TIMING THE MARKET IS POSSIBLE

Let's take a deep analysis of *Timing the Market Is Impossible* argument

That's come from Hartford funds study and there is nothing wrong with the numbers and chart they showed but rather how they concluded it. The following statement is misleading (not incorrect but misleading),

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> Avoiding the market's downs may mean missing out on the ups as well. 78% of the stock market's best days occur during a bear market or during the first two months of a bull market. If you missed the market's 10 best days over the past 30 years, your returns would have been cut in half. And missing the best 30 days would have reduced your returns by an astonishing 83%.

Why its misleading?

Since its main premises tell you that if you missed best days but also assumed that you hold onto worst days as well.

Largest daily percentage gains[5]

Rank	Date	Close	Change	
			Net	%
19	2020-04-06	22,679.99	+1,627.46	+7.73
4	2020-03-24	20,704.91	+2,112.98	+11.37
11	2020-03-13	23,185.62	+1,985.00	+9.36
7	2008-10-28	9,065.12	+889.35	+10.88
6	2008-10-13	9,387.61	+936.42	+11.08
8	1987-10-21	2,027.85	+186.84	+10.15
20	1939-09-05	148.12	+10.03	+7.26

Largest daily percentage losses[5]

Rank	Date	Close	Change	
			Net	%
2	2020-03-16	20,188.52	−2,997.10	−12.93
5	2020-03-12	21,200.62	−2,352.60	−9.99
13	2020-03-09	23,851.02	−2,013.76	−7.79
15	2008-12-01	8,149.09	−679.95	−7.70
11	2008-10-15	8,577.91	−733.08	−7.87
16	2008-10-09	8,579.19	−678.91	−7.33
20	2001-09-17	8,920.70	−684.81	−7.13

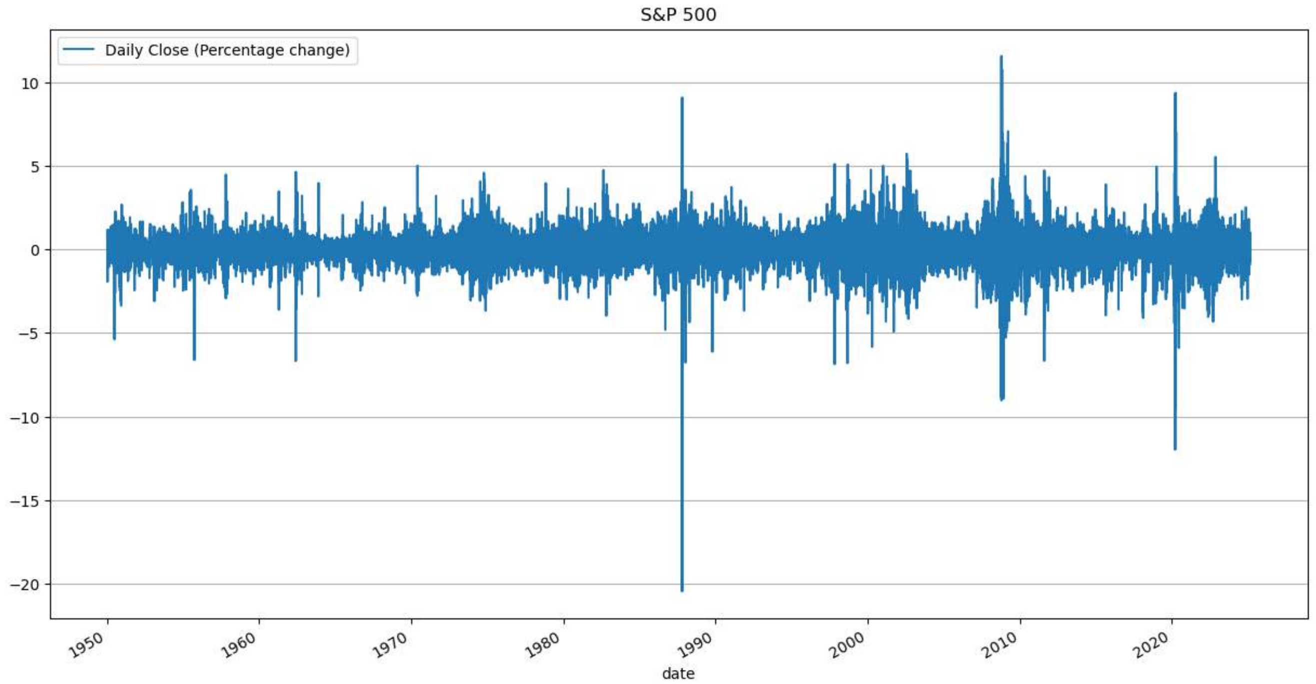
• best days occur during a bear market - But it also coincided with worst days as well.
*Source wikipedia - https://en.wikipedia.org/wiki/List_of_largest_daily_changes_in_the_Dow_Jones_Industrial_Average

We need to prove with more data that above paragraph can be disregarded as misleading. Best & Worst days are good start but not enough of its own.

