

S T O C K

T R A D E R ' S

A L M A N A C

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S T O C K

TRADER'S

A L M A N A C

2 0 1 8

Jeffrey A. Hirsch & Yale Hirsch

WILEY

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Editor in Chief	Jeffrey A. Hirsch
Editor at Large	Yale Hirsch
Director of Research	Christopher Mistal
Production Editor	Kathryn Hancox

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ISBN: 978-1-119-38426-7 (paper)
ISBN: 978-1-119-38428-1 (ePDF)
ISBN: 978-1-119-38429-8 (ePub)

Printed in the United States of America.

10 9 8 7 6 5 4 3 2 1

This Fifty-First Edition is respectfully dedicated to:

Louis G. Navellier

Louie is Chairman and Founder of Navellier & Associates, Inc. In 1980 he began publishing *MPT Review*, a stock advisory newsletter for individuals that featured his quantitative analysis on growth stocks. In 1987 he started managing private accounts for high-net-worth individuals, and shortly thereafter for public plans.

Since then, Navellier & Associates has guided thousands of investors and institutions by applying its disciplined, quantitative investment process to a broad range of equity products. Louie manages approximately \$2 billion in assets. He also writes six investment newsletters focused on growth investing: *Blue Chip Growth*, *Emerging Growth*, *Dividend Growth*, *Family Trust*, *High Velocity Stocks* and *Platinum Growth*. His free Stock/ETF/Dividend Grader is super handy and his free *Weekly Marketmail* is nonpareil. Louie is always sharing his market outlook and analysis on Bloomberg, Fox News and CNBC. Louie has been an industry stalwart for nearly 40 years. He is a true believer in and user of seasonality and market cycles. His stocks, portfolios and funds rock and he has been a great friend.

INTRODUCTION TO THE FIFTY-FIRST EDITION

Once again we have the honor of introducing the Fifty-First 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 50.)

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 nine major errors since 1950, for an 86.6% 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 1996 to December 2016.



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.

One-year seasonal pattern charts for Dow, S&P 500, NASDAQ, Russell 1000, and Russell 2000 appear 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 2018 is a midterm election year, each chart contains typical midterm 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.

Midterm election years have been the second worst year of the four-year cycle, while eighth years of decades have been the second best, so 2018 promises to be laced with cross-currents. The last nine eighth years of decades appear on page 24. You can find all the market charts of midterm elections since the Depression on page 26, “Midterm Election Years: Where Bottom Pickers Find Paradise” on page 30, “Prosperity More Than Peace Determines the Outcome of Midterm Congressional Races” on page 32, and “Why a 50% Dow Gain Is Possible From Its 2018 Low to Its 2019 High” on page 34.

Our “Super Boom Update: 2010 Forecast On Track for Dow 38820 By 2025” appears on page 40, followed by “Culturally Enabling Paradigm Shifting Technologies Poised to Fuel the Next Super Boom” on page 42. For the first time in the *Almanac* we show how “Summer Market Volume Doldrums Drives Worst Six Months” on page 42.

On page 76 is our Best Investment Book of the Year, *Relationship Investing: Stock Market Therapy for Your Money*, by Jeffrey S. Weiss, CMT (Skyhorse Publishing). Other top books are listed on page 116. Sector seasonalities include several consistent shorting opportunities and appear on pages 92–96.

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 2018!

