



Caterpillar Inc / CAT

Equity | Generated Oct 29, 2026 11:30 PM EDT

Current price	Daily move	Bid / Ask	Previous close
\$640.00	-73.38 -10.29%	\$640.13/\$646.00	\$713.38

Market	NYSE
Industry	Machinery
Market data as of	Oct 29, 2026 11:30 PM EDT

JW Intelligence Report

Complete | 3 of 3 sections | Oct 29, 2026 7:50 PM EDT

JW Rank	Rank label	Confidence	IV percentile
44.4 / 100	Cautious	high	42 / 100
Model reference	Upside scenario	Risk reference	Wheel strategy fit
\$638.00	\$690.00	\$618.00	49 / 100

Options stance	bearish
Tail-risk safety	56 / 100
JW Rank data coverage / as of	100.0% Oct 29, 2026 7:50 PM EDT

Key insight

Caterpillar Option Pricing Reflects Bearish Sentiment After Earnings Miss

Market read

The market is pricing in a bearish outlook for Caterpillar (CAT) following its recent earnings report. The stock price plunged over 9% despite beating EPS estimates, driven by concerns about unchanged full-year guidance and persistent headwinds like tariffs and inventory build. Implied volatility is elevated, with the front-month ATM IV at 57.95%, reflecting heightened uncertainty. The term structure shows backwardation, indicating a higher cost of hedging against downside risk in the near term.

Strategy context

The current option pricing suggests a high probability of further price decline in the short term. The bearish sentiment is driven by concerns about Caterpillar's growth outlook and persistent headwinds.



JW AI conclusions

Short- and medium-term model interpretation

AI context bias

Bearish

AI analysis updated

Oct 29, 2026 2:22 PM EDT

Short-term scenario

Cautious tactical long attempting an oversold bounce over 1-3 weeks. Uncertainty is high: post-earnings momentum remains negative, guidance and tariff/inventory issues could drive further selling, and a failed hold of session lows would invalidate the setup. Use limited size only.

Three-month outlook

Fundamentals offer support via the record \$78.1 billion backlog, resilient end-market demand especially in power generation tied to data centers, and margin improvement, and revised analyst targets still generally sit above the current price. However, the three-month outlook is uncertain and likely volatile. Near-term headwinds from unchanged growth guidance, moderate Q4 expectations, roughly \$2.2 billion in tariff costs, inventory build, and possible further multiple compression if AI spending concerns persist could limit or reverse any recovery. A partial rebound toward the 700-800 area is plausible if demand holds and selling exhausts, but a deeper move toward prior support zones in the mid-500s cannot be ruled out. This is not a high-conviction directional call.

Market sentiment

Sentiment on X is predominantly negative to cautious after the earnings reaction. Posts emphasize the sharp drop despite the EPS beat, citing guidance disappointment, tariff recoveries affecting beat quality, dealer inventory headwinds, and broader AI infrastructure jitters. Some traders note oversold conditions and potential bounce zones (including references near 627 or Fibonacci levels), while others prefer to wait for stabilization or clearer demand signals. Overall tone is bearish short-term with selective dip-buying interest but limited conviction.

Supporting evidence

CAT's stock price dropped over 9% despite beating EPS estimates due to disappointing guidance and concerns about tariffs and inventory. | Implied volatility is elevated at 57.95% for the front-month expiration, reflecting market uncertainty. | The term structure shows backwardation, with near-term options more expensive than longer-dated options, suggesting a higher cost of hedging against downside risk.

Risk watch

Unchanged full-year guidance below market expectations | Persistent tariff costs and inventory build | Potential for multiple compression due to AI spending concerns



