



THINKING OUT LOUD #4

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01 June 2020

Faith Over Fear

In front of many neighborhood homes and businesses you will see a sign that says “Faith Over Fear”. It’s a simple phrase meant to inspire and encourage an important value in a time punctuated with a pandemic and economic uncertainty.

But what about “Faith Over Fear” when it comes to our markets? What “faith” exists today among investors that our markets will return the recently experienced losses, let alone move to new highs?

Let’s examine some history. Since 1932, we have experienced ...

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| ◆ Great Depression | ◆ Resignation of President Nixon |
| ◆ WWII | ◆ Hostage Crisis in Tehran |
| ◆ Cold War | ◆ Black Monday Market Crash |
| ◆ Korean War | ◆ President Clinton Impeachment |
| ◆ Cuban Missile Crisis | ◆ Russian Bond Default |
| ◆ President Kennedy Assassination | ◆ Y2K |
| ◆ Viet Nam War | ◆ 9-11 |
| ◆ Martin Luther King & Robert Kennedy Assassinations | ◆ Multiple Wars in the Middle East |
| ◆ Oil Embargo | ◆ Technology Market Crash |
| ◆ Resignation of Vice President Agnew | ◆ Real Estate & Financial Sector Crash |
| ◆ Watergate | ◆ President Trump Impeachment |
| | ◆ Coronavirus Pandemic |

... and these represent only a sample of the crises gripping our nation over the last nine decades. Why is this list important? **On July 8, 1932, the Dow was at its lowest level in the last 100 years ... 40.** That’s not a typo, and the number is not missing a zero.

I say again, the Dow Jones Industrial Average on July 8, 1932 was 40. Today, as this is being written, the DJIA closed at 25,475 ... an increase in value of over 63,000% ... an increase that doesn’t even include dividends. This 63,000% increase occurred IN SPITE of all the apocalypses listed above, every one of which contributed to market volatility.

*While the cause of each market disruption is different ... the market’s reaction to it is similar to every previous market downturn. Historically, the market has NEVER failed to recover everything it has lost, and it has never failed to then move on to a new high. **Ever.***

My friends, the last nine decades have given us every reason to have faith in our markets. Faith over fear.

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The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is an index representing 30 stocks of companies maintained and reviewed by the editors of The Wall Street Journal. Indices are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns. Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation. Any opinions are those of the author, and not necessarily those of Raymond James. Past performance does not guarantee future results.