

Life and the Stock Market Part II

A few weeks ago, I wrote an article titled, "Life and the Stock Market". The one point I wanted to get across is that both life and the stock market are unpredictable. At the time of my last article, the stock market was at or near an all time high. Today, we are dealing with a new virus called Covid-19, and the stock market has become extremely volatile. Market volatility is not the end of the world and neither is Covid-19.

Covid-19 is absolutely something we should be concerned about. There is no vaccine as of today, but there are ways you can prevent contracting the virus. I would encourage anyone reading this to avoid listening to the media coverage and do listen to the medical professionals within the CDC and the WHO. Covid-19 is not a death sentence. It's a virus that can and has run its course in many more patients than it has killed. If there is one thing that I have learned in my 46 years on earth, it is that things are never as bad as they may seem, and they are never as good either. If you have a long-term plan for your life as well as your investments, you will have a better chance at success.

Planning is the key to achieving your goals in life. If you fly by the seat of your pants and make irrational decisions based on short-term events, your chances for success decrease dramatically. Humans make the worst possible decisions when under emotional stress. I am sure many of us are stressed out about the recent selloff in the stock market, but let's take a step back and look at the bigger picture.

We just had a 30 plus percent gain in the market in 2019. The beginning of 2020 started out very strong due to very good economic numbers and earnings from the major companies in the S&P 500. Today, the market has declined by over 17 percent as I write this article. Market declines of this magnitude are not that uncommon. Over the history of the stock market, we see market corrections of 10 percent or more every 18 months

on average. These corrections tend to last between 3 and 4 months and every correction has been a buying opportunity. There is no reason to believe that the current market correction will play out any differently than the previous ones. If you listen to the media reports daily, it will cause you to make horrible decisions when it comes to investing. If you have a plan, stick to it and take advantage of cheaper equity prices. You will be rewarded over time. Now is not the time to speculate on high risk stocks. Now is the time to buy high quality companies with proven earnings growth. If you don't have a plan, I would encourage you to develop one with a Certified Financial Planner™.

We have two Certified Financial Planners on staff as well as a Chartered Financial Analyst with 45 years of combined experience in working with clients. If you are looking for Fiduciaries who are willing to spend the time and effort to prepare a Financial plan tailored to your needs, please call us at 772-320-9658 or email Jay@ChapmanCapitalAdvisors.com.



Money Talks

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All the opinions expressed in this article are that of the authors and should not be considered financial advice for your individual portfolio.

If you would like to learn more about this topic or have your complimentary portfolio reviewed please contact Jay Chapman, CFP® at Chapman Capital Advisors 772-320-9658 or email Jay@ChapmanCapitalAdvisors.com.



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