

>: Dow Sinks Past 8,600: How to Cope

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"IT WOULD BE SO MUCH MORE INTERESTING IF IT WASN'T HAPPENING TO ME."

That's what someone said to me yesterday as we were discussing the market. She's a friend of mine in her late 50s who is now worried about losing her job, paying the mortgage (on the house "I paid way too much for") and of course, her retirement account. Like many Americans, she's watched it disappear 40% in what seems like days.

So I wanted to write a little something today to speak to all the folks out there who can relate to the situation of my friend "Barbara." Or for the rest of us who may be younger but are suddenly feeling anxious about what's happening here in America.

(Ethan's article will be seen in it's regularly scheduled time next Friday).

These are indeed tough times. And the way the stock market has been declining has made it seem a heck of a lot worse. Before trading curbs were put in in 1987, the market could drop 30% or 22.6% in a single day. But now that's impossible. So we have to sit back and watch the carnage each and every single day.

Sometimes it feels like I'm in a relentless, never-ending hurricane. Every day I wake up and stick my head outside to see if the sun has come out and every day I see it's still raining.

And all the talk about it. Everywhere I turn I see a big headline that says the world is coming to an end. A few months ago it was the housing market. Then it was the credit market. And now it's the stock market's turn. Of course, the glue sticking everybody and everything together - derivatives - is now in the headlines.

I've often find myself wondering what effect the "information revolution" is having on this bear market. In the old days, only the traders on Wall Street knew how bad it was. Now it feels like everyone has the same information and are acting like traders on the floor. I wonder what this would be like if we lived during the days when news traveled slower, by pony express.

How do you find relief from this financial downpour we're facing each day? A friend of mine recently said he gets email alerts telling him each time his house has gone down in value. When I asked him why he subjected himself to such punishment, he explained how he had tried to opt out several times but they won't stop sending him these "darn things."

Great. Now we have out of control machines not following our orders. Messing with our heads. Haven't I seen that story before?

How do you get some relief from the storm? Some folks get it from a good work-out. Others get it from their family or nature or anything else they can think of.

When I went broke, relief often came from a bottle. But you know how that story usually ends. To this day I count myself as one of the lucky ones - during my "lost weekend" I discovered Scotch and Miles Davis. "Kind of Blue" was the soundtrack I needed to listen to at the end of those days. What do you listen to?

These days, instead of a bottle, it's a history book. Preferably a biography of a great man or woman. Read "Hamilton" by Chernow, "Truman" by McCullough, "Team of Rivals: Lincoln" by Doris Kearns Goodwin or any great book about George Washington and you'll see how other Americans acted during extraordinary periods of turmoil.

Because that's what this is. Deep down we all know it. As a country we've known it for quite some time. Thankfully, we're past the denial phase of it.

And that's the good news, really. We have the smartest people in the world all focused on one thing: fixing this. And it will get fixed. It's amazing what intelligent and strong-willed Americans have done when they've put their minds to something. I am still a BIG believer.

One more point before I leave you. I hear a lot of people predicting when the markets will stop dropping. Ignore them. It's like predicting what direction a group of scared birds are going to fly in. You never know how irrational people can get when they are scared. The market will bottom when everyone who was scared has sold at every level on the way down. Who knows when that ends?

I can say that every day we see a drop in the market is a day closer to when investors come to the realization that, wait! "At these prices, Corporate America is Being Given Away!"

People still buy razors. They still eat at **McDonalds (MCD)**. They still drink **Coca-Cola (KO)**. They still buy their sweethearts flowers on Valentines Day. They still need a drink from time to time. They still need entertainment. They still do

ALL of these things. It's shrinking. Less of the Super-Size culture and all that.

And literally - before you know it - the cycle will repeat itself and everyone will be chasing the "new, new big thing." As shocking as that sounds to you right now, at this moment in time you can bet everything that it will indeed happen again. History guarantees it.

How do I know for sure that everything will be fine in the end? Take a look around and ask yourself if human nature is going to fundamentally change. If humans are going to suddenly "evolve" or change in a radical way.

If you think human nature is going to stay the same as it has been for the past 20,000 years or so, then you know in time that things will play out in a similar way they have throughout history. And that means be patient because it'll all work out. The down cycle will end, the sun will come out and a new expansion will follow.

If, however, you think human nature is going to undergo a fundamental change in the next few years, then you probably have bigger things to worry about than the direction of the stock market. I'd start looking for real estate agents with a specialty in other neighborhoods of the Milky Way.

A handwritten signature in black ink, appearing to read 'Dylan Jovine', with a stylized flourish at the end.

Dylan Jovine
Chief Investment Officer

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