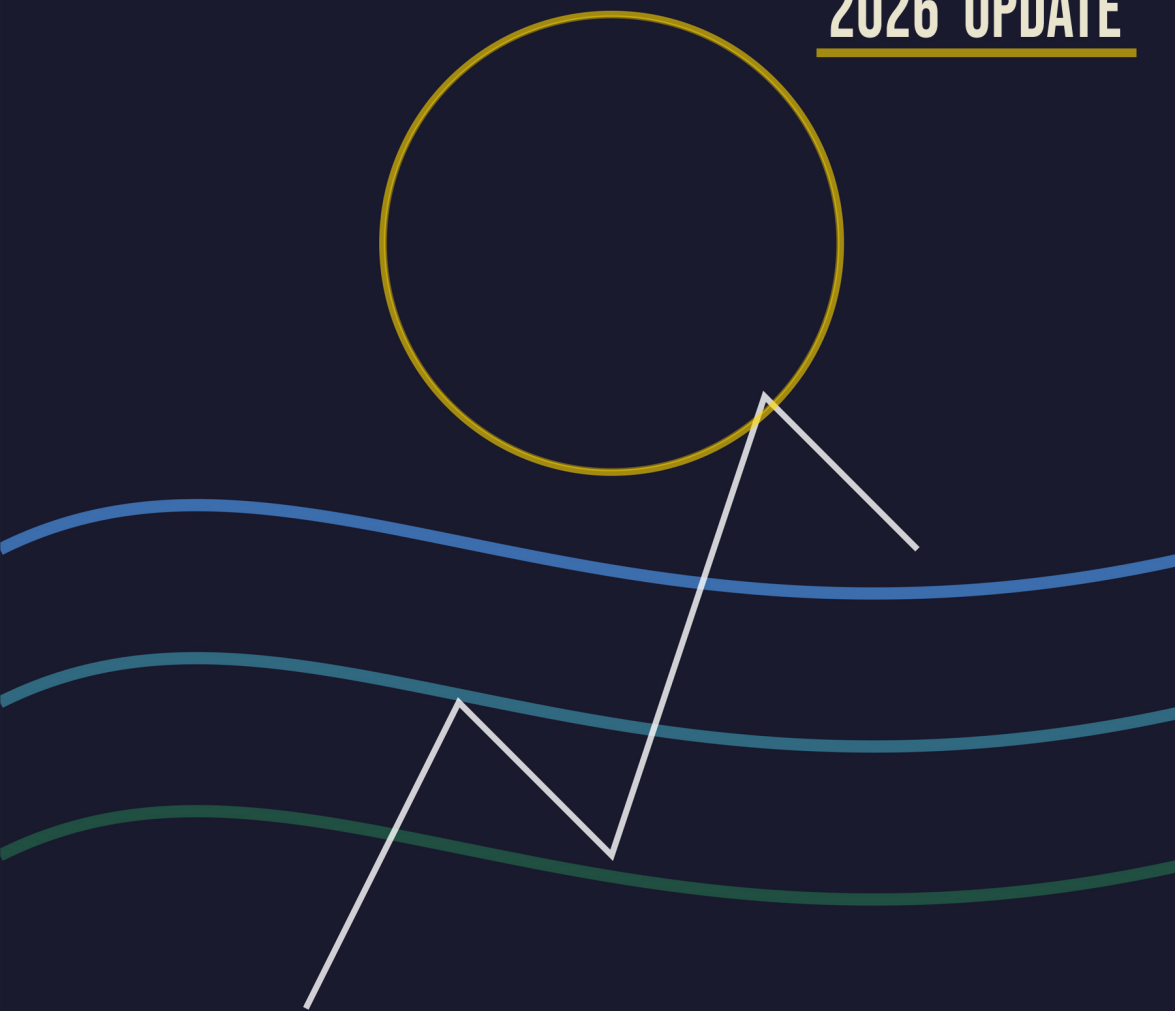


THE 100-YEAR PATTERN

2026 UPDATE



HOW DATA SCIENCE UNLOCKS
WALL STREET'S SEASONAL CALENDAR
AFSHIN MOSHREFI

The 100-Year Pattern (2026 Update) Preview

How Data Science Unlocks Wall Street's
Seasonal Calendar

Afshin Moshrefi

The 100-Year Pattern (2026 Edition)

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A Note on This Edition

August 2026

Earlier printings said I could not find anyone who had documented this pattern. That was wrong.

Jeffrey Hirsch and the Stock Trader's Almanac have published a quarterly version, which they call the Sweet Spot, for years. I missed it because the Almanac is a print product and the research tools I used do not index print. That is a real limitation, not an excuse.

Chapter 7 is corrected and now states what the actual contribution is: the Almanac's tradeable figures begin in 1949, this record begins in 1930 and includes the only cycle that failed, and the window here is measured to the day rather than by quarter.

