



CAN SUNSPOTS AND GEOMAGNETIC STORMS AFFECT THE FINANCIAL MARKETS?

BEAR WITH ME!

The question is 'Does the sun's activity have an influence on stock market prices?'

Let's get a few facts right first:

1. Governments worry about satellites being destroyed, and Utilities worry about electricity surges that damage supplies and equipment when there are geomagnetic storms.
2. A large body of psychological research has shown that geomagnetic storms profoundly affect people's moods. In turn, people's moods have been found to be related to human behaviour, judgments and decisions about risk.
3. Academic papers by Tarquini and Perfetto, (1998) analyse the relationship between geomagnetic activity, melatonin and seasonal depression. Specifically, geomagnetic storms, by influencing the activity of the pineal gland, cause imbalances and disruptions of the circadian rhythm of melatonin production, a factor that plays an important role in mood disturbances.

FURTHER READING:

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While explaining movements in daily stock prices is one of the most difficult tasks in modern finance, this information points to scientifically documenting the impact of geomagnetic storms on daily stock market returns.

Supporting this evidence, a large body of psychological research has shown that geomagnetic storms have a profound effect on people's moods, and, in turn, people's moods are related to human behaviour, judgments and decisions about risk.

An important finding of this literature is that people often attribute their feelings and emotions to the wrong source, leading to incorrect judgments.

Specifically, people affected by geomagnetic storms may be more inclined to sell stocks on stormy days because they incorrectly attribute their bad mood to negative economic prospects rather than bad environmental conditions.

Finally, this paper provides evidence of substantially higher returns worldwide during periods of quiet geomagnetic activity.

Just what else can Artificial Intelligence find out for us we will have to wait and see. Einstein, in his book *Relativity*, came to a very important conclusion:

"The distribution of matter in the universe determines the amount to which space-time is curved: The greater the density of matter in a region, the higher the curvature of space-time. Thus space-time is distorted more around the Sun than the Earth because the Sun has the larger mass."

The mind boggles. We at Azaries will keep an eye on things. Feel free to browse the Azaries website at www.azaries.com.