

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 2, 2026

Volume 19 Issue 40

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	1

Tonight's Research Points

- The move up in the afternoon on Friday hurt the odds of a strong day on Monday.
- March Seasonality looks moderately bullish.
- The SOMA continues to rise as the Fed remains dovish – a potential positive for the market.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. A bounce appears likely, but bombings in the Middle East could increase risk.

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

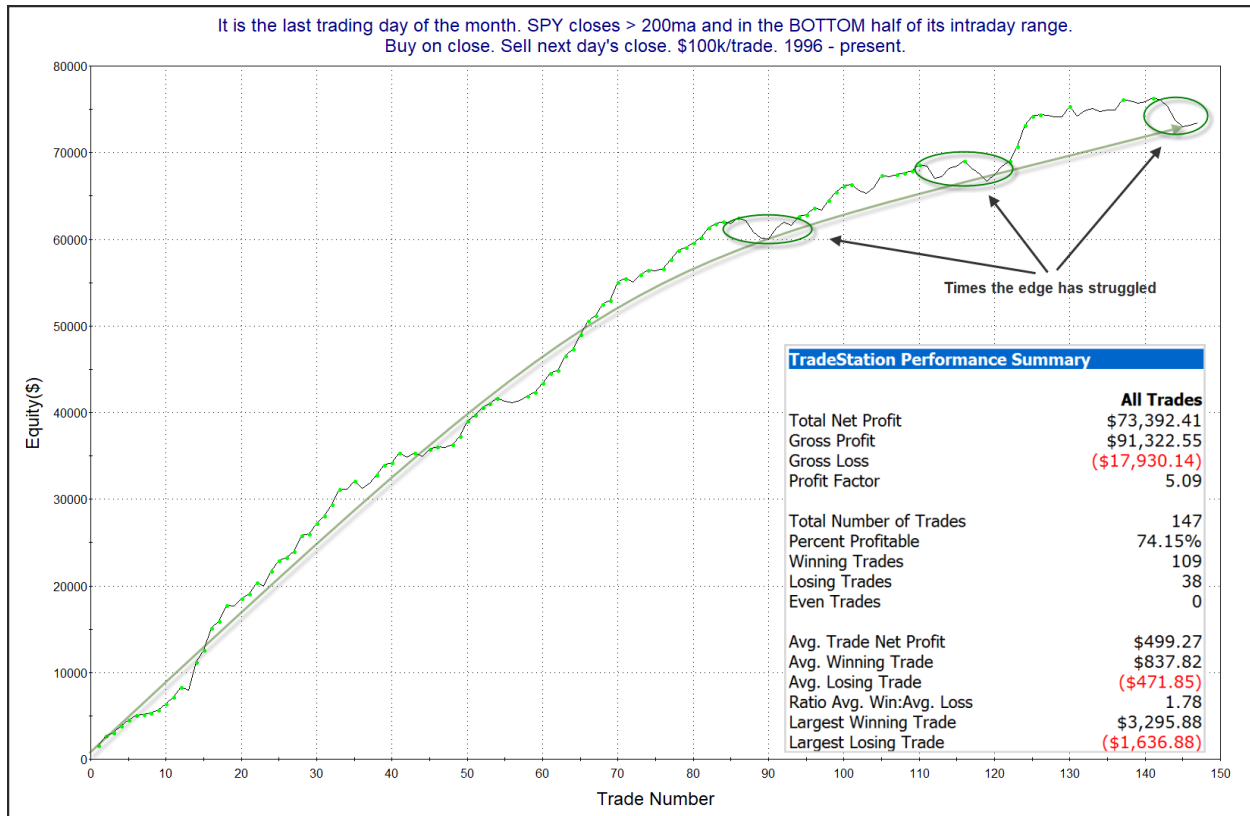
Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
February 24, 2026	Up yest. Outside day down 1% today	1-5 days	Bullish	2.00%	-1.20%	-2.60%
February 18, 2026	4 lower lows, 20-day low > 200	1-8 days	Bullish	2.40%	-1.70%	-3.30%
Active - Long Term						
December 15, 2025	QE active. Rates dropping. Fed dovish	int term	Bullish			
December 15, 2025	NASDAQ lagging	int term	Neutral			
November 3, 2025	Best 6 Months	1-6 months	Bullish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			
May 19, 2025	DeGraaf Thrust (55% SPX 20-day high)	1-12 months	Bullish			
April 25, 2025	Zweig Breadth Thrust	1-12 months	Bullish	29.50%	-2.90%	-6.55%
April 23, 2025	Up Issue % & Up Vol % > 86% 2x in 9 days	1-12 months	Bullish			

The Evidence

Friday saw some selling. SPX closed down 0.4%, the NASDAQ fell 0.9%, and the Russell 2000 lost 1.7%. Breadth was weak as the NYSE Up Issues % closed at 39% and the NYSE Up Volume % posted a 46% reading. NYSE total volume rose a good bit from Thursday's level.

