

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 16, 2026

Volume 20 Issue 49

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	6

Tonight's Research Points

- Multiple poor closes are suggesting a rebound in the next few days.
- Opex week is not as bullish as it once was, but having the SPX decline for 4 days heading into it suggests bullish odds for the 1st few days of the week.
- The oversold McClellan Oscillator with SPX at 50-day low suggest a good chance of a bounce on Monday.
- Quantitative Easing continues, but odds of a rate cut in the next few months have faded.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. Evidence is pointing higher and SPX is quite oversold. I like the long side.

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						
March 16, 2026	SPY closes btm 10% intra rng 2x in 3 days	1-9 days	Bullish	3.00%	-1.30%	-2.70%
March 16, 2026	SPX dn 4+ / Opex next week.	1-2 days	Bullish			
March 16, 2026	50-low McLellan Osc btm 2%	1 day	Bullish			
March 13, 2026	SPX dn 3 to 10-low > 200	1-2 days	Bullish			
March 13, 2026	SPX closes btm 10% intraday rng & 40-low	1-6 days	Bullish	2.40%	-1.80%	-3.80%
March 11, 2026	20-intraday low, up 1%. Dn next day.	1-4 days	Bullish	2.40%	-1.00%	-2.10%
March 10, 2026	SPY 20-low cls yest. Intra low today then up	1-7 days	Bullish	2.50%	-1.70%	-3.20%
March 9, 2026	Numbered Method 110524	1-7 days	Bullish	2.40%	-1.60%	-3.40%
March 9, 2026	VIX up 20% last day of week	1-8 days	Bullish	2.80%	-1.85%	-3.90%
Active - Long Term						
March 9, 2026	Hindenburg Omen cluster	1-35 days	Bearish			
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

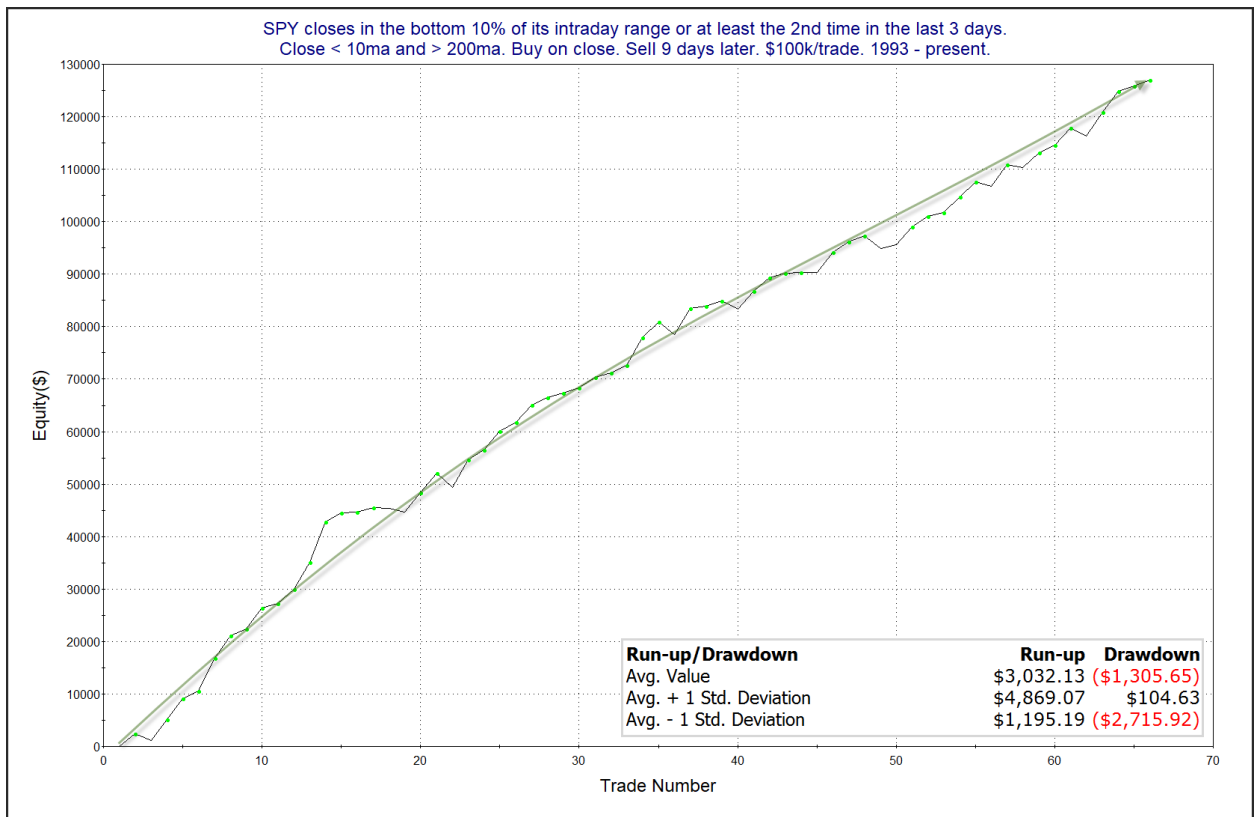
The selling continued on Friday. SPX declined 0.6%, the NASDAQ dropped 0.9%, and the Russell 2000 lost 0.4%. Breadth was weak as the NYSE Up Issues % closed at 35% and the NYSE Up Volume % posted a 43% reading. NYSE total volume declined some from Thursday's level.

