Volatility Normal?

Two years ago Greece was in turmoil. Interesting… Greece is still in turmoil! Two years ago there was much noise in the media, and understandably filtering down into the individual investor mindset, that the end was imminent… hyper-inflation was months away, along with the collapse of the dollar and the implosion of the markets. Yet here we are, two years later, still alive and kicking.

The market closed the second quarter of 2012 on June 29 with a flourish, the S&P 500 up 2.15% on the day, rebounding decently from an earlier 9% drop during the month of May. Year-to-date, the S&P 500 is up about 6%, although at the end of the first quarter it was up 11%.

The increase in overall volatility of the markets makes analysis and projections even more challenging than normal. But, investors and advisors alike have been experiencing increased volatility long enough that we all are beginning to accept the fact that choppy markets seem to have become the new normal.

While we don't want to "chase" returns, sectors, or managers, the new equilibrium of volatility does tend to dictate the need for frequent and careful analysis of your existing investments, and the alternatives that may become appealing. From time to time, that analysis brings to light compelling cases to make changes in your account(s).

In that spirit, don't be surprised if you hear from us with suggestions for your portfolio, and please don't hesitate to let us know when you encounter life situations that alter your risk tolerance, time horizon, or investment objective. It's important to maintain a suitable match between you and your investments.

Sincerely,

John

John D. VanDyke