The Heating Oil HO 2000s Reflexivity Decade Verdict Signal

Why HO 2000s Reflexivity Decade Verdict delivers a 5.39 pp spread on NYMEX Heating Oil forward 60-day returns via the decade-conditional reflexivity test channel.

David Stendahl · Market Lab Analytics · Nov 09, 2026

What this signal is

Decade-restricted Chow-Denning variance-ratio test captures reflexivity regime within the 2000s decade on NYMEX Heating Oil. The 2000s-era verdict carries CD-statistic 1.799 (mixed signal) reflecting the transition from random-walk 1990s into the reflexive 2004-2008 supercycle. The signal informs regime-period discipline rather than directional entry.

The composite is bounded between minus one and plus one through tanh. Positive readings reflect the reflexivity decade high regime state; negative readings reflect the reflexivity decade low regime state.

Today the composite reads −0.000 in the OUT OF Scope band after 4243 trading days in the current phase.

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How the inputs compose

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State thresholds plus or minus 0.2 (moderate) and plus or minus 0.5 (extreme). Phase +1 at composite above +0.3, phase −1 below −0.3. Target: NYMEX Heating Oil front-month continuous.

What the state-conditional returns have actually done

Computed over 6,743 daily observations. Baseline Heating Oil forward 60-day return is mean plus 3.26 percent and median plus 2.14 percent.

> **Baseline NYMEX Heating Oil forward 60-day return:** mean plus 3.26 percent / median plus 2.14 percent.
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> **Phase-conditional pattern on NYMEX Heating Oil forward 60-day returns:** Phase +1 (Reflexivity decade high, 605 days / 9 percent): plus 7.25 percent fwd60d, edge +3.98 pp. Phase 0 (Normal, 4,968 days / 74 percent): plus 3.11 percent fwd60d, edge −0.15 pp. Phase −1 (Reflexivity decade low, 1,170 days / 17 percent): plus 1.85 percent fwd60d, edge −1.41 pp.
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> 5.39 pp spread via the decade-conditional reflexivity test channel.

Three cases that frame how to read the signal

Case 1: Decade high, 2004 pre-supercycle acceleration

HO 2000s reflexivity test began detecting reflexive behavior through 2004 as the commodity super-cycle gained momentum. Signal held Phase +1 territory into mid-decade.

Case 2: Decade high, 2008 supercycle peak

HO 2000s reflexivity test peaked through mid-2008 as supercycle bubble registered the strongest reflexive feedback of the decade.

Case 3: Decade low, 2001 post-dotcom calm

HO 2000s reflexivity test held low readings through 2001 as post-dotcom demand softness kept distillate pricing random-walk.

How to use the signal today

Composite is currently reading −0.000. Phase Neutral firing for 4243 trading days.

Pair with companion Heating Oil signals listed in the Related section.

Methodology notes

The signal applies decade-restricted Chow-Denning joint variance-ratio test to NYMEX Heating Oil returns across the 2000-2009 window. Decade verdict: mixed (CD=1.799 approaches but does not exceed 2.569 threshold). Target: NYMEX Heating Oil front-month continuous.

What this signal does not cover

Three limitations. Decade-restricted sample limits statistical power. Mixed verdict is harder to interpret than random-walk or reflexivity confirmed. Captures regime-period discipline, not directional signal. Daily IC not individually significant on all sampling windows.

Disclaimer

This brief and the signal it describes are for informational purposes only and do not constitute investment, legal, tax, or trading advice. Readers should consult a licensed financial professional before taking any trading action.

References

NYMEX Heating Oil futures daily settlement, CME Group. NYMEX HO contract trades Ultra-Low Sulfur Diesel No. 2 (ULSD, max 15 ppm sulfur) since the 2013 contract refactor.

CSI Data Corporation, Heating Oil front-month continuous (HO21120RD) series.