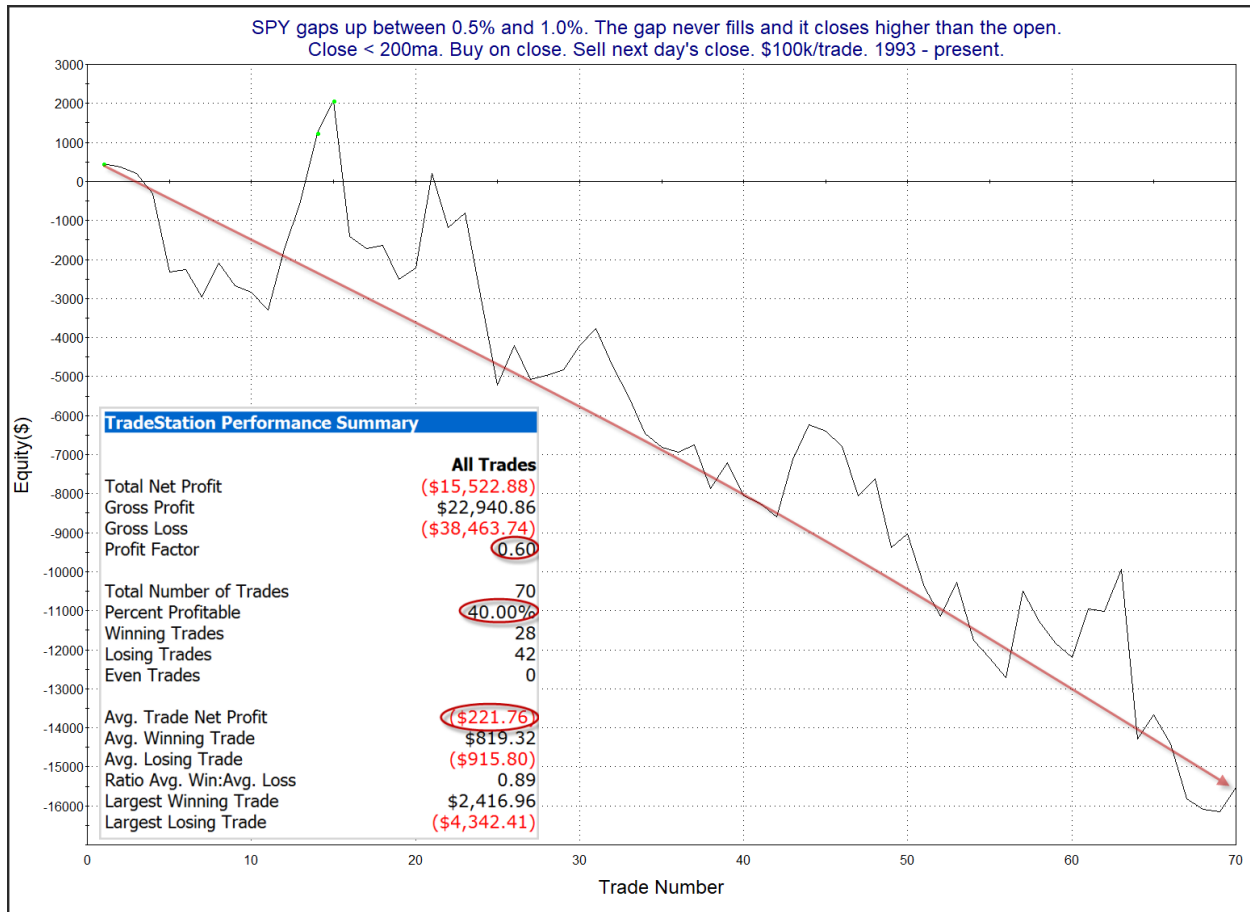
Summary of Recent Active Studies (see Letters from listed dates for details)

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
March 17, 2025	CBI hits 10+ on an up day < 200ma	1-4 days	Bullish			
March 17, 2025	Friday reversal from a 50-day low bullish	1-2 days	Bullish			
March 17, 2025	Gap up 0.5%-1.0% and close > open < 200	1 day	Bearish			
March 17, 2025	SPX dn 1.25% on lower vol 3x in 10 days	1 day	Bearish			
March 14, 2025	SPX dn 1.25% on lower vol 3x in 10 days	1-6 days	Bullish	5.40%	-3.00%	-6.80%
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%
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

