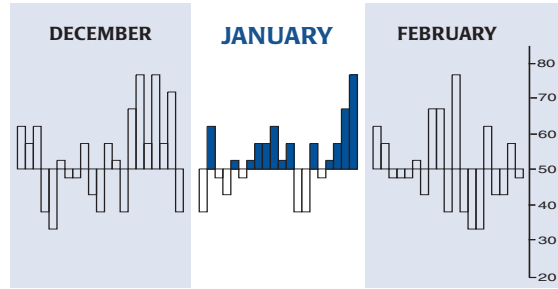
JANUARY ALMANAC

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 .783 batting average (page 16) ◆ 14 of last 15 pre-presidential 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 86.5% of the time; 12 of last 15 pre-presidential years followed first five day's direction (page 14) ◆ November, December, and January constitute the year's best three-month span, a 4.2% S&P gain (pages 44 and 147) ◆ January NASDAQ powerful 2.8% since 1971 (pages 54 and 148) ◆ "January Effect" now starts in mid-December and favors small-cap stocks (pages 102 and 104) ◆ 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	5	1	6	5
Up	39	37	26	20	18
Down	22	24	14	12	14
Avg % Change	1.0%	1.0%	2.8%	1.0%	1.7%
Pre-Election Year	4.3%	4.5%	7.9%	3.7%	4.5%
	Best and 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 and 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 and Worst January Days				
Best	1/17/91 4.6	1/3/01 5.0	1/3/01 14.2	1/3/01 5.3	1/2/09 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: 1980–2010				
Record (#Up–#Down)	21–10	19–12	18–13	18–13	19–12
Current Streak	U1	U1	U1	U1	U1
Avg % Change	0.13	0.14	0.17	0.11	0.20
	Options Expiration Day: 1980–2010				
Record (#Up–#Down)	14–17	15–16	18–13	15–16	17–14
Current Streak	D1	D1	D1	D1	D1
Avg % Change	−0.17	−0.12	−0.15	−0.14	−0.13
	Options Expiration Week: 1980–2010				
Record (#Up–#Down)	15–16	13–18	17–14	13–18	16–15
Current Streak	D3	D6	D6	D6	D6
Avg % Change	−0.31	−0.15	0.25	−0.15	0.28
	Week After Options Expiration: 1980–2010				
Record (#Up–#Down)	17–14	19–12	17–14	19–12	20–11
Current Streak	D2	D2	D4	D2	D2
Avg % Change	0.01	0.22	0.06	0.17	0.12
	First Trading Day Performance				
% of Time Up	57.4	47.5	55.0	40.6	43.8
Avg % Change	0.23	0.11	0.12	0.07	−0.05
	Last Trading Day Performance				
% of Time Up	59.0	63.9	65.0	62.5	75.0
Avg % Change	0.24	0.27	0.31	0.36	0.27

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

DECEMBER/JANUARY 2011

MONDAY
D 57.1
S 57.1
N 61.9
27

In nature there are no rewards or punishments; there are consequences.
— Horace Annesley Vachell (English writer, *The Face of Clay*, 1861–1955)

TUESDAY
D 85.7
S 76.2
N 76.2
28

Explosive growth of shadow banking was about the invisible hand having a party, a non-regulated drinking party, with rating agencies handing out fake IDs. — Paul McCulley (Economist, bond investor, managing director PIMCO; coined "shadow banking" in 2007, *NY Times,* 4/26/2010, b. 1957)

WEDNESDAY
D 57.1
S 57.1
N 57.1
29

Don't be scared to take big steps—you can't cross a chasm in two small jumps.
— David Lloyd George (British prime minister, 1916–1922)

THURSDAY
D 52.4
S 71.4
N 61.9
30

If you are ready to give up everything else—to study the whole history and background of the market and all the principal companies … as carefully as a medical student studies anatomy— … and, in addition, 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)

Last Trading Day of the Year, NASDAQ Down 9 of Last 10
NASDAQ Was Up 29 Years in a Row 1971–1999

FRIDAY
D 42.9
S 38.1
N 57.1
31

Genius is the ability to put into effect what is in your mind. — F. Scott Fitzgerald (author, 1896–1940)

New Year's Day

SATURDAY
1

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

SUNDAY
2

JANUARY'S FIRST FIVE DAYS: AN EARLY WARNING SYSTEM

The last 37 up First Five Days were followed by full-year gains 32 times, for an 86.5% accuracy ratio and a 14.0% average gain in all 37 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).

In pre-presidential election years this indicator has a solid record. In the last 15 pre-presidential election years 12 full years followed the direction of the First Five Days; however, 2007 was not one of these years. The full-month January Barometer (page 16) has an even better record, as 14 of the last 15 full years have followed January's direction.

THE FIRST-FIVE-DAYS-IN-JANUARY INDICATOR

Chronological Data

	Previous Year's Close	January 5th Day	5-Day Change	Year Change
1950	16.76	17.09	2.0%	21.8%
1951	20.41	20.88	2.3	16.5
1952	23.77	23.91	0.6	11.8
1953	26.57	26.33	–0.9	–6.6
1954	24.81	24.93	0.5	45.0
1955	35.98	35.33	–1.8	26.4
1956	45.48	44.51	–2.1	2.6
1957	46.67	46.25	–0.9	–14.3
1958	39.99	40.99	2.5	38.1
1959	55.21	55.40	0.3	8.5
1960	59.89	59.50	–0.7	–3.0
1961	58.11	58.81	1.2	23.1
1962	71.55	69.12	–3.4	–11.8
1963	63.10	64.74	2.6	18.9
1964	75.02	76.00	1.3	13.0
1965	84.75	85.37	0.7	9.1
1966	92.43	93.14	0.8	–13.1
1967	80.33	82.81	3.1	20.1
1968	96.47	96.62	0.2	7.7
1969	103.86	100.80	–2.9	–11.4
1970	92.06	92.68	0.7	0.1
1971	92.15	92.19	0.04	10.8
1972	102.09	103.47	1.4	15.6
1973	118.05	119.85	1.5	–17.4
1974	97.55	96.12	–1.5	–29.7
1975	68.56	70.04	2.2	31.5
1976	90.19	94.58	4.9	19.1
1977	107.46	105.01	–2.3	–11.5
1978	95.10	90.64	–4.7	1.1
1979	96.11	98.80	2.8	12.3
1980	107.94	108.95	0.9	25.8
1981	135.76	133.06	–2.0	–9.7
1982	122.55	119.55	–2.4	14.8
1983	140.64	145.23	3.3	17.3
1984	164.93	168.90	2.4	1.4
1985	167.24	163.99	–1.9	26.3
1986	211.28	207.97	–1.6	14.6
1987	242.17	257.28	6.2	2.0
1988	247.08	243.40	–1.5	12.4
1989	277.72	280.98	1.2	27.3
1990	353.40	353.79	0.1	–6.6
1991	330.22	314.90	–4.6	26.3
1992	417.09	418.10	0.2	4.5
1993	435.71	429.05	–1.5	7.1
1994	466.45	469.90	0.7	–1.5
1995	459.27	460.83	0.3	34.1
1996	615.93	618.46	0.4	20.3
1997	740.74	748.41	1.0	31.0
1998	970.43	956.04	–1.5	26.7
1999	1229.23	1275.09	3.7	19.5
2000	1469.25	1441.46	–1.9	–10.1
2001	1320.28	1295.86	–1.8	–13.0
2002	1148.08	1160.71	1.1	–23.4
2003	879.82	909.93	3.4	26.4
2004	1111.92	1131.91	1.8	9.0
2005	1211.92	1186.19	–2.1	3.0
2006	1248.29	1290.15	3.4	13.6
2007	1418.30	1412.11	–0.4	3.5
2008	1468.36	1390.19	–5.3	–38.5
2009	903.25	909.73	0.7	23.5
2010	1115.10	1144.98	2.7	??

Ranked by Performance

Rank		5-Day Change	Year Change
1	1987	6.2%	2.0
2	1976	4.9	19.1
3	1999	3.7	19.5
4	2003	3.4	26.4
5	2006	3.4	13.6
6	1983	3.3	17.3
7	1967	3.1	20.1
8	1979	2.8	12.3
9	2010	2.7	??
10	1963	2.6	18.9
11	1958	2.5	38.1
12	1984	2.4	1.4
13	1951	2.3	16.5
14	1975	2.2	31.5
15	1950	2.0	21.8
16	2004	1.8	9.0
17	1973	1.5	–17.4
18	1972	1.4	15.6
19	1964	1.3	13.0
20	1961	1.2	23.1
21	1989	1.2	27.3
22	2002	1.1	–23.4
23	1997	1.0	31.0
24	1980	0.9	25.8
25	1966	0.8	–13.1
26	1994	0.7	–1.5
27	1965	0.7	9.1
28	2009	0.7	23.5
29	1970	0.7	0.1
30	1952	0.6	11.8
31	1954	0.5	45.0
32	1996	0.4	20.3
33	1959	0.3	8.5
34	1995	0.3	34.1
35	1992	0.2	4.5
36	1968	0.2	7.7
37	1990	0.1	–6.6
38	1971	0.04	10.8
39	2007	–0.4	3.5
40	1960	–0.7	–3.0
41	1957	–0.9	–14.3
42	1953	–0.9	–6.6
43	1974	–1.5	–29.7
44	1998	–1.5	26.7
45	1988	–1.5	12.4
46	1993	–1.5	7.1
47	1986	–1.6	14.6
48	2001	–1.8	–13.0
49	1955	–1.8	26.4
50	2000	–1.9	–10.1
51	1985	–1.9	26.3
52	1981	–2.0	–9.7
53	1956	–2.1	2.6
54	2005	–2.1	3.0
55	1977	–2.3	–11.5
56	1982	–2.4	14.8
57	1969	–2.9	–11.4
58	1962	–3.4	–11.8
59	1991	–4.6	26.3
60	1978	–4.7	1.1
61	2008	–5.3	–38.5

Based on S&P 500

JANUARY

Small Caps Punished First Trading Day of Year
Russell 2000 Down 14 of Last 21, Average Loss 0.2%

MONDAY
D 61.9
S 38.1
N 57.1
3

Interviewer: How is it possible to fight an enemy willing and ready to die for his cause? Accommodate him!
— General Norman Schwartzkof (Ret. Commander of Allied Forces in 1990–1991 Gulf War, December 2001)

Second Trading Day of the Year, Dow Up 12 of Last 17
Santa Claus Rally Ends (Page 112)

TUESDAY
D 66.7
S 61.9
N 71.4
4

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

WEDNESDAY
D 42.9
S 47.6
N 52.4
5

If the models are telling you to sell, sell, sell, but only buyers are out there, don't be a jerk. Buy!
— William Silber, Ph.D. (New York University, *Newsweek*, 1986)

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

THURSDAY
D 52.4
S 42.9
N 52.4
6

Stock prices tend to discount what has been unanimously reported by the mass media.
— Louis Ehrenkrantz (Ehrenkrantz, Lyons & Ross)

FRIDAY
D 38.1
S 52.4
N 57.1
7

The only thing that saves us from the bureaucracy is its inefficiency.
— Eugene McCarthy (U.S. congressman and senator, Minnesota 1949–1971, 3-time presidential candidate, 1916–2005)

SATURDAY
8

SUNDAY
9

THE INCREDIBLE JANUARY BAROMETER (DEVISED 1972): ONLY SIX SIGNIFICANT ERRORS IN 60 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 six major errors since 1950 for a 90.0% 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; and 2009 was the beginning of a new bull market following the second worst bear market on record. (*Almanac Investor* newsletter subscribers receive full analysis of each reading as well as its potential implications for the full year.)

Including the seven flat-year errors (less than +/– 5%) yields a 78.3% accuracy ratio. A full comparison of all monthly barometers for the Dow, S&P and NASDAQ in our newsletter archives (March 2009) at *www.stocktradersalmanac.com* details January's market forecasting prowess. Bear markets began or continued when January's suffered a loss (see page 42). Full years followed January's direction in 14 of the last 15 pre-presidential election years. The sole error was in 2003, as a new bull was beginning. *See pages 18, 20, 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	3.5	flat
2008	1468.36	1378.55	–6.1	–38.5	
2009	903.25	825.88	–8.6	23.5	X
2010	1115.10	1073.87	–3.7	??	

Ranked by Performance

Rank		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	3.5	flat
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	2010	–3.7	??	
50	1962	–3.8	–11.8	
51	1957	–4.2	–14.3	
52	1968	–4.4	7.7	X
53	1981	–4.6	–9.7	
54	1977	–5.1	–11.5	
55	2000	–5.1	–10.1	
56	2008	–6.1	–38.5	
57	1978	–6.2	1.1	flat
58	1990	–6.9	–6.6	
59	1960	–7.1	–3.0	flat
60	1970	–7.6	0.1	flat
61	2009	–8.6	23.5	X

X = 6 major errors *Based on S&P 500*

JANUARY

MONDAY
10
D 47.6
S 47.6
N 61.9

Over the last 25 years, computer processing capacity has risen more than a millionfold, while communication capacity has risen over a thousandfold. — Richard Worzel (Futurist, *Facing the Future, b. 1950)*

January Ends "Best Three-Month Span" (Pages 44, 54,147, and 148)

TUESDAY
11
D 52.4
S 52.4
N 52.4

Eighty percent of success is showing up. — Woody Allen (Filmaker, b. 1935)

WEDNESDAY
12
D 52.4
S 57.1
N 52.4

The whole secret to our success is being able to con ourselves into believing that we're going to change the world [even though] we are unlikely to do it. —Tom Peters (American writer, *In Search of Excellence, Fortune,* 11/13/2000, b. 1942)

THURSDAY
13
D 52.4
S 57.1
N 57.1

One only gets to the top rung on the ladder by steadily climbing up one at a time, and suddenly all sorts of powers, all sorts of abilities, which you thought never belonged to you—suddenly become within your own possibility…
— Margaret Thatcher (British prime minister, 1979–1990, b. 1925)



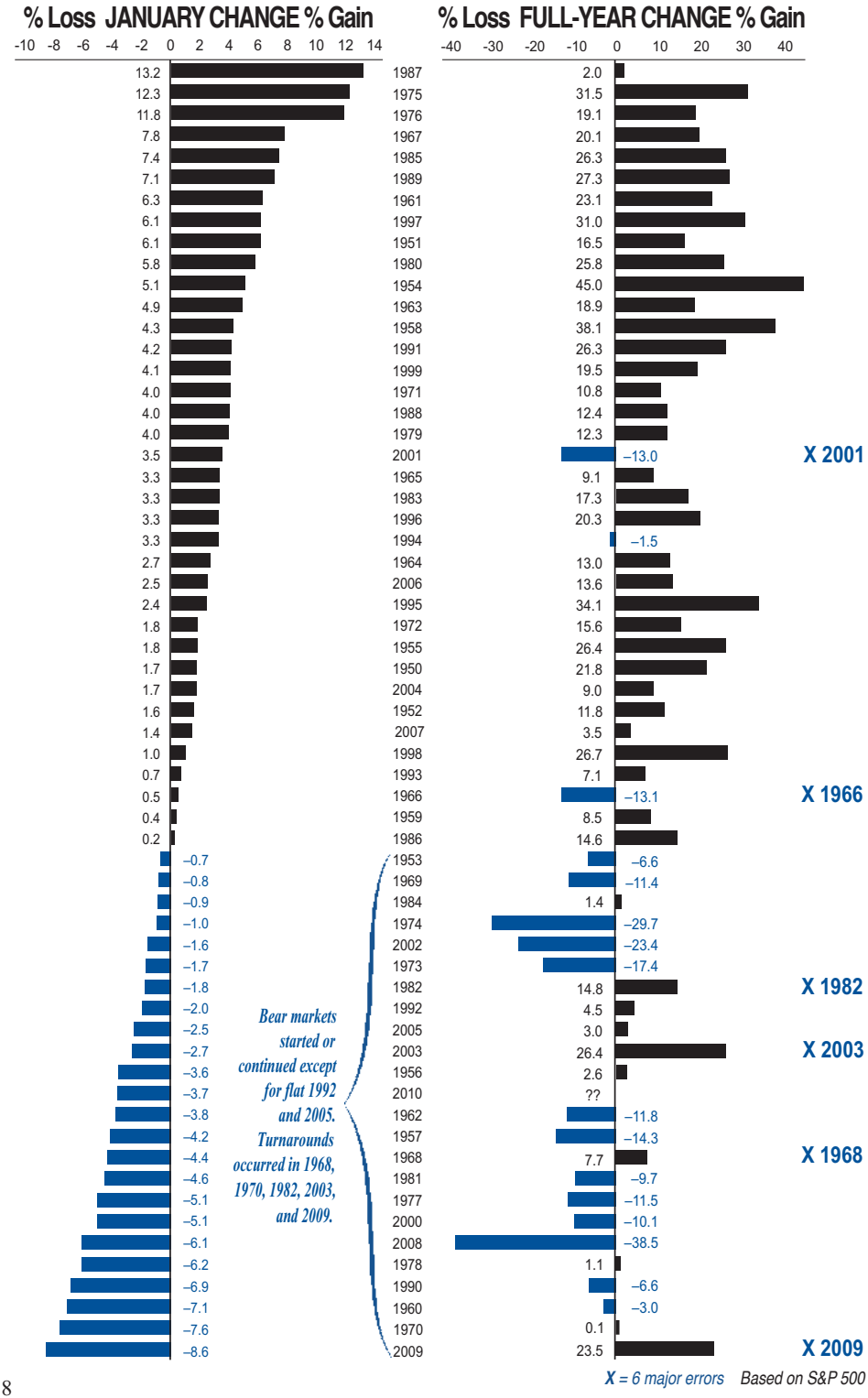
FRIDAY
14
D 57.1
S 61.9
N 52.4

Any human anywhere will blossom in a hundred unexpected talents and capacities simply by being given the opportunity to do so.
— Doris Lessing (British novelist, born in Persia 1919)

SATURDAY
15

SUNDAY
16

JANUARY BAROMETER IN GRAPHIC FORM SINCE 1950



JANUARY

Martin Luther King Jr. Day (Market Closed)

MONDAY
17

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)

First Trading Day of January Expiration Week, Dow Up 13 of Last 18 Solid in 2010, Dow 1.1%, S&P 1.2%, and NASDAQ 1.4%

TUESDAY
D 52.4
S 52.4
N 61.9
18

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

January Expiration Week Horrible Since 1999, Dow Down Big 8 of Last 11

WEDNESDAY
D 38.1
S 57.1
N 66.7
19

Charts not only tell what was, they tell what is; and a trend from was to is (projected linearly into the will be) contains better percentages than clumsy guessing. — Robert A. Levy, (Chairman, Cato Institute, founder, CDA Investment Technologies, *The Relative Strength Concept of Common Stock Forecasting*, 1968, b. 1941)



THURSDAY
D 38.1
S 38.1
N 38.1
20

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

January Expiration Day, Dow Down 10 of Last 12 with Big Losses Off 2.1% in 2010, Off 2.0% in 2006 and 1.3% in 2003



FRIDAY
D 33.3
S 38.1
N 47.6
21

Experience is helpful, but it is judgment that matters.
— General Colin Powell (Chairman, Joint Chiefs 1989–1993, secretary of state 2001–2005, *NY Times,* 10/22/2008, b. 1937)

SATURDAY
22

SUNDAY
23

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, 14.8% to 6.5%, on average. When the S&P 500 is up in January, a top-10 industries portfolio increases the average portfolio gain to 19.4% for the last 11 months of the year vs. 12.2% for the S&P.

For more, check Sam's Sector Watch at *businessweek.com* or our March 2009 *Almanac Investor* newsletter in the archives at *www.stocktradersalmanac.com*. Also highlighted are Sam's selected stocks from within the top 10 industries, as well as the top three sectors and related ETFs.

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	–5.5	2.1	1.4	–5.5	2.1		
2008	–27.1	–34.5	–6.1			–27.1	–34.5
2009	**38.7**	**35.0**	–8.6			**38.7**	**35.0**
2010			–3.7				
Averages	**14.8%**	**6.5%**		**19.4%**	**12.2%**	**7.9%**	**–2.1%**

MONDAY
D 42.9
S 57.1
N 61.9
24

You may not have started out life in the best of circumstances. But if you can find a mission in life worth working for and believe in yourself, nothing can stop you from achieving success. — Kemmons Wilson (Holiday Inn founder, 1913–2003)

TUESDAY
D 61.9
S 47.6
N 38.1
25

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

FOMC Meeting (2 Days)

WEDNESDAY
D 66.7
S 52.4
N 81.0
26

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)

THURSDAY
D 57.1
S 57.1
N 66.7
27

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



FRIDAY
D 61.9
S 66.7
N 57.1
28

A man will fight harder for his interests than his rights.
— Napoleon Bonaparte (Emperor of France 1804–1815, 1769–1821)

SATURDAY
29

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

SUNDAY
30

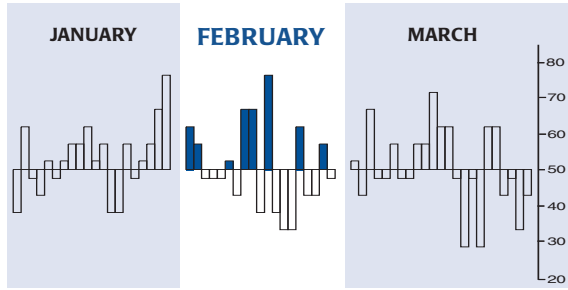
FEBRUARY ALMANAC

FEBRUARY

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

MARCH

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



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

◆ February is the weak link in "Best Six Months" (pages 44, 48, and 147) ◆ RECENT RECORD deteriorating: S&P up 4, down 8, average change –2.4% last 12 years ◆ Sixth–ranking NASDAQ month in pre-presidential election years average 2.3%, up 7 down 3 (page 157), #8 Dow and S&P (pages 153 and 155), both up 9, down 6 ◆ Day before Presidents' Day weekend, S&P down 16 of 19, 11 straight 1992–2002, day after dicey, up 10 of 19 (see pages 84 and 133) ◆ Many technicians modify market predictions based on January's market.

February Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	10	11	9	11	7
Up	34	32	20	18	17
Down	27	29	20	14	15
Avg % Change	–0.04%	–0.2%	0.3%	–0.1%	0.9%
Pre-Election Year	0.1%	0.1%	2.3%	0.8%	1.7%
	Best and Worst February				
	% Change	% Change	% Change	% Change	% Change
Best	1986 8.8	1986 7.1	2000 19.2	1986 7.2	2000 16.4
Worst	2009 –11.7	2009 –11.0	2001 –22.4	2009 –10.7	2009 –12.3
	Best and Worst February Weeks				
Best	2/1/08 4.4	2/6/09 5.2	2/4/00 9.2	2/6/09 5.3	2/1/91 6.6
Worst	2/20/09 –6.2	2/20/09 –6.9	2/9/01 –7.1	2/20/09 –6.9	2/20/09 –8.3
	Best and Worst February Days				
Best	2/24/09 3.3	2/24/09 4.0	2/11/99 4.2	2/24/09 4.1	2/24/09 4.5
Worst	2/10/09 –4.6	2/10/09 –4.9	2/16/01 –5.0	2/10/09 –4.8	2/10/09 –4.7
	First Trading Day of Expiration Week: 1980–2010				
Record (#Up–#Down)	19–12	21–10	16–15	21–10	17–14
Current Streak	U1	U1	U1	U1	U1
Avg % Change	0.30	0.22	–0.03	0.19	–0.01
	Options Expiration Day: 1980–2010				
Record (#Up–#Down)	14–17	12–19	12–19	13–18	13–18
Current Streak	U1	U1	U1	U1	U1
Avg % Change	–0.11	–0.17	–0.31	–0.17	–0.12
	Options Expiration Week: 1980–2010				
Record (#Up–#Down)	18–13	15–16	15–16	14–17	18–13
Current Streak	U1	U1	U1	U1	U1
Avg % Change	0.30	0.04	–0.13	0.04	0.02
	Week After Options Expiration: 1980–2010				
Record (#Up–#Down)	13–18	14–17	17–14	14–17	17–14
Current Streak	D2	D2	D3	D2	D3
Avg % Change	–0.35	–0.25	–0.20	–0.20	–0.11
	First Trading Day Performance				
% of Time Up	60.7	60.7	70.0	65.6	65.6
Avg % Change	0.12	0.13	0.31	0.15	0.30
	Last Trading Day Performance				
% of Time Up	50.8	57.4	55.0	59.4	59.4
Avg % Change	0.01	–0.01	–0.04	–0.05	0.17

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

JANUARY/FEBRUARY

"January Barometer" 90.0% Accurate (Page 16)
Almanac Investor Subscribers E-mailed Official Results (See Insert Page 96)

MONDAY
D 71.4
S 76.2
N 66.7
31

Bill Gates' One-Minus Staffing: For every project, figure out the bare minimum of people needed to staff it. Cut to the absolute muscle and bones, then take out one more. When you understaff, people jump on the loose ball. You find out who the real performers are. Not so when you're overstaffed. People sit around waiting for somebody else to do it.
— Quoted by Rich Karlgaard (Publisher, *Forbes* Dec. 25, 2000)

First Day Trading in February, Dow and S&P Up 7 of Last 8
NASDAQ Up 6 Years in a Row

TUESDAY
D 61.9
S 61.9
N 81.0
1

The finest thought runs the risk of being irrevocably forgotten if we do not write it down.
— Arthur Schopenhauer (German philosopher, 1788–1860)

WEDNESDAY
D 47.6
S 57.1
N 66.7
2

All the features and achievements of modern civilization are, directly or indirectly, the products of the capitalist process.
— Joseph A. Schumpeter (Austrian–American economist, *Theory of Economic Development*, 1883–1950)

THURSDAY
D 42.9
S 47.6
N 47.6
3

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

FRIDAY
D 47.6
S 47.6
N 57.1
4

Your organization will never get better unless you are willing to admit that there is something wrong with it.
— General Norman Schwartzkof (Ret. commander of allied forces in 1990–1991 Gulf War)

SATURDAY
5

SUNDAY
6

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	3.5	2007	
–8.6	23.5		2009

12 months'% 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 affect 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. A new bull market began in 2009 when the second worst bear market on record bottomed in March.

See the January Barometer compared to prior "New Congress Barometers" at *www.stocktradersalmanac.com*.

FEBRUARY

MONDAY
7
D 52.4
S 47.6
N 52.4

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

TUESDAY
8
D 42.9
S 52.4
N 57.1

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

Week Before February Expiration Week, NASDAQ Down 8 of Last 10, 2010 Up 2.0%

WEDNESDAY
9
D 52.4
S 42.9
N 42.9

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

THURSDAY
10
D 57.1
S 66.7
N 52.4

Nothing has a stronger influence psychologically on their environment and especially on their children than the unlived life of the parent. — C. G. Jung (Swiss psychiatrist)

FRIDAY
11
D 57.1
S 66.7
N 47.6

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

SATURDAY
12

SUNDAY
13

THE FIRST YEAR OF DECADES

"One" years tend to be good years except when foreign crises impact the market: 1931 (Depression), 1941 (World War II), 1981 (Cold War/Mideast turmoil), 2001 (9/11 terrorist attack). With 2011 being a pre-presidential election year, prospects are brighter. Last three pre-election years ending in one were positive: 1951, 1971, and 1991. *See pages 129–130 for more.*



Based on Dow Jones Industrial Average monthly ranges and closing prices.

Valentine's Day ♥

First Trading Day of February Expiration Week Dow Down 4 of Last 6

MONDAY
D 42.9
S 38.1
N 52.4
14

Try to surround yourself with people who can give you a little happiness,
because you can only pass through this life once, Jack. You don't come back for an encore. — Elvis Presley (1935–1977)

TUESDAY
D 71.4
S 76.2
N 61.9
15

Most people can stay excited for two or three months. A few people can stay excited for two or three years.
But a winner will stay excited for 20 to 30 years—or as long as it takes to win. — A. L. Williams (Motivational speaker)

WEDNESDAY
D 42.9
S 38.1
N 33.3
16

.
Love your enemies, for they tell you your faults. — Benjamin Franklin (U.S. Founding Father, diplomat, inventor, 1706–1790)

THURSDAY
D 28.6
S 33.3
N 42.9
17

Self-discipline is a form of freedom. Freedom from laziness and lethargy, freedom from expectations and demands of others,
freedom from weakness and fear—and doubt. — Harvey A. Dorfman (Sports psychologist, *The Mental ABC's of Pitching*, b. 1935)

Day Before Presidents Day Weekend, S&P Down 16 of Last 19
February Expiration Day, Dow Down 7 of Last 11

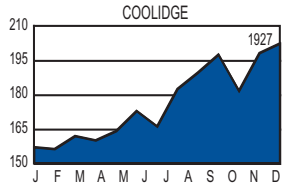
FRIDAY
D 42.9
S 33.3
N 33.3
18

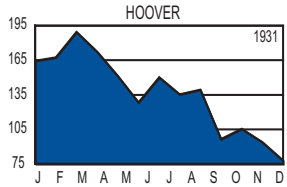
There are two kinds of people who lose money: those who know nothing and those who know everything.
— Henry Kaufman (German-American economist, b. 1927, to Robert Lenzner in *Forbes* 10/19/98 who added,
"With two Nobel Prize winners in the house, Long-Term Capital clearly fits the second case.")

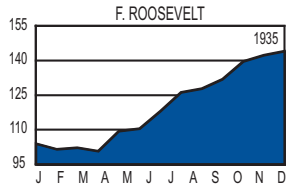
SATURDAY
19

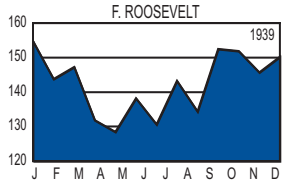
SUNDAY
20

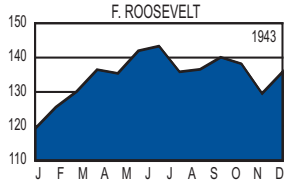
MARKET CHARTS OF PRE-PRESIDENTIAL ELECTION YEARS

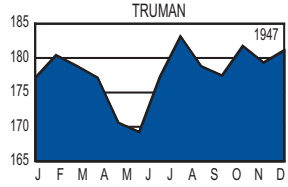


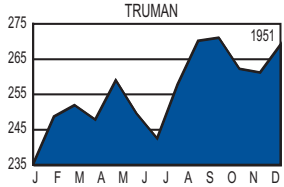


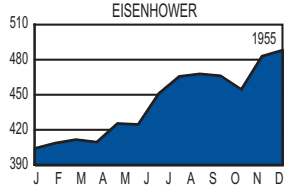


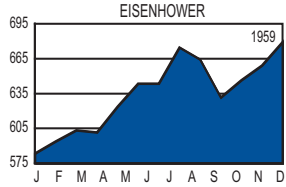


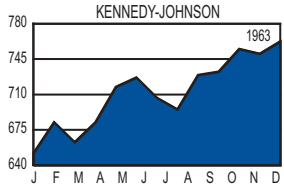


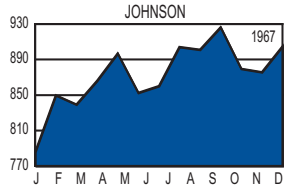


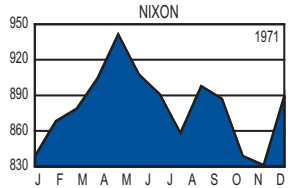


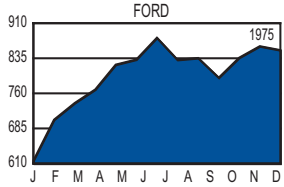


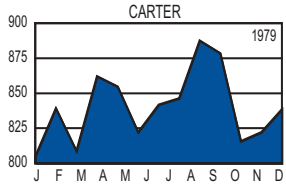


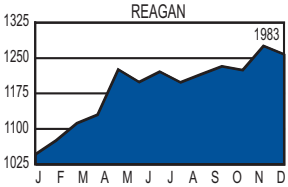


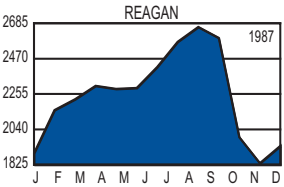


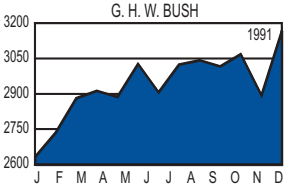


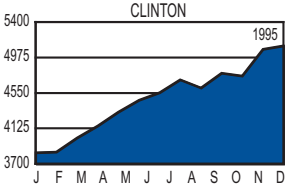


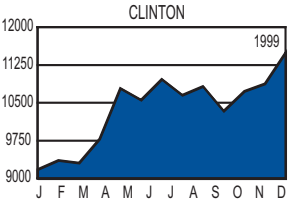


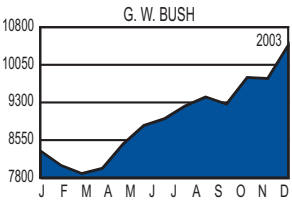


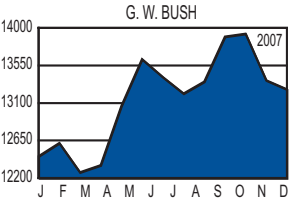












Based on Dow Jones Industrial Average monthly closing prices.