NOTABLE EVENTS

2016

Apr 3	Panama Papers detail 200K+ entities used for illegal purposes by noted personalities and heads of state
May 19	EgyptAir Flight 804 from Paris to Cairo crashes over Mediterranean killing all 66 people on board
Jun 1	Gothard Base Tunnel, world's longest and deepest railway tunnel, opens after 2 decades work
Jun 7	Kurdish rebels bomb central Istanbul targeting a police bus killing 12, injuring 51
Jun 8	Kurdish rebel car bomb in Midyat targeting police office, 5 killed (2 police) 30 injured
Jun 12	Gunman kills 49 wounds 58 in Orlando Pulse nightclub terrorist/hate crime shooting after 3-hour standoff
Jun 23	UK votes in favor of Brexit referendum to leave the European Union
Jun 28	ISIL suspected in terror attack on Atatürk Airport, Istanbul, killing 45 injuring ~230
Jul 1	Latvia becomes 35 th member of OECD
Jul 4	NASA's Juno spacecraft enters Jupiter's orbit begins 20-month survey of Jupiter
Jul 14	ISIS Bastille Day attack in Nice, France kills 77 when a truck plowed through a crowd
Jul 26	Solar Impulse 2 becomes the first solar-powered aircraft to circumnavigate the Earth
Aug 5-21	2016 Summer Olympics held in Rio de Janeiro, Brazil
Aug 31	Brazilian Senate votes 61–20 to impeach and remove President Dilma Rousseff from office
Sep 3	US & China (40% of world carbon emissions) formally join Paris climate agreement
Sep 8	NASA launches OSIRIS-REx, 1 st asteroid sample return mission expected back with samples 2023
Sep 9	North Korea conducts 5 th & reportedly largest nuclear test
Sep 30	2 Van Gogh paintings worth a combined \$100 mil recovered after being stolen on Dec 7, 2002
Oct 13	Maldives withdraws from British Commonwealth of Nations
Nov 8	Donald J. Trump elected 45 th President of the United States

Nov 24	Colombian government & FARC sign revised peace deal ending 50+-year conflict
Dec 19	Russian ambassador to Turkey Andrei Karlov is assassinated in Ankara
Dec 22	Study finds new Ebola virus vaccine 70–100% effective first proven vaccine against the disease
Dec 23	UN adopts resolution condemning Israeli settlements in Palestinian territories occupied since 1967
Dec 25	Russian jetliner crashes kills all 92 on board, including 64 members of Alexandrov Ensemble

2017

Jan 19	ECOWAS forces intervene in Gambia crisis to force President Yahya Jammeh to step down
Jan 21	Millions worldwide join Women's March in 588 marches largest single-day protest in history
Jan 26	Scientists at Harvard report 1 st creation of metallic hydrogen in a laboratory
Jan 27	Trump executive order restricts travel from Iraq, Iran, Libya, Somalia, Sudan, Syria, Yemen
Feb 11	North Korea test fires a ballistic missile across the Sea of Japan
Mar 10	President of South Korea Park Geun-hye removed by Constitutional Court
	UN warns biggest humanitarian crisis since WWII 20 mil risk famine in Yemen, Somalia, S Sudan, Nigeria
Mar 22	Westminster Bridge attack, 5 dead, 49 injured
Mar 29	UK invokes Article 50 of the Treaty on European Union, beginning the formal EU withdrawal process
Mar 30	SpaceX conducts world's first reflight of an orbital class rocket
Apr 3	Saint Petersburg subway suicide bombing 15 dead, 64 injured
Apr 6	US launches 59 Tomahawk cruise missiles on Syrian airbase in response chemical weapons attack
Apr 7	Stockholm truck attack
Apr 20	Champs Elysees ISIS terror attack in Paris

2018 OUTLOOK

It's like déjà vu all over again. A new president is getting challenged from all angles on many fronts and having a difficult time implementing his agenda. However, for the first half of 2017 the market has rallied smartly on the promise of change, tax and healthcare reform, deregulation and a massive infrastructure buildout—but mostly on the fact that election uncertainty is over and nothing is happening in DC. So far little has been accomplished and although new highs have just been logged as of this writing, little ground has been gained since March 1.

If President Trump and the GOP agenda remain on the defensive midterm politics will likely rear its ugly head again in 2018. But midterm elections have a history of being a bottom picker's paradise. In the last 13 quadrennial cycles since 1961, 9 of the 17 bear markets bottomed in the midterm year. In the last 14 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 administrations' 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. With eighth years of decades being second best 2018 may be a wild ride that starts high and ends high with a bear in the middle.

After a near-term high around 22000 in July 2017 and a late-summer/early fall low around 20000–21000, we look for a yearend rally that runs all the way up to 23000–24000 in early 2018 before the impact of higher rates and new federal government policies and legislation reverberates through the stock market creating the potential for an old fashioned, cyclical 20–30% bear market—or a Ned Davis Research defined bear market in the 13–19.99% range, finding its low point near the midterm elections in 2018 or early in 2019.

