

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 18, 2026

Volume 20 Issue 51

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	3

## Tonight's Research Points

- The VIX has quickly moved from overbought to oversold. In the past, that has been followed by short-term SPX strength.
- 2 unfilled up gaps from a 20-day low is a setup that often sees further gains in the coming days.
- The poor close in SPY sets up Wednesday's Fed Day as especially bullish.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is bullish, but SPX is primed to turn short-term overbought, so reward potential is limited.

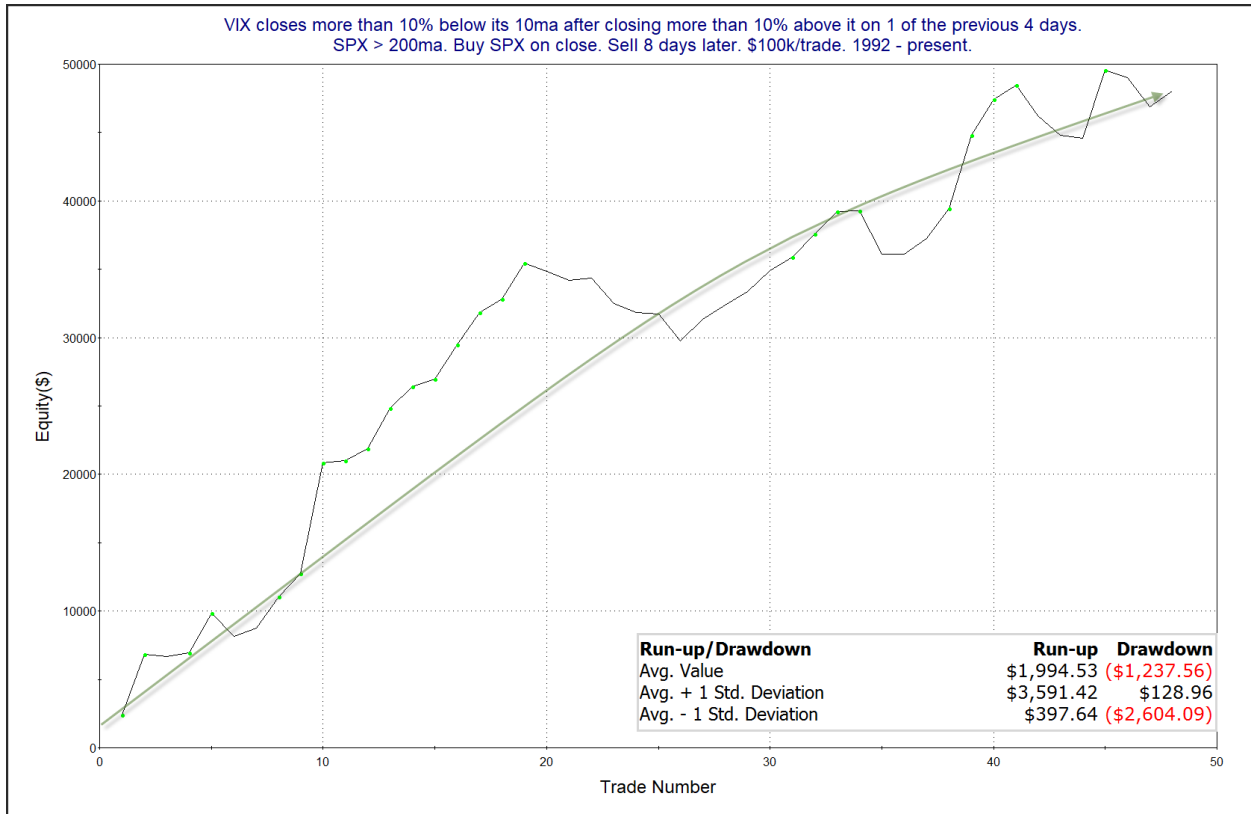
## The Evidence

Tuesday saw the market rise. SPX gained 0.25%, the NASDAQ rallied 0.5%, and the Russell 2000 rose 0.7%. Breadth was positive as the NYSE Up Issues % closed at 67% and the NYSE Up Volume % posted a 68% reading. NYSE total volume declined some from Monday's level.

