HOUSEEDGEADVANTAGE
Trade Like the House, Not Like a Gambler

The Market Has No Memory

What 63 years of S&P 500 daily data reveals about market odds and premium selling

Most traders spend enormous energy trying to predict whether tomorrow will be an up day or a down day. They read the news, watch the charts, track sentiment, and then make a directional bet. A study covering 15,831 trading days across 63 years of S&P 500 history tells a different story. The market is, at its core, a near coin flip with a slight upward bias, and each day begins with no knowledge of what came before it. Understanding this is not a reason for despair. For premium sellers, it is the entire foundation of the edge.

The Long-Term Numbers

Across 63 years of S&P 500 trading, the market closed higher on **53.30%** of sessions and lower on **46.70%**. The upward bias is real and durable, driven by the equity risk premium. Stocks are priced to reward investors for bearing risk over time. But on any single day, that 6.6-point advantage is barely distinguishable from a coin flip. No technical indicator, news catalyst, or chart pattern reliably turns that 53% into something you can trade directionally with confidence over time.

Consecutive Up and Down Days: The Complete Historical Record

The table below shows every streak of consecutive up days and down days recorded across this dataset. Each row represents how many times the market strung together that many sessions in a row without a reversal.

Streak	Down Occurrences	Down %	Up Occurrences	Up %
1 day	3,683	49.82%	3,699	43.84%
2 days	1,899	25.69%	2,147	25.44%
3 days	948	12.82%	1,206	14.29%
4 days	447	6.05%	642	7.61%
5 days	224	3.03%	346	4.10%
6 days	107	1.45%	190	2.25%
7 days	44	0.60%	98	1.16%
8 days	21	0.28%	51	0.60%
9 days	11	0.15%	27	0.32%
10 days	5	0.07%	16	0.19%
11 days	3	0.04%	9	0.11%
12 days	1	0.01%	6	0.07%
13 days			1	0.01%
Total	**7,393**	**100%**	**8,438**	**100%**
	46.70% of all days		**53.30% of all days**	

Past performance is not indicative of future results. Trading involves risk. This material is for educational purposes only and is not investment advice. Historical streak data sourced from long-term S&P 500 daily closing price records spanning approximately 63 years (circa 1952 to 2015). The long-term distribution and 53/47 directional split have not changed materially in the decade since, as confirmed by the 2018, 2020, and 2022 market cycles.

A 5-day losing week is a **3.03%** event historically. That sounds alarming in the moment. But by this data, it has happened roughly 224 times across the 63-year dataset. It is uncommon. It is not unprecedented, and it is not permanent.

The Hidden Asymmetry in the Data

Look closely at the 1-day streak row. Single-day down moves represent **49.82%** of all down streaks, but single-day up moves represent only **43.84%** of up streaks. Once the market starts moving higher, it tends to keep going. Up moves extend into multi-day runs more often than down moves do. Down moves, by contrast, are more frequently isolated single sessions that get reversed quickly. This is the same asymmetry you see in the VIX. The market grinds higher for weeks, then drops sharply in a day or two. The VIX spikes on selloffs and decays slowly during rallies. The consecutive day data confirms this is not an anomaly. It is a structural feature of how equity markets move, and it has been consistent across six decades.

The Bell Curve Hiding in Plain Sight

When you plot the consecutive day data on a chart, with negative numbers representing down streaks and positive numbers representing up streaks, the result is a near-perfect bell curve shifted slightly to the right. This is not accidental. Every major options pricing model, from Black-Scholes forward, is built on the assumption that daily price changes follow a roughly normal distribution. The 63-year empirical data validates that assumption. The math and the market behavior agree.

The Expected Move Formula and Why Direction Does Not Matter

Options pricing captures the same randomness mathematically. The expected move for any time period can be expressed as:

$$\text{Expected Move} = \text{Price} \times \text{IV} \times \sqrt{(\text{Days} \div 365)}$$

This is the range the market prices as the most likely outcome for a given time period at a given implied volatility level.

At an S&P price of 5,700 and a VIX of 27, the daily expected move is approximately 82 points in either direction. The formula makes no prediction about which direction that move will be. It only quantifies how far. This is the mathematical statement of what the consecutive day data shows empirically: we cannot reliably know which way, but we can quantify how much.

When the VIX rises, the expected move widens. Premium sellers respond by moving their short strikes further from the current price to maintain the same probability of profit. The edge does not disappear in high-volatility environments. The math simply requires wider positioning. This is why a high VIX is not a reason to stop selling premium. It is a reason to sell it further out, where the probabilities remain in your favor.

What This Means for the House Edge Blueprint

Every element of this guide points to the same conclusion. The table below maps each research insight directly to a trading decision.

The Insight	How to Apply It
53/47 daily odds are near a coin flip	Stop trying to predict direction. Sell premium beyond the expected move and let the math work. The market's near-randomness is the source of the structural edge, not a problem to solve.
Most streaks end at 1 to 3 days	Do not make position decisions based on recent streak momentum. Each day resets independently. Yesterday's losing session does not raise the odds of another one today.
5-day down weeks are a 3% event	They feel catastrophic. The data says they are manageable and historically temporary. Your position management plan, not your reaction to the streak, should determine your next move.
Up moves extend, down moves snap back	This is why bull markets grind and bear markets are violent. Premium sellers benefit from both: steady decay during slow rallies, and elevated premiums after sharp selloffs.
High VIX widens the expected move	Widen your short strikes to match. You collect more premium for the same probability of profit. The edge is preserved when you let the math set your strikes rather than fear.

The core insight: The House Edge Blueprint does not require you to predict direction. It requires you to sell options beyond the range the market has historically moved in for a given volatility environment. The 63 years of data in this guide are why that edge exists, and why it has survived bull markets, bear markets, crashes, rate cycles, and every macro event in between. The market has no memory. Your system does.

Good Luck and Great Trading,

John Andres | House Edge Advantage