

QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

March 23, 2026

Volume 20 Issue 54

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	5

Tonight's Research Points

- Selling on and after a Fed Day does not tend to last much longer than we have seen.
- 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 have faded, and a rate hike now looks more likely than a cut.

Short-term Outlook

The Bottom Line

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

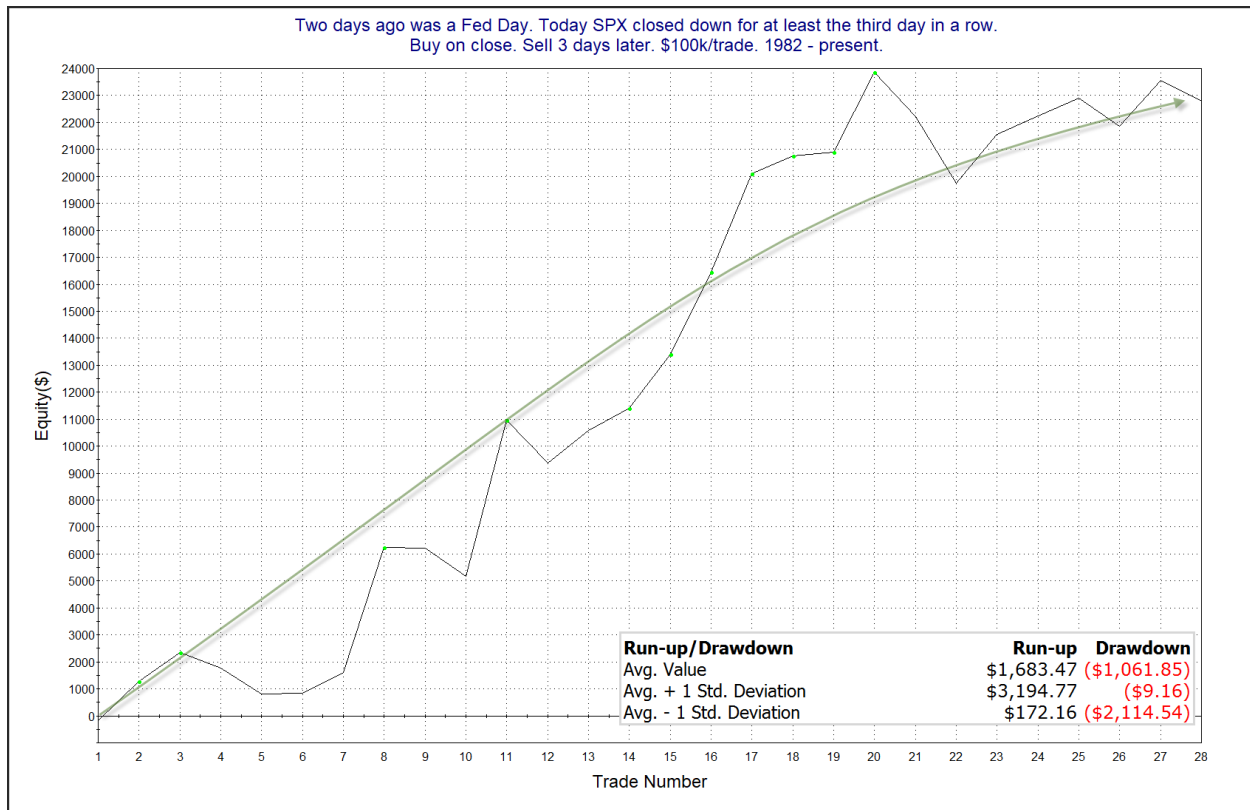
The Evidence

Friday was a bad day to end a bad week. SPX lost 1.5%, the NASDAQ fell 2.0%, and the Russell 2000 dropped 2.2%. Breadth was weak as the NYSE Up Issues % closed at 15% and the NYSE Up Volume % posted a 25% reading. NYSE total volume shot higher thanks in large part to quarterly options expiration.

It's interesting that the selling has continued right through and after a Fed Day. In the 2/2/26 letter I examined other times where the Fed failed to inspire confidence and a selloff of at least 3 days (including the Fed Day) ensued. Results here are updated.