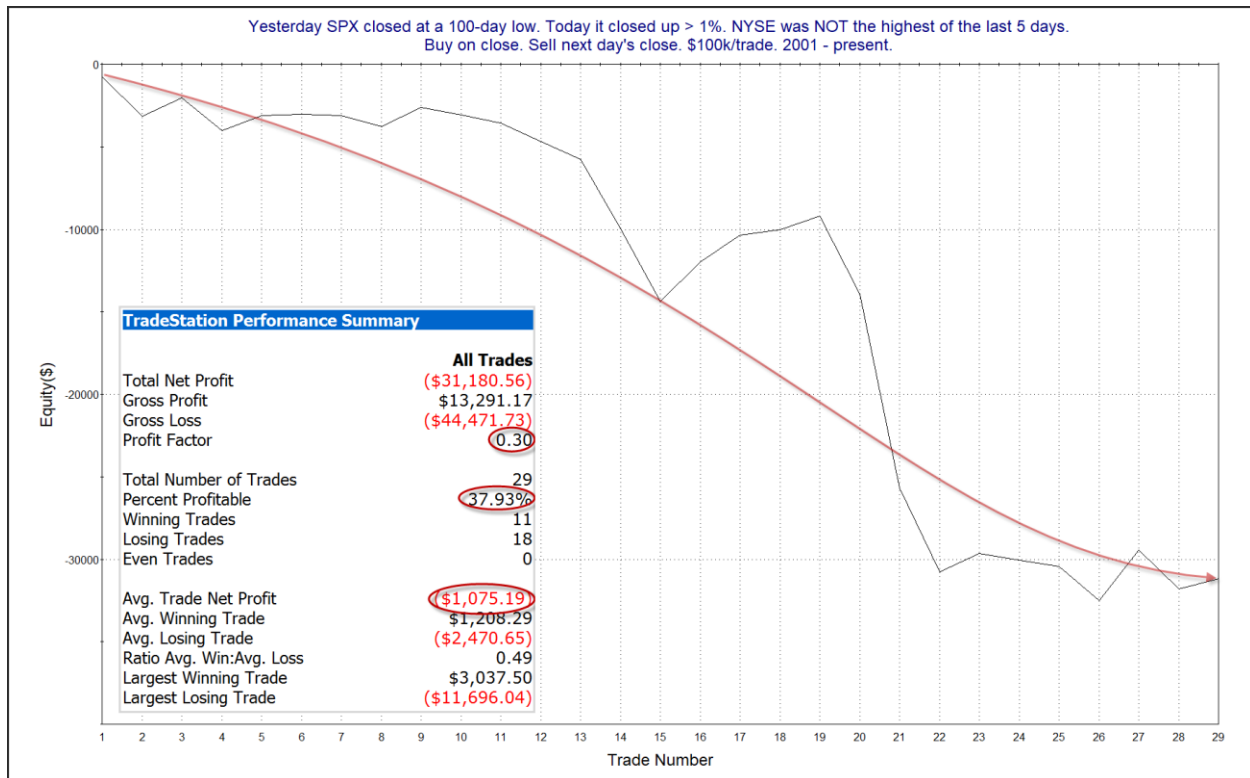
Friday saw a rebound. SPX gained 2.1%, the NASDAQ rallied 2.6%, and the Russell 2000 rose 2.5%. Breadth was strong as the NYSE Up Issues % closed at 79.6% and the NYSE Up Volume % posted an 89.9% reading. NYSE total volume rose some from Thursday's level.

Friday's action created mixed evidence. The 1st study I will share considered SPY price action, including the unfilled up-gap and the fact that SPY is still below its 200ma. It was last seen in the 10/31/23 letter, and is updated.



Stats are moderately negative, but the curve makes the study more compelling. I have included this study on the active list tonight.

Also notable about the rally is that while the price movement was sizable, volume was unremarkable. This triggered the below study from the 11/27/18 letter.



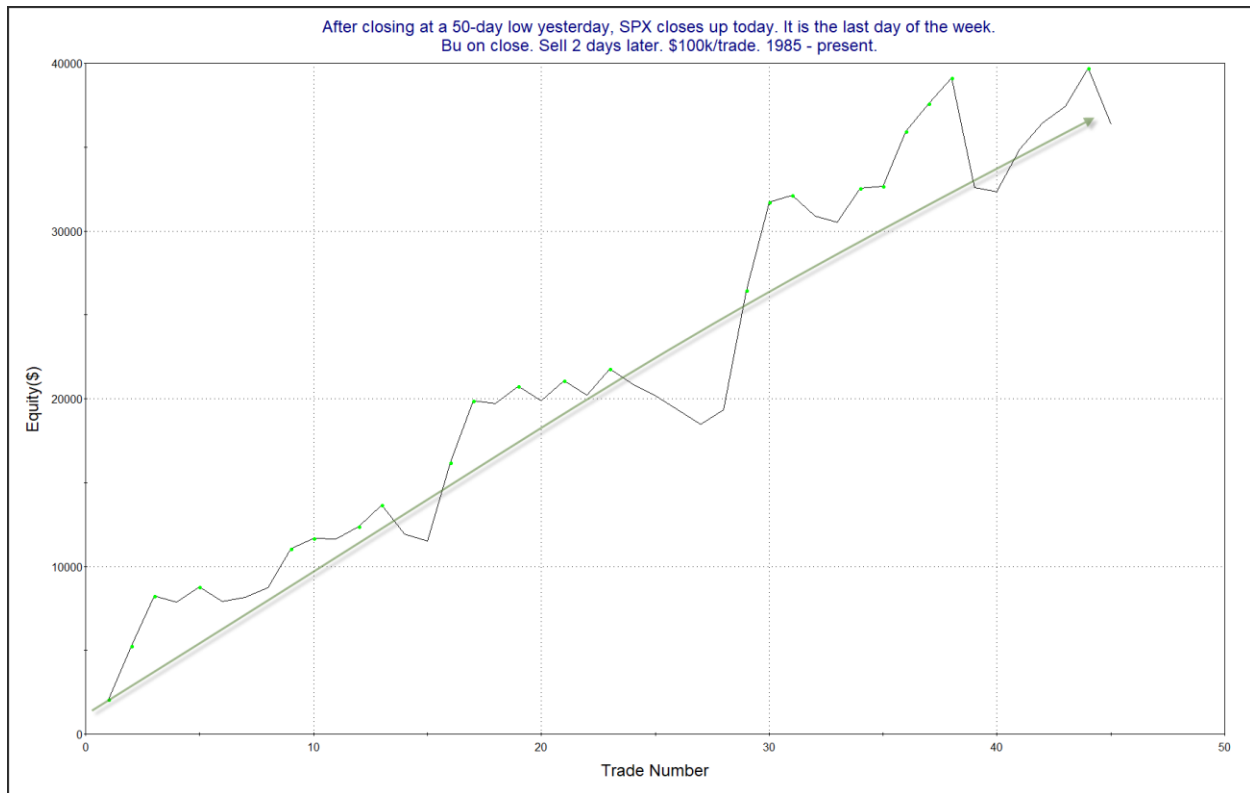
Both the numbers and the curve are impressive. So the bounce showed some characteristics suggesting odds favor the bounce won't continue on Monday.

