



A Corner on Market Sentiments: "Standing on the Shoulder of a Giant"

Trevor Thompson in Pullan's Pieces #220 November 2025

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Long-time readers of the Corner on Market Sentiments will know that we follow the [XBI](#) as a means by which to both assess capital markets interest in the sector and as a hint to broader risk appetite. So, this update finds this author quite happy to see what appears to be the beginning of the long-hoped for upside breakout and invalidation of a potential long-term head and shoulders pattern which threatened more downside.

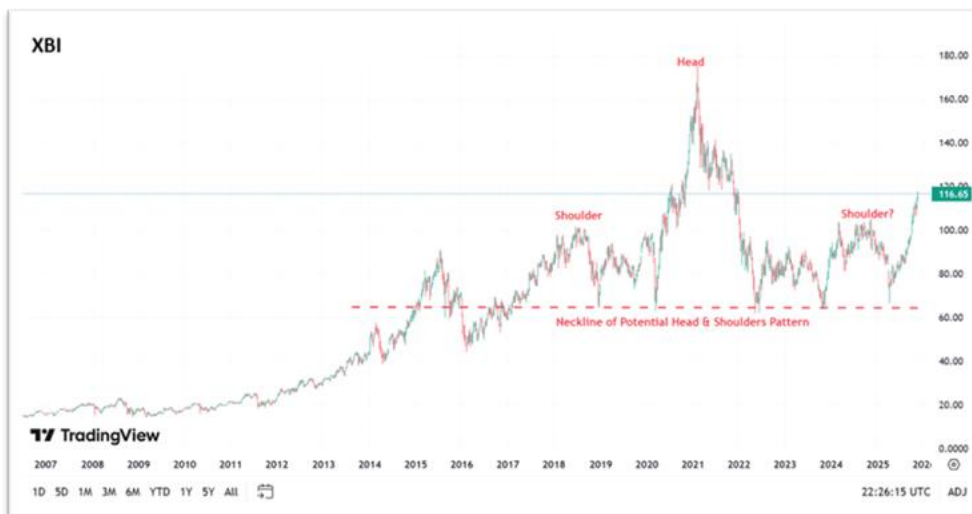
In August of this year, we wrote:

Meanwhile, as the biotech sector prepares to shake off the summer slowdown with partners and investors returning in earnest to deal-making, this Corner on Market Sentiments continues to keep a wary eye on the pure-play biotech index, the [XBI](#), for clues to real capital markets interest in our sector.



Our hope is that a very long-term potential head and shoulders 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 a return to the 110-120 range. If the index can do so, it's likely to see some resistance around the 120 handle before consolidating there as a sort of base camp before starting another summing effort of the all-time high:

The flip side of this hopeful perspective is the reality that the index hasn't yet invalidated the right "shoulder" as of yet and the symmetry still holds. Were things to turn lower in the overall markets from [our current all-time highs](#) and the XBI to follow, or more likely, lead a turn down in the markets, the prospect does still exist for things to get rather worse. Hate to say it but it's a prospective outcome at present. And, in a fascinating bit of synchronicity, the S&P 500 and the XBI have arrived at this critical junction together:



Today... we find ourselves right smack dab in the middle of the 110-120 range referenced in August (and projected in this Corner on Market Sentiments more than 12 months ago), standing on the shoulders of a giant (that, of course, being the giant, long-term head and shoulder pattern which the recent move has invalidated) having invalidated the specter of a long-term head and shoulders pattern:

Perhaps we are indeed going to find some consolidation from which to build a basecamp and attempt another summit on the XBI. We shall see...