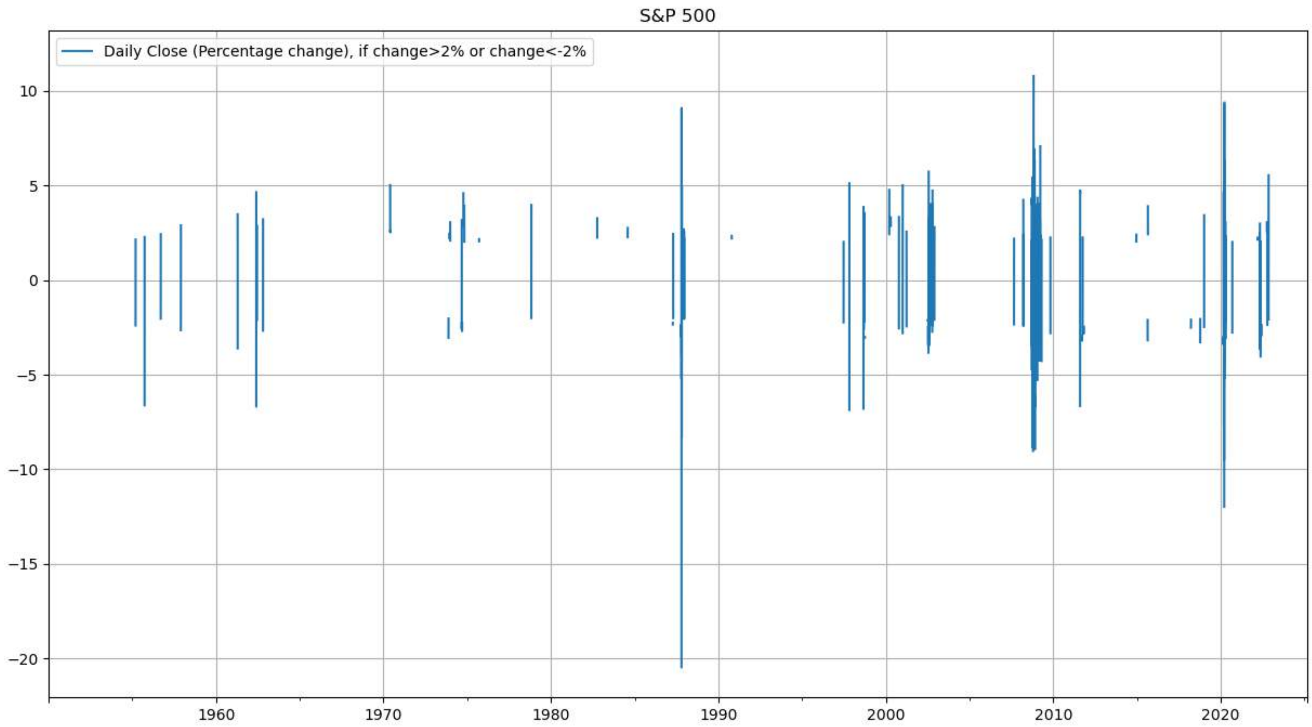
Let's check a scenario,
If you avoid Months with Best days in it then your portfolio do well or not.

For this scenario, We will consider period from 1950 as it will cover the same period as original article that started all this. And, we will remove Entire month of best days from our calculation.