Presidents' Day (Market Closed)

MONDAY
21

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



TUESDAY
D 52.4
S 61.9
N 61.9
22

A weakened White House creates uncertainty on Wall Street. — Robert D. Hormats (Under secretary of state for economic, energy, and agricultural affairs, 2009–, Goldman Sachs 1982–2009, CNN 10/28/2005, b.1943)

End of February Miserable in Recent Years, (Page 22 and 133)

WEDNESDAY
D 38.1
S 42.9
N 57.1
23

Fight until death over taxes? Oh, no. Women, country, God, things like that. Taxes? No.
— Daniel Patrick Moynihan (U.S. senator, New York 1977–2001, "Meet The Press", 5/23/1993, 1927–2003)

Week After February Expiration Week, Dow Down 9 of Last 12

THURSDAY
D 42.9
S 42.9
N 42.9
24

Technology has no respect for tradition.
— Peter C. Lee (Merchants' Exchange CEO, quoted in *Stocks, Futures & Options* Magazine, May 2003)

FRIDAY
D 47.6
S 57.1
N 52.4
25

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)

SATURDAY
26

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

SUNDAY
27

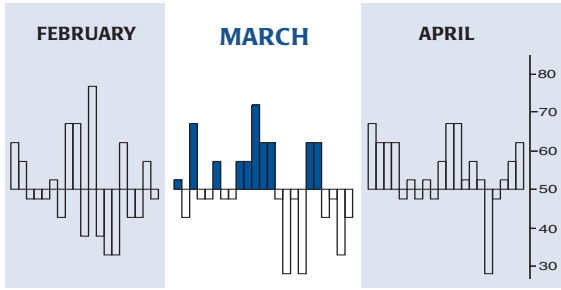
MARCH ALMANAC

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		

APRIL

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



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

◆ Mid-month strength and late-month weakness are most evident above ◆ RECENT RECORD: S&P 18 up, 9 down, average gain 1.3%, fourth best ◆ Rather turbulent in recent years with wild fluctuations and large gains and losses ◆ March has been taking some mean end-of-quarter hits (page 134), down 1,469 Dow points March 9–22, 2001 ◆ Last three or four days Dow a net loser 14 out of last 19 years ◆ NASDAQ hard hit in 2001, down 14.5% after 22.4% drop in February ◆ Third best NASDAQ month during pre-presidential election years average gain 3.8%, no losers.

March Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	5	4	7	5	6
Up	39	40	26	21	23
Down	22	21	14	11	9
Avg % Change	1.1%	1.2%	0.8%	1.1%	1.2%
Pre-Election Year	2.3%	2.2%	3.8%	2.7%	3.3%
Best and Worst March					
	% Change	% Change	% Change	% Change	% Change
Best	2000 7.8	2000 9.7	2009 10.9	2000 8.9	1979 9.7
Worst	1980 –9.0	1980 –10.2	1980 –17.1	1980 –11.5	1980 –18.5
Best and Worst March Weeks					
Best	3/13/09 9.0	3/13/09 10.7	3/13/09 10.6	3/13/09 10.7	3/13/09 12.0
Worst	3/16/01 –7.7	3/6/09 –7.0	3/16/01 –7.9	3/6/09 –7.1	3/6/09 –9.8
Best and Worst March Days					
Best	3/23/09 6.8	3/23/09 7.1	3/10/09 7.1	3/23/09 7.0	3/23/09 8.4
Worst	3/2/09 –4.2	3/2/09 –4.7	3/12/01 –6.3	3/2/09 –4.8	3/27/80 –6.0
First Trading Day of Expiration Week: 1980–2010					
Record (#Up–#Down)	20–11	20–11	14–17	19–12	16–15
Current Streak	U1	U1	D3	D3	D3
Avg % Change	0.15	0.02	–0.37	–0.04	–0.38
Options Expiration Day: 1980–2010					
Record (#Up–#Down)	17–14	18–13	15–16	16–15	14–16
Current Streak	D2	D2	D2	D2	D2
Avg % Change	0.05	–0.01	–0.04	–0.01	–0.09
Options Expiration Week: 1980–2010					
Record (#Up–#Down)	21–9	20–11	18–13	19–12	16–15
Current Streak	U3	U3	U3	U3	D1
Avg % Change	0.89	0.73	–0.04	0.66	0.08
Week After Options Expiration: 1980–2010					
Record (#Up–#Down)	14–17	11–20	16–15	11–20	16–15
Current Streak	U2	U2	U5	U2	U5
Avg % Change	–0.28	–0.16	0.05	–0.16	0.04
First Trading Day Performance					
% of Time Up	67.2	63.9	62.5	59.4	65.6
Avg % Change	0.17	0.17	0.25	0.15	0.23
Last Trading Day Performance					
% of Time Up	41.0	39.3	65.0	46.9	84.4
Avg % Change	–0.11	–0.01	0.18	0.08	0.40

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

MONDAY
D 42.9
S 47.6
N 42.9
28

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

First Trading Day in March, Dow Down 3 of Last 4, –4.2% in 2009, 1996–2006 Up 9 of 11

TUESDAY
D 57.1
S 52.4
N 57.1
1

I tell you sure as I am sitting here, that if banking institutions are protected by the taxpayer and they are given free rein 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, chairman, Economic Recovery Advisory Board, 2/2/2010, b. 1927)

WEDNESDAY
D 52.4
S 42.9
N 38.1
2

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)

March Historically Strong Early in the Month (Pages 30 and 134)



THURSDAY
D 61.9
S 66.7
N 71.4
3

The biggest change we made was the move to a boundary-less company. We got rid of the corner offices, the bureaucracy, and the not-invented-here syndrome. Instead we got every mind in the game, got the best out of all our people.
— Jack Welch (retiring CEO of General Electric, *Business Week*, September 10, 2001)

FRIDAY
D 47.6
S 47.6
N 47.6
4

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

SATURDAY
5

SUNDAY
6

PRE-PRESIDENTIAL ELECTION YEARS NO LOSERS IN 72 YEARS

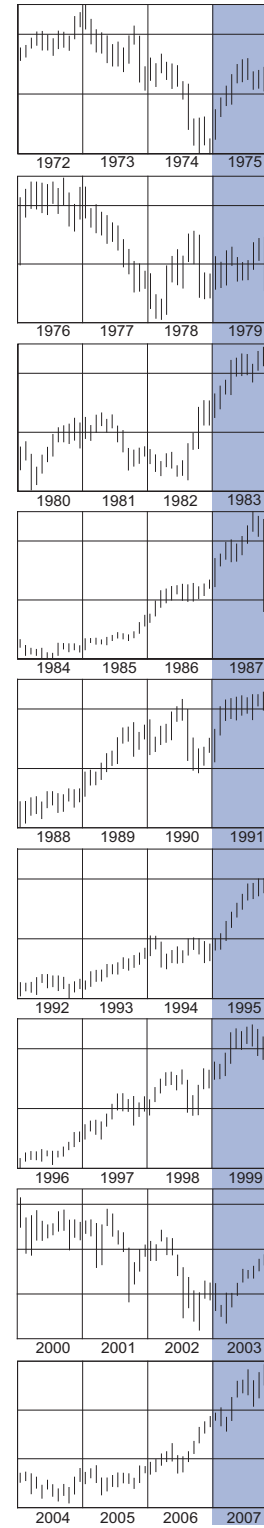
Investors should feel somewhat more secure going into 2011. There hasn't been a down year in the third year of a presidential term since war-torn 1939, Dow off 2.9%. The only severe loss in a pre-presidential election year going back 100 years occurred in 1931 during the Depression.

Electing a president every four years has set in motion a 4-year political stock market cycle. Most bear markets take place in the first or second years after elections (see pages 130–131). Then, the market improves. Typically each administration does everything in its power to juice up the economy so that voters are in a positive mood at election time.

Quite an impressive record. Chances are the winning streak will continue and that the market, in pre-presidential election year 2011, will gain ground. Prospects improve considerably if the market takes a breather in 2010 following the robust bull run from the March 2009 lows.

THE RECORD SINCE 1915

1915	Wilson (D)	World War I in Europe, but Dow up 81.7%.
1919	Wilson (D)	Post-Armistice 45.5% gain through Nov. 3rd top. Dow +30.5%.
1923	Harding/Coolidge (R)	Teapot Dome scandal a depressant. Dow loses 3.3%.
1927	Coolidge (R)	Bull market rolls on, up 28.8%.
1931	Hoover (R)	Depression, stocks slashed in half. Dow –52.7%, S&P –47.1%.
1935	Roosevelt (D)	Almost straight up year, S&P 500 up 41.2%, Dow 38.5%.
1939	Roosevelt (D)	War clouds, Dow –2.9% but 23.7% Apr.–Dec. gain. S&P –5.5%.
1943	Roosevelt (D)	U.S. at war, prospects brighter, S&P +19.4%, Dow +13.8%.
1947	Truman (D)	S&P unchanged, Dow up 2.2%.
1951	Truman (D)	Dow +14.4%, S&P +16.5%.
1955	Eisenhower (R)	Dow +20.8%, S&P +26.4%.
1959	Eisenhower (R)	Dow +16.4%, S&P +8.5%.
1963	Kennedy/Johnson (D)	Dow +17.0%, S&P +18.9%.
1967	Johnson (D)	Dow +15.2%, S&P +20.1%.
1971	Nixon (R)	Dow +6.1%, S&P +10.8%, NASDAQ +27.4%.
1975	Ford (R)	Dow +38.3%, S&P +31.5%, NASDAQ +29.8%.
1979	Carter (D)	Dow +4.2%, S&P +12.3%, NASDAQ +28.1%.
1983	Reagan (R)	Dow +20.3%, S&P +17.3%, NASDAQ +19.9%.
1987	Reagan (R)	Dow +2.3%, S&P +2.0% despite Oct. meltdown. NAS –5.4%.
1991	G.H.W. Bush (R)	Dow +20.3%, S&P +26.3%, NASDAQ +56.8%.
1995	Clinton (D)	Dow +33.5%, S&P +34.1%, NASDAQ +39.9%.
1999	Clinton (D)	Millennial fever crescendo: Dow +25.2%, S&P +19.5%, NASDAQ +85.6%.
2003	G.W. Bush (R)	Straight up after fall of Saddam: Dow +25.3% S&P +26.4%, NASDAQ +50.0%
2007	G.W. Bush (R)	Credit bubble fuels all-time market highs before bear starts & Great Recession: Dow: +6.4% S&P: +3.5% NASDAQ: 9.8%.



Graph shows Pre-Presidential Election years screened; Based on Dow Jones Industrial Average monthly ranges.

MARCH

MONDAY
7
D 52.4
S 47.6
N 47.6

To me, the "tape" is the final arbiter of any investment decision. I have a cardinal rule: Never fight the tape!
— Martin Zweig (Fund manager, *Winning on Wall Street*)

TUESDAY
8
D 47.6
S 57.1
N 42.9

Whatever method you use to pick stocks…, your ultimate success or failure will depend on your ability to ignore the worries of the world long enough to allow your investments to succeed. It isn't the head but the stomach that determines the fate of the stockpicker. — Peter Lynch (Fidelity Investments, *Beating the Street*, 1994)

Ash Wednesday

WEDNESDAY
9
D 57.1
S 47.6
N 47.6

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*)

Dow Down 1,469 Points March 9–22 in 2001

THURSDAY
10
D 57.1
S 47.6
N 47.6

The pursuit of gain is the only way in which people can serve the needs of others whom they do not know.
— Friedrich von Hayek (*Counterrevolution of Science*)

FRIDAY
11
D 42.9
S 57.1
N 61.9

Success isn't measured by the position you reach in life; it's measured by the obstacles you overcome.
— Booker T. Washington (Founder of Tuskegee Institute, 1856–1915)

SATURDAY
12

Daylight Saving Time Begins

SUNDAY
13

WHY A 50% GAIN IN THE DOW IS POSSIBLE FROM ITS 2010 LOW TO ITS 2011 HIGH

Normally, major corrections occur sometime in the first or second years following presidential elections. In the last 12 midterm election years, bear markets began or were in progress nine times—we experienced bull years in 1986 and 2006, while 1994 was flat.

The puniest midterm advance, 14.5% from the 1946 low, was during the industrial contraction after World War II. The next four smallest advances were: 1978 (OPEC-Iran) 21.0%, 1930 (economic collapse) 23.4%, 1966 (Vietnam) 26.7%, and 2006 (Iraq) 32.8%.

Since 1914, the Dow has gained 49.2% on average from its midterm election year low to its subsequent high in the following pre-election year. A swing of such magnitude is equivalent to a move from 8000 to 12000 or from 10000 to 15000.

POST-ELECTION HIGH TO MIDTERM LOW: –21.4%

Conversely, since 1913 the Dow has dropped –21.4% on average from its post-election-year high to its subsequent low in the following midterm year. The Dow's 2009 post-election year high is 10548.51. A 21.4% decline would put the Dow back at 8291.13 at the 2010 midterm bottom. Whatever the level, the rally off the 2010 midterm low could be one of the best buying opportunities of the twenty-first century.

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

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

	Midterm Year Low					Pre-Election Year High				
	Date of Low				Dow	Date of High			Dow	% Gain
1	Jul	30	1914	*	52.32	Dec	27	1915	99.21	89.6%
2	Jan	15	1918	**	73.38	Nov	3	1919	119.62	63.0
3	Jan	10	1922	**	78.59	Mar	20	1923	105.38	34.1
4	Mar	30	1926	*	135.20	Dec	31	1927	202.40	49.7
5	Dec	16	1930	*	157.51	Feb	24	1931	194.36	23.4
6	Jul	26	1934	*	85.51	Nov	19	1935	148.44	73.6
7	Mar	31	1938	*	98.95	Sep	12	1939	155.92	57.6
8	Apr	28	1942	*	92.92	Jul	14	1943	145.82	56.9
9	Oct	9	1946		163.12	Jul	24	1947	186.85	14.5
10	Jan	13	1950	**	196.81	Sep	13	1951	276.37	40.4
11	Jan	11	1954	**	279.87	Dec	30	1955	488.40	74.5
12	Feb	25	1958	**	436.89	Dec	31	1959	679.36	55.5
13	Jun	26	1962	*	535.74	Dec	18	1963	767.21	43.2
14	Oct	7	1966	*	744.32	Sep	25	1967	943.08	26.7
15	May	26	1970	*	631.16	Apr	28	1971	950.82	50.6
16	Dec	6	1974	*	577.60	Jul	16	1975	881.81	52.7
17	Feb	28	1978	*	742.12	Oct	5	1979	897.61	21.0
18	Aug	12	1982	*	776.92	Nov	29	1983	1287.20	65.7
19	Jan	22	1986		1502.29	Aug	25	1987	2722.42	81.2
20	Oct	11	1990	*	2365.10	Dec	31	1991	3168.84	34.0
21	Apr	4	1994		3593.35	Dec	13	1995	5216.47	45.2
22	Aug	31	1998	*	7539.07	Dec	31	1999	11497.12	52.5
23	Oct	9	2002	*	7286.27	Dec	31	2003	10453.92	43.5
24	Jan	20	2006		10667.39	Oct	9	2007	14164.53	32.8
									Average	**49.2%**

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

MARCH

Monday Before March Triple Witching, Dow Up 17 of Last 23

MONDAY
D 61.9
S 57.1
N 52.4
14

Tell me and I'll forget; show me and I may remember; involve me and I'll understand.
— Confucius (Chinese philosopher, 551–478 B.C.)



TUESDAY
D 66.7
S 71.4
N 52.4
15

I write an email about every week to ten days… and within about 24 hours everyone will have read it.
The amazing thing is how I can change the direction of the entire company within 24 hours. Ten years ago I couldn't do that.
— Michael Marks (Former CEO Flextronics, *Forbes*, 7/7/03, b. 1951)

Bullish Cluster Highlights March's "Sweet Spot"



WEDNESDAY
D 61.9
S 61.9
N 66.7
16

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)

St. Patrick's Day





THURSDAY
D 52.4
S 61.9
N 57.1
17

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

March Triple Witching Day Mixed Last 10 Years
Dow Down 3 of Last 4



FRIDAY
D 57.1
S 47.6
N 57.1
18

Whenever a well-known bearish analyst is interviewed [Cover story] in the financial press,
it usually coincides with an important near-term market bottom. — Clif Droke (Clifdroke.com, 11/15/04, b. 1972)

SATURDAY
19

SUNDAY
20

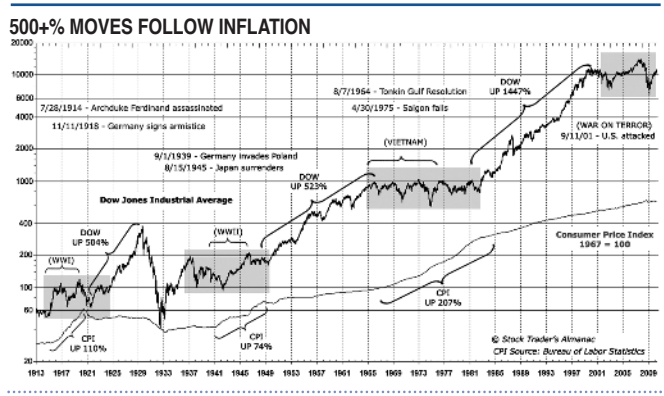
NEXT SUPER BOOM–DOW 38820 BY 2025

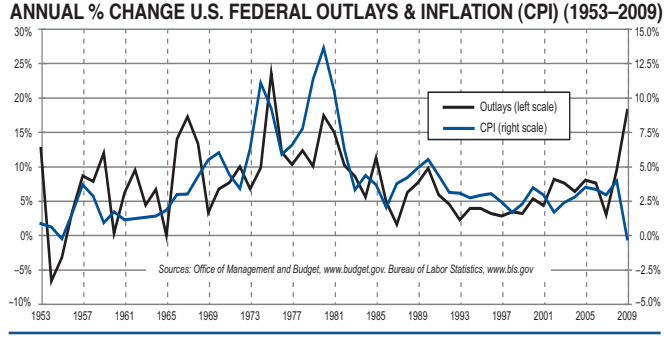
As the top chart illustrates, the market has failed to make any significant headway so long as the country is embroiled in a significant conflagration. Once the war ended, inflation caused by government spending kicked in, and the stock market made 500+% moves between all of the major wars of the twentieth century in which the U.S. was involved.

Since 2000 the markets have been in a trading range without a real advance that has left the previous highs behind for good. As government spending increased dramatically over the past two years in response to the global financial crisis and the Great Recession, it became clear to us that there is more at play than just wartime inflation.

All three previous secular bear markets associated with the three major wars of the twentieth century were also affected by crisis that required a great deal of non-war-related spending. The subsequent booms were also driven by ubiquitous enabling technologies that created major cultural paradigm shifts and sustained prosperity.

Despite continuing violence in Iraq and Afghanistan, U.S. troop withdrawals remain on schedule. Delays will likely alter the actual dates, but the trend and plan remain clear. We are working towards disengaging on those fronts. And this is a crucial component of the next super boom.





Inflation has not yet materialized, and we are still "at war" with government spending on the rise. In the bottom chart annual percentage changes in U.S. Government spending (outlays) are compared to inflation (CPI). Note the recent pop in spending. Inflation will be right behind it over the next few years.

The next enabling technologies could come from energy technology and/or biotechnology. Outfitting the planet with cost-effective, innovative alternative energy and off-the-grid solutions could generate a boom. Biotech is promising because of all the health issues that exist and the potential it has to impact everyone.

From the bottom in 1974, it took eight years before the market took off in 1982 and then another eight to move up the rest of the 500%, in line with Yale Hirsch's prediction in 1976 for a 500% market move by 1990. A 500% rise in the Dow over 16 years from the intraday low of 6470 on March 6, 2009 would put the Dow at 38,820 in 2025. Next Super Boom: 2017.

A more in-depth analysis was provided to *Almanac Investor* subscribers on May 13, 2010 at *www.stocktradersalmanac.com*.

Week After Triple Witching, Dow Down 15 of Last 23, but Rallied 4.9% in 2000, 3.1% in 2007 and 6.8% in 2009

MONDAY
D 38.1
S 28.6
N 28.6
21

Financial markets will find and exploit hidden flaws, particularly in untested new innovations—and do so at a time that will inflict the most damage to the most people.
— Raymond F. DeVoe Jr. (Market strategist, Jesup and Lamont, *The DeVoe Report*, 3/30/07)

TUESDAY
D 38.1
S 47.6
N 28.6
22

Let me end my talk by abusing slightly my status as an official representative of the Federal Reserve. I would like to say to Milton [Friedman]: regarding the Great Depression, you're right; we did it. We're very sorry. But thanks to you, we won't do it again. — Ben Bernanke (Fed Chairman 2006–, 11/8/02 speech as Fed governor)

March Historically Weak Later in the Month (Pages 30 and 134)

WEDNESDAY
D 38.1
S 28.6
N 47.6
23

Wall Street's graveyards are filled with men who were right too soon. — William Hamilton

THURSDAY
D 38.1
S 61.9
N 61.9
24

No other country can substitute for the U.S. The U.S. is still No. 1 in military, No. 1 in economy, No. 1 in promoting human rights, and No. 1 in idealism. Only the U.S. can lead the world. No other country can.
— Senior Korean official (to Thomas L. Friedman, *NY Times* Foreign Affairs columnist, 2/25/2009)

FRIDAY
D 57.1
S 61.9
N 61.9
25

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

SATURDAY
26

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

SUNDAY
27

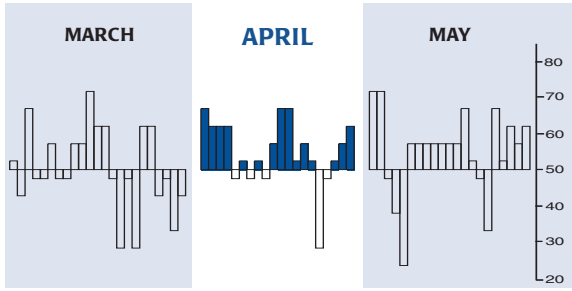
APRIL ALMANAC

APRIL

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

MAY

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



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

◆ April is still the best Dow month (average 2.0%) since 1950 (page 44) ◆ April 1999 first month ever to gain 1000 Dow points, 856 in 2001, knocked off its high horse in 2002 down 458, 2003 up 488 ◆ Up five straight, average gain 4.3% ◆ Prone to weakness after mid-month tax deadline ◆ Stocks anticipate great first quarter earnings by rising sharply before earnings are reported, rather than after ◆ Rarely a dangerous month, recent exceptions are 2002, 2004, and 2005 ◆ "Best Six Months" of the year end with April (page 48) ◆ In pre-presidential election years since 1951, average gains more than double (Dow 4.3%, S&P 3.7%, NASDAQ 3.7%) ◆ End of April NASDAQ strength (pages 125 and 126).

April Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	1	3	4	2	2
Up	39	42	26	21	21
Down	22	19	14	11	11
Avg % Change	2.0%	1.5%	1.5%	1.5%	1.9%
Pre-Election Year	4.3%	3.7%	3.7%	3.0%	3.5%
	Best and Worst April				
	% Change	% Change	% Change	% Change	% Change
Best	1978 10.6	2009 9.4	2001 15.0	2009 10.0	2009 15.3
Worst	1970 –6.3	1970 –9.0	2000 –15.6	2002 –5.8	2000 –6.1
	Best and Worst April Weeks				
Best	4/11/75 5.7	4/20/00 5.8	4/12/01 14.0	4/20/00 5.9	4/3/09 6.3
Worst	4/14/00 –7.3	4/14/00 –10.5	4/14/00 –25.3	4/14/00 –11.2	4/14/00 –16.4
	Best and Worst April Days				
Best	4/5/01 4.2	4/5/01 4.4	4/5/01 8.9	4/5/01 4.6	4/9/09 5.9
Worst	4/14/00 –5.7	4/14/00 –5.8	4/14/00 –9.7	4/14/00 –6.0	4/14/00 –7.3
	First Trading Day of Expiration Week: 1980–2010				
Record (#Up–#Down)	19–12	19–12	18–13	18–13	13–18
Current Streak	U1	U2	U2	U2	U1
Avg % Change	0.24	0.20	0.22	0.19	0.09
	Options Expiration Day: 1980–2010				
Record (#Up–#Down)	21–10	20–11	18–13	20–11	19–12
Current Streak	D1	D1	D1	D1	D1
Avg % Change	0.23	0.19	–0.03	0.18	0.17
	Options Expiration Week: 1980–2010				
Record (#Up–#Down)	26–5	23–8	22–9	21–10	24–7
Current Streak	U5	D1	U5	D1	U5
Avg % Change	1.22	1.00	1.10	0.97	0.90
	Week After Options Expiration: 1980–2010				
Record (#Up–#Down)	20–11	20–11	22–9	20–11	20–11
Current Streak	U1	U1	U4	U1	U1
Avg % Change	0.34	0.29	0.54	0.30	0.77
	First Trading Day Performance				
% of Time Up	59.0	62.3	45.0	59.4	46.9
Avg % Change	0.17	0.14	–0.16	0.16	–0.11
	Last Trading Day Performance				
% of Time Up	50.8	55.7	67.5	56.3	68.8
Avg % Change	0.10	0.09	0.20	0.09	0.16

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

Start Looking for the Dow and S&P MACD SELL Signal (Pages 48 and 50)
Almanac Investor Subscribers E-mailed When It Triggers (See Insert Page 96)

MONDAY **28**
D 38.1
S 42.9
N 52.4

Liberties voluntarily forfeited are not easily retrieved. All the more so for those that are removed surreptitiously.
— Ted Koppel (Broadcast journalist, *Nightline* anchor 1980–2005, *NY Times,* 11/6/06, b. 1940)

TUESDAY **29**
D 52.4
S 47.6
N 38.1

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



WEDNESDAY **30**
D 47.6
S 33.3
N 42.9

I went to a restaurant that serves "breakfast at any time." So I ordered French toast during the Renaissance.
— Steven Wright (Comedian, b. 1955)

Last Trading Day of March, Dow Down 11 of Last 16
Russell 2000 Up 12 of Last 16

THURSDAY **31**
D 38.1
S 42.9
N 61.9

Whenever you see a successful business, someone once made a courageous decision.
— Peter Drucker (Austrian-born pioneer management theorist, 1909–2005)

First Trading Day in April, Dow Up 13 of Last 16



FRIDAY **1**
D 71.4
S 66.7
N 52.4

The trend is your friend ... until it ends. — Anonymous

SATURDAY **2**

SUNDAY **3**

THE DECEMBER LOW INDICATOR: A USEFUL PROGNOSTICATING TOOL

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

Seventeen of the 31 occurrences were followed by gains for the rest of the year—and 15 full-year gains—after the low for the year was reached. For perspective we've included the January Barometer readings for the selected years. Hooper's "Watch Out" warning was absolutely correct, though. All but two of the instances since 1952 experienced further declines, as the Dow fell an additional 11.1% on average when December's low was breached in Q1.

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

YEARS DOW FELL BELOW DECEMBER LOW IN FIRST QUARTER

Year	Previous Dec Low	Date Crossed	Crossing Price	Subseq. Low	% Change Cross-Low	Rest of Year % Change	Full Year % Change	Jan Bar
1952	262.29	2/19/52	261.37	256.35	–1.9%	11.7%	8.4%	1.6%[2]
1953	281.63	2/11/53	281.57	255.49	–9.3	–0.2	–3.8	–0.7[3]
1956	480.72	1/9/56	479.74	462.35	–3.6	4.1	2.3	–3.6[1, 2, 3]
1957	480.61	1/18/57	477.46	419.79	–12.1	–8.7	–12.8	–4.2
1960	661.29	1/12/60	660.43	566.05	–14.3	–6.7	–9.3	–7.1
1962	720.10	1/5/62	714.84	535.76	–25.1	–8.8	–10.8	–3.8
1966	939.53	3/1/66	938.19	744.32	–20.7	–16.3	–18.9	0.5[1]
1968	879.16	1/22/68	871.71	825.13	–5.3	8.3	4.3	–4.4[1, 2, 3]
1969	943.75	1/6/69	936.66	769.93	–17.8	–14.6	–15.2	–0.8
1970	769.93	1/26/70	768.88	631.16	–17.9	9.1	4.8	–7.6[2, 3]
1973	1000.00	1/29/73	996.46	788.31	–20.9	–14.6	–16.6	–1.7
1977	946.64	2/7/77	946.31	800.85	–15.4	–12.2	–17.3	–5.1
1978	806.22	1/5/78	804.92	742.12	–7.8	0.01	–3.1	–6.2[3]
1980	819.62	3/10/80	818.94	759.13	–7.3	17.7	14.9	5.8[2]
1982	868.25	1/5/82	865.30	776.92	–10.2	20.9	19.6	–1.8[1, 2]
1984	1236.79	1/25/84	1231.89	1086.57	–11.8	–1.6	–3.7	–0.9[3]
1990	2687.93	1/15/90	2669.37	2365.10	–11.4	–1.3	–4.3	–6.9[3]
1991	2565.59	1/7/91	2522.77	2470.30	–2.1	25.6	20.3	4.2[2]
1993	3255.18	1/8/93	3251.67	3241.95	–0.3	15.5	13.7	0.7[2]
1994	3697.08	3/30/94	3626.75	3593.35	–0.9	5.7	2.1	3.3[2, 3]
1996	5059.32	1/10/96	5032.94	5032.94	NC	28.1	26.0	3.3[2]
1998	7660.13	1/9/98	7580.42	7539.07	–0.5	21.1	16.1	1.0[2]
2000	10998.39	1/4/00	10997.93	9796.03	–10.9	–1.9	–6.2	–5.1
2001	10318.93	3/12/01	10208.25	8235.81	–19.3	–1.8	–7.1	3.5[1]
2002	9763.96	1/16/02	9712.27	7286.27	–25.0	–14.1	–16.8	–1.6
2003	8303.78	1/24/03	8131.01	7524.06	–7.5	28.6	25.3	–2.7[1, 2]
2005	10440.58	1/21/05	10392.99	10012.36	–3.7	3.1	–0.6	–2.5[3]
2006	10717.50	1/20/06	10667.39	10667.39	NC	16.8	16.3	2.5
2007	12194.13	3/2/07	12114.10	12050.41	–0.5	9.5	6.4	1.4[2]
2008	13167.20	1/2/08	13043.96	7552.29	–42.1	–32.7	–33.8	–6.1
2009	8149.09	1/20/09	7949.09	6547.05	–17.6	31.2	18.8	–8.6[1, 2]
2010	10285.97	1/22/10	10172.98	9908.39	–2.6	*At Press Time—not in average*		–3.7
				Average Drop	**–11.1%**			

[1] *January Barometer wrong* [2] *December Low Indicator wrong* [3] *Year Flat*

APRIL

MONDAY
4
D 61.9
S 61.9
N 57.1

What counts more than luck, is determination and perseverance. If the talent is there, it will come through. Don't be too impatient. — Fred Astaire (The report from his first screen test stated, "Can't act. Can't sing. Balding. Can dance a little.")

