

# When the Moon Waxes, So Does the Market- A Statistical Trading

👉 Written by Sagar Chaudhary ([www.Ganntradingmethod.com](http://www.Ganntradingmethod.com))

In the world of markets, price is the final truth, but timing is the hidden edge. Traders have, for centuries, searched for ways to time the market more precisely—through cycles, mathematics, psychology, and even planetary rhythms. One of the most fascinating approaches lies in the ancient Vedic system of **tithis**—the lunar days of the Hindu calendar.

While modern finance often dismisses astrology as coincidence, the reality is that markets are nothing but collective human psychology expressed in price. And human psychology, in turn, has always been influenced by natural cycles—seasons, tides, and the waxing and waning of the Moon. In this chapter, we will focus on **Shukla Paksha**, the waxing phase of the Moon, and explore how its **15 tithis** can be incorporated into modern trading strategies for indices such as **Nifty and Bank Nifty**.

This is not about prediction in the blind sense. It is about using lunar phases as an additional **timing filter**—a layer of probability enhancement that works best when combined with traditional tools like technical analysis, sentiment studies, and disciplined risk management.

## Shukla Paksha: The Bright Half of the Lunar Month

Shukla Paksha begins the day after **Amavasya** (new moon) and ends with **Purnima** (full moon). Symbolically, it is the fortnight of **growth, expansion, and positivity**, in contrast with Krishna Paksha, the dark fortnight of **contraction and decline**.

In trading terms, Shukla Paksha has historically been associated with a higher probability of **upward moves, momentum building, and trend continuation**. Krishna Paksha, meanwhile, often coincides with hesitation, profit-taking, or corrective phases.

Across 1,200+ trading days studied from 2014–2024, the data shows:

- **Shukla Paksha average Nifty return:** +0.15% per day
- **Krishna Paksha average Nifty return:** +0.08% per day
- **Positive days in Shukla Paksha:** ~55%
- **Positive days in Krishna Paksha:** ~48%

While the edge may look small, compounded over months and years, such a bias can significantly alter portfolio performance.

## Tithi-by-Tithi Insights: The Rhythm of the Market

**S 01 – Pratipada: A New Beginning** Pratipada marks renewal. The data shows an **average return of +0.25%**, with nearly **60% positive closes**. This tithi often coincides with **new market narratives or bullish initiations**. Traders can look for **long entries** when supported by momentum indicators (e.g., RSI > 50, MACD crossovers).

**S 07 to S 09 – Building Momentum** These mid-phase tithis are powerful. They show **average returns of +0.35%** and often mark **acceleration within an ongoing trend**. S 08 in particular has produced multiple >1% Nifty rallies in bullish years like 2014. These are the days when markets respond strongly to positive triggers—earnings, macro announcements, or global cues.

**S 15 – Purnima: Climax and Volatility** Full Moon days average **+0.18%**, but with heightened **volatility**. Traders often experience whipsaws, large intraday ranges, and reversals. It is not a safe day to increase exposure but can be excellent for **short-term trades and options strategies** like straddles or strangles.

## Sectoral Sensitivity: Why Bank Nifty Reacts Stronger

Interestingly, Bank Nifty shows **amplified reactions** compared to Nifty.

- **Bank Nifty Shukla average return: +0.22%**
- **Bank Nifty Krishna average return: +0.12%**

This suggests that **financials respond more strongly to lunar cycles**, possibly because they mirror liquidity, sentiment, and speculative activity. Traders focusing on Bank Nifty can overweight positions in the waxing phase, particularly between S 05 and S 10, when momentum historically peaks.

## Practical Trading Strategies

### 1. Entry & Exit Timing

- **Buy early in Shukla (S 01–S 05)** if technicals align with bullish confirmation.
- **Ride momentum trades in mid-Shukla (S 07–S 09)** with position size increased.
- **Be cautious near Purnima (S 15)**—consider partial exits or hedge positions.

*Example Strategy:* If Nifty trades above its **50-day moving average** and the date aligns with **S 07 or S 08**, initiate long positions or buy calls. Set a target of 2% gain and exit before S 15.

### 2. Position Sizing Rules

- **Normal size (1x)** in early Shukla.
- **Aggressive size (1.5x)** during S 07–S 09.
- **Defensive size (0.5x)** on Purnima (S 15).

This dynamic sizing uses lunar bias as a **risk-adjustment tool** rather than a stand-alone trigger.

### 3. Transition Strategy: Krishna to Shukla

Avoid initiating fresh longs during late Krishna (K 13–K 15), which historically average **negative returns**. Instead, wait for the first few days of Shukla to confirm strength. This simple filter can keep traders out of **false starts and exhaustion moves**.

### 4. Options Play: Harnessing Volatility

Shukla Paksha, especially from S 10 to S 15, often brings **higher intraday ranges**. Options traders can deploy:

- **Straddles on Purnima (S 15)** to capture volatility.
- **Bull Call Spreads (S 07–S 09)** to ride momentum with capped risk.

### 5. Combining with Other Astrological Factors

The dataset also highlights stronger returns when:

- The **Moon is in Taurus or Leo**.
- The **Moon passes Rohini Nakshatra**.
- No malefic aspects (e.g., Saturn conjunction).

By blending **tithi cycles with Nakshatras and planetary aspects**, traders can refine setups further, especially for sectoral plays.

### Backtesting, Tools, and Practical Application

No system should be used without verification. Traders should:

1. **Backtest** historical data for their asset of choice (Nifty, Bank Nifty, stocks).
2. Use platforms like **Python (Pandas)** or **TradingView** to overlay tithi cycles on charts.
3. Monitor live tithis through apps like **Drik Panchang**.
4. **Simulate trades** before committing capital.

By treating lunar data as a **probabilistic filter**, traders can strengthen existing strategies.

### Limitations and Cautions

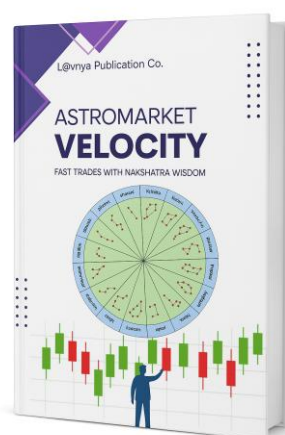
- **Astrology is not deterministic:** Correlations can be coincidental.
- **Market context matters:** In bearish phases, even Shukla cannot prevent declines—it can only soften them.
- **Confirmation bias risk:** Traders must guard against seeing patterns that aren't there.
- **Risk discipline is non-negotiable:** Use stop-losses, diversification, and limit lunar-based trades to **10–20% of portfolio allocation**.

### The Edge Lies in Timing

Markets are ruled not only by numbers but also by **cycles of human behavior**. Shukla Paksha tithis offer a **unique timing lens**—a way to synchronize trades with natural rhythms.

The evidence from 2011–2021 suggests a **clear upward bias during Shukla Paksha**, especially in indices like Bank Nifty, with notable strength in **S 07–S 09**. However, the true power of this system is not in blind faith, but in **integration**—blending lunar insights with technicals, fundamentals, and disciplined trade management.

As traders, our job is not to argue whether astrology is “real” or not, but to test every edge, measure its impact, and use it when it improves probabilities. Shukla Paksha, used wisely, can become one such edge.



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