How to Avoid Wall Street's Unshakable Attachment to Earnings

Back in December of 1997, I explained Wall Street analysts' fixation with earnings, and more specifically, earnings guidance. I wrote:

> ### *Forget Wall Street's Myopic Attachment to Quarterly Earnings*
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> *It's important for you to grasp the primary control force of short-term market action. The control force is quarterly earnings reports versus Wall Street projections. Companies that fail to meet Street projections face utter carnage. However absurd this senseless, myopic concentration on quarterly earnings may be, it is reality. The gyrations brought on by earnings' hits and misses confuse and worry individual investors. Forget these reports, and forget the gyrations as well. I beg you, with every market gyration, do not watch the bulging-eyed TV commentators who look like they're hooked on heroin.*
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> *Instead, adopt a compound interest-based, long-term game plan that features prudent diversification, common sense, patience and rigorous adherence to rock-solid, time-tested principles. You will accumulate wealth at a rate beyond what you might never have considered possible.*

It's over twenty years later, and Wall Street hasn't changed a bit. Despite having been walloped hard—***twice***—by mega stock market crashes, analysts are still focused on the ups and downs of quarterly earnings and guidance. Such a short-term view can wreak havoc on investors’ portfolios when market volatility appears.

If you want to sleep well at night, adopt the compound-interest based, prudent, diversified, common sense, patient and rigorous methods I described in 1997. For help with that approach, sign up in the form below to be contacted by a seasoned member of the investment staff at my family run investment counsel, Richard C. Young & Co., Ltd. We can help you build a balanced portfolio.