—Jeffrey A. Hirsch, June 23, 2017

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2018 STRATEGY CALENDAR


(Option expiration dates circled)

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

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

2018 STRATEGY CALENDAR

(Option expiration dates circled)

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

JULY

AUGUST

SEPTEMBER

OCTOBER

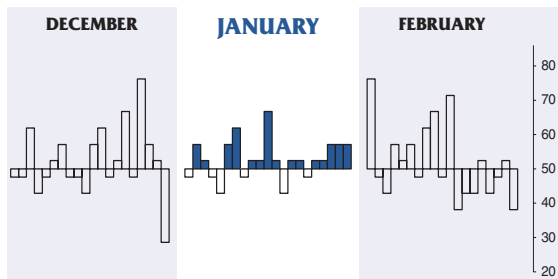
NOVEMBER

DECEMBER

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
	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 .746 batting average (page 16) ◆ 10 of last 17 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 22) ◆ S&P gains in January's first five days preceded full-year gains 83.3% of the time, 8 of last 17 midterm election years followed first five days' direction (page 14) ◆ November, December, and January constitute the year's best three-month span, a 4.1% S&P gain (pages 48 & 147) ◆ January NASDAQ powerful 2.5% since 1971 (pages 56 & 148) ◆ "January Effect" now starts in mid-December and favors small-cap stocks (pages 108 & 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	6	6	1	7	5
Up	43	41	30	24	21
Down	25	27	17	15	18
Average % Change	0.9%	1.0%	2.6%	0.9%	1.4%
Midterm Year	-0.9%	-1.0%	-0.7%	-1.3%	-0.9%
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	01/09/76 6.1	01/02/09 6.8	01/12/01 9.1	01/02/09 6.8	01/09/87 7.0
Worst	01/08/16 -6.2	01/08/16 -6.0	01/28/00 -8.2	01/08/16 -6.0	01/08/16 -7.9
Best & Worst January Days					
Best	01/17/91 4.6	01/03/01 5.0	01/03/01 14.2	1/3/01 5.3	01/21/09 5.3
Worst	01/08/88 -6.9	01/08/88 -6.8	01/02/01 -7.2	1/8/88 -6.1	01/20/09 -7.0
First Trading Day of Expiration Week: 1980-2017					
Record (#Up - #Down)	25-13	22-16	20-18	20-18	20-18
Current streak	D1	D1	D5	D5	D5
Avg % Change	0.09	0.06	0.08	0.04	0.05
Options Expiration Day: 1980-2017					
Record (#Up - #Down)	21-17	21-17	21-17	21-17	22-16
Current streak	U7	U3	U3	U3	U3
Avg % Change	-0.01	0.01	-0.04	-0.01	0.01
Options Expiration Week: 1980-2017					
Record (#Up - #Down)	20-18	16-22	21-17	16-22	20-18
Current streak	D1	D1	D1	D1	D1
Avg % Change	-0.16	-0.06	0.25	-0.07	0.20
Week After Options Expiration: 1980-2017					
Record (#Up - #Down)	21-17	24-14	22-16	24-14	26-12
Current streak	U3	U3	U3	U3	U3
Avg % Change	0.06	0.24	0.18	0.22	0.24
First Trading Day Performance					
% of Time Up	28.8	48.5	55.3	43.6	46.2
Avg % Change	0.25	0.16	0.18	0.15	0.04
Last Trading Day Performance					
% of Time Up	55.9	60.3	63.8	56.4	74.4
Avg % Change	0.21	0.25	0.29	0.32	0.29

Dow & S&P 1950-April 2017, NASDAQ 1971-April 2017, Russell 1K & 2K 1979-April 2017.

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

JANUARY 2018

New Year's Day (Market Closed)

MONDAY

1

Look for an impending crash in the economy when the best seller lists are filled with books on business strategies and quick-fix management ideas.

— Peter Drucker (Austrian-born pioneer management theorist, 1909–2005)

**Small Caps Punished First Trading Day of Year
Russell 2000 Down 16 of Last 28, But Up 6 of Last 9**

TUESDAY

D 61.9
S 47.6
N 66.7

2

There is only one side of the market and it is not the bull side or the bear side, but the right side.

— Jesse Livermore (Early 20th century stock trader and speculator, *How to Trade in Stocks*, 1877–1940)

**Second Trading Day of the Year, Dow Up 18 of Last 26
Santa Claus Rally Ends (Page 114)**

WEDNESDAY

D 66.7
S 57.1
N 47.6

3

I had an unshakable faith. I had it in my head that if I had to, I'd crawl over broken glass. I'd live in a tent—it was gonna happen. And I think when you have that kind of steely determination...people get out of the way.

