

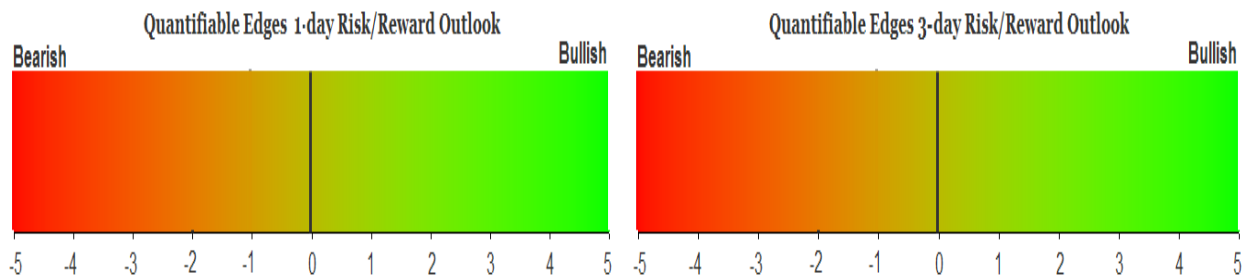
# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

April 7, 2026

Volume 20 Issue 64

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Flat	0

## Tonight's Research Points

- Rising SPY prices and dropping SPY volume over the last few days suggest a short-term bearish edge.
- When both the VIX and SPX close higher on a Monday that often suggests a bearish edge.
- QQQ closing at a 10-day high on low volume below the 200ma has often led to dips the next day.
- 3+ days up from a 50-day low is often followed by more rallying.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator is neutral. Evidence is turning more bearish, but there is not a clear and compelling setup yet.

**Summary of Recent 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
<b>Active - Short Term</b>						
April 7, 2026	SPY up 3+ with vol lower 3. Close < 200ma	1-3 days	Bearish	-2.70%	1.50%	3.00%
April 7, 2026	SPX up VIX up on Monday. SPX < 200ma	1-5 days	Bearish	-3.60%	2.00%	3.70%
April 7, 2026	QQQ 10-hi on 10-low vol. C < 200	1 day	Bearish			
April 7, 2026	Up 3+ from 50-low. NR7.	1-3 days	Bullish	1.70%	-1.20%	-2.90%
April 1, 2026	20-Lo Up 2% top of range high volume	1-5 days	Bullish			
March 31, 2026	3-days down. 20-low. Small drop today.	1-7 days	Bullish	3.80%	-2.00%	-3.90%
<b>Active - Long Term</b>						
April 7, 2026	SPY up 3+ with vol lower 3. Close < 200ma	1-20 days	Bearish	-7.20%	2.70%	4.60%
April 6, 2026	NASDAQ leading	int term	Bullish			
March 30, 2026	SPX down 5 straight weeks	1-6 months	Bearish	-13.10%	8.60%	16.80%
March 9, 2026	Hindenburg Omen cluster	1-35 days	Bearish			
December 15, 2025	QE active. Rates dropping. Fed dovish	int term	Bullish			
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**

