Steve's Current Market Perspectives

Steve's Current Market Perspectives Five years ago, a client and I were discussing Covid and the markets. Covid was starting to hit the US. The markets were falling, and it looked bad. It got much worse than we envisioned. What followed was one of the steepest sell offs in US stocks in history and one of the quickest recoveries.

In that conversation, I said I will set a reminder five and ten years from now with my comments from this call about the virus and stocks. I further said five years from now, we can look back and reflect on this conversation.

Five years is now and here are my past comments from that call. "We don't know how this will work out but from past experience we will solve the problem and it is likely that it is an issue like MERS or SARS that we will have behind us, and the Dow Jones may be 50,000 in ten years. I said Corona Virus will be one of the many issues causing corrections or bear markets that will be a downward mark on the long upward trend of the stock chart. Note this is not to take light of the situation as people have died and is very serious but to mark on the calendar to see its future impact on the markets and how we overcame the problem when it seemed like there was no solution."

Now back to today, five years later, the markets are again volatile and have declined. While declines in stocks of 5% to 15% if not more occur in many years, every past downturn has been followed by a new all-time high. While some might think the 90 plus year trend in US stocks could be over, I think American businesses will continue to innovate, adapt, and grow. I think we have more to go, granted the ride will be bumpy.

To buffer stock declines, it may be good to have an amount in cash, money markets, treasury, CDs, or municipals that is appropriate for you. Let me know if you want to discuss the markets and your allocation.

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