

Don't Panic - Part 1

As you probably already know, the stock market has been particularly bumpy for the last 6 months. And, seemingly, the bumpiness has been going in the wrong direction! Year to date, as of October 2, 2008, the S & P Index (a proxy for the US stock market as a whole) has declined 22.87% (Source: Morningstar).

I have news for you. Declines are normal. So are rises. Investing successfully requires time. You need to keep a long-term perspective.

Look at the table below to see how the US market has performed by decade since 1930.

US Stock Market Average Returns (S&P) From 1930 until 2007 (Sources: Active Value Investing, Vitaliy N. Katsenelson, 2007 and Standard and Poors)

What's a key remedy for avoiding panic? Remember the big picture.

Over time, stock markets have risen.

Though no one can predict future stock market returns, knowing how stock markets behave helps alleviate the panic when markets are taking the bumpy ride down for a while.

If you're feeling panicked, it might be because you don't have a solid strategic investment plan. I show you in 10 Minute Investing exactly how to create your plan. So, get your 10 Minute Investing System today so you can have a bit of calm as the markets do their thing.