

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 9, 2025

Volume 18 Issue 67

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- SPX closing below its lower Bollinger Band 4 days in a row has typically been followed by a bounce over the next 1-4 days.
- The extremely low RSI(2) on a 200-day low for SPX also suggests a bounce.
- The sizable gap up and reversal pattern on Tuesday is a potential bearish setup.

Short-term Outlook

The Bottom Line

Bullish but cautious.

The Evidence

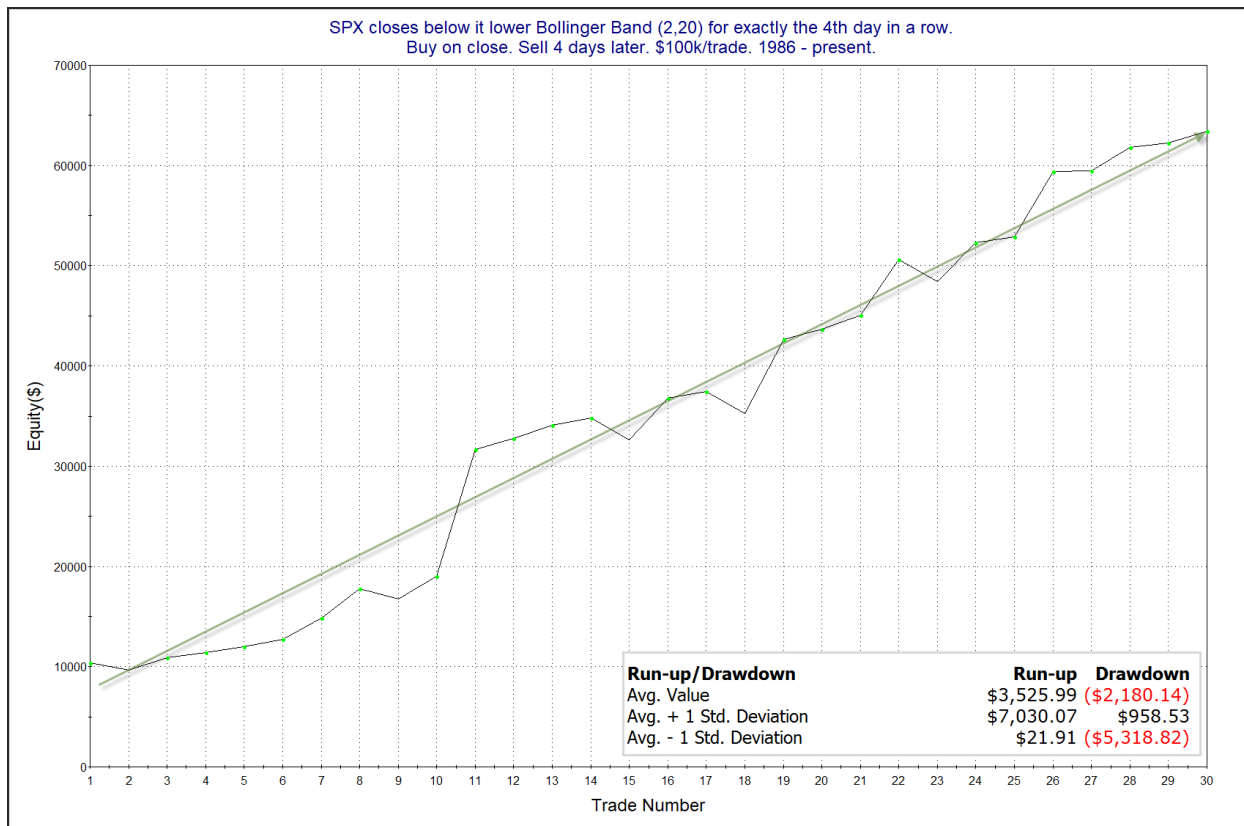
A huge gap up and then major selling throughout the day was not the Turnaround Tuesday I had in mind. SPX finished down 1.6%, the NASDAQ lost 2.15%, and the Russell 2000 fell 2.7%. Breadth was weak as the NYSE Up Issues % closed at 25% and the NYSE Up Volume % posted a 14% reading. NYSE total volume declined from Monday's high level.

