

S T O C K

TRADER'S

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Table of Contents

[COVER](#)

[TITLE PAGE](#)

[COPYRIGHT](#)

[INTRODUCTION TO THE FIFTY-FIFTH EDITION](#)

[2022 OUTLOOK](#)

[2022 STRATEGY CALENDAR](#)

[JANUARY ALMANAC](#)

[FEBRUARY ALMANAC](#)

[MARCH ALMANAC](#)

[APRIL ALMANAC](#)

[MAY ALMANAC](#)

[JUNE ALMANAC](#)

[JULY ALMANAC](#)

[AUGUST ALMANAC](#)

[SEPTEMBER ALMANAC](#)

[OCTOBER ALMANAC](#)

[NOVEMBER ALMANAC](#)

[DECEMBER ALMANAC](#)

[DIRECTORY OF TRADING PATTERNS AND DATABANK](#)

[DOW JONES INDUSTRIALS MARKET](#)

[PROBABILITY CALENDAR 2022](#)

[RECENT DOW JONES INDUSTRIALS MARKET](#)

[PROBABILITY CALENDAR 2022](#)

[S&P 500 MARKET PROBABILITY CALENDAR 2022](#)

[RECENT S&P 500 MARKET PROBABILITY
CALENDAR 2022](#)

[NASDAQ COMPOSITE MARKET PROBABILITY CALENDAR 2022](#)

[RECENT NASDAQ COMPOSITE MARKET PROBABILITY CALENDAR 2022](#)

[RUSSELL 1000 INDEX MARKET PROBABILITY CALENDAR 2022](#)

[RUSSELL 2000 INDEX MARKET PROBABILITY CALENDAR 2022](#)

[DECENNIAL CYCLE: A MARKET PHENOMENON](#)

[PRESIDENTIAL ELECTION/STOCK MARKET CYCLE: THE 188-YEAR SAGA CONTINUES](#)

[DOW JONES INDUSTRIALS BULL AND BEAR MARKETS SINCE 1900](#)

[STANDARD & POOR'S 500 BULL AND BEAR MARKETS SINCE 1929 NASDAQ COMPOSITE SINCE 1971](#)

[A TYPICAL DAY IN THE MARKET](#)

[THROUGH THE WEEK ON A HALF-HOURLY BASIS](#)

[TUESDAY MOST PROFITABLE DAY OF WEEK](#)

[NASDAQ STRONGEST LAST 3 DAYS OF WEEK](#)

[S&P DAILY PERFORMANCE EACH YEAR SINCE 1952](#)

[NASDAQ DAILY PERFORMANCE EACH YEAR SINCE 1971](#)

[MONTHLY CASH INFLOWS INTO S&P STOCKS](#)

[MONTHLY CASH INFLOWS INTO NASDAQ STOCKS](#)

[NOVEMBER, DECEMBER AND JANUARY: YEAR'S BEST THREE-MONTH SPAN](#)

[NOVEMBER THROUGH JUNE: NASDAQ'S EIGHT-MONTH RUN](#)

[DOW JONES INDUSTRIALS ANNUAL HIGHS,
LOWS & CLOSES SINCE 1901](#)

[S&P 500 ANNUAL HIGHS, LOWS & CLOSES
SINCE 1930](#)

[NASDAQ ANNUAL HIGHS, LOWS & CLOSES
SINCE 1971](#)

[RUSSELL 1000 ANNUAL HIGHS, LOWS & CLOSES
SINCE 1979](#)

[RUSSELL 2000 ANNUAL HIGHS, LOWS & CLOSES
SINCE 1979](#)

[10 BEST DAYS BY PERCENT AND POINT](#)

[10 WORST DAYS BY PERCENT AND POINT](#)

[10 BEST WEEKS BY PERCENT AND POINT](#)

[10 WORST WEEKS BY PERCENT AND POINT](#)

[10 BEST MONTHS BY PERCENT AND POINT](#)

[10 WORST MONTHS BY PERCENT AND POINT](#)

[10 BEST QUARTERS BY PERCENT AND POINT](#)

[10 WORST QUARTERS BY PERCENT AND POINT](#)

[10 BEST YEARS BY PERCENT AND POINT](#)

[10 WORST YEARS BY PERCENT AND POINT](#)

[STRATEGY PLANNING AND RECORD SECTION](#)

[PORTFOLIO AT START OF 2022](#)

[ADDITIONAL PURCHASES](#)

[ADDITIONAL PURCHASES](#)

[SHORT-TERM TRANSACTIONS](#)

[LONG-TERM TRANSACTIONS](#)

[INTEREST/DIVIDENDS RECEIVED DURING 2022](#)

[BROKERAGE ACCOUNT DATA 2022](#)

[WEEKLY PORTFOLIO PRICE RECORD 2022 \(FIRST
HALF\)](#)

[WEEKLY PORTFOLIO PRICE RECORD 2022
\(SECOND HALF\)](#)

[WEEKLY INDICATOR DATA 2022 \(FIRST HALF\)](#)

