

## **Commentary – January 1, 2015**

A common refrain among those who venture to guess what will happen in the stock market during the upcoming year is to “expect volatility”. Among the headlines featured in the first days of 2015 were “Investors Should Buckle Up for a Wild Ride in the New Year” (WSJ January 2<sup>nd</sup>), “2015 will be a Year of Volatility with Plenty of Surprises” (Financial Times January 5<sup>th</sup>) and “Market Watchers Warn of Further Volatility” (Yahoo Finance January 4<sup>th</sup>). The reasons cited for these impending fluctuations include comparatively advanced equity prices in the U.S., instability in Russia, looming interest rate hikes initiated by the Federal Reserve Bank, the economic slowdown in China and a possible recession in Europe.

I find it odd that these headlines appear at all. I realize that publishers have to entice individuals to read their magazines, newspapers, websites etc., and that words such as “volatility”, “surprise” and “wild” are more apt to capture someone’s attention than “tranquil”, “impassive” and “restrained”. Can we as investors, however, not go back each and every year and adduce some unresolved business or foreboding event as grounds to be cautious and anticipate heightened stock market volatility? Are we not taught that if we want to earn higher returns on our capital we have to assume a greater level of risk, and with this risk comes volatility?

I would suggest that the person who does not expect volatility, surprises and a “wild ride” should reconsider whether the stock market is appropriate for them in the first place. An investment in a broad index of stocks providing exposure to a wide range of industries and companies has been productive for many years in the past, and this trend should continue well into the future. It should also be presumed there will be a few bumps and bruises along the way.

As always, I invite you to contact me and am available to meet at your convenience.

---

Registered Representative offering Securities through American Portfolios Financial Services, Inc.

Member: [FINRA](#) & [SIPC](#)

Investment Advisory products/services are offered through American Portfolios Advisors Inc., a SEC Registered Investment Advisor.

---