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"Don't be bearish." That was the message delivered by a [Wall Street Journal article](#) in August 2021, discussing the "new generation" of "financial media stars." To wit:

*"As the U.S. retreated amid the pandemic to its couches, millions of would-be stock pickers?some flush with stimulus cash?fired up social-media and messaging apps and dove headlong into the world of retail investing.*

***Many of these influencers have no formal training as financial advisers and no background in professional investing, leading them to pick stocks based on the whims of popular opinion or to dispense money-losing advice."***

Since young investors wanted a "quick and easy" roadmap to make "big profits," these online "stars" doling out free advice was the perfect source.

However, such should be no surprise given the near-vertical market advance from the 2020 lows. Young investors have increased financial risk with the "Fed" providing insurance against loss.

As we have previously noted then, the actions of retail investors were all too reminiscent of what we witnessed leading up to the "Dot.com" crash. However, you can hardly blame them, given this is the only investing environment they have ever known.

But therein lies the rest of the story.



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## Only One-Half Of The Story

According, to the article, there are only 3-rules you need to know to be a "social media financial star."

- *Be Relatable*
- *Sell The Dream*
- *All Bulls, No Bears*

In other words, if you are applying for a job, the sign states: "Don't be bearish. No experience required."

**Generation Z, born between 1992 and 2002, was between 5 and 16 years old during the financial crisis.** Such is an important point because they have never truly experienced a "bear market." Any advice they might have received from financial advisors suggesting caution, asset allocation, or risk management was repeatedly proven to underperform the market.

*"Ha....Boomers just don't get it."*

Such led to a severe *"confirmation bias"* case by retail investors who demanded a bullish bias. To wit:

*"Like most internet content, influencer videos thrive on popularity. And in the midst of a long-running bull market, what's popular are success stories and hot tips only."*

***Many influencers report that when they hype an investment, they get the page views they crave. When the message is bearish, however, viewers turn away, or worse, attack the messenger with vicious trolling."*** - WSJ

The problem with the *"don't be bearish"* bias should be evident. Only listening to one-half of the story makes investors *"blindsided"* by the other half.

***?We know that day trading does not produce long-term wealth for the vast majority of people who do it, but these influencers are preying on that part of the human brain that has fewer inhibitions, that thinks: 'I will be the exception.' That leads to speculation and other kinds of very high-risk behavior.? - Ted Klontz, Professor Of Behavioral Finance, Creighton University.***

The demand by Gen Z'ers for *"don't be bearish"* commentary is why they ignored the same signs that negatively impacted both Millennials and Boomers previously.



## It Was Fun While It Lasted

Today's problem for young retail investors is that the markets *"defied logic"* so often that it became synonymous with *"crying wolf."* Sure, valuations are historically expensive, but *"so what."* The Fed is continuing to push monetary accommodation.

*"Don't be bearish."* Yep, it was fun while it lasted.

Since the middle of 2021 and continuing in 2022, the speculative fervor of retail investors chasing stocks like AMC, Gamestop, Bed Bath & Beyond, and many others, ended just as expected. As interest rates rose, liquidity reversed, and the Fed became more aggressive on monetary policy, the *"YOLO"* stocks became *"OH NO."*

As the table below shows, of the 700 companies screened with market capitalizations above \$7 billion, the 120 companies showed the most price destruction from their 52-week highs. Many were the *?meme stock?* favorites like Zillow, Zoom, Pinterest, Netflix, etc. These companies are down 33% or more from their 52-week highs.

