



The Bumpy Part of the Roller Coaster

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We never recommend that you watch the market movements on a daily basis, because it's one of the few certain recipes for heartburn. But if you cheated and peeked this past week, you would have experienced a micro-version of what the markets do over a period of months or years; that is, they fluctuate up and down in unpredictable ways, comparable to riding a roller coaster.

The emotional experience is predictable. The week started with the S&P 500 at around 4210, and then, during the first day, it briefly rose to 4255. (Yay!) By the end of the day, it had dropped a bit (Boo!), but on Tuesday it was back up to the previous day's peak. (Yay!) Then there was a bumpy decline, with smaller gyrations that briefly took the index down to 4106 (Boo!), before a brief recovery before Friday's close. (Yay?)

If you were looking at the more comprehensive charts (you can find an easily accessible one here: <https://www.google.com/search?q=s%26p+500+chart+history>), you might have noticed that, in the past year ('52 weeks' as the charts tell it), the index has been as high as 4607 and as low as 3698. This is what professional investors call 'white noise,' or what Shakespeare once called (in Macbeth): "Sound and fury, signifying nothing."

Nothing? The reason most professional advisors recommend that investors avoid watching the market's short-term swings is that it has been proven, irrefutably, that there is no actionable information in these up-and-down events. Market sentiment moves back and forth in (as far as we can tell) essentially random ways, while long-term historical trends are positive and impossible to spot on a daily or weekly basis. If you were to look at the 'max' chart on the movements of the S&P 500, you would see the long-term upward movement, which has persisted through world wars, Presidential assassinations (and one resignation), multiple economic recessions, and more negative, scary headlines than any of us could count.

And remember, the charts don't count the shareholder dividends that the stocks were giving to their investors during those time periods.

If you're still into heartburn, you might have noticed that the markets are recovering today. (Yay!) But don't worry, if you keep watching, then there will be plenty of days to make you worry unnecessarily.

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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