

ORIGINAL RESEARCH

The January Barometer in the 21st Century: Does January Still Predict the Rest of the Year in the U.S. Stock Market?

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Abstract

According to a famous Wall Street saying, “as goes January, so goes the year.” Popularly known as the January barometer, it claims that the stock market’s direction in January predicts its direction for the rest of the year. This paper tests the predictive performance of the January barometer in the 21st century. Using Center for Research in Security Prices (CRSP) value-weighted U.S. market returns from 2001 through 2025, January returns are compared with February-December returns using descriptive statistics, chi-square test of independence, regression, and Welch’s t-test, along with other robustness tests. The barometer correctly predicted the direction of the rest of the year in 14 of 25 years (56%). The market went up in 19 of the 25 years, so the barometer performed worse than simply predicting a rising market over the year. The chi-square test detects no relationship between January’s direction and the rest-of-year direction ($\chi^2 = 0.12$, p-value = 0.73). The OLS regression shows that January returns explain less than 1% of the variation in rest-of-year returns (slope coefficient = 0.23, p-value = 0.78). On average, February-December returns after up Januarys (11.3%) and down Januarys (9.2%) are also not significantly different (p-value = 0.80). Additional robustness tests also confirm that the January performance has not reliably forecasted the performance of the rest of the year in the 21st century.

Keywords: January barometer; market efficiency; stock market prediction; seasonality; statistical testing; investment strategy

1. Introduction

At the start of each year, it is common to see financial news outlets such as the *Wall Street Journal* revisit one of Wall Street’s best-known sayings: “as goes January, so goes the year” (Hirsch and Mistal 2026; Turnquist 2026; Wall Street Journal 2017; Wall Street Journal 2026). This idea was popularized by Yale Hirsch in the *Stock Trader’s Almanac* beginning in 1972 (Hirsch and Hirsch 2007) and is commonly referred to as the January barometer. It claims that if the stock market rises in January, it will tend to rise for the rest of the year, and if it falls in January, it will exhibit relatively poor performance over the remainder of the year. It is a simple and practically straightforward rule to implement for investors and may influence investors’ view of the stock market in the year ahead.

This idea also has implications for our understanding of how the financial markets function. Fama’s efficient market hypothesis states that prices should quickly and accurately reflect all publicly available

information (Fama 1970). If January's publicly known return could reliably forecast February-December returns, investors would be quick to take advantage and profit from it, and their trading should make the pattern disappear. An investment strategy that keeps working would therefore be evidence against market efficiency. On the other hand, a weakening of the strategy's performance would be consistent with the finding that market patterns tend to weaken after they become widely known (McLean and Pontiff 2016).

Previous research regarding the January barometer reached mixed conclusions. Cooper, McConnell, and Ovtchinnikov (2006) studied 147 years of U.S. data and found that January returns did help predict returns over the rest of the year. Other studies found the pattern to be weak outside the United States or inconsistent over time (Bohl and Salm 2010; Marshall and Visaltanachoti 2010; Stivers, Sun, and Sun 2009). However, most of this work focuses on 20th-century data. Markets in the 21st century differ in many important ways that may impact the barometer's performance. Trading is faster, cheaper, and more computer-driven, passive index investing has grown, and the period includes unprecedented shocks such as the 2008 financial crisis and the 2020 pandemic.

This paper asks one main question: **did the January barometer predict stock market performance in the 21st century?** Using data from 2001 to 2025, it tests three hypotheses:

- **H1 (direction):** The direction of the January return (up or down) is associated with the direction of the rest-of-year return.
- **H2 (magnitude):** The magnitude of the January return is positively related to the magnitude of the rest-of-year return.
- **H3 (difference in means):** Average rest-of-year returns are higher after up Januarys than after down Januarys.

The null hypothesis posits no relationship between January and rest-of-year returns, and each of the above hypotheses is tested against this null hypothesis. This paper provides an out-of-sample test of the January barometer and uses several complementary statistical tests so that the conclusion does not depend on any single method.

