

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 22, 2025

Volume 18 Issue 75

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	2

Tonight's Research Points

- Multiple drops $> 1.25\%$ on declining volume in a short period have often been followed by a short-term move higher.
- The 2nd day of strong selling in the last 3 without making a 10-day intraday low is something that is typically followed by a quick bounce.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Reward/risk appears favorable.

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						
April 22, 2025	SPX down > 1.25% on lower vlm 3x in 10	1-6 days	Bullish	5.30%	-2.90%	-6.65%
April 22, 2025	SPY dn 1.75% 2x in 3 days. Close > 10-low	1-2 days	Bullish	3.10%	-2.05%	-4.50%
Active - Long Term						
April 11, 2025	20-low the up close then inside day down	1-10 days	Bullish	4.50%	-2.40%	-5.90%
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			

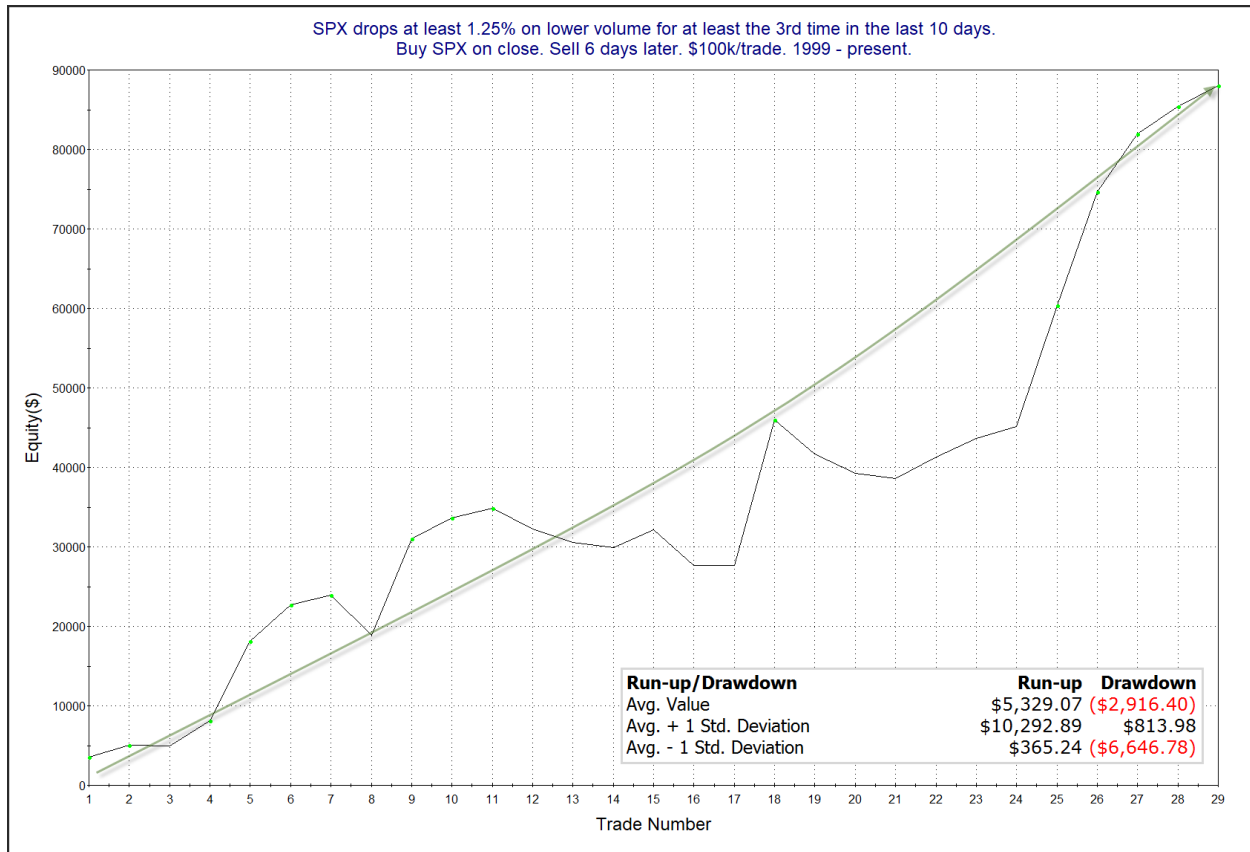
The Evidence

The market had another rough day on Monday. The SPX lost 2.4%, the NASDAQ declined 2.55%, and the Russell 2000 dropped 2.1%. Breadth was weak as the NYSE Up Issues % closed at 15% and the NYSE Up Volume % posted a 13% reading. NYSE total volume declined some from Thursday's level.