Closes that occur right near the high or the low of the day can serve as a sort of sentiment reading. Traders are looking to get in or get out at the worst prices of the day because of their perception of risk, and what might occur tomorrow. This late-day reaction is often an overreaction, and prices will often rebound in the short term. Friday we saw traders selling hard at the end of the day, despite being offered the worst prices that they saw all day. This also happened on Thursday. This triggered a study from the 2/13/26 letter that examined times SPY closed in the bottom 10% of its intraday range for at least the 2nd time in the last 3 days. Updated results can be seen in the table below.

SPY closes in the bottom 10% of its intraday range or at least the 2nd time in the last 3 days.
 Close < 10ma and > 200ma. 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
10	128,800.16	65	53	12	81.54	9,282.24	-2,690.64	2,752.05	-1,421.53	1.94	8.55	1,981.54
9	127,008.38	66	54	12	81.82	7,585.77	-2,770.56	2,613.92	-1,178.63	2.22	9.98	1,924.37
8	123,907.45	66	53	13	80.30	7,858.26	-2,601.84	2,634.71	-1,210.17	2.18	8.88	1,877.39
7	108,753.40	66	47	19	71.21	8,324.13	-2,645.44	2,697.86	-949.79	2.84	7.03	1,647.78
6	89,328.39	66	53	13	80.30	6,100.26	-4,158.00	2,075.19	-1,588.96	1.31	5.32	1,353.46
5	81,712.73	68	51	17	75.00	5,634.39	-3,578.85	2,017.64	-1,246.29	1.62	4.86	1,201.66
4	74,831.65	68	51	17	75.00	4,299.75	-3,268.58	1,853.41	-1,158.37	1.60	4.80	1,100.47
3	56,048.87	69	49	19	71.01	4,069.77	-2,610.72	1,540.64	-1,023.29	1.51	3.88	812.30
2	41,582.76	72	53	18	73.61	4,479.35	-2,760.94	1,134.47	-1,030.22	1.10	3.24	577.54
1	16,974.83	78	50	28	64.10	2,584.26	-3,744.92	850.77	-912.99	0.93	1.66	217.63

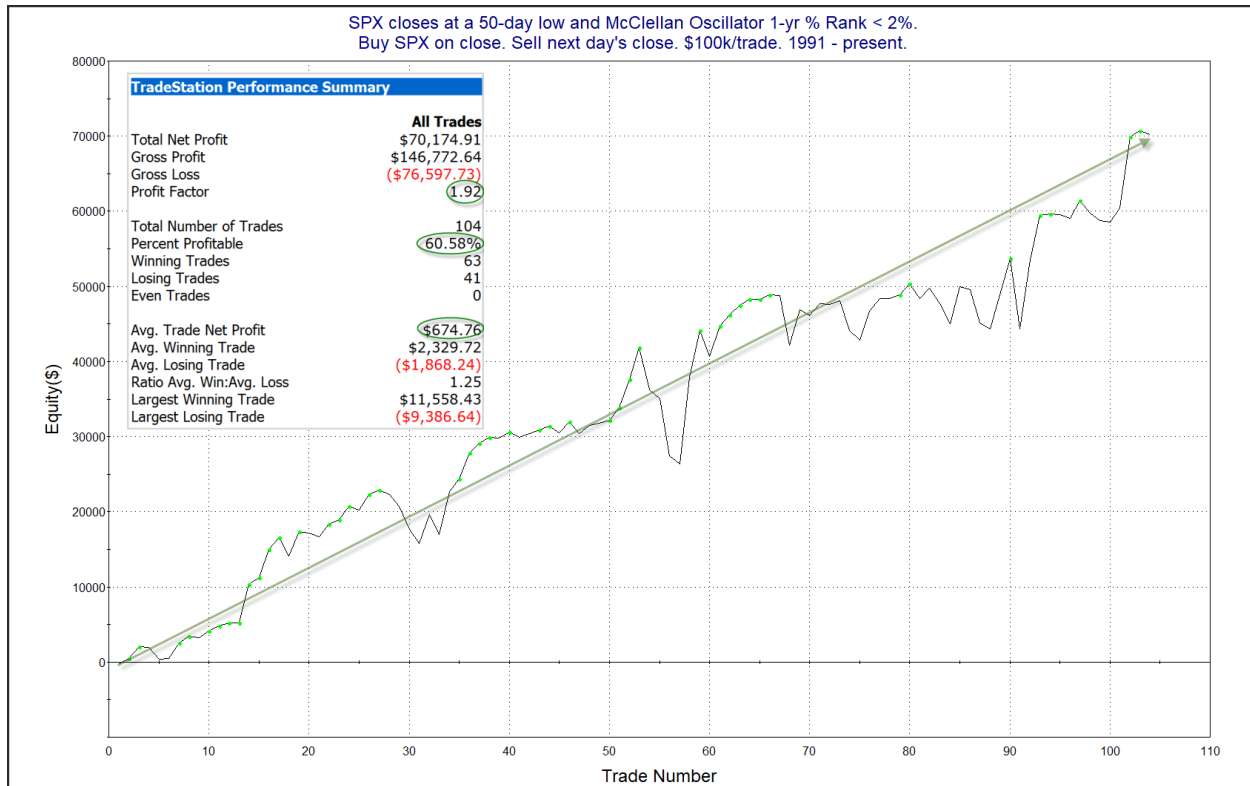
The numbers suggest a substantial upside edge over the next couple of weeks. Below is a look at a 9-day profit curve.



