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A Wall of Worry

An old Wall Street adage is that bull markets climb a wall of worry. Fearful investors have to be dragged in over months and years as the market rises. This fresh money fuels the bull market. Investors have justifiable worries about the state of the world -- wars, economic problems, natural disasters. Fears are gradually overcome with greed as the rising market tempts investors. In the last decade we've lived through an exaggerated cycle. The Great Recession induced tremendous fear. An estimated \$20 trillion rested on the sidelines earning under one percent interest. That's the very definition of investor fear. This fear persists in spite of a powerful bull market that has lasted five years and propelled the broad U.S. market up 150 percent. During this time the U.S. economy has begun a broad-based recovery and the private sector and federal government have improved significantly from the earlier financial distress. Do we lack problems? Of course not. Is there ever a shortage of legitimate concerns? No. Meanwhile, for more than a century, U.S. markets have climbed. No one can predict the future but if the current pessimism is any indication, this bull still has legs.

Larry Luxenberg

Partner

luxenberg@lexingtonave.com

About Larry Luxenberg

Larry is a Chartered Financial Analyst with 28 years experience as an institutional investor and financial consultant. Larry specializes in retirement planning for Baby Boomers and strategies for maximizing benefits for Social Security. He has been widely quoted in newspapers and magazines and has appeared on CNBC and other television and radio programs