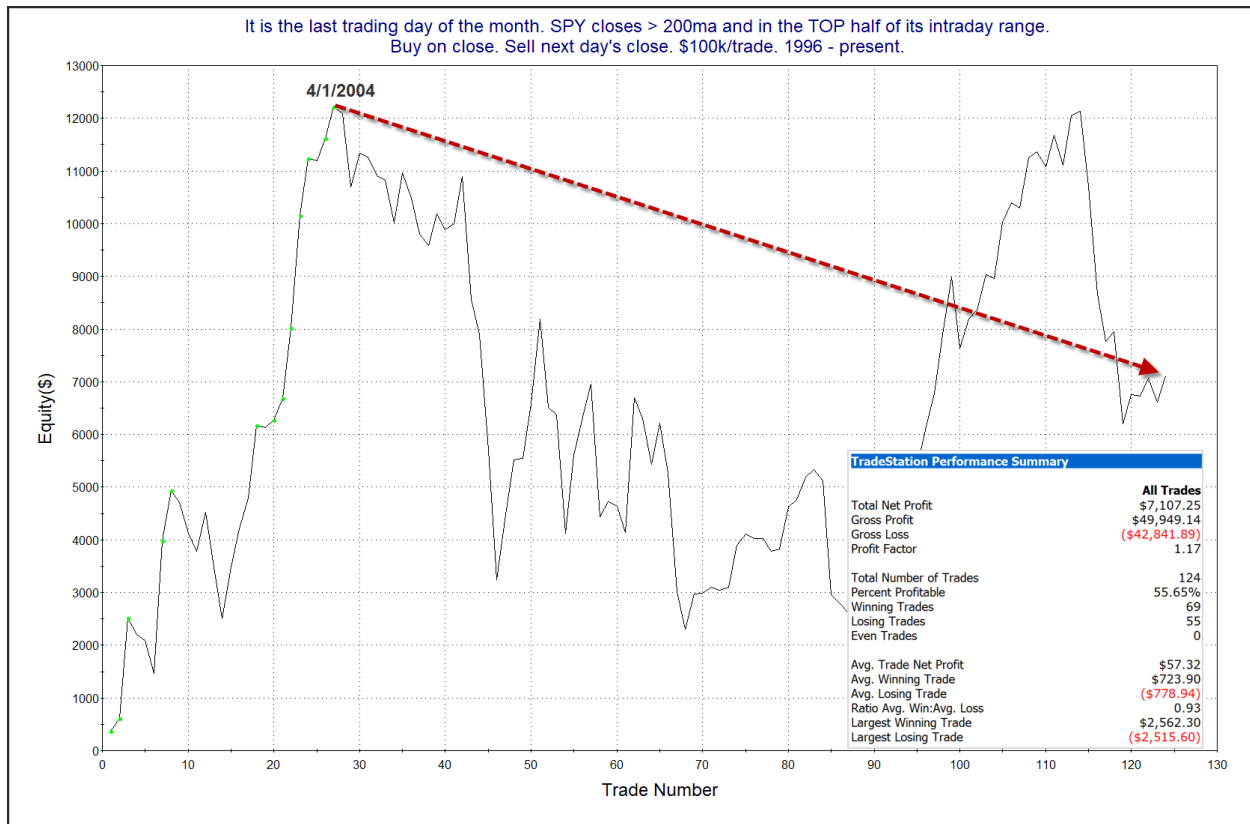
There were several new-month studies that triggered on Friday. But SPY closed in the top half of its intraday range. And that has been incredibly significant over the last several years. I discussed this in the 2/2/26 letter, and have updated that research below.

