

# Stock Valuations are Not Low



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How can I say this best? Stock market valuations are not low. If you are retired or saving in hopes of retiring, you must laser focus on having a consistent flow of cold cash to pay the tab for your weekly grass-fed-to-the-end beef, fresh-ground flax, coconut milk loaded with medium-chain fatty acids, and omega-3-loaded Country Hen organic eggs. In other words, you will want to rely on high-dividend yields for compound-interest power. The two most important words in investing are “compound interest.” Please don’t buy into the jive that trying to buy stocks cheap and then trying to dump them on the suckers has anything to do with a conservative compounding story.

The rubber hits the road with a consistent flow of one item – dividends. In my monthly Intelligence Report and at our private investment management company ([www.younginvestments.com](http://www.younginvestments.com)), I rely on the historical yield range and the DJIA as a conservative investor’s best gauge for assessing dividend value. When the

Dow's yield is between 4.5% and 6.5%, I gauge stocks as cheap. When the Dow's yield is between 3.5% and 4.5%, it's neither fish nor fowl. Below 3.5%, I'm not being paid well for investing in stocks. Well, the yield on the Dow, as I write you with ever-increasing concern, is a paltry 3.1%. No, stocks are not cheap, and values are lacking. And while I'm at it, intelligence in Washington is lacking even more!

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## The Terror of Outliving Your Money



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The terror of outliving your money has now taken hold for too many investors. It's not hard to see why, given that discerning investors remember like yesterday the 1965-1981 16-year bear market, where the Dow ended up at 875, 10% lower than its 1965

peak of 969. A little closer to home, we all recall with concern the 1999-2008 nine-year bear market, which left the Dow down a frightening 24% from its 11,497 peak of 1999. For all retired and soon-to-be-retired investors, there is a fast and hard lesson to be learned here. Look to dividends and interest and the miracle of compound interest. Let capital appreciation come as it may or, as I have shown, may not. My *Retirement Compounders Program*, outlined monthly in my *Intelligence Report* and at my family investment management company ([younginvestments.com](http://younginvestments.com)), will guide you.