

## Market and Financial Update

Many of you have probably noticed a significant shift in your retirement savings, be it in the TSP, a 401k, or both. The markets have had a significant downturn in the last few weeks, wiping out almost all of the gains we have seen in the last few years. The downturn has been one of the swiftest and most severe downturns in US history. But why is it happening, and what should you do?

A popular misconception is that the stock market is linked entirely to the economy. While economic indicators, corporate earnings, and other data are of great importance, they are infrequent and paint a partial picture of where the economy is heading. The gaps in information that these sets of data create are filled in by investors moods, hunches, and emotions. In short, the market is most interested in where the market might be in a few months than it is interested in where it currently is.

We have seen downturns like this in the recent past. In 2011 when US Treasuries were downgraded, in 2014 during the oil bust, in 2016 after the Brexit vote, and most recently in 2018 when the Fed created interest rate uncertainty. While none of these downturns were as large as the one we are currently facing, each represent a time where investors feelings turned to fear as they predicted a recession that ultimately never came. In each of these instances the markets returned to normal within a few months.

Will this market return? It depends on if a recession truly is born out of the COVID-19 crisis. This is yet to be seen, and is still dependent on how government, banks, and businesses handle this challenge. Nothing is set in stone yet, and it is important to remember that the market panicking means little more than...well...that the market is panicking.

So what should you do? First, take a deep breath. Market events happen, and for better or worse it is impossible to predict them. What is possible to predict is your goals, and the kind of money you need to make those goals a reality. Remember that what the market is doing should have absolutely no impact on how you invest. What are your goals? Your risk tolerance? Your time horizon? These are the things that should have an impact on your strategy.

Please call me if you wish to have a conversation about the market, investing, or any of your financial questions. I am a FREE and CONFIDENTIAL resource offered to you by the Department of Defense.

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