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Selling Time

Does the Luxury-Watch Secondary Market Lead Equity Drawdowns?

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July 2026

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1. Executive Summary

This study tests a claim circulating on X (Jul 18, 2026): that the secondary market for luxury watches “floods with supply” ahead of deepening equity corrections, with watch prices “resetting sooner than equity markets” — and that the signal is firing now. The test uses seven and a half years of daily secondary-market prices (Chrono24’s ChronoPulse index family: a market composite plus 13 brand sub-indices, 2,755 daily observations each, Jan 1, 2019 to Jul 17, 2026), cross-validated against WatchCharts and the Bloomberg×Subdial index (one-year trends agree within 2pp across all three), 18 equity/credit/crypto/FX/vol instruments, Google search-intent series for sell-side queries, and the WatchCharts editorial record of supply conditions. Six test families were specified in a written analysis plan before the data was tested: co-movement regimes, FDR-controlled lead-lag econometrics with smoothing-aware pre-whitening, systematic turning-point episode studies with an explicit index-smoothing bound, wealth-cascade transfer estimation, conditional-hazard analysis, and cost-aware backtests against own-price benchmarks. All bootstraps are seeded, and every headline number was recomputed by a separate script that did not read the module code. That is internal reconciliation rather than independent replication. Null results are reported as prominently as positive ones.

1.1 The Verdict

The luxury-watch secondary market is a **lagging** indicator of equity drawdowns — the last domino in the risk cascade, not the canary. Across nine equity drawdown episodes since 2019, watch prices reset ahead of equities in **exactly one**, the 2025 tariff drawdown: they *rose* through five of the nine equity declines and finished within one percent of where they started in two more (median move between equity peak and trough: **+1.3%**), ignored COVID entirely (−2.6% while the S&P fell 34%), and at the great 2021–22 top kept climbing for **83 days** after the Nasdaq peaked — gaining **+18.6%** after the S&P’s high — before giving back −27% over three years. Formally, zero of 212 cross-correlation cells and zero of 40 Granger tests support a watch-leads-equities channel at any lag; the only statistically surviving watch signal has the *contrarian* sign (watch strength near equity tops); watch-stress weeks are followed by a correction only 12% of the time against a 22% base rate, though that gap is an artefact of counting weeks already inside a drawdown (Section 9.2); and

no backtested watch rule beat the asset's own price rule by a significant margin. The association runs the other way: equity drawdowns are followed by watch-price weakness about a quarter later (0.13pp per pp of momentum, $p < 0.001$, downside-tilted), and the listed luxury complex, Watches of Switzerland above all, moves ahead of the physical market by an interval centred on **eleven weeks** but bounded loosely (bootstrap CI roughly 0 to 25 weeks). As for "lighting up this week": as of July 17, 2026, with QQQ six weeks into a -6.7% decline, the watch index sits **0.2% off its 2026 high** set on July 13, ten of fourteen brand sub-indices are higher over the past four weeks, and sell-side search intent is at the **61st percentile** of its trailing year. The genuine supply flood of this cycle — record listings and record sell-search in April–May 2026 — was Watches & Wonders dealer hype, accompanied by *rising* prices, and had normalized by June. The dealer's instinct is a real observation about how the wealthy raise cash; as an equity signal, everything observable about it arrives after the fact.

1.2 Scorecard

H#	Hypothesis	Verdict	Decisive evidence
H1	Watch prices lead equity drawdowns (the tweet)	Rejected	0/212 CCF + 0/40 Granger FDR survivors; peaks led in 1–2 of 9 episodes ($p \approx 0.2$, placebo-level); +18.6% <i>after</i> the 2022 S&P peak
H2	Watches <i>lag</i> equities/crypto (wealth cascade)	Confirmed	Equity momentum $\rightarrow$ watch returns at $t \approx 3.0$ – 3.2 one quarter out; watch peaked last in 2021–22 by 83–146 days across brands; reverse hazard +23pp (5/8 cells survive FDR)
H3	Co-movement is regime-dependent	Rejected	Correlations 0.01–0.23 at all horizons, never significant; 0 of 27 regime-shift tests survive FDR
H4	Supply floods before corrections deepen	Unsupported	No public listings series exists; intent proxy <i>fell</i> in COVID, flat in 2022; the record Apr–May 2026 flood was show-hype with rising prices; tweet-week intent at 61st percentile
H5	Watch stress raises future correction hazard	Rejected, reversed	No cell survives FDR once the risk set is corrected; 88% of signal-on weeks are followed by nothing; signals always-on for 51 and 216 weeks; BTC state carries the hazard information instead
H6	Watch signals improve risk management	Rejected	No rule beats own-trend significantly (7 of 8 negative in point estimate, S3/QQQ mildly positive); QQQ CAGR 20.7% $\rightarrow$ 6.1% under S1; S1's drawdown “insurance” cost 14.6pp of CAGR per year to cut peak drawdown 6.7pp once
H7	Listed luxury prices watch info first	Confirmed	WOSG mom13 $\rightarrow$ watch at $t = 3.53$; pre-whitened CCF lead ≈ 11 weeks; Richemont $t = 2.14$

1.3 The Twelve Numbers That Matter

1. **0.02** weekly correlation between the watch index and the S&P 500 (0.15 at clean quarterly horizon, $p = 0.43$): watches are not even the same trade, let alone an early copy of it.
2. **0 of 252** formal precedence tests surviving FDR in either direction at return frequency (212 CCF cells +

40 Granger tests): the null of this study is a double null.

3. **+83 days** the watch composite's lag behind the Nasdaq's December 2021 peak — three times the 28-day index-smoothing bound; brand indices lagged bitcoin's top by 133 to 308 days.
4. **+18.6%** watch-index gain *after* the S&P 500's January 3, 2022 peak; it was still above its equity-peak-date level at the equity market's October–November 2022 bottom.
5. **+1.3%** median watch-price move between equity peak and equity trough across all nine drawdown episodes — watches rose in five of the nine and finished within one percent of their starting level in two more.
6. **−2.6%** total watch-index drawdown through COVID, against −33.9% for the S&P: the fastest crash in the sample never reached the watch case.
7. **88%** of the weeks in which watch momentum was negative were followed by no correction inside a quarter. The signal was “on” 43% of all weeks, once for 51 straight, while its drawdown cousin stayed on for 216, so these are persistent states rather than 165 separate alarms.
8. **−11.7pp** the only hazard cell anywhere near FDR survival: watch weakness predicting *fewer* S&P corrections — the tweet's sign, reversed.
9. **0.133pp** of watch-price change per pp of equity 13-week momentum, arriving one quarter later ($p < 0.001$) — and only losses transmit reliably ($\beta = 0.098$ downside vs. -0.011 upside). Controlling for equities, bitcoin's famed watch influence is zero ($p = 0.86$).
10. **0 of 8** backtested watch rules beat the asset's own momentum rule by a statistically significant margin; seven of the eight are negative in point estimate, the eighth (S3 on QQQ) is mildly positive and insignificant, and the flagship rule turned QQQ's 20.7% CAGR into 6.1%.
11. **11 weeks** Watches of Switzerland's stock-price lead over the physical watch market ($t = 3.53$): the tradeable version of every watch-market insight, available on an exchange.
12. **61st percentile** this week's “sell rolex” search intensity within its trailing year, while the watch index sits at a 2026 high six weeks into the live QQQ correction. The record reading (100) came in May — beside record listings, *rising* prices, and a watch fair.

1.4 What To Do With It

Three durable practices fall out of the evidence, developed in Chapter 11. **Remove watch indices from equity risk dashboards** — every observable watch series is a rear-view mirror, and the states that look like warnings have predicted calm; the companion dossier's finding stands that bitcoin's drawdown state, credit, and the equity tape itself carry whatever early-warning information exists (bitcoin's momentum was the only significant state variable even inside this study's own hazard regressions). **Invert the signal if you hold**

luxury exposure: equity 13-week momentum is the best available leading indicator *of* watch prices one quarter out, and Watches of Switzerland is the real-time tape — the live configuration (crypto broken 41 weeks, QQQ correcting, watches at tariff-propped highs) is a forecast of watch-price softness into late 2026 if the equity decline deepens, which matters to dealers, collectors, and luxury-sector analysts rather than to equity PMs. **As a buyer, exploit the lag:** major equity and crypto drawdowns have preceded watch-price weakness by one to three quarters throughout the sample (+23pp deterioration hazard), so the disciplined move after portfolio damage is patience — in 2022 the watch discount arrived months after the equity low, and there has never been a cycle in this sample where it paid to sell the watch *before* the market told you to.

2. The Question, From First Principles

On July 18, 2026, a widely bookmarked post on X attributed a habit to “one of the smartest hedge fund managers I ever knew”: in correction phases, he gauges the odds of a deeper equity drawdown from the *secondary market for luxury and vintage watches*. The claim is specific enough to test, and it comes in two coupled parts. First, when a correction is about to deepen into a bear market, the secondary market for Rolexes, Patek Philippes, and Omegas “floods with supply.” Second, “those prices reset sooner than equity markets will.” The proposed mechanism is a liquidity cascade running through household balance sheets: people of decent means who need immediate cash sell the assets whose disposal least disrupts their lives, and nobody *needs* a luxury watch. The post’s author added that the factor was “lighting up this week.”

This dossier takes the claim seriously as a hypothesis about *precedence*: for the watch market to be useful to an equity investor, watch prices (or supply) must contain information about *future* equity risk that is not already visible in equities themselves. That bar is higher than correlation, higher than anecdote, and much higher than the observation that both markets eventually fall in a recession. It is the same bar we applied to crypto in the companion dossier on Bitcoin’s lead-lag behavior, and it disciplines everything that follows.

2.1 What “Leading Indicator” Has to Mean

A usable leading indicator of equity drawdowns must satisfy four conditions simultaneously: (i) **statistical precedence** — its movements predict future equity risk metrics (drawdowns, corrections, volatility) rather than merely echoing past equity moves; (ii) **robustness** — the prediction survives multiple-testing control, holds across sub-periods, and is not an artifact of how the indicator is constructed; (iii) **incrementality** — it adds information beyond cheaper, faster signals already in every terminal, including the equity market’s own trend and crypto’s risk appetite; and (iv) **economic significance** — acting on it changes portfolio outcomes after costs. A signal can be real and still worthless (it fires too late), or timely and still worthless (it fires constantly). Both failure modes get measured here.

2.2 Why Watches Could Lead: The Case For

2.2.1 The distress-liquidation channel (the tweet’s channel)

Luxury watches are the most liquid high-value discretionary asset a wealthy household owns. A Rolex converts to cash in days through a dense dealer network, without the paperwork of art, the illiquidity of wine, or the finality of selling a business stake, and without touching the family’s home, brokerage account, or

lifestyle infrastructure. If financial stress builds *before* it forces portfolio liquidation, the watch drawer empties first. Under this channel, secondary-market supply floods and prices reset while equity indices are still near highs, because the sellers are responding to private cash-flow stress that has not yet hit public markets.

2.2.2 The discretionary-demand channel

Even without distress selling, watch *bids* are pure discretionary consumption funded by surplus wealth and bonuses. If demand evaporates at the first sign of macro anxiety — before that anxiety is priced into equities — transaction prices soften early. Retailers of hard luxury have long claimed their order books feel recessions before economists do.

2.2.3 The speculative-fringe channel

Between 2020 and 2022 the hottest steel-sports references traded as financial assets, flipped on waiting-list arbitrage and funded conspicuously by crypto wealth. The most speculative corner of any asset system tends to crack first when marginal liquidity tightens. If watches are part of the same speculative complex as crypto and meme equities, their prices could inherit crypto's documented tendency to top early.

2.3 Why Watches Should Lag: The Case Against

The counter-case is structural, and it was visible in the data before any test was run. Secondary watch prices reach the tape slowly. Both major providers state that their indices are built on transaction data, so the delay is not an artefact of quoting asking prices; it comes from aggregating thin, irregular trade across weeks, which smooths the published series by construction. Dealers also manage inventory rather than mark it down, so a change in demand can take months to appear in a printed price. The measured series literally cannot move fast. Second, the wealth-effect arrow points the other way: watch demand is funded by *realized* gains in portfolios and bonuses, so watch prices should follow equity and crypto wealth with a lag of months — the cascade runs *toward* watches, not from them. Third, the watch market has its own idiosyncratic supply shocks — retail price hikes, tariff regimes, reference discontinuations, Watches & Wonders hype cycles — that inject price movements carrying no macro information at all. The 2025 tariff sequence (10% on Swiss imports in April 2025, 39% in August, 15% from mid-November) mechanically re-rated US secondary prices upward through replacement cost, and Patek Philippe alone raised US retail prices 22.4% in 2025. A price index rising for those reasons says nothing about risk appetite.

2.4 The Identification Problem

Watch indices are smoothed. The ChronoPulse daily index has a first-order weekly return autocorrelation of **0.70** — a level that implies the “daily” series is effectively a multi-week moving average of underlying market

conditions. Smoothing has two consequences that shape the entire methodology. First, any measured correlation of watch returns with *lagged* equity returns is partly mechanical: a moving average of a correlated series always looks like it lags that series. Second, and symmetrically, smoothing *delays measured turning points*: if the true market peaked in week t , a k -week smoother's peak appears up to $(k - 1)/2$ weeks later. Chapter 7 estimates the equivalent smoothing window explicitly and uses it as an honesty bound: a measured watch lag shorter than the bound is uninformative about true timing; a measured lag far beyond it is real. Statistical tests are run on pre-whitened series (AR residuals) alongside raw ones, and every claim about precedence is checked against the bound.

2.5 Sub-Periods

Pooled statistics average over structurally different eras. All regime-dependent results are reported on four fixed windows, set ex-ante on structural markers, not fitted to the data: **P1 Pre-COVID** (Jan 2019–Feb 2020), the steady state before the pandemic; **P2 Stimulus mania** (Mar 2020–Mar 2022), from the COVID shock to the Fed's first hike, spanning the watch melt-up; **P3 The unwind** (Apr 2022–Aug 2024), the tightening-era watch bear market; and **P4 Normalization** (Sep 2024–Jul 2026), the easing era through the tariff re-rating and the present. The full sample is P0.

2.6 Hypotheses Under Test

H#	Hypothesis	Primary evidence
H1	Watch prices lead equity drawdowns (the tweet's claim)	M2 predictive tests; M3 turning points
H2	Watch prices <i>lag</i> equities and crypto (wealth cascade)	M2 reverse tests; M4 transfer estimation
H3	Watch–equity co-movement is regime-dependent	M1 sub-period correlations
H4	Sell-side supply floods before equity drawdowns deepen	M4 search-intent proxy; supply narrative record
H5	Watch-market state shifts future equity correction hazard	M5 conditional probabilities and logits
H6	Watch signals improve equity risk management after costs	M6 backtests vs. own-trend benchmarks
H7	Listed luxury equities price watch-market information first	M2 WOSG/Richemont blocks

3. Data & Validation

The watch-market series in this study are real market data retrieved directly from the index providers' public chart APIs on July 19, 2026, cross-validated across three independent providers, and frozen to disk before any test was specified. The primary series is Chrono24's ChronoPulse daily index family (2,755 daily observations per series, Jan 1, 2019 to Jul 17, 2026). Market instruments are Yahoo Finance daily adjusted closes cross-checked against Coinbase Exchange candles (BTC, median absolute difference 0.03%) and FRED (VIX vs. VIXCLS, median difference zero). Full coverage, cross-source deltas, and caveats are serialized in `data/data_quality.json`.