Nobody asked me to make this change.

The corrected material and the full cycle record are at 100yearpattern.com.

Afshin Moshrefi

Dedication

For Hiroshi, my best friend.

You taught me how to think about markets, and you changed the course of my life.

Thank you.

Foreword

by David M. Aferiat, Co-Founder,
Trade Ideas LLC

I remember being most frustrated with my trading losses when the very technology I helped bring to market for the nation's largest brokerages couldn't help improve my own performance. I had spent years building tools to serve active traders, tools used by giants of the industry. I was supposed to be better than my results. But I wasn't. Not yet. That disconnect led to one of the most humbling and transformative realizations of my career: success in the markets isn't just about having the right tools. It's about using those tools in a way that aligns with how you manage risk, how you process market conditions, and how you're wired to make decisions. In my case, the more I tried to trade fast and frequently, the more I ignored a deeper truth. My edge wasn't speed. My edge was rhythm. I needed longer time frames. My biggest losses didn't come from bad strategies, they came from good ones applied in the wrong market tempo for me.

The 100-Year Pattern by Afshin Moshrefi is about finding that rhythm; about tuning your trading strategy to something older, deeper, and more consistent than the fleeting noise of daily headlines. Afshin doesn't just describe market patterns. He reveals a hidden structure that's been shaping price action for over a century. His breakthrough is not just conceptual, it's practical. Through TradeWave, he gives you access to the data, the tools, and the time-tested windows that let you map your trading fingerprint. One that fits who you are, not who you think you should be.

Afshin and I connected through a mutual friend who knew we shared a passion for democratizing access to meaningful tools in the financial world. What immediately stood out to me about Afshin wasn't just his engineering brilliance. It was his devotion to solving problems from the inside out. His resume includes leadership in AI, machine learning, SaaS development, and enterprise systems. But *The 100-Year Pattern* reflects his

most personal work to date. It's the culmination of years spent observing not just what markets do, but why most traders fail to engage with them in a way that reflects their own strengths.

This book offers more than insight. It offers integration. You'll learn how to work with TradeWave's Opportunity Table, how to interpret long-term seasonal windows, how to use the Trend Chart and TradeWave Ratio (TWR), and most importantly, how to align these tools with a strategy that suits *you*. Whether you trade full-time, part-time, or are just beginning your exploration, the value of this book is that it helps reduce randomness and increase reliability. It won't promise constant wins. But it will guide you to three of the four favorable outcomes: a big win, a small win, or a controlled loss. The one unacceptable outcome, the big loss is what Afshin helps you avoid by syncing strategy with structure and instinct with insight.

Every trader faces a call to adventure. Some answer with bravado. Others with fear. But those who go far answer with awareness. This book is a mentor. It won't trade for you. But it will help you hear the music behind the markets and know when it's your moment to step in. The tools are here. The timing is yours to master. Let *The 100-Year Pattern* be your rhythm guide.

Warmly,

David M. Aferiat

Founder & CEO, The Avid Group

Co-Founder, Trade Ideas LLC

May 2025

David M. Aferiat

A Personal Note from Afshin

If you are reading this in 2026, you are not alone if the market feels louder, faster, and more confusing than it has any right to be.

2025 was a perfect example of how narratives can drown out reality. “AI” was the word of the year. It was everywhere. Stocks tied to that theme became the center of gravity for the entire market, and NVIDIA rose to the top of the mountain as one of the most valuable companies in the world. Headlines made it feel like everything was new and nothing from the past could possibly matter.

And yet, when I compare what the S&P 500 actually did to what history suggested was most likely, the market behaved far more “normally” than most people wanted to admit.

That is the whole point of this book.

This 2026 update improves clarity throughout and refreshes the appendices with 2026-relevant seasonal patterns, including updated midterm-pattern detection. The core framework, logic, and conclusions remain the same.

This is not a prediction book. It is a probability book. Markets do not owe us certainty. What history gives us is something more useful: context. It tells us what is typical, what is rare, and what deserves special respect. It also gives us a way to measure the present against nearly a century of real outcomes.

For the S&P 500, I have roughly 98 years of usable seasonal history at the time of writing. When you have that much data, patterns do not need to be mystical. They either show up repeatedly or they do not.

One of the most important dates in this book is September 27, 2026. That date marks the beginning of what I call the 100-Year Pattern, a seasonal window that has failed once in 24

complete cycles going back to 1930. The reason this matters is not because it guarantees profits. It matters because it has been one of the most consistent “rhythms” in the data we have.

So we also need to be honest about the other side of that coin.

If this pattern fails in a meaningful way, it is not just a bad trade. It would be a major signal. Historically, a breakdown of something that stable has only shown up around periods like the Great Depression. If we see a failure that is large, persistent, and out of character, it would be a warning that we may be entering a recessionary regime, or something even worse. In other words, the outcome itself becomes information. I have one prior failure, so I cannot tell you what a second would predict. What I can do is publish the threshold before the window opens and the result after it closes, in that order.

