



Despite the recent angst in the market over increasing interest rates, there has been little evidence of concern by investors overall. A [recent report](#) showed that investors have the LEAST amount of cash in their investment accounts...EVER.

"Individual investors drew down cash balances at brokerage accounts to record lows as the S&P 500 surged 7.2 percent in the three months ended Friday.

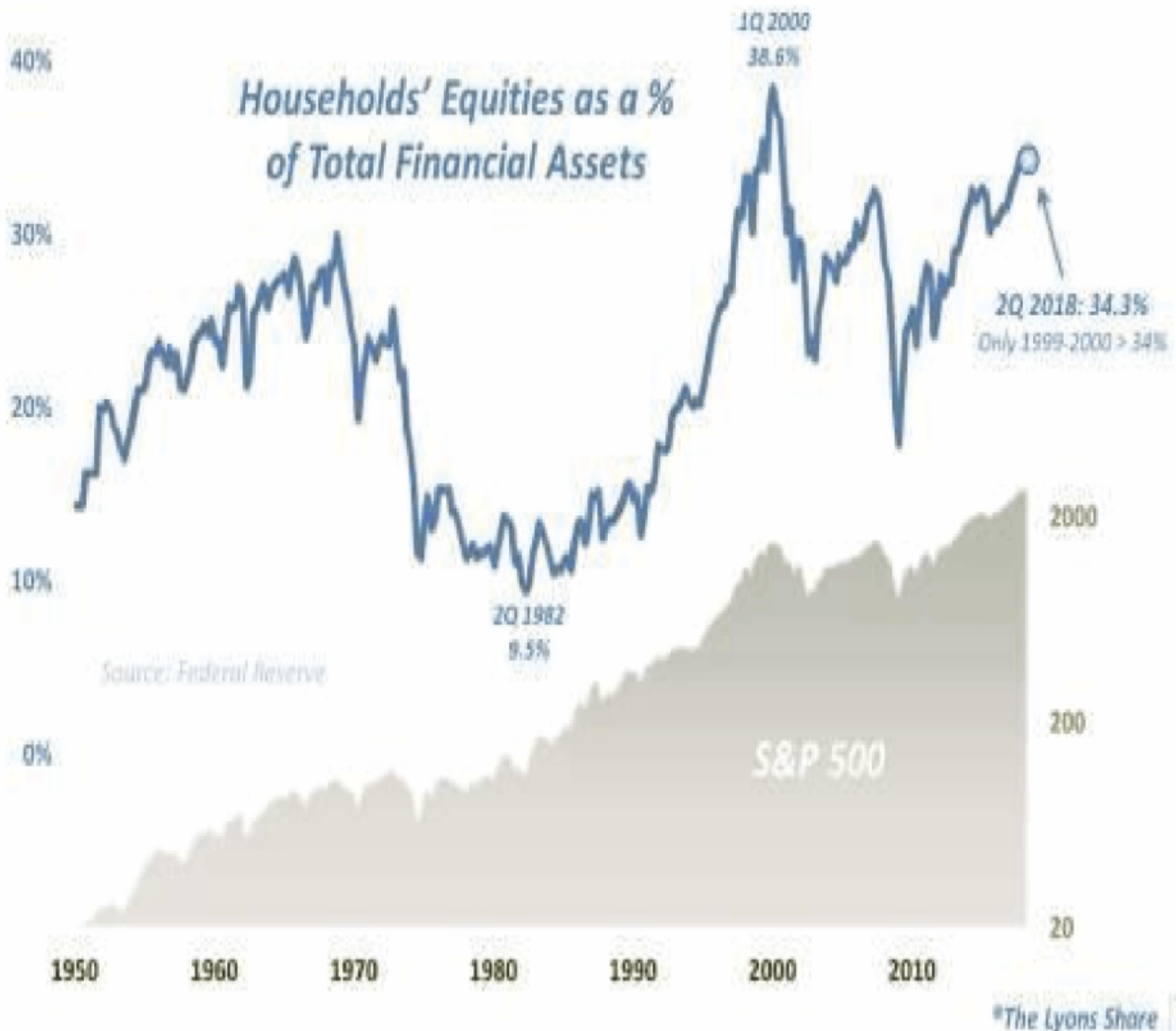
Cash as a percentage of assets among Charles Schwab Corp. clients in August fell to 10.4 percent, matching the level in January that marked the lowest since at least 2004."

Of course, eight months ago the markets suffered a 10.4% decline just as investors scrambled to "get in." The monthly survey from the American Association of Individual Investors shows the same. Individuals are carrying some of the highest levels in history of equities, are reducing their exposure to bonds, and carrying very low levels of cash.

As [Dana Lyons](#) recently noted:

" From the Federal Reserve's Z.1 release, we find that U.S. Households had a reported 34.3% of their financial assets invested in the equity market as of the 2nd quarter. Outside of a slightly higher reading in the 4th quarter of 2017, that is the highest level of stock investment in the 70-plus year history of the series, other than the 1999-2000 bubble top."

