

2008 STRATEGY CALENDAR


(Option expiration dates circled)

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

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

2008 STRATEGY CALENDAR

(Option expiration dates circled)

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

JULY

AUGUST

SEPTEMBER

OCTOBER

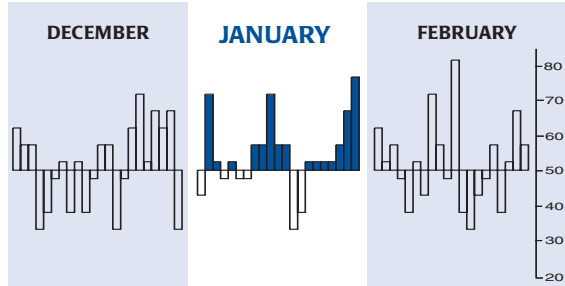
NOVEMBER

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
				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	



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 .754 batting average (page 16)
- ◆ Every down January on the S&P since 1950, *without exception*, preceded a new or extended bear market, or a flat market (page 42); six election years followed suit
- ◆ S&P gains January's first five days preceded full-year gains 86.1% of the time; in election years, only years 1988 & 1956 have been wrong (page 14)
- ◆ November, December and January constitute the year's best three-month span, a 4.9% S&P gain (pages 44 & 147)
- ◆ January NASDAQ powerful 3.7% since 1971 (pages 56 & 148)
- ◆ "January Effect" now starts in mid-December and favors small-cap stocks (pages 104 & 106)
- ◆ Since 1972 election-year Januaries are #1 for Dow and S&P, #2 for NASDAQ


January Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	4		3		1		2		1	
Up	39		37		26		20		18	
Down	19		21		11		9		11	
Avg % Change	1.3%		1.4%		3.7%		1.7%		2.7%	
Election Year	0.5%		0.7%		3.4%		1.1%		3.0%	
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	1960	-8.4	1970	-7.6	1990	-8.6	1990	-7.4	1990	-8.9
Best & Worst January Weeks										
Best	1/9/76	6.1	1/31/75	5.5	1/12/01	9.1	1/9/87	5.3	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	1/7/05	-5.9
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	1/3/01	4.7
Worst	1/8/88	-6.9	1/8/88	-6.8	1/2/01	-7.2	1/8/88	-6.1	1/2/01	-4.4
First Trading Day of Expiration Week: 1980-2007										
Record (#Up - #Down)	19-9		17-11		16-12		16-12		17-11	
Current streak	U1		U1		D2		U1		D2	
Avg % Change	0.11		0.15		0.16		0.13		0.22	
Options Expiration Day: 1980-2007										
Record (#Up - #Down)	13-15		14-14		17-11		14-14		16-12	
Current streak	D3		U1		U1		U1		U1	
Avg % Change	-0.12		-0.06		-0.10		-0.08		-0.07	
Options Expiration Week: 1980-2007										
Record (#Up - #Down)	15-13		13-15		17-11		13-15		16-12	
Current streak	U1		D3		D3		D3		D3	
Avg % Change	0.08		0.33		0.65		0.32		0.69	
Week After Options Expiration: 1980-2007										
Record (#Up - #Down)	6-12		18-10		17-11		18-10		19-9	
Current streak	D1		D1		D1		D1		U4	
Avg % Change	0.11		0.36		0.30		0.32		0.31	
First Trading Day Performance										
% of Time Up	56.9		46.6		54.1		37.9		41.4	
Avg % Change	0.19		0.06		0.03		-0.04		-0.12	
Last Trading Day Performance										
% of Time Up	60.3		65.5		67.6		65.5		79.3	
Avg % Change	0.27		0.31		0.38		0.45		0.32	

Dow & S&P 1950-April 2007, NASDAQ 1971-April 2007, Russell 1K & 2K 1979-April 2007.

DECEMBER/JANUARY 2008

*Last Day of the Year, NASDAQ Down 7 Straight After Being Up 29 in a Row!
Dow Down 7 of Last 11*

 MONDAY
D 38.1
S 33.3
N 66.7
31

*If I had my life to live over again, I would elect to be a trader of goods rather than a student of science.
I think barter is a noble thing. — Albert Einstein (German/American physicist, 1921 Nobel Prize, 1934, 1879-1955)*

New Year's Day (Market Closed)

TUESDAY
1


*It's a lot of fun finding a country nobody knows about. The only thing better is finding a country everybody's bullish on
and shorting it. — Jim Rogers (Financier, Investment Biker, b. 1942)*

