

INTRODUCTION TO THE THIRTY-SEVENTH EDITION

We are pleased and proud to introduce the Thirty-Seventh Edition of the *Stock Trader's Almanac*. The Almanac provides you with the necessary tools to invest successfully in the twenty-first century.

J.P. Morgan's classic retort "Stocks will fluctuate" is often quoted with a wink-of-the-eye implication that the only prediction one can make about the stock market is that it will go up, down, or sideways. Many investors agree that no one ever really knows which way the market will move. Nothing could be further from the truth. We discovered that while stocks do indeed fluctuate, they do so in well-defined, often predictable patterns. These patterns recur too frequently to be the result of chance or coincidence. How else do we explain that since 1950 practically all the gains in the market were made during November through April compared to almost nothing May through October? (See page 50.)

The Almanac is a practical investment tool. Its wealth of information is organized on a calendar basis. It alerts you to those little-known market patterns and tendencies on which shrewd professionals enhance profit potential.

You will be able to forecast market trends with accuracy and confidence when you use the Almanac to help you understand:

- How our presidential elections affect the economy and the stock market—just as the moon affects the tides. Many investors have made fortunes following the political cycle. You can be sure that money managers who control hundreds of millions of dollars are also political cycle watchers. Astute people do not ignore a pattern that has been working effectively throughout most of our economic history.
- How the passage of the Twentieth Amendment to the Constitution fathered the January Barometer. This barometer has an outstanding record for predicting the general course of the stock market each year with only one error (2001: two January rate cuts and 9/11) in odd-numbered years since 1937.
- Why there is a significant market bias at certain times of the day, week, month and year.

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

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

THE 2004 STOCK TRADER'S ALMANAC

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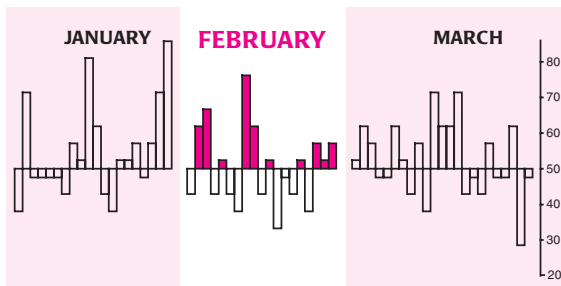
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FEBRUARY ALMANAC

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

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



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

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

FEBRUARY DAILY POINT CHANGES DOW JONES INDUSTRIALS

Previous Month	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Close	3978.36	3843.86	5395.30	6813.09	7906.50	9358.83	10940.53	10887.36	9920.00	8053.81
1	-14.35	3.70	9.76	—	—	13.13	100.52	96.27	-12.74	—
2	11.53	23.21	-31.07	—	201.28	-71.58	-37.85	-119.53	—	—
3	-7.88	57.87	—	-6.93	52.57	92.69	10.24	—	—	56.01
4	-96.24	—	—	27.32	-30.64	-62.31	-49.64	—	-220.17	-96.53
5	—	—	33.60	-86.58	-12.46	0.26	—	101.75	-1.66	-28.11
6	—	9.09	52.02	26.16	72.24	—	—	8.43	-32.04	-55.88
7	34.90	-0.34	32.51	82.74	—	—	-58.01	-10.70	-27.95	-65.07
8	-0.29	-2.02	47.33	—	—	13.13	51.81	-66.17	118.80	—
9	25.89	-2.69	2.17	—	-8.97	-158.08	-258.44	-99.10	—	—
10	-36.58	6.39	—	-49.26	115.09	44.28	-55.53	—	—	55.88
11	-0.56	—	—	51.57	18.94	186.15	-218.42	—	140.54	-77.00
12	—	—	58.53	103.52	55.05	-88.57	—	165.32	-21.04	-84.94
13	—	15.14	1.08	60.81	0.50	—	—	-43.45	125.93	-8.30
14	9.28	4.04	-21.68	-33.48	—	—	94.63	-107.91	12.32	158.93
15	24.21	27.92	-28.18	—	—	H	198.25	95.61	-98.95	—
16	9.00	1.35	-48.05	—	H	22.14	-156.68	-91.20	—	—
17	-14.63	-33.98	—	H	28.40	-101.56	-46.84	—	—	H
18	-35.18	—	—	78.50	52.56	103.16	-295.05	—	H	132.35
19	—	—	H	-47.33	-75.48	41.32	—	H	-157.90	-40.55
20	—	H	-44.79	-92.75	38.36	—	—	68.94	196.03	-85.64
21	H	10.43	57.44	4.24	—	—	H	-204.30	-106.49	103.15
22	24.20	9.08	92.49	—	—	212.73	85.32	0.23	133.47	—
23	-19.98	30.28	22.03	—	-3.74	8.26	-79.11	-84.91	—	—
24	-51.78	8.41	—	76.58	-40.10	-144.75	-133.10	—	—	-159.87
25	-1.12	—	—	30.01	87.68	-33.33	-230.51	—	177.56	51.26
26	—	—	-65.39	-55.03	32.89	-59.76	—	200.63	-30.45	-102.52
27	—	-23.17	-15.89	-58.11	55.05	—	—	5.65	12.32	78.01
28	-6.76	22.48	-43.00	-47.33	—	—	176.53	-141.60	-21.45	6.09
29	—	—	-20.59	—	—	—	89.66	—	—	—
Close	3832.02	4011.05	5485.62	6877.74	8545.72	9306.58	10128.31	10495.28	10106.13	7891.08
Change	-146.34	167.19	90.32	64.65	639.22	-52.25	-812.22	-392.08	186.13	-162.73

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

JANUARY/FEBRUARY

MONDAY

26

*There is nothing like a ticker tape except a woman—
nothing that promises, hour after hour, day after day,
such sudden developments; nothing that disappoints so often or
occasionally fulfills with such unbelievable, passionate magnificence.*
— Walter K. Gutman (Financial analyst, described as the “Proust of Wall Street” by
New Yorker, *You Only Have to Get Rich Once*, 1961, *The Gutman Letter*, 1903-1986)

FOMC Meeting (2 days)

TUESDAY

27

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

WEDNESDAY

28

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

THURSDAY



29

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

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



30

*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)

SATURDAY

31

February Sector Seasonalities:
Bullish: Natural Gas; Bearish: Internet (page 118)

SUNDAY

1