One study from the Quantifinder worth a review considered the sharp drop in the VIX over the last couple of days after a sharp rise just prior to that. It was last seen in the 11/26/25 subscriber letter. The results are updated.

VIX closes more than 10% below its 10ma after closing more than 10% above it on 1 of the previous 4 days. SPX > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 1992 - 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	35,811.18	48	29	19	60.42	8,115.80	-4,224.84	2,246.01	-1,543.32	1.46	2.22	746.07	
9	38,316.15	48	31	17	64.58	8,397.40	-2,973.64	1,969.32	-1,337.22	1.47	2.69	798.25	
8	48,022.15	48	34	14	70.83	8,076.20	-3,172.20	1,926.39	-1,248.21	1.54	3.75	1,000.46	
7	45,765.86	48	34	14	70.83	7,749.50	-3,267.44	1,860.62	-1,249.65	1.49	3.62	953.46	
6	42,101.94	48	34	14	70.83	5,305.30	-3,271.68	1,692.34	-1,102.68	1.53	3.73	877.12	
5	33,645.53	48	31	17	64.58	5,361.40	-3,111.68	1,688.37	-1,099.64	1.54	2.80	700.95	
4	22,038.00	49	33	16	67.35	4,981.90	-2,927.52	1,292.15	-1,287.67	1.00	2.07	449.76	
3	14,536.66	50	31	19	62.00	3,799.40	-3,629.81	1,043.75	-937.88	1.11	1.82	290.73	
2	13,288.05	50	32	18	64.00	3,839.00	-5,300.66	926.54	-908.96	1.02	1.81	265.76	
1	10,610.93	50	31	19	62.00	2,952.40	-3,572.94	710.47	-600.72	1.18	1.93	212.22	

The market condition that would typically accompany such VIX movement is one where you see SPX post a strong rebound from a sharp decline during a long-term uptrend. Results over the first 2-3 days are not terribly consistent, but once you get out beyond that the bounce becomes more reliable and more powerful. Below I have provided the profit curve assuming an 8-day holding period.



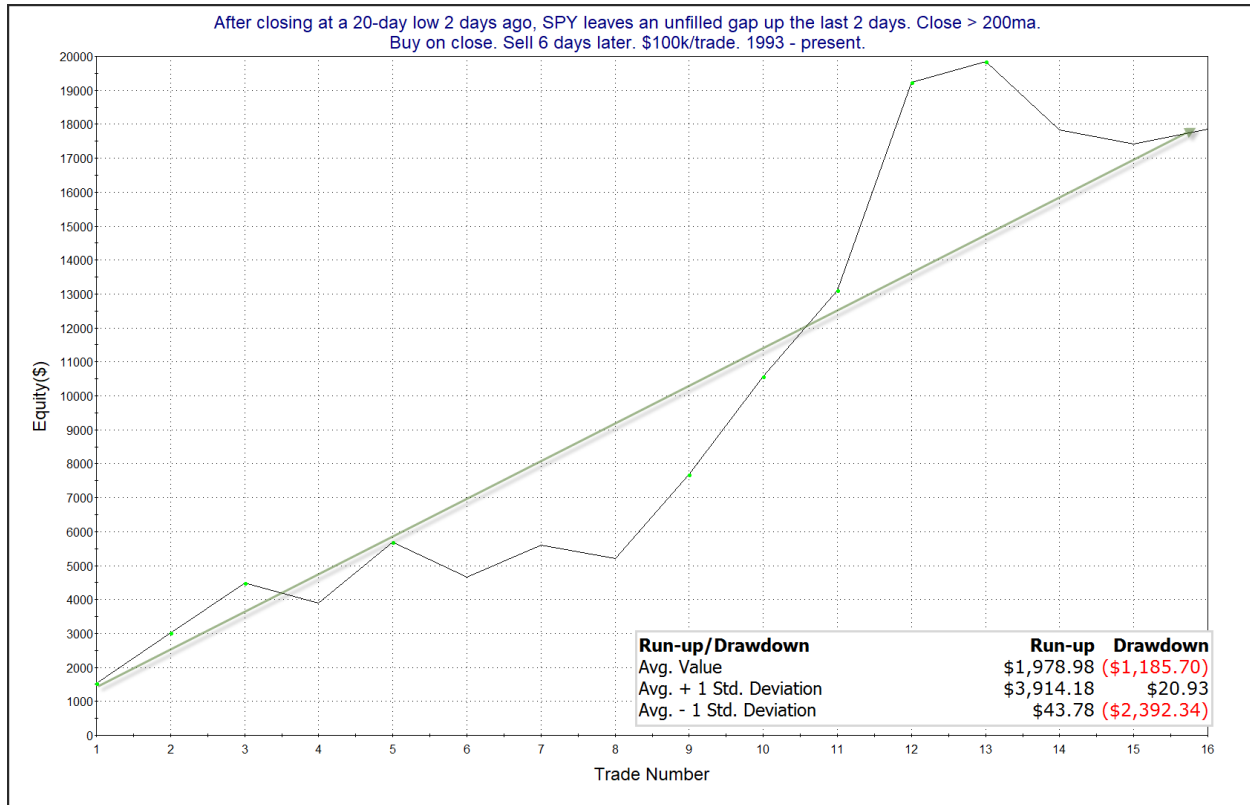
This curve struggled for some time in the middle of the chart, but it recovered nicely and has persisted higher. I have included this study on the Active List tonight.

