

Casey Mullooly: In episode 263, we talk about why context is king. Welcome back to the Mullooly Asset Show. I'm your host, Casey Mullooly. First video in the new office, here we go.

A recent headline from Bloomberg last Friday. We're recording this on Tuesday, September 14th. The headline was Big updates are Gone as Correction Hits Half of Stocks in the S&P 500. It goes on to talk about how 56% of stocks in the S&P 500 are down more than 10% from their 52-week highs.

The point of the article was to talk about how the S&P 500 average can't be continued to be pulled forward by just a couple of names, and how it's unsustainable. They interviewed several people in the industry, and they were all pretty bearish, and they took that this 56% number was a sign of trouble of things to come for the S&P 500 itself.

Casey Mullooly: What they didn't tell you, and what has since been brought to my attention from several sources, which we'll link up in the show notes, is that if you go back to 1990, so 30 years, go back to 1990 and you check every time the S&P 500 made an all-time high, the average percent of stocks that are down 10% or more at the time it makes an all-time high is 55%. 56%, 55%. doesn't seem all that unusual to me. And it seems pretty average. So that's why context is king.

Casey Mullooly: Sometimes these, as we've talked about a lot, and we've beat this drum, these financial media companies aren't just trying to get your clicks. And it wouldn't be as click baity if they just said, "Oh, it's 1% higher than what it usually is for the last 30 years." So it seems pretty normal. We're not saying that the market's going to continue to go high or that the market's definitely going to continue to go lower. We don't know. We're not in the prediction business.

Casey Mullooly: What we do know is that we have a plan and that the market, if it does go down, this is part of the plan, and it's par for the course in terms of normal investing lifetime. The market is going to go up. The market is going to go down.

As we talked about on a recent podcast, it's usually split 50/50. 50% of the people think it's going to go up, 50% of the people think it's going to go down. But when we're talking about statistics like this, it's so, so important to have the proper context so we don't make things bigger deals than they might be. So that's the message for episode 263. We'll see you on the next one.