Company	Ticker	Market Cap (\$m)	Current Price	52 Week High	Price From 52-Week High
Grab Hldgs Ltd	GRAB	\$11,261	\$3.01	\$17.06	-82.36%
Rivian Automotv	RIVN	\$32,627	\$36.23	\$172.01	-78.94%
Uipath Inc	PATH	\$10,348	\$19.09	\$85.12	-77.57%
Roku Inc	ROKU	\$14,825	\$109.57	\$479.50	-77.15%
Draftkings Inc	DKNG	\$12,474	\$15.56	\$63.67	-75.56%
Carvana Co	CVNA	\$16,003	\$92.50	\$370.10	-75.01%
Zoom Video Cmts	ZM	\$31,019	\$103.70	\$401.12	-74.15%
Pinterest Inc	PINS	\$13,847	\$21.04	\$80.29	-73.79%
Roblox Corp	RBLX	\$19,868	\$36.75	\$134.72	-72.72%
Wayfair Inc	W	\$10,203	\$97.09	\$333.00	-70.84%
Docusign Inc	DOCU	\$18,351	\$92.74	\$310.05	-70.09%
Toast Inc	TOST	\$10,032	\$19.71	\$65.22	-69.78%
Zillow Group	ZG	\$10,932	\$43.61	\$143.53	-69.62%
Paypal Holdings	PYPL	\$110,207	\$94.90	\$308.53	-69.24%
Moderna Inc	MRNA	\$60,501	\$150.12	\$484.47	-69.01%
Shopify Inc	SHOP	\$66,096	\$525.00	\$1,690.60	-68.95%
Twilio Inc-A	TWLO	\$23,663	\$130.36	\$409.84	-68.19%
Zillow Group-C	Z	\$11,345	\$45.26	\$141.19	-67.94%
Netflix Inc	NFLX	\$100,490	\$226.19	\$691.69	-67.30%
Coupage Inc	CPNG	\$27,775	\$15.82	\$45.72	-65.40%
Sartorius Ag	SARTF	\$11,399	\$333.00	\$947.00	-64.84%
Etsy Inc	ETSY	\$13,645	\$107.41	\$296.91	-63.82%
Snap Inc	SNAP	\$49,963	\$30.76	\$83.11	-62.99%
Lucid Group Inc	LCID	\$34,503	\$20.87	\$55.52	-62.41%
Lufax Holding	LU	\$13,567	\$5.51	\$14.21	-61.22%
Applonv Corp	APP	\$17,341	\$46.34	\$114.85	-59.65%
Epam Systems	EPAM	\$16,473	\$289.61	\$717.49	-59.64%
Rocket Cos Inc	RKT	\$18,431	\$9.29	\$22.90	-59.43%
Block Inc	SQ	\$66,428	\$114.52	\$281.81	-59.36%
Spotify Tech Sa	SPOT	\$23,299	\$122.49	\$300.95	-59.30%
Doordash Inc	DASH	\$34,890	\$100.14	\$245.97	-59.29%
Confluent Inc	CFLT	\$10,405	\$38.12	\$93.60	-59.27%
Coinbase Global	COIN	\$32,292	\$147.13	\$357.39	-58.83%
Chewy Inc	CHWY	\$16,655	\$39.61	\$95.70	-58.61%
Sunny Optical	SNPTF	\$14,652	\$13.32	\$32.09	-58.49%
Unity Software	U	\$24,636	\$83.77	\$201.12	-58.35%
Dell Technologs	DELL	\$37,260	\$49.00	\$114.54	-57.22%
Palantir Tech	PLTR	\$25,965	\$12.79	\$28.77	-55.54%
Anta Sports Prd	ANPDF	\$31,088	\$11.50	\$24.99	-53.98%
Snowflake Inc	SNOW	\$58,509	\$185.98	\$401.89	-53.72%
Exact Sciences	EXAS	\$11,415	\$65.56	\$139.27	-52.93%

