ALPHAQUERY INTELLIGENCE
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Traverse City, MI

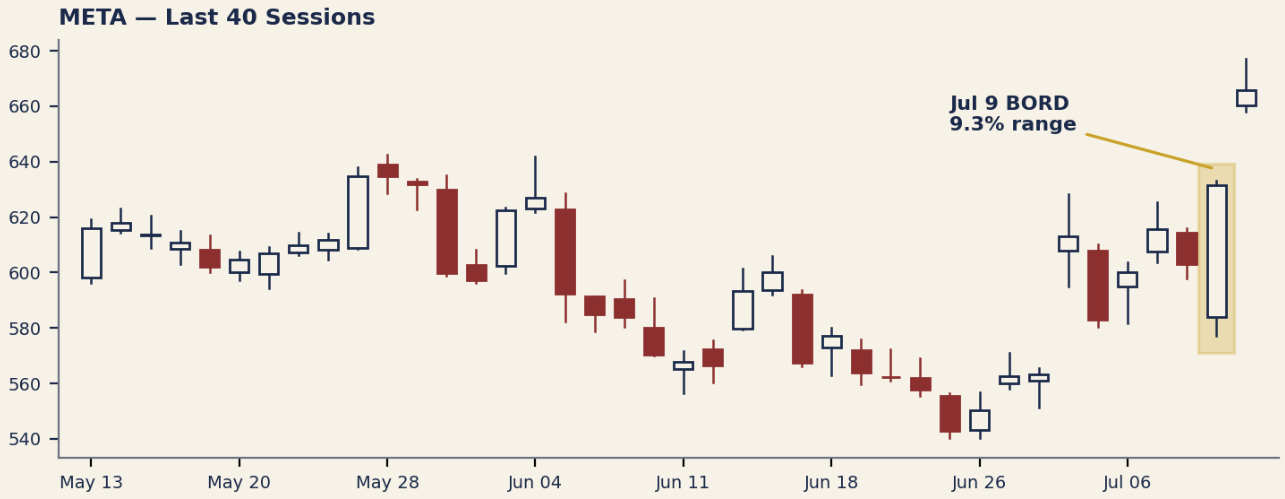
SIGNAL STUDY · META PLATFORMS (META)

Anatomy of a Capitulation Reversal: The July 9 Bullish Outside Reversal Day and Its Historical Cohort

Event-study of high-velocity bullish outside reversal days, 2023–present · Daily OHLC, BATS consolidated

Situation

On July 9, 2026, META gapped down 3.2% to open at 583.99, printed 577.07 — the lowest low in six sessions — then reversed to close at 631.48, up 4.7% on the day and at the 97th percentile of a 9.3% intraday range (measured against the prior close). The bar engulfed the July 8 session on both ends: a textbook Bullish Outside Reversal Day (BORD), but at a velocity that places it among the most extreme single-session reversals in the name since 2023. Follow-through arrived immediately: July 10 closed +5.4% at 665.67, the strongest next-day print of any event in the historical cohort.



Tension

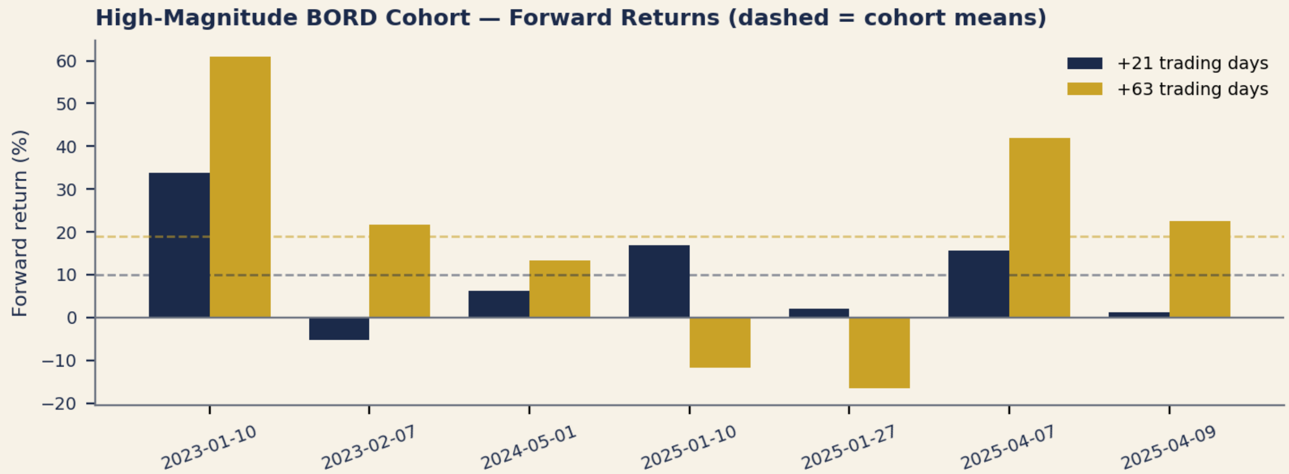
Pattern definition drives the conclusion. A strict template match — outside bar, down open, close above prior close, six-day low, close in the top quartile of range — yields only five prior events since 2023, and their forward returns are poor (0% win rate at +21 days, mean –4.4%). But that cohort is dominated by low-velocity outside days with ~2% ranges, which historically marked short-term exhaustion within uptrends rather than capitulation lows. The July 9 bar does not belong to that family. The economically meaningful comparison set is the high-magnitude cohort: bullish outside reversals from a down open with intraday range ≥ 4.5% of the prior close.

