MONTHLY MARKET INTELLIGENCE

STATE OF THE BANDS

Market Correction · Inflation · What's working now?

ISSUE · DECEMBER 2026

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MAY SNAPSHOT

MARKETS

Market Correction

We are officially in a correction, is a bear market next?

Fed Funds

Inflation Is Hot

How high will rates go to crush inflation growth?

Stocks

What's working now?

Tech is out, retail is in!

A NOTE BEFORE THE NUMBERS

WHY WE TRADE

Markets are how time gets converted into freedom.



THE WORK

Patterns, not predictions.

Every issue of State of the Bands shows you what the tape is actually doing: where price has been, where it tends to go from here, and what conditions usually look like just before a move.

THE TOOLS

Built by traders.

Proprietary bands and signals — the Arbitrage Band, Atlas Band and, Apocalypse Band — distill decades of market behavior into levels you can act on, not narratives you have to interpret.

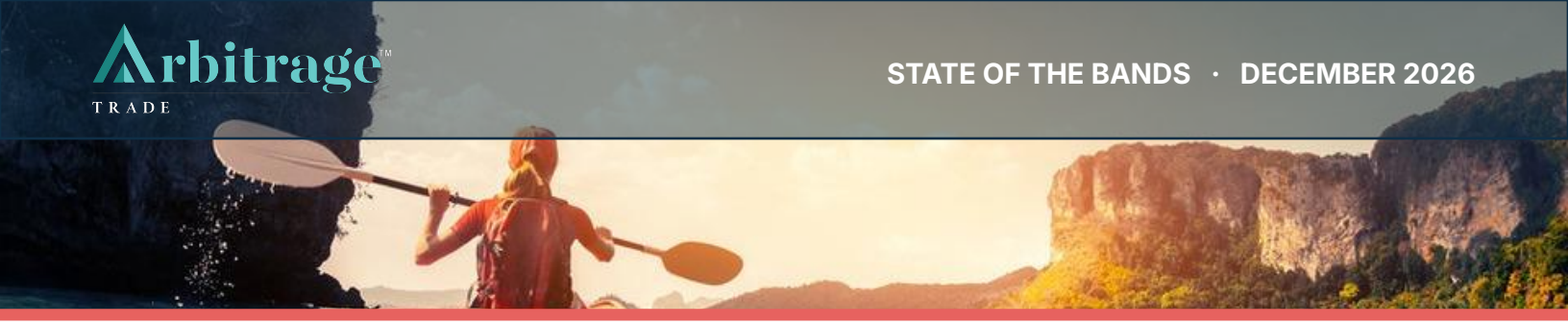
THE POINT

Time, eventually back.

Trading isn't the goal. The goal is what comes next: the trip, the house, or the morning that doesn't start with a commute. Markets are the bridge — and we're here to help you cross it.

