

# OVERCOMING THE RELENTLESS FEAR-BASED MEDIA

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PRIVATE WEALTH MANAGEMENT

*Welcome to March! Every month, we like to impart some perspective on the financial markets or shed light on a current headline or two, all in an attempt to help our clients sift through the noise and become slightly more educated investors. We welcome your comments and suggestions, and as always, we invite you to share this piece with anyone you believe may find it of interest.*

While on the phone with a client a few weeks ago, I learned of a lunch she'd recently held with several friends during which everyone seemed to express an overwhelming sense of doubt, concern, fear, and general depression....over the markets, the economy and in society in general. It reminded me of a piece I had read the very same week in Morning Brew which addressed the growing issue of teen depression. According to the CDC, the article said, many teens are "engulfed in a growing wave of sadness, violence and trauma" and that 57% of teens felt "sad or hopeless" in 2021 - the highest rate in a decade.

Yes, we know COVID did a number on us all, but I had to ask - with so much good all around us: the abundant California sunshine, the advances in medicine and technology that have enabled longer, healthier and more productive lives, the post-COVID resumption of our social circles.....why?

Then it all made sense. Over the years society has slowly become victimized by the relentless bombardment from social media and 24-hour news channels, both traditional and financial. Stories of distress repeated over and over constantly meander through today's media, and rarely in a way that places them in proper context. Long gone are the objective days of Walter Cronkite. They've been replaced with narratives and a style of journalism that is no longer a service; it's a for-profit business designed to touch on our deepest fears...because fear sells.

Take COVID as a good example. The fear of COVID was so thoroughly beaten into us over three long years that, according to a poll by Morning Consult, many of us still fear attending weddings, sporting events or dining in local restaurants. And the reporting excessively warped our reality too. According to the Brookings Institution, Americans estimate that the percent of COVID deaths among people 24 years or younger was at eight percent, when in fact the actual figure was a mere fraction of that: 0.1%.

The financial media is no different. By running endless discussions and interviews of inflation, recession, interest rates and housing market woes, and headlines like "Why The Red Hot Stock Market is Ripe for a Cooldown", they are preying on our fears and creating doomsday scenarios that fail to convey the realities of the very low risks those scenarios actually pose.

It's no wonder we're depressed. According to Psychology Today, there is growing evidence that negative news can affect our mental health, notably in the form of increased anxiety, depression and acute stress. It can also prompt us to take actions we may not otherwise take. Largely influenced by the financial media, investors pulled a record \$326 billion from stocks in March 2020 - more than triple the record previously set during the 2008 financial crisis - and those whose funds remained in cash entirely missed out on the 100% rebound in the S&P 500 over the following 18 months<sup>2</sup>.

There's nothing wrong with consuming news, whether in times of calm or in times of uncertainty. We do it here every day here, religiously for our clients. But remember to take everything with a grain of salt because the media have no interest whatsoever in our wellbeing or in our success as investors. It's less about the issues at play, and more about sales, ratings, and advertising revenue. That's the danger we really should fear.

Onward.

<sup>1</sup> Yahoo Finance, 2/3/2023 <sup>2</sup>Creative Planning