



# Brainy's Articles on Share Trading\*\*

## Santa Rally — Yale Hirsch charts

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**ST-6325**  
page 1 of 5  
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### Introduction

The *Santa Rally* (aka *Christmas Rally*) is something that is talked about in the weeks before Christmas each year. But exactly what is the so-called *Santa Rally*? And can we take advantage of it when it occurs? Or perhaps the term *Santa Rally* is used for other reasons?

The eBook Article **ST-6320, "Santa Rally"**, provides an introduction to this subject, and explains some of the documented facts about the term, and offers some observations and conclusions. Is the Santa Rally real? and can we benefit from it? Refer to Article ST-6320 for the details.

This Article in Brainy's series on Share Trading and Investing (number ST-6325) simply provides the price charts for a number of years and offers some observations based only on the 7-day trading period referred to by Yale Hirsch. In addition, eBook Article ST-6330, "Santa Rally — more charts", provides some more price charts of a broader time period around the December-January time frame.

### Santa Rally — definition

There are two ways to consider the question: "Has a Santa Rally occurred in any one particular year?"

Remember that the original definition, when the idea was first penned by Yale Hirsch, is that the S&P500 index averaged a 1.5 percent gain for the 7-day window that covers the last five trading days of the year plus the first two of the New Year.

So the two restrictions here are that it applied to the S&P500 index (on the US market) over just a 7-day period. And he analysed several years from 1950 until the early 1970s. If we don't believe that that is very useful to us as an average investor, then we could consider a much wider variation of this definition. In fact, the way in which many commentators refer to a possible *Santa Rally* these days, we might think that they are referring to any sort of rally on any equity market index at any time during December and possibly into early January.

### Yale Hirsch Santa Rally on the Aussie market 2008-2014?

Let's ponder the question: Do we ever see a true Santa Rally on the Australian market? If we focus on the Australian All Ordinaries index (XAO — basically the top 500 stocks), and stick to the strict definition of the 7-day period around Christmas to New Year, then we can make a number of observations for the years 2008 to 2014. These observations and price charts are shown in the tables on the following pages. But what's the conclusion? See the Summary Table on the last page.

Table of Contents	
Introduction.....	<a href="#">1</a>
Santa Rally — definition.....	<a href="#">1</a>
Yale Hirsch Santa Rally on the Aussie market 2008-2014?.....	<a href="#">1</a>
Summary table.....	<a href="#">5</a>
Summary.....	<a href="#">5</a>

Observations and comments	The Hirsch Santa Rally 7 trading day period (XAO All Ordinaries index — daily chart)
<p><b>2008</b></p> <p>The chart at right clearly shows that a Hirsch Santa Rally was evident over the 7 day period. The last five trading days of the year are indicated with the numbers 1 to 5, and start on 23rd December. This chart shows the index rising by 4.2 percent from the close on the day prior to 23rd December, to the close on the seventh day of the period. Beyond these 7 days, this chart shows a hint that the index continued to rally. However, the rally didn't last.</p>	<p>(larger charts on the following pages)</p>

\*\* - The two words *trading* and *investing* are often used somewhat interchangeably.  
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