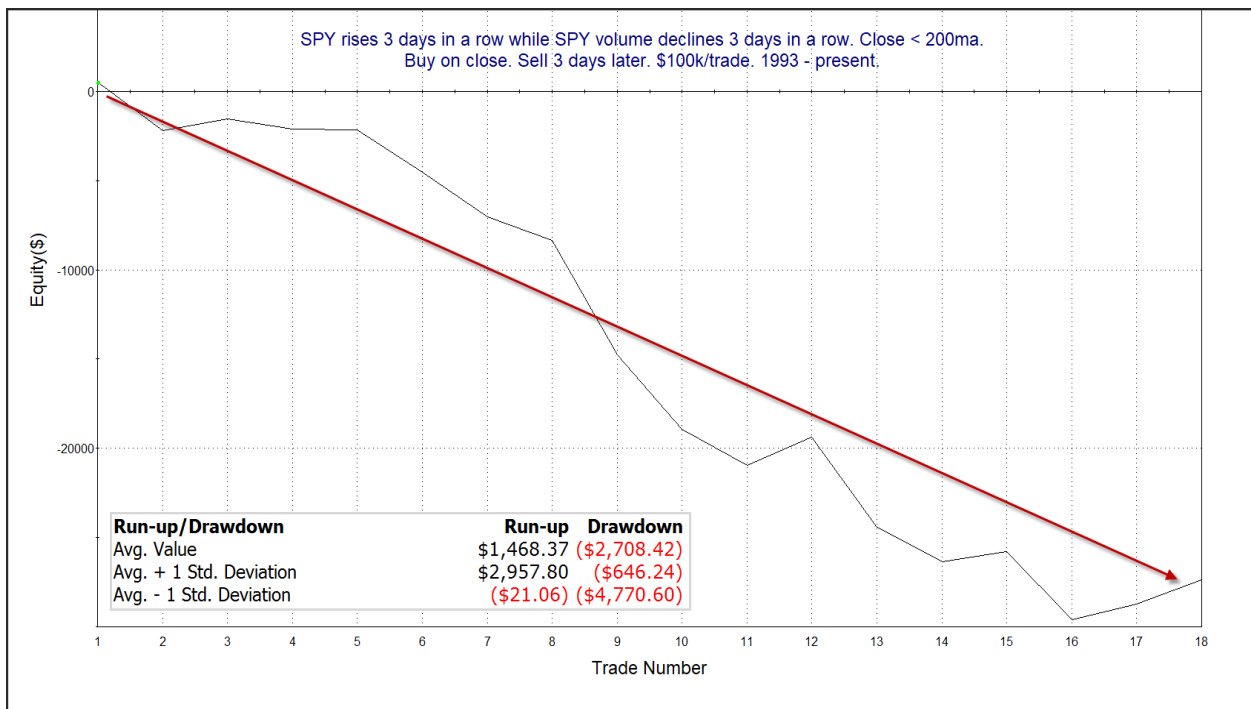
Monday saw gains for most of the indices. SPX finished up 0.4%, the NASDAQ gained 0.5%, and the Russell 2000 climbed 0.4%. Breadth was positive as the NYSE Up Issues % closed at 63% and the NYSE Up Volume % posted a 62% reading. NYSE total volume rose a little from Thursday's light level.

There were several studies that triggered in the Quantifinder. I will cover some of the most relevant and compelling ones. A few studies noted SPY volume. The one below I found to be especially appealing, and worth showing again because it seems to suggest not just a short-term edge, but perhaps an intermediate-term one as well. It is updated from the 4/29/25 letter.

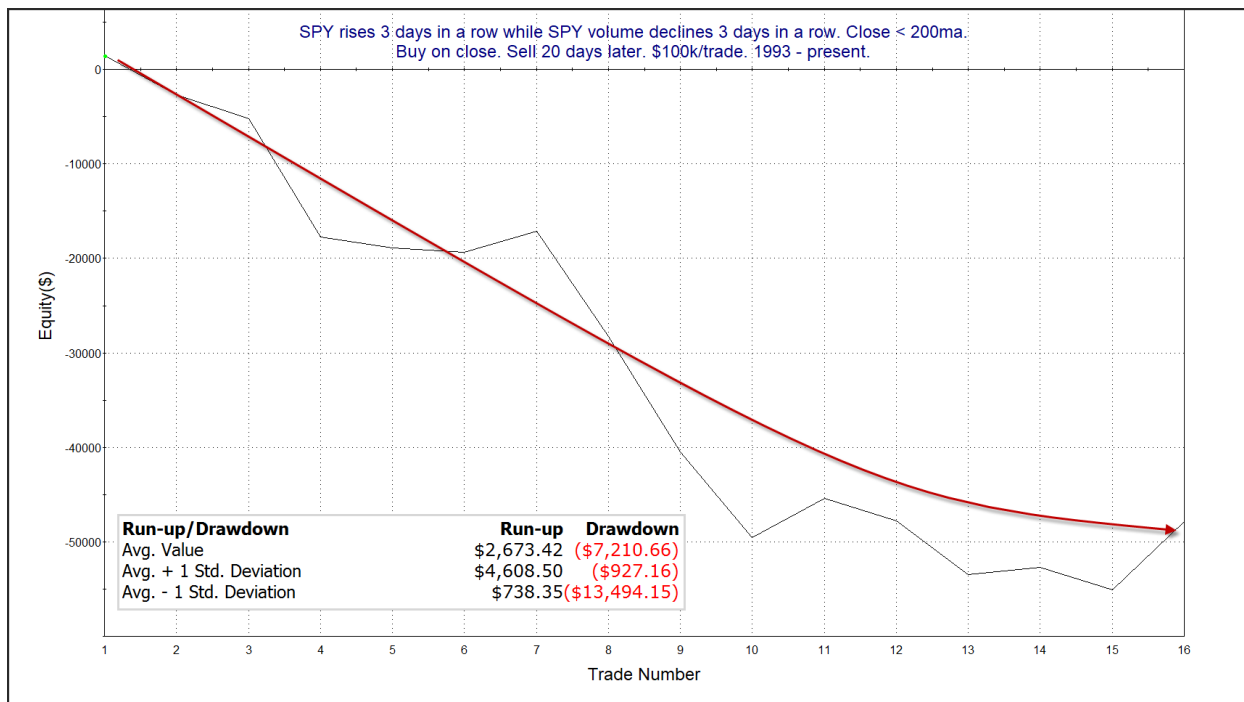
SPY rises 3 days in a row while SPY volume declines 3 days in a row. Close < 200ma.  
Buy on close. Sell X days later. \$100k/trade. 1993 - present.