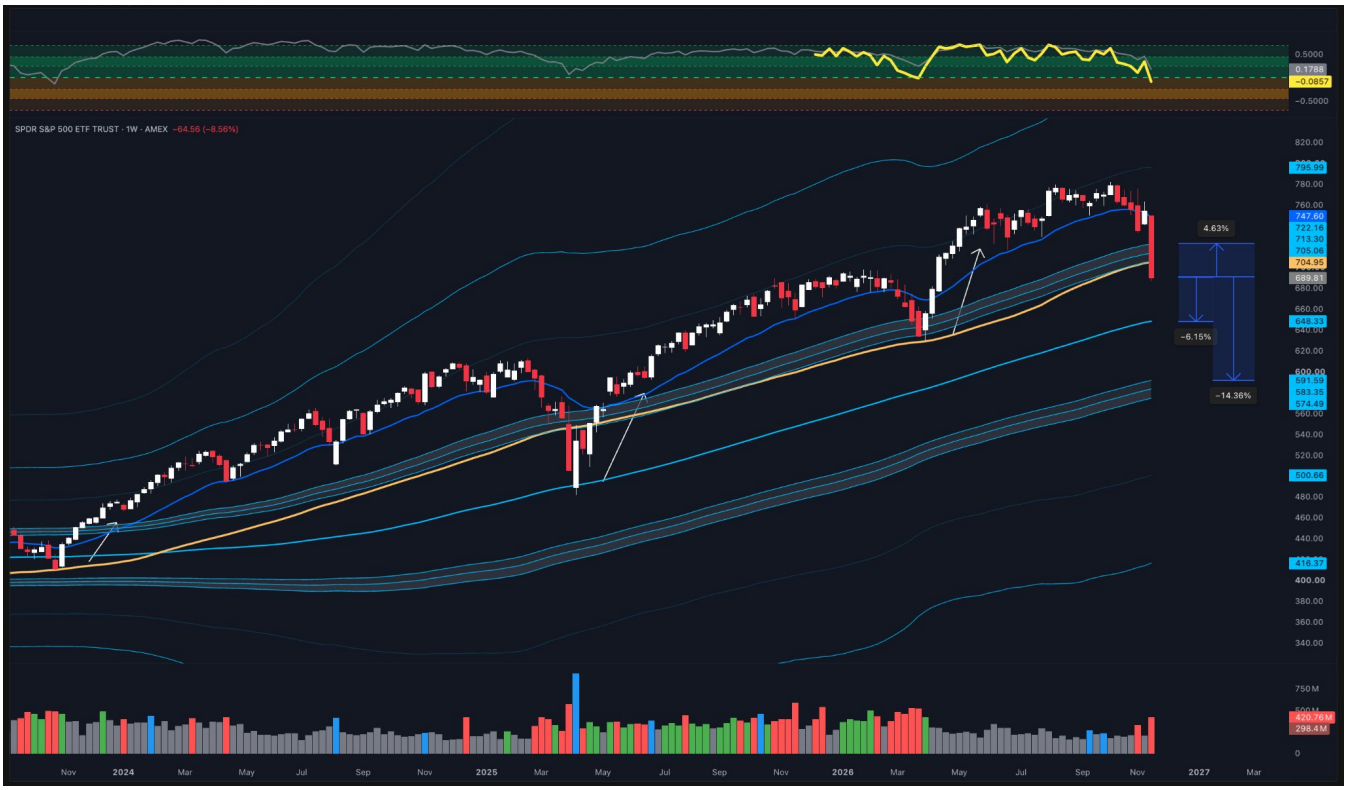
MARKETS OVERVIEW

A look at broader markets and their moves.



S&P 500 - Correction Mode?

$SPY



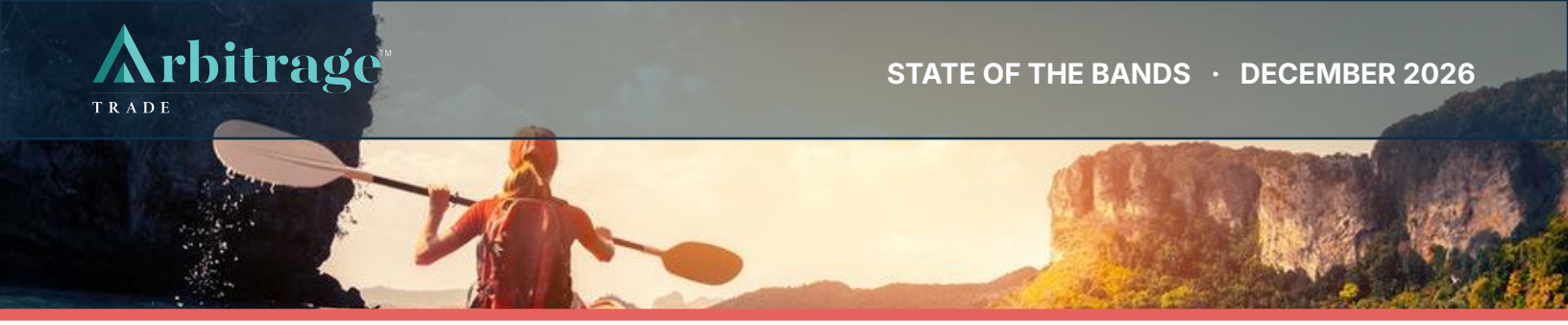
The S&P 500 has been correcting since the beginning of October and is now 11.5% off its all-time highs. Considering the headwinds the market faces, including higher interest rates, rising inflation, elevated oil prices, and disruption in the AI trade, a 11.5% drawdown isn't so bad.

Since the market turned higher after its 2022 correction, it has pulled back three times. Each pullback came after a prolonged uptrend and was followed by a V-shaped recovery. Looking more closely, each bull phase has gotten shorter and each recovery shallower, a pattern that may point to slowing momentum in the market.

Currently, SPY dropped below support on Friday the 20th to $689.81, creating overhead resistance up to $722.16, and downside support at $648.330 and $583.35

KEY LEVELS

Resistance (Upper Danger Zone)	$722.16
Support (Lower Danger Zone)	$583.35
Signal	UDZ / RSI Resistance
Symmetry	Downside