Coming off the 20-day low close on Friday, we have now seen SPY leave an unfilled gap higher for two days in a row. That is quite unusual to see that kind of overnight strength hold up so well for multiple days following an intermediate-term low. It is something I examined in the 1/23/26 letter. I went back and updated that study tonight.

After closing at a 20-day low 2 days ago, SPY leaves an unfilled gap up the last 2 days. Close > 200ma.  
 Buy on close. Sell X days later. \$100k/trade. 1993 - present.

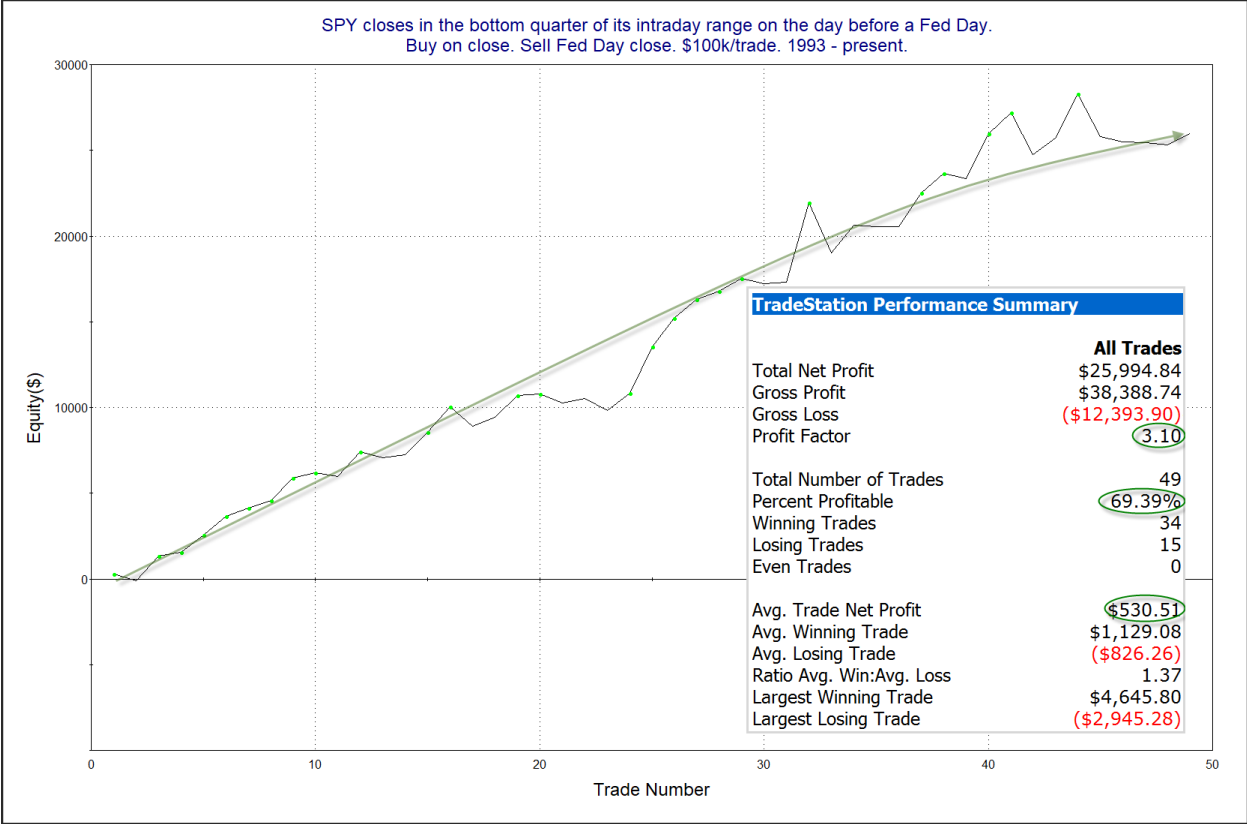
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	21,769.23	16	11	5	68.75	7,303.23	-2,443.98	2,716.93	-1,623.40	1.67	3.68	1,360.58
9	20,618.89	16	11	5	68.75	7,882.38	-2,937.00	2,455.35	-1,277.99	1.92	4.23	1,288.68
8	19,647.46	16	12	4	75.00	6,554.79	-2,268.00	2,136.32	-1,497.10	1.43	4.28	1,227.97
7	17,292.70	16	13	3	81.25	5,102.46	-3,271.50	1,740.42	-1,777.58	0.98	4.24	1,080.79
6	17,845.57	16	11	5	68.75	6,130.08	-2,011.50	2,027.25	-890.83	2.28	5.01	1,115.35
5	10,822.51	16	11	5	68.75	5,348.97	-3,159.00	1,706.43	-1,589.63	1.07	2.36	676.41
4	9,884.48	16	10	6	62.50	5,503.41	-2,332.99	1,543.99	-925.91	1.67	2.78	617.78
3	4,209.05	16	11	5	68.75	4,196.61	-2,483.29	1,067.45	-1,506.59	0.71	1.56	263.07
2	5,284.34	16	10	6	62.50	4,220.37	-1,252.80	1,110.81	-970.62	1.14	1.91	330.27
1	4,050.81	16	10	6	62.50	2,230.47	-1,188.00	777.64	-620.94	1.25	2.09	253.18

Instances are somewhat low, but the upside consistency is quite impressive. Below is a profit curve for the 6-day holding period.



