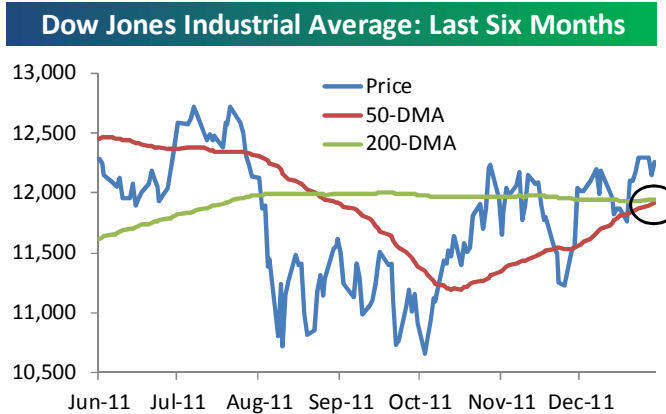


## Dow Golden Cross Imminent

Sometime in the coming days, the Dow Jones Industrial Average will experience the elusive “golden cross,” which occurs when the 50-day moving average crosses above the 200-day moving average as both moving averages are rising. While the golden cross is considered a positive technical formation, its track record for the Dow has been less than stellar.

Over the last 50 years, the Dow has experienced 20 golden crosses. Below we provide the Dow’s returns in the week, month, three months and six months following these 20 golden crosses.

As shown, the Dow has averaged a gain of 20 basis points in the week after the 20 prior golden crosses, but its median return has been -0.31%, and it has been positive just 35% of the time. In the month and three months following golden crosses, the index has averaged *negative* returns, which is much weaker than the Dow’s average for all one month and three month periods over the last 50 years. And in the six months after the 20 prior golden crosses, the Dow has averaged a nice gain of 2.90%, but even here, the gain is less than the average of 3.53% for all six-month periods over the last 50 years. While you may hear bulls touting the golden cross when it occurs in the coming days, know that at least for the Dow, it’s nothing to get excited about.



### Dow Golden Crosses: Last 50 Years

Date	Next Week	Next Month	Next 3 Months	Next 6 Months
3/30/1962	-1.04	-5.23	-24.04	-18.17
9/27/1965	-0.75	2.26	3.04	-0.99
5/19/1969	-1.26	-7.99	-15.20	-10.74
2/4/1980	1.66	-6.23	-7.33	6.44
6/27/1980	1.86	6.07	8.41	9.59
9/13/1982	-0.26	8.51	11.89	22.02
4/11/1990	-0.65	3.40	7.43	-10.41
2/26/1991	3.77	0.58	1.72	6.13
2/5/1993	-1.44	0.43	-0.01	3.10
9/12/1994	1.98	0.77	-4.52	4.54
12/16/1998	4.68	5.39	13.73	23.33
12/3/1999	-0.54	-0.29	-8.14	-4.35
9/5/2000	-0.24	-5.90	-7.88	-5.94
2/13/2001	-3.46	-8.66	-0.24	-4.47
5/20/2003	3.55	6.85	10.85	15.04
8/2/2004	-3.58	1.09	-1.72	2.44
7/22/2005	-0.10	-2.03	-2.23	0.15
9/8/2005	-0.35	-3.23	2.46	3.55
12/1/2005	-1.44	-0.28	1.00	3.07
10/1/2010	1.63	3.56	6.83	13.76
<b>Average</b>	<b>0.20</b>	<b>-0.05</b>	<b>-0.20</b>	<b>2.90</b>
<b>Median</b>	<b>-0.31</b>	<b>0.51</b>	<b>0.50</b>	<b>3.09</b>
<b>% Positive</b>	<b>35%</b>	<b>55%</b>	<b>50%</b>	<b>65%</b>
<b>Avg. All Periods</b>	<b>0.14</b>	<b>0.64</b>	<b>1.70</b>	<b>3.53</b>