The rest of the paper is organized as follows. Section 2 reviews prior research. Section 3 describes the data, and Section 4 explains the statistical methods. Section 5 presents the results, Section 6 discusses the findings and their limitations, and Section 7 concludes.

2. Literature Review

2.1 The Barometer in the Financial Media and Academic Research

The January barometer is routinely discussed in the financial media, especially around the start of the calendar year. The *Stock Trader's Almanac*, which first promoted the indicator, publishes an update at the end of each January. In January 2026, its editors reported that the barometer had been accurate about 84% of the time since 1950 based on S&P 500 returns, which they presented as evidence of the barometer's validity (Hirsch and Mistal 2026). At the same time, they noted that nine of its twelve major errors had occurred since 2001. Investment firms follow it as well. Fidelity (2026) described a positive January reading as a good sign for the year ahead based on historical record, and LPL Financial's chief technical strategist discussed the barometer in January 2026 as investors waited for the month's final return number (Turnquist 2026).

The strongest academic support comes from Cooper, McConnell, and Ovtchinnikov (2006), who examined U.S. stock returns over 147 years. They found that returns over the rest of the year were higher, on average, after positive Januarys than after negative Januarys, and that the pattern held after controlling for other known influences on returns. Brown and Luo (2006) also reported evidence consistent with the barometer for the U.S. market. In a later paper, Cooper, McConnell, and Ovtchinnikov (2010) argued that the most useful way to apply the barometer was not to bet against the market after a weak January, but to hold stocks after a strong January and safer Treasury bills after a weak one. Sturm (2009) found that the strength of the pattern appeared to vary with the U.S. presidential election cycle.

Other media reports and academic work have been skeptical about the barometer's usefulness. For example, *Kiplinger* reported Mark Hulbert's finding that the stock market rises in about two-thirds of

years regardless of what happens in January (Goldberg 2009). Similarly, the investment firm Wealthfront (2024) found that simply predicting an up market for every February-to-December period since 1927 would have been right about 75% of the time, compared with about 62% for the barometer. A 2017 *Wall Street Journal* article called the barometer a market myth and argued that its record was a statistical fluke (Wall Street Journal 2017). A *Wall Street Journal* article at the start of 2026 noted that the barometer correctly predicted the market direction over the last four years but pointed to skepticism from the chief investment officer at the Bahnsen Group who called the idea “patently absurd” (Wall Street Journal 2026).

Stivers, Sun, and Sun (2009) examined international markets, investment styles, and different time periods, and found the evidence to be much less consistent than in the U.S. data. Similarly, Bohl and Salm (2010) found little support for the pattern in international markets. Marshall and Visaltanachoti (2010) studied 22 equity markets and concluded that the barometer is better described as a statistical artifact than as evidence against market efficiency. While there is support as well as criticism of the barometer in both financial media and academic work, what is evident is continued interest in the performance of the barometer, warranting an updated statistical test using recent data.

2.2 Why the Barometer Might Weaken Over Time

Two broader lines of research help explain why a pattern like the January barometer might dissipate over time. First, when many investors and researchers search the same historical data for patterns, some patterns will appear by chance alone, a problem known as data snooping (Lo and MacKinlay 1990). Such patterns are unlikely to continue in new data. Second, even real patterns tend to weaken after they are published, because investors learn about them and trade on them. McLean and Pontiff (2016) found that the returns of published stock market anomalies fell substantially after publication, and Schwert (2003) documented that many well-known anomalies became weaker or disappeared after they were reported.

2.3 Research Gap

Most tests of the January barometer use data predominantly from the 20th century. Very few studies focus specifically on the period after 2000. This paper fills that gap by testing the barometer on 21st-century data alone, which also serves as an out-of-sample test of the earlier findings.

It must be noted that the January barometer is distinct from the well-known “January effect.” The January effect refers to the tendency of stock returns, especially for small companies, to be unusually high in January itself (Rozeff and Kinney 1976; Thaler 1987). The January barometer is not about whether January returns are high, but about whether January’s return contains information about the following eleven months. Because of this, the barometer is sometimes labelled as the “other January effect” in academic research (Cooper, McConnell, and Ovtchinnikov 2006).