Two days ago was a Fed Day. Today SPX closed down for at least the third day in a row. Buy on close. Sell X days later. \$100k/trade. 1982 - 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	14,493.07	28	13	15	46.43	5,555.16	-3,477.69	2,633.26	-1,315.96	2.00	1.73	517.61
4	19,767.72	28	16	12	57.14	5,564.00	-2,266.11	2,140.97	-1,207.32	1.77	2.36	705.99
3	22,778.84	28	18	10	64.29	5,801.02	-2,476.50	1,839.61	-1,033.42	1.78	3.20	813.53
2	16,273.88	28	17	11	60.71	4,670.25	-1,709.52	1,436.33	-740.34	1.94	3.00	581.21
1	9,876.08	28	18	10	64.29	2,671.02	-2,968.54	1,074.30	-946.14	1.14	2.04	352.72

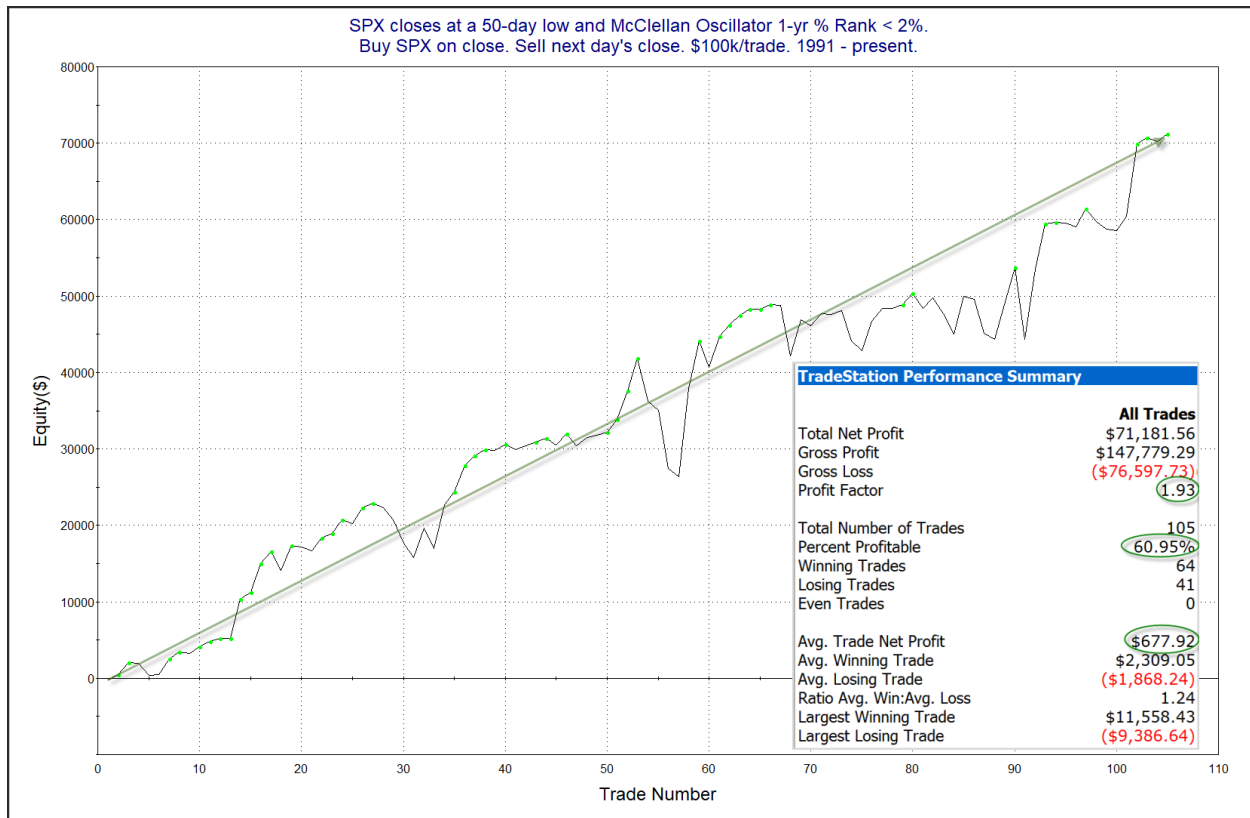
The edge looks solidly bullish over the next few days. Below is a look at a 3-day profit curve.



There was a stumble a few instances ago, but the move from lower left towards upper right still serves as some confirmation of the upside edge. I have included this study on the active list.

In the 3/16/26 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... 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.



