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After the Fall: Navigating Gold Returns Following Violent Drawdowns

A 48-Year Event Study on the 250-Day High Reversal Pattern (1978–2026)

March 24, 2026

A Rare Phenomenon with a 100% Historical Hit Rate

Across nearly five decades of data, a specific capitulation pattern in Gold futures (COMEX GC) has triggered only 23 times. As of Q1 2026, it is happening again.

The historical data presents a compelling, asymmetric risk-reward profile for the 60-day forward horizon.

23

Total Events (1978-2026)

100%

Win Rate at 60 Days Forward

+11.47%

Average 60-Day Return

Anatomy of the Setup: The 250-Day Reversal

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NotebookLM

48 Years of Market Stress Tests

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1980 (7 Events)
The Hunt Brothers Silver Crisis & Speculative Spikes
Inter

1982-1983 (3 Events)
Post-Recession Volatility & Fed Tightening
Inter

1993 (1 Event)
Isolated Occurrence
Inter

2006 (7 Events)
Rapid Commodity Selloff / Consecutive May Clusters
Inter

2008 & 2011 (3 Events)
Global Financial Crisis & Euro Debt Crisis
Inter

2026 (2 Events)
The Current Developing Environment
Inter

Forward Returns from the Drawdown Low

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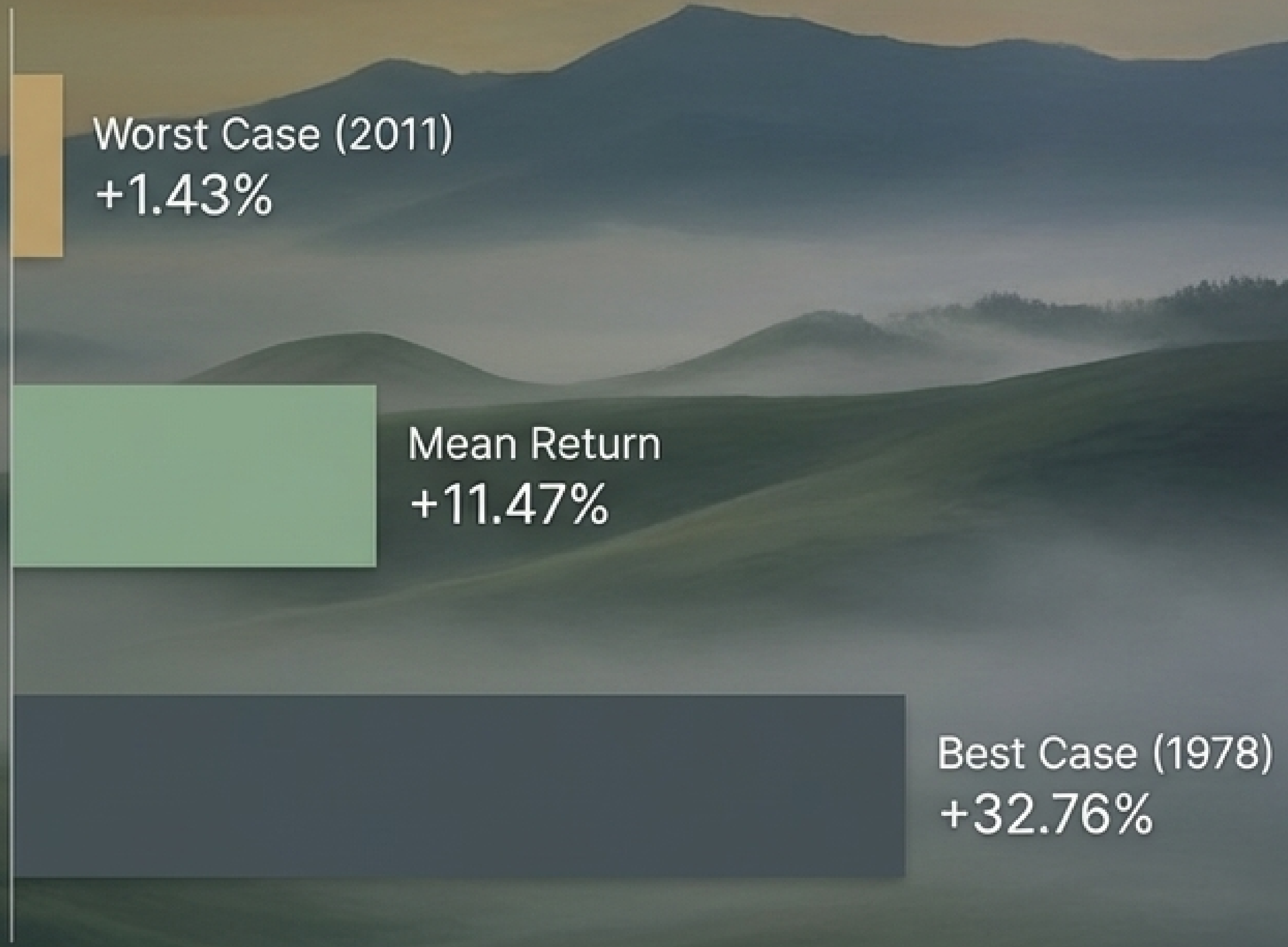
Period	Mean	Median	Min	Max	Win Rate
5 days	+4.28%	+4.32%	-15.42%	+14.52%	90.5%
10 days	+3.11%	+3.08%	-14.89%	+11.97%	85.7%
20 days	+9.95%	+10.42%	-2.82%	+17.92%	85.7%
40 days	+9.08%	+8.90%	-10.13%	+21.75%	85.7%
60 days	+11.47%	+6.05%	+1.43%	+32.76%	100.0%
90 days	+11.07%	+4.26%	-5.65%	+33.23%	90.5%
126 days	+16.63%	+11.63%	-12.69%	+43.46%	90.5%
252 days	+15.98%	+10.76%	-15.77%	+106.75%	76.2%