First Trading Day of the Year, NASDAQ Up 8 of Last 10

WEDNESDAY
D 61.9
S 42.9
N 61.9
2

*America, this brash and noble container of dreams, this muse to artists and inventors and entrepreneurs,
this beacon of optimism, this dynamo of energy, this trumpet blare of liberty. — Peter Jennings
(Canadian-born anchor ABC World News Tonight, July 2003 after gaining U.S. citizenship, 1938-2005)*

Second Trading Day of the Year, Dow Up 11 of Last 14

 THURSDAY
D 71.4
S 71.4
N 81.0
3

*The years teach much which the days never know.
— Ralph Waldo Emerson (American author, poet and philosopher, Self-Reliance, 1803-1882)*

FRIDAY
D 47.6
S 52.4
N 61.9
4

*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, John Galt's Speech, Atlas Shrugged, 1957, 1905-1982)*

SATURDAY
5

January Almanac Investor Seasonalities: See Pages 114 & 116

SUNDAY
6

JANUARY'S FIRST FIVE DAYS: AN EARLY WARNING SYSTEM

The last 36 up First Five Days were followed by full-year gains 31 times, for an 86.1% accuracy ratio and a 13.7% average gain in all 36 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 21 down First Five Days were followed by 11 up years and 10 down (less than 50% accurate).

Bullish 4-year election cycle forces have given this indicator a 12-2 record in election years. Two of four down years have been wrong. However, a bear market began in 1956 with concern over Eisenhower's heart condition, the Suez Canal Crisis, and Russia's suppression of the Hungarian Revolution. A mini-crash on the fifth day of 1988 felled the S&P 6.8%.

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	1963	2.6	18.9
1959	55.21	55.40	0.3	8.5	10	1958	2.5	38.1
1960	59.89	59.50	-0.7	-3.0	11	1984	2.4	1.4
1961	58.11	58.81	1.2	23.1	12	1951	2.3	16.5
1962	71.55	69.12	-3.4	-11.8	13	1975	2.2	31.5
1963	63.10	64.74	2.6	18.9	14	1950	2.0	21.8
1964	75.02	76.00	1.3	13.0	15	2004	1.8	9.0
1965	84.75	85.37	0.7	9.1	16	1973	1.5	-17.4
1966	92.43	93.14	0.8	-13.1	17	1972	1.4	15.6
1967	80.33	82.81	3.1	20.1	18	1964	1.3	13.0
1968	96.47	96.62	0.2	7.7	19	1961	1.2	23.1
1969	103.86	100.80	-2.9	-11.4	20	1989	1.2	27.3
1970	92.06	92.68	0.7	0.1	21	2002	1.1	-23.4
1971	92.15	92.19	0.04	10.8	22	1997	1.0	31.0
1972	102.09	103.47	1.4	15.6	23	1980	0.9	25.8
1973	118.05	119.85	1.5	-17.4	24	1966	0.8	-13.1
1974	97.55	96.12	-1.5	-29.7	25	1994	0.7	-1.5
1975	68.56	70.04	2.2	31.5	26	1965	0.7	9.1
1976	90.19	94.58	4.9	19.1	27	1970	0.7	0.1
1977	107.46	105.01	-2.3	-11.5	28	1952	0.6	11.8
1978	95.10	90.64	-4.7	1.1	29	1954	0.5	45.0
1979	96.11	98.80	2.8	12.3	30	1996	0.4	20.3
1980	107.94	108.95	0.9	25.8	31	1959	0.3	8.5
1981	135.76	133.06	-2.0	-9.7	32	1995	0.3	34.1
1982	122.55	119.55	-2.4	14.8	33	1992	0.2	4.5
1983	140.64	145.23	3.3	17.3	34	1968	0.2	7.7
1984	164.93	168.90	2.4	1.4	35	1990	0.1	-6.6
1985	167.24	163.99	-1.9	26.3	36	1971	0.04	10.8
1986	211.28	207.97	-1.6	14.6	37	2007	-0.4	??
1987	242.17	257.28	6.2	2.0	38	1960	-0.7	-3.0
1988	247.08	243.40	-1.5	12.4	39	1957	-0.9	-14.3
1989	277.72	280.98	1.2	27.3	40	1953	-0.9	-6.6
1990	353.40	353.79	0.1	-6.6	41	1974	-1.5	-29.7
1991	330.22	314.90	-4.6	26.3	42	1998	-1.5	26.7
1992	417.09	418.10	0.2	4.5	43	1988	-1.5	12.4
1993	435.71	429.05	-1.5	7.1	44	1993	-1.5	7.1
1994	466.45	469.90	0.7	-1.5	45	1986	-1.6	14.6
1995	459.27	460.83	0.3	34.1	46	2001	-1.8	-13.0
1996	615.93	618.46	0.4	20.3	47	1955	-1.8	26.4
1997	740.74	748.41	1.0	31.0	48	2000	-1.9	-10.1
1998	970.43	956.04	-1.5	26.7	49	1985	-1.9	26.3
1999	1229.23	1275.09	3.7	19.5	50	1981	-2.0	-9.7
2000	1469.25	1441.46	-1.9	-10.1	51	1956	-2.1	2.6
2001	1320.28	1295.86	-1.8	-13.0	52	2005	-2.1	3.0
2002	1148.08	1160.71	1.1	-23.4	53	1977	-2.3	-11.5
2003	879.82	909.93	3.4	26.4	54	1982	-2.4	14.8
2004	1111.92	1131.91	1.8	9.0	55	1969	-2.9	-11.4
2005	1211.92	1186.19	-2.1	3.0	56	1962	-3.4	-11.8
2006	1248.29	1290.15	3.4	13.6	57	1991	-4.6	26.3
2007	1418.30	1412.11	-0.4	??	58	1978	-4.7	1.1