3. Data

The sample consists of monthly data on the U.S. stock market, from 2001 through 2025. The market is proxied by the Center for Research in Security Prices (CRSP) value-weighted index, which covers U.S. common stocks listed on the major stock exchanges, and provides broader coverage than the S&P 500 Index. Like the S&P 500, the CRSP index is weighted by market capitalization, giving proportionately bigger weights to companies with higher market value. The data are obtained from the Fama-French 3 Factors monthly file in Kenneth French’s Data Library (French 2026), accessed on June 6, 2026. The data includes the market’s return in excess of the risk-free rate (Mkt-RF) and the one-month U.S. Treasury bill rate (RF) (Fama and French 1993). The monthly market return is therefore calculated as $R = \text{Mkt-RF} + \text{RF}$. The January return is the market return for January. The rest-of-year return measures the compounded market return from February through December, calculated as $\text{ROY} = [(1 + \text{February return}) \times (1 + \text{March return}) \times \dots \times (1 + \text{December return}) - 1] \times 100$, with monthly returns in decimal form. The CRSP returns include dividends; therefore, both JAN and ROY are total returns.

The variables used in the analysis are defined below.

Variable	Symbol	Definition
January return (%)	JAN	Market return for January
Rest-of-year return (%)	ROY	Compounded market return from February through December
Up January	JanUp	Equals 1 if JAN > 0, and 0 otherwise
Up rest of year	RoyUp	Equals 1 if ROY > 0, and 0 otherwise
Barometer hit	Hit	Equals 1 if JanUp = RoyUp (the barometer called the direction correctly), and 0 otherwise

The complete data set is provided in the Appendix.

4. Methodology

All statistical tests use a 5% significance level, so a result is called statistically significant when its p-value is below 0.05. All calculations were performed in Microsoft Excel.

4.1 Descriptive Statistics

The mean, median, standard deviation, minimum, and maximum are reported for JAN and ROY. Rest-of-year returns are also summarized separately for years with up Januarys and years with down Januarys, along with the share of years in which the rest of the year was positive.

4.2 Chi-Square Test of Independence (H1)

Each year is placed into one of four groups based on whether January was up or down and whether the rest of the year was up or down. The chi-square test checks whether these two directions are related. It compares the number of years actually observed in each group (O) with the number expected (E) if January's direction had no relationship with the rest of the year:

$$\chi^2 = \sum \frac{(O - E)^2}{E} \quad (1)$$

A large χ^2 means the observed counts are far from the expected counts, which would suggest the two directions are related. The barometer's hit rate, the share of years in which January's direction matched the rest-of-year direction, is also compared with a simple benchmark: predicting that the market will go up every year. Because some expected counts are small, Fisher's exact test is also reported as a check on the chi-square result.

4.3 OLS Regression (H2)

To test the relationship between January returns and rest-of-year returns, the following model is estimated by ordinary least squares:

$$ROY_t = \alpha + \beta \times JAN_t + \varepsilon_t \quad (2)$$

Here, α is the intercept, β is the slope, and ε is the error term. If the barometer works, β should be positive and statistically significant. R^2 measures the share of the variation in rest-of-year returns that January returns can explain.

4.4 Two-Sample t-Test (H3)

The t-test checks whether the average rest-of-year return after up Januarys differs from the average after down Januarys. Welch's version of the t-test is used because it does not assume that the two groups have the same variance (Welch 1947):

$$t = \frac{\text{Mean}_1 - \text{Mean}_2}{\sqrt{s_1^2/n_1 + s_2^2/n_2}} \quad (3)$$

Here, Mean_1 , s_1 , and n_1 are the average rest-of-year return, standard deviation, and number of years after up Januarys, and Mean_2 , s_2 , and n_2 are the same values after down Januarys.