If you will recall, last week I shared several studies showing that while reversals are somewhat uncommon on Fridays, that Friday is the #1 day to see a reversal stick and continue higher. I won't review all of the studies related to this that I covered last week. But I did update the one below.

After closing at a 50-day low yesterday, SPX closes up today. It is the last day of the week.
Bu 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	41,677.71	45	32	13	71.11	10,682.82	-14,619.60	2,417.04	-2,743.67	0.88	2.17	926.17
4	42,686.38	45	31	14	68.89	11,930.04	-10,858.68	2,477.87	-2,437.68	1.02	2.25	948.59
3	29,670.73	45	30	14	66.67	10,868.60	-11,265.12	2,071.39	-2,319.35	0.89	1.91	659.35
2	36,355.24	45	28	17	62.22	7,112.64	-6,545.88	2,028.50	-1,202.51	1.69	2.78	807.89
1	10,731.36	45	30	15	66.67	6,420.72	-11,696.04	1,257.29	-1,799.15	0.70	1.40	238.47

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



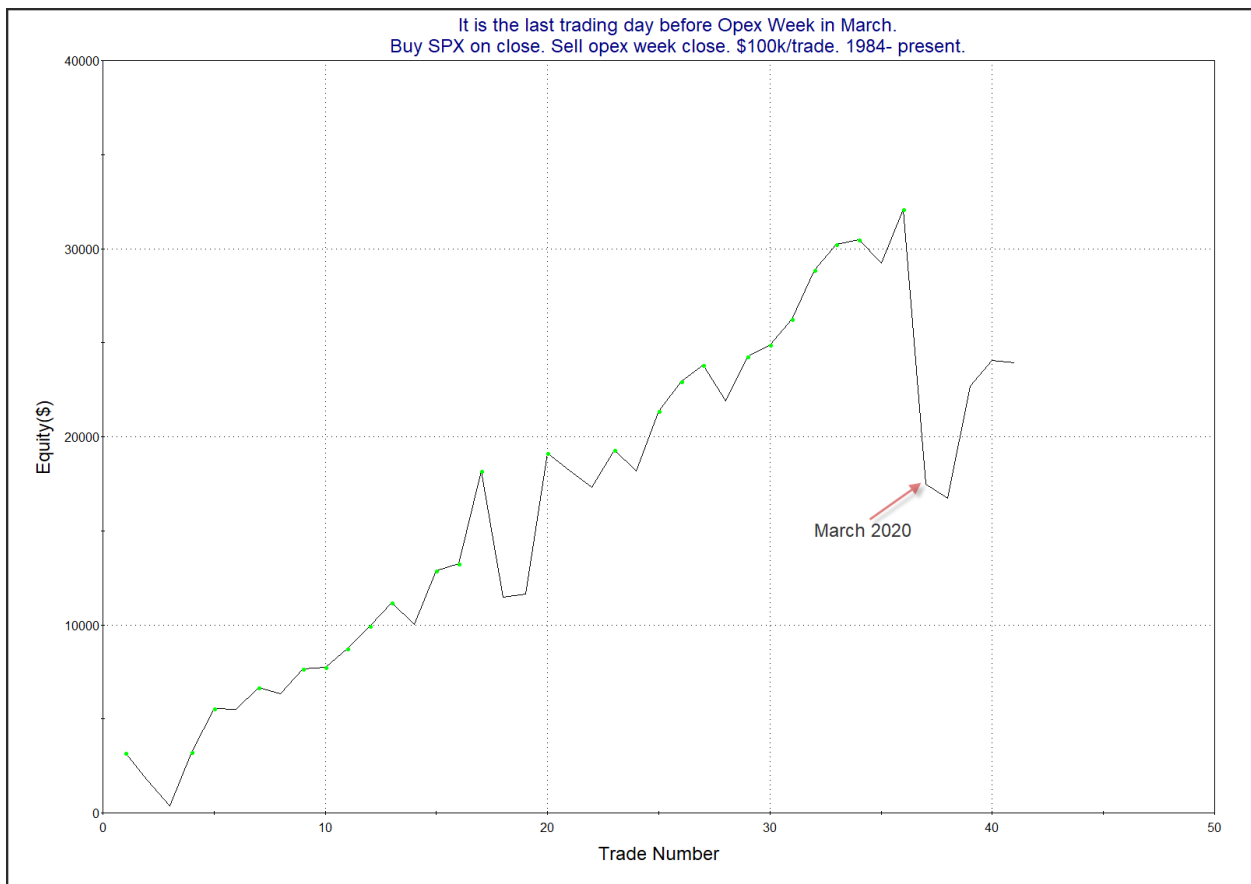
The strong upslope has persisted for a long time, and serves as some confirmation of the upside edge. I have included this study on the active list as well.