I planned to write an abbreviated letter tonight, but the market had other ideas, so I ran through a bunch of studies, and posted the most relevant and compelling ones below.

One Quantifinder study noted that SPX is strongly oversold in looking at its Bollinger Bands. In fact it has closed below its lower Bollinger Band for 4 days in a row. Last seen in the 4/19/24 letter, the results are updated.

SPX closes below it lower Bollinger Band (2,20) for exactly the 4th day in a row. Buy on close. Sell X days later. \$100k/trade. 1986 - 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	45,595.75	30	22	8	73.33	13,135.00	-4,509.84	2,591.67	-1,427.61	1.82	4.99	1,519.86
4	63,418.76	30	25	5	83.33	12,657.50	-2,221.38	2,873.98	-1,686.14	1.70	8.52	2,113.96
3	45,096.30	30	23	7	76.67	10,398.48	-9,701.00	2,893.83	-3,065.96	0.94	3.10	1,503.21
2	39,967.08	30	19	11	63.33	14,891.76	-8,631.00	3,079.96	-1,686.57	1.83	3.15	1,332.24
1	22,840.46	30	18	12	60.00	5,716.25	-6,633.36	2,359.35	-1,635.66	1.44	2.16	761.35

Numbers here are very bullish. Here is the 4-day profit curve.



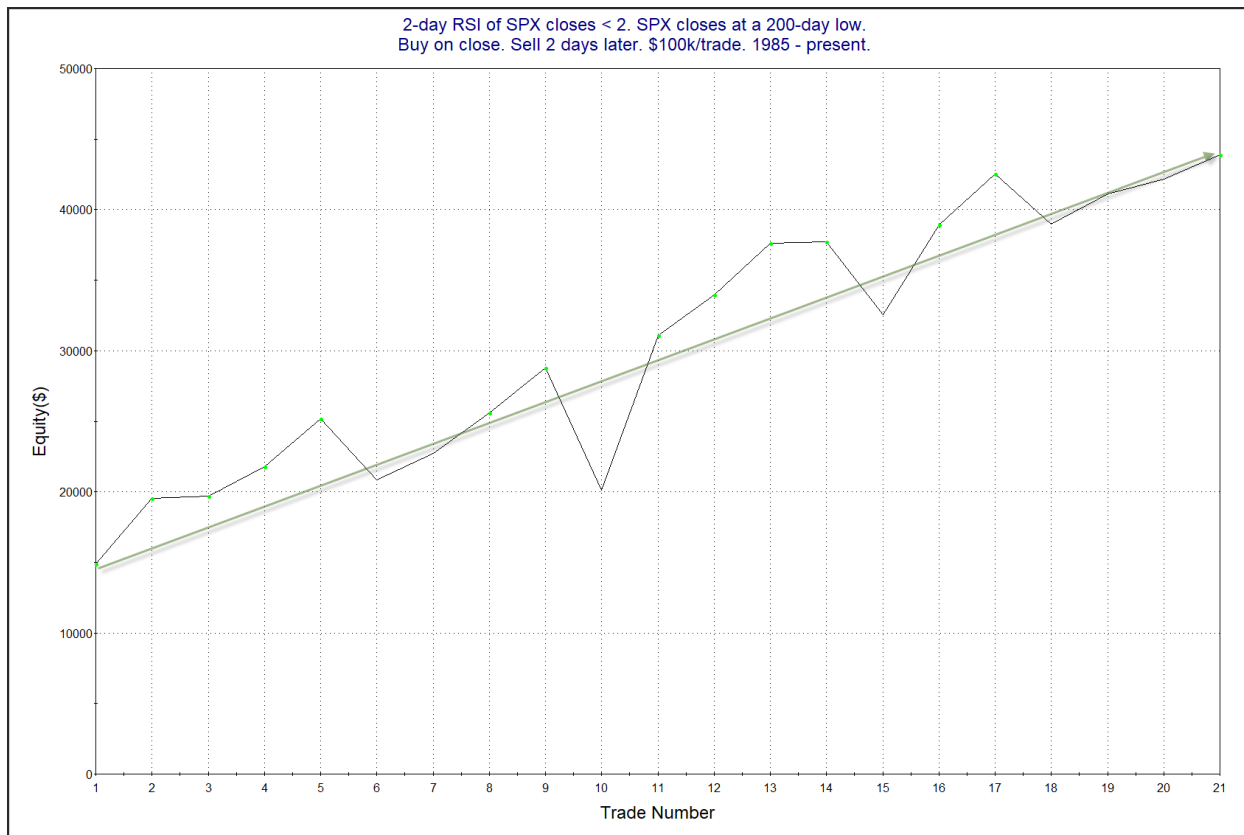
That is about as strong and steady as it gets.

