

# THE 2014 STOCK TRADER'S ALMANAC

---

## CONTENTS

- 10 2014 Strategy Calendar
- 12 **January Almanac**
- 14 January's First Five Days: An Early Warning System
- 16 The Incredible January Barometer (Devised 1972): Only Seven Significant Errors in 63 Years
- 18 January Barometer in Graphic Form Since 1950
- 20 **February Almanac**
- 22 John Person's Top Ten Market Timing & Stock Selection Tools
- 24 The Fourth Year of Decades
- 26 Market Charts of Midterm Election Years
- 28 **March Almanac**
- 30 Midterm Election Years: Where Bottom Pickers Find Paradise
- 32 Prosperity More than Peace Determines Outcome of Midterm Congressional Races
- 34 How to Trade Best Months Switching Strategies
- 36 New Millennium Seasonal & Sector Trades
- 38 **April Almanac**
- 40 The December Low Indicator: A Useful Prognosticating Tool
- 42 Down Januarys: A Remarkable Record
- 44 Top Performing Months Past 63½ Years: Standard & Poor's 500 and Dow Jones Industrials
- 46 **May Almanac**
- 48 "Best Six Months": Still an Eye-Popping Strategy
- 50 MACD-Timing Triples "Best Six Months" Results
- 52 Best Investment Book of the Year: *Mastering the Stock Market*
- 54 **June Almanac**
- 56 Top Performing NASDAQ Months Past 42½ Years
- 58 Get More out of NASDAQ's "Best Eight Months" with MACD-Timing
- 60 Triple Returns, Fewer Trades: Best 6 + 4-Year Cycle
- 62 First Months of Quarters are the Most Bullish
- 64 **July Almanac**
- 66 2012 Daily Dow Point Changes
- 68 Don't Sell Stocks on Monday or Friday
- 70 A Rally for All Seasons
- 72 **August Almanac**
- 74 Why a 50% Gain in the Dow is Possible from its 2014 Low to its 2015 High
- 76 Aura of the Triple Witch—4th Quarter Most Bullish: Down Weeks Trigger More Weakness Week After

78	Take Advantage of Down Friday/Down Monday Warning
80	<b>September Almanac</b>
82	A Correction for All Seasons
84	First-Trading-Day-of-the-Month Phenomenon: Dow Gains More One Day than All Other Days
86	Market Behavior Three Days Before and Three Days After Holidays
88	Market Gains More on Super-8 Days Each Month than on All 13 Remaining Days Combined
90	<b>October Almanac</b>
92	Sector Seasonality: Selected Percentage Plays
94	Sector Index Seasonality Strategy Calendar
98	<b>November Almanac</b>
100	Midterm Election Time Unusually Bullish
102	Fourth Quarter Market Magic
104	Trading the Thanksgiving Market
106	Most of the So-Called “January Effect” Takes Place in the Last Half of December
108	<b>December Almanac</b>
110	January Effect Now Starts in Mid-December
112	Wall Street’s Only Free Lunch Served Before Christmas
114	If Santa Claus Should Fail to Call, Bears May Come to Broad and Wall
116	Year’s Top Investment Books
118	2015 Strategy Calendar

## **DIRECTORY OF TRADING PATTERNS & DATABANK**

121	Dow Jones Industrials Market Probability Calendar 2014
122	<u>Recent</u> Dow Jones Industrials Market Probability Calendar 2014
123	S&P 500 Market Probability Calendar 2014
124	<u>Recent</u> S&P 500 Market Probability Calendar 2014
125	NASDAQ Market Probability Calendar 2014
126	<u>Recent</u> NASDAQ Market Probability Calendar 2014
127	Russell 1000 Index Market Probability Calendar 2014
128	Russell 2000 Index Market Probability Calendar 2014
129	Decennial Cycle: A Market Phenomenon
130	Presidential Election/Stock Market Cycle: The 180-Year Saga Continues
131	Dow Jones Industrials Bull and Bear Markets Since 1900
132	Standard & Poor’s 500 Bull and Bear Markets Since 1929/NASDAQ Composite Since 1971
133	Dow Jones Industrials 10-Year Daily Point Changes: January and February
134	Dow Jones Industrials 10-Year Daily Point Changes: March and April
135	Dow Jones Industrials 10-Year Daily Point Changes: May and June
136	Dow Jones Industrials 10-Year Daily Point Changes: July and August
137	Dow Jones Industrials 10-Year Daily Point Changes: September and October
138	Dow Jones Industrials 10-Year Daily Point Changes: November and December
139	A Typical Day in the Market
140	Through the Week on a Half-Hourly Basis
141	Tuesday Most Profitable Day of Week
142	NASDAQ Strongest Last 3 Days of Week

143	S&P Daily Performance Each Year Since 1952
144	NASDAQ Daily Performance Each Year Since 1971
145	Monthly Cash Inflows into S&P Stocks
146	Monthly Cash Inflows into NASDAQ Stocks
147	November, December, and January: Year's Best Three-Month Span
148	November Through June: NASDAQ's Eight-Month Run
149	Dow Jones Industrials Annual Highs, Lows, and Closes Since 1901
150	S&P 500 Annual Highs, Lows, and Closes Since 1930
151	NASDAQ, Russell 1000 and 2000 Annual Highs, Lows, and Closes Since 1971
152	Dow Jones Industrials Monthly Percent Changes Since 1950
153	Dow Jones Industrials Monthly Point Changes Since 1950
154	Dow Jones Industrials Monthly Closing Prices Since 1950
155	Standard & Poor's 500 Monthly Percent Changes Since 1950
156	Standard & Poor's 500 Monthly Closing Prices Since 1950
157	NASDAQ Composite Monthly Percent Changes Since 1971
158	NASDAQ Composite Monthly Closing Prices Since 1971
159	Russell 1000 Monthly Percent Changes and Closing Prices Since 1979
160	Russell 2000 Monthly Percent Changes and Closing Prices Since 1979
161	10 <u>Best</u> Days by Point and Percent
162	10 <u>Worst</u> Days by Point and Percent
163	10 <u>Best</u> Weeks by Point and Percent
164	10 <u>Worst</u> Weeks by Point and Percent
165	10 <u>Best</u> Months by Point and Percent
166	10 <u>Worst</u> Months by Point and Percent
167	10 <u>Best</u> Quarters by Point and Percent
168	10 <u>Worst</u> Quarters by Point and Percent
169	10 <u>Best</u> Years by Point and Percent
170	10 <u>Worst</u> Years by Point and Percent
171	Dow Jones Industrials One-Year Seasonal Pattern Charts Since 1901
172	S&P 500 One-Year Seasonal Pattern Charts Since 1930
173	NASDAQ, Russell 1000 & 2000 One-Year Seasonal Pattern Charts Since 1971

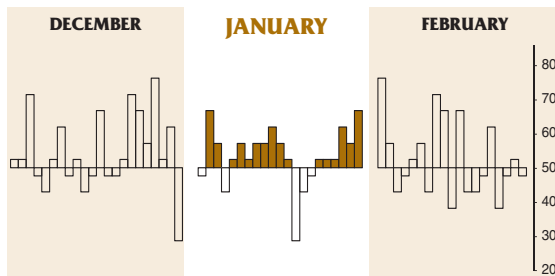
## STRATEGY PLANNING AND RECORD SECTION

175	Portfolio at Start of 2014
176	Additional Purchases
178	Short-Term Transactions
180	Long-Term Transactions
182	Interest/Dividends Received during 2014/Brokerage Account Data 2014
183	Weekly Portfolio Price Record 2014
185	Weekly Indicator Data 2014
187	Monthly Indicator Data 2014
188	Portfolio at End of 2014
189	If You Don't Profit from Your Investment Mistakes, Someone Else Will; Performance Record of Recommendations
190	Individual Retirement Account: Most Awesome Mass Investment Incentive Ever Devised
191	G.M. Loeb's "Battle Plan" for Investment Survival
192	G.M. Loeb's Investment Survival Checklist

# JANUARY ALMANAC

JANUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

FEBRUARY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ January Barometer predicts year's course with .762 batting average (page 16) ◆ 10 of last 16 midterm election years followed January's direction ◆ Every down January on the S&P since 1950, without exception, preceded a new or extended bear market, a flat market, or a 10% correction (page 42) ◆ S&P gains January's first five days preceded full-year gains 85.0% of the time, 8 of last 16 midterm years followed first five days' direction (page 14) ◆ November, December, and January constitute the year's best three-month span, a 4.4% S&P gain (pages 44 & 147) ◆ January NASDAQ powerful 3.0% since 1971 (pages 56 & 148) ◆ "January Effect" now starts in mid-December and favors small-cap stocks (pages 106 & 110) ◆ 2009 has the dubious honor of the worst S&P 500 January on record.

## January Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	5	5	1	4	2
Up	42	40	29	23	20
Down	22	24	14	12	15
Average % Change	1.1%	1.2%	3.0%	1.3%	2.0%
Midterm Year	-0.6%	-0.9%	-0.6%	-1.0%	-0.7%
<b>Best &amp; Worst January</b>					
	% Change	% Change	% Change	% Change	% Change
Best	1976 14.4	1987 13.2	1975 16.6	1987 12.7	1985 13.1
Worst	2009 -8.8	2009 -8.6	2008 -9.9	2009 -8.3	2009 -11.2
<b>Best &amp; Worst January Weeks</b>					
Best	1/9/76 6.1	1/2/09 6.8	1/12/01 9.1	1/2/09 6.8	1/9/87 7.0
Worst	1/24/03 -5.3	1/28/00 -5.6	1/28/00 -8.2	1/28/00 -5.5	1/4/08 -6.5
<b>Best &amp; Worst January Days</b>					
Best	1/17/91 4.6	1/3/01 5.0	1/3/01 14.2	1/3/01 5.3	1/21/09 5.3
Worst	1/8/88 -6.9	1/8/88 -6.8	1/2/01 -7.2	1/8/88 -6.1	1/20/09 -7.0
<b>First Trading Day of Expiration Week: 1980-2013</b>					
Record (#Up-#Down)	24-10	21-13	20-14	20-14	20-14
Current streak	U4	D1	D1	D1	D1
Avg % Change	0.15	0.14	0.19	0.12	0.19
<b>Options Expiration Day: 1980-2013</b>					
Record (#Up-#Down)	17-17	18-16	18-16	18-16	19-15
Current streak	U3	U3	D4	U3	U2
Avg % Change	-0.10	-0.09	-0.15	-0.11	-0.12
<b>Options Expiration Week: 1980-2013</b>					
Record (#Up-#Down)	18-16	15-19	19-15	15-19	18-16
Current streak	U3	U2	U2	U2	U2
Avg % Change	-0.16	-0.07	0.25	-0.08	0.25
<b>Week After Options Expiration: 1980-2012</b>					
Record (#Up-#Down)	18-16	21-13	19-15	21-13	23-11
Current streak	U1	U2	U2	U2	U3
Avg % Change	0.04	0.22	0.10	0.19	0.22
<b>First Trading Day Performance</b>					
% of Time Up	59.4	50.0	58.1	45.7	48.6
Avg % Change	0.29	0.19	0.25	0.21	0.14
<b>Last Trading Day Performance</b>					
% of Time Up	57.8	62.5	65.1	60.0	77.1
Avg % Change	0.23	0.26	0.3	0.34	0.29

Dow & S&P 1950-April 2013, NASDAQ 1971-April 2013, Russell 1K & 2K 1979-April 2013.

20th Amendment made "lame ducks" disappear.  
Now, "As January goes, so goes the year."

# DECEMBER 2013/JANUARY 2014



MONDAY

D 42.9  
S 61.9  
N 52.4

30

*The symbol of all relationships among such men, the moral symbol of respect for human beings, is the trader.*

— Ayn Rand (Russian-born American novelist and philosopher, from Galt's Speech, *Atlas Shrugged*, 1957, 1905–1982)

*Last Trading Day of the Year, NASDAQ Down 11 of last 13  
NASDAQ Was Up 29 Years in a Row 1971–1999*



TUESDAY

D 38.1  
S 28.6  
N 47.6

31

*One machine can do the work of fifty ordinary men. No machine can do the work of one extraordinary man.*

— Elbert Hubbard (American author, *A Message To Garcia*, 1856–1915)

**New Years Day** (Market Closed)

WEDNESDAY

1

*Things may come to those who wait, but only the things left by those who hustle.*

— Abraham Lincoln (16th U.S. President, 1809–1865)

*Small Caps Punished First Trading Day of Year  
Russell 2000 Down 14 of Last 24, But Up Last 5*

THURSDAY

D 71.4  
S 47.6  
N 66.7

2

*While markets often make double bottoms, three pushes to a high is the most common topping pattern.*

— John Bollinger (Bollinger Capital Management, *Capital Growth Letter*, *Bollinger on Bollinger Bands*)

*Second Trading Day of the Year, Dow Up 14 of Last 20  
Santa Claus Rally Ends (Page 114)*



FRIDAY

D 71.4  
S 66.7  
N 66.7

3

*The man who can master his time can master nearly anything.*

— Winston Churchill (British statesman, 1874–1965)

SATURDAY

4

*January Almanac Investor Seasonalities: See Pages 92, 94, and 96*

SUNDAY

5

## JANUARY'S FIRST FIVE DAYS: AN EARLY WARNING SYSTEM

The last 40 up First Five Days were followed by full-year gains 34 times for an 85.0% accuracy ratio and a 13.6% average gain in all 40 years. The five exceptions include flat 1994 and four related to war. Vietnam military spending delayed start of 1966 bear market. Ceasefire imminence early in 1973 raised stocks temporarily. Saddam Hussein turned 1990 into a bear. The war on terrorism, instability in the Mideast, and corporate malfeasance shaped 2002 into one of the worst years on record. The 23 down First Five Days were followed by 12 up years and 11 down (47.8% accurate) and an average gain of 0.2%.

In Midterm Election Years this indicator has had a spotty record—almost a contrary indicator. In the last 16 Midterm Years only eight full years followed the direction of the First Five Days and only two of the last nine (2006, 2010). The full-month January Barometer (page 16) has a better Midterm record.

### THE FIRST-FIVE-DAYS-IN-JANUARY INDICATOR

Chronological Data					Ranked By Performance			
	Previous Year's Close	January 5th Day	5-Day Change	Year Change	Rank		5-Day Change	Year Change
1950	16.76	17.09	2.0%	21.8%	1	1987	6.2%	2.0%
1951	20.41	20.88	2.3	16.5	2	1976	4.9	19.1
1952	23.77	23.91	0.6	11.8	3	1999	3.7	19.5
1953	26.57	26.33	-0.9	-6.6	4	2003	3.4	26.4
1954	24.81	24.93	0.5	45.0	5	2006	3.4	13.6
1955	35.98	35.33	-1.8	26.4	6	1983	3.3	17.3
1956	45.48	44.51	-2.1	2.6	7	1967	3.1	20.1
1957	46.67	46.25	-0.9	-14.3	8	1979	2.8	12.3
1958	39.99	40.99	2.5	38.1	9	2010	2.7	12.8
1959	55.21	55.40	0.3	8.5	10	1963	2.6	18.9
1960	59.89	59.50	-0.7	-3.0	11	1958	2.5	38.1
1961	58.11	58.81	1.2	23.1	12	1984	2.4	1.4
1962	71.55	69.12	-3.4	-11.8	13	1951	2.3	16.5
1963	63.10	64.74	2.6	18.9	14	2013	2.2	??
1964	75.02	76.00	1.3	13.0	15	1975	2.2	31.5
1965	84.75	85.37	0.7	9.1	16	1950	2.0	21.8
1966	92.43	93.14	0.8	-13.1	17	2004	1.8	9.0
1967	80.33	82.81	3.1	20.1	18	2012	1.8	13.4
1968	96.47	96.62	0.2	7.7	19	1973	1.5	-17.4
1969	103.86	100.80	-2.9	-11.4	20	1972	1.4	15.6
1970	92.06	92.68	0.7	0.1	21	1964	1.3	13.0
1971	92.15	92.19	0.04	10.8	22	1961	1.2	23.1
1972	102.09	103.47	1.4	15.6	23	1989	1.2	27.3
1973	118.05	119.85	1.5	-17.4	24	2011	1.1	-0.003
1974	97.55	96.12	-1.5	-29.7	25	2002	1.1	-23.4
1975	68.56	70.04	2.2	31.5	26	1997	1.0	31.0
1976	90.19	94.58	4.9	19.1	27	1980	0.9	25.8
1977	107.46	105.01	-2.3	-11.5	28	1966	0.8	-13.1
1978	95.10	90.64	-4.7	1.1	29	1994	0.7	-1.5
1979	96.11	98.80	2.8	12.3	30	1965	0.7	9.1
1980	107.94	108.95	0.9	25.8	31	2009	0.7	23.5
1981	135.76	133.06	-2.0	-9.7	32	1970	0.7	0.1
1982	122.55	119.55	-2.4	14.8	33	1952	0.6	11.8
1983	140.64	145.23	3.3	17.3	34	1954	0.5	45.0
1984	164.93	168.90	2.4	1.4	35	1996	0.4	20.3
1985	167.24	163.99	-1.9	26.3	36	1959	0.3	8.5
1986	211.28	207.97	-1.6	14.6	37	1995	0.3	34.1
1987	242.17	257.28	6.2	2.0	38	1992	0.2	4.5
1988	247.08	243.40	-1.5	12.4	39	1968	0.2	7.7
1989	277.72	280.98	1.2	27.3	40	1990	0.1	-6.6
1990	353.40	353.79	0.1	-6.6	41	1971	0.04	10.8
1991	330.22	314.90	-4.6	26.3	42	2007	-0.4	3.5
1992	417.09	418.10	0.2	4.5	43	1960	-0.7	-3.0
1993	435.71	429.05	-1.5	7.1	44	1957	-0.9	-14.3
1994	466.45	469.90	0.7	-1.5	45	1953	-0.9	-6.6
1995	459.27	460.83	0.3	34.1	46	1974	-1.5	-29.7
1996	615.93	618.46	0.4	20.3	47	1998	-1.5	26.7
1997	740.74	748.41	1.0	31.0	48	1988	-1.5	12.4
1998	970.43	956.04	-1.5	26.7	49	1993	-1.5	7.1
1999	1229.23	1275.09	3.7	19.5	50	1986	-1.6	14.6
2000	1469.25	1441.46	-1.9	-10.1	51	2001	-1.8	-13.0
2001	1320.28	1295.86	-1.8	-13.0	52	1955	-1.8	26.4
2002	1148.08	1160.71	1.1	-23.4	53	2000	-1.9	-10.1
2003	879.82	909.93	3.4	26.4	54	1985	-1.9	26.3
2004	1111.92	1131.91	1.8	9.0	55	1981	-2.0	-9.7
2005	1211.92	1186.19	-2.1	3.0	56	1956	-2.1	2.6
2006	1248.29	1290.15	3.4	13.6	57	2005	-2.1	3.0
2007	1418.30	1412.11	-0.4	3.5	58	1977	-2.3	-11.5
2008	1468.36	1390.19	-5.3	-38.5	59	1982	-2.4	14.8
2009	903.25	909.73	0.7	23.5	60	1969	-2.9	-11.4
2010	1115.10	1144.98	2.7	12.8	61	1962	-3.4	-11.8
2011	1257.64	1271.50	1.1	-0.003	62	1991	-4.6	26.3
2012	1257.60	1280.70	1.8	13.4	63	1978	-4.7	1.1
2013	1426.19	1457.15	2.2	??	64	2008	-5.3	-38.5

Based on S&P 500

# JANUARY

January Ends “Best Three-Month Span” (Pages 44, 56, 147, and 148)

MONDAY

D 47.6  
S 57.1  
N 57.1

6

*The difference between life and the movies is that a script has to make sense, and life doesn't.*  
— Joseph L. Mankiewicz (Film director, writer, producer, 1909–1993)

TUESDAY

D 52.4  
S 42.9  
N 57.1

7

*The secret to business is to know something that nobody else knows.*  
— Aristotle Onassis (Greek shipping billionaire)

January's First Five Days Act as an “Early Warning” (Page 14)

WEDNESDAY

D 38.1  
S 52.4  
N 57.1

8

*A good new chairman of the Federal Reserve Bank is worth a \$10 billion tax cut.*  
— Paul H. Douglas (U.S. Senator Illinois, 1949–1967, 1892–1976)

THURSDAY

D 57.1  
S 57.1  
N 71.4

9

*If banking institutions are protected by the taxpayer and they are given free reign to speculate, I may not live long enough to see the crisis, but my soul is going to come back and haunt you.*  
— Paul A. Volcker (Fed Chairman, 1979–1987, Chair Economic Recovery Advisory Board, 2/2/2010, b. 1927)

FRIDAY

D 47.6  
S 52.4  
N 52.4

10

*Banking establishments are more dangerous than standing armies; and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale.*  
— Thomas Jefferson (3rd U.S. President, 1743–7/4/1826, 1816 letter to John Taylor of Caroline)

SATURDAY

11

SUNDAY

12

## THE INCREDIBLE JANUARY BAROMETER (DEvised 1972): ONLY SEVEN SIGNIFICANT ERRORS IN 63 YEARS

Devised by Yale Hirsch in 1972, our January Barometer states that as the S&P 500 goes in January, so goes the year. The indicator has registered **only seven major errors since 1950 for an 88.9% accuracy ratio**. Vietnam affected 1966 and 1968; 1982 saw the start of a major bull market in August; two January rate cuts and 9/11 affected 2001; the anticipation of military action in Iraq held down the market in January 2003; 2009 was the beginning of a new bull market following the second worst bear market on record; and the Fed saved 2010 with QE2 (*Almanac Investor* newsletter subscribers receive full analysis of each reading as well as its potential implications for the full year.)

Including the eight flat-year errors (less than +/- 5%) yields a 76.2% accuracy ratio. A full comparison of all monthly barometers for the Dow, S&P, and NASDAQ in our January 18, 2013 blog post at [blog.stocktradersalmanac.com](http://blog.stocktradersalmanac.com) details January's market forecasting prowess. Bear markets began or continued when Januarys suffered a loss (*see page 42*). Full years followed January's direction in 10 of the last 16 midterm election years. *See page 18 for more.*

### AS JANUARY GOES, SO GOES THE YEAR

Market Performance In January					January Performance By Rank				
	Previous Year's Close	January Close	January Change	Year Change		Rank	January Change	Year's Change	
1950	16.76	17.05	1.7%	21.8%	1	1987	13.2%	2.0%	flat
1951	20.41	21.66	6.1	16.5	2	1975	12.3	31.5	
1952	23.77	24.14	1.6	11.8	3	1976	11.8	19.1	
1953	26.57	26.38	-0.7	-6.6	4	1967	7.8	20.1	
1954	24.81	26.08	5.1	45.0	5	1985	7.4	26.3	
1955	35.98	36.63	1.8	26.4	6	1989	7.1	27.3	
1956	45.48	43.82	-3.6	2.6	flat	7	1961	6.3	23.1
1957	46.67	44.72	-4.2	-14.3	8	1997	6.1	31.0	
1958	39.99	41.70	4.3	38.1	9	1951	6.1	16.5	
1959	55.21	55.42	0.4	8.5	10	1980	5.8	25.8	
1960	59.89	55.61	-7.1	-3.0	flat	11	1954	5.1	45.0
1961	58.11	61.78	6.3	23.1	12	2013	5.0	??	
1962	71.55	68.84	-3.8	-11.8	13	1963	4.9	18.9	
1963	63.10	66.20	4.9	18.9	14	2012	4.4	13.4	
1964	75.02	77.04	2.7	13.0	15	1958	4.3	38.1	
1965	84.75	87.56	3.3	9.1	16	1991	4.2	26.3	
1966	92.43	92.88	0.5	-13.1	X	17	1999	4.1	19.5
1967	80.33	86.61	7.8	20.1	18	1971	4.0	10.8	
1968	96.47	92.24	-4.4	7.7	X	19	1988	4.0	12.4
1969	103.86	103.01	-0.8	-11.4	20	2079	4.0	12.3	
1970	92.06	85.02	-7.6	0.1	flat	21	2001	3.5	-13.0
1971	92.15	95.88	4.0	10.8	22	1965	3.3	9.1	X
1972	102.09	103.94	1.8	15.6	23	1983	3.3	17.3	
1973	118.05	116.03	-1.7	-17.4	24	1996	3.3	20.3	
1974	97.55	96.57	-1.0	-29.7	25	1994	3.3	-1.5	flat
1975	68.56	76.98	12.3	31.5	26	1964	2.7	13.0	
1976	90.19	100.86	11.8	19.1	27	2006	2.5	13.6	
1977	107.46	102.03	-5.1	-11.5	28	1995	2.4	34.1	
1978	95.10	89.25	-6.2	1.1	flat	29	2011	2.3	-0.003
1979	96.11	99.93	4.0	12.3	30	1972	1.8	15.6	flat
1980	107.94	114.16	5.8	25.8	31	1955	1.8	26.4	
1981	135.76	129.55	-4.6	-9.7	32	1950	1.7	21.8	
1982	122.55	120.40	-1.8	14.8	X	33	2004	1.7	9.0
1983	140.64	145.30	3.3	17.3	34	1952	1.6	11.8	
1984	164.93	163.41	-0.9	1.4	flat	35	2007	1.4	3.5
1985	167.24	179.63	7.4	26.3	36	1998	1.0	26.7	flat
1986	211.28	211.78	0.2	14.6	37	1993	0.7	7.1	
1987	242.17	274.08	13.2	2.0	flat	38	1966	0.5	-13.1
1988	247.08	257.07	4.0	12.4	39	1959	0.4	8.5	X
1989	277.72	297.47	7.1	27.3	40	1986	0.2	14.6	
1990	353.40	329.08	-6.9	-6.6	41	1953	-0.7	-6.6	
1991	330.22	343.93	4.2	26.3	42	1969	-0.8	-11.4	
1992	417.09	408.79	-2.0	4.5	flat	43	1984	-0.9	1.4
1993	435.71	438.78	0.7	7.1	44	1974	-1.0	-29.7	flat
1994	466.45	481.61	3.3	-1.5	flat	45	2002	-1.6	-23.4
1995	459.27	470.42	2.4	34.1	46	1973	-1.7	-17.4	
1996	615.93	636.02	3.3	20.3	47	1982	-1.8	14.8	X
1997	740.74	786.16	6.1	31.0	48	1992	-2.0	4.5	flat
1998	970.43	980.28	1.0	26.7	49	2005	-2.5	3.0	flat
1999	1229.23	1279.64	4.1	19.5	50	2003	-2.7	26.4	X
2000	1469.25	1394.46	-5.1	-10.1	51	1956	-3.6	2.6	flat
2001	1320.28	1366.01	3.5	-13.0	X	52	2010	-3.7	12.8
2002	1148.08	1130.20	-1.6	-23.4	53	1962	-3.8	-11.8	X
2003	879.82	855.70	-2.7	26.4	X	54	1957	-4.2	-14.3
2004	1111.92	1131.13	1.7	9.0	55	1968	-4.4	7.7	X
2005	1211.92	1181.27	-2.5	3.0	flat	56	1981	-4.6	-9.7
2006	1248.29	1280.08	2.5	13.6	57	1977	-5.1	-11.5	
2007	1418.30	1438.24	1.4	3.5	flat	58	2000	-5.1	-10.1
2008	1468.36	1378.55	-6.1	-38.5	59	2008	-6.1	-38.5	
2009	903.25	825.88	-8.6	23.5	X	60	1978	-6.2	1.1
2010	1115.10	1073.87	-3.7	12.8	X	61	1990	-6.9	-6.6
2011	1257.64	1286.12	2.3	-0.003	flat	62	1960	-7.1	-3.0
2012	1257.60	1312.41	4.4	13.4	63	1970	-7.6	0.1	flat
2013	1426.19	1498.11	5.0	??	64	2009	-8.6	23.5	X

X = major error  
Based on S&P 500

X = major error Based on S&P 500

# JANUARY

First Trading Day of January Expiration Week, Dow Up 16 of Last 21

MONDAY

D 52.4  
S 57.1  
N 61.9

13

*We are like tenant farmers chopping down the fence around our house for fuel when we should be using Nature's inexhaustible sources of energy—sun, wind and tide. I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait until oil and coal run out before we tackle that.*

— Thomas Alva Edison (American inventor, 1093 patents, 1847–1931)

TUESDAY

D 52.4  
S 57.1  
N 57.1

14

*If you are ready to give up everything else to study the whole history of the market as carefully as a medical student studies anatomy and you have the cool nerves of a great gambler, the sixth sense of a clairvoyant, and the courage of a lion, you have a ghost of a chance.*

— Bernard Baruch (Financier, speculator, statesman, presidential adviser, 1870–1965)

January Expiration Week Horrible Since 1999, Dow Down 9 of Last 15  
Average Dow loss: -1.4%



WEDNESDAY

D 61.9  
S 61.9  
N 52.4

15

*The future now belongs to societies that organize themselves for learning. What we know and can do holds the key to economic progress.*

— Ray Marshall (b. 1928) and Marc Tucker (b. 1939) (*Thinking for a Living: Education and the Wealth of Nations*, 1992)

THURSDAY

D 57.1  
S 57.1  
N 66.7

16

*The only function of economic forecasting is to make astrology look respectable.*

— John Kenneth Galbraith (Canadian/American economist and diplomat, 1908–2006)

January Expiration Day, Dow Down 10 of Last 15 With Big Losses  
Off 2.1% in 2010, Off 2.0% in 2006, and 1.3% in 2003



FRIDAY

D 33.3  
S 52.4  
N 61.9

17

*We can guarantee cash benefits as far out and at whatever size you like, but we cannot guarantee their purchasing power.*

— Alan Greenspan (Fed Chairman, 1987–2006, on funding Social Security to Senate Banking Committee, 2/15/05)

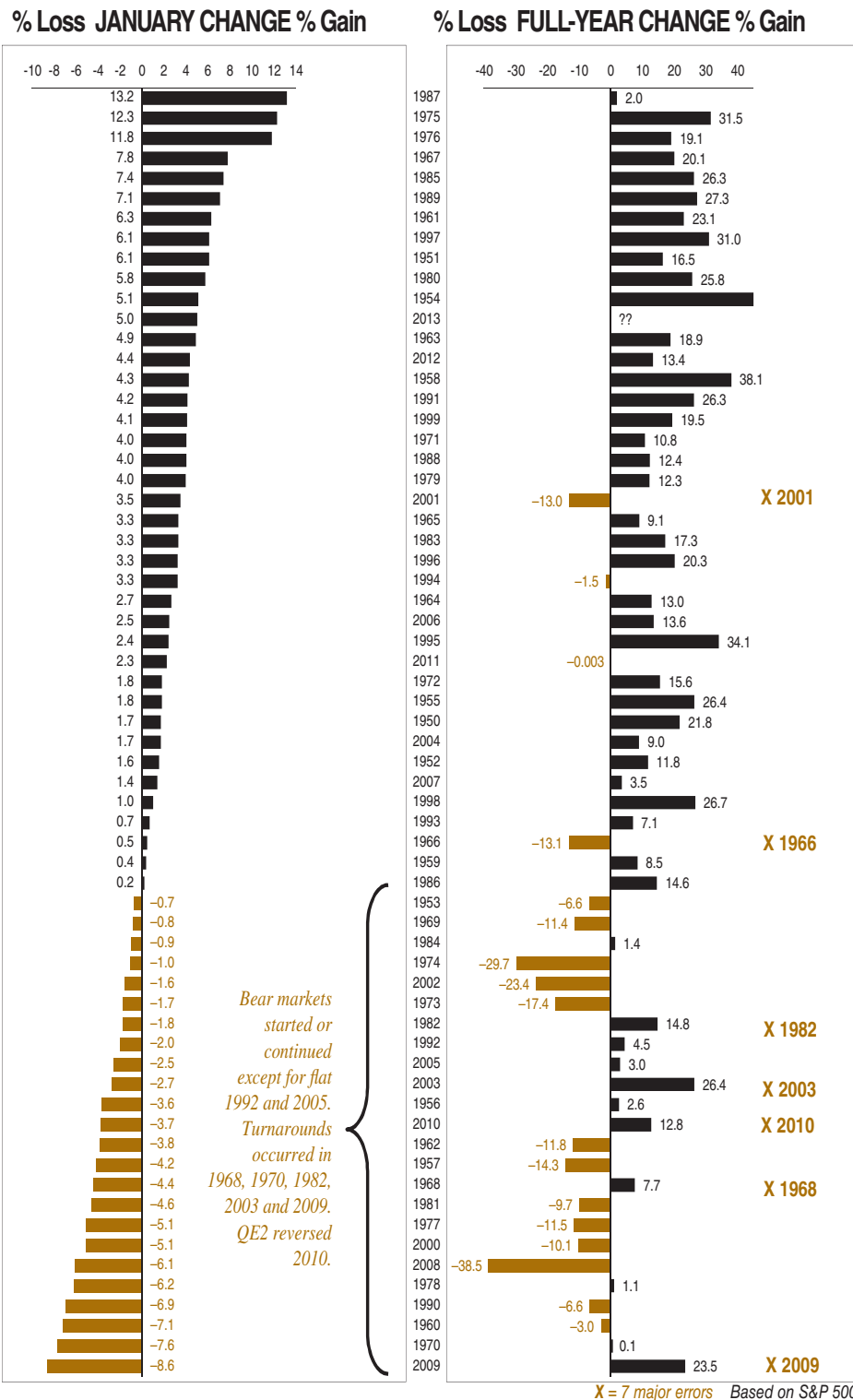
SATURDAY

18

SUNDAY

19

# JANUARY BAROMETER IN GRAPHIC FORM SINCE 1950



# JANUARY

**Martin Luther King Jr. Day** (Market Closed)

MONDAY  
**20**

*The years teach much which the days never know.*

— Ralph Waldo Emerson (American author, poet and philosopher, *Self-Reliance*, 1803–1882)

 TUESDAY  
D 28.6  
S 28.6  
N 28.6  
**21**

*We like what's familiar, and we dislike change. So, we push the familiar until it starts working against us big-time—a crisis. Then, MAYBE we can accept change.*

— Kevin Cameron (Journalist, *Cycle World*, April 2013)

WEDNESDAY  
D 33.3  
S 42.9  
N 33.3  
**22**

*It is totally unproductive to think the world has been unfair to you. Every tough stretch is an opportunity.*

— Charlie Munger (Vice-Chairman Berkshire Hathaway, 2007 Wesco Annual Meeting, b. 1924)

THURSDAY  
D 42.9  
S 47.6  
N 47.6  
**23**

*When investment decisions need to consider the speed of light, something is seriously wrong.*

— Frank M. Bifulco (Senior Portfolio Manager Alcott Capital Management, *Barron's Letters to the Editor*, 5/24/2010)

FRIDAY  
D 38.1  
S 52.4  
N 61.9  
**24**

*Every man who knows how to read has it in his power to magnify himself, to multiply the ways in which he exists, to make his life full, significant and interesting.*

— Aldous Huxley (English author, *Brave New World*, 1894–1963)

SATURDAY  
**25**

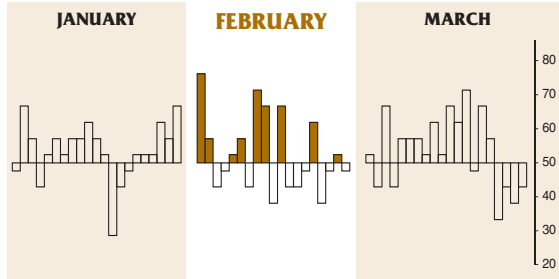
*February Almanac Investor Seasonalities: See Pages 92, 94, and 96*

SUNDAY  
**26**

# FEBRUARY ALMANAC

FEBRUARY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MARCH						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

- ◆ February is the weak link in “Best Six Months” (pages 44, 48, & 147)
- ◆ RECENT RECORD: S&P up 7, down 8, average change  $-1.4\%$  last 15 years
- ◆ Fifth best NASDAQ month in midterm election years average gain  $0.6\%$ , up 5, down 5 (page 157), #6 Dow, up 11, down 5, and #6 S&P, up 9, down 7 (pages 153 & 155)
- ◆ Day before Presidents’ Day weekend S&P down 17 of 22, 11 straight 1992–2002, day after down 7 of last 13 (see pages 86 & 133)
- ◆ Many technicians modify market predictions based on January’s market.

## February Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	8		11		9		11		7	
Up	37		35		23		21		20	
Down	27		29		20		14		15	
Average % Change	0.1%		-0.1%		0.5%		0.1%		1.0%	
Midterm Year	0.9%		0.5%		0.6%		1.0%		1.6%	
	Best & Worst February									
	% Change		% Change		% Change		% Change		% Change	
Best	1986	8.8	1986	7.1	2000	19.2	1986	7.2	2000	16.4
Worst	2009	-11.7	2009	-11.0	2001	-22.4	2009	-10.7	2009	-12.3
	Best & Worst February Weeks									
Best	2/1/08	4.4	2/6/09	5.2	2/4/00	9.2	2/6/09	5.3	2/1/91	6.6
Worst	2/20/09	-6.2	2/20/09	-6.9	2/9/01	-7.1	2/20/09	-6.9	2/20/09	-8.3
	Best & Worst February Days									
Best	2/24/09	3.3	2/24/09	4.0	2/11/99	4.2	2/24/09	4.1	2/24/09	4.5
Worst	2/10/09	-4.6	2/10/09	-4.9	2/16/01	-5.0	2/10/09	-4.8	2/10/09	-4.7
	First Trading Day of Expiration Week: 1980–2013									
Record (#Up–#Down)	20–14		23–11		18–16		23–11		19–15	
Current streak	D1		D1		D1		D1		D1	
Avg % Change	0.28		0.23		0.01		0.20		0.04	
	Options Expiration Day: 1980–2013									
Record (#Up–#Down)	17–17		14–20		13–21		15–19		14–20	
Current streak	U4		D1		D2		D1		D2	
Avg % Change	-0.07		-0.15		-0.30		-0.15		-0.11	
	Options Expiration Week: 1980–2013									
Record (#Up–#Down)	20–14		18–16		17–17		17–17		21–13	
Current streak	D1		U4		D1		U4		U4	
Avg % Change	0.33		0.11		-0.05		0.11		0.15	
	Week After Options Expiration: 1980–2013									
Record (#Up–#Down)	15–19		15–19		18–16		15–19		17–17	
Current streak	U2		D1		D1		D1		D6	
Avg % Change	-0.37		-0.28		-0.26		-0.24		-0.17	
	First Trading Day Performance									
% of Time Up	62.5		62.5		72.1		68.6		68.6	
Avg % Change	0.16		0.18		0.39		0.24		0.43	
	Last Trading Day Performance									
% of Time Up	50.0		56.3		53.5		57.1		60.0	
Avg % Change	0.01		-0.01		-0.05		-0.05		0.12	

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*Either go short, or stay away the day before Presidents’ Day.*

# JANUARY / FEBRUARY

MONDAY

D 61.9  
S 52.4  
N 42.9

27

*Today's Ponzi-style acute fragility and speculative dynamics dictate that he who panics first panics best.*  
— Doug Noland (Prudent Bear Funds, *Credit Bubble Bulletin*, 10/26/07)

*FOMC Meeting (2 Days)*

TUESDAY

D 66.7  
S 52.4  
N 76.2

28

*The worst crime against working people is a company that fails to make a profit.*  
— Samuel Gompers



WEDNESDAY

D 57.1  
S 61.9  
N 71.4

29

*Foolish consistency is the hobgoblin of little minds.*  
— Ralph Waldo Emerson (American author, poet, and philosopher, *Self-Reliance*, 1803–1882)

THURSDAY

D 52.4  
S 57.1  
N 47.6

30

*Even being right 3 or 4 times out of 10 should yield a person a fortune, if he has the sense to cut his losses quickly on the ventures where he has been wrong.*  
— Bernard Baruch (Financier, speculator, statesman, presidential adviser, 1870–1965)

*“January Barometer” 88.9% Accurate (Page 16)*  
*Almanac Investor Subscribers Emailed Official Results (See Insert)*



FRIDAY

D 61.9  
S 66.7  
N 61.9

31

*We're not believers that the government is bigger than the business cycle.*  
— David Rosenberg (Economist, Merrill Lynch, *Barron's*, 4/21/2008)

SATURDAY

1

SUNDAY

2

# JOHN PERSON'S TOP TEN MARKET TIMING & STOCK SELECTION TOOLS

Excerpted from his most recent book effort, *Mastering the Stock Market: High Probability Market Timing & Stock Selection Tools* (Wiley, 2013), our 2014 Best Investment Book of the Year (see page 52), are John Person's (<http://www.personsplanet.com/>) top non-correlated, yet corroborating market timing and stock selection tools—in order of importance. We have summarized them here for handy reference, but you will still want to read the book to learn how to implement them and how to use them to their maximum capacity.

