

Backtest: Friday Afternoon Fade Before Long Weekend

Feb 13, 2026 — Presidents' Day Weekend

Current Setup to Match

Metric	Today (Feb 13)
SPX	~6,870, afternoon fade, near ATH
NVDA	-1.6%
AAPL	-1.15%
IWM	+1.65% (small caps outperforming)
MSFT	\$400-405, testing \$400 support
VIX	Elevated relative to recent
Context	Friday before 3-day weekend (Presidents' Day Mon)
Pattern	Tech weakness + small cap rotation + near ATH + long weekend

1. Long Weekend Fridays (Jul 2025 – Feb 2026)

Found 3 Fridays before market holidays in sample period. Ranked by similarity to today:

⌚ Aug 29, 2025 — Labor Day Weekend (Score: 8/10) ★ BEST MATCH

The closest analog. SPX near ATH, NVDA sharply down, clear afternoon fade.

Metric	Value
SPX	6,460 (-0.64%), O:6489 H:6492 L:6445 C:6460
NVDA	-3.32%
AAPL	-0.18%
IWM	-0.44%
MSFT	\$506.69 (-0.58%)
VIX	15.36
Afternoon Fade	Yes (opened 6489, closed 6460)
Near ATH	Yes

What happened after: | Period | SPX | SPY | MSFT | |——|——|——|
 ——| | Tue Sep 2 | **-0.69%** | **-0.74%** | -0.31% | | Wed Sep 3 | -0.19% |
 -0.20% | -0.26% | | 1 Week | +0.54% | +0.59% | -1.68% |

Verdict: Puts paid on Tuesday, but market recovered by end of week.
Quick-hit thesis worked.

Jan 16, 2026 — MLK Day Weekend (Score: 6/10) ⚡ BIG WINNER

SPX near ATH (6,940), AAPL weak, afternoon fade. Less rotation than today but same vibe.

Metric	Value
SPX	6,940 (-0.06%), O:6961 H:6967 L:6925 C:6940
NVDA	-0.44%
AAPL	-1.04%
IWM	+0.09%
MSFT	\$459.86 (+0.70%)
VIX	15.86
Afternoon Fade	Yes (opened 6961, closed 6940)
Near ATH	Yes

What happened after: | Period | SPX | SPY | MSFT | |——|——|——|
 ——| | Tue Jan 20 | **-2.06%** | **-2.04%** | **-1.16%** | | Wed Jan
 21 | **-0.93%** | **-0.91%** | **-3.42%** | | 1 Week | +0.15% | +0.15% | +2.27% |

Verdict: MASSIVE Tuesday gap-down. SPY puts would have printed 300-500%+. MSFT continued to -3.42% by day 2. **Best-case scenario for this trade.**

Oct 10, 2025 — Columbus Day Weekend (Score: 5/10) ✗ COUNTER-EXAMPLE

Already a big selloff day (-2.71%). Different setup — panic selling, not subtle rotation.

Metric	Value
SPX	6,553 (-2.71%) — already crashed
NVDA	-4.89%
AAPL	-3.45%
IWM	-2.99%
MSFT	\$510.96 (-2.19%)
VIX	21.66 (fear already priced)

What happened after: | Period | SPX | SPY | MSFT | |——|——|——|
 ——| | Tue Oct 14 | **+1.40%** ✗ | **+1.41%** ✗ | +0.51% | | Wed Oct 15 | +1.81%
 | +1.86% | +0.48% | | 1 Week | +2.79% | +2.80% | +1.14% |

Verdict: Hard bounce. Puts would have been destroyed. Key difference: this was a *crash* day, not a subtle rotation. VIX at 21+ = fear already priced in.

2. Rotation Pattern: All Days with NVDA < -1% AND IWM > +1%

Broader search regardless of day-of-week or holiday:

Date	Day	SPX	NVDA	IWM	VIX	Next Day SPX
Oct 14, 2025	Tue	-0.16%	-4.40%	+1.43%	20.8	+0.40% x
Nov 5, 2025	Wed	+0.37%	-1.75%	+1.44%	18.0	-1.12%
Nov 25, 2025	Tue	+0.91%	-2.59%	+2.18%	18.6	+0.69% x
Dec 3, 2025	Wed	+0.30%	-1.03%	+1.82%	16.1	+0.11% x
Dec 11, 2025	Thu	+0.21%	-1.55%	+1.17%	14.9	-1.07%
Jan 8, 2026	Thu	+0.01%	-2.15%	+1.09%	15.4	+0.65% x

Stats: - 6 instances in 7 months - Next day down: 2/6 (33%) - Average next-day SPX return: **-0.06%** (essentially flat) - **Rotation alone is NOT reliably bearish**

Additional Rotation Fridays (relaxed criteria)

Date	NVDA	IWM	MSFT	Next Day SPX
Sep 5, 2025	-2.70%	+0.50%	-2.55%	+0.21% x
Nov 21, 2025	-0.97%	+2.83%	-1.32%	+1.55% x
Nov 28, 2025	-1.81%	+0.59%	+1.34%	-0.53%

3. Options Trade Analysis

x 0DTE Puts (SPX & MSFT) — DON'T BOTHER

Critical: 0DTE puts expire at 4:00 PM today (Friday). They do NOT benefit from weekend gap risk. You'd need a sharp selloff in the final 1-2 hours.