That is why I believe 2026 is a year where this work matters more than usual.

A lot of traders treat seasonality like a trivia fact, something like “Sell in May and go away.” Most years, that phrase is too blunt to trade literally. But there are certain years where that tendency lines up with the broader cycle and becomes far more relevant. 2026 is one of those years where you should at least respect the possibility, manage risk accordingly, and avoid getting hypnotized by short term noise.

The goal of this book and TradeWave is simple. It is to help you stop guessing in the dark.

You will still need discipline. You will still need risk management. You will still have losing trades. But you will no longer be trading without a baseline. You will be able to look at the current market action and answer a crucial question:

Is this normal for this time and cycle, or is it an outlier that deserves caution?

That perspective is an edge. It is also peace of mind.

I am glad you are here.

Afshin Moshrefi

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About the Appendices

Read this page even if you're previewing on Amazon Look Inside!

The appendices are where the data lives. They are not required to understand the main framework, but they are extremely useful once you start applying it.

Think of the main chapters as the method and the mindset. Think of the appendices as the reference library.

Here is the easiest way to use them:

If you want proof, start with **Appendix A**. It shows real-world repetition results so you can see how often strong patterns actually behaved the way history suggested.

If you want trade ideas, use **Appendix B**. It contains a curated set of seasonal patterns with the highest quality stats. This is where you can quickly find candidates to study deeper in TradeWave.

If you want long-term context, use **Appendix C**. It compares Buy and Hold versus best seasonal windows so you can see how much of a stock's long-term return came from being in the market during its strongest seasonal periods.

Appendix D covers Futures & Commodities pattern examples.

Appendix E gives you a way to share an opportunity you've found with your financial advisor.

One important note. Many patterns in this book use PE+2 year filters. **PE+2** refers to the **midterm election year** within the four-year presidential cycle. Midterm years tend to be more volatile, and that volatility often creates some of the strongest and most repeatable seasonal behavior.

You do not need to memorize any of this. When you see a pattern labeled PE+2, just remember it means the analysis is focused on midterm years, not a random slice of history.

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Introduction: The 100-Year Pattern

For more than a century, financial markets have moved in cycles. Not in a perfectly predictable way, and not in a way that overrides headlines or fundamentals, but in a way that shows up again and again when you study enough history.

Most traders never look for that structure. They treat the market as pure chaos, or they rely on tools that feel precise but are often disconnected from long run reality. I didn't see it at first either.

I first learned about trading in the early '90s from my best friend, Hiroshi. He was obsessed with the markets and talked constantly about stocks, options, and strategies. To him, trading was a game he was determined to master. To me, it sounded like a foreign language.

Then, in 1995, Hiroshi died in a car accident.

For years, I didn't think much about trading. But when I finally returned to it, it felt tied to his memory. Maybe I wanted to understand what fascinated him so much. Maybe I wanted to succeed where we might have succeeded together. Even now, I still think about him often.

The harsh reality of trading

I started trading seriously in the early 2000s. I tried everything. Technical analysis. Day trading. Automated systems. For a while, I thought I had figured it out.

In 2008, I made what felt like the trade of a lifetime. I placed a \$4,000 options bet and held it for just over a month, from early September to mid October. By the end, that single trade returned 100x, turning \$4,000 into \$400,000.

It was exhilarating. I thought I had cracked the code.

I had not.

That trade was luck, not skill. I just didn't know it yet.

At the time, I was following Elliott Wave analysis, a popular method of market prediction. The theory made sense to me, so I listened to experts who acted like they could anticipate every major move. The problem was simple. They were always bearish. They had been calling for crashes for years, and in 2008 they finally got it right.

But after that, they kept expecting the next collapse while the market recovered and climbed. Instead of growing my account, I gave back most of what I had made. The worst part was not even the losses. It was the frustration.

I could not stand not knowing why something worked sometimes and failed other times.

The first spark: discovering seasonality

Long before my Elliott Wave phase, I had come across a book by Jake Bernstein about seasonality. It was the first time I had seen market behavior approached as a data problem, not a chart pattern story.

I was fascinated.

In the late '90s and early 2000s, I built my first rudimentary seasonal analytics system using spreadsheets and manual historical testing. The problem was that it was brutally difficult at the time.

- My computer could not handle the data processing
- I could only analyze a handful of stocks at a time
- I had no reliable way to track results at scale

Eventually I put it aside, convinced there had to be a better way.

Years later, after cycling through strategy after strategy, I realized my real problem was not just performance. It was emotional whiplash.

When a strategy worked, it felt like euphoria. When it failed, it felt miserable, because I didn't understand why.

