



Do moon phases influence financial markets?

Our opinion is that they do! Let's find out if we are right...

We will tell you what moon phase means and what new moon and full moon is. We will find out when these events happened last year. We will analyze each graphic and understand the influence these moon phases have on the evolution of the market. Finally we will draw some conclusions to help us make financial predictions.

1. What full moon and new moon is?

A lunar phase is in fact the appearance of the illuminated part of the Moon as seen from the Earth. The lunar phase varies as the moon orbits the Earth accordingly to the positions of the Moon, Earth and Sun related to each other.

Every 28 days the Moon comes between the Sun and Earth. This means that the Moon is in conjunction with the Sun. At this specific moment the Moon is not visible to the eye, but the original meaning of "New Moon" refers to the first visible crescent of the Moon after conjunction. The Moon can be now seen over the western horizon and each night, the illuminated part gets bigger until, after 14 days, almost a whole hemisphere of the Moon can be seen. This is in fact the moment of the Full Moon. The Moon is now on the opposite side of the Earth from the Sun. This means that the Moon is in opposition with the Sun. The Full Moon rises over the horizon after the sunset. During the next 14 days the illuminated part decreases until the Moon is again in conjunction with the Sun (the next New Moon). The exact time for the Full Moon and the New Moon is determined using a mathematical formula and can be found in the ephemerides.

The first 14 days of the lunar month represent the period when the illuminated part of this celestial body raises and is considered the best part of all 28 days. It is a benefic time for new, important and complex things, for making new plans and for starting new projects. It is exactly what the elders said: the right thing at the right time!

The time between the 15th and 28th days represents the decreasing period of the Moon and is considered inauspicious. During this second half of the lunar month we should continue the things we have already started working on and avoid making mistakes. It is not recommended to begin new actions because they are meant to fail.

If we apply this new information to the financial market we can find new rules: during the new moon and the first 14 days, people are driven to put into practice new plans (buying stocks for example); during and after the full moon there is a tendency towards waiting and even selling. There is a strong correlation between the period when the seen part of the Moon increases in size and the price of the stocks going up; and between the last 14 days of the lunar month (visible part of the Moon getting smaller) and the price of the stocks going down.



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2. When did these lunar events happen in the last years?

This is a table with the times of the Full Moon and the New Moon in 2007 and 2008:

New				Full			
2006	Dec	20	14:01	2007	Jan	3	13:58
2007	Jan	19	4:01	2007	Feb	2	5:46
2007	Feb	17	16:15	2007	Mar	3	23:18
2007	Mar	19	2:44	2007	Apr	2	17:16
2007	Apr	17	11:38	2007	May	2	10:11
2007	May	16	19:29	2007	Jun	1	1:05
2007	Jun	15	3:15	2007	Jun	30	13:50
2007	Jul	14	12:05	2007	Jul	30	0:50
2007	Aug	12	23:04	2007	Aug	28	10:37
2007	<u>Sep</u>	11	12:45	2007	<u>Sep</u>	26	19:47
2007	Oct	11	5:02	2007	Oct	26	4:53
2007	Nov	9	23:04	2007	Nov	24	14:31
2007	Dec	9	17:41	2007	Dec	24	1:17
2008	Jan	8	11:38				

New				Full			
				2007	Dec	24	1:17
2008	Jan	8	11:38	2008	Jan	22	13:35
2008	Feb	7	3:45	2008	Feb	21	3:31
2008	Mar	7	17:15	2008	Mar	21	18:40
2008	Apr	6	3:56	2008	Apr	20	10:26
2008	May	5	12:19	2008	May	20	2:12
2008	Jun	3	19:24	2008	Jun	18	17:31
2008	Jul	3	2:20	2008	Jul	18	8:00
2008	Aug	1	10:14	2008	Aug	16	21:18
2008	Aug	30	19:59	2008	<u>Sep</u>	15	9:15
2008	<u>Sep</u>	29	8:13	2008	Oct	14	20:04
2008	Oct	28	23:15	2008	Nov	13	6:19
2008	Nov	27	16:56	2008	Dec	12	16:39
2008	Dec	27	12:24	2009	Jan	11	3:28

You are shown the year, the month, the day and the hour for each astrological event. As you can see the time period between a New Moon and a Full Moon is of 14 days, so an entire moon cycle lasts 28 days (a lunar month). During a year we will have 13 lunar months.



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3. How did the financial market act at these specific moments in time?

