

## Panic Is Not A Strategy

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Greetings!

The markets are off to a difficult start in 2016. And while we have seen some relief from its' lowest point, we continue to expect lots of direction changes for the market this year, as we seek clarity on the health of the economy and where interest rates are going.



Catherine  
Maniscalco Avery

Our long-term outlook for the markets remains positive. We understand, however, that times like these can make everyone nervous so please do not hesitate to call with any questions.

Just for your interest we provide this timely news item. Two Carolina Panthers players were questioned by CNBC and impressed the host with their knowledge of the stock market. [Click here](#) to see what they said they said they would do if they had \$1 million and could only buy one stock.

Wishing all of you a very Happy Valentine's Day!

Warm regards,

Catherine Maniscalco Avery

The backbone of CAIM is to employ a classic long term investment strategy including dividend paying stocks. CAIM is an independent, women owned investment management firm specializing in managing investment portfolios for women and baby boomers.

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# ***Panic Is Not A Strategy***

## ***Mantra for a Volatile Market***

2016 has just begun and already the market has given us all a scare. So what to do? In [a recent online interview](#) Liz Ann Sonders, Schwab's chief investment strategist, advises investors first and foremost not to panic. Because panic is not a strategy. Instead Sonders emphasizes that despite the seemingly awful start to 2016, there's a much greater chance, based on history, that the market will rebound.

I like Liz Sonders' approach to her analysis and thought it important to share a third party point of view with you. She is a logical thinker with a good understanding of the broad needs of individual investors. All too often financial pundits are prone to spouting outrageous facts and figures simply to draw attention. This can lead to outlandish claims that then need to be rectified. And it is not in investors best interests to act upon these types of pronouncements. As an investment advisor part of my job is to separate the wheat from the chaff, in order to provide my clients with the very best information out there.

Sonders does not fall into the camp that believes the present day market is equivalent to 2008. She views it instead more along the lines of 1998, when there was turmoil in the currency markets and corrections in the equity markets, but not enough to pull down the U.S. or global economy.

She cites a few important reasons to differentiate between 2008 and today. In 2016 leverage in the financial system is a fraction of what it was in 2008. We have a healthier financial system now. Weakness in China doesn't have tentacles into the global financial system. In 2008 the heart of the financial crisis was the crash in housing prices, with investors/consumers being very leveraged with exposure in the wrong direction in the housing market. Today, while the crash in oil prices is one of the causes of the current downturn, investors and consumers are on the right side of that trade in that they benefit from declining oil prices.

Sonders also does not see us entering a recession. While the manufacturing sector is in recession it makes up only 12 % of the economy, while the 88% that is services/consumer is doing fairly well, in her opinion. Recessions occur due to excess in the economy in terms of inflation or monetary policy. We are not facing that scenario now. If we were to have a recession, it would be the first time in history after a plunge in oil prices - normally it's a surge in those prices that precedes a recession.

The bottom line? Ride it through, says Sonders. Make sure you have a plan that is relevant to you as an investor, your time horizon and your risk tolerance. And then stick with it. This may mean, when there are big moves in the market, that you add asset classes that may be under performing and will keep you on the right side of things. Ultimately it's diversification and the discipline around it that will help you, as an investor, to ride through these more difficult times.

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## **2015 & The 8th Wonder of the World**



Happy New Year! I am glad to have 2015 behind us. It felt like a year of running on a treadmill; working up a sweat but getting nowhere. During 2015 we held exhaustive debates about whether or not.....[Read more](#)

## Holiday Stocks 2015



'Tis the season for giving and CAIM has always advocated the gift that keeps on giving, namely..... [Read more](#)

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