3.1 The Watch-Price Universe

No exchange prints a tape for secondary watches; the observable market is listing and transaction aggregates compiled by data providers. This study uses all three major independent index families:

- **ChronoPulse** (Chrono24) — *primary series*. Daily index level in points, base 1,000 at Jan 1, 2019, with component prices quoted in USD, built from transaction data on the world's largest watch marketplace. The Market index aggregates **143 component references across 14 brands**, weighted by traded value (top weight: Rolex Datejust 41 ref. 126334 at 8.6%; Rolex references dominate the top of the weight table). Thirteen brand sub-indices (Rolex, Patek Philippe, Audemars Piguet, Omega, Cartier, Tudor, Vacheron Constantin, IWC, Breitling, TAG Heuer, Hublot, Panerai, Jaeger-LeCoultre) share the same construction.
- **WatchCharts Overall Market Index** — 300 watches from the top 10 brands, weighted by transaction value, rebalanced annually, in USD; the series behind Morgan Stanley's quarterly watch-market reports. The public tier provides one year of chart history plus printed multi-horizon statistics; both are used for cross-validation, and WatchCharts' monthly dispatches provide the supply-side narrative record used in Chapters 8 and 11.
- **Bloomberg × Subdial Index** — the 50 highest-traded-value references, volume-weighted, in GBP, from the London dealer Subdial; 712 daily observations (Jul 2024–Jul 2026) captured for cross-validation, plus current brand-level 30-day readings.

3.2 Do the Three Sources Agree?

Over the twelve months to mid-July 2026: ChronoPulse **+8.8%**, WatchCharts **+8.7%**, Subdial **+10.7%** (GBP-denominated). Levels and trends agree closely across independent providers with different marketplaces, methodologies, and currencies — the medium-term signal is real. Week-to-week, agreement collapses: the weekly-return correlation between ChronoPulse and Subdial over 101 overlapping weeks is only **0.29**, and between ChronoPulse and WatchCharts' coarser public series just **−0.17** over 52 weeks. Sub-monthly wiggles in any one index are index-construction noise, not market information. Every result in this dossier is therefore anchored at 4-week-and-longer horizons or at turning points, and weekly-frequency findings are treated as fragile unless they replicate monthly.

3.3 The Smoothing Fingerprint

The ChronoPulse Market index's weekly log returns have first-order autocorrelation **0.70** (daily: 0.68 at lag 1, still 0.27 at lag 20). For comparison, the S&P 500's weekly autocorrelation is -0.08 . Brand indices are smoother still where trading is thinnest: Audemars Piguet **0.91**, Patek Philippe **0.87**, versus Omega at 0.29. This is the statistical signature of an index built by aggregating slow-moving listings — and it means the series *cannot* exhibit a fast reaction to anything, by construction. Chapter 7 converts this autocorrelation into an equivalent moving-average window and applies it as a bound on every turning-point claim.

3.4 Instrument Universe and Descriptive Statistics

Series (weekly)	n	Ann. vol	Total chg. 2019–26	Ret. AC(1)
ChronoPulse Market	393	3.7%	+48.3%	0.70
Rolex	393	4.7%	+57.5%	0.60
Patek Philippe	393	7.4%	+107.1%	0.87
Audemars Piguet	393	6.9%	+87.7%	0.91
Omega	393	3.9%	+34.6%	0.29
S&P 500 (price)	393	18.4%	+194.5%	−0.08
QQQ (total ret.)	393	21.6%	+366.1%	−0.06
Bitcoin	393	60.8%	+1,556%	0.03
Gold (GLD)	393	16.2%	+203.4%	−0.05
HY credit (HYG, TR)	393	10.4%	+44.2%	−0.21
Watches of Switzerland	372	52.9%	+153.2%	−0.02
Richemont	393	34.6%	+261.4%	−0.05

(Source: ChronoPulse, Yahoo Finance; weekly (W-FRI) series on the NYSE calendar, Jan 2019–Jul 17, 2026. Equity ETFs are dividend-adjusted; SPX and watch indices are price series.)

Two features frame everything downstream. The watch index carries roughly **one-fifth of the S&P's volatility** (3.7% vs. 18.4% annualized; largest weekly move 2.7% vs. 16.2%) — it is a slow, quiet series. And over the full seven and a half years, watches (+48%) underperformed gold (+203%), the S&P 500 (+195%), and Richemont shares (+261%): the asset-class case and the indicator case are separate questions, and this dossier tests only the second.

3.5 Alignment Protocol

Master calendar = NYSE trading days. The seven-day watch series is joined as-of each trading day; weekly panels take Friday values; monthly panels take month-ends. All returns are log returns $\times 100$. Momentum windows (4w, 13w, 26w) and drawdown-from-running-max columns are precomputed once in the shared panel so every module uses identical transformations. Bitcoin's daily close (23:59:59 UTC) lands about four hours after the equity close; for any same-day statistic this is flagged, and for predictive ($t \rightarrow t+1$) uses it is conservative. Auxiliary series: HY OAS (ICE BofA via FRED; available only from Jul 2023 under FRED's Apr-2026 ICE licensing change — HYG carries the full-history high-yield role), 10-year yield, broad dollar, NFCI, VIX.

3.6 Supply Data: What Is and Is Not Observable

The tweet's mechanism runs through *supply* — listings flooding the market. No provider publishes a long-history public listings-count series. This study handles the supply channel three ways: (i) Google Trends search interest for sell-side queries (“sell rolex,” “sell my watch”; worldwide and US, monthly 2019–2026, plus weekly and daily windows for the current period) as a seller-*intent* proxy; (ii) the WatchCharts editorial record, which explicitly documented supply conditions in 2025–26 (record Rolex-index listings in April–May 2026; normalization by June); and (iii) the price-based implications the supply story must leave behind if true. Where the supply channel itself is untestable, the dossier says so rather than substituting a weaker claim.

Risk Warning

The tariff confound. US tariffs on Swiss imports went from negligible to 10% (April 2025) to **39%** (August 2025) to 15% (mid-November 2025). Brands responded with US retail price increases — Patek Philippe raised US retail **+22.4%** in 2025, including +14.9% tied directly to the 39% tariff; Rolex followed with further increases as late as June 1, 2026 (gold +5.0%). Higher replacement cost mechanically re-rates secondary prices upward regardless of wealth, sentiment, or liquidity conditions. The watch index's 12-month strength (+8.7% to +10.7% across providers) is therefore partly a *cost-shock artifact*, and the index's August 2025 trough coincides with the 39% tariff month. Every interpretation of 2025–26 watch-price behavior in this dossier carries this caveat.

4. Methodology Map

Six test families triangulate the question. No single family is decisive; the verdict comes from where they agree.

#	Test family	Question it answers	Strength	Weakness
M1	Co-movement regimes	Is there any relationship at all, and when?	Regime context	Says nothing about direction
M2	Lead-lag econometrics	Does either side statistically predict the other?	Formal, FDR-controlled, smoothing-aware	Linear, averages over regimes
M3	Turning-point episodes	Who turned first at every major top?	Matches how PMs experience risk	Few observations
M4	Wealth-cascade transfer	Does watch demand follow crypto/equity wealth?	Identifies the true causal direction	Reduced-form
M5	Conditional hazard	Does watch stress raise future equity tail risk?	Directly about drawdowns	Overlapping windows, few events
M6	Signal backtests	Is any of it economically usable?	The honesty test	Path-dependent

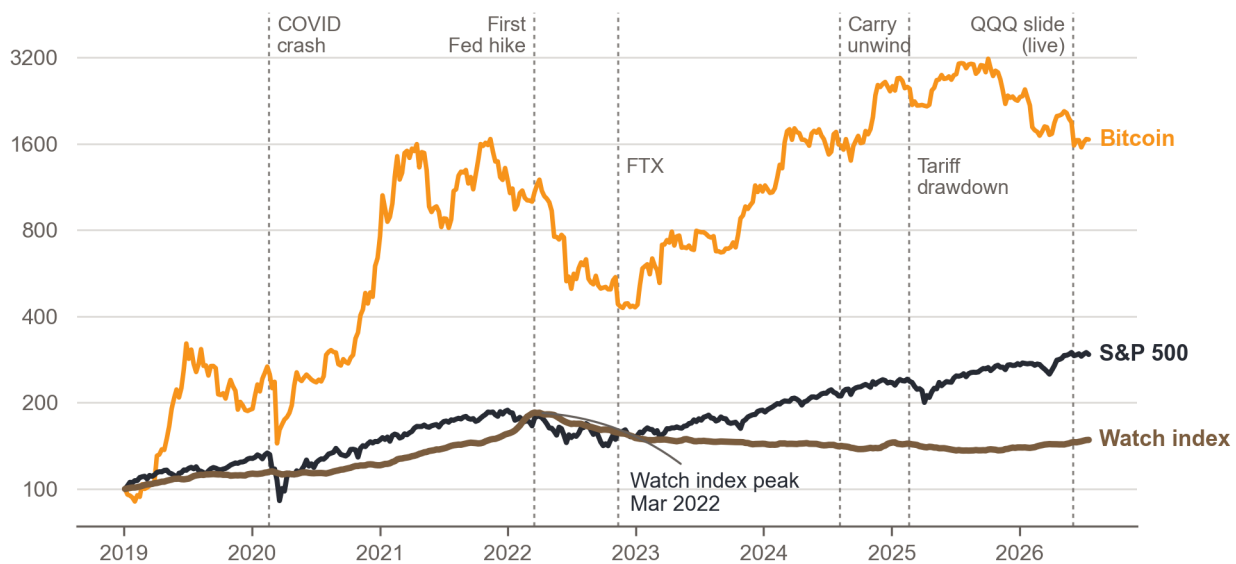
The hierarchy of evidence runs downward: M1 establishes context, M2 establishes statistical precedence, M3 establishes turning-point precedence with the smoothing bound applied, M4 tests the reverse-causation story that would explain everything else, M5 converts states into hazard, and M6 converts statistics into economics. The tweet's claim needs to survive M2, M3, and M5 *in the leading direction* and then pay for itself in M6. The lagging alternative (H2) needs M2's reverse direction, M4's transfer function, and M3's peak orderings.

5. Co-Movement: Is There Any Relationship At All?

Before asking who leads, establish whether the two markets are statistically related at any usable frequency. For crypto the answer was emphatically yes — a 0.4 daily correlation regime since 2020. For watches the answer is close to no: at every frequency short of a quarter, the watch index is statistically indistinguishable from a series that ignores equities entirely.

Watches rode the same cycle, at one-fifth the amplitude

Indexed weekly closes (log scale), 100 = Jan 4 2019, through Jul 17 2026. ChronoPulse watch market index



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

5.1 Correlations: Near Zero at Every Testable Frequency

Full-sample return correlations between the ChronoPulse Market index and the S&P 500 are **+0.02** weekly (AR(1)-adjusted $p = 0.677$, $n = 393$; block-bootstrap 95% CI $[-0.09, +0.12]$), **+0.04** monthly, and **+0.15** on clean non-overlapping quarters ($p = 0.426$, $n = 29$). Against QQQ: +0.01, +0.03, +0.13. Against bitcoin — the asset that allegedly funded the watch bubble — +0.04, +0.12, +0.23, the last still insignificant ($p = 0.239$). Point estimates rise with horizon, which is what a heavily smoothed index produces mechanically, but nothing reaches significance even at the quarterly horizon where only 29 observations exist. The one contemporaneous relationship that does clear the bar is telling: Watches of Switzerland *equity* correlates with the watch index at +0.11 weekly ($p = 0.027$) — the listed stock is the only thing in the panel that visibly shares the watch market's week.

WATCH corr. vs	Weekly	Monthly	Quarterly	Qtr p (adj.)
S&P 500	0.02	0.04	0.15	0.426
QQQ	0.01	0.03	0.13	0.488
Bitcoin	0.04	0.12	0.23	0.239
HY credit (HYG)	0.03	0.04	−0.03	0.877
Gold (GLD)	−0.03	—	—	—
Watches of Switz.	0.11	—	—	0.027 (weekly)

(Source: ChronoPulse, Yahoo Finance; weekly $n=393$, monthly $n=89$, non-overlapping quarters $n=29$. AR(1) effective-sample-size adjusted p -values.)

5.2 No Beta, One-Fifth the Amplitude

The full-sample beta of weekly watch returns on S&P returns is **0.004** (HAC $t = 0.45$, $R^2 = 0.0\%$): a 1% equity week moves the measured watch index 0.4 *basis points*. The only sub-period beta distinguishable from zero is on QQQ during the 2022–24 unwind (0.021, $t = 2.81$) — and even that explains 2.6% of variance. With weekly volatility of 0.52% against the S&P's 2.55%, the watch series simply does not carry equity-scale information at market frequencies.

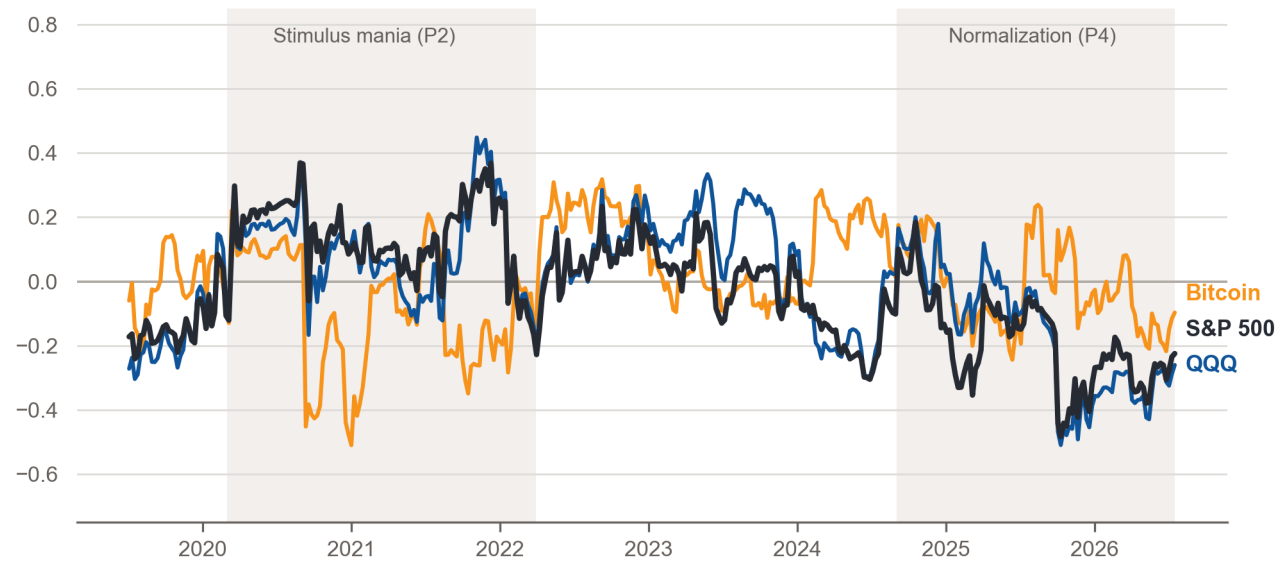
The live-episode reading is the same statement in miniature: in the week of July 17, 2026 the watch index printed its highest weekly close since June 2023 (13-week momentum +3.5%), still 19.7% below its March-2022 all-time peak, while QQQ sat 6.7% and bitcoin 48% below theirs.

