Stock Market Advice for the Nervous

If you have money invested in the stock market (as I do), in the last few months you and I have probably earned a lower rate of return than we'd get from a random slot machine aboard the Casino Belle II.

Not that I'm worried. Even though practically all of my retirement funds are dependent on a languishing stock market, I sleep like a baby. That is, I wake up every hour and cry.

Just kidding. This, too, shall pass. Obviously, the only people actually losing money are the ones who are actually selling. If we hang in there, it may take a while but we'll get it all back and more. At least, that's the way it has worked since the Great Depression.

Some of you who are nervous about the stock market may be accumulating cash under your mattresses and wondering what J. Paul Getty might do with a stash like yours if he owned it. Of course, J. Paul Getty currently suffers the significant disadvantage of being dead. It's just as well, because the thought of money lying around and not even drawing ridiculously low interest would kill him.

There are plenty of other investment options besides stocks. Why, just last week I received a fax from Nigerian government officials who need my help moving $21 million in "trapped" funds from a previous military regime to a U.S. account, for which they are going to pay me 20%.

And I recently received an e-mail with the subject line of "$200K 1st Year Realistic Income All online With ZERO Selling!" Not to mention some guy who runs infomercials at 2 A.M. who says I can have a yacht and nubile bikini-clad assistants like his if I attend his free 90-minute seminar. How can I go wrong?

It's all very confusing, there are too many choices, and it seems like I should be smarter. I somehow managed to graduate from the University of Iowa

30 years ago with a degree in Finance without actually learning anything useful (except “buy low, sell high.”).

Actually, there’s one other thing I remember from my college days. One professor claimed that the average mutual fund portfolio manager earned a lower rate of return on his selections than did the average monkey supplied with darts to toss at the financial page torn out of the Wall Street Journal.

This should be encouraging news for those of you with money in the stock market. If the pros are underperforming armed monkeys, how much worse can we do?

I have long ago given up trying to time my buying and selling of mutual funds. The reasons that the stock market goes up and down are perverse. What would seem like good news makes the market decline, and vice versa.

For example, when the Fed reports that the dollar is unusually strong, that should be good news, right? No, that’s bad -- a strong dollar causes capital inflows into US stock and bond markets from foreign countries, possibly destabilizing fragile governments, and stock prices fall. This kind of counterintuitive baloney is why you may still be driving a Plymouth Reliant.

I don’t know of any day traders (investors who jump in and out of the market) who are prospering, either. They could probably throw dollar bills out their car windows while having more fun and achieving the same financial outcome. Gambling on your ability to determine if the market is bullish or bearish on any given day is likely to leave you “brokish.”

I’ll leave you with the following advice; don’t put any money in the stock market that you might need in the next several years, and stop agonizing over daily or weekly stock market reports -- especially news flashes in the commodities markets.

COMMODITIES MARKET NEWS FLASH:

Helium is up, feathers are down, and paper is stationary. Diapers are unchanged, barbells are lifted in heavy trading, and toilet paper has reached a new bottom.