April Is the Best Month for the Dow, Average 2.0% Gain Since 1950
3rd Best Month for S&P, 4th Best for NASDAQ (Since 1971)

TUESDAY
5
D 57.1
S 61.9
N 71.4

The common denominator: Something that matters! Something that counts! Something that defines! Something that is imbued with soul. And with life! — Tom Peters (referring to projects, *Reinventing Work*, 1999)

WEDNESDAY
6
D 66.7
S 61.9
N 52.4

The stock market is that creation of man which humbles him the most. — Anonymous

THURSDAY
7
D 42.9
S 47.6
N 38.1

The choice of starting a war this [pre-election] spring was made for political as well as military reasons… [The president] clearly does not want to have a war raging on the eve of his presumed reelection campaign.
— Senior European diplomat (*NY Times,* 3/14/03)

FRIDAY
8
D 47.6
S 52.4
N 52.4

It was never my thinking that made the big money for me. It was always my sitting. Got that? My sitting tight!
— Jesse Livermore (Early 20th century stock trader and speculator, *How to Trade in Stocks*, 1877–1940)

SATURDAY
9

SUNDAY
10

DOWN JANUARYS: A REMARKABLE RECORD

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

Down Januarys are harbingers of trouble ahead, in the economic, political, or military arenas. Eisenhower's heart attack in 1955 cast doubt on whether he could run in 1956—a flat year. Two other election years with down Januarys were also flat (1984 and 1992). Twelve bear markets began and ten continued into second years with poor Januarys: 1968 started down, as we were mired in Vietnam, but Johnson's "bombing halt" changed the climate. Imminent military action in Iraq held January 2003 down before the market triple-bottomed in March. After Baghdad fell, pre-election and recovery forces fueled 2003 into a banner year. 2005 was flat, registering the narrowest Dow trading range on record. A negative reading in 2010 has yet to manifest into a 10% or worse correction, but at press time the Greek debt contagion has boiled over, increasing the probability of a substantial decline.

Unfortunately, bull and bear markets do not start conveniently at the beginnings and ends of months or years. Though some years ended higher, **every down January since 1950 was followed by a new or continuing bear market, a 10% correction or a flat year**. Excluding 1956, **down Januarys were followed by substantial declines averaging *minus* 14.3%**, providing excellent buying opportunities later in most years.

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

Year	January Close	% Change	11-Month Low	Date of Low	Jan Close to Low %	% Feb to Dec	Year % Change	
1953	26.38	–0.7%	22.71	14-Sep	–13.9%	–6.0%	–6.6%	bear
1956	43.82	–3.6	44.10	28-May	0.9	6.5	2.6	FLAT/bear
1957	44.72	–4.2	38.98	22-Oct	–12.8	–10.6	–14.3	Cont. bear
1960	55.61	–7.1	52.30	25-Oct	–6.0	4.5	–3.0	bear
1962	68.84	–3.8	52.32	26-Jun	–24.0	–8.3	–11.8	bear
1968	92.24	–4.4	87.72	5-Mar	–4.9	12.6	7.7	–10%/bear
1969	103.01	–0.8	89.20	17-Dec	–13.4	–10.6	–11.4	Cont. bear
1970	85.02	–7.6	69.20	26-May	–18.6	8.4	0.1	Cont. bear/FLAT
1973	116.03	–1.7	92.16	5-Dec	–20.6	–15.9	–17.4	bear
1974	96.57	–1.0	62.28	3-Oct	–35.5	–29.0	–29.7	Cont. bear
1977	102.03	–5.1	90.71	2-Nov	–11.1	–6.8	–11.5	bear
1978	89.25	–6.2	86.90	6-Mar	–2.6	7.7	1.1	Cont. bear/bear
1981	129.55	–4.6	112.77	25-Sep	–13.0	–5.4	–9.7	bear
1982	120.40	–1.8	102.42	12-Aug	–14.9	16.8	14.8	Cont. bear
1984	163.42	–0.9	147.82	24-Jul	–9.5	2.3	1.4	Cont. bear/FLAT
1990	329.07	–6.9	295.46	11-Oct	–10.2	0.4	–6.6	bear
1992	408.79	–2.0	394.50	8-Apr	–3.5	6.6	4.5	FLAT
2000	1394.46	–5.1	1264.74	20-Dec	–9.3	–5.3	–10.1	bear
2002	1130.20	–1.6	776.76	9-Oct	–31.3	–22.2	–23.4	bear
2003	855.70	–2.7	800.73	11-Mar	–6.4	29.9	26.4	Cont. bear
2005	1181.27	–2.5	1137.50	20-Apr	–3.7	5.7	3.0	FLAT
2008	1378.55	–6.1	752.44	20-Nov	–45.4	–34.5	–38.5	Cont. bear
2009	825.88	–8.6	676.53	9-Mar	–18.1	35.0	23.5	Cont. bear
2010	1073.87	–3.7	1056.74	8-Feb	–1.6*	—	—	—
				Totals	**–327.8%**	**–18.2%**	**–109.0%**	
				Average	**–14.3%**	**–0.8%**	**–4.7%**	

**At Press time—not in totals or average*

APRIL

Monday Before Expiration, Dow Up 14 of Last 21, Down 4 of Last 6

MONDAY
D 47.6
S 47.6
N 47.6
11

You can't grow long-term if you can't eat short-term. Anybody can manage short. Anybody can manage long. Balancing those two things is what management is. — Jack Welch (CEO of General Electric, *Business Week*, June 8, 1998)

TUESDAY
D 66.7
S 52.4
N 61.9
12

There is a perfect inverse correlation between inflation rates and price/earnings ratios ... When inflation has been very high … P/E has been [low]. — Liz Ann Sonders (Chief investment strategist, Charles Schwab, June 2006)

WEDNESDAY
D 57.1
S 47.6
N 47.6
13

Sell stocks whenever the market is 30% higher over a year ago. — Eugene D. Brody (Oppenheimer Capital)

April Expiration Day, Dow Up 11 of Last 14, 2007 Up 1.2%, 2008 Up 1.8%

THURSDAY
D 71.4
S 57.1
N 61.9
14

History shows that once the United States fully recognizes an economic problem and thereby places all its efforts on solving it, the problem is about to be solved by natural forces. — James L. Fraser (*Contrary Investor*)

Income Tax Deadline

Generally Bullish, Dow Down Only Five Times Since 1981



FRIDAY
D 76.2
S 66.7
N 42.9
15

We were fairly arrogant, until we realized the Japanese were selling quality products for what it cost us to make them. — Paul A. Allaire (Former chairman of Xerox)

SATURDAY
16

SUNDAY
17

TOP PERFORMING MONTHS PAST 60⅓ YEARS: STANDARD & POOR'S 500 AND DOW JONES INDUSTRIALS

Monthly performance of the S&P and the Dow are ranked over the past 60⅓ years. NASDAQ monthly performance is shown on page 54.

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

MONTHLY % CHANGES (JANUARY 1950 TO APRIL 2010)

Standard & Poor's 500

Month	Total % Change	Avg. % Change	# Up	# Down
Jan	62.9%	1.0%	37	24
Feb	–14.7	–0.2	32	29
Mar	71.2	1.2	40	21
Apr	93.1	1.5	42	19
May	23.7	0.4	35	25
Jun	2.7	0.1	32	28
Jul	53.0	0.9	32	28
Aug	8.0	0.1	34	26
Sep*	–37.0	–0.6	26	33
Oct	34.7	0.6	35	25
Nov	94.0	1.6	40	20
Dec	98.4	1.6	45	15
% Rank				
Dec	98.4%	1.6%	45	15
Nov	94.0	1.6	40	20
Apr	93.1	1.5	42	19
Mar	71.2	1.2	40	21
Jan	62.9	1.0	37	24
Jul	53.0	0.9	32	28
Oct	34.7	0.6	35	25
May	23.7	0.4	35	25
Aug	8.0	0.1	34	26
Jun	2.7	0.1	32	28
Feb	–14.7	–0.2	32	29
Sep*	–37.0	–0.6	26	33
Totals	**490.0%**	**8.1%**		
Average		**0.68%**		

*No change 1979

Dow Jones Industrials

Month	Total % Change	Avg. % Change	# Up	# Down
Jan	60.3%	1.0%	39	22
Feb	–2.5	–0.04	34	27
Mar	65.3	1.1	39	22
Apr	120.2	2.0	39	22
May	10.8	0.2	31	29
Jun	–18.1	–0.3	28	32
Jul	67.2	1.1	37	23
Aug	3.9	0.1	35	25
Sep	–54.8	–0.9	23	37
Oct	19.9	0.3	35	25
Nov	93.5	1.6	40	20
Dec	99.3	1.7	42	18
% Rank				
Apr	120.2%	2.0%	39	22
Dec	99.3	1.7	42	18
Nov	93.5	1.6	40	20
Jul	67.2	1.1	37	23
Mar	65.3	1.1	39	22
Jan	60.3	1.0	39	22
Oct	19.9	0.3	35	25
May	10.8	0.2	31	29
Aug	3.9	0.1	35	25
Feb	–2.5	–0.04	34	27
Jun	–18.1	–0.3	28	32
Sep	–54.8	–0.9	23	37
Totals	**465.0%**	**7.9%**		
Average		**0.66%**		

Anticipators, shifts in cultural behavior, and faster information flow have altered seasonality in recent years. Here is how the months ranked over the past 15⅓ years (184 months), using total percentage gains on the S&P 500: April 38.6, November 32.4, March 28.5, May 20.7, December 18.9, October 13.8, June 1.1, July –3.1, January –4.3, September –5.5, August –9.9, February –17.0.

During the last 15⅓ years, front-runners of our Best Six Months may have helped push October into the number-six spot. May has leapfrogged into the number-four spot. January has declined in seven of the last eleven years. Sizable turnarounds in "bear killing" October were a common occurrence from 1998 to 2007. Recent big Dow losses in the period were: August 1998 (SE Asia crisis), off 15.1%; September 2001 (9/11 attack), off 11.1%; September 2002 (Iraq war drums), off 12.4%; October 2008, off 14.1% and February 2009 (financial crisis), off 11.7%.

APRIL

April Prone to Weakness After Tax Deadline (Pages 38 and 134)

MONDAY
D 61.9
S 66.7
N 57.1
18

Success is going from failure to failure without loss of enthusiasm. — Winston Churchill (British statesman, 1874–1965)

Passover

TUESDAY
D 52.4
S 52.4
N 47.6
19

A successful man is one who can lay a firm foundation with the bricks that others throw at him.
— Sidney Greenberg (Rabbi, author, 1918–2003)

WEDNESDAY
D 57.1
S 57.1
N 52.4
20

To find one man in a thousand who is your true friend from unselfish motives is to find one of the great wonders of the world.
— Leopold Mozart (Quoted by Maynard Solomon, *Mozart*)

NASDAQ Up 14 of 16 Day Before Good Friday, 10 Straight Since 2001

THURSDAY
D 57.1
S 52.4
N 52.4
21

It is totally unproductive to think the world has been unfair to you. Every tough stretch is an opportunity.
— Charlie Munger (Vice-chairman, Berkshire Hathaway, 2007 Wesco Annual Meeting, b. 1924)

Good Friday (Market Closed)

FRIDAY
22

In the realm of ideas, everything depends on enthusiasm; in the real world, all rests on perseverance.
— Johann Wolfgang von Goethe (German poet and polymath, 1749–1832)

SATURDAY
23

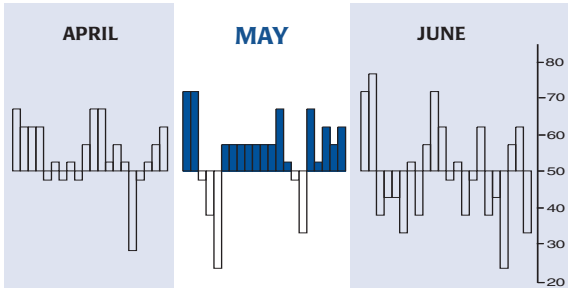
Easter

SUNDAY
24

MAY ALMANAC

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

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



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

◆ "May/June disaster area" between 1965 and 1984 with S&P down 15 out of 20 Mays ◆ Between 1985 and 1997 May was the best month, with 13 straight gains, gaining 3.3% per year on average, up 7, down 5 since ◆ Worst six months of the year begin with May (page 48) ◆ A $10,000 investment compounded to $527,388 for November to April in 60 years compared to a $474 loss for May to October ◆ Dow Memorial Day week record: up 12 years in a row (1984–1995), down seven of the last 14 years ◆ Since 1951, pre-presidential election year Mays rank poorly, #10 Dow & S&P and #8 NASDAQ.

May Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	8	8	5	4	3
Up	31	35	24	22	21
Down	29	25	15	9	10
Avg % Change	0.2%	0.4%	1.2%	1.5%	1.9%
Pre-Election Year	0.2%	0.3%	2.2%	1.5%	3.3%
	Best and Worst May				
	% Change	% Change	% Change	% Change	% Change
Best	1990 8.3	1990 9.2	1997 11.1	1990 8.9	1997 11.0
Worst	1962 –7.8	1962 –8.6	2000 –11.9	1984 –5.9	2000 –5.9
	Best and Worst May Weeks				
Best	5/29/70 5.8	5/2/97 6.2	5/17/02 8.8	5/2/97 6.4	5/2/97 5.4
Worst	5/25/62 –6.0	5/25/62 –6.8	5/12/00 –7.5	5/15/09 –5.1	5/12/06 –7.0
	Best and Worst May Days				
Best	5/27/70 5.1	5/27/70 5.0	5/30/00 7.9	5/8/02 3.7	5/30/00 4.2
Worst	5/28/62 –5.7	5/28/62 –6.7	5/23/00 –5.9	5/13/09 –2.8	5/13/09 –4.7
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	20–10	20–10	16–14	19–11	15–15
Current Streak	D1	D1	D1	D1	D1
Avg % Change	0.24	0.23	0.20	0.19	0.00
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	13–17	16–14	14–16	16–14	14–16
Current Streak	D2	D1	D2	D1	D2
Avg % Change	–0.16	–0.18	–0.17	–0.16	–0.07
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	17–13	16–14	16–14	15–15	17–13
Current Streak	D1	D1	D1	D1	D1
Avg % Change	0.31	0.25	0.48	0.27	0.17
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	17–13	18–12	20–10	18–12	21–9
Current Streak	U1	U1	U1	U1	U1
Avg % Change	–0.04	0.06	0.03	0.08	0.12
	First Trading Day Performance				
% of Time Up	58.3	58.3	61.5	54.8	64.5
Avg % Change	0.20	0.23	0.32	0.26	0.33
	Last Trading Day Performance				
% of Time Up	63.3	65.0	74.4	61.3	74.2
Avg % Change	0.24	0.33	0.26	0.32	0.44

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

Day After Easter, Worst Post-Holiday, S&P Down 16 of 20 from 1984 to 2003, But Improving Recently, Up 6 of Last 7, Including 1.5% Gain in 2008

MONDAY
D 38.1
S 28.6
N 47.6
25

I am glad that I paid so little attention to good advice; had I abided by it I might have been saved from my most valuable mistakes. — Gene Fowler (Journalist, screenwriter, film director, biographer, 1890–1960)

April 1999 First Month Ever to Gain 1000 Dow Points

TUESDAY
D 52.4
S 47.6
N 42.9
26

Show me a good phone receptionist and I'll show you a good company. — Harvey Mackay (*Pushing the Envelope*, 1999)

WEDNESDAY
D 52.4
S 52.4
N 61.9
27

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)

THURSDAY
D 61.9
S 57.1
N 66.7
28

Everything possible today was at one time impossible. Everything impossible today may at some time in the future be possible. — Edward Lindaman (Apollo space project, president, Whitworth College, 1920–1982)

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

FRIDAY
D 47.6
S 61.9
N 71.4
29

We are all born originals; why is it so many die copies? — Edward Young (English poet, 1683–1765)

SATURDAY
30

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

SUNDAY
1

"BEST SIX MONTHS": STILL AN EYE-POPPING STRATEGY

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

The chart on page 147 shows November, December, January, March, and April to be the top months since 1950. Add February, and an excellent strategy is born! These six consecutive months gained 11703.60 Dow points in 60 years, while the remaining May through October months lost 909.32 points. The S&P gained 1153.9 points in the same best six months versus just 16.03 points in the worst six.

Percentage changes are shown, along with a compounding $10,000 investment. The November–April 527,388 gain overshadows May–October's $474 loss. (S&P results were $386,384 to $6,593.) Just three November–April losses were double-digit: April 1970 (Cambodian invasion), 1973 (OPEC oil embargo), and 2008 (financial crisis). Similarly, Iraq muted the Best Six and inflated the Worst Six in 2003. When we discovered this strategy in 1986, November–April outperformed May–October by $88,163 to minus $1,522. Results improved substantially these past 24 years, $439,225 to $1,048. A simple timing indicator triples results (page 50).

SIX-MONTH SWITCHING STRATEGY

	DJIA % Change May 1–Oct 31	Investing $10,000	DJIA % Change Nov 1–Apr 30	Investing $10,000
1950	5.0%	$10,500	15.2%	$11,520
1951	1.2	10,626	–1.8	11,313
1952	4.5	11,104	2.1	11,551
1953	0.4	11,148	15.8	13,376
1954	10.3	12,296	20.9	16,172
1955	6.9	13,144	13.5	18,355
1956	–7.0	12,224	3.0	18,906
1957	–10.8	10,904	3.4	19,549
1958	19.2	12,998	14.8	22,442
1959	3.7	13,479	–6.9	20,894
1960	–3.5	13,007	16.9	24,425
1961	3.7	13,488	–5.5	23,082
1962	–11.4	11,950	21.7	28,091
1963	5.2	12,571	7.4	30,170
1964	7.7	13,539	5.6	31,860
1965	4.2	14,108	–2.8	30,968
1966	–13.6	12,189	11.1	34,405
1967	–1.9	11,957	3.7	35,678
1968	4.4	12,483	–0.2	35,607
1969	–9.9	11,247	–14.0	30,622
1970	2.7	11,551	24.6	38,155
1971	–10.9	10,292	13.7	43,382
1972	0.1	10,302	–3.6	41,820
1973	3.8	10,693	–12.5	36,593
1974	–20.5	8,501	23.4	45,156
1975	1.8	8,654	19.2	53,826
1976	–3.2	8,377	–3.9	51,727
1977	–11.7	7,397	2.3	52,917
1978	–5.4	6,998	7.9	57,097
1979	–4.6	6,676	0.2	57,211
1980	13.1	7,551	7.9	61,731
1981	–14.6	6,449	–0.5	61,422
1982	16.9	7,539	23.6	75,918
1983	–0.1	7,531	–4.4	72,578
1984	3.1	7,764	4.2	75,626
1985	9.2	8,478	29.8	98,163
1986	5.3	8,927	21.8	119,563
1987	–12.8	7,784	1.9	121,835
1988	5.7	8,228	12.6	137,186
1989	9.4	9,001	0.4	137,735
1990	–8.1	8,272	18.2	162,803
1991	6.3	8,793	9.4	178,106
1992	–4.0	8,441	6.2	189,149
1993	7.4	9,066	0.03	189,206
1994	6.2	9,628	10.6	209,262
1995	10.0	10,591	17.1	245,046
1996	8.3	11,470	16.2	284,743
1997	6.2	12,181	21.8	346,817
1998	–5.2	11,548	25.6	435,602
1999	–0.5	11,490	0.04	435,776
2000	2.2	11,743	–2.2	426,189
2001	–15.5	9,923	9.6	467,103
2002	–15.6	8,375	1.0	471,774
2003	15.6	9,682	4.3	492,060
2004	–1.9	9,498	1.6	499,933
2005	2.4	9,726	8.9	544,427
2006	6.3	10,339	8.1	588,526
2007	6.6	11,021	–8.0	541,444
2008	–27.3	8,012	–12.4	474,305
2009	18.9	9,526	13.3	537,388
Average/Gain	**0.4%**	**($474)**	**7.4%**	**$527,388**
# Up/Down	**36/24**		**46/14**	

MAY

First Trading Day in May, Dow Up 10 of Last 12

MONDAY
D 71.4
S 71.4
N 71.4
2

"Sell in May and go away." However, no one ever said it was the beginning of the month.
— John L. Person (Professional trader, author, speaker, *Commodity Trader's Almanac*, nationalfutures.com, 6/19/2009, b. 1961)

TUESDAY
D 71.4
S 71.4
N 71.4
3

I do not rule Russia; ten thousand clerks do. — Nicholas I (1795–1855)

WEDNESDAY
D 38.1
S 47.6
N 66.7
4

Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria.
— Sir John Templeton (Founder, Templeton Funds, philanthropist, 1994)

THURSDAY
D 47.6
S 38.1
N 57.1
5

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

Friday Before Mother's Day, Dow Up 10 of Last 15

FRIDAY
D 33.3
S 23.8
N 38.1
6

There is one thing stronger than all the armies in the world, and this is an idea whose time has come.
— Victor Hugo (French novelist, playwright, *Hunchback of Notre Dame* and *Les Misérables*, 1802–1885)

SATURDAY
7

Mother's Day

SUNDAY
8

MACD-TIMING TRIPLES "BEST SIX MONTHS" RESULTS

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

Our *Almanac Investor Newsletter* (see insert page 96) implements this system with quite a degree of success. Starting October 1, we look to catch the market's first hint of an uptrend after the summer doldrums, and beginning April 1 we prepare to exit these seasonal positions as soon as the market falters.

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

The results are astounding applying the simple MACD signals. Instead of $10,000 gaining $527,388 over the 60 recent years when invested only during the Best Six Months (page 48), the gain nearly tripled to $1,472,790. The $474 loss during the worst six months expanded to a loss of $6,542.

Impressive results for being invested during only 6.4 months of the year on average! For the rest of the year, consider money markets, bonds, puts, bear funds, covered calls, or credit call spreads. See page 78 for more executable trades employing ETFs and mutual funds.

Updated signals are e-mailed to our monthly newsletter subscribers as soon as they are triggered. Visit *www.stocktradersalmanac.com,* or see the insert at page 96 for details and a special offer for new subscribers.

SIX-MONTH SWITCHING STRATEGY+TIMING

	DJIA % Change May 1–Oct 31*	Investing $10,000	DJIA % Change Nov 1–Apr 30*	Investing $10,000
1950	7.3%	$10,730	13.3%	$11,330
1951	0.1	10,741	1.9	11,545
1952	1.4	10,891	2.1	11,787
1953	0.2	10,913	17.1	13,803
1954	13.5	12,386	16.3	16,053
1955	7.7	13,340	13.1	18,156
1956	–6.8	12,433	2.8	18,664
1957	–12.3	10,904	4.9	19,579
1958	17.3	12,790	16.7	22,849
1959	1.6	12,995	–3.1	22,141
1960	–4.9	12,358	16.9	25,883
1961	2.9	12,716	–1.5	25,495
1962	–15.3	10,770	22.4	31,206
1963	4.3	11,233	9.6	34,202
1964	6.7	11,986	6.2	36,323
1965	2.6	12,298	–2.5	35,415
1966	–16.4	10,281	14.3	40,479
1967	–2.1	10,065	5.5	42,705
1968	3.4	10,407	0.2	42,790
1969	–11.9	9,169	–6.7	39,923
1970	–1.4	9,041	20.8	48,227
1971	–11.0	8,046	15.4	55,654
1972	–0.6	7,998	–1.4	54,875
1973	–11.0	7,118	0.1	54,930
1974	–22.4	5,524	28.2	70,420
1975	0.1	5,530	18.5	83,448
1976	–3.4	5,342	–3.0	80,945
1977	–11.4	4,733	0.5	81,350
1978	–4.5	4,520	9.3	88,916
1979	–5.3	4,280	7.0	95,140
1980	9.3	4,678	4.7	99,612
1981	–14.6	3,995	0.4	100,010
1982	15.5	4,614	23.5	123,512
1983	2.5	4,729	–7.3	114,496
1984	3.3	4,885	3.9	118,961
1985	7.0	5,227	38.1	164,285
1986	–2.8	5,081	28.2	210,613
1987	–14.9	4,324	3.0	216,931
1988	6.1	4,588	11.8	242,529
1989	9.8	5,038	3.3	250,532
1990	–6.7	4,700	15.8	290,116
1991	4.8	4,926	11.3	322,899
1992	–6.2	4,621	6.6	344,210
1993	5.5	4,875	5.6	363,486
1994	3.7	5,055	13.1	411,103
1995	7.2	5,419	16.7	479,757
1996	9.2	5,918	21.9	584,824
1997	3.6	6,131	18.5	693,016
1998	–12.4	5,371	39.9	969,529
1999	–6.4	5,027	5.1	1,018,975
2000	–6.0	4,725	5.4	1,074,000
2001	–17.3	3,908	15.8	1,243,692
2002	–25.2	2,923	6.0	1,318,314
2003	16.4	3,402	7.8	1,421,142
2004	–0.9	3,371	1.8	1,446,723
2005	–0.5	3,354	7.7	1,558,121
2006	4.7	3,512	14.4	1,782,490
2007	5.6	3,709	–12.7	1,556,114
2008	–24.7	2,793	–14.0	1,338,258
2009	23.8	3,458	10.8	1,482,790
Average	**–1.2%**		**9.2%**	
# Up	**31**		**51**	
# Down	**29**		**9**	
60-Year Gain (Loss)		**($6,542)**		**$1,472,790**

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

MAY

Monday After Mother's Day, Dow Up 12 of Last 15

MONDAY
D 66.7
S 57.1
N 71.4
9

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

TUESDAY
D 61.9
S 57.1
N 47.6
10

Victory goes to the player who makes the next-to-last mistake. — Savielly Grigorievitch Tartakower (Chess master, 1887–1956)

WEDNESDAY
D 66.7
S 57.1
N 42.9
11

When a company reports higher earnings for its first quarter (over its previous year's first quarter), chances are almost five to one it will also have increased earnings in its second quarter. — Niederhoffer, Cross & Zeckhauser

THURSDAY
D 57.1
S 57.1
N 57.1
12

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

FRIDAY
D 61.9
S 57.1
N 52.4
13

The government would not look fondly on Caesar's Palace if it opened a table for wagering on corporate failure. It should not give greater encouragement for Goldman Sachs [et al] to do so.
— Roger Lowenstein (Financial journalist and author, *End of Wall Street, NY Times* OpEd, 4/20/2010, b. 1954)

SATURDAY
14

SUNDAY
15

TAKE ADVANTAGE OF DOWN FRIDAY/ DOWN MONDAY WARNING

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

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

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

One simple way to get a quick reading on which way the market may be heading is to keep track of the performance of the Dow Jones Industrial Average on Fridays and the following Mondays. Since 1995, there have been 155 occurrences of Down Friday/Down Monday (DF/DM), with 46 falling in the bear market years of 2001, 2002, and 2008, producing an average decline of 14.1%.

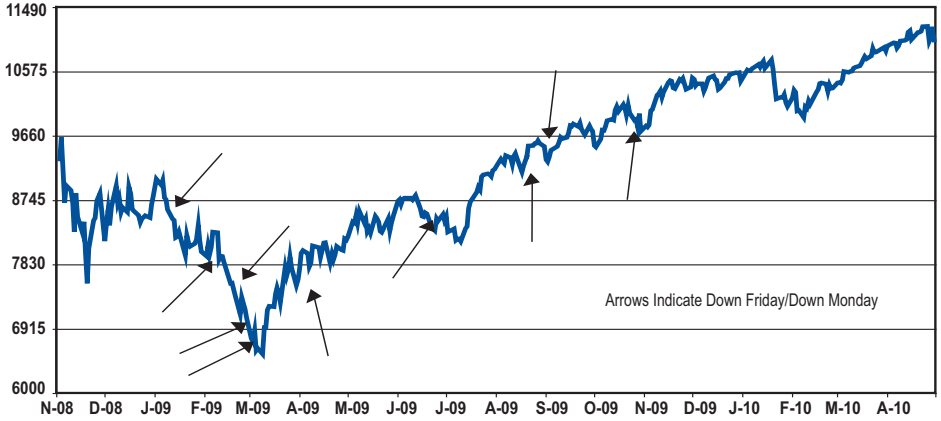
To illustrate how Down Friday/Down Monday can telegraph market inflection points we created the chart below of the Dow Jones Industrials from November 2008 to April 30, 2010, with arrows pointing to occurrences of DF/DM. Use DF/DM as a warning to examine market conditions carefully. At press time, the Dow has gone 28 weeks without a DF/DM, the longest such stretch since the NYSE discontinued Saturday trading in June 1952. The 10 instances in the past 58 years when the Dow has gone 15 weeks or more without a DF/DM occurred during extended bull markets. When more frequent DF/DM followed the end of these streaks, it was near a top.

DOWN FRIDAY/DOWN MONDAYS

Year	Total Number Down Friday/ Down Monday	Subsequent Average % Dow Loss*	Average Number of Days it took
1995	8	–1.2%	18
1996	9	–3.0%	28
1997	6	–5.1%	45
1998	9	–6.4%	47
1999	9	–6.4%	39
2000	11	–6.6%	32
2001	13	–13.5%	53
2002	18	–11.9%	54
2003	9	–3.0%	17
2004	9	–3.7%	51
2005	10	–3.0%	37
2006	11	–2.0%	14
2007	8	–6.0%	33
2008	15	–17.0%	53
2009	10	–11.0%	30
2010**	0	N/A	N/A
Average	**10**	**–6.6%**	**37**

**Over next 3 months; **Ending April 30, 2010*

DOW JONES INDUSTRIALS (November 2008 to April 30, 2010)



MAY

Monday Before May Expiration, Dow Up 19 of Last 22, Average Gain 0.6%

MONDAY
D 61.9
S 57.1
N 57.1
16

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

TUESDAY
D 52.4
S 57.1
N 61.9
17

Give me a stock clerk with a goal and I will give you a man who will make history.
Give me a man without a goal, and I will give you a stock clerk. — James Cash Penney (J.C. Penney founder)



WEDNESDAY
D 61.9
S 66.7
N 71.4
18

All great truths begin as blasphemies. — George Bernard Shaw (Irish dramatist, 1856–1950)

THURSDAY
D 52.4
S 52.4
N 47.6
19

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

May Expiration Day, Dow Down 12 of Last 20, Average Loss 0.2%



FRIDAY
D 47.6
S 47.6
N 52.4
20

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

SATURDAY
21

SUNDAY
22

TOP PERFORMING NASDAQ MONTHS PAST 39⅓ YEARS

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

You can see the months graphically on page 148. January by itself is impressive, up 2.8% on average. April, May, and June also shine, creating our NASDAQ Best Eight Months strategy. What appears as a Death Valley abyss occurs during NASDAQ's bleakest four months: July, August, September, and October. NASDAQ's Best Eight Months seasonal strategy using MACD timing is displayed on page 58.