Recently in the 3/14/25 letter I looked at clusters of days where SPX fell at least 1.25% on decreasing volume. The results seemed to provide a solid upside edge. I took a new look at that study tonight and have updated the results.

SPX drops at least 1.25% on lower volume for at least the 3rd time in the last 10 days. Buy SPX on close. Sell X days later. \$100k/trade. 1999 - 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	40,632.65	23	17	6	73.91	18,756.32	-15,203.76	4,482.82	-5,929.23	0.76	2.14	1,766.64
9	50,792.94	24	16	8	66.67	15,436.40	-9,739.60	4,782.88	-3,216.64	1.49	2.97	2,116.37
8	54,574.44	26	15	11	57.69	15,738.88	-6,481.20	5,700.71	-2,812.38	2.03	2.76	2,099.02
7	60,741.49	28	17	11	60.71	13,776.64	-8,265.92	5,275.26	-2,630.72	2.01	3.10	2,169.34
6	88,083.62	29	20	9	68.97	18,349.11	-5,050.80	5,504.20	-2,444.48	2.25	5.00	3,037.37
5	60,593.89	30	20	10	66.67	17,127.00	-10,448.88	4,651.50	-3,243.61	1.43	2.87	2,019.80
4	57,755.59	32	21	11	65.63	14,020.11	-13,776.90	4,330.34	-3,016.50	1.44	2.74	1,804.86
3	53,587.31	35	25	10	71.43	17,277.48	-7,604.94	3,325.76	-2,955.66	1.13	2.81	1,531.07
2	51,443.34	37	23	14	62.16	10,479.04	-7,226.28	3,218.97	-1,613.79	1.99	3.28	1,390.36
1	40,475.63	41	25	16	60.98	10,716.03	-4,980.56	2,798.94	-1,843.61	1.52	2.37	987.21

The numbers look strong. Such bouts of large price drops on declining volume have often been followed by sizable short-term moves higher. Below is a look at the profit curve assuming a 6-day holding strategy.



The curve looks impressive and the edge appears to have strengthened in recent instances. The average run-up of 5.3% demonstrates the outstanding reward potential of the setup. I have included this study on the active list tonight.

