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A Super Bowl Lift

The win by the Pittsburgh Steelers in this year's Super Bowl could mean that the stock market is heading upward. At least, that's what the Super Bowl investment indicator suggests.

The theory is that a Super Bowl win by a team from the original National Football League (now the NFL's NFC division) means that the stock market will be up for the coming year. A win by a team from the old American Football League (now the NFL's AFC division) foretells a decline.

Several years ago, economist Paul M. Sommers of Middlebury College analyzed the data and found that his *model* supported the notion that the stock market, as measured by the Dow Jones Industrial Average, posts a significantly higher annual gain if the Super Bowl winner is from the National Football Conference (the Western Division, in particular). Moreover, the higher the combined team point totals are, the lower is the percentage change in the Dow Jones Industrial Average. See "Super Bowls and Stock Markets" at <http://www.sciencenews.org/articles/20000701/mathtrek.asp>.

However, the *model* also pointed to a precipitous decline in the Super Bowl theory's predictive power in recent years. Until about a decade ago, the theory's success rate was more than 80 percent. Since then, the success rate has dropped to less than 50 percent.

According to Sommers, the victory by the Denver Broncos in 1998, for example, suggested that the percentage change in the Dow Jones Industrial Average would be -20.85 percent. In fact, the Dow closed out the year up 20.61 percent.

Denver's 1999 victory also failed as a market predictor, as did the subsequent victories by the St. Louis Rams in 2000 and the Baltimore Ravens in 2001, which pointed to market upturns. Because it was originally based in Cleveland, Baltimore can be counted as one of the original NFL teams, even though it is now in the AFC.

On the other hand, New England's win in 2002 was, as predicted, followed by a dismal year in the stock market. In 2003, Tampa Bay defeated Oakland, but it's not clear what to do with this data point. As an expansion team, Tampa Bay was not in the old AFL or NFL. And, to confuse matters further, Tampa Bay started as an AFC team before switching to the NFC. The stock market ended the year on a positive note.

In 2004, in a game between the expansion Carolina Panthers and the New England Patriots, the Patriots won, but the market eased upward anyway. New England's 2005 victory did foretell a small decline.

Legend for Chart:

- A - Year
- B - Winner
- C - Conference
- D - Total Points
- E - Percentage Change in DJIA

A	B	C	D	E
1998	Denver	AFC	55	+20.61
1999	Denver	AFC	53	+22.85
2000	St. Louis	NFC	39	-6.128
2001	Baltimore	AFC	41	-7.10
2002	New England	AFC	37	-16.76
2003	Tampa Bay	NFC	69	+25.32
2004	New England	AFC	61	+3.15
2005	New England	AFC	45	-0.61
2006	Pittsburgh	AFC	31	?

So, what does a victory by the Pittsburgh Steelers in this year's Super Bowl mean? Although Pittsburgh is now in the AFC, it was one of the original NFL teams. When Pittsburgh won in 1975 and 1976, even as a member of the AFC, the market gained. That happened again in 1979 and 1980.

If Seattle had won, there would have been another orphan data point. Like Tampa Bay, Seattle was a 1976 expansion team. It played its inaugural season in the NFC, then moved to the AFC, before coming back to the NFC in 2002.

So, the real problem with the Super Bowl index may be league expansion, along with confounding name changes and moves. It's hard to tell where some teams belong.

And, it's worth noting that there are more teams associated in some way with the old NFL than with the old AFL. So, if the stock market tends to come out ahead more often than not year after year, the Super Bowl indicator is bound to look good.

Check out the Ivars Peterson's MathTrek blog at <http://blog.sciencenews.org/>.

References:

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Peterson, I. 2000. *Super Bowls and stock markets. Science News Online (July 1).* Available at <http://www.sciencenews.org/articles/20000701/mathtrek.asp>.

Sommers, P.M. 2000. *The Super Bowl theory: Fourth and long. College Mathematics Journal 31(May):189-192.*

You can find Super Bowl results at <http://www.superbowl.com/>.

Information about the Dow Jones Industrial Average is available at <http://indexes.dowjones.com/mdsidx/>.