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# Celebration Time…. Happy Anniversary !!

*What anniversary*, you may be asking?

***March 9, 2009 was the bottom of the stock market decline*** from the financial crisis of 2008. You remember that day don't you? What were you doing that day? I remember exactly what I did that day….at least for a few moments…more details later in the newsletter. Details on the changes in the value of the S&P 500:

- S&P 500 closed March 9 at 677….down 1% for the day…nothing unusual.
- Two days later, March 11, the S&P closed at 721
- April 9 at 856…up 26% from bottom.
- June 9 at 939… up 39% from bottom.
- September 25 the S&P closed at 1,044
- December 31, 2009, the S&P closed at 1,106… up 63% from the bottom.
- The S&P 500 closed at 2,804 on March 1, 2019. Up 314% from the bottom.

The Great Recession, which began in 2007, officially ended in June 2009, according to the Business Cycle Dating Committee of the National Bureau of Economic Research, the official arbiter of such dates even though the official announcement was not made until September 2009.

Recession and expansion dates are based on various economic indicators, including gross domestic product, income, employment, industrial production and wholesale-retail sales.

The Business Cycle Dating Committee typically waits to declare that the economy has turned until well after the fact, when it has a longer track record of economic data to confirm a new trend. By June most indicators were positive with the exception of employment which was still going down until December 2009.

***So, if the Recession ended in June with the announcement not made until September and the employment situation continuing to deteriorate until December, 2009, why did the stock market bottom out on March 9? And finish the year up 63%?***

The S&P 500 peaked in October 2007 at 1,565 prior to the Great Recession. By the low-point, the index declined 57% on March 9, 2009. At this moment, with little reason from economic fundamentals, the stock market started up. *Why?* A good question…*why?*

*Best answer.* **"Because."** *Because why?* **"Just because"** *is still the best answer.*

The stock market goes up…then it goes down…then up…then down. I am not trying to be a smarty pants or overly simplistic, but that is basically what happens. Yes, there are many factors that impact when a major move takes places and how major that move is and in what direction.

However, predicting when market movements will occur in the future and the degree of the movement is a fool's game. No one can make that kind of prediction with any accuracy or consistency…and if you want proof, call me and I will provide you with book, after peer-reviewed journal article, after white-paper to support that statement.

*Ok, so with the current economic growth cycle ten years old, aren't we "overdue" for another recession and therefore a major market decline?* The answer comes from former Federal Reserve Chair, Janet Yellen on January 4, 2019: **"I don't think expansions just die of old age."**

**Since 1969,** the US has experienced seven recessions and seven periods of growth. The Recessions lasting from between four quarters to as long as nine quarters. The seven growth periods between the recessions have lasted from the shortest at three quarters, another at seven quarters, two in the teens, two in the 20+ quarters to the current growth cycle at thirty-nine quarters and counting. In case you are wondering, all this data comes from FRED. And no, I am not making it up. FRED stands for Federal Reserve Economic Data.

I feel I must point out that a recession does not indicate nor guarantee the end of a "Bull" stock market cycle. I point to the fifteen year Bull market from the late 1940s to 1962 that saw the market grow by 935% that had four recessions during the market growth cycle; the Bull market of 1975 - 1988 grew by 845% with three recessions blended in; and finally the Bull market of 1988 - 2000 grew by 816% with one recession.

Past performance does not indicate, guarantee, project, nor predict the future. Your experience may differ greatly. The S&P 500 is an index of stocks meant to represent the overall United States stock market. However, you cannot invest directly in the index.

**Bottom-line: You cannot predict the short-term market moves.** Historically, markets go up as the global economics continue to improve. Globally, fewer people live in poverty today, health care improves and diseases are eradicated. Education for girls and economic opportunities continue to improve in the poorest nations. In spite of what you may think by watching the news or believing everything you see on the internet, fewer people are dying in wars and the world is a much safer place than it was fifty years ago.

W*ill the stock market continue to go up you ask?* My personal opinion….and this is just me, Fred Wollman talking…is **yes.** Short-term, no prediction…long-term….Yes. Why, because I am an optimist. If I were not an optimist, I would invest all my wealth in food, ammunition, weapons, water, and a defensible space to protect me and mine from the chaos. But I am an unabashed, unashamed optimist.

Therefore, I have about 65% of my wealth in the stock market, maybe 20% in more conservative investments like bonds and the rest in real estate equity. These investments are the same that I consider for all my clients. I am happy to share my statements if you care to see them.

Oh yes, almost forgot. ***What was I doing on March 9, 2009?*** A client called that morning with a heart and mind filled with fear. These emotions had been building since the summer of 2008. On that day in March, I failed to give her hope or confidence and lift her eyes to the horizon as she continued to focus on her mental narrative of impending economic collapse. I failed her…or maybe you just cannot save everyone. So on her instructions, I sold all of her mutual funds…sold them all at the very **BOTTOM OF THE MARKET.** The money sat in cash for a few months as the market began its recovery and finally was transferred to a credit union.

I know the S&P 500 is up now over 300% from the market low and people who didn't panic and sell have done well. The person mentioned above didn't make out as well.

Fred Wollman earned his Certified Financial Planner "CFP®" professional credential in 1984 and the Master Planner Advanced Studies "MPAS®" designation in 2015. He holds securities registrations 7, 63 and 24. He is registered in California, Arizona, South Dakota, Colorado, Minnesota, Texas, Virginia, Washington, Oregon, Florida, Tennessee and Pennsylvania in addition to holding a California life and disability insurance license. From 1987 through 1990 Fred taught the CFP classes to aspiring financial professionals at San Diego State University.

He is on the board of the Valley Center Trails Association, ECOLife Conservation, and the Hidden Valley Kiwanis Club.

Fred and his wife of thirty-six years, Kathy, live in Valley Center, CA with two cats, a dog and two horses.

Fred spends his down time relaxing with yoga, tai chi, riding horses and when he can get really away, backpacking the Anza Borrego Desert, Mt. San Jacinto or the California Sierra Nevada Mountains .