



Our View: Bad News Sells Newspapers!

There is an old adage...“Bad news sells newspapers”. While that may seem antiquated in today’s digital world, the message is still the same.

Look at some of the headlines over the last week or so, and it is all bad news about the stock market, economy, and world situation:

- “Stocks Fell Sharply. The Dow Plunged Nearly 800 Points” – *Barron’s March 7, 2022*
- “Global Economy Braces for Impact of Russia’s War on Ukraine” – *WSJ March 7, 2022*
- “Economists Raise Inflation Forecasts as Russia-Ukraine War Lures Future for Peak Prices” – *CNBC March 4, 2022*
- “Gas Prices Jump to Record High \$4.17 a Gallon” – *Fox Business March 8, 2022*

It is only human nature to get caught up in the headlines of the day. While the Russia-Ukraine crisis and inflation dominate the news, there is positive news out there.

Unemployment has dropped to 3.8% [\(1\)](#), near pre-pandemic levels, and 678,000 jobs were added in February. Corporate earnings are solid, and the S&P 500 index is reporting earnings growth of more than 30% for the fourth straight quarter and earnings growth of more than 45% for the full year [\(2\)](#).



Low inventory and strong demand pushed sales of previously owned homes in January up 6.7%, and the median price of a home sold increased to \$350,300 [\(3\)](#). And stock valuations have pulled back to more customary levels, with P/E ratio now at 18.3x earnings [\(4\)](#).

So, what should you do?

Take a deep breath. There have always been and will always continue to be rocky periods in the stock and bond markets. Unfortunately, it’s just the nature of the beast. The most successful investors understand that volatility is just part of the game. They know to keep their emotions in check during volatility while also looking for opportunities to take advantage of the downturns in the market.

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Ignore the headlines. Most of us are still long-term investors. Even if you are a retiree, it is likely that you have a 5 to 10-year time horizon or longer. For the younger investor, this means that there will be many situations like what we are going through now and to remain focused on long-term goals and objectives and not short-term headlines that can derail reaching those goals.

For the retiree, we as Planners have focused you on a cash flow driven strategy that is based on consistent and growing dividends from extremely high-quality companies coupled with laddered bonds or CDs that are designed to ensure that you have stable cash flow regardless of the ups and downs of the underlying stock price.

Never, ever try to time the market. You have heard us say it over and over again, but we are not Gods, and we cannot predict the future. As we say often here in Florida, it is better to build your house to hurricane-proof than it is to try to guess where the hurricane is going to go. Likewise, it is a fool's game to try to predict what is going to happen in the market. Instead, look at the big picture. Focus on your specific goals and objectives and let us take the time to review your portfolio to make sure that it is still aligned to those goals and objectives.

We understand that it is easy to get caught up in the hype and the headlines of the day. Remaining focused on what is important, maintaining a purposeful outlook, and keeping our reactions to the headlines of the day in line will allow you to stay the course towards your personal goals and objectives that you want to achieve. Our team is completely committed to your financial planning needs in good markets and bad so that you can sleep well at night.

Important Disclosures

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