INTRODUCTION TO THE THIRTY-SEVENTH EDITION

We are pleased and proud to introduce the Thirty-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 practically all the gains in the market were made during November through April compared to almost nothing May through October? (See page 50.)

The Almanac is a practical investment tool. Its wealth of information is organized on a calendar basis. 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 hundreds of millions 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 one error (2001: two January rate cuts and 9/11) in odd-numbered years since 1937.

- 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.

2004 will likely be a dynamic year for investors. Election years tend to be battle-grounds and anytime a president is faced with reelection, obstacles present themselves (pages 10, 78 & 94). Following a successful military campaign in Iraq, the Bush administration will be up against high expectations on the economy and continued unfinished diplomatic business in the Middle East, Asia, Africa and Latin America. Positive market action usually accompanies reelection of a president. But with the current midterm-to-pre-election year rally well underway and likely to continue into the first half of 2004, and pre-election years garnering the lion’s share of the gains, year-over-year returns for election-year 2004 are likely to be more tame. —Jeffrey A. Hirsch, July 31, 2003
THE 2004 STOCK TRADER’S ALMANAC

CONTENTS

  8  2004 Strategy Calendar
10  Prognosticating Tools And Patterns For 2004
12  January Almanac
14  January’s First Five Days An “Early Warning” System
16  Incredible January Barometer (Devised 1972)
     Only Four Significant Errors In 53 Years
18  January Barometer In Graphic Form Since 1950
20  February Almanac
22  Hot January Industries Beat S&P Next 11 Months
24  1933 “Lame Duck” Amendment Reason January Barometer Works
26  The Fourth Year Of Decades
28  Market Charts Of Presidential Election Years
30  March Almanac
32  Profit On Day Before St. Patrick’s Day
34  How The Government Manipulates The Economy To Stay In Power
36  Incumbent Victories Vs. Incumbent Defeats
38  April Almanac
40  Add The December Low Indicator To Your Prognosticating Arsenal
42  Only One Loss Last 7 Months Of Election Years
44  Down Januarys: A Remarkable Record
46  May Almanac
48  Top Performing Months Past 53½ Years
     Standard & Poor’s 500 & Dow Jones Industrials
50  Our “Best Six Months” Discovery (In 1986)
     Continues To Rack Up Phenomenal Gains
52  “Best Six Months” Record Skyrockets
     With A Simple Market-Timing Indicator
54  Top Performing NASDAQ Months Past 32½ Years
56  June Almanac
58  NASDAQ’s “Best Eight Months” Shoot The Moon
     With A Simple MACD Timing Indicator
60  Don’t-Sell-Stocks-On-Monday Mantra May Be Back
First-Trading-Day-Of-The-Month Phenomenon
July Almanac
2002 Daily Dow Point Changes
Take Advantage Of Down Friday/Down Monday Warning
A Rally For All Seasons
August Almanac
First Month Of First Three Quarters Is The Most Bullish
Down Triple-Witching Weeks Trigger More Weakness Week After
Can The Republicans Beat The Odds In 2004?
Market Acts As A Barometer Between The Last Convention And Election Day
September Almanac
A Correction For All Seasons
Market Behavior Three Days Before And Three Days After Holidays
End-Of-Month Bullish Seasonality Shifting
October Almanac
Certain Stocks Soar, Others Tumble During Certain Months Of The Year
2004 Presidential Election Year Perspectives
The Right Stock At The Right Time: The Best Investment Book Of The Year
Year’s Top Investment Books
November Almanac
Announcing A New Tool For Almanac Investors
Most Of The So-Called “January Effect” Takes Place In December’s Last Two Weeks
Trading The Thanksgiving Market
December Almanac
Wall Street’s Only “Free Lunch” Now Served In Late December
January Effect Starts In Mid-December
If Santa Claus Should Fail To Call Bears May Come To Broad & Wall
Sector Seasonality: Selected Percentage Plays
NASDAQ Composite Market Probability Calendar 2004
Dow Jones Industrials Market Probability Calendar 2004
S&P 500 Market Probability Calendar 2004
Recent S&P 500 Market Probability Calendar 2004
2005 Strategy Calendar
Decennial Cycle: A Market Phenomenon
Presidential Election/Stock Market Cycle
The 170-Year Saga Continues
Bull And Bear Markets Since 1900
DIRECTORY OF TRADING PATTERNS & DATABANK