NASDAQ 100 - Tech Sell Off

$QQQ



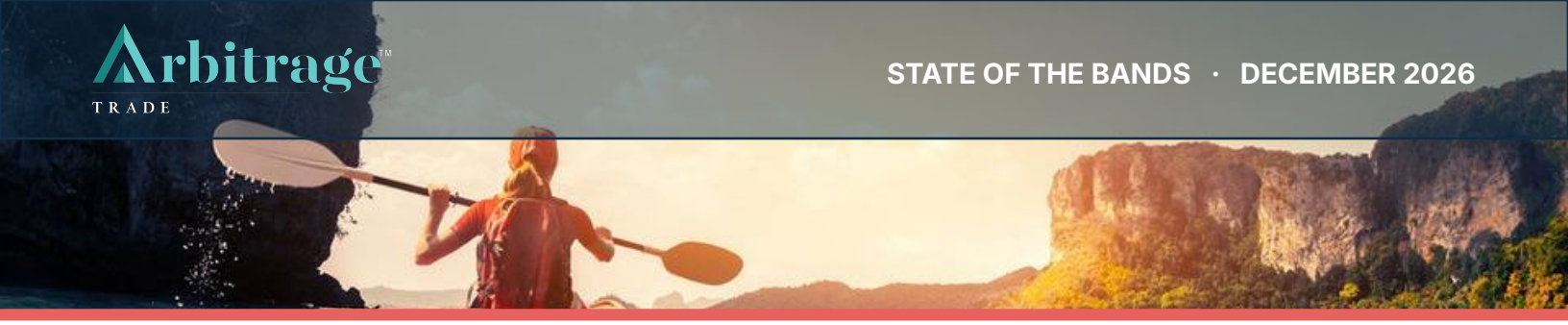
The Nasdaq 100 is much further along in its correction, down 18.9% from it's all-time highs and breaking through its weekly Novice Band RSI. Much of the sell-off comes down to the index's top holdings being AI-related companies like Nvidia, Micron, and SpaceX.

Nvidia was the top-weighted company in the Nasdaq 100 in October at 8.6%. Following its 37% decline over the last two months, it now makes up 6.4% of the index, having shed about $2.23T in market cap. That, along with Micron sitting 41% off its highs and SpaceX 30% off its highs, has market participants wondering whether the AI trade is unwinding or simply consolidating.

The Nasdaq 100 currently sits in the chop zone. Short-term 4.4% downside to support, 8.7% upside to resistance, and 15.2% downside to long-term support. Arbitrage Forecast is showing a potential reversal heading into resistance, where price could be met with strong counter-trend movement. Be ready for price to ping-pong.

KEY LEVELS

Resistance (UDZ)	$659.51
Support (LDZ)	$504.31
Signal	RSI Bounce
Symmetry	Asymmetric Downside



Bitcoin - Bottom Continues

$BTCUSD



Left: Apocalypse Band / Right: Intermediate Band

In a previous edition of our weekly Substack, we discussed how Bitcoin (BTC) had upside potential but would run into heavy overhead resistance that could send it back toward lower support. So far, that's how it has played out, with price respecting the daily Apocalypse Band.

BTC sits in a similar spot again, with 7.3% upside to the Compass line and 23.8% downside to the band's 3rd standard deviation. That downside level lines up with the potential cycle-low support we laid out in our Substack earlier this year. These level strongly overlap with the Apocalypse Lower Danger Zone and 2nd standard deviation, creating strong support and resistance at these level for future price action.

BTC is often viewed as a proxy for market risk, and given the headwinds laid out in the S&P section, it may show us the market's next move before it plays out elsewhere.

KEY LEVELS

Resistance (Compass Line)	$67,179
Support (3nd std div)	$47,929
Signal	Compass Resistance
Symmetry	Asymmetric Downside

MARKET MOVING STORIES

Stories that are shaping the markets



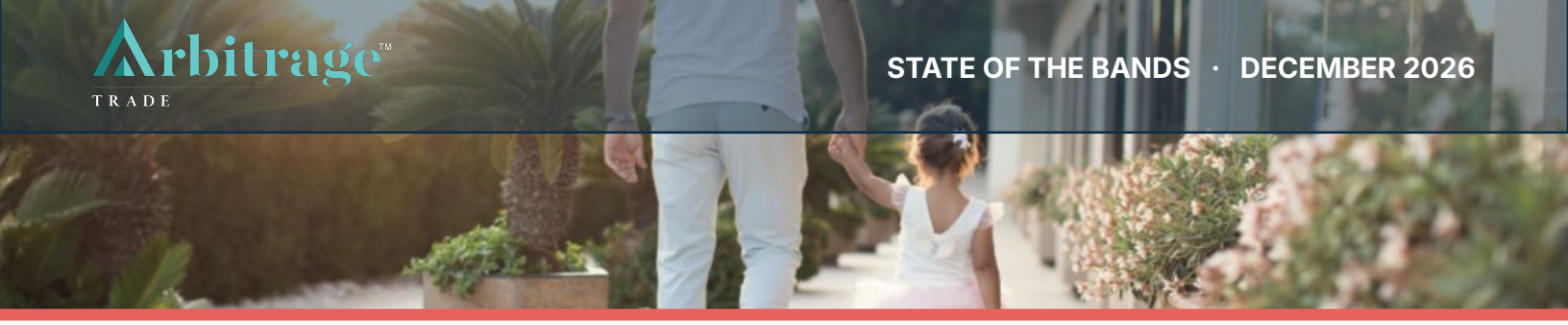
Is AI Over?