MONTHLY % CHANGES (JANUARY 1971 TO APRIL 2010)

NASDAQ Composite*

Month	Total % Change	Avg. % Change	# Up	# Down
Jan	113.4%	2.8%	26	14
Feb	10.7	0.3	20	20
Mar	30.6	0.8	26	14
Apr	61.3	1.5	26	14
May	47.1	1.2	24	15
Jun	37.3	1.0	23	16
Jul	–5.5	–0.1	19	20
Aug	15.8	0.4	22	17
Sep	–33.3	–0.9	21	18
Oct	7.8	0.2	20	19
Nov	65.4	1.7	26	13
Dec	78.1	2.0	23	16
% Rank				
Jan	113.4%	2.8%	26	14
Dec	78.1	2.0	23	16
Nov	65.4	1.7	26	13
Apr	61.3	1.5	26	14
May	47.1	1.2	24	15
Jun	37.3	1.0	23	16
Mar	30.6	0.8	26	14
Aug	15.8	0.4	22	17
Feb	10.7	0.3	20	20
Oct	7.8	0.2	20	19
Jul	–5.5	–0.1	19	20
Sep	–33.3	–0.9	21	18
Totals	**428.7%**	**10.9%**		
Average		**0.91%**		

Dow Jones Industrials

Month	Total % Change	Avg. % Change	# Up	# Down
Jan	50.6%	1.3%	25	15
Feb	3.1	0.1	22	18
Mar	44.1	1.1	26	14
Apr	89.2	2.2	24	16
May	24.2	0.6	21	18
Jun	–0.9	–0.02	20	19
Jul	23.7	0.6	21	18
Aug	1.2	0.03	23	16
Sep	–50.9	–1.3	13	26
Oct	8.5	0.2	23	16
Nov	49.5	1.3	26	13
Dec	63.0	1.6	27	12
% Rank				
Apr	89.2%	2.2%	24	16
Dec	63.0	1.6	27	12
Jan	50.6	1.3	25	15
Nov	49.5	1.3	26	13
Mar	44.1	1.1	26	14
May	24.2	0.6	21	18
Jul	23.7	0.6	21	18
Oct	8.5	0.2	23	16
Feb	3.1	0.1	22	18
Aug	1.2	0.03	23	16
Jun	–0.9	–0.02	20	19
Sep	–50.9	–1.3	13	26
Totals	**305.3%**	**7.7%**		
Average		**0.64%**		

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

For comparison, Dow figures are shown. During this period, NASDAQ averaged a 0.91% gain per month, 42 percent more than the Dow's 0.64% per month. Between January 1971 and January 1982 NASDAQ's composite index doubled in twelve years, while the Dow stayed flat. But while NASDAQ plummeted 77.9% from its 2000 highs to the 2002 bottom, the Dow only lost 37.8%. The Great Recession and bear market of 2007–2009 spread its carnage equally across Dow and NASDAQ.

MAY

MONDAY
D 33.3
S 33.3
N 42.9
23

The thing always happens that you really believe in. The belief in a thing makes it happen.
— Frank Lloyd Wright (American architect)

TUESDAY
D 57.1
S 66.7
N 61.9
24

Don't confuse brains with a bull market. — Humphrey B. Neill (Investor, analyst, author, *Neill Letters of Contrary Opinion*, 1895–1977)

WEDNESDAY
D 47.6
S 52.4
N 52.4
25

Markets are constantly in a state of uncertainty and flux, and money is made by discounting the obvious and betting on the unexpected. — George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

THURSDAY
D 57.1
S 61.9
N 66.7
26

The only function of economic forecasting is to make astrology look respectable.
— John Kenneth Galbraith (Canadian/American economist and diplomat, 1908–2006)

Friday Before Memorial Day Tends to Be Lackluster with Light Trading

FRIDAY
D 66.7
S 57.1
N 71.4
27

To know values is to know the meaning of the market. — Charles Dow (Cofounder, Dow Jones & Co, 1851–1902)

SATURDAY
28

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

SUNDAY
29

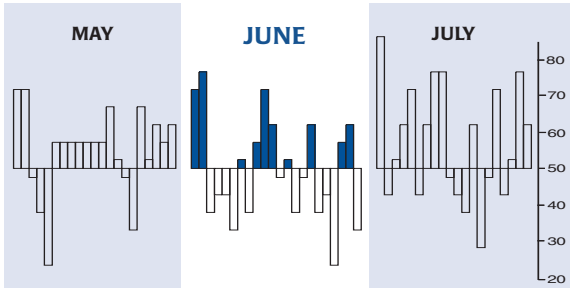
JUNE ALMANAC

JUNE

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

JULY

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



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

◆ The "summer rally" in most years is the weakest rally of all four seasons (page 70) ◆ Week after June Triple-Witching Day Dow down 17 of last 19 (page 76) ◆ RECENT RECORD: S&P up 10, down 5, average gain 0.1%, ranks seventh ◆ Much stronger for NASDAQ, average gain 1.2% last 15 years ◆ Watch out for end-of-quarter "portfolio pumping" on last day of June, Dow down 15 of last 21, NASDAQ down 5 straight ◆ Pre-presidential election year Junes: #5 S&P & NASDAQ, Dow weaker, ranks #7 ◆ June ends NASDAQ's Best Eight Months.

June Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	11	10	6	9	9
Up	28	32	23	19	20
Down	32	28	16	12	11
Avg % Change	−0.3%	0.1%	1.0%	0.4%	0.7%
Pre-Election Year	1.1%	1.6%	2.8%	1.8%	1.9%
	Best and Worst June				
	% Change	% Change	% Change	% Change	% Change
Best	1955 6.2	1955 8.2	2000 16.6	1999 5.1	2000 8.6
Worst	2008 −10.2	2008 −8.6	2002 −9.4	2008 −8.5	2008 −7.8
	Best and Worst June Weeks				
Best	6/7/74 6.4	6/2/00 7.2	6/2/00 19.0	6/2/00 8.0	6/2/00 12.2
Worst	6/30/50 −6.8	6/30/50 −7.6	6/15/01 −8.4	6/15/01 −4.2	6/9/06 −4.9
	Best and Worst June Days				
Best	6/28/62 3.8	6/28/62 3.4	6/2/00 6.4	6/17/02 2.8	6/2/00 4.2
Worst	6/26/50 −4.7	6/26/50 −5.4	6/14/01 −3.7	6/22/09 −3.1	6/22/09 3.9
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	16–14	18–12	13–17	17–13	11–18
Current Streak	D2	D1	D1	D1	D1
Avg % Change	0.02	−0.08	−0.26	−0.09	−0.34
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	17–13	18–12	17–13	18–12	16–14
Current Streak	D2	U1	U1	U1	U1
Avg % Change	−0.10	−0.01	−0.03	−0.05	−0.04
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	16–14	14–16	12–18	13–17	12–18
Current Streak	D2	D2	D2	D2	D2
Avg % Change	−0.21	−0.22	−0.43	−0.28	−0.44
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	10–20	16–14	17–13	16–14	14–16
Current Streak	D11	D7	U1	D5	U1
Avg % Change	−0.37	−0.05	0.19	−0.02	−0.10
	First Trading Day Performance				
% of Time Up	55.0	53.3	61.5	61.3	67.7
Avg % Change	0.22	0.21	0.29	0.26	0.42
	Last Trading Day Performance				
% of Time Up	53.3	50.0	66.7	48.4	67.7
Avg % Change	0.01	0.06	0.26	−0.06	0.36

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

Last Day of June not hot for the Dow; Down 14 of 19, WOW!

Memorial Day (Market Closed)

MONDAY
30

A market is the combined behavior of thousands of people responding to information, misinformation and whim.
— Kenneth Chang (*NY Times* journalist)

Day After Memorial Day, Dow Up 8 of Last 11

TUESDAY
D 52.4
S 61.9
N 71.4
31

War is God's way of teaching Americans geography.
— Ambrose Bierce (Writer, satirist, Civil War hero, *The Devil's Dictionary*, 1842–1914?)

First Trading Day in June, Dow Up 10 of Last 12, 2002 –2.2%, 2008 –1.1%

WEDNESDAY
D 81.0
S 71.4
N 71.4
1

Each day is a building block to the future. Who I am today is dependent on who I was yesterday.
— Matthew McConaughey (Actor, *Parade Magazine*)

Start Looking for NASDAQ MACD Sell Signal (Page 58)
Almanac Investor Subscribers Emailed When It Triggers (See Insert Page 96)

THURSDAY
D 57.1
S 76.2
N 81.0
2

There is a habitual nature to society and human activity. People's behavior and what they do with their money and time bears upon economics and the stock market. — Jeffrey A. Hirsch (Editor, *Stock Trader's Almanac*, b. 1966)

Memorial Day Week Dow Down 7 of Last 14, Up 12 Straight 1984–1995

FRIDAY
D 42.9
S 38.1
N 47.6
3

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

SATURDAY
4

SUNDAY
5

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

NASDAQ's amazing eight-month run from November through June is hard to miss on pages 54 and 148. A $10,000 investment in these eight months since 1971 gained $351,706, versus a loss of $4,088 during the void that is the four-month period July to October.

Using the same MACD timing indicators on the NASDAQ as is done for the Dow (page 50) has enabled us to capture much of October's improved performance, pumping up NASDAQ's results considerably. Over the 39 years since NASDAQ began, the gain on the same $10,000 more than doubles to $874,360, and the loss during the four-month void increases to $7,461. Only four sizeable losses occurred during the favorable period and the bulk of NASDAQ's bear markets were avoided, including the worst of the 2000–2002 bear. See page 78 for more executable trades employing ETFs and mutual funds.

Updated signals are e-mailed to our monthly newsletter subscribers as soon as they are triggered. Visit *www.stocktradersalmanac.com,* or see the insert at page 96 for details and a special offer for new subscribers.

BEST EIGHT MONTHS STRATEGY + TIMING

MACD Signal Date	Worst 4 Months July 1–Oct 31* NASDAQ	% Change	Investing $10,000	MACD Signal Date	Best 8 Months Nov 1–June 30* NASDAQ	% Change	Investing $10,000
22-Jul-71	109.54	–3.6	$9,640	4-Nov-71	105.56	24.1	$12,410
7-Jun-72	131.00	–1.8	9,466	23-Oct-72	128.66	–22.7	9,593
25-Jun-73	99.43	–7.2	8,784	7-Dec-73	92.32	–20.2	7,655
3-Jul-74	73.66	–23.2	6,746	7-Oct-74	56.57	47.8	11,314
11-Jun-75	83.60	–9.2	6,125	7-Oct-75	75.88	20.8	13,667
22-Jul-76	91.66	–2.4	5,978	19-Oct-76	89.45	13.2	15,471
27-Jul-77	101.25	–4.0	5,739	4-Nov-77	97.21	26.6	19,586
7-Jun-78	123.10	–6.5	5,366	6-Nov-78	115.08	19.1	23,327
3-Jul-79	137.03	–1.1	5,307	30-Oct-79	135.48	15.5	26,943
20-Jun-80	156.51	26.2	6,697	9-Oct-80	197.53	11.2	29,961
4-Jun-81	219.68	–17.6	5,518	1-Oct-81	181.09	–4.0	28,763
7-Jun-82	173.84	12.5	6,208	7-Oct-82	195.59	57.4	45,273
1-Jun-83	307.95	–10.7	5,544	3-Nov-83	274.86	–14.2	38,844
1-Jun-84	235.90	5.0	5,821	15-Oct-84	247.67	17.3	45,564
3-Jun-85	290.59	–3.0	5,646	1-Oct-85	281.77	39.4	63,516
10-Jun-86	392.83	–10.3	5,064	1-Oct-86	352.34	20.5	76,537
30-Jun-87	424.67	–22.7	3,914	2-Nov-87	328.33	20.1	91,921
8-Jul-88	394.33	–6.6	3,656	29-Nov-88	368.15	22.4	112,511
13-Jun-89	450.73	0.7	3,682	9-Nov-89	454.07	1.9	114,649
11-Jun-90	462.79	–23.0	2,835	2-Oct-90	356.39	39.3	159,706
11-Jun-91	496.62	6.4	3,016	1-Oct-91	528.51	7.4	171,524
11-Jun-92	567.68	1.5	3,061	14-Oct-92	576.22	20.5	206,686
7-Jun-93	694.61	9.9	3,364	1-Oct-93	763.23	–4.4	197,592
17-Jun-94	729.35	5.0	3,532	11-Oct-94	765.57	13.5	224,267
1-Jun-95	868.82	17.2	4,140	13-Oct-95	1018.38	21.6	272,709
3-Jun-96	1238.73	1.0	4,181	7-Oct-96	1250.87	10.3	300,798
4-Jun-97	1379.67	24.4	5,201	3-Oct-97	1715.87	1.8	306,212
1-Jun-98	1746.82	–7.8	4,795	15-Oct-98	1611.01	49.7	458,399
1-Jun-99	2412.03	18.5	5,682	6-Oct-99	2857.21	35.7	622,047
29-Jun-00	3877.23	–18.2	4,648	18-Oct-00	3171.56	–32.2	421,748
1-Jun-01	2149.44	–31.1	3,202	1-Oct-01	1480.46	5.5	444,944
3-Jun-02	1562.56	–24.0	2,434	2-Oct-02	1187.30	38.5	616,247
20-Jun-03	1644.72	15.1	2,802	6-Oct-03	1893.46	4.3	642,746
21-Jun-04	1974.38	–1.6	2,757	1-Oct-04	1942.20	6.1	681,954
8-Jun-05	2060.18	1.5	2,798	19-Oct-05	2091.76	6.1	723,553
1-Jun-06	2219.86	3.9	2,907	5-Oct-06	2306.34	9.5	792,291
7-Jun-07	2541.38	7.9	3,137	1-Oct-07	2740.99	–9.1	724,796
2-Jun-08	2491.53	–31.3	2,155	17-Oct-08	1711.29	6.1	769,009
1-May-09	1816.38	17.8	2,539	9-Oct-09	2139.28	15.0	884,360
30-Apr-10	2461.19						
				As of April 30, 2010, MACD Sell Signal not triggered at press time.			
	39-Year Loss		**($7,461)**		**39-Year Gain**		**$874,360**

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

JUNE

MONDAY
D 52.4
S 42.9
N 52.4
6

Buy when you are scared to death; sell when are tickled to death. — Market Maxim (*The Cabot Market Letter*, April 12, 2001)

TUESDAY
D 52.4
S 42.9
N 38.1
7

In democracies, nothing is more great or brilliant than commerce; it attracts the attention of the public and fills the imagination of the multitude; all passions of energy are directed towards it.
— Alexis de Tocqueville (Author, *Democracy in America* 1840, 1805–1859)

June Ends NASDAQ's "Best Eight Months" (Pages 54, 58, and 148)



WEDNESDAY
D 47.6
S 33.3
N 33.3
8

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

THURSDAY
D 42.9
S 52.4
N 47.6
9

Institutions tend to dump stock in a single transaction and buy, if possible, in smaller lots, gradually accumulating a position. Therefore, many more big blocks are traded on downticks than on upticks.
—Justin Mamis (Author, *The Mamis Letter, WhenTo Sell, b. 1929*)



FRIDAY
D 47.6
S 38.1
N38.1
10

If there's anything duller than being on a board in Corporate America, I haven't found it.
— H. Ross Perot (American businessman, *NY Times*, 10/28/92, 2-time presidential candidate, 1992 and 1996, b. 1930)

SATURDAY
11

SUNDAY
12

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

We first introduced this strategy to *Almanac Investor* newsletter subscribers in October 2006. Recurring seasonal stock market patterns and the four-year Presidential Election/Stock Market Cycle (page 130) have been integral to our research since the first Almanac 44 years ago. Yale Hirsch discovered the Best Six Months in 1986 (page 48) and it has been a cornerstone of our seasonal investment analysis and strategies ever since.

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

We've gone back to 1949 to include the full four-year cycle that began with post-election year 1949. Only four trades every four years are needed to nearly triple the results of the Best Six Months. Buy and sell during the post-election and midterm years and then hold from the midterm MACD seasonal buy signal sometime after October 1 until the post-election MACD seasonal sell signal sometime after April 1, approximately 2.5 years: better returns, less effort, lower transaction fees, and fewer taxable events. See page 78 for more executable trades employing ETFs and mutual funds.

FOUR TRADES EVERY FOUR YEARS

Year	Worst Six Months May–Oct	Best Six Months Nov–April
Post-election	Sell	Buy
Midterm	Sell	Buy
Pre-election	Hold	Hold
Election	Hold	Hold

BEST SIX MONTHS+TIMING+4-YEAR CYCLE STRATEGY

	DJIA % Change May 1–Oct 31*	Investing $10,000	DJIA % Change Nov 1–Apr 30*	Investing $10,000
1949	3.0%	$10,300	17.5%	$11,750
1950	7.3	$11,052	19.7	$14,065
1951		$11,052		$14,065
1952		$11,052		$14,065
1953	0.2	$11,074	17.1	$16,470
1954	13.5	$12,569	35.7	$22,350
1955		$12,569		$22,350
1956		$12,569		$22,350
1957	–12.3	$11,023	4.9	$23,445
1958	17.3	$12,930	27.8	$29,963
1959		$12,930		$29,963
1960		$12,930		$29,963
1961	2.9	$13,305	–1.5	$29,514
1962	–15.3	$11,269	58.5	$46,780
1963		$11,269		$46,780
1964		$11,269		$46,780
1965	2.6	$11,562	–2.5	$45,611
1966	–16.4	$9,666	22.2	$55,737
1967		$9,666		$55,737
1968		$9,666		$55,737
1969	–11.9	$8,516	–6.7	$52,003
1970	–1.4	$8,397	21.5	$63,184
1971		$8,397		$63,184
1972		$8,397		$63,184
1973	–11.0	$7,473	0.1	$63,247
1974	–22.4	$5,799	42.5	$90,127
1975		$5,799		$90,127
1976		$5,799		$90,127
1977	–11.4	$5,138	0.5	$90,578
1978	–4.5	$4,907	26.8	$114,853
1979		$4,907		$114,853
1980		$4,907		$114,853
1981	–14.6	$4,191	0.4	$115,312
1982	15.5	$4,841	25.9	$145,178
1983		$4,841		$145,178
1984		$4,841		$145,178
1985	7.0	$5,180	38.1	$200,491
1986	–2.8	$5,035	33.2	$267,054
1987		$5,035		$267,054
1988		$5,035		$267,054
1989	9.8	$5,528	3.3	$275,867
1990	–6.7	$5,158	35.1	$372,696
1991		$5,158		$372,696
1992		$5,158		$372,696
1993	5.5	$5,442	5.6	$393,455
1994	3.7	$5,643	88.2	$740,482
1995		$5,643		$740,482
1996		$5,643		$740,482
1997	3.6	$5,846	18.5	$877,471
1998	–12.4	$5,121	36.3	$1,195,993
1999		$5,121		$1,195,993
2000		$5,121		$1,195,993
2001	–17.3	$4,235	15.8	$1,384,960
2002	–25.2	$3,168	34.2	$1,858,616
2003		$3,168		$1,858,616
2004		$3,168		$1,858,616
2005	–0.5	$3,152	7.7	$2,001,729
2006	4.7	$3,300	–31.7	$1,367,181
2007		$3,300		$1,367,181
2008		$3,300		$1,367,181
2009	23.8	$4,085	10.8	$1,514,738
Average	**–1.1%**		**10.1%**	
# Up	**15**		**27**	
# Down	**16**		**4**	
61-Year (Loss)		**($5,915)**		**$1,504,738**

**MACD and 2.5–year hold lengthen and shorten six–month periods. **At press time*

JUNE

Monday of Triple Witching Week, Dow Down 8 of Last 13

MONDAY
D 57.1
S 57.1
N 52.4
13

Moses Shapiro (of General Instrument) told me, "Son, this is Talmudic wisdom. Always ask the question 'If not?' Few people have good strategies for when their assumptions are wrong." That's the best business advice I ever got.
— John Malone (CEO of cable giant TCI, *Fortune*, 2/16/98)



TUESDAY
D 71.4
S 71.4
N 57.1
14

We will have to pay more and more attention to what the funds are doing. They are the ones who have been contributing to the activity, especially in the high-fliers. — Humphrey B. Neill (Investor, analyst, author, *NY Times,* 6/11/1966, 1895–1977)

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



WEDNESDAY
D 52.4
S 61.9
N 61.9
15

It has been said that politics is the second oldest profession. I have learned that it bears a striking resemblance to the first.
— Ronald Reagan (40th U.S. president, 1911–2004)

THURSDAY
D 47.6
S 47.6
N 38.1
16

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)

June Triple Witching Day, Dow Down 7 of Last 12, Average Loss 0.5%



FRIDAY
D 47.6
S 52.4
N 47.6
17

The first human who hurled an insult instead of a stone was the founder of civilization.
— Sigmund Freud (Austrian neurologist, psychiatrist, "father of psychoanalysis," 1856–1939)

SATURDAY
18

Father's Day

SUNDAY
19

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

Over the last 13 years, the Dow Jones Industrial Average has gained more points on the first trading days of all months than all other days combined. While the Dow has gained 3529.41 points between September 2, 1997 (7622.42) and May 3, 2010 (11151.83), it is incredible that 5173.23 points were gained on the first trading days of these 153 months. The remaining 3034 trading days combined lost 1643.82 points during the period. This averages out to gains of 33.81 points on first days, in contrast to a loss of 0.54 points on all others.

Note that September 1997 through October 2000 racked up a total gain of 2632.39 Dow points on the first trading days of these 38 months (winners except for seven occasions). But between November 2000 and September 2002, when the 2000–2002 bear markets did the bulk of their damage, frightened investors switched from pouring money into the market on that day to pulling it out, 14 months out of 23, netting a 404.80 Dow point loss. The 2007–2009 bear market lopped off 964.14 Dow points on first days in 17 months from November 2007–March 2009. Twelve of the last 14 first days since the March 2009 bottom produced solid gains; only September and October 2009 were losers.

First days of August have performed worst, falling 8 times out of 12. January's first day has also been weak; down 5 of the last 11, as profit taking shifts to the opening of the New Year. In rising market trends, first days perform much better, as institutions are likely anticipating strong performance at each month's outset. S&P 500 first days track the Dow's pattern closely, but NASDAQ first days are not as strong, with weakness in April, August, and October.

DOW POINTS GAINED FIRST DAY OF MONTH SEPTEMBER 1997 TO MAY 3, 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
1997									257.36	70.24	232.31	189.98	**749.89**
1998	56.79	201.28	4.73	68.51	83.70	22.42	96.65	−96.55	288.36	−210.09	114.05	16.99	**646.84**
1999	2.84	−13.13	18.20	46.35	225.65	36.52	95.62	−9.19	108.60	−63.95	−81.35	120.58	**486.74**
2000	−139.61	100.52	9.62	300.01	77.87	129.87	112.78	84.97	23.68	49.21	−71.67	−40.95	**636.30**
2001	−140.70	96.27	−45.14	−100.85	163.37	78.47	91.32	−12.80	47.74	−10.73	188.76	−87.60	**268.11**
2002	51.90	−12.74	262.73	−41.24	113.41	−215.46	−133.47	−229.97	−355.45	346.86	120.61	−33.52	**−126.34**
2003	265.89	56.01	−53.22	77.73	−25.84	47.55	55.51	−79.83	107.45	194.14	57.34	116.59	**819.32**
2004	−44.07	11.11	94.22	15.63	88.43	14.20	−101.32	39.45	−5.46	112.38	26.92	162.20	**413.69**
2005	−53.58	62.00	63.77	−99.46	59.19	82.39	28.47	−17.76	−21.97	−33.22	−33.30	106.70	**143.23**
2006	129.91	89.09	60.12	35.62	−23.85	91.97	77.80	−59.95	83.00	−8.72	−49.71	−27.80	**397.48**
2007	11.37	51.99	−34.29	27.95	73.23	40.47	126.81	150.38	91.12	191.92	−362.14	−57.15	**311.66**
2008	−220.86	92.83	−7.49	391.47	189.87	−134.50	32.25	−51.70	−26.63	−19.59	−5.18	−679.95	**−439.48**
2009	258.30	−64.03	−299.64	152.68	44.29	221.11	57.06	114.95	−185.68	−203.00	76.71	126.74	**299.49**
2010	155.91	118.20	78.53	70.44	143.22								**566.30**
Totals	**334.09**	**789.40**	**152.14**	**944.84**	**1212.54**	**415.01**	**539.48**	**−168.00**	**412.12**	**415.45**	**213.35**	**−87.19**	5173.23

SUMMARY FIRST DAYS VS. OTHER DAYS OF MONTH

	# of Days	Total Points Gained	Average Daily Point Gain
First days	153	5173.23	33.81
Other days	3034	−1643.82	−0.54

JUNE

MONDAY
D 38.1
S 38.1
N 38.1
20

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

Week After June Triple Witching, Dow Down 11 in a Row and 18 of Last 20 Average Loss Since 1990, 1.2%

TUESDAY
D 42.9
S 47.6
N 52.4
21

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

WEDNESDAY
D 47.6
S 61.9
N 47.6
22

I'm not better than the next trader, just quicker at admitting my mistakes and moving on to the next opportunity.
— George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

THURSDAY
D 33.3
S 38.1
N 28.6
23

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

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

FRIDAY
D 42.9
S 42.9
N 42.9
24

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

SATURDAY
25

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

SUNDAY
26

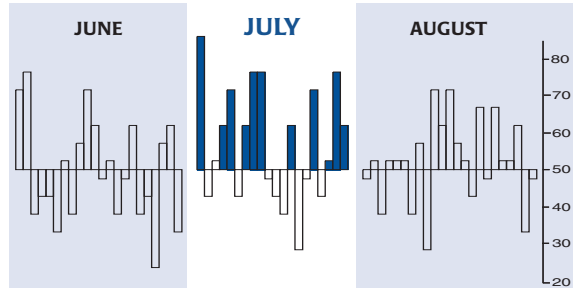
JULY ALMANAC

JULY

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

AUGUST

S	M	T	W	T	F	S
	1	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.

◆ July is the best month of the third quarter, except for NASDAQ (page 72) ◆ Start of second half brings an inflow of retirement funds ◆ First trading day Dow up 18 of last 21 ◆ Graph above shows strength in the beginning and end of July ◆ Huge gain in July usually provides better buying opportunity over next four months ◆ Start of NASDAQ's worst four months of the year (page 58) ◆ Pre-presidential election Julys are ranked #6 Dow (up 9, down 6), #7 S&P (up 9, down 6), and #10 NASDAQ (up 5, down 5).

July Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	4	6	11	8	10
Up	37	32	19	13	15
Down	23	28	20	18	16
Avg % Change	1.1%	0.9%	–0.1%	0.4%	–0.6%
Pre-Election Year	1.3%	1.0%	0.9%	0.7%	1.0%
	Best and Worst July				
	% Change	% Change	% Change	% Change	% Change
Best	1989 9.0	1989 8.8	1997 10.5	1989 8.2	1980 11.0
Worst	1969 –6.6	2002 –7.9	2002 –9.2	2002 –7.5	2002 –15.2
	Best and Worst July Weeks				
Best	7/17/09 7.3	7/17/09 7.0	7/17/09 7.4	7/17/09 7.0	7/17/09 8.0
Worst	7/19/02 –7.7	7/19/02 –8.0	7/28/00 –10.5	7/19/02 –7.4	7/27/07 –7.0
	Best and Worst July Days				
Best	7/24/02 6.4	7/24/02 5.7	7/29/02 5.8	7/24/02 5.6	7/29/02 4.9
Worst	7/19/02 –4.6	7/19/02 –3.8	7/28/00 –4.7	7/19/02 –3.6	7/23/02 –4.1
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	18–12	19–11	20–10	19–11	17–13
Current Streak	U1	U1	U1	U1	U1
Avg % Change	0.12	0.07	0.07	0.04	0.0003
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	14–14	15–15	13–17	15–15	11–19
Current Streak	U2	D1	U1	D1	D4
Avg % Change	–0.21	–0.27	–0.44	–0.29	–0.44
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	19–11	16–14	16–14	16–14	17–13
Current Streak	U2	U2	U2	U2	U2
Avg % Change	0.51	0.16	0.06	0.11	0.03
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	14–16	13–17	11–19	13–17	10–20
Current Streak	U1	U1	U2	U1	U2
Avg % Change	–0.19	–0.41	–0.77	–0.43	–0.64
	First Trading Day Performance				
% of Time Up	65.0	70.0	59.0	71.0	61.3
Avg % Change	0.25	0.23	0.04	0.27	–0.03
	Last Trading Day Performance				
% of Time Up	55.0	65.0	51.3	61.3	67.7
Avg % Change	0.08	0.13	0.01	0.06	0.05

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

MONDAY
D 38.1
S 23.8
N 33.3
27

In this game, the market has to keep pitching, but you don't have to swing. You can stand there with the bat on your shoulder for six months until you get a fat pitch. — Warren Buffett (CEO Berkshire Hathaway, investor, and philanthropist, b. 1930)

TUESDAY
D 52.4
S 57.1
N 61.9
28

Intense concentration hour after hour can bring out resources in people they didn't know they had.
— Edwin Land (Polaroid inventor and founder, 1909–1991)

WEDNESDAY
D 52.4
S 61.9
N 71.4
29

If you have an important point to make, don't try to be subtle or clever. Use a pile driver. Hit the point once. Then come back and hit it again. Then hit it a third time— a tremendous whack. — Winston Churchill (British statesman, 1874–1965)

Last Day of Q2 Bearish for Dow, Down 14 of Last 19
But Bullish for NASDAQ, Up 12 of 18, Although Down 6 of last 7

THURSDAY
D 28.6
S 33.3
N 61.9
30

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

First Trading Day in July, Dow Up 18 of Last 21

FRIDAY
D 85.7
S 85.7
N 71.4
1

I'm not nearly so concerned about the return on my capital as I am the return of my capital.
— Will Rogers (American humorist and showman, 1879–1935)

SATURDAY
2

SUNDAY
3

2009 DAILY DOW POINT CHANGES (DOW JONES INDUSTRIAL AVERAGE)

Week #		Monday**	Tuesday	Wednesday	Thursday	Friday**	Weekly Dow Close	Net Point Change
						2008 Close	8776.39	
1					Holiday	258.30	9034.69	258.30†
2	JAN	−81.80	62.21	−245.40	−27.24	**−143.28**	8599.18	−435.51
3		**−125.21**	−25.41	−248.42	12.35	68.73	8281.22	−317.96
4		Holiday	−332.13	279.01	−105.30	−45.24	8077.56	−203.66
5		38.47	58.70	200.72	−226.44	**−148.15**	8000.86	−76.70
6		**−64.03**	141.53	−121.70	106.41	217.52	8280.59	279.73
7	FEB	−9.72	−381.99	50.65	−6.77	**−82.35**	7850.41	−430.18
8		Holiday	**−297.81**	3.03	−89.68	**−100.28**	7365.67	−484.74
9		**−250.89**	236.16	−80.05	−88.81	**−119.15**	7062.93	−302.74
10		**−299.64**	−37.27	149.82	−281.40	32.50	6626.94	−435.99
11	MAR	−79.89	379.44	3.91	239.66	53.92	7223.98	597.04
12		−7.01	178.73	90.88	−85.78	−122.42	7278.38	54.40
13		497.48	−115.89	89.84	174.75	**−148.38**	7776.18	497.80
14		**−254.16**	86.90	152.68	216.48	39.51	8017.59	241.41
15	APR	−41.74	−47.55	246.27	Holiday	8083.38	65.79	
16		−25.57	−137.63	109.44	95.81	5.90	8131.33	47.95
17		−289.60	127.83	−82.99	70.49	119.23	8076.29	−55.04
18		−51.29	−8.05	168.78	−17.61	44.29	8212.41	136.12
19	MAY	214.33	−16.09	101.63	−102.43	164.80	8574.65	362.24
20		−155.88	50.34	−184.22	46.43	−62.68	8268.64	−306.01
21		235.44	−29.23	−52.81	−129.91	−14.81	8277.32	8.68
22		Holiday	196.17	−173.47	103.78	96.53	8500.33	223.01
23		221.11	19.43	−65.59	74.96	12.89	8763.13	262.80
24	JUN	1.36	−1.43	−24.04	31.90	28.34	8799.26	36.13
25		−187.13	−107.46	−7.49	58.42	**−15.87**	8539.73	−259.53
26		**−200.72**	−16.10	−23.05	172.54	−34.01	8438.39	−101.34
27		90.99	−82.38	57.06	−223.32	Holiday	8280.74	−157.65
28	JUL	44.13	−161.27	14.81	4.76	−36.65	8146.52	−134.22
29		185.16	27.81	256.72	95.61	32.12	8743.94	597.42
30		104.21	67.79	−34.68	188.03	23.95	9093.24	349.30
31		15.27	−11.79	−26.00	83.74	17.15	9171.61	78.37
32	AUG	114.95	33.63	−39.22	−24.71	113.81	9370.07	198.46
33		−32.12	−96.50	120.16	36.58	**−76.79**	9321.40	−48.67
34		**−186.06**	82.60	61.22	70.89	155.91	9505.96	184.56
35		3.32	30.01	4.23	37.11	**−36.43**	9544.20	38.24
36		**−47.92**	−185.68	−29.93	63.94	96.66	9441.27	−102.93
37	SEP	Holiday	56.07	49.88	80.26	−22.07	9605.41	164.14
38		21.39	56.61	108.30	−7.79	36.28	9820.20	214.79
39		−41.34	51.01	−81.32	−41.11	−42.25	9665.19	−155.01
40		124.17	−47.16	−29.92	−203.00	−21.61	9487.67	−177.52
41	OCT	112.08	131.50	−5.67	61.29	78.07	9864.94	377.27
42		20.86	−14.74	144.80	47.08	−67.03	9995.91	130.97
43		96.28	−50.71	−92.12	131.95	**−109.13**	9972.18	−23.73
44		**−104.22**	14.21	−119.48	199.89	−249.85	9712.73	−259.45
45	NOV	76.71	−17.53	30.23	203.82	17.46	10023.42	310.69
46		203.52	20.03	44.29	−93.79	73.00	10270.47	247.05
47		136.49	30.46	−11.11	−93.87	−14.28	10318.16	47.69
48		132.79	−17.24	30.69	Holiday	−154.48	10309.92	−8.24
49		34.92	126.74	−18.90	−86.53	22.75	10388.90	78.98
50	DEC	1.21	−104.14	51.08	68.78	65.67	10471.50	82.60
51		29.55	−49.05	−10.88	−132.86	20.63	10328.89	−142.61
52		85.25	50.79	1.51	53.66*	Holiday	10520.10	191.21
53		26.98	−1.67	3.10	−120.46	**Year's Close**	**10428.05**	−92.05
TOTALS		**−45.22****	**161.76**	**617.56**	**932.68**	**−15.12****		**1651.66**

Bold Color: Down Friday, Down Monday **Shortened trading day: Nov 27, Dec 24* †*Partial Week*

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

JULY

Independence Day
(Market Closed)



MONDAY
4

Nothing gives one person so much advantage over another as to remain always cool and unruffled under all circumstances.
— Thomas Jefferson (3rd U.S. president, 1743–7/4/1826)

Market Subject to Elevated Volatility After July 4th

TUESDAY
D 47.6
S 42.9
N 38.1
5

Man's mind, once stretched by a new idea, never regains its original dimensions.
— Oliver Wendell Holmes (American author, poet, and physician, 1809–1894)

July Begins NASDAQ's "Worst Four Months" (Pages 54, 58, and 148)

WEDNESDAY
D 47.6
S 52.4
N 38.1
6

Only those who will risk going too far can possibly find out how far one can go.
— T.S.Eliot (English poet, essayist, and critic, *The Wasteland*, 1888–1965)



THURSDAY
D 57.1
S 61.9
N 57.1
7

Keep me away from the wisdom which does not cry, the philosophy which does not laugh, and the greatness which does not bow before children. — Kahlil Gibran (Lebanese-born American mystic, poet, and artist, 1883–1931)

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



FRIDAY
D 71.4
S 71.4
N 76.2
8

Three passions, simple but overwhelmingly strong, have governed my life: the longing for love, the search for knowledge, and unbearable pity for the suffering of mankind. — Bertrand Russell (British mathematician and philosopher, 1872–1970)

SATURDAY
9

SUNDAY
10

DON'T SELL STOCKS ON MONDAY OR FRIDAY

Since 1989, Monday*, Tuesday, and Wednesday have been the most consistently bullish days of the week for the Dow; Thursday and Friday* the most bearish, as traders have become reluctant to stay long going into the weekend. Since 1989, Mondays, Tuesdays, and Wednesdays gained 11658.20 Dow points, while Thursday and Friday combined for a total loss of 3402.79 points. Also broken out are the last nine and a third years to illustrate Monday's and Friday's poor performance in bear market years 2001–2002 and 2008–2009. During uncertain market times, traders often sell before the weekend and are reluctant to jump in on Monday. See pages 52, 66, and 141–144 for more.