5.3 Regimes: Suggestive Sign Flips, Nothing Robust

Sub-period correlations tell a mildly interesting story — co-movement was *absent* during the stimulus mania (P2: WATCH–BTC −0.07), peaked during the unwind (P3: BTC +0.18, QQQ +0.16), and flipped negative in the normalization era (P4: HYG −0.23, SPX −0.16) as tariff-driven watch strength met an equity correction. But of 27 adjacent-era Fisher- z shift tests, 3 are raw-significant and **0 survive FDR**. The honest summary: there are no defensible correlation regimes here, only noise around zero.

Co-movement with equities is weak and unstable

26-week rolling correlation of weekly log returns: ChronoPulse watch index vs partner, 2019-2026



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

The rolling 26-week correlation with the S&P spans -0.48 to $+0.37$, sits inside $[-0.2, +0.2]$ seventy percent of the time, and reads -0.23 in the latest week: as the live equity decline unfolded, the watch index went the other way.

Co-movement peaked in the unwind, then flipped negative

Weekly-return correlation with the ChronoPulse watch index by sub-period. No shift vs the prior sub-period survives BH-FDR ($q=0.10$) across the 27 Fisher-z regime tests

S&P 500	-0.08	+0.04	+0.09	-0.16
Nasdaq 100 (QQQ)	-0.11	-0.04	+0.16	-0.13
Bitcoin	+0.04	-0.07	+0.18	-0.11
HY credit (HYG)	-0.03	+0.07	+0.10	-0.23
Gold (GLD)	-0.07	-0.01	-0.02	-0.06
VIX (dlog)	+0.06	-0.04	+0.01	+0.10
Watches of Switz.	+0.01	+0.14	-0.02	+0.11
Richemont	+0.05	+0.08	+0.09	+0.01
Hermes	-0.03	-0.03	+0.09	+0.05
	P1 Pre-COVID 2019 - Feb 2020	P2 Stimulus mania Mar 2020 - Mar 2022	P3 The unwind Apr 2022 - Aug 2024	P4 Normalization Sep 2024 - Jul 2026

Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

The watch market fails the co-movement test that crypto passes. Bitcoin earned its risk-asset credentials with a 0.4 daily correlation to the Nasdaq; the watch index correlates at 0.02 weekly and 0.15 quarterly with everything that matters, carries a beta of 0.004, and is currently moving *against* the live equity decline. A series this quiet can still contain slow information — that is what the lead-lag machinery tests next — but it cannot be a fast tell. The only robust first-pass lead in the panel points the *other* way: listed luxury equities (Watches of Switzerland, Richemont) correlate with watch-index returns one quarter ahead at $r \approx 0.15\text{--}0.16$ (both surviving FDR), a thread Chapter 6 pulls formally.

6. Lead-Lag Econometrics: Testing Precedence Formally

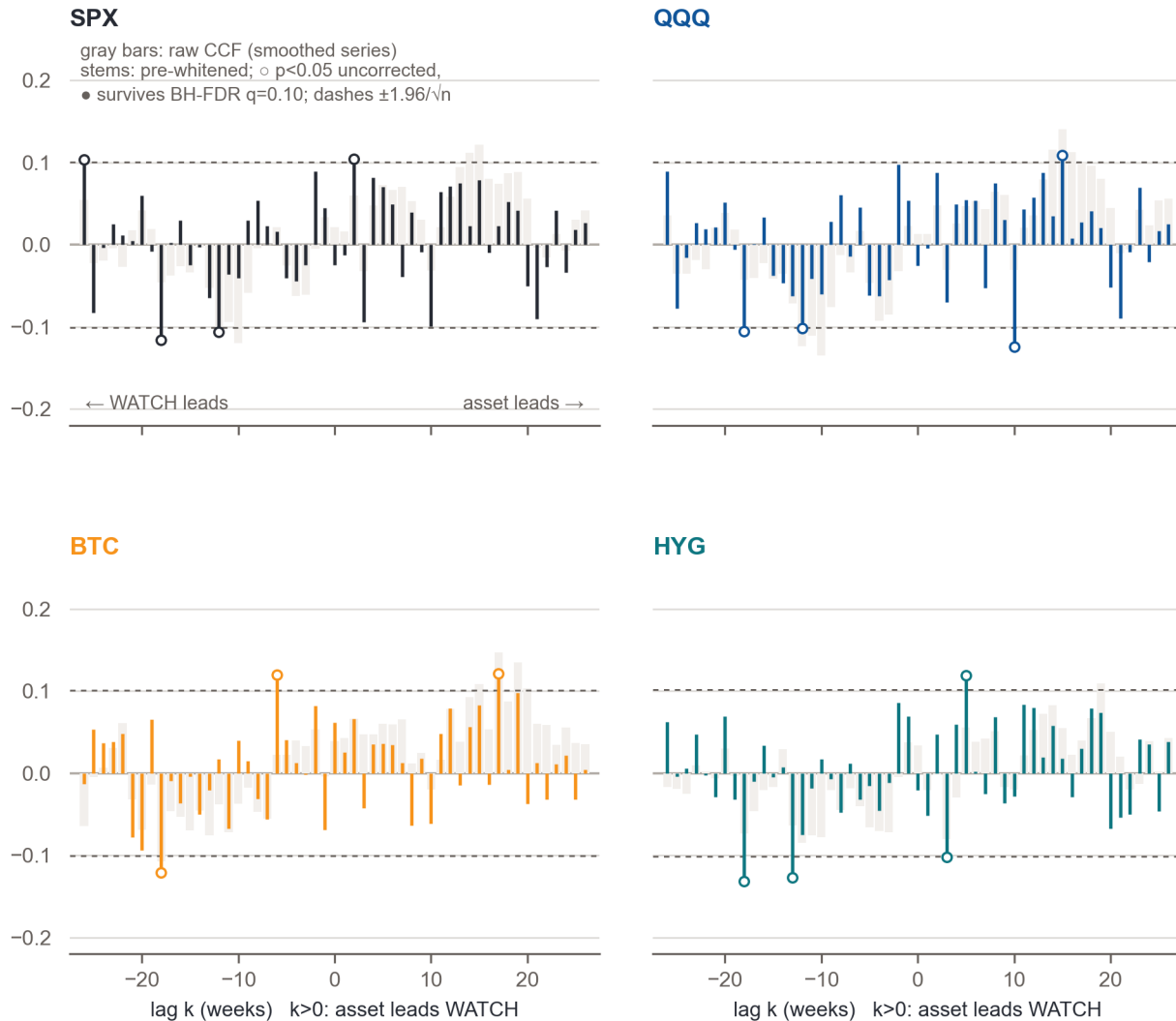
If watch prices reset before equities, the machinery of time-series econometrics should find it: cross-correlations at watch-leads lags, Granger causality from watch returns to equity returns, predictive regressions with the right sign. Run with multiple-testing control and smoothing-aware pre-whitening, the machinery finds nothing in the tweet's direction — and a well-identified transfer in the opposite one.

6.1 Cross-Correlations: Zero Survivors of 212

The weekly CCF battery (WATCH against SPX, QQQ, BTC, HYG; ± 26 lags; raw and AR-pre-whitened) contains 212 testable cells. **None survives** Benjamini–Hochberg FDR at $q = 0.10$ — not one lag, in either direction, for any pair, in either variant. Even before correction, the pattern that does appear sits on the markets-lead side: 10 of 104 positive-lag (market leads) cells clear raw $p < 0.05$, peaking at S&P-leads-by-15-weeks ($r = 0.122$) and bitcoin-leads-by-17-weeks ($r = 0.147$), against 6 scattered cells on the watch-leads side. Weekly Granger causality agrees: **0 of 40** sub-period tests survive FDR, and the best watch→market p -value anywhere in the grid is 0.080. One-week returns of a smoothed listing index are construction noise, and they carry no cross-market information at either weekly or monthly frequency (monthly: 0 FDR survivors in the CCF, 0 of 8 Granger tests significant).

Watches show no lead; markets show a faint quarter-long echo

Corr of weekly WATCH log returns with each asset's returns at lag k , 2019-2026, $n \approx 390$; $k > 0$ = asset leads WATCH. Pre-whitened = AR(p)-by-BIC residuals per series. No lag in either direction survives BH-FDR $q = 0.10$.



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

6.2 Momentum Horizons: Information Flows Market → Watch

The action lives at momentum horizons, and it is directional. A 4-week-momentum predictive battery (HAC-Wald, 40 cells, FDR-controlled) produces **18 survivors: 13 run market → watch, 5 run watch → market** — and the five watch → market survivors are confined to the 2019–2022 melt-up eras (P1–P2), when the smoothed watch index was riding the same stimulus trend as everything else. High-yield credit leads the watch market in *every* sub-period tested (HYG → WATCH survives FDR in P0 through P4); the S&P leads it in all four sub-periods; the reverse holds nowhere after 2022.

The signal sits at momentum horizons, running markets to watches

p-values per sub-period; darker = smaller p. Black boxes survive BH-FDR $q=0.10$ within each 40-test grid.

W = ChronoPulse watch index. mom4 panel: single-equation HAC-Wald predictive regressions, not classical Granger.

	Weekly returns: VAR Granger (BIC lags)					4-week momentum: single-equation HAC Wald				
	P0	P1	P2	P3	P4	P0	P1	P2	P3	P4
W → SPX	.323	.107	.676	.160	.393	.779	.005	<.001	.058	.465
SPX → W	.043	.943	.243	.061	.052	.336	<.001	<.001	.002	.033
W → QQQ	.152	.121	.599	.080	.654	.483	.015	<.001	.164	.916
QQQ → W	.264	.749	.220	.116	.040	.845	<.001	.008	<.001	.122
W → BTC	.811	.755	.354	.317	.241	.644	.877	.177	.192	.913
BTC → W	.603	.976	.534	.915	.439	.955	.141	.229	.013	.339
W → HYG	.213	.132	.388	.185	.729	.555	.158	<.001	.068	.939
HYG → W	.047	.865	.486	.029	.376	<.001	<.001	.002	.002	.004

Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

The cleanest single test: regress the *next quarter's* watch-index return on the market's current 13-week momentum, and vice versa.

Predictive regression (weekly, HAC)	β	t	p
SPX mom13 → next-13w WATCH	0.223	2.98	0.003
QQQ mom13 → next-13w WATCH	—	3.20	0.001
BTC mom13 → next-13w WATCH	—	2.39	0.017
WOSG mom13 → next-13w WATCH	0.092	3.53	<0.001
WATCH mom13 → next-13w QQQ	−0.62	−1.64	0.101
WATCH mom13 → next-4w QQQ	−0.247	−2.11	0.035
WATCH mom13 → next-4w Δ VIX	—	1.38	n.s.

(Source: Weekly panel 2019–2026, Newey–West SEs, lags = $\max(h, \lceil 1.5T^{1/3} \rceil$). Non-overlapping 13w robustness: QQQ→WATCH $t = 2.68$, $p = 0.007$ on $n = 29$ quarters.)

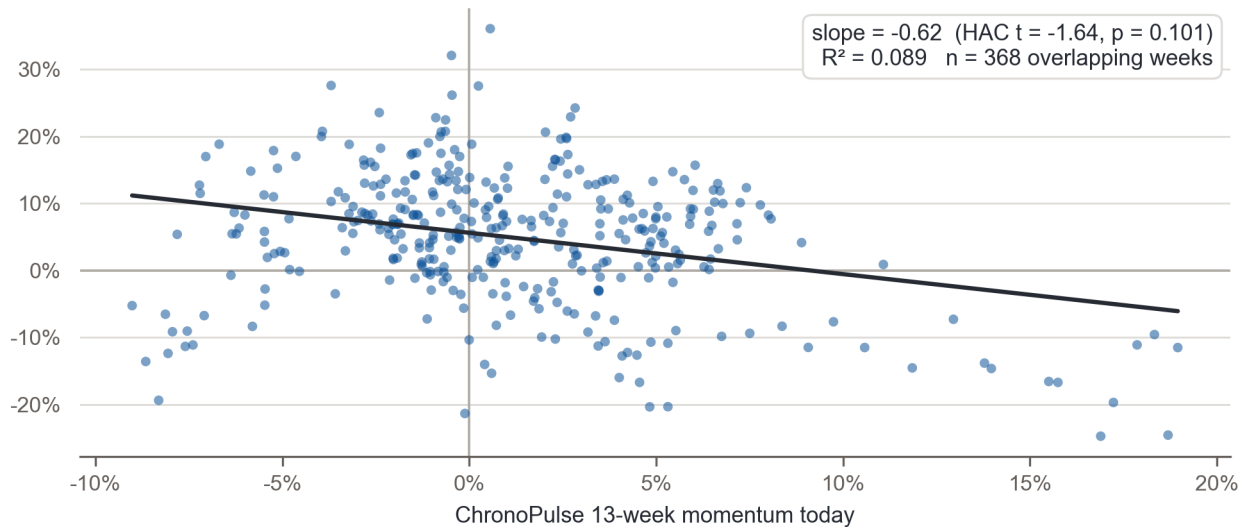
Market momentum forecasts watch returns a quarter ahead with t -statistics of 2.4–3.5, robust to non-overlapping quarters. The distributed-lag profile shows the transfer *builds over a full quarter*: coefficient mass peaks at lag 13, with only 21% of it inside the first four weeks.

6.3 The One Watch Signal That Exists Points the Wrong Way

Watch momentum as an equity predictor fails at the quarterly horizon ($p = 0.101$) — and where it flickers at the 4-week horizon, the sign is **negative**: watch *strength* precedes equity *weakness* ($\beta = -0.247$, $t = -2.11$, the only watch→equity cell to survive FDR in its family). That is the opposite of the tweet's channel. Distress liquidation requires watch weakness to precede equity weakness; what the data faintly shows is a late-cycle contrarian pattern — the watch market at its most euphoric near equity tops, which is precisely how a *trailing* wealth gauge behaves. The same contrarian sign shows up against credit spreads (watch mom13 → next-4w Δ HY OAS: $\beta = 0.040$, $t = 2.03$, 2023–26 sample only).

If anything, watch-market heat precedes weaker equity quarters

Next-13-week QQQ log return vs current ChronoPulse 13-week momentum, weekly overlapping obs, 2019-2026. Slope is negative and insignificant with HAC SEs ($p=0.101$); the sign runs opposite the watches-crack-first claim.



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

6.4 Listed Luxury Front-Runs Physical Luxury

The strongest predictive relationship in the entire chapter belongs to a stock: Watches of Switzerland 13-week momentum predicts next-quarter watch-index returns at $t = 3.53$ (Richemont: $t = 2.14$), with the pre-whitened CCF putting the WOSG lead around **11 weeks** (bootstrap CI wide, $[0, 25]$ weeks). Public equity investors price the state of the watch market roughly a quarter before it appears in secondary transaction prices. Anyone who wants the watch market's information already has a faster, cleaner, exchange-traded place to read it.

Formal precedence testing is unambiguous. Zero of 212 cross-correlation cells and zero of 40 weekly Granger tests support any watch-leads-equities channel, while momentum-horizon batteries put 13 of 18 FDR survivors in the market→watch direction, quarterly market momentum forecasts watch returns at $t \approx 3$, and the single surviving watch→equity coefficient has the *contrarian* sign — watch strength, not weakness, faintly precedes equity trouble. The watch market is the destination of information that equities and credit already had a quarter earlier, and the listed retailer's stock moves ahead of the physical market by an interval centred on eleven weeks, with a bootstrap CI wide enough (roughly 0 to 25 weeks) that the exact lead is not pinned down.