Jensen Huang, co-founder and CEO of Nvidia for 33 years, has resigned from the company. His exit follows his admission of an extramarital affair with a woman U.S. officials suspect was part of a Chinese espionage campaign, along with reports of a relationship with a senior Nvidia executive. Huang co-founded Nvidia with two partners over a meal at Denny's in 1993 and built it into the world's most valuable company.

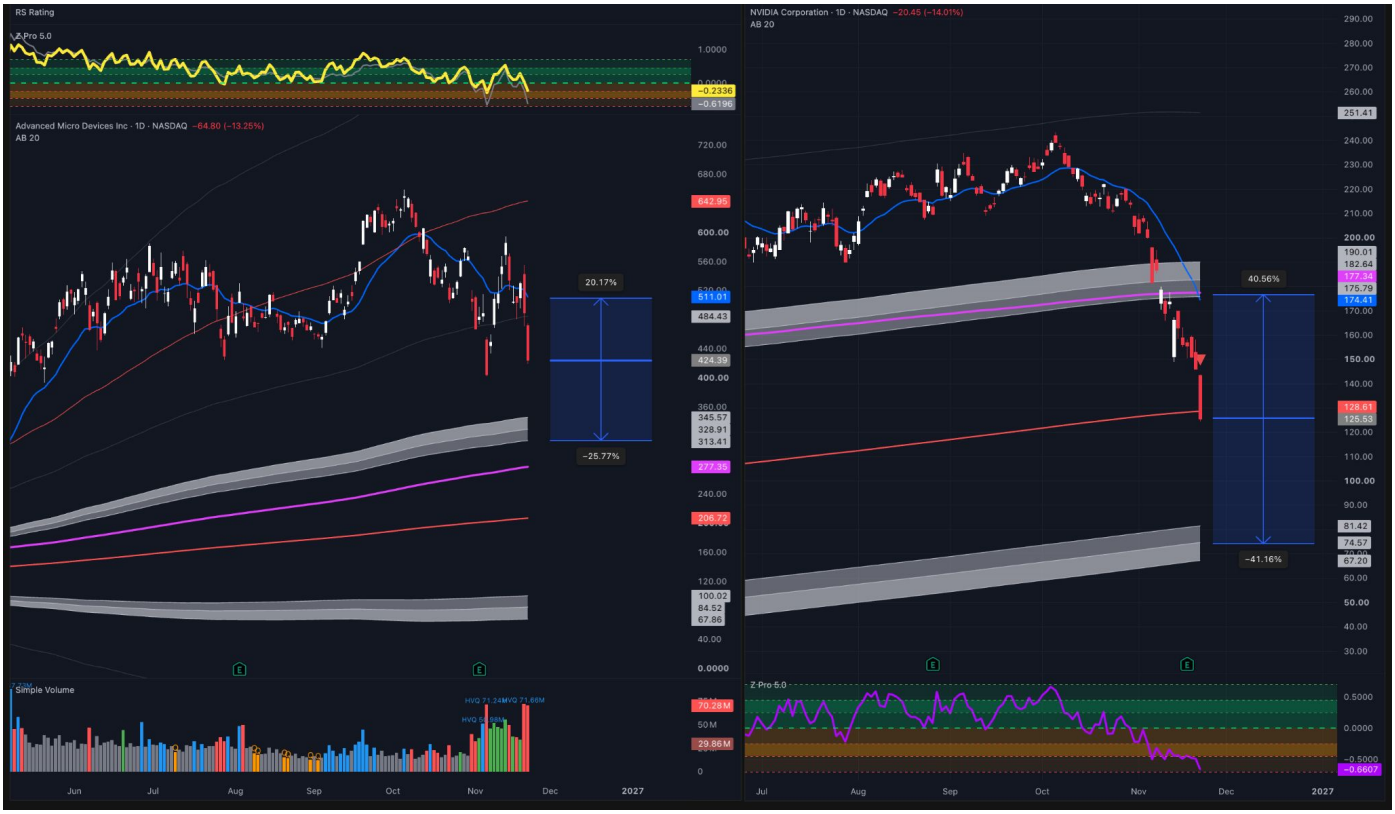
Huang had become the face of Nvidia and, in many ways, the face of AI in recent years. Nvidia makes the leading-edge graphics processing units (GPUs) that power the industry. These cards were originally designed for high-performance gaming PCs and later became popular for mining cryptocurrencies like Bitcoin. Because GPUs offer far higher throughput than traditional CPUs, Nvidia became the go-to chip and platform for training AI models.

Nvidia didn't just become the core infrastructure of AI model development; it also became a leader in financing it. As of its Q3 earnings, Nvidia held over $109.7B in equity investments and $20B in equity commitments, effectively financing other companies' purchases of its own chips. With Huang gone from the company he founded 33 years ago, the question becomes whether Nvidia can keep executing at the same level, and whether that circular financing can continue without him.



Is AMD the Next AI Leader?