The 1st day of a new month (Monday) is often a bullish day. But over the years I have found the bullish tendency to be more consistent and powerful when SPY closes poorly on the last trade day of the month. The two studies below delineate between times SPY closed in the top half of its intraday range, and the bottom half. They also utilize a long-term trend filter. First, let's look at times SPY closed in the bottom half.



The stats here are very strong. Gains absolutely blow away losses in every category. Gross gains are over 5x the size of gross losses. That's a very impressive stat when you are looking at a sample size of 147 instances. And despite a few recent failures, the curve has shown progress over a long period of time. The current dip is not completely out of character, either. I've shown a few instances on the chart where there have been similar struggles. This setup certainly appears to provide a 1-day bullish edge.

But what about times where SPY closed in the top half of its intraday range?



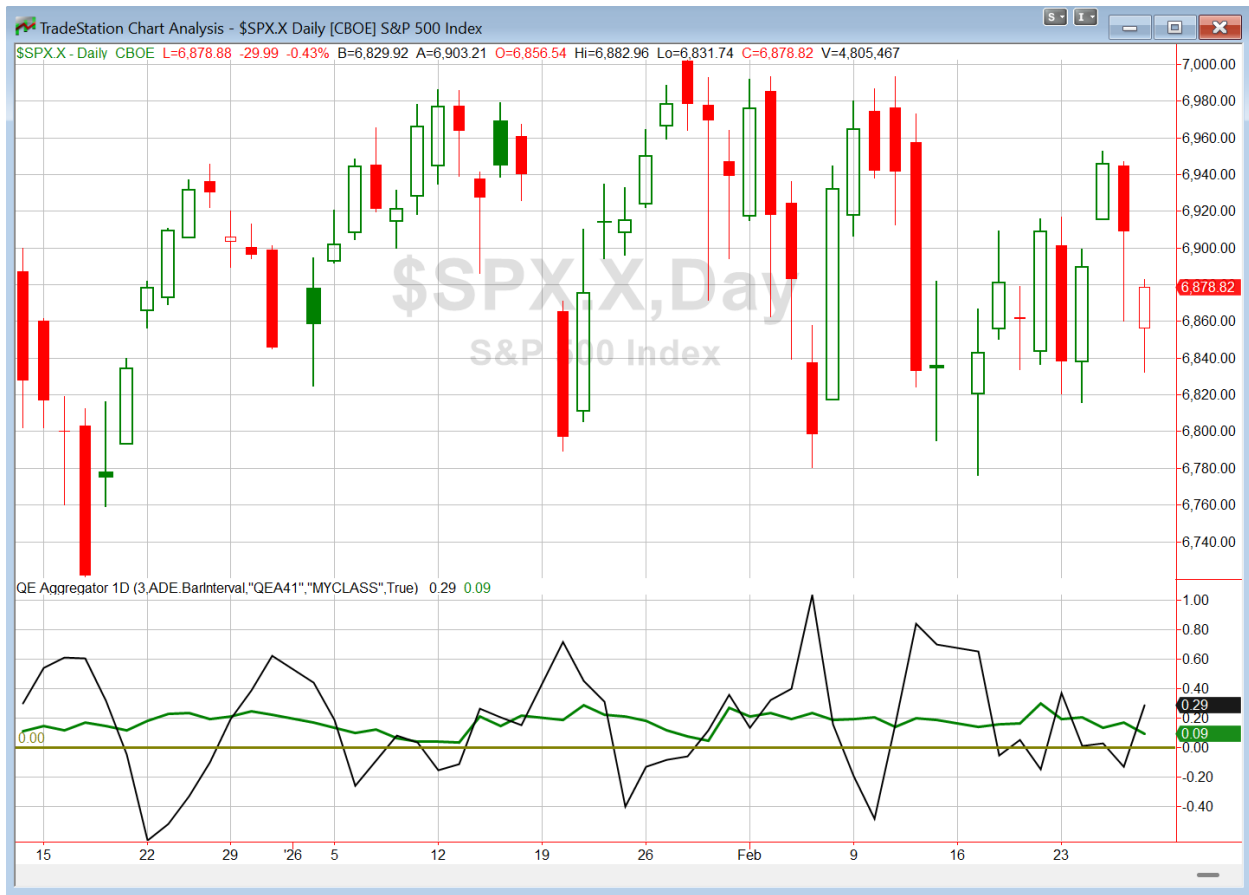
We see here huge inconsistency. And since 2004 there has been a sizable net loss. The 1st day of the month has performed much better with some afternoon selling leading up to the day. Unfortunately, the situation that played out on Friday saw afternoon strength. With this in mind, I did apply this filter to a few other turn-of-month studies. It killed/greatly reduced their edge. So I am not adding any new turn-of-month studies to the active list.