130 A Typical Day In The Market
131 Through The Week On A Half-Hourly Basis
132 Monday Reverts To Its Old Bear Pattern
   Worst Day Of Week Last Three Years
133 NASDAQ Days Of The Week
134 S&P Daily Performance Each Year Since 1952
135 NASDAQ Daily Performance Each Year Since 1971
136 Monthly Cash Inflows Into S&P Stocks
137 Monthly Cash Inflows Into NASDAQ Stocks
138 November, December, January—Year’s Best Three-Month Span
139 November Through June—NASDAQ’s Eight-Month Run
140 Standard & Poor’s 500 Monthly Percent Changes
142 Standard & Poor’s 500 Monthly Closing Prices
144 Dow Jones Industrials Monthly Percent Changes
146 Dow Jones Industrials Monthly Point Changes
148 Dow Jones Industrials Monthly Closing Prices
150 NASDAQ Composite Monthly Percent Changes
152 NASDAQ Composite Monthly Closing Prices
154 Best & Worst Dow Days
155 Best & Worst NASDAQ Days
156 Best & Worst Dow Weeks
157 Best & Worst NASDAQ Weeks
158 Best & Worst Dow Months
159 Best & Worst NASDAQ Months
160 Best & Worst Dow And NASDAQ Years

STRA TEGY PLANNING & RECORD SECTION

162 Portfolio At Start Of 2004
164 Additional Purchases
167 Short-Term Transactions
173 Long-Term Transactions
177 Interest/Dividends Received During 2004/Brokerage Account Data 2004
178 Portfolio At End Of 2004
180 Portfolio Price Record 2004 (First Half)
182 Portfolio Price Record 2004 (Second Half)
184 Weekly Indicator Data 2004
186 Monthly Indicator Data 2004
187 If You Don’t Profit From Your Investment Mistakes,
   Someone Else Will/Performance Record Of Recommendations
188 IRA: Most Awesome Investment Incentive Ever Devised
189 Option Trading Codes/Top Ninety-Six Exchange Traded Funds
190 G.M. Loeb’s “Battle Plan” For Investment Survival
191 G.M. Loeb’s Investment Survival Checklist
192 Important Contacts
FEBRUARY ALMANAC

Market Probability Chart above is a graphic representation of the Market Probability Calendar on page 123.

◆ Sharp January moves usually correct or consolidate in February ◆ Compare January and February performance on page 140 ◆ Tends to follow current market trend ◆ RECORD: S&P 28 up, 26 down ◆ Average S&P change –0.1% for 54 years, recent 15 years –0.2% ◆ Best NASDAQ month in Election Years (page 150) average 4.1% gain, up 6, down 2 ◆ Eleven dogs in a row day before Presidents’ Day weekend, off 295.05 Dow points in 2000, 91.20 in 2001, 98.95 in 2002, gained 158.93 in 2003 after prior eight-day 360-point drop; days after no prize either lately (see below and page 86) ◆ Many technicians modify market predictions based on January’s market

<table>
<thead>
<tr>
<th>FEBRUARY DAILY POINT CHANGES DOW JONES INDUSTRIALS</th>
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</thead>
<tbody>
<tr>
<td>Close</td>
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<tr>
<td>Change</td>
</tr>
<tr>
<td>FEBRUARY</td>
</tr>
</tbody>
</table>

Either go short, or stay away
The day before Presidents’ Day
There is nothing like a ticker tape except a woman—nothing that promises, hour after hour, day after day, such sudden developments; nothing that disappoints so often or occasionally fulfills with such unbelievable, passionate magnificence.

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

A small debt produces a debtor; a large one, an enemy.
— Publilius Syrus (Syrian-born Roman mime and former slave, 83-43 B.C.)

Liberal institutions straightaway cease from being liberal the moment they are firmly established.
— Friedrich Nietzsche (German philosopher, 1844-1900)

"January Barometer" 92.5% accurate (page 16)
For official final results go to stocktradersalmanac.com

The job of central banks: To take away the punch bowl just as the party is getting going.