Enhanced price structure

45 trading days with volume, model levels and current technical reference bands

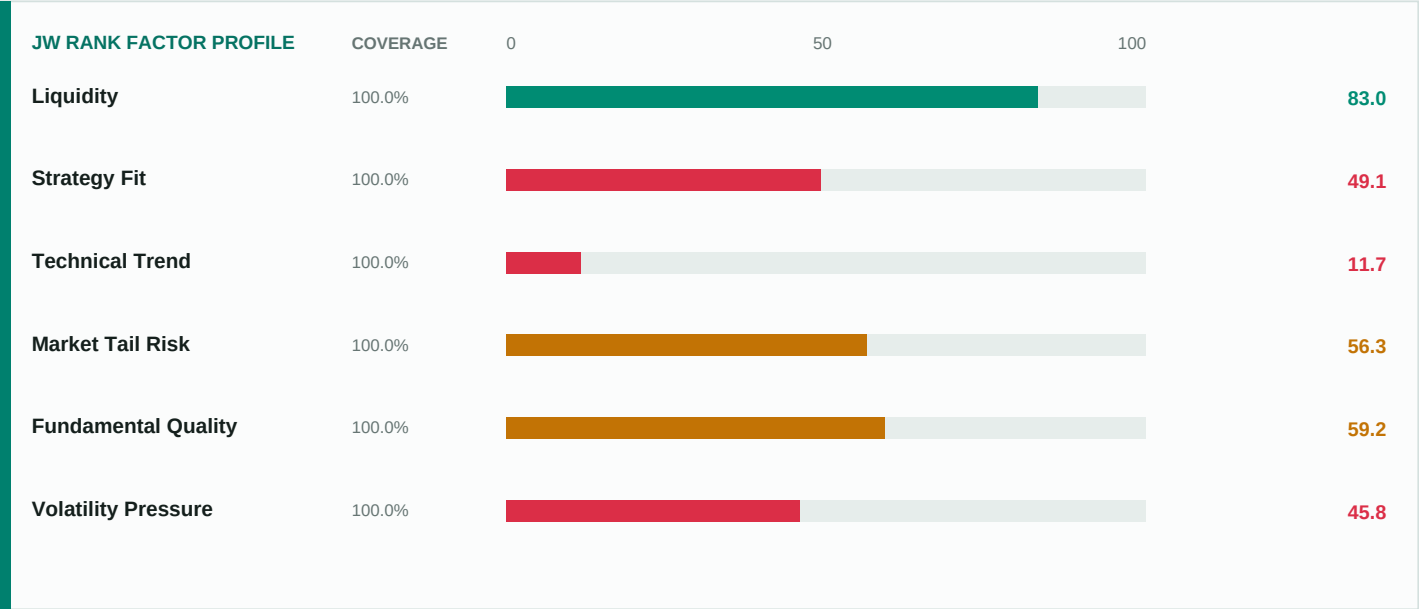


45 complete trading-session observations



JW Rank factors

Score, source coverage and interpretation for each decision factor



Decision summary

Primary model reads before the detailed indicator appendix

Momentum

strong_bear

Institutional flow

Below MVWAP

Structure

Below 200D trend

Volatility

high



Decision indicators

Detailed momentum, institutional and structural observations

Momentum kinematics

Direction, velocity and oscillator state

Current read	STRONG BEAR oversold MACD decelerating
Trend signal	STRONG BEAR
RSI signal	oversold
RSI (7 / 14 / 21)	20.66 / 26.23 / 30.38
RSI velocity	-0.83
MACD line / signal / histogram	-34.14 / - / -26.78
MACD acceleration	-0.94
Stochastic K / D	19.45 / 16.61

Institutional footprints

Volume-weighted cost, price location and flow

Current read	Below institutional MVWAP Distribution bias
Institutional flow	-9.49
20-day MVWAP	\$738.93
Price vs 20-day MVWAP	-13.39%
Daily reference VWAP	\$647.62
Price vs daily reference	-1.18%
Volume	5.10M

Structural context

Long-term trend and volatility boundaries

Current read	Below 200-day trend Negative macro velocity
Macro velocity	-6.50
20-day / 200-day SMA	\$755.18 / \$809.99
Bollinger range	\$636.15 - \$874.20
Bollinger position	0.047



