Corner On Market Sentiments

Peak Climbing Season on the XBI

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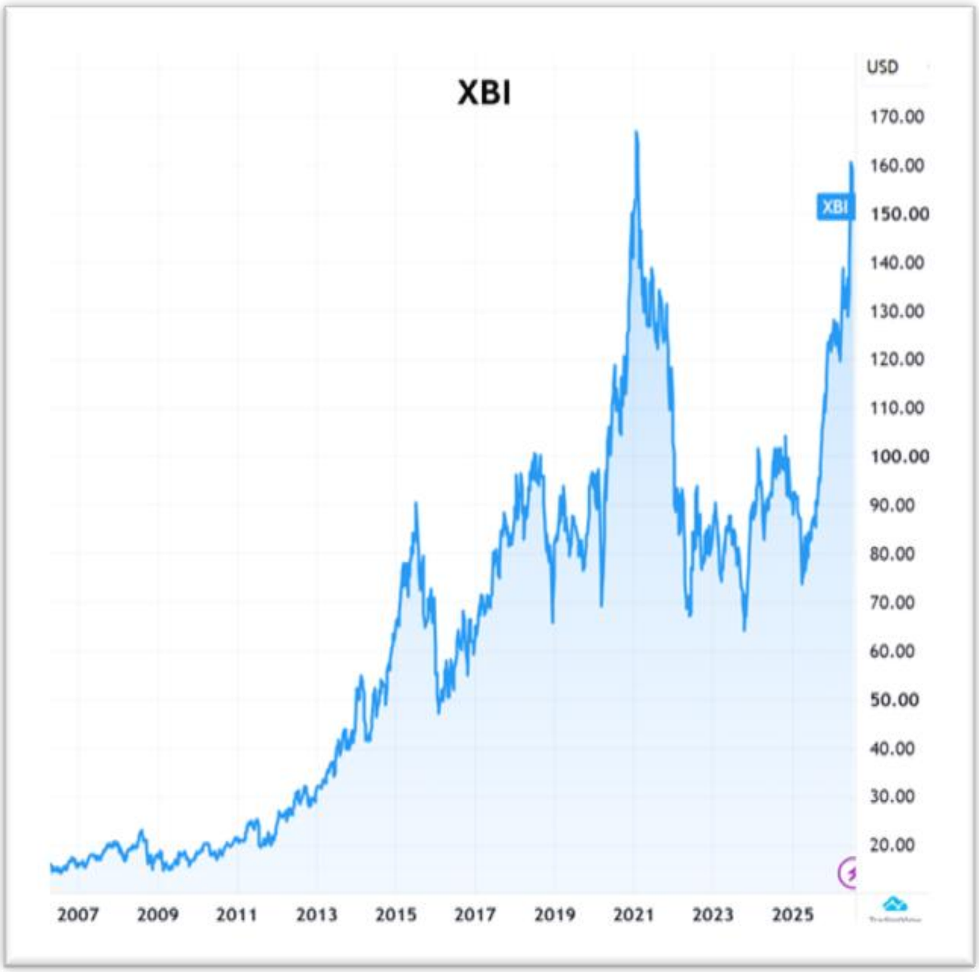
There's a particular kind of satisfaction that comes from watching a prediction age well. Not gloating — this business has a reliable way of keeping one humble — but a quiet nod of recognition when the market, in its own unhurried fashion, decides to confirm what you dared to put in writing.

Pull out your August 2025 edition of this Corner on Market Sentiments, if you would. (You filed it neatly, didn't you? No? Neither did we.) In it, your correspondent mused — hopefully, cautiously — about a very particular technical setup in the XBI, the pure-play biotech index that serves as the sector's most honest mirror. The passage bears repeating, if only because it reads now as the kind of thing one is relieved to have written down rather than merely thought:

"Our hope is that a very long-term potential head and shoulder pattern – which has mapped itself out like an etch-a-sketch drawing over the last 10 years – is about to be invalidated by a breakout to the upside and return to the 110-120 range. If the index can do so, it's likely to see more resistance around the 120 handle before consolidating there as a sort of base camp before starting another summiting effort of the all-time high."

And here we are… staring up at the summit just overhead, looking for new lines up the face of the peak, trying to do our best to sidestep potential rockfall while driving in new anchors for others to follow.

Summer 2026 and it is peak climbing season on the XBI, which has done precisely what was hoped: broken above the old resistance levels that, for so long, formed the right shoulder of that decade-long potential head and shoulders formation. The etch-a-sketch has been shaken. The index absorbed its time at the 120 handle about as well as one could ask — consolidating, steadying — before deciding the push was worth making:



And now the push is on.

It would be unwise to get too comfortable up here. Summiting an all-time high in biotech is not a casual afternoon hike, and our sector has a long memory for investors who got lazy. There will be air pockets. There will be days when the index looks back down the mountain and questions its own judgment.

That is simply the nature of this biotech mountain we love!

That said, the technical picture is meaningfully cleaner than it has been in some time. What was a threatening overhang of resistance has become, for now, a platform. Clearing a decade's worth of overhead supply is not nothing. Participants who spent years selling into rallies may begin, slowly and with appropriate caution, to consider holding them instead.

For a sector whose fortunes are increasingly tied to the real-world pace of biomedical innovation — and where that pace, by most reasonable measures, continues to quicken — the technical permission to move higher is at least arriving at a sensible moment.

The mountain is not yet summited. But the XBI, to its considerable credit, is no longer camped at base.

Onward. (And, upward!)