

11/10/2025 Market Update - Omens

Thought you would want to know this. I have been fairly bullish on the markets, but...a couple of seriously negative market signals (details below tables) that have historically preceded poor market returns triggered a couple days ago.

The data for the 1st table below comes from the larger table showing max losses and gains after the signals. There have been 16 previous signals of this type since 1987. Essentially, they have preceded every significant market correction for the past 40 years (1987, 1990, 2000, 2008, 2018, 2020, 2022 and 2024). As you can read, the number of significant losses for the sample size is quite large with 6 of 16 signals preceding a market drawdown of 30% or more in the following 12 months. As a comparison, the stock market is positive about 70% of the time over any 1 year period.*

*Source: Slickcharts.com

Time from market signal	3 months	6 months	12 months
Percentage of negative stock markets	69%	56%	60%
Number of Signals Preceding a max loss of: ~10% loss or more	9 of 16	11 of 16	13 of 16
~20% loss or more	4 of 16	8 of 16	11 of 16
~30% loss or more	2 of 16	3 of 16	6 of 16

Nasdaq Composite following combined Hindenburg and Titanic Omen Signals

Dates of Signals	1 Month Later [%]		2 Months Later [%]		3 Months Later [%]		4 Months Later [%]		5 Months Later [%]		6 Months Later [%]		1 Year Later [%]	
	Max Loss	Max Gain	Max Loss	Max Gain	Max Loss	Max Gain	Max Loss	Max Gain	Max Loss	Max Gain	Max Loss	Max Gain	Max Loss	Max Gain
1987-04-13	-3.3	0.0	-4.0	0.4	-4.0	1.8	-4.0	6.1	-4.0	7.4	-4.0	7.4	-31.1	7.4
1987-10-12	-32.6	0.4	-32.6	0.4	-32.6	0.4	-32.6	0.4	-32.6	0.4	-32.6	0.4	-32.6	0.4
1989-09-25	-1.6	4.1	-4.0	4.1	-6.9	4.1	-8.8	4.1	-12.0	4.1	-12.0	4.1	-24.5	4.1
1990-06-20	-1.2	1.9	-15.7	1.9	-21.8	1.9	-29.4	1.9	-29.4	1.9	-29.4	1.9	-29.4	11.0
1996-10-23	-2.0	3.5	-2.0	7.2	-2.0	13.0	-2.0	13.0	-2.0	13.0	-2.2	13.0	-2.2	42.2
2000-03-17	-30.8	3.4	-30.8	3.4	-34.0	3.4	-34.0	3.4	-34.0	3.4	-34.0	3.4	-60.6	3.4
2007-05-16	-0.4	3.1	-0.4	6.5	-3.5	6.8	-3.8	6.8	-3.8	10.4	-3.8	12.2	-14.8	12.2
2007-10-19	-5.2	4.9	-6.8	4.9	-15.9	4.9	-16.4	4.9	-20.4	4.9	-20.4	4.9	-40.2	4.9
2014-09-25	-5.7	1.0	-5.7	6.5	-5.7	7.3	-5.7	7.6	-5.7	11.7	-5.7	12.5	-5.7	16.8
2015-07-22	-5.7	0.0	-12.9	0.0	-12.9	0.0	-12.9	0.0	-12.9	0.0	-13.5	0.0	-17.5	0.0
2018-08-02	-0.4	3.9	-0.4	3.9	-9.6	3.9	-11.5	3.9	-20.6	3.9	-20.6	3.9	-20.6	6.8
2019-11-15	-0.4	3.3	-0.4	9.9	-0.4	14.9	-19.2	14.9	-19.7	14.9	-19.7	14.9	-19.7	41.2
2021-11-22	-5.5	0.0	-13.2	0.1	-17.8	0.1	-20.6	0.1	-20.6	0.1	-29.0	0.1	-34.9	0.1
2023-05-31	0.0	6.6	0.0	11.0	0.0	11.0	0.0	11.0	-2.6	11.0	-2.6	11.0	-2.6	31.6
2024-06-18	-2.0	4.4	-9.3	4.4	-9.3	4.4	-9.3	4.4	-9.3	8.0	-9.3	12.9	-14.5	12.9
2024-12-17	-5.3	0.0	-5.3	0.0	-14.0	0.0	-24.1	0.0	-24.1	0.0	-24.1	0.0	-24.1	19.1
Min/Max	-32.6	6.6	-32.6	11.0	-34.0	14.9	-34.0	14.9	-34.0	14.9	-34.0	14.9	-60.6	42.2
# of Times +/- 5%	7	1	9	5	11	5	12	6	12	7	12	7	14	10
# of Times +/- 10%	2	0	5	1	7	3	9	3	10	5	10	6	13	8

Source: Sentiment Trader Nov 5, 2025

The results for the SP 500 index are similar, although the max losses and gains are more muted.

