

A Bear of a Market

I have fielded more concerned calls and have overwhelmingly felt more unease from our clients during this market downturn than most others in my memory. I think this is primarily attributed to the fact that a combination of factors is touching most, if not all of us, in some capacity.

No matter your own situation or place in life, we are all having to spend more money on just about everything. Inflation is real. The cost of nearly all goods is extremely high and gas prices have skyrocketed recently with no reprieve in sight. There continues to be unease globally, and the social and political scenes continue to be chaotic. It may not solve anything, but it seems that the whole world just needs to find a happy hour and relax for a minute.

On the investment front, rising interest rates have caused fixed income and equity alike to go in the same, wrong direction and this affects everyone with any investments. Since 1979, having a quarter where both fixed income and equity are negative at the same time has only occurred 8% of the time. The rarity of this is real and a key reason why we attempt to hedge our investments through diversification. When you combine this market occurrence with high inflation, there just doesn't seem to be anywhere for our money to run and hide. However, if we look at this from an alternate perspective, if there is nowhere to run and hide, then we're in the only place that we can be, and our decision is easy – stay the course.

Remember, always let the objectives of your money - and NOT the market or other things out of our control - dictate your investment strategy. Proper financial planning targets assets to accomplish goals, and the goal is not short-term performance. Long-term positive performance is what makes our goals a reality. Focus on the plan and stay positive knowing that we've been through times such as these in the past, and this too shall pass.

During times like these, timing the market can be alluring but the effort may be much ado about nothing or, at least, very little. For those who do not mind getting a little technical I'd like to share this link to a financial blog that I really enjoy:

<https://ofdollarsanddata.com/why-market-timing-can-be-so-appealing/>

As I said, it can get a little on the technical side, but the author presents a case for how much better we would have done on an annual basis if we knew the future of the market and timed it perfectly. The result may surprise you. He makes a compelling, rational argument as to why we might mentally relax a bit more when we face conditions such as these and that time, and not timing, is a much better strategy for paying off in the long run.

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