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
20	-47,824.26	16	5	11	31.25	7,294.30	-12,586.76	3,192.11	-5,798.62	0.55	0.25	-2,989.02
19	-44,474.79	16	6	10	37.50	5,115.06	-15,435.00	2,387.64	-5,880.06	0.41	0.24	-2,779.67
18	-35,942.76	18	8	10	44.44	5,855.31	-11,688.04	2,621.07	-5,691.14	0.46	0.37	-1,996.82
17	-31,628.48	18	6	12	33.33	5,793.81	-8,411.13	2,954.91	-4,113.16	0.72	0.36	-1,757.14
16	-23,877.51	18	6	12	33.33	7,602.00	-11,782.05	4,011.68	-3,995.63	1.00	0.50	-1,326.53
15	-30,944.13	18	6	12	33.33	7,964.00	-12,430.32	3,756.37	-4,456.86	0.84	0.42	-1,719.12
14	-39,085.30	18	6	12	33.33	7,846.35	-18,100.11	3,568.74	-5,041.48	0.71	0.35	-2,171.41
13	-33,888.85	18	8	10	44.44	7,169.41	-22,288.14	2,175.89	-5,129.59	0.42	0.34	-1,882.71
12	-18,187.67	18	10	8	55.56	6,649.94	-16,062.69	2,169.16	-4,984.91	0.44	0.54	-1,010.43
11	-10,139.20	18	10	8	55.56	6,514.19	-10,320.87	2,271.04	-4,106.20	0.55	0.69	-563.29
10	-13,088.63	18	9	9	50.00	5,817.34	-11,977.56	2,565.80	-4,020.10	0.64	0.64	-727.15
9	-18,040.58	18	9	9	50.00	4,481.28	-10,794.21	2,124.37	-4,128.88	0.51	0.51	-1,002.25
8	-21,328.83	18	7	11	38.89	6,231.78	-11,701.12	2,824.20	-3,736.20	0.76	0.48	-1,184.94
7	-22,951.39	18	9	9	50.00	2,649.09	-11,617.41	1,384.29	-3,934.44	0.35	0.35	-1,275.08
6	-21,396.29	18	7	11	38.89	1,720.62	-7,552.86	1,440.75	-2,861.96	0.50	0.32	-1,188.68
5	-21,215.14	18	7	10	38.89	2,551.35	-6,540.81	1,451.20	-3,137.35	0.46	0.32	-1,178.62
4	-23,251.20	18	5	13	27.78	2,879.71	-6,615.42	1,622.76	-2,412.69	0.67	0.26	-1,291.73
3	-27,347.28	18	6	12	33.33	1,564.94	-6,431.25	927.30	-2,742.59	0.34	0.17	-1,519.29
2	-11,332.42	19	7	12	36.84	5,169.81	-5,350.20	1,342.43	-1,727.45	0.78	0.45	-596.44
1	2,939.54	22	12	10	54.55	3,862.77	-8,857.80	1,439.52	-1,433.47	1.00	1.21	133.62

Here we see what appears to be a strong downside inclination. Below is the 3-day profit curve.



The persistent downslope is compelling. I also ran the 20-day curve.



