

## “Where is Santa Claus?”

By Tommy Williams, CFP®

It never feels good when the stock market drops, but that’s what happened last week. The Standard & Poor’s 500 Index (S&P 500), Dow Jones Industrial Average, and Nasdaq Composite all moved into correction territory, which means the indices have fallen 10 percent or more from their previous peaks.



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If you look at corporate earnings, the decline in U.S. stock values may seem confusing. During the third quarter of 2018, almost four-fifths (78 percent) of companies in the S&P 500 were more profitable than analysts expected, according to *FactSet Insight*. Earnings grew by 25.9 percent – the fastest growth rate since 2010.

When you remember that the stock market is a leading indicator, this market movement is less confusing. Share prices reflect what

investors expect will happen in the future, and third quarter earnings reveal the past.

So, what moved the market last week? Investors’ concerns included slowing global economic growth. Dave Shellock of *Financial Times* reported:

*“World equities closed out the week on a soft note as disappointing economic reports out of China and the eurozone heightened concern over the outlook for global growth...the big focus was on China, where activity and spending data confirmed that the country’s economy had a dismal November.”*

Monetary policy and geopolitical issues, including the possibility of a U.S. government shutdown and ongoing Brexit follies, contributed to investor pessimism. The *American Association of Individual Investors Sentiment Survey* showed a 17-point decline in positive sentiment and an 18.4-point increase in negative sentiment.

When stock markets leave you feeling like Santa dropped coal in your stocking, it may be helpful to remember the words of Warren Buffett, *“Be fearful when others are greedy and greedy when others are fearful.”* It may be interesting also to note the following:

*Rather than a Santa Claus rally, investors find themselves focused on the Fed, oil prices, and trade. It is the end of the year. The big institutional buyers are gone for the holidays leaving only frightened retail individual investors to bail out, consumed with year-end emotion. The New Year should bring the “smart money” out to buy up all the bargains and stabilize things. We’ll see.*

Perhaps, once again a little diversion would be in order. Around the holidays, it’s easy to become stressed and overwhelmed. *Psychology Today* offered some suggestions that may help you stay merry and bright, no matter what the season brings.

1. **Don’t lose sight of what makes you happy.** It’s easy to become obsessed with everything being perfect. If you find yourself snapping because the shopper next to you got the last one, the holiday light display is sagging, or the table isn’t set just right, take a deep breath. True happiness often is found in everyday routines and healthy relationships.

2. **Give thanks for what you have.** This seems like a repeat of point number one. Instead of focusing on what's not quite right, redirect your thinking. Sure, your great aunt's stories are inappropriate, and the mashed potato incident wasn't great, but there are some good moments, too. If you can, find time to write down the things for which you are grateful to have in your life. Then, review it as needed.

*"...happiness is derived from experiences, not things...when they are shared, experiences allow us to get closer to others in a way impossible with inanimate objects that we can buy,"* reported Paul Ratner on *BigThink.com*.

So, okay it is Christmas and I'm off my "Happiness Soapbox"! We all know money can't make you happy, but the lack of it can sure make you unhappy. I wish you and yours a very Merry Christmas!

3. **Do nice things for other people.** Not everyone has a warm coat, much less a warm home and a patience-trying holiday meal. Giving to others can help give meaning to the season. You could donate to a favorite charity, help out at a food pantry or a shelter, or visit elderly neighbors. One of the very best aspects of giving is that it can make us happier.

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4. **Embrace experiences.** If you want to have a memorable holiday, don't buy lots of gifts. Give experiences. Happiness research suggests,

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