

## Market Commentary March 5, 2018

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### **Market Volatility is Back**

If only every year could be like last year in the stock market. Great returns and almost no volatility - just a smooth upward ride.

Last year the DJIA had changes of 1% or more on only ten trading days during the entire year. So far in 2018, the stock market has moved up or down at least 1% fifteen times just through March 2. I suspect that the start of this year will become more the norm than the exception. Despite the rollercoaster ride in the first two months of this year the stock market is essentially where it ended 2017.

We need to put this year's market volatility in perspective however. With the DJIA around 25,000, a swing of 250 points in a day is only a 1% change. I remember when I started in this business back in 1982, the DJIA was only 1,000. A 10 point move in a given day was 1%. Daily swings of 10 or more points a day then were very common and no one thought much about them. But larger numbers just appear more dramatic.

At the risk of sounding redundant from our previous updates, if investors have thought through their portfolio allocation carefully to achieve their long term goals they should not make any changes because of the recent short term volatility. If you have decided that a portfolio of say 75% stocks and 25% bonds is about right for your personal time horizon to achieve your long term objectives, then the day to day noise just shouldn't matter.

Choosing what to ignore - turning off constant market updates - tuning out pundits purveying the next Armageddon - is critical to maintaining a long term focus.

Best Regards,

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