The strong upslope and minimal drawdowns support the numbers, and serve as some confirmation of the bullish tendency. I have included this study on the Active List tonight.

In Thursday night's letter I shared a study that looked at the oversold SPX and the very low McClellan Oscillator. That study triggered again on Friday. I have copied my commentary below and updated the results.

Breadth has really deteriorated lately. That is often a bad thing for the intermediate-term. But extremely negative breadth readings can sometimes act as a short-term oversold reading. On Thursday, the McClellan Oscillator posted a reading that was in the bottom 1% of all readings over the last year. When overdone breadth occurs in conjunction with an oversold price reading, you often see a bullish short-term result. The study below I last discussed in the 10/11/18 letter. It looks at times SPX closed at a 50-day low while the McClellan Oscillator closed at one of the lowest readings of the last year. Results are updated.



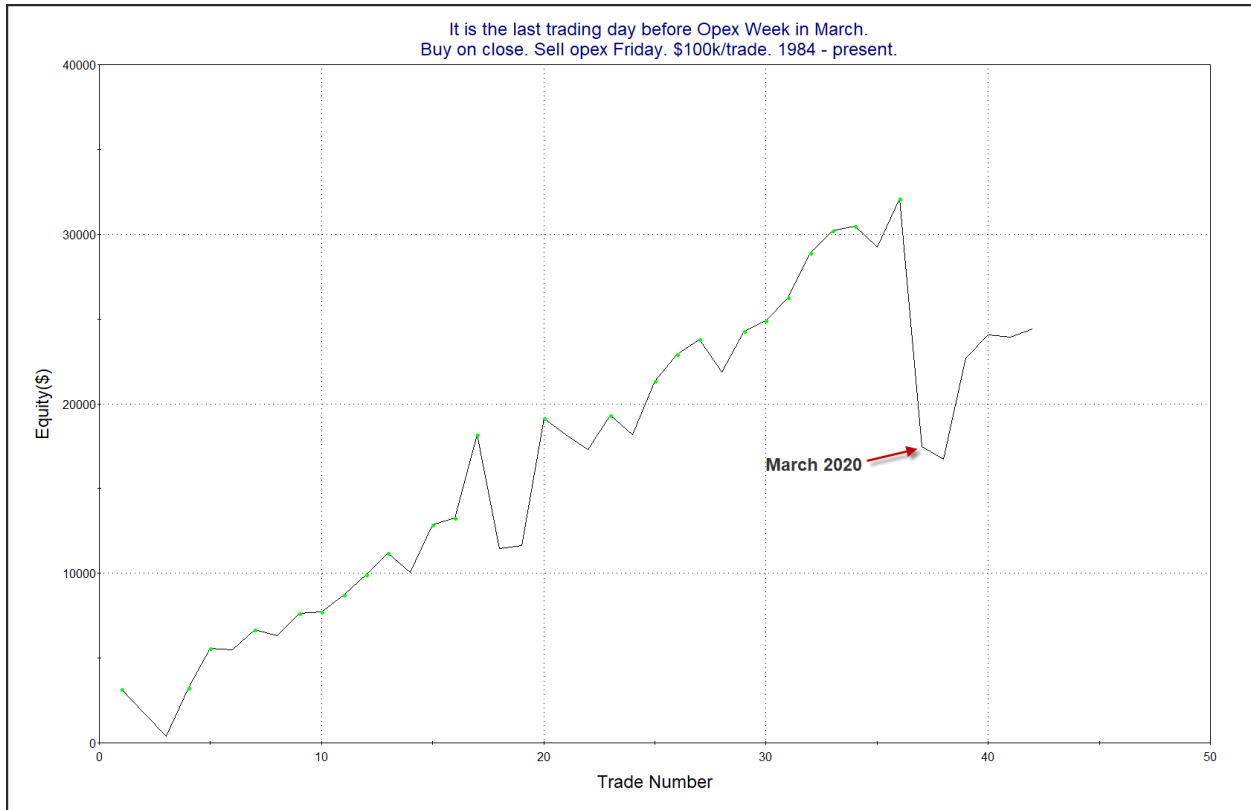
The curve and the stats suggest a bullish tendency for the next day.