Based on S&P 500

JANUARY

MONDAY

D 57.1
S 47.6
N 61.9

7

If I owe a million dollars I am lost. But if I owe \$50 billion the bankers are lost. — Celso Ming (Brazilian journalist)

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

TUESDAY

D 42.9
S 52.4
N 52.4

8

Intense concentration hour after hour can bring out resources in people they didn't know they had.

— Edwin Land (Polaroid inventor & founder, 1909-1991)

WEDNESDAY

D 47.6
S 47.6
N 57.1

9

Every great advance in natural knowledge has involved the absolute rejection of authority.

— Thomas H. Huxley (British scientist and humanist, defender of Darwinism, 1825-1895)

THURSDAY

D 47.6
S 47.6
N 52.4

10

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)

FRIDAY

D 57.1
S 57.1
N 57.1

11

If a man has no talents, he is unhappy enough; but if he has, envy pursues him in proportion to his ability.

— Leopold Mozart (to his son Wolfgang Amadeus, 1768)

SATURDAY

12

SUNDAY

13

THE INCREDIBLE JANUARY BAROMETER (DEvised 1972): ONLY FIVE SIGNIFICANT ERRORS IN 57 YEARS

Devised by Yale Hirsch in 1972, our January Barometer states that as the S&P goes in January, so goes the year. The indicator has registered **only five major errors since 1950 for a 91.2% 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; and the anticipation of military action in Iraq held down the market in January 2003. (*Almanac Investor* newsletter subscribers were warned at the time not to heed the January Barometer's negative reading as it was being influenced by Iraqi concerns.)

Including the nine flat years (less than +/- 5%) yields a 75.4% accuracy ratio. A full comparison of all monthly barometers for the Dow, S&P and NASDAQ in our newsletter archives (March 2004) at www.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 ten of the last 14 election years. The four errors occurred when January was down. *See pages 18, 22 and 24 for more January Barometer items.*

