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Could The Eclipse Be A Warning Sign?

Posted by [lplresearch](#)

A total solar eclipse is set to take place on Monday, August 21, and it will be the first one in 99 years that will cast its shadow across the entire continent in what is called a “path of totality.” It will also be the first eclipse since 1776 whose path falls only in the U.S., which is why it has been dubbed “The Great American Eclipse.”

Looking at statistics from NASA dating back to 1900 shows that it has been 26 years since the last total eclipse was visible in one of the 50 U.S. states, which is more than double the previous longest streak of 11 years. Not to mention, if you miss this one, you’ll have to wait another six years for the next.

But should you ever invest based on the solar system? Absolutely not, as things like fundamentals, valuations, and technicals are still what drive markets. Nevertheless, this relatively rare event has many wondering what stocks have done around previous eclipses, so we did some research—it’s what we do.

Per Ryan Detrick, Senior Market Strategist, “Are the stars aligned for the eclipse to trigger a major equity market correction? Fortunately, history has shown us that since 1900, any time a total solar eclipse has been seen in the U.S., equity prices have gone up 17.2% a year later. So it appears our biggest worry isn’t what stocks might do, but whether those glasses we bought online are officially approved by NASA!”

WHAT DO THE STARS SAY?

Total Solar Eclipses Visible from the United States

Date of Eclipse	Years Between Eclipses	S&P 500	1-Month Return	3-Month Return	6-Month Return	12-Month Return
06/08/1918	N/A	78.93 (Dow)	4.9%	6.0%	4.5%	31.8%
09/10/1923	5.3	93.31 (Dow)	-5.6%	-0.4%	4.5%	10.6%
01/24/1925	1.4	121.9 (Dow)	-0.3%	-0.9%	10.7%	29.9%
06/29/1927	2.4	166.53 (Dow)	8.5%	16.9%	20.5%	22.6%
08/31/1932	5.2	8.39	-3.7%	-22.9%	-17.4%	32.7%
02/04/1943	10.4	10.43	5.0%	13.2%	11.5%	10.8%
07/09/1945	2.4	15.04	-3.5%	10.0%	22.1%	20.1%
06/30/1954	9.0	29.21	5.7%	11.3%	22.4%	39.6%
10/02/1959	5.3	57.20	0.4%	5.6%	-2.9%	-6.7%
07/20/1963	3.8	67.90	5.1%	8.0%	13.4%	23.0%
03/07/1970	6.6	88.51	0.0%	-13.9%	-7.3%	11.8%
07/10/1972	2.3	108.11	-1.3%	1.4%	10.5%	-2.4%
02/26/1979	6.6	97.67	4.9%	2.6%	11.2%	16.7%
07/22/1990	11.4	355.31	-9.4%	-12.1%	-6.8%	7.8%
07/11/1991	1.0	376.97	2.7%	0.0%	10.8%	9.9%
08/21/2017	26.1	?	?	?	?	?
04/08/2024	6.6	?	?	?	?	?
		Average	0.9%	1.6%	7.2%	17.2%
		Median	0.4%	2.6%	10.7%	16.7%
		% Positive	53.3%	60.0%	73.3%	86.7%

Source: LPL Research, FactSet, NASA 08/18/17

Please note: The modern design of the S&P 500 stock index was first launched in 1957. Performance back to 1950 incorporates the performance of predecessor index, the S&P 90.

IMPORTANT DISCLOSURES

Past performance is no guarantee of future results. All indexes are unmanaged and cannot be invested into directly.

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The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

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