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 Sep 2001)
\$100k/trade. 1984 - present.

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	21,552.46	42	30	12	71.43	5,868.16	-6,968.06	1,442.96	-1,811.37	0.80	1.99	513.15
11	2,318.78	42	24	18	57.14	3,718.25	-8,351.64	1,381.86	-1,713.66	0.81	1.08	55.21
10	33,456.91	42	32	10	76.19	7,282.10	-9,109.98	1,973.61	-2,969.85	0.66	2.13	796.59
9	12,011.67	41	24	17	58.54	5,313.08	-4,975.04	1,472.29	-1,371.96	1.07	1.52	292.97
8	-834.78	42	22	20	52.38	4,329.72	-5,670.55	1,443.58	-1,629.68	0.89	0.97	-19.88
7	-933.61	42	22	19	52.38	6,921.25	-7,953.12	1,273.68	-1,523.93	0.84	0.97	-22.23
6	-2,526.26	42	24	18	57.14	3,786.09	-5,650.50	1,224.79	-1,773.41	0.69	0.92	-60.15
5	3,704.12	42	20	22	47.62	5,073.99	-4,959.45	1,960.36	-1,613.77	1.21	1.10	88.19
4	28,266.16	42	25	17	59.52	5,731.96	-3,580.15	2,124.81	-1,462.01	1.45	2.14	673.00
3	24,421.46	42	28	14	66.67	7,515.60	-14,619.60	2,038.52	-2,332.66	0.87	1.75	581.46
2	13,905.77	43	23	20	53.49	4,281.46	-6,814.80	1,616.52	-1,163.71	1.39	1.60	323.39
1	6,178.48	43	20	23	46.51	5,389.00	-5,563.11	2,113.24	-1,568.97	1.35	1.17	143.69

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



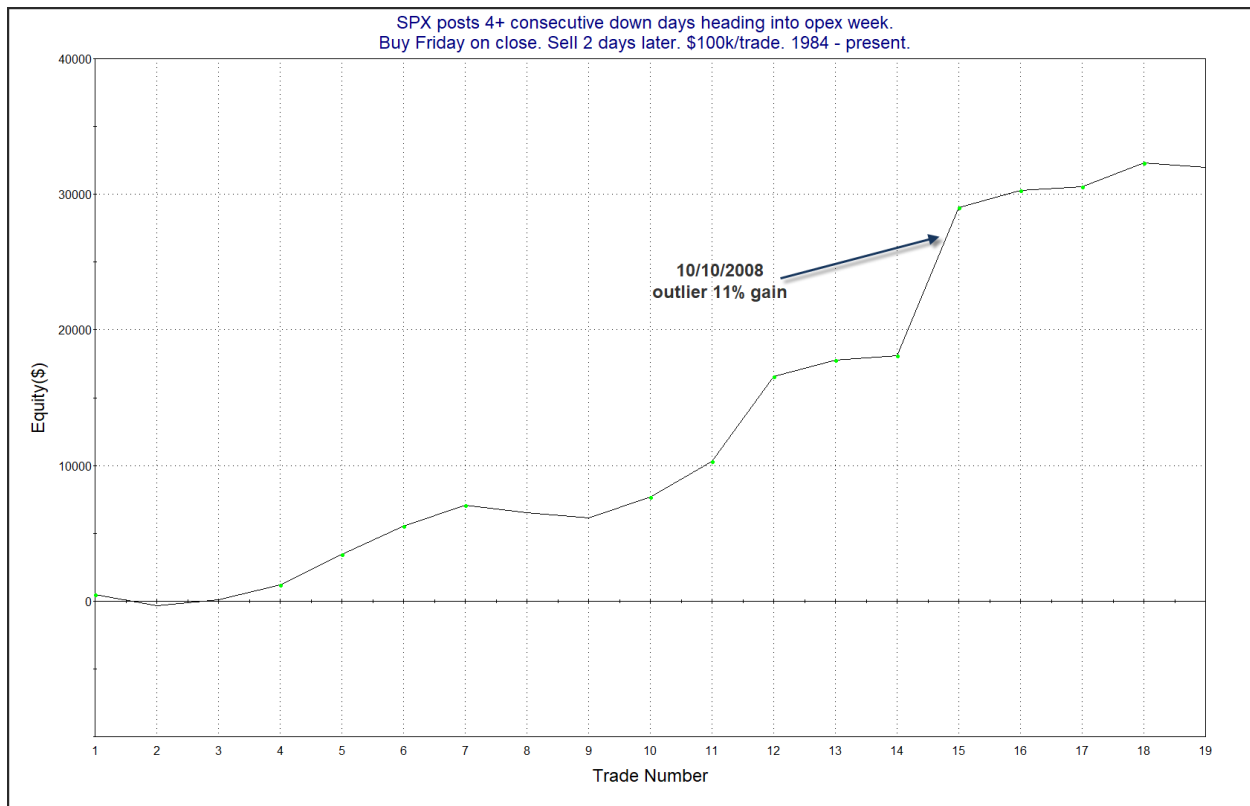
2020 saw a big blow to the curve. But there have also been a few other recent failures that have left the curve looking choppy and the curve sitting at levels it was at about 15 years ago.

