

**Market Outlook:**

**What would the "experts" do...?**

During this period of extraordinary and extreme volatility in the financial (investment) markets, investors frequently seek out, or are bombastically inundated by, the opinions of market gurus who offer prognostications and opinions about what to do next. The media feverishly feeds the frenzy by calling upon every source, every "expert", to fill up valuable air-time or newspaper columns. Why are people drawn in sometimes mindlessly to the chatter?

Look, I am not lamenting the medium or griping about the coverage. Full disclosure: I, too, am an oft-quoted media presence for over 30 years. I enjoy imparting perspective about my science and the markets to the public. Well before the advent of the internet and 24 hour news cycles there were a lot fewer of us "talking heads" to go around! The attention paid to our points of view is intoxicating as well, I hope, as illuminating to those who listen.

But the bigger problem, as I see it, is that it would take several lifetimes to read, listen to, and digest all the possible permutations and judgments that could be assembled about the financial realm....or any topic, for that matter....and most likely the consensus would fall far short of satisfying the requirements for a successful outcome. The Hall of Fame of outstanding financial counselors is a small room, indeed.

The problem isn't that seeking advice is a bad thing. No, the problem is that too many advice-givers are too immersed in the horseshoe on a daily basis to know, or to care about, *the uniqueness of each client's goals and objectives*. Being consumed on a day-to-day basis in the circus that is Wall Street tends to blind its participants from the well-rounded extracurricular world that exists beyond their sphere of expertise.

Without impugning myself or other of my colleagues, the historical annualized track record of the S&P...or those who claim to outperform it on a consistent basis....is tepid, at best.

Remember, markets are cyclical, success comes and goes, ebbs and flows. And so too does the efficacy of "skilled advice". How many prognosticators correctly predicted the dot.com bubble, or the last Great Recession (2008)? And yet every hour of television produces another authority telling you more and more about sometimes useless information, and what to do about it.

And still we listen assiduously.

**Who knows you?**

Behaviorists know that humans are wired to make predictions about the future. It is what separates us from other species...the ability to "know" or plan for the future outcome of actions we take today. It is the foundation of what it means to be human.

We also crave certitude. Lack of certainty is perceived as a threat or a sign of chaos. No one likes to be anxious about the future, even though our obsession with professional market advice in the media may, in fact, make some of us extremely anxious! However, we need the reward for doing something, *anything*. Thus, we listen anyway.

One's tolerances for these immersions/aversions differ widely. That is why clients prepare a Risk Profile Questionnaire before opening an investment account or hiring a money manager. "*Know your client*" is the foundational tenet of my profession.

*Opinions* and *advice* fill a need for all of us. They hopefully allay our fears and quell the uncertainty. Their soothing chemical effect upon our brain is irrefutable. But our overreliance upon the "ubiquitous opinion of others" should also have boundaries. Being comfortable with being uncomfortable is also a trait I see in the most successful professionals, and something more of us must try to ingrain.

Stop thinking about *highlights* and *out-of-this-world deals*, and start refocusing on what really matters to your "values quotient" and your life in a more visceral way. Thus, it might be helpful to think about how you use media and information technology and what purpose you want it to serve for you.

The alternative is eagerly to be led around by the *next* guest on the 4:15 Market Wrap program.....

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