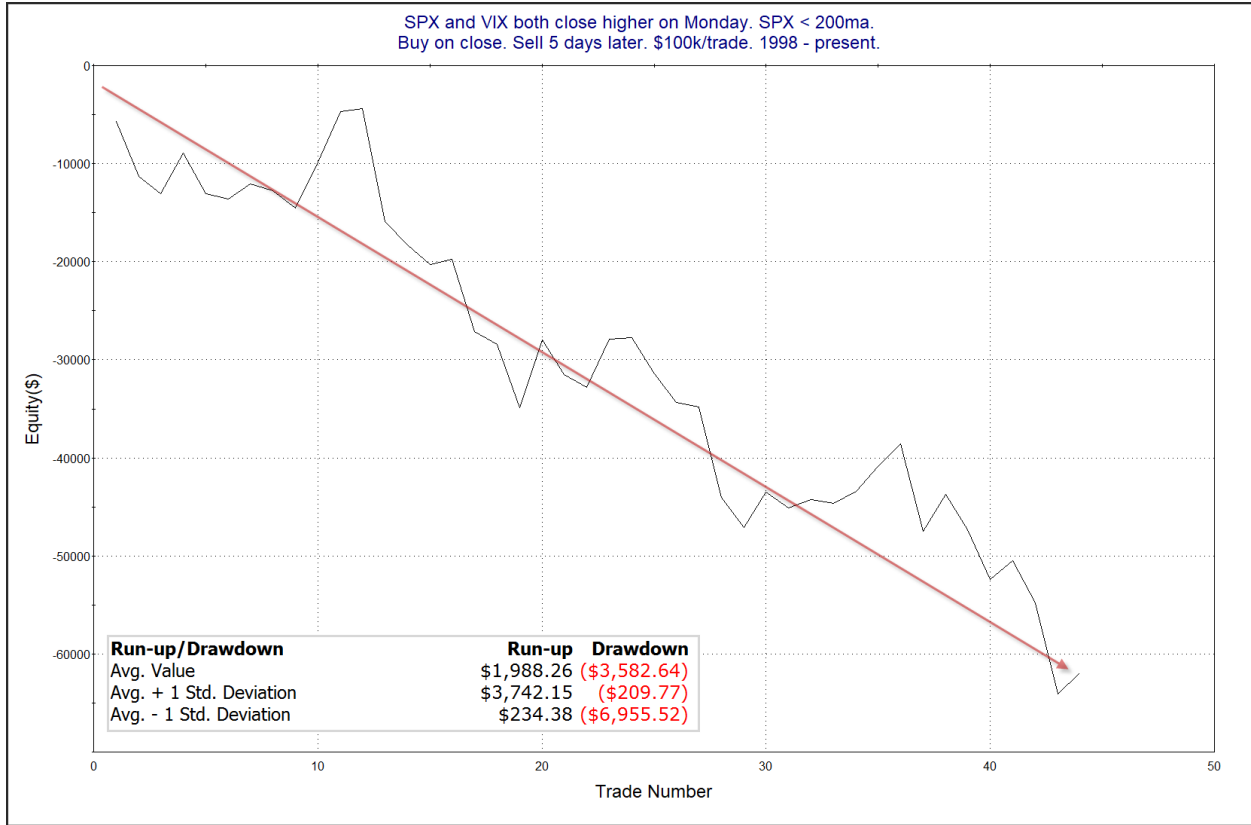
Despite the failure on the last instance, that is an impressive move from upper left to lower right. And the runup/drawdown stats are heavily skewed to the downside. I have included this study on the short and intermediate-term Active Lists tonight.

In addition to the rise in the SPX on Monday we also saw a rise in the VIX. As a reminder, the VIX has a natural tendency to rise on Mondays, so while SPX and VIX will typically move in opposite directions, Monday is the most frequent day of the week to see them both close higher. The VIX's tendency to decline Friday afternoons and rise Monday mornings is the reason I typically break out VIX studies by day of week. I will either filter on Mondays, Fridays, or mid-week. Anyway, the action on Monday triggered the following study from the 7/26/22 subscriber letter. I have updated the results.

SPX and VIX both close higher on Monday. SPX < 200ma.  
Buy on close. Sell X days later. \$100k/trade. 1998 - present.

