ALPHAQUERY INTELLIGENCE

Caterpillar at the 65-Day Line

Regime persistence, break dynamics, and the case for a tactically bearish 30-day posture — with a 6-month long re-entry map

CLOSE 7/15/26	65-DAY MA	OFF 6/30 HIGH	BUFFER TO BREAK
914.30	**903.05**	**−14.1%**	**+1.25%**

Situation

CAT closed 7/15 at 914.30, holding 1.25% above a 65-day moving average that is itself rising roughly 10% per month — the arithmetic residue of the March–June parabola. The stock has already surrendered 14.1% from its 6/30 high close of 1,064.90 *without* printing a break. That decline already sits at the extreme of the historical high-to-break distribution (max observed: −13.9%, March 2026), meaning the damage that normally precedes a 65-day break has, in this instance, largely preceded the signal itself.

Regime History: Consecutive Sessions Above the 65-Day (Jul 2023 → Present)

Period Above	Days	Return	High Close	Break Close	High→Break
06/02/23 – 10/02/23	84	+20.5%	277.25	258.35	−6.8%
12/08/23 – 04/24/24	94	+41.2%	367.90	329.04	−10.6%
05/07/24 – 05/23/24	13	+1.7%	353.13	339.65	−3.8%
08/13/24 – 09/04/24	16	−0.6%	348.07	326.04	−6.3%
09/12/24 – 12/11/24	64	+14.9%	408.94	373.53	−8.7%
01/17/25 – 01/29/25	8	+2.2%	401.33	369.19	−8.0%
05/12/25 – 03/27/26	221	+104.8%	773.53	666.16	−13.9%
03/31/26 – current	73	+29.3%	1,064.90	– holding –	−14.1%*

* Peak-to-current decline absorbed while still above the MA. Median high→break loss for 40+ day runs: −9.7%. One- to seven-day whipsaw stubs excluded from table; included in event sample.