$AMD



Left: $AMD / Right: $NVDA

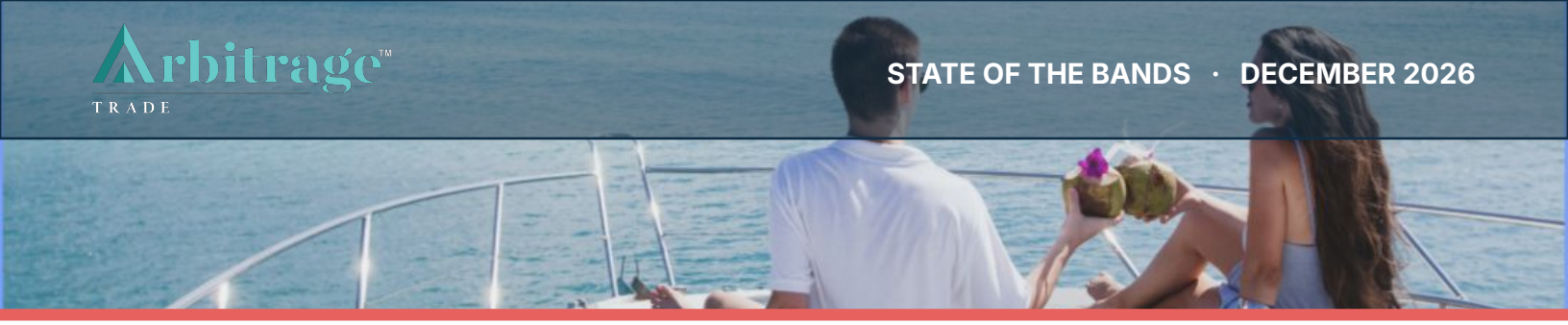
The turbulence at Nvidia could open the door for competing GPU makers to gain market share while Nvidia searches for a new captain, and the market may already be signaling as much.

AMD is a chipmaker that has reinvented itself as an AI player and has a real chance to take market share. It now offers a complete AI system and has large commitments with OpenAI, Meta, and Anthropic. While its business is significantly smaller, AMD is projecting 121% earnings growth and 85% sales growth next year, outpacing Nvidia's own estimates.

AMD initially dropped 37% on the Nvidia news, rebounded, and sold off again with the market on Friday the 20th. While it's still in a short-term sell trend, it's showing notable relative strength against the broader tech market and other AI names like NVDA. It's one to keep on the radar as this plays out.

KEY LEVELS

Resistance (Compass)	$484.43
Support (Upper Danger Zone)	$313.41
Signal	Neutral
Bias	Neutral



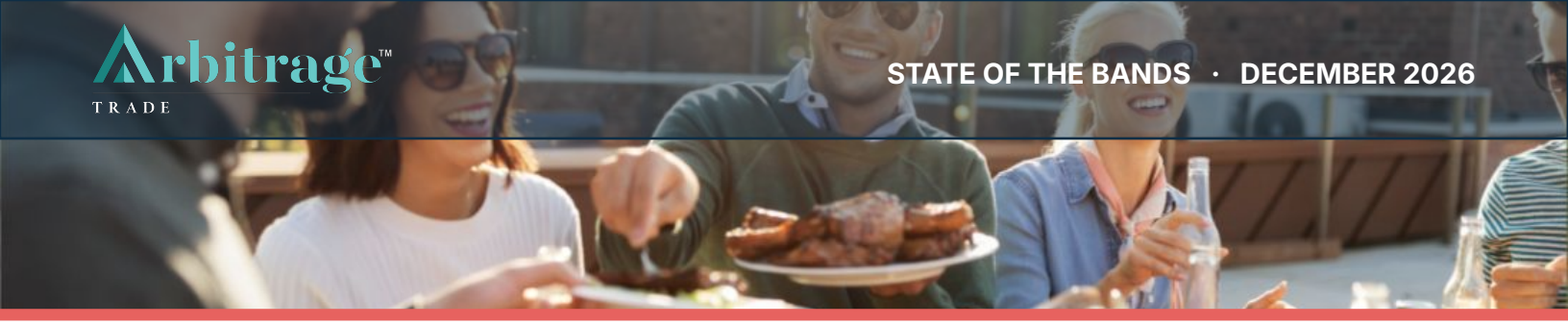
Inflation Continues to Rise



October Consumer Price Index (CPI) came in hotter than expected, rising 0.4% month over month versus the 0.3% expected. While not a large miss, it reinforced how persistent inflation has become. Producer Price Index (PPI) rose 0.3% in October, bringing the year-over-year increase to 6.5%, the highest since 2022. Markets reacted immediately, with 10-year yields rising and the CME FedWatch tool pricing in a 92.7% chance of a 25 bps hike at the Fed's December meeting.

