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Stocks continue to be very volatile, one of the primary casualties of higher interest rates, but certainly from the dislocations in the energy market, which has seen an epic and historic collapse. I imagine that the large oil-based sovereign wealth funds in Norway, Saudi Arabia, Kuwait and Qatar have been massive sellers of global equities this month to continue to fund their social programs in the face of imploding energy prices.

The relentless and indiscriminate selling has all the hallmarks of push button forced selling and not the selling with keeping market impact small. Since the mid 2000s, I have often heard that when the Middle East funds want out, it's immediate and not over time.

The crash in energy prices has also wreaked havoc on many inter-market relationships, causing all sorts of market-related issues this month. It has been a very ugly few weeks for the bulls.

For the past two weeks, I have pounded the table that this is absolutely not a repeat of 2008. I won't rehash the comments, but you can view here if you like along with a valid price comparison from 2008.

http://www.investfortomorrow.com/newsletter/CurrentStreet$marts20160119.pdf

What totally astonishes me is how the masses have completely abandoned stocks to the likes of which have only been seen a handful of times in history and mostly at either major bottoms or significant intermediate-term lows. I am used to seeing the "buy the dip" crowd out in force on CNBC and Fox Business during market corrections. But not this time. It seems like everyone is advising to sell the rally now.

In my 26 years in the business, I have survived two 50%+ multi-year bear markets and a whole of 20%+ declines. Never before have I had so many calls, emails and request for meetings from clients who have been shaken to the core by the headlines. That is shocking to me. Stocks are down a little more than 10%, but investors have emotions like they did in the middle of the financial crisis.

In my view, not only is this absolutely not the time to withdraw money from stocks, I believe we are approaching an opportune time to add money and perhaps take on a little more risk. It's very hard to understand why folks are so focused on taking losses and standing aside. Stocks were down more last August, a lot more in 2011 and more in 2010. Each time led to a robust recovery.

What has the masses so spooked this time?

During these types of periods, I often suggest that if the volatility becomes too much, then lowering portfolio risk over time is a better strategy. Investing is a marathon not a sprint, but the desire to accept the ups and downs changes over time. I never like to move my own portfolio around during periods of outsized returns on the upside or downside. Rather, I like to wait until the environment is calmer and I can proactive not reactive.

Wednesday has the potential to be a key day for the stock market. There is a decent likelihood that an internal or momentum low was just seen as the relentless selling wave hit extreme panic and capitulatory levels. Internal lows are when the majority of stocks have seen their maximum damage. It's when selling is the harshest. The maximum pain threshold for investors.

We will know more definitively in a few days.

If I am right, it doesn't mean stocks are out of the woods and new highs will following next month. Rather, the markets should bounce and decline a few times, but the downside should be limited as a foundation is built for a stronger rally later this quarter and into April.

And if I am wrong?

I still do not believe now is the time to sell. That's crazy in my opinion. At some point sooner than later, stocks will bounce and for those who just cannot stand the pain anymore, there will be a better opportunity to exit.

As always, please do not hesitate to call the office to schedule a meeting or reply to this email to discuss further.

To Your Financial Success,

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