ALPHAQUERY INTELLIGENCE

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Crashing Above the Trend: INTC's −16% Week Inside an Intact Uptrend

A five-day rate-of-change below −15% with price still above the 65-day moving average has occurred four times since 1998. The edge is real — but it survives only if you refuse to use a stop-loss. Which is why the trade is an option, not the stock.

SITUATION

Intel closed July 7, 2026 at **$110.39**, down **−16.2%** on a rolling five-session basis, while remaining **+7.1%** above its 65-day moving average ($103.10). This is a rare geometry: a crash-velocity decline occurring inside a still-intact intermediate uptrend — in this case, the extraordinary run from roughly $49 in late January to $130+ in June. The strict configuration (ROC5 ≤ −15%, close > 65d MA, de-clustered at 21 sessions) has fired exactly four times in 7,131 trading days: December 2002, February 2025, May 2026, and today.

EXHIBIT 1 — INTC 1998-2026, SIGNAL EVENTS

Log scale. Gold markers: ROC5 ≤ −10% while above 65-day MA (broadened cohort, N=9 + current).

TENSION

Three prior instances cannot support a statistical claim, so we broadened the threshold to −10% under the identical trend filter, yielding nine de-clustered events. The cohort tells a coherent, three-act story: **(1)** days 1–10 are chop-to-negative (mean 10-day forward return −2.6%, win rate 44%); **(2)** the average event suffers roughly **−10% additional drawdown** before resolving (mean 21-day max adverse excursion −10.1%); **(3)** the

63-day resolution skews decisively positive — 75% win rate, +19.0% mean, +7.2% median against a +2.3% all-days baseline median — because the trend filter guarantees the intermediate uptrend was intact at entry.

EXHIBIT 2 — FORWARD PATHS, 63 TRADING DAYS

Indexed to 0% at signal close. Gold: cohort average. The valley-then-recovery shape is the entire problem — and the entire opportunity.

Event	ROC5	vs MA65	+10d	+21d	+63d	MAE 21d	MFE 21d
1999-09-24	-10.6%	+2.3%	+0.0%	-5.8%	+9.9%	-13.9%	+3.3%
2000-03-30	-11.0%	+17.0%	-4.6%	+0.1%	+3.8%	-13.0%	+7.7%
2002-12-06	-10.4%	+11.9%	-9.1%	-10.9%	-15.2%	-16.8%	-2.6%
2021-01-28	-10.2%	+13.4%	+8.9%	+12.8%	+4.6%	-1.0%	+13.4%
2023-09-20	-10.4%	+0.3%	+3.6%	+2.8%	+34.9%	-2.5%	+6.3%
2025-02-25	-16.1%	+7.5%	-14.0%	+1.9%	-10.6%	-14.0%	+12.7%
2025-11-04	-10.8%	+22.4%	-7.3%	+9.4%	+30.3%	-9.2%	+18.2%
2026-01-28	-10.1%	+21.6%	-1.0%	-6.5%	+94.2%	-10.6%	+3.7%
2026-05-15	-12.9%	+70.1%	+0.5%	+7.6%	—	-8.8%	+17.6%
2026-07-07 ▶	-16.2%	+7.1%	?	?	?	?	?

The stop-loss paradox. We backtested the intuitive rule — enter at signal, exit on two consecutive closes below the 65-day MA, otherwise hold 63 days. It gets stopped in **7 of 8 events**, producing a **12% win rate and −4.7% expectancy per trade**. The identical entry with no stop produces +19.0% mean / 75% win. The entire edge lives on the far side of a drawdown that pierces the very moving average defining the setup. Long stock with disciplined risk management is a losing trade; long stock without it violates risk management. This is the signature of a position that wants to be expressed in options.

OPTIONS

Realized volatility is running at extraordinary levels — **101% (20-day)** and **100% (60-day)** annualized — meaning implied vol on 60–90 day tenors is likely 70–100%. That single fact disqualifies long premium: at 85% IV, a 63-day ATM call costs ~17% of spot, more than double the +7.2% median historical outcome. It also makes *selling* premium mechanically rich. We evaluated five structures against the eight completed historical 63-day outcomes:

EXHIBIT 3 — STRUCTURE COMPARISON, EMPIRICAL 63-DAY P&L (IV = 85%)

Return in % of spot (options structures) applied across the eight historical outcomes. Short put returns shown on same basis.

Structure (63d tenor)	Mean	Median	Win rate	Worst event
Long stock, no stop	+19.0%	+7.2%	75%	-15.2%
Long stock, MA-stop rule	-4.7%	-5.3%	12%	-10.8%
Long ATM call (110)	+5.1%	-9.8%	38%	-17.4%
110/135 call spread	+3.4%	+0.1%	50%	-7.5%
Short 103 put (cash-secured)	**+11.1%**	**+12.7%**	**100%**	**+4.1%**
103/85 put spread sale	**+5.3%**	**+6.8%**	**88%**	**-1.7%**

The put structures dominate because they monetize the two empirical regularities simultaneously: the strike sits at the 65-day MA ($103), the level the MAE data says gets tested two-thirds of the time *and recovered from*; and the ~85–100 IV premium is fat enough that even the worst completed outcome in the sample (–15.2%, terminal price ≈ $93.6) leaves the cash-secured put profitable at expiry. The put spread caps the tail that the historical sample cannot rule out.

EXHIBIT 4 — MAX ADVERSE VS. MAX FAVORABLE EXCURSION, 21 DAYS

The drawdown that kills the stopped stock trade is the same drawdown the short put is paid to underwrite.

RECOMMENDATION

Verdict: Makes the cut — as a short-put-structure trade, not a stock trade.

Primary expression: Sell the ~63-day 103/85 put spread (strikes at the 65d MA and the measured-move floor) for an estimated ~$7.5 credit against $10.4 max risk. Empirical Kelly on the eight completed events runs implausibly high (84% full / 42% half); applying the AQ small-sample haircut (N=8, three events drawn from the last 18 months, one +94% outlier in the underlying), we would size at **10–15% of the options risk budget** — a deep fractional Kelly consistent with an edge we believe directionally but cannot certify statistically.

Aggressive variant: Cash-secured 103 put for investors content to own INTC 6.7% lower — 100% empirical win rate at expiry, though mark-to-market drawdowns mid-trade will be violent.
Rejected expressions: long stock with a stop (negative expectancy), long calls (IV too rich), outright short (0-for-8 at 63 days ex-2002).

MECHANICS

Entry: sell to open the 103/85 put spread, ~63 DTE, targeting ≥40% of width as credit. **Management:** no stop — the structure *is* the stop; max loss is defined at entry. Take profits at 75% of credit captured or 21 DTE, whichever first. **Invalidation of thesis (not of position):** a weekly close below $85 would mark the setup as a 2002-style trend failure and argue against re-loading. **Watch:** day 10 is historically the low-water mark of the pattern; weakness into that window is expected behavior, not signal failure.