— Rick Newcombe (Syndicator, *Investor's Business Daily*)

THURSDAY

D 47.6
S 52.4
N 47.6

4

Everyone wants to make the same three things: money, a name, and a difference. What creates diversity in the human race is how we prioritize the three.

— Roy H. Williams (*The Wizard of Ads*)

FRIDAY

D 47.6
S 47.6
N 52.4

5

A bull market tends to bail you out of all your mistakes. Conversely, bear markets make you PAY for your mistakes.

— Richard Russell (*Dow Theory Letters*)

SATURDAY

6

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

SUNDAY

7

JANUARY'S FIRST FIVE DAYS: AN EARLY WARNING SYSTEM

The last 42 up First Five Days were followed by full-year gains 35 times for an 83.3% accuracy ratio and a 13.6% average gain in all 42 years. The seven exceptions include flat 1994, 2011, 2015 and four related to war. Vietnam military spending delayed the start of the 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 25 down First Five Days were followed by 14 up years and 11 down (44.0% accurate) and an average gain of 1.4%.

In midterm years this indicator has a poor record. In the last 17 midterm years, 8 full years followed the direction of the First Five Days.

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	29.6
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	2017	1.3	??
1972	102.09	103.47	1.4	15.6	23	1961	1.2	23.1
1973	118.05	119.85	1.5	-17.4	24	1989	1.2	27.3
1974	97.55	96.12	-1.5	-29.7	25	2011	1.1	-0.003
1975	68.56	70.04	2.2	31.5	26	2002	1.1	-23.4
1976	90.19	94.58	4.9	19.1	27	1997	1.0	31.0
1977	107.46	105.01	-2.3	-11.5	28	1980	0.9	25.8
1978	95.10	90.64	-4.7	1.1	29	1966	0.8	-13.1
1979	96.11	98.80	2.8	12.3	30	1994	0.7	-1.5
1980	107.94	108.95	0.9	25.8	31	1965	0.7	9.1
1981	135.76	133.06	-2.0	-9.7	32	2009	0.7	23.5
1982	122.55	119.55	-2.4	14.8	33	1970	0.7	0.1
1983	140.64	145.23	3.3	17.3	34	1952	0.6	11.8
1984	164.93	168.90	2.4	1.4	35	1954	0.5	45.0
1985	167.24	163.99	-1.9	26.3	36	1956	0.4	20.3
1986	211.28	207.97	-1.6	14.6	37	1959	0.3	8.5
1987	242.17	257.28	6.2	2.0	38	1995	0.3	34.1
1988	247.08	243.40	-1.5	12.4	39	1992	0.2	4.5
1989	277.72	280.98	1.2	27.3	40	1968	0.2	7.7
1990	353.40	353.79	0.1	-6.6	41	2015	0.2	-0.7
1991	330.22	314.90	-4.6	26.3	42	1990	0.1	-6.6
1992	417.09	418.10	0.2	4.5	43	1971	0.04	10.8
1993	435.71	429.05	-1.5	7.1	44	2007	-0.4	3.5
1994	466.45	469.90	0.7	-1.5	45	2014	-0.6	11.4
1995	459.27	460.83	0.3	34.1	46	1960	-0.7	-3.0
1996	615.93	618.46	0.4	20.3	47	1957	-0.9	-14.3
1997	740.74	748.41	1.0	31.0	48	1953	-0.9	-6.6
1998	970.43	956.04	-1.5	26.7	49	1974	-1.5	-29.7
1999	1229.23	1275.09	3.7	19.5	50	1998	-1.5	26.7
2000	1469.25	1444.46	-1.9	-10.1	51	1988	-1.5	12.4
2001	1320.28	1295.86	-1.8	-13.0	52	1993	-1.5	7.1
2002	1148.08	1160.71	1.1	-23.4	53	1986	-1.6	14.6
2003	879.82	909.93	3.4	26.4	54	2001	-1.8	-13.0
2004	1111.92	1131.91	1.8	9.0	55	1955	-1.8	26.4
2005	1211.92	1186.19	-2.1	3.0	56	2000	-1.9	-10.1
2006	1248.29	1290.15	3.4	13.6	57	1985	-1.9	26.3
2007	1418.30	1412.11	-0.4	3.5	58	1981	-2.0	-9.7
2008	1468.36	1390.19	-5.3	-38.5	59	1956	-2.1	2.6
2009	903.25	909.73	0.7	23.5	60	2005	-2.1	3.0
2010	1115.10	1144.98	2.7	12.8	61	1977	-2.3	-11.5
2011	1257.64	1271.50	1.1	-0.003	62	1982	-2.4	14.8
2012	1257.60	1280.70	1.8	13.4	63	1969	-2.9	-11.4
2013	1426.19	1457.15	2.2	29.6	64	1962	-3.4	-11.8
2014	1848.36	1837.49	-0.6	11.4	65	1991	-4.6	26.3
2015	2058.90	2062.14	0.2	-0.7	66	1978	-4.7	1.1
2016	2043.94	1922.03	-6.0	9.5	67	2008	-5.3	-38.5
2017	2238.83	2268.90	1.3	??	68	2016	-6.0	9.5