7. Turning Points: What Watches Did at Every Equity Drawdown

The tweet’s claim is about episodes, so this chapter tests it episode by episode. Applying the detection rule fixed in the written analysis plan (S&P drawdown of 8 log points or QQQ of 10 log points from the running peak, equal to 7.7% and 9.5% in simple terms, overlapping spells merged) to the daily panel yields **nine closed equity episodes** between 2019 and mid-2026, plus the open June–July 2026 decline. For each, we date the watch index’s local peak within ± 180 days of the equity peak, measure the lead or lag in calendar days, and — the statistic that decides everything — record what watch prices actually did between the equity peak and the equity trough.

7.1 The Ledger

Episode	Equity peak	SPX / QQQ dd	Watch lead (days)	Watch mom13 at peak	Watch chg. peak→trough	Classification
May-2019 correction	05/03/19	−7 / −11%	−132	+5.5%	+1.6%	lagged
COVID crash	02/19/20	−34 / −29%	−9	+2.4%	−1.7%	coincident (in bound)
Sep-2020 tech pullback	09/02/20	−10 / −13%	censored	+1.2%	+1.3%	no reset; watch rising
Feb-2021 correction	02/12/21	−4 / −11%	censored	+3.5%	+2.5%	no reset; watch rising
2022 bear	12/27/21	−25 / −35%	−83	+6.8%	+1.6%	lagged (exceeds bound)
2023 correction	07/18/23	−10 / −11%	(+182)	−0.2%	−0.8%	always-on decline
Yen-carry unwind 2024	07/10/24	−8 / −14%	censored	−0.7%	−0.9%	always-on decline
Tariff drawdown 2025	02/19/25	−19 / −23%	+41	+3.5%	−2.8%	led (exceeds bound)
Late-25/26 correction	10/29/25	−9 / −12%	−152	+0.6%	+5.4%	always-on / tariff re-rating

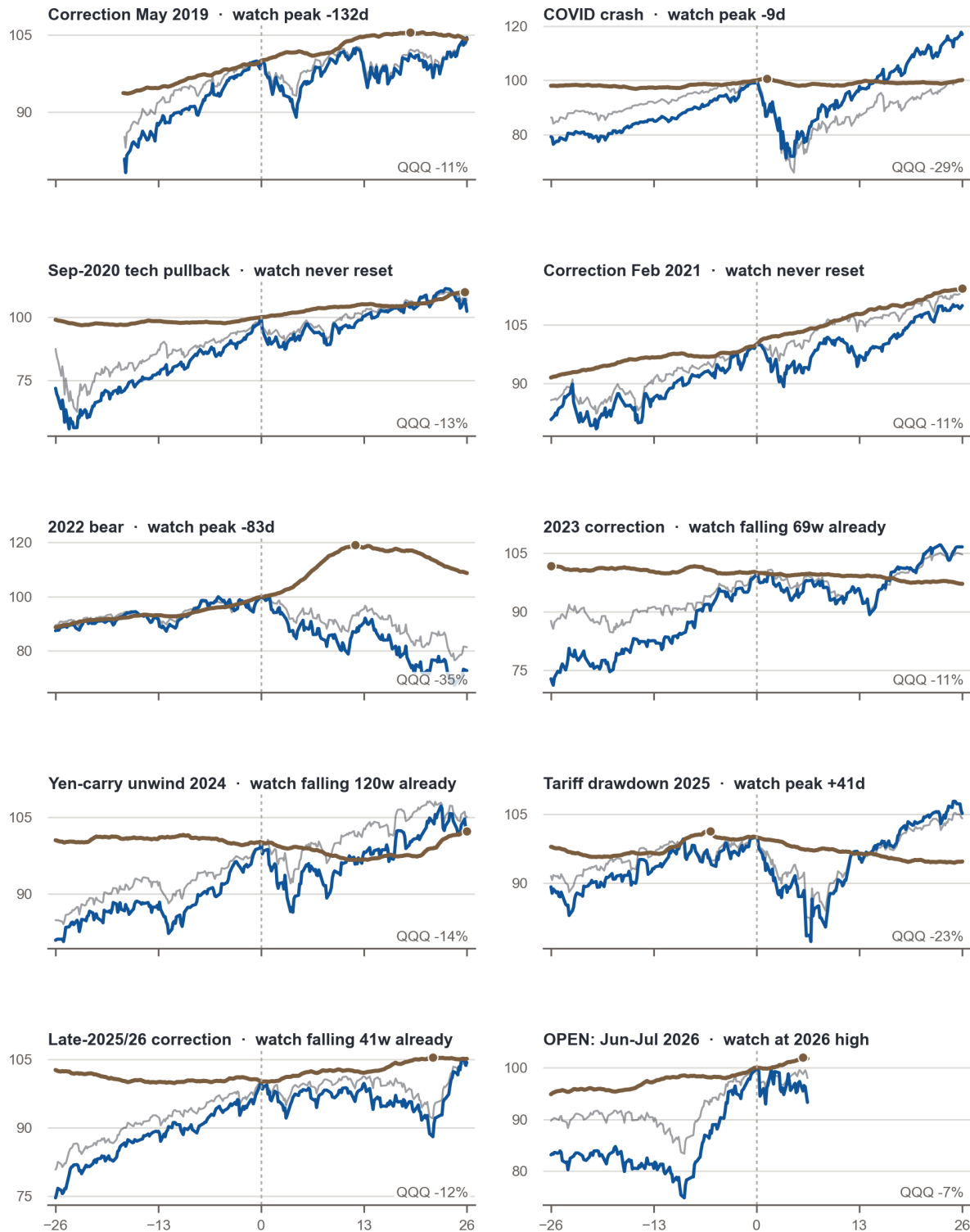
(Source: Systematic detection per RESEARCH_PLAN §5; watch lead + = watch peaked first; “censored” = watch index still rising 26 weeks after the equity peak, so no local watch peak exists in the window; “always-on” = watch had already been declining >26 weeks before the equity peak. 2022 dated to the merged episode’s deeper index (QQQ, 12/27/21); against the SPX peak (01/03/22) all lags shrink by 7 days.)

Read the sixth column first, because it is the entire dispute in one place: **watch prices rose in five of the nine equity drawdowns and finished within one percent of their starting level in two more, so seven of nine ended the equity decline flat-to-higher** (median across all nine: **+1.3%**; only two episodes fell more than one percent, the worst by 2.8%). The single largest watch-price “reset” during any closed equity decline in seven and a half years was **−2.8%**, and it happened in the one episode where watches genuinely

topped first (the 2025 tariff drawdown — an episode caused by tariffs that simultaneously hit the watch market's own cost base, the confound Chapter 3 flagged). Prices that reset "sooner than equity markets" should show up in this column as deep negatives. They never do.

Watch prices did not reset before equity peaks

ChronoPulse market index (brown, dot = its local peak) vs QQQ (blue) and SPX (grey), each indexed to 100 at the equity episode peak; x-axis = weeks around the equity peak ($\pm 26w$); episodes detected per §5 rules, 2019–2026



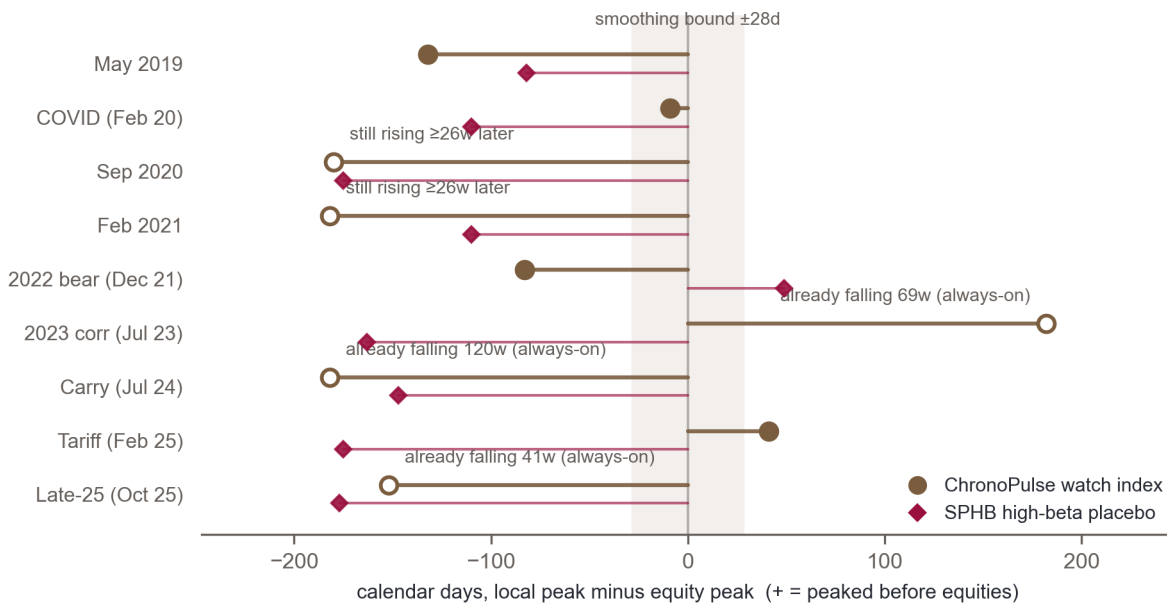
Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

7.2 The Scoreboard and the Placebo

Counting peaks: the watch index's local peak preceded the equity peak in **2 of 9** episodes (exact binomial two-sided $p = 0.180$) — and one of the two is the 2023 correction, where the watch index had been in continuous decline for over a year, so “peaking first” means only that a falling series has its window-maximum at the left edge. Excluding such always-on cases: **1 of 6** ($p = 0.219$). Watch momentum gave no advance warning either: 13-week momentum was negative at the equity peak in 2 of 9 episodes (both always-on declines) and **positive in all 6** of the rest (exact $p = 0.031$ — significant, in the *opposite* direction of the claim), averaging +3.5% at the moment equities topped. For calibration, the SPHB placebo (a coincident high-beta equity sleeve run through the identical metric) “led” in 1 of 9, with a median absolute offset of 147 days — local-peak dating is noisy for any coincident asset, and on this scoreboard the watch index (median offset ≈ 132 days, 1–2 leads of 9) is statistically indistinguishable from that placebo.

Watch peaks did not systematically precede equity tops

Days between each asset's local ($\pm 180d$) peak and the equity episode peak; positive = peaked before equities
Hollow = censored/always-on; diamonds = SPHB high-beta placebo (same metric); band = smoothing-delay bound



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

Compare this to the crypto scoreboard from the companion dossier: Bitcoin peaked first or simultaneously in **10 of 10** matched episodes since 2015 ($p = 0.002$), with a median 21.5-day lead. The watch index's median measured offset across the nine episodes is a *lag* of roughly four months. Crypto is the canary; watches are the echo.

7.3 The 2021–22 Cascade, to the Day

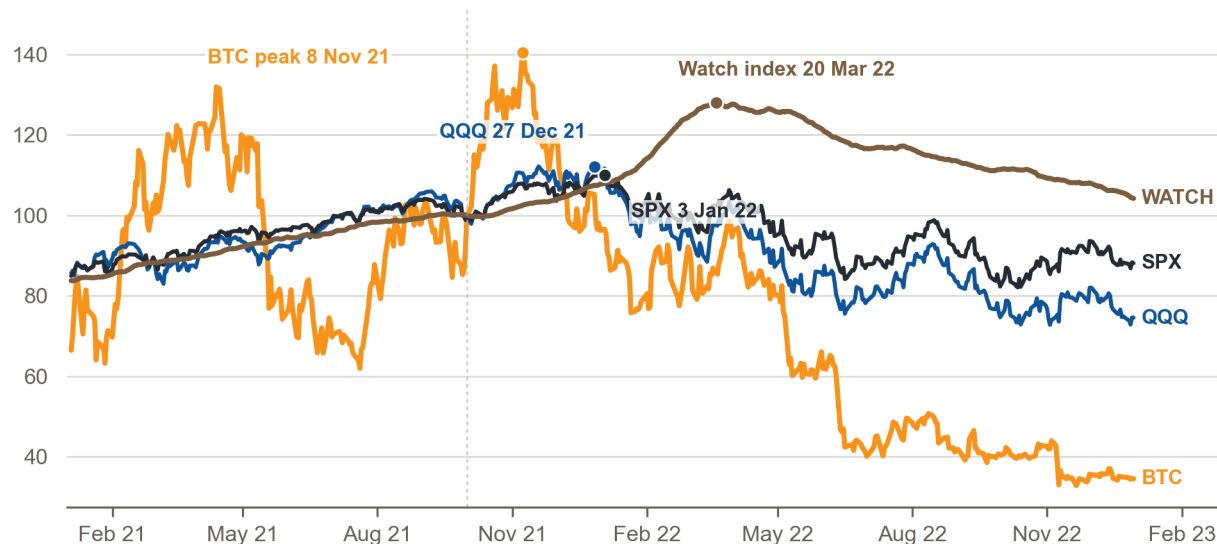
The biggest joint top in the sample re-derives from the panel exactly as the prior recorded it, and it is the decisive exhibit:

Asset	Peak date	Offset from Bitcoin's peak
Bitcoin	2021-11-08	—
QQQ	2021-12-27	+49 days
S&P 500	2022-01-03	+56 days
ChronoPulse watch index	2022-03-20	+132 days
Rolex sub-index	2022-03-21	+133 days
Patek Philippe sub-index	2022-03-29	+141 days
Audemars Piguet sub-index	2022-04-03	+146 days
Omega sub-index	2022-09-12	+308 days

The watch index rose another **+18.6%** after the S&P peaked, kept rising for 83 days after the Nasdaq's top, and was *still above its equity-peak-date level at the equity market's October–November 2022 bottom* (+1.6%). The most speculative brands peaked last among the majors, and the mid-market brand (Omega) didn't top until September. Then the watch market spent three years giving back –26.6% while equities doubled. By the equity market's own November 2022 trough it had fallen –14.8% from its March peak, so most of the watch decline came after equities had already bottomed. If the distress-liquidation channel operated at the largest wealth destruction event of the decade, it operated backwards.

Watches were the last domino, not the canary

BTC, QQQ, SPX and the ChronoPulse watch index, indexed to 100 on 1 Oct 2021; markers = each series' peak
 The watch index rose another +18.6% in the 76 days after the SPX top before turning
 Brand peaks: Rolex 21 Mar 22 · Patek 29 Mar 22 · AP 3 Apr 22 · Omega 12 Sep 22



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

7.4 COVID: The Crash That Never Reached the Watch Case

The fastest equity crash in the sample is the cleanest falsification of a fast watch tell. Between February 19 and March 23, 2020 the S&P fell 33.9%. The watch index's total maximum drawdown inside the entire ± 26 -week COVID window was **-2.55%**. There was no flood-and-reset before, during, or after — the watch market simply did not register the event at price level, then rode stimulus to a 60% melt-up.

