

The Return of Volatility - Transcript

Tim Mullooly: In episode 79 we're going to be talking about the return of volatility.

Welcome to the Mullooly Asset show, I'm your host for today, Tim Mullooly, this is episode number 79.

Brendan, let's get right into the question for today, what are we going to be talking about?

Brendan: What happened to the market in February? That was pretty crazy.

Tim Mullooly: Yes, something funny happened in the market in February, there was actually volatility. In the beginning of the month we saw US markets pretty much across the board go down anywhere like around 10% let's say.

That was the first time in a couple of years that we saw any sort of volatility really in the market. We hadn't seen a 5% correction in the market, let alone a 10% move so it kind of freaked people out, I guess, and reminded them that volatility is a thing that is in the markets and they should expect it on a regular basis.

A little market adage that you always hear is that markets usually take the stairs on the way up, and then the elevator on the way down. On the way down it's kind of scary, you know, seeing the market lose these big chunks day in and day out and essentially go straight down.

Just keep in mind, volatility is something that is to be expected in the market. If anything, the two-year, almost two-year period where there was little to no volatility is more unusual than the volatility that happened in the month of February. That's why it's always important to have an appropriate risk tolerance for your account.

Volatility is not going to go away, it's a thing that will always be in the market. The markets go up, and the markets go down, so if you set your risk tolerance appropriately, you'll be able to better stomach the moves that happen in the market as opposed to just being 100% exposed to the stock market and all of the volatility that comes along with that.

Keep that in mind, and we make it through this.

I saw it on Twitter people calling it "Freaky February". In historical terms, it wasn't really that freaky at all, but in more recent terms it just reminded people that volatility is still a thing, markets can go down but they go up and they go down, it's going to happen that way.

Just keep that in mind the next you see the markets losing any sort of value. That's going to do it for episode number 79 and we'll see you next week on the next episode.