So the market is undergoing a pullback and heading into a *potentially* positive seasonal period. “Oversold with bullish seasonality” is often a setup that I find appealing. In this case, a study from 3/11/19 triggered that looked at times SPX had closed down 4+ days in a row heading into opex week. I have updated that study below.

SPX posts 4+ consecutive down days heading into opex week.
Buy Friday on close. Sell X days later. \$100k/trade. 1984 - 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	21,730.93	19	13	6	68.42	5,393.97	-9,109.98	2,595.45	-2,001.64	1.30	2.81	1,143.73
4	27,322.27	19	16	3	84.21	5,731.96	-4,169.79	2,024.41	-1,689.44	1.20	6.39	1,438.01
3	25,630.07	19	16	3	84.21	5,215.85	-1,877.85	1,796.85	-1,039.85	1.73	9.22	1,348.95
2	31,989.22	19	15	4	78.95	10,965.69	-846.30	2,273.46	-528.16	4.30	16.14	1,683.64
1	21,712.88	19	14	5	73.68	11,558.43	-1,075.29	1,749.79	-556.84	3.14	8.80	1,142.78

The numbers look very strong. Below is a look at the 2-day profit curve.

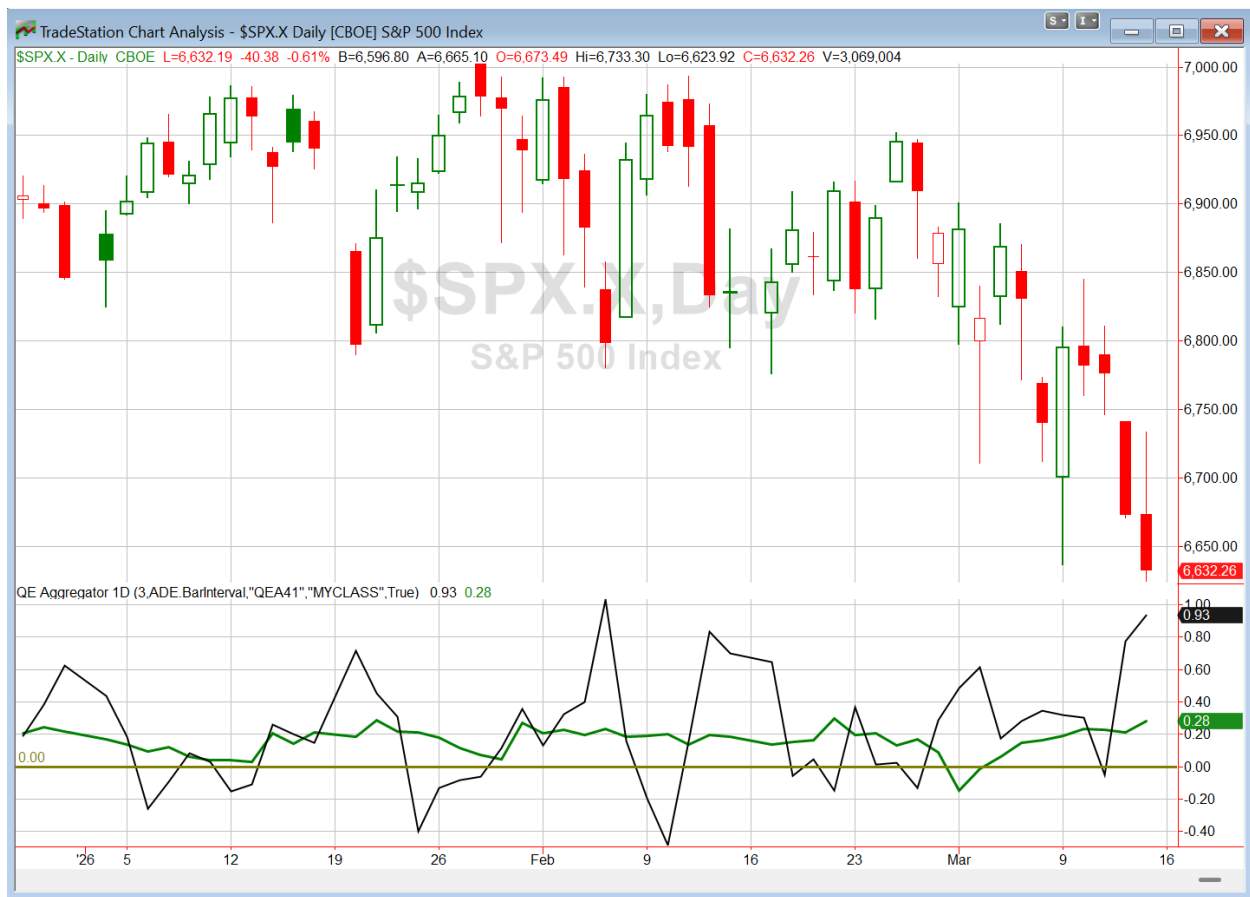


We see there was a large outlier in 2008, but even without that instance, you would have seen consistently strong gains. I have included this study on the Active List tonight. But I will note that the study maxes out after just 2 days. That might be a good thing, because below is a look at the SPX Seasonality Calendar for March.

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

The last 3 days of the upcoming week are showing bearish or neutral numbers according to the Seasonality Calendar algorithms.

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 very far above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is strongly 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 Monday. This is highly unlikely to change. Meanwhile, the Differential Pivot will be 6816.54. That is 2.8% above Friday's close. Therefore, it will take a very sizable 2.8% gain on Monday in order to flip SPX from short-term oversold to short-term overbought versus recent expectations.

So the Aggregator is bullish. There is a good bit of evidence suggesting a bounce is likely. There is also ample room to the upside before SPX would turn overbought. So reward/risk appears favorable. I like the long side. There is a small SPY trade idea in the Trade Ideas section down below. If additional selling occurs on Monday, we will certainly see even more bullish evidence emerge heading into a potential Turnaround Tuesday. So I may add more exposure to that trade idea if a favorable entry avails itself.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/9 – 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 again this past week. The SPX fell 1.6%, the NASDAQ dropped 1.3%, and the Russell 2000 declined 1.8%. Bonds also had a rough time. The US Aggregate Bond ETF (AGG) closed down 0.9%. TLT, the 20-year Treasury Bond ETF, dropped 2.2%. The long-term trend remains unclear. No real progress has been made since October and SPX and NASDAQ are both below their 50mas but still a little above their 200mas. In the last few days, there were no new studies that triggered with intermediate-term implications.