That is what pulled me back to seasonality.

Building TradeWave: the missing piece

When I returned to seasonality, I finally had the tools to do it properly. By then, I had spent years mastering AI, machine learning, and large scale data analytics. I was not just a trader anymore. I was someone who knew how to extract signal from massive datasets.

So I rebuilt the system from the ground up.

TradeWave can analyze decades of market data in seconds. It can detect seasonal tendencies most people never test, and it measures them in terms that matter, including repeatability and risk adjusted performance. It is not about certainty. It is about knowing the historical odds and managing risk intelligently.

This is also where the S&P 500 becomes central. With nearly a century of usable seasonal history, you can test what repeats and what does not. You can separate compelling stories from durable tendencies.

Why this book, and why now

Markets always feel chaotic when you are living through them. Narratives change, headlines rotate, and a few dominant stocks can pull an entire index around. In that environment, it becomes easy to believe the past no longer matters.

But history still matters. Not as a guarantee, and not as a crystal ball, but as a baseline.

Seasonality gives you context. It helps you see whether today's move is consistent with long standing rhythms, or whether it is an outlier that deserves extra caution. It helps you tell the difference between noise and signal, between panic and pattern.

This is especially relevant in 2026 because 2026 is a midterm election year. In TradeWave language, it is a PE+2 year.

Historically, midterm election years have tended to be among the most volatile and difficult parts of the four year cycle for much of the year. In many cases, bearish pressure accelerates into early April and the market remains choppy and vulnerable through late summer, often not stabilizing until the seasonal window that begins in late September. That does not guarantee what will happen in 2026. It tells you what deserves respect.

It also explains why one size seasonality rules are blunt instruments. midterm years often create dispersion. Many areas can weaken into late summer, while certain pockets, including parts of the insurance industry and defense complex, can show notable bullish seasonal opportunities even inside a broader bearish regime.

That is why TradeWave's information can be at its most valuable in midterm election years. It does not eliminate uncertainty. It gives you context for volatility and bearish tendencies, and it helps you identify where bullish opportunities still exist when most traders are trading purely on emotion.

Yale Hirsch helped popularize a modern trading version of an old market proverb: "Sell in May and go away." The original saying traces back to London, where the longer line was commonly stated as "Sell in May and go away, come back on St. Leger's Day," reflecting the old seasonal rhythm of money leaving the market during the summer and returning in early fall.

Over time, the idea became widely known as the "Best Six Months" concept: the market's stronger stretch has historically tended to occur outside the summer months. That history is real, but it is also incomplete.

When you segment the data by presidential election cycle, a more precise picture emerges. Summers are not uniformly weak across all cycle years. A disproportionate share of the bearishness is concentrated in midterm election years, which can distort the average when you lump every summer together.

And for 2026, one date matters enough that it deserves to be flagged early.

September 27, 2026 is the beginning of what I call the 100-Year Pattern. You will see it in Chapter 7. It has held up across nearly a century of market history. That does not mean it must work this time. Nothing in markets is owed to us.

But if a pattern that stable breaks down in a large and persistent way, that breakdown itself becomes information. When the market stops behaving like it has for decades, it can be

evidence that something bigger has changed. In those moments, the correct response is not panic. It is attention, risk control, and humility.

That is the mindset behind this book. We use history to trade with awareness. We use probabilities to stay rational. We use context to avoid getting emotionally hijacked by headlines.

What's new in the 2026 edition

TradeWave has evolved dramatically since earlier versions of this book. This edition reflects those upgrades and adds practical guidance for the midterm year environment.

You will find:

- A new election cycle lens, including PE+2 analysis for midterm years, alongside traditional consecutive-year seasonality
- Cycle conditioned lookbacks, so “last 10 years” can mean last 10 consecutive years or last 10 midterm years, depending on the question you are asking
- A new research layer at **SeasonalMarketNews.com**, powered by **TradeWave.ai**, that turns pattern data into deeply researched, source-backed articles you can actually use
- Updated appendices with 2026 opportunities, including many midterm-year setups that have historically worked in years like 2026

In this book, you will learn:

- Why seasonality works, and why it can be more reliable than many popular trading tools
- How institutions use seasonal tendencies, even when they do not advertise it
- What our research uncovered about recurring patterns, including windows that have held up for nearly a century
- How to apply these ideas using TradeWave, regardless of your asset class or trading style

If you have ever suspected markets are not as random as they seem, you are right.

Now the real question is simple.

Are you ready to use history the way professionals do?

How to read this book

If you want the main discovery fast (30–60 minutes):

Read the Introduction, then go straight to Chapter 7 and Chapter 8. After that, skim Appendix B.

If you're a trader looking for actionable edges:

Read Chapters 1–8, then jump to Chapters 10–13. Use Appendix B as your idea library.

