

Stock Valuations are Not Low



Image Credits – © Sergey Nivens – Adobestock.com

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), 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!