4.5 Correlations and Robustness Checks

The correlation between JAN and ROY measures how closely the two move together, and ranges from -1 to $+1$. Two correlations are reported: the Pearson correlation, which uses the actual returns, and the Spearman correlation, which uses their rankings and is less affected by extreme years. Two robustness checks then test whether the results depend on particular years. First, the regression is repeated without 2008 and 2009, the two most extreme years in the sample. Second, the sample is split into two periods, 2001 to 2012 and 2013 to 2025, to see whether the relationship changed over time.

5. Results

5.1 Descriptive Statistics

Table 1 summarizes the data. From 2001 to 2025, the average January return was only 0.36%, while the average rest-of-year return was 10.37%. Rest-of-year returns also have much larger variation than January returns (standard deviations of 17.71% and 4.48%).

Panel B shows the comparison between up and down January years. After the 14 up Januarys, the rest of the year averaged 11.27% and was positive 78.6% of the time. After the 11 down Januarys, the rest of the year averaged 9.23% and was positive 72.7% of the time. The two groups are similar, although results after down Januarys have a much larger standard deviation. That group contains both the worst year in the sample (2008, -32.53%) and the best (2009, $+39.95\%$).

Table 1. Descriptive Statistics

Panel A: Full sample, 2001–2025

Variable	N	Mean (%)	Median (%)	Std. Dev. (%)	Min (%)	Max (%)
JAN	25	0.36	1.20	4.48	−8.09	8.58
ROY	25	10.37	13.93	17.71	−32.53	39.95

Panel B: Rest-of-year returns (ROY) by January direction

Group	N	Mean (%)	Median (%)	Std. Dev. (%)	Min (%)	Max (%)	Share of years with ROY > 0
Up January	14	11.27	12.78	12.86	−14.44	28.02	78.6%
Down January	11	9.23	15.58	23.13	−32.53	39.95	72.7%

Note: JAN is the January return and ROY is the compounded February-to-December return of the CRSP value-weighted market index from Kenneth French's Data Library.

Fig. 1 shows each year's February-December return. A noteworthy observation is that after 8 of the 11 down Januarys, the market still rose over the rest of the year, about as often as in other years.

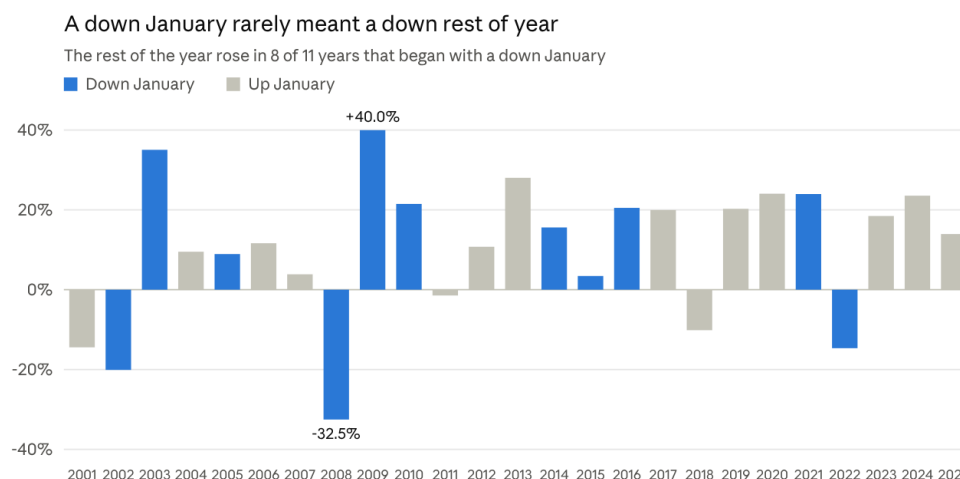


Figure 1. Rest-of-year returns by year, marked by January direction. Each bar shows the February-to-December return; blue bars are years with a negative January return, and grey bars are years with a positive January return.

