Joining us on the TruCare College Liveline this morning, Michel Angelucci Level Financial Advisors joining us to talk about the crazy day in the markets yesterday and what might happen today. Michael, thanks for being with us. We spoke with you yesterday before the markets opened and well, we kind of got what was maybe advertised by the pre-market trading. What exactly did we see on Wall Street yesterday and how alarmed should we be?

We shouldn't be overly alarmed at all. We got what we expected yesterday. We knew there would be these trades where people, big investors were covering positions that they had made, I'll use the word bets on when I use investments. We're talking long-term investments. These guys are taking bets on borrowing. They were borrowing at low interest rates, almost nothing from Japan and investing US markets. And a good analogy is if you get a credit card and you can for 0% interest rate, you say, geez, I'm going to take 10,000 out of this and put it in the US stock market and make money. And then suddenly the bank says, oh, we're going to now start charging you 4% on your interest. And at the same time, the US stock market starts to go down and people start to say, well, I'm going to sell my stock. That's what was happening with big banks and investors yesterday. Hedge funds mostly unwinding those trades, which affects all of us in our 401k, but not much we can do about it at that point.

Well, 24 hours later, what are you seeing this morning?

This morning? Things are looking positive. Japan, the stock market in Japan was up 10% today and that was their best year since 2008. Although the prior day they had their worst day and since 1987, but the US market is looking up about 1%. The Dow is a little lower than that. So that's telling me that people are saying, okay, all's good. Let's take a breath, maybe do some buying. And that's what they're doing. Not to get too technical, but there's areas in the US stock market, like small company stocks that right now are up. The futures are saying are up more than 4%. So they're saying, well, maybe we're not going to buy Apple in Nvidia, but we'll buy other companies. So they're getting back in the market, which at least based on futures, is looking like what's going to happen today? So that's all positive.

Well, it had a lot of people very concerned yesterday. Now, futures being up today will maybe alleviate some of that. Is this part of a greater trend though? If this is all kicked off by some of these jobs numbers? I mean, we're certainly going to see the numbers be amended, right? They almost always are. And if that happens in a negative way, could this continue? Could we have more days like this in the future?

Absolutely. We'll always have more days like this in the future with new information. The is constantly evaluating new information and adjusting their, I'll say models or expectations of future profits and companies. So new information comes out, could be positive, could be negative. I always tell my clients the stock market's going to go up and down. It's constantly adjusting. But the trend over the last a hundred years has been positive. So don't worry about it. If you're a stock investor, investor, not a speculator, you shouldn't need to touch your stock money for 10 years. And I'll tell you, and listeners can Google one of the charts I love to show people. It's called The Reason to Sell Chart. People should look that up. There's all kinds of different variations of it online. And basically some go back to 1970, some go back to 1926 shows the US stock market going up at a 45 degree angle almost.

But it points out all the horrendous days in the market or horrendous historical events from the Great Depression to World War II to Vietnam and the oil crisis in the seventies. And all these were reasons to sell. But if you hung in there over the last a hundred years, you would've had an average return to 10%. So stocks are for the long run. There's going to be days like this, there's going to be worse. Or days like yesterday, there's going to be worse days than yesterday and there's going to be months and sometimes years. That's why your stocks are for the long term. And a lot of this day-to-Day stuff is the big money. Investors unwinding bets getting back in. Don't forget when the market's going down. There's still buyers coming in buying those stocks that are being sold. So all is not lost. It's readjustments to future expectations, but over the long run, stocks return close to 10%

And probably shouldn't be looking hourly or even daily at,

Right? I don't, sometimes I go months without looking at my 401k. I don't touch it. I let it ride. I know what's going to happen. I know market history. That's what I try to convey to my clients and people on shows like this. Whatever it takes, the main component we know is to manage your behavior. Stay calm, have a plan, stay calm, stay with it. And that's the best thing you can do. There's no algorithm. Nobody's figured out how to get in and out of the market. If we figured that out, we'd all be doing it right now. I'd be advising my clients, I would've told them last week, okay, get out for four days and get back in. But nobody's ever figured that out. So if you're in the stock market, us Main Street investors, not Wall Street investors, we can't get in and out. We've got to stay in for the long run. And even the studies and the data show that those that get in and out, they don't outperform the buy and hold investor.

If this results in the Fed, maybe even going sooner than a month from now and lowering these interest rates, do you think that even things out, are they going to have to be very aggressive in lowering your interest rates from here on

Out? That's an interesting point. And I think the worry is, and I don't want to say worry, but if the Fed acts too soon, that could create more disruption. That could make investors wonder, Jesus is something going wrong, even worse than we thought. Because the Fed's coming in and essentially lowering lowering rates and providing liquidity into the market, that may create more volatility. We'll have to see. That will be dependent on other economic data that comes out. But I think the consensus is right now, from what I've been reading in hearing is probably a half a point decrease in September, and they'll probably stated that Fed. They don't want to create an environment where we could have inflation tick up again. They've got it down to where they want it or close to where they want it, and the last thing the Fed wants to do is have inflation go back up. So they're going to be cautious before they do anything in the interim.

Well, Michael, hope it's a good day. Thank you.

Me too. Okay, thanks

Michael Angelucci with Level Financial Advisors.