Op-ex week has been a fairly bullish week historically. But the edge has seemed to fade a bit over the last several years. April, October, and December have shown strong numbers – and March up until 2020. S&P 500 options began trading in mid-1983. The table below is one I have shown and updated basically every year since 2008. It goes back to 1984 and shows op-ex week performance broken down by month.

Opex Week SPX Performance by Month.
(Excludes September 2001)

Month	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
12	21,449.28	41	29	12	70.73	5,868.16	-6,968.06	1,489.16	-1,811.37	0.82	1.99	523.15
11	4,154.46	41	24	17	58.54	3,718.25	-8,351.64	1,381.86	-1,706.48	0.81	1.14	101.33
10	31,784.26	41	31	10	75.61	7,282.10	-9,109.98	1,983.32	-2,969.85	0.67	2.07	775.23
9	10,810.62	40	23	17	57.50	5,313.08	-4,975.04	1,484.09	-1,371.96	1.08	1.46	270.27
8	-1,740.03	41	21	20	51.22	4,329.72	-5,670.55	1,469.22	-1,629.68	0.90	0.95	-42.44
7	-1,489.21	41	21	19	51.22	6,921.25	-7,953.12	1,307.88	-1,523.93	0.86	0.95	-36.32
6	-2,380.18	41	24	17	58.54	3,786.09	-5,650.50	1,224.79	-1,869.13	0.66	0.93	-58.05
5	-1,369.87	41	19	22	46.34	4,850.40	-4,959.45	1,796.48	-1,613.77	1.11	0.96	-33.41
4	30,902.95	41	26	15	63.41	5,731.96	-3,580.15	2,085.55	-1,554.75	1.34	2.33	753.73
3	23,934.92	41	27	14	65.85	7,515.60	-14,619.60	2,096.01	-2,332.66	0.90	1.73	583.78
2	12,878.87	42	22	20	52.38	4,281.46	-6,814.80	1,643.32	-1,163.71	1.41	1.55	306.64
1	6,546.27	42	20	22	47.62	5,389.00	-5,563.11	2,113.24	-1,623.57	1.30	1.18	155.86

March has a solid win rate and decent total numbers. Below is a look at a profit curve.



2020 saw a big blow to the curve. But there have also been a few other recent failures that have left the curve looking choppy and the curve sitting at levels it was at about 14 years ago.

Understanding that seasonality for March opex is not a layup, let's look to the Seasonality Calendar for possible confirmation.

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

You can [check out this video](#) for more details on how the Seasonality Calendars are created. Considering everything together, I decided not to include March opex as a study on the Short-Term Active List.

Perhaps the most interesting indicator occurrence on Friday was the Quantifiable Edges CBI inching up to 10. This happened despite the 2.1% rally. It is quite unusual for the CBI to rise like this on a day when there is such a strong rally. But the CBI does not look at SPX action. It looks at action among individual stocks. And another stock triggered a Catapult on Friday, and none of the existing ones managed to trigger an exit. Interestingly, this was the 1st time that SPX rose 2%

or more on the same day that the CBI crossed over the 9 threshold. I looked to find other time the CBI moved up to 10 or higher when SPX rose at least 0.5%. Those results are below.

Quantifiable Edges CBI reaches 10+ on same day SPX rises at least 0.5%. Buy SPX on close. Sell when CBI drops to 3 or lower. \$100k/trade. 1995 - present.				
10/18/1999	Buy	\$1,254.13	3.40%	\$4,326.04
10/27/1999	Sell	\$1,296.71		\$0.00
6/12/2002	Buy	\$1,020.26	1.56%	\$1,559.18
6/17/2002	Sell	\$1,036.17		(\$3,785.74)
3/17/2011	Buy	\$1,273.72	1.94%	\$2,095.08
3/21/2011	Sell	\$1,298.38		\$0.00
11/16/2017	Buy	\$2,585.64	0.65%	\$705.66
11/24/2017	Sell	\$2,602.42		(\$304.76)

Only 4 instances. I will also note that the 3/17/2011 instance was the only one that happened with SPX rising over 1% on the trigger day. All 4 moved higher between the trigger day and the time the CBI eventually returned to a neutral 3 or lower.

To examine a larger sample size, I checked on rises over 9 on days the SPX closed up at all.

