

**Fed Days**

Tomorrow marks the sixth Fed Day of 2016, and outside of the first one back in January, the S&P 500 has done very little on these days. The index has fallen by 0.18% and 0.12%, respectively, on the last two Fed Days in June and July.

Remember, historically the stock market has done very well on Fed Days, averaging a gain of 0.34%. That's 10x better than the average change of 0.03% for any given trading day since 1995 when the Fed began releasing its policy decisions on the same day as its meetings.

Over the last three years, the S&P has averaged a gain of 0.24% on Fed Days, so that's a little bit weaker than the long-term average going back to 1995. It's still nicely positive, though.

While the S&P did little on the June and July Fed Days, that's a time of year when markets are historically very slow. As we've noted over the last few weeks, September and October have historically been the most volatile months of the year, and September has historically been the worst month of the year for the market as well. We looked to see if Fed Days specifically in September have historically seen smaller gains than they see in other months, and also if September Fed Days are more volatile as well. At right is a table showing the S&P 500's performance on Fed Days by month since 1995. As shown, while still positive, September Fed Days have averaged the second smallest gains of any month behind only February (which has actually averaged a decline). September is the fourth most volatile month for Fed Days with an average absolute change of +/- 1%. August Fed Days have been the most volatile. Finally, of the 18 September Fed Days since 1995, the S&P has been up on those days exactly half the time. June and October are the only months that have seen positive gains less than half the time. *Continued...*

Fed Days: Last Three Years

Date	Rate	Action	S&P % Chg
7/31/2013	0%-0.25%	Held	-0.01
9/18/2013	0%-0.25%	Held	1.22
10/30/2013	0%-0.25%	Held	-0.49
12/18/2013	0%-0.25%	Taper	1.66
1/29/2014	0%-0.25%	Taper	-1.02
3/19/2014	0%-0.25%	Taper	-0.61
4/30/2014	0%-0.25%	Taper	0.30
6/18/2014	0%-0.25%	Taper	0.77
7/30/2014	0%-0.25%	Taper	0.01
9/17/2014	0%-0.25%	Taper	0.13
10/29/2014	0%-0.25%	Taper	-0.14
12/17/2014	0%-0.25%	Held	2.04
1/28/2015	0%-0.25%	Held	-1.35
3/18/2015	0%-0.25%	Held	1.22
4/29/2015	0%-0.25%	Held	-0.37
6/17/2015	0%-0.25%	Held	0.20
7/29/2015	0%-0.25%	Held	0.73
9/17/2015	0%-0.25%	Held	-0.26
10/28/2015	0%-0.25%	Held	1.18
12/16/2015	0.25%-0.50%	Raised	1.45
1/27/2016	0.25%-0.50%	Held	-1.09
3/16/2016	0.25%-0.50%	Held	0.56
4/27/2016	0.25%-0.50%	Held	0.16
6/15/2016	0.25%-0.50%	Held	-0.18
7/27/2016	0.25%-0.50%	Held	-0.12
Average			0.24
Average Since 1995			0.34

Fed Days by Month Since 1995

Month	S&P 500 Avg.		# Fed Days	% S&P Positive
	% Chg	Abs. % Chg		
January	0.15	0.94	17	53%
February	-0.03	0.44	6	50%
March	0.53	1.14	22	68%
April	0.56	0.75	8	75%
May	0.19	0.47	14	57%
June	0.09	0.65	18	44%
July	0.55	0.63	8	63%
August	0.62	1.15	18	61%
September	0.14	1.00	18	50%
October	0.23	0.77	11	45%
November	0.44	0.80	13	77%
December	0.48	1.05	21	71%
All Months	0.34	0.88	174	60%



As we mentioned on page one, the S&P 500 has averaged a gain of 0.34% on all Fed Days since 1995. While that might seem like a small move, over time it adds up. We've highlighted the chart below before, but we thought it was worth pointing out again.

Since 1995, if you only owned the S&P 500 on Fed Days (buying at the close prior to the Fed Day and selling at the close on the Fed Day), \$100 would now be \$178 (a gain of 78%). Had you owned the S&P 500 on all trading days *except* for Fed Days (97% of all trading days), \$100 would now be \$260 (a gain of 160%). While just 3% of all trading days have been Fed Days since 1995, roughly 35% of the market's gain over this time period has come from Fed Days. That's significant!