Options and volatility intelligence

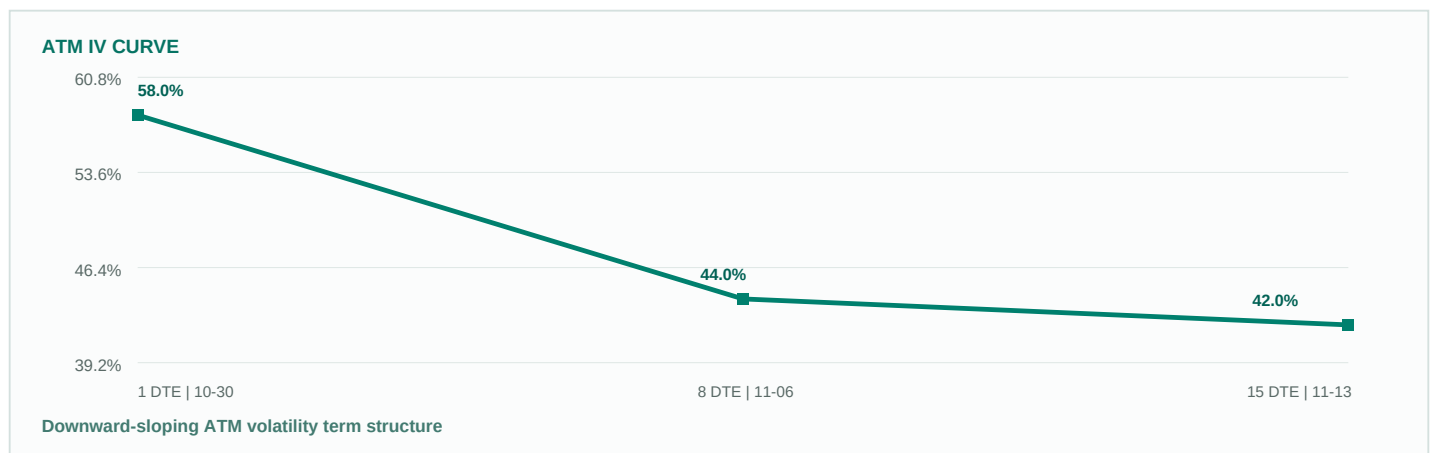
Structure, premium conditions and principal risks

IV rank	IV percentile	VVIX	SKEW
34 / 100	42 / 100	95.19	148.74

Market regime	Calm
Tail-risk regime	NORMAL TAIL RISK
Term structure	backwardation
Term slope	-15.92 pts
Skew read	CALL DEMAND ELEVATED
Liquidity / quote coverage	100.0%
Options Snapshot IV sources	ATM: option chain Rank/percentile: fundamentals
Options Snapshot IV observed at	Oct 29, 2026 2:45 PM EDT
Options data quality	Coverage 100.0%

Option term structure

ATM implied-volatility curve by days to expiration



EXPIRATION	DTE	ATM IV	STATE
2026-10-30	1	58.0%	-
2026-11-06	8	44.0%	-
2026-11-13	15	42.0%	-

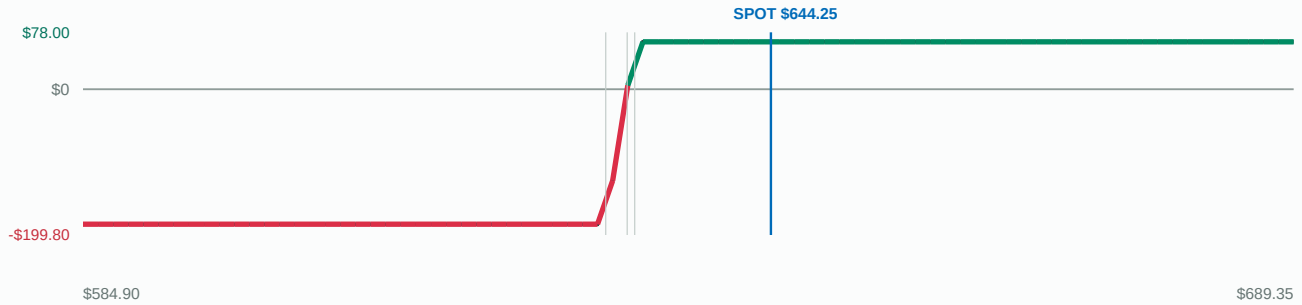


Reference spread payoff

Illustrative expiry profit/loss per one-lot structure, including quoted net credit