Quantifiable Edges CBI reaches 10+ on same day SPX rises. SPX < 200ma. Buy SPX on close. Sell when CBI drops to 3 or lower. \$100k/trade. 1995 - present.				
10/18/1999	Buy	\$1,254.13	3.40%	\$4,326.04
10/27/1999	Sell	\$1,296.71		\$0.00
6/12/2002	Buy	\$1,020.26	1.56%	\$1,559.18
6/17/2002	Sell	\$1,036.17		(\$3,785.74)
8/9/2004	Buy	\$1,065.22	2.81%	\$2,785.35
8/18/2004	Sell	\$1,095.17		(\$418.50)
4/18/2005	Buy	\$1,145.98	0.53%	\$1,215.39
4/22/2005	Sell	\$1,152.11		(\$855.21)
7/1/2008	Buy	\$1,284.92	-1.89%	\$558.25
7/18/2008	Sell	\$1,260.66		(\$6,504.96)
11/16/2012	Buy	\$1,359.88	3.41%	\$3,597.44
11/26/2012	Sell	\$1,406.29		\$0.00
6/17/2022	Buy	\$3,674.84	6.45%	\$6,447.87
6/24/2022	Sell	\$3,911.74		\$0.00

Here we see 6 out of 7 saw gains, with most of them strongly higher by the time the CBI returned back down to 3 or lower. Next is the same setup, but looking out a certain number of days rather than allowing the CBI reading to dictate the exit.

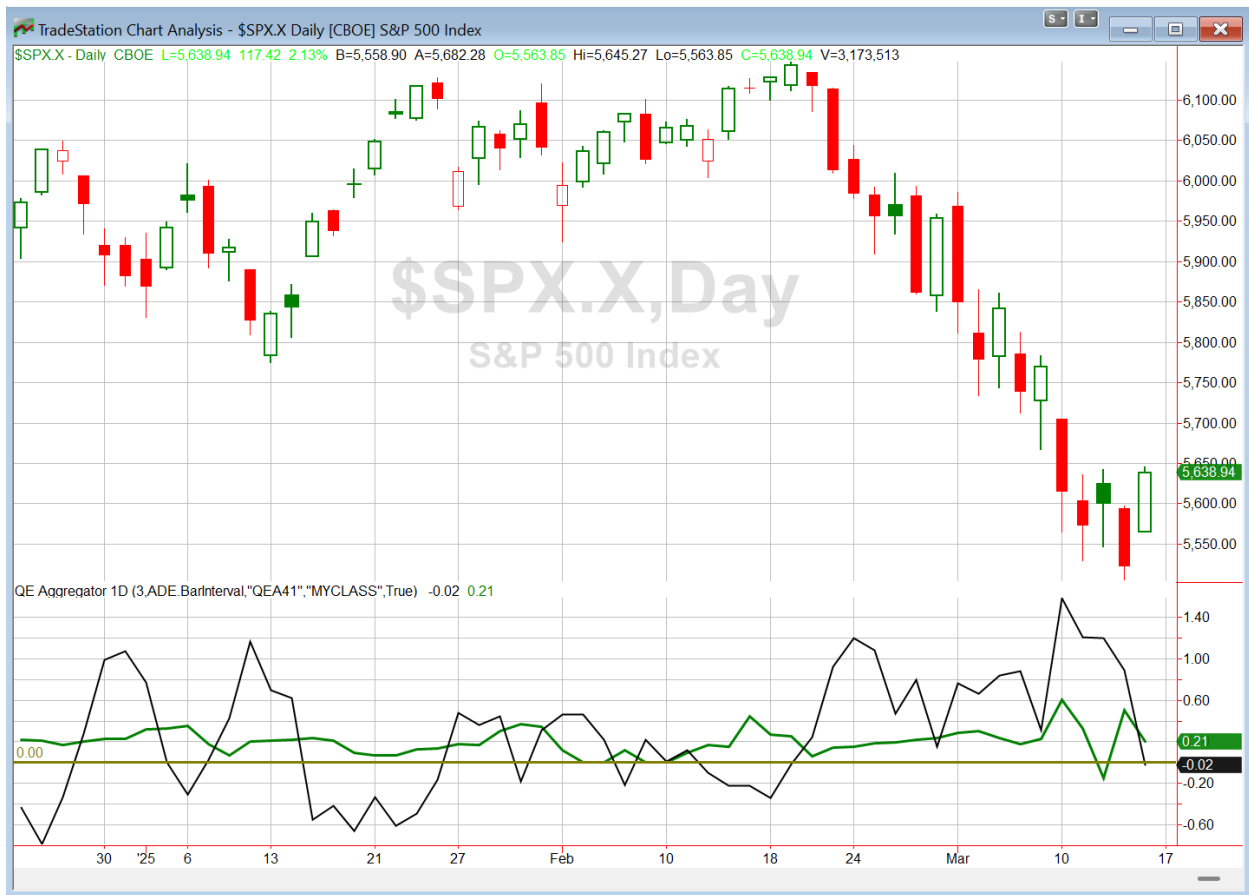
Quantifiable Edges CBI reaches 10+ on same day SPX rises. SPX < 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 1995 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	12,181.38	7	5	2	71.43	6,082.29	-3,098.48	3,061.26	-1,562.47	1.96	4.90	1,740.20
4	15,030.87	7	5	2	71.43	6,396.30	-864.71	3,186.93	-451.89	7.05	17.63	2,147.27
3	7,943.89	7	5	2	71.43	3,264.03	-2,512.51	2,128.29	-1,348.79	1.58	3.94	1,134.84
2	4,401.36	7	4	3	57.14	2,788.70	-1,695.54	2,026.92	-1,235.44	1.64	2.19	628.77
1	3,995.62	7	5	2	71.43	2,428.65	-1,801.03	1,369.05	-1,424.81	0.96	2.40	570.80