[WEEKLY INDICATOR DATA 2022 \(SECOND HALF\)](#)

[MONTHLY INDICATOR DATA 2022](#)

[PORTFOLIO AT END OF 2022](#)

[IF YOU DON'T PROFIT FROM YOUR
INVESTMENT MISTAKES, SOMEONE ELSE WILL](#)

[PERFORMANCE RECORD OF
RECOMMENDATIONS](#)

[INDIVIDUAL RETIREMENT ACCOUNT \(IRA\):
MOST AWESOME MASS INVESTMENT
INCENTIVE EVER DEvised](#)

[G. M. LOEB'S "BATTLE PLAN" FOR INVESTMENT
SURVIVAL](#)

[G. M. LOEB'S INVESTMENT SURVIVAL
CHECKLIST](#)

[END USER LICENSE AGREEMENT](#)

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Jeffrey A. Hirsch & Christopher Mistal

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INTRODUCTION TO THE FIFTY-FIFTH EDITION

Once again, we have the honor of introducing the new edition of the *Stock Trader's Almanac*. The *Almanac* provides you with the necessary tools to invest successfully in the twenty-first century.

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

We discovered that while stocks do indeed fluctuate, they do so in well-defined, often predictable patterns. These patterns recur too frequently to be the result of chance or coincidence. How else do we explain that since 1950 the Dow has gained 27726.69 points during November through April compared to just 6588.43 May through October? (See page 54.)

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

- How our presidential elections affect the economy and the stock market— just as the moon affects the tides. Many investors have made fortunes following the political cycle. You can be sure that money managers who control billions of dollars are also political cycle

watchers. Astute people do not ignore a pattern that has been working effectively throughout most of our economic history.

- How the passage of the Twentieth Amendment to the Constitution fathered the January Barometer. This barometer has an outstanding record for predicting the general course of the stock market each year, with only 11 major errors since 1950, for an 84.5% accuracy ratio. (See page 18.)
- Why there is a significant market bias at certain times of the day, week, month and year.

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

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

- Updates investment knowledge and informs you of new techniques and tools.
- Is a monthly reminder and refresher course.
- Alerts you to both seasonal opportunities and dangers.
- Furnishes a historical viewpoint by providing pertinent statistics on past market performance.

- Supplies forms necessary for portfolio planning, record keeping and tax preparation.



The WITCH icon signifies THIRD FRIDAY OF THE MONTH on calendar pages and alerts you to extraordinary volatility due to expiration of equity and index options and index futures contracts. Triple-witching days appear during March, June, September and December. Some readers have questioned why we do not use the term “quadruple witching,” as some in the business do. As we point out on page 106 the market for single-stock and ETF futures remains small and their impact is virtually nonexistent. If and when single-stock futures trading volume expands and exerts influence on the market, we will reconsider. Until such time, we do not believe the term “quadruple witching” is applicable.



The BULL icon on calendar pages signifies favorable trading days based on the S&P 500 rising 60% or more of the time on a particular trading day during the 21-year period January 2000 to December 2020.



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

Also, to give you even greater perspective, we have listed next to the date every day that the market is open the Market Probability numbers for the same 21-year period for the Dow (D), S&P 500 (S) and NASDAQ (N). You will see a “D,” “S” and “N” followed by a number signifying the actual Market Probability number for that trading day

based on the recent 21-year period. On pages 123-130 you will find complete Market Probability Calendars, both long term and 21-year for the Dow, S&P and NASDAQ, as well as for the Russell 1000 and Russell 2000 indices.

Other seasonalities near the ends, beginnings and middles of months; options expirations, around holidays and other times are noted for *Almanac* investors' convenience on the weekly planner pages. All other important economic releases are provided in the Strategy Calendar every month in our e-newsletter, *Almanac Investor*, available at our website www.stocktradersalmanac.com.

One-year seasonal pattern charts for the Dow, S&P 500, NASDAQ, Russell 1000, and Russell 2000 appear on pages 42, 44 and 46. There are three charts each for the Dow and S&P 500 spanning our entire database starting in 1901 and one each for the younger indices. As 2022 is a midterm election year, each chart contains typical midterm election year performance compared to all years.

The Russell 2000 is an excellent proxy for small- and mid-caps, and the Russell 1000 provides a broader view of large caps. Annual highs and lows for all five indices covered in the *Almanac* appear on pages 151-155. Top 10 best and worst days, weeks, months, quarters and years for all five indices are listed on pages 172-181.

We have converted many of the paper forms in our "Strategy and Record" section into computer spreadsheets for our own internal use. As a service to our faithful readers, we are making these forms available at our website www.stocktradersalmanac.com.

