✂ CUT OUT AND TAPE NEAR YOUR COMPUTER OR TV

BREAKING NEWS CONSUMER'S HANDBOOK

Stock Market Volatility Edition

1. Do not obsess over the Dow Jones Industrial Average. Neither it, nor the stock market as a whole, are barometers of the economy. The media use the Dow as a shorthand, but traders pay little attention to it.
2. Markets are volatile. One day's activity — up or down — may seem dramatic, but has little significance and foretells nothing. The media will be breathless. You should be worrying about something else ... like whether it will rain today.
3. Billions of shares of stock are traded every day. Attributing the day's results to any single factor is ridiculous. In fact, there are millions of factors, and therefore no explanation.
4. The media treat the market going down like a passenger plane going down. But a plunging stock market is not a tragedy. On the contrary, for the vast majority of individual investors, it's an opportunity. A fire sale. Buy low, sell high.
5. Though "stocks going down" makes news, that doesn't reflect broader reality. Look at historical trends. Over time, the equities market steadily goes up.
6. When stocks go down, opportunistic politicians will exploit the chance to blame someone their base doesn't like. Pay no attention. See #3, above — they are wrong.
7. Are you watching Jim Cramer on CNBC? Change the channel.

ON THE MEDIA

ONTHEMEDIA.ORG