Obviously, putting much faith in just 7 instances can be dangerous. But I will note that results during downtrends without the up-close filter are very similar. See below.

Quantifiable Edges CBI reaches 10+. SPX < 200ma. Buy SPX 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	76,533.79	31	24	7	77.42	18,981.60	-5,174.95	3,978.97	-2,708.80	1.47	5.04	2,468.83
4	66,534.82	31	22	9	70.97	17,851.68	-4,365.00	3,858.12	-2,038.21	1.89	4.63	2,146.28
3	20,630.24	32	19	13	59.38	13,853.40	-9,701.00	3,226.43	-3,128.61	1.03	1.51	644.69
2	10,006.10	32	18	14	56.25	13,116.84	-8,631.00	2,943.55	-3,069.85	0.96	1.23	312.69
1	15,221.95	32	17	15	53.13	10,716.03	-6,760.90	2,475.36	-1,790.61	1.38	1.57	475.69

With all this considered, it is probably not a surprise that I am viewing the 10 reading on the CBI as a positive.

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



With this weekend's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line dipped below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. 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 positive on Monday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be *inverted at 5641.42*. That is about *2 points above* Friday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close up a couple of points in order to remain overbought. Any flat, down, or slightly up close will see it flip back to oversold versus recent expectations.

So the Aggregator is back to neutral. And evidence for Monday is a bit sketchy. But over the next few days it appears a further bounce is likely. Normally with a neutral reading I would look to get flat the index. But between the inverted pivot and the CBI reaching ten, I am inclined to hold a little longer to the small index position I have left.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/17 – neutral

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

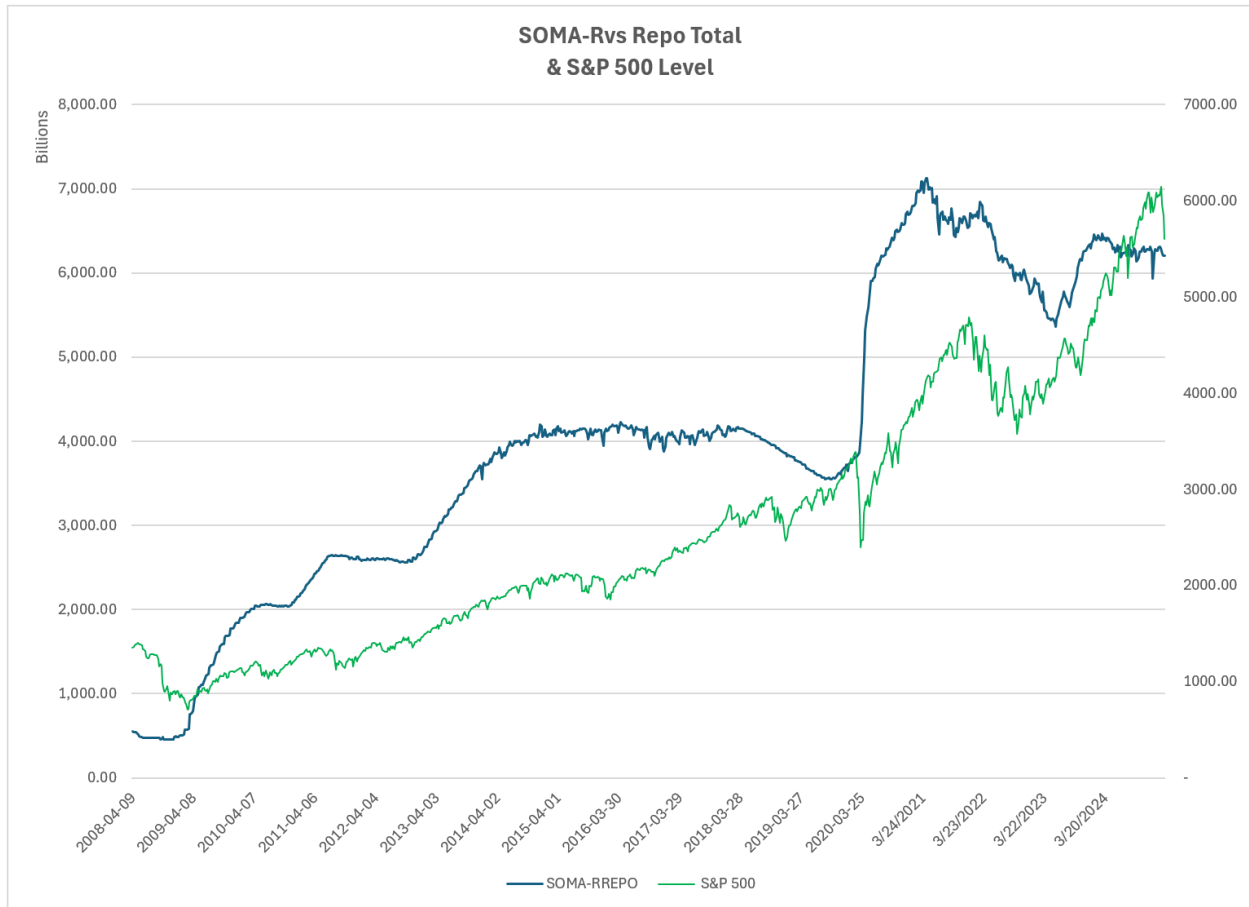
Above is the status of the different Combination Signals from the Quantifiable Edges Market Timing Course. Signals are long-term in nature. All 4 can be either flat or long. None of them look to short. More information on these signals can be found in the Quantifiable Edges Market Timing Course, which is included with all annual subscriptions. *The Combo Systems all remained the same this week.*