AS JANUARY GOES, SO GOES THE YEAR

Market Performance in January				
	Previous Year's Close	January Close	January Change	Year Change
1950	16.76	17.05	1.7%	21.8%
1951	20.41	21.66	6.1	16.5
1952	23.77	24.14	1.6	11.8
1953	26.57	26.38	-0.7	-6.6
1954	24.81	26.08	5.1	45.0
1955	35.98	36.63	1.8	26.4
1956	45.48	43.82	-3.6	2.6 flat
1957	46.67	44.72	-4.2	-14.3
1958	39.99	41.70	4.3	38.1
1959	55.21	55.42	0.4	8.5
1960	59.89	55.61	-7.1	-3.0 flat
1961	58.11	61.78	6.3	23.1
1962	71.55	68.84	-3.8	-11.8
1963	63.10	66.20	4.9	18.9
1964	75.02	77.04	2.7	13.0
1965	84.75	87.56	3.3	9.1
1966	92.43	92.88	0.5	-13.1 X
1967	80.33	86.61	7.8	20.1
1968	96.47	92.24	-4.4	7.7 X
1969	103.86	103.01	-0.8	-11.4
1970	92.06	85.02	-7.6	0.1 flat
1971	92.15	95.88	4.0	10.8
1972	102.09	103.94	1.8	15.6
1973	118.05	116.03	-1.7	-17.4
1974	97.55	96.57	-1.0	-29.7
1975	68.56	76.98	12.3	31.5
1976	90.19	100.86	11.8	19.1
1977	107.46	102.03	-5.1	-11.5
1978	95.10	89.25	-6.2	1.1 flat
1979	96.11	99.93	4.0	12.3
1980	107.94	114.16	5.8	25.8
1981	135.76	129.55	-4.6	-9.7
1982	122.55	120.40	-1.8	14.8 X
1983	140.64	145.30	3.3	17.3
1984	164.93	163.41	-0.9	1.4 flat
1985	167.24	179.63	7.4	26.3
1986	211.28	211.78	0.2	14.6
1987	242.17	274.08	13.2	2.0 flat
1988	247.08	257.07	4.0	12.4
1989	277.72	297.47	7.1	27.3
1990	353.40	329.08	-6.9	-6.6
1991	330.22	343.93	4.2	26.3
1992	417.09	408.79	-2.0	4.5 flat
1993	435.71	438.78	0.7	7.1
1994	466.45	481.61	3.3	-1.5 flat
1995	459.27	470.42	2.4	34.1
1996	615.93	636.02	3.3	20.3
1997	740.74	786.16	6.1	31.0
1998	970.43	980.28	1.0	26.7
1999	1229.23	1279.64	4.1	19.5
2000	1469.25	1394.46	-5.1	-10.1
2001	1320.28	1366.01	3.5	-13.0 X
2002	1148.08	1130.20	-1.6	-23.4
2003	879.82	855.70	-2.7	26.4 X
2004	1111.92	1131.13	1.7	9.0
2005	1211.92	1181.27	-2.5	3.0 flat
2006	1248.29	1280.08	2.5	13.6
2007	1418.30	1438.24	1.4	??

Ranked by Performance

Rank	Year	January Change	Year Change
1	1987	13.2%	2.0%flat
2	1975	12.3	31.5
3	1976	11.8	19.1
4	1967	7.8	20.1
5	1985	7.4	26.3
6	1989	7.1	27.3
7	1961	6.3	23.1
8	1997	6.1	31.0
9	1951	6.1	16.5
10	1980	5.8	25.8
11	1954	5.1	45.0
12	1963	4.9	18.9
13	1958	4.3	38.1
14	1991	4.2	26.3
15	1999	4.1	19.5
16	1971	4.0	10.8
17	1988	4.0	12.4
18	1979	4.0	12.3
19	2001	3.5	-13.0 X
20	1965	3.3	9.1
21	1983	3.3	17.3
22	1996	3.3	20.3
23	1994	3.3	-1.5 flat
24	1964	2.7	13.0
25	2006	2.5	13.6
26	1995	2.4	34.1
27	1972	1.8	15.6
28	1955	1.8	26.4
29	1950	1.7	21.8
30	2004	1.7	9.0
31	1952	1.6	11.8
32	2007	1.4	??
33	1998	1.0	26.7
34	1993	0.7	7.1
35	1966	0.5	-13.1 X
36	1959	0.4	8.5
37	1986	0.2	14.6
38	1953	-0.7	-6.6
39	1969	-0.8	-11.4
40	1984	-0.9	1.4 flat
41	1974	-1.0	-29.7
42	2002	-1.6	-23.4
43	1973	-1.7	-17.4
44	1982	-1.8	14.8 X
45	1992	-2.0	4.5 flat
46	2005	-2.5	3.0 flat
47	2003	-2.7	26.4 X
48	1956	-3.6	2.6 flat
49	1962	-3.8	-11.8
50	1957	-4.2	-14.3
51	1968	-4.4	7.7 X
52	1981	-4.6	-9.7
53	1977	-5.1	-11.5
54	2000	-5.1	-10.1
55	1978	-6.2	1.1 flat
56	1990	-6.9	-6.6
57	1960	-7.1	-3.0 flat
58	1970	-7.6	0.1 flat

X = 5 major errors

Based on S&P 500

JANUARY

First Trading Day of January Expiration Week, Dow Up 11 of Last 15

MONDAY
D 47.6
S 57.1
N 66.7
14

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*)

 TUESDAY
D 66.7
S 71.4
N 61.9
15

If I had eight hours to chop down a tree, I'd spend six sharpening my axe. — Abraham Lincoln (16th U.S. president, 1809-1865)


WEDNESDAY
D 61.9
S 57.1
N 66.7
16

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

THURSDAY
D 42.9
S 57.1
N 71.4
17

You win some, you lose some. And then there's that little-known third category.
— Albert Gore (U.S. vice president 1993-2000, former 2000 presidential candidate, quoted at the 2004 DNC)

