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There's a lot of talk about an upcoming recession these days. Not this year but many say it's baked in the cake for next year.

The yield curve inverted, at least for a while. That often precedes a recession. And we haven't had a recession in a decade, we're due.

Further, the stock market is near all-time highs. No way around it, we're set up for a big drop.

But if it is so obvious that we'll have a recession next year then why haven't stocks gone down already?

The recession-is-coming analysis may include lots of reasonable assumptions but what future variables are not used?

We could have another tax stimulus that boosts the economy. Or the Feds may cut interest rates significantly to help arrest the fall. Or the China trade war may end. Just to name some ways the road may turn.

I think it's better not to act as if the outcome is so certain.

Even if we have a recession next year it may not be so deep. The last one was unusually bad, they're not all like that.

Next, if you do sell now to avoid the pain of a recession-induced bear market when are you going to get back in?

There's never a clear "safe to get back in the water" call. When we're near the bottom it feels awful to buy stocks. At this point most companies are not doing well, some are even going under. It's all we read and hear at that point. It takes an unusually confident investor to buy then.

Peter Lynch, legendary fund manager, said "more money has been lost preparing for corrections than has been lost in the corrections themselves". So true.

If you are a stock investor you need to accept uncertainty. And there's no more uncertainty now than before. It may just feel that way because we know how yesterday's uncertain situations turned out.



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Six months ago it was far from certain who'd win the Final Four in Minneapolis. UVa had a foot and a half on the way back to the airport several times. But buzzer beaters and game changing calls kept the Cavaliers going all way to the top.

If you worry about a recession and how it may send your stock portfolio through the floor I believe you are worrying about what historically has been a temporary situation. Look through the bad period and consider how the good that may follow could more than make up for the bad.

Besides, what if the next recession is five years out. How would sitting in cash for that long impact your plans?

This is obvious but worth mentioning for those worrying about the near-term status of their portfolio: stock investing is for the long term. For short term, typically use more stable investments like bonds and CDs.

Good luck.

Jorgen Vik, CFP® CAP®
CERTIFIED FINANCIAL PLANNER™
Partner
SKV Group, LLC

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1405 Rolkin Ct., Suite 202
Charlottesville, VA 22911
toll free 844.391.3610
tel 434.328.8040
fax 434.234.3789
www.skvgrp.net

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