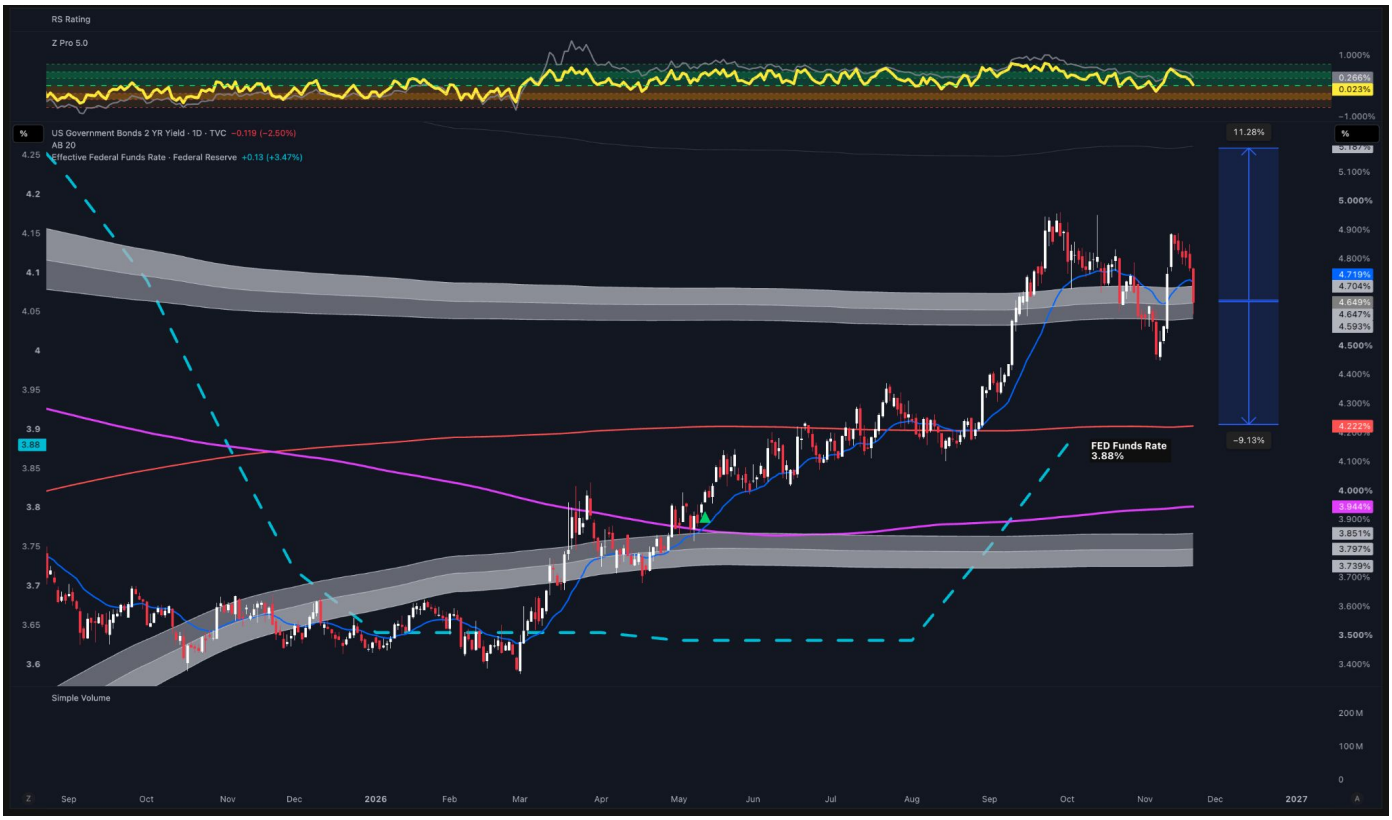
Today's setup looks a lot like the lead-up to the 2022 correction. At the start of 2022, CPI was at 7.0%, fed funds sat at 0%, the Fed kept calling inflation transitory, and the Nasdaq was at all-time highs. Today, we again have a market near all-time highs and persistent inflation, with the Fed only just beginning to raise rates. The big difference is that rates are already near 4% rather than zero, and the sector that's been holding up the stock market is starting to roll over.

Rising interest rates add another headwind for the AI trade, even if demand for AI infrastructure keeps building. Companies can keep growing while their multiples compress as the risk-free rate rises. The largest driver of inflation is energy prices tied to the Iran war, and with no end in sight, it's hard to tell how high rates will need to go to tame inflation.



Will Yield Continue to Rise?