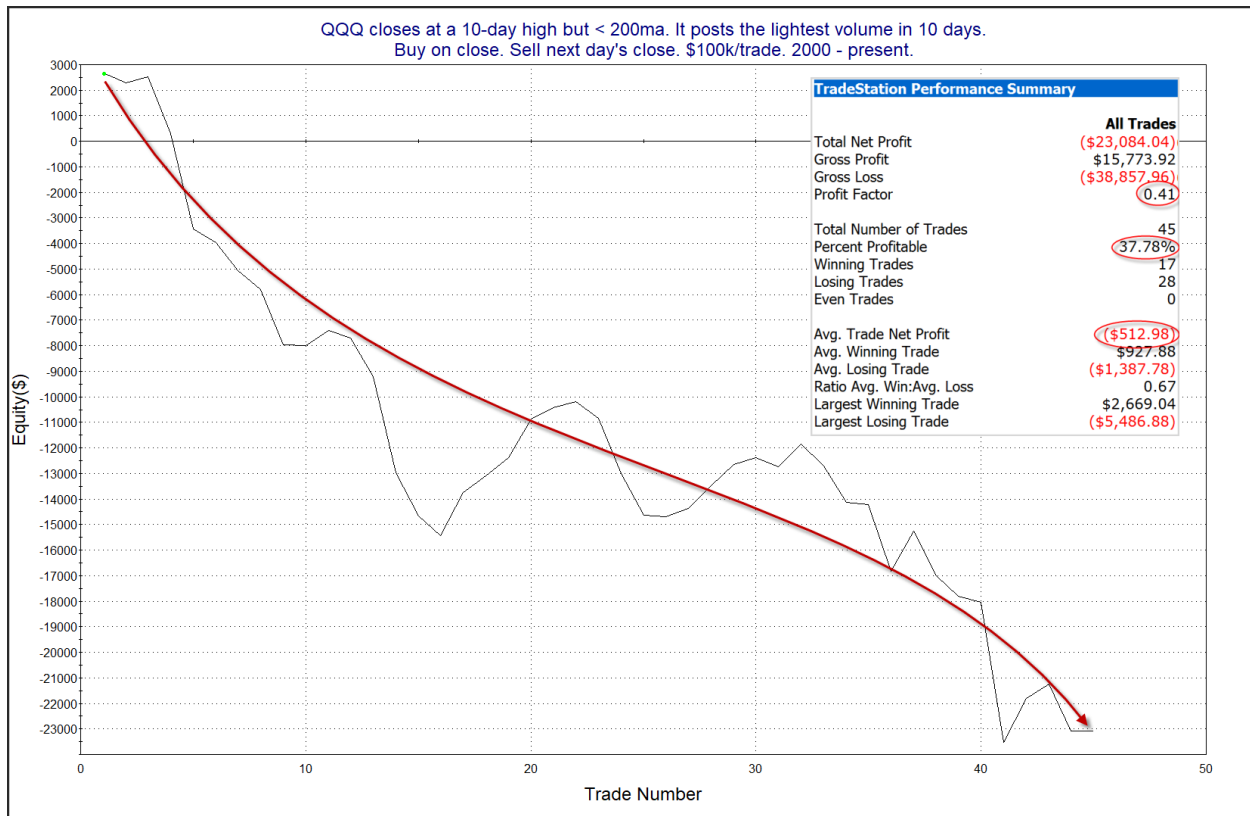
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
5	-61,927.74	44	17	27	38.64	6,877.04	-11,533.34	2,756.21	-4,029.01	0.68	0.43	-1,407.45
4	-37,682.77	45	19	26	42.22	5,607.06	-9,828.00	2,637.05	-3,376.42	0.78	0.57	-837.39
3	-34,723.09	45	18	27	40.00	4,455.68	-6,956.04	1,963.81	-2,595.25	0.76	0.50	-771.62
2	-14,318.54	45	22	23	48.89	3,349.32	-5,441.80	1,446.24	-2,005.91	0.72	0.69	-318.19
1	-9,850.91	45	24	21	53.33	4,699.94	-4,893.07	1,024.90	-1,640.41	0.62	0.71	-218.91

The numbers here all appear to suggest a solidly bearish tendency. Below is a profit curve that assumes a 5-day holding period.