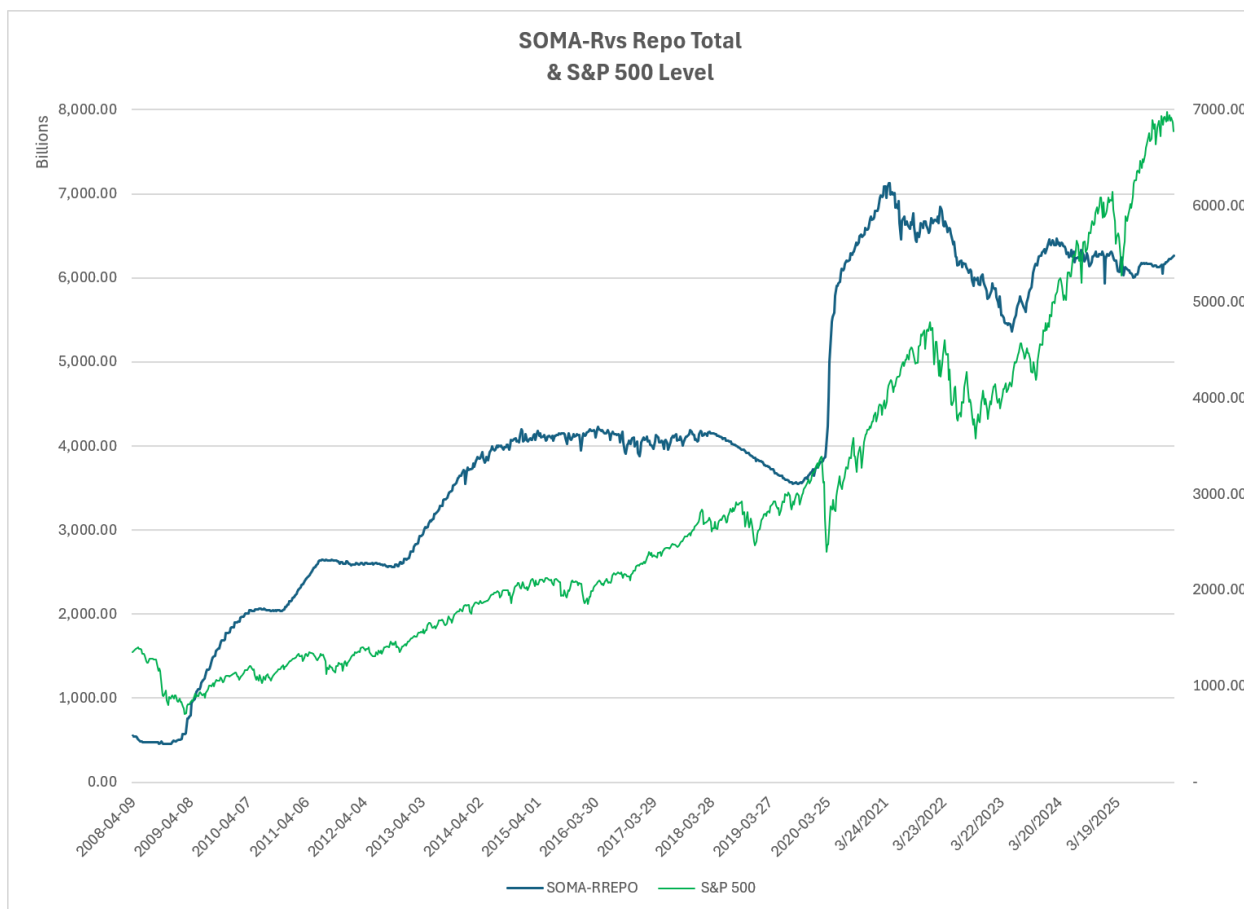
The Fed posted the latest update to the SOMA holdings on Thursday. It can be found below.

