— ALPHAQUERY QUANTITATIVE RESEARCH —

The Long Run, Broken

The SMH/SPYV ratio spread closed below its 21-day moving average for the first time in 45 sessions. We study the ten longest such runs since 2000 and what followed.

RATIO SPREAD STUDY • SMH ÷ SPYV (DAILY) • JUNE 7, 2026

Semiconductors over value just ended a 45-session perch above its 21-day moving average — the third-longest streak in a quarter century of daily data — with the spread cutting below the line at 9.39 against a 9.60 average. The cross arrived violently: the first forward session printed −8.2%, the single sharpest day-one move of any analog in the sample.

The question a long streak invites is whether its ending carries information. Does an extended momentum run, once it cracks, tend to keep cracking — or does the break mark exhaustion of the move that was being unwound? We isolate the nine prior streaks of comparable length and trace their forward paths out to fifty sessions.

The answer is narrow but clean. The edge lives almost entirely in the first three days, where continuation is reliable and one-directional. Beyond that the signal dissolves into the noise floor: hit rates drift toward a coin flip and mean returns wander in a shallow negative band with dispersion wide enough to swallow any held position. This is a tactical signal, not a regime call.

CURRENT SETUP

§ 01

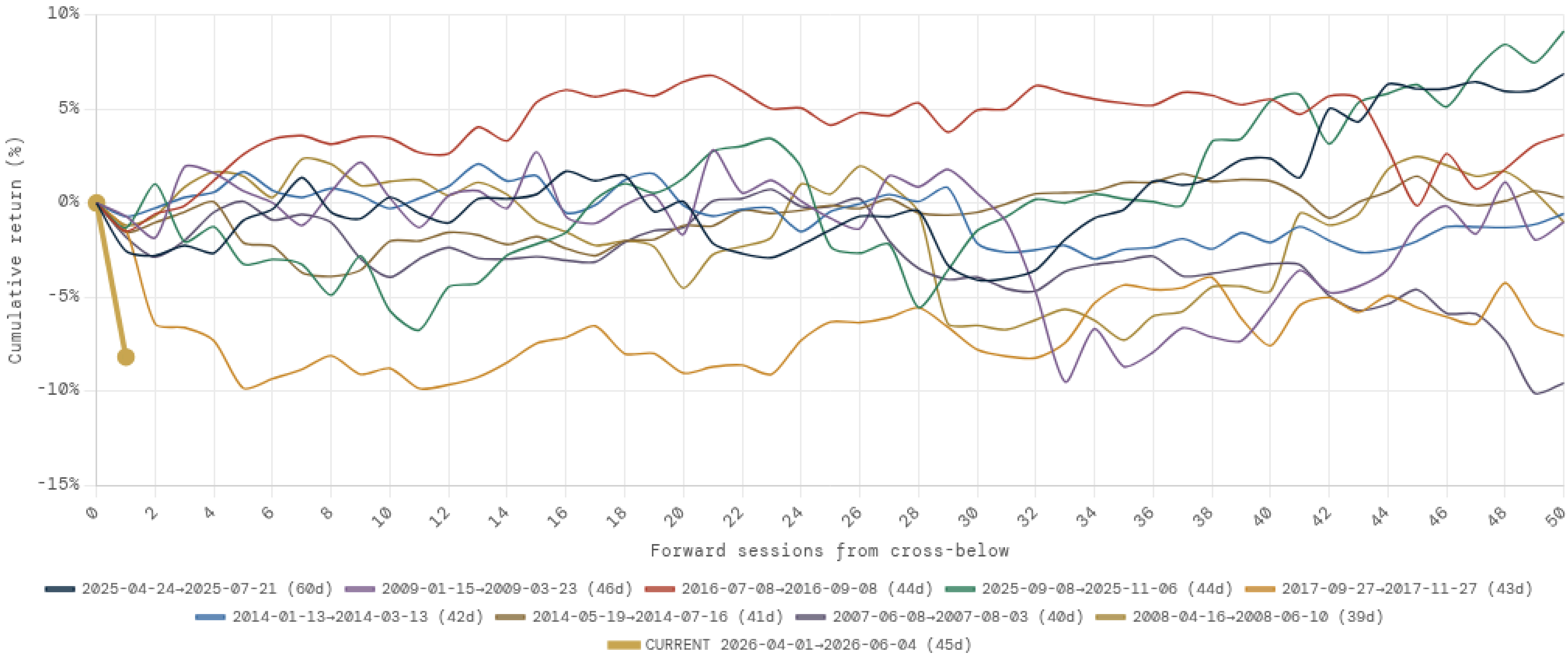
SPREAD CLOSE	STREAK RANK	DAY-1 FORWARD	ANALOG SET
9.39	**#3**	**−8.2%**	**n = 9**
vs 9.60 MA21	*45 sessions · since 2000*	*sharpest in sample*	*prior long streaks*