5.2 Chi-Square Test of Independence (H1)

Table 2 sorts the 25 years by January direction and rest-of-year direction. The barometer was correct in 14 years (11 up-up years and 3 down-down years) and incorrect in 11 years. The expected counts, shown in parentheses, are the counts that would occur if January's direction and the rest-of-year direction were unrelated. The chi-square statistic is 0.12 with a p-value of 0.73, well above the significance level of 0.05. This implies that there is no evidence that January's direction is related to the rest-of-year direction. One caveat is that two of the four expected counts are below 5, which is smaller than the chi-square test usually needs, so this result should be interpreted in conjunction with the other tests in this paper. Fisher's exact test, which does not rely on large expected counts, gives the same conclusion ($p = 1.00$).

The hit rate tells the same story. The barometer was right 56% of the time. The barometer's success rate is statistically indistinguishable from a coin flip that would be right half of the time. A simple rule that predicts a rising market every year would have been right in 19 of 25 years, or 76% of the time. Compared to this base rate of 76% that completely ignores January's performance, the barometer did worse. H1 is not supported.

Table 2. January Direction vs. Rest-of-Year Direction

<i>Panel A: Observed (expected) counts</i>			
	ROY down	ROY up	Total
Down January	3 (2.64)	8 (8.36)	11
Up January	3 (3.36)	11 (10.64)	14
Total	6	19	25

<i>Panel B: Test results</i>	
Measure	Result
Chi-square statistic (df = 1)	0.115
p-value	0.734
Barometer hit rate	14 of 25 years (56.0%)
Benchmark: always predict "up"	19 of 25 years (76.0%)

5.3 OLS Regression (H2)

Table 3 reports the regression results. The slope on the January return is 0.23. This means that each extra 1 percentage point of January return is linked to only 0.23 percentage points more return over the rest of

the year. The p-value of 0.78 shows that this slope is not statistically significant. The R^2 of 0.003 means January returns explain only 0.3% of the variation in rest-of-year returns. The only significant term is the intercept of 10.29. It reflects the market's generally positive returns over the sample period, not any effect of January. H2 is not supported.

Table 3. OLS Regression of Rest-of-Year Return on January Return

	Coefficient	Standard error	t-statistic	p-value
Intercept (α)	10.290***	3.624	2.84	0.009
January return (β)	0.232	0.823	0.28	0.781
R^2	0.003			
N	25			

Note: The dependent variable is ROY. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Fig. 2 shows how widely the years are scattered around the regression line. The nearly horizontal regression line and the wide scatter around it show that January returns carry almost no information about the rest of the year.

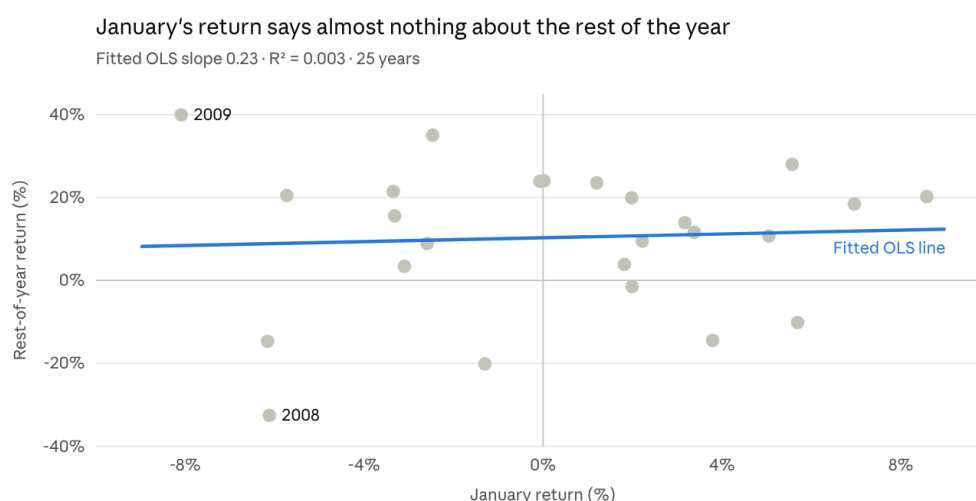


Figure 2. January return vs. rest-of-year return. Each point is one year, and the blue line is the OLS fit from Table 3.