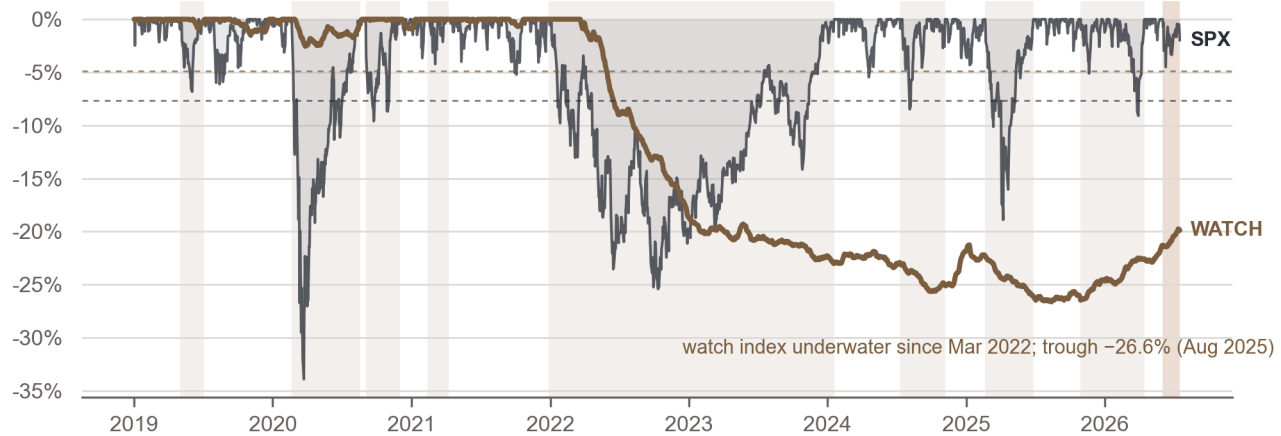
7.5 The Smoothing Bound, Applied

Because the index smooths, measured peak dates arrive late. Fitting an equivalent flat moving average to the weekly-return autocorrelation profile selects **MA(9 weeks)** (AC(1) alone implies ≈ 3.4 weeks; the fit over AC(1..8) is the conservative choice), implying peak-dating delays of up to **≈ 28 days**. The bound cuts both ways, honestly: the COVID -9-day offset is inside it (call COVID coincident-unresolvable), but the 2022 lag of 83 days is **three times the bound** — a real lag no index construction can explain away. And smoothing can only *delay* measured peaks, never manufacture leads, so the absence of watch leads is unaffected. The sole “led” case survives every filter and should be reported as a genuine lead: the watch index peaked on Jan 9, 2025, forty-one days before the equity peak, which exceeds the smoothing bound. It cannot be explained by the Swiss tariff shock, because the reciprocal-tariff announcement came on Apr 2 and the Swiss rate landed later still. One episode of nine, with no mechanism established, is case evidence and not

a signal, but it is the one observation in this study that runs the tweet's way.

Six equity storms, one long watch winter

Drawdown from running maximum (2019 start), %; shaded = detected equity episodes (open Jun-Jul 2026 in tan); dotted = episode thresholds (SPX -8, watch -5 log pts)



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

7.6 The Open Episode: July 2026

As of July 17, 2026, QQQ is -6.7% from its June 2 high — the correction the tweet says the watch market is front-running. The tape says otherwise: the ChronoPulse index set its **2026 high on July 13**, is **+1.8% since the QQQ peak**, and carries +3.5% 13-week momentum. Whatever is lighting up this week, it is not secondary-market watch prices.

Across nine closed equity drawdowns, exactly one produced the pattern the tweet requires, and it was the 2025 tariff episode. Watch prices rose through five of the nine declines and finished within one percent of their starting level in two more, fell at most -2.8% during any of them, lagged the 2022 top by 83 days (three times the measurement bound) while gaining +18.6% after the S&P peaked, ignored COVID entirely, and are making year-to-date highs during the live July-2026 decline. The single “led” episode is the one where tariffs hit watches directly. On the same metric where Bitcoin scores 10-for-10 with a three-week median lead, watches score at placebo level with four-month lags. At turning points, the watch market is not a canary; it is the last to hear the news.

8. The Wealth Cascade: What Actually Drives Watch Prices

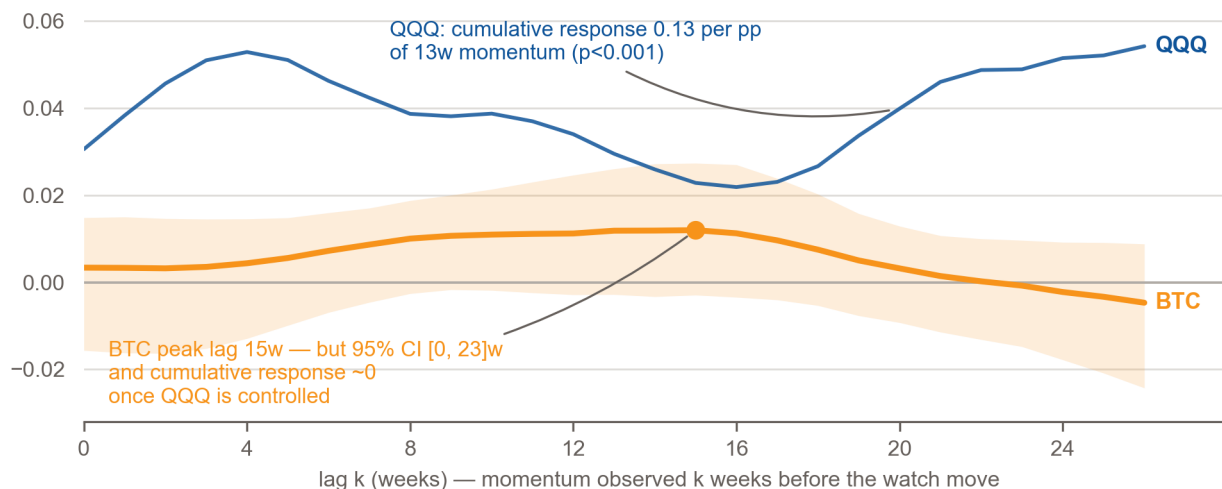
If watches don't lead equities, what is the true transmission? This chapter estimates the reverse transfer — from financial wealth into the watch market — and then uses it to read the current configuration. The answer has a twist: the folklore says crypto wealth drove the watch bubble, but the measurable weekly transfer runs from *equity* momentum, it is tilted to the *downside*, and it takes about a quarter to arrive.

8.1 The Transfer Function

In weekly distributed-lag regressions of the watch index's next-4-week change on lagged BTC and QQQ 13-week momentum (2019–2026, $n = 351$, HAC), the equity channel is decisive: the cumulative QQQ response is **0.133pp of watch return per pp of equity momentum** ($p < 0.001$). The BTC channel, controlling for equities, is *dead*: cumulative response -0.002 ($p = 0.862$). The lag profile against bitcoin alone peaks at 15 weeks, but the bootstrap CI spans $[0, 23]$ weeks — unidentified; the equity profile concentrates its mass around one quarter. Two honest qualifiers: BTC and QQQ momentum are correlated ($r = 0.46$), so “no BTC transfer” is a partial-effect statement — crypto co-moves with the wealth pulse but adds nothing *beyond* equities; and part of any measured lag is the index's own smoothing.

The wealth pulse that reaches watches is equities, not bitcoin

Coefficient on lagged BTC (orange) and QQQ (blue) 13-week momentum in regressions of the watch composite's next-4-week log change on both, by lag; weekly 2019–2026, $n=351$. Shading: 95% block-bootstrap CI.



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

The asymmetry test sharpens the mechanism: watch returns load on lagged *negative* QQQ momentum ($\beta = 0.098$, $p = 0.013$) but not on positive ($\beta = -0.011$, $p = 0.689$; difference $p = 0.051$). Equity wealth *destruction* reliably drags watch prices down a quarter later; equity gains push them up far less reliably. The cascade is real, it runs toward watches, and it is a bear-market phenomenon — the exact opposite of an early-warning system, and the statistical signature of a market that *absorbs* distress late rather than signaling it early.

8.2 The Brand Cross-Section: The Bubble Was Speculative, and Graded

If the 2020–22 watch mania was speculative-wealth spillover, the brands that ran hottest should be the brands most sensitive to crypto and the brands that crashed hardest. All three line up:

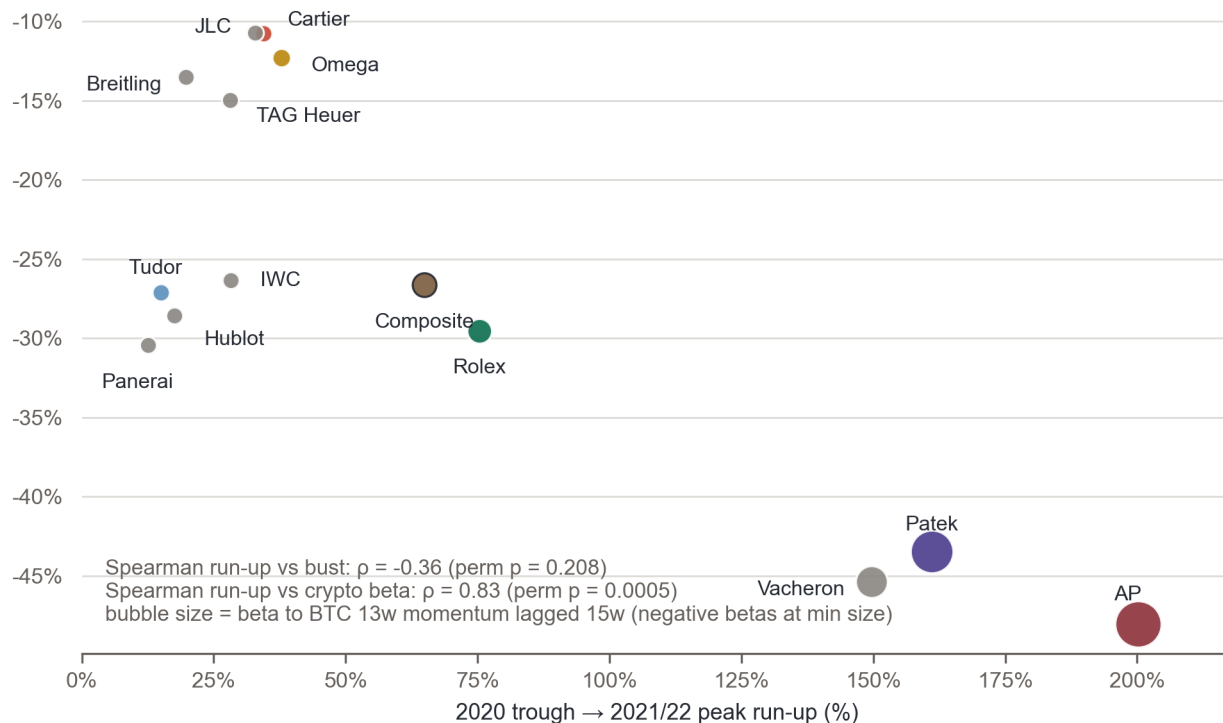
Brand index	Run-up '20→'22	Peak date	Bust to trough	Crypto β (lag 15w)
Audemars Piguet	+200%	04/04/22	−48.0%	0.035**
Patek Philippe	+161%	03/29/22	−43.5%	0.032**
Vacheron Constantin	+150%	03/22/22	−45.4%	0.022
Rolux	+75%	03/21/22	−29.5%	0.015*
Composite (Market)	+65%	03/21/22	−26.6%	0.014**
Omega	+38%	09/12/22	−12.3%	0.006*
Cartier	+34%	06/10/22	−10.8%	0.003
Tudor	+15%	03/18/22	−27.1%	0.003

(Source: Selected rows of the 14-index cross-section. Run-up = 2020 trough to 2021/22 peak; bust = each index's own peak to trough. Spearman(run-up, crypto beta) = 0.83 (permutation $p = 0.0005$); Spearman(run-up, bust depth) = −0.36. ** $p < 0.05$, * $p < 0.10$.)

The rank correlation between bubble size and crypto sensitivity is **0.83** — the hype brands *were* the crypto-adjacent brands. But even the hottest of them peaked in *late March 2022*, months after crypto and equities. Speculative-fringe assets are supposed to crack first; the watch market's speculative fringe cracked last, because its “prices” were dealer asks propped by waiting-list scarcity long after marginal demand had died — precisely WatchCharts' own contemporaneous account of early 2022, in which “demand had already tanked by February but prices didn't start to collapse until April.”

Hype brands were the crypto trade in watch form

Each bubble one ChronoPulse brand index: 2020-trough-to-2021/22-peak run-up vs subsequent peak-to-trough decline, daily data 2019–2026. Run-up and crypto beta rank-correlate at 0.83; run-up vs bust is directional only.



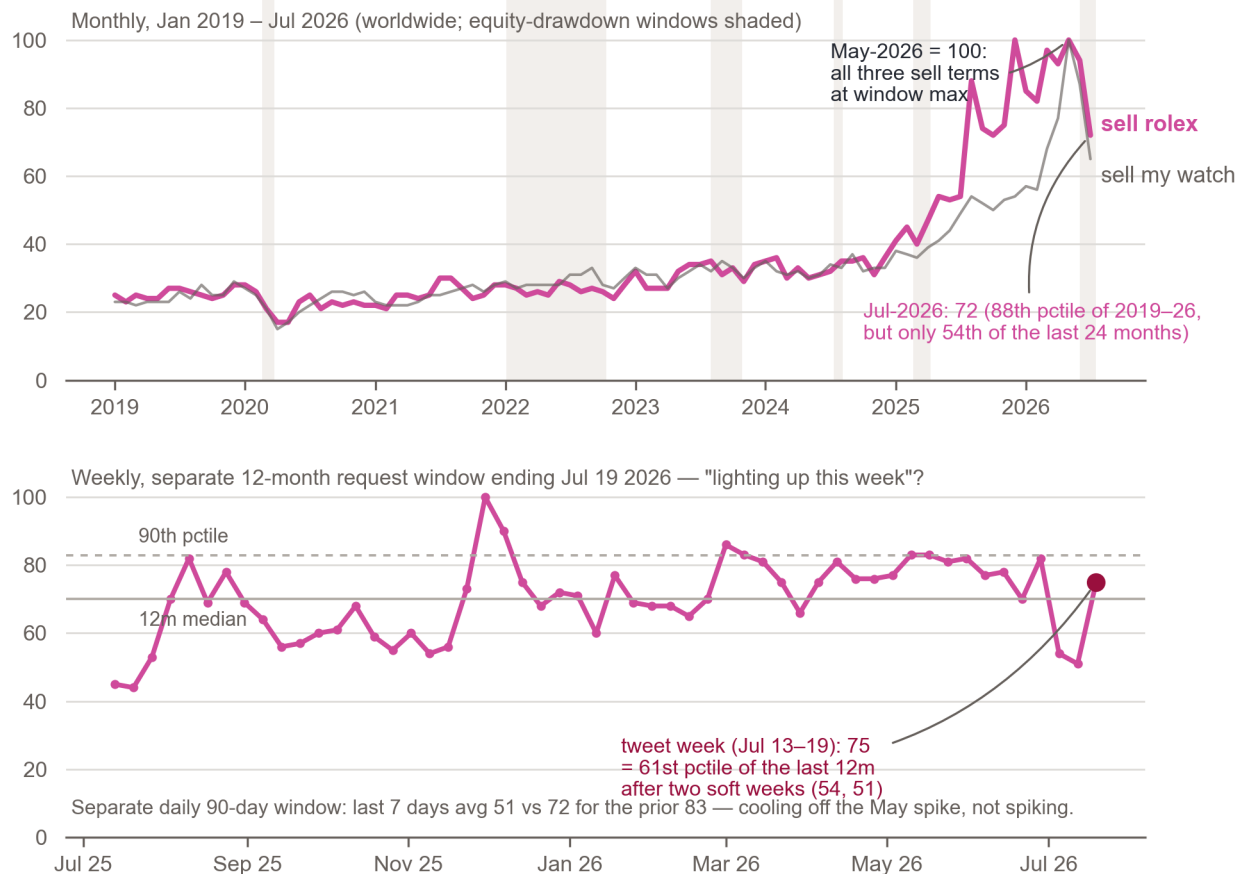
Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

8.3 The Supply Question: Search Intent, and What “Lighting Up” Looks Like

The tweet’s mechanism is supply. Without a public listings time series, the best available intent proxy is Google search volume for sell-side queries. Three findings. First, **sell-intent does not lead watch prices**: the strongest monthly lead correlation between intent changes and future watch returns is $r = -0.10$ ($2\text{ SE} \approx 0.22$) — noise. Second, **sell-intent does not spike in crises**: in COVID, “sell rolex” search *fell* to $0.84\times$ its prior-year mean; in the 2022 bear it was flat ($1.05\times$). People do not Google their way into panic-selling watches during crashes; elevated sell-search reads as churn and interest, not distress. Third, **the record sell-intent reading is recent — but it is not this week**: monthly “sell rolex” hit its 2019–2026 maximum (100) in **May 2026**, with all three tracked sell terms at their maxima simultaneously; the tweet’s week (Jul 13–19) prints at the **61st percentile** of the trailing year in the weekly window ($z = +0.4$), and the last seven days of the daily window average *below* the prior 83 days (51 vs. 72). Search data flatly contradicts “lighting up this week” — the intent surge happened in April–May, alongside the Watches & Wonders listing flood documented in Chapter 3, while prices rose.