Next let's take a look at the SPX Seasonality Calendar for February.

Quantifiable Edges Seasonality Calendar			
\$SPX S&P 500 Index			
Date	Win%	Profit Factor	Avg % Chg
3/2/2026	56.73	1.387	0.118
3/3/2026	50.01	1.027	0.009
3/4/2026	57.19	1.362	0.097
3/5/2026	50.97	0.988	-0.001
3/6/2026	54.45	1.163	0.063
3/9/2026	53.67	1.021	-0.058
3/10/2026	50.88	1.043	-0.047
3/11/2026	54.96	1.096	-0.029
3/12/2026	50.85	0.811	-0.127
3/13/2026	52.12	1.152	-0.017
3/16/2026	56.47	1.072	-0.002
3/17/2026	51.27	1.128	0.020
3/18/2026	47.00	0.812	-0.082
3/19/2026	50.12	0.901	-0.048
3/20/2026	48.11	0.922	-0.040
3/23/2026	55.29	1.358	0.119
3/24/2026	51.87	1.204	0.081
3/25/2026	52.45	1.190	0.077
3/26/2026	52.84	1.227	0.087
3/27/2026	52.19	1.110	0.053
3/30/2026	58.68	1.255	0.067
3/31/2026	57.16	1.236	0.060
Baseline	54.84	1.171	0.057

March is mostly bullish, but still a bit more hit and miss than other recent months. The 3rd week in March shows the most weakness, and the 4th and 5th weeks show the most consistent strength.

I have updated the Aggregator chart below.



Without any new short-term studies being added, 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 moved back above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive but 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 Monday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be 6982.47. That is 1.5% above Friday's close. Therefore, SPX will need to close up a sizable 1.5% on Monday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is long. There is ample room to the upside before SPX would turn overbought. But there is no new confirming evidence today. Additionally, news out of the Middle East could create volatility. So rather than jump right in at the open, I'd prefer to see how Monday plays out. If there is a selloff and a weak close, I'd be more inclined to take a long position. We'd see some Turnaround Tuesday studies trigger in that case, and the initial reaction to the bombings would then be known as well.

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

Combo #1	Combo #2	Combo #3	Combo #4
Long \$SPX	Long \$SPX	Flat	Long \$SPX

Above is the status of the different Combination Signals from the Quantifiable Edges Market Dynamics 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 Dynamics Course, which is included with all annual subscriptions. *All 4 Combo models saw their signals remain the same this week.*

The major stock indices posted losses this past week (and mostly finished the month lower as well). The SPX fell 0.4%, the NASDAQ dropped 0.95%, and the Russell 2000 declined 1.2%. Bonds rallied. The US Aggregate Bond ETF (AGG) closed up 0.5%. TLT, the 20-year Treasury Bond ETF, jumped 1.6%. The long-term trend remains unclear. No real progress has been made since October and SPX and NASDAQ are both below their 50mas but above their 200mas. There were not any new studies with intermediate-term implications that triggered in the last few days.