Company	Ticker	Market Cap (\$m)	Current Price	52 Week High	Price From 52-Week High
Cloudflare Inc	NET	\$33,607	\$103.70	\$217.25	-52.27%
Match Group Inc	MTCH	\$24,129	\$84.62	\$175.53	-51.79%
Gamestop Corp	GME	\$11,364	\$148.85	\$302.56	-50.80%
Flutter Ent Plc	POOPY	\$19,404	\$55.20	\$110.50	-50.05%
Hubspot Inc	HUBS	\$20,135	\$426.13	\$852.08	-49.99%
Clarivate Anlyt	CLVT	\$11,505	\$16.83	\$33.53	-49.81%
On Holding Ag	ONON	\$16,211	\$26.05	\$51.45	-49.37%
Okta Inc	OKTA	\$22,683	\$144.76	\$285.35	-49.27%
Marketaxess Hld	MKTX	\$10,364	\$273.93	\$533.62	-48.67%
Generac Holding	GNRC	\$16,567	\$259.73	\$505.80	-48.65%
Nippon Paint	NPCPF	\$19,042	\$8.11	\$15.60	-48.01%
Meta Platforms	FB	\$545,532	\$200.42	\$382.18	-47.56%
Trip.Com Group	TCOM	\$13,204	\$22.02	\$41.85	-47.38%
Olaplex Hldgs	OLPX	\$10,091	\$15.55	\$29.41	-47.13%
Qualtrics Intl	XM	\$13,845	\$25.58	\$48.15	-46.87%
Biogen Inc	BIIB	\$32,395	\$220.43	\$414.71	-46.85%
Dynatrace Hldgs	DT	\$12,167	\$42.58	\$78.76	-45.94%
Omron Corp	OMRNY	\$12,158	\$58.95	\$107.47	-45.15%
Z Holdings Cp	YAHOO	\$30,233	\$7.96	\$14.50	-45.10%
Xp Inc-A	XP	\$15,738	\$28.15	\$51.17	-44.99%
Mercadolibre In	MELI	\$54,461	\$1,080.16	\$1,953.83	-44.72%
Lyft Inc-A	LYFT	\$12,444	\$35.70	\$63.70	-43.96%
Paycom Software	PAYC	\$18,779	\$111.90	\$553.23	-43.62%
Veeva Systems-A	VEEV	\$29,818	\$193.17	\$341.00	-43.35%
Adyen Nv	ADYEY	\$57,449	\$18.55	\$32.74	-43.34%
Uber Technologs	UBER	\$64,924	\$33.21	\$58.44	-43.17%
Bill.Com Holding	BILL	\$20,267	\$195.66	\$342.26	-42.83%
Align Tech Inc	ALGN	\$33,034	\$419.18	\$729.92	-42.57%
Hashicorp Inc	HCP	\$10,385	\$56.60	\$97.60	-42.01%
Qorvo Inc	QROVO	\$12,553	\$115.77	\$199.54	-41.98%
Atlassian Cp-A	TEAM	\$36,498	\$265.81	\$458.13	-41.98%
Adv Micro Dev	AMD	\$112,759	\$94.02	\$161.91	-41.93%
Warner Bros Dsc	WBD	\$11,649	\$23.01	\$39.01	-41.02%
Autodesk Inc	ADSK	\$43,879	\$201.92	\$342.27	-41.01%
Unicredit Spa	UNCRY	\$23,034	\$5.27	\$8.93	-40.99%
At&T Inc	T	\$138,786	\$19.43	\$32.63	-40.45%
Plug Power Inc	PLUG	\$15,392	\$26.63	\$44.55	-40.22%
Trade Desk Inc	TTD	\$32,445	\$66.92	\$111.64	-40.06%
Caesars Entertn	CZR	\$15,353	\$71.70	\$119.49	-39.99%
Salesforce.Com	CRM	\$184,368	\$186.23	\$309.96	-39.92%
Carmax Gp (Cc)	KMX	\$14,941	\$93.07	\$154.85	-39.90%