Midterm election years have historically been the second worst year of the four-year cycle over multiple time frames. And they have been atrocious for first year democrats with an average loss of -0.2% for DJIA (see our 2022 Outlook on

pages 8–9 for more). You can find all the market charts of midterm election years since the Depression on page 26, “Midterm Election Years: Where Bottom Pickers Find Paradise” on page 28, “Prosperity More Than Peace Determines the Outcome of Midterm Congressional Races” on page 30, “Why A 50% Gain in the Dow Is Possible From Its 2022 Low to Its 2023 High” on page 34, and “Midterm Election Time Unusually Bullish” on page 104.

Our 2022 Outlook on pages 10–11 projects a more cautious position than last year. “How to Trade Best Months Switching Strategies” appears on page 38. “Summer Market Volume Doldrums Drives Worst Six Months” is updated on page 50. Sector seasonalities, including several consistent shorting opportunities, appear on pages 94–98. On page 80 we have included some sage advice from an old friend and market legend in “Marty Zweig’s Investing Rules.”

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

Have a healthy and prosperous 2022!

2022 OUTLOOK

From mid-March 2020 when Wall Street went into lockdown to late May 2020 when the new bull market was declared, the market flipped from near-unbridled optimism to deep despair and then back to hopefulness in about ten short weeks. By this time last year markets had rebounded like it was 1933 or 2009, but had paused below the old 2020 highs temporarily.

A combination of human resiliency, perseverance and ingenuity with monetary and fiscal support from the Fed

fueled the steepest rebound on record since the 1932-1933 bull market that lead us out of the depths of the secular bear market low in the Great Depression. From the March 23, 2020, closing lows to the closing highs at the time of this writing DJIA is up 87%, S&P 500 is up 90% and NASDAQ is up 106%. The Federal Reserve and the federal government have done a commendable job keeping the spigots open and the economy flush with cash and supporting the immunologists, but our hats are off to the drug makers that developed safe and effective vaccines in record time.

Perhaps happy days are here again. But there is a relevant parallel to that past. While the 1930-1932 bear market was twenty times longer than the 40-day long shortest bear on record in 2020 and more than twice as deep, like 2020 it was an election year that was marked by a change in political party power in the White House with a one-term republican president being ousted by a democrat.

Like 1933 the current rally has gone strong into the middle of post-election year 2021. Markets gained little ground in the latter half of 1933 with an October low and a year-end rally, but no new high for the Dow. Our current outlook is for the market to bounce around in a mostly sideways trading range until Q4 2021 when we expect the yearend rally to push us to new highs this time around based on fundamentals, technicals, monetary policy and fiscal stimulus.

Next year is likely to be a different story for the market. Keeping with our comparison to President Franklin Delano Roosevelt's first term, after the Dow gained 66.7% (the second best yearly gain on record) in 1933 his first year in office, 1934 his second year, a midterm year, had a measly 4.1% DJIA gain.

Now that the market has soared past the 2020 highs, it's almost as if the shortest bear on record didn't even happen. But it did and this red-hot economy will likely slowdown and the snapback market rally will likely pause next year, opening up the potential for a garden-variety midterm-year correction or mild bear. Pent-up demand and free money have driven stocks to new heights with some help from innovative business people, both large and small, and some stellar science that created the vaccines.

But like the old Blood, Sweat & Tears classic track "Spinning Wheel" taught us: "What goes up must come down." So our outlook for midterm election year 2022 is less than sanguine. Midterm election years continue to be a volatile year for stocks as Republicans and Democrats vie for control for Congress, especially under new presidents. Incumbent presidents usually lose seats in the House of Representatives (see page 28) and with the razor-thin margins Dems have in both the House and Senate they could easily give up control of Congress in the midterms.

Post-election years have been improving and election years have been getting worse since way before Covid-19. But pre-election years continue to remain robust while midterm years have been persistently lackluster. The chart here of the "S&P 500 Midterm Election Year Seasonal Pattern 1946-2020" does not paint a rosy picture for 2022. Along with the pattern for all midterm years since WWII, we have overlaid the patterns for first-term midterm years, all democratic presidents midterm years as well as the second year of new democratic presidents.

All midterm years average an S&P 500 gain of about 6%, Democratic president midterm years average about 4%, but first-term midterm years average a loss of -0.6% and the second year of new Democratic presidents have been down -2.3% on average. All four tend to hit an early year high in

April at the end of the Best Six Months with a low point during the Worst Six Months May-October.

Inflation has reared its ugly head but we are in the transitory camp. Sure it will likely be higher than the recent past. The recent uptick of 5% CPI growth is more a product of the historic reopening. The job market, especially in the service industry, remains tight. The service industry was clearly hit the hardest. Soaring demand as the economy reopened quickly caught a lot of businesses flat-footed. Price gains also reflect temporary supply bottlenecks and sharp price drops in 2020 make inflation comparisons to 2021 look larger. When the dust settles the rate of inflation is likely to cool down later this year, if the bond market is any indication.

