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SUPER BOWL STOCK THEORY MAKING A COMEBACK? (4 pages)

As if we didn't have enough to worry about, with a sluggish economy, high unemployment, a worldwide terrorist threat, an impending war in the Middle East, global warming and random violence, a fresh cause for apprehension has reared its ugly head.

The Super Bowl Stock Theory, blissfully declared dead after being proved wrong or inapplicable the last four years, may be reviving itself.

Why is this so disturbing? Because when it turned out to be correct more than 95 percent of the time for 31 years through 1997, no logical, reasonable or even fanciful explanation could be found for why it should. Therefore, its failure gave encouragement to believers in rationality, anti-mysticism and the law of averages at a time when the supply of irrational credulity had become all too widespread.

But what if it's not dead after all?

This chilling possibility can't be shrugged off now that 2002 is in the books, final and ineradicable. That's because the Boston Patriots won the Super Bowl on Feb. 2 and on Dec. 31 the stock market closed lower than the previous Dec. 31 --- just as predicted by the theory.

On the other hand, one can hope that the entire concept has been made irrelevant by last month's victory of the Tampa Bay Buccaneers.

Let me explain.

The Super Bowl Stock Theory --- SBST --- is deceptively simple, although a bit tricky for the non-football fan.

The 16-team National Football League agreed to merge with the 10- team American Football League in 1966, making possible the first Super Bowl Game in January of 1967 between their champions. When a Super Bowl Game was won by a team that belonged to the National Football League before that, the market finished that calendar year higher than the year before. If a former American Football League team won, it finished lower.

This held true more than 95 percent of the time in the 31 years through 1997. Then it failed four years in a row, much to the relief of the rationally-minded.

This formulation did NOT depend on membership in the National and American Conferences of the merged NFL, whose champions become the Super Bowl contestants starting with the 1970 season. It worked only because the NFL Baltimore Colts, Pittsburgh Steelers and Cleveland Browns moved into the American Conference when the realignment of the merged league took effect. When the Steelers and Colts then won five times, the market went dutifully up. Stock analysts who missed this subtle distinction often got it wrong, never bothering to check.

But from 1967 through 1997, the correct formula held true either 24 out of 25 times (counting only the years in which all three main indexes moved in the same direction) or 30 out of 31 (counting every year with at least one index going the right way). That's 96 or 97 percent, far above any other theory's predictions.

The three measure used wewre the Dow Jones Industrials, the Standard and Poor 500, and the New York Stock Exchange Composite.

The theory's one failure, in December 1990, was the direct, temporary and abnormal result of uncertainty about the impending Persian Gulf War. In what should have been an "up" year, the market was well head in October but dipped just below its target on Dec. 31. By March, with war actually begun and quickly won, it was back up and stayed there.

But in 1998 and 1999, the Denver Broncos, an AFL original, won --- while the market, instead of going down, soared to unprecedented heights. In 2000, the St. Louis Rams, an original NFL franchise by way of Cleveland and Los Angeles, won --- yet the market went down.

That the 2001 results proved ambiguous. The market went down again after the Baltimore Ravens won. They were really the original Cleveland Browns, moved to Baltimore after the 1995 season, so the market should have gone up.

But even if you called the Ravens a "new" team, since a new Cleveland Browns team in 1999 was awarded the old team's name, identity, records and history, the Ravens had no AFL origins. So any way you looked at it, 2001 could not be twisted to confirm the theory. The SBST, we thought --- prematurely --- could safely be laid to rest.

But the New England Patriots, a year ago, raised unwelcome ghosts by winning the Super Bowl in a notable upset. They had an authentic AFL pedigree, called the Boston Patriots when that league was set up in 1960. Their victory signaled a down market. And 2002 ended at 8,341 on the Dow after a 10,022 close in 2001.

That makes it 25 out of 29 or 31 out of 35, even if you ignore the indeterminate Ravens of 2001. That's 86 or 89 percent, still far too high for comfort or for certified economic experts to match.

But Tampa Bay is an authentic NFL expansion team, created only in 1976, long after the AFL ceased to exist. The SBST has nothing to say about any of the teams (six of today's 32) added after 1967. So its up-down signal isn't merely ambiguous, it's actually indefinable.

That allows us to cling to the hope that the inexplicable can remain undecipherable in a possibly rational universe. # # # #

Leonard Koppett first brought the SBST to light in The New York Times in January, 1978, and says he still carries the burden of guilt.