$US02Y



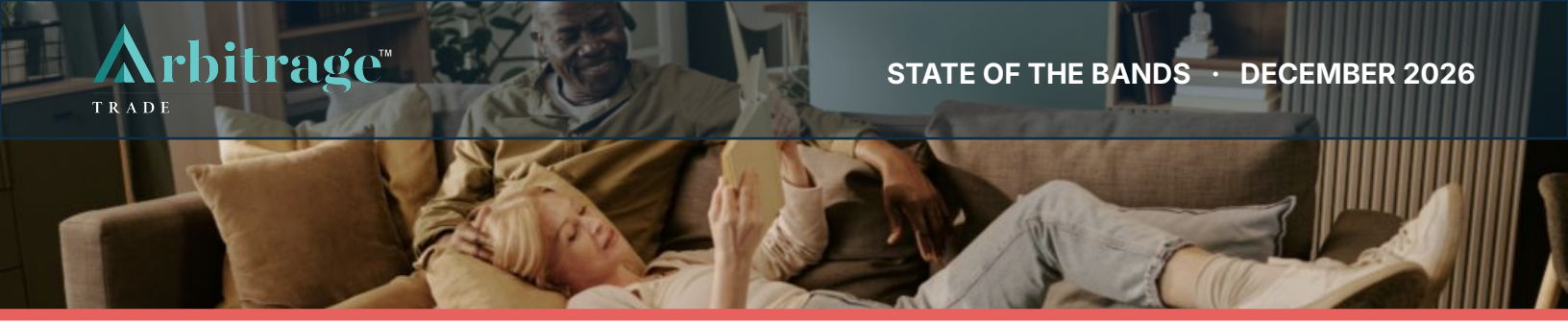
At its October meeting, the Fed held rates at 3.75% to 4.00% following a 25-basis-point hike in September. The 2-year Treasury yield is often viewed as a proxy for where the fed funds rate is headed, and historically it has done a fairly good job of anticipating the Fed's rate decisions well before they're made.

The 2-year currently sits at 4.73%, suggesting the market is pricing in somewhere between 75 and 100 basis points of additional hikes. That outlook has created a strong headwind for equities and for the financing of the AI trade, though it may ultimately help bring inflation under control.

Historically, once the Fed signals it's done raising rates, the market has often taken that as the all clear to resume its bull phase, as we saw in late 2023. The big difference this time is that the K-shaped economy has deepened, and if AI isn't financed to keep growing, what's going to carry the stock market?

KEY LEVELS

Resistance (2nd stan div)	5.18%
Support (Mean Line)	4.22%
Signal	Neutral
Bias	Neutral



Biggest IPO Ever



Anthropic, the maker of Claude, is the first frontier model developer to go public, and it did so with the biggest IPO ever. Shares priced at $83, above the expected range, valuing the company at $1.5T. The offering raised $81.3B, surpassing the $75B SpaceX raised in its June IPO. This will be the market's first real test of how investable AI is after the recent drawdown in AI infrastructure names.

Estimates suggest the average employee could be sitting on more than $40M in equity, with 100 employees holding over $100M. Amazon and Google also stand to make a windfall, with their combined stakes totaling roughly 29% of Anthropic's shares. Unfortunately, history doesn't offer a great track record for equity returns after massive IPOs.

Massive IPOs like Palm and AT&T Wireless marked the top of the dot-com bubble, while Blackstone raised $4B and was seven times oversubscribed right before the 2007 crash. That's unlikely to be a coincidence. Companies often go public when they believe they can command peak valuations, raising as much as possible before they come under constant public shareholder pressure. It's no surprise that the biggest IPOs, and the most of them, tend to cluster around market tops.

SpaceX

$SPCX



SpaceX, the largest IPO ever until Anthropic's debut, has now been trading for more than five months, and it's been anything but exciting. Shares are trading roughly within their opening range but are down 43.4% from their peak of $225. That's not unusual for recent mega-IPOs, which often peak early, ahead of their lock-up expiry, and then drift for months while the market finds fair value.

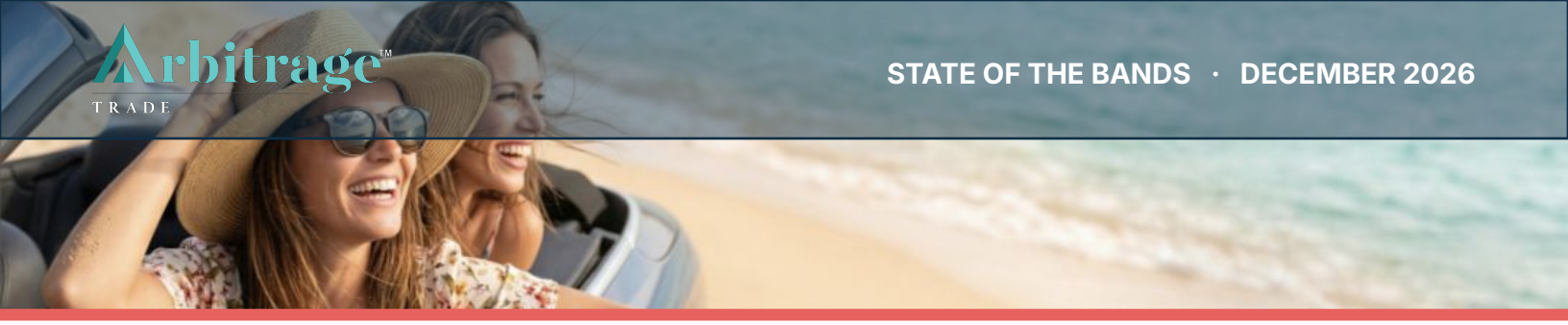
Because SpaceX is so new, we'll use the 2-hour chart with the Intermediate Band to gauge its trend. Price has crossed below the Intermediate Band RSI and is finding resistance at the declining RSI and mean line, then gapped down to the 2nd standard deviation on Friday the 20th. It currently has strong resistance at $139.34 and support at $118.75.