If you're more of an investor and want the big seasonal regime:

Read Chapters 1–3, then Chapters 7–9, then Appendix C.

If you're going all-in (full system):

Read Chapters 1–14 in order, then use the appendices as your reference vault.

If any terms or metrics feel unfamiliar, use the Glossary at the end as a quick reference and keep moving.

Chapter 7: The 100-Year Pattern

I did not set out to write a market book.

My career has been one long exercise in seeing what's in the data before it's obvious to everyone else. I built the first medical image management system in the start of my career. In 2001, I filed a video communication patent at Verizon, years before anyone carried a smart phone in their pocket. When Apple launched FaceTime in 2010, that patent became a serious strategic asset. By 2018, I was deep in medical AI, living in data analytics the way most people live in email.

Then, for fun, I built TradeWave.

Not as a "trading system." As a tool. A way to test seasonality the same way an engineer tests reality: measure it, validate it, and let the data argue back.

Months before I wrote the first edition of this book, I was at home hunting for patterns I could explain. I found one on the S&P 500 that looked great, saved it, and moved on. An hour later I opened it again. Then again.

All green bars. Every year profitable.

That alone is not rare. What was rare was why it was happening.

The pattern only appeared when I filtered for midterm election years, the ugliest part of the four-year presidential cycle. Suddenly those "23 good years" were not 23 at all. They represented almost a century of history.

The window starts on September 27 of midterm election years and runs 295 days, ending on July 18 of the following year. In the data, it failed once, in 1930, at the depth of the Great Depression. It has not failed again.

I thought I was hallucinating. I walked away and came back to see if it would disappear. It didn't.

So I did what any obsessive data version would do. I threw every AI research tool I had at it. I found nothing and concluded nobody had. I was wrong.

Jeffrey Hirsch and the Stock Trader's Almanac publish a quarterly version they call the Sweet Spot, measured from 1949. This record begins in 1930, includes the only cycle that failed, and is measured to the day rather than by quarter.

This book is the story of that work, and the exact framework you can use to verify it and apply it. The full record, all 24 cycles with dates, returns, and the drawdown inside each one, is at 100yearpattern.com.

The next cycle begins September 27, 2026.

Wall Street loves to call the market "chaos."

That word is convenient. If everything is chaos, then nobody has to explain anything. A drawdown becomes "just the market," and a rally becomes "just the market." You can say it with a straight face and move on.

But most traders already know something that does not fit that story.

They know the market has seasons.

They know September has a reputation. They know October can be nasty. They know the market often feels like it "wakes up" near the end of October. They have heard "Sell in May." They have heard "Santa Claus Rally." They have heard all of it.

The real problem is not that people do not know the sayings.

The problem is that sayings do not come with numbers.

How bad is September, exactly?

Is it bad every year, or just "bad enough to be famous"?

What is the probability?

What does "end of October bullish" actually mean, in measurable terms?

Is it October 20? October 28? November 3?

And most important, where are the opportunities inside those messy months?

That is what seasonal analytics is for.

Seasonal analytics is not a trading strategy. It does not tell you what will happen next. It takes what the market has done repeatedly and makes it measurable, so you can stop operating on vibes and start operating on probabilities.

I learned that difference from a conversation with an early TradeWave customer.

I told her something that a lot of Apple traders already “know”: September tends to be a bad month for AAPL.

She laughed and said, “My mother trades Apple exclusively. She knows that.”

Then she paused and said the part that matters.

“But she doesn’t know how bad. She doesn’t know the probability. She doesn’t know where the opportunities are.”

Exactly.

That is the gap between folklore and an edge.

And that gap is where this chapter begins.

Part 1: The Every-Year Seasonal Strategy

The feeling everyone has, and the numbers nobody does

If you have traded long enough, you have felt it.

Late summer turns weird. September rolls in and the tone changes. October is famous for gut-check volatility. Then, somewhere near the end of October, the market often flips from fragile to constructive. People call it “the Q4 ramp,” or “the year-end push,” or they just say “seasonality.”

But until you put numbers on it, you are still trading a story.

So I asked a simple question.

If you take a broad market index over almost a century, can you identify the calendar stretch where the market tends to do the most compounding, and the stretch where it tends to do the most damage?

TradeWave's answer, measured on the S&P 500 across 1928 to 2025, was clean enough to change how you look at the calendar.

The strong season: October 26 to September 3

One window kept showing up as the “in-season” for long-term compounding.

October 26 to September 3.

Not because October 26 is magical. Because when you measure the market across decades, the behavior shifts around that zone often enough that the difference becomes visible in multiple ways.