## #1 SECTOR ANALYSIS

Smart money watches the various sectors for changes during the year and throughout a business cycle, as money rotates in and out of large capitalized dividend-yielding stocks, small-cap or mid-cap stocks, technology-weighted indexes, and other sectors such as transportation, pharmaceuticals, healthcare, consumer discretionary, and the many subsectors that each sector represents as described in the first two chapters of the book.

## #2 SEASONAL TREND ANALYSIS

Various commodities and stocks undergo changes in supply and demand, which dictates prices. Traders often forget and need to understand these typical annual price swings. That is why it is important to use seasonal trend analysis to get into markets as the smart money is reentering—before the rest of the crowd.

## #3 CONTRARIAN INDICATORS

If the adage is true that 80% of traders lose, then it follows that a trader would want to do the opposite of the masses. One of the best indicators for this purpose is the CFTC COT report. In a nutshell, it categorizes and measures the professional traders, commercial hedgers, and small speculators who are long or short the markets with actual money on the line with open positions.

## #4 PRICE PATTERNS

Knowing when to hold or fold a trade is an age-old problem; that is why it is important to learn to identify bottoming, topping, and continuation patterns. Markets typically go from a trend condition into a consolidation pattern. Besides looking for these patterns in one time period, one technique is to look at higher-degree timeframes for these types of price patterns that are typical formations before a reversal or a resumption of a price move.

## #5 MOMENTUM INDICATORS

Most of the popular indicators and oscillators are based on price components, specifically the closing price. Therefore, it is imperative to identify where the close of a current timeframe is in relationship to past price action. Higher closing prices attract more buyers, and the pace of price change adds fuel to the fire; the bottom line is traders need to utilize momentum indicators to find where money is flowing.

## #6 VOLUME STUDIES

Higher prices should attract new buyers, which are reflected in an increase in volume. If a market moves without a surge in volume, then it could be assumed it may not be a sustainable move. That is why it is critical to incorporate volume analysis is one's trading.

## #7 BREADTH INDICATORS

Most stock indices are capitalization weighted, meaning a small number of stocks can influence the daily price change of an index. To gauge the overall health of a market's move, it is imperative to see if a broad-based move is underway as the majority of stocks are moving in tandem with the specific index. This is why we use breadth or market internal indicators that measure the relationship of advancing and declining shares and those making new highs or lows.

## #8 MOVING AVERAGE TOOLS

Moving averages are simply a trendline tool. Most traders simply look at a longer term closing price average like the 50-, 100-, and 200-day time period. We have so many other components available to us to give a quicker or more reliable response to price changes, such as the average of the high, low, and close, a moving average of percentage changes, rather than price changes, or an average of just the highs or lows, which gives us a view of channeling prices and breakouts or consolidations.

## #9 SUPPORT AND RESISTANCE

Another old adage for traders is in bull markets buy pullbacks and in bear markets sell rallies. But there are not too many concrete methods to define what a *pullback* or a *rally* is and at what price level. That is why professional traders use support and resistance analysis. One of the best tools for identifying support and resistance areas that incorporates the timeframe as well as a specific level that the price might reach is the Person's Pivot Point Indicator.

## #10 RISK MANAGEMENT, TRADE MANAGEMENT, AND POSITION SIZE

The market tends to let you in every loser, yet seldom lets people into winners; and it seems whenever you are wrong it is on a heavy position. That is why it is imperative to identify a correctly weighted position size and an exit strategy for every trade or investment you make.

# FEBRUARY

*First Day Trading in February, Dow and S&P Up 10 of Last 11  
NASDAQ Up 9 Years in a Row*



MONDAY

D 76.2  
S 76.2  
N 81.0

3

*Any fool can buy. It is the wise man who knows how to sell.*

— Albert W. Thomas (Trader, investor, *Over My Shoulder*, mutualfundmagic.com, *If It Doesn't Go Up, Don't Buy It!*, b. 1927)

TUESDAY

D 47.6  
S 57.1  
N 61.9

4

*There is no one who can replace America. Without American leadership, there is no leadership. That puts a tremendous burden on the American people to do something positive. You can't be tempted by the usual nationalism.*

— Lee Hong-koo (South Korean prime minister, 1994–1995, and ambassador to U.S., 1998–2000, *NY Times*, 2/25/2009)

WEDNESDAY

D 42.9  
S 42.9  
N 47.6

5

*The principles of successful stock speculation are based on the supposition that people will continue in the future to make the mistakes that they have made in the past.*

— Thomas F. Woodlock (*Wall Street Journal* editor and columnist, quoted in *Reminiscences of a Stock Operator*, 1866–1945)

THURSDAY

D 47.6  
S 47.6  
N 57.1

6

*We are all born originals; why is it so many die copies?*

— Edward Young (English poet, 1683–1765)

FRIDAY

D 57.1  
S 52.4  
N 57.1

7

*Nothing is more uncertain than the favor of the crowd.*

— Marcus Tullius Cicero (Great Roman orator, politician, 106–43 B.C.)

SATURDAY

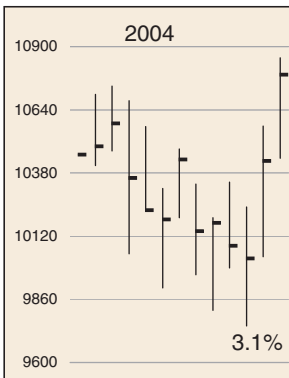
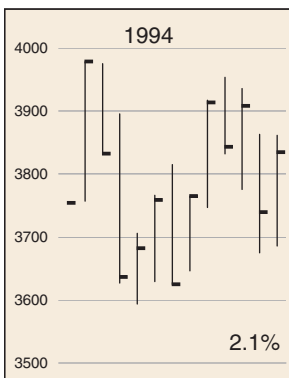
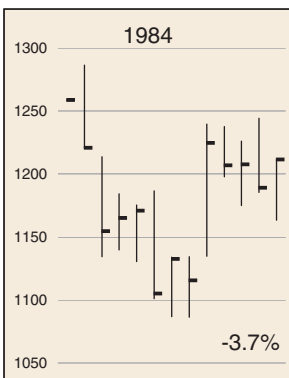
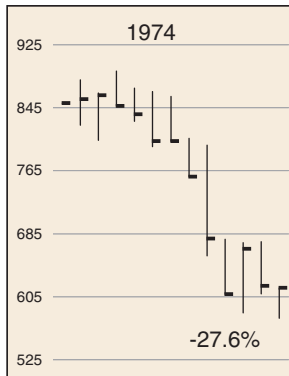
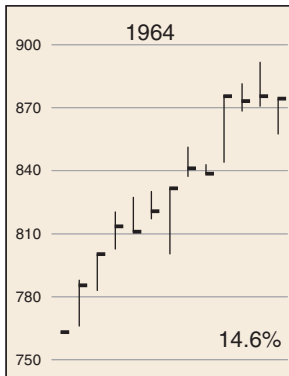
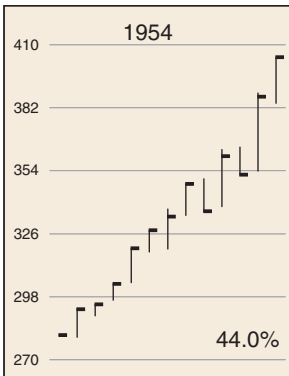
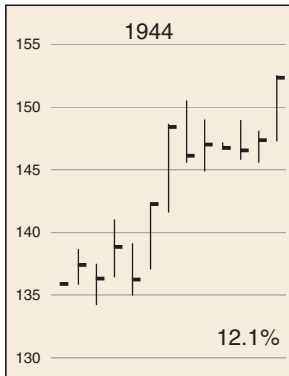
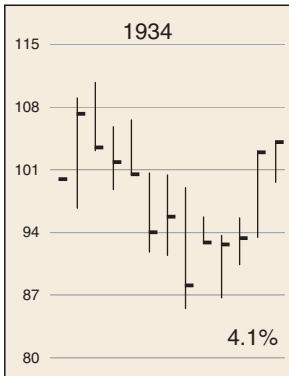
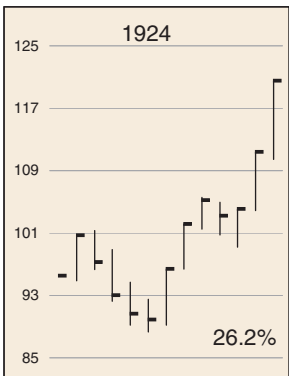
8

SUNDAY

9

# THE FOURTH YEAR OF DECADES

Fourth years have the fourth best record, but 2014 is a midterm election year, which has the second worst record of the four-year presidential election cycle. Of the last four midterm election years since the start of the Great Depression (1934, 1954, 1974, 1994) that were also fourth years, only 1954 was impressive.



Based on Dow Jones industrial average monthly ranges and closing prices

# FEBRUARY

MONDAY

D 42.9  
S 57.1  
N 57.1

10

*When new money is created on a grand scale, it must go somewhere and have some major consequences. One of these will be greatly increased volatility and instability in the economy and financial system.*

— J. Anthony Boeckh, Ph.D (Chairman Bank Credit Analyst, 1968–2002, *The Great Reflation*, Boeckh Investment Letter)

*Week Before February Expiration Week, NASDAQ Down 9 of Last 13,  
2010 Up 2.0%, 2011 Up 1.5%*

TUESDAY

D 57.1  
S 42.9  
N 42.9

11

*I'm very big on having clarified principles. I don't believe in being reactive. You can't do that in the markets effectively. I can't. I need perspective. I need a game plan.*

— Ray Dalio (Money manager, founder Bridgewater Associates, *Fortune*, 3/16/2009, b. 1949)



WEDNESDAY

D 57.1  
S 71.4  
N 57.1

12

*You know a country is falling apart when even the government will not accept its own currency.*

— Jim Rogers (Financier, *Adventure Capitalist*, b. 1942)



THURSDAY

D 61.9  
S 66.7  
N 57.1

13

*If you want to raise a crop for one year, plant corn. If you want to raise a crop for decades, plant trees. If you want to raise a crop for centuries, raise men. If you want to plant a crop for eternities, raise democracies.*

— Carl A. Schenck (German forester, 1868–1955)

**Valentine's Day ♥**

*Day Before Presidents' Day Weekend, S&P Down 17 of Last 22*



FRIDAY

D 42.9  
S 38.1  
N 57.1

14

*Pretend that every single person you meet has a sign around his or her neck that says, "Make me feel important." Not only will you succeed in sales, you will succeed in life.*

— Mary Kay Ash (Mary Kay Cosmetics)

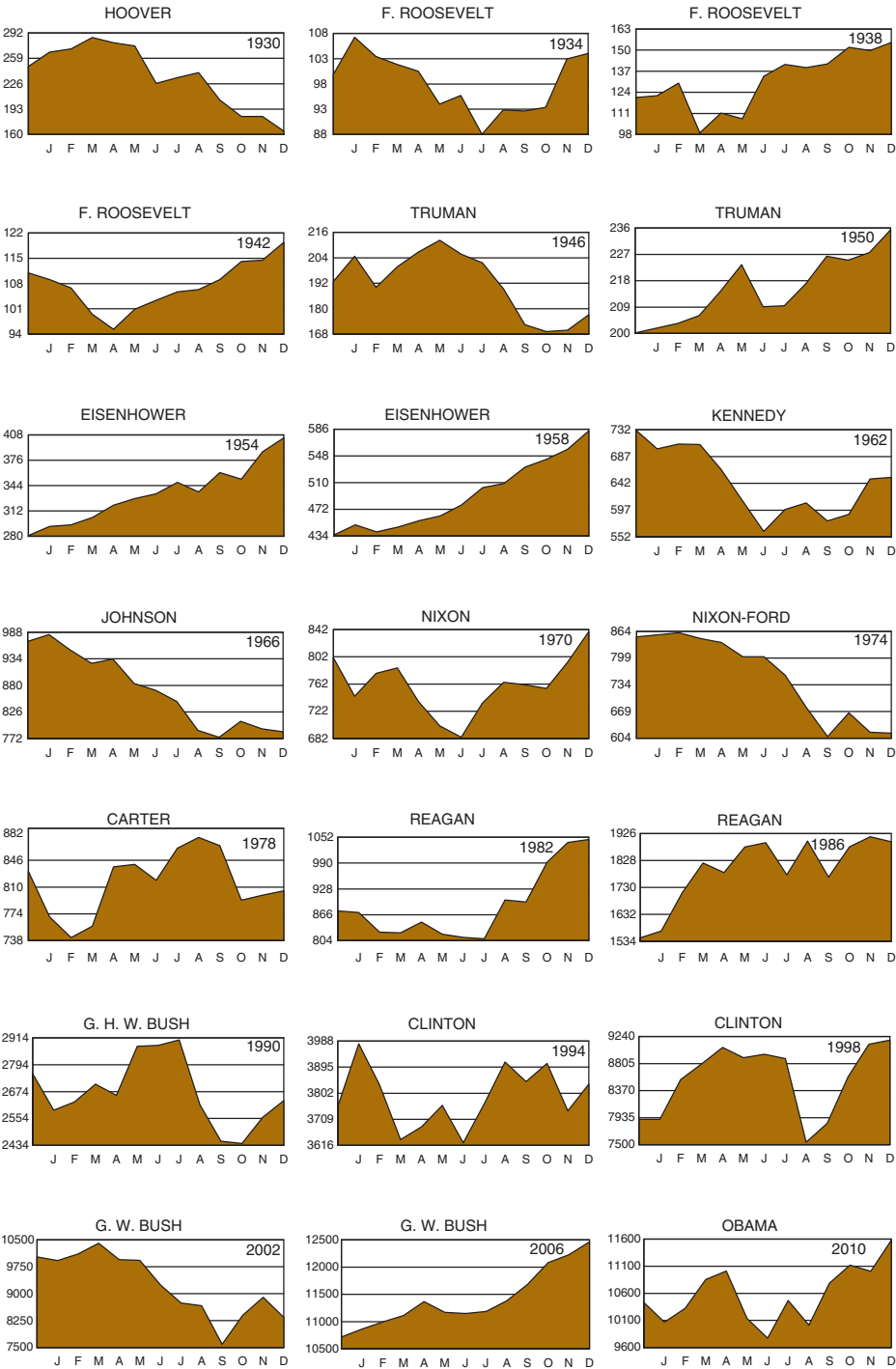
SATURDAY

15

SUNDAY

16

# MARKET CHARTS OF MIDTERM ELECTION YEARS



Based on Dow Jones Industrial Average monthly closing prices

# FEBRUARY

**Presidents' Day** (Market Closed)

MONDAY  
**17**

*The only title in our democracy superior to that of president is the title of citizen.*  
— Louis D. Brandeis (U.S. Supreme Court Justice, 1916–1939, 1856–1941)

*Day After Presidents' Day, S&P Down 7 of Last 13*  
*First Trading Day of February Expiration Week, Dow Down 5 of Last 8*

 TUESDAY  
D 61.9  
S 66.7  
N 52.4  
**18**

*Let me tell you the secret that has led me to my goal. My strength lies solely in my tenacity.*  
— Louis Pasteur (French chemist, founder of microbiology, 1822–1895)


WEDNESDAY  
D 52.4  
S 42.9  
N 38.1  
**19**

*Another factor contributing to productivity is technology, particularly the rapid introduction of new microcomputers based on single-chip circuits.... The results over the next decade will be a second industrial revolution.*  
— Yale Hirsch (Creator of *Stock Trader's Almanac*, *Smart Money Newsletter*, 9/22/1976, b. 1923)

THURSDAY  
D 38.1  
S 42.9  
N 47.6  
**20**

*Don't be overly concerned about your heirs. Usually, unearned funds do them more harm than good.*  
— Gerald M. Loeb (E.F. Hutton, *The Battle for Investment Survival*, predicted 1929 Crash, 1900–1974)

*February Expiration Day, Dow Down 7 of Last 14, But Up Last 4*

 FRIDAY  
D 52.4  
S 47.6  
N 38.1  
**21**

*To an imagination of any scope the most far-reaching form of power is not money, it is the command of ideas.*  
— Oliver Wendell Holmes Jr. (U.S. Supreme Court Justice, 1902–1932, *The Mind and Faith of Justice Holmes*, edited by Max Lerner, 1841–1935)

SATURDAY  
**22**

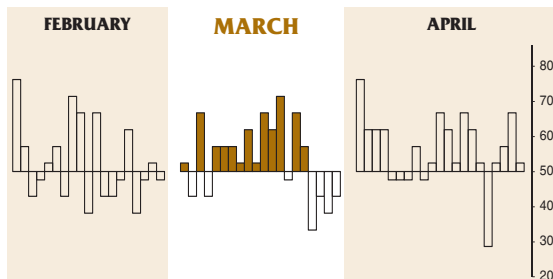
*March Almanac Investor Seasonalities: See Pages 92, 94, and 96*

SUNDAY  
**23**

# MARCH ALMANAC

MARCH						
S	M	T	W	T	F	S
	2	3	4	5	6	7
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

- ◆ Mid-month strength and late-month weakness are most evident above
- ◆ RECENT RECORD: S&P 20 up, 10 down, average gain 1.4%, third best
- ◆ Rather turbulent in recent years with wild fluctuations and large gains and losses
- ◆ March has been taking some mean end-of-quarter hits (page 134), down 1469 Dow points March 9–22, 2001
- ◆ Last three or four days Dow a net loser 14 out of last 24 years
- ◆ NASDAQ hard hit in 2001, down 14.5% after 22.4% drop in February
- ◆ Third best NASDAQ month during midterm election years average gain 2.1%, up 7, down 3.

## March Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	6		4		5		5		5	
Up	42		42		28		24		26	
Down	22		22		15		11		9	
Average % Change	1.1%		1.2%		0.9%		1.2%		1.4%	
Midterm Year	1.3%		1.4%		2.1%		2.2%		3.3%	
	Best & Worst March									
	% Change		% Change		% Change		% Change		% Change	
Best	2000 7.8		2000 9.7		2009 10.9		2000 8.9		1979 9.7	
Worst	1980 -9.0		1980 -10.2		1980 -17.1		1980 -11.5		1980 -18.5	
	Best & Worst March Weeks									
Best	3/13/09 9.0		3/13/09 10.7		3/13/09 10.6		3/13/09 10.7		3/13/09 12.0	
Worst	3/16/01 -7.7		3/6/09 -7.0		3/16/01 -7.9		3/6/09 -7.1		3/6/09 -9.8	
	Best & Worst March Days									
Best	3/23/09 6.8		3/23/09 7.1		3/10/09 7.1		3/23/09 7.0		3/23/09 8.4	
Worst	3/2/09 -4.2		3/2/09 -4.7		3/12/01 -6.3		3/2/09 -4.8		3/27/80 -6.0	
	First Trading Day of Expiration Week: 1980–2013									
Record (#Up–#Down)	22–12		22–12		15–19		20–14		17–17	
Current streak	U2		U2		U1		U1		U1	
Avg % Change	0.14		0.01		-0.35		-0.04		-0.37	
	Options Expiration Day: 1980–2013									
Record (#Up–#Down)	18–16		20–14		16–18		18–16		15–18	
Current streak	D2		D1		D2		D1		D2	
Avg % Change	0.06		0.001		-0.04		0.001		-0.06	
	Options Expiration Week: 1980–2013									
Record (#Up–#Down)	23–10		22–12		20–14		21–13		18–16	
Current streak	U2		U2		U2		U2		U2	
Avg % Change	0.86		0.70		-0.04		0.63		0.13	
	Week After Options Expiration: 1980–2013									
Record (#Up–#Down)	15–19		12–22		18–16		12–22		17–17	
Current streak	D2		D2		D1		D2		D2	
Avg % Change	-0.20		-0.09		0.17		-0.09		0.13	
	First Trading Day Performance									
% of Time Up	67.2		64.1		62.8		60.0		65.7	
Avg % Change	0.15		0.15		0.22		0.11		0.18	
	Last Trading Day Performance									
% of Time Up	42.2		40.6		65.1		48.6		82.9	
Avg % Change	-0.10		0.001		0.18		0.10		0.37	

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*March has Ides and St. Patrick's Day;  
Begins bullishly, then fades away.*

# FEBRUARY/MARCH



MONDAY

D 57.1  
S 61.9  
N 57.1

24

*Some men see things as they are and say "why?" I dream things that never were and say "why not?"*  
— George Bernard Shaw (Irish dramatist, 1856–1950)

*End of February Miserable in Recent Years (Pages 20 and 133)*



TUESDAY

D 33.3  
S 38.1  
N 52.4

25

*Always grab the reader by the throat in the first paragraph, sink your thumbs into his windpipe in the second, and hold him against the wall until the tag line.*

— Paul O'Neil (Marketer, *Writing Changes Everything*)

WEDNESDAY

D 42.9  
S 47.6  
N 52.4

26

*The market is a voting machine, whereon countless individuals register choices which are the product partly of reason and partly of emotion.*

— Graham & Dodd

*Week After February Expiration Week, Dow Down 10 of Last 15*

THURSDAY

D 42.9  
S 52.4  
N 52.4

27

*The facts are unimportant! It's what they are perceived to be that determines the course of events.*

— R. Earl Hadady (*Bullish Consensus, Contrary Opinion*)

FRIDAY

D 42.9  
S 47.6  
N 38.1

28

*The words "I am..." are potent words; be careful what you hitch them to. The thing you're claiming has a way of reaching back and claiming you.*

— A. L. Kitselman (Author, math teacher)

SATURDAY

1

SUNDAY

2

## MIDTERM ELECTION YEARS: WHERE BOTTOM PICKERS FIND PARADISE

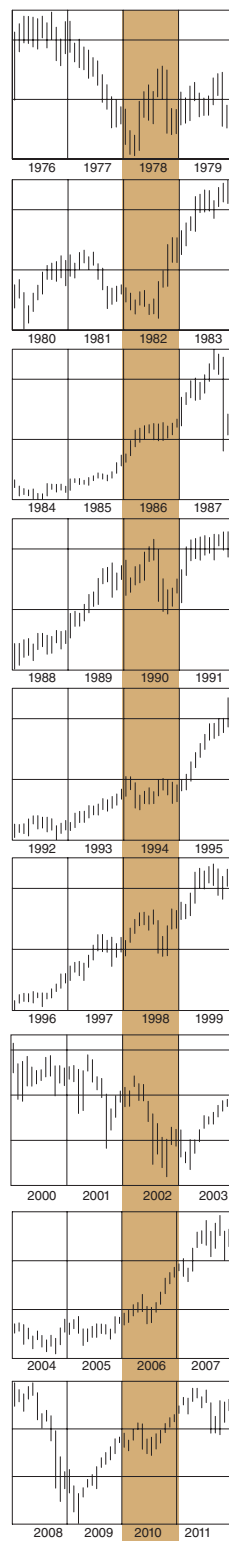
American presidents have danced the Quadrennial Quadrille over the past two centuries. After the midterm congressional election and the invariable seat loss by his party, the president during the next two years juggles fiscal policies to get federal spending, disposable income, and social security benefits up and interest rates and inflation down. By Election Day, he will have danced his way into the wallets and hearts of the electorate and, hopefully, will have choreographed four more years in the White House for his party.

After the Inaugural Ball is over, however, we pay the piper. Practically all bear markets began and ended in the two years after presidential elections. Bottoms often occurred in an air of crisis: the Cuban Missile Crisis in 1962, tight money in 1966, Cambodia in 1970, Watergate and Nixon's resignation in 1974, and threat of international monetary collapse in 1982. But remember, the word for "crisis" in Chinese is composed of two characters: the first, the symbol for danger; the second, opportunity. In the last 13 quadrennial cycles since 1961, 9 of the 14 bear markets bottomed in the midterm year. *See pages 131–132 for further detail.*

### THE RECORD SINCE 1914

1914	Wilson (D)	Bottom in July. War closed markets.
1918	Wilson (D)	<b>Bottom 12 days prior to start of year.</b>
1922	Harding (R)	<b>Bottom 4-1/2 months prior to start of year.</b>
1926	Coolidge (R)	Only drop (7 wks, -17%) ends Mar. 30.
1930	Hoover (R)	<b>'29 Crash continues through 1930. No bottom.</b>
1934	Roosevelt (D)	1st Roosevelt bear, Feb to July 26 bottom (-23%).
1938	Roosevelt (D)	Big 1937 break ends in March, DJI off 49%.
1942	Roosevelt (D)	World War II bottom in April.
1946	Truman (D)	Market tops in May, bottoms in October.
1950	Truman (D)	June 1949 bottom, June 1950 Korean War outbreak causes 14% drop.
1954	Eisenhower (R)	<b>September 1953 bottom, then straight up.</b>
1958	Eisenhower (R)	<b>October 1957 bottom, then straight up.</b>
1962	Kennedy (D)	Bottoms in June and October.
1966	Johnson (D)	Bottom in October.
1970	Nixon (R)	Bottom in May.
1974	Nixon, Ford (R)	December Dow bottom, S&P bottom in October.
1978	Carter (D)	March bottom, despite October massacre later.
1982	Reagan (R)	Bottom in August.
1986	Reagan (R)	<b>No bottom in 1985 or 1986.</b>
1990	Bush (R)	Bottom October 11 (Kuwaiti Invasion).
1994	Clinton (D)	Bottom April 4 after 10% drop.
1998	Clinton (D)	October 8 bottom (Asian currency crisis, hedge fund debacle).
2002	Bush, GW (R)	October 9 bottom (Corp. malfeasance, terrorism, Iraq).
2006	Bush, GW (R)	<b>No bottom in 2006</b> (Iraq success, credit bubble).
2010	Obama (D)	<b>No bear</b> , July low, -13.6% from April high.

**Bold** = No bottom in midterm election year



Graph shows Midterm-Election years screened  
Based on Dow Jones industrial average monthly ranges

# MARCH

First Trading Day in March, Dow Down 4 of Last 7, -4.2% in 2009, 1996-2006 Up 9 of 11

MONDAY

D 57.1  
S 52.4  
N 52.4

3

*Don't delay! A good plan, violently executed now, is better than a perfect plan next week. War is a very simple thing, [like stock trading] and the determining characteristics are self-confidence, speed, and audacity.*  
— General George S. Patton, Jr. (U.S. Army field commander WWII, 1885-1945)

March Historically Strong Early in the Month (Pages 28 and 134)

TUESDAY

D 47.6  
S 42.9  
N 33.3

4

*Ideas are easy; it's execution that's hard.*  
— Jeff Bezos (Amazon.com)

Ash Wednesday



WEDNESDAY

D 57.1  
S 66.7  
N 66.7

5

*If we did all the things we are capable of doing, we would literally astound ourselves.*  
— Thomas Alva Edison (American inventor, 1093 patents, 1847-1931)

THURSDAY

D 38.1  
S 42.9  
N 38.1

6

*It doesn't pay to anticipate the correction; there are already plenty who have been carried out on their shields trying to do that. Rather, we will wait for some confirmed sell signals before altering our still-bullish view.*  
— Lawrence G. McMillan (Professional trader, author, Registered Investment Advisor, speaker, educator, OptionStrategist.com, b. 1946)

FRIDAY

D 61.9  
S 57.1  
N 47.6

7

*I have a simple philosophy. Fill what's empty. Empty what's full. And scratch where it itches.*  
— Alice Roosevelt Longworth

SATURDAY

8

Daylight Saving Time Begins

SUNDAY

9

## PROSPERITY MORE THAN PEACE DETERMINES OUTCOME OF MIDTERM CONGRESSIONAL RACES

Though the stock market in presidential election years very often is able to predict if the party in power will retain or lose the White House, the outcome of congressional races in midterm years is another matter entirely. Typically, the President's party will lose a number of House seats in these elections (1934, 1998, and 2002 were exceptions). It is considered a victory for the President when his party loses a small number of seats, and a repudiation of sorts when a large percentage of seats is lost.

The table below would seem to indicate that there is no relationship between the stock market's behavior in the ten months prior to the midterm election and the magnitude of seats lost in the House. Roaring bull markets preceded the elections of 1954 and 1958, yet Republicans lost few seats during one, and a huge number in the other.

If the market does not offer a clue to the outcome of House races, does anything besides the popularity and performance of the Administration? Yes! In the two years prior to the elections in the first ten midterm years listed, no war or major recession began. As a result, the percentage of House seats lost was minimal. A further observation is that the market gained ground in the last seven weeks of the year, except 2002.

Our five major wars began under four Democrats and one Republican in the shaded area. The percentage of seats lost was greater during these midterm elections. But the eight worst repudiations of the President are at the bottom of the list. These were preceded by: the sick economy in 1930, the botched health proposals in 1994, the severe recession in 1937, the post-war contraction in 1946, the recession in 1957, financial crisis and the second worst bear market in history from 2007 to 2009, Watergate in 1974, and rumors of corruption (Teapot Dome) in 1922. **Obviously, prosperity is of greater importance to the electorate than peace!**

### LAST 24 MIDTERM ELECTIONS RANKED BY % LOSS OF SEATS BY PRESIDENT'S PARTY

	% Seats Gained or Lost	Year	President	Dow Jones Industrials		Year's CPI % Change
				Jan 1 to Elec Day	Elec Day to Dec 31	
1	3.6 %	2002	R: G.W. Bush	-14.5 %	-2.7 %	1.6 %
2	2.9	1934	D: Roosevelt	-3.8	8.3	1.5
3	2.4	1998	D: Clinton	10.1	5.5	1.6
4	-1.5	1962	D: Kennedy	-16.5	6.8	1.3
5	-2.7	1986	R: Reagan	22.5	0.1	1.1
6	-4.0	1926	R: Coolidge	-3.9	4.4	-1.1
7	-4.6	1990	R: G.H.W. Bush	-9.1	5.3	6.1
8	-5.1	1978	D: Carter	-3.7	0.6	9.0
9	-6.3	1970	R: Nixon	-5.3	10.7	5.6
10	-8.1	1954	R: Eisenhower	26.0	14.2	-0.7
11	-9.0	1918	D: Wilson (WW1)	15.2	-4.1	20.4
12	-11.0	1950	D: Truman (Korea)	11.2	-5.8	5.9
13	-12.9	2006	R: G.W. Bush (Iraq)	13.4	2.5	2.6
14	-13.5	1982	R: Reagan	14.9	4.1	3.8
15	-15.9	1966	D: Johnson (Vietnam)	-17.2	-2.1	3.5
16	-16.9	1942	D: Roosevelt (WW2)	3.4	4.1	9.0
17	-18.4	1930	R: Hoover	-25.4	-11.2	-6.4
18	-20.9	1994	D: Clinton	1.5	0.7	2.7
19	-21.3	1938	D: Roosevelt	28.2	-0.1	-2.8
20	-22.6	1946	D: Truman	-9.6	1.6	18.1
21	-23.9	1958	R: Eisenhower	25.1	7.1	1.8
22	-24.6	2010	D: Obama	7.3	3.5	1.5
23	-25.0	1974	R: Ford	-22.8	-6.2	12.3
24	-25.0	1922	R: Harding	21.4	0.3	-2.3

# MARCH

Monday Before March Triple Witching, Dow Up 19 of Last 26

MONDAY

D 47.6  
S 57.1  
N 47.6

10

*What's money? A man is a success if he gets up in the morning and goes to bed at night and in between does what he wants to do.*  
— Bob Dylan (American singer-songwriter, musician, and artist, b. 1941)

TUESDAY

D 66.7  
S 57.1  
N 52.4

11

*Individualism, private property, the law of accumulation of wealth and the law of competition...are the highest result of human experience, the soil in which, so far, has produced the best fruit.*  
— Andrew Carnegie (Scottish-born U.S. industrialist, philanthropist, *The Gospel of Wealth*, 1835–1919)

Dow Down 1469 Points March 9–22 in 2001

WEDNESDAY

D 61.9  
S 52.4  
N 47.6

12

*The four horsemen of the Investment Apocalypse are fear, greed, hope and ignorance. And notice, only one of the four is not an emotion – ignorance. These four things have accounted for more losses in the market than any recession or depression, and they will never change. Even if you correct ignorance, the other three will get you every time.*  
— James P. O'Shaughnessy (Chairman and CEO at O'Shaughnessy Asset Management, b. 1960)



THURSDAY

D 47.6  
S 61.9  
N 66.7

13

*Cannot people realize how large an income is thrift?*  
— Marcus Tullius Cicero (Great Roman orator, politician, 106–43 B.C.)

FRIDAY

D 66.7  
S 52.4  
N 52.4

14

*All free governments are managed by the combined wisdom and folly of the people.*  
— James A. Garfield (20th U.S. President, 1831–1881)

SATURDAY

15

SUNDAY

16

# HOW TO TRADE BEST MONTHS SWITCHING STRATEGIES

Our Best Months Switching Strategies found on pages 48, 50, 58, and 60 are simple and reliable with a proven 63-year track record. Thus far we have failed to find a similar trading strategy that even comes close over the past six decades. And to top it off, the strategy has only been improving since we first discovered it in 1986.

Exogenous factors and cultural shifts must be considered. “Backward” tests that go back to 1925 or even 1896 and conclude that the pattern does not work are best ignored. They do not take into account these factors. Farming made August the best month from 1900–1951. Since 1987 it is the second worst month of the year for Dow and S&P. Panic caused by financial crisis in 2007–08 caused every asset class aside from U.S. Treasuries to decline substantially. But the bulk of the major decline in equities in the worst months of 2008 was sidestepped using these strategies.

Our Best Months Switching Strategy will not make you an instant millionaire as other strategies claim they can do. What it will do is steadily build wealth over time with half the risk (or less) of a “buy and hold” approach.

A sampling of tradable funds for the Best and Worst Months appears in the table below. These are just a starting point and only skim the surface of possible trading vehicles currently to take advantage these strategies. Your specific situation and risk tolerance will dictate a suitable choice. If you are trading in a tax-advantaged account such as a company-sponsored 401(k) or Individual Retirement Account (IRA), your investment options may be limited to what has been selected by your employer or IRA administrator. But if you are a self-directed trader with a brokerage account, then you likely have unlimited choices (perhaps too many).

## TRADABLE BEST AND WORST MONTHS SWITCHING STRATEGY FUNDS

Best Months		Worst Months	
Exchange Traded Funds (ETF)		Exchange Traded Funds (ETF)	
Symbol	Name	Symbol	Name
DIA	SPDR Dow Jones Industrial Average	SHY	iShares Barclays 1–3 Year Treasury Bond
SPY	SPDR S&P 500	IEI	iShares Barclays 3–7 Year Treasury Bond
QQQ	PowerShares QQQ	IEF	iShares Barclays 7–10 Year Treasury Bond
IWM	iShares Russell 2000	TLT	iShares Barclays 20+ Year Treasury Bond
Mutual Funds		Mutual Funds	
Symbol	Name	Symbol	Name
VWNDX	Vanguard Windsor Fund	VFSTX	Vanguard Short-Term Investment-Grade Bond Fund
FMAGX	Fidelity Magellan Fund	FBNDX	Fidelity Investment Grade Bond Fund
AMCPX	American Funds AMCAP Fund	ABNDX	American Funds Bond Fund of America
FKCGX	Franklin Flex Cap Growth Fund	FKUSX	Franklin U.S. Government Securities Fund
SECEX	Guggenheim Large Cap Core Fund	SIUSX	Guggenheim U.S. Intermediate Bond Fund

Generally speaking, during the Best Months you want to be invested in equities that offer similar exposure to the companies that constitute Dow, S&P 500, and NASDAQ indices. These would typically be large-cap growth and value stocks as well as technology concerns. Reviewing the holdings of a particular ETF or mutual fund and comparing them to the index members is an excellent way to correlate.

During the Worst Months switch into Treasury bonds, money market funds, or a bear/short fund. **Grizzly Short** (GRZZX) and **Ranger Equity Bear** (HDGE) are two possible choices. Money market funds will be the safest, but are likely to offer the smallest return, while bear/short funds offer potentially greater returns, but more risk. If the market moves sideways or higher during the Worst Months, a bear/short fund is likely to lose money. Treasuries offer a combination of decent returns with limited risk.

Additional Worst Month possibilities include precious metals and the companies that mine them. **SPDR Gold Shares** (GLD), **Market Vectors Gold Miners** (GDX), and **ETF Securities Physical Swiss Gold** (SGOL) are a few well recognized names available from the ETF universe.

### Become an *Almanac Investor*

*Almanac Investor* subscribers receive specific buy and sell recommendations based upon the Best Months Switching Strategies online and via email. Sector Index Seasonalities, found on page 92, are also put into action throughout the year with ETF recommendations. Buy limits, stop losses, and auto-sell price points for the majority of seasonal trades are delivered directly to your inbox. Visit [www.stocktradersalmanac.com](http://www.stocktradersalmanac.com) or see the insert for details and a special offer for new subscribers.

# MARCH

## St. Patrick's Day

*Bullish Cluster Highlights March's "Sweet Spot"*



MONDAY

D 66.7  
S 66.7  
N 47.6

17

*A cynic is a man who knows the price of everything and the value of nothing.*  
— Oscar Wilde (Irish-born writer and wit, 1845–1900)

## FOMC Meeting (2 Days)



TUESDAY

D 57.1  
S 61.9  
N 61.9

18

*It is the growth of total government spending as a percentage of gross national product—not the way it is financed—that crowds out the private sector.*  
— Paul Craig Roberts (*Business Week*, 1984)



WEDNESDAY

D 61.9  
S 71.4  
N 66.7

19

*It is a funny thing about life; if you refuse to accept anything but the best, you very often get it.*  
— W. Somerset Maugham

THURSDAY

D 61.9  
S 47.6  
N 61.9

20

*With respect to trading Sugar futures, if they give it away for free at restaurants you probably don't want to be trading it.*  
— John L. Person (Professional trader, author, and speaker, *Commodity Trader's Almanac*, [nationalfutures.com](http://nationalfutures.com), 2/22/2011, TradersExpo, b. 1961)

## March Triple Witching Day Mixed Last 12 Years Dow Down 4 of Last 5



FRIDAY

D 42.9  
S 33.3  
N 52.4

21

*English stocks...are springing up like mushrooms this year...forced up to a quite unreasonable level and then, for the most part, collapse. In this way, I have made over 400 pounds...[Speculating] makes small demands on one's time, and it's worth while running some risk in order to relieve the enemy of his money.*  
— Karl Marx (German social philosopher and revolutionary, in an 1864 letter to his uncle, 1818–1883)

SATURDAY

22

SUNDAY

23

## NEW MILLENNIUM SEASONAL & SECTOR TRADES

After seven lucky years of producing the *Commodity Trader's Almanac* with our co-author John Person (see pages 3, 22, and 52) in conjunction with Wiley we are responding to the more fast-paced active trading marketplace and in the process of converting it from an annual almanac to a digital-only report issued four times per year.

The *Seasonal & Sector Swing Trader* will provide timely and actionable trade recommendations and research, alerting active traders to major swing trades each month. It will include the preeminent aspects and features of the *Commodity Trader's Almanac* without the desk calendar components. Each issue will provide a precise map of which sectors, markets, stocks, ETFs, and strategies market history suggests are poised for large moves and have set up well for the current period. Here are two examples of the top trades we expect to deliver to readers.

### A DIFFERENT “SELL IN MAY” SEASONAL TRADE

You can take advantage of seasonal May–October weakness using an option strategy on a leveraged inverse ETF. These are the hybrid products of the 21st century. The **Direxion Daily Small Cap Bear 3X** (TZA) correlates to three times the daily move of the small-cap index, but moves opposite of the underlying market. TZA tracks the Russell 2000 index of small-cap stocks, which means if the Russell 2000 declines, then TZA would move up in value.