This was the fourth losing week in a row for many indices. The SPX declined 2.3%, the NASDAQ tumbled 2.4%, and the Russell 2000 (RUT) lost 1.5%. Bonds were mixed. The US Aggregate Bond ETF (AGG) fell 0.1%. TLT, the 20-year Treasury Bond ETF, rose 0.1%. The long-term trend is not encouraging. The major indices made new intermediate-term lows this past week. SPX is also now down below its 200ma. One of the few long-term indicators we follow still pointing up is the Golden Cross, with the 50ma for SPX still a good distance above the 200ma. There were no new intermediate-term studies that emerged in the last few days.

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

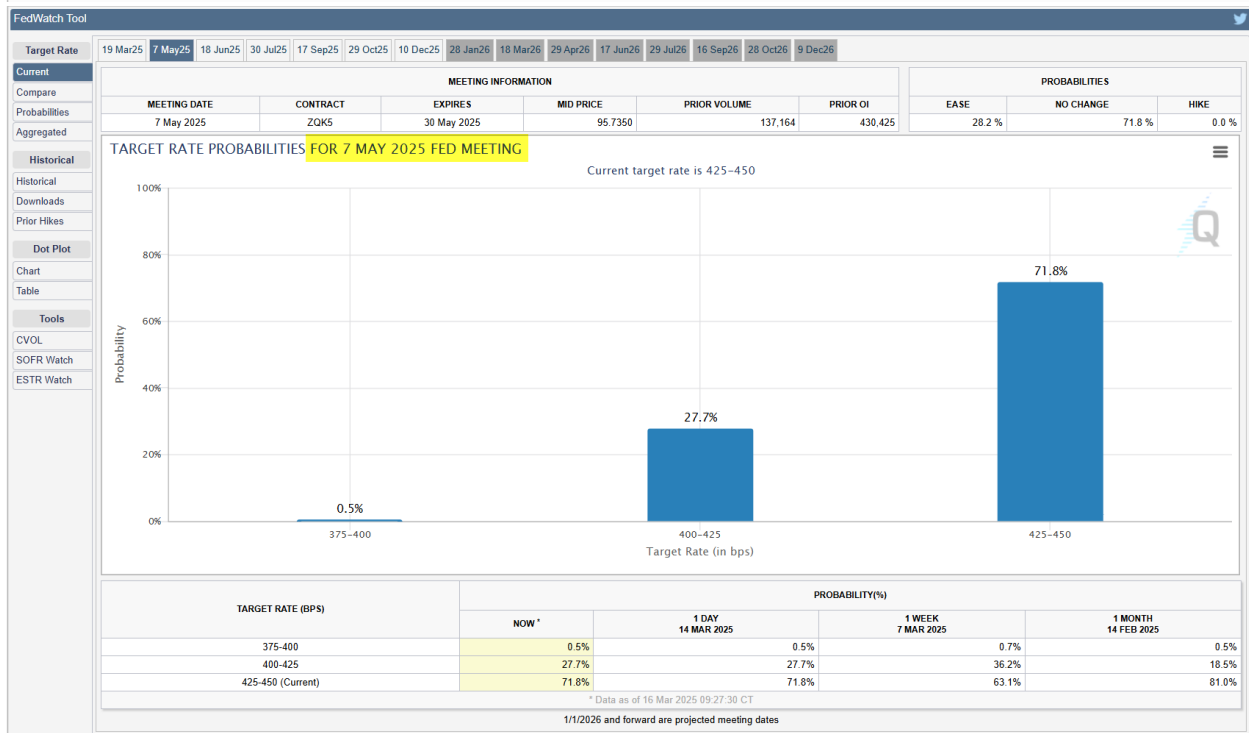
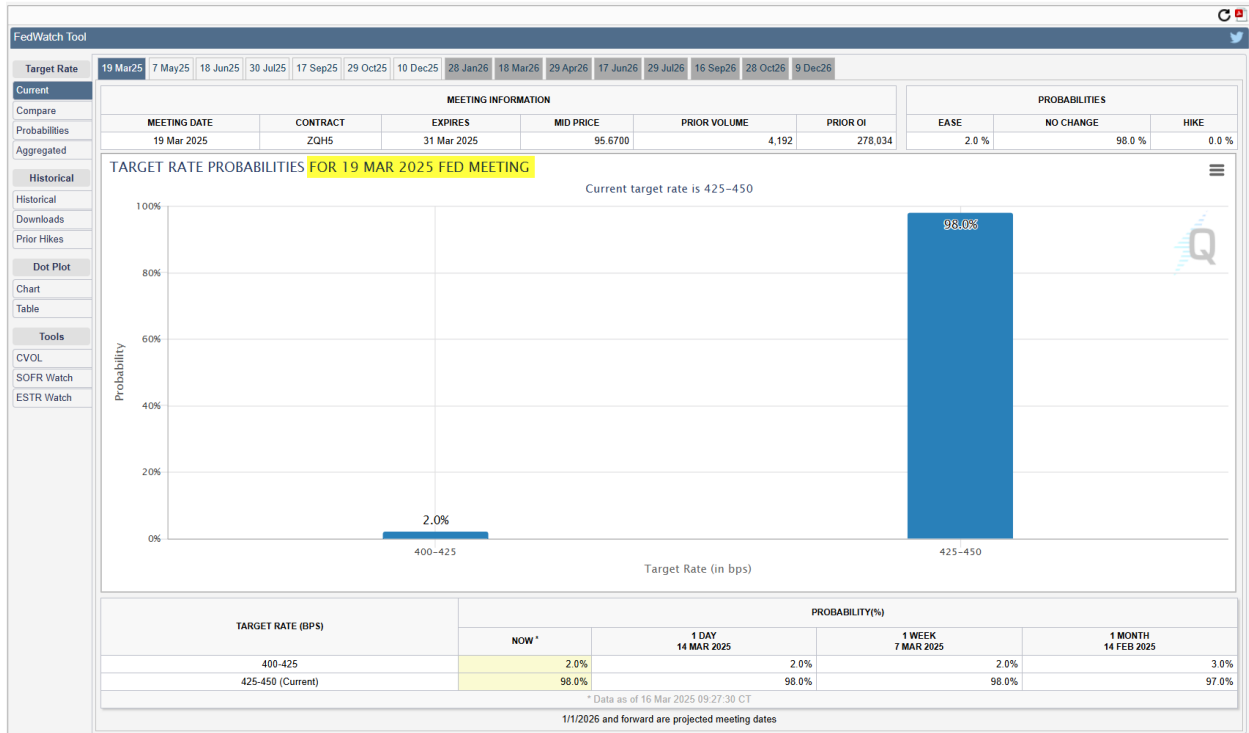
Domestic Security Holdings as of	
Previous	March 12, 2025 <small>Posted March 13, 2025 at 4:30 PM</small>
<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; padding-bottom: 5px;"> SUMMARY T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS </div>	
SECURITY 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
\$0 change in SOMA from week before	

