Casey Mullooly:

Where did you think the market would finish 2022 at? Are you sure?

Welcome back to the Mullooly Asset Show. I'm your host, Casey Mullooly, back with you for episode 321. So Jason Zweig, who writes for the Wall Street Journal, publishes an article every Friday. He's one of our favorite financial and investing writers here. He did an interesting thing. He asked his readers in December of 2021, where they think, or where they thought the market would finish in 2022. He then, earlier this month, asked his readers to remember and reconstruct what those predictions were, and the results were interesting.

So on average in December of 2021, his readers said that the Dow would finish this year at 36853, and that the S&P would gain 6%. They also said that interest rates would hit 2% and that the price of Bitcoin would hit almost $54,000. So he then asked them to reconstruct those predictions this year, and they weren't the same. So his readers on average said now, this year that the Dow would close at 34269, which is 7% lower than their actual predictions. They said that the S&P would fall 1%, again, 7% lower than their actual predictions. They said that interest rates would hit 3% above their initial predictions, closer to what it actually is, and that Bitcoin would finish the year at $30,850, which is not even in the same realm of outcomes as their original predictions were.

So we've talked before about how pointless year end predictions and stock market predictions are. In general, it's pretty much just for entertainment purposes only. But this adds a new wrinkle to it. The wrinkle is that we'll go back in time and try and rewrite what our predictions were and make it seem more like we knew what was going to happen. So the way this affects investors is that it makes us feel like we're missing opportunities. And it really goes to show how massive the impact of what has happened recently has on our investing expectations.

So the market really looks to capitalize on this. For example, in the spring of 2021, in the height of the market euphoria, at the peak, pretty much of FOMO, ETF was created, fear of missing out. It was created. Don't look at how that ETF has performed this year. This is not a recommendation. Seriously, don't look at how it's performed this year. My point being is that you have to write things down and you have to document all your financial goals. That way you have an accurate yardstick to measure yourself against. It is a great way to hold yourself accountable because as Jason documented here in this article, we will try to rewrite history and said that we knew what was going to happen. We don't know what's going to happen, and it's important to document what you think is going to happen and then measure accordingly so you get an accurate measurement, you get an actual measurement.

So it's a good lesson in humility, and it'll probably provide a good chuckle looking back and realizing that you don't actually have a crystal ball. Shocker. So that is the message: make sure you document everything. That way you can keep yourself honest, keep yourself accountable. And that's the message for episode 321 from Mullooly Asset Show. Thanks as always for tuning in. I'll be back with you next week.