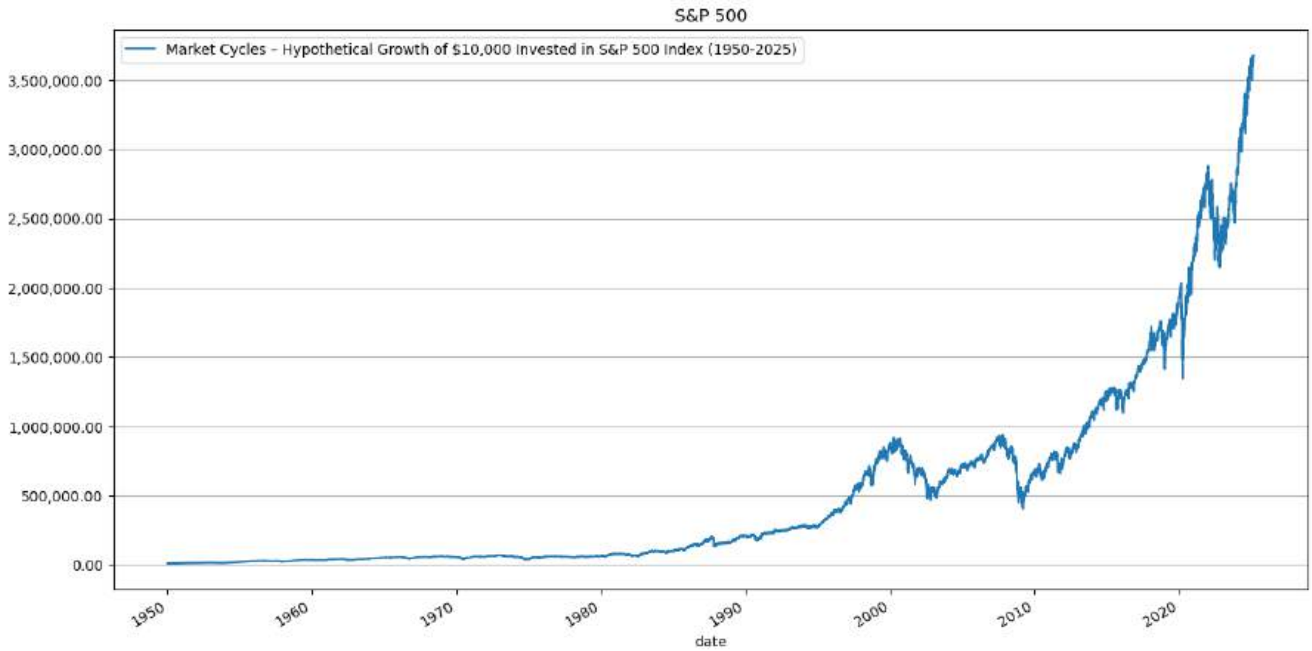
First see this interesting graph. It gives graphical representation to see highs occurs in proximities of equivalent lows.



If above graph don't make sense then let's draw only changes greater than 2% and less than -2%. Now, you might able to see it clearly that ups & down tend to occur in conjunction with one another. There are very few exceptions as well but we can safely ignore that for now.



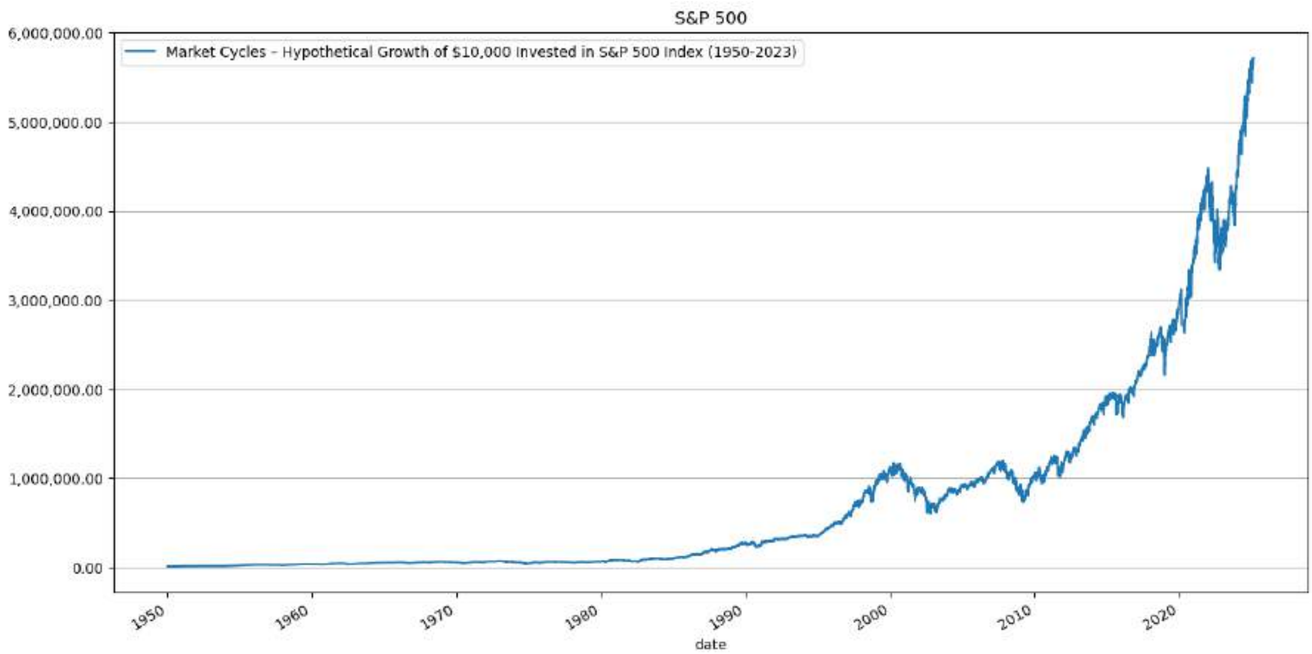
If we invested $10,000 in 1950 then it would have been $3,677,875.09 Today (19th Feb)