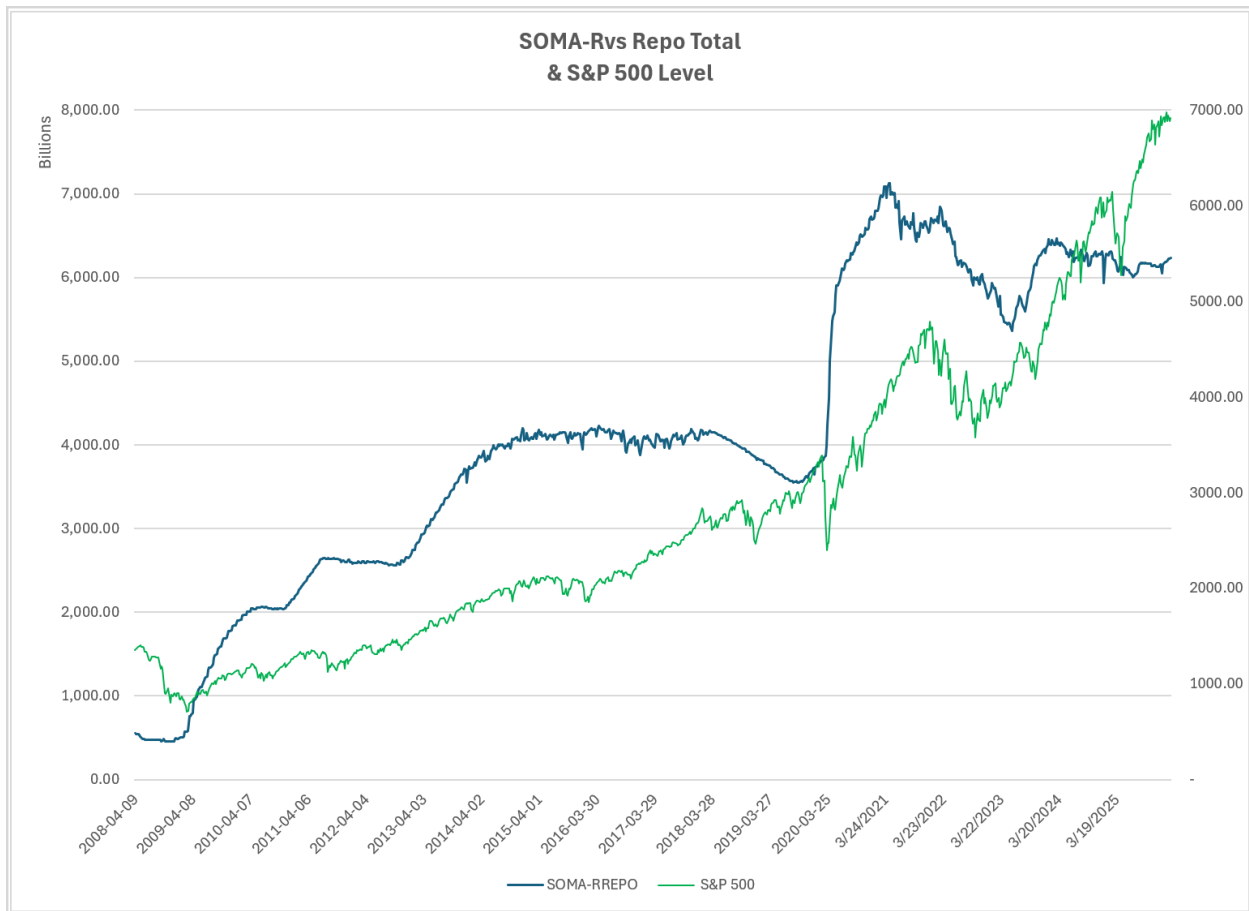
The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Export current release to: [CSV](#) | [XML](#)

Domestic Security Holdings as of
[Previous](#) **February 25, 2026**
Posted February 26, 2026 at 4:30 PM

