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# Market Musings

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**Lauren Young**
Personal Finance Editor

March 01, 2007-I've received a bunch of emails with commentary on the market's dipsy doodleling. Here are some highlights. (These investors really have some great names, incidentally. Straight out of central casting!) Feel free to chime in with your own thoughts!

**Heath Bray**, VP at WealthTrust-Arizona.

I think that the short term effects, while somewhat extreme, could either be a short term profit taking correction, lasting as long as three months similar to the last big Asian correction in '97 like the one China experienced Monday, or it may indicate that the market is preparing for a full blown recession. Greenspan seems to think the latter, and that's nothing really new. The Fed will be under more pressure to ease rates soften the landing.

Diversity is the name of the game in these environments. Alternative investments are very valuable, but can really show their worth in times like this. The unfortunate thing is that "non-correlated" means that sometimes the alternative investment is positively correlated, or it moves with the stock market, and sometimes negatively correlated, or it moves opposite the market. This was evidenced by our worst single day performance in over a year in our managed futures program Tuesday, coinciding with the pullback in the stock market. This, while unfortunate in the short term, does not give us any reason to be alarmed. With movement like we have seen in the interest rate, stock indices, and currencies futures markets, we expect to have some additional volatility, both positive and negative.

**Wayne Wicker**, Senior Vice President & Chief Investment Officer of IMCA-RC, and CIO of Vantagepoint Investment Advisers LLC.

Whenever the U.S. stock market experiences a sharp decline in value, investors wonder, “Should I sell?” Usually this is a mistake. All investing carries some risk. But as the accompanying ICMA-RC market analysis shows, volatility has been a common element in the market’s record for decades.

While the S&P 500 index has averaged gains of about 10 percent annually from 1926-2005, it is unusual for the index to return 10 percent in any given year. Indeed, in only five of those 80 years (about 6.5 percent of the time) has the index returned the “average” 10%. Most annual returns are either above or below the norm.

ICMA-RC consistently advises its retirement plan sponsors and participants to ride out the rollercoaster. Building retirement security takes decades to accomplish. It is “time in the market” and not “market timing” that rewards investors.