Here is the blunt compounding comparison, starting with \$10,000:

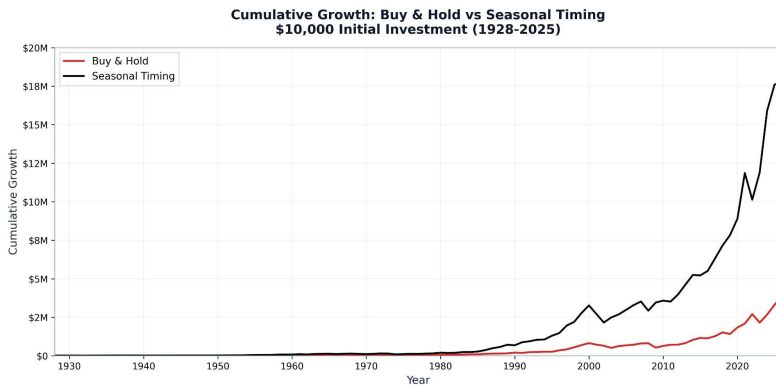
Buy and hold, full year: \$10,000 to \$3.9 million

Seasonal timing, October 26 to September 3: \$10,000 to \$17.7 million

And the part that makes people blink:

The seasonal approach sits out the market for only 52 days each year.

Note: Results shown are historical and simplified and do not include taxes or trading frictions.



This is where readers usually say, “Okay, I know September and October are rough, but I did not realize it mattered that much.”

That reaction is the whole point.

Most people already have the feeling.

Seasonal analytics gives you the measurement.

It turns “September is bad” into “this is the stretch that historically drags results, here is how often, here is how much, and here is what happens when you step aside.”

The weak season: September 4 to October 25

Now we quantify the part everyone has heard about.

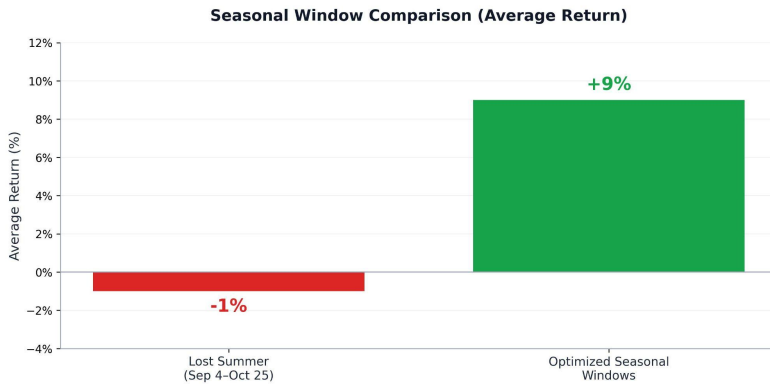
TradeWave measured a 52-day window that repeatedly shows up as a problem zone:

September 4 to October 25.

We call it the **Lost Summer Effect** because it captures something most traders have felt but never quantified. The market tends to lose its footing here often enough that it leaves a visible scar across decades of data.

In long-term averages, this window is average return is about -1%.

Optimized seasonal windows' average return is closer to +9%.



This is not a prophecy. It is not a guarantee. Some years the market will rip straight through it.

But if a window is weak often enough, sitting out that window changes the entire distribution of outcomes.

It changes how often you experience drawdowns.

It changes how deep typical drawdowns are.

It changes how quickly you recover.

Over long periods, that changes the compounding curve so dramatically it becomes hard to unsee.

This is the first lens.

Most traders already knew the market has seasons.

Now you can measure what those seasons cost.

Precision is the real upgrade

There is another reason this matters.

Seasonality is not “September bad, November good.” That is meme-level thinking.

The power is precision.

Instead of:

“Markets typically become bullish at the end of October,”

you get:

“Here is the turning zone that shows up historically, and here is what it tends to look like after the turn.”

TradeWave puts dates and numbers on the feeling.

It shows the behavior as year-by-year bars, averages, trend curves, and probability distributions. It turns “I have heard that” into “I can measure it.”

And once you can measure it, you stop treating the calendar like superstition and start treating it like a dataset.

That is the every-year lens.

Then I applied a second lens.

And that is where things got disturbing.

Part 2: The Election Cycle Lens

Same market, different year type

Once you accept the market has seasons, the next question is obvious.

Does the calendar behave the same way every year?

Most traders already know the answer emotionally. Some years feel like the market has a tailwind. Some years feel like it is walking through mud. But “it feels like” is not the same as measurable behavior.

So we measured a clean, repeating structure that has been studied for decades, but rarely quantified in a way traders can actually use.

The four-year U.S. presidential cycle.

TradeWave breaks the cycle into four year types:

- PE: Presidential Election year
- PE+1: Year after the election
- PE+2: Midterm year
- PE+3: Year before the next election

You do not need a political theory to use this. This is classification. A way to stop mixing different regimes together and then calling the results “random.”

People ask why a U.S. election cycle should show up in market data. Simple: the U.S. is not “just another country” in the capital markets. It’s about 4% of the world’s population but roughly a quarter of global GDP, and that kind of weight creates cycles that the rest of the world trades around.