Bull Put Spread reference

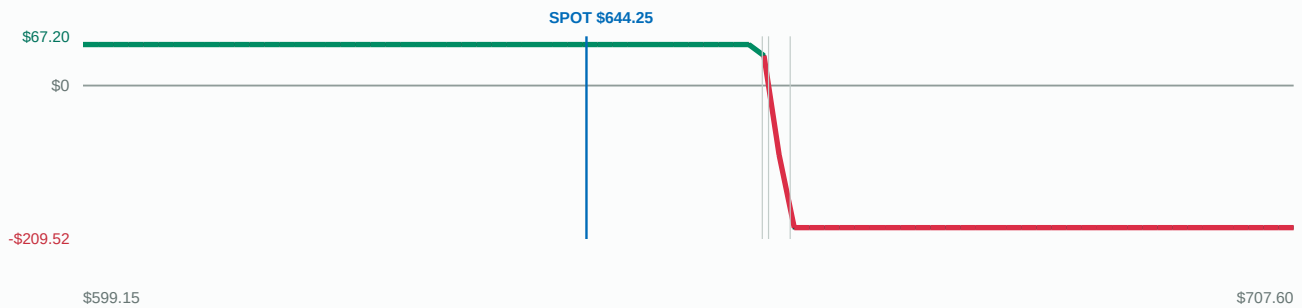
Short \$632.50 | Long \$630.00 | Width \$2.50 | Net credit \$0.65



Max profit \$65.00 | Max loss -\$185.00 | Break-even \$631.85 | Per contract at expiry

Bear Call Spread reference

Short \$660.00 | Long \$662.50 | Width \$2.50 | Net credit \$0.56



Max profit \$56.00 | Max loss -\$194.00 | Break-even \$660.56 | Per contract at expiry

Event and tail-risk context

Known event windows and broad volatility conditions

Next earnings date	2026-10-29
Earnings IV-crush risk	high
Event IV premium	13.95
VIX	16.89
VVIX	95.19
SKEW index	148.74
Observation confidence	high
Option quote quality	reliable



Event and tail-risk context (continued)

Known event windows and broad volatility conditions

FIELD	VALUE
Contracts observed	149
Contracts with quotes	149

Strategy fit

Generalized structure fit; not a personalized recommendation

Market structure

The market is pricing in a bearish outlook for Caterpillar (CAT) following its recent earnings report. The stock price plunged over 9% despite beating EPS estimates, driven by concerns about unchanged full-year guidance and persistent headwinds like tariffs and inventory build. Implied volatility is elevated, with the front-month ATM IV at 57.95%, reflecting heightened uncertainty. The term structure shows backwardation, indicating a higher cost of hedging against downside risk in the near term.

Options context

Caterpillar Option Pricing Reflects Bearish Sentiment After Earnings Miss

Wheel context

The current option pricing suggests a high probability of further price decline in the short term. The bearish sentiment is driven by concerns about Caterpillar's growth outlook and persistent headwinds.

Observed evidence

CAT's stock price dropped over 9% despite beating EPS estimates due to disappointing guidance and concerns about tariffs and inventory. | Implied volatility is elevated at 57.95% for the front-month expiration, reflecting market uncertainty. | The term structure shows backwardation, with near-term options more expensive than longer-dated options, suggesting a higher cost of hedging against downside risk.

Principal risks to monitor

Unchanged full-year guidance below market expectations | Persistent tariff costs and inventory build | Potential for multiple compression due to AI spending concerns



Fundamentals and events

Business quality, valuation and upcoming event context

Market capitalization	P/E (TTM)
\$327.92B	30.29
ROE	Revenue growth
54.2%	4.4%
EPS growth	Operating margin
14.2%	17.5%
Net profit margin	Gross margin
14.5%	-
Free cash flow CAGR	Debt / equity
12.1%	2.03
Dividend yield	Beta
2.1%	1.59
52-week range	
\$521.67 - \$1,073.46	

Company or fund profile

Issuer identity and classification

Name	Market
Caterpillar Inc	NYSE
Industry	Country
Machinery	US
Currency	IPO date
USD	1929-12-02
Shares outstanding	52-week return
459.67M	36.0%
Book value per share	Revenue per share
\$42.11	\$161.58
Website	caterpillar.com



Latest strategy observation

Most recent shared general market signal available when this report was generated

CAT Covered Call signal	Oct 21, 2026 11:07 AM EDT
Covered Call 2026-10-23	
At signal \$731.70 Current \$640.00	
SHORT Option \$740.00 B \$8.20 / A \$9.40	
Conservative CR \$8.80	



Complete technical details

Full supporting indicator set used by the symbol detail experience

Volatility and options market

Price movement and premium conditions

ATR	\$30.33
ATR as % of price	4.7%
Volatility environment	high
Current IV	37.2%
IV rank	33 / 100
IV percentile	42 / 100
Technical Snapshot IV source	Private fundamentals snapshot
Technical Snapshot IV observed at	Oct 29, 2026 3:50 PM EDT