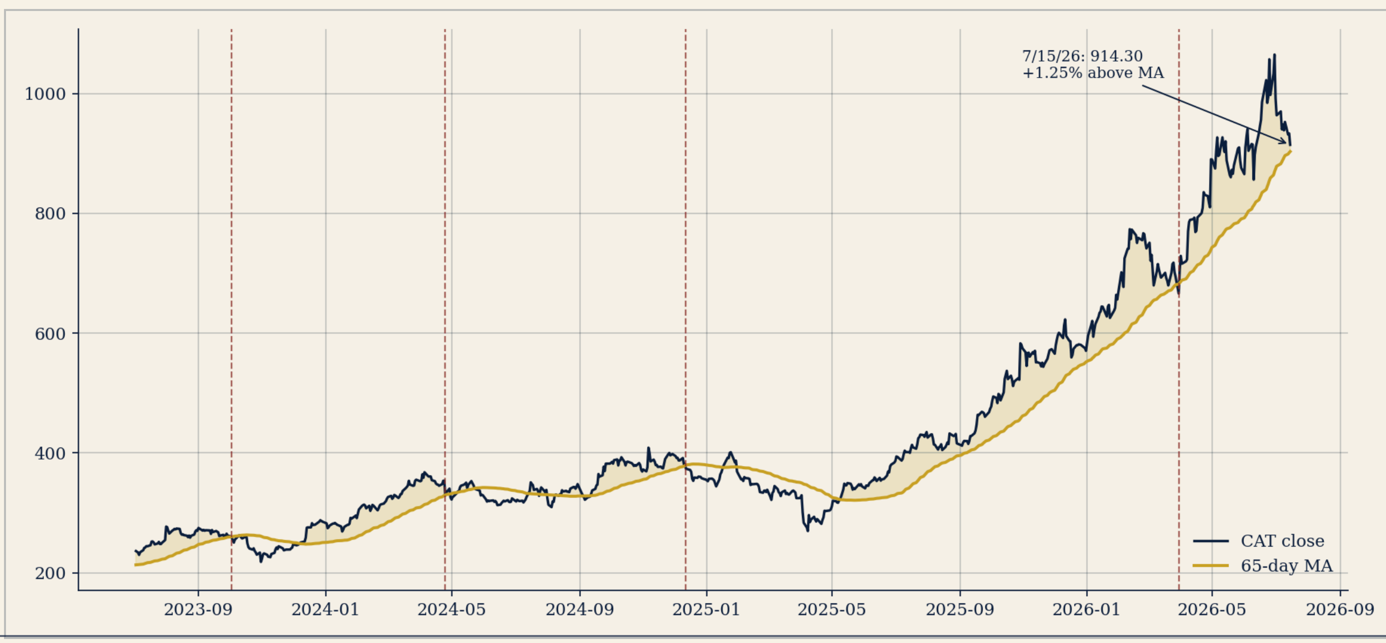

FIG. 1 — CAT vs 65-day MA, Jul 2023–Jul 2026. Dashed verticals: breaks following ≥40-session runs above.

Forward Returns: Entry at t+1 Close After Break (≥40-Day Runs, N=8, 2019–2026)

Convention: signal prints at the t0 close below the 65-day; position entered at the t+1 close. All forward returns measured from the t+1 fill. Events: Jan-20, Jun-21, May-22, Feb-23, Oct-23, Apr-24, Dec-24, Mar-26.

Session	Median	Mean	% Pos	Min	Max
+1	−0.2%	+0.2%	50%	−1.7%	+3.1%
+3	−0.5%	−1.0%	50%	−4.4%	+2.4%
+5	+0.5%	+0.6%	50%	−5.4%	+8.9%
+7	+0.8%	+0.8%	63%	−9.1%	+11.6%
+9	+1.5%	+1.6%	63%	−4.1%	+12.1%
+12	−3.6%	−0.3%	38%	−5.9%	+12.2%
+15	−1.7%	+0.2%	38%	−8.7%	+14.4%
+18	−4.0%	+0.3%	38%	−8.2%	+17.2%
+21	−1.2%	+1.3%	50%	−9.3%	+25.9%
+25	−4.9%	−0.2%	38%	−13.0%	+31.1%
+30	−4.4%	−2.9%	12.5%	−15.0%	+27.6%

