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Your Caveman Brain Is Not Built For Investing

Evolution has sensitized humans to danger, whether it is a hungry bear or a bear market. When stock markets fall sharply and immediately recover, the losses seem to disappear. But that does not mean no one feels any pain.

But big market moves, like flashbulbs that go off in your face, do blur your vision, whether investors realize it or not. One plausible explanation: in general, negative events sear themselves into the human mind more deeply than positive outcomes do.

Over the millennia, evolution has sensitized humans to danger. “Imagine that you’re a caveman and saw a horrible mauling by a bear on a certain path,” says Professor Robert Shiller, the Yale University economist. “That will stick in your mind and you will tend to think, ‘I’m going to avoid that path even if the bear isn’t there anymore.’ A path with delicious fruit will also stick into your mind, but that’s not as important to your survival, so it’s not as memorable.”

That doesn’t mean every investor will sell in a panic. It does mean investors who have witnessed a recent sharp decline are more likely to fear another in the near future. *Wall Street Journal* 5/18-19/2019.

15,000 People Almost Die Think Working From Home Is Safe?

Water treatment facilities, until recently, used analog machinery. Recently, they have given way to digital systems and critical water treatment systems are now automated for efficiency. There is little human intervention in day to day operations. Now, due to remote access technologies, more maintenance and monitoring activities are being performed off site by third parties and workers from home. All this is good for efficiency, especially for resource limited operations, but what about the risk? Optimizing for cost and speed means connecting more digital and network technologies to the plant floor. Security no longer consists of gates, guards and guns. It becomes a matter of bits and bytes.

On February 5, 2021, someone tried to poison the water supply in the Gulf Coast city of Oldsmar, Florida. According to the Pinellas County Sheriff, a hacker gained remote access to Oldsmar’s water treatment plant network and briefly increased the amount of sodium hydroxide in the water by 100 times - enough to cause death or serious injury to anyone who drank or touched it. Thankfully, an onsite technician noticed the anomaly and booted the hacker off the network before any damage was done.

Had the hack continued, the 15,000 people in Oldsmar would have been killed.

Cyber security is normally meant for the centralized systems in corporate headquarters. But now, with work from home becoming more popular, every remote worker is a potential weak link in the cyber security of a company and that company may be essential to your health and the health of your community and neighbors. In the instant case, the water company installed a tool called Team Viewer I so employees could work remotely. That gave the intruder a door to enter.

Industry experts said many improvements can be made at little or no expense – such as enforcing password protection and using encryption and firewalls – but that small utilities (and companies) struggle with things as simple as cyber training. *Wall Street Journal* 2/13 -14/21 p. A3., 2/27 – 28/21 p. A.13.

Book Of The Year

Just finished the book that everyone should read after what we have been through these past 18 months, *Premonition*, by Michael Lewis. If you enjoyed reading the *Big Short* or *Liar's Poker*, you will enjoy this book.

If you did trust the Center for Disease Control and the government before reading this book, you will not after reading it.

The book is about the incompetence of government, no matter the administration, in planning to handle a pandemic as well as using the information derived from handling a pandemic in a prior administration.

The book starts with G.W. Bush who reads a book about the 1918 flu and asks “what plans do we have to handle one?” After finding out there is no plan, you read how one was developed and then ignored or discarded during the Obama Administration. You read about the typical Michael Lewis loner characters who, by happenstance, are involved in the early stages of the recent pandemic and are frustrated by politics and bureaucracy from being effective. Michael Lewis calls this secret team of dissenting doctors “heroes” for their refusal to follow directions from their superiors they know to be based upon misinformation and bad science. The group is given the name “Wolverines” which is taken from the movie “Red Dawn” and becomes the “GO TO PLACE” for real information by Dr. Fauci and the White House.

Also discussed in the book as background, history and choices made for the 1957 flu, the 1976 flu, the H1N1 virus, SARS and MERS and the political consequences.

As always, if you have any questions about these or any other matters, do not hesitate to call us.