ANNUAL DOW POINT CHANGES FOR DAYS OF THE WEEK SINCE 1953

Year	Monday*	Tuesday	Wednesday	Thursday	Friday*	Year's DJIA Closing	Year's Point Change
1953	−36.16	−7.93	19.63	5.76	7.70	280.90	−11.00
1954	15.68	3.27	24.31	33.96	46.27	404.39	123.49
1955	−48.36	26.38	46.03	−0.66	60.62	488.40	84.01
1956	−27.15	−9.36	−15.41	8.43	64.56	499.47	11.07
1957	−109.50	−7.71	64.12	3.32	−14.01	435.69	−63.78
1958	17.50	23.59	29.10	22.67	55.10	583.65	147.96
1959	−44.48	29.04	4.11	13.60	93.44	679.36	95.71
1960	−111.04	−3.75	−5.62	6.74	50.20	615.89	−63.47
1961	−23.65	10.18	87.51	−5.96	47.17	731.14	115.25
1962	−101.60	26.19	9.97	−7.70	−5.90	652.10	−79.04
1963	−8.88	47.12	16.23	22.39	33.99	762.95	110.85
1964	−0.29	−17.94	39.84	5.52	84.05	874.13	111.18
1965	−73.23	39.65	57.03	3.20	68.48	969.26	95.13
1966	−153.24	−27.73	56.13	−46.19	−12.54	785.69	−183.57
1967	−68.65	31.50	25.42	92.25	38.90	905.11	119.42
1968†	−6.41	34.94	25.16	−72.06	44.19	943.75	38.64
1969	−164.17	−36.70	18.33	23.79	15.36	800.36	−143.39
1970	−100.05	−46.09	116.07	−3.48	72.11	838.92	38.56
1971	−2.99	9.56	13.66	8.04	23.01	890.20	51.28
1972	−87.40	−1.23	65.24	8.46	144.75	1020.02	129.82
1973	−174.11	10.52	−5.94	36.67	−36.30	850.86	−169.16
1974	−149.37	47.51	−20.31	−13.70	−98.75	616.24	−234.62
1975	39.46	−109.62	56.93	124.00	125.40	852.41	236.17
1976	70.72	71.76	50.88	−33.70	−7.42	1004.65	152.24
1977	−65.15	−44.89	−79.61	−5.62	21.79	831.17	−173.48
1978	−31.29	−70.84	71.33	−64.67	69.31	805.01	−26.16
1979	−32.52	9.52	−18.84	75.18	0.39	838.74	33.73
1980	−86.51	135.13	137.67	−122.00	60.96	963.99	125.25
1981	−45.68	−49.51	−13.95	−14.67	34.82	875.00	−88.99
1982	5.71	86.20	28.37	−1.47	52.73	1046.54	171.54
1983	30.51	−30.92	149.68	61.16	1.67	1258.64	212.10
1984	−73.80	78.02	−139.24	92.79	−4.84	1211.57	−47.07
1985	80.36	52.70	51.26	46.32	104.46	1546.67	335.10
1986	−39.94	97.63	178.65	29.31	83.63	1895.95	349.28
1987	−559.15	235.83	392.03	139.73	−165.56	1938.83	42.88
1988	268.12	166.44	−60.48	−230.84	86.50	2168.57	229.74
1989	−53.31	143.33	233.25	90.25	171.11	2753.20	584.63
SubTotal	***−1937.20***	***941.79***	***1708.54***	***330.82***	***1417.35***		***2461.30***
1990	219.90	−25.22	47.96	−352.55	−9.63	2633.66	−119.54
1991	191.13	47.97	174.53	254.79	−133.25	3168.83	535.17
1992	237.80	−49.67	3.12	108.74	−167.71	3301.11	132.28
1993	322.82	−37.03	243.87	4.97	−81.65	3754.09	452.98
1994	206.41	−95.33	29.98	−168.87	108.16	3834.44	80.35
1995	262.97	210.06	357.02	140.07	312.56	5117.12	1282.68
1996	626.41	155.55	−34.24	268.52	314.91	6448.27	1331.15
1997	1136.04	1989.17	−590.17	−949.80	−125.26	7908.25	1459.98
1998	649.10	679.95	591.63	−1579.43	931.93	9181.43	1273.18
1999	980.49	−1587.23	826.68	735.94	1359.81	11497.12	2315.69
2000	2265.45	306.47	−1978.34	238.21	−1542.06	10786.85	−710.27
SubTotal	***7098.52***	***1594.69***	***−327.96***	***−1299.41***	***967.81***		***8033.65***
2001	−389.33	336.86	−396.53	976.41	−1292.76	10021.50	−765.35
2002	−1404.94	−823.76	1443.69	−428.12	−466.74	8341.63	−1679.87
2003	978.87	482.11	−425.46	566.22	510.55	10453.92	2112.29
2004	201.12	523.28	358.76	−409.72	−344.35	10783.01	329.09
2005	316.23	−305.62	27.67	−128.75	24.96	10717.50	−65.51
2006	95.74	573.98	1283.87	193.34	−401.28	12463.15	1745.65
2007	278.23	−157.93	1316.74	−766.63	131.26	13264.82	801.67
2008	−1387.20	1704.51	−3073.72	−940.88	−791.14	8776.39	−4488.43
2009	−45.22	161.76	617.56	932.68	−15.12	10428.05	1651.66
2010‡	807.39	103.60	90.69	−73.16	−347.96		
Subtotal	***−549.11***	***2598.79***	***1243.27***	***−78.61***	***−2992.58***		***−358.80***
Totals	**4612.21**	**5135.27**	**2623.85**	**−1047.20**	**−607.42**		**10136.15**

**Monday denotes first trading day of week, Friday denotes last trading day of week.*
†Most Wednesdays closed last 7 months of 1968. ‡Partial year through April 30, 2010.

JULY

Monday Before July Expiration, Dow Up 6 of Last 7

MONDAY
D 47.6
S 42.9
N 61.9
11

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

TUESDAY
D 66.7
S 61.9
N 71.4
12

The words "I am…" are potent words; be careful what you hitch them to.
The thing you're claiming has a way of reaching back and claiming you. — A. L.Kitselman (Author, math teacher)

WEDNESDAY
D 66.7
S 76.2
N 76.2
13

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

THURSDAY
D 66.7
S 76.2
N 76.2
14

Capitalism is the legitimate racket of the ruling class. — Al Capone (American gangster, 1899–1947)

July Expiration Day, Dow Down 6 of Last 10, Off 390 Points (4.6%) in 2002

FRIDAY
D 52.4
S 47.6
N 66.7
15

The worst mistake investors make is taking their profits too soon, and their losses too long.
— Michael Price (Mutual Shares Fund)

SATURDAY
16

SUNDAY
17

A RALLY FOR ALL SEASONS

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

Winters in 47 years averaged a 13.0% gain, as measured from the low in November or December to the first quarter closing high. Spring rose 11.6% followed by fall with 10.8%. Last and least was the average 9.2% summer rally. Even 2009's impressive 19.7% summer rally was outmatched by spring. Nevertheless, no matter how thick the gloom or grim the outlook, don't despair! There's always a rally for all seasons, statistically.

SEASONAL GAINS IN DOW JONES INDUSTRIALS

	WINTER RALLY Nov/Dec Low to Q1 High	SPRING RALLY Feb/Mar Low to Q2 High	SUMMER RALLY May/Jun Low to Q3 High	FALL RALLY Aug/Sep Low to Q4 High
1964	15.3%	6.2%	9.4%	8.3%
1965	5.7	6.6	11.6	10.3
1966	5.9	4.8	3.5	7.0
1967	11.6	8.7	11.2	4.4
1968	7.0	11.5	5.2	13.3
1969	0.9	7.7	1.9	6.7
1970	5.4	6.2	22.5	19.0
1971	21.6	9.4	5.5	7.4
1972	19.1	7.7	5.2	11.4
1973	8.6	4.8	9.7	15.9
1974	13.1	8.2	1.4	11.0
1975	36.2	24.2	8.2	8.7
1976	23.3	6.4	5.9	4.6
1977	8.2	3.1	2.8	2.1
1978	2.1	16.8	11.8	5.2
1979	11.0	8.9	8.9	6.1
1980	13.5	16.8	21.0	8.5
1981	11.8	9.9	0.4	8.3
1982	4.6	9.3	18.5	37.8
1983	15.7	17.8	6.3	10.7
1984	5.9	4.6	14.1	9.7
1985	11.7	7.1	9.5	19.7
1986	31.1	18.8	9.2	11.4
1987	30.6	13.6	22.9	5.9
1988	18.1	13.5	11.2	9.8
1989	15.1	12.9	16.1	5.7
1990	8.8	14.5	12.4	8.6
1991	21.8	11.2	6.6	9.3
1992	14.9	6.4	3.7	3.3
1993	8.9	7.7	6.3	7.3
1994	9.7	5.2	9.1	5.0
1995	13.6	19.3	11.3	13.9
1996	19.2	7.5	8.7	17.3
1997	17.7	18.4	18.4	7.3
1998	20.3	13.6	8.2	24.3
1999	15.1	21.6	8.2	12.6
2000	10.8	15.2	9.8	3.5
2001	6.4	20.8	1.7	23.1
2002	14.8	7.9	2.8	17.6
2003	6.5	23.9	14.3	15.7
2004	11.6	5.2	4.4	10.6
2005	9.0	2.1	5.6	5.3
2006	8.8	8.3	9.5	13.0
2007	6.7	13.5	6.6	10.3
2008	2.5	11.2	3.8	4.5
2009	19.6	34.4	19.7	15.5
2010	11.6			
Totals	**611.4%**	**533.4%**	**425.0%**	**496.9%**
Average	**13.0%**	**11.6%**	**9.2%**	**10.8%**

JULY

MONDAY
D 52.4
S 42.9
N 47.6
18

Unless you've interpreted changes before they've occurred, you'll be decimated trying to follow them.
— Robert J. Nurock (Market strategist, *Investor's Analysis*, *Bob Nurock's Advisory*, *Wall Street Week* panelist 1970–1989)

Week After July Expiration, Dow Down 7 of Last 12, 2007 – 4.2%, 2008 – 4.3%, But Up 4.0% in 2009



TUESDAY
D 42.9
S 38.1
N 42.9
19

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



WEDNESDAY
D 61.9
S 61.9
N 57.1
20

I'm very big on having clarified principles. I don't believe in being reactive. You can't do that in the markets effectively. I can't. I need perspective. I need a game plan.
— Ray Dalio (Money manager, founder, Bridgewater Associates, *Fortune,* 3/16/2009, b. 1949)



THURSDAY
D 33.3
S 28.6
N 33.3
21

The principles of successful stock speculation are based on the supposition that people will continue in the future to make the mistakes that they have made in the past.
— Thomas F. Woodlock (*Wall Street Journal* editor and columnist, quoted in *Reminiscences of a Stock Operator*, 1866–1945)

FRIDAY
D 52.4
S 47.6
N 42.9
22

I've learned that only through focus can you do world-class things, no matter how capable you are.
— William H. Gates (Microsoft founder, *Fortune*, July 8, 2002)

SATURDAY
23

SUNDAY
24

FIRST MONTH OF QUARTERS IS THE MOST BULLISH

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

The fourth quarter had behaved quite differently, since it is affected by year-end portfolio adjustments and presidential and congressional elections in even-numbered years. Since 1991, major turnarounds have helped October join the ranks of bullish first months of quarters. October transformed into a bear-killing-turnaround month, posting some mighty gains in seven of the last 12 years, 2008 sharply reversed this trend. (See pages 152–160.)

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

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

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

	DJIA 1950–1990			S&P 500 1950–1990			NASDAQ 1971–1990		
	1st Mo	2nd Mo	3rd Mo	1st Mo	2nd Mo	3rd Mo	1st Mo	2nd Mo	3rd Mo
1Q	1.5%	−0.01%	1.0%	1.5%	−0.1%	1.1%	3.8%	1.2%	0.9%
2Q	1.6	−0.4	0.1	1.3	−0.1	0.3	1.7	0.8	1.1
3Q	1.1	0.3	−0.9	1.1	0.3	−0.7	−0.5	0.1	−1.6
Tot	**4.2%**	**−0.1%**	**0.2%**	**3.9%**	**0.1%**	**0.7%**	**5.0%**	**2.1%**	**0.4%**
Avg	**1.40%**	**−0.04%**	**0.07%**	**1.30%**	**0.03%**	**0.23%**	**1.67%**	**0.70%**	**0.13%**
4Q	*−0.1%*	*1.4%*	*1.7%*	*0.4%*	*1.7%*	*1.6%*	*−1.4%*	*1.6%*	*1.4%*
	DJIA 1991–April 2010			**S&P 500 1991–April 2010**			**NASDAQ 1991–April 2010**		
1Q	0.004%	−0.1%	1.1%	0.1%	−0.6%	1.3%	1.9%	−0.7%	0.6%
2Q	2.6	1.5	−1.1	2.0	1.5	−0.4	1.4	1.6	0.9
3Q	1.2	−0.4	−1.0	0.4	−0.2	−0.5	0.3	0.7	−0.1
Tot	**3.8%**	**1.0%**	**−1.0%**	**2.5%**	**0.7%**	**0.4%**	**3.6%**	**1.6%**	**1.4%**
Avg	**1.27%**	**0.33%**	**−0.33%**	**0.83%**	**0.23%**	**0.13%**	**1.20%**	**0.53%**	**0.47%**
4Q	*1.3%*	*1.8%*	*1.6%*	*1.0%*	*1.4%*	*1.8%*	*1.8%*	*1.8%*	*2.6%*
	DJIA 1950–April 2010			**S&P 500 1950–April 2010**			**NASDAQ 1971–April 2010**		
1Q	1.0%	−0.04%	1.1%	1.0%	−0.2%	1.2%	2.8%	0.3%	0.8%
2Q	2.0	0.2	−0.3	1.5	0.4	0.1	1.5	1.2	1.0
3Q	1.1	0.1	−0.9	0.9	0.1	−0.6	−0.1	0.4	0.9
Tot	**4.1%**	**0.26%**	**−0.1%**	**3.4%**	**0.3%**	**0.7%**	**4.2%**	**1.9%**	**0.9%**
Avg	**1.37%**	**0.09%**	**−0.03%**	**1.13%**	**0.10%**	**0.22%**	**1.40%**	**0.64%**	**0.30%**
4Q	*0.3%*	*1.6%*	*1.7%*	*0.6%*	*1.6%*	*1.6%*	*0.2%*	*1.7%*	*2.0%*

JULY

MONDAY
D 66.7
S 71.4
N 76.2
25

Today's generation of young people holds more power than any generation before it to make a positive impact on the world.
— William J. Clinton (42nd U.S. president, Clinton Global Initiative, b. 1946)

TUESDAY
D 38.1
S 42.9
N 57.1
26

People become attached to their burdens sometimes more than the burdens are attached to them.
— George Bernard Shaw (Irish dramatist, 1856–1950)

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

WEDNESDAY
D 47.6
S 52.4
N 52.4
27

Anyone who believes that exponential growth can go on forever in a finite world is either a madman or an economist.
— Kenneth Ewart Boulding (Economist, activist, poet, scientist, philosopher, cofounder, General Systems Theory, 1910–1993)

THURSDAY
D 66.7
S 76.2
N 71.4
28

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

Last Trading Day in July, NASDAQ Down 5 Years Straight

FRIDAY
D 52.4
S 61.9
N 47.6
29

All a parent can give a child is roots and wings. — Chinese proverb

SATURDAY
30

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

SUNDAY
31

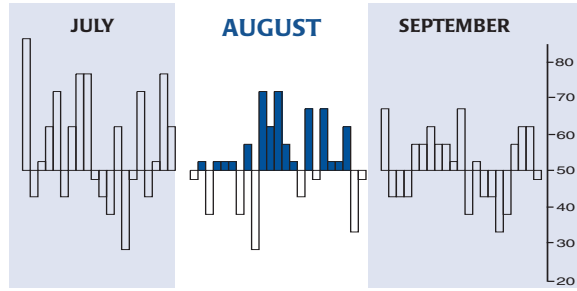
AUGUST ALMANAC

AUGUST

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			

SEPTEMBER

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



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

◆Harvesting made August the best stock market month 1901–1951 ◆ Now about 2% farm, August is the second-worst Dow and S&P month since 1987, and fifth-worst NASDAQ month (2000 up 11.7%, 2001 down 10.9%); up across the board last 4 years ◆ Shortest bear in history (45 days), caused by turmoil in Russia, currency crisis, and hedge fund debacle, ended here in 1998, 1344.22-point drop in the Dow, second worst behind October 2008, off 15.1% ◆ Saddam Hussein triggered a 10.0% slide in 1990 ◆ Best Dow gains: 1982 (11.5%) and 1984 (9.8%), as bear markets ended ◆ Next to last day, S&P was up only twice in last 14 years ◆ Pre-presidential election year boosts Augusts' rankings: #5 Dow, #6 S&P, and #7 NASDAQ.

August Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	9	9	8	7	8
Up	35	34	22	21	19
Down	25	26	17	10	12
Avg % Change	0.1%	0.1%	0.4%	0.7%	0.8%
Pre-Election Year	–2.0%	–1.8%	–1.9%	–2.0%	–0.9%
	Best and Worst August				
	% Change	% Change	% Change	% Change	% Change
Best	1982 11.5	1982 11.6	2000 11.7	1982 11.3	1984 11.5
Worst	1998 –15.1	1998 –14.6	1998 –19.9	1998 –15.1	1998 –19.5
	Best and Worst August Weeks				
Best	8/20/82 10.3	8/20/82 8.8	8/3/84 7.4	8/20/82 8.5	8/3/84 7.0
Worst	8/23/74 –6.1	8/16/74 –6.4	8/28/98 –8.8	8/28/98 –5.4	8/28/98 –9.4
	Best and Worst August Days				
Best	8/17/82 4.9	8/17/82 4.8	8/14/02 5.1	8/17/82 4.4	8/6/02 3.7
Worst	8/31/98 –6.4	8/31/98 –6.8	8/31/98 –8.6	8/31/98 –6.7	8/31/98 –5.7
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	20–10	22–8	21–9	22–8	18–12
Current Streak	D1	D1	D1	D1	D1
Avg % Change	0.26	0.25	0.25	0.21	0.13
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	17–13	18–12	17–13	18–12	20–10
Current Streak	U7	U7	U1	U7	U1
Avg % Change	0.01	0.07	–0.04	0.07	0.17
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	16–14	19–11	17–13	19–11	19–11
Current Streak	U1	U2	U2	U2	U2
Avg % Change	0.43	0.63	0.81	0.66	0.89
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	19–11	20–10	19–11	20–10	18–12
Current Streak	U1	U1	U1	U1	D2
Avg % Change	0.19	0.20	0.32	0.18	–0.19
	First Trading Day Performance				
% of Time Up	48.3	51.7	53.8	48.4	51.6
Avg % Change	–0.001	0.02	–0.11	0.06	0.003
	Last Trading Day Performance				
% of Time Up	60.0	63.3	69.2	58.1	74.2
Avg % Change	0.13	0.13	0.06	–0.06	0.09

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

AUGUST

First Trading Day in August Weak, Dow Down 9 of Last 13, Up 1.1% in 2007 and 1.3% in 2009

MONDAY
D 38.1
S 47.6
N 52.4
1

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)

TUESDAY
D 57.1
S 52.4
N 47.6
2

Since 1950, the S&P 500 has enjoyed total returns averaging 33.18% annually during periods when the S&P 500 price/peak earnings ratio was below 15 and both 3-month T-bill yields and 10-year Treasury yields were below their levels of 6 months earlier.
— John P. Hussman, Ph.D. (Hussman Funds, 5/22/06)



WEDNESDAY
D 38.1
S 38.1
N 33.3
3

I will never knowingly buy any company that has a real time quote of their stock price in the building lobby.
— Robert Mahan (A trader commenting on Enron)

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

THURSDAY
D 47.6
S 52.4
N 57.1
4

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 52.4
S 52.4
N 52.4
5

If you don't keep [your employees] happy, they're not going to keep the [customers] happy.
— David Longest (Red Lobster VP, *NY Times*, 4/23/89)

SATURDAY
6

SUNDAY
7

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

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

The market for single-stock and ETF futures (1936 at this writing) continues to grow. However, their impact on the market has thus far been subdued. As their availability continues to expand, trading volumes and market influence are also likely to broaden. Until such time, we do not believe the term "quadruple witching" is applicable just yet.

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

- TWWs became more bullish since 1990, except in the second quarter.
- Following weeks became more bearish. Since Q1 2000, only 13 of 40 were up, and 6 occurred in December, 5 in March, 2 in September, none in June.
- TWWs have tended to be down in flat periods and dramatically so during bear markets.
- DOWN WEEKS TEND TO FOLLOW DOWN TWWs is a most interesting pattern. Since 1991, of 27 down TWWs, 21 following weeks were also down. This is surprising, inasmuch as the previous decade had an exactly opposite pattern: There were 13 down TWWs then, but 12 up weeks followed them.
- TWWs in the second and third quarter (Worst Six Months May through October) are much weaker and the weeks following, horrendous. But in the first and fourth quarter (Best Six Months period November through April) only the week after Q1 expiration is negative.

Throughout the *Almanac* you will also see notations on the performance of Mondays and Fridays of TWW, as we place considerable significance on the beginnings and ends of weeks (pages 52, 66, 68, and 141–144).

TRIPLE WITCHING WEEK AND WEEK AFTER DOW POINT CHANGES

	Expiration Week Q1	Week After	Expiration Week Q2	Week After	Expiration Week Q3	Week After	Expiration Week Q4	Week After
1991	–6.93	–89.36	–34.98	–58.81	33.54	–13.19	20.12	167.04
1992	40.48	–44.95	–69.01	–2.94	21.35	–76.73	9.19	12.97
1993	43.76	–31.60	–10.24	–3.88	–8.38	–70.14	10.90	6.15
1994	32.95	–120.92	3.33	–139.84	58.54	–101.60	116.08	26.24
1995	38.04	65.02	86.80	75.05	96.85	–33.42	19.87	–78.76
1996	114.52	51.67	55.78	–50.60	49.94	–15.54	179.53	76.51
1997	–130.67	–64.20	14.47	–108.79	174.30	4.91	–82.01	–76.98
1998	303.91	–110.35	–122.07	231.67	100.16	133.11	81.87	314.36
1999	27.20	–81.31	365.05	–303.00	–224.80	–524.30	32.73	148.33
2000	666.41	517.49	–164.76	–44.55	–293.65	–79.63	–277.95	200.60
2001	–821.21	–318.63	–353.36	–19.05	–1369.70	611.75	224.19	101.65
2002	34.74	–179.56	–220.42	–10.53	–326.67	–284.57	77.61	–207.54
2003	662.26	–376.20	83.63	–211.70	173.27	–331.74	236.06	46.45
2004	–53.48	26.37	6.31	–44.57	–28.61	–237.22	106.70	177.20
2005	–144.69	–186.80	110.44	–325.23	–36.62	–222.35	97.01	7.68
2006	203.31	0.32	122.63	–25.46	168.66	–52.67	138.03	–102.30
2007	–165.91	370.60	215.09	–279.22	377.67	75.44	110.80	–84.78
2008	410.23	–144.92	–464.66	–496.18	–33.55	–245.31	–50.57	–63.56
2009	54.40	497.80	–259.53	–101.34	214.79	–155.01	–142.61	191.21
2010	117.29	108.38						
Up	**14**	**8**	**10**	**2**	**11**	**4**	**15**	**13**
Down	**6**	**12**	**9**	**17**	**8**	**15**	**4**	**6**

AUGUST

August Worst Dow and S&P Month 1988–2005—Up Last 4 Years, 3rd Best Harvesting Made August Best Dow Month 1901–1951

MONDAY
8
D 47.6
S 52.4
N 42.9

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



TUESDAY
9
D 42.9
S 38.1
N 38.1

If I have seen further, it is by standing upon the shoulders of giants
— Sir Isaac Newton (English physicist, mathematician, Laws of Gravity, letter to Robert Hooke 2/15/1676, 1643–1727)

WEDNESDAY
10
D 57.1
S 57.1
N 52.4

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



THURSDAY
11
D 28.6
S 28.6
N 42.9

The average man is always waiting for something to happen to him instead of setting to work to make things happen. For one person who dreams of making 50,000 pounds, a hundred people dream of being left 50,000 pounds.
— A. A. Milne (British author, *Winnie-the-Pooh*, 1882–1956)

Mid-August Stronger Than Beginning and End



FRIDAY
12
D 66.7
S 71.4
N 71.4

To succeed in the markets, it is essential to make your own decisions. Numerous traders cited listening to others as their worst blunder.
— Jack D. Schwager (Investment manager, author, *Stock Market Wizards: Interviews with America's Top Stock Traders*, b. 1948)

SATURDAY
13

SUNDAY
14

WHAT TO TRADE DURING BEST AND WORST MONTHS

Our Best Months Switching Strategies found on pages 48, 50, 58, and 62 are simple and reliable with a proven 60-year track record. Thus far we have failed to find a similar trading strategy that even comes close over the past six decades. And to top it off, the strategy has only been improving, since we first discovered it in 1986.

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

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

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

TRADABLE BEST AND WORST MONTHS SWITCHING STRATEGY FUNDS

Best Months

Exchange Traded Funds (ETF)

Symbol	Name
DIA	SPDR Dow Jones Industrial Average
SPY	SPDR S&P 500
QQQQ	PowerShares QQQ
IWM	iShares Russell 2000

Mutual Funds

Symbol	Name
VWNDX	Vanguard Windsor Fund
FMAGX	Fidelity Magellan Fund
AMCPX	American Funds AMCAP Fund
FKCGX	Franklin Flex Cap Growth Fund
SECEX	Rydex Large Cap Core Fund

Worst Months

Exchange Traded Funds (ETF)

Symbol	Name
SHY	iShares 1–3 Year Treasury Bond
IEI	iShares 3–7 Year Treasury Bond
IEF	iShares 7–10 Year Treasury Bond
TLT	iShares 20+ Year Treasury Bond

Mutual Funds

Symbol	Name
VFSTX	Vanguard Short-Term Investment-Grade Bond Fund
FBNDX	Fidelity Investment Grade Bond Fund
ABNDX	American Funds Bond Fund of America
FKUSX	Franklin U.S. Government Securities Fund
SIUSX	Rydex U.S. Intermediate Bond Fund

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

During the Worst Months, switch into Treasury bonds, money market funds, or a bear/short fund. **Federated Prudent Bear** (BEARX) and **Grizzly Short** (GRZZX) worked quite well during the bear market of 2007–2009. Money market funds will be the safest, but are likely to offer the smallest return, while bear/short funds offer potentially greater returns, but more risk. If the market moves sideways or higher during the Worst Months, a bear/short fund is likely to lose money. Treasuries offer a combination of decent returns with limited risk. In the *2011 Commodity Trader's Almanac*, a detailed study of 30-year Treasury bonds covers their seasonal tendency to advance during summer months as well as a correlating ETF trade.

Additional Worst Month possibilities include precious metals and the companies that mine them. **SPDR Gold Shares** (GLD), **Market Vectors Gold Miners** (GDX), and **ETF Securities Physical Swiss Gold** (SGOL) are a few well recognized names available from the ETF universe. Gold's seasonal price tendencies are also covered in the *2011 Commodity Trader's Almanac*.

