

BUSINESS

Is May time to sell stocks?

Longtime market mantra could work again if economic recovery slows

By Adam Shell
USA TODAY

NEW YORK — Investors looking for a reason to sell and protect profits after watching stocks double since March 2009 and post their best first-quarter gain in 14 years might find one in the Wall Street axiom: "Sell in May and go away."

The sell-in-May mantra is one of the best-known and most successful seasonal sell signals, made famous by the Stock Trad-

er's Almanac. History has shown U.S. stocks fare far better in the six-month period from November through April. In contrast, the six months beginning in May have been less profitable since 1928.

Jason Trennert, founder of Strategas Research Partners, says playing the sell-in-May card is akin to taking a seasonal "flier" on stocks. While he's not a fan of investing based on the calendar, and is unsure if its success is due to cash flows related to retire-

ment planning or "some higher, more metaphysical order of the universe," he says you can't dismiss the strategy's success. In a report, "Why Sell in May Might Work Yet Again," he outlines reasons stocks may struggle in the months ahead.

The Almanac's "Best Months Switching Strategy" — which gets investors in and out of stocks at the start and end of the key six-month periods — shows how profitable it can be to get out of stocks around May. A \$10,000 investment during each May-October period since 1950 would be worth \$6,724

today, says the Almanac. But \$10,000 would have grown to \$1.6 million in the November-April period.

Even though April has been the top-performing month for the Dow Jones industrials the past 50 years, Almanac editor Jeffrey Hirsch is already planning his exit from stocks. "We're on the brink of a sell signal," says Hirsch, adding that market indicators he follows point to a coming top.

Trennert offers some other headwinds:

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action may be muted as investors have already priced it in.

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