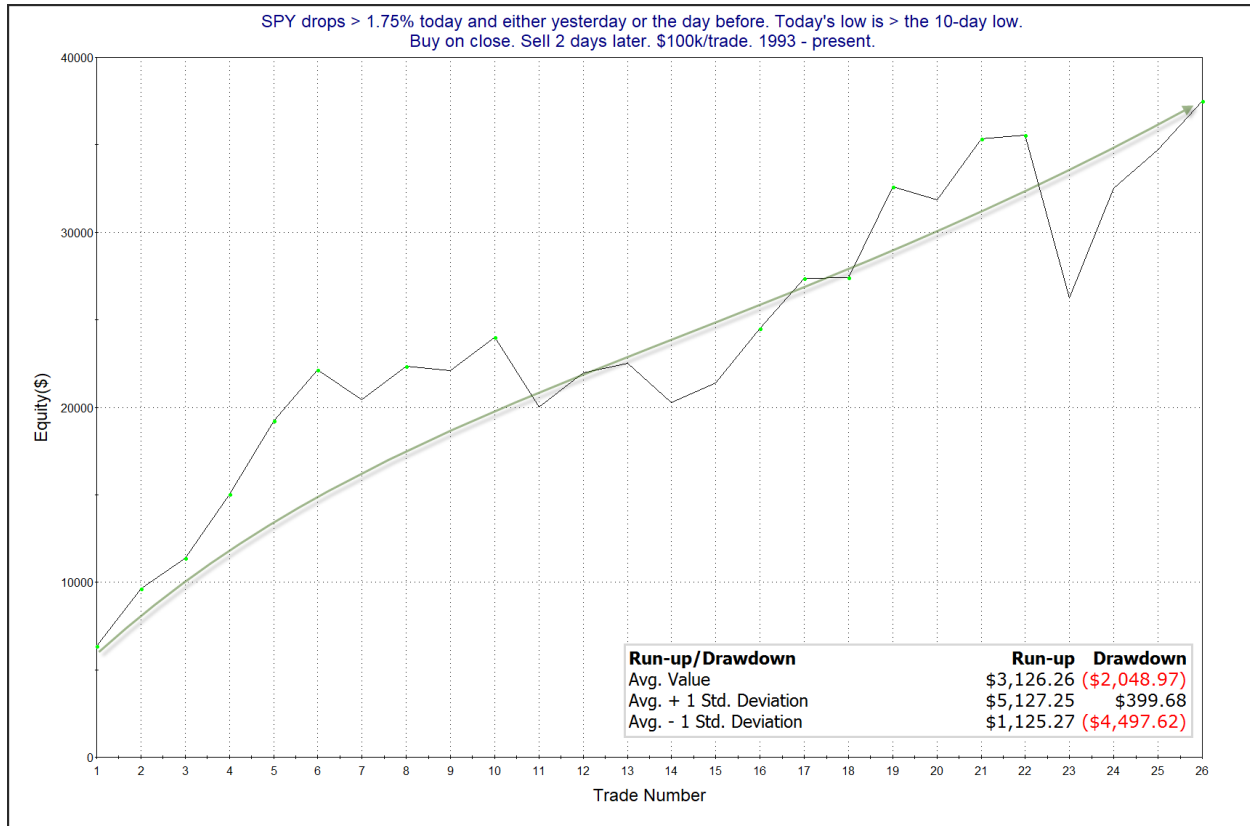
Monday was also the 2nd drop of over 2% in the last 3 days, and it did not even manage to make a 10-day intraday low. This triggered the study below, which was last seen in the 6/29/20 letter.

SPY drops > 1.75% today and either yesterday or the day before. Today's low is > the 10-day low.
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	26,996.99	24	16	8	66.67	10,758.94	-17,935.50	4,067.43	-4,760.25	0.85	1.71	1,124.87
4	32,820.95	25	18	7	72.00	14,158.80	-12,890.18	4,131.92	-5,936.24	0.70	1.79	1,312.84
3	32,106.54	25	19	6	76.00	7,861.63	-7,379.07	3,057.53	-4,331.08	0.71	2.24	1,284.26
2	37,505.16	26	20	6	76.92	6,363.32	-9,315.90	2,784.55	-3,030.99	0.92	3.06	1,442.51
1	21,492.73	28	21	7	75.00	4,803.44	-3,479.04	1,716.73	-2,079.81	0.83	2.48	767.60