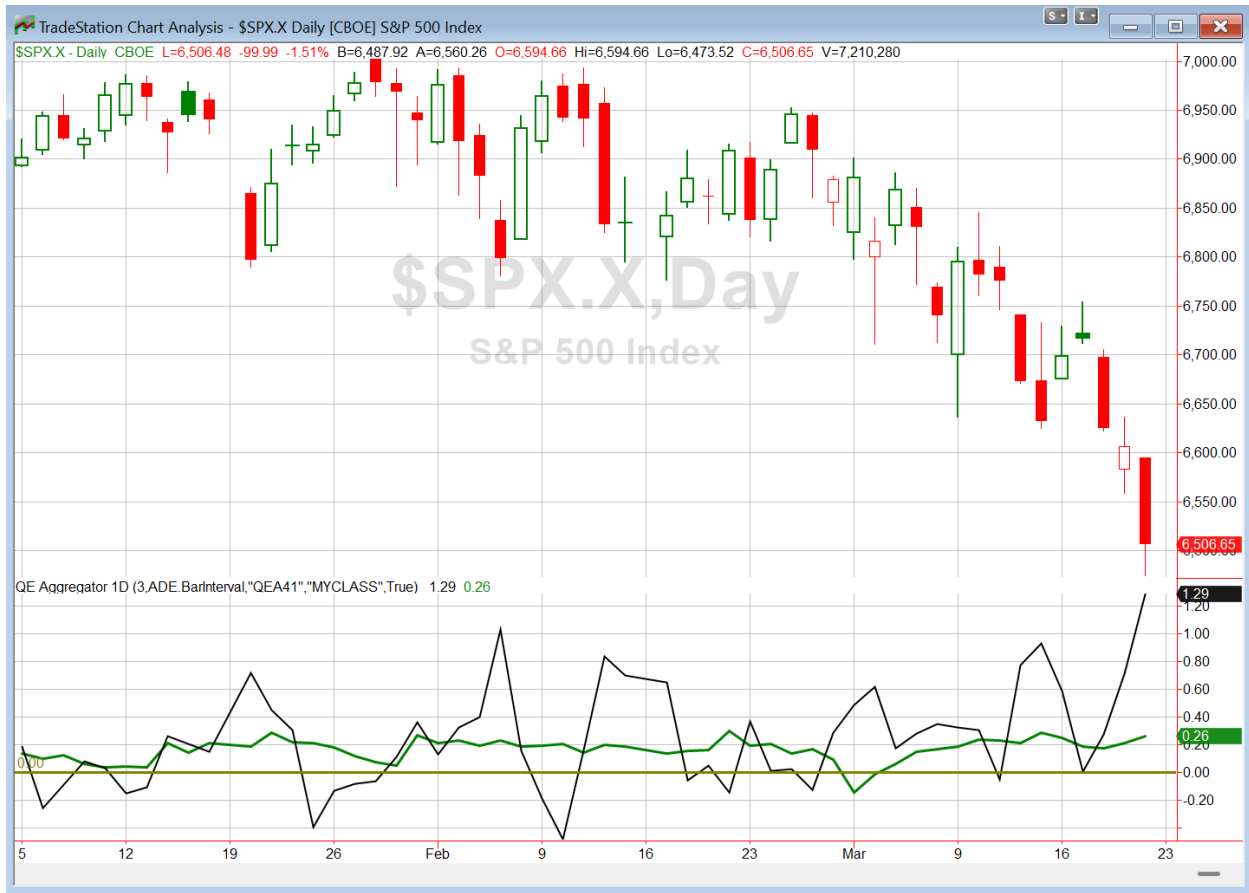
The curve and the stats suggest a bullish tendency for the next day.

For a long time the week after opex in March, June, and September showed a strong downside tendency. But it has not held true since 2019. Meanwhile, the Seasonality Calendar is showing solid numbers for the upcoming week.

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

So I do not have a seasonality concern for the upcoming week. (It sure played out negatively last week, as the Calendar hinted.)

I have updated the Aggregator chart below.



With this weekend'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 Monday. This is unlikely to change. Meanwhile, the Differential Pivot will be 6662.58. That is 2.4% above Friday's close. Therefore, SPX will need to close up a sizable 2.4% on Monday 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 long index exposure in the Trade Ideas section, having taken a 2nd lot near the close on Friday. With a neutral intermediate-term outlook and a volatile, news-driven, environment I am not inclined to increase the size any further at this point. I will likely require a larger spike in the Quantifiable Edges Capitulative Breadth Index (CBI) before I'll look to add another lot.