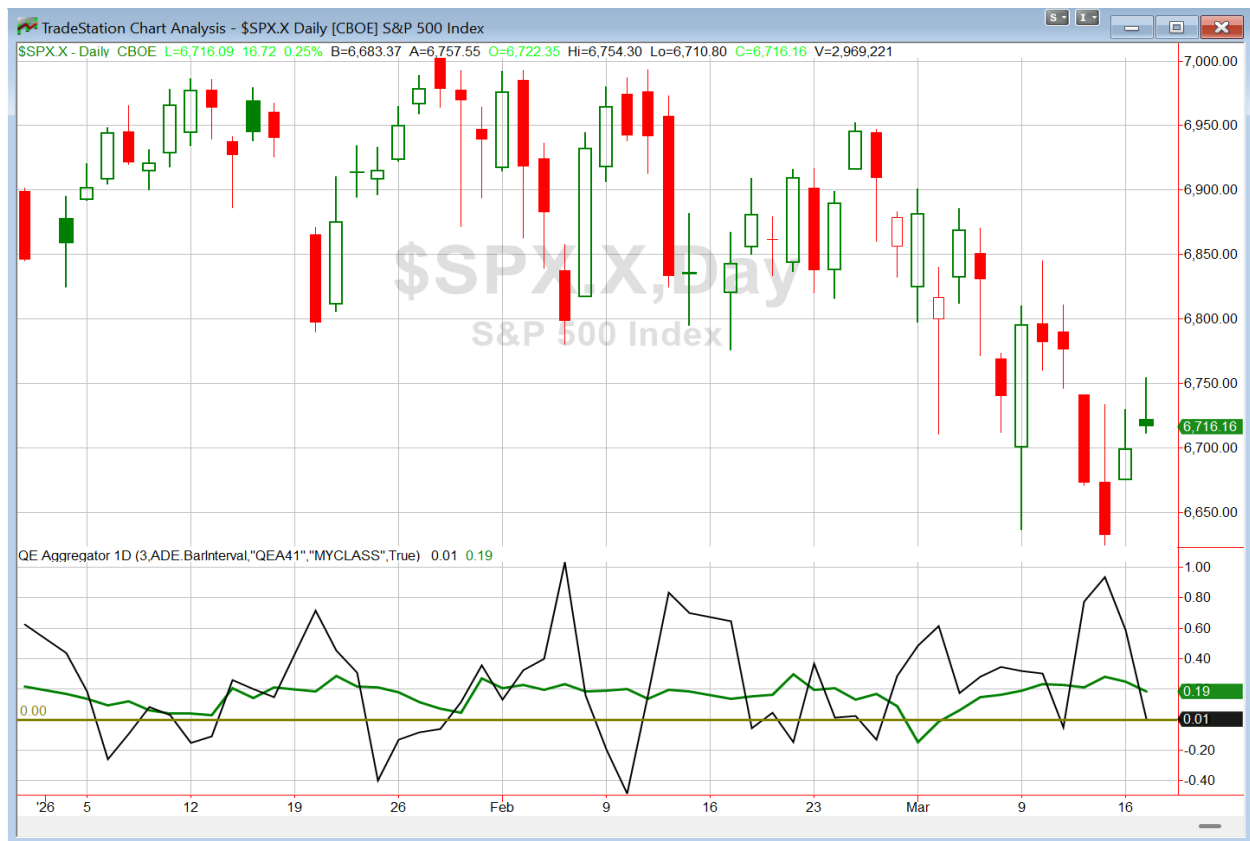
While the last 2 instances have faltered, the push higher still appears impressive. Overall, I like this study and have added it to the active list tonight.

It is also notable that Wednesday is a Fed Days. Fed Days have historically had a bullish tendency, and this tendency has been especially strong when SPY has closed low in its range the day before. The study below exemplifies this.



I've also added this study to the active list tonight.

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 also still 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 stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be *inverted* at 6679.92. That is 0.5% *below* Tuesday'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 down over 0.5% in order to remain oversold. Anything other than that and it will flip to "overbought" vs expectations as of Wednesday's close.

So the Aggregator is bullish. But the inverted pivot skews risk/reward. Only a bad day would keep SPY oversold. So upside potential is limited to one day. And while the Fed Day edge is bullish, the bullish tendency on Fed Days has historically played out prior to the Fed announcement. After the 2pm EST announcement, returns have been less reliable and more variable. I often view inverted pivots as opportune times to take profits. I will look to do that on Wednesday if SPY shows some strength intraday.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 3/9 – neutral*

## **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)

LOW – 1/3 @ \$237.59 (buy @ limit) – *not filled, cancel for now*

### ***Broad Market Large Cap CBI – 3 (UPS, UNP, LOW)***

## **Additional New Trade Ideas**

**None tonight.**

## **Current Open Trade Ideas**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
UPS(1/3)	3/6/2026	\$101.87	\$97.80	-4.00%	Catapult
UNP(1/3)	3/11/2026	\$250.21	\$242.32	-3.15%	Catapult
COF(1/3)	3/12/2026	\$177.88	\$183.42	3.11%	<i>sell on open</i>
COF(1/3)	3/13/2026	\$177.45	\$183.42	3.36%	<i>sell on open</i>
CL(1/3)	3/13/2026	\$87.95	\$89.94	2.26%	<i>sell on open</i>
SPY(1/4)	3/13/2026	\$666.05	\$670.79	0.71%	<i>sell @ \$671 LIMIT</i>

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