The SOMA account holdings held steady this past week. Meanwhile, reverse repos declined by about \$8 billion for the week ending 3/12. A decline in reverse repos can act as a liquidity infusion. Combined for the week, SOMA and reverse repo action accounted for an \$8 billion liquidity injection. 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 2%. Meanwhile, May odds have dropped from 52% a week ago to a 28% 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.

I am still not seeing strongly bullish intermediate-term evidence. But we could see that if the CBI rises much further. The Friday reversal studies the last few weekends give some hope. 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 and lots of economic and government policy uncertainty. At this point, I remain unenthused by either the bull or bear case for the intermediate-term. 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

JPM – 1/3 @ \$232.22 (bought @ limit)

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

JPM – 1/3 @ \$229.14 (bought @ limit)

JPM – 1/3 @ \$227.90 (bought @ limit)

META – 1/3 @ \$590.12 (bought @ limit)

META – 1/3 @ \$590.12 (bought @ limit)

SBUX – 1/3 @ \$96.04 (buy @ limit) – not filled – cancel for now

ACN – 1/3 @ \$324.33 (bought @ limit)

New

ABT – 1/3 @ \$126.71 (buy @ limit)

Broad Market Large Cap CBI – 10(JPM-3, SBUX, ACN-2, META-2, ABT)

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.

ABT – Buy 1/3 Catapult position @ \$126.71 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of ABT.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	3/4/2025	\$579.71	\$562.81	-2.92%	Aggregator
JPM(1/3)	3/11/2025	\$231.74	\$232.44	0.30%	Catapult
SBUX(1/3)	3/11/2025	\$101.13	\$98.11	-2.99%	Catapult
JPM(1/3)	3/12/2025	\$229.14	\$232.44	1.44%	Catapult
JPM(1/3)	3/13/2025	\$227.90	\$232.44	1.99%	Catapult
ACN(1/3)	3/13/2025	\$323.69	\$318.82	-1.50%	Catapult
ACN(1/3)	3/14/2025	\$316.41	\$318.82	0.76%	Catapult
META(1/3)	3/14/2025	\$600.00	\$607.60	1.27%	Catapult
META(1/3)	3/14/2025	\$600.00	\$607.60	1.27%	Catapult

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