

Trust Your Investments



On April 26, two analysis pieces were sent to me, one at 1:53 p.m., and the other at 2:53 p.m. The first was titled, "It's a Great Day to Buy the Market." The second was titled, "Stocks are About to Sink." Rarely have I seen conclusions that are more stark in contrast, and so close in timing.

I read both articles. It was more fun to read the first one, but it's my job to read both, and consider the implications. Both authors are intelligent analysts, with more data and rationale than most investors care to absorb or consider.

The divarication of analysis continues into the summer, especially in the wake of the Brexit. "Encouraging Signs" and "The Titanic is Sinking" are recent titles. So, what is the best course of action in an environment that is volatile, with increasingly loud and polarized analysis vying for our allegiance?

Trust your instruments.

Making investment decisions based on media reports and analysis that changes with the wind will cause "investment disorientation." The markets expected Brexain, but hours later Brexit became reality. Despair reigned for two days before rational thinking returned, and after 3-4 days the market had essentially recovered its losses.

This whipsaw effect illustrates how emotion and significant events produce short term market movement, but rarely the end of the world. And, for those who trust their instruments, it reinforces the reliability of a using a proven methodology for decision-making rather than the emotion whipped up by the media.

We will continue to monitor relevant events in real time, and the deluge of accompanying commentary, to gauge the need for any course corrections. And, we will continue using time-tested analytical processes for advising you on your investment decisions.