There were some RSI(2) studies that popped up. I took a more extreme view than some of them and concocted the one below:

2-day RSI of SPX closes < 2. SPX closes at a 200-day low.
Buy on close. Sell X days later. \$100k/trade. 1985 - present.

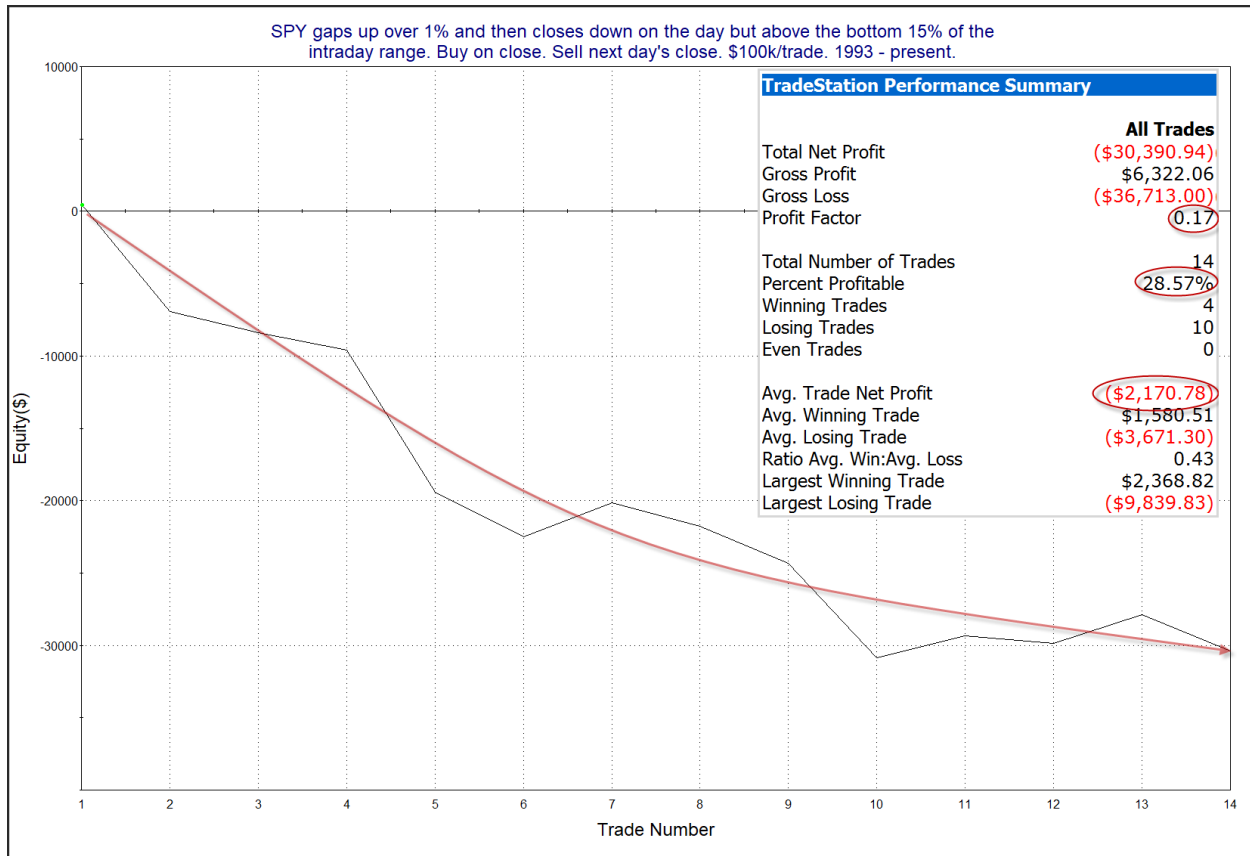
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	28,526.91	18	14	4	77.78	9,572.31	-9,314.08	3,716.54	-5,876.15	0.63	2.21	1,584.83
4	33,517.65	18	13	5	72.22	10,385.16	-6,410.56	3,567.88	-2,572.95	1.39	3.61	1,862.09
3	33,092.56	19	13	6	68.42	10,398.48	-6,078.54	3,792.94	-2,702.60	1.40	3.04	1,741.71
2	43,872.29	21	17	4	80.95	14,891.76	-8,657.72	3,855.49	-5,417.74	0.71	3.02	2,089.16
1	35,271.76	29	18	11	62.07	11,558.43	-7,577.02	3,368.90	-2,306.22	1.46	2.39	1,216.27