TZA often provides a solid risk/reward opportunity to apply risk capital for a seasonal short trade for the overall stock market. If the Advanced–Decline line on the Russell 2000 flashes a significant bearish divergence pattern and the small-cap sector begins to significantly underperform the overall market as indicated by a breakdown in the relative strength chart as we enter the seasonally weak time period for stocks, you can consider an advanced options trading strategy such as a vertical bull call spread on TZA.

### CRUDE OIL STRIKES A WINNER IN FEBRUARY

Crude oil has a tendency to bottom in mid-February and then rally through mid-May. It is that early February break that can give traders an edge by buying low in a seasonally strong period. In the 30-year history, this trade has worked 24 years for an 80.0% win ratio with a cumulative profit of \$88,790 (based upon a single futures contract excluding commissions and taxes). This trade has the second highest win ratio of all our commodity-based sector seasonality swing trades.

Seasonal influence that causes crude oil to move higher in this time period is partly due to continuing demand for heating oil and diesel fuel in the northern states and partly due to the shutdown of refinery operations in order to switch production facilities from producing heating oil to reformulated unleaded gasoline in anticipation of heavy demand for the upcoming summer driving season. This has refiners buying crude oil in order to ramp up the production for gasoline.

An outright long futures position (July contract) is the direct method to take advantage of crude oil's seasonal strength, and of course, there are plenty other alternatives for traders without futures accounts. Stock traders can use exchange-traded funds (ETF) such as **United States Oil Fund** (USO) or **PowerShares DB Oil** (DBO), which both hold actual crude oil futures contracts and offer a direct path to trade this commodity-based seasonality. **SPDR Energy** (XLE) and **iShares S&P Global Energy** (IXC) track the **Amex Oil index** (XOI), which is a stock index and not the actual commodity. Options on these ETFs or highly-correlated stocks like **Exxon** (XOM) and **Chevron** (CVX) or other refinery stocks that have a direct price correlation to the underlying futures market also make excellent choices.

# MARCH

*Week After Triple Witching, Dow Down 17 of Last 26, 2000 Up 4.9%, 2007 Up 3.1%, 2009 Up 6.8%, 2011 Up 3.1%, Up 6 of Last 10*



MONDAY

D 42.9  
S 66.7  
N 61.9

24

*Life is like riding a bicycle. You don't fall off unless you stop peddling.*  
— Claude D. Pepper (U.S. Senator, Florida, 1936–1951, 1900–1989)

TUESDAY

D 57.1  
S 57.1  
N 66.7

25

*The higher a people's intelligence and moral strength, the lower will be the prevailing rate of interest.*  
— Eugen von Bohm-Bawerk (Austrian economist, *Capital and Interest*, 1851–1914)

*March Historically Weak Later in the Month (Pages 28 and 134)*



WEDNESDAY

D 28.6  
S 33.3  
N 38.1

26

*Establish a no excuse environment—you will find your own quality will increase as well.*  
— Jordan Kimmel (Portfolio manager Magnet AE Fund, b. 1958)

THURSDAY

D 47.6  
S 42.9  
N 38.1

27

*There have been three great inventions since the beginning of time: fire, the wheel, and central banking.*  
— Will Rogers (American humorist and showman, 1879–1935)



FRIDAY

D 57.1  
S 38.1  
N 42.9

28

*Age is a question of mind over matter. If you don't mind, it doesn't matter.*  
— Leroy Robert “Satchel” Paige (Negro League and Hall of Fame pitcher, 1906–1982)

SATURDAY

29

*April Almanac Investor Seasonalities: See Pages 92, 94, and 96*

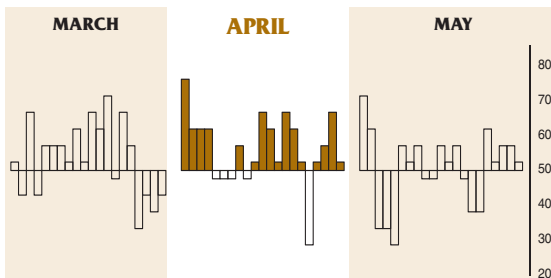
SUNDAY

30

# APRIL ALMANAC

APRIL						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY						
S	M	T	W	T	F	S
		4	5	6	7	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ April is still the best Dow month (average 2.0%) since 1950 (page 44) ◆ April 1999, first month ever to gain 1000 Dow points, 856 in 2001, knocked off its high horse in 2002, down 458, 2003 up 488 ◆ Up eight straight, average gain 3.4% ◆ Prone to weakness after mid-month tax deadline ◆ Stocks anticipate great first-quarter earnings by rising sharply before earnings are reported, rather than after ◆ Rarely a dangerous month, recent exceptions are 2002, 2004, and 2005 ◆ “Best Six Months” of the year end with April (page 48) ◆ Midterm year Aprils weaker since 1950 (Dow 0.8%, S&P 0.2%, NASDAQ 0.04%) ◆ End of April NASDAQ strength (pages 125 & 126).

## April Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	1		2		3		1		3	
Up	42		44		28		23		22	
Down	22		20		15		12		13	
Average % Change	2.0%		1.5%		1.5%		1.6%		1.7%	
Midterm Year	0.8%		0.2%		0.04%		-0.1%		1.3%	
	Best & Worst April									
	% Change		% Change		% Change		% Change		% Change	
Best	1978	10.6	2009	9.4	2001	15.0	2009	10.0	2009	15.3
Worst	1970	-6.3	1970	-9.0	2000	-15.6	2002	-5.8	2000	-6.1
	Best & Worst April Weeks									
Best	4/11/75	5.7	4/20/00	5.8	4/12/01	14.0	4/20/00	5.9	4/3/09	6.3
Worst	4/14/00	-7.3	4/14/00	-10.5	4/14/00	-25.3	4/14/00	-11.2	4/14/00	-16.4
	Best & Worst April Days									
Best	4/5/01	4.2	4/5/01	4.4	4/5/01	8.9	4/5/01	4.6	4/9/09	5.9
Worst	4/14/00	-5.7	4/14/00	-5.8	4/14/00	-9.7	4/14/00	-6.0	4/14/00	-7.3
	First Trading Day of Expiration Week: 1980–2013									
Record (#Up–#Down)	21–13		19–15		18–16		18–16		14–20	
Current streak	D1		D3		D3		D3		D1	
Avg % Change	0.19		0.11		0.10		0.09		-0.04	
	Options Expiration Day: 1980–2013									
Record (#Up–#Down)	24–10		23–11		20–14		23–11		22–12	
Current streak	U3		U3		U1		U3		U3	
Avg % Change	0.24		0.22		0.001		0.21		0.24	
	Options Expiration Week: 1980–2013									
Record (#Up–#Down)	27–7		24–10		22–12		22–12		25–9	
Current streak	D1		D1		D3		D1		D1	
Avg % Change	1.08		0.85		0.90		0.82		0.74	
	Week After Options Expiration: 1980–2013									
Record (#Up–#Down)	23–11		23–11		25–9		23–11		23–11	
Current streak	U4		U4		U7		U4		U4	
Avg % Change	0.43		0.41		0.68		0.42		0.89	
	First Trading Day Performance									
% of Time Up	59.4		62.5		46.5		60.0		48.6	
Avg % Change	0.17		0.14		-0.14		0.17		-0.09	
	Last Trading Day Performance									
% of Time Up	51.6		56.3		67.4		57.1		68.6	
Avg % Change	0.10		0.09		0.19		0.09		0.14	

Dow & S&P 1950-April 2013, NASDAQ 1971-April 2013, Russell 1K & 2K 1979-April 2013.

*April “Best Month” for Dow since 1950;  
Day-before-Good Friday gains are nifty.*

# MARCH/APRIL

*Last Trading Day of March, Dow Down 15 of Last 25  
Russell 2000 Up 14 of Last 19*

MONDAY  
D 38.1  
S 42.9  
N 57.1  
**31**

*Whatever method you use to pick stocks..., your ultimate success or failure will depend on your ability to ignore the worries of the world long enough to allow your investments to succeed. It isn't the head but the stomach that determines the fate of the stockpicker.*

— Peter Lynch (Fidelity Investments, *Beating the Street*, 1994)

*First Trading Day in April, Dow Up 15 of Last 19*

TUESDAY  
D 81.0  
S 76.2  
N 61.9  
**1**

*In the history of the financial markets, arrogance has destroyed far more capital than stupidity.*

— Jason Trennert (Managing Partner, Strategas Research Partners, March 27, 2006)

*Start Looking for the Dow and S&P MACD SELL Signal (Pages 48 and 50)  
Almanac Investor Subscribers Emailed When It Triggers (See Insert)*

WEDNESDAY  
D 61.9  
S 61.9  
N 52.4  
**2**

*The most important lesson in investing is humility.*

— Sir John Templeton (Founder Templeton Funds, philanthropist, 1912–2008)

THURSDAY  
D 52.4  
S 61.9  
N 71.4  
**3**

*Some people say we can't compete with Intel. I say, like hell you can't....Dominant companies usually don't change unless they're forced to do so.*

— David Patterson (Chip designing force behind R.I.S.C. and R.A.I.D., *WSJ*, 8/28/98)

FRIDAY  
D 66.7  
S 61.9  
N 57.1  
**4**

*War is God's way of teaching Americans geography.*

— Ambrose Bierce (Writer, satirist, Civil War hero, *The Devil's Dictionary*, 1842–1914?)

SATURDAY  
**5**

SUNDAY  
**6**

## THE DECEMBER LOW INDICATOR: A USEFUL PROGNOSTICATING TOOL

When the Dow closes below its December closing low in the first quarter, it is frequently an excellent warning sign. Jeffrey Saut, managing director of investment strategy at Raymond James, brought this to our attention a few years ago. The December Low Indicator was originated by Lucien Hooper, a *Forbes* columnist and Wall Street analyst back in the 1970s. Hooper dismissed the importance of January and January's first week as reliable indicators. He noted that the trend could be random or even manipulated during a holiday-shortened week. Instead, said Hooper, "Pay much more attention to the December low. If that low is violated during the first quarter of the New Year, watch out!"

Eighteen of the 32 occurrences were followed by gains for the rest of the year—and 16 full-year gains—after the low for the year was reached. For perspective we've included the January Barometer readings for the selected years. Hooper's "Watch Out" warning was absolutely correct, though. All but two of the instances since 1952 experienced further declines, as the Dow fell an additional 10.9% on average when December's low was breached in Q1.

Only three significant drops occurred (not shown) when December's low was not breached in Q1 (1974, 1981, and 1987). Both indicators were wrong only five times, and nine years ended flat. If the December low is not crossed, turn to our January Barometer for guidance. It has been virtually perfect, right nearly 100% of these times (view the complete results at [www.stocktradersalmanac.com](http://www.stocktradersalmanac.com)).

### YEARS DOW FELL BELOW DECEMBER LOW IN FIRST QUARTER

Year	Previous Dec Low	Date Crossed	Crossing Price	Subseq. Low	% Change Cross-Low	Rest of Year % Change	Full Year % Change	Jan Bar
1952	262.29	2/19/52	261.37	256.35	-1.9%	11.7%	8.4%	1.6% <sup>2</sup>
1953	281.63	2/11/53	281.57	255.49	-9.3	-0.2	-3.8	-0.7 <sup>3</sup>
1956	480.72	1/9/56	479.74	462.35	-3.6	4.1	2.3	-3.6 <sup>1, 2, 3</sup>
1957	480.61	1/18/57	477.46	419.79	-12.1	-8.7	-12.8	-4.2
1960	661.29	1/12/60	660.43	566.05	-14.3	-6.7	-9.3	-7.1
1962	720.10	1/5/62	714.84	535.76	-25.1	-8.8	-10.8	-3.8
1966	939.53	3/1/66	938.19	744.32	-20.7	-16.3	-18.9	0.5 <sup>1</sup>
1968	879.16	1/22/68	871.71	825.13	-5.3	8.3	4.3	-4.4 <sup>1, 2, 3</sup>
1969	943.75	1/6/69	936.66	769.93	-17.8	-14.6	-15.2	-0.8
1970	769.93	1/26/70	768.88	631.16	-17.9	9.1	4.8	-7.6 <sup>2, 3</sup>
1973	1000.00	1/29/73	996.46	788.31	-20.9	-14.6	-16.6	-1.7
1977	946.64	2/7/77	946.31	800.85	-15.4	-12.2	-17.3	-5.1
1978	806.22	1/5/78	804.92	742.12	-7.8	0.01	-3.1	-6.2 <sup>3</sup>
1980	819.62	3/10/80	818.94	759.13	-7.3	17.7	14.9	5.8 <sup>2</sup>
1982	868.25	1/5/82	865.30	776.92	-10.2	20.9	19.6	-1.8 <sup>1, 2</sup>
1984	1236.79	1/25/84	1231.89	1086.57	-11.8	-1.6	-3.7	-0.9 <sup>3</sup>
1990	2687.93	1/15/90	2669.37	2365.10	-11.4	-1.3	-4.3	-6.9 <sup>3</sup>
1991	2565.59	1/7/91	2522.77	2470.30	-2.1	25.6	20.3	4.2 <sup>2</sup>
1993	3255.18	1/8/93	3251.67	3241.95	-0.3	15.5	13.7	0.7 <sup>2</sup>
1994	3697.08	3/30/94	3626.75	3593.35	-0.9	5.7	2.1	3.3 <sup>2, 3</sup>
1996	5059.32	1/10/96	5032.94	5032.94	NC	28.1	26.0	3.3 <sup>2</sup>
1998	7660.13	1/9/98	7580.42	7539.07	-0.5	21.1	16.1	1.0 <sup>2</sup>
2000	10998.39	1/4/00	10997.93	9796.03	-10.9	-1.9	-6.2	-5.1
2001	10318.93	3/12/01	10208.25	8235.81	-19.3	-1.8	-7.1	3.5 <sup>1</sup>
2002	9763.96	1/16/02	9712.27	7286.27	-25.0	-14.1	-16.8	-1.6
2003	8303.78	1/24/03	8131.01	7524.06	-7.5	28.6	25.3	-2.7 <sup>1, 2</sup>
2005	10440.58	1/21/05	10392.99	10012.36	-3.7	3.1	-0.6	-2.5 <sup>3</sup>
2006	10717.50	1/20/06	10667.39	10667.39	NC	16.8	16.3	2.5
2007	12194.13	3/2/07	12114.10	12050.41	-0.5	9.5	6.4	1.4 <sup>2</sup>
2008	13167.20	1/2/08	13043.96	7552.29	-42.1	-32.7	-33.8	-6.1
2009	8149.09	1/20/09	7949.09	6547.05	-17.6	31.2	18.8	-8.6 <sup>1, 2</sup>
2010	10285.97	1/22/10	10172.98	9686.48	-4.8	13.8	11.0	-3.7 <sup>1, 2</sup>
Average Drop					-10.9%			

<sup>1</sup>January Barometer wrong    <sup>2</sup>December Low Indicator wrong    <sup>3</sup>Year Flat

# APRIL

MONDAY

D 42.9  
S 47.6  
N 38.1

7

*There are ways for the individual investor to make money in the securities markets. Buying value and holding long term while collecting dividends has been proven over and over again.*

— Robert M. Sharp (Author, *The Lore and Legends of Wall Street*)

*April is the Best Month for the Dow, Average 2.0% Gain Since 1950*

TUESDAY

D 52.4  
S 47.6  
N 52.4

8

*All great truths begin as blasphemies.*

— George Bernard Shaw (Irish dramatist, 1856–1950)

WEDNESDAY

D 52.4  
S 47.6  
N 47.6

9

*There are two kinds of people who lose money: those who know nothing and those who know everything.*

— Henry Kaufman (German-American economist, b. 1927, to Robert Lenzner in *Forbes*, 10/19/98, who added, “With two Nobel Prize winners in the house, Long-Term Capital clearly fits the second case.”)

*April is 2nd Best Month for S&P, 3rd Best for NASDAQ (Since 1971)*

THURSDAY

D 66.7  
S 57.1  
N 61.9

10

*In nature there are no rewards or punishments; there are consequences.*

— Horace Annesley Vachell (English writer, *The Face of Clay*, 1861–1955)

FRIDAY

D 57.1  
S 47.6  
N 47.6

11

*Never will a man penetrate deeper into error than when he is continuing on a road that has led him to great success.*

— Friedrich von Hayek (*Counterrevolution of Science*)

SATURDAY

12

SUNDAY

13

## DOWN JANUARYS: A REMARKABLE RECORD

In the first third of the twentieth century, there was no correlation between January markets and the year as a whole (page 24). Then, in 1972 Yale Hirsch discovered that the 1933 “lame duck” Amendment to the Constitution changed the political calendar, and the January Barometer was born. Its record has been quite accurate (page 16).

Down Januarys are harbingers of trouble ahead, in the economic, political, or military arenas. Eisenhower’s heart attack in 1955 cast doubt on whether he could run in 1956—a flat year. Two other election years with down Januarys were also flat (1984 and 1992). Twelve bear markets began, and ten continued into second years with poor Januarys. 1968 started down, as we were mired in Vietnam, but Johnson’s “bombing halt” changed the climate. Imminent military action in Iraq held January 2003 down before the market triple-bottomed in March. After Baghdad fell, pre-election and recovery forces fueled 2003 into a banner year. 2005 was flat, registering the narrowest Dow trading range on record. 2008 was the worst January on record and preceded the worst bear market since the Great Depression. A negative reading in 2010 preceded a 16% April-July correction, which was quickly reversed by QE2.

Unfortunately, bull and bear markets do not start conveniently at the beginnings and ends of months or years. Though some years ended higher, **every down January since 1950 was followed by a new or continuing bear market, a 10% correction or a flat year. Down Januarys were followed by substantial declines averaging minus 13.9%,** providing excellent buying opportunities later in most years.

### FROM DOWN JANUARY S&P CLOSES TO LOW NEXT 11 MONTHS

Year	January Close	% Change	11-Month Low	Date of Low	Jan Close to Low %	% Feb to Dec	Year % Change	
1953	26.38	−0.7%	22.71	14-Sep	−13.9%	−6.0%	−6.6%	bear
1956	43.82	−3.6	43.42	14-Feb	−0.9	6.5	2.6	FLAT/bear
1957	44.72	−4.2	38.98	22-Oct	−12.8	−10.6	−14.3	Cont. bear
1960	55.61	−7.1	52.30	25-Oct	−6.0	4.5	−3.0	bear
1962	68.84	−3.8	52.32	26-Jun	−24.0	−8.3	−11.8	bear
1968	92.24	−4.4	87.72	5-Mar	−4.9	12.6	7.7	−10%/bear
1969	103.01	−0.8	89.20	17-Dec	−13.4	−10.6	−11.4	Cont. bear
1970	85.02	−7.6	69.20	26-May	−18.6	8.4	0.1	Cont. bear/FLAT
1973	116.03	−1.7	92.16	5-Dec	−20.6	−15.9	−17.4	bear
1974	96.57	−1.0	62.28	3-Oct	−35.5	−29.0	−29.7	Cont. bear
1977	102.03	−5.1	90.71	2-Nov	−11.1	−6.8	−11.5	bear
1978	89.25	−6.2	86.90	6-Mar	−2.6	7.7	1.1	Cont. bear/bear
1981	129.55	−4.6	112.77	25-Sep	−13.0	−5.4	−9.7	bear
1982	120.40	−1.8	102.42	12-Aug	−14.9	16.8	14.8	Cont. bear
1984	163.42	−0.9	147.82	24-Jul	−9.5	2.3	1.4	Cont. bear/FLAT
1990	329.07	−6.9	295.46	11-Oct	−10.2	0.4	−6.6	bear
1992	408.79	−2.0	394.50	8-Apr	−3.5	6.6	4.5	FLAT
2000	1394.46	−5.1	1264.74	20-Dec	−9.3	−5.3	−10.1	bear
2002	1130.20	−1.6	776.76	9-Oct	−31.3	−22.2	−23.4	bear
2003	855.70	−2.7	800.73	11-Mar	−6.4	29.9	26.4	Cont. bear
2005	1181.27	−2.5	1137.50	20-Apr	−3.7	5.7	3.0	FLAT
2008	1378.55	−6.1	752.44	20-Nov	−45.4	−34.5	−38.5	Cont. bear
2009	825.88	−8.6	676.53	9-Mar	−18.1	35.0	23.5	Cont. bear
2010	1073.87	−3.7	1022.58	2-Jul	−4.8	17.1	12.8	−10%/no bear
<b>Totals</b>					<b>−334.4%</b>	<b>−1.1%</b>	<b>−96.2%</b>	
<b>Average</b>					<b>−13.9%</b>	<b>−0.05%</b>	<b>−4.0%</b>	

# APRIL

*Monday Before Expiration, Dow Up 17 of Last 25, Down 5 of Last 9*

MONDAY

D 71.4  
S 52.4  
N 52.4

14

*Patriotism is when love of your own people comes first. Nationalism is when hate for people other than your own comes first.*  
— Charles De Gaulle (French president and WWII General, 1890–1970, May 1969)

## Passover

**Income Tax Deadline, Generally Bullish, Dow Down Only Six Times Since 1981**



TUESDAY

D 71.4  
S 66.7  
N 47.6

15

*When you're one step ahead of the crowd, you're a genius. When you're two steps ahead, you're a crackpot.*  
— Shlomo Riskin (Rabbi, author, b. 1940)

*April Prone to Weakness After Tax Deadline (Pages 36 and 134)*



WEDNESDAY

D 57.1  
S 61.9  
N 47.6

16

*That's the American way. If little kids don't aspire to make money like I did, what the hell good is this country?*  
— Lee Iacocca (American industrialist, former Chrysler CEO, b. 1924)

**April Expiration Day, Dow Up 14 of Last 17, NASDAQ Up 13 Straight Day Before Good Friday**



THURSDAY

D 52.4  
S 52.4  
N 47.6

17

*Government is like fire—useful when used legitimately, but dangerous when not.*  
— David Brooks (NY Times columnist, 10/5/07)

**Good Friday (Market Closed)**

FRIDAY

18

*The greatest good you can do for another is not just to share your riches, but to reveal to him his own.*  
— Benjamin Disraeli (British prime minister, 1804–1881)

SATURDAY

19

## Easter

SUNDAY

20

## TOP PERFORMING MONTHS PAST 63 $\frac{1}{3}$ YEARS: STANDARD & POOR'S 500 AND DOW JONES INDUSTRIALS

Monthly performance of the S&P and the Dow are ranked over the past 63 $\frac{1}{3}$  years. NASDAQ monthly performance is shown on page 56.

April, November, and December still hold the top three positions in both the Dow and the S&P. March has reclaimed the fourth spot on the S&P. Two disastrous Januaries in 2008 and 2009 knocked January into fifth. This, in part, led to our discovery in 1986 of the market's most consistent seasonal pattern. You can divide the year into two sections and have practically all the gains in one six-month section and very little in the other. September is the worst month on both lists. (See "Best Six Months" on page 48.)

### MONTHLY % CHANGES (JANUARY 1950 TO APRIL 2013)

Standard & Poor's 500				
Month	Total % Change	Avg. % Change	# Up	# Down
Jan	74.6%	1.2%	40	24
Feb	-6.3	-0.1	35	29
Mar	77.8	1.2	42	22
Apr	97.0	1.5	44	20
May	7.8	0.1	35	28
Jun	-0.5	-0.01	33	30
Jul	59.1	0.9	34	29
Aug	-0.4	-0.01	35	28
Sep*	-33.0	-0.5	28	34
Oct	47.2	0.7	37	26
Nov	93.6	1.5	41	22
Dec	106.5	1.7	48	15

#### % Rank

Dec	106.5%	1.7%	48	15
Apr	97.0	1.5	44	20
Nov	93.6	1.5	41	22
Mar	77.8	1.2	42	22
Jan	74.6	1.2	40	24
Jul	59.1	0.9	34	29
Oct	47.2	0.7	37	26
May	7.8	0.1	35	28
Aug	-0.4	-0.01	35	28
Jun	-0.5	-0.01	33	30
Feb	-6.3	-0.1	35	29
Sep*	-33.0	-0.5	28	34

**Totals** 523.4%

**Average** 0.68%

\*No change 1979

Dow Jones Industrials				
Month	Total % Change	Avg. % Change	# Up	# Down
Jan	72.2%	1.1%	42	22
Feb	4.2	0.1	37	27
Mar	71.8	1.1	42	22
Apr	126.0	2.0	42	22
May	-5.2	-0.1	31	32
Jun	-19.0	-0.3	29	34
Jul	73.1	1.2	39	24
Aug	-4.2	-0.1	36	27
Sep	-50.5	-0.8	25	38
Oct	30.0	0.5	37	26
Nov	92.8	1.5	41	22
Dec	106.5	1.7	45	18

#### % Rank

Apr	126.0%	2.0%	42	22
Dec	106.5	1.7	45	18
Nov	92.8	1.5	41	22
Jul	73.1	1.2	39	24
Jan	72.2	1.1	42	22
Mar	71.8	1.1	42	22
Oct	30.0	0.5	37	26
Feb	4.2	0.1	37	27
Aug	-4.2	-0.1	36	27
May	-5.2	-0.1	31	32
Jun	-19.0	-0.3	29	34
Sep	-50.5	-0.8	25	38

**Totals** 497.7%

**Average** 0.66%

Anticipators, shifts in cultural behavior, and faster information flow have altered seasonality in recent years. Here is how the months ranked over the past 15 $\frac{1}{3}$  years (184 months) using total percentage gains on the S&P 500: March 35.9, April 32.6, October 27.6, December 25.9, November 16.1, July -3.4, January -4.4, May -7.0, June -8.7, February -13.5, August -14.5, September -16.2.

During the last 15 $\frac{1}{3}$  years front-runners of our Best Six Months may have helped push October into the number-three spot. January has declined in 7 of the last 14 years. Sizeable turnarounds in "bear killing" October were a common occurrence from 1998 to 2007. Recent big Dow losses in the period were: August 1998 (SE Asia crisis), off 15.1%; September 2001 (9/11 attack), off 11.1%; September 2002 (Iraq war drums), off 12.4%; October 2008, off 14.1%, and February 2009 (financial crisis), off 11.7%.

Day After Easter, Second Worst Post-Holiday (Page 86)

 MONDAY  
D 71.4  
S 66.7  
N 61.9 **21**

*A weak currency is the sign of a weak economy, and a weak economy leads to a weak nation.*  
— H. Ross Perot (American businessman, *The Dollar Crisis*, 2-time 3rd-party presidential candidate, 1992 and 1996, b. 1930)

 TUESDAY  
D 57.1  
S 61.9  
N 61.9 **22**

*Corporate guidance has become something of an art. The CFO has refined and perfected his art, gracefully leading on the bulls with the calculating grace and cunning of a great matador.*  
— Joe Kalinowski (I/B/E/S)

April 1999 First Month Ever to Gain 1000 Dow Points

WEDNESDAY  
D 57.1  
S 52.4  
N 52.4 **23**

*Never overpay for a stock. More money is lost than in any other way by projecting above-average growth and paying an extra multiple for it.*  
— Charles Neuhauser (Bear Stearns)

 THURSDAY  
D 42.9  
S 28.6  
N 47.6 **24**

*There are many people who think they want to be matadors [or money managers or traders] only to find themselves in the ring with two thousand pounds of bull bearing down on them, and then discover that what they really wanted was to wear tight pants and hear the crowd roar.*  
— Terry Pearce (Founder and President of Leadership Communication, b. 1941)

FRIDAY  
D 57.1  
S 52.4  
N 47.6 **25**

*Most periodicals and trade journals are deadly dull, and indeed full of fluff provided by public relations agents.*  
— Jim Rogers (Financier, b. 1942)

SATURDAY  
**26**

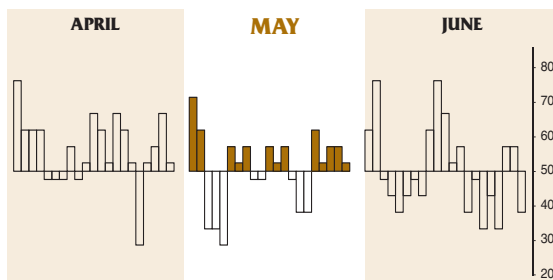
May Almanac Investor Seasonalities: See Pages 92, 94, and 96

SUNDAY  
**27**

# MAY ALMANAC

MAY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ “May/June disaster area” between 1965 and 1984 with S&P down 15 out of 20 Mays ◆ Between 1985 and 1997 May was the best month with 13 straight gains, gaining 3.3% per year on average, up 7, down 8 since ◆ Worst six months of the year begin with May (page 48) ◆ A \$10,000 investment compounded to \$765,055 for November–April in 63 years compared to a \$1,105 loss for May–October ◆ Dow Memorial Day week record: up 12 years in a row (1984–1995), down 10 of the last 17 years ◆ Since 1950, midterm-year Mays rank poorly, #9 Dow, #11 S&P, and #9 NASDAQ.

## May Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	10		8		7		6		6	
Up	31		35		24		22		21	
Down	32		28		18		12		13	
Average % Change	-0.1%		0.1%		0.7%		0.9%		1.3%	
Midterm Year	-0.8%		-1.1%		-1.6%		-0.4%		-2.2%	
	Best & Worst May									
	% Change		% Change		% Change		% Change		% Change	
Best	1990	8.3	1990	9.2	1997	11.1	1990	8.9	1997	11.0
Worst	2010	-7.9	1962	-8.6	2000	-11.9	2010	-8.1	2010	-7.7
	Best & Worst May Weeks									
Best	5/29/70	5.8	5/2/97	6.2	5/17/02	8.8	5/2/97	6.4	5/14/10	6.3
Worst	5/25/62	-6.0	5/25/62	-6.8	5/7/10	-8.0	5/7/10	-6.6	5/7/10	-8.9
	Best & Worst May Days									
Best	5/27/70	5.1	5/27/70	5.0	5/30/00	7.9	5/10/10	4.4	5/10/10	5.6
Worst	5/28/62	-5.7	5/28/62	-6.7	5/23/00	-5.9	5/20/10	-3.9	5/20/10	-5.1
	First Trading Day of Expiration Week: 1980–2012									
Record (#Up–#Down)	21–12		21–12		17–16		20–13		16–17	
Current streak	D2		D2		D2		D2		D2	
Avg % Change	0.18		0.16		0.11		0.13		-0.08	
	Options Expiration Day: 1980–2012									
Record (#Up–#Down)	14–19		17–16		15–18		17–16		15–18	
Current streak	D2		D2		D2		D2		D2	
Avg % Change	-0.15		-0.16		-0.18		-0.15		-0.07	
	Options Expiration Week: 1980–2012									
Record (#Up–#Down)	17–16		16–17		16–17		15–18		17–16	
Current streak	D4		D4		D4		D4		D4	
Avg % Change	0.03		-0.04		0.10		-0.04		-0.23	
	Week After Options Expiration: 1980–2012									
Record (#Up–#Down)	18–15		20–13		22–11		20–13		24–9	
Current streak	U1		U1		U1		U1		U4	
Avg % Change	-0.05		0.11		0.12		0.14		0.27	
	First Trading Day Performance									
% of Time Up	57.8		57.8		60.5		54.3		60.0	
Avg % Change	0.20		0.23		0.30		0.25		0.25	
	Last Trading Day Performance									
% of Time Up	61.9		63.5		71.4		58.8		70.6	
Avg % Change	0.23		0.30		0.25		0.28		0.41	

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*May's new pattern, a smile or a frown,  
Odd years UP and even years DOWN.*

# APRIL/MAY

MONDAY

D 57.1  
S 57.1  
N 66.7

28

*[A contrarian's opportunity] If everybody is thinking alike, then somebody isn't thinking.*  
— General George S. Patton, Jr. (U.S. Army field commander WWII, 1885–1945)

FOMC Meeting (2 Days)



TUESDAY

D 71.4  
S 66.7  
N 76.2

29

*There is a habitual nature to society and human activity. People's behavior and what they do with their money and time bears upon economics and the stock market.*

— Jeffrey A. Hirsch (Chief Market Strategist Magnet AE Fund, editor *Stock Trader's Almanac*, b. 1966)

End of "Best Six Months" of the Year (Pages 44, 48, 50, and 147)

WEDNESDAY

D 42.9  
S 52.4  
N 66.7

30

*Markets are constantly in a state of uncertainty and flux and money is made by discounting the obvious and betting on the unexpected.*

— George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

First Trading Day in May, Dow Up 12 of Last 16



THURSDAY

D 71.4  
S 71.4  
N 71.4

1

*"Sell in May and go away." However, no one ever said it was the beginning of the month.*

— John L. Person (Professional trader, author, and speaker, *Commodity Trader's Almanac*, nationalfutures.com, 6/19/2009, b. 1961)



FRIDAY

D 66.7  
S 61.9  
N 61.9

2

*Financial markets will find and exploit hidden flaws, particularly in untested new innovations—and do so at a time that will inflict the most damage to the most people.*

— Raymond F. DeVoe, Jr. (Market strategist, Jesup & Lamont, *The DeVoe Report*, 3/30/07)

SATURDAY

3

SUNDAY

4

## “BEST SIX MONTHS”: STILL AN EYE-POPPING STRATEGY

Our Best Six Months Switching Strategy consistently delivers. Investing in the Dow Jones Industrial Average between November 1st and April 30th each year and then switching into fixed income for the other six months has produced reliable returns with reduced risk since 1950.

The chart on page 147 shows November, December, January, March, and April to be the top months since 1950. Add February, and an excellent strategy is born! These six consecutive months gained 16397.61 Dow points in 63 years, while the remaining May-through-October months lost 1772.14 points. The S&P gained 1662.96 points in the same best six months versus a loss of 83.46 points in the worst six.

Percentage changes are shown along with a compounding \$10,000 investment. The November–April \$765,055 gain overshadows May–October’s \$1,105 loss. (S&P results were \$575,846 to \$5,356.) Just three November–April losses were double-digit: April 1970 (Cambodian invasion), 1973 (OPEC oil embargo), and 2008 (financial crisis). Similarly, Iraq muted the Best Six and inflated the Worst Six in 2003. When we discovered this strategy in 1986, November–April outperformed May–October by \$88,163 to minus \$1,522. Results improved substantially these past 27 years, \$676,892 to \$417. A simple timing indicator triples results (page 50).

SIX-MONTH SWITCHING STRATEGY					
	DJIA %			DJIA %	
	Change	Investing		Change	Investing
	May 1–Oct 31	\$10,000		Nov 1–Apr 30	\$10,000
1950	5.0%	\$10,500		15.2%	\$11,520
1951	1.2	10,626		−1.8	11,313
1952	4.5	11,104		2.1	11,551
1953	0.4	11,148		15.8	13,376
1954	10.3	12,296		20.9	16,172
1955	6.9	13,144		13.5	18,355
1956	−7.0	12,224		3.0	18,906
1957	−10.8	10,904		3.4	19,549
1958	19.2	12,998		14.8	22,442
1959	3.7	13,479		−6.9	20,894
1960	−3.5	13,007		16.9	24,425
1961	3.7	13,488		−5.5	23,082
1962	−11.4	11,950		21.7	28,091
1963	5.2	12,571		7.4	30,170
1964	7.7	13,539		5.6	31,860
1965	4.2	14,108		−2.8	30,968
1966	−13.6	12,189		11.1	34,405
1967	−1.9	11,957		3.7	35,678
1968	4.4	12,483		−0.2	35,607
1969	−9.9	11,247		−14.0	30,622
1970	2.7	11,551		24.6	38,155
1971	−10.9	10,292		13.7	43,382
1972	0.1	10,302		−3.6	41,820
1973	3.8	10,693		−12.5	36,593
1974	−20.5	8,501		23.4	45,156
1975	1.8	8,654		19.2	53,826
1976	−3.2	8,377		−3.9	51,727
1977	−11.7	7,397		2.3	52,917
1978	−5.4	6,998		7.9	57,097
1979	−4.6	6,676		0.2	57,211
1980	13.1	7,551		7.9	61,731
1981	−14.6	6,449		−0.5	61,422
1982	16.9	7,539		23.6	75,918
1983	−0.1	7,531		−4.4	72,578
1984	3.1	7,764		4.2	75,626
1985	9.2	8,478		29.8	98,163
1986	5.3	8,927		21.8	119,563
1987	−12.8	7,784		1.9	121,835
1988	5.7	8,228		12.6	137,186
1989	9.4	9,001		0.4	137,735
1990	−8.1	8,272		18.2	162,803
1991	6.3	8,793		9.4	178,106
1992	−4.0	8,441		6.2	189,149
1993	7.4	9,066		0.03	189,206
1994	6.2	9,628		10.6	209,262
1995	10.0	10,591		17.1	245,046
1996	8.3	11,470		16.2	284,743
1997	6.2	12,181		21.8	346,817
1998	−5.2	11,548		25.6	435,602
1999	−0.5	11,490		0.04	435,776
2000	2.2	11,743		−2.2	426,189
2001	−15.5	9,923		9.6	467,103
2002	−15.6	8,375		1.0	471,774
2003	15.6	9,682		4.3	492,060
2004	−1.9	9,498		1.6	499,933
2005	2.4	9,726		8.9	544,427
2006	6.3	10,339		8.1	588,526
2007	6.6	11,021		−8.0	541,444
2008	−27.3	8,012		−12.4	474,305
2009	18.9	9,526		13.3	537,388
2010	1.0	9,621		15.2	619,071
2011	−6.7	8,976		10.5	684,073
2012	−0.9	8,895		13.3	775,055
	Average/Gain	0.3%			
	# Up/Down	37/26			
		(\$1,105)		7.6%	\$765,055
				49/14	

MAY



MONDAY

D 28.6  
S 33.3  
N 52.4

5

*The men who can manage men manage the men who manage only things, and the men who can manage money manage all.*  
— Will Durant



TUESDAY

D 38.1  
S 33.3  
N 47.6

6

*A statistician is someone who can draw a straight line from an unwarranted assumption to a foregone conclusion.*  
— Anonymous



WEDNESDAY

D 33.3  
S 28.6  
N 33.3

7

*Entrepreneurs who believe they're in business to vanquish the competition are less successful than those who believe their goal is to maximize profits or increase their company's value.*  
— Kaihan Krippendorff (Business consultant, strategist, author, *The Art of the Advantage*, The Strategic Learning Center, b. 1971)

THURSDAY

D 66.7  
S 57.1  
N 71.4

8

*Experience is helpful, but it is judgment that matters.*  
— General Colin Powell (Chairman Joint Chiefs, 1989–93, Secretary of State, 2001–05, *NY Times*, 10/22/2008, b. 1937)

*Friday Before Mother's Day, Dow Up 12 of Last 19*

FRIDAY

D 61.9  
S 52.4  
N 52.4

9

*Get inside information from the president and you will probably lose half your money. If you get it from the chairman of the board, you will lose all your money.*  
— Jim Rogers (Financier, b. 1942)

SATURDAY

10

Mother's Day

SUNDAY

11

## MACD-TIMING TRIPLES “BEST SIX MONTHS” RESULTS

Using the simple MACD (Moving Average Convergence Divergence) indicator developed by our friend Gerald Appel to better time entries and exits into and out of the Best Six Months (page 48) period nearly triples the results. Several years ago, Sy Harding enhanced our Best Six Months Switching Strategy with MACD triggers, dubbing it the “best mechanical system ever.” In 2006, we improved it even more, achieving similar results with just four trades every four years (page 60).

Our *Almanac Investor News-letter* (see insert) implements this system with quite a degree of success. Starting October 1, we look to catch the market's first hint of an uptrend after the summer doldrums, and beginning April 1, we prepare to exit these seasonal positions as soon as the market falters.

In up-trending markets, MACD signals get you in earlier and keep you in longer. But if the market is trending down, entries are delayed until the market turns up, and exit points can come a month earlier.

The results are astounding, applying the simple MACD signals. Instead of \$10,000 gaining \$765,055 over the 63 recent years when invested only during the Best Six Months (page 48), the gain nearly tripled to 2,067,413. The \$1,105 loss during the Worst Six Months expanded to a loss of 6,713.

Impressive results for being invested during only 6.3 months of the year on average! For the rest of the year consider money markets, bonds, puts, bear funds, covered calls, or credit call spreads. See page 34 for more executable trades employing ETFs and mutual funds.

Updated signals are e-mailed to our *Almanac Investor eNews-letter* subscribers as soon as they are triggered. Visit [www.stock-tradersalmanac.com](http://www.stock-tradersalmanac.com), or see the insert for details and a special offer for new subscribers.