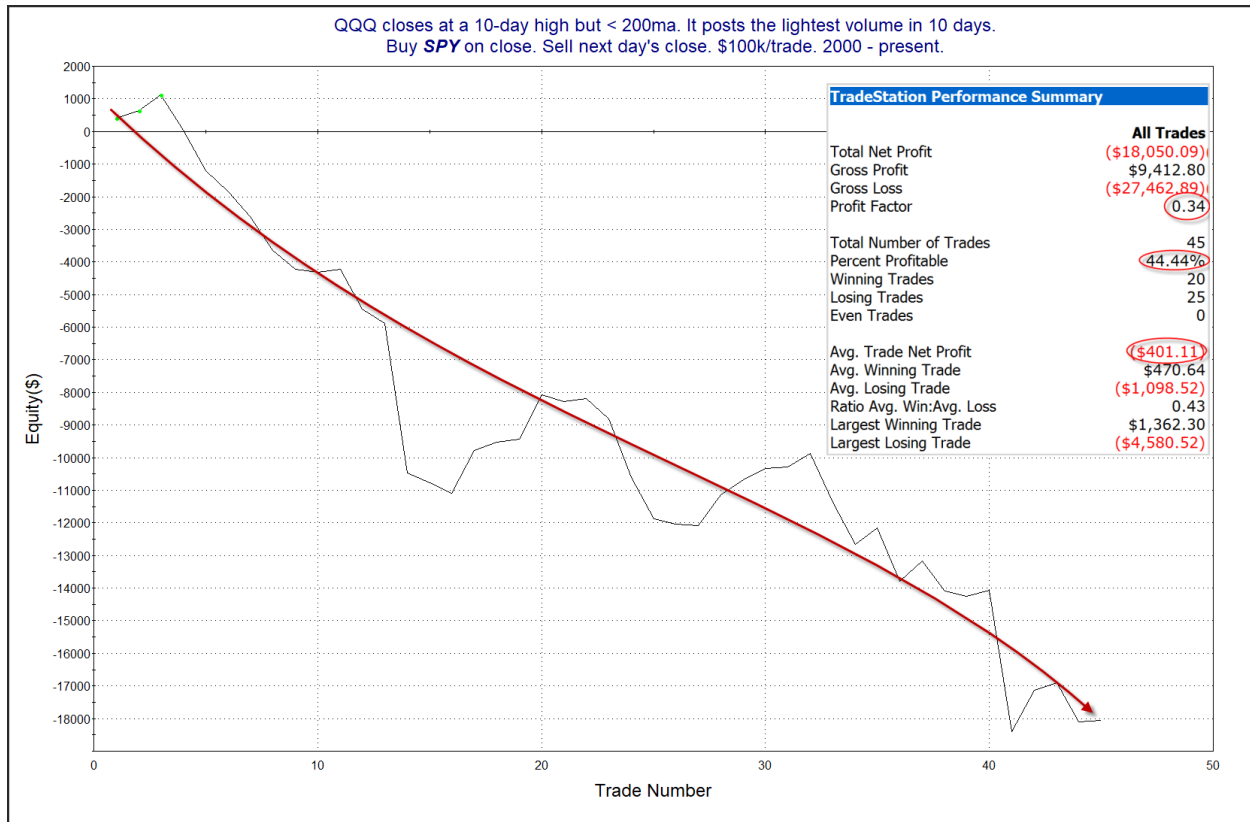


The curve supports the idea of a bearish inclination.

In the 1/11/23 subscriber letter I looked at times QQQ posted a short-term high on light volume during a long-term downtrend. The surprisingly low QQQ volume on Monday caused me to look at that study again tonight. Below are updated stats for a 1-day holding period.



Results look quite bearish. I also looked to see how SPY performed when QQQ acted this way. So here is the 1-day performance of SPY based on the action in QQQ.



Stats here are very similar and suggest that SPY has suffered along with QQQ when QQQ has triggered these signals. Both curves have headed from upper left to lower right for a long time. This study appears worthy of some consideration and I have added it to the Active List tonight.

Between the VIX action and the SPY and QQQ putting in some low volume near the top of the recent range, we are seeing some compelling evidence suggesting a downside edge. But none of these studies take into account the fact that the market is bouncing off an intermediate-term low. And that could be a factor.

