

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 20, 2026

Volume 20 Issue 53

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- The gap down to a new 50-day low and partial reversal on Thursday is suggesting a bounce over the next few days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish. There appears to be a long-side edge.

The Evidence

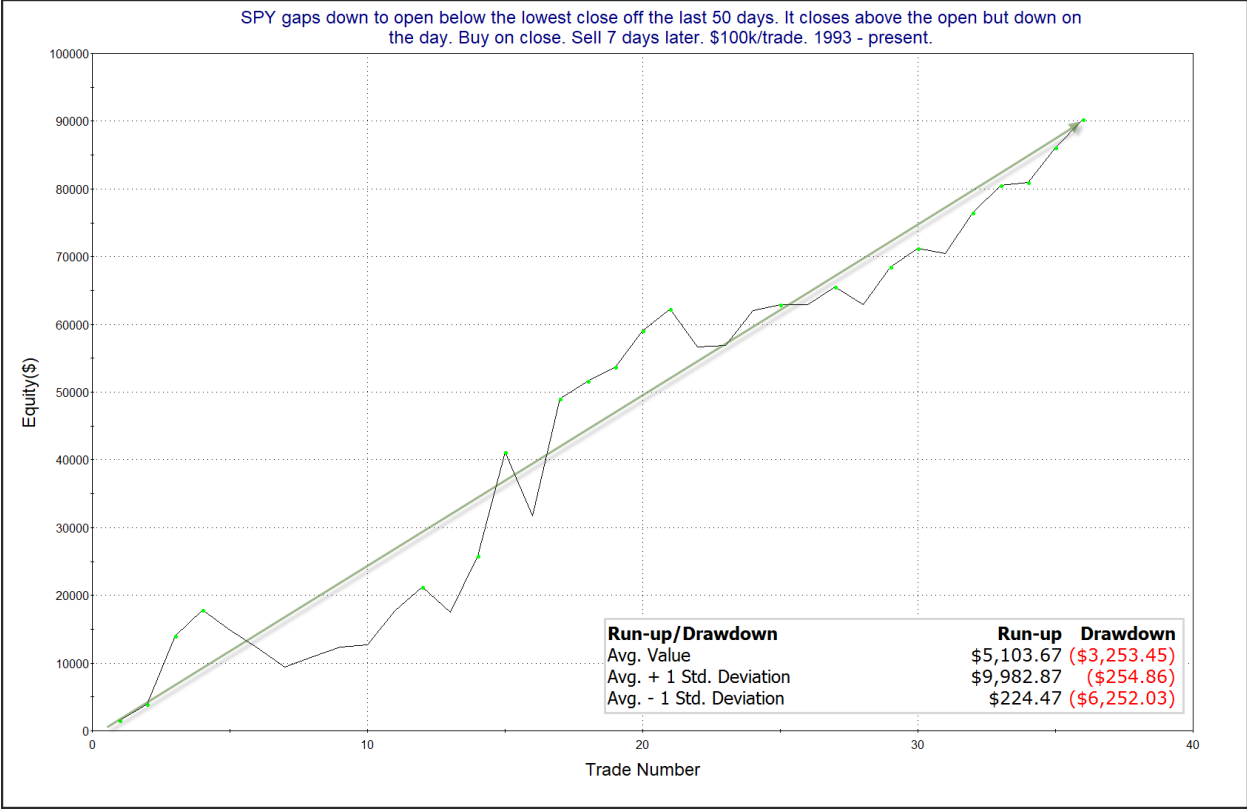
A bad start saw the market finish mixed on Thursday. SPX declined 0.3% and closed below its 200ma for the 1st time since May. The NASDAQ fell 0.3%, and the Russell 2000 rose 0.65%. Breadth was also mixed as the NYSE Up Issues % closed at 42.7% and the NYSE Up Volume % posted a 50.1% reading. NYSE total volume declined some since traders were watching basketball instead of CNBC.

The sizable gap down and partial recovery triggered a study I have not featured in quite a while. It looked at gaps below a 50-day low that close above the open but still down on the day. Results below are updated from the 3/2/20 letter.

SPY gaps down to open below the lowest close off the last 50 days. It closes above the open but down on the day. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

