

Prince Rupert was a small enough town that the Bacon numbers were nearly always countable on a couple of fingers. If somebody won the lottery, was arrested, or divorced, we usually either knew him, or knew someone who once borrowed his fish smoker. This made walking through the Pacific Mariner's Memorial Park a personal, somber experience. The sea, even in the partially sheltered waters of that area, was and is full of lethal risks, and took the lives of locals each and every year.

But one sad death about 25 years ago was just really unnecessary, and more than a little odd. The waters were not particularly rough on this dark November evening, but fog was a major inhibiting factor as the fishing vessel edged its way gingerly toward the docks in the area near the mouth of the mighty Skeena River.

Shrouded in darkness and mist, and carrying a full payload, the captain had everything to lose, and worked more or less blindly, without the latest technological devices to help overcome the lack of visual clues. He slowed the boat to a crawl, and hoped to make his way to where the dock lighting made the final few meters of the journey detectable.

The nearby river bottom is sandy, and subject to change with the various ebbs and flows of the river, the weather, and the tides. Tricky stuff in bad light, like parking in Braille. When the vessel hit an undetectable sandbar, it was actually a minor event. No harm was done, initially, but one of the newer crew members, a recent immigrant, in so many ways unsure-footed, panicked. When the boat jammed up against the sand, he could faintly see the nearby shore, and leapt overboard in his knee-high rubber fishing boots. His boots filled up and became weights, sinking him quickly down. He drowned in just 10 feet of water, less than a boat length from shore. It was tragic, and unnecessary.

Rough Waters:

By the time you make your way to this page, you will have already read more than a few eye-catching headlines citing the sorts of financial disaster that sell newspapers, and get US Presidents wanting to change the topic, but in truth, markets have always been foggy river ways. Look at the charts. Sea legs are required to ride those waves. That is not news.

I am writing this after a tough day on the stock markets of the world, with major US markets down over 4% in one session, and world markets in various stages of ebb. But this follows a long good ride in the right direction, and sets us back to market positions all the way back to... okay, not that far back. Somewhere in late 2017. A real setback to be sure, but an expected one.

In 1999, Money Magazine named John Templeton "arguably the greatest global stock picker of the century." According to Sir John's well-publicized philosophy:

"Bull markets are born in pessimism, grow on skepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell." If you want to have a better performance than the crowd, you must do things differently from the crowd."

And according to the old mariner himself, Warren Buffet: "If you aren't thinking about owning a stock for 10 years, don't even think about owning it for 10 minutes."

Both of these guys got rich by investing in deep thought, not by reacting to the choppiness of things.

I don't know the length or depth of the dip, and anyone who suggests that they do is probably trying to sell you something, or make themselves look like a fortuneteller. To the extent that things are always changing, and variables never the same in two financial data points, the past is not a predictor of the future. But the past is always enlightening. Here are some data from the broad-based S&P 500:

Largest ever percentage DAILY gain: October 13, 2018 (11.58%)

Largest ever percentage DAILY decline: October 19, 1987 (20.47%)

Monday's decline: 4.10%. Noteworthy? Absolutely! A meltdown? Nope.

When the headline reads "largest ever point decline" ask yourself what the heck is a point? (Hint: It's NOT a percentage point). It's meaningful, but far less so than the % change of the overall market. This sort of reporting is an annoying ploy – clickbait – sponsored by antacid salesmen. Daily movements are more noise than plan-your-life-around numbers.

Here are some more meaningful yearly stats:

Largest ever percentage YEARLY gain: 1954: 45.02%

Largest ever percentage YEARLY decline: 2008: 38.49%

The S&P's 2017 return: about 19%.

But your portfolio is probably (rightly) a mix of bonds, stocks, and varied geographies, which will be unique for each of you, and likely produced much lower volatility than these data – and probably less of a haircut than the US market got on Monday.

We hit a sandbar. Stay onboard. The fish are in the hold, and the crew shares are reserved for those who bring them all the way to port. If it was a carefully constructed portfolio last week, it probably still is.

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