Become an *Almanac Investor*

Trading and investing do not need to be difficult, complicated, or time consuming. Since July 2001, we have been providing subscribers to *Almanac Investor* specific buy and sell recommendations, based upon the Best Months Switching Strategies, online and via email. Sector Index Seasonalities, found on page 92, are also put into action throughout the year with ETF recommendations. Buy limits, stop losses, and auto-sell price points for the majority of seasonal trades are delivered directly to your inbox. Visit *www.stocktradersalmanac.com,* or see the insert at page 96 for details and a special offer for new subscribers. Then, sit back and relax during the often turbulent summer months, knowing that your personal savings or portfolio is well-positioned and that you will still manage to capture the bulk of market gains during the Best Months.

AUGUST

Monday Before August Expiration, Dow Up 11 of Last 15, Average Gain 0.3%

MONDAY
D 52.4
S 61.9
N 61.9
15

Those who are of the opinion that money will do everything may very well be suspected to do everything for money.
— Sir George Savile (British statesman and author, 1633–1695)

TUESDAY
D 61.9
S 71.4
N 61.9
16

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

WEDNESDAY
D 52.4
S 57.1
N 61.9
17

From very early on, I understood that you can touch a piece of paper once… if you touch it twice, you're dead. Therefore, paper only touches my hand once. After that, it's either thrown away, acted on, or given to somebody else.
— Manuel Fernandez (Businessman, *Investor's Business Daily*)

THURSDAY
D 57.1
S 52.4
N 47.6
18

Never doubt that a small group of thoughtful, committed citizens can change the world: indeed it's the only thing that ever has.
— Margaret Mead (American anthropologist)

August Expiration Day Bullish Lately, Dow Up 7 in a Row 2003–2009 Up 156 Points (1.7%) in 2009

FRIDAY
D 38.1
S 42.9
N 33.3
19

I have but one lamp by which my feet (or "investments") are guided, and that is the lamp of experience. I know of no way of judging the future but by the past. — Patrick Henry (U.S. Founding Father, twice governor of VA, 1736–1799, March 23, 1775 speech)

SATURDAY
20

SUNDAY
21

A CORRECTION FOR ALL SEASONS

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

The summer setback tends to be slightly outdone by the average correction in the fall. Tax selling and portfolio cleaning are the usual explanations—individuals sell to register a tax loss and institutions like to get rid of their losers before preparing year-end statements. The October jinx also plays a major part. Since 1964, there have been 17 fall declines of over 10%, and in 10 of them (1966, 1974, 1978, 1979, 1987, 1990, 1997, 2000, 2002, and 2008) much damage was done in October, where so many bear markets end. Recent October lows were also seen in 1998, 1999, 2004, and 2005. Most often, it has paid to buy after fourth quarter or late third quarter "waterfall declines" for a rally that may continue into January or even beyond. War in Iraq affected the pattern in 2003. Anticipation of our invasion put the market down in the Q1. Quick success rallied stocks through summer. Financial crisis affected the pattern in 2008–2009, producing the worst winter decline since 1932.

SEASONAL CORRECTIONS IN DOW JONES INDUSTRIALS

	WINTER SLUMP Nov/Dec High to Q1 Low	SPRING SLUMP Feb/Mar High to Q2 Low	SUMMER SLUMP May/Jun High to Q3 Low	FALL SLUMP Aug/Sep High to Q4 Low
1964	–0.1%	–2.4%	–1.0%	–2.1%
1965	–2.5	–7.3	–8.3	–0.9
1966	–6.0	–13.2	–17.7	–12.7
1967	–4.2	–3.9	–5.5	–9.9
1968	–8.8	–0.3	–5.5	+0.4
1969	–8.7	–8.7	–17.2	–8.1
1970	–13.8	–20.2	–8.8	–2.5
1971	–1.4	–4.8	–10.7	–13.4
1972	–0.5	–2.6	–6.3	–5.3
1973	–11.0	–12.8	–10.9	–17.3
1974	–15.3	–10.8	–29.8	–27.6
1975	–6.3	–5.5	–9.9	–6.7
1976	–0.2	–5.1	–4.7	–8.9
1977	–8.5	–7.2	–11.5	–10.2
1978	–12.3	–4.0	–7.0	–13.5
1979	–2.5	–5.8	–3.7	–10.9
1980	–10.0	–16.0	–1.7	–6.8
1981	–6.9	–5.1	–18.6	–12.9
1982	–10.9	–7.5	–10.6	–3.3
1983	–4.1	–2.8	–6.8	–3.6
1984	–11.9	–10.5	–8.4	–6.2
1985	–4.8	–4.4	–2.8	–2.3
1986	–3.3	–4.7	–7.3	–7.6
1987	–1.4	–6.6	–1.7	–36.1
1988	–6.7	–7.0	–7.6	–4.5
1989	–1.7	–2.4	–3.1	–6.6
1990	–7.9	–4.0	–17.3	–18.4
1991	–6.3	–3.6	–4.5	–6.3
1992	+0.1	–3.3	–5.4	–7.6
1993	–2.7	–3.1	–3.0	–2.0
1994	–4.4	–9.6	–4.4	–7.1
1995	–0.8	–0.1	–0.2	–2.0
1996	–3.5	–4.6	–7.5	+0.2
1997	–1.8	–9.8	–2.2	–13.3
1998	–7.0	–3.1	–18.2	–13.1
1999	–2.7	–1.7	–8.0	–11.5
2000	–14.8	–7.4	–4.1	–11.8
2001	–14.5	–13.6	–27.4	–16.2
2002	–5.1	–14.2	–26.7	–19.5
2003	–15.8	–5.3	–3.1	–2.1
2004	–3.9	–7.7	–6.3	–5.7
2005	–4.5	–8.5	–3.3	–4.5
2006	–2.4	–5.4	–7.8	–0.4
2007	–3.7	–3.2	–6.1	–8.4
2008	–14.5	–11.0	–20.6	–35.9
2009	–32.0	–6.3	–7.4	–3.5
2010	–6.1			
Totals	**–318.1%**	**–307.1%**	**–410.6%**	**–428.5%**
Average	**–6.8%**	**–6.7%**	**–8.9%**	**–9.3%**

End of August Stronger Last 7 Years

MONDAY
D 66.7
S 66.7
N 81.0
22

Half the people alive today are already living in what we would consider intolerable conditions. One-sixth don't have access to clean drinking water; one-fifth live on less than a dollar a day; half the women in the world don't have equal rights with men; the forests are shrinking; the temperature's rising, and the oceans are rising because of the melting of the ice cap.
— Ted Turner (Billionaire, *New Yorker Magazine*, April 23, 2001)

TUESDAY
D 47.6
S 47.6
N 52.4
23

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

WEDNESDAY
D 61.9
S 66.7
N 52.4
24

When everybody thinks alike, everyone is likely to be wrong.
— Humphrey B. Neill (Investor, analyst, author, *Art of Contrary Thinking* 1954, 1895–1977)

THURSDAY
D 52.4
S 52.4
N 57.1
25

If investing is entertaining, if you're having fun, you're probably not making any money. Good investing is boring.
— George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

FRIDAY
D 47.6
S 52.4
N 47.6
26

A "tired businessman" is one whose business is usually not a successful one.
— Joseph R. Grundy (U.S. senator, Pennsylvania 1929–1930, businessman, 1863–1961)

SATURDAY
27

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

SUNDAY
28

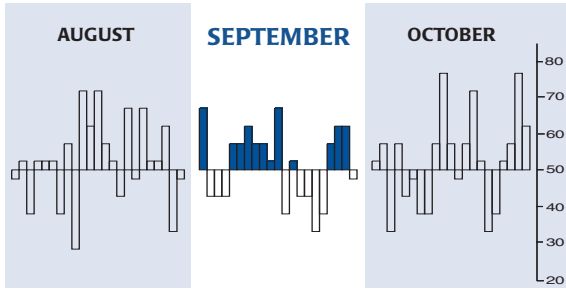
SEPTEMBER ALMANAC

SEPTEMBER

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

OCTOBER

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



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

◆ Start of business year, end of vacations, and back to school made September a leading barometer month in first 60 years of 20th century; now portfolio managers back after Labor Day tend to clean house ◆ Biggest % loser on the S&P, Dow, and NASDAQ (pages 44 and 54) ◆ Streak of four great Dow Septembers averaging 4.2% gains ended in 1999 with six losers in a row averaging –5.9% (see page 152), up three straight 2005–2007, down 6% in 2008 ◆ Day after Labor Day, Dow up 13 of last 16 ◆ S&P opened strong 11 of last 15 years but tends to close weak due to end-of-quarter mutual fund portfolio restructuring; last trading day, S&P down 11 of past 17 ◆ September Triple-Witching Week can be dangerous, week after is pitiful (see page 76).

September Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	12	12	12	12	11
Up	23	26	21	15	17
Down	37	33	18	16	14
Avg % Change	–0.9%	–0.6%	–0.9%	–0.9%	–0.6%
Pre-Election Year	–0.6%	–0.4%	–0.1%	0.1%	0.1%
	Best and Worst September				
	% Change	% Change	% Change	% Change	% Change
Best	1954 7.3	1954 8.3	1998 13.0	1998 6.5	1998 7.6
Worst	2002 –12.4	1974 –11.9	2001 –17.0	2002 –10.9	2001 –13.6
	Best and Worst September Weeks				
Best	9/28/01 7.4	9/28/01 7.8	9/20/74 5.7	9/28/01 7.6	9/28/01 6.9
Worst	9/21/01 –14.3	9/21/01 –11.6	9/21/01 –16.1	9/21/01 –11.7	9/21/01 –14.0
	Best and Worst September Days				
Best	9/8/98 5.0	9/30/08 5.4	9/8/98 6.0	9/30/08 5.3	9/18/08 7.0
Worst	9/17/01 –7.1	9/29/08 –8.8	9/29/08 –9.1	9/29/08 –8.7	9/29/08 –6.7
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	19–11	16–14	11–19	16–14	11–19
Current Streak	U1	U1	U1	U1	U1
Avg % Change	–0.16	–0.21	–0.46	–0.23	–0.34
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	15–15	17–13	20–10	17–13	20–10
Current Streak	U6	U6	U6	U6	U5
Avg % Change	0.03	0.17	0.16	0.15	0.20
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	15–15	17–13	16–14	17–13	15–15
Current Streak	U1	U4	U4	U4	U4
Avg % Change	–0.52	–0.26	–0.32	–0.26	–0.14
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	11–19	9–21	13–17	9–20	10–20
Current Streak	D2	D2	D2	D2	D8
Avg % Change	–0.63	–0.65	–0.83	–0.65	–1.25
	First Trading Day Performance				
% of Time Up	61.7	63.3	53.8	51.6	48.4
Avg % Change	0.02	–0.01	–0.06	–0.08	–0.04
	Last Trading Day Performance				
% of Time Up	40.0	43.3	51.3	51.6	67.7
Avg % Change	–0.10	–0.03	0.04	0.10	0.41

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

MONDAY
D 61.9
S 61.9
N 66.7
29

All there is to investing is picking good stocks at good times and staying with them as long as they remain good companies.
— Warren Buffett (CEO Berkshire Hathaway, investor, and philanthropist, b. 1930)

August's Next-to-Last Trading Day, S&P Up Only Twice in Last 14 Years

TUESDAY
D 33.3
S 33.3
N 61.9
30

Selling a soybean contract short is worth two years at the Harvard Business School.
— Robert Stovall (Managing director, Wood Asset Management)

WEDNESDAY
D 47.6
S 47.6
N 57.1
31

When someone told me "We're going with you guys because no one ever got fired for buying Cisco (products)." That's what they used to say in IBM's golden age. — Mark Dickey (Former Cisco sales exec, then at SmartPipes, *Fortune* 5/15/00)

First Trading Day in September, S&P Up 11 of Last 15
Back-to-Back Huge Gains 1997 and 1998, Up 3.1% and 3.9%

THURSDAY
D 57.1
S 66.7
N 61.9
1

There are three principal means of acquiring knowledge… observation of nature, reflection, and experimentation. Observation collects facts; reflection combines them; experimentation verifies the result of that combination.
— Denis Diderot (French philosopher, edited first modern Encyclopedia in 1745, 1713–1784)

FRIDAY
D 57.1
S 42.9
N 61.9
2

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

SATURDAY
3

SUNDAY
4

MARKET BEHAVIOR THREE DAYS BEFORE AND THREE DAYS AFTER HOLIDAYS

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

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

Thanks to the Santa Claus Rally, the three days before and after New Year's Day and Christmas are best. NASDAQ and the Russell 2000 average gains of 1.6% to 1.7% over the six-day spans. However, trading around the first day of the year has been mixed. Traders have been selling more the first trading day of the year recently, pushing gains and losses into the New Year.

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

Presidents' Day is the least bullish of all the holidays, bearish the day before and three days after. NASDAQ has dropped 17 of the last 21 days before Presidents' Day (Dow, 16 of 21; S&P, 17 of 21; Russell 2000, 12 of 21).

HOLIDAYS: 3 DAYS BEFORE, 3 DAYS AFTER (Average % Change 1980 to April 2010)

	−3	−2	−1	Mixed	+1	+2	+3
S&P 500	0.06	0.28	−0.13	New Year's	0.12	0.40	0.03
DJIA	0.02	0.22	−0.21	Day	0.28	0.38	0.18
NASDAQ	0.15	0.33	0.21	*1/1/11*	0.10	0.75	0.18
Russell 2K	0.15	0.45	0.52		−0.07	0.33	0.10
S&P 500	0.39	−0.03	−0.28	Negative Before and After	−0.21	−0.005	−0.15
DJIA	0.40	−0.01	−0.22	Presidents' Day	−0.12	−0.06	−0.17
NASDAQ	0.59	0.23	−0.42	*2/21/11*	−0.58	0.03	−0.11
Russell 2K	0.45	0.08	−0.13		−0.42	−0.05	−0.12
S&P 500	0.19	−0.07	0.41	Positive Before and	−0.21	0.36	0.11
DJIA	0.17	−0.11	0.32	Negative After	−0.13	0.34	0.09
NASDAQ	0.47	0.23	0.52	Good Friday	−0.35	0.38	0.21
Russell 2K	0.25	0.09	0.56	*4/22/11*	−0.29	0.26	0.13
S&P 500	0.05	−0.06	0.02	Positive After	0.36	0.18	0.27
DJIA	0.02	−0.09	−0.03	Memorial	0.42	0.19	0.19
NASDAQ	0.11	0.12	0.03	Day	0.25	−0.01	0.51
Russell 2K	−0.11	0.15	0.11	*5/30/11*	0.29	0.12	0.42
S&P 500	0.05	0.06	0.01	Negative After	−0.18	−0.03	−0.003
DJIA	0.02	0.06	0.01	Independence	−0.11	0.003	−0.02
NASDAQ	0.19	0.07	−0.01	Day	−0.20	−0.17	0.16
Russell 2K	0.18	−0.03	−0.10	*7/4/11*	−0.21	−0.11	−0.07
S&P 500	0.07	−0.22	0.23	Positive Day	0.11	−0.02	−0.14
DJIA	0.05	−0.27	0.21	Before	0.17	0.07	−0.24
NASDAQ	0.31	0.03	0.24	Labor Day	−0.03	−0.18	0.02
Russell 2K	0.45	0.11	0.21	*9/5/11*	0.09	−0.002	0.04
S&P 500	0.16	0.07	0.31	Positive Before	0.22	−0.56	0.36
DJIA	0.19	0.08	0.32	and After	0.18	−0.47	0.38
NASDAQ	0.04	−0.22	0.45	Thanksgiving	0.51	−0.58	0.18
Russell 2K	0.14	−0.08	0.42	*11/24/11*	0.41	−0.66	0.33
S&P 500	0.14	0.19	0.24	Christmas	0.16	0.03	0.35
DJIA	0.24	0.24	0.28	*12/25/11 (Closed 12/26)*	0.21	0.03	0.30
NASDAQ	−0.12	0.46	0.46		0.13	0.10	0.41
Russell 2K	0.15	0.39	0.41		0.21	0.15	0.54

SEPTEMBER

Labor Day (Market Closed)

MONDAY
5

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

Day After Labor Day, Dow Up 13 of Last 16, 1997 Up 3.4%, 1998 Up 5.0%

TUESDAY
D 47.6
S 42.9
N 47.6
6

Make sure you have a jester because people in high places are seldom told the truth.
— Radio caller to President Ronald Reagan

WEDNESDAY
D 38.1
S 42.9
N 57.1
7

Executives owe it to the organization and to their fellow workers not to tolerate nonperforming individuals in important jobs.
— Peter Drucker (Austria-born pioneer management theorist, 1909–2005)

THURSDAY
D 61.9
S 57.1
N 66.7
8

Liberals have practiced tax and tax, spend and spend, elect and elect but conservatives have perfected borrow and borrow, spend and spend, elect and elect. — George Will (*Newsweek*, 1989)

FRIDAY
D 47.6
S 57.1
N 57.1
9

Our philosophy here is identifying change, anticipating change. Change is what drives earnings growth, and if you identify the underlying change, you recognize the growth before the market, and the deceleration of that growth.
— Peter Vermilye (Baring America Asset Management, 1987)

SATURDAY
10

SUNDAY
"In Memory"
11

FOURTH QUARTER MARKET MAGIC

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

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

The market's sweet spot of the four-year cycle begins in the fourth quarter of the midterm year. The best two-quarter span runs from the fourth quarter of the midterm year through the first quarter of the pre-election year, averaging 14.4% for the Dow, 15.0% for the S&P 500, and an amazing 24.0% for NASDAQ.

Quarterly strength fades in the latter half of the pre-election year, but stays impressively positive through the election year. Losses dominate the first and third quarter of post-election years and the first and second quarters of midterm years. Once again, the global financial crisis trumped seasonality, hammering the fourth quarter of 2008 onto the list of 10 worst quarters of all time (see page 168).

QUARTERLY % CHANGES

	Q1	Q2	Q3	Q4	Year	Q2–Q3	Q4–Q1
Dow Jones Industrials (1949 to March 2010)							
Average	**2.0%**	**1.8%**	**0.5%**	**3.7%**	**8.2%**	**2.3%**	**5.9%**
Post-Election	–1.1%	1.6%	0.2%	3.4%	4.4%	1.8%	5.2%
Midterm	1.5%	–1.2%	–1.2%	7.3%	6.4%	–2.1%	14.4%
Pre-Election	7.6%	5.6%	2.5%	1.6%	17.7%	7.5%	1.9%
Election	0.3%	1.2%	0.4%	2.3%	4.6%	1.6%	1.2%
S&P 500 (1949 to March 2010)							
Average	**1.9%**	**1.9%**	**0.6%**	**3.9%**	**8.7%**	**2.6%**	**6.1%**
Post-Election	–1.2%	2.2%	0.4%	3.1%	4.8%	2.7%	4.3%
Midterm	1.0%	–2.2%	–0.6%	7.9%	6.0%	–2.5%	15.0%
Pre-Election	7.6%	5.6%	2.1%	2.5%	18.3%	7.2%	3.1%
Election	0.7%	2.1%	0.6%	2.1%	6.1%	2.6%	1.0%
NASDAQ Composite (1971 to March 2010)							
Average	**4.0%**	**3.8%**	**–0.4%**	**4.2%**	**12.2%**	**3.7%**	**8.4%**
Post-Election	–3.3%	6.8%	1.3%	4.2%	8.4%	8.1%	6.3%
Midterm	2.1%	–2.5%	–7.1%	8.5%	0.0002%	–8.9%	24.0%
Pre-Election	14.7%	8.9%	3.1%	4.9%	34.2%	12.1%	7.8%
Election	2.5%	1.3%	0.6%	–0.6%	4.8%	2.4%	–3.1%

Markets Mugged Monday Before September Triple Witching 2008
Dow Lost 504 Points (–4.4%), S&P –4.7%, NASDAQ –3.6%



MONDAY
D 61.9
S 61.9
N 57.1
12

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*)

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

TUESDAY
D 61.9
S 57.1
N 61.9
13

Vietnam, the original domino in the Cold War, now faces the prospect of becoming, in the words of political scientist Sunai Phasuk of Chulalongkorn University in Bangkok, one of the new "dominos of democracy."
— Quoted by Seth Mydans (*NY Times*, Jan. 6, 2001)

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

WEDNESDAY
D 47.6
S 57.1
N 66.7
14

Knowledge born from actual experience is the answer to why one profits; lack of it is the reason one loses.
— Gerald M. Loeb (E.F. Hutton, *The Battle for Investment Survival*, predicted 1929 Crash, 1900–1974)

THURSDAY
D 52.4
S 52.4
N 28.6
15

Cooperation is essential to address 21st-century challenges; you can't fire cruise missiles at the global financial crisis.
— Nicholas D. Kristof (*NY Times* columnist, 10/23/2008)

September Triple Witching, Dow Up 6 Straight and 7 of Last 8



FRIDAY
D 52.4
S 66.7
N 57.1
16

There are one-story intellects, two-story intellects, and three-story intellects with skylights. All fact collectors with no aim beyond their facts are one-story men. Two-story men compare, reason and generalize, using labors of the fact collectors as well as their own. Three-story men idealize, imagine, and predict. Their best illuminations come from above through the skylight.
— Oliver Wendell Holmes (American author, poet, and physician, 1809–1894)

SATURDAY
17

SUNDAY
18

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

For many years, the last day plus the first four days were the best days of the month. The market currently exhibits greater bullish bias from the last three trading days of the previous month through the first two days of the current month, and now shows significant bullishness during the middle three trading days, 9 to 11, due to 401(k) cash inflows (see pages 145 and 146). This pattern was not as pronounced during the boom years of the 1990s, with market strength all month long. It returned in 2000 with monthly bullishness at the ends, beginnings and middles of months versus weakness during the rest of the month. From late 2007 to early 2009, the "Super 8" were mauled by the bear. The second half of 2009 was not much kinder, but thus far 2010 is seeing a revival in the pattern.

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

	Super-8 Days	Rest of Month	Super-8 Days	Rest of Month	Super-8 Days	Rest of Month
	2002		2003		2004	
Jan	−1.92%	−0.24%	1.00%	−4.86%	3.79%	−1.02%
Feb	−1.41	4.27	2.71	−4.82	−1.20	0.83
Mar	4.11	−2.64	5.22	−0.90	−1.64	−1.69
Apr	−2.46	0.08	2.87	−1.91	3.20	−0.60
May	3.62	−4.07	3.17	2.46	−2.92	−0.51
Jun	−2.22	−6.51	3.09	−0.38	1.15	1.36
Jul	−5.04	−4.75	1.18	1.64	−1.91	−0.88
Aug	2.08	4.59	−0.74	1.55	0.51	0.40
Sep	−6.58	−5.00	3.58	−3.47	0.47	−2.26
Oct	8.48	−1.50	2.87	1.41	0.85	−1.82
Nov	4.74	0.99	−0.47	0.48	3.08	3.20
Dec	−0.76	−4.02	2.10	3.70	2.03	1.13
Totals	**2.64%**	**−18.80%**	**26.58%**	**−5.10%**	**7.41%**	**−1.86%**
Average	**0.22%**	**−1.57%**	**2.22%**	**−0.43%**	**0.62%**	**−0.16%**
	2005		2006		2007	
Jan	−1.96%	−1.35%	−0.03%	0.34%	0.68%	−0.04%
Feb	1.76	−0.07	1.67	0.71	3.02	−1.72
Mar	0.31	−2.05	0.81	−0.03	−5.51	3.64
Apr	−4.62	1.46	1.69	−0.53	2.66	2.82
May	0.57	2.43	−0.66	0.08	2.21	0.95
Jun	1.43	−3.00	2.39	−4.87	3.84	−5.00
Jul	0.96	1.83	1.65	0.07	2.59	−1.47
Aug	1.36	−3.07	1.83	0.41	−2.94	−0.26
Sep	0.90	−0.31	1.13	1.64	4.36	1.18
Oct	1.14	−2.18	1.58	2.59	1.28	−1.05
Nov	1.67	3.89	−0.01	−0.31	−0.59	−5.63
Dec	0.57	−1.96	2.40	−0.05	−0.04	4.62
Totals	**4.09%**	**−4.37%**	**14.45%**	**0.04%**	**11.56%**	**−1.96%**
Average	**0.34%**	**−0.36%**	**1.20%**	**0.003%**	**0.96%**	**−0.16%**
	2008		2009		2010	
Jan	−4.76%	−4.11%	3.16%	−6.92%	0.66%	−3.92%
Feb	1.83	0.65	−6.05	−4.39	3.31	−2.38
Mar	−4.85	2.92	−4.37	12.84	1.91	3.51
Apr	−0.27	4.09	1.52	−0.24	1.13	0.18
May	2.19	−4.81	2.64	2.98		
Jun	0.37	−6.30	1.71	−1.64		
Jul	−3.80	−1.99	2.30	5.03		
Aug	1.53	1.06	0.04	4.91		
Sep	−2.23	−1.19	−0.81	2.21		
Oct	−3.39	−13.70	−0.05	2.40		
Nov	6.07	−11.90	0.00	5.57		
Dec	−2.54	3.49	0.62	0.46		
Totals	**−9.85%**	**−31.79%**	**0.71%**	**23.21%**	**7.01%**	**−2.61%**
Average	**−0.82%**	**−2.65%**	**0.06%**	**1.93%**	**1.75%**	**−0.65%**

	Super-8 Days*		Rest of Month (13 Days)	
100 Month Totals	Net % Changes	64.60%	Net % Changes	−43.23%
	Average Period	0.65%	Average Period	−0.43%
	Average Day	0.08%	Average Day	−0.03%

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

SEPTEMBER

Week After September, Triple Witching Dow Down 16 of Last 20, Average Loss Since 1990, 1.1%

MONDAY
D 28.6
S 38.1
N 52.4
19

Capitalism without bankruptcy is like Christianity without hell. — Frank Borman (CEO Eastern Airlines, April 1986)

TUESDAY
D 47.6
S 52.4
N 61.9
20

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

WEDNESDAY
D 38.1
S 42.9
N 47.6
21

In my experience, selling a put is much safer than buying a stock. — Kyle Rosen (Boston Capital Mgmt., *Barron's,* 8/23/04)

THURSDAY
D 33.3
S 42.9
N 47.6
22

It's better to have your enemies inside the tent pissing out than outside pissing in.
— Lyndon B. Johnson (36th U.S. president, 1908–1973)

FRIDAY
D 28.6
S 33.3
N 38.1
23

I have a simple philosophy. Fill what's empty. Empty what's full. And scratch where it itches.
— Alice Roosevelt Longworth (Theodore Roosevelt's eldest child, 1884–1980)

SATURDAY
24

SUNDAY
25

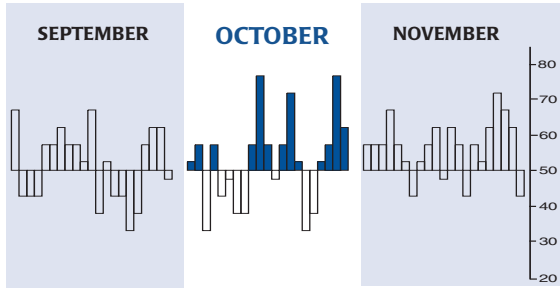
OCTOBER ALMANAC

OCTOBER

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

NOVEMBER

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



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

◆ Known as the jinx month because of crashes in 1929, 1987, the 554-point drop on October 27, 1997, back-to-back massacres in 1978 and 1979, Friday the 13th in 1989, and the meltdown in 2008 ◆ Yet October is a "bear killer" and turned the tide in 11 post-WWII bear markets: 1946, 1957, 1960, 1962, 1966, 1974, 1987, 1990, 1998, 2001, and 2002 ◆ First October Dow top in 2007, 20-year 1987 crash anniversary –2.6% ◆ Worst six months of the year ends with October (page 48) ◆ No longer worst month (pages 44 and 56) ◆ Best Dow, S&P, and NASDAQ month from 1993 to 2007 ◆ Pre-presidential election year Octobers since 1951, rank last across the board; excluding 1987 still near the bottom ◆ October is a great time to buy ◆ Big October gains five years 1999–2003 after atrocious Septembers ◆ Can get into Best Six Months earlier using MACD (page 50).

October Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	7	7	10	10	12
Up	35	35	20	19	16
Down	25	25	19	12	15
Avg % Change	0.3%	0.6%	0.2%	0.4%	–1.2%
Pre-Election Year	–1.7%	–1.1%	–2.0%	–2.1%	–5.0%
	Best and Worst October				
	% Change	% Change	% Change	% Change	% Change
Best	1982 10.7	1974 16.3	1974 17.2	1982 11.3	1982 14.1
Worst	1987 –23.2	1987 –21.8	1987 –27.2	1987 –21.9	1987 –30.8
	Best and Worst October Weeks				
Best	10/11/74 12.6	10/11/74 14.1	10/31/08 10.9	10/31/08 10.8	10/31/08 14.1
Worst	10/10/08 –18.2	10/10/08 –18.2	10/23/87 –19.2	10/10/08 –18.2	10/23/87 –20.4
	Best and Worst October Days				
Best	10/13/08 11.1	10/13/08 11.6	10/13/08 11.8	10/13/08 11.7	10/13/08 9.3
Worst	10/19/87 –22.6	10/19/87 –20.5	10/19/87 –11.4	10/19/87 –19.0	10/19/87 –12.5
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	25–5	23–7	21–9	24–6	24–6
Current Streak	U2	U2	D1	U2	D1
Avg % Change	0.95	0.91	0.73	0.89	0.57
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	13–17	14–16	15–15	14–16	13–17
Current Streak	D5	D3	D3	D3	D4
Avg % Change	–0.27	–0.35	–0.24	–0.34	–0.25
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	20–10	20–10	17–13	20–10	18–12
Current Streak	U2	U2	U2	U2	U2
Avg % Change	0.63	0.64	0.70	0.62	0.28
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	12–18	11–19	14–16	11–19	12–18
Current Streak	D2	D2	D2	D2	D2
Avg % Change	–0.66	–0.70	–0.78	–0.73	–1.00
	First Trading Day Performance				
% of Time Up	48.3	48.3	48.7	51.6	48.4
Avg % Change	0.11	0.10	–0.08	0.35	–0.14
	Last Trading Day Performance				
% of Time Up	55.0	56.7	69.2	64.5	74.2
Avg % Change	0.11	0.20	0.61	0.47	0.75

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

October has killed many a bear;
Buy tech stocks and soon wear a grin ear to ear.

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

MONDAY
D 42.9
S 38.1
N 38.1
26

In order to be great writer (or "investor") a person must have a built-in, shockproof crap detector.
— Ernest Hemingway (American writer, 1954 Nobel Prize, 1899–1961)

TUESDAY
D 61.9
S 57.1
N 57.1
27

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

WEDNESDAY
D 57.1
S 61.9
N 38.1
28

Inflation is the modern way that governments default on their debt. — Mike Epstein (MTA, MIT/Sloan Lab for Financial Engineering)

Rosh Hashanah

THURSDAY
D 57.1
S 61.9
N 52.4
29

There is no one who can replace America. Without American leadership, there is no leadership.
That puts a tremendous burden on the American people to do something positive. You can't be tempted by the usual nationalism.
— Lee Hong-koo (South Korean prime minister 1994–1995 and ambassador to U.S. 1998–2000, *NY Times,* 2/25/2009)

Last Day of Q3, Dow Down 9 of Last 13, Massive 4.7% Rally in 2008

FRIDAY
D 42.9
S 47.6
N 47.6
30

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

SATURDAY
1

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

SUNDAY
2

SECTOR SEASONALITY: SELECTED PERCENTAGE PLAYS

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

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

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

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

Almanac Investor newsletter subscribers receive specific entry and exit points for highly correlated ETFs and detailed analysis in our monthly ETF Lab. Visit *www.stocktradersalmanac.com,* or see the insert at page 96 for additional details and a special offer for new subscribers. Top 300 ETFs appear on pages 188–189.

