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What to watch

Less pain at gas pump eases market pain

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Pain at the pump this summer was supposed to cause major pain in the stock market. But gas prices headed south instead, siphoning the risk out of the market.

Since the start of summer on June 21, the average national price for a gallon of regular gas has fallen from $3.68 a gallon to $3.44, according Bespoke Investment Group. That 24 cent-per-gallon drop equates to a 6.5% decline.

Wall Street was expecting prices at the pump to skyrocket, given the peak summer driving season and global hot spots critical to oil supplies, such as Ukraine, Russia and Iraq, making headlines on virtually a daily basis. It didn't happen. Gas prices ticked higher on a daily basis on only six of the 60 days this summer, Bespoke says.

The drop in gas prices naturally had a positive impact on consumer spending and stocks.

Historical performance statistics for the Standard & Poor's 500-stock index confirm that stocks fare well when gas prices plunge more than 6% in a 50-day period. Since the recession ended, in the prior seven times that gas prices have dropped 6%, the S&P 500 has averaged gains of 2.5% one month later and 6.2% three months later.

Bespoke's bullish takeaway: "With the S&P 500 posting better-than-average returns after periods when gas prices fall ... a pretty good argument can be made that the drop in gas prices over the last few weeks is a positive for stocks going forward."