This Time it’s Business as Usual

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After a 10-year bull run why would anyone worry about a single digit loss? We constantly talk about the natural order of the markets; corrections and bear markets are like the sun rising in the east and setting in the west. Look back at our writings and our videos and we have been discussing that we are overdue for both.

Christmas Eve 2018 was the worst on record for the markets, when on a short trading day the “Dow skids to end down 2.9%; S&P 500 on cusp of bear market.” By Dec 31st “2018 was the worst for stocks in 10 years” according to CNN. The Dow fell 5.6% and the S&P fell 6.2%. Hold on a second, everybody was getting upset over a terrible 2018 and the media was describing a loss of 6% as some sort of crisis? When News 12 Long Island interviewed Michael the day after Christmas, in the midst of this rocky December, he said not to worry. Little did we know it would be the highest single day point gain in Dow’s history by the market close.

Michael discussed our longstanding view that timing the market reliably (especially short term) is impossible, but tweaking and reevaluating asset allocation should be an ongoing process. Volatility is back, but it had been quite low for much of the bull market. Volatility can stoke fear that “this time it’s different” and tempt investors to try to time the market. We have always felt that rash decisions based on fear or greed will do more harm than good.

The second trading day of 2019 gave another shock to the system. On Jan 3rd “Dow falls 660 points on Apple bombshell, US factory slowdown.” Then, Jan 4th the market bounced back and as of January 15th the S&P is up more than 4% in 2019 and the Dow more than 3%. Why? Maybe it’s the Fed leaning more dovish, or a good jobs report, or optimism about a trade deal with China; it does not matter.

We are now and have always been invested with your long-term goals in mind. Over the last 3 years you should have seen a noteworthy positive return on your investments even with last year’s loss. Over the last 10 years, a period wrapped around the end of the great recession and last year’s volatility, if you were invested with us, you should have seen a healthy return. You know that as fiduciaries we put your interests first and foremost while we give you the best guidance that we can.
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