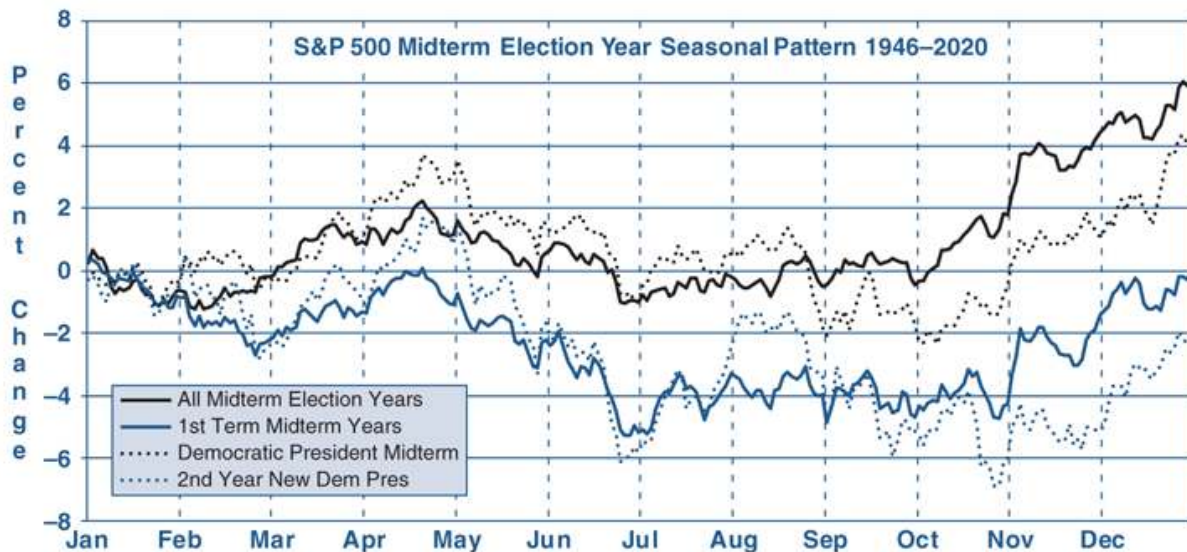
Seasonality and cycles have been back on track since September 2020 and that sets 2022 up for muted market gains. Covid-19 changed modern life and the market irreversibly. Jackets are no longer required and work from home is workable for many still. Crowds are less prevalent but traffic is arguably worse as less are comfortable on mass transit. Technology and commodities flourished as did all forms of innovation. Restaurants almost have to have a robust take-out option and outdoor seating. Is masked air travel here to stay and will we need a Covid-19 booster annually like we do for the flu? But all in all it looks like we made it to the other side of the pandemic and the market and economy have returned to their normal cycles and seasonal patterns.

After the summer doldrums and year-end 2021 rally we expect the market to stall in early 2022 at modest new highs toward the end of the Best Six Months (page 54). Then the usual disappointment with unmet promises from the incumbent administration will hold the market back through Q2-Q3 2022. This of course would create the next

great buying opportunity. The perennial sweet spot of the 4-Year Cycle (page 82) is from Q4 midterm year to Q2 pre-election year where a “50% Gain in the Dow is Possible from Its 2022 Low to Its 2023 High” (page 34). NASDAQ averages a 70% gain from its midterm low to its pre-election year high.

So unless the market crumbles this year under non-transitory inflation or some exogenous event, enjoy the post-pandemic rally, but be prepared for gains to be harder to come by in 2022 and be ready to pounce on the usual midterm bottom. Longer term our May 2010 Super Boom Forecast when the Dow was around 10,000 for the Dow to reach 38,820 by the year 2025 may still be ahead of schedule. (Check out the update of the Super Boom Forecast in the April 11, 2019, subscriber alert on our website.)

Jeffrey A. Hirsch, June 22, 2021



2022 STRATEGY CALENDAR

2022 STRATEGY CALENDAR


(Option expiration dates circled)

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

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

2022 STRATEGY CALENDAR

(Option expiration dates circled)

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

JULY

AUGUST

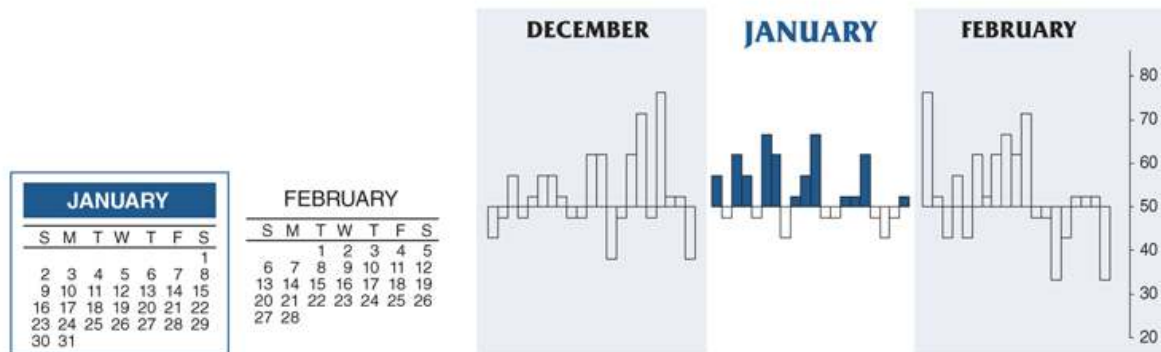
SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

JANUARY ALMANAC



Market Probability Chart above is a graphic representation of the S&P 500 Recent Market Probability Calendar on page 126.