Sell-intent is in a high regime — but the spike was May, not this week

Google Trends search interest for watch-selling terms, 0–100 within each request window (windows are not level-comparable). Elevated sell-search since late 2025 has coincided with rising, not falling, watch prices.



Source: Google Trends, Chrono24 ChronoPulse; Wall Street Prompt calculations

8.4 The Nowcast: Reading July 2026 Through the Fitted Transfer

The current configuration is the cascade hypothesis's own stress test: bitcoin has been in a –49% drawdown for **41 weeks**, QQQ has been correcting for 6 weeks (–6.7%), and the watch index sits **0.2% off its 2026 high** with +3.5% quarterly momentum. A watch market at its highs ten months into a halving of crypto wealth is direct evidence that no crypto-to-watch cascade operates this cycle — consistent with the dead BTC coefficient — while the channel that does matter, equity momentum, remains *positive* (+7.0pp) because the equity correction is only six weeks old.

Conditional projections from the fitted transfer (parameter-uncertainty CIs only; these are reduced-form scenarios, **not price targets**): with momentum frozen at current values, the model puts the watch index **+6.6%** higher over 26 weeks [95% CI –0.9, +16.7] — the crypto crash alone does not sink watches while

equity momentum stays positive. If instead the equity correction deepens (QQQ 13-week momentum to -10pp within a month and holding), the projection is **+0.3%** over 26 weeks and **-9.3%** over 52 — the watch decline arrives, roughly *a quarter after* the equity damage. In every scenario the ordering is the same: watches are the trailing domino.

The measurable cascade runs from financial wealth into watches, concentrated in the equity channel (0.13pp per pp of quarterly momentum, $p < 0.001$), tilted to the downside (losses transmit, $p = 0.013$; gains don't, $p = 0.69$), and delayed by about a quarter. The bubble anatomy confirms the direction: the brands that ran hardest were the crypto-sensitive ones (rank correlation 0.83) and even they peaked months after crypto. The supply-intent record shows the same inversion of the tweet: the historic sell-search spike came in May 2026 amid a hype-driven listing flood and *rising* prices, and the current week is unremarkable. If the July-2026 equity correction deepens, this model expects watch prices to crack in the fourth quarter — after the fact, as always.

9. Conditional Hazard: Does Watch Stress Predict Corrections?

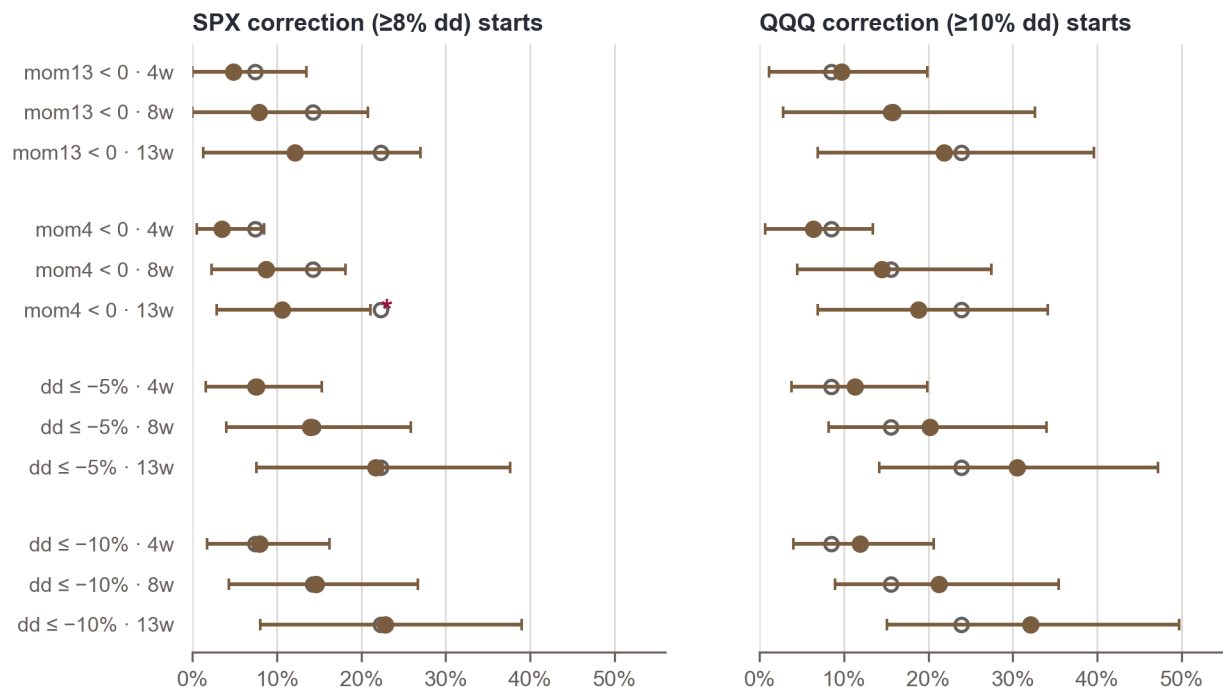
Maybe the watch market's value isn't in returns but in *states*: perhaps corrections are more likely to start when the watch market is already broken. This is the most charitable statistical form of the tweet's claim, and the chapter tests it with rules fixed in advance: correction starts = the first week SPX crosses 8 log points (QQQ 10 log points, equal to 7.7% and 9.5% simple) below its running peak after four clean weeks; watch states = 13-week momentum negative, 4-week momentum negative, drawdown beyond 5% and 10%. The sample contains **7 SPX and 8 QQQ correction starts** (five and six distinct economic episodes — 2022, late-2023, and the 2024 carry unwind each cross twice).

9.1 The Conditional Probabilities Point the Wrong Way

Unconditionally, an SPX correction started within any given 13-week window **22.3%** of the time. Conditional on negative watch momentum: **12.1%** (−10.2pp, bootstrap CI [−23.0, +2.3]). Across the full 24-cell battery (four watch states × two indices × three horizons), **at most one borderline cell survives FDR** — its bootstrap p sits exactly at the Benjamini–Hochberg cutoff, and the independent verification pass's seed puts it just outside — and that cell is a hazard *reduction*: watch 4-week momentum negative cuts 13-week SPX correction hazard by 11.7pp. The only cells with the tweet's sign (watch drawdown states ahead of QQQ corrections, up to +8.2pp) are insignificant and fail FDR. A weak watch market has been, if anything, a *calm* signal for equities — because watch weakness follows equity damage, and corrections rarely start twice in a row.

Watch weakness didn't raise correction odds — if anything it lowered them

Probability that a fresh SPX $\geq 8\%$ (QQQ $\geq 10\%$) drawdown starts within the next 4/8/13 weeks, conditional on watch state. Filled dot = conditional, open circle = unconditional base rate, whiskers = stationary-block-bootstrap 95% CI (block 8, B=2,000). Weekly W-FRI, Apr 2019–Jul 2026. * = the one BH-FDR $q=0.10$ survivor of 24 cells.



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

9.2 The Risk-Set Correction, and What It Does to the Result

The comparison above pools every week in the sample, and that choice does more work than it appears to. The outcome is a correction *start*, but the pooled sample includes weeks in which the index was already 8 or 10 points below its peak, and a correction cannot start where one is already running. Because watch weakness clusters inside equity drawdowns, those weeks load the conditional cells with observations that are ineligible for the event by construction, which mechanically makes watch stress look calming.

Restricting to at-risk weeks only, meaning weeks in which the index is not already past the threshold, changes the picture materially.

Index	Watch state at week t	P(start $\leq 13w$)	Base rate	Difference	Boot. p
S&P 500	13w momentum < 0	16.9%	26.1%	−9.3pp	0.264
S&P 500	4w momentum < 0	16.0%	26.1%	−10.2pp	0.069
S&P 500	drawdown ≤ -5	28.0%	26.1%	+1.9pp	0.758
QQQ	13w momentum < 0	33.0%	30.0%	+3.0pp	0.781
QQQ	4w momentum < 0	30.3%	30.0%	+0.3pp	0.982
QQQ	drawdown ≤ -5	41.8%	30.0%	+11.8pp	0.089

(Source: Weekly panel; at-risk weeks only ($n = 268$ for the S&P, 273 for QQQ). Stationary block bootstrap, block 8, B=2000, seed 42.)

Three things follow. The S&P cells keep their negative sign but lose their force, with confidence intervals that straddle zero. The QQQ cells flip: conditional on the watch market being 5 or more points below its peak, the probability that a QQQ correction begins within a quarter is **41.8% against a 30.0% base rate**, a gap of nearly twelve points in the direction the tweet predicts, at $p = 0.089$. And nothing in the corrected table survives multiple-testing control.

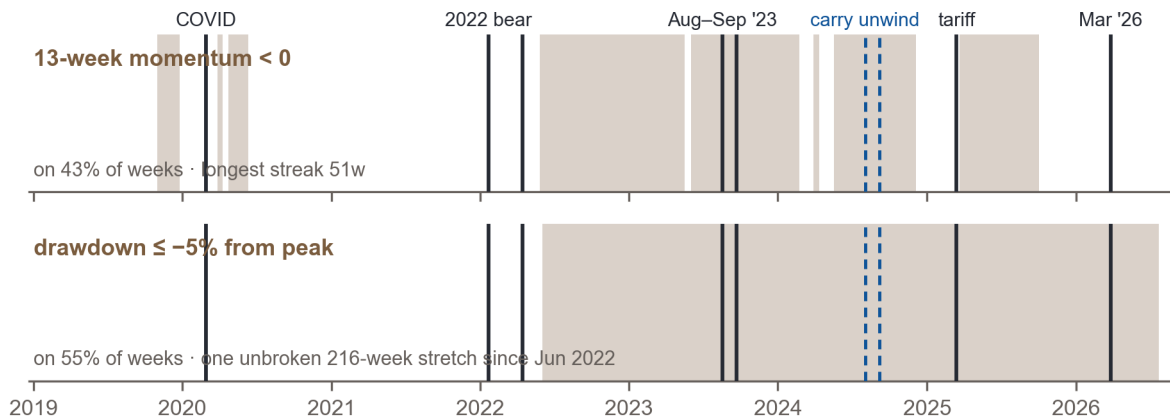
Both the pooled and the at-risk comparisons are reported here because the choice of risk set determines the sign of the result, and a single headline number would hide that dependence. When the outcome is defined as a correction *start*, the at-risk restriction is the defensible specification. On that basis the hazard evidence is weak in both directions: no cell survives multiple-testing control, the S&P cells cannot be distinguished from zero, and the strongest single cell leans mildly toward the claim rather than against it. Readers should treat the hazard channel as unresolved on this sample rather than as evidence for either side.

9.3 The False-Alarm Ledger

Treat negative watch momentum as a standing warning and the operating characteristics are disqualifying: the signal was “on” in **165 of 368** evaluable weeks (43%), including one unbroken **51-week** stretch, and **88% of those weeks** were followed by no correction inside 13 weeks, a hit rate below the base rate. These are not 165 independent alarms: the signal persists for months at a time, so the week count overstates how often it actually fired. The drawdown version is worse: WATCH dd $\leq -5\%$ switched on in June 2022 and stayed on for **216 consecutive weeks** — it “caught” four of seven correction starts the way a stopped clock catches the hour. And the capstone: as of July 17, 2026, with QQQ six weeks into a decline, the watch momentum signal is **off** (+3.5%). The one week the tweet says the factor is lighting up is a week the factor cannot fire.

The watch 'signal' stayed on for years at a time

Shaded: weeks the ChronoPulse signal was on. Vertical lines: fresh correction starts — SPX $\geq 8\%$ drawdown (solid black), QQQ $\geq 10\%$ where no SPX start (dashed blue). Weekly W-FRI, Jan 2019–Jul 2026.



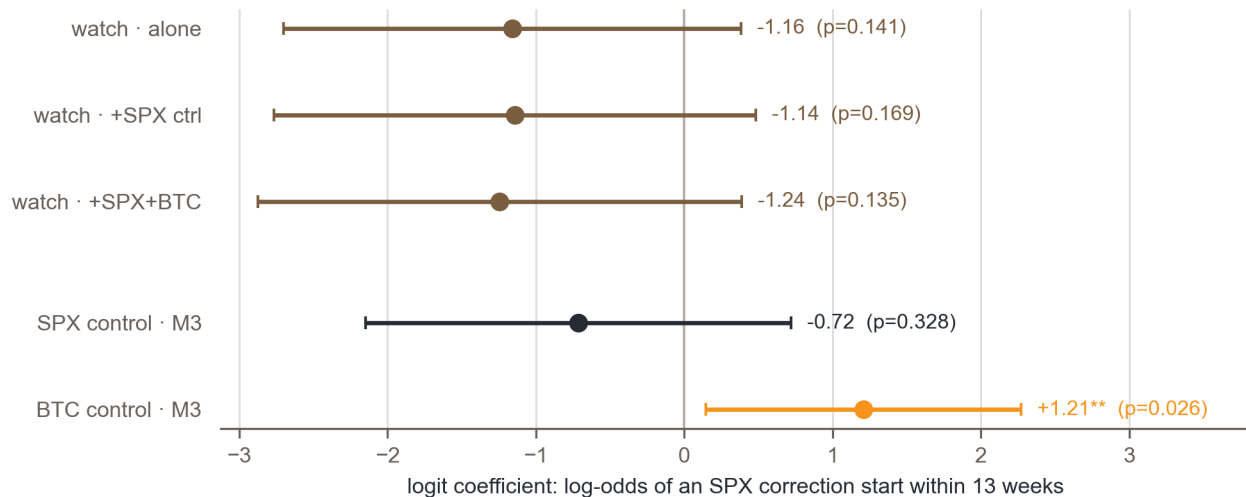
Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

9.4 Incremental Logits: Controlled, the Watch State Carries Nothing

In logit regressions of 13-week-ahead correction starts, the watch-momentum coefficient is *negative* and insignificant alone (-1.16 , HAC $p \approx 0.14$) and stays so with equity- and crypto-state controls (-1.24 ; block-bootstrap CI $[-3.45, +0.18]$). The state variable that *does* carry hazard information in the same regression is bitcoin's own momentum ($+1.21$, $p = 0.026$) — consistent with the companion dossier's finding that a broken BTC roughly doubles near-term correction hazard. The VIX cross-check lands on the same side: conditional on the VIX level, watch weakness predicts VIX *lower* by 1.85 points four weeks ahead ($p = 0.083$) — marginal, and opposite in direction to a warning signal.