SECTOR INDEX SEASONALITY TABLE

			Seasonality				Average % Return†		
Ticker	**Sector Index**	**Type**	**Start**		**Finish**		**15-Year**	**10-Year**	**5-Year**
XCI	Computer Tech	Short	January	B	March	B	–7.9	–12.2	–11.6
IIX	Internet	Short	January	B	February	E	–12.2	–12.7	–6.8
XNG	Natural Gas	Long	February	E	June	B	18.7[1]	21.6	13.3
RXP	Healthcare Prod	Long	March	M	June	M	7.5[1]	8.7	6.8
RXH	Healthcare Prov	Long	March	M	June	M	16.8[1]	19.3	22.2
MSH	High-Tech	Long	March	M	July	B	13.2[1]	10.0	13.2
XCI	Computer Tech	Long	April	M	July	M	15.6	8.4	9.4
IIX	Internet	Long	April	M	July	B	14.0[1]	9.0	7.6
CYC	Cyclical	Short	May	M	October	E	–7.6	–7.6	–7.0
XAU	Gold and Silver	Short	May	M	June	E	–8.6	–7.3	–7.3
S5MATR*	Materials	Short	May	M	October	M	–9.9	–10.2	–10.5
BKX	Banking	Short	June	B	July	B	–5.4	–8.1	–9.1
XNG	Natural Gas	Short	June	M	July	E	–9.0	–10.7	–6.8
XAU	Gold and Silver	Long	July	E	December	E	12.0	18.0	13.8
DJT	Transports	Short	July	M	October	M	–7.9	–8.0	–6.2
UTY	Utilities	Long	July	E	January	B	9.8	10.2	3.6
BTK	Biotech	Long	August	B	March	B	31.5	8.3	8.6
RXP	Healthcare Prod	Long	August	B	February	B	11.2[1]	7.8	3.6
MSH	High-Tech	Long	August	M	January	M	16.1	8.2	2.9
IIX	Internet	Long	August	B	January	B	27.9[1]	13.1	8.8
SOX	Semiconductor	Short	August	M	October	E	–13.6	–15.0	–13.2
CMR	Consumer	Long	September	E	June	B	12.9	8.0	3.6
RXH	Healthcare Prov	Short	September	M	November	B	–6.8[1]	–5.2	–9.9
XOI	Oil	Short	September	B	November	E	–4.5	–7.0	–9.2
BKX	Banking	Long	October	B	June	B	13.7	6.9	–6.1
XBD	Broker/Dealer	Long	October	B	June	E	34.6	15.5	9.8
XCI	Computer Tech	Long	October	B	January	B	17.5	13.7	8.3
CYC	Cyclical	Long	October	B	May	M	18.1	15.9	10.3
RXH	Healthcare Prov	Long	October	E	January	M	10.9[1]	8.9	5.9
S5MATR*	Materials	Long	October	M	May	M	17.1	17.9	17.1
DRG	Pharmaceutical	Long	October	M	January	B	8.2	6.7	7.1
RMZ	Real Estate	Long	October	E	July	B	13.4[1]	13.9	4.6
SOX	Semiconductor	Long	October	E	December	B	17.1	13.9	7.2
XTC	Telecom	Long	October	M	December	E	12.1	8.5	5.3
DJT	Transports	Long	October	B	May	B	18.7	14.6	13.5
XOI	Oil	Long	December	M	July	B	14.7	14.0	15.7

†*Average % Return based on full seasonality completion through April 2010.*
** S5MATR Available @ bloomberg.com.* [1] *Since Index Inception.*

First Trading Day in October, Dow Down 4 of Last 5
Off 2.1% in 2009

MONDAY
D 57.1
S 52.4
N 47.6
3

Life is what happens, while you're busy making other plans. — John Lennon (Beatle, 1940–1980)

TUESDAY
D 47.6
S 57.1
N 57.1
4

The investor who concentrated on the 50 stocks in the S&P 500 that are followed by the fewest Wall Street analysts wound up with a rousing 24.6% gain in [2006 versus] 13.6% [for] the S&P 500.
— Rich Bernstein (Chief Investment Strategist, Merrill Lynch, *Barron's,* 1/8/07)

Start Looking for MACD BUY Signals (Pages 50 and 58)
Almanac Investor Subscribers E-mailed When It Triggers (See Insert Page 96)



WEDNESDAY
D 38.1
S 33.3
N 42.9
5

You have to keep digging, keep asking questions, because otherwise you'll be seduced or brainwashed into the idea that it's somehow a great privilege, an honor, to report the lies they've been feeding you.
— David Halberstam (American writer, war reporter, 1964 Pulitzer Prize, 1934–2007)

THURSDAY
D 61.9
S 57.1
N 61.9
6

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

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

FRIDAY
D 38.1
S 42.9
N 47.6
7

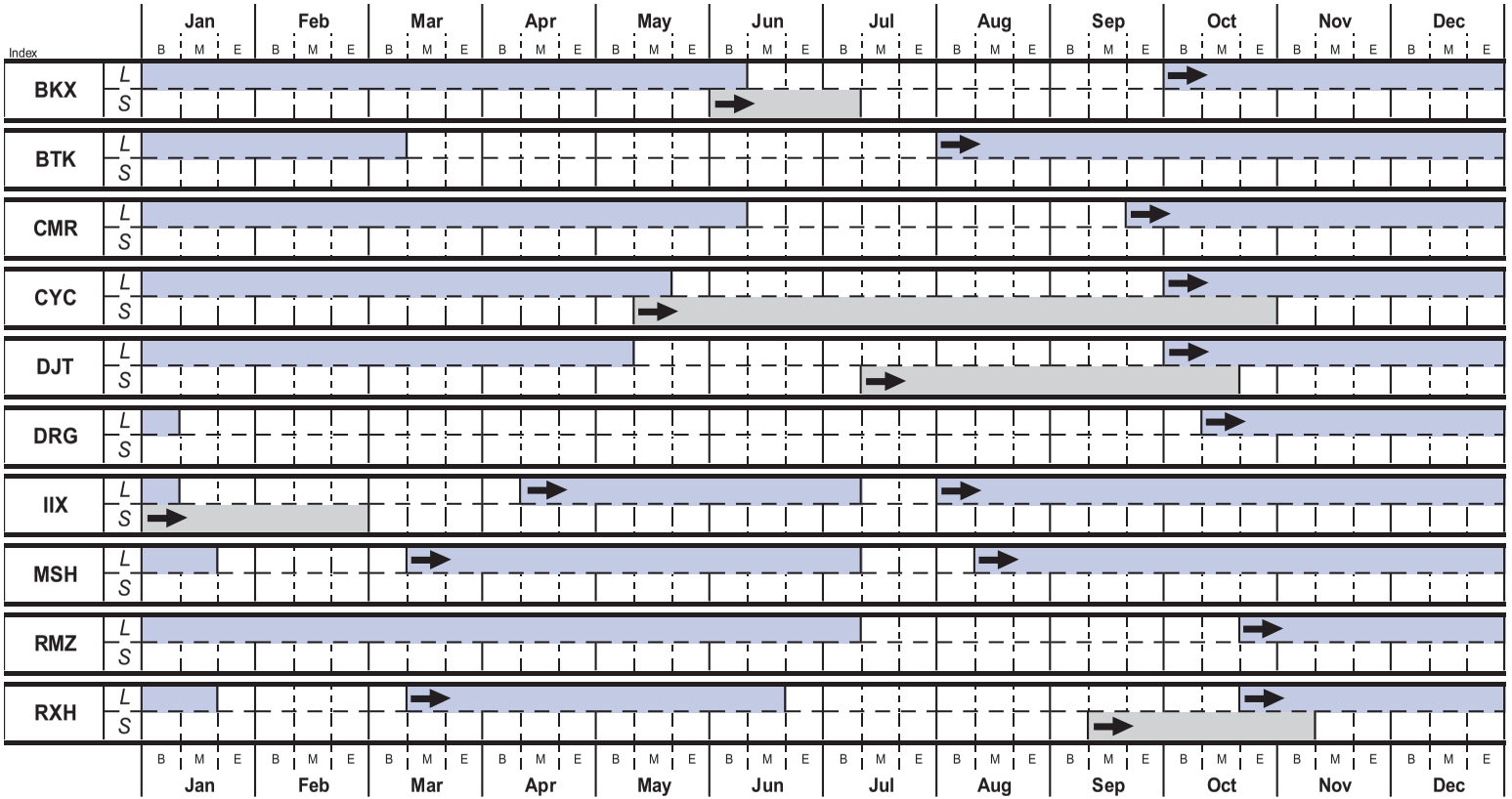
You know you're right when the other side starts to shout. — I. A. O'Shaughnessy (American oilman, 1885–1973)

Yom Kippur

SATURDAY
8

SUNDAY
9

Sector Index Seasonality Strategy Calendar*



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

Columbus Day (Bond Market Closed)

MONDAY
D 47.6
S 47.6
N 61.9
10

The commodity futures game is a money game—not a game involving the supply–demand of the actual commodity as commonly depicted. — R. Earl Hadady (*Bullish Consensus, Contrary Opinion*)

TUESDAY
D 42.9
S 38.1
N 47.6
11

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

October Ends Dow and S&P "Worst Six Months" (Pages 44, 48, 50, and 147) and NASDAQ "Worst Four Months" (Pages 54, 58, and 148)

WEDNESDAY
D 33.3
S 38.1
N 52.4
12

… the most successful positions I've taken have been those about which I've been most nervous (and ignored that emotion anyway). Courage is not about being fearless; courage is about acting appropriately even when you are fearful.
— Daniel Turov (*Turov on Timing*)

THURSDAY
D 57.1
S 57.1
N 71.4
13

[Look for companies] where the executives have a good ownership position—not only options, but outright ownership—so that they will ride up and down with the shareholder. — George Roche (Chairman, T. Rowe Price, *Barron's,* 12/18/06)

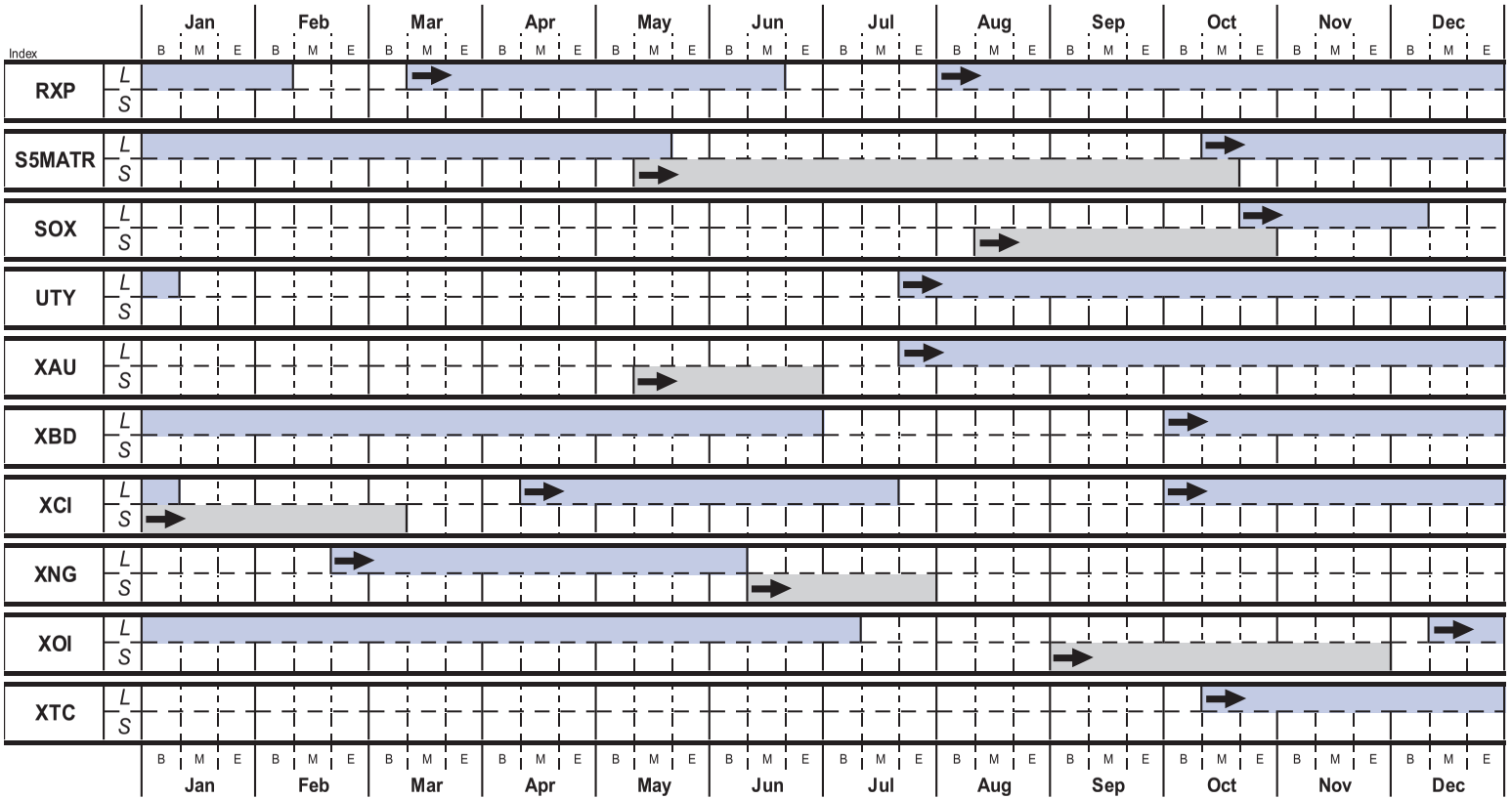
FRIDAY
D 76.2
S 76.2
N 71.4
14

A senior European diplomat said he was convinced that the choice of starting a war this spring was made for political as well as military reasons. [The President] clearly does not want to have a war raging on the eve of his presumed reelection campaign.
— Reported by Steven R. Weisman (*NY Times,* 3/14/03)

SATURDAY
15

SUNDAY
16

Sector Index Seasonality Strategy Calendar*



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

OCTOBER

Monday Before October Expiration, Dow Up 25 of 30

MONDAY
D 61.9
S 57.1
N 52.4
17

Nothing is more uncertain than the favor of the crowd. — Marcus Tullius Cicero (Great Roman orator, politician, 106–43 B.C.)

TUESDAY
D 42.9
S 47.6
N 38.1
18

Always grab the reader by the throat in the first paragraph, sink your thumbs into his windpipe in the second, and hold him against the wall until the tag line. — Paul O'Neil (Marketer, *Writing Changes Everything*)

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

WEDNESDAY
D 52.4
S 57.1
N 47.6
19

The CROWD is always wrong at market turning points but often times right once a trend sets in. The reason many market fighters go broke is they believe the CROWD is always wrong. There is nothing further from the truth. Unless volatility is extremely low or very high, one should think twice before betting against the CROWD.
— Shawn Andrew (Trader, Ricercar Fund /SA, 12/21/01)



THURSDAY
D 66.7
S 71.4
N 76.2
20

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

October Expiration Day, Dow Down 5 Straight and 6 of Last 7 Eked Out a Modest 0.4% Gain in 2004



FRIDAY
D 47.6
S 52.4
N 47.6
21

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

SATURDAY
22

SUNDAY
23

TRADING THE THANKSGIVING MARKET

For 35 years, the "holiday spirit" gave Wednesday before Thanksgiving and Friday after a great track record, except for two occasions. Publishing it in the 1987 *Almanac* was the "kiss of death." Wednesday, Friday, and Monday were all crushed, down 6.6% over the three days in 1987. Since 1988, Wednesday–Friday, gained 13 of 22 times, with a total Dow point-gain of 657.51 versus Monday's total Dow point-loss of 870.79, down five straight 2004–2009. The best strategy appears to be coming into the week long and exiting into strength Friday. Dubai's debt crisis cancelled Black Friday on Wall Street in 2009.

DOW JONES INDUSTRIALS BEFORE AND AFTER THANKSGIVING

	Tuesday Before	Wednesday Before		Friday After	Total Gain Dow Points	Dow Close	Next Monday
1952	−0.18	1.54		1.22	2.76	283.66	0.04
1953	1.71	0.65		2.45	3.10	280.23	1.14
1954	3.27	1.89		3.16	5.05	387.79	0.72
1955	4.61	0.71		0.26	0.97	482.88	−1.92
1956	−4.49	−2.16		4.65	2.49	472.56	−2.27
1957	−9.04	10.69		3.84	14.53	449.87	−2.96
1958	−4.37	8.63		8.31	16.94	557.46	2.61
1959	2.94	1.41		1.42	2.83	652.52	6.66
1960	−3.44	1.37		4.00	5.37	606.47	−1.04
1961	−0.77	1.10		2.18	3.28	732.60	−0.61
1962	6.73	4.31	T	7.62	11.93	644.87	−2.81
1963	32.03	−2.52		9.52	7.00	750.52	1.39
1964	−1.68	−5.21	H	−0.28	−5.49	882.12	−6.69
1965	2.56	N/C		−0.78	−0.78	948.16	−1.23
1966	−3.18	1.84	A	6.52	8.36	803.34	−2.18
1967	13.17	3.07		3.58	6.65	877.60	4.51
1968	8.14	−3.17	N	8.76	5.59	985.08	−1.74
1969	−5.61	3.23		1.78	5.01	812.30	−7.26
1970	5.21	1.98	K	6.64	8.62	781.35	12.74
1971	−5.18	0.66		17.96	18.62	816.59	13.14
1972	8.21	7.29	S	4.67	11.96	1025.21	−7.4
1973	−17.76	10.08		−0.98	9.10	854.00	−29.05
1974	5.32	2.03	G	−0.63	1.40	618.66	−15.64
1975	9.76	3.15		2.12	5.27	860.67	−4.33
1976	−6.57	1.66	I	5.66	7.32	956.62	−6.57
1977	6.41	0.78		1.12	1.90	844.42	−4.85
1978	−1.56	2.95	V	3.12	6.07	810.12	3.72
1979	−6.05	−1.80		4.35	2.55	811.77	16.98
1980	3.93	7.00	I	3.66	10.66	993.34	−23.89
1981	18.45	7.90		7.80	15.70	885.94	3.04
1982	−9.01	9.01	N	7.36	16.37	1007.36	−4.51
1983	7.01	−0.20		1.83	1.63	1277.44	−7.62
1984	9.83	6.40	G	18.78	25.18	1220.30	−7.95
1985	0.12	18.92		−3.56	15.36	1472.13	−14.22
1986	6.05	4.64		−2.53	2.11	1914.23	−1.55
1987	40.45	−16.58		−36.47	−53.05	1910.48	−76.93
1988	11.73	14.58		−17.60	−3.02	2074.68	6.76
1989	7.25	17.49		18.77	36.26	2675.55	19.42
1990	−35.15	9.16		−12.13	−2.97	2527.23	5.94
1991	14.08	−16.10		−5.36	−21.46	2894.68	40.70
1992	25.66	17.56		15.94	33.50	3282.20	22.96
1993	3.92	13.41	D	−3.63	9.78	3683.95	−6.15
1994	−91.52	−3.36		33.64	30.28	3708.27	31.29
1995	40.46	18.06	A	7.23*	25.29	5048.84	22.04
1996	−19.38	−29.07		22.36*	−6.71	6521.70	N/C
1997	41.03	−14.17	Y	28.35*	14.18	7823.13	189.98
1998	−73.12	13.13		18.80*	31.93	9333.08	−216.53
1999	−93.89	12.54		−19.26*	−6.72	10988.91	−40.99
2000	31.85	−95.18		70.91*	−24.27	10470.23	75.84
2001	−75.08	−66.70		125.03*	58.33	9959.71	23.04
2002	−172.98	255.26		−35.59*	219.67	8896.09	−33.52
2003	16.15	15.63		2.89*	18.52	9782.46	116.59
2004	3.18	27.71		1.92*	29.63	10522.23	−46.33
2005	51.15	44.66		15.53*	60.19	10931.62	−40.90
2006	5.05	5.36		−46.78*	−41.42	12280.17	−158.46
2007	51.70	−211.10		181.84*	−29.26	12980.88	−237.44
2008	36.08	247.14		102.43*	349.57	8829.04	−679.95
2009	−17.24	30.69		−154.48*	−123.79	10309.92	34.92

**Shortened trading day*

OCTOBER

MONDAY
D 42.9
S 33.3
N 28.6
24

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

TUESDAY
D 33.3
S 38.1
N 33.3
25

Civility is not a sign of weakness, and sincerity is always subject to proof. Let us never negotiate out of fear. But let us never fear to negotiate. — John F. Kennedy (35th U.S. president, Inaugural Address 1/20/1961, 1917–1963)

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

WEDNESDAY
D 47.6
S 52.4
N 42.9
26

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

THURSDAY
D 61.9
S 57.1
N 52.4
27

Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.
— General George S. Patton, Jr. (US Army field commander WWII, 1885–1945)

82nd Anniversary of 1929 Crash, Dow Down 23.0% in Two Days, October 28 and 29

FRIDAY
D 71.4
S 76.2
N 66.7
28

How a minority, reaching majority, seizing authority, hates a minority. — Leonard H. Robbins

SATURDAY
29

SUNDAY
30

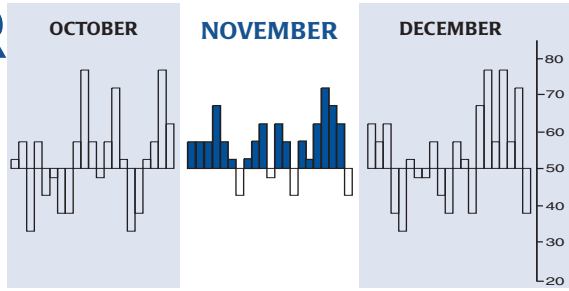
NOVEMBER ALMANAC

NOVEMBER

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

DECEMBER

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



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

◆ #2 S&P month and #3 on Dow since 1950, #3 on NASDAQ since 1971 (pages 44 and 54) ◆ Start of the "Best Six Months" of the year (page 48), NASDAQ's Best Eight Months and Best Three (pages 147 and 148) ◆ Simple timing indicator almost triples "Best Six Months" strategy (page 50), doubles NASDAQ's Best Eight (page 58) ◆ Day before and after Thanksgiving Day combined, only 12 losses in 58 years (page 98) ◆ Week before Thanksgiving, Dow up 14 of last 17 ◆ Pre-presidential election year Novembers rank #9 Dow, S&P, and NASDAQ.

November Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	3	2	3	1	4
Up	40	40	26	22	20
Down	20	20	13	9	11
Avg % Change	1.6%	1.6%	1.7%	1.8%	1.8%
Pre-Election Year	0.3%	0.3%	1.2%	−0.2%	1.2%
	Best and Worst November				
	% Change	% Change	% Change	% Change	% Change
Best	1962 10.1	1980 10.2	2001 14.2	1980 10.1	2002 8.8
Worst	1973 −14.0	1973 −11.4	2000 −22.9	2000 −9.3	2008 −12.0
	Best and Worst November Weeks				
Best	11/28/08 9.7	11/28/08 12.0	11/28/08 10.9	11/28/08 12.5	11/28/08 16.4
Worst	11/21/08 −5.3	11/21/08 −8.4	11/10/00 −12.2	11/21/08 −8.8	11/21/08 −11.0
	Best and Worst November Days				
Best	11/13/08 6.7	11/13/08 6.9	11/13/08 6.5	11/13/08 7.0	11/13/08 8.5
Worst	11/20/08 −5.6	11/20/08 −6.7	11/19/08 −6.5	11/20/08 −6.9	11/19/08 −7.9
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	15–15	13–17	12–18	14–16	13–17
Current Streak	U1	U1	U1	U1	U1
Avg % Change	−0.04	−0.06	−0.14	−0.08	−0.06
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	18–12	17–13	15–15	17–13	13–16
Current Streak	D1	D1	D1	D1	D1
Avg % Change	0.22	0.15	0.01	0.14	0.07
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	20–10	18–12	16–14	17–13	15–15
Current Streak	U1	D2	D2	D2	D3
Avg % Change	0.39	0.11	0.07	0.08	−0.24
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	18–12	19–11	19–11	19–11	17–13
Current Streak	D1	U2	D1	D1	D1
Avg % Change	0.87	0.83	0.88	0.83	0.94
	First Trading Day Performance				
% of Time Up	63.3	63.3	66.7	71.0	67.7
Avg % Change	0.31	0.34	0.35	0.48	0.33
	Last Trading Day Performance				
% of Time Up	55.0	55.0	66.7	48.4	74.2
Avg % Change	0.05	0.09	−0.17	−0.08	0.07

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

A stute investors always smile and remember,
When stocks seasonally start soaring, and salute November.

Halloween

MONDAY
D 52.4
S 61.9
N 76.2
31

When a country lives on borrowed time, borrowed money, and borrowed energy, it is just begging the markets to discipline it in their own way at their own time. Usually the markets do it in an orderly way—except when they don't.
— Thomas L. Friedman (*NY Times* Foreign Affairs columnist, 2/24/05)

First Trading Day in November, Dow Down 4 of Last 5
2009 Up 0.8%

TUESDAY
D 57.1
S 57.1
N 71.4
1

When Paris sneezes, Europe catches cold. — Prince Klemens Metternich (Austrian statesman, 1773–1859)

WEDNESDAY
D 47.6
S 57.1
N 57.1
2

To achieve satisfactory investment results is easier than most people realize.
The typical individual investor has a great advantage over the large institutions.
— Benjamin Graham (Economist, investor, *Securities Analysis* 1934, *The Intelligent Investor* 1949, 1894–1976)

November Begins Dow and S&P "Best Six Months" (Pages 44, 48, 50, 147)
And NASDAQ "Best Eight Months" (Pages 54, 58, and 148)

THURSDAY
D 57.1
S 57.1
N 71.4
3

My best shorts come from research reports where there are recommendations to buy stocks on weakness; also, where a brokerage firm changes its recommendation from a buy to a hold. — Marc Howard (Hedge fund manager, *New York* magazine, 1976, b. 1941)

FRIDAY
D 66.7
S 66.7
N 61.9
4

The more feted by the media, the worse a pundit's accuracy.
— Sharon Begley (Senior editor, *Newsweek*, 2/23/2009, referencing Philip E. Tetlock's 2005 *Expert Political Judgment*)

SATURDAY
5

Daylight Saving Time Ends

SUNDAY
6

MOST OF THE SO-CALLED "JANUARY EFFECT" TAKES PLACE IN THE LAST HALF OF DECEMBER

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

Looking at the graph on page 104, comparing the Russell 1000 index of large-capitalization stocks to the Russell 2000 smaller-capitalization stocks, shows small-cap stocks beginning to outperform the blue chips in mid-December. Narrowing the comparison down to half-month segments was an inspiration and proved to be quite revealing, as you can see in the table below.

23-YEAR AVERAGE RATES OF RETURN (DEC 1987 TO FEB 2010)

From	Russell 1000		Russell 2000	
mid-Dec*	Change	Annualized	Change	Annualized
12/15–12/31	1.8%	50.5%	3.5%	119.9%
12/15–01/15	1.8	22.7	3.7	51.6
12/15–01/31	2.1	18.4	4.0	37.6
12/15–02/15	2.7	17.3	5.3	36.3
12/15–02/28	1.8	9.4	5.0	27.9
end-Dec*				
12/31–01/15	0.1	2.1	0.2	4.3
12/31–01/31	0.3	3.7	0.5	6.2
12/31–02/15	0.9	7.3	1.7	14.2
12/31–02/28	0.1	0.6	1.4	9.2

31-YEAR AVERAGE RATES OF RETURN (DEC 1979 TO FEB 2010)

From	Russell 1000		Russell 2000	
mid-Dec*	Change	Annualized	Change	Annualized
12/15–12/31	1.6%	43.9%	3.1%	101.3%
12/15–01/15	2.1	26.9	4.2	60.2
12/15–01/31	2.5	22.2	4.6	44.1
12/15–02/15	3.0	19.4	5.9	41.1
12/15–02/28	2.5	13.3	5.7	32.2
end-Dec*				
12/31–01/15	0.6	13.4	1.1	25.8
12/31–01/31	0.9	11.4	1.5	19.6
12/31–02/15	1.5	12.4	2.8	24.3
12/31–02/28	0.9	5.7	2.6	17.1

** Mid-month dates are the 11th trading day of the month; month end dates are monthly closes.*

Small-cap strength in the last half of December became even more magnified after the 1987 market crash. Note the dramatic shift in gains in the last half of December during the 23-year period starting in 1987, versus the 31 years from 1979 to 2010. With all the beaten-down small stocks being dumped for tax loss purposes, it generally pays to get a head start on the January Effect in mid-December. You don't have to wait until December either; the small-cap sector often begins to turn around toward the end of October and November.