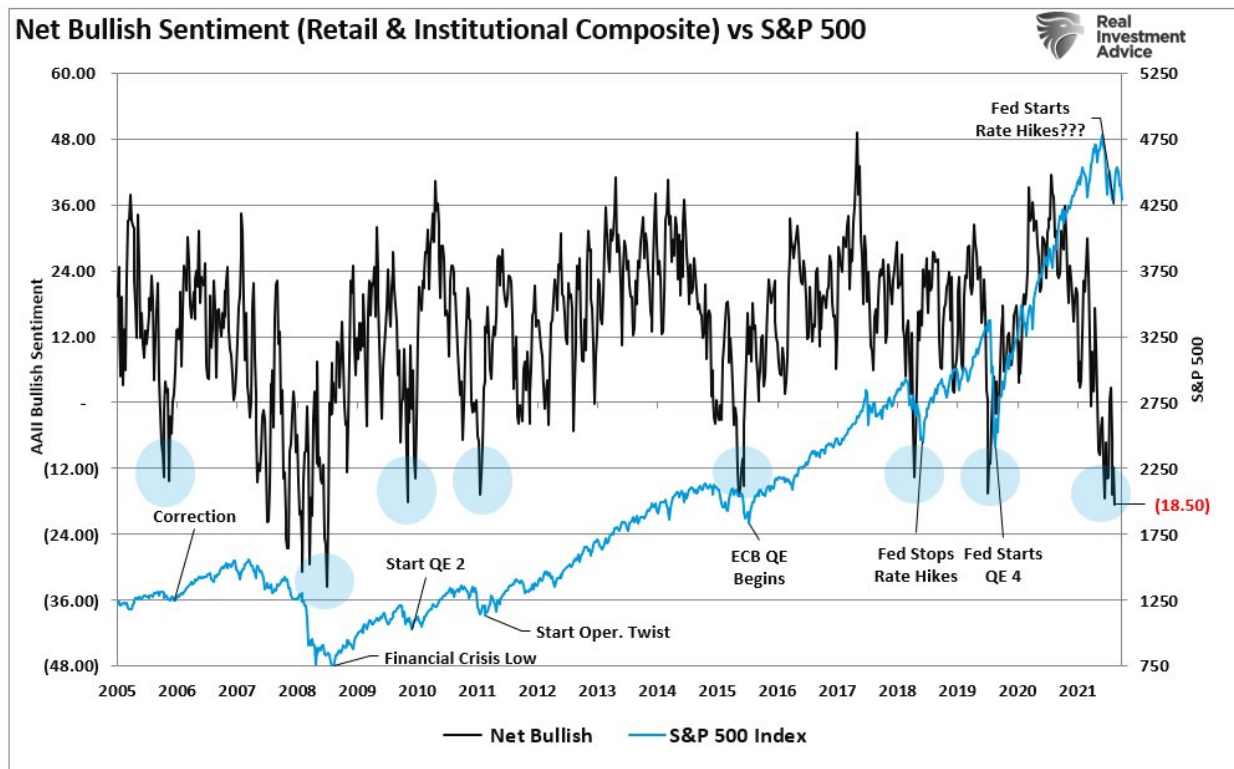
Company	Ticker	Market Cap (\$m)	Current Price	52 Week High	Price From 52-Week High
Zscaler Inc	ZS	\$31,280	\$221.71	\$368.78	-39.88%
Keyence Corp	KYCCF	\$101,420	\$418.18	\$695.22	-39.85%
Nu Holdings Ltd	NU	\$32,998	\$7.16	\$11.85	-39.58%
Skyworks Solutn	SKWS	\$19,814	\$120.81	\$199.66	-39.49%
Bentley Systems	BSY	\$12,012	\$43.50	\$71.17	-38.88%
Adobe Systems	ADBE	\$202,282	\$428.11	\$688.37	-37.81%
Aptiv Plc	APTIV	\$30,082	\$111.04	\$178.12	-37.66%
Las Vegas Sands	LVS	\$29,421	\$38.51	\$61.74	-37.63%
Yum China Hldgs	YUMC	\$18,393	\$43.41	\$69.40	-37.45%
Carnival Corp	CCL	\$19,418	\$16.05	\$31.31	-37.34%
Xylem Inc	XYL	\$15,632	\$86.80	\$138.03	-37.12%
Burlington Strs	BURL	\$14,710	\$222.55	\$352.64	-36.89%
General Motors	GM	\$60,620	\$41.72	\$65.74	-36.54%
Costar Grp Inc	CSGP	\$25,015	\$63.33	\$99.74	-36.50%
Starbucks Corp	SBUX	\$92,220	\$80.17	\$126.06	-36.40%
Ford Motor Co	F	\$64,268	\$16.05	\$25.19	-36.28%
V F Corp	VFC	\$22,432	\$57.68	\$90.05	-35.95%
T Rowe Price	TROW	\$32,668	\$143.40	\$223.87	-35.94%
Western Digital	WDC	\$15,489	\$49.50	\$77.17	-35.86%
Garmin Ltd	GRMN	\$22,109	\$114.68	\$178.38	-35.71%
Nvidia Corp	NVDA	\$625,718	\$214.82	\$333.76	-35.64%
Charles Rvr Lab	CRL	\$14,987	\$296.85	\$458.30	-35.23%
Williams-Sonoma	WSM	\$10,276	\$143.60	\$221.63	-35.21%
Zebra Tech Cl A	ZBRA	\$21,148	\$398.42	\$614.55	-35.17%
Twitter Inc	TWTR	\$35,674	\$46.72	\$71.69	-34.83%
Charter Comm-A	CHTR	\$92,582	\$335.96	\$821.01	-34.72%
Stanley B&D Inc	SWK	\$23,577	\$144.28	\$220.69	-34.62%
Paylocity Hldg	PCTY	\$11,018	\$199.93	\$305.75	-34.61%
Vmware Inc-A	VMW	\$46,821	\$111.20	\$170.03	-34.60%
Global Payments	GP	\$40,424	\$143.51	\$219.24	-34.54%
Illumina Inc	ILMN	\$54,065	\$344.17	\$524.84	-34.42%
Warner Music Gp	WMG	\$16,819	\$32.67	\$49.53	-34.04%
Lam Research	LRCX	\$67,162	\$481.45	\$729.82	-34.03%
Fidelity Nat In	FIS	\$62,905	\$103.00	\$155.69	-33.84%
Stellantis Nv	STLA	\$29,252	\$14.45	\$21.82	-33.78%
Fedex Corp	FDX	\$54,217	\$209.19	\$315.59	-33.71%
Disney Walt	DIS	\$226,796	\$124.57	\$187.43	-33.54%
Citigroup Inc	C	\$105,186	\$53.10	\$79.86	-33.51%
Enphase Energy	ENPH	\$24,094	\$178.53	\$267.74	-33.32%
Fresenius Se&Co	FSNUI	\$21,344	\$9.56	\$14.32	-33.24%
Datadog Inc	DDOG	\$41,317	\$131.62	\$196.56	-33.04%