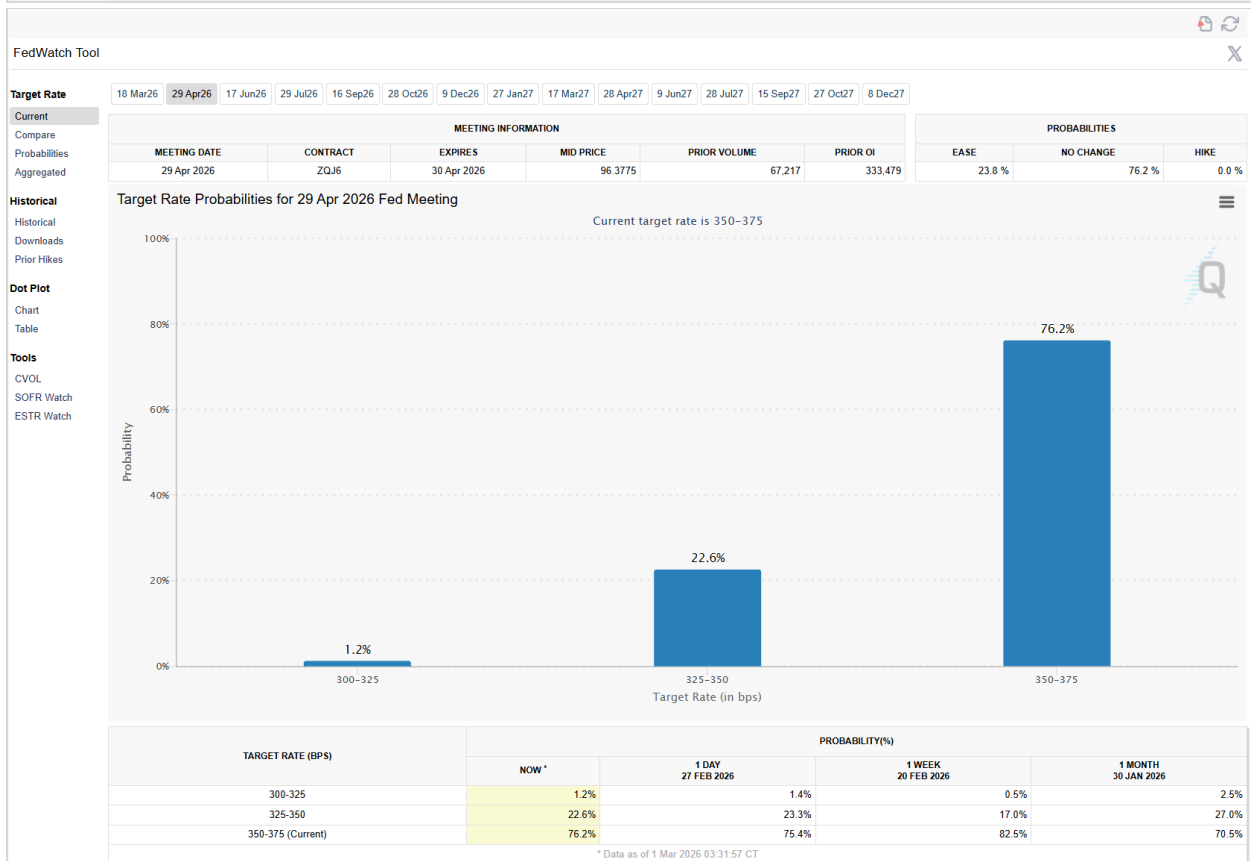
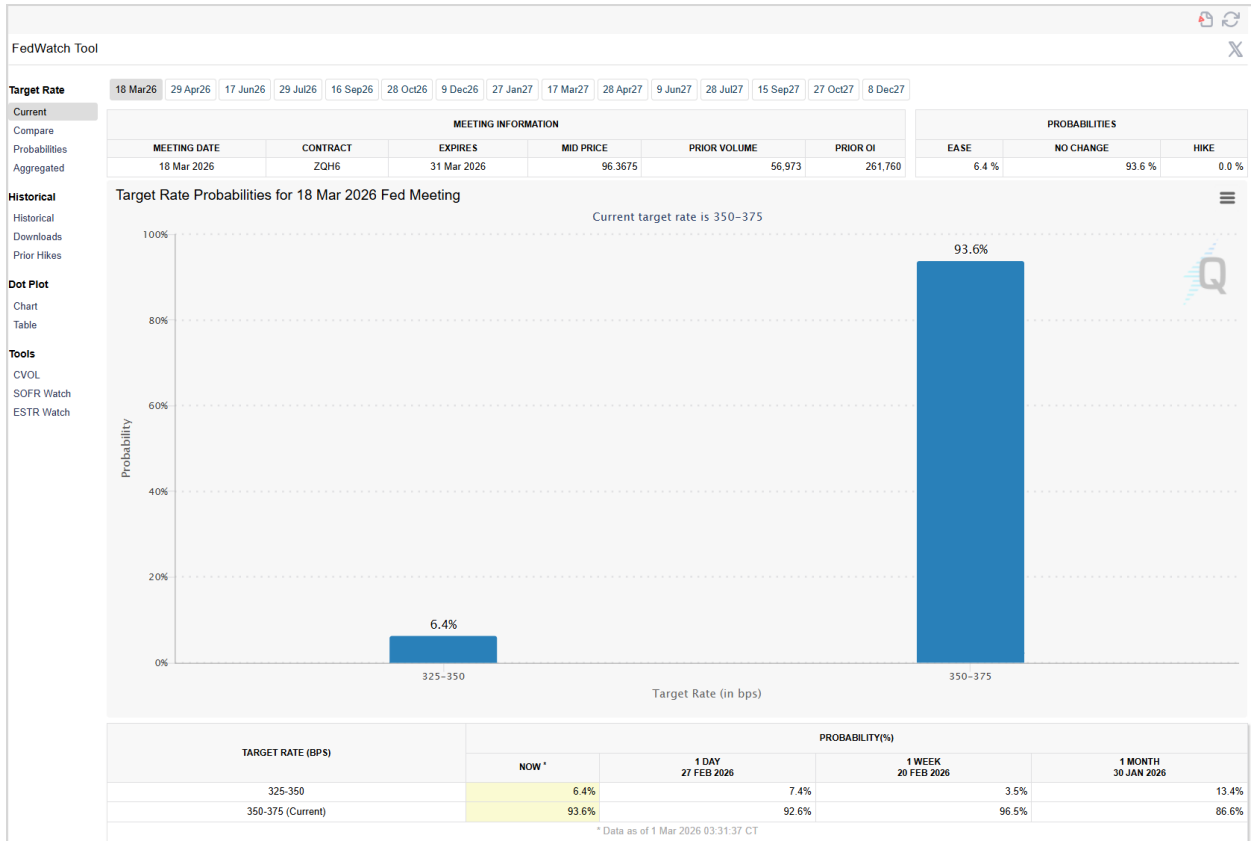
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	329,315,926.7
US Treasury Notes and Bonds (Notes/Bonds)	3,585,696,264.4
US Treasury Floating Rate Notes (FRNs)	16,412,388.3
US Treasury Inflation-Protected Securities (TIPS)*	288,705,855.7
Federal Agency Securities**	2,347,000.0
Agency Mortgage-Backed Securities***	2,002,731,040.9
Agency Commercial Mortgage-Backed Securities***	7,686,829.9
Total SOMA Holdings	6,232,895,305.9
Change From Prior Week	2,710,938.2

