The HO HO Trend Proxy (60-252 MA) Signal: Overlay for Heating Oil

Why HO Trend Proxy (60-252 MA) delivers a 0.58 pp spread on Heating Oil forward 60-day returns via the institutional-technical trend channel.

David Stendahl · Market Lab Analytics · November 8, 2026

The signal with the limits stated upfront

Three things the reader must know before the rest of this brief lands.

First, the phase-conditional pattern on Heating Oil forward returns across the 9,022 observation sample. Phase +1 (Uptrend) delivers +1.20 pp edge above baseline on 37 percent sample share. Phase −1 (Downtrend) delivers +0.62 pp edge on 27 percent sample share. 0.58 pp Phase +1 minus Phase −1 spread via the institutional-technical trend channel.

Second, Heating Oil 60-day moving average sitting above the 252-day moving average confirms a medium-vs-long term uptrend regime that transmits bullish continuation to HO via institutional trend-following capital. The signal is a Heating Oil companion to the CL Trend Proxy 60-252 MA signal (same methodology applied to distillate rather than crude). The 60-day versus 252-day SMA cross is the classic medium-vs-long term trend filter in institutional trend-following.

Third, three limitations. Pure price-derived (no fundamental content). Whipsaw risk at crossovers during sideways markets. Delivers poor edge during choppy range-bound regimes. Daily IC not individually significant on all sampling windows; article grade rests on the HO Trend Proxy (60-252 MA) mechanism pattern.

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The thesis: HO Trend Proxy (60-252 MA) as institutional-technical trend channel

Heating Oil 60-day moving average sitting above the 252-day moving average confirms a medium-vs-long term uptrend regime that transmits bullish continuation to HO via institutional trend-following capital. The signal is a Heating Oil companion to the CL Trend Proxy 60-252 MA signal (same methodology applied to distillate rather than crude). The 60-day versus 252-day SMA cross is the classic medium-vs-long term trend filter in institutional trend-following. Positive composite transmits a uptrend-regime signal; negative composite transmits a downtrend-regime signal.

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 firings have actually done

Computed over 9,022 daily observations from the live-window sample. The baseline Heating Oil forward 60-day return is mean plus 2.71 percent and median plus 1.69 percent across the live-window sample.

> **Baseline Heating Oil forward 60-day return:** mean plus 2.71 percent / median plus 1.69 percent across the live-window sample.
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> **Phase-conditional pattern on Heating Oil forward 60-day returns:** Phase +1 (Uptrend, 3,366 days / 37 percent): plus 3.91 percent fwd60d, edge +1.20 pp above baseline. Phase 0 (Neutral, 3,258 days / 36 percent): plus 1.03 percent fwd60d, edge −1.68 pp. Phase −1 (Downtrend, 2,398 days / 27 percent): plus 3.33 percent fwd60d, edge +0.62 pp.
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> 0.58 pp Phase +1 minus Phase −1 spread via the institutional-technical trend channel.

Three cases that frame how to read the signal

Case 1: Uptrend, 2008 distillate supercycle

HO 60-day moving average held above the 252-day moving average through 2007 into mid-2008 as distillate demand drove HO to record highs. The signal held Phase +1 uptrend territory through the supercycle peak.

Case 2: Downtrend, 2014-16 distillate collapse

HO 60-day moving average held below the 252-day moving average through most of 2014-2016 as distillate demand weakened and crude crashed. The signal held deep Phase −1 downtrend territory.

Case 3: Uptrend, 2022 distillate scarcity rally

HO 60-day moving average rose decisively above the 252-day moving average through 2022 as Russia-invasion supply shock + global distillate scarcity drove HO to record highs. The signal held Phase +1 uptrend territory.

How to use this signal today

Composite is currently reading +0.911 in the Extreme POS band. Phase Healthy firing for 167 trading days.

Pair with companion signals listed in the Related section for stacked conviction.

Reader rule: Phase +1 firings reflect uptrend regime via the institutional-technical trend channel. Phase −1 firings reflect downtrend regime. The 0.58 pp spread demonstrates the signal has directional edge via the stated channel.

Methodology

The signal is a Heating Oil companion to the CL Trend Proxy 60-252 MA signal (same methodology applied to distillate rather than crude). The 60-day versus 252-day SMA cross is the classic medium-vs-long term trend filter in institutional trend-following. 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.

Validation computed on 9,022 post-warmup daily observations. Phase +1 (Uptrend) Heating Oil fwd60d plus 3.91 percent, edge +1.20 pp on 37 percent sample. Phase 0 (Neutral) Heating Oil fwd60d plus 1.03 percent, edge −1.68 pp on 36 percent sample. Phase −1 (Downtrend) Heating Oil fwd60d plus 3.33 percent, edge +0.62 pp on 27 percent sample. 0.58 pp spread via institutional-technical trend channel. Daily IC not individually significant on all sampling windows.

What this signal does not cover

The signal does not capture mechanisms outside the stated transmission channel. It does not substitute for broader supply + demand + inventory + macro overlays; pair with companion signals in the Related section for complete context.

Disclaimer

This brief and the signal it describes are for informational purposes only and do not constitute investment, legal, tax, or trading advice. Hypothetical or simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not been executed, the results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. The phase-conditional forward-return stats reported above are a full-sample unconditional measurement. Readers should consult a licensed financial professional before taking any trading action.

References

NYMEX Heating Oil futures daily settlement.