The 60-Day Horizon: An Asymmetric Edge

100% Historical Win Rate
(21 Completed Events)

- Historically acts as the definitive exhaustion point for sellers.
- Not a single negative outcome exists across the 21 completed events.



Case Study I: Extreme Stress, Extreme Recovery (1980)

Context: Spillover from the Hunt Brothers' attempt to corner the silver market created the largest drawdowns in the dataset, producing extreme volatility and technical damage.

The Plunge: Drawdowns across 7 clustered events ranged from -17.81% to a staggering -42.45%.

The Result: Despite unprecedented market chaos, the 60-day forward returns were entirely positive, ranging from +4.41% up to +23.85% as value buyers stepped into the void.

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Case Study II: Liquidation and Safe-Haven Whipsaws

2006 Commodity Selloff

As the Fed signaled extended rate hikes, 7 consecutive daily triggers clustered around a precise $566.50 low.

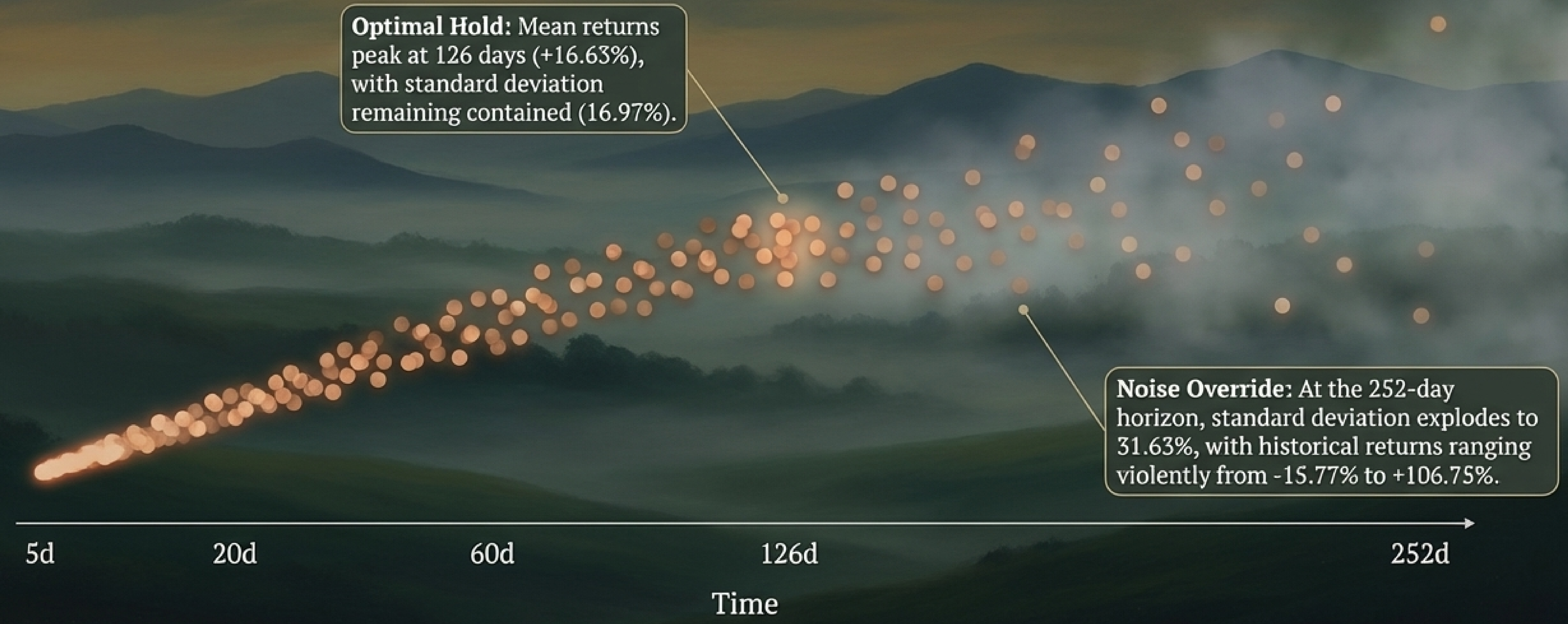
60-Day Return: +5.44% (both Inter)