Let us analyze the graphics for Dow Jones in 2007 and 2008. We have marked the points corresponding to the two lunar phases.

DOW: January – June 2007





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DOW: July – December 2007



DOW: January – June 2008





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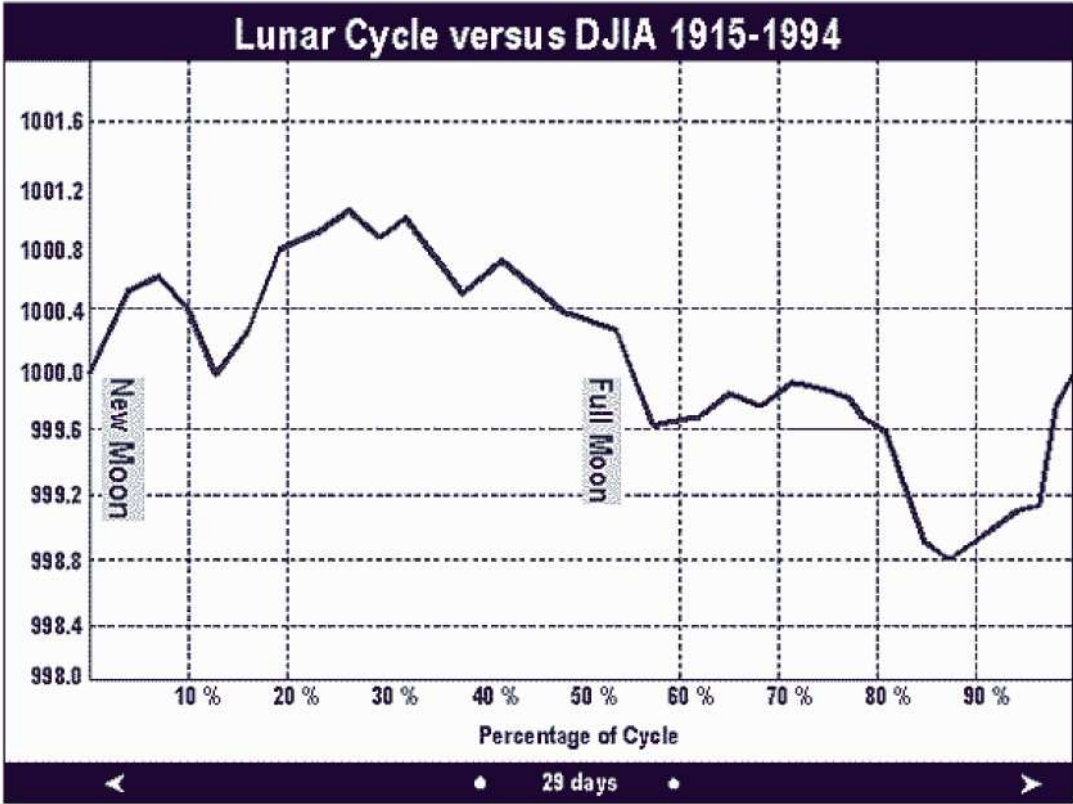
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DOW: July – December 2008



The mathematical relation between DOW and E-mini S&P 500 futures continuous is 1:9.8, almost 1:10. This means that one Dow point represents 10 S&P points. The graphics will show an almost perfect correlation between these indices regarding the moon phases. This is why we decided to analyze only the Dow index.

A mathematical study was made to compute all the lunar cycles for DJIA between 1915 and 1994. The conclusion was that there is a correlation between lunar phases and the market evolution. It also revealed some more detailed aspects very useful for trading. The study came to the conclusion that a few days before the New Moon, the market registers the lowest point of the 28 days interval. After that the market goes up for 14 days and a few days before the Full Moon goes down. The descending trend continues almost half of the next 14 days and after registering a Low, raises until the next New Moon. This is the graphic to explain what we have said.



4. **Conclusions**

- a. The graphics worth a thousand words, as it is easier to understand what you have been told after looking at a graphic.
- b. in most of the cases the Full Moon relates to a High, and the New Moon to a Low
- c. if the rule does not apply (in less that 25% of the situations), we can be certain that these astrological events relate to a strong reversal point of the market
- d. We have also analyzed many past years and the rules apply. You can verify the correlation also if you are attracted to this kind of research work
- e. By showing you this study we are not trying to convince you that astrology is perfect. We just want to highlight the fact that there are correct ways of predicting the local High and Low and the reversal points. These kinds of studies helped us along the years build our trading system, the system we are basing our analysis and forecasts on.