The High-Magnitude Cohort (n = 7 prior events)

Event Date	Range %	Gap %	Close Pos.	+1d	+5d	+10d	+21d	+63d
2023-01-10	4.9	–1.7	0.93	–0.1	0.0	+6.4	+33.8	+60.9
2023-02-07	5.0	–0.3	0.77	–4.3	–6.3	–10.7	–5.2	+21.8
2024-05-01	5.3	–0.4	0.53	+0.6	+7.6	+9.6	+6.3	+13.4
2025-01-10	5.3	–0.1	0.57	–1.2	–0.5	+7.2	+16.9	–11.7

2025-01-27	6.0	–3.2	0.90	+2.2	+5.7	+8.7	+2.1	–16.6
2025-04-07	11.4	–3.9	0.60	–1.1	+3.0	–3.1	+15.6	+42.1
2025-04-09	16.8	–0.2	0.98	–6.7	–14.3	–9.0	+1.2	+22.6
2026-07-09	**9.3**	**–3.2**	**0.97**	**+5.4**	**—**	**—**	**—**	**—**
Cohort mean (ex-anchor)				**–0.7**	**–0.7**	**+1.3**	**+10.1**	**+18.9**
Median / Win rate				**–0.6 / 38%**	**0.0 / 57%**	**+6.4 / 57%**	**+6.3 / 86%**	**+21.8 / 71%**

Forward returns measured close-to-close in trading days. Close Pos. = close position within the day's range (1.00 = closed at high). July 9, 2026 anchor row shaded gold.



Options — Reading the Cohort

The signature is delay, then drift. High-magnitude reversals in META have not paid immediately: next-day win rate is just 38% and the five-day mean is roughly flat. The edge concentrates at one to three months — +21d mean +10.1% with a 6-of-7 win rate; +63d mean +18.9% with 5 of 7 positive. The reversal day marks a zone, not a tick: the two closest analogs by gap-and-range profile (Jan 27, 2025 and Apr 7, 2025) both retested within 8–12% of the reversal-day low inside two weeks before the larger move resolved.

The failure mode is slow, not fast. The two worst +63d outcomes (both January 2025 signals) looked like clean reversals in real time and preceded the February–April 2025 drawdown. The pattern does not fail by immediate breakdown; it fails by rallying into a lower high over three to six weeks. That is the disconfirming path to monitor.

Recommendation & Mechanics

Treat 577–584 (reversal-day low to open) as the reference demand zone. History argues against chasing the first bounce and for laddered exposure on any retest toward the zone over the next one to two weeks, with the +21d/+63d horizons carrying the statistical weight. Invalidation: a decisive close below 577.07 removes the capitulation-reversal thesis; a failed rally that stalls below the July 9 high (633.27) after 3–6 weeks echoes the January 2025 failure mode. Friday's +5.4% follow-through is the strongest in the cohort — either confirmation of unusual demand or a higher launching point for the retest.

Counterfactual Caveats (Flummox Discipline)

Seven prior events is a cohort, not a distribution. Every event sits inside a specific macro narrative — the January 2023 recovery, the DeepSeek shock, the April 2025 tariff whipsaw — so the operative question is whether the current narrative rhymes, not whether the bar pattern does. The April 7 and April 9, 2025 events overlap each other's forward windows, effectively double-counting one regime. Symmetric discipline applies: had July 9 closed weak instead of strong, the same chart would read as breakdown confirmation. The pattern earns position sizing, not conviction.