Strong numbers. Here is the 2-day curve.



I like that. I've added it to the active list.

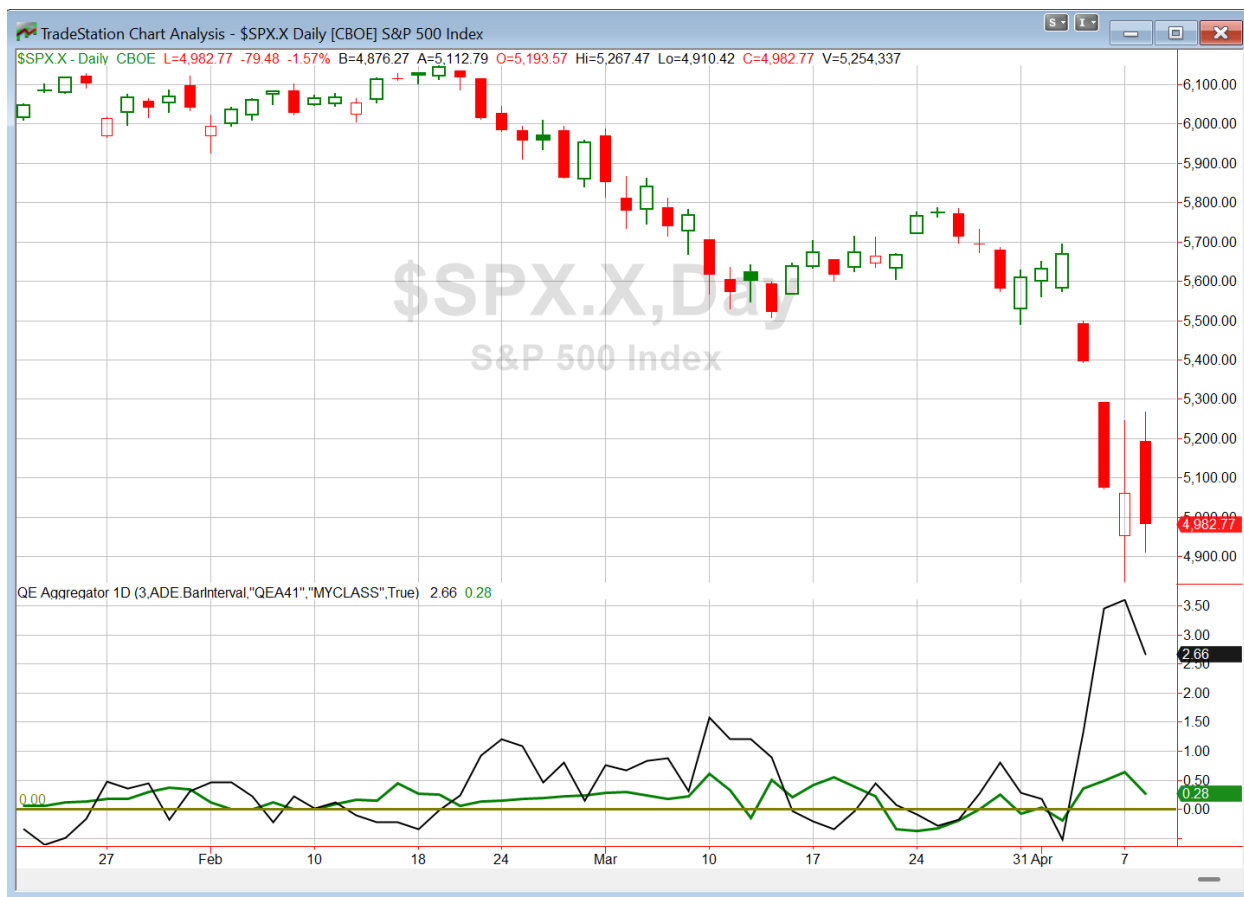
But not everything is coming up roses. Two other notables with the action were 1) the fact that the market gapped up large to start the day, and 2) that while it went from strongly positive to solidly negative the market did close solidly off its lows. In the past I've shown how bounces in the last few minutes of the day will often reduce an upside edge. The study below is updated from the 10/30/18 letter.