Based on S&P 500

JANUARY 2018

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

MONDAY

D 38.1
S 42.9
N 52.4

8

The most important lesson in investing is humility.

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

TUESDAY

D 47.6
S 57.1
N 57.1

9

Averaging down in a bear market is tantamount to taking a seat on the down escalator at Macy's.

— Richard Russell (*Dow Theory Letters*, 1984)



WEDNESDAY

D 52.4
S 61.9
N 66.7

10

If the winds of fortune are temporarily blowing against you, remember that you can harness them and make them carry you toward your definite purpose, through the use of your imagination.

— Napoleon Hill (Author, *Think and Grow Rich*, 1883–1970)

THURSDAY

D 57.1
S 47.6
N 47.6

11

The political problem of mankind is to combine three things: economic efficiency, social justice, and individual liberty.

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

FRIDAY

D 52.4
S 52.4
N 47.6

12

Press on. Nothing in the world can take the place of persistence. Talent will not: nothing is more common than unrewarded talent. Education alone will not: the world is full of educated failures. Persistence alone is omnipotent.

— Calvin Coolidge (30th U.S. President, 1872–1933)

SATURDAY

13

SUNDAY

14

THE INCREDIBLE JANUARY BAROMETER (DEvised 1972): ONLY NINE SIGNIFICANT ERRORS IN 67 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 nine major errors since 1950 for an 86.6% 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; the Fed saved 2010 with QE2; QE3 likely staved off declines in 2014; and global growth fears sparked selling in January 2016. (*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 74.6% accuracy ratio. A full comparison of all monthly barometers for the Dow, S&P, and NASDAQ can be seen in the January 3, 2017 Alert at www.stocktradersalmanac.com. Bear markets began or continued when Januarys suffered a loss (see page 22). Full years followed January's direction in 10 of the last 17 midterm 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	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	11	1954	5.1	45.0		
1961	58.11	61.78	6.3	23.1	12	2013	5.0	29.6		
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	2017	1.8	??	
1982	122.55	120.40	-1.8	14.8	X	33	1950	1.7	21.8	
1983	140.64	145.30	3.3	17.3		34	2004	1.7	9.0	
1984	164.93	163.41	-0.9	1.4	flat	35	1952	1.6	11.8	
1985	167.24	179.63	7.4	26.3		36	2007	1.4	3.5	flat
1986	211.28	211.78	0.2	14.6		37	1998	1.0	26.7	
1987	242.17	274.08	13.2	2.0	flat	38	1993	0.7	7.1	
1988	247.08	257.07	4.0	12.4		39	1966	0.5	-13.1	X