- ◆ January Barometer predicts year's course with .732 batting average (page 18)
- ◆ 10 of last 18 midterm election years followed January's direction
- ◆ Every down January on the S&P since 1950, *without exception*, preceded a new or extended bear market, a flat market, or a 10% correction (page 22)
- ◆ S&P gains January's first five days preceded full-year gains 82.6% of the time, 8 of last 18 midterm election years followed first five days' direction (page 16)
- ◆ November, December and January constitute the year's best three-month span, a 4.3% S&P gain (pages 52 & 149)
- ◆ January NASDAQ powerful 2.8% since 1971 (pages 60 & 150)
- ◆ "January Effect" now starts in mid-December and favors small-cap stocks (pages 112 & 114)
- ◆ 2009 has the dubious honor of the worst S&P 500 January on record
- ◆ Dow gained more than 1000 points in 2018 & 2019

January Vital Statistics

	DJIA		S&P 500		NASDAQ		Russell 1K		Russell 2K	
Rank	5		5		1		4		4	
Up	45		43		34		26		24	
Down	27		29		17		17		19	
Average % Change	0.9%		1.1%		2.8%		1.1%		1.6%	
Midterm-Election Year	-0.5%		-0.7%		0.01%		-0.6%		-0.6%	
Best & Worst January										
	% Change		% Change		% Change		% Change		% Change	
Best	1976	14.4	1987	13.2	1975	16.6	1987	12.7	1985	13.1
Worst	2009	-8.8	2009	-8.6	2008	-9.9	2009	-8.3	2009	-11.2
Best & Worst January Weeks										
Best	01/09/1976	6.1	01/02/2009	6.8	01/12/2001	9.1	01/02/2009	6.8	01/09/1987	7.0
Worst	01/08/2016	-6.2	01/08/2016	-6.0	01/28/2000	-8.2	01/08/2016	-6.0	01/08/2016	-7.9
Best & Worst January Days										
Best	01/17/1991	4.6	01/03/2001	5.0	01/03/2001	14.2	01/03/2001	5.3	01/21/2009	5.3
Worst	01/08/1988	-6.9	01/08/1988	-6.8	01/02/2001	-7.2	01/08/1988	-6.1	01/20/2009	-7.0
First Trading Day of Expiration Week: 1980-2021										
Record (#Up - #Down)	27-15		24-18		22-20		22-20		22-20	
Current streak	U2		U2		U2		U2		U2	
Avg % Change	0.09		0.07		0.09		0.05		0.04	
Options Expiration Day: 1980-2021										
Record (#Up - #Down)	24-18		24-18		25-17		24-18		25-17	
Current streak	D1		D1		U7		D1		U1	
Avg % Change	0.02		0.05		0.02		0.04		0.09	
Options Expiration Week: 1980-2021										
Record (#Up - #Down)	24-18		20-22		25-17		20-22		24-18	
Current streak	U4		U4		U4		U4		U4	
Avg % Change	0.01		0.12		0.47		0.12		0.36	
Week After Options Expiration: 1980-2021										
Record (#Up - #Down)	23-19		25-17		24-18		25-17		28-14	
Current streak	D2		D3		D2		D3		D2	
Avg % Change	0.002		0.16		0.12		0.14		0.08	
First Trading Day Performance										
% of Time Up	59.7		50.0		56.9		46.5		46.5	
Avg % Change	0.24		0.15		0.20		0.14		0.03	
Last Trading Day Performance										
% of Time Up	54.2		59.7		62.7		55.8		69.8	
Avg % Change	0.14		0.2		0.23		0.23		0.18	

Dow & S&P 1950-June 11, 2021, NASDAQ 1971-June 11, 2021, Russell 1K & 2K 1979-June 11, 2021.

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

DECEMBER 2021/JANUARY 2022

MONDAY
D 42.9
S 47.6
N 61.9
27

Major bottoms are usually made when analysts cut their earnings estimates and companies report earnings which are below expectations.
— Edward Babbitt, Jr. (Avatar Associates)

 TUESDAY
D 71.4
S 76.2
N 66.7
28

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

WEDNESDAY
D 47.6
S 52.4
N 47.6
29

News on stocks is not important. How the stock reacts to it is important.
— Michael L. Burke (Investors Intelligence)

THURSDAY
D 47.6
S 52.4
N 47.6
30

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)

*Last Trading Day of the Year, NASDAQ Down 15 of Last 21
NASDAQ Was Up 29 Years in a Row 1971–1999*

 FRIDAY
D 42.9
S 38.1
N 28.6
31

You are your own Promised Land, your own new frontier.
— Julia Margaret Cameron (19th century English photographer)