The SOMA rose over \$2.7 billion this week, adding liquidity to the system. Meanwhile, reverse repos rose by \$300 million for the week ending 2/25/26. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about \$2.4 billion (through Wednesday the 25th). Below is an updated SOMA-Reverse Repo and SPX chart looking back to 2008.



Reverse repos are near zero. So unless that changes, they will not be providing much influence on liquidity flows. Quantitative Easing has kicked in and is providing a nice tailwind for the bulls. Additionally, FNMA and Freddie Mac are in the process of purchasing mortgage bonds. This could have an additional impact to QE as the government buys these bonds and provides even more liquidity to the system.

With regards to rates, odds of a March cut are just 6%. (Not gonna happen.) Meanwhile, April odds now show a 24% chance they will be lower than they are currently. These odds are both pretty similar to what was published last week. 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 we will likely see further refinement as we get closer to these meeting dates. But right now, a cut at either of the next 2 meetings appears highly unlikely.

Overall, intermediate-term evidence appears quite moderate. We have not seen any strongly compelling new intermediate-term studies emerge in the last few weeks, and there have been several that have expired. The trend appears more uncertain with SPX and NASDAQ having chopped mostly sideways over the last few months. On the plus side, the Fed appears dovish since it is increasing the size of the SOMA. So liquidity is positive. There was not a breadth divergence leading up to the recent highs. This suggests it is unlikely that a major top is in place. Seasonality is mixed now as we are in the Best 6 Months (bullish) of a 2nd Presidential Year (bearish). The NASDAQ remains in a lagging position versus the SPX, which is an unfavorable setup. Stock valuations, geopolitics, and the economy are all potential catalysts for movement. I am inclined to keep my intermediate-term outlook neutral for another week. That could easily change if we see some additional evidence appear. For now, I will likely trade a bit more conservatively from both the long and the short side than I would if I had a strong directional conviction.

Catapult and Capitulative Breadth Statistics

[Catapult & CBI Presentation Link](#)

Open Catapult Triggers

GILD @ \$143.77 (buy @ limit)

Broad Market Large Cap CBI – 1 (GILD)

Additional New Trade Ideas

SPY – Buy ¼ index position @ \$685.75 LIMIT ON CLOSE IF SPY ALSO CLOSES BELOW ITS OPENING PRICE. Based on the short-term outlook above, this may look to take on some long index exposure near the close if SPX gets some selling on Monday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
GILD(1/3)	2/27/2026	\$143.55	\$148.95	3.76%	Catapult

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