Watch state carries no incremental warning once markets are controlled

Logit of $P(\text{fresh SPX} \geq 8\% \text{ drawdown starts within 13 weeks})$ on watch/equity/crypto momentum states. HAC(13) 95% CIs for overlapping windows; weekly, Apr 2019–Jul 2026. * $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$.



Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

9.5 The Cascade Confirmed From the Hazard Side

Reverse the conditioning and everything lights up. Given SPX already $\geq 8\%$ below its peak, the probability that the watch index *deepens* its drawdown by 5+ log-points within 26 weeks is **40.4% versus 17.4%** unconditional (+23.0pp, $p = 0.032$; the 13-week version: +23.3pp, $p = 0.005$; conditioned on broken BTC: +14.1pp, $p = 0.017$). Five of eight reverse-direction cells survive FDR — against one of twenty-four in the forward direction, and that one with the wrong sign.

As a hazard signal the watch market fails in every direction the tweet needs and succeeds in exactly the direction it doesn't: negative watch momentum sits "on" for years at a stretch, is followed by nothing 88% of the time, adds nothing in controlled logits where bitcoin's state is significant, and — decisively for the current claim — is *off* right now. Its apparent *calming* effect does not survive the risk-set correction below. Meanwhile, equity stress raises the odds of subsequent watch-market deterioration by 23 percentage points. The watch market is not a smoke detector for equities; equities are a smoke detector for the watch market.

10. Economic Significance: Backtesting the Watch Signal

Statistics aside, would trading on the watch market have made or saved money? Three signals fixed in the analysis plan, from the watch index only — S1: 13-week momentum negative; S2: drawdown beyond 5%; S3: 4-week momentum below -1% — each move SPX or QQQ exposure to cash at the following week's close, at 5bp per switch, cash earning zero. The benchmarks that matter: buy-and-hold, and *the identical rule on the asset's own momentum* (own-trend) — the incremental-information test. Thresholds were fixed in the written analysis plan and nothing was tuned. One caveat governs this whole chapter: the watch index was not published before October 2023, so for most of this window the signal could not have been acted on in real time. Treat what follows as a retrospective study of the record.

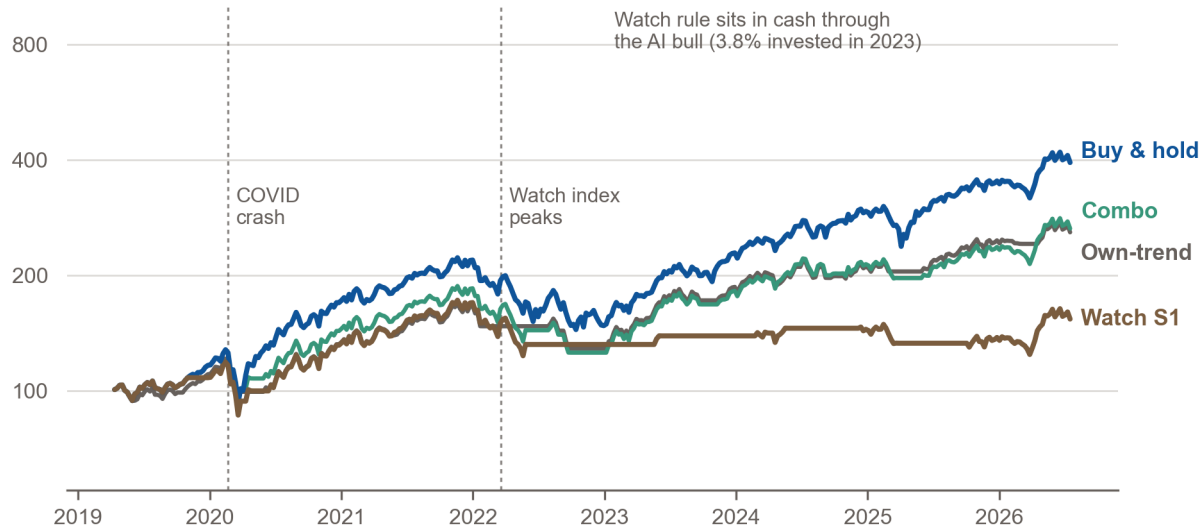
10.1 Results: Every Watch Rule Destroys Value

Asset	Strategy	CAGR	Sharpe	maxDD	Time in mkt	Switches	Active vs BH (NW t)
QQQ	Buy-hold	20.7%	0.97	-35.1%	100%	0	—
QQQ	Own-trend	14.0%	0.88	-23.8%	75%	32	-6.8pp (-1.5)
QQQ	S1 watch	6.1%	0.44	-28.4%	57%	16	-14.0pp (-3.0)
QQQ	S2 watch	7.5%	0.55	-28.4%	43%	1	-12.9pp (-2.4)
QQQ	S3 watch	17.9%	0.98	-27.3%	82%	34	-3.1pp (-0.7)
QQQ	Combo	14.3%	0.80	-33.0%	86%	18	-6.1pp (-1.9)
SPX	Buy-hold	13.9%	0.80	-31.8%	100%	0	—
SPX	Own-trend	9.5%	0.81	-21.2%	76%	30	-4.9pp (-1.3)
SPX	S1 watch	3.6%	0.33	-31.8%	57%	16	-10.2pp (-2.7)
SPX	S2 watch	4.9%	0.42	-31.8%	43%	1	-8.9pp (-2.4)
SPX	S3 watch	11.3%	0.78	-31.8%	82%	34	-2.8pp (-0.8)
SPX	Combo	8.8%	0.62	-31.8%	86%	20	-5.0pp (-1.7)

(Source: Weekly, Apr 2019–Jul 2026 (380 weekly returns after 13w warm-up), T+1 close execution, 5bp/switch, cash 0%. Combo = own-trend AND watch confirmation.)

The watch rule escaped 2022 late, then missed the AI bull market

Growth of 100 in QQQ, weekly close-to-close, T+1 execution, 5bp per switch, cash at 0%. Apr 2019 - Jul 2026, log scale. Watch S1: exit when ChronoPulse 13w momentum < 0. Own-trend: same rule on QQQ. Combo: both negative.



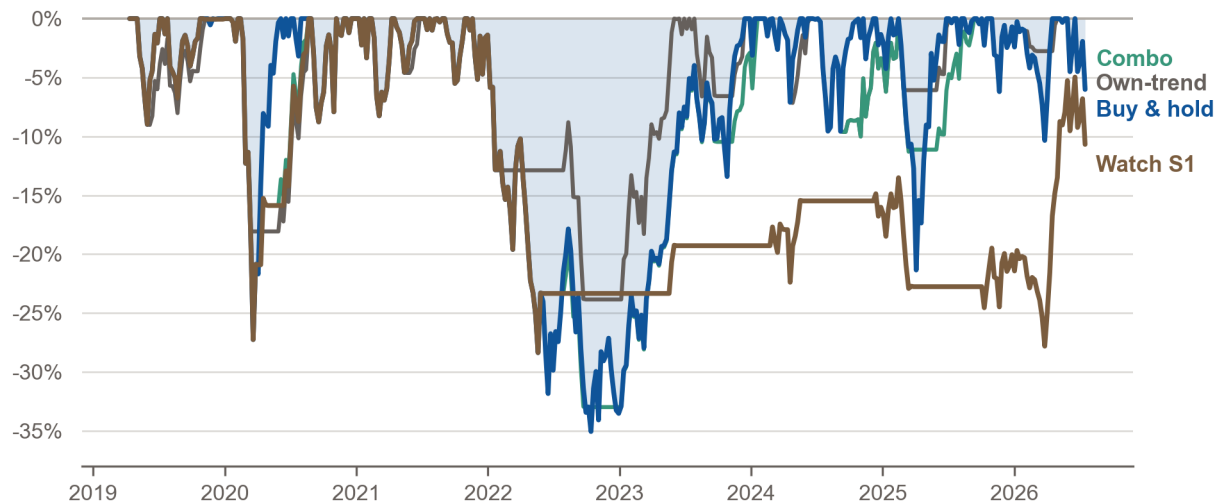
Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

The incremental test is the decisive one, with one caveat about how it was run: every watch rule is benchmarked against the asset's own 13-week momentum, which is a like-for-like comparator for S1 but not for the drawdown and 4-week variants, so S2 and S3 are graded against a rule of a different shape. On that basis **seven of eight Sharpe differences are negative in point estimate and none of the eight is statistically significant** (block bootstrap, $B=2000$; worst S1/SPX -0.48 , $p = 0.16$). The exception deserves stating plainly: **S3 on QQQ earned a Sharpe of 0.983, ahead of both buy-and-hold at 0.969 and own-trend at 0.883**, on a difference that is well inside the noise ($+0.10$, $p = 0.71$). The defensible claim is that no watch rule beat the cheap alternative by a margin the data can distinguish from zero, not that every rule destroyed value. Requiring watch *confirmation* on top of own-trend made things worse on both assets (-0.08 Sharpe on QQQ, $p = 0.67$) — and it *gave back* drawdown protection (QQQ maxDD -33.0% vs. own-trend's -23.8%), because the smoothed watch index confirms exits after the damage is done.

10.2 Why It Fails: The Anatomy of the Drag

Partial insurance, full-fare premium

Drawdown from running peak of each strategy's equity curve, QQQ, weekly, Apr 2019 - Jul 2026. The watch rule took the full COVID crash, exited 2022 only after QQQ had fallen 28%, and trimmed the trough to -28.4% (buy-hold -35.1%).

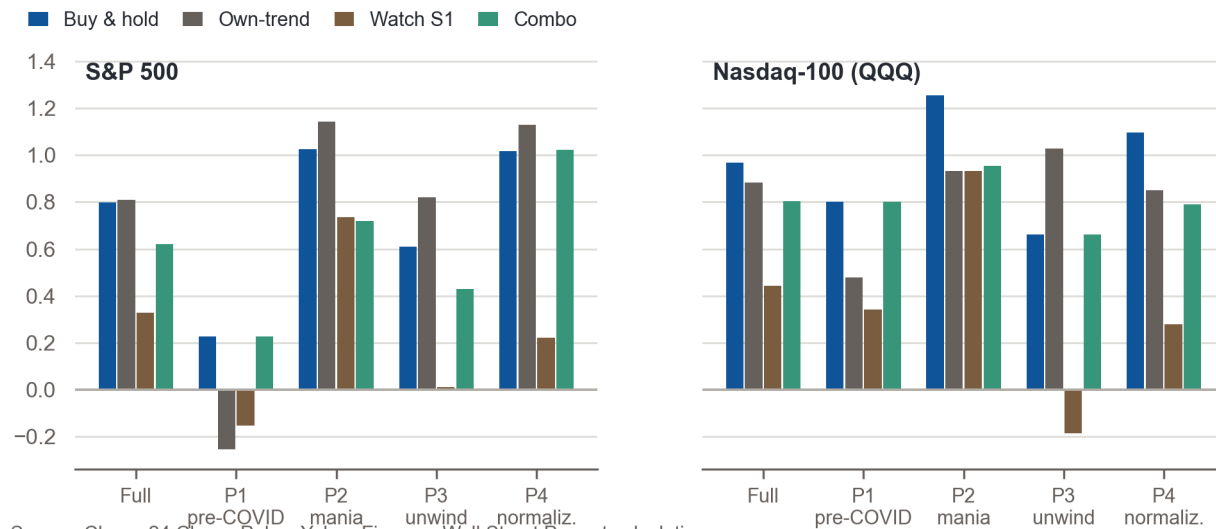


Source: Chrono24 ChronoPulse, Yahoo Finance; Wall Street Prompt calculations

Three mechanical failures, all traceable to results in earlier chapters. **It misses the fast crashes:** every watch rule sat fully invested through COVID (Chapter 7: the watch index didn't register the event), so on SPX the rules bought *zero* maxDD protection — the sample's SPX maximum drawdown *is* COVID. **It exits late:** S1's QQQ drawdown low was hit on May 20, 2022, *before* its own June 3 exit took effect — the rule rode the first 28% of the 2022 bear, then went to cash near the local bottom. **It never comes back:** the watch index's secular 2022–25 decline kept S1 out of the market through 96% of 2023 and 75% of 2024 — two of the best equity years of the sample — and S2 made exactly *one switch in seven years* (to cash in June 2022, where it still sits, 216 weeks later). The 6.7pp of QQQ drawdown reduction S1 did achieve cost 14.6pp of CAGR *per year*. Those units are not commensurate, a recurring annual cost against a one-time reduction in peak loss, which is precisely why the trade is unattractive: the premium is charged every year and the protection arrived once, late.

No watch rule beats the same rule on the asset's own trend

Annualized Sharpe ratio (rf=0) by sub-period, weekly returns net of 5bp switch costs. P1 truncated by the 13-week momentum warm-up (backtest starts Apr 2019). Sub-period boundaries fixed ex-ante by the research contract (§4).



10.3 And This Week

As of July 17, 2026, watch momentum is positive: S1 and S3 are fully invested through the live QQQ decline. There is no backtestable version of the tweet's signal that is "lighting up" this week.

There is no demonstrable money in the watch signal. Seven of the eight watch-rule variants underperform the asset's own price rule in point estimate, none of the eight differences is statistically significant, and only the momentum rule is graded against a like-for-like comparator. The confirmation combo subtracts value while surrendering drawdown protection, and the one big exit the rules did make came after the 2022 damage. The economic autopsy matches the statistical one: a smoothed, lagging series generates stale exits, misses fast crashes entirely, and stays bearish through recoveries. Chapter 6's conclusion — that anyone wanting watch-market information should read it from Watches of Switzerland's stock, which leads the physical market by a quarter — is also the only trade-shaped insight this market offers.

11. Synthesis: The Last Domino, and How to Use It

11.1 Reconciling the Mechanism With the Evidence

The tweet's mechanism is not stupid — distressed owners really do sell watches before they sell houses, and dealers really do see consignment flows shift before official statistics move. The evidence says the mechanism fails at the only layer an investor can observe: **prices**. Secondary watch prices are sticky dealer asks over a thin clearing market, aggregated into indices that smooth over roughly nine weeks. Whatever early distress flow exists gets absorbed first by dealer spreads, inventory decisions, and time-to-sale — and only reaches printed prices a quarter later, by which point equities have long since repriced. WatchCharts' own account of the 2022 top is the mechanism's obituary: *demand had already tanked by February, but prices didn't start to collapse until April* — and equities had peaked in the first days of January. Add the dominant force running the other way (equity wealth drives watch demand with a one-quarter, downside-tilted lag) and the observed pattern is over-determined: watch prices *must* trail. In seven and a half years of daily data they always did.

