

10 market insights from bottom to top

Do you ever get the feeling that much of what passes for informed comment about how to invest is about as useful to you as a fur coat in Jamaica?

Well, join the club.

Ed Rennie, a veteran and obviously astute investor in Newport Beach, Calif., writes me that he has become so fed up with the stuff naïve financial reporters pass on as keen market insights that he has compiled what he calls “Rennie’s Top 10 Utterly Useless Market Comments.”

“More and more of what I hear, especially in the public media (not on ‘Wall Street Week With Louis Rukeyser,’ of course!), has been said many times before and is just as useless as it was then,” he contends.

Sounds great but...

What’s more, in his shrewdly disenchanted view, the financial community’s practitioners of the art of 20-20 hindsight often transform the ringingly obvious (and/or the boldly meaningless) into pretentious axioms that sound great when you say them fast, but are painfully deficient in actually helping you make money.

Here, then, are Rennie’s top 10 market banalities – along with his comments on the value, or lack thereof, of each one. See if any of them seem (at all too depressingly) familiar to you.

(1) The easy money has already been made.

“I don’t remember it ever being easy.”

(2) The really important economic data that will move the market comes out next week.

“What came out last week, last month, etc. is obviously useless.”

(3) Eighty-five percent of professional stock pickers are bullish.

“These people must know. This is what they do for a living.”

(4) The private sector isn’t cutting it. The government should regulate it or take it over altogether.

“Scary, really scary.”

(5) The Fed just never seems to get things right.

“Hey, you don’t think it’s my fault?”

(6) After the next election, things will really change for the better.

“Hope springs eternal.”

(7) Just buy stocks in

– (choose one of the following:

(a) companies that have consistently strong earnings growth; (b) companies that are dull, overlooked by the herd and have low price/earnings ratios; (c) small-

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BY LOUIS RUKEYSER

capitalization companies; (d) a few really good companies, and hold them forever – and you’ll outperform the market over the long term.

“All supported by historical evidence, of course.”

(8) Bonds? Are you kidding? I’m out to make some real money.

“Four percent real return since the early 1980s? Nah!”

(9) This time things are different. The market is just going to keep on going up – or down.

“You betcha. (Sorry, Louis – I know this is your patented phrase – but it fits so well.)”

(10) This is a time when investors must be selective.

“Gee, thanks. I’ve just kind of bought anything whenever I felt the urge.”

More suggestions welcome

Rennie notes that between his writing Comments 9 and 10, “we had a mild earthquake here in Southern California” – presumably a violent reaction from the Market Jargon Spouters Association of America – so “maybe I shouldn’t send this.”

But I’m glad he courageously went ahead. And if you have more you’d like to add to his list, just send them in and I’ll be happy to print the best (i.e., worst!) of the bunch. If we have to listen to this kind of sententious garbage, frequently presented as the wonderfully perceptive insight of a brilliant new guru, or at least we can share a laugh at it – and maybe help others acquire some badly needed skepticism and perspective.

Missing the obvious

As Rennie puts it, “Having spent the better part of my lifetime involved both casually and professionally in the markets – and just loving every minute of it – I have become unalterably convinced that history really does just keep on repeating itself. However, it seems to me that because the names, places and terminology are never the same, we mortals – even the very brightest – just cannot seem to recognize what should be obvious.”

Rennie’s top-10 list gives us some amusing ways to cut through the chaff – and get to the really cheesy.

David Letterman, eat your heart out.

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