New Year's Day

SATURDAY
1

January Almanac Investor Sector Seasonalities: See Pages 94, 96 and 98

SUNDAY
2

JANUARY'S FIRST FIVE DAYS: AN EARLY WARNING SYSTEM

The last 46 up First Five Days were followed by full-year gains 38 times for an 82.6% accuracy ratio and a 13.7% average gain in all 46 years. The eight exceptions include flat years 1994, 2011, 2015, four related to war, and 2018. Vietnam military spending delayed the start of the 1966 bear market. Ceasefire imminence early in 1973 raised stocks temporarily. Saddam Hussein turned 1990 into a bear. The war on terrorism, instability in the Mideast and corporate malfeasance shaped 2002 into one of the worst years on record. In 2018 a partially inverted yield curve and trade tensions triggered a fourth quarter sell-off. The 25 down First Five Days were followed by 14 up years and 11 down (44.0% accurate) and an average gain of 1.0%.

In midterm election years this indicator has a poor record. In the last 18 midterm election years, 8 full years followed the direction of the First Five Days.

THE FIRST-FIVE-DAYS-IN-JANUARY INDICATOR

Chronological Data					Ranked by Performance			
	Previous Year's Close	January 5th Day	5-Day Change	Year Change	Rank		5-Day Change	Year Change
1950	16.76	17.09	2.0%	21.8%	1	1987	6.2%	2.0%
1951	20.41	20.88	2.3	16.5	2	1976	4.9	19.1
1952	23.77	23.91	0.6	11.8	3	1999	3.7	19.5
1953	26.57	26.33	-0.9	-6.6	4	2003	3.4	26.4
1954	24.81	24.93	0.5	45.0	5	2006	3.4	13.6
1955	35.98	35.33	-1.8	26.4	6	1983	3.3	17.3
1956	45.48	44.51	-2.1	2.6	7	1967	3.1	20.1
1957	46.67	46.25	-0.9	-14.3	8	1979	2.8	12.3
1958	39.99	40.99	2.5	38.1	9	2018	2.8	-6.2
1959	55.21	55.40	0.3	8.5	10	2019	2.7	28.9
1960	59.89	59.50	-0.7	-3.0	11	2010	2.7	12.8
1961	58.11	58.81	1.2	23.1	12	1963	2.6	18.9
1962	71.55	69.12	-3.4	-11.8	13	1958	2.5	38.1
1963	63.10	64.74	2.6	18.9	14	1984	2.4	1.4
1964	75.02	76.00	1.3	13.0	15	1951	2.3	16.5
1965	84.75	85.37	0.7	9.1	16	2013	2.2	29.6
1966	92.43	93.14	0.8	-13.1	17	1975	2.2	31.5
1967	80.33	82.81	3.1	20.1	18	1950	2.0	21.8
1968	96.47	96.62	0.2	7.7	19	2012	1.8	13.4
1969	103.86	100.80	-2.9	-11.4	20	2021	1.8	??
1970	92.06	92.68	0.7	0.1	21	2004	1.8	9.0
1971	92.15	92.19	0.04	10.8	22	1973	1.5	-17.4
1972	102.09	103.47	1.4	15.6	23	1972	1.4	15.6
1973	118.05	119.85	1.5	-17.4	24	1964	1.3	13.0
1974	97.55	96.12	-1.5	-29.7	25	2017	1.3	19.4
1975	68.56	70.04	2.2	31.5	26	1961	1.2	23.1
1976	90.19	94.58	4.9	19.1	27	1989	1.2	27.3
1977	107.46	105.01	-2.3	-11.5	28	2011	1.1	-0.003
1978	95.10	90.64	-4.7	1.1	29	2002	1.1	-23.4
1979	96.11	98.80	2.8	12.3	30	1997	1.0	31.0
1980	107.94	108.95	0.9	25.8	31	1980	0.9	25.8
1981	135.76	133.06	-2.0	-9.7	32	1966	0.8	-13.1
1982	122.55	119.55	-2.4	14.8	33	1994	0.7	-1.5
1983	140.64	145.23	3.3	17.3	34	1965	0.7	9.1
1984	164.93	168.90	2.4	1.4	35	2009	0.7	23.5
1985	167.24	163.99	-1.9	26.3	36	2020	0.7	16.3
1986	211.28	207.97	-1.6	14.6	37	1970	0.7	0.1
1987	242.17	257.28	6.2	2.0	38	1952	0.6	11.8
1988	247.08	243.40	-1.5	12.4	39	1954	0.5	45.0
1989	277.72	280.98	1.2	27.3	40	1996	0.4	20.3
1990	353.40	353.79	0.1	-6.6	41	1959	0.3	8.5
1991	330.22	314.90	-4.6	26.3	42	1995	0.3	34.1
1992	417.09	418.10	0.2	4.5	43	1992	0.2	4.5
1993	435.71	429.05	-1.5	7.1	44	1968	0.2	7.7
1994	466.45	469.90	0.7	-1.5	45	2015	0.2	-0.7
1995	459.27	460.83	0.3	34.1	46	1990	0.1	-6.6
1996	615.93	618.46	0.4	20.3	47	1971	0.04	10.8
1997	740.74	748.41	1.0	31.0	48	2007	-0.4	3.5
1998	970.43	956.04	-1.5	26.7	49	2014	-0.6	11.4
1999	1229.23	1275.09	3.7	19.5	50	1960	-0.7	-3.0
2000	1469.25	1441.46	-1.9	-10.1	51	1957	-0.9	-14.3
2001	1320.28	1295.86	-1.8	-13.0	52	1953	-0.9	-6.6
2002	1148.08	1160.71	1.1	-23.4	53	1974	-1.5	-29.7
2003	879.82	909.93	3.4	26.4	54	1998	-1.5	26.7
2004	1111.92	1131.91	1.8	9.0	55	1988	-1.5	12.4
2005	1211.92	1186.19	-2.1	3.0	56	1993	-1.5	7.1
2006	1248.29	1290.15	3.4	13.6	57	1986	-1.6	14.6
2007	1418.30	1412.11	-0.4	3.5	58	2001	-1.8	-13.0
2008	1468.36	1390.19	-5.3	-38.5	59	1955	-1.8	26.4
2009	903.25	909.73	0.7	23.5	60	2000	-1.9	-10.1
2010	1115.10	1144.98	2.7	12.8	61	1985	-1.9	26.3
2011	1257.64	1271.50	1.1	-0.003	62	1981	-2.0	-9.7
2012	1257.60	1280.70	1.8	13.4	63	1956	-2.1	2.6
2013	1426.19	1457.15	2.2	29.6	64	2005	-2.1	3.0
2014	1848.36	1837.49	-0.6	11.4	65	1977	-2.3	-11.5
2015	2058.90	2062.14	0.2	-0.7	66	1982	-2.4	14.8
2016	2043.94	1922.03	-6.0	9.5	67	1969	-2.9	-11.4
2017	2238.83	2268.90	1.3	19.4	68	1962	-3.4	-11.8
2018	2673.61	2747.71	2.8	-6.2	69	1991	-4.6	26.3
2019	2506.85	2574.41	2.7	28.9	70	1978	-4.7	1.1
2020	3230.78	3253.05	0.7	16.3	71	2008	-5.3	-38.5
2021	3756.07	3824.68	1.8	??	72	2016	-6.0	9.5

