

Could this be the greatest con ever pulled?

On May 5, 2009, after an intense media frenzy which predicted the demise of our economic system as we know it, the Dow Jones Industrial Average (DJIA) reached a low of 6,954. Almost every hour daily the media experts in the financial field predicted doom and gloom. Many people believed the overblown hype and sold their investments at a record pace.

The people that sold because of this panic usually accepted a substantial loss because they did not want to continue to lose money as the fear of economic Armageddon grew. When they sold, it probably guaranteed a loss for most investors. How did it feel to watch your hard-earned retirement dollars sink into a media-created abyss?

Since September 2010, all the public heard was how bad things were. Since then, the DJIA has clawed its way back to 11,132 as of October 22, 2010.

During this media circus did you feel like the end was near? Was panic the main emotion you felt?

Our belief is that the media simply does not care which way the market goes. Their business is driven by excitement and fear.

These emotions are what drive people to read periodicals or to watch television programs that talk about the economy and stock market. Amazingly, these same emotions are exactly what Wall Street loves. They make money whether the market rises or falls.

Through the years, our economic system has demonstrated great resiliency. Do you now feel like you have may have been “conned” by many of the so-called experts?

The truth is that hype works just as well when things are going good as when things are bad. The people that did not panic and sell their investments have seen their portfolios steadily climb back. Investors that have been patient still have a chance to get back to where they were or even show a gain at some point.

The lesson that can be learned here is that education is the greatest investment. Know your risk tolerance. Always diversify with a balanced portfolio. The market is in constant flux, and each investment should be evaluated separately.

Finally, what you should be hearing loud and clear is this: Don't ever make or sell your investments based on media hype! Do the research, ask questions, and work with a professional who is knowledgeable and patient. And by all means, do not panic.