The following table below shows the 81 companies with the largest market capitalization. You will note many companies that are down significantly more than the S&P 500 index in 2022. Companies like Nvidia, Facebook (Meta), Salesforce, Paypal, Qualcomm, and even Tesla are down 20% or more from their 52-week highs.

		Market Cap Current			Price From 52-Week			Market Cap Current	52 Week High	Price From 52-Week	
Company	Ticker	(\$mil)	Price	52 Week High	High	Company	Ticker	(\$mil)		High	High
Apple Inc	AAPL	\$2,729,100	\$167.23	\$182.01	-8.12%	McDonalds Corp	MCD	\$189,228	\$255.85	\$269.69	-5.13%
Microsoft Corp	MSFT	\$2,146,803	\$286.36	\$343.11	-16.54%	Wells Fargo-New	WFC	\$184,947	\$48.65	\$59.06	-17.63%
Alphabet Inc-C	GOOG	\$1,695,332	\$2,564.91	\$3,014.18	-14.91%	Salesforce.Com	CRM	\$184,368	\$186.23	\$309.96	-39.92%
Alphabet Inc-A	GOOGL	\$1,692,615	\$2,560.80	\$2,996.77	-14.55%	Bristol Myers	BMJ	\$168,448	\$77.28	\$77.77	-0.63%
Amazon.Com Inc	AMZN	\$1,566,540	\$3,079.96	\$3,731.41	-17.46%	Linde Plc	LIN	\$167,282	\$326.37	\$346.43	-5.79%
Tesla Inc	TSLA	\$981,368	\$977.20	\$1,229.91	-20.55%	T-Mobile Us Inc	TMUS	\$165,781	\$132.70	\$149.41	-11.18%
Berkshire Hth-B	BRK.B	\$772,362	\$348.82	\$359.57	-2.99%	Utd Parcel Srvc	UPS	\$165,749	\$190.43	\$232.11	-17.96%
Berkshire Hth-A	BRK.A	\$771,876	\$522,901.00	\$539,180.00	-3.02%	Texas Instrs	TXN	\$165,583	\$179.42	\$201.29	-10.86%
Nvidia Corp	NVDA	\$625,718	\$214.82	\$333.76	-35.64%	Nextera Energy	NEE	\$160,122	\$81.51	\$93.36	-12.69%
Meta Platforms	FB	\$545,532	\$200.42	\$382.18	-47.56%	Philip Morris	PM	\$159,736	\$103.05	\$111.90	-7.91%
Unitedhealth Gp	UNH	\$513,740	\$546.01	\$546.01	0.00%	Morgan Stanley	MS	\$159,126	\$90.61	\$108.73	-16.67%
Johnson & Johns	JNJ	\$483,496	\$183.89	\$183.89	0.00%	Qualcomm Inc	QCOM	\$157,181	\$140.34	\$189.28	-25.86%
Walmart Inc	WMT	\$442,794	\$159.63	\$159.63	0.00%	Raytheon Tec Cp	RTX	\$156,433	\$104.97	\$104.97	0.00%
Visa Inc-A	V	\$416,898	\$217.79	\$250.93	-13.21%	Union Pac Corp	UNP	\$155,256	\$247.07	\$276.69	-10.71%
Procter & Gambl	PG	\$396,024	\$163.65	\$164.21	-0.34%	Medtronic	MDT	\$151,594	\$113.00	\$135.17	-16.40%
Jpmorgan Chase	JPM	\$386,815	\$131.58	\$171.78	-23.40%	Amer Express Co	AXP	\$142,719	\$188.46	\$198.38	-5.00%
Exxon Mobil Crp	XOM	\$372,387	\$87.96	\$88.55	-0.67%	Cvs Health Corp	CVS	\$140,039	\$106.64	\$110.83	-3.78%
Mastercard Inc	MA	\$357,062	\$365.29	\$396.75	-7.93%	Schwab(Chas)	SCHW	\$138,833	\$76.45	\$95.53	-19.97%
