BACKGROUND: The proverbial *Drunk Uncle,* The *Prodigal Son,* The *Tom Lee Special*…whatever you want to call it, the Russell 2000 has confounded speculative flows over the past three years. I view it more as a commodity than an index and as such I have some skidmarks next to some victories over the timeline.

But yesterday gave hope for *Uncle's and the Son's and the Lee's* as CPI seemed to spur animal short covering spirits across the landscape of the 2000 stocks that make up this index.

The index, using the IWM, rallied nearly 3% and closed its highest level since Valentine's Day. So…that has the makings of a query and here it is below:

QUERY:

What happens when the IWM closes +2.5% or greater AND closes at a new 90 Day High Close? Show the Event Trigger Dates and the Returns from 1 to 60 sessions forward.

TABLE OF RETURNS

Event Date	Close Price	ROC_1 (%)	1d Return (%)	5d Return (%)	10d Return (%)	20d Return (%)	30d Return (%)	40d Return (%)	50d Return (%)	60d Return (%)
2023-12-13	$189.43	3.39%	+2.78%	+1.90%	+5.93%	+0.31%	+3.52%	+5.37%	+5.91%	+6.38%
2023-12-14	$194.71	2.78%	-0.84%	+0.83%	+1.38%	-3.61%	-0.14%	-1.70%	+2.19%	+3.90%
2024-07-11	$208.30	3.59%	+1.17%	+3.45%	+4.69%	-1.80%	+1.37%	-1.32%	+5.17%	+4.38%
2024-07-16	$222.06	3.41%	-1.05%	-0.88%	-0.90%	-7.40%	-2.61%	-6.98%	-2.75%	-2.58%
2024-11-06	$235.34	5.79%	-0.35%	-0.89%	-2.65%	+0.36%	-7.04%	-5.07%	-3.48%	-3.01%
2025-08-12	$226.81	2.97%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SUMMARY STATISTICS										
Time Horizon	Mean Return (%)	Win Rate (%)	Std Dev (%)	Min Return (%)	Max Return (%)	Sample Size				
1 sessions	**+0.34%**	**40.0%**	**1.62%**	**-1.05%**	**+2.78%**	**5**				
5 sessions	+0.88%	60.0%	1.86%	-0.89%	+3.45%	5				
10 sessions	+1.69%	60.0%	3.63%	-2.65%	+5.93%	5				
20 sessions	-2.43%	40.0%	3.24%	-7.40%	+0.36%	5				
30 sessions	-0.98%	40.0%	4.06%	-7.04%	+3.52%	5				
40 sessions	-1.94%	20.0%	4.72%	-6.98%	+5.37%	5				
50 sessions	+1.41%	60.0%	4.36%	-3.48%	+5.91%	5				
60 sessions	+1.81%	60.0%	4.31%	-3.01%	+6.38%	5				

Statistical Summary:

- Average ROC_1: 3.66%
- Price Range: $189.43 - $235.34
- Average Gap: 122 days between events
- Success Rate: 0.81% of all trading days (6 out of 738)

I've successfully calculated and visualized the forward returns for all 6 IWM breakout events across 1, 5, 10, 20, 30, 40, 50, and 60 session time horizons.

Here are the key findings:

Key Performance Insights:

Best Performing Time Horizons:

- 10 sessions: +1.69% average return, 60% win rate
- 60 sessions: +1.81% average return, 60% win rate
- 50 sessions: +1.41% average return, 60% win rate

Challenging Time Horizons:

- 20 sessions: -2.43% average return, 40% win rate
- 40 sessions: -1.94% average return, 20% win rate (worst)
- 30 sessions: -0.98% average return, 40% win rate

Individual Event Performance:

Best Overall Event: December 13, 2023

- Consistently positive returns across most time horizons
- Peak at 60 sessions: +6.38%

Most Volatile Event: November 6, 2024 (highest ROC_1 at 5.79%)

- Strong initial momentum but negative returns at longer horizons
- Shows that highest momentum doesn't always translate to sustained performance

Statistical Patterns:

1. Short-term (1-10 sessions): Generally positive with moderate volatility
2. Medium-term (20-40 sessions): Challenging period with negative average returns
3. Longer-term (50-60 sessions): Recovery with positive average returns

Win Rate Analysis:

- 40-session horizon: Only 20% win rate (1 out of 5 events profitable)
- 5, 10, 50, 60-session horizons: 60% win rate each
- Overall pattern suggests these breakout signals work better for short-term and longer-term holds

