

IF YOU HAD A CRYSTAL BALL...

Suppose you had a working crystal ball, and you knew that the U.S. would experience a number of factors, all at the same time, that are normally associated with bad stock market results. Suppose you knew you were going to have a weak or crippled presidency, inflation would suddenly go through the roof, unemployment would skyrocket to 10% in the U.S., and there would be serious unrest in the Middle East. If you knew that these things were all going to happen at the same time wouldn't you cut back or eliminate your domestic stock positions? Most people would answer yes.

And yet, all this is exactly what happened in 1979, with the Carter presidency crippled by the Iran hostage crisis, high inflation and unemployment. Yet in 1979 and 1980, U.S. blue chip stocks were up over 55%.

MORAL: Even if you know what's going to happen, you don't know how the market is going to react. Therefore, stay disciplined to your investment game plan!