Intermediate-term Outlook (2 weeks – 2 months) – updated 3/23 – 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.*

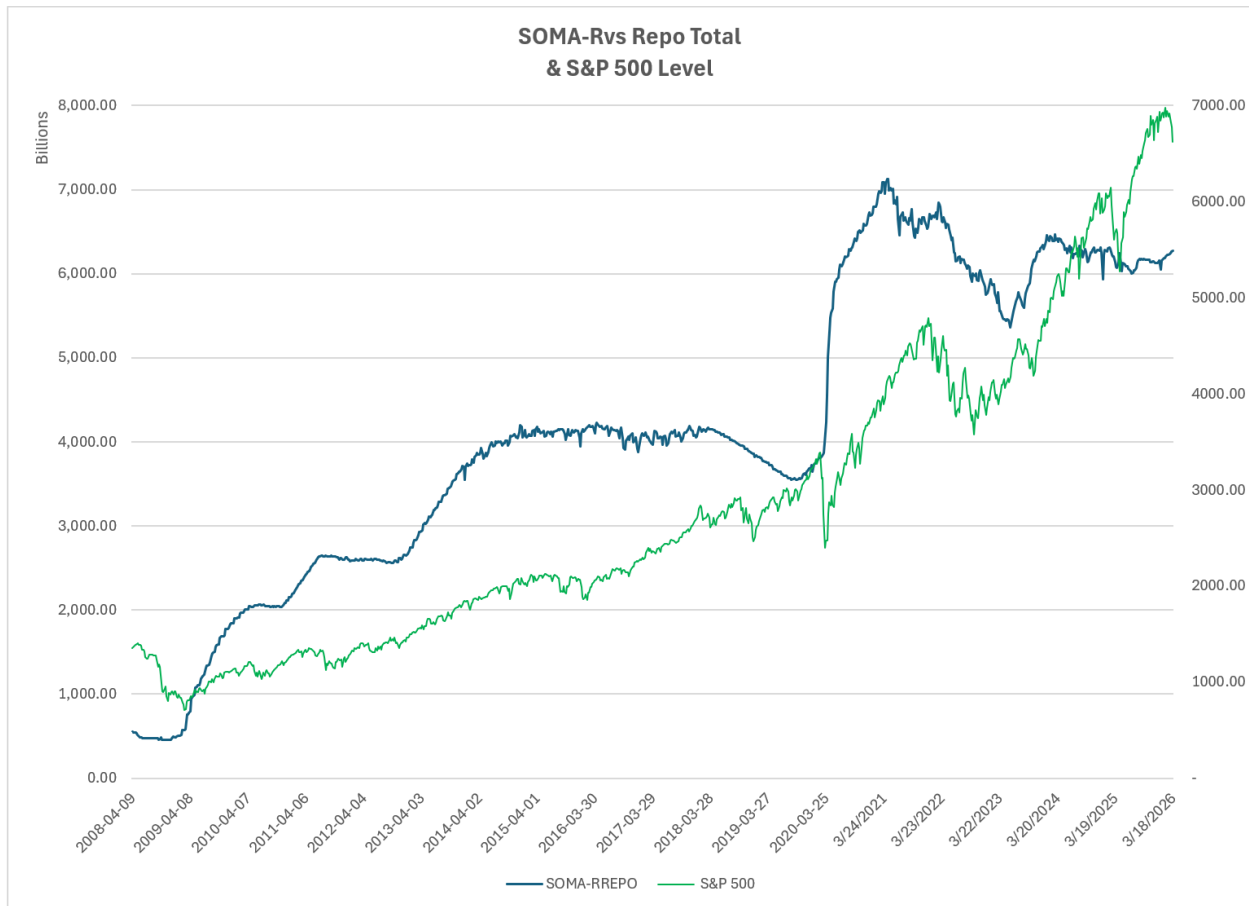
The major stock indices posted losses again this past week. It was the 4th week in a row and the 6th in the last 7 weeks that SPX declined. The SPX closed down 1.9%, the NASDAQ dropped 2.1%, and the Russell 2000 declined 1.7%. Bonds also had a rough time. The US Aggregate Bond ETF (AGG) closed down 0.55%. TLT, the 20-year Treasury Bond ETF, dropped 0.8%. The long-term trend is down based on most indicators (except for the Golden Cross / Death Cross which often lags). There were not any studies that emerged in the last few days 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 18, 2026 📅	
Posted March 19, 2026 at 4:30 PM	
SUMMARY T-BILLS T-NOTES AND T-BONDS FRNS TIPS AGENCY DEBTS MBS CMBS	
SECURITY TYPE	TOTAL (\$Thousands)
US Treasury Bills (T-Bills)	365,487,926.7
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***	2,002,687,421.0
Agency Commercial Mortgage-Backed Securities***	7,682,465.3
Total SOMA Holdings	6,269,019,321.4
Change From Prior Week	6,678,015.5