Once you separate the years this way, a lot of famous market wisdom changes shape.

Two different studies are shown in this chapter:

The first study finds the **best single seasonal window inside each presidential cycle year type** (PE, PE+1, PE+2, PE+3). Those “best windows” can start late in one year and run into the next because the goal is simply to find the strongest window for that cycle year type.

The second study is the centerpiece of this book: the **100-Year Pattern**, a longer, regime-aware window that is the strongest broad-market seasonal edge I have found in the data.

Each year has its own best seasonal window

When we ran the numbers across **24 complete cycles** (1930–2022), so each year type is represented equally, and asked “What is the best seasonal window inside each year type?”, we did not get one answer.

We got four.

Cumulative here means compounded across all cycles in the sample, not a single four-year period.

To compare cycle years fairly, this table uses the same number of completed cycles for each category, so the sample is limited to 1930 through 2022.

Pres Elec Cycle	Optimal Dates	Cumulative Return	Avg Gain	Buy-and-Hold Cumulative Return	Avg Gain
PE	May 23 - Jan 6	683%	9%	417%	8%
PE + 1	Apr 7 - Aug 2	552%	9%	217%	7%
PE + 2	Sep 27 - Jan 6	354%	7%	49%	4%
PE + 3	Jan 2- Jul 20	1,295%	12%	1,220%	12%

Read that like a trader, not like an academic.

It does not say “this year is always good.”

It says: if you want to talk about seasonality, you have to specify which year type you are in, because the market’s rhythm changes.

It also explains why so many people are half-right about seasonality.

They are measuring the right phenomenon, but they are mixing the wrong years.

The “Sell in May” problem: not wrong, just misapplied

“Sell in May and go away” has survived for a reason. People have felt it.

But sayings do not tell you when they apply, and they do not tell you how often they apply.

So we measured it, by year type.

Presidential Election Cycle	May-1 to Oct-31 Cumulative	Nov-1 to Apr-30 Cumulative	Buy-and-Hold Cumulative
PE	177%	154%	417%
PE+1	40%	32%	208%
PE+2	-34%	958%	49%
PE+3	56%	53%	1,220%

Only PE+2 is negative from May through October.

That is the story in one sentence.

“Sell in May” is not a universal market law. It is a pattern that concentrates in midterm years.

Now look at what happens right after that weakness.

In PE+2 years, November through April is historically powerful.

That is not a vibe. That is measured history.

So when a trader says, “Yeah, I have heard summer is weak,” the real questions become:

Weak in what years?

Weak how often?

Weak enough to matter?

And if it is weak, what typically follows it?

That is the difference between folklore and usable context.

The year that matters for this book: PE+2

PE+2 is the midterm year. It is often the messiest year of the cycle. It is the year where fear headlines flourish. It is the year that makes people believe the market is pure chaos.

And yet inside PE+2, one window shows up with consistency that does not feel normal.

Not a one-month window.

A cross-year window.

The kind you would never notice unless you were measuring with precise dates.

The Most Powerful Slice: PE+2 to PE+3

The window that made me think I was hallucinating

This is the finding that triggered the name of this book.

When you isolate midterm years and measure the window that begins in late September, the data stops behaving like a typical market backtest and starts behaving like a rule. These results use complete historical cycles through year-end 2022, the last completed midterm election year in the dataset.

Pres Elec Cycle	Optimal Dates	Cumulative Return	Avg Gain	Buy-and-Hold Cumulative Return	Avg Gain
PE + 2	Sep 27 - Jul 18	5,045%	19%	49%	4%

Translate that into plain language.

Across those cycles, if you were exposed to the market during the Sep 27 to Jul 18 window, the average gain per cycle was about 19%.

If you simply held the market during PE+2 years in general, the average gain was about 4%.

So this is not “midterm years are great.”

It is the opposite.

Midterm years are messy, and this is the window where the market historically stops being messy.

Then comes the part that feels like it should not exist.

Across the dataset:

23 out of 24 cycles were profitable.

That is a 96% win rate.

It failed once, in 1930, at the depth of the Great Depression.

That does not mean it cannot fail again.

But it does mean you now have access to something most traders never get.

A probability so high it changes how you interpret what you are seeing in real time.

Because once you know a window like this exists, you stop reacting to every scary headline the same way.

You start asking: are we in the historically weak stretch, or in the historically strong stretch?