### SIX-MONTH SWITCHING STRATEGY+TIMING

	DJIA		DJIA	
	% Change	Investing	% Change	Investing
	May 1–Oct 31*	\$10,000	Nov 1–Apr 30*	\$10,000
1950	7.3%	\$10,730	13.3%	\$11,330
1951	0.1	10,741	1.9	11,545
1952	1.4	10,891	2.1	11,787
1953	0.2	10,913	17.1	13,803
1954	13.5	12,386	16.3	16,053
1955	7.7	13,340	13.1	18,156
1956	-6.8	12,433	2.8	18,664
1957	-12.3	10,904	4.9	19,579
1958	17.3	12,790	16.7	22,849
1959	1.6	12,995	-3.1	22,141
1960	-4.9	12,358	16.9	25,883
1961	2.9	12,716	-1.5	25,495
1962	-15.3	10,770	22.4	31,206
1963	4.3	11,233	9.6	34,202
1964	6.7	11,986	6.2	36,323
1965	2.6	12,298	-2.5	35,415
1966	-16.4	10,281	14.3	40,479
1967	-2.1	10,065	5.5	42,705
1968	3.4	10,407	0.2	42,790
1969	-11.9	9,169	-6.7	39,923
1970	-1.4	9,041	20.8	48,227
1971	-11.0	8,046	15.4	55,654
1972	-0.6	7,998	-1.4	54,875
1973	-11.0	7,118	0.1	54,930
1974	-22.4	5,524	28.2	70,420
1975	0.1	5,530	18.5	83,448
1976	-3.4	5,342	-3.0	80,945
1977	-11.4	4,733	0.5	81,350
1978	-4.5	4,520	9.3	88,916
1979	-5.3	4,280	7.0	95,140
1980	9.3	4,678	4.7	99,612
1981	-14.6	3,995	0.4	100,010
1982	15.5	4,614	23.5	123,512
1983	2.5	4,729	-7.3	114,496
1984	3.3	4,885	3.9	118,961
1985	7.0	5,227	38.1	164,285
1986	-2.8	5,081	28.2	210,613
1987	-14.9	4,324	3.0	216,931
1988	6.1	4,588	11.8	242,529
1989	9.8	5,038	3.3	250,532
1990	-6.7	4,700	15.8	290,116
1991	4.8	4,926	11.3	322,899
1992	-6.2	4,621	6.6	344,210
1993	5.5	4,875	5.6	363,486
1994	3.7	5,055	13.1	411,103
1995	7.2	5,419	16.7	479,757
1996	9.2	5,918	21.9	584,824
1997	3.6	6,131	18.5	693,016
1998	-12.4	5,371	39.9	969,529
1999	-6.4	5,027	5.1	1,018,975
2000	-6.0	4,725	5.4	1,074,000
2001	-17.3	3,908	15.8	1,243,692
2002	-25.2	2,923	6.0	1,318,314
2003	16.4	3,402	7.8	1,421,142
2004	-0.9	3,371	1.8	1,446,723
2005	-0.5	3,354	7.7	1,558,121
2006	4.7	3,512	14.4	1,782,490
2007	5.6	3,709	-12.7	1,556,114
2008	-24.7	2,793	-14.0	1,338,258
2009	23.8	3,458	10.8	1,482,790
2010	4.6	3,617	7.3	1,591,034
2011	-9.4	3,277	18.7	1,888,557
2012	0.3	3,287	10.0	2,077,413
<b>Average</b>	<b>-1.2%</b>		<b>9.3%</b>	
<b># Up</b>	<b>33</b>		<b>54</b>	
<b># Down</b>	<b>30</b>		<b>9</b>	
<b>63-Year Gain (Loss)</b>		<b>(\$6,713)</b>		<b>\$2,067,413</b>

\*MACD generated entry and exit points (earlier or later) can lengthen or shorten six-month periods.

MAY

Monday After Mother's Day, Dow Up 14 of Last 19  
Monday Before May Expiration, Dow Up 20 of Last 26, Average Gain 0.4%

MONDAY  
D 66.7  
S 57.1  
N 38.1  
12

*To succeed in the markets, it is essential to make your own decisions. Numerous traders cited listening to others as their worst blunder.*

— Jack D. Schwager (Investment manager, author, *Stock Market Wizards: Interviews with America's Top Stock Traders*, b. 1948)

TUESDAY  
D 47.6  
S 47.6  
N 52.4  
13

*When an old man dies, a library burns down.*  
— African proverb

WEDNESDAY  
D 52.4  
S 47.6  
N 42.9  
14

*You have to keep digging, keep asking questions, because otherwise you'll be seduced or brainwashed into the idea that it's somehow a great privilege, an honor, to report the lies they've been feeding you.*

— David Halberstam (American writer, war reporter, 1964 Pulitzer Prize, 1934–2007)

THURSDAY  
D 57.1  
S 57.1  
N 52.4  
15

*There is only one corner of the universe you can be certain of improving, and that's yourself.*  
— Aldous Huxley (English author, *Brave New World*, 1894–1963)

May Expiration Day, Dow Down 14 of Last 24

 FRIDAY  
D 47.6  
S 52.4  
N 57.1  
16

*Being uneducated is sometimes beneficial. Then you don't know what can't be done.*  
— Michael Ott (Venture capitalist)

SATURDAY  
17

SUNDAY  
18

## BEST INVESTMENT BOOK OF THE YEAR

### *Mastering the Stock Market: High Probability Market Timing & Stock Selection Tools*

By John L. Person

We have known John Person for over a decade now and this year's Forty-Seventh Edition of the *Stock Trader's Almanac* is humbly dedicated to him (page 3) for his meritorious service to traders and investors world-wide, invaluable contributions to market analysis, exemplary efforts over the past five years on our *Commodity Trader's Almanac* (page 36), groundbreaking work combining the many disciplines of market analysis, and outstanding trading methods (page 22) and results. In *Mastering the Stock Market: High Probability Market Timing & Stock Selection Tools*, John reveals all he has learned in the past three and half decades and shows you precisely how to put them to work in your trading account or investment portfolio to increase returns, reduce risk, and limit losses.

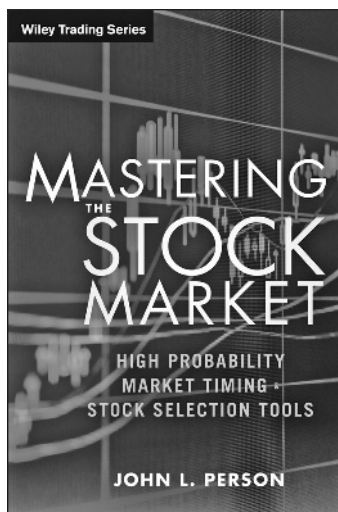
We agree with Jake Bernstein, who wrote the foreword, that this is "John's best book yet." *Mastering the Stock Market* is the culmination of John's 30+ years of real market experience as a floor trader, broker, analyst, author, and educator. Through the years of both big wins and losses he never quits and never ceases learning and developing techniques in an effort to constantly hone and improve his skills as a trader. Nobody knows more about seasonals, sectors, stocks, options, and futures than John and no one combines technical and fundamental analysis better.

On May 20, 2010, we had the privilege to watch him in rare form. We were together with John to finalize our work on the *Commodity Trader's Almanac 2011*. This was two weeks after the infamous May 6, 2010, "Flash Crash." When we set out first thing in the morning the market began to collapse in what ended up being a "mini-crash." John gave us a steely look and said, "Sorry, I've got to trade this market today. We'll get to the CTA after the close." By the end of the day he had scalped most of the downdraft trading the E-Mini S&P 500 Futures in and out, short and long, all day.

*Mastering the Stock Market* covers all of John's proven tools and techniques. In his down-to-earth and captivating style, John takes the reader step-by-step through the process of identifying worthy trades and how to perfect your timing of entries and exits using his reliable technical indicators and chart analysis methods. He really covers everything you need to know about the stock market but did not necessarily know to ask. This invaluable book runs the gamut, covering the key factors to successful trading and investing from sector and seasonal analysis to using sentiment readings, relative strength, market breadth, volume analysis, price patterns, indicators, pivot points, candlesticks, stops, risk and trade management, and proper position sizing.

Read *Mastering the Stock Market* carefully and you will be well-equipped to increase your returns in the market with better trade selections, enhanced executions, risk control, and appropriate position size, whether you trade stocks, indexes, ETFs, options, futures, or Forex.

Wiley, \$90.00, <http://www.personsplanet.com/>. **2014 Best Investment Book of the Year.**



MAY

MONDAY

D 57.1  
S 57.1  
N 66.7

19

*Become more humble as the market goes your way.*

— Bernard Baruch (Financier, speculator, statesman, presidential adviser, 1870–1965)

TUESDAY

D 47.6  
S 47.6  
N 42.9

20

*You know you're right when the other side starts to shout.*

— I. A. O'Shaughnessy (American oilman, 1885–1973)



WEDNESDAY

D 33.3  
S 38.1  
N 42.9

21

*To achieve satisfactory investment results is easier than most people realize. The typical individual investor has a great advantage over the large institutions.*

— Benjamin Graham (Economist, investor, *Securities Analysis*, 1934, *The Intelligent Investor*, 1949, 1894–1976)



THURSDAY

D 33.3  
S 38.1  
N 42.9

22

*I have but one lamp by which my feet (or "investments") are guided, and that is the lamp of experience. I know of no way of judging the future but by the past.*

— Patrick Henry (U.S. Founding Father, twice Governor of VA, 1736–1799, March 23, 1775 speech)

***Friday Before Memorial Day Tends to Be Lackluster with Light Trading,  
Dow Down 8 of Last 13, Average −0.3%***



FRIDAY

D 52.4  
S 61.9  
N 47.6

23

*Bear markets don't act like a medicine ball rolling down a smooth hill. Instead, they behave like a basketball bouncing down a rock-strewn mountainside; there's lots of movement up and sideways before the bottom is reached.*

— Daniel Turov (*Turov on Timing*, *Barron's*, May 21, 2001, b. 1947)

SATURDAY

24

***June Almanac Investor Seasonalities: See Pages 92, 94, and 96***

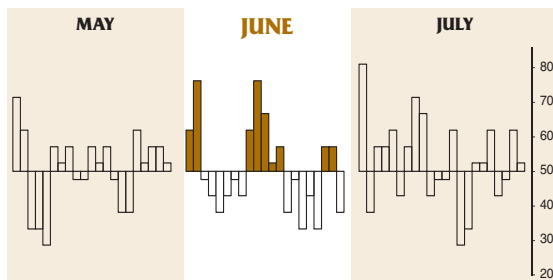
SUNDAY

25

# JUNE ALMANAC

JUNE						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

- ◆ The “summer rally” in most years is the weakest rally of all four seasons (page 70)
- ◆ Week after June Triple-Witching Day Dow down 20 of last 22 (page 76)
- ◆ RECENT RECORD: S&P up 11, down 7, average loss 0.1%, ranks tenth
- ◆ Stronger for NASDAQ, average gain 1.4% last 18 years
- ◆ Watch out for end-of-quarter “portfolio pumping” on last day of June, Dow down 15 of last 22, NASDAQ down 6 of last 8
- ◆ Midterm election year Junes: #12 S&P, #10 NASDAQ, Dow ranks #12
- ◆ June ends NASDAQ’s Best Eight Months.

## June Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K		
Rank	11		10		6		10		8		
Up	29		33		24		20		21		
Down	34		30		18		14		13		
Average % Change	-0.3%		-0.01%		0.8%		0.2%		0.5%		
Midterm Year	-1.9%		-2.1%		-2.1%		-1.8%		-2.5%		
	Best & Worst June										
	% Change		% Change		% Change		% Change		% Change		
Best	1955	6.2	1955	8.2	2000	16.6	1999	5.1	2000	8.6	
Worst	2008	-10.2	2008	-8.6	2002	-9.4	2008	-8.5	2010	-7.9	
	Best & Worst June Weeks										
Best	6/7/74	6.4	6/2/00	7.2	6/2/00	19.0	6/2/00	8.0	6/2/00	12.2	
Worst	6/30/50	-6.8	6/30/50	-7.6	6/15/01	-8.4	6/15/01	-4.2	6/9/06	-4.9	
	Best & Worst June Days										
Best	6/28/62	3.8	6/28/62	3.4	6/2/00	6.4	6/10/10	3.0	6/2/00	4.2	
Worst	6/26/50	-4.7	6/26/50	-5.4	6/29/10	-3.9	6/4/10	-3.5	6/4/10	-5.0	
	First Trading Day of Expiration Week: 1980-2012										
Record (#Up-#Down)	17-16		19-14		14-19		17-16		12-20		
Current streak	D13		D1		D2		D4		D2		
Avg % Change	-0.03		-0.11		-0.29		-0.13		-0.38		
	Options Expiration Day: 1980-2012										
Record (#Up-#Down)	20-13		21-12		19-14		21-12		19-14		
Current streak	U3		U4		U1		U4		U4		
Avg % Change	-0.05		0.04		0.001		0.003		0.002		
	Options Expiration Week: 1980-2012										
Record (#Up-#Down)	19-14		17-16		14-19		15-18		15-18		
Current streak	U3		U3		U1		U1		U3		
Avg % Change	-0.05		-0.09		-0.32		-0.15		-0.30		
	Week After Options Expiration: 1980-2012										
Record (#Up-#Down)	10-23		16-17		19-14		16-17		16-17		
Current streak	D14		D10		U2		D8		U2		
Avg % Change	-0.47		-0.18		0.13		-0.15		-0.11		
	First Trading Day Performance										
% of Time Up	52.4		50.8		57.1		55.9		61.8		
Avg % Change	0.13		0.10		0.11		0.04		0.11		
	Last Trading Day Performance										
% of Time Up	54.0		50.8		66.7		50.0		67.6		
Avg % Change	0.05		0.09		0.32		0.02		0.41		

Dow & S&P 1950-April 2013, NASDAQ 1971-April 2013, Russell 1K & 2K 1979-April 2013.

*Last Day of June not hot for the Dow;  
Down 15 of 22, WOW!*

Memorial Day (Market Closed)

MONDAY  
26

*The way a young man spends his evenings is a part of that thin area between success and failure.*  
— Robert R. Young (U.S. financier and railroad tycoon, 1897–1958)

Day After Memorial Day, Dow Up 19 of Last 27

TUESDAY  
D 47.6  
S 52.4  
N 47.6  
27

*Don't be the last bear or last bull standing, let history guide you, be contrary to the crowd, and let the tape tell you when to act.*  
— Jeffrey A. Hirsch (Chief Market Strategist Magnet AE Fund, editor *Stock Trader's Almanac*, b. 1966)

Memorial Day Week, Dow Down 10 of Last 17, Up 12 Straight 1984–1995

WEDNESDAY  
D 52.4  
S 57.1  
N 61.9  
28

*Those that forget the past are condemned to repeat its mistakes, and those that mis-state the past should be condemned.*  
— Eugene D. Cohen (Letter to the Editor, *Financial Times*, 10/30/06)

THURSDAY  
D 66.7  
S 57.1  
N 71.4  
29

*Laws are like sausages. It's better not to see them being made.*  
— Otto von Bismarck (German-Prussian politician, 1st Chancellor of Germany, 1815–1898)

Start Looking for NASDAQ MACD SELL Signal (Page 58)  
Almanac Investor Subscribers Emailed When It Triggers (See Insert)

FRIDAY  
D 47.6  
S 52.4  
N 61.9  
30

*I don't know where speculation got such a bad name, since I know of no forward leap which was not fathered by speculation.*  
— John Steinbeck

SATURDAY  
31

SUNDAY  
1

## TOP PERFORMING NASDAQ MONTHS PAST 42<sup>1</sup>/<sub>3</sub> YEARS

NASDAQ stocks continue to run away during three consecutive months, November, December, and January, with an average gain of 6.5% despite the slaughter of November 2000, down 22.9%, December 2000, -4.9%, December 2002, -9.7%, November 2007, -6.9%, January 2008, -9.9%, November 2008, -10.8%, January 2009, -6.4%, and January 2010, -5.4%. Solid gains in November and December 2004 offset January 2005's 5.2% Iraq-turmoil-fueled drop.

You can see the months graphically on page 148. January by itself is impressive, up 3.0% on average. April, May, and June also shine, creating our NASDAQ Best Eight Months strategy. What appears as a Death Valley abyss occurs during NASDAQ's bleakest four months: July, August, September, and October. NASDAQ's Best Eight Months seasonal strategy using MACD timing is displayed on page 58.

### MONTHLY % CHANGES (JANUARY 1971 TO APRIL 2013)

NASDAQ Composite*					Dow Jones Industrials				
Month	Total % Change	Avg. % Change	# Up	# Down	Month	Total % Change	Avg. % Change	# Up	# Down
Jan	127.3%	3.0%	29	14	Jan	62.5%	1.5%	28	15
Feb	19.7	0.5	23	20	Feb	9.8	0.2	25	18
Mar	38.2	0.9	28	15	Mar	50.6	1.2	29	14
Apr	65.0	1.5	28	15	Apr	95.0	2.2	27	16
May	30.3	0.7	24	18	May	8.2	0.2	21	21
Jun	32.4	0.8	24	18	Jun	-1.8	-0.04	21	21
Jul	1.0	0.02	21	21	Jul	29.6	0.7	23	19
Aug	7.5	0.2	23	19	Aug	-6.9	-0.2	24	18
Sep	-26.1	-0.6	23	19	Sep	-46.6	-1.1	15	27
Oct	20.3	0.5	22	20	Oct	18.6	0.4	25	17
Nov	63.7	1.5	27	15	Nov	48.8	1.2	27	15
Dec	84.0	2.0	25	17	Dec	70.2	1.7	30	12
<b>% Rank</b>					<b>% Rank</b>				
Jan	127.3%	3.0%	29	14	Apr	95.0%	2.2%	27	16
Dec	84.0	2.0	25	17	Dec	70.2	1.7	30	12
Apr	65.0	1.5	28	15	Jan	62.5	1.5	28	15
Nov	63.7	1.5	27	15	Mar	50.6	1.2	29	14
Mar	38.2	0.9	28	15	Nov	48.8	1.2	27	15
Jun	32.4	0.8	24	18	Jul	29.6	0.7	23	19
May	30.3	0.7	24	18	Oct	18.6	0.4	25	17
Oct	20.3	0.5	22	20	Feb	9.8	0.2	25	18
Feb	19.7	0.5	23	20	May	8.2	0.2	21	21
Aug	7.5	0.2	23	19	Jun	-1.8	-0.04	21	21
Jul	1.0	0.02	21	21	Aug	-6.9	-0.2	24	18
Sep	-26.1	-0.6	23	19	Sep	-46.6	-1.1	15	27
<b>Totals</b>	<b>463.3%</b>	<b>11.0%</b>			<b>Totals</b>	<b>338.0%</b>	<b>8.0%</b>		
<b>Average</b>		<b>0.92%</b>			<b>Average</b>		<b>0.66%</b>		

\*Based on NASDAQ composite, prior to Feb. 5, 1971 based on National Quotation Bureau indices

For comparison, Dow figures are shown. During this period, NASDAQ averaged a 0.92% gain per month, 39 percent more than the Dow's 0.66% per month. Between January 1971 and January 1982, NASDAQ's composite index doubled in twelve years, while the Dow stayed flat. But while NASDAQ plummeted 77.9% from its 2000 highs to the 2002 bottom, the Dow only lost 37.8%. The Great Recession and bear market of 2007-2009 spread its carnage equally across Dow and NASDAQ. Recent market moves are increasingly more correlated.

# JUNE

*First Trading Day in June, Dow Up 18 of Last 25,  
Down 2008/2010 -1.1%, 2011/12 -2.2%*



MONDAY

D 66.7  
S 61.9  
N 57.1

2

*Every successful enterprise requires three people—a dreamer, a businessman, and a son-of-a-bitch.*  
— Peter McArthur (1904)



TUESDAY

D 52.4  
S 76.2  
N 81.0

3

*Drawing on my fine command of language, I said nothing.*  
— Robert Benchley (American writer, actor, and humorist, 1889–1945)

WEDNESDAY

D 52.4  
S 47.6  
N 57.1

4

*In the stock market those who expect history to repeat itself exactly are doomed to failure.*  
— Yale Hirsch (Creator of *Stock Trader's Almanac*, b. 1923)

*June Ends NASDAQ's "Best Eight Months" (Pages 56, 58, and 148)*

THURSDAY

D 52.4  
S 42.9  
N 47.6

5

*The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself.  
Therefore, all progress depends on the unreasonable man.*  
— George Bernard Shaw (Irish dramatist, 1856–1950)



FRIDAY

D 52.4  
S 38.1  
N 33.3

6

*Six words that spell business success: create concept, communicate concept, sustain momentum.*  
— Yale Hirsch (Creator of *Stock Trader's Almanac*, b. 1923)

SATURDAY

7

SUNDAY

8

## GET MORE OUT OF NASDAQ'S "BEST EIGHT MONTHS" WITH MACD TIMING

NASDAQ's amazing eight-month run from November through June is hard to miss on pages 56 and 148. A \$10,000 investment in these eight months since 1971 gained \$460,316 versus a loss of \$3,101 during the void that is the four-month period July–October (as of May 17, 2013).

Using the same MACD timing indicators on the NASDAQ as is done for the Dow (page 50) has enabled us to capture much of October's improved performance, pumping up NASDAQ's results considerably. Over the 42 years since NASDAQ began, the gain on the same \$10,000 more than doubles to \$1,070,376, and the loss during the four-month void increases to \$7,046. Only four sizeable losses occurred during the favorable period, and the bulk of NASDAQ's bear markets were avoided, including the worst of the 2000–2002 bear. See page 34 for more executable trades employing ETFs and mutual funds.

Updated signals are e-mailed to our monthly newsletter subscribers as soon as they are triggered. Visit [www.stocktradersalmanac.com](http://www.stocktradersalmanac.com), or see insert for details and a special offer for new subscribers.

### BEST EIGHT MONTHS STRATEGY + TIMING

MACD Signal Date	Worst 4 Months July 1–Oct 31*	Investing NASDAQ % Change \$10,000	MACD Signal Date	Best 8 Months Nov 1–June 30*	Investing NASDAQ % Change \$10,000
22-Jul-71	109.54	–3.6	4-Nov-71	105.56	24.1
7-Jun-72	131.00	–1.8	23-Oct-72	128.66	–22.7
25-Jun-73	99.43	–7.2	7-Dec-73	92.32	–20.2
3-Jul-74	73.66	–23.2	7-Oct-74	56.57	47.8
11-Jun-75	83.60	–9.2	7-Oct-75	75.88	20.8
22-Jul-76	91.66	–2.4	19-Oct-76	89.45	13.2
27-Jul-77	101.25	–4.0	4-Nov-77	97.21	26.6
7-Jun-78	123.10	–6.5	6-Nov-78	115.08	19.1
3-Jul-79	137.03	–1.1	30-Oct-79	135.48	15.5
20-Jun-80	156.51	26.2	9-Oct-80	197.53	11.2
4-Jun-81	219.68	–17.6	1-Oct-81	181.09	–4.0
7-Jun-82	173.84	12.5	7-Oct-82	195.59	57.4
1-Jun-83	307.95	–10.7	3-Nov-83	274.86	–14.2
1-Jun-84	235.90	5.0	15-Oct-84	247.67	17.3
3-Jun-85	290.59	–3.0	1-Oct-85	281.77	39.4
10-Jun-86	392.83	–10.3	1-Oct-86	352.34	20.5
30-Jun-87	424.67	–22.7	2-Nov-87	328.33	20.1
8-Jul-88	394.33	–6.6	29-Nov-88	368.15	22.4
13-Jun-89	450.73	0.7	9-Nov-89	454.07	1.9
11-Jun-90	462.79	–23.0	2-Oct-90	356.39	39.3
11-Jun-91	496.62	6.4	1-Oct-91	528.51	7.4
11-Jun-92	567.68	1.5	14-Oct-92	576.22	20.5
7-Jun-93	694.61	9.9	1-Oct-93	763.23	–4.4
17-Jun-94	729.35	5.0	11-Oct-94	765.57	13.5
1-Jun-95	868.82	17.2	13-Oct-95	1018.38	21.6
3-Jun-96	1238.73	1.0	7-Oct-96	1250.87	10.3
4-Jun-97	1379.67	24.4	3-Oct-97	1715.87	1.8
1-Jun-98	1746.82	–7.8	15-Oct-98	1611.01	49.7
1-Jun-99	2412.03	18.5	6-Oct-99	2857.21	35.7
29-Jun-00	3877.23	–18.2	18-Oct-00	3171.56	–32.2
1-Jun-01	2149.44	–31.1	1-Oct-01	1480.46	5.5
3-Jun-02	1562.56	–24.0	2-Oct-02	1187.30	38.5
20-Jun-03	1644.72	15.1	6-Oct-03	1893.46	4.3
21-Jun-04	1974.38	–1.6	1-Oct-04	1942.20	6.1
8-Jun-05	2060.18	1.5	19-Oct-05	2091.76	6.1
1-Jun-06	2219.86	3.9	5-Oct-06	2306.34	9.5
7-Jun-07	2541.38	7.9	1-Oct-07	2740.99	–9.1
2-Jun-08	2491.53	–31.3	17-Oct-08	1711.29	6.1
15-Jun-09	1816.38	17.8	9-Oct-09	2139.28	1.6
7-Jun-10	2173.90	18.6	4-Nov-10	2577.34	7.4
1-Jun-11	2769.19	–10.5	7-Oct-11	2479.35	10.8
1-Jun-12	2747.48	9.6	6-Nov-12	3011.93	16.2
17-May-13	3498.97				

As of 5/17/2013, MACD Sell Signal not triggered at press time

42-Year Loss (\$7,046)

42-Year Gain \$1,070,376

\* MACD-generated entry and exit points (earlier or later) can lengthen or shorten eight-month periods.

# JUNE

MONDAY

D 52.4  
S 42.9  
N 33.3

9

*If you spend more than 14 minutes a year worrying about the market, you've wasted 12 minutes.*  
— Peter Lynch (Fidelity Investments, *One Up on Wall Street*, b. 1944)

TUESDAY

D 38.1  
S 47.6  
N 42.9

10

*In an uptrend, if a higher high is made but fails to carry through, and prices dip below the previous high, the trend is apt to reverse. The converse is true for downtrends.*  
— Victor Sperandeo (*Trader Vic—Methods of a Wall Street Master*)

*2008 Second Worst June Ever, Dow -10.2%, S&P -8.6%,  
Only 1930 Was Worse, NASDAQ -9.1%, June 2002 -9.4%*

WEDNESDAY

D 47.6  
S 42.9  
N 42.9

11

*Doubt is the father of invention.*  
— Galileo Galilei (Italian physicist and astronomer, 1564–1642)



THURSDAY

D 61.9  
S 61.9  
N 47.6

12

*As for it being different this time, it is different every time. The question is in what way, and to what extent.*  
— Tom McClellan (*The McClellan Market Report*)



FRIDAY

D 76.2  
S 76.2  
N 66.7

13

*If you can ever buy with a P/E equivalent to growth, that's a good starting point.*  
— Alan Lowenstein (co-portfolio manager, John Hancock Technology Fund, *TheStreet.com*, 3/12/2001)

SATURDAY

14

Father's Day

SUNDAY

15

# TRIPLE RETURNS, FEWER TRADES: BEST 6 + 4-YEAR CYCLE

We first introduced this strategy to *Almanac Investor* newsletter subscribers in October 2006. Recurring seasonal stock market patterns and the four-year Presidential Election/ Stock Market Cycle (page 130) have been integral to our research since the first Almanac 47 years ago. Yale Hirsch discovered the Best Six Months in 1986 (page 48), and it has been a cornerstone of our seasonal investment analysis and strategies ever since.

Most of the market's gains have occurred during the Best Six Months, and the market generally hits a low point every four years in the first (post-election) or second (midterm) year and exhibits the greatest gains in the third (pre-election) year. This strategy combines the best of these two market phenomena, the Best Six Months and the four-year cycle, timing entries and exits with MACD (pages 50 and 58).

We've gone back to 1949 to include the full four-year cycle that began with post-election year 1949. Only four trades every four years are needed to nearly triple the results of the Best Six Months. Buy and sell during the post-election and midterm years and then hold from the midterm MACD seasonal buy signal sometime after October 1 until the post-election MACD seasonal sell signal sometime after April 1, approximately 2.5 years: better returns, less effort, lower transaction fees, and fewer taxable events. See page 34 for more executable trades employing ETFs and mutual funds.

FOUR TRADES EVERY FOUR YEARS		
	Worst	Best
	Six Months	Six Months
Year	May-Oct	Nov-April
Post-election	Sell	Buy
Midterm	Sell	Buy
Pre-election	Hold	Hold
Election	Hold	Hold

## BEST SIX MONTHS+TIMING+4-YEAR CYCLE STRATEGY

	DJIA		DJIA	
	% Change	Investing	% Change	Investing
	May 1-Oct 31*	\$10,000	Nov 1-Apr 30*	\$10,000
1949	3.0%	\$10,300	17.5%	\$11,750
1950	7.3	\$11,052	19.7	\$14,065
1951		\$11,052		\$14,065
1952		\$11,052		\$14,065
1953	0.2	\$11,074	17.1	\$16,470
1954	13.5	\$12,569	35.7	\$22,350
1955		\$12,569		\$22,350
1956		\$12,569		\$22,350
1957	-12.3	\$11,023	4.9	\$23,445
1958	17.3	\$12,930	27.8	\$29,963
1959		\$12,930		\$29,963
1960		\$12,930		\$29,963
1961	2.9	\$13,305	-1.5	\$29,514
1962	-15.3	\$11,269	58.5	\$46,780
1963		\$11,269		\$46,780
1964		\$11,269		\$46,780
1965	2.6	\$11,562	-2.5	\$45,611
1966	-16.4	\$9,666	22.2	\$55,737
1967		\$9,666		\$55,737
1968		\$9,666		\$55,737
1969	-11.9	\$8,516	-6.7	\$52,003
1970	-1.4	\$8,397	21.5	\$63,184
1971		\$8,397		\$63,184
1972		\$8,397		\$63,184
1973	-11.0	\$7,473	0.1	\$63,247
1974	-22.4	\$5,799	42.5	\$90,127
1975		\$5,799		\$90,127
1976		\$5,799		\$90,127
1977	-11.4	\$5,138	0.5	\$90,578
1978	-4.5	\$4,907	26.8	\$114,853
1979		\$4,907		\$114,853
1980		\$4,907		\$114,853
1981	-14.6	\$4,191	0.4	\$115,312
1982	15.5	\$4,841	25.9	\$145,178
1983		\$4,841		\$145,178
1984		\$4,841		\$145,178
1985	7.0	\$5,180	38.1	\$200,491
1986	-2.8	\$5,035	33.2	\$267,054
1987		\$5,035		\$267,054
1988		\$5,035		\$267,054
1989	9.8	\$5,528	3.3	\$275,867
1990	-6.7	\$5,158	35.1	\$372,696
1991		\$5,158		\$372,696
1992		\$5,158		\$372,696
1993	5.5	\$5,442	5.6	\$393,455
1994	3.7	\$5,643	88.2	\$740,482
1995		\$5,643		\$740,482
1996		\$5,643		\$740,482
1997	3.6	\$5,846	18.5	\$877,471
1998	-12.4	\$5,121	36.3	\$1,195,993
1999		\$5,121		\$1,195,993
2000		\$5,121		\$1,195,993
2001	-17.3	\$4,235	15.8	\$1,384,960
2002	-25.2	\$3,168	34.2	\$1,858,616
2003		\$3,168		\$1,858,616
2004		\$3,168		\$1,858,616
2005	-0.5	\$3,152	7.7	\$2,001,729
2006	4.7	\$3,300	-31.7	\$1,367,181
2007		\$3,300		\$1,367,181
2008		\$3,300		\$1,367,181
2009	23.8	\$4,085	10.8	\$1,514,738
2010	4.6	\$4,273	27.4	\$1,929,777
Average	-1.0%		9.9%	
# Up	16		28	
# Down	16		4	
64-Year Gain (Loss)		(\$5,727)		\$1,919,777

\* MACD and 2.5-year hold lengthen and shorten six-month periods

**JUNE**

*Monday of Triple Witching Week, Dow Down 10 of Last 16*



MONDAY

D 57.1  
S 66.7  
N 66.7

**16**

*When everybody thinks alike, everyone is likely to be wrong.*

— Humphrey B. Neill (Investor, analyst, author, *Art of Contrary Thinking*, 1954, 1895–1977)

*FOMC Meeting (2 Days)*

TUESDAY

D 52.4  
S 52.4  
N 42.9

**17**

*There is no tool to change human nature...people are prone to recurring bouts of optimism and pessimism that manifest themselves from time to time in the buildup or cessation of speculative excesses.*

— Alan Greenspan (Fed Chairman, 1987–2006, July 18, 2001, monetary policy report to the Congress)

*Triple Witching Week Often Up in Bull Markets and Down in Bears  
(Page 76)*

WEDNESDAY

D 57.1  
S 57.1  
N 57.1

**18**

*Make it idiot-proof and someone will make a better idiot.*

— Bumper sticker



THURSDAY

D 42.9  
S 38.1  
N 42.9

**19**

*I'm not nearly so concerned about the return on my capital as I am the return of my capital.*

— Will Rogers (American humorist and showman, 1879–1935)

*June Triple Witching Day, Dow Mixed Down 7 of Last 14,  
Average Loss 0.4%*



FRIDAY

D 38.1  
S 47.6  
N 33.3

**20**

*Women are expected to do twice as much as men in half the time and for no credit. Fortunately, this isn't difficult.*

— Charlotte Whitton (Former Ottawa Mayor, feminist, 1896–1975)

SATURDAY

**21**

SUNDAY

**22**

## FIRST MONTH OF QUARTERS IS THE MOST BULLISH

We have observed over the years that the investment calendar reflects the annual, semiannual, and quarterly operations of institutions during January, April, and July. The opening month of the first three quarters produces the greatest gains in the Dow Jones Industrials and the S&P 500. NASDAQ's record differs slightly.

The fourth quarter had behaved quite differently, since it is affected by year-end portfolio adjustments and presidential and congressional elections in even-numbered years. Since 1991, major turnarounds have helped October join the ranks of bullish first months of quarters. October transformed into a bear-killing-turnaround month, posting some mighty gains in nine of the last 15 years, 2008 was a significant exception. (See pages 152–160.)

After experiencing the most powerful bull market of all time during the 1990s, followed by the ferocious bear market early in the millennium, we divided the monthly average percentage changes into two groups: before 1991 and after. Comparing the month-by-month quarterly behavior of the three major U.S. averages in the table, you'll see that first months of the first three quarters perform best overall. Nasty sell-offs in April 2000, 2002, 2004, and 2005, and July 2000–2002 and 2004, hit the NASDAQ hardest. The bear market of October 2007–March 2009, which more than cut the markets in half, took a toll on every first month except April. October 2008 was the worst month in a decade. January was also a difficult month in 2008, 2009, and 2010. (See pages 152–160.)

Between 1950 and 1990, the S&P 500 gained 1.3% (Dow, 1.4%) on average in first months of the first three quarters. Second months barely eked out any gain, while third months, thanks to March, moved up 0.23% (Dow, 0.07%) on average. NASDAQ's first month of the first three quarters averages 1.67% from 1971–1990, with July being a negative drag.

### DOW JONES INDUSTRIALS, S&P 500, AND NASDAQ AVERAGE MONTHLY % CHANGES BY QUARTER

DJIA 1950–1990				S&P 500 1950–1990			NASDAQ 1971–1990		
	1st Mo	2nd Mo	3rd Mo	1st Mo	2nd Mo	3rd Mo	1st Mo	2nd Mo	3rd Mo
1Q	1.5%	−0.01%	1.0%	1.5%	−0.1%	1.1%	3.8%	1.2%	0.9%
2Q	1.6	−0.4	0.1	1.3	−0.1	0.3	1.7	0.8	1.1
3Q	1.1	0.3	−0.9	1.1	0.3	−0.7	−0.5	0.1	−1.6
<b>Tot</b>	<b>4.2%</b>	<b>−0.1%</b>	<b>0.2%</b>	<b>3.9%</b>	<b>0.1%</b>	<b>0.7%</b>	<b>5.0%</b>	<b>2.1%</b>	<b>0.4%</b>
<b>Avg</b>	<b>1.40%</b>	<b>−0.04%</b>	<b>0.07%</b>	<b>1.30%</b>	<b>0.03%</b>	<b>0.23%</b>	<b>1.67%</b>	<b>0.70%</b>	<b>0.13%</b>
4Q	−0.1%	1.4%	1.7%	0.4%	1.7%	1.6%	−1.4%	1.6%	1.4%
DJIA 1991–April 2013				S&P 500 1991–April 2013			NASDAQ 1991–April 2013		
1Q	0.5%	0.2%	1.3%	0.6%	−0.1%	1.4%	2.2%	−0.2%	0.9%
2Q	2.6	0.5	−1.0	1.9	0.6	−0.5	1.4	0.6	0.5
3Q	1.3	−0.8	−0.7	0.6	−0.5	−0.3	0.5	0.3	0.2
<b>Tot</b>	<b>4.4%</b>	<b>−0.1%</b>	<b>−0.4%</b>	<b>3.1%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>4.1%</b>	<b>0.7%</b>	<b>1.6%</b>
<b>Avg</b>	<b>1.47%</b>	<b>−0.03%</b>	<b>−0.13%</b>	<b>1.03%</b>	<b>0.00%</b>	<b>0.20%</b>	<b>1.37%</b>	<b>0.23%</b>	<b>0.53%</b>
4Q	1.6%	1.6%	1.7%	1.4%	1.2%	1.9%	2.2%	1.5%	2.5%
DJIA 1950–April 2013				S&P 500 1950–April 2013			NASDAQ 1971–April 2013		
1Q	1.1%	0.07%	1.1%	1.2%	−0.1%	1.2%	3.0%	0.5%	0.9%
2Q	2.0	−0.08	−0.3	1.5	0.1	−0.01	1.5	0.7	0.8
3Q	1.2	−0.1	−0.8	0.9	−0.01	−0.5	0.02	0.2	−0.6
<b>Tot</b>	<b>4.3%</b>	<b>−0.1%</b>	<b>0.0%</b>	<b>3.6%</b>	<b>−0.01%</b>	<b>0.7%</b>	<b>4.5%</b>	<b>1.4%</b>	<b>1.1%</b>
<b>Avg</b>	<b>1.43%</b>	<b>−0.04%</b>	<b>0.00%</b>	<b>1.20%</b>	<b>−0.003%</b>	<b>0.23%</b>	<b>1.51%</b>	<b>0.46%</b>	<b>0.37%</b>
4Q	0.5%	1.5%	1.7%	0.7%	1.5%	1.7%	0.5%	1.5%	2.0%

JUNE



MONDAY

D 33.3  
S 33.3  
N 33.3

23

*If you can buy more of your best idea, why put [the money] into your 10th-best idea or your 20th-best idea? The more positions you have, the more average you are.*

— Bruce Berkowitz (Fairholme Fund, *Barron's*, 3/17/08)

TUESDAY

D 42.9  
S 42.9  
N 42.9

24

*Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.*

— General George S. Patton, Jr. (U.S. Army field commander WWII, 1885–1945)

*Week After June Triple Witching, Dow Down 14 in a Row and 21 of Last 23 Average Loss Since 1990, 1.2%*



WEDNESDAY

D 42.9  
S 33.3  
N 42.9

25

*The market can stay irrational longer than you can stay solvent.*

— John Maynard Keynes (British economist, 1883–1946)

THURSDAY

D 52.4  
S 57.1  
N 66.7

26

*What is conservatism? Is it not adherence to the old and tried, against the new and untried?*

— Abraham Lincoln (16th U.S. President, 1809–1865)

FRIDAY

D 47.6  
S 57.1  
N 66.7

27

*We spend \$500 million a year just in training our people. We've developed some technology that lets us do simulations. Think of Flight Simulation. What we've found is that the retention rate from simulation is about 75%, opposed to 25% from classroom work.*

— Joe Forehand (CEO, Accenture, *Forbes*, 7/7/03)

SATURDAY

28

*July Almanac Investor Seasonalities: See Pages 92, 94, and 96*

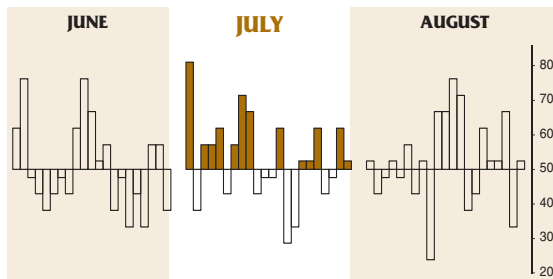
SUNDAY

29

# JULY ALMANAC

JULY						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

AUGUST						
S	M	T	W	T	F	S
						1
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ July is the best month of the third quarter except for NASDAQ (page 62) ◆ Start of 2nd half brings an inflow of retirement funds ◆ First trading day Dow up 19 of last 24 ◆ Graph above shows strength in the beginning and end of July ◆ Huge gain in July usually provides better buying opportunity over next 4 months ◆ Start of NASDAQ's worst four months of the year (page 58) ◆ Midterm election Julys are ranked #5 Dow (up 10, down 6), #5 S&P (up 9, down 7), and #11 NASDAQ (up 3, down 7).