FORWARD RETURN PATHS · EACH ANALOG STREAK

§ 02

Cumulative return from the cross-below close

Each line is one of the nine prior streaks, indexed to 0% at the session the spread closed below its 21-day MA. Day 0 = cross. The current streak (gold) is shown through its only available forward session.

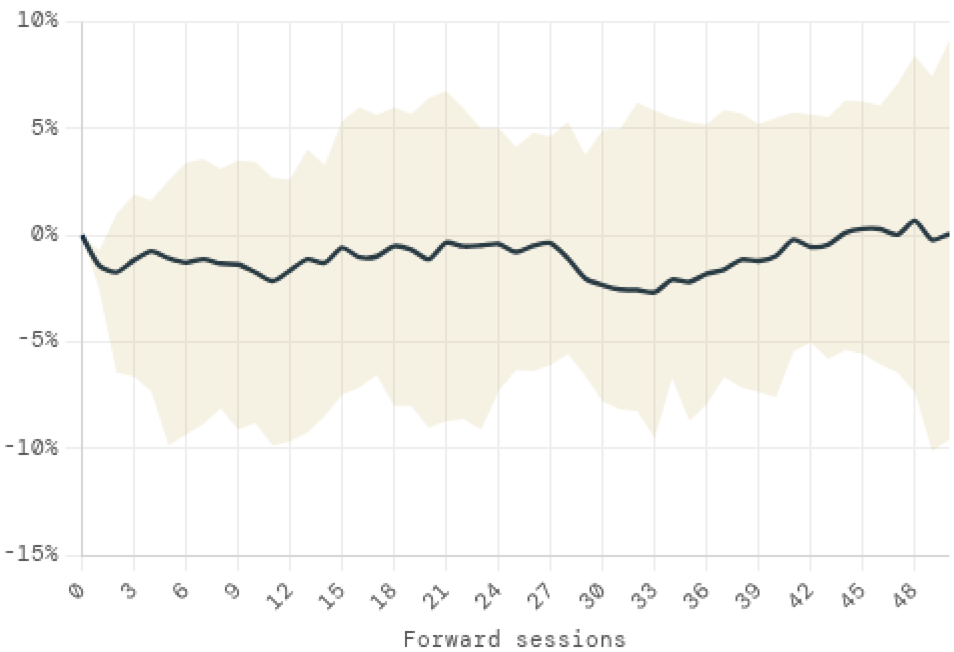


THE ENVELOPE & THE HIT RATE

§ 03

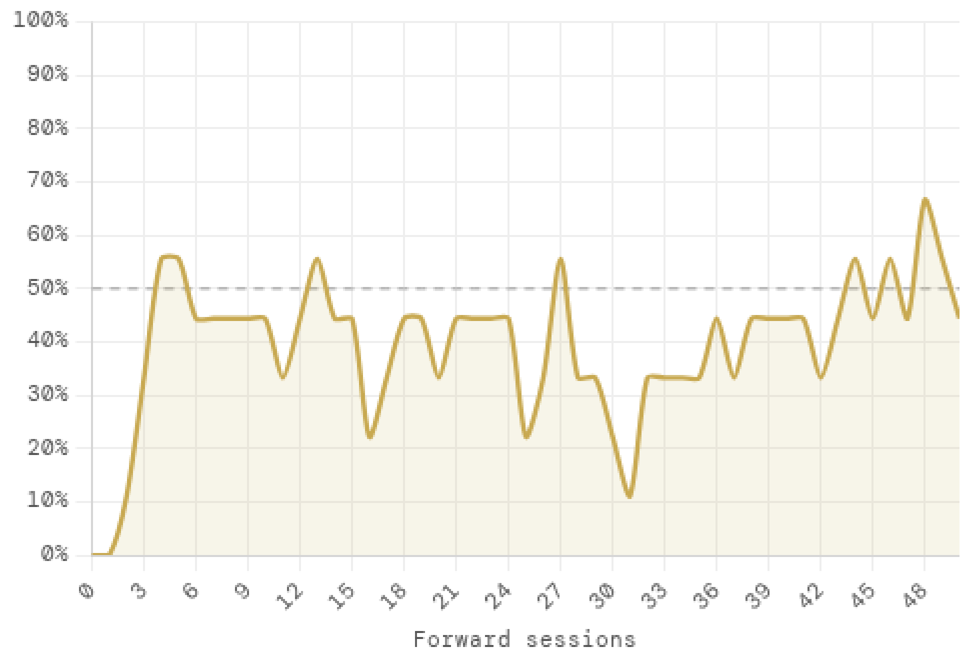
Mean path with min–max envelope

Analog mean (navy) inside the full range of outcomes (shaded). Dispersion dwarfs the central tendency past day 10.



Share of analogs positive

Percent of the nine streaks with a positive forward return at each horizon. 50% is the coin-flip line.



TEN LONGEST STREAKS ABOVE THE 21-DAY MA

§ 04

RANK	WINDOW (START → CROSS-BELOW)	LENGTH
#1	2025-04-24→2025-07-21	60 d
#2	2009-01-15→2009-03-23	46 d
#3 ◀	2026-04-01→2026-06-04	45 d
#4	2016-07-08→2016-09-08	44 d
#5	2025-09-08→2025-11-06	44 d
#6	2017-09-27→2017-11-27	43 d
#7	2014-01-13→2014-03-13	42 d
#8	2014-05-19→2014-07-16	41 d
#9	2007-06-08→2007-08-03	40 d
#10	2008-04-16→2008-06-10	39 d

FORWARD RETURN DISTRIBUTION · N = 9 ANALOGS

§ 05

FWD DAY	MEAN	MEDIAN	MIN	MAX	% POSITIVE
1	-1.42%	-1.45%	-2.56%	-0.71%	0%
2	-1.72%	-1.04%	-6.44%	+1.01%	11%
3	-1.17%	-0.47%	-6.63%	+1.92%	33%
5	-1.08%	+0.09%	-9.85%	+2.58%	56%
