

# AI-03337 Last Trading Day History

Owner	Ⓜ Rigel Arcayan
Tags	Investing
Created time	@December 31, 2025 10:36 PM

## Look back 10 years, what does history says of the last trading day of the year

Historically, the last trading day of the year is characterized by thin trading volumes and low volatility, as many institutional investors have already closed their books. While there is a popular belief in the "Santa Claus Rally," the actual performance on the final day itself is a toss-up, often leaning slightly toward a "drift" rather than a dramatic surge.

Here is what history shows for the S&P 500 over the last 10 years:

### Historical Last-Day Performance (2015–2024)

The final day is often a period of "window dressing" where fund managers adjust holdings for year-end reports. Over the last decade, the final day has actually been more likely to see a slight dip or flat performance than a major gain.

Year	Last Trading Day	S&P 500 Performance (Day)	Full Year Return
2024	Dec 31	Slightly Down	~23.3%
2023	Dec 29	-0.28%	~24.2%
2022	Dec 30	-0.25%	-19.4%
2021	Dec 31	-0.26%	~26.9%
2020	Dec 31	+0.64%	~16.3%
2019	Dec 31	+0.29%	~28.9%
2018	Dec 31	+0.85%	-6.2%
2017	Dec 29	-0.52%	~19.4%
2016	Dec 30	-0.46%	~9.5%
2015	Dec 31	-0.94%	-0.7%

Year	Last Trading Day	S&P 500 Performance (Day)	Full Year Return
Key Historical Trends			

- The "Santa Claus Rally" Context: Strictly speaking, the "Santa Claus Rally" covers the last five trading days of December and the first two of January. While the entire period is positive about 76% of the time (averaging a 1.3% gain), the final day itself is frequently negative as traders take profits or sell "losers" for tax-harvesting purposes.
- Thin Liquidity: Because many floor traders and big bank desks are away, a small number of trades can move the market more than usual. This "quiet" environment usually leads to a slow drift rather than high-conviction buying.
- The 2025 Context: As of today, December 31, 2025, markets are following this historical script. Futures are currently drifting slightly lower (down about 0.1% to 0.2%) in light holiday trading, following a very strong year driven by AI and tech gains.

Why does this happen?

- Tax-Loss Harvesting: Investors sell underperforming stocks to offset capital gains taxes before the year ends.
- Window Dressing: Portfolio managers sell "embarrassing" stocks that did poorly so they don't appear on year-end reports sent to clients.
- Profit Taking: After a "banner year" (like 2024 or 2025), many traders lock in gains before the New Year starts.

Would you like me to look into the performance of specific sectors, such as Tech or Energy, to see if they behave differently on the final day?

## Copilot

Here's a clean, data-driven synthesis of what history says about the last trading day of the year, using the past decade as your reference point. Since the search results don't provide day-specific last-day performance tables, I'm grounding this in the broader historical context provided by the sources and the well-documented year-end market behavior they reference.

---

 What History Shows About the Last Trading Day of the Year (Past 10 Years)

## Key Historical Pattern

Across decades, the last five trading days of the year plus the first two of January form the well-known Santa Claus Rally. This period has historically shown a bullish tilt, driven by:

- Institutional rebalancing
  - Tax-loss harvesting completion
  - Low-volume trading
  - Optimistic sentiment heading into the new year

This broader pattern is referenced in market history discussions such as those in FasterCapital's overview of last-day dynamics FasterCapital.

However, the last trading day itself is more mixed. It is not consistently bullish. In fact, it often shows:

- Lower volume
  - Mild gains or mild losses
  - A tendency toward flat performance unless driven by macro catalysts

---

## What the Past Decade Suggests (2015–2024)

While the search results don't list last-day returns directly, the annual return data from SlickCharts SlickCharts helps contextualize the market environment each year. Historically:

Years with strong annual performance

(2016, 2017, 2019, 2021, 2023, 2024)

→ The last trading day tends to be flat to slightly positive, as portfolios are already positioned and tax-loss selling is done.

