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**Jeffrey A. Hirsch & Yale Hirsch**

**WILEY**

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This Forty-Seventh Edition is respectfully dedicated to:

## John L. Person

John is a 34-year market veteran and industry icon, a brilliant speaker, educator, author, and a crack trader. He started on the floor of the Chicago Mercantile Exchange in 1979. He was the first ever to use the powerful combination of candlesticks and pivot points. His Person's Pivots and other technical indicators are on numerous trading platforms, including TD Ameritrade, TradeStation, Trade Navigator, and others.

We first became acquainted with John in 2002 at the New York Traders Expo, but it was not until we hit it off at the February 2007 Expo that we began exploring ways we could work together. John's deep knowledge of market history, cycles, seasonality, economics, stocks, options, futures, forex, and, most of all, technical analysis was mind-blowing. Our similar musical and movie tastes made it that much easier to work together. John and his wife, Mary, are gracious hosts and a joy to work with.

In 2009, we joined forces to revamp and produce the *Commodity Trader's Almanac* in what has become an invaluable partnership. For the past five years we have improved, tweaked, and beefed up the CTA. For 2014, it is morphing into a quarterly digital-only product. We look forward to its continued success. On page 36 we share some highlights.

On page 52 we have selected John's latest opus, *Mastering the Stock Market: High Probability Market Timing & Stock Selection Tools* as the Best Investment Book of the Year. On page 22 we impart some of John's trading tools and techniques.

Find out more at <http://www.personsplanet.com/>.

## INTRODUCTION TO THE FORTY-SEVENTH EDITION

We are pleased and proud to introduce the Forty-Seventh Edition of the *Stock Trader's Almanac*. The *Almanac* provides you with the necessary tools to invest successfully in the twenty-first century.

J. P. Morgan's classic retort, "Stocks will fluctuate," is often quoted with a wink-of-the-eye implication that the only prediction one can make about the stock market is that it will go up, down, or sideways. Many investors agree that no one ever really knows which way the market will move. Nothing could be further from the truth.

We discovered that while stocks do indeed fluctuate, they do so in well-defined, often predictable patterns. These patterns recur too frequently to be the result of chance or coincidence. How else do we explain that since 1950 all the gains in the market were made during November through April, compared to a loss May through October? (See page 48.)

The *Almanac* is a practical investment tool. It alerts you to those little-known market patterns and tendencies on which shrewd professionals enhance profit potential. You will be able to forecast market trends with accuracy and confidence when you use the *Almanac* to help you understand:

- How our presidential elections affect the economy and the stock market—just as the moon affects the tides. Many investors have made fortunes following the political cycle. You can be sure that money managers who control billions of dollars are also political cycle watchers. Astute people do not ignore a pattern that has been working effectively throughout most of our economic history.
- How the passage of the Twentieth Amendment to the Constitution fathered the January Barometer. This barometer has an outstanding record for predicting the general course of the stock market each year, with only seven major errors since 1950, for a 88.9% accuracy ratio. (See page 16.)
- Why there is a significant market bias at certain times of the day, week, month, and year.

Even if you are an investor who pays scant attention to cycles, indicators, and patterns, your investment survival could hinge on your interpretation of one of the recurring patterns found within these pages. One of the most intriguing and important patterns is the symbiotic relationship between Washington and Wall Street. Aside from the potential profitability in seasonal patterns, there's the pure joy of seeing the market very often do just what you expected.

The *Stock Trader's Almanac* is also an organizer. Its wealth of information is presented on a calendar basis. The *Almanac* puts investing in a business framework and makes investing easier because it:

- Updates investment knowledge and informs you of new techniques and tools.
- Is a monthly reminder and refresher course.
- Alerts you to both seasonal opportunities and dangers.
- Furnishes a historical viewpoint by providing pertinent statistics on past market performance.
- Supplies forms necessary for portfolio planning, record keeping, and tax preparation.



The WITCH icon signifies THIRD FRIDAY OF THE MONTH on calendar pages and alerts you to extraordinary volatility due to the expiration of equity and index options and index futures contracts. Triple-witching days appear during March, June, September, and December.