10	-1.74%	-0.29%	-8.79%	+3.44%	44%
15	-0.58%	-0.95%	-7.46%	+5.36%	44%
20	-1.11%	-1.20%	-9.04%	+6.45%	33%
25	-0.78%	-0.46%	-6.32%	+4.14%	22%
30	-2.33%	-2.14%	-7.80%	+4.94%	22%
40	-0.96%	-2.10%	-7.59%	+5.51%	44%
50	+0.08%	-0.57%	-9.56%	+9.15%	44%

THE READ

§ 06

Bearish-to-neutral, and front-loaded. The only robust effect is short-term continuation. Day one was negative across the analog set, and weakness persists through roughly day three. After that the edge decays into noise — by day five the median flips marginally positive, and from day ten onward mean returns hover in a −2%-to-flat band with hit rates clustering around a coin flip.

The actionable piece is the 1–3 day continuation. The longer horizons do not support a held position on this signal alone. Min-to-max spreads of ±6–9% by the back half of the window mean any directional conviction past two weeks is unsupported by the sample.

> *Two caveats temper the read. Three of the nine analogs cluster inside the last twelve months, so the sample is regime-concentrated rather than independent. And because SMH/SPYV is semis-versus-value, this is functionally a momentum-factor unwind signal — the cross-below tends to mark the spread giving back recent semiconductor outperformance rather than a clean mean-reversion trade.*