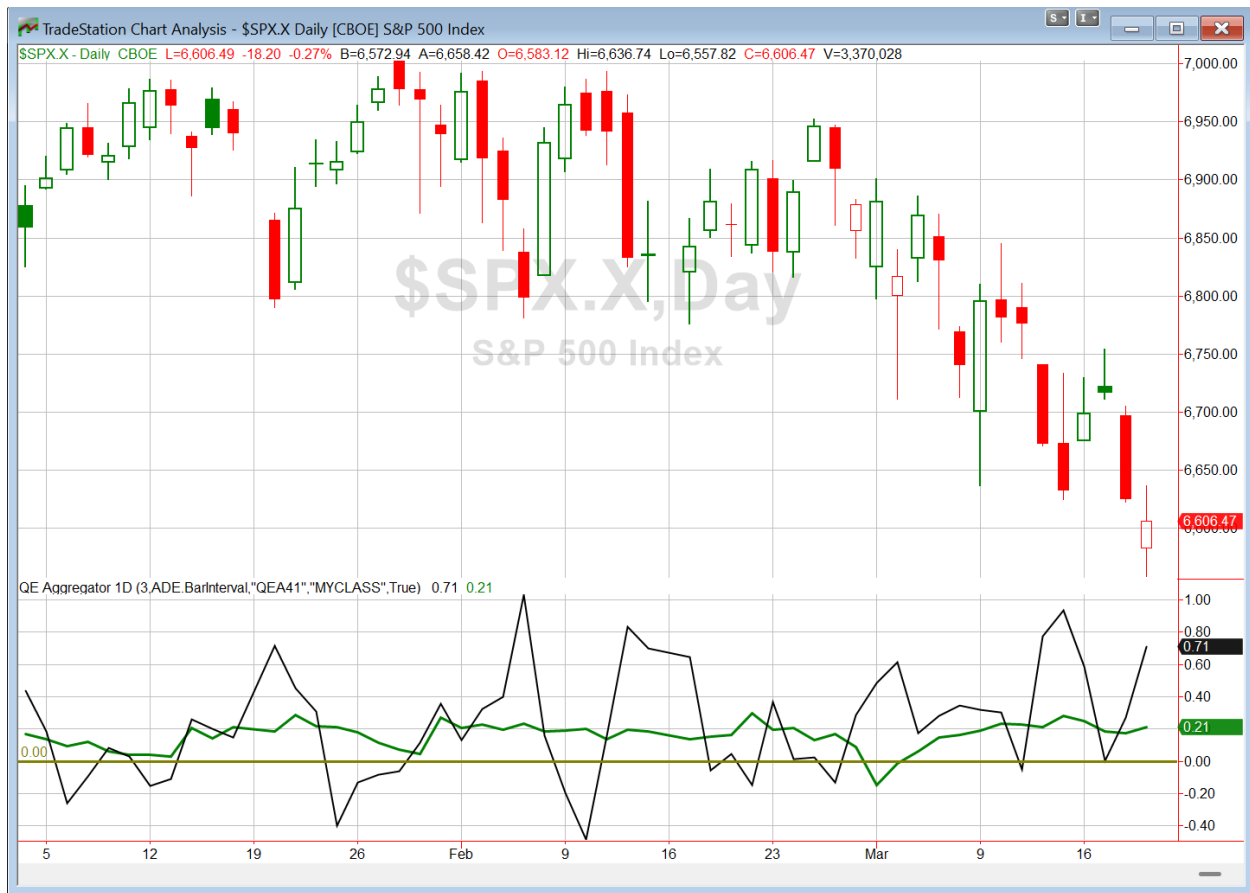
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	61,408.63	33	23	10	69.70	20,713.48	-10,973.50	4,825.82	-4,958.52	0.97	2.24	1,860.87
9	55,836.77	35	25	10	71.43	12,624.80	-16,226.55	4,243.12	-5,024.11	0.84	2.11	1,595.34
8	76,817.66	36	25	11	69.44	15,898.44	-7,380.30	4,704.81	-3,709.33	1.27	2.88	2,133.82
7	90,298.43	36	27	9	75.00	17,351.76	-9,488.85	4,475.00	-3,391.86	1.32	3.96	2,508.29
6	80,217.20	36	25	11	69.44	14,782.76	-8,804.62	4,835.59	-3,697.50	1.31	2.97	2,228.26
5	59,653.25	38	24	14	63.16	11,377.00	-9,455.04	4,215.15	-2,965.02	1.42	2.44	1,569.82
4	51,781.87	40	25	15	62.50	11,714.64	-16,581.60	4,070.49	-3,332.02	1.22	2.04	1,294.55
3	39,042.14	40	23	17	57.50	10,848.52	-7,761.60	3,579.21	-2,545.86	1.41	1.90	976.05
2	48,799.86	41	24	17	58.54	12,814.15	-4,659.20	3,376.39	-1,896.09	1.78	2.51	1,190.24
1	28,248.62	42	27	15	64.29	14,507.65	-7,805.28	2,269.10	-2,201.13	1.03	1.86	672.59

The numbers here look quite bullish. Below is a look at the profit curve for the 7-day holding period.



The strong steady upslope gives greater confidence in the edge. This study appears worth some consideration.

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 Friday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6762.08. That is 2.4% above Thursday's close. Therefore, SPX will need to close up a sizable 2.4% on Friday in order to flip from oversold to overbought versus recent expectations.

So the Aggregator is bullish. There appears to be a long-side edge. And there is ample room to the upside before SPX would turn overbought. So I like reward/risk. We already have a long index idea active in the Trade Ideas section. Friday is quarterly options expiration, which can be volatile and will often see the market sell off between the open and the close. In the Trade Ideas section I will look to add a 2nd lot, but only if SPX closes down on the day. With a neutral intermediate-term outlook and a volatile, news-driven environment, I am not inclined to quickly get aggressive.

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 (bought @ limit)

UNP – 1/3 @ \$236.57 (bought @ limit)

New

UNP – 1/3 @ \$234.18 (buy @ limit)

Broad Market Large Cap CBI – 5 (UPS, UNP-3, LOW)

Additional New Trade Ideas

UNP – Buy 1/3 Catapult position @ \$234.18 LIMIT. From the Catapult section above, this is the 3rd and final lot of UNP.

SPY – Buy ¼ index position @ \$659.79 LIMIT ON CLOSE. Based on the short-term outlook above, I will look to add a 2nd lot of SPY if it closes down on Friday.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
UPS(1/3)	3/6/2026	\$101.87	\$96.56	-5.21%	Catapult
UNP(1/3)	3/11/2026	\$250.21	\$234.18	-6.41%	Catapult
SPY(1/4)	3/13/2026	\$666.05	\$659.80	-0.94%	Aggregator
UNP(1/3)	3/19/2026	\$236.22	\$234.18	-0.86%	Catapult
LOW(1/3)	3/19/2026	\$230.46	\$229.71	-0.33%	Catapult

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