Chevron Corp	CVX	\$338,982	\$172.53	\$173.89	-0.78%	At&T Inc	T	\$138,126	\$19.43	\$23.63	-40.45%
Home Depot	HD	\$325,655	\$315.14	\$416.18	-24.28%	Lowes Cos	LOW	\$138,002	\$208.74	\$261.38	-20.14%
Bank Of Amer Cp	BAC	\$319,852	\$39.66	\$49.38	-19.68%	Amgen Inc	AMGN	\$136,318	\$255.38	\$259.14	-1.45%
Coca Cola Co	KO	\$285,936	\$65.96	\$65.96	0.00%	Intuit Inc	INTU	\$136,301	\$481.95	\$694.66	-30.62%
Pfizer Inc	PFE	\$280,977	\$49.75	\$61.25	-18.78%	Commonwlth Bk A	CMWAY	\$136,290	\$79.87	\$81.84	-2.41%
Lilly Eli & Co	LLY	\$278,962	\$292.92	\$311.69	-6.02%	Honeywell Intl	HON	\$134,587	\$196.34	\$234.18	-16.16%
Abbvie Inc	ABBV	\$276,777	\$156.70	\$174.96	-10.44%	Anthem Inc	ANTM	\$134,190	\$529.84	\$529.84	0.00%
Costco Whole Cp	COST	\$267,499	\$603.53	\$608.05	-0.74%	Deere & Co	DE	\$134,184	\$437.39	\$438.45	-0.24%
Broadcom Inc	AVGO	\$244,038	\$597.72	\$674.28	-11.35%	Conocophillips	COP	\$133,066	\$102.67	\$107.50	-4.49%
Pepsico Inc	PEP	\$242,614	\$175.47	\$175.64	-0.10%	Cie Financiere	CFRUY	\$132,901	\$12.73	\$15.67	-18.76%
Thermo Fisher	TMO	\$231,399	\$591.15	\$667.24	-11.40%	Prologis Inc	PLD	\$127,807	\$172.67	\$172.67	0.00%
Verizon Comm	VZ	\$228,404	\$54.41	\$59.52	-8.59%	Caterpillar Inc	CAT	\$125,977	\$235.08	\$244.79	-3.97%
Disney Walt	DIS	\$226,796	\$124.57	\$187.43	-33.54%	Intl Bus Mach	IBM	\$124,393	\$138.32	\$151.28	-8.57%
Cisco Systems	CSCO	\$220,254	\$53.02	\$63.96	-17.10%	Amer Tower Corp	AMT	\$121,990	\$267.59	\$303.62	-11.87%
Merck & Co Inc	MRK	\$218,555	\$86.46	\$90.54	-4.51%	Lockheed Martin	LMT	\$120,972	\$453.87	\$469.19	-3.27%
Abbott Labs	ABT	\$216,273	\$122.64	\$141.46	-13.30%	Bank China Ltd	BACHY	\$116,931	\$9.93	\$10.16	-2.26%
Comcast Corp A	CMCSA	\$214,875	\$47.40	\$61.75	-23.24%	Target Corp	TGT	\$115,290	\$249.32	\$266.39	-6.41%
Oracle Corp	ORCL	\$214,226	\$80.29	\$103.65	-22.54%	Goldman Sachs	GS	\$115,253	\$341.06	\$423.85	-19.53%
Nike Inc-B	NKE	\$213,828	\$135.87	\$177.51	-23.46%	Bhp Group Ltd	BHP	\$113,437	\$76.90	\$80.83	-4.86%
Accenture Plc	ACN	\$205,176	\$323.67	\$415.42	-22.09%	Adv Micro Dev	AMD	\$112,759	\$94.02	\$161.91	-41.93%
Adobe Systems	ADBE	\$202,282	\$428.11	\$688.37	-37.81%	Paypal Holdings	PYPL	\$110,207	\$94.90	\$308.53	-69.24%
Danaher Corp	DHR	\$200,571	\$280.38	\$332.43	-15.66%	Intuitive Surg	ISRG	\$108,800	\$302.90	\$365.42	-17.11%
Intel Corp	INTC	\$196,705	\$48.11	\$63.70	-24.47%	Boeing Co	BA	\$108,365	\$183.55	\$255.62	-28.19%
						Blackrock Inc	BLK	\$106,278	\$699.00	\$971.49	-28.05%