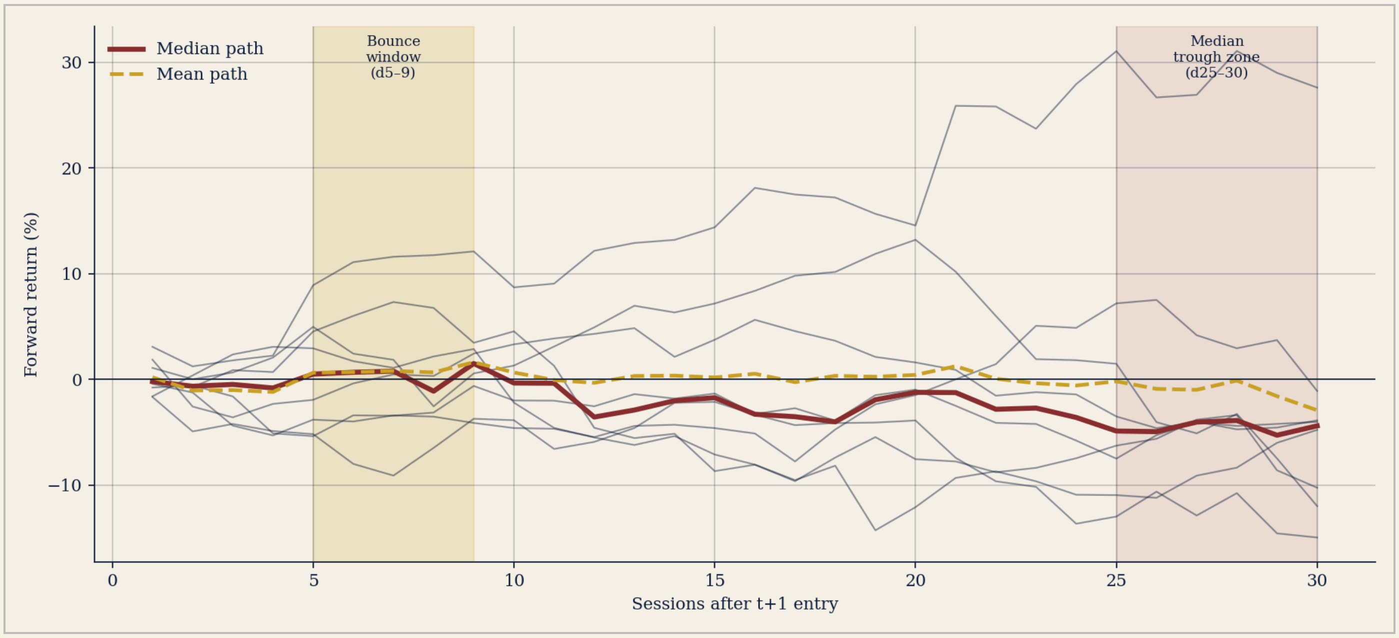

FIG 2 — Forward return paths from t+1 entry. Gold band: reflexive bounce window (d5–9, median peak +1.5%). Red band: median trough zone (d25–30).

> **The core statistic:** at 30 sessions after a t+1 entry, the median path is `−4.4%`, the mean is `−2.9%`, and only **1 of 8** instances was positive. The single winner (Mar-26) also carried the worst entry slippage in the sample — a 6% overnight gap against the t+1 fill. Buying the day after a long-run break has lost money in seven of eight instances since 2019.

Longer-Horizon Base Rates (from break-day close)

Cohort	+42d Med	+63d Med	+63d %Pos	+126d Med	+126d %Pos	Worst DD ≤63d (Med)
≥40-day runs (N=8)	−5.8%	−8.9%	38%	+12.3%	57%	−13.7%
All breaks since Jul '23 (N=12)	−0.4%	+6.9%	83%	+15.3%	91%	−5.3%

The two cohorts tell one story on two clocks: the 1–6 week window after a long-run break skews decisively negative; the 3–6

Recommendation: Tactically Bearish, 30-Day Horizon

A close below ~903 is treated here as a **sell/short signal on the 2–6 week clock** and an accumulation setup on the 3–6 month clock. The posture is bearish first because the near-window statistics are unambiguous, the entry mechanics favor the short side (losers filled at or better than signal; the lone winner gapped away), and the stock arrives at the line having already exhausted the historical high-to-break distance — leaving the reflexive-bid case resting entirely on one observation from the same parabolic regime now in question.

Mechanics — The 30-Day Playbook

Phase	Sessions	Action	Historical Basis
Trigger	t0	Close < 65-day MA (~903). No action at t0 close.	Signal definition; first 4 sessions are noise around flat
Entry	t+1 → d5–9	Initiate/scale short into the bounce; d5–9 median +1.5%, 63% pos — fade it, don't chase it	Median path local max at day 9
Hold	d10–24	Core short; median rolls to −3% to −5% region	Median never re-crosses zero after d11
Cover / flip zone	d25–30	Take profits; begin tranche-one long accumulation	Median trough −4.4% to −7.0%; 6-mo base rate +12–15% takes over
Invalidation	any	Reclaim + hold above 65-day within ~10 sessions → cover, stand down	Mar-26 analog: 1-session break, +27.6% in 30d from t+1
Tail scenario	d30+	Failure to reclaim MA by ~3 weeks → Oct-23/Jan-25 analog; do not add long tranches early	−16.7% / −26.9% further, 41–70 sessions below

Sizing note. Risk on the short is the Mar-26 scenario: a one-session break followed by an overnight gap that surrenders ~6% before the first fill. Kelly-fraction sizing should be run against the full path distribution, not the terminal medians — the max-adverse-excursion on the short side within the sample is roughly +12% (d9–10 extremes), which is the honest stop-distance input.

Caveats

1. **N=8.** The long-run cohort is thin. Medians are the operative statistic; means are hostage to the Mar-26 outlier throughout. A block-bootstrap (B=10,000) on the forward windows is the natural hardening step before client distribution.
2. **Regime dependence.** The one path that contradicts the bearish read is the most recent one, from the same reflexive-bid tape currently in question. Whether Mar-26 is the new base case or the outlier is a judgment about the current regime, not a statistical output.
3. **The signal is late by construction.** With the MA rising ~10%/month, part of any break is arithmetic catching up to price. The break carries less bearish information here than under a flat MA — which is precisely why the posture is *tactical* (30 days) rather than a thesis change.

Bottom line. Below 903: short the day-5-to-9 bounce, ride to days 25–30, cover into the median trough, and let the 3–6 month base rates argue for the long book from a 4–7% better level. The break is not where the decline starts; it is where the last month of it gets confirmed.