Domestic Security Holdings as of

◀ Previous **March 11, 2026** 📅
Posted March 12, 2026 at 4:30 PM

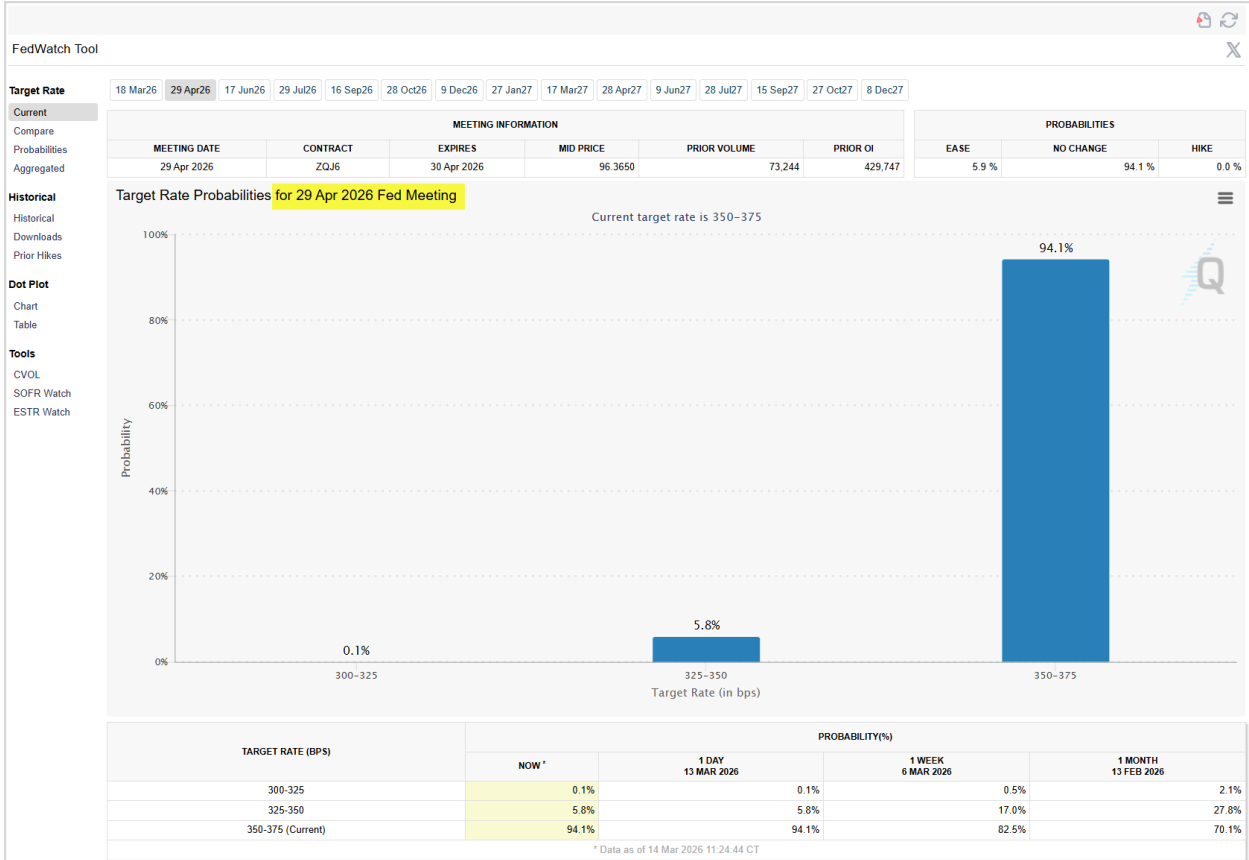
SECURITY TYPE		TOTAL (\$Thousands)
US Treasury Bills (T-Bills)		358,761,926.7
US Treasury Notes and Bonds (Notes/Bonds)		3,585,696,264.4
US Treasury Floating Rate Notes (FRNs)		16,412,388.3
US Treasury Inflation-Protected Securities (TIPS)*		288,705,855.7
Federal Agency Securities**		2,347,000.0
Agency Mortgage-Backed Securities***		2,002,731,040.9
Agency Commercial Mortgage-Backed Securities***		7,686,829.9
Total SOMA Holdings		6,262,341,305.9
Change From Prior Week		14,686,000.0

The SOMA rose nearly \$14.7 billion this week, adding liquidity to the system. Meanwhile, reverse repos declined by \$325 million for the week ending 3/11/26. A drop in reverse repos can act as a liquidity injection. Combined for the week, SOMA and reverse repo action accounted for a liquidity infusion of about \$15 billion (through Wednesday the 11th). 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 some support 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 2%. (Not gonna happen.) Meanwhile, April odds now show just a 6% chance they will be lower than they are currently. You now have to look all the way out to December before the odds of a rate cut rise above 50%. Odds for the next 2 meetings 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 looks pretty far out.

