# Market Volatility
# Market Loss – Bear Market & COVID-19

The 11-year bull market has ended. We are now in bear country after stocks dropped over 20% below February's record high.

The last time markets fell like this was during the financial crisis in 2008-2009.

**What did it this time?**

- It wasn't economic health – the economy was still growing, although at a slower rate.
- It wasn't related to company fundamentals – markers of the financial health of individual companies were generally solid.
- It wasn't related to inflation – the rate of inflation was low.
- It wasn't rising interest rates – the Fed was gradually lowering rates.
- It wasn't bad practices by financial institutions or predatory lending – no such villains this time.
- It wasn't market mechanical breakdowns – the NYSE and NASDAQ say their "plumbing" is working properly.

So what is going on? Emotion, fear, speculation, uneasiness. The things we tell you not to factor into your investment decision-making.

When the World Health Organization officially declared COVID-19 a pandemic, the "fear virus" infected the markets as trepidation spread faster than COVID-19 itself. Fear, containment efforts, and the resulting effects on consumer demand and business spending caused the market decline. And the economic impact of COVID-19 may be far-reaching.

**Could the residual effects of the pandemic cause a recession?** It is possible.

No one knows exactly what will happen in the next weeks and months. We do know that the fundamentals don't change.

**Successful long-term investing includes taking bad days along with the good.**

Market bottoms do not announce themselves. No one fires a starting pistol for swimmers to re-enter the pool and begin their race.

Bear market ends don't have a specific appearance. Investors who miss all or even a small part of a market turnaround tend to lose spectacularly.

The best and worst market days tend to cluster. If you wait on the sidelines, you're likely to miss the best days. Much of market return is realized on those best days.

We don't know how long this bear market will last. We do know that panicking and abandoning a carefully crafted investment strategy is the worst thing to do right now.

I am monitoring markets will be making tactical adjustments as conditions dictate. We'll reach out if we need to discuss changes to your investments.

**For now, please remember these three things:**

1. Bear markets are normal. We must experience them to get to the next bull market. Consider the solid companies in your portfolio as "on sale" when their price is lower than normal historical values.
2. You can't enjoy the upside of a rollercoaster if you exit the ride at the bottom.
3. Relax. We planned for this.

If you need to discuss your investment strategy or just talk about things, please call me at 248-680-4622 or reply to this email. I'm here for you and happy to talk anytime.

----Chuck

P.S. Please forward this email to anyone you know who might be worrying about the markets (or just reply to this email with their contact info). You'll be doing them a favor. Many people make bad decisions in times like these because they lose their cool. This is a time for professional financial advice.

P.P.S. These may be scary times for children and young people frightened by school closures and panic buying at the grocery store. I like Mr. Rogers' way of putting bad events into perspective: "When I was a boy and I would see scary things in the news, my mother would say to me, 'Look for the helpers. You will always find people who are helping.'" Let's take a moment to be grateful for all the helpers on the front lines.

Risk Disclosure: Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Past performance does not guarantee future results.

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