

Diamondback Energy – The September October Trade Window

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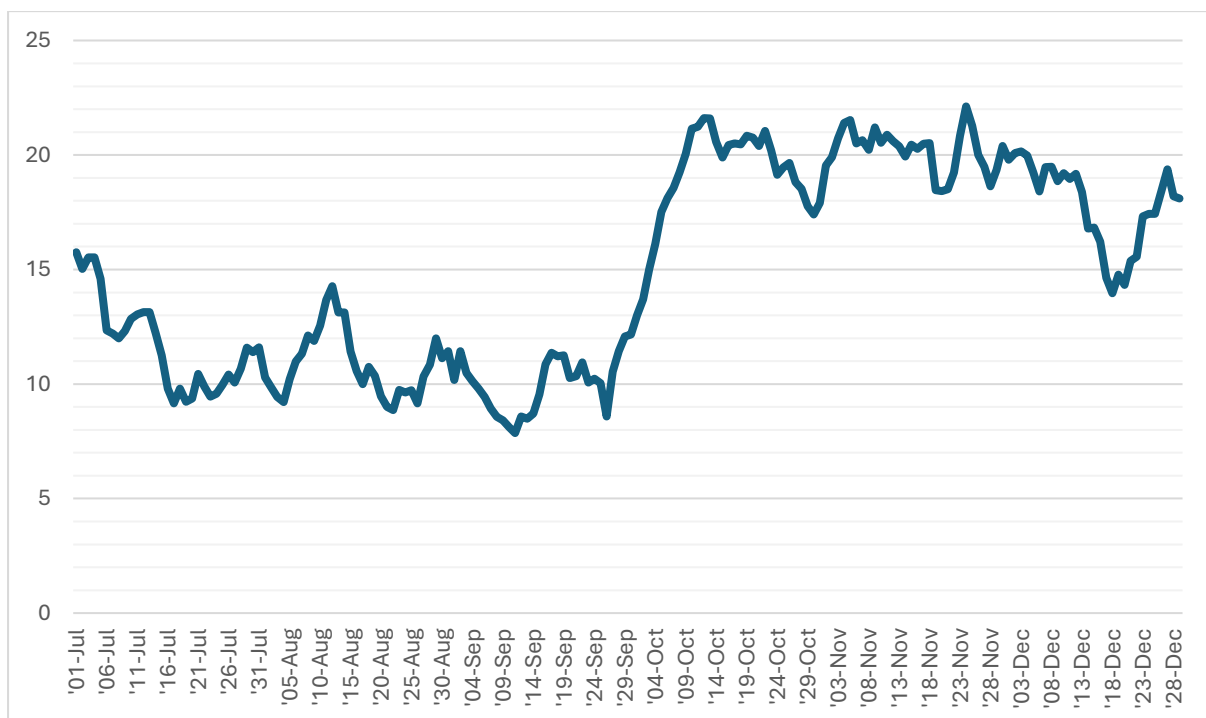
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Seasonality is one of the most powerful tools in a trader's arsenal, especially when analyzing cyclical sectors such as energy. Diamondback Energy, Inc. (ticker: FANG), a leading U.S. oil and gas producer, demonstrates a pronounced seasonal tendency during a specific calendar window. The data from Seasonax covering the last 10 years highlights a clear pattern from **September 12 to October 11**, where the stock has shown remarkable consistency and profitability.

This work breaks down the statistical evidence, evaluates the cumulative profitability, and extracts actionable insights from this seasonal tendency.



Seasonal Pattern Overview

The seasonal chart illustrates how Diamondback Energy performs across the year on average, smoothing out decade-long fluctuations into one composite line. Between mid-September and mid-October, the pattern clearly slopes upward, signifying a historically strong bullish phase.

- **Seasonal Window:** September 12 – October 11
- **Annualized Return (Pattern):** +169.52%
- **Winning Trades:** 90% (9 out of 10 years)
- **Median Return:** +6.52%
- **Average Return:** +8.10%

This combination of high returns with high consistency is rare, making this period particularly valuable for traders and investors.