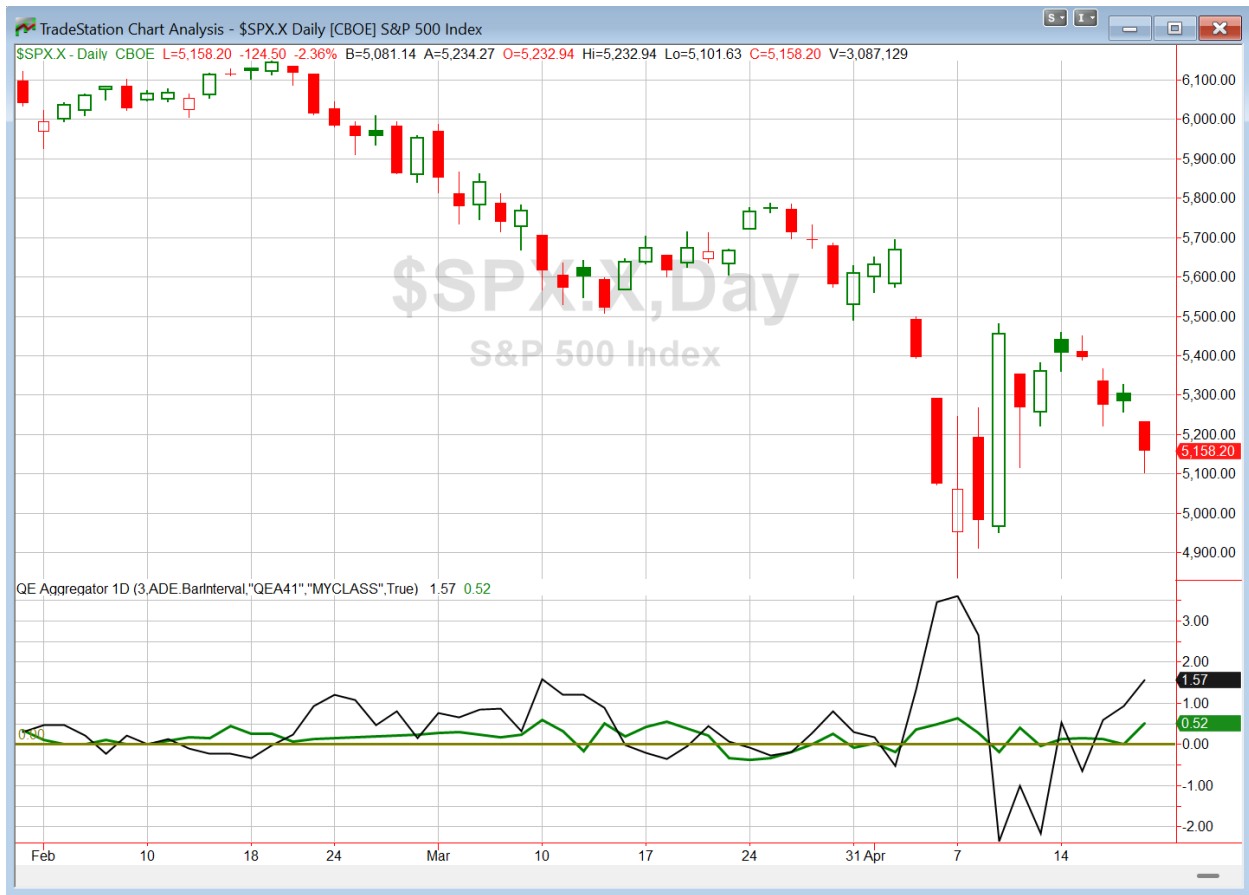
26 of 28 instances (93%) closed above the entry price
at some point in the next 3 days.

Over the 1st few days the consistency and the results were strong. Below is a profit curve for the 2-day holding period.



That is a choppy but persistent move from lower left to upper right, serving as some confirmation of the bullish numbers shown in the stats table. So from a few different angles it appears the small cluster of big down days we have had recently put the market at a point where there is often a bounce.

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



With tonight's evidence considered, the green Aggregator Line moved above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held 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 turned long at the close.

Based on the current list of active studies, expectations are set to remain positive on Tuesday. Of course this could change if strongly compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 5294.78 on Tuesday. That is 2.6% above Monday's close. So for SPX to flip from oversold to overbought on Tuesday, it will take a hefty 2.6% rally.

So the Aggregator is bullish. I like the evidence I am seeing tonight, and there is ample room to the upside before SPX would flip to overbought. So this appears to be a favorable reward/risk setup for the bulls. Of course volatility is very high and the market is susceptible to news, so I am not inclined to position size aggressively. But I will look to take on a small amount of long index exposure on Tuesday if I can get a favorable fill.

Intermediate-term Outlook (2 weeks – 2 months) – updated 4/21 – neutral

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

TMO – 1/3 @\$419.31 (bought @ limit)

New

CRM – 1/3 @ \$236.26 (buy at limit)

Broad Market Large Cap CBI – 2(TMO, CRM)

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.

SPY – Buy ¼ index position @ \$513.00 LIMIT. Based on the short-term outlook above, I will look to enter a small position if SPY moves down a bit below Monday’s closing price.

CRM – Buy 1/3 Catapult position @ \$421.85 LIMIT. From the Catapult section, this is the 1st of up to 3 possible lots of CRM.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
TMO(1/3)	4/9/2025	\$414.63	\$421.85	1.74%	Catapult

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