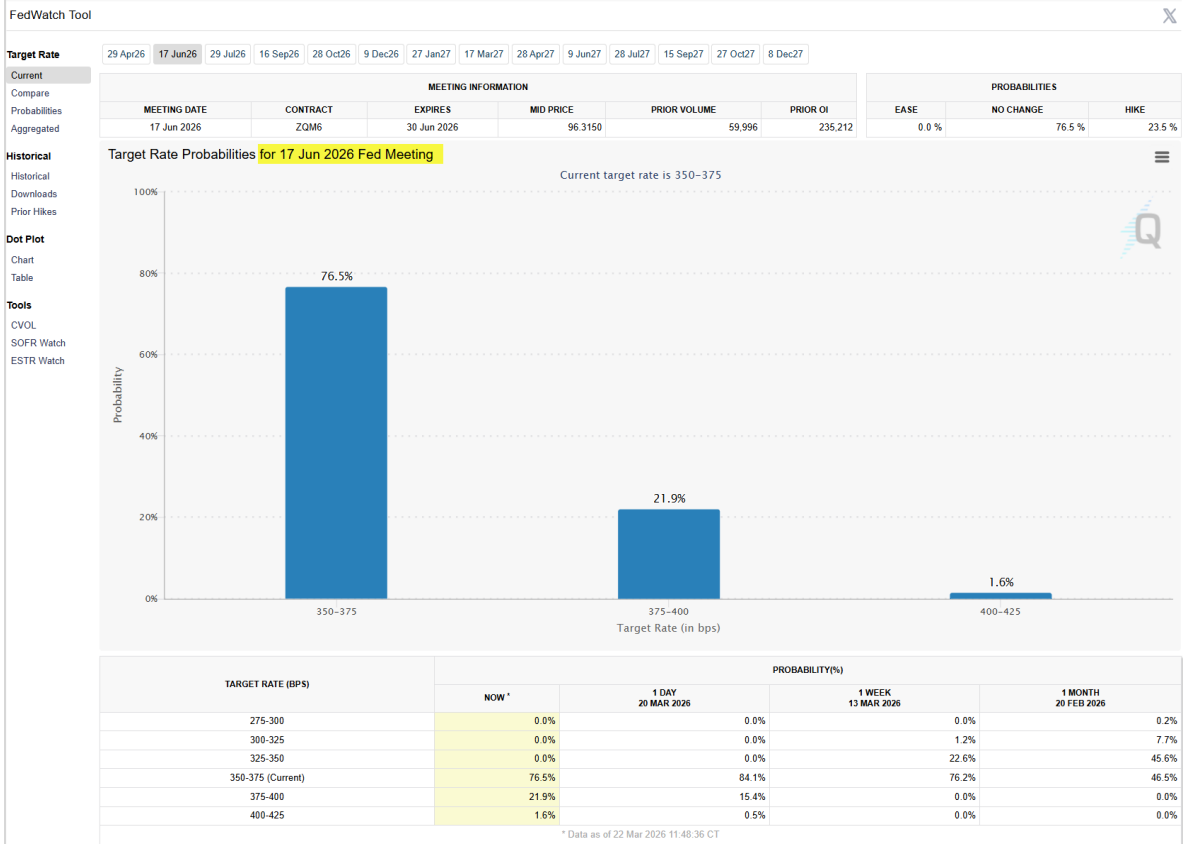
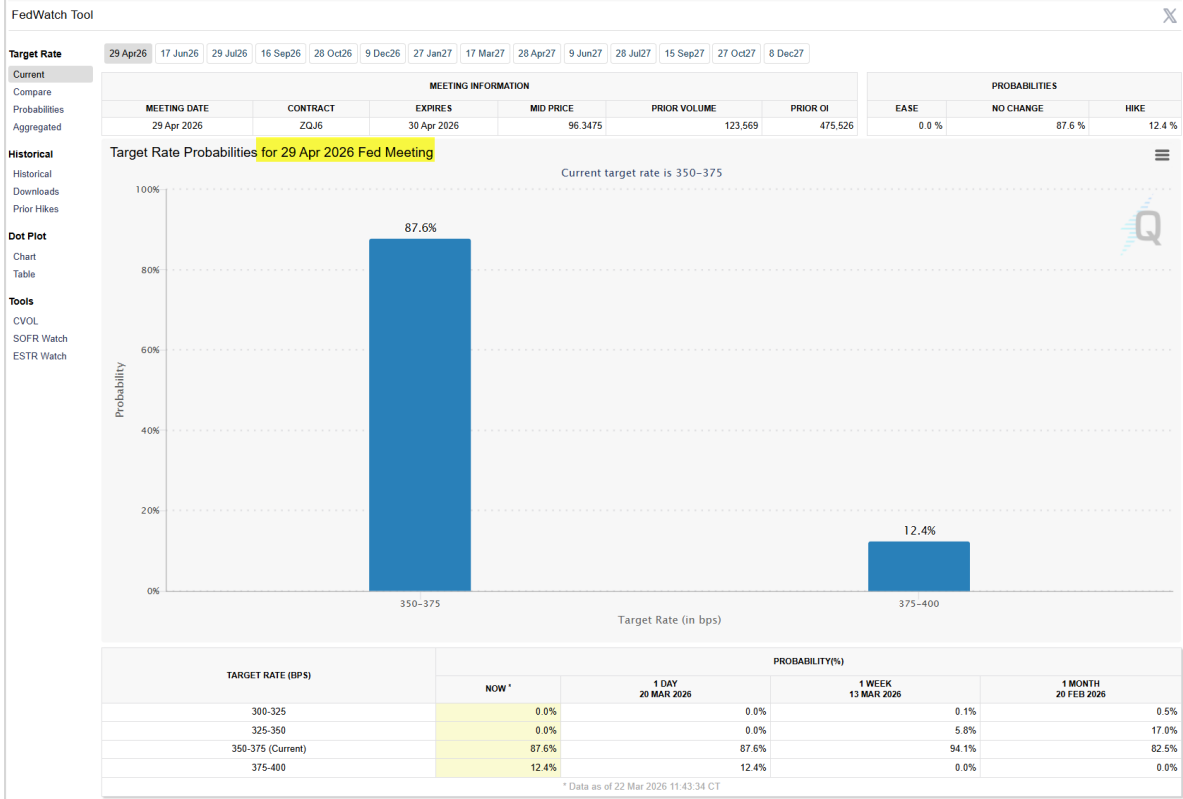
The SOMA rose nearly \$6.7 billion this week, adding some liquidity to the system. Meanwhile, reverse repos rose by a scant \$146 million for the week ending 3/18/26. A rise in reverse repos can act as a liquidity drain. Combined for the week, SOMA and reverse repo action accounted for a