## July Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	4		6		11		8		11	
Up	39		34		21		15		16	
Down	24		29		21		19		18	
Average % Change	1.2%		0.9%		0.02%		0.5%		-0.5%	
Midterm Year	1.2%		0.8%		-2.4%		-1.0%		-4.3%	
	Best & Worst July									
	% Change		% Change		% Change		% Change		% Change	
Best	1989	9.0	1989	8.8	1997	10.5	1989	8.2	1980	11.0
Worst	1969	-6.6	2002	-7.9	2002	-9.2	2002	-7.5	2002	-15.2
	Best & Worst July Weeks									
Best	7/17/09	7.3	7/17/09	7.0	7/17/09	7.4	7/17/09	7.0	7/17/09	8.0
Worst	7/19/02	-7.7	7/19/02	-8.0	7/28/00	-10.5	7/19/02	-7.4	7/2/10	-7.2
	Best & Worst July Days									
Best	7/24/02	6.4	7/24/02	5.7	7/29/02	5.8	7/24/02	5.6	7/29/02	4.9
Worst	7/19/02	-4.6	7/19/02	-3.8	7/28/00	-4.7	7/19/02	-3.6	7/23/02	-4.1
	First Trading Day of Expiration Week: 1980-2012									
Record (#Up-#Down)	19-14		20-13		21-12		19-14		17-16	
Current streak	D2		D2		D2		D3		D3	
Avg % Change	0.07		-0.002		-0.01		-0.03		-0.12	
	Options Expiration Day: 1980-2012									
Record (#Up-#Down)	15-16		16-17		14-19		16-17		12-21	
Current streak	D1		D1		D1		D1		D1	
Avg % Change	-0.29		-0.35		-0.51		-0.36		-0.54	
	Options Expiration Week: 1980-2012									
Record (#Up-#Down)	20-13		17-16		17-16		17-16		17-16	
Current streak	U1		U1		U1		U1		D3	
Avg % Change	0.40		0.06		-0.03		0.01		-0.19	
	Week After Options Expiration: 1980-2012									
Record (#Up-#Down)	17-16		16-17		14-19		16-17		13-20	
Current streak	U4		U4		U5		U4		U5	
Avg % Change	0.04		-0.14		-0.47		-0.16		-0.32	
	First Trading Day Performance									
% of Time Up	63.5		69.8		59.5		70.6		61.8	
Avg % Change	0.25		0.24		0.08		0.29		0.03	
	Last Trading Day Performance									
% of Time Up	52.4		63.5		50.0		58.8		64.7	
Avg % Change	0.06		0.10		0.001		0.03		0.02	

Dow & S&P 1950-April 2013, NASDAQ 1971-April 2013, Russell 1K & 2K 1979-April 2013.

*When Dow and S&P in July are inferior, NASDAQ days tend to be even drearier.*

# JUNE/JULY

*Last Day of Q2 Bearish for Dow, Down 15 of Last 22  
But Bullish for NASDAQ, Up 14 of 21, Although Down 6 of Last 8*



MONDAY

D 33.3  
S 38.1  
N 66.7

30

*Those who cannot remember the past are condemned to repeat it.*  
— George Santayana (American philosopher, poet, 1863–1952)

*First Trading Day in July, Dow Up 19 of Last 24*



TUESDAY

D 76.2  
S 81.0  
N 71.4

1

*People do not change when you tell them they should; they change when they tell themselves they must.*  
— Michael Mandelbaum (Johns Hopkins foreign policy specialist, *NY Times*, 6/24/2009, b. 1946)



WEDNESDAY

D 38.1  
S 38.1  
N 42.9

2

*Today we deal with 65,000 more pieces of information each day than did our ancestors 100 years ago.*  
— Dr. Jean Houston (A founder of the Human Potential Movement, b. 1937)

*(Shortened Trading Day)*

THURSDAY

D 52.4  
S 57.1  
N 47.6

3

*Have not great merchants, great manufacturers, great inventors done more for the world than preachers and philanthropists?  
Can there be any doubt that cheapening the cost of necessities and conveniences of life is the most powerful agent of  
civilization and progress?*

— Charles Elliott Perkins (Railroad magnate, 1888, 1840–1907)

**Independence Day (Market Closed)**



FRIDAY

4

*Throughout the centuries there were men who took first steps down new roads armed with nothing but their own vision.*  
— Ayn Rand (Russian-born American novelist and philosopher, *The Fountainhead*, 1957, 1905–1982)

SATURDAY

5

SUNDAY

6

# 2012 DAILY DOW POINT CHANGES (DOW JONES INDUSTRIAL AVERAGE)

Week #		Monday**	Tuesday	Wednesday	Thursday	Friday**	Weekly Dow Close	Net Point Change
						2011 Close	12217.56	
1		Holiday	179.82	21.04	-2.72	-55.78	12359.92	142.36
2	J	32.77	69.78	-13.02	21.57	-48.96	12422.06	62.14
3	A	Holiday	60.01	96.88	45.03	96.50	12720.48	298.42
4	N	-11.66	-33.07	81.21	-22.33	-74.17	12660.46	-60.02
5		-6.74	-20.81	83.55	-11.05	156.82	12862.23	201.77
6	F	-17.10	33.07	5.75	6.51	-89.23	12801.23	-61.00
7	E	72.81	4.24	-97.33	123.13	45.79	12949.87	148.64
8	B	Holiday	15.82	-27.02	46.02	-1.74	12982.95	33.08
9		-1.44	23.61	-53.05	28.23	-2.73	12977.57	-5.38
10	M	-14.76	-203.66	78.18	70.61	14.08	12922.02	-55.55
11	A	37.69	217.97	16.42	58.66	-20.14	13232.62	310.60
12	R	6.51	-68.94	-45.57	-78.48	34.59	13080.73	-151.89
13		160.90	-43.90	-71.52	19.61	66.22	13212.04	131.31
14		52.45	-64.94	-124.80	-14.61	Holiday	13060.14	-151.90
15	A	-130.55	-213.66	89.46	181.19	-136.99	12849.59	-210.55
16	P	71.82	194.13	-82.79	-68.65	65.16	13029.26	179.67
17		-102.09	74.39	89.16	113.90	23.69	13228.31	199.05
18		-14.68	65.69	-10.75	-61.98	-168.32	13038.27	-190.04
19	M	-29.74	-76.44	-97.03	19.98	-34.44	12820.60	-217.67
20	A	-125.25	-63.35	-33.45	-156.06	-73.11	12369.38	-451.22
21	Y	135.10	-1.67	-6.66	33.60	-74.92	12454.83	85.45
22		Holiday	125.86	-160.83	-26.41	-274.88	12118.57	-336.26
23		-17.11	26.49	286.84	46.17	93.24	12554.20	435.63
24	J	-142.97	162.57	-77.42	155.53	115.26	12767.17	212.97
25		-25.35	95.51	-12.94	-250.82	67.21	12640.78	-126.39
26	N	-138.12	32.01	92.34	-24.75	277.83	12880.09	239.31
27		-8.70	72.43*	Holiday	-47.15	-124.20	12772.47	-107.62
28	J	-36.18	-83.17	-48.59	-31.26	203.82	12777.09	4.62
29		-49.88	78.33	103.16	34.66	-120.79	12822.57	45.48
30	U	-101.11	-104.14	58.73	211.88	187.73	13075.66	253.09
31		-2.65	-64.33	-37.62	-92.18	217.29	13096.17	20.51
32		21.34	51.09	7.04	-10.45	42.76	13207.95	111.78
33	A	-38.52	2.71	-7.36	85.33	25.09	13275.20	67.25
34		-3.56	-68.06	-30.82	-115.30	100.51	13157.97	-117.23
35	G	-33.30	-21.68	4.49	-106.77	90.13	13090.84	-67.13
36		Holiday	-54.90	11.54	244.52	14.64	13306.64	215.80
37	S	-52.35	69.07	9.99	206.51	53.51	13593.37	286.73
38		-40.27	11.54	13.32	18.97	-17.46	13579.47	-13.90
39	E	-20.55	-101.37	-44.04	72.46	-48.84	13437.13	-142.34
40		77.98	-32.75	12.25	80.75	34.79	13610.15	173.02
41	O	-26.50	-110.12	-128.56	-18.58	2.46	13328.85	-281.30
42		95.38	127.55	5.22	-8.06	-205.43	13343.51	14.66
43	C	2.38	-243.36	-25.19	26.34	3.53	13107.21	-236.30
44		Holiday†	Holiday†	-10.75	136.16	-139.46	13093.16	-14.05
45		19.28	133.24	-312.95	-121.41	4.07	12815.39	-277.77
46	N	-0.31	-58.90	-185.23	-28.57	45.93	12588.31	-227.08
47		207.65	-7.45	48.38	Holiday	172.79*	13009.68	421.37
48		-42.31	-89.24	106.98	36.71	3.76	13025.58	15.90
49		-59.98	-13.82	82.71	39.55	81.09	13155.13	129.55
50	D	14.75	78.56	-2.99	-74.73	-35.71	13135.01	-20.12
51		100.38	115.57	-98.99	59.75	-120.88	13190.84	55.83
52	E	-51.76*	Holiday	-24.49	-18.28	-158.20	12938.11	-252.73
53		166.03				Year's Close	13104.14	166.03
TOTALS		245.59	-49.28	-456.37	847.34	299.30		886.58

Bold Color: Down Friday, Down Monday

\* Shortened trading day: Jul 3, Nov 23, Dec 24

\*\* Monday denotes first trading day of week, Friday denotes last trading day of week † Hurricane Sandy

JULY

Market Subject to Elevated Volatility After July 4th

MONDAY

D 57.1  
S 57.1  
N 57.1

7

*Anyone who believes that exponential growth can go on forever in a finite world is either a madman or an economist.*

— Kenneth Ewart Boulding (Economist, activist, poet, scientist, philosopher, cofounder General Systems Theory, 1910–1993)



TUESDAY

D 61.9  
S 61.9  
N 66.7

8

*In most admired companies, key priorities are teamwork, customer focus, fair treatment of employees, initiative, and innovation. In average companies the top priorities are minimizing risk, respecting the chain of command, supporting the boss, and making budget.*

— Bruce Pfau (*Fortune*)

July Begins NASDAQ's "Worst Four Months" (Pages 56, 58, and 148)

WEDNESDAY

D 47.6  
S 42.9  
N 57.1

9

*At the age of 24, I began setting clear, written goals for each area of my life. I accomplished more in the following year than I had in the previous 24.*

— Brian Tracy (Motivational speaker)

THURSDAY

D 61.9  
S 57.1  
N 61.9

10

*We will have to pay more and more attention to what the funds are doing. They are the ones who have been contributing to the activity, especially in the high-fliers.*

— Humphrey B. Neill (Investor, analyst, author, *NY Times*, 6/11/1966, 1895–1977)

July is the Best Performing Dow and S&P Month of the Third Quarter



FRIDAY

D 61.9  
S 71.4  
N 71.4

11

*A "tired businessman" is one whose business is usually not a successful one.*

— Joseph R. Grundy (U.S. Senator, Pennsylvania, 1929–1930, businessman, 1863–1961)

SATURDAY

12

SUNDAY

13

## DON'T SELL STOCKS ON MONDAY OR FRIDAY

Since 1989, Monday\*, Tuesday, and Wednesday have been the most consistently bullish days of the week for the Dow; Thursday and Friday\* the most bearish, as traders have become reluctant to stay long going into the weekend. Since 1989, Mondays, Tuesdays, and Wednesdays gained 13,221.84 Dow points, while Thursday and Friday combined for a total loss of 847.55 points. Also broken out are the last twelve and a third years to illustrate Monday's and Friday's poor performance in bear market years 2001–2002 and 2008–2009. During uncertain market times, traders often sell before the weekend and are reluctant to jump in on Monday. See pages 66, 78, and 141–144 for more.

### ANNUAL DOW POINT CHANGES FOR DAYS OF THE WEEK SINCE 1953

Year	Monday*	Tuesday	Wednesday	Thursday	Friday*	Year's DJIA Closing	Year's Point Change
1953	-36.16	-793	19.63	5.76	7.70	280.90	-11.00
1954	15.68	3.27	24.31	33.96	46.27	404.39	123.49
1955	-48.36	26.38	46.03	-0.66	60.62	488.40	84.01
1956	-27.15	-9.36	-15.41	8.43	64.56	499.47	11.07
1957	-109.50	-7.71	64.12	3.32	-14.01	435.69	-63.78
1958	17.50	23.59	29.10	22.67	55.10	583.65	147.96
1959	-44.48	29.04	4.11	13.60	93.44	679.36	95.71
1960	-111.04	-3.75	-5.62	6.74	50.20	615.89	-63.47
1961	-23.65	10.18	87.51	-5.96	47.17	731.14	115.25
1962	-101.60	26.19	9.97	-7.70	-5.90	652.10	-79.04
1963	-8.88	47.12	16.23	22.39	33.99	762.95	110.85
1964	-0.29	-17.94	39.84	5.52	84.05	874.13	111.18
1965	-73.23	39.65	57.03	3.20	68.48	969.26	95.13
1966	-153.24	-27.73	56.13	-46.19	-12.54	785.69	-183.57
1967	-68.65	31.50	25.42	92.25	38.90	905.11	119.42
1968†	6.41	34.94	25.16	-72.06	44.19	943.75	38.64
1969	-164.17	-36.70	18.33	23.79	15.36	800.36	-143.39
1970	-100.05	-46.09	116.07	-3.48	72.11	838.92	38.56
1971	-2.99	9.56	13.66	8.04	23.01	890.20	51.28
1972	-87.40	-1.23	65.24	8.46	144.75	1020.02	129.82
1973	-174.11	10.52	-5.94	36.67	-36.30	850.86	-169.16
1974	-149.37	47.51	-20.31	-13.70	-98.75	616.24	-234.62
1975	39.46	-109.62	56.93	124.00	125.40	852.41	236.17
1976	70.72	71.76	50.88	-33.70	-7.42	1004.65	152.24
1977	-65.15	-44.89	-79.61	-5.62	21.79	831.17	-173.48
1978	-31.29	-70.84	71.33	-64.67	69.31	805.01	-26.16
1979	-32.52	9.52	-18.84	75.18	0.39	838.74	33.73
1980	-86.51	135.13	137.67	-122.00	60.96	963.99	125.25
1981	-45.68	-49.51	-13.95	-14.67	34.82	875.00	-88.99
1982	5.71	86.20	28.37	-1.47	52.73	1046.54	171.54
1983	30.51	-30.92	149.68	61.16	1.67	1258.64	212.10
1984	-73.80	78.02	-139.24	92.79	-4.84	1211.57	-47.07
1985	80.36	52.70	51.26	46.32	104.46	1546.67	335.10
1986	-39.94	97.63	178.65	29.31	83.63	1895.95	349.28
1987	-559.15	235.83	392.03	139.73	-165.56	1938.83	42.88
1988	268.12	166.44	-60.48	-230.84	86.50	2168.57	229.74
1989	-53.31	143.33	233.25	90.25	171.11	2753.20	584.63
<b>SubTotal</b>	<b>-1937.20</b>	<b>941.79</b>	<b>1708.54</b>	<b>330.82</b>	<b>1417.35</b>		<b>2461.30</b>
1990	219.90	-25.22	47.96	-352.55	-9.63	2633.66	-119.54
1991	191.13	47.97	174.53	254.79	-133.25	3168.83	535.17
1992	237.80	-49.67	3.12	108.74	-167.71	3301.11	132.28
1993	322.82	-37.03	243.87	4.97	-81.65	3754.09	452.98
1994	206.41	-95.33	29.98	-168.87	108.16	3834.44	80.35
1995	262.97	210.06	357.02	140.07	312.56	5117.12	1282.68
1996	626.41	155.55	-34.24	268.52	314.91	6448.27	1331.15
1997	1136.04	1989.17	-590.17	-949.80	-125.26	7908.25	1459.98
1998	649.10	679.95	591.63	-1579.43	931.93	9181.43	1273.18
1999	980.49	-1587.23	826.68	735.94	1359.81	11497.12	2315.69
2000	2265.45	306.47	-1978.34	238.21	-1542.06	10786.85	-710.27
<b>SubTotal</b>	<b>7098.52</b>	<b>1594.69</b>	<b>-327.96</b>	<b>-1299.41</b>	<b>967.81</b>		<b>8033.65</b>
2001	-389.33	336.86	-396.53	976.41	-1292.76	10021.50	-765.35
2002	-1404.94	-823.76	1443.69	-428.12	-466.74	8341.63	-1679.87
2003	978.87	482.11	-425.46	566.22	510.55	10453.92	2112.29
2004	201.12	523.28	358.76	-409.72	-344.35	10783.01	329.09
2005	316.23	-305.62	27.67	-128.75	24.96	10717.50	-65.51
2006	95.74	573.98	1283.87	193.34	-401.28	12463.15	1745.65
2007	278.23	-157.93	1316.74	-766.63	131.26	13264.82	801.67
2008	-1387.20	1704.51	-3073.72	-940.88	-791.14	8776.39	-4488.43
2009	-45.22	161.76	617.56	932.68	-15.12	10428.05	1651.66
2010	1236.88	-421.80	1019.66	-76.73	-608.55	11577.51	1149.46
2011	-571.02	1423.66	-776.05	246.27	317.19	12217.56	640.05
2012	254.59	-49.28	-456.37	847.34	299.30	13104.14	886.58
2013	-437.98	1119.01	224.02	217.39	891.91		
<b>Subtotal</b>	<b>-874.03</b>	<b>4566.78</b>	<b>1163.84</b>	<b>1228.82</b>	<b>-1744.77</b>		<b>2317.29</b>
<b>Totals</b>	<b>4287.29</b>	<b>7103.26</b>	<b>2544.42</b>	<b>260.23</b>	<b>640.39</b>		<b>12812.24</b>

\* Monday denotes first trading day of week, Friday denotes last trading day of week

† Most Wednesdays closed last 7 months of 1968 ‡ Partial year through May 10, 2013

JULY

Monday Before July Expiration, Dow Up 7 of Last 10



MONDAY

D 61.9  
S 66.7  
N 71.4

14

*Industrial capitalism has generated the greatest productive power in human history. To date, no other socioeconomic system has been able to generate comparable productive power.*

— Peter L. Berger (*The Capitalist Revolution*)

TUESDAY

D 47.6  
S 42.9  
N 57.1

15

*If you torture the data long enough, it will confess to anything.*

— Darrell Huff (*How to Lie With Statistics*, 1954)

WEDNESDAY

D 57.1  
S 47.6  
N 52.4

16

*Buy when you are scared to death; sell when you are tickled to death.*

— Market Maxim (*The Cabot Market Letter*, April 12, 2001)

THURSDAY

D 52.4  
S 47.6  
N 52.4

17

*Let me end my talk by abusing slightly my status as an official representative of the Federal Reserve. I would like to say to Milton [Friedman]: regarding the Great Depression, you're right; we did it. We're very sorry. But thanks to you, we won't do it again.*

— Ben Bernanke (Fed Chairman, 2006–, 11/8/02 speech as Fed Govenor)

*July Expiration Day, Dow Down 8 of Last 13, –4.6% in 2002 and –2.5% in 2010*



FRIDAY

D 61.9  
S 61.9  
N 61.9

18

*Knowing others is intelligence; knowing yourself is true wisdom. Mastering others is strength; mastering yourself is true power.*

— Lau Tzu (Shaolin monk, founder of Taoism, circa 6th–4th century B.C.)

SATURDAY

19

SUNDAY

20

## A RALLY FOR ALL SEASONS

Most years, especially when the market sells off during the first half, prospects for the perennial summer rally become the buzz on the street. Parameters for this “rally” were defined by the late Ralph Rotnem as the lowest close in the Dow Jones Industrials in May or June to the highest close in July, August, or September. Such a big deal is made of the summer rally that one might get the impression the market puts on its best performance in the summertime. Nothing could be further from the truth! Not only does the market “rally” in every season of the year, but it does so with more gusto in the winter, spring, and fall than in the summer.

Winters in 50 years averaged a 13.2% gain, as measured from the low in November or December to the first quarter closing high. Spring rose 11.5% followed by fall with 10.9%. Last and least was the average 9.3% summer rally. Even 2009’s impressive 19.7% summer rally was outmatched by spring. Nevertheless, no matter how thick the gloom or grim the outlook, don’t despair! There’s always a rally for all seasons, statistically.

### SEASONAL GAINS IN DOW JONES INDUSTRIALS

	WINTER RALLY Nov/Dec Low to Q1 High	SPRING RALLY Feb/Mar Low to Q2 High	SUMMER RALLY May/Jun Low to Q3 High	FALL RALLY Aug/Sep Low to Q4 High
1964	15.3%	6.2%	9.4%	8.3%
1965	5.7	6.6	11.6	10.3
1966	5.9	4.8	3.5	7.0
1967	11.6	8.7	11.2	4.4
1968	7.0	11.5	5.2	13.3
1969	0.9	7.7	1.9	6.7
1970	5.4	6.2	22.5	19.0
1971	21.6	9.4	5.5	7.4
1972	19.1	7.7	5.2	11.4
1973	8.6	4.8	9.7	15.9
1974	13.1	8.2	1.4	11.0
1975	36.2	24.2	8.2	8.7
1976	23.3	6.4	5.9	4.6
1977	8.2	3.1	2.8	2.1
1978	2.1	16.8	11.8	5.2
1979	11.0	8.9	8.9	6.1
1980	13.5	16.8	21.0	8.5
1981	11.8	9.9	0.4	8.3
1982	4.6	9.3	18.5	37.8
1983	15.7	17.8	6.3	10.7
1984	5.9	4.6	14.1	9.7
1985	11.7	7.1	9.5	19.7
1986	31.1	18.8	9.2	11.4
1987	30.6	13.6	22.9	5.9
1988	18.1	13.5	11.2	9.8
1989	15.1	12.9	16.1	5.7
1990	8.8	14.5	12.4	8.6
1991	21.8	11.2	6.6	9.3
1992	14.9	6.4	3.7	3.3
1993	8.9	7.7	6.3	7.3
1994	9.7	5.2	9.1	5.0
1995	13.6	19.3	11.3	13.9
1996	19.2	7.5	8.7	17.3
1997	17.7	18.4	18.4	7.3
1998	20.3	13.6	8.2	24.3
1999	15.1	21.6	8.2	12.6
2000	10.8	15.2	9.8	3.5
2001	6.4	20.8	1.7	23.1
2002	14.8	7.9	2.8	17.6
2003	6.5	23.9	14.3	15.7
2004	11.6	5.2	4.4	10.6
2005	9.0	2.1	5.6	5.3
2006	8.8	8.3	9.5	13.0
2007	6.7	13.5	6.6	10.3
2008	2.5	11.2	3.8	4.5
2009	19.6	34.4	19.7	15.5
2010	11.6	13.1	11.1	16.0
2011	12.6	10.3	7.0	14.7
2012	18.0	4.5	12.4	5.7
2013	16.2	11.4*		
<b>Totals</b>	<b>658.2%</b>	<b>572.7%</b>	<b>455.5%</b>	<b>533.3%</b>
<b>Average</b>	<b>13.2%</b>	<b>11.5%</b>	<b>9.3%</b>	<b>10.9%</b>

\* As of 5/17/2013

JULY

 MONDAY

D 33.3  
S 28.6  
N 28.6

21

*I have always picked people's brains. That's the only way you can grow. Ninety-percent of the information I throw out immediately; five-percent I try and discard; and five-percent I retain.*

— Tiger Woods (Top-ranked golfer, on his swing, April 2004)

**Week After July Expiration Prone to Wild Swings, Dow Up 8 of Last 11 years**  
1998 -4.3%, 2002 +3.1%, 2006 +3.2%, 2007 -4.2%, 2009 +4.0%, 2010 +3.2

 TUESDAY

D 38.1  
S 33.3  
N 38.1

22

*I've continued to recognize the power individuals have to change virtually anything and everything in their lives in an instant. I've learned that the resources we need to turn our dreams into reality are within us, merely waiting for the day when we decide to wake up and claim our birthright.*

— Anthony Robbins (Motivator, advisor, consultant, author, entrepreneur, philanthropist, b. 1960)

WEDNESDAY

D 47.6  
S 52.4  
N 52.4

23

*It's a buy when the 10-week moving average crosses the 30-week moving average and the slope of both averages is up.*

— Victor Sperandeo (Trader Vic—Methods of a Wall Street Master)

**Beware the "Summer Rally" Hype**  
**Historically the Weakest Rally of All Seasons (Page 70)**

THURSDAY

D 52.4  
S 52.4  
N 52.4

24

*The game is lost only when we stop trying.*

— Mario Cuomo (Former NY Governor, C-Span)

 FRIDAY

D 66.7  
S 61.9  
N 66.7

25

*Discipline always makes hard work easy.*

— Jordan Kimmel (Portfolio manager, Magnet AE Fund, b. 1958)

SATURDAY

26

**August Almanac Investor Seasonalities: See Pages 92, 94, and 96**

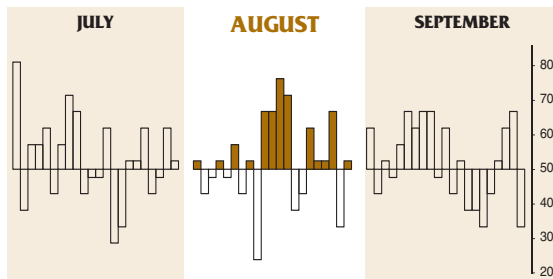
SUNDAY

27

# AUGUST ALMANAC

AUGUST						
S	M	T	W	T	F	S
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SEPTEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ Harvesting made August the best stock market month 1901–1951 ◆ Now that about 2% farm, August is the worst Dow, S&P, and second worst NASDAQ (2000 up 11.7%, 2001 down 10.9) month since 1987 ◆ Shortest bear in history (45 days), caused by turmoil in Russia, currency crisis, and hedge fund debacle, ended here in 1998, 1344.22-point drop in the Dow, second worst behind October 2008, off 15.1% ◆ Saddam Hussein triggered a 10.0% slide in 1990 ◆ Best Dow gains: 1982 (11.5%) and 1984 (9.8%) as bear markets ended ◆ Next to last day S&P up only three times last 17 years ◆ Midterm election year Augusts' rankings #9 S&P, #10 Dow, and #12 NASDAQ.

## August Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K		
Rank	9		9		10		9		9		
Up	36		35		23		22		20		
Down	27		28		19		12		14		
Average % Change	-0.1%		-0.01%		0.2%		0.4%		0.4%		
Midterm Year	-0.9%		-0.7%		-2.4%		-0.6%		-2.8%		
	Best & Worst August										
	% Change		% Change		% Change		% Change		% Change		
Best	1982	11.5	1982	11.6	2000	11.7	1982	11.3	1984	11.5	
Worst	1998	-15.1	1998	-14.6	1998	-19.9	1998	-15.1	1998	-19.5	
	Best & Worst August Weeks										
Best	8/20/82	10.3	8/20/82	8.8	8/3/84	7.4	8/20/82	8.5	8/3/84	7.0	
Worst	8/23/74	-6.1	8/5/11	-7.2	8/28/98	-8.8	8/5/11	-7.7	8/5/11	-10.3	
	Best & Worst August Days										
Best	8/17/82	4.9	8/17/82	4.8	8/9/11	5.3	8/9/11	5.0	8/9/11	6.9	
Worst	8/31/98	-6.4	8/31/98	-6.8	8/31/98	-8.6	8/8/11	-6.9	8/8/11	-8.9	
	First Trading Day of Expiration Week: 1980–2012										
Record (#Up–#Down)	21–12		24–9		24–9		24–9		20–13		
Current streak	D1		D1		U3		D1		D1		
Avg % Change	0.28		0.29		0.30		0.26		0.23		
	Options Expiration Day: 1980–2012										
Record (#Up–#Down)	18–15		19–14		19–14		19–14		21–12		
Current streak	U1		U1		U1		U1		U1		
Avg % Change	-0.05		0.01		-0.07		0.01		0.13		
	Options Expiration Week: 1980–2012										
Record (#Up–#Down)	17–16		20–13		19–14		20–13		21–12		
Current streak	U1		U1		U1		U1		U1		
Avg % Change	0.26		0.44		0.60		0.46		0.69		
	Week After Options Expiration: 1980–2012										
Record (#Up–#Down)	20–13		21–12		20–13		21–12		20–13		
Current streak	D1		D1		D1		D1		D1		
Avg % Change	0.26		0.29		0.43		0.28		0.01		
	First Trading Day Performance										
% of Time Up	47.6		50.8		52.4		47.1		50.0		
Avg % Change	0.02		0.04		-0.09		0.09		-0.02		
	Last Trading Day Performance										
% of Time Up	61.9		65.1		69.0		61.8		73.5		
Avg % Change	0.14		0.14		0.07		-0.03		0.09		

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*August's a good month to go on vacation;  
Trading stocks will likely lead to frustration.*

# JULY/AUGUST

MONDAY

D 42.9  
S 42.9  
N 52.4

28

*I would rather be positioned as a petrified bull rather than a penniless bear.*

— John L. Person (Professional trader, author, speaker, *Commodity Trader's Almanac*, nationalfutures.com, 11/3/2010, b. 1961)

FOMC Meeting (2 Days)

TUESDAY

D 42.9  
S 47.6  
N 47.6

29

*All there is to investing is picking good stocks at good times and staying with them as long as they remain good companies.*

— Warren Buffett (CEO Berkshire Hathaway, investor and philanthropist, b. 1930)



WEDNESDAY

D 57.1  
S 61.9  
N 66.7

30

*To affect the quality of the day, that is the highest of the arts.*

— Henry David Thoreau (American writer, naturalist, and philosopher, 1817–1862)

Last Trading Day in July, NASDAQ Down 7 of Last 8

THURSDAY

D 42.9  
S 52.4  
N 42.9

31

*News on stocks is not important. How the stock reacts to it is important.*

— Michael L. Burke (*Investors Intelligence*)

First Trading Day in August, Dow Down 11 of Last 16

Russell 2000 Up 6 of Last 9

FRIDAY

D 42.9  
S 52.4  
N 52.4

1

*The first human who hurled an insult instead of a stone was the founder of civilization.*

— Sigmund Freud (Austrian neurologist, psychiatrist, “father of psychoanalysis,” 1856–1939)

SATURDAY

2

SUNDAY

3

# WHY A 50% GAIN IN THE DOW IS POSSIBLE FROM ITS 2014 LOW TO ITS 2015 HIGH

Normally, major corrections occur sometime in the first or second years following presidential elections. In the last 13 midterm election years, bear markets began or were in progress nine times—we experienced bull years in 1986, 2006, and 2010, while 1994 was flat.

The puniest midterm advance, 14.5% from the 1946 low, was during the industrial contraction after World War II. The next four smallest advances were: 1978 (OPEC–Iran) 21.0%, 1930 (economic collapse) 23.4%, 1966 (Vietnam) 26.7%, and 2010 (European debt) 32.3%.

Since 1914, the Dow has gained 48.6% on average from its midterm election year low to its subsequent high in the following pre-election year. A swing of such magnitude is equivalent to a move from 9000 to 13500 or from 12000 to 18000.

## POST-ELECTION HIGH TO MIDTERM LOW: –20.9%

Conversely, since 1913, the Dow has dropped –20.9% on average from its post-election-year high to its subsequent low in the following midterm year. At press-time the Dow’s 2013 post-election year high is 15387.58. A 20.9% decline would put the Dow back at 12171.58 at the 2014 midterm bottom. Persistently sluggish global growth, despite unprecedented global monetary policy accommodation, at press-time, makes a decline back to this level or lower certainly not out of the question. Whatever the level, the rally off the 2014 midterm low could be another great buying opportunity.

Pretty impressive seasonality! There is no reason to think the quadrennial Presidential Election/Stock Market Cycle will not continue. Page 130 shows how effectively most presidents “managed” to have much stronger economies in the third and fourth years of their terms than in their first two.

### % CHANGE IN DOW JONES INDUSTRIALS BETWEEN THE MIDTERM YEAR LOW AND THE HIGH IN THE FOLLOWING YEAR

Midterm Year Low					Pre-Election Year High				
	Date of Low			Dow		Date of High		Dow	% Gain
1	Jul	30	1914*	52.32	Dec	27	1915	99.21	89.6%
2	Jan	15	1918**	73.38	Nov	3	1919	119.62	63.0
3	Jan	10	1922**	78.59	Mar	20	1923	105.38	34.1
4	Mar	30	1926*	135.20	Dec	31	1927	202.40	49.7
5	Dec	16	1930*	157.51	Feb	24	1931	194.36	23.4
6	Jul	26	1934*	85.51	Nov	19	1935	148.44	73.6
7	Mar	31	1938*	98.95	Sep	12	1939	155.92	57.6
8	Apr	28	1942*	92.92	Jul	14	1943	145.82	56.9
9	Oct	9	1946	163.12	Jul	24	1947	186.85	14.5
10	Jan	13	1950**	196.81	Sep	13	1951	276.37	40.4
11	Jan	11	1954**	279.87	Dec	30	1955	488.40	74.5
12	Feb	25	1958**	436.89	Dec	31	1959	679.36	55.5
13	Jun	26	1962*	535.74	Dec	18	1963	767.21	43.2
14	Oct	7	1966*	744.32	Sep	25	1967	943.08	26.7
15	May	26	1970*	631.16	Apr	28	1971	950.82	50.6
16	Dec	6	1974*	577.60	Jul	16	1975	881.81	52.7
17	Feb	28	1978*	742.12	Oct	5	1979	897.61	21.0
18	Aug	12	1982*	776.92	Nov	29	1983	1287.20	65.7
19	Jan	22	1986	1502.29	Aug	25	1987	2722.42	81.2
20	Oct	11	1990*	2365.10	Dec	31	1991	3168.84	34.0
21	Apr	4	1994	3593.35	Dec	13	1995	5216.47	45.2
22	Aug	31	1998*	7539.07	Dec	31	1999	11497.12	52.5
23	Oct	9	2002*	7286.27	Dec	31	2003	10453.92	43.5
24	Jan	20	2006	10667.39	Oct	9	2007	14164.53	32.8
25	Jul	2	2010**	9686.48	Apr	29	2011	12810.54	32.3
* Bear Market ended			** Bear previous year		Average			48.6%	

\* Bear Market ended    \*\* Bear previous year

# AUGUST

*First Nine Trading Days of August Are Historically Weak (Pages 72 and 124)*

MONDAY

D 52.4  
S 42.9  
N 38.1

4

*If the market does not rally, as it should during bullish seasonal periods, it is a sign that other forces are stronger and that when the seasonal period ends those forces will really have their say.*

— Edson Gould (Stock market analyst, *Findings & Forecasts*, 1902–1987)

TUESDAY

D 47.6  
S 47.6  
N 42.9

5

*My best shorts come from research reports where there are recommendations to buy stocks on weakness; also, where a brokerage firm changes its recommendation from a buy to a hold.*

— Marc Howard (Hedge fund manager, *New York Magazine*, 1976, b. 1941)

WEDNESDAY

D 47.6  
S 52.4  
N 52.4

6

*When you get to the end of your rope, tie a knot and hang on.*

— Franklin D. Roosevelt (32nd U.S. President, 1882–1945)

*August Worst Dow and S&P Month 1988–2012  
Harvesting Made August Best Dow Month 1901–1951*

THURSDAY

D 57.1  
S 47.6  
N 42.9

7

*The power to tax involves the power to destroy.*

— John Marshall (U. S. Supreme Court, 1819)

FRIDAY

D 47.6  
S 57.1  
N 33.3

8

*What's going on... is the end of Silicon Valley as we know it. The next big thing ain't computers... it's biotechnology.*

— Larry Ellison (Oracle CEO, quoted in the *Wall Street Journal*, April 8, 2003)

SATURDAY

9

SUNDAY

10

# AURA OF THE TRIPLE WITCH—4TH QUARTER MOST BULLISH: DOWN WEEKS TRIGGER MORE WEAKNESS WEEK AFTER

Options expire the third Friday of every month, but in March, June, September, and December, a powerful coven gathers. Since the S&P index futures began trading on April 21, 1982, stock options, index options, as well as index futures all expire at the same time four times each year—known as Triple Witching. Traders have long sought to understand and master the magic of this quarterly phenomenon.

The market for single-stock and ETF futures continues to grow. However, their impact on the market has thus far been subdued. As their availability continues to expand, trading volumes and market influence are also likely to broaden. Until such time, we do not believe the term “quadruple witching” is applicable just yet.

We have analyzed what the market does prior, during, and following Triple Witching expirations in search of consistent trading patterns. Here are some of our findings of how the Dow Jones Industrials perform around Triple-Witching Week (TWW).

- TWWs became more bullish since 1990, except in the second quarter.
- Following weeks became more bearish. Since Q1 2000, only 17 of 52 were up, and 8 occurred in December, 6 in March, 3 in September, none in June.
- TWWs have tended to be down in flat periods and dramatically so during bear markets.
- DOWN WEEKS TEND TO FOLLOW DOWN TWWs is a most interesting pattern. Since 1991, of 30 down TWWs, 22 following weeks were also down. This is surprising, inasmuch as the previous decade had an exactly opposite pattern: There were 13 down TWWs then, but 12 up weeks followed them.
- TWWs in the second and third quarter (Worst Six Months May through October) are much weaker, and the weeks following, horrendous. But in the first and fourth quarter (Best Six Months period November through April), only the week after Q1 expiration is negative.

Throughout the *Almanac* you will also see notations on the performance of Mondays and Fridays of TWW, as we place considerable significance on the beginnings and ends of weeks (pages 66, 68, 78, and 141–144).

