

The Wallet covers the latest personal finance and investing news and trends

< [Coughing Up an 'Earth Tax'](#) -- Previous | [SEE ALL POSTS FROM THIS BLOG](#) | Ne
February 13, 2009, 8:16 am

Friday the 13th Phobia? For Investors, It's Usually a Good Day.

Posted by WSJ Staff

Jason Zweig writes the [Intelligent Investor](#) column for *The Wall Street Journal*.



It's Friday the 13th, my name is Jason and I'm hoping I can slay one of the stock market's dumbest myths once and for all.

A lot of investors are still superstitious about Friday the 13th, regarding it as an unlucky day for the stock market. Just look, they say, at Friday the 13th of October, 1989, when the leveraged buyout of UAL fell apart, ending the junk-bond boom and knocking 6.9% off the Dow in one fell swoop. Or what about Friday the 13th of October, 2000, when the Heartland mutual funds wrote down their bond holdings, wiping away 69% of the net asset value of Heartland High-Yield Municipal Bond Fund in a single day?



Paramount

But investors' fear of Friday the 13th – christened *paraskevidekatriaphobia* – is not merely nonsense. It's actually contradicted by the facts. On average, the stock market does not do worse on Friday the 13th; it does slightly better than average.

Of course, Wall Street has always been a superstitious place that has embraced the “Super Bowl signal” (when an original NFL team wins the big game, it's good for stocks) or the “hemline indicator” (when dresses are short, you should be long on stocks). Traders cling to rabbits' feet, insist on parking their car in the same space so long as they're making money,

refuse to write in red pen and sometimes wear the same shirt day after day or even stop brushing their teeth when they're on a winning streak.

I asked G. William Schwert, an eminent finance professor at the [Simon Graduate School of Business at the University of Rochester](#), if he could send me his massive dataset of stock-market returns for every day all the way back to 1885. Then I prevailed on The Wall Street Journal's resident Excel wizard, Maurice Tamman, to plow through it.

We found that, in the very long run, the market has gone up by an average of 0.02% per day. Since 2000, it's gone down by about the same amount, but Friday the 13th has actually generated unusually high returns – an average of 0.28%. (We're posting the whole dataset soon. Stay tuned.)

In the 1990s, Friday the 13th kicked butt, generating more than five times the return of the average day in the market.

Researchers used to think there was nothing in these daily variations but random noise. You should expect to see what appear to be patterns in huge samples of data just by luck alone. No day of the week consistently dominates returns – or brings up the rear – from one time period to another. It's just randomness at work.

And a bad day in the market seems a lot more memorable if it happens to occur on Friday the 13th than if it unfolds on, say, Tuesday the 4th or Monday the 28th, simply because 13 is regarded as an unlucky number (at least in Western cultures).

But now some theorists are wondering whether the fear of Friday the 13th may actually raise average returns for the day, over time. Superstitious investors, afraid of “tempting fate” (PDF [here](#)), might sell stocks that day, creating purchase opportunities for more informed buyers and causing the market as a whole to go up. Scholars have [documented](#) that such factors as seasonal affective disorder, the shift to Daylight Savings Time and even how sunny it is outside can all influence short-term stock returns.

So, if you do anything in the market today, bear in mind that both the historical and the psychological odds are in favor of a better-than-average day. That doesn't mean the stock market must go up today. It does mean that you'd be foolish to act out of a superstitious belief that it will go down.

[Permalink](#) | Trackback URL: <http://blogs.wsj.com/wallet/2009/02/13/friday-the-13th-phobia-and-investin/trackback/>

Save & Share: [Share on Facebook](#) | [Del.icio.us](#) | [Digg this](#) | [Email This](#) | [Print](#)

Read more: [investing](#)