KEY LEVELS

Resistance (Upper Danger Zone)	139.34
Support (3rd std div)	$118.75
Signal	LDZ Resistance
Symmetry	Neutral

HOT STOCKS

Stocks that are hot and on the move



Shake Shack

$SHAK



Shake Shack (SHAK), the burger chain, recently popped up on our scans thanks to its earnings beat and technical setup. It beat Q3 earnings estimates by 16% and opened 21 new Shacks, its third-largest quarter-over-quarter unit growth on record. Same-store sales are still growing, which is a positive sign at a time when other restaurant chains are shrinking their footprints.

On the technical side, SHAK has found support on its Compass line, which lines up with the level of its previous gap down, now acting as support. It initiated a buy trend in mid-October and is currently finding resistance at the Intermediate Mean line. SHAK has 27% upside to the Upper Danger Zone (UDZ), where it could meet resistance near its high from before the gap down, and 10% downside to the Intermediate RSI in the Lower Danger Zone (LDZ), where it could find support. That makes for an asymmetric risk/reward profile at current levels.

KEY LEVELS

Resistance (UDZ)	$89.71
Support (LDZ)	$64.19
Signal	Compass Support
Symmetry	Asymmetric Upside



Micron Technology

$MU

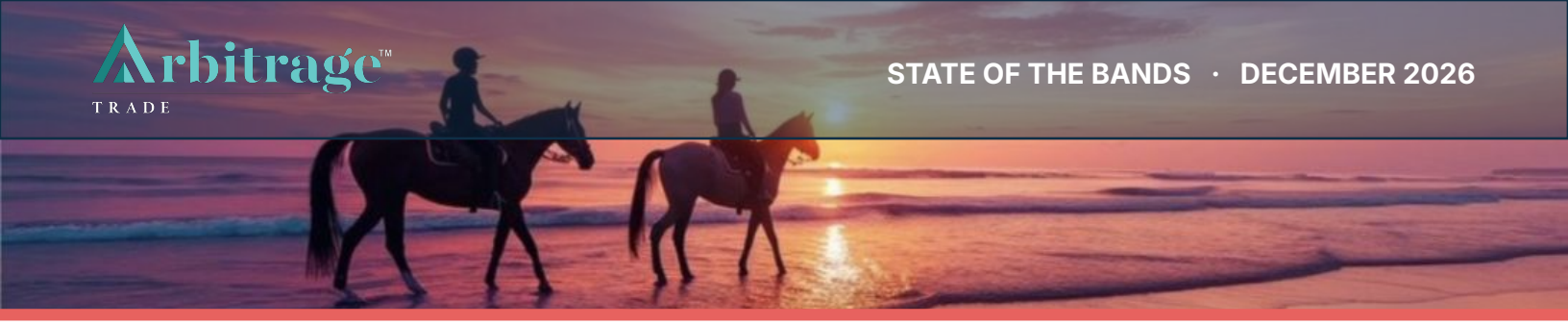


Micron, the memory chipmaker and a darling of the AI trade, has run into headwinds and is now down 51% from its highs. That's largely because the entire AI infrastructure build-out has come into question, despite Micron's spectacular forward guidance.

Micron just crossed below the Intermediate Mean line and now has potential for a 30% move either up or down. Two signs of caution stand out: the RSI is turning out of the Danger Zone, which could act as overhead resistance on any bounce, and the Z-Pro is already trending negative. The technical headwinds for Micron are significant.

KEY LEVELS

Resistance (Compass Line)	$771.12
Support (Lower Danger Zone)	$416.69
Signal	Compass Resistance
Symmetry	Neutral



Wingstop

$WING



Wingstop (WING), the chicken wing franchisor, fell from near $300 in February to below $100 by late September. Q3 results were mixed, with revenue up 5.3% and 76 net new restaurants, but domestic same-store sales down 5.4%. The market appears to have looked past the soft comps.

WING rallied on the report with its heaviest volume of the quarter, crossing above the Intermediate Band and initiating a new buy trend. It's now retesting $151 on lighter volume, with support 11% lower on a rising Intermediate RSI and 45% upside to the Upper Danger Zone.

KEY LEVELS

Resistance (Upper Danger Zone)	$220.54
Support (RSI)	$134.52
Signal	Continued Momentum
Bias	Asymmetric Upside

DISCLOSURES

PURPOSE

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