## TRIPLE WITCHING WEEK AND WEEK AFTER DOW POINT CHANGES

	Expiration Week Q1	Week After	Expiration Week Q2	Week After	Expiration Week Q3	Week After	Expiration Week Q4	Week After
1991	-6.93	-89.36	-34.98	-58.81	33.54	-13.19	20.12	167.04
1992	40.48	-44.95	-69.01	-2.94	21.35	-76.73	9.19	12.97
1993	43.76	-31.60	-10.24	-3.88	-8.38	-70.14	10.90	6.15
1994	32.95	-120.92	3.33	-139.84	58.54	-101.60	116.08	26.24
1995	38.04	65.02	86.80	75.05	96.85	-33.42	19.87	-78.76
1996	114.52	51.67	55.78	-50.60	49.94	-15.54	179.53	76.51
1997	-130.67	-64.20	14.47	-108.79	174.30	4.91	-82.01	-76.98
1998	303.91	-110.35	-122.07	231.67	100.16	133.11	81.87	314.36
1999	27.20	-81.31	365.05	-303.00	-224.80	-524.30	32.73	148.33
2000	666.41	517.49	-164.76	-44.55	-293.65	-79.63	-277.95	200.60
2001	-821.21	-318.63	-353.36	-19.05	-1369.70	611.75	224.19	101.65
2002	34.74	-179.56	-220.42	-10.53	-326.67	-284.57	77.61	-207.54
2003	662.26	-376.20	83.63	-211.70	173.27	-331.74	236.06	46.45
2004	-53.48	26.37	6.31	-44.57	-28.61	-237.22	106.70	177.20
2005	-144.69	-186.80	110.44	-325.23	-36.62	-222.35	97.01	7.68
2006	203.31	0.32	122.63	-25.46	168.66	-52.67	138.03	-102.30
2007	-165.91	370.60	215.09	-279.22	377.67	75.44	110.80	-84.78
2008	410.23	-144.92	-464.66	-496.18	-33.55	-245.31	-50.57	-63.56
2009	54.40	497.80	-259.53	-101.34	214.79	-155.01	-142.61	191.21
2010	117.29	108.38	239.57	-306.83	145.08	252.41	81.59	81.58
2011	-185.88	362.07	52.45	-69.78	516.96	-737.61	-317.87	427.61
2012	310.60	-151.89	212.97	-126.39	-13.90	-142.34	55.83	-252.73
2013	117.04	-2.08						
Up	16	9	13	2	13	5	17	15
Down	7	14	9	20	9	17	5	7

# AUGUST

Monday Before August Expiration, Dow Up 12 of Last 18, Average Gain 0.4%

MONDAY

D 42.9  
S 42.9  
N 42.9

11

*Let us have the courage to stop borrowing to meet the continuing deficits. Stop the deficits.*  
— Franklin D. Roosevelt (32nd U.S. President, 1932, 1882–1945)

TUESDAY

D 52.4  
S 52.4  
N 47.6

12

*You don't learn to hold your own in the world by standing on guard, but by attacking and getting well hammered yourself.*  
— George Bernard Shaw (Irish dramatist, 1856–1950)

Mid-August Stronger Than Beginning and End



WEDNESDAY

D 23.8  
S 23.8  
N 42.9

13

*The whole problem with the world is that fools and fanatics are always so certain of themselves, but wiser people so full of doubts.*  
— Bertrand Russell (British mathematician and philosopher, 1872–1970)



THURSDAY

D 71.4  
S 66.7  
N 66.7

14

*A generation from now, Americans may marvel at the complacency that assumed the dollar's dominance would never end.*  
— Floyd Norris (Chief financial correspondent, *NY Times*, 2/2/07)

August Expiration Day Bullish Lately, Dow Up 8 of Last 10  
Up 156 Points (1.7%) in 2009



FRIDAY

D 47.6  
S 66.7  
N 66.7

15

*Every truth passes through three stages before it is recognized. In the first it is ridiculed; in the second it is opposed; in the third it is regarded as self-evident.*  
— Arthur Schopenhauer (German philosopher, 1788–1860)

SATURDAY

16

SUNDAY

17

# TAKE ADVANTAGE OF DOWN FRIDAY/ DOWN MONDAY WARNING

Fridays and Mondays are the most important days of the week. Friday is the day for squaring positions—trimming longs or covering shorts before taking off for the weekend. Traders want to limit their exposure (particularly to stocks that are not acting well) since there could be unfavorable developments before trading resumes two or more days later.

Monday is important because the market then has the chance to reflect any week-end news, plus what traders think after digesting the previous week's action and the many Monday morning research and strategy comments.

For over 30 years, a down Friday followed by down Monday has frequently corresponded to important market inflection points that exhibit a clearly negative bias, often coinciding with market tops and, on a few climactic occasions, such as in October 2002 and March 2009, near major market bottoms.

One simple way to get a quick reading on which way the market may be heading is to keep track of the performance of the Dow Jones Industrial Average on Fridays and the following Mondays. Since 1995, there have been 186 occurrences of Down Friday/Down Monday (DF/DM), with 57 falling in the bear market years of 2001, 2002, 2008, and 2011, producing an average decline of 12.8%.

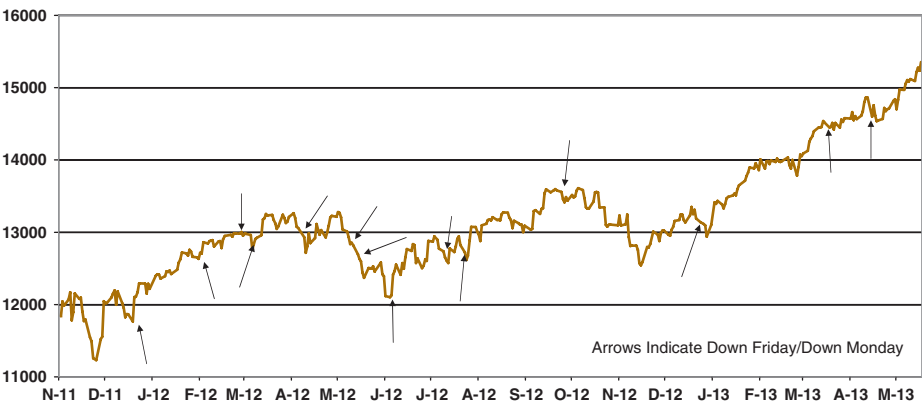
To illustrate how Down Friday/Down Monday can telegraph market inflection points we created the chart below of the Dow Jones Industrials from November 2011 to May 17, 2013 with arrows pointing to occurrences of DF/DM. Use DF/DM as a warning to examine market conditions carefully. Unprecedented central bank liquidity has tempered subsequent pullbacks, but has not eliminated them.

## DOWN FRIDAY/DOWN MONDAYS

Year	Total Number Down Friday/ Down Monday	Subsequent Average % Dow Loss*	Average Number of Days it took
1995	8	-1.2%	18
1996	9	-3.0%	28
1997	6	-5.1%	45
1998	9	-6.4%	47
1999	9	-6.4%	39
2000	11	-6.6%	32
2001	13	-13.5%	53
2002	18	-11.9%	54
2003	9	-3.0%	17
2004	9	-3.7%	51
2005	10	-3.0%	37
2006	11	-2.0%	14
2007	8	-6.0%	33
2008	15	-17.0%	53
2009	10	-8.7%	15
2010	7	-3.1%	10
2011	11	-9.0%	53
2012	11	-4.0%	38
2013**	2	-1.0%	3
Average	10	-6.0%	34

\* Over next 3 months, \*\* Ending May 17, 2013

## DOW JONES INDUSTRIALS (NOVEMBER 2011–MAY 17, 2013)



# AUGUST



MONDAY

D 66.7  
S 76.2  
N 71.4

18

*I'd be a bum on the street with a tin cup, if the markets were always efficient.*

— Warren Buffett (CEO Berkshire Hathaway, investor, and philanthropist, b. 1930)



TUESDAY

D 66.7  
S 71.4  
N 66.7

19

*Based on my own personal experience—both as an investor in recent years and an expert witness in years past—rarely do more than three or four variables really count. Everything else is noise.*

— Martin J. Whitman (Founder Third Avenue Funds, b. 1924)

*End of August Stronger Last 10 Years*



WEDNESDAY

D 42.9  
S 38.1  
N 38.1

20

*Civility is not a sign of weakness, and sincerity is always subject to proof. Let us never negotiate out of fear. But let us never fear to negotiate.*

— John F. Kennedy (35th U.S. President, Inaugural Address, 1/20/1961, 1917–1963)

THURSDAY

D 42.9  
S 42.9  
N 47.6

21

*There are no secrets to success. Don't waste your time looking for them. Success is the result of perfection, hard work, learning from failure, loyalty to those for whom you work, and persistence.*

— General Colin Powell (Chairman, Joint Chiefs, 1989–1993, secretary of state, 2001–2005, *NY Times*, 10/22/2008, b. 1937)



FRIDAY

D 57.1  
S 61.9  
N 47.6

22

*Sometimes the best investments are the ones you don't make.*

— Donald Trump (Real estate mogul and entrepreneur, *Trump: How to Get Rich*, 2004)

SATURDAY

23

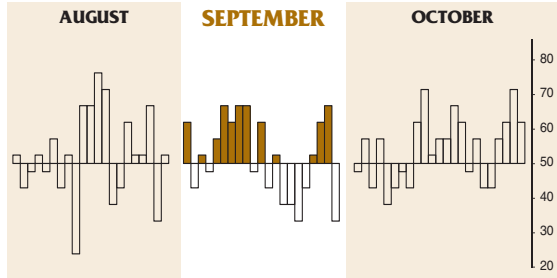
SUNDAY

24

# SEPTEMBER ALMANAC

SEPTEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

OCTOBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ Start of business year, end of vacations, and back-to-school made September a leading barometer month in first 60 years of 20th century; now portfolio managers back after Labor Day tend to clean house ◆ Biggest % loser on the S&P, Dow, and NASDAQ since 1950 (pages 44 & 56) ◆ Streak of four great Dow Septembers averaging 4.2% gains ended in 1999 with six losers in a row averaging  $-9\%$  (see page 152), up three straight 2005–2007, down 6% in 2008 and 2011 ◆ Day after Labor Day Dow up 13 of last 19 ◆ S&P opened strong 12 of last 18 years but tends to close weak due to end-of-quarter mutual fund portfolio restructuring, last trading day: S&P down 14 of past 20 ◆ September Triple-Witching Week can be dangerous; week after is pitiful (see page 76).

## September Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	12		12		12		12		10	
Up	25		28		23		17		19	
Down	38		34		19		17		15	
Average % Change	-0.8%		-0.5%		-0.6%		-0.7%		-0.5%	
Midterm Year	-1.0%		-0.3%		-0.7%		-1.0%		0.1%	
Best & Worst September										
	% Change		% Change		% Change		% Change		% Change	
Best	2010 7.7		2010 8.8		1998 13.0		2010 9.0		2010 12.3	
Worst	2002 -12.4		1974 -11.9		2001 -17.0		2002 -10.9		2001 -13.6	
Best & Worst September Weeks										
Best	9/28/01	7.4	9/28/01	7.8	9/16/11	6.3	9/28/01	7.6	9/28/01	6.9
Worst	9/21/01	-14.3	9/21/01	-11.6	9/21/01	-16.1	9/21/01	-11.7	9/21/01	-14.0
Best & Worst September Days										
Best	9/8/98	5.0	9/30/08	5.4	9/8/98	6.0	9/30/08	5.3	9/18/08	7.0
Worst	9/17/01	-7.1	9/29/08	-8.8	9/29/08	-9.1	9/29/08	-8.7	9/29/08	-6.7
First Trading Day of Expiration Week: 1980–2012										
Record (#Up–#Down)	21–12		18–15		13–20		18–15		13–20	
Current streak	D1		D1		D1		D1		D1	
Avg % Change	-0.11		-0.15		-0.33		-0.17		-0.23	
Options Expiration Day: 1980–2012										
Record (#Up–#Down)	17–16		19–14		23–10		20–13		23–10	
Current streak	D1		D1		U9		U9		U8	
Avg % Change	0.05		0.17		0.18		0.16		0.22	
Options Expiration Week: 1980–2012										
Record (#Up–#Down)	17–16		19–14		18–15		19–14		17–16	
Current streak	D1		D1		D1		D1		D1	
Avg % Change	-0.29		-0.04		0.001		-0.05		0.10	
Week After Options Expiration: 1980–2012										
Record (#Up–#Down)	12–21		10–23		14–19		10–22		11–22	
Current streak	D2		D2		D2		D2		D2	
Avg % Change	-0.73		-0.76		-0.89		-0.78		-1.37	
First Trading Day Performance										
% of Time Up	60.3		61.9		54.8		50.0		50.0	
Avg % Change	0.04		0.02		-0.01		-0.02		0.04	
Last Trading Day Performance										
% of Time Up	38.1		41.3		47.6		47.1		61.8	
Avg % Change	-0.14		-0.08		-0.05		-0.002		0.26	

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*September is when leaves and stocks tend to fall;  
On Wall Street it's the worst month of all.*

# AUGUST

MONDAY

D 52.4  
S 52.4  
N 52.4

25

*The four most expensive words in the English language, "This time it's different."*  
— Sir John Templeton (Founder Templeton Funds, philanthropist, 1912–2008)

TUESDAY

D 42.9  
S 52.4  
N 42.9

26

*Bankruptcy was designed to forgive stupidity, not reward criminality.*  
— William P. Barr (Verizon General Counsel, calling for government liquidation of MCI-WorldCom in Chap. 7, 4/14/2003)

 WEDNESDAY

D 66.7  
S 66.7  
N 76.2

27

*It isn't the incompetent who destroy an organization. It is those who have achieved something and want to rest upon their achievements who are forever clogging things up.*  
— Charles E. Sorenson (Danish-American engineer, officer, director of Ford Motor Co., 1907–1950, helped develop 1st auto assembly line, 1881–1968)

*August's Next-to-Last Trading Day, S&P Down 14 of Last 17 Years*

 THURSDAY

D 33.3  
S 33.3  
N 57.1

28

*But how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?*  
— Alan Greenspan (Fed Chairman 1987–2006, 12/5/96 speech to American Enterprise Institute, b. 1926)

FRIDAY

D 52.4  
S 52.4  
N 57.1

29

*Mankind is divided into three classes: Those that are immovable, those that are movable, and those that move.*  
— Arabian proverb (also attributed to Benjamin Franklin)

SATURDAY

30

*September Almanac Investor Seasonalities: See Pages 92, 94, and 96*

SUNDAY

31

## A CORRECTION FOR ALL SEASONS

While there's a rally for every season (page 70), almost always there's a decline or correction, too. Fortunately, corrections tend to be smaller than rallies, and that's what gives the stock market its long-term upward bias. In each season the average bounce outdoes the average setback. On average, the net gain between the rally and the correction is smallest in summer and fall.

The summer setback tends to be slightly outdone by the average correction in the fall. Tax selling and portfolio cleaning are the usual explanations—individuals sell to register a tax loss and institutions like to get rid of their losers before preparing year-end statements. The October jinx also plays a major part. Since 1964, there have been 18 fall declines of over 10%, and in 10 of them (1966, 1974, 1978, 1979, 1987, 1990, 1997, 2000, 2002, and 2008) much damage was done in October, where so many bear markets end. Recent October lows were also seen in 1998, 1999, 2004, 2005, and 2011. Most often, it has paid to buy after fourth quarter or late third quarter “waterfall declines” for a rally that may continue into January or even beyond. Anticipation of war in Iraq put the market down in 2003 Q1. Quick success rallied stocks through Q3. Financial crisis affected the pattern in 2008–2009, producing the worst winter decline since 1932. Easy monetary policy and strong corporate earnings spared Q1 2011 and 2012 from a seasonal slump.

### SEASONAL CORRECTIONS IN DOW JONES INDUSTRIALS

	WINTER SLUMP Nov/Dec High to Q1 Low	SPRING SLUMP Feb/Mar High to Q2 Low	SUMMER SLUMP May/Jun High to Q3 Low	FALL SLUMP Aug/Sep High to Q4 Low
1964	-0.1%	-2.4%	-1.0%	-2.1%
1965	-2.5	-7.3	-8.3	-0.9
1966	-6.0	-13.2	-17.7	-12.7
1967	-4.2	-3.9	-5.5	-9.9
1968	-8.8	-0.3	-5.5	+0.4
1969	-8.7	-8.7	-17.2	-8.1
1970	-13.8	-20.2	-8.8	-2.5
1971	-1.4	-4.8	-10.7	-13.4
1972	-0.5	-2.6	-6.3	-5.3
1973	-11.0	-12.8	-10.9	-17.3
1974	-15.3	-10.8	-29.8	-27.6
1975	-6.3	-5.5	-9.9	-6.7
1976	-0.2	-5.1	-4.7	-8.9
1977	-8.5	-7.2	-11.5	-10.2
1978	-12.3	-4.0	-7.0	-13.5
1979	-2.5	-5.8	-3.7	-10.9
1980	-10.0	-16.0	-1.7	-6.8
1981	-6.9	-5.1	-18.6	-12.9
1982	-10.9	-7.5	-10.6	-3.3
1983	-4.1	-2.8	-6.8	-3.6
1984	-11.9	-10.5	-8.4	-6.2
1985	-4.8	-4.4	-2.8	-2.3
1986	-3.3	-4.7	-7.3	-7.6
1987	-1.4	-6.6	-1.7	-36.1
1988	-6.7	-7.0	-7.6	-4.5
1989	-1.7	-2.4	-3.1	-6.6
1990	-7.9	-4.0	-17.3	-18.4
1991	-6.3	-3.6	-4.5	-6.3
1992	+0.1	-3.3	-5.4	-7.6
1993	-2.7	-3.1	-3.0	-2.0
1994	-4.4	-9.6	-4.4	-7.1
1995	-0.8	-0.1	-0.2	-2.0
1996	-3.5	-4.6	-7.5	+0.2
1997	-1.8	-9.8	-2.2	-13.3
1998	-7.0	-3.1	-18.2	-13.1
1999	-2.7	-1.7	-8.0	-11.5
2000	-14.8	-7.4	-4.1	-11.8
2001	-14.5	-13.6	-27.4	-16.2
2002	-5.1	-14.2	-26.7	-19.5
2003	-15.8	-5.3	-3.1	-2.1
2004	-3.9	-7.7	-6.3	-5.7
2005	-4.5	-8.5	-3.3	-4.5
2006	-2.4	-5.4	-7.8	-0.4
2007	-3.7	-3.2	-6.1	-8.4
2008	-14.5	-11.0	-20.6	-35.9
2009	-32.0	-6.3	-7.4	-3.5
2010	-6.1	-10.4	-13.1	-1.0
2011	+0.2	-4.0	-16.3	-12.2
2012	+0.5	-8.7	-5.3	-7.8
2013	-0.2	-0.3*		
<b>Totals</b>	<b>-317.6%</b>	<b>-330.5%</b>	<b>-445.3%</b>	<b>-449.5%</b>
<b>Average</b>	<b>-6.4%</b>	<b>-6.6%</b>	<b>-9.1%</b>	<b>-9.2%</b>

\* As of 5/17/2013


# SEPTEMBER

Labor Day (Market Closed)

MONDAY  
1

*Take care of your employees and they'll take care of your customers.*  
— John W. Marriott (Founder Marriott International, 1900–1985)

*First Trading Day in September, S&P Up 12 of Last 18, But Down 4 of Last 5  
Day After Labor Day, Dow Up 13 of Last 19, 1997 Up 3.4%, 1998 Up 5.0%*

 TUESDAY  
D 57.1  
S 61.9  
N 61.9  
2

*The universal line of distinction between the strong and the weak is that one persists, while the other hesitates, falters, trifles  
and at last collapses or caves in.*  
— Edwin Percy Whipple (American essayist, 1819–1886)

WEDNESDAY  
D 61.9  
S 42.9  
N 57.1  
3

*The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity;  
both bring a permanent ruin. But both are the refuge of political and economic opportunists.*  
— Ernest Hemingway (American writer, 1954 Nobel Prize, 1899–1961)

THURSDAY  
D 57.1  
S 52.4  
N 57.1  
4

*No profession requires more hard work, intelligence, patience, and mental discipline than successful speculation.*  
— Robert Rhea (Economist, trader, *The Dow Theory*, 1887–1952)

FRIDAY  
D 38.1  
S 47.6  
N 52.4  
5

*I invest in people, not ideas; I want to see fire in the belly and intellect.*  
— Arthur Rock (First venture capitalist)

SATURDAY  
6

SUNDAY  
7

# FIRST-TRADING-DAY-OF-THE-MONTH PHENOMENON: DOW GAINS MORE ONE DAY THAN ALL OTHER DAYS

Over the last 16 years the Dow Jones Industrial Average has gained more points on the first trading days of all months than all other days combined. While the Dow has gained 7731.98 points between September 2, 1997 (7622.42) and May 17, 2013 (15354.40), it is incredible that 5671.44 points were gained on the first trading days of these 189 months. The remaining 3764 trading days combined gained 2060.54 points during the period. This averages out to gains of 30.01 points on first days, in contrast to just 0.55 points on all others.

Note September 1997 through October 2000 racked up a total gain of 2,632.39 Dow points on the first trading days of these 38 months (winners except for seven occasions). But between November 2000 and September 2002, when the 2000–2002 bear markets did the bulk of their damage, frightened investors switched from pouring money into the market on that day to pulling it out, fourteen months out of twenty-three, netting a 404.80 Dow point loss. The 2007–2009 bear market lopped off 964.14 Dow points on first days in 17 months, November 2007–March 2009. First days had their worst year in 2011, declining seven times for a total loss of 644.45 Dow points.

First days of June have performed worst. Triple-digit declines in four of the last five years have resulted in the biggest net loss. Due to persistent weakness, August is a net loser as well. In rising market trends first days perform much better as institutions are likely anticipating strong performance at each month's outset. S&P 500 first days differ slightly from the Dow's pattern as June and November are net losers. NASDAQ first days are not as strong with weakness in April, August, and October.

## DOW POINTS GAINED FIRST DAY OF MONTH SEPT 1997-MAY 17, 2013

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
1997									257.36	70.24	232.31	189.98	749.89
1998	56.79	201.28	4.73	68.51	83.70	22.42	96.65	-96.55	288.36	-210.09	114.05	16.99	646.84
1999	2.84	-13.13	18.20	46.35	225.65	36.52	95.62	-9.19	108.60	-63.95	-81.35	120.58	486.74
2000	-139.61	100.52	9.62	300.01	77.87	129.87	112.78	84.97	23.68	49.21	-71.67	-40.95	636.30
2001	-140.70	96.27	-45.14	-100.85	163.37	78.47	91.32	-12.80	47.74	-10.73	188.76	-87.60	268.11
2002	51.90	-12.74	262.73	-41.24	113.41	-215.46	-133.47	-229.97	-355.45	346.86	120.61	-33.52	-126.34
2003	265.89	56.01	-53.22	77.73	-25.84	47.55	55.51	-79.83	107.45	194.14	57.34	116.59	819.32
2004	-44.07	11.11	94.22	15.63	88.43	14.20	-101.32	39.45	-5.46	112.38	26.92	162.20	413.69
2005	-53.58	62.00	63.77	-99.46	59.19	82.39	28.47	-17.76	-21.97	-33.22	-33.30	106.70	143.23
2006	129.91	89.09	60.12	35.62	-23.85	91.97	77.80	-59.95	83.00	-8.72	-49.71	-27.80	397.48
2007	11.37	51.99	-34.29	27.95	73.23	40.47	126.81	150.38	91.12	191.92	-362.14	-57.15	311.66
2008	-220.86	92.83	-7.49	391.47	189.87	-134.50	32.25	-51.70	-26.63	-19.59	-5.18	-679.95	-439.48
2009	258.30	-64.03	-299.64	152.68	44.29	221.11	57.06	114.95	-185.68	-203.00	76.71	126.74	299.49
2010	155.91	118.20	78.53	70.44	143.22	-112.61	-41.49	208.44	254.75	41.63	6.13	249.76	1172.91
2011	93.24	148.23	-168.32	56.99	-3.18	-279.65	168.43	-10.75	-119.96	-258.08	-297.05	25.65	-644.45
2012	179.82	83.55	28.23	52.45	65.69	-274.88	-8.70	-37.62	-54.90	77.98	136.16	-59.98	187.80
2013	308.41	149.21	35.17	-5.69	-138.85								348.25
Totals	915.56	1170.39	47.22	1048.59	1136.20	-252.13	657.72	-7.93	492.01	276.98	58.59	128.24	5671.44

## SUMMARY FIRST DAYS VS. OTHER DAYS OF MONTH

	# of Days	Total Points Gained	Average Daily Point Gain
First days	189	5671.44	30.01
Other days	3764	2060.54	0.55

# SEPTEMBER

MONDAY

D 61.9  
S 57.1  
N 57.1

8

*Taxes are what we pay for civilized society.*  
— Oliver Wendell Holmes Jr. (U.S. Supreme Court Justice, 1902–1932, “The Great Dissenter,” inscribed above IRS HQ entrance, 1841–1935)



TUESDAY

D 57.1  
S 66.7  
N 66.7

9

*Don't compete. Create. Find out what everyone else is doing and then don't do it.*  
— Joel Weldon



WEDNESDAY

D 61.9  
S 61.9  
N 57.1

10

*We may face more inflation pressure than currently shows up in formal data.*  
— William Poole (Economist, president Federal Reserve Bank St. Louis, 1998–2008, June 2006 speech, b. 1937)

*2001 4-Day Market Closing, Longest Since  
9-Day Banking Moratorium in March 1933*



*“In Memory”*



THURSDAY

D 71.4  
S 66.7  
N 71.4

11

*An economist is someone who sees something happen, and then wonders if it would work in theory.*  
— Ronald Reagan (40th U.S. President, 1911–2004)



FRIDAY

D 57.1  
S 66.7  
N 81.0

12

*A president is elected and tries to get rid of the dirty stuff in the economy as quickly as possible, so that by the time the next election comes around, he looks like a hero. The stock market is reacting to what the politicians are doing.*  
— Yale Hirsch (Creator of *Stock Trader's Almanac*, *NY Times*, 10/10/2010, b. 1923)

SATURDAY

13

SUNDAY

14

## MARKET BEHAVIOR THREE DAYS BEFORE AND THREE DAYS AFTER HOLIDAYS

The *Stock Trader's Almanac* has tracked holiday seasonality annually since the first edition in 1968. Stocks used to rise on the day before holidays and sell off the day after, but now-days, each holiday moves to its own rhythm. Eight holidays are separated into seven groups. Average percentage changes for the Dow, S&P 500, NASDAQ, and Russell 2000 are shown.

The Dow and S&P consist of blue chips and the largest cap stocks, whereas NASDAQ and the Russell 2000 would be more representative of smaller-cap stocks. This is evident on the last day of the year with NASDAQ and the Russell 2000 having a field day, while their larger brethren in the Dow and S&P are showing losses on average.

Thanks to the Santa Claus Rally, the three days before and after New Year's Day and Christmas are best. NASDAQ and the Russell 2000 average gains of 1.3% to 1.8% over the six-day spans. However, trading around the first day of the year has been mixed. Traders have been selling more the first trading day of the year recently, pushing gains and losses into the New Year.

Bullishness before Labor Day and after Memorial Day is affected by strength the first day of September and June. The second worst day after a holiday is the day after Easter. Surprisingly, the following day is one of the best second days after a holiday, right up there with the second day after New Year's Day.

Presidents' Day is the least bullish of all the holidays, bearish the day before and three days after. NASDAQ has dropped 19 of the last 24 days before Presidents' Day (Dow, 16 of 24; S&P, 18 of 24; Russell 2000, 14 of 24).

### HOLIDAYS: 3 DAYS BEFORE, 3 DAYS AFTER (Average % change 1980 - April 2013)

	-3	-2	-1	Mixed	+1	+2	+3
<b>S&amp;P 500</b>	0.02	0.25	-0.09	<b>New Year's</b>	0.27	0.35	0.06
<b>DJIA</b>	-0.02	0.19	-0.17	<b>Day</b>	0.39	0.35	0.18
<b>NASDAQ</b>	0.09	0.30	0.23	1/1/14	0.27	0.66	0.21
<b>Russell 2K</b>	0.08	0.42	0.49		0.12	0.23	0.17
<b>S&amp;P 500</b>	0.36	0.01	-0.24	<b>Negative Before &amp; After</b>	-0.23	-0.07	-0.14
<b>DJIA</b>	0.35	0.02	-0.17	<b>Presidents'</b>	-0.14	-0.11	-0.17
<b>NASDAQ</b>	0.55	0.26	-0.39	<b>Day</b>	-0.59	-0.07	-0.09
<b>Russell 2K</b>	0.43	0.16	-0.12	2/17/14	-0.45	-0.18	-0.07
<b>S&amp;P 500</b>	0.20	-0.06	0.40	<b>Positive Before &amp;</b>	-0.24	0.32	0.11
<b>DJIA</b>	0.18	-0.09	0.31	<b>Negative After</b>	-0.16	0.31	0.11
<b>NASDAQ</b>	0.44	0.23	0.51	<b>Good Friday</b>	-0.37	0.33	0.21
<b>Russell 2K</b>	0.22	0.09	0.53	4/18/14	-0.36	0.19	0.13
<b>S&amp;P 500</b>	0.04	0.06	-0.01	<b>Positive After</b>	0.34	0.13	0.24
<b>DJIA</b>	0.01	0.01	-0.07	<b>Memorial</b>	0.41	0.13	0.15
<b>NASDAQ</b>	0.10	0.24	0.01	<b>Day</b>	0.26	-0.03	0.48
<b>Russell 2K</b>	-0.03	0.31	0.08	5/26/14	0.25	0.04	0.41
<b>S&amp;P 500</b>	0.11	0.09	0.05	<b>Negative After</b>	-0.16	0.04	0.05
<b>DJIA</b>	0.08	0.08	0.05	<b>Independence</b>	-0.10	0.07	0.04
<b>NASDAQ</b>	0.24	0.11	0.05	<b>Day</b>	-0.17	-0.09	0.21
<b>Russell 2K</b>	0.23	0.01	-0.04	7/4/14	-0.23	-0.01	0.02
<b>S&amp;P 500</b>	0.17	-0.23	0.19	<b>Positive Day Before</b>	0.04	0.09	-0.09
<b>DJIA</b>	0.14	-0.29	0.19	<b>Labor</b>	0.08	0.15	-0.18
<b>NASDAQ</b>	0.38	-0.01	0.20	<b>Day</b>	-0.06	-0.05	0.07
<b>Russell 2K</b>	0.53	0.03	0.15	9/1/14	0.04	0.15	0.04
<b>S&amp;P 500</b>	0.15	0.01	0.27	<b>Positive Before &amp; After</b>	0.21	-0.43	0.30
<b>DJIA</b>	0.15	0.02	0.28	<b>Thanksgiving</b>	0.17	-0.37	0.32
<b>NASDAQ</b>	0.07	-0.24	0.40	11/27/14	0.47	-0.42	0.11
<b>Russell 2K</b>	-0.13	-0.13	0.37		0.35	-0.46	0.27
<b>S&amp;P 500</b>	0.17	0.18	0.23	<b>Christmas</b>	0.13	-0.01	0.32
<b>DJIA</b>	0.25	0.21	0.28	12/25/14	0.18	-0.01	0.27
<b>NASDAQ</b>	-0.11	0.42	0.42		0.10	0.05	0.38
<b>Russell 2K</b>	0.19	0.36	0.36		0.20	0.05	0.52

# SEPTEMBER

Monday Before September Triple Witching, Russell 2000 Down 9 of Last 14

MONDAY

D 47.6  
S 47.6  
N 38.1

15

*Every time everyone's talking about something, that's the time to sell.*  
— George Lindemann (Billionaire, *Forbes*)

FOMC Meeting (2 Days)

TUESDAY

D 57.1  
S 61.9  
N 66.7

16

*If you create an act, you create a habit. If you create a habit, you create a character. If you create a character, you create a destiny.*  
— André Maurois (Novelist, biographer, essayist, 1885–1967)

Expiration Week 2001, Dow Lost 1370 Points (14.3%)  
2nd Worst Weekly Point Loss Ever, 5th Worst Week Overall

WEDNESDAY

D 33.3  
S 42.9  
N 52.4

17

*It is better to be out wishing you were in, than in wishing you were out.*  
— Albert W. Thomas (Trader, investor, *Over My Shoulder*, mutualfundmagic.com, *If It Doesn't Go Up, Don't Buy It!*, b. 1927)

THURSDAY

D 57.1  
S 52.4  
N 61.9

18

*Benjamin Graham was correct in suggesting that while the stock market in the short run may be a voting mechanism, in the long run it is a weighing mechanism. True value will win out in the end.*  
— Burton G. Malkiel (Economist, April 2003 Princeton Paper, *A Random Walk Down Wall Street*, b. 1932)

September Triple Witching, Dow Up 9 of Last 11



FRIDAY

D 42.9  
S 38.1  
N 42.9

19

*The greatest safety lies in putting all your eggs in one basket and watching the basket.*  
— Gerald M. Loeb (E.F. Hutton, *The Battle for Investment Survival*, predicted 1929 Crash, 1900–1974)

SATURDAY

20

SUNDAY

21

## MARKET GAINS MORE ON SUPER-8 DAYS EACH MONTH THAN ON ALL 13 REMAINING DAYS COMBINED

For many years, the last day plus the first four days were the best days of the month. The market currently exhibits greater bullish bias from the last three trading days of the previous month through the first two days of the current month, and now shows significant bullishness during the middle three trading days, 9 to 11, due to 401(k) cash inflows (see pages 145 and 146). This pattern was not as pronounced during the boom years of the 1990s, with market strength all month long. It returned in 2000 with monthly bullishness at the ends, beginnings and middles of months versus weakness during the rest of the month. "Super Eight" performance in 2012, was on track as were most seasonal patterns and indicators.

### SUPER-8 DAYS\* DOW % CHANGES VS. REST OF MONTH

	Super 8 Days	Rest of Month	Super 8 Days	Rest of Month	Super 8 Days	Rest of Month
<b>2005</b>			<b>2006</b>		<b>2007</b>	
Jan	-1.96%	-1.35%	-0.03%	0.34%	0.68%	-0.04%
Feb	1.76	-0.07	1.67	0.71	3.02	-1.72
Mar	0.31	-2.05	0.81	-0.03	-5.51	3.64
Apr	-4.62	1.46	1.69	-0.53	2.66	2.82
May	0.57	2.43	-0.66	0.08	2.21	0.95
Jun	1.43	-3.00	2.39	-4.87	3.84	-5.00
Jul	0.96	1.83	1.65	0.07	2.59	-1.47
Aug	1.36	-3.07	1.83	0.41	-2.94	-0.26
Sep	0.90	-0.31	1.13	1.64	4.36	1.18
Oct	1.14	-2.18	1.58	2.59	1.28	-1.05
Nov	1.67	3.89	-0.01	-0.31	-0.59	-5.63
Dec	0.57	-1.96	2.40	-0.05	-0.04	4.62
<b>Totals</b>	<b>4.09%</b>	<b>-4.37%</b>	<b>14.45%</b>	<b>0.04%</b>	<b>11.56%</b>	<b>-1.96%</b>
<b>Average</b>	<b>0.34%</b>	<b>-0.36%</b>	<b>1.20%</b>	<b>0.003%</b>	<b>0.96%</b>	<b>-0.163%</b>
<b>2008</b>			<b>2009</b>		<b>2010</b>	
Jan	-4.76%	-4.11%	3.16%	-6.92%	0.66%	-3.92%
Feb	1.83	0.65	-6.05	-4.39	3.31	-2.38
Mar	-4.85	2.92	-4.37	12.84	1.91	3.51
Apr	-0.27	4.09	1.52	-0.24	1.13	0.18
May	2.19	-4.81	2.64	2.98	-3.08	-5.75
Jun	0.37	-6.30	1.71	-1.64	4.33	-3.26
Jul	-3.80	-1.99	2.30	5.03	-7.07	11.34
Aug	1.53	1.06	0.04	4.91	0.20	-5.49
Sep	-2.23	-1.19	-0.81	2.21	3.83	4.22
Oct	-3.39	-13.70	-0.05	2.40	-0.18	3.47
Nov	6.07	-11.90	0.00	5.57	-1.20	1.37
Dec	-2.54	3.49	0.62	0.46	1.98	1.45
<b>Totals</b>	<b>-9.85%</b>	<b>-31.79%</b>	<b>0.71%</b>	<b>23.21%</b>	<b>5.82%</b>	<b>4.74%</b>
<b>Average</b>	<b>-0.82%</b>	<b>-2.65%</b>	<b>0.06%</b>	<b>1.93%</b>	<b>0.49%</b>	<b>0.40%</b>
<b>2011</b>			<b>2012</b>		<b>2013</b>	
Jan	1.70%	1.80%	1.90%	1.66%	2.28%	3.47%
Feb	0.45	0.57	-0.39	2.33	-0.27	-0.41
Mar	-1.40	2.21	2.22	-0.55	2.93	1.82
Apr	2.30	0.95	1.00	-1.80	0.11	1.65
May	1.03	-2.61	-0.38	-4.52		
Jun	-1.64	-1.19	-1.30	2.08		
Jul	3.52	0.31	5.11	-2.22		
Aug	2.04	-11.39	-0.40	2.09		
Sep	3.24	-3.96	-0.24	2.98		
Oct	-4.47	10.71	0.77	-3.60		
Nov	1.42	-6.66	-2.01	0.55		
Dec	5.74	3.58	0.49	1.35		
<b>Totals</b>	<b>13.93%</b>	<b>-5.68%</b>	<b>6.77%</b>	<b>0.35%</b>	<b>5.05%</b>	<b>6.53%</b>
<b>Average</b>	<b>1.16%</b>	<b>-0.47%</b>	<b>0.56%</b>	<b>0.03%</b>	<b>1.26%</b>	<b>1.63%</b>

Super-8 Days*			Rest of Month (13 Days)	
100	Net % Changes	52.53%	Net % Changes	-8.92%
Month	Average Period	0.53%	Average Period	-0.09%
Totals	Average Day	0.07%	Average Day	-0.007%

\* Super-8 Days = Last 3 + First 2 + Middle 3

# SEPTEMBER

*Week After September Triple Witching, Dow Down 18 of Last 23,  
Average Loss Since 1990, 1.2%*



MONDAY

D 38.1  
S 38.1  
N 38.1

22

*Companies which do well generally tend to report (their quarterly earnings) earlier than those which do poorly.*  
— Alan Abelson (Financial journalist and editor, *Barron's*)



TUESDAY

D 28.6  
S 33.3  
N 42.9

23

*There's no trick to being a humorist when you have the whole government working for you.*  
— Will Rogers (American humorist and showman, 1879–1935)

WEDNESDAY

D 47.6  
S 42.9  
N 42.9

24

*It's not what you say. It's what they hear.*  
— (A sign in an advertising office)

**Rosh Hashanah**

THURSDAY

D 57.1  
S 52.4  
N 47.6

25

*Anyone who has achieved excellence knows that it comes as a result of ceaseless concentration.*  
— Louise Brooks (Actress, 1906–1985)

*End of September Prone to Weakness  
From End-of-Q3 Institutional Portfolio Restructuring*



FRIDAY

D 57.1  
S 61.9  
N 42.9

26

*Innovation can't depend on trying to please the customer or the client. It is an elitist act by the inventor who acts alone  
and breaks rules.*  
— Dean Kamen (Inventor, President of DEKA R&D, *Business Week*, Feb. 12, 2001)

SATURDAY

27

*October Almanac Investor Seasonalities: See Pages 92, 94, and 96*

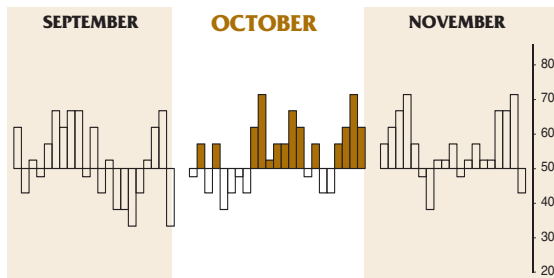
SUNDAY

28

# OCTOBER ALMANAC

OCTOBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

NOVEMBER						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ Known as the jinx month because of crashes in 1929, 1987, the 554-point drop on October 27, 1997, back-to-back massacres in 1978 and 1979, Friday the 13th in 1989, and the meltdown in 2008 ◆ Yet October is a “bear killer” and turned the tide in 12 post-WWII bear markets: 1946, 1957, 1960, 1962, 1966, 1974, 1987, 1990, 1998, 2001, 2002, and 2011 ◆ First October Dow top in 2007, 20-year 1987 Crash anniversary –2.6% ◆ Worst six months of the year ends with October (page 48) ◆ No longer worst month (pages 44 & 56) ◆ Best Dow, S&P, and NASDAQ month from 1993 to 2007 ◆ Midterm election year Octobers since 1950, #1 Dow (+3.2%), #1 S&P (3.4%), and #1 NASDAQ (4.3) ◆ October is a great time to buy ◆ Big October gains five years 1999–2003 after atrocious Septembers ◆ Can get into Best Six Months earlier using MACD (page 50) ◆ October 2011, second month to gain 1000 Dow points.