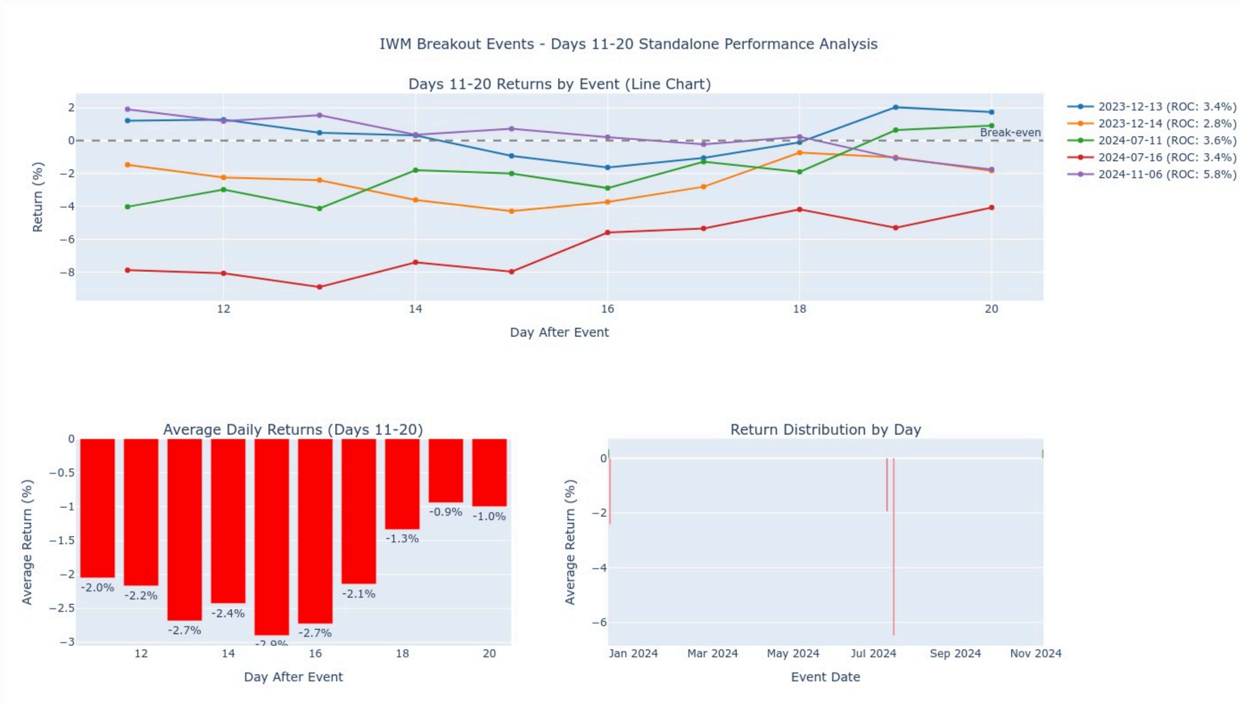
Data Completeness:

- 5 out of 6 events have complete forward return data
- August 12, 2025 event lacks forward data (insufficient future data)
- Analysis based on solid sample of historical breakout events

The comprehensive visualizations and summary table in the new "forward_returns_analysis" sheet provide detailed breakdowns for further analysis. The results suggest these breakout signals have predictive value, particularly for 10-day and 50-60 day holding periods, but show a challenging middle period around 20-40 sessions.

RESULT:

If you examine the BOX PLOT chart, it shows the odds for a positive 10 day move to be very high, but notice the 10 day to 15 day returns…sharply lower.



This analysis strongly validates the 10-day exit strategy and explains why the 20-day performance was poor in the original backtest. The days 11-20 period represents a momentum fade zone where the initial breakout energy dissipates before longer-term trends can establish.

Key Takeaway: The IWM breakout signals are most effective for short-term momentum trades (1-10 days) and should avoid the intermediate dead zone (11-20 days) where performance deteriorates significantly.

In the end, that is kind of like a *Drunk Uncle* winding his way, falling down, getting up etc. This pattern, forthe index to take a big leg higher, needs to be broken.

The data is saying buy the IWM for Day's 1-10; probably reduce positions on any rally 3% or better and be out fully by day 10.

Days 11-15 have produced the FADE and sharply negative results.

Keep an eye on it.