



33308 13th Place South
Suite Three
Federal Way, WA 98003
253.838.9703 P
253.838.9740 F

www.JarvisFinancial.com

The world is not ending (because it never ends). July 2010

As can be expected any time the market has a correction, the media's prophets of doom come out in full force proclaiming the end of the world as we know it. Unfortunately many, but not all, of the talking heads proclaiming the end of the world are either eternal pessimists or have an ulterior motive.

The old adage of "bad news sells" seems especially true these days. The news is constantly reporting every piece of economic news as confirmation that the end of the world is upon us. Pessimism is largely viewed as reality, despite decades and even centuries of evidence to the contrary. Let me share just a few examples.

Just this morning I received an [email](#) from Bill Gross regarding "the new normal." Bill is once again proclaiming that today's market environment will lead to years, if not decades, of poor growth in equities. Here's the catch, Bill Gross manages one of the world's largest bond funds. The more money that (foolishly) flows from equities into bonds, the more Bill Gross gets paid. Do you think there will ever be a day when Bill Gross stands up to say "stop buying bonds and buy equities as they are your only chance to stay ahead on inflation in retirement." I doubt it. You also don't hear Bill Gross talking about the potential for bond investors to be devastated by rising interest rates. Bill Gross sells bonds. Naturally all his commentary is going to be pro-bonds.

Another example of the end of the world mentality is how the media (who may just be bitter that free online news is putting them out of business) interprets economic numbers. As I am sure you have heard, "payroll fell by 125,000 jobs in June due to the end of temporary census jobs." However, adjusting for census workers, payrolls were up 33,000 jobs in May and 83,000 jobs in June. In the 2nd quarter alone the US added 357,000 jobs! This is 50% more than the 236,000 jobs added in the 1st quarter. While the jobless situation is still dire, despite the best efforts of the media's claims to the contrary the jobless situation has been making steady progress .

The recent market correction has also allowed the media to recycle yet again their "Great Depression 2" rhetoric. Anyone implying that the current economy is anything like the great depression is either very naive (I'm trying to be nice) or has an ax to grind. We live in the greatest era of time ever known to mankind. Yes there are struggles and the world is far from perfect. However to imply that somehow this time is different and that today's problems are insurmountable, has no historical basis.

*Your Future. Your Peace of Mind.
Comprehensive Strategies for Successful Retirement*

Please remember that when it comes to the economy, the media reports almost nothing of value. This has always, and likely will always, be the case. The following quote is from a book I am currently reading and it sums up this whole concept quite nicely:

“On what principal is it, that when we see nothing but improvement behind us, we are to expect nothing but deterioration before us?” –The Rational Optimist by Matt Ridely.