Return and Profitability Metrics

When zooming into the 10-year data set, the statistics become even more compelling:

- **Total Profit (over 10 years):** +72.88 points
- **Average Profit per Year:** +7.29 points
- **Largest Profit Year:** +42.33% (2021)
- **Largest Loss Year:** -13.03% (2019)

The consistency of gains is reinforced by the fact that only one year out of the last ten closed negative. This suggests that the seasonal pattern is robust, not random.

Year-by-Year Breakdown

A closer look at the historical trades:

- **2015:** +17.03% gain
- **2016:** +9.63% gain
- **2017:** +12.29% gain
- **2018:** +3.42% gain
- **2019:** -13.03% loss (the only losing year)
- **2020:** Flat (+0.45%)
- **2021:** +42.33% gain (largest win)
- **2022:** +1.46% gain
- **2023:** -1.62% small loss
- **2024:** +14.11% gain

Despite occasional setbacks, the overall trajectory is significantly positive, especially when viewed cumulatively.

Cumulative Profit Curve

The cumulative profit chart clearly trends upward, showing compounding growth from this seasonal trade. Even with occasional dips, the long-term direction demonstrates resilience and reliability.

This smooth upward slope reinforces the statistical advantage: traders who repeatedly took this trade window over the past decade would have achieved strong compounded results.

Risk-Reward Characteristics

Every seasonal strategy must be evaluated not only on returns but also on risk.

- **Max Profit in One Year:** +42.33%
- **Max Loss in One Year:** -13.03%
- **Sharpe Ratio:** 3.44 (strong efficiency in risk-adjusted returns)

- **Volatility:** 44.87% (typical for energy stocks)
- **Sortino Ratio:** 6.95 (highly favorable when considering downside volatility only)

With 9 out of 10 winning years, the risk-reward tradeoff is unusually attractive compared to broader equity patterns.

Pattern Returns Distribution

The “pattern returns” bar graph illustrates that the largest concentration of gains tends to occur in the later part of the window (end of September into early October). While mid-September sometimes shows mixed results, momentum builds strongly toward the final week of September and the beginning of October.

This timing nuance helps refine trade execution: **entering slightly later in the window may capture the strongest part of the move.**

Sector and Macro Context

Diamondback Energy operates within the energy sector, which is heavily influenced by:

1. **Crude Oil Prices:** Seasonal demand for oil products tends to rise in late summer and early fall.
2. **Hurricane Season:** September often brings volatility in oil production and distribution, favoring energy stocks.
3. **Quarter-End Dynamics:** Fund managers frequently rebalance in September, boosting cyclical names like energy.

Thus, the seasonal window aligns with broader energy market dynamics, adding fundamental backing to the technical seasonality.

Trading Strategy Framework

Entry Rule

- Enter a long position in Diamondback Energy (FANG) **between September 12–15.**
- Alternatively, scale into the trade after the first 3 trading sessions of the window to reduce risk of early weakness.

Exit Rule

- Close the trade **by October 11**, ideally before mid-October volatility associated with Q3 earnings announcements.

Risk Management

- Set a **stop-loss of -10%**, aligned with the maximum historical loss recorded in 2019.
- Consider partial profit booking if the stock rises more than +15% within the first 10 trading days of the pattern.

Case Study: 2021 Rally

The year 2021 exemplifies the power of this seasonal edge. Starting around \$91.76, Diamondback Energy surged to \$130.48 within the window—a gain of **+42.33% in less than one month**. This rally coincided with a strong rebound in oil prices post-pandemic.

Such outsized wins balance out the smaller flat or negative years, ensuring the long-term average remains highly profitable.

Practical Applications for Traders

1. **Swing Traders:** Can plan annual September–October long trades in FANG with confidence.
2. **Options Traders:** Buying **October call options** may leverage this window, though implied volatility must be factored.
3. **Portfolio Managers:** Allocating to energy sector ETFs (XLE) during this period may diversify exposure while capturing the same seasonal benefit.

The seasonal edge in Diamondback Energy, Inc. from **September 12 to October 11** is one of the most consistent and profitable recurring patterns in its trading history. With a **90% success rate, +169.52% annualized return, and strong cumulative growth**, this trade window stands out as a high-probability opportunity.

For traders seeking a repeatable seasonal edge in the energy space, this strategy deserves a permanent place in the trading calendar. While no pattern is without risk, the statistical backing across a decade suggests that **this September–October setup remains one of the most reliable trades in Diamondback Energy.**