January Expiration Day, Dow Down 8 of Last 9 with Big Losses

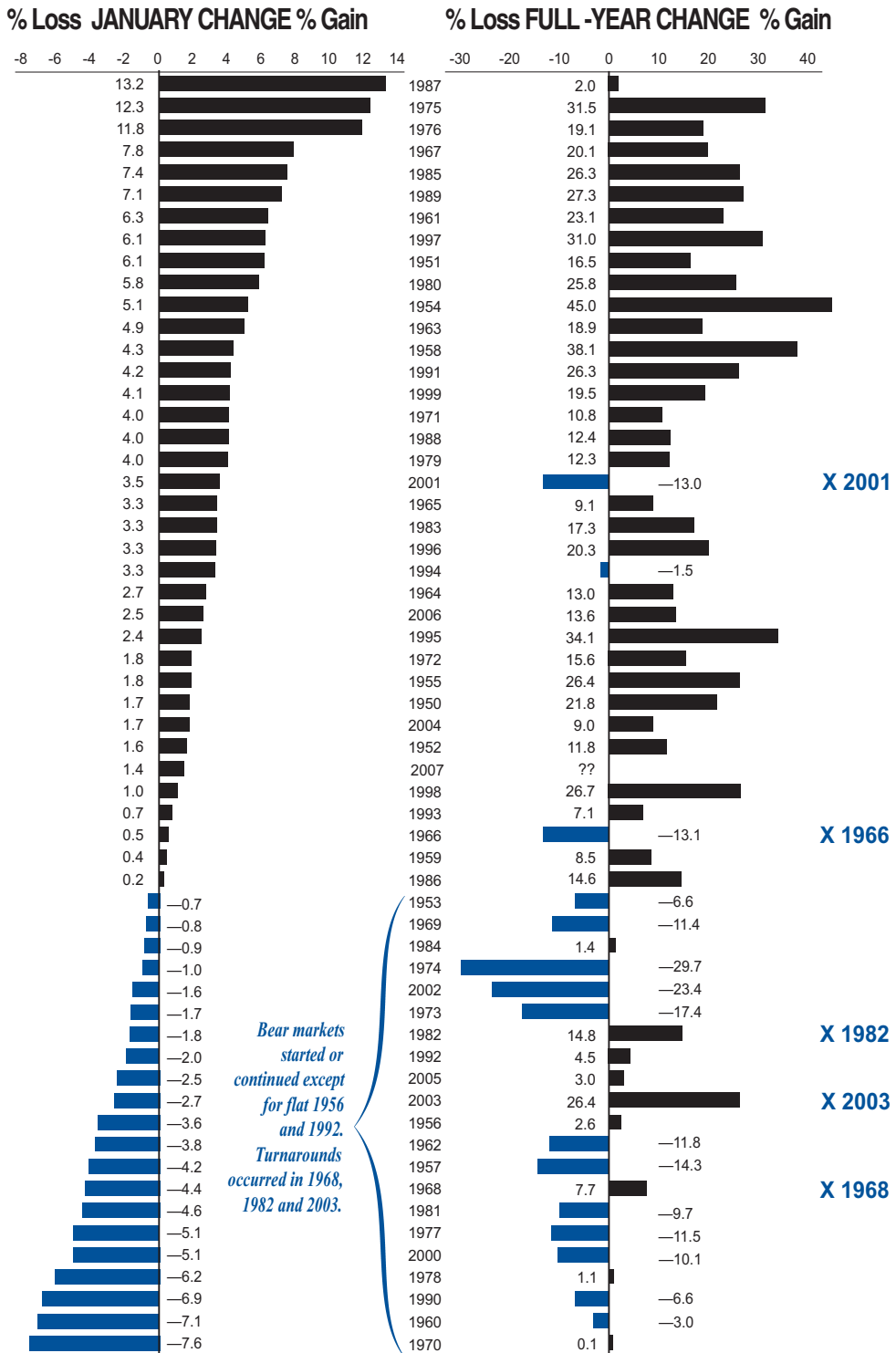
 FRIDAY
D 38.1
S 33.3
N 33.3
18

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*)

SATURDAY
19

SUNDAY
20

JANUARY BAROMETER IN GRAPHIC FORM SINCE 1950




JANUARY

Martin Luther King Jr. Day (Market Closed)

