

Volatility is Very Real

Dear Constant Investor,

I think that Shakespeare summarizes stock market news and news in general perfectly:

“It is a tale told by an idiot, full of sound and
fury signifying nothing.” —
Shakespeare’s Macbeth (Act 5, Scene 5, lines 25-28)

This does not mean everything on the news is full of baloney or pure melodrama. It does mean it is a carefully crafted story, told every day to keep you watching. This is especially true when it comes to the market. Recently, the market has gone down in value. They like to use the word “Correction,” as if the value of the stock market had some perfect value.



Imagine you have a waist size of 37 inches. Then you measured it and had 35 inch waist. Do we say the tape measure had a correction? Of course not. But, the difference between your waist and the market is one of tangibility. You can pinch your waist, but you cannot touch, feel, or taste the market. It is simply an indicator of what one person would pay another person for their possessions.*

If the market drops just 5%, the news erupts. What if you looked in the paper and saw that the price of a TV dropped 5%? That wouldn't even cover New Jersey Sales tax. Now imagine that you have a 20% off coupon for the grocery store. Do you get mad at the food in your pantry? Of course not. You go and purchase what you need for 20% off. It's called a sale! When the value of the stocks in your own closet (i.e.

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account) drop in value, think of it as a sale on stocks you don't own yet. Some sales only last a few days while others last for years.*

This is also the reason we recommend having assets out there that may move differently in your closet. Cash, Bonds, Fixed Annuities, and Life Insurance Cash Value are a few of these types of assets.

Someone asked me the other day,
"John, *when* is the economy going to get better?"

I don't know WHEN it will get better. But, we sense it will. For if it does not and things go down forever, the world's economic system will cease.

Be well and take care of each other. Remember, God writes straight with crooked lines.

Regards,
John Clark and the rest of the Clark Associates Team.

*Hypothetical example, for educational purposes only, not to be considered investment advice.

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