## October Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	7		7		8		7		12	
Up	37		37		22		21		18	
Down	26		26		20		13		16	
Average % Change	0.5%		0.7%		0.5%		0.7%		-0.6%	
Midterm Year	3.2%		3.4%		4.3%		5.0%		3.5%	
Best & Worst October										
	% Change		% Change		% Change		% Change		% Change	
Best	1982 10.7		1974 16.3		1974 17.2		1982 11.3		2011 15.0	
Worst	1987 -23.2		1987 -21.8		1987 -27.2		1987 -21.9		1987 -30.8	
Best & Worst October Weeks										
Best	10/11/74	12.6	10/11/74	14.1	10/31/08	10.9	10/31/08	10.8	10/31/08	14.1
Worst	10/10/08	-18.2	10/10/08	-18.2	10/23/87	-19.2	10/10/08	-18.2	10/23/87	-20.4
Best & Worst October Days										
Best	10/13/08	11.1	10/13/08	11.6	10/13/08	11.8	10/13/08	11.7	10/13/08	9.3
Worst	10/19/87	-22.6	10/19/87	-20.5	10/19/87	-11.4	10/19/87	-19.0	10/19/87	-12.5
First Trading Day of Expiration Week: 1980–2012										
Record (#Up–#Down)	27–6		25–8		23–10		26–7		25–8	
Current streak	U1		U1		U1		U1		U1	
Avg % Change	0.82		0.80		0.63		0.77		0.44	
Options Expiration Day: 1980–2012										
Record (#Up–#Down)	14–19		16–17		17–16		16–17		14–19	
Current streak	D1		D1		D1		D1		D1	
Avg % Change	-0.23		-0.31		-0.20		-0.29		-0.22	
Options Expiration Week: 1980–2012										
Record (#Up–#Down)	23–10		23–10		18–15		23–10		19–14	
Current streak	U5		U5		D2		U5		D2	
Avg % Change	0.64		0.65		0.65		0.64		0.28	
Week After Options Expiration: 1980–2012										
Record (#Up–#Down)	14–19		13–20		16–17		13–20		17–19	
Current streak	D1		D1		D1		D1		D1	
Avg % Change	-0.53		-0.55		-0.60		-0.57		-0.73	
First Trading Day Performance										
% of Time Up	49.2		49.2		47.6		52.9		50.0	
Avg % Change	0.08		0.06		-0.15		0.25		-0.26	
Last Trading Day Performance										
% of Time Up	54.0		55.6		66.7		64.7		73.5	
Avg % Change	0.07		0.15		0.51		0.36		0.63	

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*October has killed many a bear;  
Buy techs and small caps and soon wear a grin ear to ear.*

# SEPTEMBER/OCTOBER

 MONDAY

D 61.9  
S 66.7  
N 52.4

29

*No other country can substitute for the U.S. The U.S. is still No. 1 in military, No. 1 in economy, No. 1 in promoting human rights and No. 1 in idealism. Only the U.S. can lead the world. No other country can.*

— Senior Korean official (to Thomas L. Friedman, *NY Times* Foreign Affairs columnist, 2/25/2009)

**Last Day of Q3, Dow Down 12 of Last 16, Massive 4.7% Rally in 2008**

 TUESDAY

D 33.3  
S 33.3  
N 33.3

30

*When you get into a tight place and everything goes against you, till it seems as though you could not hang on a minute longer, never give up then, for that is just the place and time that the tide will turn.*

— Harriet Beecher Stowe (American writer and abolitionist)

**First Trading Day in October, Dow Down 5 of Last 8  
Off 2.4% in 2011**

WEDNESDAY

D 52.4  
S 47.6  
N 38.1

1

*The usual bull market successfully weathers a number of tests until it is considered invulnerable, whereupon it is ripe for a bust.*

— George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

**Start Looking for MACD BUY Signals (Pages 50, 58, and 60)  
Almanac Investor Subscribers Emailed When It Triggers (See Insert)**

THURSDAY

D 47.6  
S 57.1  
N 57.1

2

*I'm not better than the next trader, just quicker at admitting my mistakes and moving on to the next opportunity.*

— George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

FRIDAY

D 47.6  
S 42.9  
N 52.4

3

*Writing a book is an adventure. To begin with it is a toy, an amusement; then it is a mistress, and then a master, and then a tyrant.*

— Winston Churchill (British statesman, 1874–1965)

**Yom Kippur**

SATURDAY

4

SUNDAY

5

## SECTOR SEASONALITY: SELECTED PERCENTAGE PLAYS

Sector seasonality was featured in the first 1968 *Almanac*. A Merrill Lynch study showed that buying seven sectors around September or October and selling in the first few months of 1954–1964 tripled the gains of holding them for 10 years. Over the years we have honed this strategy significantly and now devote a large portion of our time and resources to investing and trading during positive and negative seasonal periods for different sectors with Exchange Traded Funds (ETFs).

Updated seasonalities appear in the table below. We specify whether the seasonality starts or finishes in the beginning third (B), middle third (M), or last third (E) of the month. These selected percentage plays are geared to take advantage of the bulk of seasonal sector strength or weakness.

By design, entry points are in advance of the major seasonal moves, providing traders ample opportunity to accumulate positions at favorable prices. Conversely, exit points have been selected to capture the majority of the move.

From the major seasonalities in the table below, we created the Sector Index Seasonality Strategy Calendar on pages 94 and 96. Note the concentration of bullish sector seasonalities during the Best Six Months, November to April, and bearish sector seasonalities during the Worst Six Months, May to October.

*Almanac Investor* newsletter subscribers receive specific entry and exit points for highly correlated ETFs and detailed analysis in our monthly ETF Scoreboard and ETF Trades. Visit [www.stocktradersalmanac.com](http://www.stocktradersalmanac.com), or see the insert for additional details and a special offer for new subscribers.

### SECTOR INDEX SEASONALITY TABLE

Ticker	Sector Index	Type	Seasonality			Average % Return <sup>1</sup>			
			Start		Finish	15-Year	10-Year	5-Year	
XCI	Computer Tech	Short	January	B	March	B	-7.7	-6.5	-3.5
IIX	Internet	Short	January	B	February	E	-8.9	-4.3	-0.8
XNG	Natural Gas	Long	February	E	June	B	16.8	13.0	12.6
RXP	Healthcare Prod	Long	March	M	June	M	6.5	8.3	6.7
RXH	Healthcare Prov	Long	March	M	June	M	14.3	12.6	18.1
MSH	High-Tech	Long	March	M	July	B	9.3	10.6	8.0
UTY	Utilities	Long	March	M	October	B	10.7	10.8	7.9
XCI	Computer Tech	Long	April	M	July	M	9.1	6.7	4.3
IIX	Internet	Long	April	M	July	B	8.5	7.8	1.4
CYC	Cyclical	Short	May	M	October	E	-8.7	-2.7	-8.2
XAU	Gold & Silver	Short	May	M	June	E	-7.6	-4.2	-5.5
S5MATR*	Materials	Short	May	M	October	M	-9.6	-3.0	-7.7
BKX	Banking	Short	June	B	July	B	-5.6	-6.1	-9.4
XNG	Natural Gas	Short	June	M	July	E	-8.1	-4.2	-5.5
XAU	Gold & Silver	Long	July	E	December	E	15.8	16.9	7.8
DJT	Transports	Short	July	M	October	M	-9.6	-3.0	-4.9
BTK	Biotech	Long	August	B	March	B	28.9	16.0	15.7
RXP	Healthcare Prod	Long	August	B	February	B	10.7	9.6	9.6
MSH	High-Tech	Long	August	M	January	M	18.6	13.3	7.8
IIX	Internet	Long	August	B	January	B	28.6	17.1	8.6
SOX	Semiconductor	Short	August	M	October	E	-11.1	-6.0	-9.9
CMR	Consumer	Long	September	E	June	B	10.8	7.5	4.1
RXH	Healthcare Prov	Short	September	M	November	B	-6.8	-5.7	-8.8
XOI	Oil	Short	September	B	November	E	-4.8	-3.7	-6.8
BKX	Banking	Long	October	B	May	B	15.1	10.5	18.2
XBD	Broker/Dealer	Long	October	B	April	M	32.7	15.0	20.8
XCI	Computer Tech	Long	October	B	January	B	18.2	9.3	8.6
CYC	Cyclical	Long	October	B	May	M	21.9	18.2	21.6
RXH	Healthcare Prov	Long	October	E	January	M	13.3	12.7	15.1
S5MATR*	Materials	Long	October	M	May	M	17.0	13.5	10.4
DRG	Pharmaceutical	Long	October	M	January	B	7.1	6.4	7.5
RMZ	Real Estate	Long	October	E	May	B	14.2	13.2	18.7
SOX	Semiconductor	Long	October	E	December	B	16.6	9.5	8.1
XTC	Telecom	Long	October	M	December	E	10.4	5.6	5.1
DJT	Transports	Long	October	B	May	B	21.6	19.1	22.0
XOI	Oil	Long	December	M	July	B	12.2	12.0	2.4

<sup>1</sup>Average % Return based on full seasonality completion through May 17, 2013

\* S5MATR Available @ bloomberg.com

# OCTOBER

MONDAY

D 66.7  
S 57.1  
N 66.7

6

*Interviewer: How is it possible to fight an enemy willing and ready to die for his cause? Accommodate him!*

— General Norman Schwarzkof (Ret. commander of allied forces in 1990–1991 Gulf War, December 2001)

*October Ends Dow and S&P “Worst Six Months” (Pages 44, 48, 50, and 147)  
And NASDAQ “Worst Four Months” (Pages 56, 58, and 148)*



TUESDAY

D 38.1  
S 38.1  
N 47.6

7

*Love your enemies, for they tell you your faults.*

— Benjamin Franklin (U.S. Founding Father, diplomat, inventor, 1706–1790)

WEDNESDAY

D 42.9  
S 42.9  
N 57.1

8

*People have difficulty in cutting losses, admitting an error, and moving on. I am rather frequently—and on occasion, quite spectacularly—wrong. However, if we expect to be wrong, then there should be no ego tied up in admitting the error, honoring the stop loss, selling the loser—and preserving your capital.*

— Barry L. Ritholtz (CEO Fusion IQ, *Bailout Nation*, The Big Picture blog, 8/12/2010, b. 1961)

*Dow Lost 1874 Points (18.2%) on the Week Ending 10/10/08  
Worst Dow Week in the History of Wall Street*

THURSDAY

D 47.6  
S 47.6  
N 57.1

9

*Everything possible today was at one time impossible. Everything impossible today may at some time in the future be possible.*

— Edward Lindaman (Apollo space project, president Whitworth College, 1920–1982)

FRIDAY

D 38.1  
S 42.9  
N 57.1

10

*Politics ought to be the part-time profession of every citizen who would protect the rights and privileges of free people and who would preserve what is good and fruitful in our national heritage.*

— Dwight D. Eisenhower (34th U.S. President, 1890–1969)

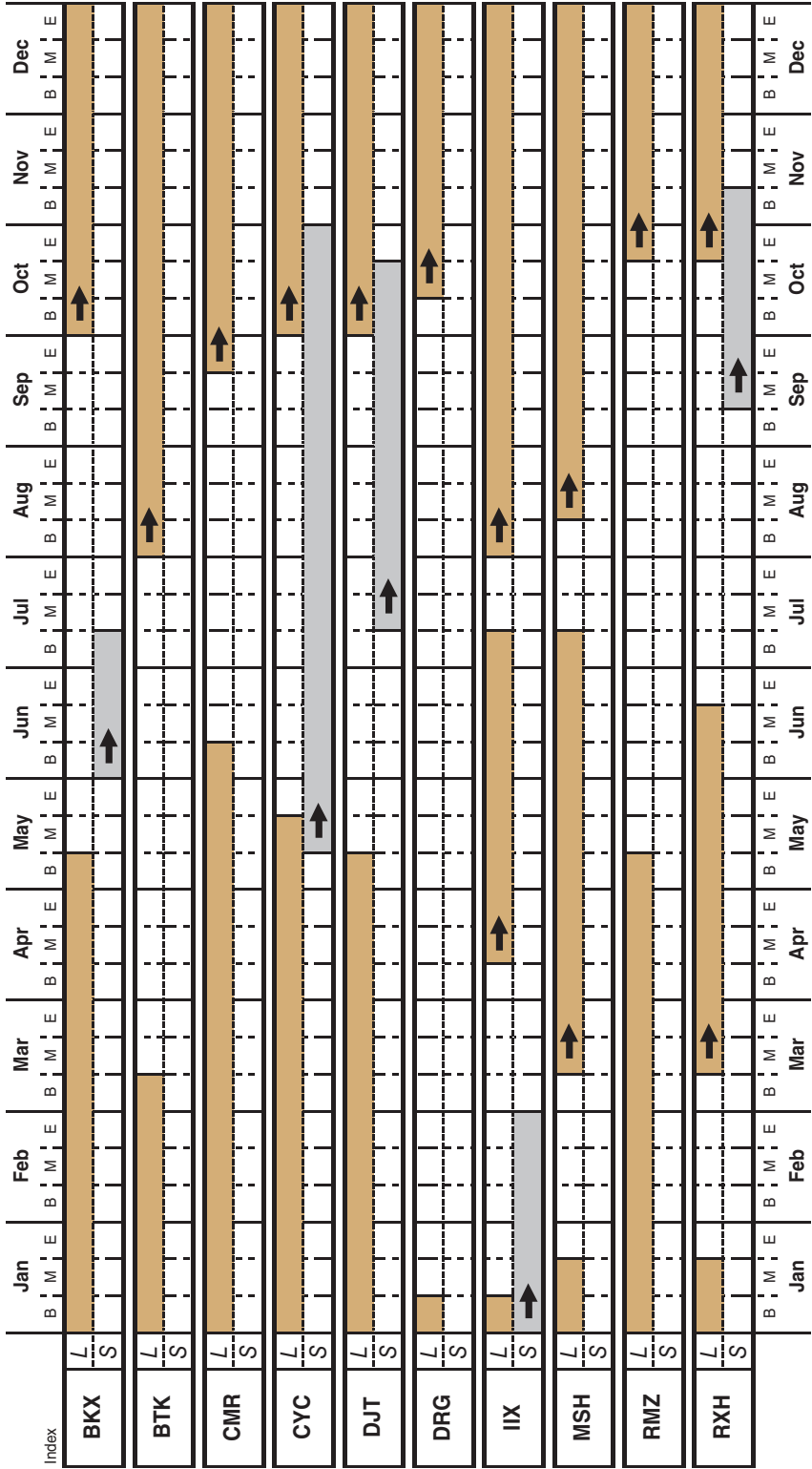
SATURDAY

11

SUNDAY

12

SECTOR INDEX SEASONALITY STRATEGY CALENDAR\*



\* Graphic representation of the Sector Index Seasonality Percentage Plays on page 92.

L = Long Trade, S = Short Trade, —> = Start of Trade

(continued on page 96)

# OCTOBER

**Columbus Day** (Bond Market Closed)

*Monday Before October Expiration, Dow Up 27 of 33*



MONDAY

D 57.1  
S 61.9  
N 71.4

13

*I went to a restaurant that serves "breakfast at any time." So I ordered French toast during the Renaissance.*

— Steven Wright (Comedian, b. 1955)



TUESDAY

D 76.2  
S 71.4  
N 66.7

14

*If investing is entertaining, if you're having fun, you're probably not making any money. Good investing is boring.*

— George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

*October 2011, Second Dow Month to Gain 1000 Points*

WEDNESDAY

D 52.4  
S 52.4  
N 52.4

15

*Your chances for success in any undertaking can be measured by your belief in yourself.*

— Robert Collier (Direct marketing copywriter and author, 1885–1950)

THURSDAY

D 52.4  
S 57.1  
N 47.6

16

*Knowledge born from actual experience is the answer to why one profits; lack of it is the reason one loses.*

— Gerald M. Loeb (E.F. Hutton, *The Battle for Investment Survival*, predicted 1929 Crash, 1900–1974)

*October Expiration Day, Dow Down 6 Straight 2005–2010 and 8 of Last 10*

*Crash of October 19, 1987, Dow down 22.6% in One Day*



FRIDAY

D 47.6  
S 57.1  
N 42.9

17

*To know values is to know the meaning of the market.*

— Charles Dow (Co-founder Dow Jones & Co., 1851–1902)

SATURDAY

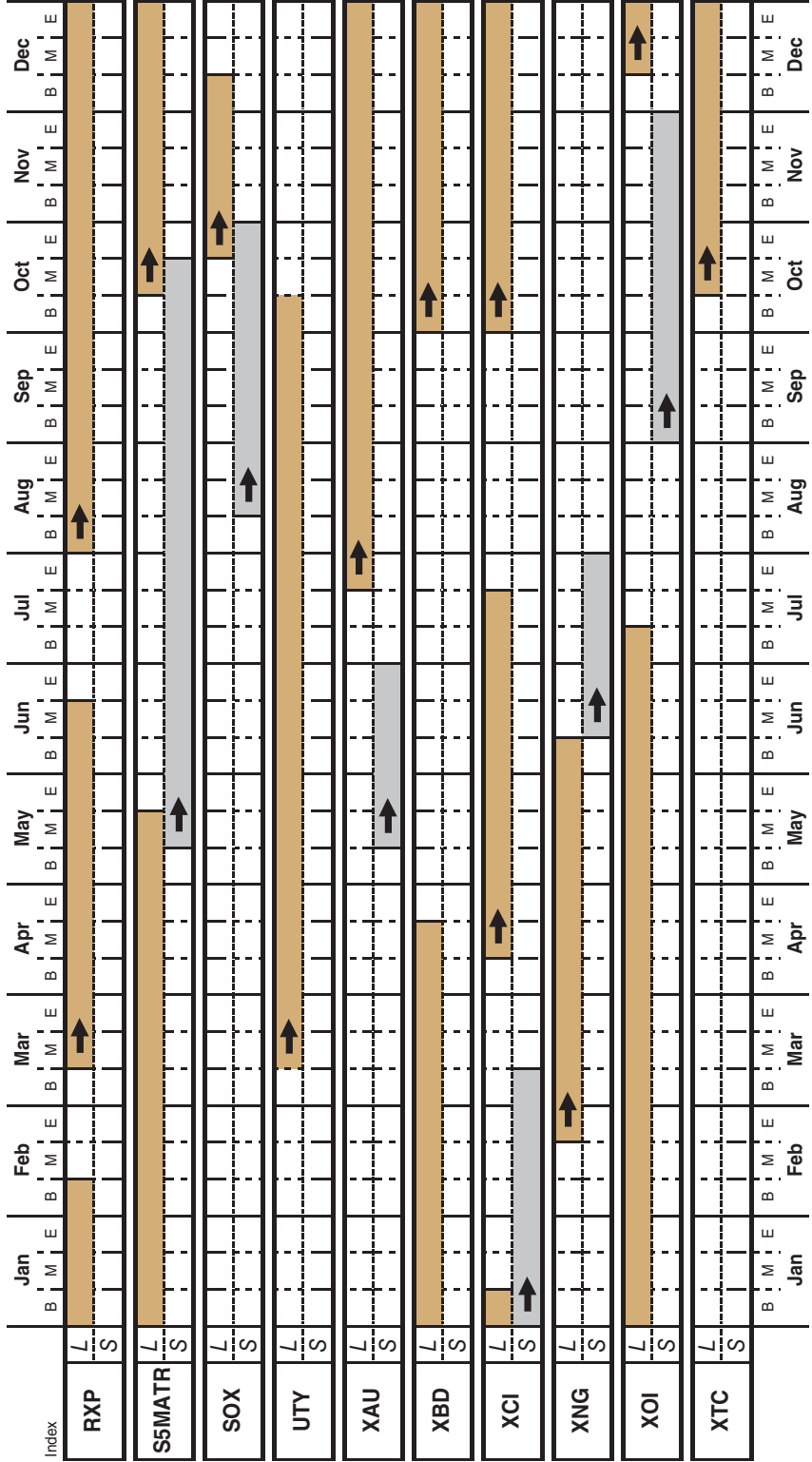
18

SUNDAY

19

SECTOR INDEX SEASONALITY STRATEGY CALENDAR\*

(continued from page 94)



\* Graphic representation of the Sector Index Seasonality Percentage Plays on page 92.  
L = Long Trade, S = Short Trade, → = Start of Trade

# OCTOBER

*Late October is Time to Buy Depressed Stocks  
Especially Techs and Small Caps*



MONDAY

D 61.9  
S 66.7  
N 66.7

20

*Your organization will never get better unless you are willing to admit that there is something wrong with it.*  
— General Norman Schwarzkof (Ret. Commander of Allied Forces in 1990–1991 Gulf War)



TUESDAY

D 52.4  
S 61.9  
N 52.4

21

*You must automate, emigrate, or evaporate.*  
— James A. Baker (*General Electric*)

WEDNESDAY

D 42.9  
S 47.6  
N 42.9

22

*A person's greatest virtue is his ability to correct his mistakes and continually make a new person of himself.*  
— Yang-Ming Wang (Chinese philosopher, 1472–1529)

THURSDAY

D 52.4  
S 57.1  
N 57.1

23

*I always keep these seasonal patterns in the back of my mind. My antennae start to purr at certain times of the year.*  
— Kenneth Ward (VP Hayden Stone, *General Technical Survey*, 1899–1976)

FRIDAY

D 47.6  
S 42.9  
N 42.9

24

*Regardless of current economic conditions, it's always best to remember that the stock market is a barometer and not a thermometer.*  
— Yale Hirsch (Creator of *Stock Trader's Almanac*, b. 1923)

SATURDAY

25

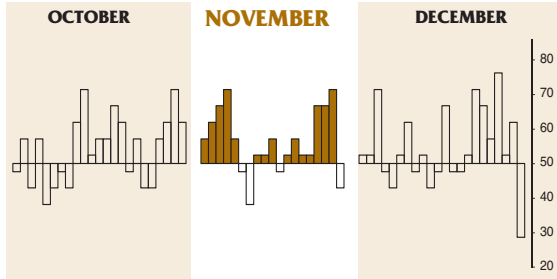
SUNDAY

26

# NOVEMBER ALMANAC

NOVEMBER						
S	M	T	W	T	F	S
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

DECEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

◆ #3 S&P and Dow month since 1950, #4 on NASDAQ since 1971 (pages 44 & 56) ◆ Start of the “Best Six Months” of the year (page 48), NASDAQ’s Best Eight Months and Best Three (pages 147 & 148) ◆ Simple timing indicator almost triples “Best Six Months” strategy (page 50), doubles NASDAQ’s Best Eight (page 58) ◆ Day before and after Thanksgiving Day combined, only 13 losses in 61 years (page 104) ◆ Week before Thanksgiving Dow up 15 of last 20 ◆ Midterm election year Novembers rank #2 Dow, S&P, and NASDAQ.

## November Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	3		3		4		3		4	
Up	41		41		27		24		22	
Down	22		22		15		10		12	
Average % Change	1.5%		1.5%		1.5%		1.6%		1.8%	
Midterm Year	2.5%		2.7%		3.8%		2.7%		3.9%	
Best & Worst November										
	% Change		% Change		% Change		% Change		% Change	
Best	1962	10.1	1980	10.2	2001	14.2	1980	10.1	2002	8.8
Worst	1973	-14.0	1973	-11.4	2000	-22.9	2000	-9.3	2008	-12.0
Best & Worst November Weeks										
Best	11/28/08	9.7	11/28/08	12.0	11/28/08	10.9	11/28/08	12.5	11/28/08	16.4
Worst	11/21/08	-5.3	11/21/08	-8.4	11/10/00	-12.2	11/21/08	-8.8	11/21/08	-11.0
Best & Worst November Days										
Best	11/13/08	6.7	11/13/08	6.9	11/13/08	6.5	11/13/08	7.0	11/13/08	8.5
Worst	11/20/08	-5.6	11/20/08	-6.7	11/19/08	-6.5	11/20/08	-6.9	11/19/08	-7.9
First Trading Day of Expiration Week: 1980-2012										
Record (#Up-#Down)	16-17		14-19		12-21		15-18		14-19	
Current streak	D2		U1		D3		U1		D2	
Avg % Change	-0.05		-0.09		-0.16		-0.10		-0.11	
Options Expiration Day: 1980-2012										
Record (#Up-#Down)	21-12		19-14		17-16		19-14		16-16	
Current streak	U3		U1		U1		U1		U3	
Avg % Change	0.23		0.16		0.01		0.15		0.11	
Options Expiration Week: 1980-2012										
Record (#Up-#Down)	21-12		19-14		16-17		18-15		16-17	
Current streak	D2		D2		D5		D2		D2	
Avg % Change	0.22		-0.05		-0.11		-0.08		-0.37	
Week After Options Expiration: 1980-2012										
Record (#Up-#Down)	19-14		20-13		21-12		20-13		19-14	
Current streak	U1		U1		U1		U1		U1	
Avg % Change	0.72		0.70		0.78		0.70		0.78	
First Trading Day Performance										
% of Time Up	63.5		63.5		64.3		70.6		64.7	
Avg % Change	0.27		0.30		0.29		0.39		0.21	
Last Trading Day Performance										
% of Time Up	55.6		55.6		64.3		50.0		70.6	
Avg % Change	0.11		0.15		-0.08		0.03		0.22	

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*Astute investors always smile and remember,  
When stocks seasonally start soaring, and salute November.*

# OCTOBER/NOVEMBER

MONDAY

D 38.1  
S 42.9  
N 33.3

27

*All you need to succeed is a yellow pad and a pencil.*  
— Andre Meyer (Top deal maker at Lazard Freres)

**FOMC Meeting (2 Days)**

TUESDAY

D 52.4  
S 57.1  
N 47.6

28

*In the course of evolution and a higher civilization we might be able to get along comfortably without Congress, but without Wall Street, never.*  
— Henry Clews (1900)

**85th Anniversary of 1929 Crash, Dow Down 23.0% in Two Days, October 28 and 29**



WEDNESDAY

D 66.7  
S 61.9  
N 61.9

29

*At a time of war, we need you to work for peace. At a time of inequality, we need you to work for opportunity. At a time of so much cynicism and so much doubt, we need you to make us believe again.*  
— Barack H. Obama (44th U.S. President, Commencement Wesleyan University, 5/28/2008, b. 1961)



THURSDAY

D 66.7  
S 71.4  
N 71.4

30

*Your emotions are often a reverse indicator of what you ought to be doing.*  
— John F. Hindelong (Dillon, Reed)

**Halloween** 



FRIDAY

D 52.4  
S 61.9  
N 66.7

31

*History must repeat itself because we pay such little attention to it the first time.*  
— Blackie Sherrod (Sportswriter, b. 1919)

**November Almanac Investor Seasonalities: See Pages 92, 94, and 96**

SATURDAY

1

**Daylight Saving Time Ends**

SUNDAY

2

# MIDTERM ELECTION TIME UNUSUALLY BULLISH

Presidential election years tend to produce high drama and frenetic campaigns. Midterm years with only local or state candidates running are less stressful. Could this be the reason for the bullishness that seems to occur in the five days before and three days after midterm congressional elections? We don't think so. So many bear markets seem to occur in midterm years, very often bottoming in October. Also, major military involvements began or were in their early stages in midterm years, such as World War II, Korea, Vietnam, Kuwait, and Iraq. Solidly bullish midterm years such as 1954, 1958, 1986, 2006, and 2010 were exceptions. With so many negative occurrences in midterm years, perhaps the opportunity for investors to make a change for the better by casting their votes translates into an inner bullish feeling before and after midterm elections.

An impressive 2.7% has been the average gain during the eight trading days surrounding midterm election days since 1934. This is equivalent to roughly 52 Dow points per day at present levels. There was only one losing period in 1994 when the Republicans took control of both the House and the Senate for the first time in 40 years. Four other midterm switches occurred in 1946, when control of Congress passed to the Republicans for just two years, in 1954, when Democrats took back control, in 2006, when Democrats regained control, and in 2010, when Republicans reclaimed the House.

There were 11 occasions when the percentage of House seats lost by the president's party was in double digits. The average market gain during the eight-day trading period was 2.1%. In contrast, in the eight occasions when there were no losses, or losses were in single digits, gains averaged 3.4%

## BULLS WIN BATTLE BETWEEN ELEPHANTS AND DONKEYS

Midterm Year	Dow Jones Industrials			President's Party % Seats Lost	President in Power
	5 Trading Days Before E. Day	3 Trading Days After E. Day	% Change		
1934	93.36	99.02	6.1%	2.9%	Dem
1938	152.21	158.41	4.1	-21.3	Dem
1942	113.11	116.12	2.7	-16.9	Dem
1946	164.20	170.79	4.0	-22.6	Dem*
1950	225.69	229.29	1.6	-11.0	Dem
1954	356.32	366.00	2.7	-8.1	Rep*
1958	536.88	554.26	3.2	-23.9	Rep
1962	588.98	616.13	4.6	-1.5	Dem
1966	809.63	819.09	1.2	-15.9	Dem
1970	754.45	771.97	2.3	-6.3	Rep
1974	659.34	667.16	1.2	-25.0	Rep
1978	792.45	807.09	1.8	-5.1	Dem
1982	1006.07	1051.78	4.5	-13.5	Rep
1986	1845.47	1886.53	2.2	-2.7	Rep
1990	2448.02	2488.61	1.7	-4.6	Rep
1994	3863.37	3801.47	-1.6	-20.9	Dem*
1998	8366.04	8975.46	7.3	2.4	Dem
2002	8368.94	8537.13	2.0	3.6	Rep
2006	12080.73	12108.43	0.2	-12.9	Rep*
2010	11169.46	11444.08	2.5	-24.6	Dem*
Total			54.3%		
Average			2.7%		

\*Control switches to other Party

# NOVEMBER

First Trading Day in November, Dow Down 5 of Last 8

MONDAY

D 57.1  
S 57.1  
N 66.7

3

*When a falling stock becomes a screaming buy because it cannot conceivably drop further, try to buy it 30 percent lower.*  
— Al Rizzo (1986)

## Election Day



TUESDAY

D 52.4  
S 61.9  
N 61.9

4

*Those who cast the votes decide nothing. Those who count the votes decide everything.*  
— Joseph Stalin (Ruler USSR, 1929–1953, 1879–1953)



WEDNESDAY

D 66.7  
S 66.7  
N 76.2

5

*People somehow think you must buy at the bottom and sell at the top. That's nonsense. The idea is to buy when the probability is greatest that the market is going to advance.*  
— Martin Zweig (Fund manager, *Winning on Wall Street*, 1943–2013)

November Begins Dow and S&P “Best Six Months” (Pages 44, 48, 50, 147)  
And NASDAQ “Best Eight Months” (Pages 56, 58, and 148)



THURSDAY

D 71.4  
S 71.4  
N 66.7

6

*There is no great mystery to satisfying your customers. Build them a quality product and treat them with respect. It's that simple.*  
— Lee Iacocca (American industrialist, Former Chrysler CEO, b. 1924)

FRIDAY

D 57.1  
S 57.1  
N 61.9

7

*The heights by great men reached and kept, were not attained by sudden flight, but they, while their companions slept, were toiling upward in the night.*  
— Henry Wadsworth Longfellow

SATURDAY

8

SUNDAY

9

## FOURTH QUARTER MARKET MAGIC

Examining market performance on a quarterly basis reveals several intriguing and helpful patterns. Fourth-quarter market gains have been magical, providing the greatest and most consistent gains over the years. First-quarter performance runs a respectable second. This should not be surprising, as cash inflows, trading volume, and buying bias are generally elevated during these two quarters.

Positive market psychology hits a fever pitch as the holiday season approaches, and does not begin to wane until spring. Professionals drive the market higher, as they make portfolio adjustments to maximize year-end numbers. Bonuses are paid and invested around the turn of the year.

The market's sweet spot of the four-year cycle begins in the fourth quarter of the midterm year. The best two-quarter span runs from the fourth quarter of the midterm year through the first quarter of the pre-election year, averaging 15.3% for the Dow, 16.0% for the S&P 500, and an amazing 23.3% for NASDAQ.

Quarterly strength fades in the latter half of the pre-election year, but stays impressively positive through the election year. Losses dominate the first and third quarters of post-election years and the first and second quarters of midterm years.

---

### QUARTERLY % CHANGES

	Q1	Q2	Q3	Q4	Year	Q2–Q3	Q4–Q1
<b>Dow Jones Industrials (1949–March 2013)</b>							
<b>Average</b>	<b>2.3%</b>	<b>1.5%</b>	<b>0.5%</b>	<b>3.8%</b>	<b>8.2%</b>	<b>2.0%</b>	<b>6.4%</b>
<i>Post Election</i>	–0.4%	1.6%	0.2%	3.4%	4.4%	1.8%	5.2%
<i>Midterm</i>	1.5%	–1.8%	–0.5%	7.3%	6.7%	–2.2%	15.3%
<i>Pre-Election</i>	7.5%	5.3%	1.6%	2.3%	16.9%	6.8%	3.2%
<i>Election</i>	0.8%	1.0%	0.6%	2.0%	4.8%	1.7%	1.7%

<b>S&amp;P 500 (1949–March 2013)</b>							
<b>Average</b>	<b>2.3%</b>	<b>1.6%</b>	<b>0.6%</b>	<b>4.0%</b>	<b>8.7%</b>	<b>2.3%</b>	<b>6.6%</b>
<i>Post Election</i>	–0.6%	2.2%	0.4%	3.1%	4.8%	2.7%	4.3%
<i>Midterm</i>	1.0%	–2.8%	0.1%	8.0%	6.4%	–2.7%	16.0%
<i>Pre-Election</i>	7.5%	5.2%	1.1%	3.0%	17.1%	6.3%	4.6%
<i>Election</i>	1.4%	1.8%	0.9%	1.9%	6.6%	2.8%	1.6%

<b>NASDAQ Composite (1971–March 2013)</b>							
<b>Average</b>	<b>4.4%</b>	<b>3.1%</b>	<b>–0.2%</b>	<b>4.3%</b>	<b>12.0%</b>	<b>3.1%</b>	<b>9.0%</b>
<i>Post Election</i>	–2.2%	6.8%	1.3%	4.2%	8.4%	8.1%	6.3%
<i>Midterm</i>	2.1%	–3.4%	–5.2%	8.9%	1.7%	–8.1%	23.3%
<i>Pre-Election</i>	13.8%	8.0%	1.7%	5.1%	30.9%	9.8%	9.7%
<i>Election</i>	3.9%	0.8%	1.1%	–0.8%	5.8%	2.2%	–2.4%

---

# NOVEMBER

MONDAY

D 52.4  
S 47.6  
N 57.1

10

*The political problem of mankind is to combine three things: economic efficiency, social justice, and individual liberty.*  
— John Maynard Keynes (British economist, 1883–1946)

**Veterans' Day** (Bond Market Closed)



TUESDAY

D 38.1  
S 38.1  
N 42.9

11

*The test of success is not what you do when you are on top. Success is how high you bounce when you hit bottom.*  
— General George S. Patton, Jr. (U.S. Army field commander WWII, 1885–1945)

WEDNESDAY

D 52.4  
S 52.4  
N 52.4

12

*The most dangerous thing that takes place [in companies] is that success breeds arrogance, and arrogance seems to make people stop listening to their customers and to their employees. And that is the beginning of the end. The challenge is not to be a great company; the challenge is to remain a great company.*  
— George Fisher (Motorola)

THURSDAY

D 57.1  
S 52.4  
N 57.1

13

*We prefer to cut back exposure on what's going against us and add exposure where it's more favorable to our portfolio. This way, we're always attempting to tilt the odds in our favor. This is the exact opposite of a long investor that would average down. Averaging down is a very dangerous practice.*  
— John Del Vecchio and Brad Lamensdorf (Portfolio managers Active Bear ETF, 5/10/12 *Almanac Investor Interview*)

FRIDAY

D 61.9  
S 57.1  
N 57.1

14

*I hate to be wrong. That has aborted many a tempting error, but not all of them. But I hate much more to stay wrong.*  
— Paul A. Samuelson (American economist, 12/23/03 University of Kansas interview, 1915–2009)

SATURDAY

15

SUNDAY

16

## TRADING THE THANKSGIVING MARKET

For 35 years, the “holiday spirit” gave the Wednesday before Thanksgiving and the Friday after a great track record, except for two occasions. Publishing it in the 1987 *Almanac* was the “kiss of death.” Wednesday, Friday, and Monday were all crushed, down 6.6% over the three days in 1987. Since 1988, Wednesday–Friday gained 15 of 25 times, with a total Dow point-gain of 672.37 versus Monday’s total Dow point-loss of 661.38, down 10 of 15 since 1998. The best strategy appears to be coming into the week long and exiting into strength Friday. Greece’s debt crisis cancelled Thanksgiving on Wall Street in 2011.

### DOW JONES INDUSTRIALS BEFORE AND AFTER THANKSGIVING

	Tuesday Before	Wednesday Before	Friday After	Total Gain Dow Points	Dow Close	Next Monday
1952	-0.18	1.54	1.22	2.76	283.66	0.04
1953	1.71	0.65	2.45	3.10	280.23	1.14
1954	3.27	1.89	3.16	5.05	387.79	0.72
1955	4.61	0.71	0.26	0.97	482.88	-1.92
1956	-4.49	-2.16	4.65	2.49	472.56	-2.27
1957	-9.04	10.69	3.84	14.53	449.87	-2.96
1958	-4.37	8.63	8.31	16.94	557.46	2.61
1959	2.94	1.41	1.42	2.83	652.52	6.66
1960	-3.44	1.37	4.00	5.37	606.47	-1.04
1961	-0.77	1.10	2.18	3.28	732.60	-0.61
1962	6.73	4.31	7.62	11.93	644.87	-2.81
1963	32.03	-2.52	9.52	7.00	750.52	1.39
1964	-1.68	-5.21	-0.28	-5.49	882.12	-6.69
1965	2.56	N/C	-0.78	-0.78	948.16	-1.23
1966	-3.18	1.84	6.52	8.36	803.34	-2.18
1967	13.17	3.07	3.58	6.65	877.60	4.51
1968	8.14	-3.17	8.76	5.59	985.08	-1.74
1969	-5.61	3.23	1.78	5.01	812.30	-7.26
1970	5.21	1.98	6.64	8.62	781.35	12.74
1971	-5.18	0.66	17.96	18.62	816.59	13.14
1972	8.21	7.29	4.67	11.96	1025.21	-7.45
1973	-17.76	10.08	-0.98	9.10	854.00	-29.05
1974	5.32	2.03	-0.63	1.40	618.66	-15.64
1975	9.76	3.15	2.12	5.27	860.67	-4.33
1976	-6.57	1.66	5.66	7.32	956.62	-6.57
1977	6.41	0.78	1.12	1.90	844.42	-4.85
1978	-1.56	2.95	3.12	6.07	810.12	3.72
1979	-6.05	-1.80	4.35	2.55	811.77	16.98
1980	3.93	7.00	3.66	10.66	993.34	-23.89
1981	18.45	7.90	7.80	15.70	885.94	3.04
1982	-9.01	9.01	7.36	16.37	1007.36	-4.51
1983	7.01	-0.20	1.83	1.63	1277.44	-7.62
1984	9.83	6.40	18.78	25.18	1220.30	-7.95
1985	0.12	18.92	-3.56	15.36	1472.13	-14.22
1986	6.05	4.64	-2.53	2.11	1914.23	-1.55
1987	40.45	-16.58	-36.47	-53.05	1910.48	-76.93
1988	11.73	14.58	-17.60	-3.02	2074.68	6.76
1989	7.25	17.49	18.77	36.26	2675.55	19.42
1990	-35.15	9.16	-12.13	-2.97	2527.23	5.94
1991	14.08	-16.10	-5.36	-21.46	2894.68	40.70
1992	25.66	17.56	15.94	33.50	3282.20	22.96
1993	3.92	13.41	-3.63	9.78	3683.95	-6.15
1994	-91.52	-3.36	33.64	30.28	3708.27	31.29
1995	40.46	18.06	7.23*	25.29	5048.84	22.04
1996	-19.38	-29.07	22.36*	-6.71	6521.70	N/C
1997	41.03	-14.17	28.35*	14.18	7823.13	189.98
1998	-73.12	13.13	18.80*	31.93	9333.08	-216.53
1999	-93.89	12.54	-19.26*	-6.72	10988.91	-40.99
2000	31.85	-95.18	70.91*	-24.27	10470.23	75.84
2001	-75.08	-66.70	125.03*	58.33	9959.71	23.04
2002	-172.98	255.26	-35.59*	219.67	8896.09	-33.52
2003	16.15	15.63	2.89*	18.52	9782.46	116.59
2004	3.18	27.71	1.92*	29.63	10522.23	-46.33
2005	51.15	44.66	15.53*	60.19	10931.62	-40.90
2006	5.05	5.36	-46.78*	-41.42	12280.17	-158.46
2007	51.70	-211.10	181.84*	-29.26	12980.88	-237.44
2008	36.08	247.14	102.43*	349.57	8829.04	-679.95
2009	-17.24	30.69	-154.48*	-123.79	10309.92	34.92
2010	-142.21	150.91	-95.28*	55.63	11092.00	-39.51
2011	-53.59	-236.17	-25.77*	-261.94	11231.78	291.23
2012	-7.45	48.38	172.79*	221.17	13009.68	-42.31

\*Shortened trading day

# NOVEMBER

Monday Before November Expiration, Dow Down 9 of Last 14

MONDAY

D 57.1  
S 47.6  
N 42.9

17

*Of a stock's move, 31% can be attributed to the general stock market, 12% to the industry influence, 37% to the influence of other groupings, and the remaining 20% is peculiar to the one stock.*

— Benjamin F. King (*Market and Industry Factors in Stock Price Behavior*, *Journal of Business*, January 1966)

TUESDAY

D 42.9  
S 52.4  
N 47.6

18

*In this age of instant information, investors can experience both fear and greed at the exact same moment.*

— Sam Stovall (Chief Investment Strategist Standard & Poor's, October 2003)

*Week Before Thanksgiving, Dow Up 15 of Last 20,  
2003 -1.4%, 2004 -0.8%, 2008 -5.3%, 2011 -2.9%, 2012 -1.8%*

WEDNESDAY

D 52.4  
S 57.1  
N 52.4

19

*If you don't know who you are, the stock market is an expensive place to find out.*

— George Goodman (*Institutional Investor*, New York, "Adam Smith," *The Money Game*, b. 1930)

THURSDAY

D 52.4  
S 52.4  
N 57.1

20

*Self-discipline is a form of freedom. Freedom from laziness and lethargy, freedom from expectations and demands of others, freedom from weakness and fear—and doubt.*

— Harvey A. Dorfman (Sports psychologist, *The Mental ABC's of Pitching*, b. 1935)

*November Expiration Day, Dow Up 9 of Last 11  
Dow Surged in 2008, Up 494 Points (6.5%)*



FRIDAY

D 57.1  
S 52.4  
N 57.1

21

*In my experience, selling a put is much safer than buying a stock.*

— Kyle Rosen (Boston Capital Mgmt., *Barron's*, 8/23/04)

SATURDAY

22

SUNDAY

23

## MOST OF THE SO-CALLED “JANUARY EFFECT” TAKES PLACE IN THE LAST HALF OF DECEMBER

Over the years we reported annually on the fascinating January Effect, showing that small-cap stocks handily outperformed large-cap stocks during January 40 out of 43 years between 1953 and 1995. Readers saw that “Cats and Dogs” on average quadrupled the returns of blue chips in this period. Then, the January Effect disappeared over the next four years.