1989	277.72	297.47	7.1	27.3		40	1959	0.4	8.5	
1990	353.40	329.08	-6.9	-6.6		41	1986	0.2	14.6	
1991	330.22	343.93	4.2	26.3	flat	42	1953	-0.7	-6.6	
1992	417.09	408.79	-2.0	4.5		43	1969	-0.8	-11.4	
1993	435.71	438.78	0.7	7.1		44	1984	-0.9	1.4	
1994	466.45	481.61	3.3	-1.5	flat	45	1974	-1.0	-29.7	
1995	459.27	470.42	2.4	34.1		46	2002	-1.6	-23.4	
1996	615.93	636.02	3.3	20.3		47	1973	-1.7	-17.4	
1997	740.74	786.16	6.1	31.0		48	1982	-1.8	14.8	X
1998	970.43	980.28	1.0	26.7		49	1992	-2.0	4.5	flat
1999	1229.23	1279.64	4.1	19.5		50	2005	-2.5	3.0	flat
2000	1469.25	1394.46	-5.1	-10.1		51	2003	-2.7	26.4	X
2001	1320.28	1366.01	3.5	-13.0	X	52	2015	-3.1	-0.7	flat
2002	1148.08	1130.20	-1.6	-23.4		53	2014	-3.6	11.4	X
2003	879.82	855.70	-2.7	26.4	X	54	1956	-3.6	2.6	flat
2004	1111.92	1131.13	1.7	9.0		55	2010	-3.7	12.8	X
2005	1211.92	1181.27	-2.5	3.0	flat	56	1962	-3.8	-11.8	
2006	1248.29	1280.08	2.5	13.6	flat	57	1957	-4.2	-14.3	
2007	1418.30	1438.24	1.4	3.5	flat	58	1968	-4.4	7.7	X
2008	1468.36	1378.55	-6.1	-38.5		59	1981	-4.6	-9.7	
2009	903.25	825.98	-8.6	23.5	X	60	1977	-5.1	-11.5	
2010	1115.10	1073.87	-3.7	12.8	X	61	2000	-5.1	-10.1	
2011	1257.64	1286.12	2.3	-0.003	flat	62	2016	-5.1	9.5	X
2012	1257.60	1312.41	4.4	13.4		63	2008	-6.1	-38.5	
2013	1426.19	1498.11	5.0	29.6		64	1978	-6.2	1.1	flat
2014	1848.36	1782.59	-3.6	11.4	X	65	1990	-6.9	-6.6	
2015	2058.90	1994.99	-3.1	-0.7	flat	66	1960	-7.1	-3.0	flat
2016	2043.94	1940.24	-5.1	9.5	X	67	1970	-7.6	0.1	flat
2017	2238.83	2278.87	1.8	??		68	2009	-8.6	23.5	X

X = major error Based on S&P 500

JANUARY 2018

Martin Luther King Jr. Day (Market Closed)

MONDAY
15

I really do inhabit a system in which words are capable of shaking the entire structure of government, where words can prove mightier than ten military divisions.

— Vaclav Havel (Czech dramatist, essayist, political leader and president, 1936–2011)

First Trading Day of January Expiration Week, Dow Up 17 of Last 25

TUESDAY
D 52.4
S 52.4
N 38.1
16

Sell stocks whenever the market is 30% higher over a year ago.

— Eugene D. Brody (Oppenheimer Capital)

January Expiration Week, Dow Down 11 of Last 19
Average Dow Loss: -1.1%

 WEDNESDAY
D 57.1
S 66.7
N 71.4
17

I have learned as a composer chiefly through my mistakes and pursuits of false assumptions, not by my exposure to founts of wisdom and knowledge.

— Igor Stravinsky (Russian composer, 1882–1971)

THURSDAY
D 42.9
S 52.4
N 61.9
18

If you could kick the person in the pants responsible for most of your trouble, you wouldn't sit for a month.

— Theodore Roosevelt (26th U.S. President, 1858–1919)