Historical Friday afternoon behavior on long weekends: - All 3 long-weekend Fridays closed below their open (fades) - But intraday ranges were modest (0.5-1% from open to close) - A \$50 OTM SPX 0DTE put needs SPX to drop \$50+ from current price *today* — extremely unlikely for a 0.5% fade - **Expected value: strongly negative. Skip.**

SPY Puts — Tuesday Feb 17 Expiry (THE TRADE)

This is the correct vehicle. Captures weekend gap risk.

Historical outcomes for the 2 most similar setups:

Analog Date	SPY Next-Day Move	Estimated ATM Put Return
Aug 20, 2024	-0.74%	+0.12%

Aug 29 → Sep 2	-0.14%	+80-120%
Jan 16 → Jan 20	-2.04%	+350-500%
Oct 10 → Oct 14	+1.41%	-70-85% (loss)

Win rate (similar setups): 2/3 (67%) **Average winner:** ~+250% **Average loser:** ~-80% **Expected value:** Positive, but small sample

Practical sizing for SPY \$687: - ATM put (\$687 strike, Tue expiry): ~\$3.00-4.00 -

Slightly OTM (\$683 strike): ~\$2.00-2.50 - If SPY drops 1% Tue → ATM put worth ~\$8-10 → **150-200% return** - If SPY drops 2% Tue → ATM put worth ~\$15-17 → **~400% return** - If SPY flat/up Tue → put loses 60-85% of value

△ MSFT \$400 Puts — Conditional

MSFT at \$400-405 with \$400 as heavy support. This is a support-break trade.

- If MSFT closed Friday *below* \$400: strong signal, puts have edge
- If MSFT closed Friday *above* \$400: support held, puts are fighting the support level
- **Historical:** On Jan 16 (MLK Friday), MSFT dropped -1.16% Tuesday and -3.42% by Wednesday. But MSFT was at \$460, not at a key support level.
- **Key risk:** \$400 is a round-number psychological support. Breaks below tend to be violent but are hard to time.

If playing: Use Tuesday or Wednesday expiry, not 0DTE. Strike at \$398-399 for leveraged break below \$400.

4. The Playbook

Setup Checklist (What Makes This Pattern Work)

Condition	Required?	Today?
Friday before 3-day weekend	Critical	
SPX near ATH	Critical	
Afternoon fade	Important	
Mega-cap tech weak	Important	NVDA -1.6%
Small caps outperforming	Nice to have	IWM +1.65%
VIX < 20 (complacency)	Important	Check
NOT a panic/crash day	Critical	(orderly rotation)

Key Differentiator: Orderly Rotation vs. Panic

The Oct 10 example (where puts failed) was a **crash day** — everything was already selling off, VIX at 21.66. That's not today's setup.

Today matches the **subtle Friday fade** pattern (Aug 29, Jan 16): - Market not crashing, just drifting lower - Rotation into small caps = money isn't leaving, just shifting - Weekend creates uncertainty → gap risk

Recommended Trades (Ranked)

#1 — SPY \$683-685 Puts, Tue Feb 17 expiry - Best risk/reward based on analogs - Win rate: 2/3 historically - Target: SPY gap down 0.5-2% Tuesday - Risk: ~\$2-3 per contract - Reward: ~\$6-15 per contract on 1-2% move - **Size: Small (1-2% of portfolio risk)**

#2 — MSFT \$398-399 Puts, Tue/Wed expiry - Only if MSFT closes below \$402 today - Conditional on \$400 support showing cracks - Higher risk but asymmetric if \$400 breaks

#3 — SPX 0DTE Puts - Skip. Not enough intraday downside expected - Theta kills you for the last 2 hours of trading

Risk Management

- **Max loss:** Define before entry. Never more than the premium paid.
 - **Take profit:** On a 1%+ gap down, sell at open. Don't get greedy waiting for 2%.
 - **If wrong:** Tuesday opens flat/up → puts lose 60-80%. Accept it and move on.
 - **Sample size caveat:** 2-3 analogs is very thin. This is a speculative thesis, not a statistically robust edge.
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5. Bottom Line

The **long weekend + near ATH + afternoon fade + tech rotation** combo has a **2/3 hit rate** on next-day declines in our sample, with the wins being significantly larger than the losses (avg +250% vs -80%).

The key insight: When SPX is near ATH and fading into a long weekend with tech weakness, the market tends to gap down Tuesday. The Jan 16 → Jan 20 analog (-2.06% gap down) is particularly compelling given similar VIX levels and near-ATH positioning.

The risk: Small sample size (n=3), and the one loss (Oct 10) was a full recovery bounce. If you're wrong, you lose most of your premium.

Sizing recommendation: Small. This is a \$200-500 bet, not a portfolio allocation. The asymmetry is the edge — you risk 1x to make 2-5x.

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(Jul 2025 – Feb 2026) Methodology: Pattern matching on long-weekend Fridays + tech/small-cap rotation divergence*