

## Why is October So Volatile? - Transcript

**Tom Mullooly:** In episode 112, we're going to talk about 'Sell in May and Go Away'.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is episode number 112. Thanks for tuning in. There's an old phrase on Wall Street, and it goes like this. "Sell in May and go away." Nobody really wants you to sell, and definitely no one wants you to go away, either. It's October, so it must be a volatile time of year. Historically, it is. Sometimes, October is great in terms of returns. Sometimes, not so much. Of course, October of 1987 grabbed a lot of headlines. The market tanked 22% in one day. That's the equivalent of something like 5,000 Dow points today.

We've had other Octobers that have grabbed a lot of headlines, but October is historically a volatile month. Why? No one really knows the answer, but it's very interesting to see how the market tends to line up. The reason why sell in May and go away is a popular phrase is because historically the six month period from May through October, the end of October, the market's return flat returns. The markets return practically nothing over years and years of time. The period from November through the end of April has historically returned some real positive returns. If you want the details, just get in touch with us. We'd be happy to send you the information.

A lot of market watchers this summer were saying, "Sell in May, that's broken. It doesn't work anymore. Sell in May, that's a myth. It doesn't work." The truth is here we are now in October ... We're recording this on October 26th ... and the market is down. The market's been down. It reached a peak on September 20th, and it's gone down, it feels like, every day since then. The market's pulling back, and it looks like a pretty normal pullback to us so far, but let's check a few things. Fed's raising interest rates? We know that. Earnings? Earnings are okay. Earnings forecast looking forward? Okay. Revenues? Okay. Economy? Okay. Stock buybacks? Now, you don't get stock buybacks while companies are reporting earnings, so that's probably going to start again in the next week or two.

Now, we're also rolling into midterm elections, and that's historically ... It's not the law, but historically that sets us up for a good year-end rally when we have midterm elections. Also, something else to keep in your back pocket, the third year of our presidential administration is typically the best, and next year would be the third year of our presidential administration. Again, not the law, but these are things that we need to keep in mind as we're going forward. Seeing the market go down as much as it is on a daily basis, we've had a day where the market went down 800 points. We've had several days where it's gone down 200-300 points. It's scary. It's very scary. These are big, big numbers. Let's keep it in perspective and on percentage terms. This looks like a pretty normal pullback.

If you do have concerns, you need to talk to your investment advisor. Of course, if you don't have one, feel free to get in touch with us. You can reach us at 732-223-9000.

That's going to wrap up episode 112. Thanks for watching.

