

Philequity Corner (January 4, 2016)

By Antonio R. Samson

The investor's New Year's resolutions

I know that the economic policies of other countries somehow affect my local stock picks. That's just how it is. But knowing what went on in Greece, and then in China afterwards, and recently in the Fed does not help improve my portfolio performance. Risk and losses are a reality of the market. The mantra is simple: it's not what you lost that counts. It's what's still left. Can you get three meals out of that for ten years and sneak in one foreign trip? Bring out the champagne from the grocery gift basket, please.

Even if many consider traffic rules mere suggestions, I will endeavor to follow them. On the first day of the New Year, I will stop at the orange light and be deaf to the honking horns behind me. I will avoid discussing traffic and its horror stories when having a business lunch—let's talk about the candidates instead. Truly, traffic is not lethal.

With my successful weight loss, I will not succumb to Dieter's Arrogance which looks down on unsuccessful programs or adherents. I will not comment on people who, when showering or taking a leak, are unable to see their toes or other protuberances blocked by an enormous belly. I will studiously avoid censuring others with those hateful words—why don't you lose weight? If people want to stuff their faces with ice cream and pancakes, it's their life and I shouldn't intrude on such blissful existence. I will refrain from announcing the number of pounds I've lost since going on Atkins or the caveman diet a year ago (37, just for the curious). People going on and on about their diet programs are bores and I will resist becoming one.

Every office has unpleasant people, even customers (they are not always right). I will keep in mind that those I despise have mothers who love them and bosses who hired them. There must be some nobility in these despicable lowlifes who even badmouth me at every opportunity. I will smile and greet them at meetings and praise them for a job well done—when such a rare occasion arises. (Hey, did you make money on the new IPO?)

Whining irritates others. What do they care about my particular portfolio or why I am losing the equivalent of a small house? I will concentrate on having a longer time horizon and not keep peeking at the market every day.

Envy is a deadly sin to which I will no longer be a slave. If certain second-tier stocks suddenly surge up to benefit those with insider knowledge they did not share with me, I wish them well. Their sheer contentment has no effect on how I feel about my own portfolio. A sense of self-worth comes from within, needing no confirmation from the marked-to-market value of my stocks.

Love it or hate it, this is my country. I will not allow others, including fellow countrymen living abroad, to denigrate it. It is after all a relatively good-performing economy in terms of GDP growth (compared to their adopted one). And its credit rating has been upgraded to higher than investment status. Of course, I don't have to sing its praises every hour, either.

I will endeavor to present the country's good side to anyone who will listen. I will make a list of nice tourist spots and restaurants, and memorize these for delivery in cocktail parties where Topic A always seems to be—what I hate about this country. I will strive to stay sober so I don't forget my list.

I will keep my sense of humor. While I admit to being irritated by civil society types, I will not be distracted by their antics. When they call a media conference to launch yet another organization with a fitting acronym, striking that all-for-one pose for the front page, I will treat these antics as mere parlor games.

Maybe because of the blank sheets on your desk planner (2016) I feel a reboot and a fresh start. I will tuck away 2015 version into a drawer as the information on bank account numbers and stock status are transferred to the blank pages of the new diary. Even the digerati who like to carry their life on a phone still use paper for some things.

I will still use my phone for entering appointments and noting passing thoughts—I need my eye bags removed.

Economists have a term for the market optimism that a new year brings. It is called the "January Effect". There are seen to be new challenges, new plans to be launched, a fresh field to plow, and bad decisions to be written off.

It is not just organizations that are affected by the January Effect. Relationships too entertain the illusion that the year is a new starting line, even when unresolved issues of fiscal irresponsibility, thoughtlessness, and verbal cruelty hover around a couple. Partners sometimes make joint New Year's resolutions—I will not forget to send her flowers on her birthday even if I know she prefers handbags.

The January Effect is really intended for the stock market. It seems that stocks naturally get a bump in price and volume on the first month. One theory with stocks involves the December "Santa Claus" effect, a kind of gift to investors in December. As the recent volatility in the market shows, Santa sometimes forgets to visit certain chimneys, even overcoming the accountant's decorative window dressing effort to end the year.

I will be mindful of writing the proper year on my checks to my broker, even if the first week of January is the time when the banks are expected to call about the wrong year—Sir, it's not 2008 anymore even if your stock portfolio sucks.

I will continue to be an investor filled with faith in the wisdom of markets, and the foolishness of predictive graphs. The herd mentality is not always to be avoided. If everybody is headed in one direction, they may know something I don't. I will pay closer attention to crowds headed for the exit.

The New Year is just a continuation of our life as a teleserye. This one has no ads and hopefully no villains and misfortunes too overwhelming to overcome. I will try to write at least one happy chapter.

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