The BULL icon on calendar pages signifies favorable trading days based on the S&P 500 rising 60% or more of the time on a particular trading day during the 21-year period January 1992 to December 2012.



A BEAR icon on calendar pages signifies unfavorable trading days based on the S&P falling 60% or more of the time for the same 21-year period.

Also, to give you even greater perspective, we have listed next to the date of every day that the market is open the Market Probability numbers for the same 21-year period for the Dow (D), S&P 500 (S) and NASDAQ (N). You will see a “D,” “S,” and “N” followed by a number signifying the actual Market Probability number for that trading day, based on the recent 21-year period. On pages 121–128 you will find complete Market Probability Calendars, both long-term and 21-year for the Dow, S&P, and NASDAQ, as well as for the Russell 1000 and Russell 2000 indices.

Other seasonalities near the ends, beginnings, and middles of months—options expirations, around holidays, and other significant times—as well as all FOMC Meeting dates are noted for *Almanac* investors’ convenience on the weekly planner pages. All other important economic releases are provided in the Strategy Calendar every month in our e-newsletter, *Almanac Investor*, available at our website [www.stocktradersalmanac.com](http://www.stocktradersalmanac.com).

New in this edition, we have included one-year seasonal pattern charts for Dow, S&P 500, NASDAQ, Russell 1000, and Russell 2000 on pages 171 to 173. There are three charts each for Dow and S&P 500 spanning our entire database starting in 1901 and one each for the younger indices. As 2014 is a midterm election year, each chart contains typical midterm election year performance compared to all years.

The Notable Events on page 6 provides a handy list of major events of the past year that can be helpful when evaluating things that may have moved the market. Over the past few years, our research had been restructured to flow better with the rhythm of the year. This has also allowed us more room for added data. Again, we have included historical data on the Russell 1000 and Russell 2000 indices. The Russell 2K is an excellent proxy for small and mid caps, which we have used over the years, and the Russell 1K provides a broader view of large caps. Annual highs and lows for all five indices covered in the *Almanac* appear on pages 149–151 and we’ve tweaked the Best & Worst section.

In order to cram in all this material, some of our Record Keeping section was cut. We have converted many of these paper forms into computer spreadsheets for our own internal use. As a service to our faithful readers, we are making these forms available at our website [www.stocktradersalmanac.com](http://www.stocktradersalmanac.com).

Midterm election years are historically prone to bottoms, especially in October (page 30). 2014 is also a “fourth” year, which has the fourth best record in the decennial cycle for 132 years (pages 24 and 129). 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. If the 2013 bull rally powers ahead without much of a pause, 2014 becomes more vulnerable to another sizable downturn. But *Almanac* readers can take some solace in the fact that the Dow has gained nearly 50% on average from the midterm low to the pre-election year high (page 74).

Among the research you will find especially pertinent to 2014 are Market Charts of Midterm Years (page 26), Prosperity More Than Peace Determines the Outcome of Midterm Elections (page 32), and that Midterm Election Time Is Unusually Bullish (page 100). Since 1934, the eight trading days surrounding midterm election days have produced an impressive 2.7% average gain.

Sector seasonalities include several consistent shorting opportunities and appear on pages 92–96. In response to many reader inquiries about how and what to trade when implementing the Best Months Switching Strategies, we detail some simple techniques, including a sampling of tradable mutual funds and ETFs on page 34.

We are constantly searching for new insights and nuances about the stock market and welcome any suggestions from our readers.

Have a healthy and prosperous 2014!