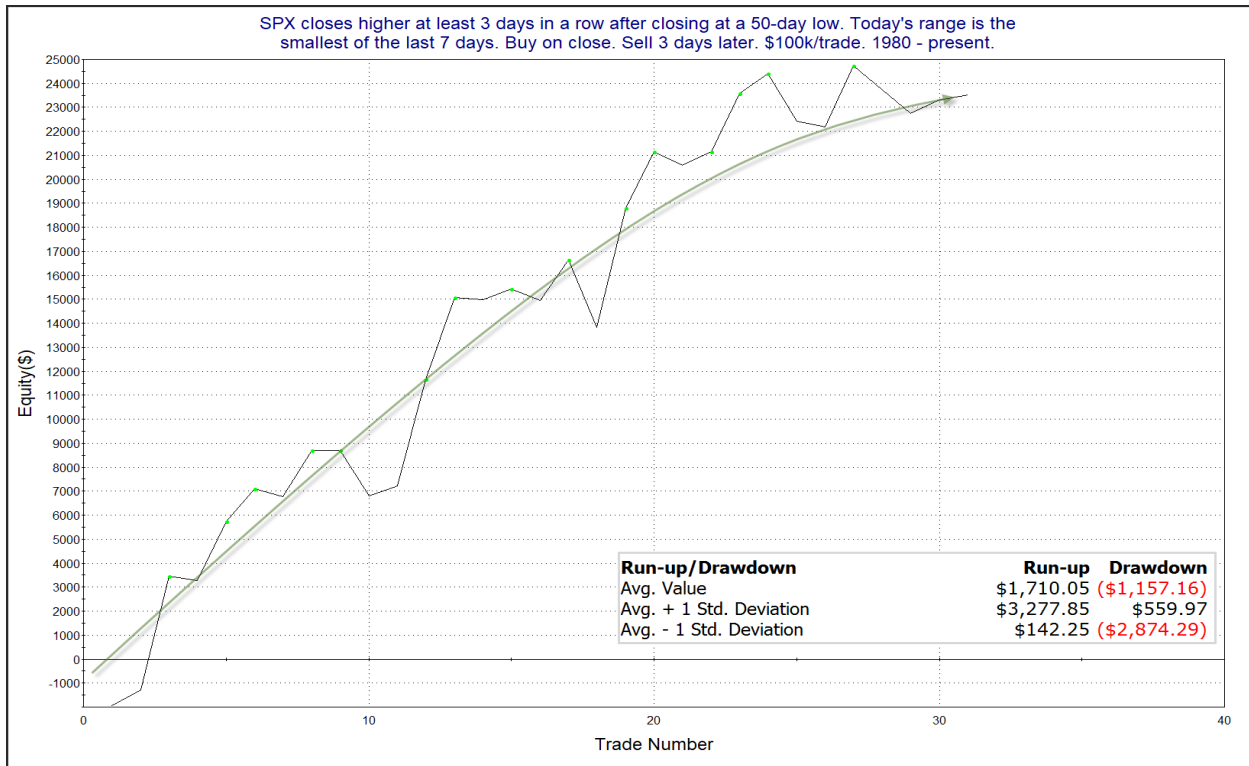
The next study looked at other times the SPX posted at least 3 up days from its 50-day low and underwent a volatility contraction. This is updated from the 2/2/22 letter.

SPX closes higher at least 3 days in a row after closing at a 50-day low. Today's range is the smallest of the last 7 days. Buy on close. Sell X days later. \$100k/trade. 1980 - 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	21,652.70	30	21	9	70.00	6,877.04	-3,446.97	1,896.55	-2,019.43	0.94	2.19	721.76
4	16,301.42	30	19	11	63.33	5,068.10	-5,663.22	1,691.16	-1,439.16	1.18	2.03	543.38
3	23,531.36	31	19	12	61.29	4,989.60	-2,830.50	1,894.37	-1,038.48	1.82	2.89	759.08
2	7,342.24	32	20	12	62.50	2,947.84	-5,264.73	1,231.92	-1,441.35	0.85	1.42	229.45
1	-806.93	41	24	17	58.54	4,699.94	-8,883.33	804.66	-1,183.45	0.68	0.96	-19.68