5.4 Two-Sample t-Test (H3)

Table 4 compares average rest-of-year returns after up and down Januarys. While the average return after up Januarys is higher than that after down Januarys, the difference of 2.04 percentage points is relatively small given how much returns vary from year to year. Welch's t-test gives $t = 0.26$ and $p = 0.80$, so the difference is not statistically significant. Because H3 predicts a higher mean after up Januarys, a one-sided test is also appropriate; it gives $p = 0.40$, which is likewise not significant. H3 is not supported.

Table 4. Average Rest-of-Year Returns: Up vs. Down Januarys

Measure	Result
Mean ROY after up Januarys ($n = 14$)	11.27%
Mean ROY after down Januarys ($n = 11$)	9.23%
Difference (up – down)	2.04%
Welch's t-statistic	0.263
p-value (two-sided)	0.796

5.5 Correlations and Robustness Checks

Table 5 shows that the conclusions hold across different methods and time periods. The first four rows show the results of various OLS regressions of rest-of-year returns on January returns. Removing 2008 and 2009, the two most extreme years, leaves the slope almost unchanged (0.21, $p = 0.80$). The two subperiods look somewhat different. From 2001 to 2012, the slope was negative. From 2013 to 2025, the slope was positive, but the relationship was still not significant ($p = 0.37$). With only 12 or 13 years in each period, differences of this size could easily be due to chance.

The correlation coefficients are shown in the last two rows. The Pearson correlation between January and rest-of-year returns is only 0.06, and the Spearman correlation is -0.02 . Neither is statistically significant, further corroborating the evidence of no relationship between January returns and rest-of-year returns.

Table 5. Correlations and Robustness Checks

Check	N	Slope on JAN	p-value	R^2
Full sample, 2001–2025	25	0.232	0.781	0.003
Excluding 2008 and 2009	23	0.209	0.796	0.003
Subperiod 2001–2012	12	-0.957	0.560	0.035
Subperiod 2013–2025	13	0.760	0.368	0.074
Pearson correlation (r)	25	$r = 0.059$	0.781	
Spearman correlation (ρ)	25	$\rho = -0.024$	0.910	

6. Discussion

6.1 Interpreting the Results

Across every test, the January barometer shows no meaningful ability to predict the stock market in the 21st century. Its direction calls were no better than chance, the size of January's return said almost nothing about the size of the rest-of-year return, and average returns after up and down Januaries were statistically indistinguishable. These results differ from the long-run U.S. evidence of Cooper, McConnell, and Ovtchinnikov (2006) and are more consistent with the skeptical findings of Marshall and Visaltanachoti (2010) and Stivers, Sun, and Sun (2009).

The most practical finding concerns the barometer's apparent accuracy. Supporters often point out that the barometer is "usually right." However, since the stock market rose in most years of the sample, any indicator that predicts an "up" market most of the time will appear accurate. In the 21st century, always predicting a rising market was correct 76% of the time, while the barometer was correct only 56% of the time. The barometer's failures came mainly after down Januaries: in 8 of the 11 down-January years, the market rose over the rest of the year. The clearest example is 2009, when January fell 8.09% but the rest of the year gained 39.95%.

This result matches what some financial commentators have observed. Over a much longer sample starting in 1927, Wealthfront (2024) also found that always predicting a rising market beat the barometer. Even the *Stock Trader's Almanac*, the barometer's best-known supporter, has acknowledged that most of its major errors since 1950 occurred after 2001 (Hirsch and Mistal 2026). This paper's statistical tests support that observation. Overall, the data do not show that January predicts the rest of the year in the 21st century. However, with only 25 years of data, the possibility that a small effect exists cannot be ruled out.