## NOTABLE EVENTS

### 2012

Jul 13	JPMorgan Trading Loss reaches \$5.8 billion
July 27	Moody's AAA Corp bond yield falls 3.26, lowest in over 50 years
Aug 31	Federal debt exceeds \$16 trillion
Sep 11	American diplomatic mission attacked in Benghazi, Libya
Sep 13	Fed commits to buy \$40 billion/month MBS
Sep 18	Apple shares top \$700
Oct 29	Hurricane Sandy makes landfall in NJ, storm surge closes NYSE for 2 days
Dec 12	QE four-ever, additional \$45 billion in Treasury securities/month until unemployment falls below 6.5%
Dec 14	Sandy Hook Elementary School shooting

### 2013

Jan 1	Payroll tax cut expires
Jan 2	American Taxpayer Relief Act of 2012 enacted, Bush tax cuts extended for most
Jan 5	Michael Dell announces bid to take Dell private
Jan 23	Europe bans Iranian oil imports, effective July 1
Mar 1	Federal sequester begins spending cut \$85 billion/year
Mar 5	Dow closes at all-time high, first time since 2007
Mar 25	Cyprus bailed out, uninsured bank deposits taxed
Mar 28	S&P 500 closes at all-time high, first time since 2007
Apr 15	Boston Marathon bombing
May 9	U.S. dollar/Japanese yen breaks 100
May 10	Audit report confirms IRS targeting political groups
May 20	EF5 tornado strikes Moore, OK

## 2013 OUTLOOK

With the Dow above 15,000 in mid-May we addressed the prospects of a new secular bull market underway and revisited our Super Boom forecast and 15-year projection for DJIA to reach 38,820 around the year 2025, but for the current secular bear market that began in 2000 to drag on until 2017 or so before the next boom and secular bull commences. Two months of new highs is not enough to declare a new secular bull market. The war on terror still rages, a paradigm-shifting technology has yet to emerge, and inflation is subdued. The low point of the economy and the bottom of the stock market now clearly appear to be behind us. But other factors have yet to align. CPI has risen just 31% since 2001. President Obama has not tacked to the center, and we have yet to see him exhibit unwavering leadership and inspire the country. If the Republican leadership in Congress and the White House can't get the country rolling again, new leaders with new ideas will be voted in and a properly functioning federal government will evolve over the next four to six years.

Our 15-year projection (2012 STA, page 74) was based upon nearly 50 years of research and analysis into stock market cycles, patterns, and seasonality. Drawn in March 2011, we anticipated that the market would at least challenge its previous all-time highs before failing and falling to a low in midterm election year 2014 with another low in 2017–2018 before the next super-boom truly began. Now that DJIA has modestly exceeded the high end of the range, the final low of this secular bear is likely to be higher, in the 9,000–10,000 range or a 30–40% decline from current levels.

With President Obama on the defensive against a plethora of issues, midterm politics will likely rear its ugly head again in 2014. Midterm election years are notoriously weaker for Democrats (2013 STA, page 32). But midterm elections have a history of being a bottom picker's paradise. In the last 13 quadrennial cycles since 1961, 9 of the 16 bear markets bottomed in the midterm year. 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. However, this has provided excellent buying opportunities. By the third, pre-election, year the administration's focus shifts to “priming the pump.” Policies are enacted to improve the economic well-being of the country and its electorate. From the midterm low to the pre-election year high, the Dow has gained nearly 50% on average since 1914.

Bulls are currently getting cockier, upping their forecasts and pounding their chests. Bears are dwindling and running for cover. Retail investors are beginning to get back into the market. While we expect a modest correction in Q2–Q3 2013, a bear market will likely be staved off until late 2013 or early 2014 when the Fed is likely to begin draining the QE punchbowl and Chairman Bernanke likely steps down in January 2014. We suspect a good hunk of the next major downturn to transpire in 2014, though it is also likely to provide an ample buying opportunity. A 2014 low in the DJIA 12,000 range is likely, while we expect DJIA 10,000 to be breached at least one more time in the next 4–6 years.