Based on S&P 500

JANUARY 2022

First Trading Day of the Year, NASDAQ Up 17 of Last 24

MONDAY
D 66.7
S 57.1
N 71.4

3

*A bank is a place where they lend you an umbrella in fair weather
and ask for it back again when it begins to rain.*
— Robert Frost (American poet, 1874–1963)

*Second Trading Day of the Year, Dow Up 19 of Last 28
Santa Claus Rally Ends (Page 118)*

TUESDAY
D 57.1
S 47.6
N 42.9

4

*The number one thing that has made us successful, by far, is obsessive, compulsive focus on the customer,
as opposed to obsession over the competitor.*
— Jeff Bezos (Founder & CEO Amazon, technology entrepreneur, investor & philanthropist, b. 1964)

 WEDNESDAY
D 52.4
S 61.9
N 57.1

5

*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 (CEO Flextronics, *Forbes*, 7/7/03)

THURSDAY
D 52.4
S 57.1
N 52.4

6

Complexity is the enemy of execution.
— Tony Robbins (American author, coach, speaker, and philanthropist, b. 1960)

January's First Five Days Act as an "Early Warning" (Page 16)

FRIDAY
D 38.1
S 47.6
N 66.7

7

*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)

SATURDAY
8

SUNDAY
9

THE INCREDIBLE JANUARY BAROMETER (DEvised 1972): ONLY 11 SIGNIFICANT ERRORS IN 71 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 **11 major errors since 1950, for an 84.5% accuracy ratio**. Vietnam affected 1966 and 1968; 1982 saw the start of a major bull market in August; two January rate cuts and 9/11 affected 2001; the anticipation of military action in Iraq held down the market in January 2003; 2009 was the beginning of a new bull market; the Fed saved 2010 with QE2; QE3 likely staved off declines in 2014; global growth fears sparked selling in January 2016; a partially inverted yield curve and trade tensions fueled Q4 selling in 2018; and COVID-19 pandemic and recovery disrupted 2020. (*Almanac Investor* newsletter subscribers receive full analysis of each reading as well as its potential implications for the full year.)