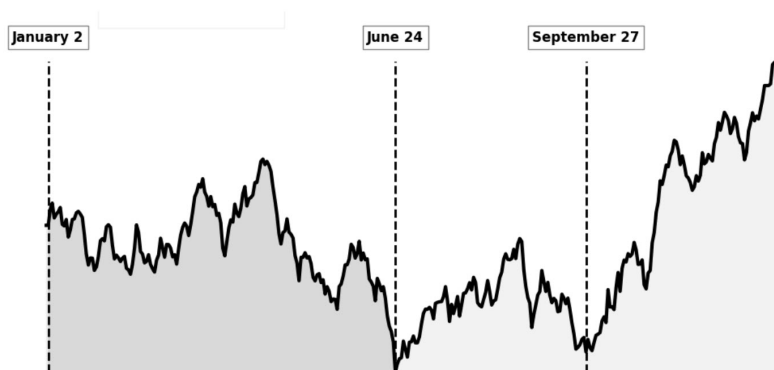
Are we early in the year type, or entering the turning zone?

Now you are using the calendar like a tool, not a superstition.

What PE+2 looks like when you stop looking at single years

Single-year charts are loud. They have their own shocks and drama.

When you stack the years, the drama fades and the shape appears.



That chart explains the midterm “personality” traders have felt for decades.

It is not smooth early.

It often weakens into late June (around June 24).

Then it shifts.

Late September is where the tone changes.

Most traders only sense this after the fact.

Seasonal analytics measures it, dates it, and shows the probabilities.

That is why the cross-year PE+2 to PE+3 window is so powerful.

It does not just capture a seasonal drift.

It captures a regime shift.

This is also the point where Chapter 7 should stop and Chapter 8 should begin, because Chapter 8 is where we go year by year and explore the cycle mechanics in depth.

Before we hand off, we address the obvious objection.

Part 3: Does it still matter in modern markets?

“Sure, but markets changed.”

That is the first objection a smart reader should have.

Markets changed. ETFs exist. Index flows dominate. Algorithms are everywhere. The market structure of the **1930s** is not today’s market.

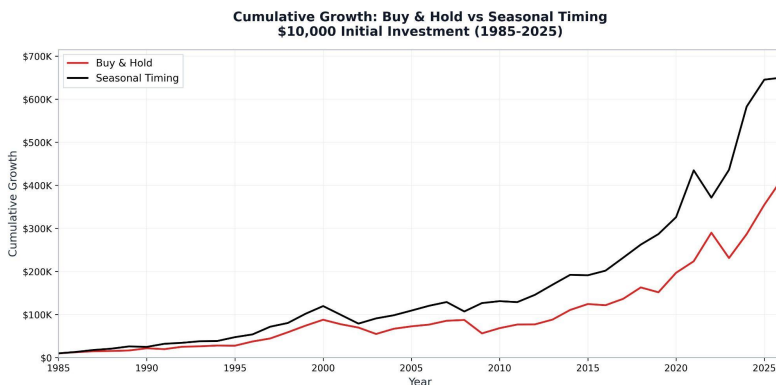
So the right question is not “did it work historically?”

The right question is:

Does the same kind of seasonal structure still show up in the modern era?

TradeWave re-ran the every-year seasonal concept on 1985 to 2025, a period dominated by modern market structure.

The seasonal edge did not vanish.



In that modern sample:

Seasonal timing average annual return was about 12%.

Buy and hold average annual return was about 11%.

The seasonal approach was profitable in 83% of years.

\$10,000 grew to about \$650 thousand seasonally versus \$414 thousand buy and hold.

This is historical evidence, not a guarantee. The value is that it gives you a statistical baseline strong enough to build decisions around.

Again, the point is not “you will make 12%.”

The point is: the market’s calendar did not disappear when the market modernized.

If anything, modern institutional behavior can amplify seasonal flows through rebalancing, risk budgets, and positioning cycles.

The mechanism is interesting.

The measurement is what matters.

What this chapter is really saying

Most traders already “know” seasonality exists.

They know September and October can be rough.

They know the end of October often feels like a turning point.

They know midterm years can be ugly.

But knowing the reputation is not the same as knowing the probabilities.

TradeWave’s job is to put numbers on what people already suspect:

How often a window was positive.

How often it was negative.

What the average gain or loss looked like.

How the outcomes were distributed.

Where the strongest stretches actually began and ended.

In other words, it takes “I have heard that” and turns it into:

I can measure it.

And once you can measure it, you can make better decisions.

Not perfect ones. Better ones.

No forecasting. No predictions. Just context.

Which brings us back to the question that should bother you, because it is the honest question after you have seen the data:

If the market is “chaos,” why does it keep repeating these calendar behaviors?

What’s next

If this chapter only showed one thing, it would already be useful. But it is not one thing.

The real edge appears when you stop treating seasonality like a single calendar window and start treating it like **a regime**, where the same dates behave differently depending on the presidential cycle.

In Chapter 8, we isolate those regimes and show something most traders never test. In some cycle years, broad-market seasonality becomes dramatically cleaner. In others, it fractures, and the best opportunity shifts to a different part of the year.

If you trade 2026 like a normal year, you will miss what the data is signaling. Chapter 8 shows you exactly why.