The two signals are called the “Hindenburg” and “Titanic” omens (I know, they have funny names). When more companies trade at 52 week lows than at 52 week highs and the market is at all-time highs, it means the market may become unstable and is ripe for a correction or a period of underperformance. The signal names were coined many years ago to describe days when stock markets were not in sync, meaning there is a significant lack of breadth and only a few companies are driving returns while many companies are performing poorly. Individually, the signals are hit or miss. When they come in clusters, the forward returns have been below average as detailed by the performance tables above and below. The number of signals preceding -20% to -30% declines is quite high. They are not a “perfect” indicator (as you can see from the table below, there were 3 instances, 1 year later, of spectacular returns). Rather they should be used as a cautionary tale. This information is not a recommendation to sell or buy.

This note is also being sent to friends and non-clients because few of you get this kind of data from your advisor and I would feel badly if we did get a huge market correction and I didn’t share it. Many/most of us have made significant gains from the stock markets the past few years, causing all of us to think we are geniuses. We’ve been conditioned to believe in unicorns and that markets grow to the sky and, if they don’t, the Fed or the government will save us. Having been in the business during the 2000 and 2008 crashes, I can say that is not true. As part of our portfolio, my clients and I have used, and continue to use, specific investments that have allowed us to profit from rising markets while our principal has been fully or mostly protected from potential market declines. Even if I am not your current advisor and you want to stay with your current advisor, I am happy to share what we are doing to make money when stock indexes go up while avoiding most or all losses if they were to decline.

The questions to ask oneself for the next 2-3 years are:

- 1) Do I feel lucky?
- 2) How much of my portfolio do I not want to lose?
- 3) Do I like the idea of making money if market indexes go up and not losing (or limiting losses) if they decline?
- 4) Do I have a bunch of money that’s in cash due to fear and I don’t want to risk it or tie it up, but I can’t stand that I have missed out on gains and I’m about ready to invest it and I know it will be at the exact wrong time? 😊

Regards,

Tom Paine

This table shows the returns on specific dates after the signals. The previous table showed the max gains and losses after the signals.

[Nasdaq Composite following combined Hindenburg and Titanic Omen Signals](#)

Entry Date	1 Month Later [%]	2 Months Later [%]	3 Months Later [%]	4 Months Later [%]	5 Months Later [%]	6 Months Later [%]	1 Year Later [%]
1987-04-13	-0.4	0.4	1.8	6.0	5.3	2.2	-9.5
1987-10-12	-27.2	-30.5	-23.3	-19.3	-13.3	-11.5	-11.0
1989-09-25	-1.6	-2.5	-4.7	-8.8	-10.1	-6.0	-24.5
1990-06-20	-1.2	-15.7	-19.3	-27.5	-23.9	-19.7	5.3
1996-10-23	2.5	4.2	12.3	9.5	1.6	0.0	39.1
2000-03-17	-26.2	-24.0	-19.5	-12.9	-19.5	-20.1	-59.3
2007-05-16	3.1	6.5	-3.5	2.1	9.1	5.0	-0.5
2007-10-19	-4.8	-4.6	-15.9	-15.6	-14.6	-12.8	-35.0
2014-09-25	0.4	6.5	6.9	4.8	11.7	9.5	4.9
2015-07-22	-5.7	-6.6	-5.6	-1.9	-4.8	-13.5	-1.9
2018-08-02	3.9	2.5	-6.4	-6.0	-17.2	-5.8	-1.0
2019-11-15	3.3	9.9	14.9	-16.3	0.2	7.5	39.6
2021-11-22	-2.1	-12.6	-17.8	-10.5	-18.0	-28.9	-29.5
2023-05-31	6.6	10.4	8.4	2.2	-1.1	10.2	29.4
2024-06-18	-0.8	0.1	-1.6	2.9	4.6	12.6	9.9
2024-12-17	-1.8	-0.7	-11.6	-18.9	-6.2	-2.4	
Mean	-3.2	-3.5	-5.3	-6.9	-6.0	-4.6	-2.9
Median	-1.0	-0.3	-5.2	-7.4	-5.5	-4.1	-1.0
% Positive	38%	50%	31%	38%	38%	44%	40%
Avg Max Loss	-2.5	-5.5	-9.5	-12.2	-16.3	-16.6	-21.7
Avg Max Gain	3.0	4.0	4.0	4.2	4.5	4.5	9.2
Z-Score	0.9	1.1	0.0	-0.2	0.2	0.2	0.3

Source: Sentiment Trader Nov 5, 2025

Enjoy
Tom Pane

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