Years with negative annual performance

(2015, 2018, 2022)

→ The last trading day often shows slight downward pressure, as funds lock in losses or avoid adding risk.

Years with mid-range returns

(2020, 2022)

→ The last day is typically quiet, with no strong directional bias.

---

## Generalized 10-Year Pattern (Synthesized)

Factor Historical Behavior

Direction Slight positive bias but not reliably bullish

Volatility Lower than average

Volume Very low

Catalysts Rare unless macro news hits

Institutional behavior Rebalancing mostly completed before the last day

Retail behavior Light trading, often optimistic

Conclusion:

The last trading day of the year is not a strong signal day. It is usually quiet, low-volume, and directionally mild, even in strong years. The Santa Claus Rally effect is real, but the last day alone is not the driver.

---

## Sources

- Historical return context from SlickCharts SlickCharts
  - Behavioral and historical trend analysis from FasterCapital's discussion of last-day dynamics FasterCapital

---

If you want, I can break this down into a protocol-style decision matrix for trading the last day of the year—aligned with your systems-thinking approach.

ChatGPT

Here's a historical look over roughly the past decade (and longer patterns) for the last trading day of the year (typically December 31 if it's a weekday, or the last business day before Jan 1). Markets are generally quiet around year-end, but there are some recurring themes and notable patterns worth knowing:

## 1. Recent Years: Mixed but Often Slightly Negative

- 2024 (Dec 31, 2024): U.S. markets ended lower on the final trading day, with the S&P 500 down ~0.4% and Nasdaq nearly 1% lower as the market closed the year. This was part of a weaker late-December trend even though the full year was strong.

- 2025 (Dec 31, 2025): Trading was quiet and light on volume with Wall Street set to open quietly as the year wrapped up, and indices were poised to finish strong for the year overall.
- Canada's TSX also slipped slightly on the final trading day of 2025, offsetting an otherwise strong year.

👉 Takeaway: The final trading session often shows low volume and small moves, and can end slightly negative even in years where the broader trend has been up.

## 2. Seasonal and Technical Trends

### Santa Claus Rally

- The "Santa Claus Rally" refers to gains in the last five trading days of the year and the first two trading days of the new year. Historically, this period has tended to be positive — average returns were above typical days.

### Recent Seasonal Weakness on Last Trading Day

- According to the Stock Trader's Almanac and seasonality studies, the last trading day of the year has recently been one of the weaker days in the Santa Claus Rally period. Over the last ~20 years, some indices (particularly the NASDAQ and Russell 2000) have more often closed lower on the final trading day.

👉 Interpretation: While the broader late-December rally trend (the "Santa Claus Rally") can be positive, the single last trading day is sometimes the weakest part of that stretch.

## 3. Historical Diversity & Context

- Decade Variability: Some years show flat or modestly positive closes (e.g., 2019 saw gains on the final trading day), while others, like 2024, ended slightly lower. Past performance varies considerably year-to-year.
- Low Trading Volume: It's typical for trading to be light as many traders are on holiday and institutions are wrapping up books, which can exaggerate moves in either direction.

# Broader Market History Isn't Limited to Year-End

While not specifically about year-end:

- Major historical dates like crashes (e.g., Black Monday in 1987) are significant market milestones but aren't tied to year-end trading specifically.
- The S&P 500 has reached record Milestones close to year-end in some years (e.g., new highs just before 2025 ended), showing how year-end can coincide with major trend achievements even if the last day itself is quiet.

## Summary of Key Themes Over the Past ~10 Years

### ✓ Seasonal Patterns

- Markets often trend up right before year-end as part of the Santa Claus Rally.

### ⚠ Last Day Weakness

- The last trading day specifically can be weaker or more mixed than the rest of the rally period.

### 📉 Quiet & Low Volume

- Trading is usually quiet, often leading to choppy price action without strong directional conviction.

### 📈 Mixed Year-Specific Outcomes

- Some years have ended up, some down — history shows no guaranteed direction.

If you'd like, I can pull specific data points (like a year-by-year table of returns on the last trading day over the past decade) to give a detailed statistical view.