—Jeffrey A. Hirsch, May 24, 2013



# THE 2014 STOCK TRADER'S ALMANAC

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# 2014 STRATEGY CALENDAR


(Option expiration dates circled)

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
JANUARY	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
	20 Martin Luther King Day	21	22	23	24	25	26
	27	28	29	30	31	1 FEBRUARY	2
FEBRUARY	3	4	5	6	7	8	9
	10	11	12	13	14 ♥	15	16
	17 Presidents' Day	18	19	20	21	22	23
	24	25	26	27	28	1 MARCH	2
MARCH	3	4	5 Ash Wednesday	6	7	8	9 Daylight Saving Time Begins
	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	4	5	6
APRIL	7	8	9	10	11	12	13
	14	15 Tax Deadline Passover	16	17	18 Good Friday	19	20 Easter
	21	22	23	24	25	26	27
	28	29	30	1 MAY	2	3	4
	5	6	7	8	9	10	11 Mother's Day
MAY	12	13	14	15	16	17	18
	19	20	21	22	23	24	25
	26 Memorial Day	27	28	29	30	31	1 JUNE
	2	3	4	5	6	7	8
JUNE	9	10	11	12	13	14	15 Father's Day
	16	17	18	19	20	21	22
	23	24	25	26	27	28	29

Market closed on shaded weekdays; closes early when half-shaded.

# 2014 STRATEGY CALENDAR

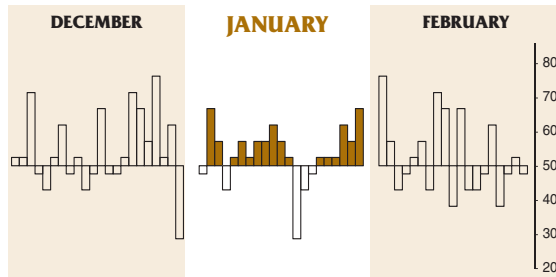
(Option expiration dates circled)

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	
30	1 JULY	2	3	4 Independence Day	5	6	JULY
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	3	
4	5	6	7	8	9	10	AUGUST
11	12	13	14	15	16	17	
18	19	20	21	22	23	24	
25	26	27	28	29	30	31	
1 SEPTEMBER Labor Day	2	3	4	5	6	7	
8	9	10	11	12	13	14	SEPTEMBER
15	16	17	18	19	20	21	
22	23	24	25 Rosh Hashanah	26	27	28	
29	30	1 OCTOBER	2	3	4 Yom Kippur	5	
6	7	8	9	10	11	12	
13 Columbus Day	14	15	16	17	18	19	OCTOBER
20	21	22	23	24	25	26	
27	28	29	30	31 	1 NOVEMBER	2 Daylight Saving Time Ends	
3	4 Election Day	5	6	7	8	9	
10	11 Veterans' Day	12	13	14	15	16	
17	18	19	20	21	22	23	NOVEMBER
24	25	26	27 Thanksgiving	28	29	30	
1 DECEMBER	2	3	4	5	6	7	
8	9	10	11	12	13	14	
15	16	17 Chanukah	18	19	20	21	
22	23	24	25 Christmas	26	27	28	DECEMBER
29	30	31	1 JANUARY New Year's Day	2	3	4	

# 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%
Best & Worst January					
	% 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
Best & Worst January Weeks					
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
Best & Worst January Days					
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
First Trading Day of Expiration Week: 1980-2013					
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
Options Expiration Day: 1980-2013					
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
Options Expiration Week: 1980-2013					
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
Week After Options Expiration: 1980-2012					
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
First Trading Day Performance					
% 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
Last Trading Day Performance					
% 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	1979	4.0	12.3		
1970	92.06	85.02	-7.6	0.1	flat	21	2001	3.5	-13.0	X
1971	92.15	95.88	4.0	10.8	22	1965	3.3	9.1		
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	flat
1979	96.11	99.93	4.0	12.3	30	1972	1.8	15.6		
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	flat
1985	167.24	179.63	7.4	26.3	36	1998	1.0	26.7		
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	X
1988	247.08	257.07	4.0	12.4	39	1959	0.4	8.5		
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	flat
1993	435.71	438.78	0.7	7.1	44	1974	-1.0	-29.7		
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	X
2002	1148.08	1130.20	-1.6	-23.4	53	1962	-3.8	-11.8		
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	flat
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	flat
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 order

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