This suggests there is potential for more selling.

So a mix of studies in a very news-driven and volatile market. Also notable that the CBI crept up to 5 on Tuesday. I've been thinking perhaps we would get a bounce before the CBI actually spiked. Well, it is above a "neutral" reading now, though not quite at a "bullish" 10+. Hopefully the CBI increase will help the market to rally in the coming days.

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 still WAY above zero. The positive Differential Line reading means that SPX is extremely oversold versus recent expectations. So expectations are positive and SPX is massively 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 list of active studies, expectations are set to remain positive on Wednesday. This could change based on new evidence or even oversized moves. Meanwhile, the Differential Pivot will be 5105.96. That is 2.5% above Tuesday's close. So for SPX to flip from oversold to overbought versus expectations it will need to close up at least 2.5% on Wednesday. That would ordinarily seem like a lot, but with current volatility levels, it could certainly happen.

So the Aggregator is bullish. Evidence is mixed but pointing mostly higher. The market is extremely oversold and primed for a bounce, but that does not mean we will get it immediately. While odds point north, this market is moving strictly on news. So a bounce might begin tomorrow. Might be another week (or more?) before it arrives. I've traded through some wild markets over

the last 27 years. This ranks right up there among the most challenging environments. So no need to get overly aggressive. SPY closed 1.6% below my 1st lot entry. In a market with ranges over 5% per day, I don't feel like scaling in every 1.6% is the best idea. I won't be adding more to my index position yet. There are a few more Catapult triggers that showed up, if you are looking for some long ideas.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/7 – neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

ADBE – 1/3 @ \$340.70 (bought @ limit)

DIS – 1/3 @ \$83.30 (bought @ limit)

New

ADBE – 1/3 @ \$340.00 (buy @ limit)

DIS – 1/3 @ \$81.72 (buy @ limit)

TMO – 1/3 @\$419.31 (buy @ limit)

Broad Market Large Cap CBI – 5(ADBE-2, DIS-2, TMO)

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.

ADBE – Buy 1/3 Catapult position @ \$340.00 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of ADBE.

DIS – Buy 1/3 Catapult position @ \$81.72 LIMIT. From the Catapult section above, this is the 2nd of up to 3 possible lots of DIS.

TMO – Buy 1/3 Catapult position @ \$419.31 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of TMO.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	4/7/2025	\$504.38	\$496.48	-1.57%	Aggregator
ADBE(1/3)	4/8/2025	\$340.70	\$340.00	-0.21%	Aggregator
DIS(1/3)	4/8/2025	\$83.30	\$81.72	-1.90%	Aggregator

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