Looking at the graph on page 110, comparing the Russell 1000 index of large-capitalization stocks to the Russell 2000 smaller-capitalization stocks, shows small-cap stocks beginning to outperform the blue chips in mid-December. Narrowing the comparison down to half-month segments was an inspiration and proved to be quite revealing, as you can see in the table below.

### 26-YEAR AVERAGE RATES OF RETURN (DEC 1987 – FEB 2013)

From mid-Dec*	Russell 1000		Russell 2000	
	Change	Annualized	Change	Annualized
12/15–12/31	1.8%	50.5%	3.4%	115.1
12/15–01/15	2.2	28.3	4.0	56.7
12/15–01/31	2.5	22.2	4.3	40.8
12/15–02/15	3.4	22.2	5.9	41.1
12/15–02/28	2.7	14.4	5.6	31.6
<b>end-Dec*</b>				
12/31–01/15	0.5	11.0	0.6	13.4
12/31–01/31	0.7	8.7	0.9	11.4
12/31–02/15	1.6	13.3	2.4	20.5
12/31–02/28	0.9	5.8	2.1	14.0

### 34-YEAR AVERAGE RATES OF RETURN (DEC 1979 – FEB 2013)


From mid-Dec*	Russell 1000		Russell 2000	
	Change	Annualized	Change	Annualized
12/15–12/31	1.6%	43.9%	3.0%	96.8
12/15–01/15	2.4	31.2	4.4	63.8
12/15–01/31	2.8	25.2	4.8	46.4
12/15–02/15	3.5	22.9	6.3	44.3
12/15–02/28	3.0	15.7	6.1	34.0
<b>end-Dec*</b>				
12/31–01/15	0.8	18.2	1.4	33.9
12/31–01/31	1.2	15.4	1.7	22.4
12/31–02/15	1.9	16.0	3.2	28.2
12/31–02/28	1.5	9.6	3.0	19.9

\* Mid-month dates are the 11th trading day of the month, month end dates are monthly closes


Small-cap strength in the last half of December became even more magnified after the 1987 market crash. Note the dramatic shift in gains in the last half of December during the 26-year period starting in 1987, versus the 34 years from 1979 to 2013. With all the beaten-down small stocks being dumped for tax loss purposes, it generally pays to get a head start on the January Effect in mid-December. You don't have to wait until December either; the small-cap sector often begins to turn around toward the end of October and November.

# NOVEMBER


*Trading Thanksgiving Market: Long into Weakness Prior,  
Exit into Strength After (Page 104)*

 MONDAY  
D 66.7  
S 66.7  
N 57.1 **24**

*If there is something you really want to do, make your plan and do it. Otherwise, you'll just regret it forever.*  
— Richard Rocco (PostNet franchisee, *Entrepreneur* magazine, 12/2006, b. 1946)

 TUESDAY  
D 61.9  
S 66.7  
N 61.9 **25**

*Pullbacks near the 30-week moving average are often good times to take action.*  
— Michael L. Burke (*Investors Intelligence*)

 WEDNESDAY  
D 57.1  
S 71.4  
N 66.7 **26**

*Never mind telling me what stocks to buy; tell me when to buy them.*  
— Humphrey B. Neill (Investor, analyst, author, *Neill Letters of Contrary Opinion*, 1895–1977)

**Thanksgiving** (Market Closed)

THURSDAY  
**27**

*Amongst democratic nations, each generation is a new people.*  
— Alexis de Tocqueville (Author, *Democracy in America*, 1840, 1805–1859)

*(Shortened Trading Day)  
Last Trading Day of November, S&P Up 6 of Last 7*

FRIDAY  
D 57.1  
S 42.9  
N 47.6 **28**

*What investors really get paid for is holding dogs. Small stocks tend to have higher average returns than big stocks, and value stocks tend to have higher average returns than growth stocks.*  
— Kenneth R. French (Economist, Dartmouth, NBER, b. 1954)

SATURDAY  
**29**

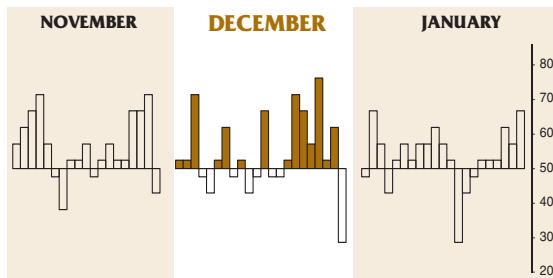
*December Almanac Investor Seasonalities: See Pages 92, 94, and 96*

SUNDAY  
**30**

# DECEMBER ALMANAC

DECEMBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

JANUARY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 124.

- ◆ #1 S&P (+1.7%) and #2 Dow (+1.7%) month since 1950 (page 44), #2 NASDAQ 2.0% since 1971
- ◆ 2002 worst December since 1931, down over 6% Dow and S&P, -9.7% on NASDAQ (pages 152, 155, & 157)
- ◆ “Free lunch” served on Wall Street before Christmas (page 112)
- ◆ Small-caps start to outperform larger caps near middle of month (pages 106 & 110)
- ◆ “Santa Claus Rally” visible in graph above and on page 114
- ◆ In 1998 was part of best fourth quarter since 1928 (page 167)
- ◆ Fourth quarter expiration week most bullish triple-witching week, Dow up 17 of last 22 (page 76)
- ◆ Midterm election years Decembers rankings: #3 Dow and S&P, #4 NASDAQ.

## December Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	2		1		2		2		1	
Up	45		48		25		27		27	
Down	18		15		17		7		7	
Average % Change	1.7%		1.7%		2.0%		1.7%		2.8%	
Midterm Year	1.6%		1.9%		0.8%		1.3%		1.6%	
	Best & Worst December									
	% Change		% Change		% Change		% Change		% Change	
Best	1991	9.5	1991	11.2	1999	22.0	1991	11.2	1999	11.2
Worst	2002	-6.2	2002	-6.0	2002	-9.7	2002	-5.8	2002	-5.7
	Best & Worst December Weeks									
Best	12/2/11	7.0	12/2/11	7.4	12/8/00	10.3	12/2/11	7.4	12/2/11	10.3
Worst	12/4/87	-7.5	12/6/74	-7.1	12/15/00	-9.1	12/4/87	-7.0	12/12/80	-6.5
	Best & Worst December Days									
Best	12/16/08	4.2	12/16/08	5.1	12/5/00	10.5	12/16/08	5.2	12/16/08	6.7
Worst	12/1/08	-7.7	12/1/08	-8.9	12/1/08	-9.0	12/1/08	-9.1	12/1/08	-11.9
	First Trading Day of Expiration Week: 1980-2012									
Record (#Up-#Down)	19-14		20-13		14-19		20-13		15-18	
Current streak	U1		U1		U1		U1		U1	
Avg % Change	0.17		0.14		-0.06		0.10		-0.17	
	Options Expiration Day: 1980-2012									
Record (#Up-#Down)	21-12		24-9		23-10		24-9		21-12	
Current streak	D3		D1		D1		D1		D1	
Avg % Change	0.33		0.39		0.34		0.37		0.42	
	Options Expiration Week: 1980-2012									
Record (#Up-#Down)	25-8		24-9		19-14		23-10		17-16	
Current streak	U1		U1		U1		U1		U1	
Avg % Change	0.65		0.68		0.16		0.62		0.52	
	Week After Options Expiration: 1980-2012									
Record (#Up-#Down)	22-10		19-14		20-13		19-14		22-11	
Current streak	D1		D1		D1		D1		D1	
Avg % Change	0.71		0.44		0.63		0.47		0.78	
	First Trading Day Performance									
% of Time Up	47.6		50.8		61.9		52.9		52.9	
Avg % Change	-0.06		-0.03		0.16		-0.04		-0.08	
	Last Trading Day Performance									
% of Time Up	54.0		61.9		73.8		52.9		70.6	
Avg % Change	0.08		0.12		0.38		-0.04		0.49	

Dow & S&P 1950–April 2013, NASDAQ 1971–April 2013, Russell 1K & 2K 1979–April 2013.

*If Santa Claus should fail to call,  
Bears may come to Broad and Wall.*

# DECEMBER

*First Trading Day in December, NASDAQ Up 19 of 26  
Down Three Straight 2006–2008*

MONDAY

D 47.6  
S 52.4  
N 66.7

1

*People with a sense of fulfillment think the world is good, while the frustrated blame the world for their failure.*  
— Eric Hoffer (*The True Believer*, 1951)

TUESDAY

D 47.6  
S 52.4  
N 61.9

2

*It is tact that is golden, not silence.*  
— Samuel Butler (English writer, 1600–1680)



WEDNESDAY

D 66.7  
S 71.4  
N 61.9

3

*Resentment is like taking poison and waiting for the other person to die.*  
— Malachy McCourt (*A Monk Swimming: A Memoir*)

THURSDAY

D 61.9  
S 47.6  
N 57.1

4

*A government which robs Peter to pay Paul can always depend on the support of Paul.*  
— George Bernard Shaw (Irish dramatist, 1856–1950)

FRIDAY

D 47.6  
S 42.9  
N 33.3

5

*The authority of a thousand is not worth the humble reasoning of a single individual.*  
— Galileo Galilei (Italian physicist and astronomer, 1564–1642)

SATURDAY

6

SUNDAY

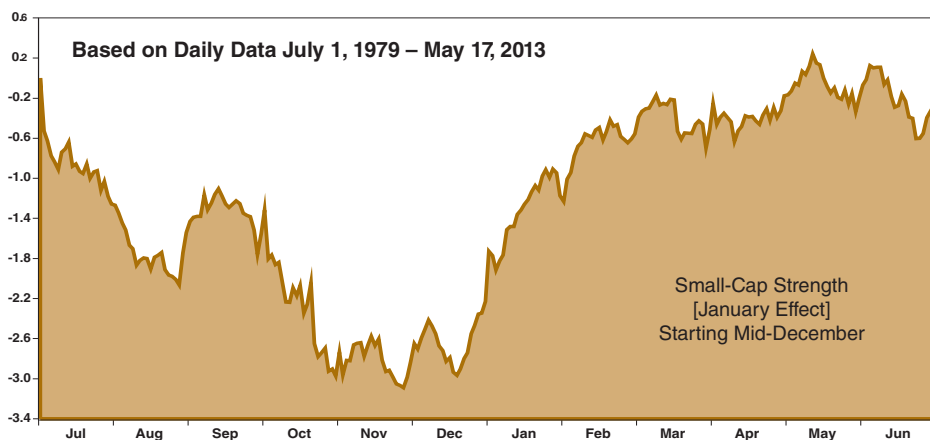
7

## JANUARY EFFECT NOW STARTS IN MID-DECEMBER

Small-cap stocks tend to outperform big caps in January. Known as the “January Effect,” the tendency is clearly revealed by the graph below. Thirty-five years of daily data for the Russell 2000 index of smaller companies are divided by the Russell 1000 index of largest companies, and then compressed into a single year to show an idealized yearly pattern. When the graph is descending, big blue chips are outperforming smaller companies; when the graph is rising, smaller companies are moving up faster than their larger brethren.

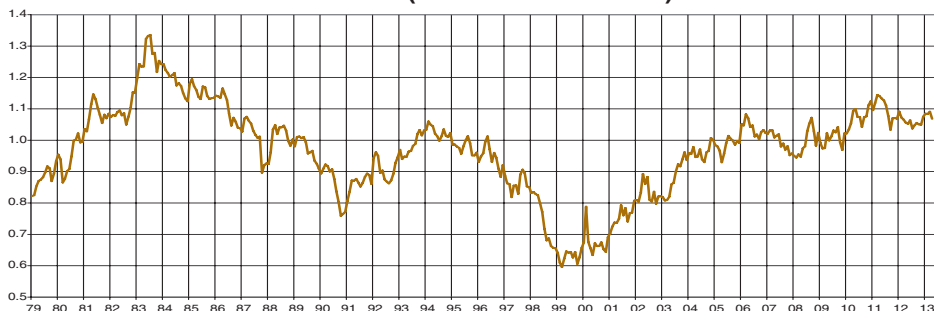
In a typical year, the smaller fry stay on the sidelines while the big boys are on the field. Then, around late October, small stocks begin to wake up, and in mid-December, they take off. Anticipated year-end dividends, payouts, and bonuses could be a factor. Other major moves are quite evident just before Labor Day—possibly because individual investors are back from vacations—and off the low points in late October and November. Small caps hold the lead through the beginning of May.

### RUSSELL 2000/RUSSELL 1000 ONE-YEAR SEASONAL PATTERN



The bottom graph shows the actual ratio of the Russell 2000 divided by the Russell 1000 from 1979. Smaller companies had the upper hand for five years into 1983, as the last major bear trend wound to a close and the nascent bull market logged its first year. After falling behind for about eight years, they came back after the Persian Gulf War bottom in 1990, moving up until 1994, when big caps ruled the latter stages of the millennial bull. For six years, the picture was bleak for small fry, as the blue chips and tech stocks moved to stratospheric PE ratios. Small caps spiked in late 1999 and early 2000 and reached a peak in early 2006, as the four-year-old bull entered its final year. Note how the small-cap advantage has waned during major bull moves and intensified during weak market times.

### RUSSELL 2000/RUSSELL 1000 (1979 TO APRIL 2013)



# DECEMBER

MONDAY

D 52.4  
S 52.4  
N 57.1

8

*There is a perfect inverse correlation between inflation rates and price/earnings ratios... When inflation has been very high... P/E has been [low].*

— Liz Ann Sonders (Chief Investment Strategist Charles Schwab, June 2006)



TUESDAY

D 61.9  
S 61.9  
N 57.1

9

*Whenever a well-known bearish analyst is interviewed [Cover story] in the financial press, it usually coincides with an important near-term market bottom.*

— Clif Droke (Clifdroke.com, 11/15/04)

WEDNESDAY

D 47.6  
S 47.6  
N 42.9

10

*Lack of money is the root of all evil.*

— George Bernard Shaw (Irish dramatist, 1856–1950)

*Small-Cap Strength Starts in Mid-December (Page 106)*

THURSDAY

D 47.6  
S 52.4  
N 42.9

11

*You try to be greedy when others are fearful, and fearful when others are greedy.*

— Warren Buffett (CEO Berkshire Hathaway, investor and philanthropist, b. 1930)

FRIDAY

D 47.6  
S 42.9  
N 38.1

12

*Inflation is the modern way that governments default on their debt.*

— Mike Epstein (MTA, MIT/Sloan Lab for Financial Engineering)

SATURDAY

13

SUNDAY

14

## WALL STREET'S ONLY "FREE LUNCH" SERVED BEFORE CHRISTMAS

Investors tend to get rid of their losers near year-end for tax purposes, often hammering these stocks down to bargain levels. Over the years, the *Almanac* has shown that NYSE stocks selling at their lows on December 15 will usually outperform the market by February 15 in the following year. Preferred stocks, closed-end funds, splits, and new issues are eliminated. When there are a huge number of new lows, stocks down the most are selected, even though there are usually good reasons why some stocks have been battered.

### BARGAIN STOCKS VS. THE MARKET\*

Short Span* Late Dec–Jan/Feb	New Lows Late Dec	% Change Jan/Feb	% Change NYSE Composite	Bargain Stocks Advantage
1974–75	112	48.9%	22.1%	26.8%
1975–76	21	34.9	14.9	20.0
1976–77	2	1.3	-3.3	4.6
1977–78	15	2.8	-4.5	7.3
1978–79	43	11.8	3.9	7.9
1979–80	5	9.3	6.1	3.2
1980–81	14	7.1	-2.0	9.1
1981–82	21	-2.6	-7.4	4.8
1982–83	4	33.0	9.7	23.3
1983–84	13	-3.2	-3.8	0.6
1984–85	32	19.0	12.1	6.9
1985–86	4	-22.5	3.9	-26.4
1986–87	22	9.3	12.5	-3.2
1987–88	23	13.2	6.8	6.4
1988–89	14	30.0	6.4	23.6
1989–90	25	-3.1	-4.8	1.7
1990–91	18	18.8	12.6	6.2
1991–92	23	51.1	7.7	43.4
1992–93	9	8.7	0.6	8.1
1993–94	10	-1.4	2.0	-3.4
1994–95	25	14.6	5.7	8.9
1995–96	5	-11.3	4.5	-15.8
1996–97	16	13.9	11.2	2.7
1997–98	29	9.9	5.7	4.2
1998–99	40	-2.8	4.3	-7.1
1999–00	26	8.9	-5.4	14.3
2000–01	51	44.4	0.1	44.3
2001–02	12	31.4	-2.3	33.7
2002–03	33	28.7	3.9	24.8
2003–04	15	16.7	2.3	14.4
2004–05	36	6.8	-2.8	9.6
2005–06	71	12.0	2.6	9.4
2006–07	43	5.1	-0.5	5.6
2007–08	71	-3.2	-9.4	6.2
2008–09	88	11.4	-2.4	13.8
2009–10	25	1.8	-3.0	4.8
2010–11	20	8.3	3.4	4.9
2011–12	65	18.1	6.1	12.0
2012–13	17	20.9	3.4	17.5
<b>39-Year Totals</b>		<b>502.0%</b>	<b>122.9%</b>	<b>379.1%</b>
<b>Average</b>		<b>12.9%</b>	<b>3.2%</b>	<b>9.7%</b>

\* Dec 15–Feb 15 (1974–1999), Dec 1999–2013 based on actual newsletter advice

In response to changing market conditions, we tweaked the strategy the last 14 years, adding selections from NASDAQ, AMEX, and the OTC Bulletin Board and selling in mid-January some years. We e-mail the list of stocks to our *Almanac Investor* newsletter subscribers. Visit [www.stock-tradersalmanac.com](http://www.stock-tradersalmanac.com), or see the insert for additional details and a special offer for new subscribers.

We have come to the conclusion that the most prudent course of action is to compile our list from the stocks making new lows on Triple-Witching Friday before Christmas, capitalizing on the Santa Claus Rally (page 114). This also gives us the weekend to evaluate the issues in greater depth and weed out any glaringly problematic stocks. Subscribers will receive the list of stocks selected from the new lows made on December 20, 2013 and December 19, 2014 via e-mail.

This "Free Lunch" strategy is only an extremely short-term strategy reserved for the nimblest traders. It has performed better after market corrections and when there are more new lows to choose from. The object is to buy bargain stocks near their 52-week lows and sell any quick, generous gains, as these issues can often be real dogs.

# DECEMBER

*Monday Before December Triple Witching, S&P Up 9 of Last 13*

MONDAY

D 47.6  
S 47.6  
N 47.6

15

*Change is the law of life. And those who look only to the past or present are certain to miss the future.*  
— John F. Kennedy (35th U.S. President, 1917–1963)

*FOMC Meeting (2 Days)*



TUESDAY

D 61.9  
S 66.7  
N 57.1

16

*People's spending habits depend more on how wealthy they feel than with the actual amount of their current income.*  
— A.C. Pigou (English economist, *The Theory of Unemployment*, 1877–1959)

**Chanukah**

WEDNESDAY

D 42.9  
S 47.6  
N 38.1

17

*Small volume is usually accompanied by a fall in price; large volume by a rise in price.*  
— Charles C. Ying ("Stock Market Prices and Volumes of Sales," *Econometrica*, July 1966)

*December Triple Witching Week, S&P Up 23 of Last 29*  
*2009 Broke 8-Year Bull Run*

THURSDAY

D 47.6  
S 47.6  
N 57.1

18

*We are nowhere near a capitulation point because it's at that point where it's despair, not hope, that reigns supreme, and there was scant evidence of any despair at any of the meetings I gave.*  
— David Rosenberg (Economist, Merrill Lynch, *Barron's*, 4/21/2008)

*December Triple Witching, S&P Up 22 of 31, Average Gain 0.4%*



FRIDAY

D 52.4  
S 52.4  
N 61.9

19

*Don't worry about people stealing your ideas. If the ideas are any good, you'll have to ram them down people's throats.*  
— Howard Aiken (U.S. computer scientist, 1900–1973)

SATURDAY

20

*The Only FREE LUNCH on Wall Street is Served (Page 112)*  
*Almanac Investors Emailed Alert Before the Open, Monday (See Insert)*

SUNDAY

21

## IF SANTA CLAUS SHOULD FAIL TO CALL, BEARS MAY COME TO BROAD AND WALL

Santa Claus tends to come to Wall Street nearly every year, bringing a short, sweet, respectable rally within the last five days of the year and the first two in January. This has been good for an average 1.6% gain since 1969 (1.5% since 1950). Santa's failure to show tends to precede bear markets, or times stocks could be purchased later in the year at much lower prices. We discovered this phenomenon in 1972.

### DAILY % CHANGE IN S&P 500 AT YEAR END

	Trading Days Before Year End						First Days in January			Rally % Change
	6	5	4	3	2	1	1	2	3	
1969	-0.4	1.1	0.8	-0.7	0.4	0.5	1.0	0.5	-0.7	3.6
1970	0.1	0.6	0.5	1.1	0.2	-0.1	-1.1	0.7	0.6	1.9
1971	-0.4	0.2	1.0	0.3	-0.4	0.3	-0.4	0.4	1.0	1.3
1972	-0.3	-0.7	0.6	0.4	0.5	1.0	0.9	0.4	-0.1	3.1
1973	-1.1	-0.7	3.1	2.1	-0.2	0.01	0.1	2.2	-0.9	6.7
1974	-1.4	1.4	0.8	-0.4	0.03	2.1	2.4	0.7	0.5	7.2
1975	0.7	0.8	0.9	-0.1	-0.4	0.5	0.8	1.8	1.0	4.3
1976	0.1	1.2	0.7	-0.4	0.5	0.5	-0.4	-1.2	-0.9	0.8
1977	0.8	0.9	N/C	0.1	0.2	0.2	-1.3	-0.3	-0.8	-0.3
1978	0.03	1.7	1.3	-0.9	-0.4	-0.2	0.6	1.1	0.8	3.3
1979	-0.6	0.1	0.1	0.2	-0.1	0.1	-2.0	-0.5	1.2	-2.2
1980	-0.4	0.4	0.5	-1.1	0.2	0.3	0.4	1.2	0.1	2.0
1981	-0.5	0.2	-0.2	-0.5	0.5	0.2	0.2	-2.2	-0.7	-1.8
1982	0.6	1.8	-1.0	0.3	-0.7	0.2	-1.6	2.2	0.4	1.2
1983	-0.2	-0.03	0.9	0.3	-0.2	0.05	-0.5	1.7	1.2	2.1
1984	-0.5	0.8	-0.2	-0.4	0.3	0.6	-1.1	-0.5	-0.5	-0.6
1985	-1.1	-0.7	0.2	0.9	0.5	0.3	-0.8	0.6	-0.1	1.1
1986	-1.0	0.2	0.1	-0.9	-0.5	-0.5	1.8	2.3	0.2	2.4
1987	1.3	-0.5	-2.6	-0.4	1.3	-0.3	3.6	1.1	0.1	2.2
1988	-0.2	0.3	-0.4	0.1	0.8	-0.6	-0.9	1.5	0.2	0.9
1989	0.6	0.8	-0.2	0.6	0.5	0.8	1.8	-0.3	-0.9	4.1
1990	0.5	-0.6	0.3	-0.8	0.1	0.5	-1.1	-1.4	-0.3	-3.0
1991	2.5	0.6	1.4	0.4	2.1	0.5	0.04	0.5	-0.3	5.7
1992	-0.3	0.2	-0.1	-0.3	0.2	-0.7	-0.1	-0.2	0.04	-1.1
1993	0.01	0.7	0.1	-0.1	-0.4	-0.5	-0.2	0.3	0.1	-0.1
1994	0.01	0.2	0.4	-0.3	0.1	-0.4	-0.03	0.3	-0.1	0.2
1995	0.8	0.2	0.4	0.04	-0.1	0.3	0.8	0.1	-0.6	1.8
1996	-0.3	0.5	0.6	0.1	-0.4	-1.7	-0.5	1.5	-0.1	0.1
1997	-1.5	-0.7	0.4	1.8	1.8	-0.04	0.5	0.2	-1.1	4.0
1998	2.1	-0.2	-0.1	1.3	-0.8	-0.2	-0.1	1.4	2.2	1.3
1999	1.6	-0.1	0.04	0.4	0.1	0.3	-1.0	-3.8	0.2	-4.0
2000	0.8	2.4	0.7	1.0	0.4	-1.0	-2.8	5.0	-1.1	5.7
2001	0.4	-0.02	0.4	0.7	0.3	-1.1	0.6	0.9	0.6	1.8
2002	0.2	-0.5	-0.3	-1.6	0.5	0.05	3.3	-0.05	2.2	1.2
2003	0.3	-0.2	0.2	1.2	0.01	0.2	-0.3	1.2	0.1	2.4
2004	0.1	-0.4	0.7	-0.01	0.01	-0.1	-0.8	-1.2	-0.4	-1.8
2005	0.4	0.04	-1.0	0.1	-0.3	-0.5	1.6	0.4	0.002	0.4
2006	-0.4	-0.5	0.4	0.7	-0.1	-0.5	-0.1	0.1	-0.6	0.003
2007	1.7	0.8	0.1	-1.4	0.1	-0.7	-1.4	N/C	-2.5	-2.5
2008	-1.0	0.6	0.5	-0.4	2.4	1.4	3.2	-0.5	0.8	7.4
2009	0.2	0.5	0.1	-0.1	0.02	-1.0	1.6	0.3	0.05	1.4
2010	-0.2	0.1	0.1	0.1	-0.2	-0.02	1.1	-0.1	0.5	1.1
2011	0.8	0.9	0.01	-1.3	1.1	-0.4	1.6	0.02	0.3	1.9
2012	-0.9	-0.2	-0.5	-0.1	-1.1	1.7	2.5	-0.2	0.5	2.0
Avg	0.09	0.32	0.27	0.05	0.20	0.05	0.27	0.41	0.05	1.6

The couplet above was certainly on the mark in 1999, as the period suffered a horrendous 4.0% loss. On January 14, 2000, the Dow started its 33-month 37.8% slide to the October 2002 midterm election year bottom. NASDAQ cracked eight weeks later, falling 37.3% in 10 weeks, eventually dropping 77.9% by October 2002. Saddam Hussein cancelled Christmas by invading Kuwait in 1990. Energy prices and Middle East terror woes may have grounded Santa in 2004. In 2007, the third worst reading since 1950 was recorded, as sub-prime mortgages and their derivatives led to a full-blown financial crisis and the second worst bear market in history. In 2012, a last-minute tax deal was reached and Christmas was saved.

# DECEMBER

 MONDAY

D 76.2  
S 71.4  
N 57.1

22

*We go to the movies to be entertained, not see rape, ransacking, pillage and looting. We can get all that in the stock market.*  
— Kennedy Gammage (*The Richland Report*)

*Watch for the Santa Claus Rally (Page 114)*

 TUESDAY

D 66.7  
S 66.7  
N 71.4

23

*It was never my thinking that made the big money for me. It was always my sitting. Got that? My sitting tight!*  
— Jesse Livermore (Early 20th-century stock trader and speculator, *How to Trade in Stocks*, 1877–1940)

*(Shortened Trading Day)*

*Last Trading Day Before Christmas, Dow Up 5 of Last 6 Years*

WEDNESDAY

D 52.4  
S 57.1  
N 61.9

24

*Short-term volatility is greatest at turning points and diminishes as a trend becomes established.*  
— George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

**Christmas Day** (Market Closed)

THURSDAY

25

*What the superior man seeks, is in himself. What the inferior man seeks, is in others.*  
— Confucius (Chinese philosopher, 551–478 B.C.)

 FRIDAY

D 81.0  
S 76.2  
N 71.4

26

*Brilliant men are often strikingly ineffectual; they fail to realize that the brilliant insight is not by itself achievement. They never have learned that insights become effectiveness only through hard systematic work.*  
— Peter Drucker (Austrian-born pioneer management theorist, 1909–2005)

SATURDAY

27

*January Almanac Investor Seasonalities: See Pages 92, 94, and 96*

SUNDAY

28

## YEAR'S TOP INVESTMENT BOOKS

**Mastering the Stock Market: High Probability Market Timing & Stock Selection Tools**, John L. Person, Wiley, \$90.00, <http://www.personsplanet.com/>. **2014 Best Investment Book of the Year.**

**Bailout: How Washington Abandoned Main Street While Rescuing Wall Street**, Neil Barofsky, Free Press, \$26.00. Saw Barofsky speak at Ritholtz's The Big Picture Conference. Ugly truth, seething exposé, scintillating read.

**Broken Markets: How High Frequency Trading and Predatory Practices on Wall Street Are Destroying Investor Confidence**, Sal L. Arnuk and Joseph C. Saluzzi, FT Press, \$34.99. Team that runs institutional brokerage trading firm Themis Trading LLC gives the inside scoop on what's not working on Wall Street and how to fix it.

**Diary of a Hedgehog: Biggs' Final Words on the Markets**, Barton Biggs, Wiley, \$29.95. More insights from the Wall Street legend. Finished just before his untimely passing.

**Evolution of a Trader: Trading Basics, Swing and Day Trading, Fundamental Analysis and Position Trading**, Thomas N. Bulkowski, Wiley, \$75.00 each. Three-book series on four major trading styles. Like his *Encyclopedia of Chart Patterns*, which was one of our Top Books in 2006, this is an invaluable series.

**George Lindsay's An Aid to Timing, Annotated by Ed Carlson**, SeattleTA Press, \$39.95. Previous book was 2012 Best Investment Book of the Year. Carlson delves deeper into Lindsay's market timing and analysis methodology. Also check out Carlson's two Lindsay DVDs.

**Guide to Commodities: Producers, Players and Prices, Markets, Consumers and Trends (The Economist)**, Caroline Bain, Wiley, \$40.00. Senior Commodities Editor for *The Economist Intelligence Unit* provides a comprehensive guide to the economics of the main commodities. Who, what, when, where, why, and how they are produced. Stats, trends, markets, trading, and outlooks.

**Hedge Fund Market Wizards: How Winning Traders Win**, Jack D. Schwager, Wiley, \$40.00. Another beaut. Inspirational for us. The 40 Market Wizard Lessons in the back are worth the \$40 cover price alone.

**Plan Your Prosperity: The Only Retirement Guide You'll Ever Need, Starting Now—Whether You're 22, 52, or 82**, Kenneth L. Fisher, Wiley, \$26.95. Words of wisdom from one of the most successful investment managers of all time. Helps you invest smarter your whole life and plan retirement better.

**Street Smarts: Adventures on the Road and in the Markets**, Jim Rogers, Crown Business, \$26.00. Another fun read from the guy who's seen it all. Mostly memoir, but why not? Chapter 9 is entitled after one of our favorite quotes, "Capitalism without bankruptcy is like Christianity without hell!"

**Successful Stock Signals for Traders and Portfolio Managers: Integrating Technical Analysis with Fundamentals to Improve Performance** + Website, Thomas K. Lloyd, Sr., Wiley, \$85.00. We have been following Tom Lloyd's timely signals for decades. Tom pulls together a library's worth of the most effective technical analysis tools and market timing tricks of the trade. Trade like a pro with Tom's signals playbook.

**Tap Dancing to Work: Warren Buffett on Practically Everything, 1966–2012: A Fortune Magazine Book**, Carol J. Loomis, Portfolio/Penguin, \$27.95. As advertised. A nostalgic trip down Buffett Memory Lane.

**The Maxims of Wall Street: A Compendium of Financial Adages, Ancient Proverbs, and Worldly Wisdom** (Second Edition), Mark Skousen, Eagle Publishing, \$24.95. Warren Buffett says, "Loved your great little book. In fact, I plan to shamelessly steal some of the lines." We already have! Great stuff. Comes with handy built-in ribbon bookmark.

**The Mindless Investor—Make Money in the Market by Overcoming Your Common Sense**, R. Tyler Bollhorn, Stockscores Analytics Corp, \$29.95. Got to love a self-published book by a self-made trader. Powerful tools help find stocks in uptrends that outperform. <http://www.stockscores.com/mindless.asp>.

**The Wealth Code 2.0: How the Rich Stay Rich in Good Times and Bad**, Jason Vanclef, Wiley, \$40.00. Revised and expanded update of 2009 book. Diversify into oil/gas, equipment, notes, real estate, bullion, and rare coins the way the super-rich do. Pay off your home or pay cash for a car, or not. Pitfalls of insurance and variable/fixed/index annuities. Advanced income tax reduction strategies, discounted Roth IRA conversions, and asset-protection techniques.

**Trade with the Odds: How to Construct Market-Beating Trading Systems** + Website, Anthony Trongone, PhD, CFP, CTA, Bloomberg Press, \$90.00. Met Trongone at NY Traders Expo. He's the real deal, a straight shooter. Great speaker and educator who will teach you exactly where to put a protective stop loss.

**Wealth Regeneration at Retirement: Planning for a Lifetime of Leadership**, Kaycee Krysty and Robert Moser, Bloomberg Press, \$60.00. Handbook for life at and after retirement from two wealth management veterans.

# DECEMBER/JANUARY 2015

MONDAY

D 52.4  
S 52.4  
N 52.4

29

*[The Fed] is very smart, but [it] doesn't run the markets. In the end, the markets will run [the Fed]. The markets are bigger than any man or any group of men. The markets can even break a president.*

— Richard Russell (*Dow Theory Letters*, 8/4/04)



TUESDAY

D 42.9  
S 61.9  
N 52.4

30

*A good trader has to have three things: a chronic inability to accept things at face value, to feel continuously unsettled, and to have humility.*

— Michael Steinhardt (Financier, philanthropist, political activist, chairman WisdomTree Investments, b. 1940)

***Last Trading Day of the Year, NASDAQ Down 11 of last 13  
NASDAQ Was Up 29 Years in a Row 1971–1999***



WEDNESDAY

D 38.1  
S 28.6  
N 47.6

31

*Whenever you see a successful business, someone once made a courageous decision.*

— Peter Drucker (Austrian-born pioneer management theorist, 1909–2005)

**New Year's Day** (Market Closed)

THURSDAY

1

*In order to be great writer (or "investor") a person must have a built-in, shockproof crap detector.*

— Ernest Hemingway (American writer, 1954 Nobel Prize, 1899–1961)

***Small Caps Punished First Trading Day of Year  
Russell 2000 Down 14 of Last 24, But Up Last 5***

FRIDAY

D 71.4  
S 47.6  
N 66.7

2

*Financial genius is a rising stock market.*

— John Kenneth Galbraith (Canadian/American economist and diplomat, 1908–2006)

SATURDAY

3

SUNDAY

4

# 2015 STRATEGY CALENDAR


(Option expiration dates circled)

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
JANUARY	29	30	31	1 JANUARY New Year's Day	2	3	4
	5	6	7	8	9	10	11
	12	13	14	15	16	17	18
	19 Martin Luther King Day	20	21	22	23	24	25
	26	27	28	29	30	31	1 FEBRUARY
FEBRUARY	2	3	4	5	6	7	8
	9	10	11	12	13	14 ♥	15
	16 Presidents' Day	17	18 Ash Wednesday	19	20	21	22
	23	24	25	26	27	28	1 MARCH
MARCH	2	3	4	5	6	7	8 Daylight Saving Time Begins
	9	10	11	12	13	14	15
	16	17 ♣ St. Patrick's Day	18	19	20	21	22
	23	24	25	26	27	28	29
	30	31	1 APRIL	2	3 Good Friday	4	5 Easter
APRIL	6	7	8	9	10	11	12
	13	14	15 Tax Deadline Passover	16	17	18	19
	20	21	22	23	24	25	26
	27	28	29	30	1 MAY	2	3
MAY	4	5	6	7	8	9	10 Mother's Day
	11	12	13	14	15	16	17
	18	19	20	21	22	23	24
	25 Memorial Day	26	27	28	29	30	31
JUNE	1 JUNE	2	3	4	5	6	7
	8	9	10	11	12	13	14
	15	16	17	18	19	20	21 Father's Day
	22	23	24	25	26	27	28

Market closed on shaded weekdays; closes early when half-shaded.

# 2015 STRATEGY CALENDAR

(Option expiration dates circled)

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	
29	30	1 JULY	2	3	4 Independence Day	5	JULY
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	28	29	30	31	1 AUGUST	2	AUGUST
3	4	5	6	7	8	9	
10	11	12	13	14	15	16	
17	18	19	20	21	22	23	
24	25	26	27	28	29	30	SEPTEMBER
31	1 SEPTEMBER	2	3	4	5	6	
7 Labor Day	8	9	10	11	12	13	
14 Rosh Hashanah	15	16	17	18	19	20	
21	22	23 Yom Kippur	24	25	26	27	OCTOBER
28	29	30	1 OCTOBER	2	3	4	
5	6	7	8	9	10	11	
12 Columbus Day	13	14	15	16	17	18	
19	20	21	22	23	24	25	NOVEMBER
26	27	28	29	30	31 	1 NOVEMBER Daylight Saving Time Ends	
2	3 Election Day	4	5	6	7	8	
9	10	11 Veterans' Day	12	13	14	15	
16	17	18	19	20	21	22	DECEMBER
23	24	25	26 Thanksgiving	27	28	29	
30	1 DECEMBER	2	3	4	5	6	
7 Chanukah	8	9	10	11	12	13	
14	15	16	17	18	19	20	DECEMBER
21	22	23	24	25 Christmas	26	27	
28	29	30	31	1 JANUARY New Year's Day	2	3	