liquidity infusion of about \$6.5 billion (through Wednesday the 18th). 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, but other forces have been pushing the market lower with greater force.

With regards to rates, there was a significant shift this past week. With high oil prices stoking inflation fears, odds of a cut over the next few meetings have dropped to 0%, and we are now seeing odds of a rate hike moving from 0% to higher. The chance of rates being higher in April is 12.4%, and the June meeting shows a 23.5% chance of an increase from current levels. 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 looks pretty far out.

Overall, intermediate-term evidence is pretty weak. The trend seems to have turned south after being mostly sideways for a few months. On Friday SPX closed at its lowest level since September. On the plus side, the Fed appears dovish since it is increasing the size of the SOMA. So liquidity is positive. Of course this could turn more neutral than bullish if rates hikes come into play. There was not a breadth divergence leading up to the recent highs, which 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)
LOW – 1/3 @ \$237.59 (bought @ limit)
UNP – 1/3 @ \$236.57 (bought @ limit)
UNP – 1/3 @ \$234.18 (buy @ limit)

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

Additional New Trade Ideas

None tonight.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
UPS(1/3)	3/6/2026	\$101.87	\$95.86	-5.90%	Catapult
UNP(1/3)	3/11/2026	\$250.21	\$234.92	-6.11%	Catapult
SPY(1/4)	3/13/2026	\$666.05	\$648.57	-2.62%	Aggregator
UNP(1/3)	3/19/2026	\$236.22	\$234.92	-0.55%	Catapult
LOW(1/3)	3/19/2026	\$230.46	\$224.63	-2.53%	Catapult
UNP(1/3)	3/20/2026	\$234.18	\$234.92	0.32%	Catapult
SPY(1/4)	3/20/2026	\$648.57	\$648.57	0.00%	Aggregator

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