Technical health and risk radar

Derived indicator health and event context

Overall health	40 / 100
Trend health	25 / 100
Momentum health	48 / 100
Volatility health	40 / 100
Structure health	55 / 100
Earnings risk / date	unknown 2026-10-29
Macro risk	unknown
Volatility risk	high
Structure risk	medium

Structural indicator levels

Moving averages, volatility bands and observed trading ranges

SMA (20 / 50 / 200)	\$755.18 / \$787.16 / \$809.99
EMA (9 / 21)	\$705.50 / \$740.49
Bollinger upper / middle / lower	\$874.20 / \$755.18 / \$636.15



Structural indicator levels (continued)

Moving averages, volatility bands and observed trading ranges

FIELD	VALUE
Bollinger %B	0.047
True high / low	\$713.38 / \$631.01
5-day true high / low	\$732.73 / \$631.01

Three-day indicator history

Short-horizon change and the underlying three-session observations

INDICATOR	3-DAY CHANGE	SESSION 1 / 2 / 3
SMA20	-6.495	-
SMA50	-3.097	-
MVWAP20	-9.492	-
MACD	-0.944	-
RSI	-0.827	-
Volume	1276112.670	-
ATR	1.238	-
T1	-	-29.86 / 758.68 / 732.73 / 707.63
T2	-	-30.70 / 762.94 / 716.00 / 692.13
T3	-	-31.30 / 767.40 / 696.22 / 679.50



Detailed options evidence

Supporting option-chain, execution and data-quality observations

Underlying price at observation	\$644.25
Options Snapshot IV sources	ATM: option chain Rank/percentile: fundamentals
Options Snapshot IV observed at	Oct 29, 2026 2:45 PM EDT
Options data coverage	100.0%
SKEW regime	HIGH TAIL RISK SKEW
VVIX regime	VVIX FALLING
Front expiration / DTE	2026-10-30 1 DTE
Front at-the-money IV	58.0%
25-delta skew	-4.13
Put / Call 25-delta	\$632.50 Delta -0.261 / \$660.00 Delta 0.233
Median option bid/ask spread	23.3%
Bid/ask spread	-
Contracts observed / quoted	149 / 149

Price context

Last Price: 644.25 | Bid: 644.14 | Ask: 644.36 | Previous Close: 713.38 | Change: -69.13 | Daily change: -9.69% | Update Time: 2026-10-29T14:45:44.217175-04:00 | Latest History Date: 2026-10-29 | Latest History Price: 644.36

Historical context

Trading-day sample: 60 sessions | First Date: 2026-08-06 | Latest Date: 2026-10-29 | Latest Price: 644.36 | Max Drawdown 60d Percent: -26.91%

Fundamental context

Current Iv Percent: 37.31% | Iv Rank: 33.91 | Iv Percentile: 42.23 | Next Earnings Date: 2026-10-29 | Ex Dividend Date: 2026-10-25



Important disclosures

Scope, limitations, risk and permitted interpretation

General market information only

This report is general quantitative research and market commentary. It is not investment, legal, tax or accounting advice; it is not an offer, solicitation, order, recommendation or promise of performance. It does not consider any reader's holdings, objectives, financial circumstances, risk tolerance or suitability.

Model observations - not instructions

JW Rank, strategy fit, model reference, upside scenario and risk reference levels are model observations. They are not entries, price targets, stops, position sizes or instructions to buy, sell, open, close or hold a security or option. A higher score does not imply lower risk or a guaranteed favorable outcome.

Data, AI and model limitations

Prices, volumes, fundamentals, options data, news-derived context and model outputs reflect the timestamps shown and may be delayed, incomplete, revised or inaccurate. AI-generated explanations can omit context or produce errors. Models can fail when volatility, liquidity, correlations or market regimes change.

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Options risk

Options are complex and are not suitable for all investors. They may involve total or substantial loss, assignment, early exercise, margin calls, liquidity and spread risk, volatility and Greek exposure, event risk, regime shifts and expiration risk. Multi-leg positions may not execute or close at modeled prices.

Investor responsibility and ODD

Use current market information, assess suitability independently and consult qualified professionals when appropriate. Before trading listed options, read Characteristics and Risks of Standardized Options (ODD) available from the Options Clearing Corporation at theocc.com.

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Reference documents

Official product terms and standardized options disclosure

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