6.2 Possible Explanations

Several explanations are consistent with these results. First, the original pattern may have been partly a product of data snooping (Lo and MacKinlay 1990). If so, it would not be expected to continue in new data, and this paper's 21st-century sample provides an out-of-sample test. Second, even if the pattern was once real, investors acting on it may have weakened it, as McLean and Pontiff (2016) found for many

published anomalies. The 21st century also included large, sudden shocks, such as the 2008 financial crisis and the 2020 pandemic, that may govern returns more than any simple barometer.

The second subperiod (2013 to 2025) did show a positive slope and relatively better performance of the barometer. This could mean that the barometer partly recovered in recent years, but the evidence is weak. With only 13 observations, the result is not statistically significant and could easily be due to chance. For investors, the findings suggest that January's performance may not be a reliable guide for decisions about the rest of the year.

6.3 Limitations

This study has several limitations. First, and most importantly, the sample includes only 25 years of data. This limits statistical power, meaning that a small but real barometer effect might not be detected. The results show that any effect is too small to be reliably useful, but they cannot prove that the effect is exactly zero. Second, the analysis uses a single U.S. market index, the CRSP value-weighted index; results may differ for equal-weighted indices, small-company stocks, or international markets. Third, although the returns include dividends, the study does not account for transaction costs or taxes, which would make any trading strategy based on the barometer even less attractive. Finally, the tests do not control for other factors that may influence annual returns, such as interest rates, economic growth, or the presidential election cycle (Sturm 2009).

Future research could extend this analysis to other countries and indices, test whether other months have similar predictive power, or test the trading strategy proposed by Cooper, McConnell, and Ovtchinnikov (2010) on 21st-century data.

7. Conclusion

This paper tested the January barometer, the idea that “as goes January, so goes the year,” using CRSP value-weighted U.S. market returns from 2001 to 2025. The chi-square test detected no relationship between January's direction and the direction of the rest of the year. The OLS regression found that January returns explain less than 1% of the variation in rest-of-year returns. The t-test found no significant difference in rest-of-year returns after up and down Januarys. These conclusions held when the correlations were examined, when the two most extreme years were removed, and when the sample was split into two periods.

The barometer's 56% accuracy over this period was lower than the 76% base rate accuracy of simply assuming the market would rise every year. Whatever predictive power the January barometer may have had in the past, it did not offer investors a reliable signal in the 21st century. More broadly, the results are consistent with the view that well-known market patterns tend to fade over time and that a simple forecasting rule should always be compared with a simple benchmark before it is trusted.

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Conflicts of Interest

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A. Annual Data, 2001–2025

Table A1. January and Rest-of-Year Returns of the CRSP Value-Weighted Market Index

Year	January return (%)	Rest-of-year return (%)	January direction	Rest-of-year direction	Barometer correct?
2001	3.79	−14.44	Up	Down	No
2002	−1.30	−20.10	Down	Down	Yes
2003	−2.47	35.03	Down	Up	No
2004	2.22	9.50	Up	Up	Yes
2005	−2.59	8.92	Down	Up	No
2006	3.38	11.63	Up	Up	Yes
2007	1.82	3.85	Up	Up	Yes
2008	−6.12	−32.53	Down	Down	Yes
2009	−8.09	39.95	Down	Up	No
2010	−3.35	21.48	Down	Up	No
2011	1.99	−1.46	Up	Down	No
2012	5.05	10.75	Up	Up	Yes
2013	5.57	28.02	Up	Up	Yes
2014	−3.32	15.58	Down	Up	No
2015	−3.10	3.42	Down	Up	No
2016	−5.73	20.49	Down	Up	No
2017	1.98	19.94	Up	Up	Yes
2018	5.69	−10.15	Up	Down	No
2019	8.58	20.25	Up	Up	Yes
2020	0.02	24.04	Up	Up	Yes
2021	−0.07	23.95	Down	Up	No
2022	−6.16	−14.66	Down	Down	Yes
2023	6.96	18.45	Up	Up	Yes
2024	1.20	23.54	Up	Up	Yes
2025	3.17	13.93	Up	Up	Yes