MONDAY
21

In the end, we will remember not the words of our enemies, but the silence of our friends.
— Martin Luther King Jr. (Civil rights leader, 1964 Nobel Peace Prize, 1929-1968)

 TUESDAY
D 33.3
S 38.1
N 47.6
22

You know you're right when the other side starts to shout. — I. A. O'Shaughnessy (American oilman, 1885-1973)

WEDNESDAY
D 52.4
S 52.4
N 52.4
23

In nature there are no rewards or punishments; there are consequences. — Horace Annesley Vachell (*The Force of Clay*)

"January Barometer" 91.2% accurate (Page 16)
Almanac Investor Subscribers Emailed Official Reading Alert

THURSDAY
D 42.9
S 52.4
N 57.1
24

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*)

FRIDAY
D 71.4
S 52.4
N 42.9
25

The measure of success is not whether you have a tough problem to deal with, but whether it's the same problem you had last year.
— John Foster Dulles (secretary of state under Eisenhower, 1888-1959)

SATURDAY
26

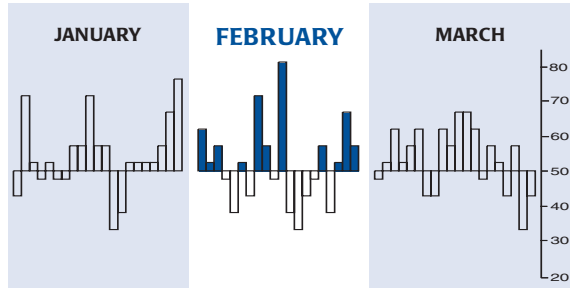
February Almanac Investor Seasonalities: See Pages 114 & 116

SUNDAY
27

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	29	

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, 58 & 147)
- ◆ RECENT RECORD improving: S&P 15 up, 8 down, average change 0.6% for 23 years ◆ #1 NASDAQ month in election years average 3.4%, up 6, down 3 (page 157), but #9 S&P and #11 Dow (pages 153 & 155), both up 5, down 4 ◆ Day before Presidents’ Day weekend S&P down 14 of 16, 11 straight 1992-2002, day after improving lately, up 9 of 16 (see page 84 & 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	8	11	5
Up	33	31	19	17	16
Down	25	27	18	12	13
Avg % Change	0.2%	-0.1%	0.5%	0.2%	1.3%
Election Year	0.1%	0.1%	3.4%	0.3%	3.4%
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	2000 -7.4	2001 -9.2	2001 -22.4	2001 -9.5	1999 -8.2
Best & Worst February Weeks					
Best	2/22/74 4.4	2/8/91 4.8	2/4/00 9.2	2/8/91 4.6	2/1/91 6.6
Worst	2/11/00 -4.9	2/23/01 -4.3	2/9/01 -7.1	2/23/01 -4.4	2/10/84 -4.6
Best & Worst February Days					
Best	2/24/84 2.7	2/22/99 2.7	2/11/99 4.2	2/22/99 2.6	2/29/00 3.6
Worst	2/27/07 -3.3	2/27/07 -3.5	2/16/01 -5.0	2/27/07 -3.4	2/27/07 -3.8
First Trading Day of Expiration Week: 1980-2007					
Record (#Up - #Down)	17-11	19-9	14-14	19-9	15-13
Current streak	D3	D2	D2	D2	D2
Avg % Change	0.39	0.33	0.04	0.28	0.08
Options Expiration Day: 1980-2007					
Record (#Up - #Down)	13-15	10-18	11-17	11-17	12-16
Current streak	U1	D2	D4	D2	U1
Avg % Change	-0.07	-0.16	-0.33	-0.16	-0.07
Options Expiration Week: 1980-2007					
Record (#Up - #Down)	16-12	13-15	13-15	12-16	16-12
Current streak	U2	U2	U2	U2	U2
Avg % Change	0.40	0.13	-0.05	0.13	0.19
Week After Options Expiration: 1980-2007					
Record (#Up - #Down)	12-16	13-15	17-11	13-15	17-11
Current streak	D2	D1	U3	D1	U4
Avg % Change	-0.22	-0.11	-0.03	-0.06	0.12
First Trading Day Performance					
% of Time Up	60.3	60.3	67.6	65.5	62.1
Avg % Change	0.11	0.09	0.25	0.07	0.16
Last Trading Day Performance					
% of Time Up	51.7	58.6	56.8	62.1	65.5
Avg % Change	0.08	0.08	0.05	0.11	0.33

Dow & S&P 1950-April 2007, NASDAQ 1971-April 2007, Russell 1K & 2K 1979-April 2007.