Of course, that destruction of capital weighs on investor sentiment. While retail investors enjoyed the liquidity-induced *"feeding frenzy,"* many have now suffered a severe *?bear market?* in their portfolios. **Not surprisingly, investor sentiment is at levels most often associated with more significant corrections and major bear markets.**





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## We Tried To Warn You

As noted in our previous posts, the action by young retail investors was understandable. Flush with a "stimmy" check and a trading app, the "Wall Street casino" was open for business.

However, the outcome of young investors approaching the market with a "can't lose" attitude was evident. While social media stars "got rich" for their free "don't be bearish" investing advice, it is worth noting their "riches" didn't come from their investing skill. Instead, it came from their skill in producing products and ads. Such is not much different than how Wall Street makes its money.

Experience tends to be a brutal teacher, but it is only through experience that we learn how to build wealth successfully over the long term.

As Ray Dalio once quipped:

***?The biggest mistake investors make is to believe that what happened in the recent past is likely to persist. They assume that something that was a good investment in the recent past is still a good investment. Typically, high past returns simply imply that an asset has become more expensive and is a poorer, not better, investment.?***

Such is why every great investor in history, in different forms, has one basic investing rule in common:

*?Don't lose money.?*

The reason is simple: you are out of the game if you lose your capital.

Many young investors have gained a lot of experience by giving most of their money to those with experience.

It is one of the oldest stories on Wall Street.

So, while Millennials were quick to dismiss the *?Boomers?* in the financial markets for *?not getting it.?*

There was a more simple truth.

We did "*get it.*"

We have been around long enough to know how these things eventually end.