What survives of the original observation is the supply layer, and 2026 supplied a live test of it. Listings did flood — record levels in the Rolex index in April–May 2026 — and sell-side search interest hit its 2019–26 record in May. But the flood was dealer pre-positioning into Watches & Wonders hype (WatchCharts' contemporaneous attribution), it had *normalized by June* and prices *rose* through it. The spike did precede the June 2 equity peak by several weeks, so temporal precedence holds, but precedence alone is not evidence when the provider attributes the flood to a trade-show inventory build and the prices it was supposed to depress went up instead. A supply flood that accompanies rising prices and show-calendar hype is indistinguishable from the one the tweet describes — which is exactly why an unquantified dealer anecdote cannot carry an equity risk process.

11.2 The Scorecard Across All Six Families

Every test family, run in the direction the tweet requires, and in reverse:

Family	Watch → equities (the claim)	Equities/crypto → watch (the cascade)
Co-movement (M1)	Correlation 0.02 weekly, 0.15 quarterly; $\beta = 0.004$	Only robust cell: luxury <i>stocks</i> lead watch index
Econometrics (M2)	0 of 212 CCF + 0 of 40 Granger survive FDR; lone survivor has contrarian sign	13 of 18 momentum-grid survivors; $t \approx 3$ at one quarter; WOSG leads by 11w
Turning points (M3)	1–2 of 9 peaks led ($p \approx 0.2$, placebo-level); +18.6% <i>after</i> SPX's 2022 peak	Watch peaked last in the 2021–22 cascade, by 83–146 days across brands
Wealth transfer (M4)	—	0.133pp per pp of equity momentum ($p < 0.001$), downside-tilted, ~13w lag
Hazard (M5)	No cell survives FDR on the corrected risk set; 88% of signal-on weeks lead nowhere; signal OFF now	Equity stress → +23pp watch-deterioration hazard; 5 of 8 cells survive FDR
Backtests (M6)	No rule beats own-trend significantly; combo surrenders protection	Own-trend and BTC-state carry all usable information

Six families, one answer, both directions. This is as unambiguous as empirical market research gets on seven years of data.

11.3 The Current Configuration (July 17, 2026)

The tape that prompted the tweet, read with the framework: bitcoin is 41 weeks and –49% into a crypto bear (broken since October 2025 — the state the companion dossier shows roughly doubles near-term equity correction hazard); QQQ is six weeks and –6.7% into an AI-capex repricing; the S&P is –2.0%. And the watch market: ChronoPulse **0.2% off its 2026 high** of Jul 13, quarterly momentum +3.5%, WatchCharts roughly flat (June –0.1%, trailing month –0.3%), Subdial +0.4% over 30 days, ten of fourteen brand sub-indices higher over four weeks with Cartier and Audemars Piguet the exceptions, sell-search at the 61st percentile — unremarkable. Nothing in the observable watch market is “lighting up.” If anything, the watch market is late-cycle *strong*, propped by the tariff-driven retail-price umbrella (Chapter 3) — and Chapter 6's one faint watch→equity result was precisely that watch *strength* near equity tops carries a contrarian tinge.

What the framework expects next is a forecast of the *watch* market, not of equities: if the equity correction deepens into Q3–Q4, the fitted transfer puts watch-price deterioration roughly a quarter behind it (the deep-correction scenario runs –9.3% over 52 weeks), with the H1-2026 inventory overhang WatchCharts flagged as the accelerant. Watching ChronoPulse roll over in Q4 would then be *confirmation* of the equity damage — the last domino falling on schedule — never a warning of it.

11.4 The Monitoring Playbook

For an equity investor, the practical output of this dossier is a short list of what to watch instead, and one genuinely useful reading of the watch market itself:

- **For equity drawdown risk:** bitcoin's drawdown state (the companion dossier's 10-for-10 peak-ordering record and doubled-hazard result; its momentum was the only significant state variable in this study's own logits), credit spreads, and the equity tape itself. The watch market adds nothing at any horizon tested.
- **For the watch market** (dealers, collectors, WOSG shareholders, luxury analysts): equity 13-week momentum is the best single leading indicator of watch prices one quarter out (0.13pp per pp, downside-tilted), and **Watches of Switzerland stock is the real-time tape** — it led the physical market by roughly 11 weeks throughout the sample. Equity weakness now is a watch-price forecast for Q4 2026.
- **For buyers:** the cascade's one happy implication — major equity/crypto drawdowns have reliably preceded watch-price declines by one to three quarters (+23pp deterioration hazard). The disciplined move after an equity bear is patience: the 2022 lesson is that the watch discount arrives months after the portfolio damage.
- **Retire:** watch-index momentum as an equity signal (followed by nothing 88% of the time, always-on for years, currently silent), and supply anecdotes without price confirmation (the April–May 2026 flood was a hype artifact).

11.5 What Would Change the Verdict

Four observations would force a rewrite. (1) A true *listings/inventory* dataset — not search intent — showing supply spikes that precede equity correction starts out-of-sample, with hype-cycle episodes (product launches, Watches & Wonders) controlled away. (2) A watch-price reset exceeding 5% that *precedes* an equity peak in a non-tariff episode — nothing close occurred in nine episodes. (3) The live episode breaking the pattern: if this QQQ correction deepens and ChronoPulse cracks *simultaneously* rather than a quarter later, the lag structure has changed. (4) Faster clearing-price data — auction hammer prices, dealer bid indices — demonstrating that the lead exists at the transaction layer and listing indices merely mask it. Until one of these appears, the null stands with unusual force.

The luxury-watch secondary market is a **lagging** indicator of equity drawdowns — arguably the most lagging risk gauge in this research program. Across nine drawdowns it led once, in the 2025

tariff episode, and trailed or ignored the rest; it trailed the 2021–22 cascade by three to five months and kept rising +18.6% after the S&P peaked; it ignored COVID; its stress states carry no robust information about future corrections in either direction once the risk set is restricted to weeks a correction could actually begin; no rule built on it beat the asset's own price by a margin the data can distinguish from zero; and during the live July-2026 correction it sits within a fraction of a percent of its year-to-date high, with the tweet's own supply proxy reading well below its spring levels. The one direction that works runs the other way: equity and crypto drawdowns are followed by watch-price weakness a quarter later, and the listed luxury complex prices it first. The dealer's instinct describes something real about how the wealthy raise cash — but by the time it reaches any price you can observe, the crash it supposedly predicted is already in the tape.

12. Robustness & Limitations

12.1 What Was Done to Keep the Results Honest

- **Contract before computation:** alignment protocol, sub-period boundaries, episode thresholds, signal definitions, and statistical standards were fixed in `RESEARCH_PLAN.md` before any module ran; backtest thresholds were never tuned.
- **Multiple-testing control everywhere:** every battery (212 CCF cells, 40+40 Granger/momentum cells, 24 hazard cells, 8 Sharpe tests) reports Benjamini–Hochberg FDR survivors at $q = 0.10$, and headline claims rest only on survivors — of which the watch-leads direction produced one, with the contrarian sign.
- **Smoothing-aware inference:** all CCF/Granger tests run raw and AR-pre-whitened; the equivalent-MA(9) bound is estimated and applied to every turning-point claim; conclusions rest on lags that exceed the bound (2022: $3\times$) or on the absence of leads, which smoothing cannot manufacture.
- **Placebo calibration:** the SPHB high-beta placebo run through the identical episode metric scores 1-of-9 — the watch index's 1–2-of-9 is placebo-level, and the comparison is reported rather than hidden.
- **Reverse-direction testing:** every family was run both ways, so the null in one direction is disciplined by power demonstrated in the other (the same machinery that finds nothing watch→equity finds $t \approx 3$, +23pp, and 5-of-8 FDR survivors equity→watch).
- **Three independent watch-price sources** agreeing on trend (+8.7/+8.8/+10.7% over one year) with week-level disagreement quantified and quarantined; all seeded bootstraps (numpy 42) — reruns are bit-identical.
- **Independent verification:** a QC pass re-derived the headline statistics from the raw panels through separate code, blind to module implementations (results in `results/qc_report.json`; see Chapter 13).

12.2 Limitations That Remain

- **Most of the price history predates the index itself.** Chrono24 launched ChronoPulse in October 2023, and the series it publishes runs back to January 2019, so roughly **63% of the observations in this study were constructed retrospectively** rather than published at the time. Nothing in the backtest chapter could have been traded as it is written: the signal did not exist for most of the sample, and any later revision to index construction is baked into the early history. Chapter 10 should be read as a

retrospective study of the record, not as a strategy anyone could have run.

- **The sample is one cycle deep.** ChronoPulse begins January 2019: nine closed equity episodes, one joint watch/equity bear (2022), no 2008-style recession. Episode statistics are case evidence with exact tests, and a true balance-sheet recession could behave differently — though the COVID observation (a –34% equity crash the watch market ignored at price level) covers the fastest variant.
- **Indices are not the dealer's desk.** All conclusions concern *observable* listing/transaction aggregates. A plugged-in dealer seeing consignment flow in real time may possess genuine early information; this dossier shows only that none of it survives into any public price series an investor could act on.
- **Listing prices are not clearing prices.** Time-to-sale, spread widening, and withdrawn inventory absorb stress before printed prices do; auction hammer data might lead listing indices. That is a data gap, and it is flagged as verdict-changing evidence in Chapter 11.
- **The supply channel is proxied, not measured.** Google Trends is intent, not consignments; the narrative supply record (WatchCharts dispatches) is editorial. The price implications of the supply story were tested exhaustively; the supply series itself was not observable.
- **The tariff confound is unresolvable in-sample.** The 2025–26 watch-price recovery is inseparable from the tariff-driven retail re-rating; this cuts both ways (it props current prices and could mask incipient weakness), and every current-configuration statement carries the caveat.
- **Construction opacity.** ChronoPulse's exact smoothing and composition rules are proprietary; the equivalent-MA(9) estimate is inferred from autocorrelation, and elevated AC at long lags may partly reflect genuine trend persistence, which would shrink the mechanical bound (and strengthen, not weaken, the lag conclusions).
- **Units and currency.** ChronoPulse is an index level in points whose components are quoted in USD, WatchCharts is USD, Subdial is GBP, and luxury equities are in local currency. The providers aggregate global transactions, so a US-specific shock such as tariffs cannot be assumed to re-rate the whole index without geographic transaction weights, which are not published.

13. Sources, Software & Reproducibility

Every statistic in this dossier is computed by the code manifest below from the validated data files described in Chapter 3. Nothing is hand-entered except dates and narrative context, which are cited to their sources. Backtests are simulations under stated assumptions, not trading records.

Watch-Market Data

- Chrono24 ChronoPulse index family (Market + 13 brand indices), daily, Jan 1, 2019 – Jul 17, 2026, retrieved from the public ChronoPulse chart API (chrono24.com/chronopulse.htm), Jul 19, 2026, including the 143-component composition and weights.
- WatchCharts Overall Market Index (public tier): one-year chart series to Jul 16, 2026, multi-horizon performance table (1M/3M/6M/1Y/3Y/5Y/Max), and brand-level one-year statistics (watchcharts.com/watches/price_index).
- Bloomberg × Subdial Index: daily GBP series Jul 29, 2024 – Jul 10, 2026 and brand 30-day readings (subdial.com/market).
- Google Trends search interest: “sell rolex” (worldwide and US) and “sell my watch” (worldwide), monthly Jan 2019 – Jul 2026; “sell rolex” worldwide weekly (trailing 12m) and daily (trailing 90d), retrieved Jul 19, 2026.

Market Data

- Yahoo Finance daily adjusted OHLCV via `yfinance` (SPY, QQQ, IWM, SPHB, HYG, TLT, GLD, BTC-USD, ETH-USD, ^GSPC, ^NDX, ^VIX; Watches of Switzerland WOSG.L, Richemont CFR.SW, Swatch UHR.SW, LVMH MC.PA, Hermès RMS.PA, Kering KER.PA), downloaded Jul 19, 2026.
- Coinbase Exchange public candles (BTC-USD daily, UTC), cross-validation; FRED: BAMLH0A0HYM2 (HYOAS; trailing 3-year window only under FRED’s Apr-2026 ICE licensing change), DGS10, DTWEXBGS, VIXCLS, NFCI.

Market Context & Narrative Sources

- WatchCharts Monthly Dispatches: July 2026 update (posted Jul 17, 2026 — Q2-2026 review, Watches & Wonders supply build and normalization), June 2026 update (May decline, record April–May Rolex-index listings, the 2022 demand-vs-price lag), December/full-year 2025 update (tariff-era re-rating; brand

performance to Feb 2026).

- US–Swiss tariff timeline 2025 (10% April → 39% August → 15% mid-November) and brand retail-price responses (Patek Philippe +22.4% US retail in 2025; Rolex increases through Jun 1, 2026), from contemporary trade and financial press coverage.
- The claim under test: X post by @KeyserSozeThree, Jul 18, 2026 (quoted in Chapter 2).
- Live-market context cross-referenced from the companion dossier *Is Crypto the Canary?* (Wall Street Prompt, Jul 18, 2026): the Oct 10, 2025 crypto liquidation event, BTC's −48% drawdown from its Oct 6, 2025 peak, and the Jun–Jul 2026 AI-capex equity repricing.

Methods References

- Newey, W. and West, K. (1987), HAC covariance estimation. Benjamini, Y. and Hochberg, Y. (1995), false discovery rate control. Politis, D. and Romano, J. (1994), the stationary bootstrap. Fisher, R.A. (1921), the z -transformation for correlation inference.

Software & Code Manifest

- Python 3.13.2; pandas, numpy, scipy, statsmodels, matplotlib, yfinance, pyarrow. All bootstraps seeded (numpy seed 42); reruns are bit-identical.
- `code/data_pull_market.py` and `code/build_panel.py` (download, validation, alignment); `code/ftstyle.py` (chart standards); `code/mod1_comovement_regimes.py` through `code/mod6_backtests.py` (test families M1–M6); `code/recv_server.py` and `code/pull_trends.py` (browser-API capture utilities); results serialized under `results/`; figures generated at 300 dpi from the same data files.
- Written analysis plan: `RESEARCH_PLAN.md`, fixed before the modules ran (alignment protocol, sub-periods, episode rules, statistical standards, module specs). This is an internal document, not a public timestamped preregistration.
- Full data-quality report: `data/data_quality.json`.
- Internal reconciliation pass: **93 headline statistics** recomputed from the raw panels through separate code paths (`code/qc_verify.py`), written without reading the module implementations though against the same panels and definitions: **90 exact passes**, **3 reconciled** to documented convention choices (bootstrap-seed tolerance on two mid-range p -values; a future-path stepping convention in the nowcast worth $\leq 0.6\text{pp}$ against 9–18pp-wide CIs), **0 failures** (`results/qc_report.json`). The verifier's fragility flags (the borderline FDR cell in the hazard battery; placebo lag noise) are incorporated in the relevant chapters' language.

End of dossier. Prepared by Dave Wang, Wall Street Prompt. Informational purposes only; not investment advice. Data as of July

17, 2026.