



Harry's Take

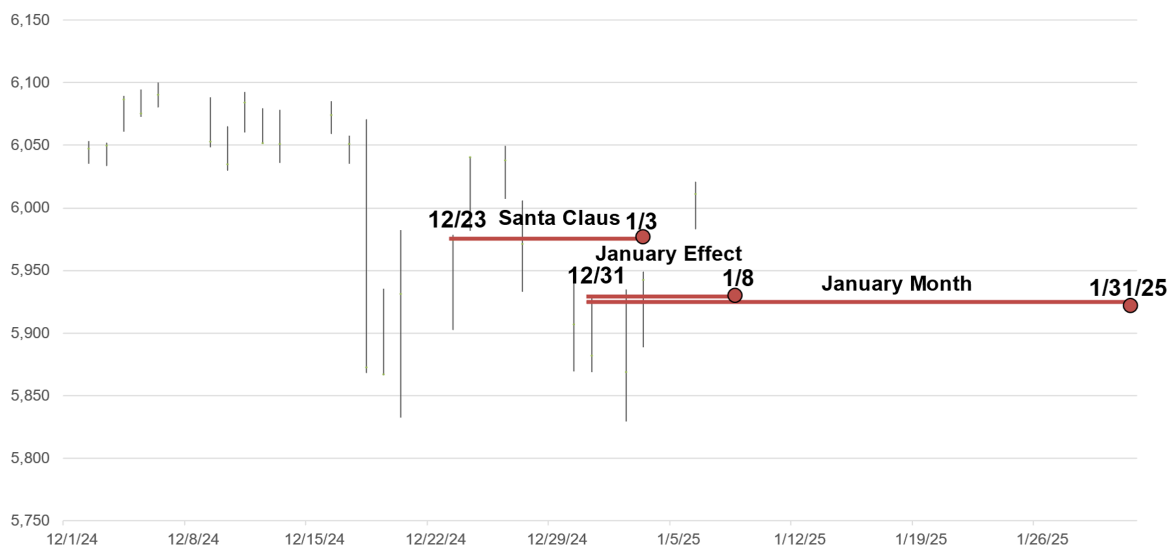
January 7, 2025

Three Indicators for Bullish 2025 or Not

There are three commonly watched indicators between late December and January for gauging whether stocks are likely to see an up or down year: The Santa Claus Rally, The January Effect and the Month of January.

The Santa Claus rally occurs in the last 5 trading days of the year through the first two of the new year. As the chart shows here, that would be from the close of December 23rd through the close of January 3rd. **That indicator was down this year and suggests a down 2025 overall.**

No Santa Claus Rally; January Effect Maybe, Down January Know 31st



Source: Investing.com

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The January Effect is the first five trading days of the year. This year that is the close of December 31st through the close of January 8th, tomorrow. This indicator would need to close below the close on December 31st at 5,881.6

on the S&P 500 to suggest a down year for 2025. That looks more unlikely at this point with it opening up closer to 6,000 this morning. We would need to see a near 2% fall by the close tomorrow.

The Month of January Indicator is the entire month of January. This indicator would require that the close on January 31st also be below the close on December 31st, or lower than 5,881.6 to suggest a down 2025.

None of these indicators are conclusive. Each just increases the odds. Just the Santa Claus Rally being down is not enough to tip the scales, but still a warning. Two of these three would, and all three would be most conclusive...

Given that we are peaking in the longest, largest stock bubble in history, a down year for 2025 will likely be only first wave of a major 80%+ crash in stocks over 2 – 3 years, and such first waves are typically down 42% to 50%.

Harry

Got a question or comment? You can reach us at info@hsdent.com.

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