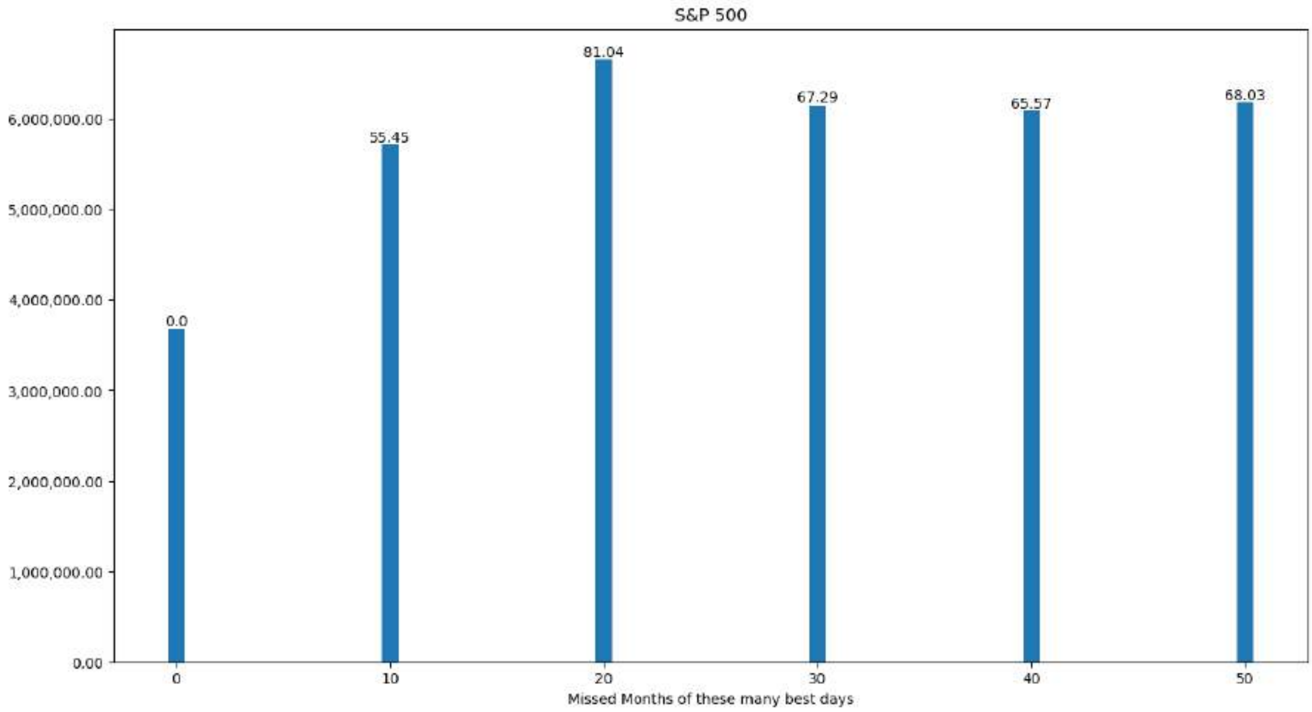
These are 10 best performing days from 1950 to 2025.

Date	Percentage Change
2008-10-13	11.58
2008-10-28	10.79
2020-03-24	9.38
2020-03-13	9.29
1987-10-21	9.10
2009-03-23	7.08
2020-04-06	7.03
2008-11-13	6.92
2008-11-24	6.47
2009-03-10	6.37

Let’s remove these months from our analysis. If we invested $10,000 in 1950 and miss 10 best performing days months then it would have been $5,717,274.59 Today (19th Feb)



Missing the Market's Months of Best Days Has Been Profitable. More data to support this. Graph also shows % gain when you do miss those months.



In this part, we proved that timing the market is important. Even we have seen that in Legendary investors like Warren Buffet filings also. Now, Question remains how we identify timing of Market to maximise results. That we can explore in some other part.

Please share this if you learned something. This will keep up motivated.