Household Equity Investment Remains Near Historic Levels



Investors are once again.... "all in." **And the market once again tumbled.**•The one thing we know for sure is that individual investors do exactly the opposite of what they should when it comes to investing - "buy high" and "sell low."•Households have repeatedly learned, and then subsequently forgotten, this lesson repeatedly over the entirety of the financial market history. The challenge, of course, is understanding that the next major impact event, market reversion, **will NOT HAVE the identical characteristics of the previous events.** This is why comparing today's market to that of 2000 or 2007 is pointless. Only the outcome will be the same. **The reality is that the majority of investors are ill-prepared for an impact event to occur.**•This is particularly the case in late-stage bull market cycles where complacency runs high, risk is dismissed for chasing returns, and value is displaced by momentum. **The recent sell-off was NOT the impact event.** That event is still coming, and the discussion of why *this time is not like the last time?*•remains largely irrelevant.

Whatever gains that investors garner in the between now and that next event by chasing the *bullish thesis* will largely be wiped away in the swift and brutal downdraft. The routs in February and October are only early warnings of how swift and brutal the actual event will be. **Of course, this is the sad history of individual investors in the financial markets as they are always told to buy but never when to sell.** You can do better. Just something to think about as you catch up on your weekend reading list.

Economy & Fed

- **US Loses Its Entrepreneurial Edge** [by Caroline Baum via MarketWatch](#)
 - **Recession Would Slash Wealth By \$5 Trillion** [by Tyler Durden via ZeroHedge](#)
 - **Will The Fed Only Stop When Something Breaks** [by Paul Hoffmeister via Camelot Portfolios](#)
 - **Will The Fed Go To Far?** [by Kathy Jones via Schwab](#)
 - **Home Buyers Dilemma: Wages & Prices** [by Mike "Mish" Shedlock via MishTalk.com](#)
 - **A \$1 Trillion Dollar Blunder** [by Stephen Moore via The Washington Times](#)
 - **The World Is Quietly Decoupling From The U.S.** [by Brandon Smith via Alt-Market](#)
 - **Economy Is On A Sugar High** [by Danielle DiMartino-Booth via Bloomberg](#)
 - **September's Job Report Okay, Not Great** [by Upfina](#)
 - **Oil Prices Entering The "Red Zone"** [by William Watts via MarketWatch](#)
 - **IMF: Global Economy At Risk** [by Levi Winchester via Express](#)
-

Markets

- **Goldman: Markets Repricing US Growth** [by Tyler Durden via Zerohedge](#)
 - **Get Ready For An 8-13% Correction** [by Mark Hulbert via MarketWatch](#)
 - **Ignore This Indicator Which Has Always Been Right** [by Shawn Langlois via MarketWatch](#)
 - **S&P's Q3 Rally Not All That It Was Cracked Up To Be** [by Dan Caplinger via Motley Fool](#)
 - **Fred Hickey: The Crash Is Coming** [by Christoph Gisiger via Finanz Und Wirtschaft](#)
 - **Interest Rates Break Out, But Will It Last** [by Dana Lyons via The Lyons Share](#)
 - **A Replacement For LIBOR Gains Traction** [by Simon Constable via Forbes](#)
 - **Investing Success By Felix Grandluckmeister** [by Mike Harris via Price Action Lab](#)
 - **Sell Off Could Be An Opportunity For The Bulls** [by Ryan Vlastelica via MarketWatch](#)
 - **Extremes In The Bond Market** [by Callum Thomas via Topdown Charts](#)
 - **Edwards: Equity Investors Face The 4-Horseman** [by Tyler Durden via ZeroHedge](#)
 - **Reframing Risks & Opportunities In Rates** [by Seth Levine via Dlacalle.com](#)
 - **When The Music Stops, Make Sure You Have A Chair** [by John Hussman via Hussman Funds](#)
 - **Roadmap For The Upcoming Treasury Bull Market** [by Eric Hickman via Advisor Perspectives](#)
-

Most Read On RIA

- **Markets Fail To Hold Support** [by Lance Roberts](#)
- **Why The Fed's Monetary Policy Is Still Accommodative** [by Michael Lebowitz](#)
- **The Upcoming Bond Bull Market** [by Lance Roberts](#)
- **Analyzing This Years Returns** [by John Coumarianos](#)

- Bonds Are Dead...Again [by Richard Rosso](#)
 - All Markets Are Cyclical, When Will This One End [by Lance Roberts](#)
-

Research•/ Interesting•Reads

- BIS Issues Urgent "Zombie Alert" [by Nomi Prins via The Daily Reckoning](#)
 - **Dalio: The Risk Of War With China Is Spreading** [by Ray Dalio](#)
 - A Death Knell For TSLA If Tax Break Is Repealed [by Jeremy Dillon via Roll Call](#)
 - Why Did All The Money Printing Not Trigger Inflation [by Wolf Richter via Wolf Street](#)
 - Yes, Bond Yields Really Matter For Markets [by John Stepek via MoneyWeek](#)
 - On Wall Street The Bond Market Sets The Tone [by Matt Phillips via NYT](#)
 - Is It Time To End Useless Rating Agencies [by Stephen Moore via The Washington Times](#)
 - Retirees Should Feel Very Worried Right Now [by Paul Brandus via MarketWatch](#)
 - 5-G Devices Are About To Change Your Life [by David Pogue via Scientific American](#)
 - Bad Financial Moon Rising [by William White via Project Syndicate](#)
-

?Investors always decide to do the same thing, at the same time, and it is usually the wrong thing.? -T.R. Roberts.

Questions, comments, suggestions ? please [email me](#).