Including the eight flat-year errors (less than +/- 5%) yields a 73.2% accuracy ratio. A full comparison of all monthly barometers for the Dow, S&P and NASDAQ can be seen at www.stocktradersalmanac.com in the January 9, 2020, Alert. Bear markets began or continued when Januarys suffered a loss (*see page 22*). Full years followed January's direction in 10 of the last 18 midterm election years. *See page 20 for more.*

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	12.8 X
2011	1257.64	1286.12	2.3	-0.003 flat
2012	1257.60	1312.41	4.4	13.4
2013	1426.19	1498.11	5.0	29.6
2014	1848.36	1782.59	-3.6	11.4 X
2015	2058.90	1994.99	-3.1	-0.7 flat
2016	2043.94	1940.24	-5.1	9.5 X
2017	2238.83	2278.87	1.8	19.4
2018	2673.61	2823.81	5.6	-6.2 X
2019	2506.85	2704.10	7.9	28.9
2020	3230.78	3225.52	-0.2	16.3 X
2021	3756.07	3714.24	-1.1	??

January Performance by Rank

Rank	Year	January Change	Year Change	
1	1987	13.2%	2.0%	flat
2	1975	12.3	31.5	
3	1976	11.8	19.1	
4	2019	7.9	28.9	
5	1967	7.8	20.1	
6	1985	7.4	26.3	
7	1989	7.1	27.3	
8	1961	6.3	23.1	
9	1997	6.1	31.0	
10	1951	6.1	16.5	
11	1980	5.8	25.8	
12	2018	5.6	-6.2	X
13	1954	5.1	45.0	
14	2013	5.0	29.6	
15	1963	4.9	18.9	
16	2012	4.4	13.4	
17	1958	4.3	38.1	
18	1991	4.2	26.3	
19	1999	4.1	19.5	
20	1971	4.0	10.8	
21	1988	4.0	12.4	
22	1979	4.0	12.3	
23	2001	3.5	-13.0	X
24	1965	3.3	9.1	
25	1983	3.3	17.3	
26	1996	3.3	20.3	
27	1994	3.3	-1.5	flat
28	1964	2.7	13.0	
29	2006	2.5	13.6	
30	1995	2.4	34.1	
31	2011	2.3	-0.003	flat
32	1972	1.8	15.6	
33	1955	1.8	26.4	
34	2017	1.8	19.4	
35	1950	1.7	21.8	
36	2004	1.7	9.0	
37	1952	1.6	11.8	
38	2007	1.4	3.5	flat
39	1998	1.0	26.7	
40	1993	0.7	7.1	
41	1966	0.5	-13.1	X
42	1959	0.4	8.5	
43	1986	0.2	14.6	
44	2020	-0.2	16.3	X
45	1953	-0.7	-6.6	
46	1969	-0.8	-11.4	
47	1984	-0.9	1.4	flat
48	1974	-1.0	-29.7	
49	2021	-1.1	??	
50	2002	-1.6	-23.4	
51	1973	-1.7	-17.4	
52	1982	-1.8	14.8	X
53	1992	-2.0	4.5	flat
54	2005	-2.5	3.0	flat
55	2003	-2.7	26.4	X
56	2015	-3.1	-0.7	flat
57	2014	-3.6	11.4	X
58	1956	-3.6	2.6	flat
59	2010	-3.7	12.8	X
60	1962	-3.8	-11.8	
61	1957	-4.2	-14.3	
62	1968	-4.4	7.7	X
63	1981	-4.6	-9.7	
64	1977	-5.1	-11.5	
65	2000	-5.1	-10.1	
66	2016	-5.1	9.5	X
67	2008	-6.1	-38.5	
68	1978	-6.2	1.1	flat
69	1990	-6.9	-6.6	
70	1960	-7.1	-3.0	flat
71	1970	-7.6	0.1	flat
72	2009	-8.6	23.5	X

X = major error Based on S&P 500

JANUARY 2022

 MONDAY
D 57.1
S 66.7
N 66.7 **10**

The first rule is not to lose. The second rule is not to forget the first rule.
— Warren Buffett (CEO Berkshire Hathaway, investor and philanthropist, b. 1930)

 TUESDAY
D 52.4
S 61.9
N 66.7 **11**

In investing, the return you want should depend on whether you want to eat well or sleep well.
— J. Kenfield Morley (Sales Manager Bell & Howell Co., "Some Things I Believe," *The Rotarian* February 1937)

January Ends "Best Three-Month Span" (Pages 52, 60, 149 and 150)

WEDNESDAY
D 52.4
S 42.9
N 47.6 **12**

Trading is not a science. It's an art. But it helps to know a lot of science.
— Senior Member of Central Bank of Spain (to Daniel Lacalle *The Energy World is Flat: Opportunities from the End of Peak Oil*)

THURSDAY
D 52.4
S 52.4
N 47.6 **13**

The way a young man spends his evenings is a part of that thin area between success and failure.
— Robert R. Young (U.S. financier and railroad tycoon, 1897–1958)

FRIDAY
D 57.1
S 57.1
N 42.9 **14**

The fear of capitalism has compelled socialism to widen freedom, and the fear of socialism has compelled capitalism to increase equality.
— Will and Ariel Durant (*The Lessons of History*, 1885–1981, 1898–1981)

SATURDAY
15

SUNDAY
16

JANUARY BAROMETER IN GRAPHIC FORM