Don’t Be Shaken Out of the Market on Bad News

There are many investment maxims worth repeating, but one especially important today is *don’t be shaken out of the market on bad news*. Those are the ten words of advice I gave to investors back in June of 1991 in the midst of a recession, and I haven’t found a reason yet to doubt their value.

I told readers then:

> *The best time to make money in the business cycle is when recession is in place. Interest rates always decline during a recession, just as they have in the present one. And the stock market always explodes with its biggest cyclical gains during the heart of recession.*
>
> *When was the low for the Dow in the current business cycle? It was last October with the Dow reading below 2400. Many investors busily sold common stocks last August as military hostilities broke out in the Middle East. That, of course, is the kind of move that kills nervous investors in every cycle. You don’t want to be a seller on bad news, and you certainly don’t want to trade out of stocks in a weakening business environment. Open your history book and you’ll find that every recorded bull market started in the teeth of recession.*

Recently I began a monthly business cycle review asking “Is America on the Doorstep of Recession?” My answer today is no, but I hope you will follow along with me as I examine the evidence each month.

Don’t be shaken out of the market on bad news. Remain invested or you’ll miss the market’s best performance.