In the Markets Now

An Open Letter to Fellow Twenty-Something Investors

The volatility of the last few weeks has been unprecedented and unrelenting. This puts younger investors in an interesting and enviable position.

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March 2020

ON BEING A MILLENNIAL IN A MARKET PANIC

Hi, my name is Ross, and I'm 28. During the '08 Financial Crisis, I was just a baby-faced high schooler. I put gas in my car $5 at a time, shopped at Goodwill, and surely didn't have a spare dollar to lose in stocks. So for twenty-somethings like me, this is our first bear market, likely our first recession, and what I'm sure will end up as one of the craziest times in our lives.

While we'll recall various levels of awareness at the pain of 2008 (I certainly was too head-in-the-sand and immature to grasp it), this is our first time with actual skin in the game during a market panic. Be it our 401k balances, our trading accounts, or just our general employment status, this is all new. And it flat-out sucks. It's not just the market decline and headline panic, but the deluge of negative news item after negative news item. Every hour seems to bring new dismay.

I've written a lot on the speed, depth, and severity of this decline. But markets are truly as volatile as they've ever been. The biggest drop in oil prices since the Gulf War, the highest fear index (VIX) reading ever; **it is the fastest all-time high to bear market by miles.** And that's just looking at the financial markets; the real world is far scarier. Ransacked grocery shelves, empty streets, vacant malls - all instigated by an enemy we can't see or touch. It is a unique and terrifying time.

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So us millennials (I'm using it, but I can't stand the label) now find ourselves in a rare position. We are often burdened by student loans, unfriendly labor markets, and rising housing prices. Further, the '08 crisis and resulting scars have shaped how we feel about financial markets and their associated institutions. We can be skeptical of the stock market and its violent swings, feeling overly protective of whatever savings we have, often favoring cash to equities.

While I'm not immune to this, I would strongly urge against this train of thought, particularly at this moment in time.

Stocks aren't just nameless, faceless certificates – they are ownership shares in real companies. Investing in stocks is akin to buying malls, airplanes, data centers, and factories. But most importantly, it is buying a stake in the collective human capital of the world's best companies. We get Apple's greatest engineers, Disney's most creative animators, and Albemarle's bravest lithium miners. And while share prices can move sharply, violently, and seemingly randomly at times, these companies are still operating and battling the coronavirus, aiming to emerge from this wiser and stronger.

So what do we do? Save and invest what we can. In the end, our savings rate may be the most important financial statistic we get. And if you really want to give the middle finger to this virus, close your eyes, avoid checking your accounts, and add a little extra while stocks look cheaper. We do have the longest time horizons of any investor out there, after all. Don't panic-sell and don't give in to fear-mongering. And if you are feeling nervous, reach out to a Baird Financial Advisor – they are here to help us build long-term, robust financial plans to weather even the craziest times.

And finally, follow my lead: take a small loan from your future self and buy your drink of choice today. Maybe get a second. **You deserve it.**

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