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An Auspicious Date and Week

March 9 marks the sixth anniversary of the "Great Market Crash" of 2008 / 2009. On that auspicious date the S&P 500 **closed at 676.** At that point, from the market peak seventeen months earlier, the market was down 57%. This was the largest decline since the events of 1929 to 1932.

But then suddenly, the market crash was over. On March 10, 2009 the S&P closed up 6.4%. Then by April 26 the market peaked at 1,212 and began stumbling during the summer and fall over concerns about a Eurozone crisis (Greece troubles seem like a bad penny and just keep showing up), threats of Congress shutting down the government (heard that story before?), and the downgrading of U.S. bonds from AAA to AA. By October 3, 2011, the S&P was down 19.4% from the 1,212 in April and closed at 1,099 ----- oh no the "double-dip" is upon us.

Not…By April 29, 2011 the S&P reached a new high (never been seen before) at 1,363. Wow, can it really keep going up after doubling from 676 to 1,363 ???

If you have not checked lately, the S&P closed Monday, **March 2 at 2,117**.

Does this mean the "market" is on the verge of going down? In all honesty, I don't have a clue.

What I do know with certainty is that since World War II, the markets have experienced fourteen bear markets (declines of 20% or more). The **S&P closed at 19 in May 1946** before the first bear market…..yes, 19 …. or as my wife teaches her second graders, that is one ten and nine ones.

So now after the "economic world has come to an end" fourteen times, the **market is up 109 times**. This is merely the price not including dividends. The S&P dividend in 1946 was $0.70. In 2014, the S&P500 dividend was $39.44 **– up 56 times versus** an increase in the CPI of less than 13 times.

So is the stock market going to go down? Absolutely.

When? Someday.

I know for sure that over the last 68 years the stock market has gone down fourteen times by at least 20%. That is an average of a "bear market" about every five years.

Does this mean the market is on the verge of a decline? If I tried to answer that question, I would only be guessing.

Predicting the timing of market declines, the depth of the decline and the time it will take to break even is difficult if not impossible. It is my opinion, attempting to predict market moves will inevitably lead to missing the market peaks as well as market lows and in all probability result in lower returns that a simple "buy and hold" strategy. ---- This is only my opinion, not a recommendation, and everyone's situation is different.

So what should you do? Recognize the inevitable. The market will go do down again someday. Decide today how you will respond when it happens. Mentally rehearse your "life boat drill." Ask yourself, "How did you react to the market decline in 2008?" Will you react the same in the next market decline? Is that in your best interest?

Know what your long-term returns need to be in order to accomplish your financial plan. Know how your current portfolio performed in 2008 / 2009. Will you tolerate a repeat in the next market decline without making a bad decision?

If you have concerns about the potential volatility of your investments, call me. If you don't know what rate of return you will need to accomplish your financial goals, call me. If you don't know how much money you will need to accumulate prior to retirement, call me.

If you know the answer to all of the questions above, pat yourself on the back and you can call me anyway and ask me about my grandson.

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