2008 Financial Crisis

Forced liquidation amidst safe-haven buying created massive structural whipsaws. Two events triggered in March, hitting a floor of $850.90 in May.

60-Day Return: +8.39% (both Inter)

The Time Horizon Curve: Tracking Variance Expansion



Conclusion: This pattern predicts a highly reliable 1-to-4 month mean-reversion and short-covering rally, not a secular, multi-year bull m

Market Mechanics: Why the Edge Persists

Drawdown Severity

A ≥15% drop from a 250-day high shakes out weak hands. It represents structural technical damage, not a minor algorithmic pullback.

Time Constraint

The 40-session window dictates rapid, violent deterioration—the absolute hallmark of forced liquidation and margin calls.

The Elasticity Effect

Violent compressions yield violent expansions. The pattern captures the immediate relief rally as short-sellers take profit and deep-value buyers step in.

The Current Setup: Q1 2026 Triggers

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Event 22

250-Day High of $5303.60 (Jan 28) crashed to a Low of $4402.00 (Mar 24).

Drawdown: -17.00% over 38 sessions.

Event 23

250-Day High of $5354.80 (Jan 29) crashed to a Low of $4402.00 (Mar 24).

Drawdown: -17.79% over 37 sessions.

Status: Pending

Forward returns are currently pending.

History suggests a near-certain probability of mean reversion over the next 60 trading sessions.

Tactical Integration & Implementation

For Wealth Advisory

Utilize the 60-day recovery window to rebalance or exit over-concentrated positions at optimal pricing, rather than capitulating at the capitulating at the panic low.

For Active Traders

The pattern offers an asymmetric, high-conviction setup for long-side delta exposure or aggressively selling puts at the drawdown extremes.

For CIOs

Treat the 40-day violent drawdown as a definitive exhaustion signal; utilize the technical floor to scale into broader commodity/macro theses.

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Methodological Considerations & Risk Controls

- Sample Size: 23 events provide a robust directional signal but mathematically limit absolute statistical confidence.
- Execution Reality: Forward returns assume perfect execution at the closing low. Slippage and transaction costs are not modeled.
- Magnitude vs. Direction: The pattern predicts the direction of the recovery (up) with high historical reliability, but not the magnitude.
- Macro Bias: Clustering in specific historical eras warrants factoring in current 2026 monetary policy and geopolitical conditions.

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Navigating the Drawdown

Violent 15%+ drawdowns in Gold over a compressed 40-day window are terrifying for retail participants, but historically represent a structural gift for institutions. Across nearly 50 ye-
ears, these specific capitulations have offered a 100% win rate for those equipped to hold through the 60-day horizon.

The pending 2026 triggers bear immediate, focused monitoring. The fall is complete; the recovery window is open.

Alpha Query

Alpha Query Advisory

For institutional access to the raw 23-event chronological dataset, live monitoring of the 2026 triggers, or customized execution and hedging strategies, contact your Alpha Query representative.

advisory@alphaquery.com | Institutional Client Services