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***Trendlines* – Jim Butler, CFP®, AIF®**
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1. It has been written that it is never about **“timing the market”** but rather **“time in the market.”** In his annual letter to shareholders dated Feb 28, 1989, Warren Buffett wrote, **“We do not have, never have had, and never will have an opinion about where the stock market, interest rates or business activity will be a year from now.”** On Feb 28, 1989, the S&P 500 Index stood at 288.26. On Dec 31, 2018 it stood at 2,507, and it closed last week on Feb 1, 2019 at 2,706. This represents a nine-fold increase.
The cash dividend of the S&P 500 Index for the full year in 1989 was \$11.73. For the full year in 2018, it was \$53.61 which was about 4 ½ times greater than it was in 1989.
In Feb 1989, the CPI stood at 122, and 253 in Dec 2018 which was about double in that time period. The 20-year average of CPI from 1998-2017 was 2.1%.
2. Earlier in the week I was reading in the Wall Street Journal the return for the Dow (DJIA) in the month of Jan 2019 was 7.3%, and for the S&P 500 Index it was 8.0%. For the 12-months Jan 2018 to Jan 2019, the DJIA was -2.2% and the S&P 500 Index was -2.3%. However, the 5-year annual average return (Jan to Jan) the DJIA was 12.4% and the S&P 500 was 11.0%.
3. The point of the above stories and data points is first to say that the best way to overcome inflation for the long-term investor is by investing in the Great Companies in the US and globally. (In contrast, the Barclays Aggregate Bond Index had a 5-year average return of 2.4%.) The second point is, in my opinion, the idiocy of so many ads – print or TV – promoting market timing. I don’t think we need to spend much time discussing which ads because that doesn’t matter so much as to the reality that they exist 24/7. Financial journalism parrots a similar message by drawing attention to the false belief that somehow trading (i.e. – **“timing the market”**) is the key to success – whatever that means.

Sources: Wall Street Journal, Yahoo! Finance, Bureau of Labor Statistics.
Berkshire Hathaway, JP Morgan Asset Management.