Overall, intermediate-term evidence is pretty weak. The trend is uncertain with SPX and NASDAQ having chopped mostly sideways over the last few months. It is now near the bottom of that range since October. 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 recent cluster of Hindenburg Omen signals is a potential warning sign. The NASDAQ remains in a lagging position versus the SPX, which is an unfavorable setup. Risks are elevated in a news-driven environment. I remain inclined to keep my intermediate-term outlook neutral for another week. That could 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

UPS – 1/3 @ \$104.07 (bought @ limit)

UNP – 1/3 @ \$250.21 (bought @ limit)

COF – 1/3 @ \$182.02 (bought @ limit)

COF – 1/3 @ \$177.45 (bought @ limit)

CL – 1/3 @ \$87.95 (bought @ limit)

New

LOW – 1/3 @ \$237.59 (buy @ limit)

Broad Market Large Cap CBI – 6 (UPS, UNP, COF-2, CL, LOW)

Additional New Trade Ideas

LOW – Buy 1/3 Catapult position @ \$237.59 LIMIT. From the Catapult section above, this is the 1st of up to 3 possible lots of LOW.

SPY – Buy ¼ index position @ \$660.00 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to take on a small amount of long exposure if SPY closes down much heading into a potential Turnaround Tuesday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
UPS(1/3)	3/6/2026	\$101.87	\$97.21	-4.57%	Catapult
LIN(1/3)	3/11/2026	\$476.34	\$498.00	4.55%	<i>sold on open</i>
UNP(1/3)	3/11/2026	\$250.21	\$242.44	-3.11%	Catapult
COF(1/3)	3/12/2026	\$177.88	\$179.79	1.07%	Catapult
COF(1/3)	3/13/2026	\$177.45	\$179.79	1.32%	Catapult
CL(1/3)	3/13/2026	\$87.95	\$88.84	1.01%	Catapult
SPY(1/4)	3/13/2026	\$666.05	\$662.29	-0.56%	Catapult

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