NOVEMBER

MONDAY
7
D 57.1
S 57.1
N 61.9

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

Election Day

TUESDAY
8
D 57.1
S 52.4
N 57.1

Politics ought to be the part-time profession of every citizen who would protect the rights and privileges of free people and who would preserve what is good and fruitful in our national heritage. — Dwight D. Eisenhower (34th U.S. president, 1890–1969)

WEDNESDAY
9
D 38.1
S 42.9
N 52.4

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)

THURSDAY
10
D 57.1
S 52.4
N 57.1

Learn from the mistakes of others; you can't live long enough to make them all yourself.
— Eleanor Roosevelt (First Lady, 1884–1962)

Veterans' Day

FRIDAY
11
D 61.9
S 57.1
N 61.9

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

SATURDAY
12

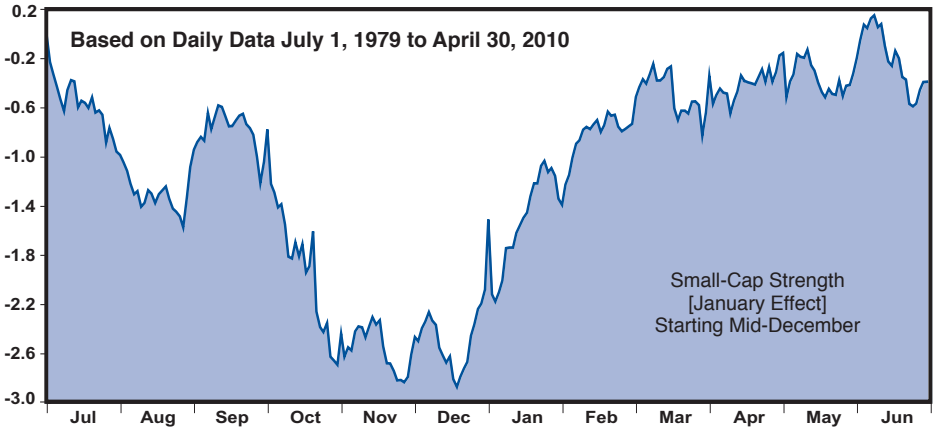
SUNDAY
13

JANUARY EFFECT NOW STARTS IN MID-DECEMBER

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

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

RUSSELL 2000/RUSSELL 1000 ONE-YEAR SEASONAL PATTERN



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

RUSSELL 2000/RUSSELL 1000 (1979 TO APRIL 2010)



Monday Before November Expiration, Dow Down 7 of Last 11; Dow Hit Big in 2008, Down 224 Points (2.6%)



MONDAY
D 66.7
S 61.9
N 61.9
14

Welch's genius was the capacity to energize and inspire hundreds of thousands of people across a range of businesses and countries. — Warren G. Bennis (USC business professor, *Business Week*, September 10, 2001, referring to retiring CEO Jack Welch of General Electric)

TUESDAY
D 52.4
S 47.6
N 42.9
15

When I have to depend upon hope in a trade, I get out of it.
— Jesse Livermore (Early 20th century stock trader and speculator, *How to Trade in Stocks*, 1877–1940)

Week Before Thanksgiving, Dow Up 14 of Last 17, 2003 –1.4%, 2004 –0.8%, 2008 –5.3%



WEDNESDAY
D 52.4
S 61.9
N 47.6
16

There are ways for the individual investor to make money in the securities markets. Buying value and holding long term while collecting dividends has been proven over and over again. — Robert M. Sharp (Author, *The Lore and Legends of Wall Street*)

THURSDAY
D 57.1
S 57.1
N 52.4
17

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

November Expiration Day, Dow Up 6 of Last 8 Dow Surged in 2008, Up 494 Points (6.5%)



FRIDAY
D 42.9
S 42.9
N 52.4
18

Based on my own personal experience—both as an investor in recent years and an expert witness in years past—rarely do more than three or four variables really count. Everything else is noise. — Martin J. Whitman (Founder, Third Avenue Funds, b. 1924)

SATURDAY
19

SUNDAY
20

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

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

BARGAIN STOCKS VS. THE MARKET*

Short Span* Late Dec–Jan/Feb	New Lows Late Dec	% Change Jan/Feb	% Change NYSE Composite	Bargain Stocks Advantage
1974–75	112	48.9%	22.1%	26.8%
1975–76	21	34.9	14.9	20.0
1976–77	2	1.3	–3.3	4.6
1977–78	15	2.8	–4.5	7.3
1978–79	43	11.8	3.9	7.9
1979–80	5	9.3	6.1	3.2
1980–81	14	7.1	–2.0	9.1
1981–82	21	–2.6	–7.4	4.8
1982–83	4	33.0	9.7	23.3
1983–84	13	–3.2	–3.8	0.6
1984–85	32	19.0	12.1	6.9
1985–86	4	–22.5	3.9	–26.4
1986–87	22	9.3	12.5	–3.2
1987–88	23	13.2	6.8	6.4
1988–89	14	30.0	6.4	23.6
1989–90	25	–3.1	–4.8	1.7
1990–91	18	18.8	12.6	6.2
1991–92	23	51.1	7.7	43.4
1992–93	9	8.7	0.6	8.1
1993–94	10	–1.4	2.0	–3.4
1994–95	25	14.6	5.7	8.9
1995–96	5	–11.3	4.5	–15.8
1996–97	16	13.9	11.2	2.7
1997–98	29	9.9	5.7	4.2
1998–99	40	–2.8	4.3	–7.1
1999–00	26	8.9	–5.4	14.3
2000–01	51	44.4	0.1	44.3
2001–02	12	31.4	–2.3	33.7
2002–03	33	28.7	3.9	24.8
2003–04	15	16.7	2.3	14.4
2004–05	36	6.8	–2.8	9.6
2005–06	71	12.0	2.6	9.4
2006–07	43	5.1	–0.5	5.6
2007–08	71	–3.2	–9.4	6.2
2008–09	88	11.4	–2.4	13.8
2009–10	25	1.8	–3.0	4.8
36-Year Totals		**454.7%**	**110.0%**	**344.7%**
Average		**12.6%**	**3.1%**	**9.6%**

** Dec 15 to Feb 15 (1974–1999), Dec 1999–2009 based on actual newsletter advice.*

In response to changing market conditions we tweaked the strategy the last 11 years, adding selections from NASDAQ, AMEX, and the OTC Bulletin Board and selling in mid-January some years. We e-mail the list of stocks to our *Almanac Investor* newsletter subscribers. Visit *www.stocktradersalmanac.com,* or see the insert at page 96 for additional details and a special offer for new subscribers.

We have come to the conclusion that the most prudent course of action is to compile our list from the stocks making new lows on Triple-Witching Friday before Christmas, capitalizing on the Santa Claus Rally (page 110). This also gives us the weekend to evaluate the issues in greater depth and weed out any glaringly problematic stocks. Subscribers will receive the list of stocks selected from the new lows made on December 17, 2010 via e-mail.

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

Trading Thanksgiving Market: Long into Weakness Prior, Exit into Strength After (Page 98)

MONDAY
D 61.9
S 57.1
N 52.4
21

If you can buy more of your best idea, why put [the money] into your 10th-best idea or your 20th-best idea? The more positions you have, the more average you are. — Bruce Berkowitz (Fairholme Fund, *Barron's,* 3/17/08)

TUESDAY
D 61.9
S 52.4
N 61.9
22

History is replete with episodes in which the real patriots were the ones who defied their governments.
— Jim Rogers (Financier, *Adventure Capitalist*, b. 1942)



WEDNESDAY
D 66.7
S 61.9
N 57.1
23

The job of central banks: To take away the punch bowl just as the party is getting going.
— William McChesney Martin (Federal Reserve chairman 1951–1970, 1906–1998)

Thanksgiving (Market Closed)

THURSDAY
24

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

(Shortened Trading Day)



FRIDAY
D 71.4
S 71.4
N 57.1
25

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

SATURDAY
26

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

SUNDAY
27

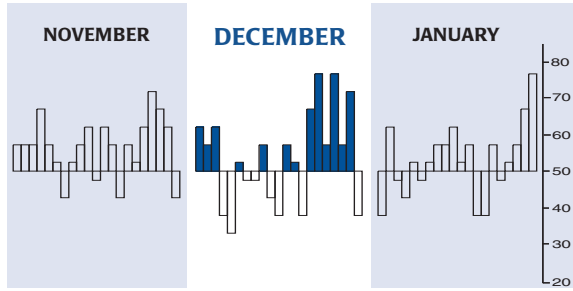
DECEMBER ALMANAC

DECEMBER

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

JANUARY

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



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

◆ #1 S&P (+1.6%) and #2 Dow (+1.7%) month since 1950 (page 44), #2 NASDAQ (2.0%) since 1971 ◆ 2002 worst December since 1931, down over 6% Dow and S&P, –9.7% on NASDAQ (pages 152, 155, and 157) ◆ "Free lunch" served on Wall Street before Christmas (page 106) ◆ Small caps start to outperform larger caps near middle of month (pages 102 and 104) ◆ "Santa Claus Rally" visible in graph above and on page 110 ◆ In 1998 was part of best fourth quarter since 1928 (page 167) ◆ Fourth-quarter expiration week most bullish triple witching week, Dow up 15 of last 19 (page 76) ◆ In pre-presidential election years, Decembers rankings slip: #3 S&P and Dow, still #2 NASDAQ month.

December Vital Statistics

	DJIA	S&P 500	NASDAQ	Russell 1K	Russell 2K
Rank	2	1	2	3	1
Up	42	45	23	24	24
Down	18	15	16	7	7
Avg % Change	1.7%	1.6%	2.0%	1.6%	2.7%
Pre-Election Year	3.1%	3.3%	5.4%	3.8%	4.4%
	Best and Worst December				
	% Change	% Change	% Change	% Change	% Change
Best	1991 9.5	1991 11.2	1999 22.0	1991 11.2	1999 11.2
Worst	2002 –6.2	2002 –6.0	2002 –9.7	2002 –5.8	2002 –5.7
	Best and Worst December Weeks				
Best	12/18/87 5.8	12/18/87 5.9	12/8/00 10.3	12/18/87 6.0	12/18/87 7.7
Worst	12/4/87 –7.5	12/6/74 –7.1	12/15/00 –9.1	12/4/87 –7.0	12/12/80 –6.5
	Best and Worst December Days				
Best	12/16/08 4.2	12/16/08 5.1	12/5/00 10.5	12/16/08 5.2	12/16/08 6.7
Worst	12/1/08 –7.7	12/1/08 –8.9	12/1/08 –9.0	12/1/08 –9.1	12/1/08 –11.9
	First Trading Day of Expiration Week: 1980–2009				
Record (#Up–#Down)	17–13	18–12	13–17	19–11	14–16
Current Streak	U1	U1	U1	U1	U1
Avg % Change	0.20	0.16	–0.05	0.13	–0.15
	Options Expiration Day: 1980–2009				
Record (#Up–#Down)	21–9	22–8	21–9	22–8	19–11
Current Streak	U1	U4	U4	U4	U3
Avg % Change	0.40	0.44	0.39	0.42	0.43
	Options Expiration Week: 1980–2009				
Record (#Up–#Down)	23–7	22–8	17–13	21–9	15–15
Current Streak	D2	D1	U4	D1	U4
Avg % Change	0.76	0.79	0.23	0.73	0.57
	Week After Options Expiration: 1980–2009				
Record (#Up–#Down)	20–9	17–13	18–12	17–13	20–10
Current Streak	U1	U1	U1	U1	U1
Avg % Change	0.70	0.39	0.64	0.42	0.76
	First Trading Day Performance				
% of Time Up	48.3	51.7	61.5	54.8	54.8
Avg % Change	–0.09	–0.06	0.12	–0.09	–0.13
	Last Trading Day Performance				
% of Time Up	53.3	63.3	76.9	54.8	74.2
Avg % Change	0.08	0.11	0.37	–0.08	0.52

Dow & S&P 1950–April 2010, NASDAQ 1971–April 2010, Russell 1K & 2K 1979–April 2010.

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

NOVEMBER/DECEMBER

MONDAY
D 61.9
S 66.7
N 61.9
28

The usual bull market successfully weathers a number of tests until it is considered invulnerable, whereupon it is ripe for a bust. — George Soros (Financier, philanthropist, political activist, author, and philosopher, b. 1930)

TUESDAY
D 47.6
S 61.9
N 71.4
29

Anytime there is change there is opportunity. So it is paramount that an organization get energized rather than paralyzed. — Jack Welch (GE CEO, *Fortune*)

WEDNESDAY
D 57.1
S 42.9
N 57.1
30

100% I did. 90% I will. 80% I can. 70% I think I can. 60% I might. 50% I think I might. 40% What is it? 30% I wish I could. 20% I don't know how. 10% I can't. 0% I won't. — (Ladder of Achievement)

First Trading Day in December, NASDAQ Up 17 of 23 Down Three Straight 2006–2008

THURSDAY
D 57.1
S 61.9
N 71.4
1

Oil has fostered massive corruption in almost every country that has been "blessed" with it, and the expectation that oil wealth will transform economies has lead to disastrous policy choices. — Ted Tyson (Chief investment officer, Mastholm Asset Management)

FRIDAY
D 52.4
S 57.1
N 66.7
2

When America sneezes, the rest of the word catches cold. — Anonymous (circa 1929)

SATURDAY
3

SUNDAY
4

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

Santa Claus tends to come to Wall Street nearly every year, bringing a short, sweet, respectable rally within the last five days of the year and the first two in January. This has been good for an average 1.6% gain since 1969 (1.5% since 1950). Santa's failure to show tends to precede bear markets, or times stocks could be purchased later in the year at much lower prices. We discovered this phenomenon in 1972.

DAILY % CHANGE IN S&P 500 AT YEAR END

	Trading Days Before Year End						First Days in January			Rally % Change
	6	5	4	3	2	1	1	2	3	
1969	−0.4	1.1	0.8	−0.7	0.4	0.5	1.0	0.5	−0.7	3.6
1970	0.1	0.6	0.5	1.1	0.2	−0.1	−1.1	0.7	0.6	1.9
1971	−0.4	0.2	1.0	0.3	−0.4	0.3	−0.4	0.4	1.0	1.3
1972	−0.3	−0.7	0.6	0.4	0.5	1.0	0.9	0.4	−0.1	3.1
1973	−1.1	−0.7	3.1	2.1	−0.2	0.01	0.1	2.2	−0.9	6.7
1974	−1.4	1.4	0.8	−0.4	0.03	2.1	2.4	0.7	0.5	7.2
1975	0.7	0.8	0.9	−0.1	−0.4	0.5	0.8	1.8	1.0	4.3
1976	0.1	1.2	0.7	−0.4	0.5	0.5	−0.4	−1.2	−0.9	0.8
1977	0.8	0.9	N/C	0.1	0.2	0.2	−1.3	−0.3	−0.8	−0.3
1978	0.03	1.7	1.3	−0.9	−0.4	−0.2	0.6	1.1	0.8	3.3
1979	−0.6	0.1	0.1	0.2	−0.1	0.1	−2.0	0.5	1.2	−2.2
1980	−0.4	0.4	0.5	−1.1	0.2	0.3	0.4	1.2	0.1	2.0
1981	−0.5	0.2	−0.2	−0.5	0.5	0.2	0.2	−2.2	−0.7	−1.8
1982	0.6	1.8	−1.0	0.3	−0.7	0.2	−1.6	2.2	0.4	1.2
1983	−0.2	−0.03	0.9	0.3	−0.2	0.05	−0.5	1.7	1.2	2.1
1984	−0.5	0.8	−0.2	−0.4	0.3	0.6	−1.1	−0.5	−0.5	−0.6
1985	−1.1	−0.7	0.2	0.9	0.5	0.3	−0.8	0.6	−0.1	1.1
1986	−1.0	0.2	0.1	−0.9	−0.5	−0.5	1.8	2.3	0.2	2.4
1987	1.3	−0.5	−2.6	−0.4	1.3	−0.3	3.6	1.1	0.1	2.2
1988	−0.2	0.3	−0.4	0.1	0.8	−0.6	−0.9	1.5	0.2	0.9
1989	0.6	0.8	−0.2	0.6	0.5	0.8	1.8	−0.3	−0.9	4.1
1990	0.5	−0.6	0.3	−0.8	0.1	0.5	−1.1	−1.4	−0.3	−3.0
1991	2.5	0.6	1.4	0.4	2.1	0.5	0.04	0.5	−0.3	5.7
1992	−0.3	0.2	−0.1	−0.3	0.2	−0.7	−0.1	−0.2	0.04	−1.1
1993	0.01	0.7	0.1	−0.1	−0.4	−0.5	−0.2	0.3	0.1	−0.1
1994	0.01	0.2	0.4	−0.3	0.1	−0.4	−0.03	0.3	−0.1	0.2
1995	0.8	0.2	0.4	0.04	−0.1	0.3	0.8	0.1	−0.6	1.8
1996	−0.3	0.5	0.6	0.1	−0.4	−1.7	−0.5	1.5	−0.1	0.1
1997	−1.5	−0.7	0.4	1.8	1.8	−0.04	0.5	0.2	−1.1	4.0
1998	2.1	−0.2	−0.1	1.3	−0.8	−0.2	−0.1	1.4	2.2	1.3
1999	1.6	−0.1	0.04	0.4	0.1	0.3	−1.0	−3.8	0.2	−4.0
2000	0.8	2.4	0.7	1.0	0.4	−1.0	−2.8	5.0	−1.1	5.7
2001	0.4	−0.02	0.4	0.7	0.3	−1.1	0.6	0.9	0.6	1.8
2002	0.2	−0.5	−0.3	−1.6	0.5	0.05	3.3	−0.05	2.2	1.2
2003	0.3	−0.2	0.2	1.2	0.01	0.2	−0.3	1.2	0.1	2.4
2004	0.1	−0.4	0.7	−0.01	0.01	−0.1	−0.8	−1.2	−0.4	−1.8
2005	0.4	0.04	−1.0	0.1	−0.3	−0.5	1.6	0.4	0.002	0.4
2006	−0.4	−0.5	0.4	0.7	v.1	−0.5	−0.1	0.1	−0.6	0.003
2007	1.7	0.8	0.1	−1.4	0.1	−0.7	−1.4	N/C	−2.5	−2.5
2008	−1.0	0.6	0.5	−0.4	2.4	1.4	3.2	−0.5	0.8	7.4
2009	0.2	0.5	0.1	−0.1	0.02	−1.0	1.6	0.3	0.05	1.4
Avg	**0.10**	**0.33**	**0.30**	**0.08**	**0.22**	**0.02**	**0.16**	**0.45**	**0.02**	**1.6**

The couplet above was certainly on the mark in 1999, as the period suffered a horrendous 4.0% loss. On January 14, 2000, the Dow started its 33-month 37.8% slide to the October 2002 midterm election year bottom. NASDAQ cracked eight weeks later, falling 37.3% in 10 weeks, eventually dropping 77.9% by October 2002. Saddam Hussein cancelled Christmas by invading Kuwait in 1990. Energy prices and Middle East terror woes may have grounded Santa in 2004. In 2007, the third worst reading since 1950 was recorded, as subprime mortgages and their derivatives led to a full-blown financial crisis and the second worst bear market in history.

DECEMBER

MONDAY
D 57.1
S 61.9
N 66.7
5

Statements by high officials are practically always misleading when they are designed to bolster a falling market.
— Gerald M. Loeb (E.F. Hutton, *The Battle for Investment Survival*, predicted 1929 Crash, 1900–1974)

TUESDAY
D 52.4
S 38.1
N 52.4
6

There is nothing as invigorating as the ego boost that comes from having others sign on when your company is just a dream. What they are saying when they agree to service customers, suppliers, employers or distributors is that they believe in you.
— Joshua Hyatt (*Inc.* magazine, *Mapping the Entrepreneurial Mind*, August 1991)

Small Cap Strength Starts in Mid-December (Page 102)

WEDNESDAY
D 38.1
S 33.3
N 33.3
7

The incestuous relationship between government and big business thrives in the dark.
— Jack Anderson (Washington journalist and author, *Peace, War, and Politics*, 1922–2005)

THURSDAY
D 52.4
S 52.4
N 47.6
8

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

FRIDAY
D 52.4
S 47.6
N 42.9
9

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

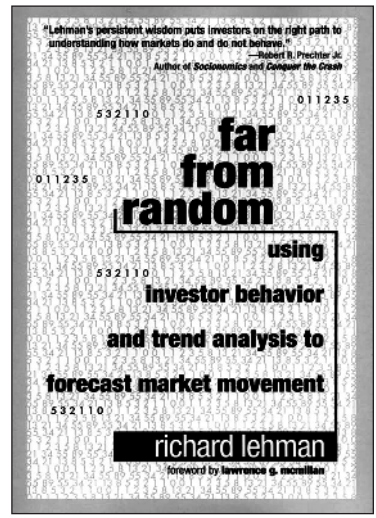
SATURDAY
10

SUNDAY
11

BEST INVESTMENT BOOK OF THE YEAR

Far From Random: Using Investor Behavior and Trend Analysis to Forecast Market Movement

By Richard Lehman



For 44 years the *Stock Trader's Almanac* has uncovered many patterns that astute investors could take advantage of: the Best Consecutive Six Months of the year, the January Barometer, the enormous superiority of the market in the last two years of the Four-Year Presidential Cycle over the first two years, and so on. Burton Malkiel's book, *A Random Walk Down Wall Street* (Norton, 1st edition 1973), espouses that no one can predict the market at any time. Professor Malkiel is a renowned and influential economist whom we quote on page 21 on January 25. But we beg to differ. Quite to the contrary are the myriad proven patterns in these pages.

The financial world has for decades swallowed whole the idea that market movement is chaotic, random, and entirely unpredictable. In his new book, *Far From Random*, Richard Lehman takes on these stalwarts of finance and easily disproves the widely accepted investment principle "that stock market movement cannot be predicted." With his new take on trend channel analysis, Lehman shows that market trends exist, are discernible before they are wholly formed, and can be employed to boost investment returns. Lehman unequivocally proves that the market moves in well-defined, often predictable patterns.

Far From Random demonstrates Lehman's new, simple way to really beat the market. He convincingly agues that the, "stock market is not entirely random" and its patterns, cycles, and trends "can be explained within certain parameters." His unique charting technique provides perspective at any point in time over almost any time period. *Far From Random* delivers a methodology for determining precisely when market trends change, explains seemingly chaotic or extreme market moves, helps you time investment decisions, and gives you the tools to develop a robust trading strategy to beat the market under any conditions.

If anyone out there still believes in the "random walk" theory, have them explain how it was possible for first days of the month in the last 153 months, starting September 1997, to gain a total 5173.23 Dow points for an average point gain of +33.81; while all the other 3034 trading days of these months lost 1643.82 Dow points for an average daily loss of half a Dow point (–0.54) (page 62).

Wall Street practitioners, academics, and so many market commentators have encouraged the notion that we are not able to forecast the markets and therefore should not try. From the front flap: "Lehman's trend channel analysis allows investors to: identify a bull or bear market, discern between a rally and a true trend, find and take advantage of market tops and bottoms, spot a sideways market, and stay on the sideline."

As market pro Robert R. Prechter Jr. says on the front cover, "Lehman's persistent wisdom puts investors on the right path to understanding how markets do and do not behave." As we have said many times in the past, "Random Walkers, eat your heart out!"

Monday Before December Triple Witching, S&P Up 7 of Last 10

MONDAY
D 57.1
S 47.6
N 42.9
12

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

TUESDAY
D 52.4
S 57.1
N 57.1
13

If you torture the data long enough, it will confess to anything. — Darrell Huff (*How to Lie With Statistics*, 1954)

December Triple Witching Week, S&P Up 21 of Last 26; 2009 Broke 8-Year Bull Run

WEDNESDAY
D 47.6
S 42.9
N 38.1
14

If the market does not rally, as it should during bullish seasonal periods, it is a sign that other forces are stronger and that when the seasonal period ends those forces will really have their say.
— Edson Gould (Stock market analyst, *Findings & Forecasts*, 1902–1987)



THURSDAY
D 42.9
S 38.1
N 42.9
15

I'd be a bum on the street with a tin cup, if the markets were always efficient.
— Warren Buffett (CEO Berkshire Hathaway, investor, and philanthropist, b. 1930)

December Triple Witching, S&P Up 20 of 28 Average Gain 0.4%



FRIDAY
D 57.1
S 57.1
N 47.6
16

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

SATURDAY
17

SUNDAY
18

YEAR'S TOP INVESTMENT BOOKS

Far From Random: Using Investor Behavior and Trend Analysis to Forecast Market Movement, Richard Lehman, Bloomberg, $39.95. 2011 Best Investment Book of the Year.

The Capitalist Spirit: How Each and Every One of Us Can Make a Giant Difference in Our Fast-Changing World, Yale Hirsch, Wiley, $19.95. Ken Fisher says, "This mind boggling wonderful compilation is not only phenomenal overall but has dozens of snippets that by themselves are worth many times the book's price."

Buy—Don't Hold: Investing With ETFs Using Relative Strength to Increase Returns With Less Risk, Leslie N. Masonson, FT Press, $26.99. Shows investors and traders how to buy and sell the right ETFs at the right time with proven strategies, tools, and indicators.

Super Sectors: How to Outsmart the Market Using Sector Rotation and ETFs, John Nyaradi, Wiley, $49.95. Identifies 5 "super sectors" that will likely advance far faster and higher than the general indexes due to several economic and social "megatrends" on the horizon.

Higher Returns From Safe Investments: Using Bonds, Stocks, and Options to Generate Lifetime Income, Marvin Appel, FT Press, $24.99. Money manager and Systems and Forecasts editor reveals no-nonsense, simple strategies for increasing retirement returns with little risk.

The Small-Cap Investor: Secrets to Winning Big with Small-Cap Stocks, Ian Wyatt, Wiley, $27.95. A field manual for big profits. Shows you how to find them, analyze them, and ride them for all they are worth.

Spread Trading: An Introduction to Trading Options in Nine Simple Steps, Greg Jensen, Wiley, $49.95. All you need to know to safely earn remarkable profits in today's market.

The Swing Trader's Bible: Strategies to Profit from Market Volatility, Matthew McCall & Mark Whistler, Wiley, $70.00. A straightforward approach to trading that allows you to make sense of today's markets and profit from volatility.

Wisdom on Value Investing: How to Profit on Fallen Angels: Gabriel Wisdom, Wiley, $27.95. How the smart investor stays calm and waits patiently for the incredible deals—the Fallen Angels—that are certain to come along.

Market Indicators: The Best-Kept Secret to More Effective Trading and Investing, Richard Sipley, Bloomberg Press, $39.95. Introduces the many key indicators used by professional traders and investors every day.

A Gift to My Children: A Father's Lessons for Life and Investing, Jim Rogers, Random House, $16.00. A legendary investor reveals how to learn from his triumphs and mistakes in order to achieve a prosperous, well-lived life. A great book to give to your children.

How to Smell a Rat: The Five Signs of Financial Fraud, Ken Fisher with Lara Hoffmans, Wiley, $24.95. Highlights various features of potential frauds and provides an insider's view on how to spot financial disasters before you become part of them.

The Making of a Market Guru: Forbes Presents 25 Years of Ken Fisher, Aaron Anderson, Editor, Wiley, $29.95. How Fisher called three of the last four bear markets. Perhaps you can learn how to become your own market guru.

No One Would Listen: A True Financial Thriller, Harry Markopolos, Wiley, $27.95. The story of how Harry uncovered the biggest Ponzi scheme in history years before Bernie Madoff confessed and wound up in prison. Harry was fearful as some whistle blowers get murdered.

The Genius of the Beast: A Radical Re-Vision of Capitalism, Howard Bloom, Prometheus, $29.00. The key to next-generation capitalism lies in a big-picture view with which we can ignite the world, get a new handle on our lives, and help transform society.

Stephen Roach on the Next Asia: Opportunities and Challenges for a New Globalization, Stephen Roach, Wiley, $39.95. Chairman of Morgan Stanley Asia says that "the next Asia" will be a rebalanced Asia, providing enormous opportunities for the world's largest population mass, as well as for the rest of us, in an increasingly globalized world.

This Time Is Different: Eight Centuries of Financial Folly, Carmen M. Reinhart and Kenneth S. Rogoff, Princeton, $35.00. They show us what happened in over 250 historical crises in 66 countries and offer clear ideas on how our current crisis might play out.

(continued on page 116)

DECEMBER

The Only FREE LUNCH on Wall Street is Served (Page 106), Almanac Investors E-mailed Alert Before the Open (See Insert Page 96)

MONDAY
D 47.6
S 52.4
N 42.9
19

The "canonical" market bottom typically features below-average valuations, falling interest rates, new lows in some major indices on diminished trading volume ... and finally, a quick high-volume reversal in breadth ... — John P. Hussman, Ph.D. (Hussman Funds, 5/22/06)



TUESDAY
D 47.6
S 38.1
N 52.4
20

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

Chanukah



WEDNESDAY
D 71.4
S 66.7
N 61.9
21

Almost any insider purchase is worth investigating for a possible lead to a superior speculation. But very few insider sales justify concern. — William Chidester (*Scientific Investing*)



THURSDAY
D 71.4
S 76.2
N 81.0
22

You have powers you never dreamed of. You can do things you never thought you could do. There are no limitations in what you can do except the limitations in your own mind. — Darwin P. Kingsley (President, New York Life, 1857–1932)

Last Trading Day Before Christmas, Dow Up Last 3 Years; Watch for the Santa Claus Rally (Page 110)

FRIDAY
D 57.1
S 57.1
N 61.9
23

Towering genius disdains a beaten path. It scorns to tread in the footsteps of any predecessor, however illustrious. It thirsts for distinction. — Abraham Lincoln (16th U.S. president, 1809–1865)

SATURDAY
24

Christmas Day

SUNDAY
25

YEAR'S TOP INVESTMENT BOOKS

(continued from page 114)

The Great Reflation: How Investors Can Profit from the New World of Money, J. Anthony Boeckh, Wiley, $34.95. Book is endorsed by some impressive names: Henry Kaufman, John Maudlin, Marc Faber, etc. Boeckh is the former head of Bank Credit Analyst.

Denial: Why Business Leaders Fail to Look Facts in the Face—and What to Do About It, Richard S. Tedlow, Portfolio, $26.95. Details about major companies that did or didn't defeat denial, including Sears, A&P, Goodyear, DuPont, and Intel.

The 10 Laws of Enduring Success, Maria Bartiromo, Crown Business, $26.00. Many of the tools for success are not external but entirely within us. Maria explores what Joe Torre, Bill Gates, Goldie Hawn, Mary Hart, Garry Kasparov, and Jack Welch have in common.

How Capitalism Will Save Us: Why Free People and Free Markets Are the Best Answer in Today's Economy, Steve Forbes and Elizabeth Ames, Crown Business, $25.00. Despite some criticisms, capitalism has produced the world's highest standard of living by promoting the moral values of cooperation, democracy, and free choice.

Nerds On Wall Street: Math, Machines and Wired Markets, David J. Leinweber, Wiley, $39.95. The profound impact of technology on Wall Street over 200 years, its role in the multi-faceted crises of today, and its dominance of the markets of tomorrow.

Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System—and Themselves, Andrew Ross Sorkin, Viking, $32.95. Takes readers into corner offices at Lehman, secret meetings in South Korea, and Washington's corridors of power.

FREEFALL: America, Free Markets, and the Sinking of the World Economy, Joseph E. Stiglitz, Norton, $27.95. Nobelist Stiglitz gives us an incisive look at the global economic crisis, our flawed response, and the implications for the world's future prosperity.

On the Brink: Inside the Race to Stop the Collapse of the Global Financial System, Henry Paulson Jr., Business Plus, $28.99. Former CEO of Goldman Sachs and U.S. Treasury Secretary tells his side of the story.

For Crying Out Loud: From Open Outcry to the Electronic Screen, Leo Melamed, Wiley, $39.95. The chairman of the Chicago Mercantile Exchange tells how the CME became the global powerhouse of futures and options.

Diary of a Hedge Fund Manager: From the Top to the Bottom and Back Again, Keith McCullough with Rich Blake, Wiley, $29.95. A fascinating account of life on the Street. Reminds us all that the giants of the hedge fund world are mere mortals.

Reminiscences of a Stock Operator: With a New Commentary and Insights in the Life and Times of Jesse Livermore, Edwin Lefevre, Wiley, $34.95. Jon D. Markman has enhanced the new version of one of the best market books of all time.

Confidence Game: How a Hedge Fund Manager Called Wall Street's Bluff, Christine Richard, Wiley, $27.95. Bill Ackman's six-year campaign of how he warned that the $2.5 trillion bond insurance business was a catastrophe waiting to happen.

It's Not as Bad as You Think: Why Capitalism Trumps Fear and the Economy Will Thrive, Brian S. Wesbury, Wiley, $24.95. Debunks the pouting pundits of pessimism to show you how to prosper now and in the future.

Invest in Europe Now!: Why Europe's Markets Will Outperform the US in the Coming Years, David R. Kotok, Vincenzo Sciarretta, and Kathleen Stephensen, Wiley, $29.95. Outlines the best ways to take advantage of the rapidly shifting global financial environment.

The End of Wall Street, Roger Lowenstein, Penguin, $27.95. A blow-by-blow account of America's biggest financial collapse since the Great Depression.

The Big Short: Inside the Doomsday Machine, Michael Lewis, Norton, $27.95. One of our leading financial writers looks at the recent financial meltdown

The Greatest Trade Ever: The Behind-the-Scenes Story of How John Paulson Defied Wall Street and Made Financial History, Gregory Zuckerman, Broadway Books, $26.00. He made $15 billion in 2007 shorting the housing bubble.

DECEMBER/JANUARY 2012

(Market Closed)

MONDAY
26

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

TUESDAY
D 85.7
S 76.2
N 76.2
27

Companies already dominant in a field rarely produce the breakthroughs that transform it. — George Gilder

WEDNESDAY
D 57.1
S 57.1
N 57.1
28

The market can stay irrational longer than you can stay solvent. — John Maynard Keynes (British economist, 1883–1946)

THURSDAY
D 52.4
S 71.4
N 61.9
29

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

Last Trading Day of the Year, NASDAQ Down 9 of last 10
NASDAQ Was Up 29 Years in a Row 1971–1999

FRIDAY
D 42.9
S 38.1
N 57.1
30

Our firm conviction is that, sooner or later, capitalism will give way to socialism ... We will bury you.
— Nikita Khrushchev (Soviet leader 1953–1964, 1894–1971)

SATURDAY
31

New Year's Day

SUNDAY
1

2012 STRATEGY CALENDAR

(Option expiration dates circled)

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

2012 STRATEGY CALENDAR

(Option expiration dates circled)

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