Why Tom Terrific Might Not Be So Terrific For Stocks

The Super Bowl indicator suggests that stocks rise for the full year when the Super Bowl winner comes from the original National Football League (now the NFC), but when an original American Football League (now the AFC) team wins, stocks fall. We would be the first to admit that this indicator has no connection to the stock market, but the data don't lie—the S&P 500 Index has performed better, and posted positive gains with greater frequency, over the past 52 Super Bowl games when NFC teams have won. Of course, it's worth noting that this didn't work last year when the Eagles won the Super Bowl, and the S&P 500 lost 6.2% in 2018.

A simpler way to look at the Super Bowl indicator is to look at the average gain for the S&P 500 when the NFC has won versus the AFC—and ignore the history of the franchises. This similar set of criteria has produced an average price return of 10.2% when an NFC team has won, compared with a return of 5.8% with an AFC winner. An NFC winner has produced a positive year 79% of the time, while the S&P 500 has been up only 63% of the time when the winner came from the AFC.

WHAT THE S&P 500 INDEX DOES FOR THE YEAR DEPENDING ON WHICH CONFERENCE WINS

	All Years	If NFC Wins	If AFC Wins
Average Full Year Return	8.2%	10.2%	5.8%
Up Years	37	22	15
Down Years	15	6	9
Total Years	52	28	24
% Higher	71.2%	78.6%	62.5%

Source: LPL Research, NFL, Bloomberg 01/24/19

Would you believe the numbers actually get worse when the Patriots are involved? That's right—the S&P 500 has gained only 2.2% on average in years when the Patriots play in the big game. What about since Tom Brady has been the quarterback? The S&P 500 is down 3.0% on average! "Pats fans might be ecstatic that Tom Brady is starting in a record-breaking ninth Super Bowl, but market bulls don't want to see the Pats win, as stocks are up only 1.5% for the year on average after a victory versus up 2.9% if they lose," saidLPL Senior Market Strategist Ryan Detrick. "Tom might be terrific, but maybe not in all markets."

A SUPER BOWL APPEARANCE BY THE NEW ENGLAND PATRIOTS HAS NOT HISTORICALLY BENEFITED MARKETS

Year	Win/Loss	S&P 500 Index Calendar Year Price Return
1986	Lose	14.6%
1997	Lose	31.0%
2002	Win	-23.4%
2004	Win	9.0%
2005	Win	3.0%
2008	Lose	-38.5%
2012	Lose	13.4%
2015	Win	-0.7%
2017	Win	19.4%
2018	Lose	-6.2%
2019	?	?
Average if Win		1.5%
Average if Lose		2.9%
Overall Average		2.2%
Overall Average Belichick/Brady Era		-3.0%

Source: LPL Research, NFL, Bloomberg 01/24/19
LPL Research does not believe that sports scores influence markets.
Super Bowl score data pulled from NFL.com

We would like to reiterate that we realize these calculations are in no way relevant to investors—but it sure is more fun to talk about the Super Bowl and stock market returns ahead of the biggest NFL game of the year than snowfalls and freezing temperatures. We hope everyone has a great Super Bowl Sunday and we wish both the Rams and Pats luck!

FULL DISCLOSURE – LPL Research has an office in Boston and we have many Patriots fans, but the author of this piece sure isn't one.

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