January Expiration Day Improving Since 2009, Dow Up 8 of Last 9

 FRIDAY
D 38.1
S 42.9
N 38.1
19

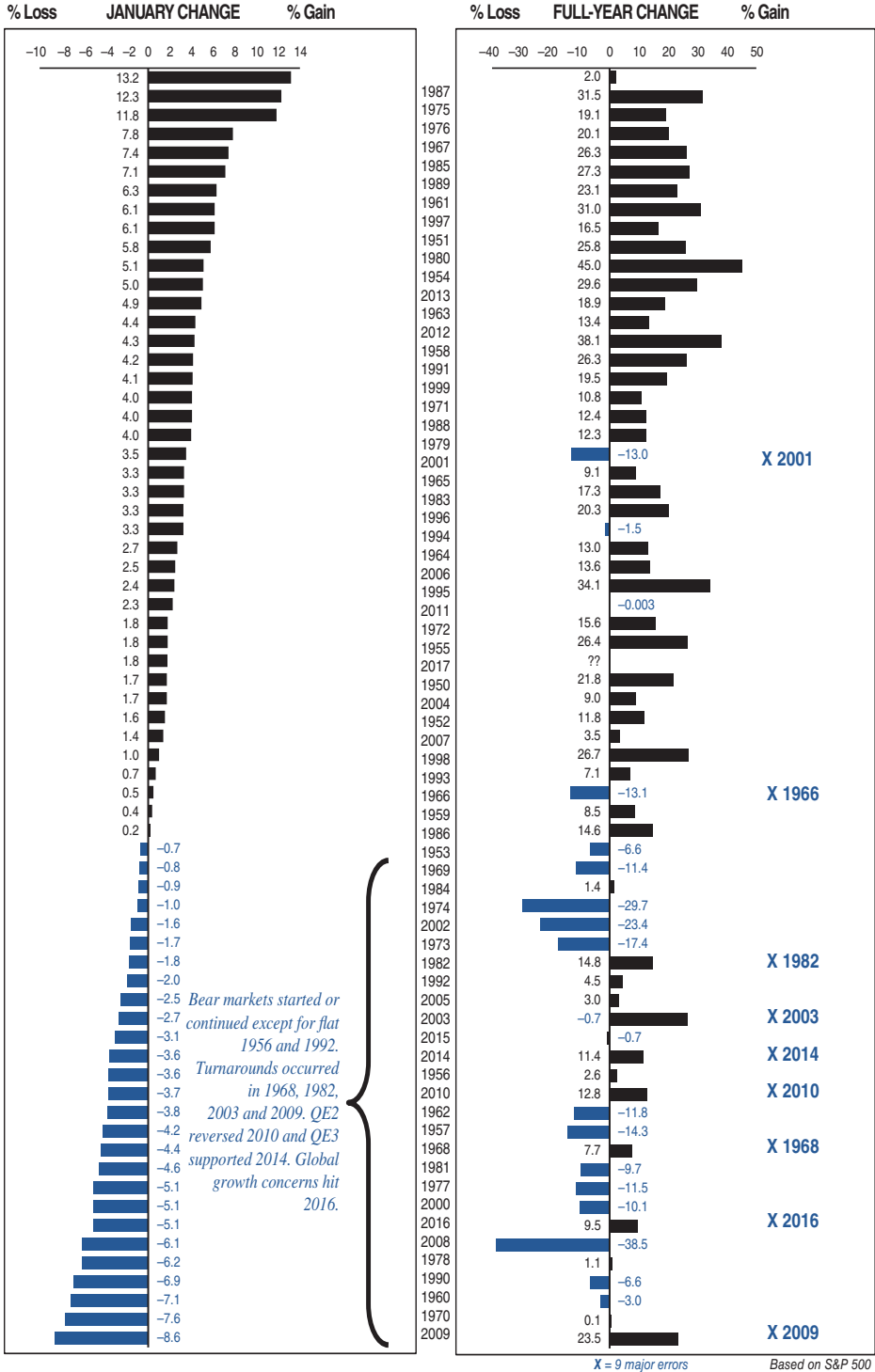
Of a stock's move, 31% can be attributed to the general stock market, 12% to the industry influence, 37% to the influence of other groupings, and the remaining 20% is peculiar to the one stock.

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

SATURDAY
20

SUNDAY
21

JANUARY BAROMETER IN GRAPHIC FORM SINCE 1950



JANUARY 2018

MONDAY

D 38.1
S 52.4
N 42.9

22

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)

TUESDAY

D 47.6
S 52.4
N 47.6

23

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*, 1899–1992)

January Ends “Best Three-Month Span” (Pages 48, 56, 147 and 148)

WEDNESDAY

D 38.1
S 47.6
N 57.1

24

I invest in people, not ideas; I want to see fire in the belly and intellect.

— Arthur Rock (First venture capitalist, b. 1926)

THURSDAY

D 57.1
S 52.4
N 47.6

25

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

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

FRIDAY

D 61.9
S 52.4
N 76.2

26

Technology will gradually strengthen democracies in every country and at every level.

— William H. Gates (Microsoft founder, b. 1955)

SATURDAY

27

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

SUNDAY

28