*Either go short, or stay away
The day before Presidents' Day*

JANUARY / FEBRUARY

MONDAY

D 66.7
S 52.4
N 76.2

28

Unless you love EVERYBODY, you can't sell ANYBODY. — (From Jerry Maguire, 1996)

FOMC Meeting (2 Days)

TUESDAY

D 52.4
S 57.1
N 66.7

29

An autobiography must be such that one can sue oneself for libel. — Thomas Hoving (Museum Director)

January Ends "Best Three-Month Span" (Pages 44, 56, 147 & 148)

 WEDNESDAY

D 61.9
S 66.7
N 57.1

30

It's not that I am so smart; it's just that I stay with problems longer.

— Albert Einstein (German/American physicist, 1921 Nobel Prize, 1879-1955)

 THURSDAY

D 71.4
S 76.2
N 71.4

31

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)

First Trading Day in February, Dow Up 7 of Last 8 and Last Five in a Row

 FRIDAY

D 61.9
S 61.9
N 81.0

1

The worst mistake investors make is taking their profits too soon, and their losses too long.

— Michael Price (Mutual Shares Fund)

SATURDAY

2

SUNDAY

3

HOT JANUARY INDUSTRIES BEAT S&P NEXT 11 MONTHS

The S&P 500 in January tends to predict the market's direction for the year. In turn, Standard & Poor's top 10 industries in January outperform the index over the next 11 months.

Our friend Sam Stovall, chief investment strategist at S&P, has crunched the numbers over the years. He calls it the "January Barometer Portfolio," or JBP. Since 1970 a portfolio of the top 10 S&P Industries during January has beaten the S&P 500 itself — and performed even better in years when January was up.

The JBP went on to outperform the S&P 500 during the remaining 11 months of the year 73% of the time, 15.8% to 7.0%, on average. When the S&P 500 is up in January, a top-10 industries portfolio increases the average portfolio gain to 20.5% for the last 11 months of the year vs. 12.7% for the S&P.

For more check Sam's Sector Watch at businessweek.com or our March 2007 *Almanac Investor* newsletter in the archives at www.stocktradersalmanac.com. Also highlighted are Sam's selected stocks from within the top 10 sectors.

AS JANUARY GOES, SO GOES THE YEAR FOR TOP-PERFORMING INDUSTRIES

January's Top 10 Industries vs. S&P 500 Next 11 Months

	11 Month % Change		S&P Jan %	After S&P Up in January		After S&P Down in January	
	Portfolio	S&P		Portfolio	S&P	Portfolio	S&P
1970	-4.7	-0.3	-7.6			-4.7	-0.3
1971	23.5	6.1	4.0	23.5	6.1		
1972	19.7	13.7	1.8	19.7	13.7		
1973	5.2	-20.0	-1.7			5.2	-20.0
1974	-29.2	-30.2	-1.0			-29.2	-30.2
1975	57.3	22.2	12.3	57.3	22.2		
1976	16.3	8.1	11.8	16.3	8.1		
1977	-9.1	-9.6	-5.1			-9.1	-9.6
1978	7.3	6.5	-6.2			7.3	6.5
1979	21.7	8.1	4.0	21.7	8.1		
1980	38.3	20.4	5.8	38.3	20.4		
1981	5.0	-6.9	-4.6			5.0	-6.9
1982	37.2	18.8	-1.8			37.2	18.8
1983	17.2	13.9	3.3	17.2	13.9		
1984	-5.0	-1.1	-0.9			-5.0	-1.1
1985	28.2	20.8	7.4	28.2	20.8		
1986	18.1	19.4	0.2	18.1	19.4		
1987	-1.5	-8.9	13.2	-1.5	-8.9		
1988	18.4	10.4	4.0	18.4	10.4		
1989	16.1	22.1	7.1	16.1	22.1		
1990	-4.4	-3.3	-6.9			-4.4	-3.3
1991	35.7	19.4	4.2	35.7	19.4		
1992	14.6	4.7	-2.0			14.6	4.7
1993	23.7	7.2	0.7	23.7	7.2		
1994	-7.1	-4.6	3.3	-7.1	-4.6		
1995	25.6	30.9	2.4	25.6	30.9		
1996	5.4	16.5	3.3	5.4	16.5		
1997	4.7	23.4	6.1	4.7	23.4		
1998	45.2	25.4	1.0	45.2	25.4		
1999	67.9	14.8	4.1	67.9	14.8		
2000	23.6	-5.3	-5.1			23.6	-5.3
2001	-13.1	-16.0	3.5	-13.1	-16.0		
2002	-16.2	-22.2	-1.6			-16.2	-22.2
2003	69.3	29.9	-2.7			69.3	29.9
2004	9.9	7.1	1.7	9.9	7.1		
2005	20.7	5.7	-2.5			20.7	5.7
2006	-0.3	10.8	2.5	-0.3	10.8		
2007			1.4				
Averages	15.8%	7.0%		20.5%	12.7%	8.2%	-2.4%

FEBRUARY

MONDAY

D 47.6
S 52.4
N 71.4

4

Whom the gods would destroy, they first put on the cover of BusinessWeek.

