

Higher Volatility is Not Necessarily Bad



STOCK SUPERSTARS REPORT™

Down 300, up 300 and then down 300; the middle of the week saw some rather sharp fluctuations in the indexes. The swings were not limited to the indexes; our benchmark, the iShares Dow Jones U.S. ETF (IYY), also suffered from the increased volatility. Still, while the week felt tumultuous, put in perspective this volatility only feels sharp because the last two years have been unusually calm. Despite these swings, the indexes are only about 6% off of their all-time highs. With an improving economy making its presence more and more known, via such indicators as jobs numbers, even a short sell-off shouldn't be of concern to long-term investors. U.S. airstrikes in Iraq continue to generate headlines, as does the Ebola virus as cases begin to appear in developed countries. Inflation expectations continue to drop, even for the long end, which could support the Federal Reserve's dovishness.

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