

## LUNAR PHASE & DJIA MARKET HIGHS

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If you list Dow Jones Industrial Average (DJIA) market highs chronologically, they will not correlate with lunar phase. However, if you list the highs by month – day (year ignored) excellent relationships can be established. If the peaks at the beginning of a bear market occur around the same month, the Moon & Sun will be in similar ecliptical segments, giving rise to similar lunar phases (see Table 1). The only anomalous period was between September 25 and December 15, when no overall pattern could be determined. For the remainder of the year, the connection between lunar phase and seasonal stock market highs held up very well. Interestingly, there were 16 DJIA highs from January 15 to October 15, all of which had lunar phase between 230 and 015 A°, a range of 145° (highly significant  $p < 10^{-5}$ ).

**Background.** The annual one day (AOD) fall is the biggest one day percentage DJIA fall in the year beginning March 1. A bear market is a market decline over -20%. The degree on the ecliptical circle has been abbreviated to E°, while the angular degree between the Moon and Sun (lunar phase) has been given as A°.

**Table 1**

Market Highs	Number of Highs	Sun E°	Moon E°	Phase A°
Jan 16 – Feb 28	2	295 - 325	195 - 235	235 – 295
Mar 01 – Aug 14	7	330 - 115	310 - 055	270 – 335
Aug 15 – Sep 10	3	150 - 165	160 - 180	000 – 015
Sep 11 – Sep 25	2	165 - 180	150 - 160	330 – 350
Sep 25 – Dec 15	7	No overall pattern		
Dec 16 – Jan 15	4	260 - 295	335 - 030	075 – 095

**Source of DJIA Market Highs:** fiendbear.com.

If DJIA highs occur near the same date, then close parallels can arise on how the ensuing market unfolds. The best example occurred for the September 3, 1929 and August 25, 1987 peaks, both of which took place just after the new Moon and both were followed 55 days later by spectacular October panics. The violent market decline lasted only a few months, with the DJIA hitting bottom on November 13, 1929 and December 4, 1987. For 1929/1987, there was an interval of 717.0 lunar months between the spring lows, the record highs, the autumn highs, the panics, the recoveries and major post crash one day falls (Carolan, 1998, McMinn, 2006).

Other examples may be given. The July 16, 1990 and July 17, 1998 DJIA peaks happened just prior to the 3<sup>rd</sup> quarter Moon and were followed by AOD falls in August. Both markets declined by around -20% and the financial distress was brief with DJIA lows on October 11, 1990 and August 31, 1998.

The DJIA highs in November 19, 1909 and November 21, 1916 were followed by AOD falls a few months later on February 7, 1910 and February 1, 1917 respectively. The market slump extended well after the peaks, with the lows being reached on September 25, 1911 and November 19, 1917.

### Where are we now?

The 2007 - 2008 market crisis has historical parallels. The record DJIA high occurred on October 9, 2007, which was close to September highs in 1895, 1899 and 1912. Each of the four highs was followed by a major crash 104 to 112 days later (see Table 2) and a protracted market decline.

**Table 2**

Market High	Interval	AOD Fall > -4.50%	Interval	BM Low
1895 (a) Sep 04	107 days	1895 (a) Dec 20	232 days	1896 Aug 08
1899 Sep 05	104 days	1899 Dec 18	280 days	1900 Sep 24
1912 Sep 30	112 days	1913 Jan 20	556 days	1914 July 14
2007 Oct 09	104 days	2008 (b) Jan 21	????	????

(a) Based on the 12 Stock Average index.

(b) This date witnessed worldwide stock market panics, although the US market was closed on the day due to the Martin Luther King Jr holiday. Even so, January 21, 2008 has been taken as the DJIA AOD fall.

We are now going through the long bear market period. Unfortunately, timing the lows is difficult and there are no simple rules to follow. However, picking the low in the current turbulent market will have immense financial rewards. All the best on that one.

Summarised from **McMinn, David**. *Market Timing: Moon Sun Research 2006 – 2009*. To be published.

### References

- Carolan, Christopher**. *Autumn Panics*. The Market Technician. Journal of the Society of Technical Analysts. p 12. July 1998.  
**McMinn, David**. *Market Timing By The Moon & The Sun*. Privately published. 2006.

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