



SINCE 1838, NOBODY COVERS HUNTINGTON NEWS BETTER THAN THE LONG-ISLANDER.

The Long-Islander

Online at www.LongIslanderNews.com

THURSDAY, FEBRUARY 15, 2018

Stock Markets And Their Travels

By **Jon L. Ten Haagen, CFP®**
asktheexpert@longislandergroup.com



Have you ever noticed that when you are driving on the highway and there is an accident ahead, virtually every driver (read: 'investor') slows down and stares. They do not know or understand what they are looking at, but they feel obliged to slow and stare? The same thing happened a week ago when the markets which have been behaving so well for the last nine years decided to wake up and slow down. Headlines were "DOW Plunges 1000 points;" "Stocks take another hit;" and "Stocks suffer worst week since 2016."

If investors took a step back and did not listen to the talking heads and turned off CNN they would see that the market took off like a rocket at the beginning of January 2018 and then gave back all the up gain at the beginning of February (four weeks out of 52 in a full year). Did you notice the media, in their usual fashion, yelling about the giant 1,400-1,500 point drop in the DOW? That sounds like a really big number by itself, however, if they had talked about the DOW being down 4-5 percent that does not sound so dire. It is in the presentation and they are paid to make

things sound and feel shocking and immediate.

So, we were really where we started the year. Markets do not go straight up, they need to pause and absorb the ups and downs. The DOW is at record numbers, at 25,000-26,000 – an all-time high. A 1,500-point drop is not that big a deal when put into context. Look back to 1987 when in three days the DOW was down over 40 percent. Now that is something to pay attention to. That Monday in October alone the DOW was down 22 percent. Oh, by the way, the DOW was trading below 3,000 back then. People panicked and ran for the exits. Problem was the communications back then were not as good or fast as today. Investors could not get through to the brokers or funds for days to sell everything and head for the sidelines. Interestingly, on the next day, Tuesday, the market paused and on Wednesday the market starting going up. If you were invested from Jan. 1-Dec. 31, 1987, your DOW portfolio was up about 4-5 percent for the year.

Markets normally have corrections fairly regularly. If you are investing in the markets to save for your future, keep in mind it is a long-term proposition. It is not timing the markets, but time in the

markets. A few years ago the market was rather volatile – up and down at least 100 points on 81 trading days. Picture a man walking up a gradual hill playing with a yo-yo. The media, of course, was trying to get you to focus on the yo-yo going way up and down,

while in reality you should have observed the person walking up a gradual incline. Again, the markets were positive

for the year, but if you concentrated on the yo-yo you would have taken the whole bottle of Tums and probably been sitting on the sidelines out of the market by a kneejerk reaction. The S&P500 has dropped 15 percent or more on 16 occasions since the 1940s. Half of those downturns were relatively mild, lasting less than eight months. Nearly one-third of the time, the index was at a new high within 10 months of the previous peak. As for major pullbacks, the median duration was 17 months, with a drop of more than 30 percent. Most of these 'corrections' are related to recessions.

In recent history, on average, a 10-percent correction happens once a year; a 15-percent correction every two years; and a 20-percent correction once every three-and-a-half years. These things happen and a positive coming out of corrections is that stocks

are on sale. If you liked your equity positions at the market's top, you should really like them when they are down 10, 15, and 20 percent in price. Do not let the talking heads sway you from focusing on the long-term goal of a comfortable retirement. If your stock or fund advisor is more nervous than you in these downturns, perhaps you should look for a different advisor who can see the big picture and hold your hand thru the bumps.

As always thank you for reading my articles. I hope you find them interesting and informative. If so, let the paper and me know so we can keep trying to help you thru the maze.

*A Professional's
Opinion*

Huntington's Jon L. Ten Haagen, CFP is founder and CEO of Ten Haagen Financial Services, Inc. which is an independent full-service investment and financial planning firm. In this bi-monthly column he will answer your questions on the markets and investing. Ten Haagen has 39 years of experience as an investment professional. You can learn more about Ten Haagen Financial Services at Tenhaagen.com

Ten Haagen is an investment advisor representative offering securities and advisory services through Royal Alliance Associates, Inc., member of FINRA/SIPC, and a registered investment advisor. Ten Haagen is a certified financial planner (CFP) since 1982. The Ten Haagen offices are located at 191 New York Ave., Huntington. Please feel comfortable to call and stop by for a cup of coffee and a chat. You can e-mail your questions to asktheexpert@longislandergroup.com

Ten Haagen is very active in the community giving back. He is on the board of a number of nonprofits and is the liaison for the Greater Huntington Council of Yacht and Boating Clubs, Inc. The boating council represents approximately 4,500 boating families helping to keep our waters safe and upgrading the water quality.