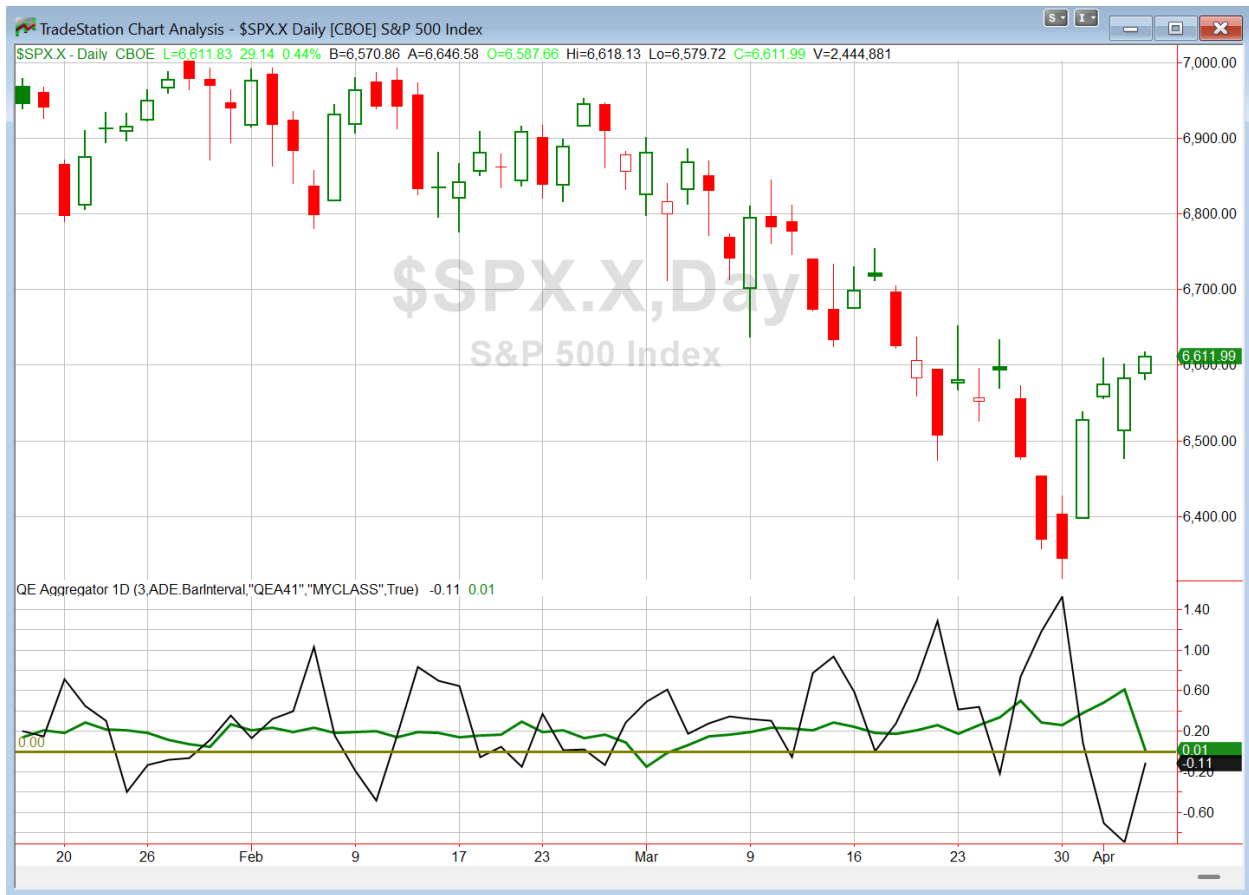
93% of instances closed above the entry price at some point in the next week.

Results here appear to suggest a moderate upside edge. The consistency noted at the bottom of the table is also impressive. Below is a profit curve that assumes a 3-day holding strategy.



The consistency of the curve serves as confirmation of the bullish inclination. So most evidence tonight is leaning bearish, but between this study and a couple still on the active list from last week, there is certainly mixed messages being sent from the market.

I have updated the Aggregator chart below.



With tonight's evidence considered, the green Aggregator Line remained (slightly) above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held below zero. The negative Differential Line reading means that SPX is overbought versus recent expectations. So expectations are positive but SPX is overbought. This is considered a neutral configuration. Neutral configurations are visible on the chart whenever both lines close on opposite sides of zero. Therefore, the Aggregator formation stayed flat at the close.

Based on the current list of active studies, expectations are set to flip negative on Tuesday. This could change if strong bullish evidence emerges. Meanwhile, the Differential Pivot will be *inverted* at 6649.72. That is 0.6% *above* Thursday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX is going to need to close up about 0.6% on Tuesday in order to remain overbought. Anything less than that and it will flip to "oversold" versus recent expectations as of Tuesday's close.

So the Aggregator is again neutral. Expectations are set to flip negative, overbought could easily change to oversold, and evidence is greatly mixed. So arrows are pointing in all different directions. I am not excited about taking on new exposure here, and will want more clarity and more favorable reward/risk before looking to take on a new index trade. Holding tight for now.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 4/6 – neutral*

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

**None**

### ***Broad Market Large Cap CBI – 0***

## **Additional New Trade Ideas**

**None tonight.**

## **Current Open Trade Ideas**

**None**

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