

Hab Barton

From: Barton Advisory Services, LLC <hab@bartonllc.org>
Sent: Thursday, March 6, 2025 1:47 PM
To: Hab Barton
Subject: THUD!



What Comes Next?

THUD!!

It's a familiar sound when you have young children. Often times you don't see what caused the noise, you only hear the thud. Then you wait. You listen for what comes next. The best possible outcomes are laughter or a child saying, "I'm okay."

Sometimes you just hear silence. That can be good or bad. It's good if it's followed by more silence or by the sound of activity resuming. It's bad when the silence meant that a child was turning red and drawing in all possible oxygen so she could let out a painful and horrific scream.

I was in the back of our home recently, working a bit during the snowstorm in south Louisiana. I heard one of these familiar Thuds and listened for whatever might come next. This particular Thud was followed with a small bit of crying from our 2-year-old Annie. She had knocked her arm on a door frame. She didn't cry long. I gave the door frame a time-out. Giving an inanimate object a time-out usually fixes the incident. The daughter is comforted and play resumes.

These Thuds happen daily with kids, hourly really. You will never prevent them all together. You can still prepare for them as best as possible. We've childproofed our home. First aid kits remain at the ready. The candy drawer is stocked for those times that only chocolate will help an ailing elbow.

Here is what we don't do when we hear one of these Thuds: overreact. Would it make sense if as soon as I hear a Thud, I rush to the child, grab her, throw her in her car seat, and rush to the hospital before I even know what happened? That might have been tempting in the first few months of parenthood, but now we are slightly more seasoned. The overreaction would only serve to scare the child and run up needless hospital bills. In short, it would make things way

worse. OF COURSE we'll head the hospital if ever needed. Without jinxing it though, that is a 1 in a 1,000 Thud, not a daily Thud.

The Thuds we face in investing are not as easily diagnosable as a child's. The stock market takes thumps on the head all the time. **Currently we are concerned about tariffs, trade wars, inflation, and many other things as well.** Not long before the tariff talk, there was a surprise development with Chinese AI that I am not smart enough to recap and summarize. Investors never have a shortage of worries on the horizon.

- (There was a big and rapid decline in early August of 2024 that we have since recovered from. Can you remember what caused it without looking it up? I honestly cannot).

It's easy to think that when a shock shows up and the market drops 4-5% in just a day or two that more losses are on the way. Let's forget our well-crafted investment plan and rush to the hospital. The scary thing is that at any time, the market could very well be headed for more losses. We do need to prepare for 10, 20, 40% drops and then some.

However, most of the time the sharp drops do not turn into a freefall. Sure, pick any timeframe over the past 100 years and zoom in, and you will see all sorts of turbulence in the stock market. Zoom out a little though, and most bits of turbulence are no longer visible on the charts and graphs.

With a higher level view, most of the turbulence is no longer visible, but some of the scarier events still remain evident to the naked eye. The Dot-Com Bubble. The Great Recession. The Covid Crash. These are not things investors forget.

When a drop in the market suddenly appears, I unfortunately cannot tell you if we'll rebound soon or if more trouble is on the way. No one can tell you what happens next.

What I can tell you is if you stick with buying low and selling high, you likely eventually recover and then some. The only way to ensure that the bad times remain permanent for your portfolio is to panic, overreact, and sell everything when you feel scared. That's what your human self will want to do, so give yourself guardrails as best you can.

Know that it is okay and normal to feel upset as account balances go down. And depending on what's going on in your life, a 10% drop may feel much more painful this time than the last time. Feeling emotional at such times is nothing to be embarrassed about. Feel what you need to feel. Shake your fist at the TV. Yell at me if needed. I don't like falling account balances either. I've felt a wide range of emotions over the years as an investor.

I never expect or ask anyone to *be* a robot. I do ask though that in any situation, *when dialing in and making investment and trading decisions, we act like robots.* Buy low and sell high, again and again.

The Dot-Com Bubble. The Great Recession. The Covid Crash. All were scary to live through. Looking back now, they all look like buying opportunities, and in fact they were. Going forward let's do our best to view all bumps in the road, big and small, as opportunities.

And one more time just to be perfectly clear, no one ever knows what happens next. We are in for really rough times... at some point.

What I do know is that emotions are best left out of investment and trading decisions, no matter the headline of the day.

Breaking Cattle

This is truly apropos of nothing, but I just find this video fascinating. It's a dog breaking / training cattle, a lot of BIG cattle.

It may not be surprising to you, but I had no idea dogs could do this. I thought they only herded sheep. Hopefully my ignorance in this field doesn't surprise you. I mean, take one look at me and you can tell I don't have much ranch hand experience or know how.

Okay, if we have to relate it to money, then maybe the opposite of a bull market should be a sheep dog and not a bear market? (sorry, I tried).

Brodey Breaking Cattle

Tariff Woes

The tariff concerns persist. How much longer will this go on? Has the market already priced this in?

Linked below is a video discussing how to approach this as rationally as possible.

Tariff Insights

Smackdown

What's the rule for pictures in the newsletter? This space is reserved for my girls *except* for when we've recently been to a professional wrestling show.

The Rock was in New Orleans, and my goodness he was in a foul mood. I can't repeat the insults he hurled at the audience. Still, he might be the most charismatic person ever on a microphone. I've never been so insulted and so entertained.

And if you keep scrolling you'll see pictures of Alice and Annie from a recent trip we took to the library. I don't want to disappoint the 90% of you that read this just to see pictures of them. To be clear, I learned a lot more at Smackdown than I did at the library.







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