— Paul Krugman (Economist, *NY Times* 8/17/2001, referring to Enron CEO, cover 2/12, scandal 6/23, quits 8/16)

TUESDAY

D 42.9
S 57.1
N 57.1

5

Regret for the things we did can be tempered by time; it is regret for the things we did not do that is inconsolable.

— Sydney J. Harris (American journalist and author, 1917-1986)

Ash Wednesday

WEDNESDAY

D 47.6
S 47.6
N 61.9

6

The thing always happens that you really believe in. The belief in a thing makes it happen.

— Frank Lloyd Wright (American architect)

 THURSDAY

D 42.9
S 38.1
N 52.4

7

Make money and the whole nation will conspire to call you a gentleman. — George Bernard Shaw (Irish dramatist, 1856-1950)

NASDAQ Flattened in February 2001, Down 22.4%

FRIDAY

D 47.6
S 52.4
N 57.1

8

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)

SATURDAY

9

SUNDAY

10

1933 “LAME DUCK” AMENDMENT: REASON JANUARY BAROMETER WORKS

There would be no January Barometer without the passage in 1933 of the Twentieth “Lame Duck” Amendment to the Constitution. Since then it has essentially been “As January goes, so goes the year.” January’s direction has correctly forecasted the major trend for the market in most of the subsequent years.

Prior to 1934, newly elected senators and representatives did not take office until December of the following year, 13 months later (except when new presidents were inaugurated). Defeated congressmen stayed in Congress for all of the following session. They were known as “lame ducks.”

JANUARY BAROMETER (ODD YEARS)

January % Change	12 Month % Change	Same	Opposite
-4.2%	41.2%		1935
3.8	-38.6		1937
-6.9	-5.4	1939	
-4.8	-17.9	1941	
7.2	19.4	1943	
1.4	30.7	1945	
2.4	N/C	1947	
0.1	10.3	1949	
6.1	16.5	1951	
-0.7	-6.6	1953	
1.8	26.4	1955	
-4.2	-14.3	1957	
0.4	8.5	1959	
6.3	23.1	1961	
4.9	18.9	1963	
3.3	9.1	1965	
7.8	20.1	1967	
-0.8	-11.4	1969	
4.0	10.8	1971	
-1.7	-17.4	1973	
12.3	31.5	1975	
-5.1	-11.5	1977	
4.0	12.3	1979	
-4.6	-9.7	1981	
3.3	17.3	1983	
7.4	26.3	1985	
13.2	2.0	1987	
7.1	27.3	1989	
4.1	26.3	1991	
0.7	7.1	1993	
2.4	34.1	1995	
6.1	31.0	1997	
4.1	19.5	1999	
3.5	-13.0		2001
-2.7	26.4		2003
-2.5	3.0		2005
1.4	??	2007?	2007?

12 month's % change includes January's % change
Based on S&P 500

Since 1934, Congress convenes in the first week of January and includes those members newly elected the previous November. Inauguration Day was also moved up from March 4 to January 20. As a result several events have been squeezed into January, which affects our economy and our stock market and quite possibly those of many nations of the world.

The basis for January’s predictive capacity comes from the fact that so many important events occur in the month: new Congresses convene; the president gives the State of the Union message, presents the annual budget and sets national goals and priorities. Switch these events to any other month and chances are the January Barometer would become a memory.

The table shows the January Barometer in odd years. In 1935 and 1937, the Democrats already had the most lopsided congressional margins in history, so when these two Congresses convened it was anticlimactic.

The January Barometer in subsequent odd-numbered years had compiled a perfect record until two January interest rate cuts and the 9/11 attack affected 2001, the anticipation of military action in Iraq held the market down in January 2003, and we experienced a flat 2005. The disastrous Indian Ocean tsunami on December 26, 2004, may have impacted stocks in January 2005.

See the January Barometer compared to prior “New Congress Barometers” at www.stocktradersalmanac.com.