

## The Stock Market Doesn't Care About You

"The stock doesn't know you own it." - Adam Smith (aka George Goodman)

Yesterday wasn't a great day for workers at General Motors.

Here's the news via [Bloomberg](#):

*General Motors Co. will cut more than 14,000 salaried staff and factory workers and close seven factories worldwide by the end of next year, part of a sweeping realignment to prepare for a future of electric and self-driving vehicles.*

*Four factories in the U.S. and one in Canada could be shuttered by the end of 2019 if the automaker and its unions don't come up with an agreement to allocate more work to those facilities, GM said in a statement Monday. Another two will close outside North America.*

The fact that 70% of all car sales in the U.S. are now SUVs (this stat still boggles my mind) has hurt sedan sales enough that GM thought it was wise to cut back on their number of plants and employees.

The wounds are still fresh from the upheaval in the auto industry caused by the Great Recession but you have to feel for the employees and stakeholders affected here.

The stock market, on the other hand, took the news in stride as shares initially spiked more than 8%, finishing the day up 5% at the highest level its been since July.

Now, this is just one day and one day in the stock market does not make for a trend. It's impossible to predict the long-term consequences of this decision because there are so many moving pieces in such a cyclical industry and these moves always have unintended outcomes.

But this just shows how cold and heartless the stock market can be.

The fact that layoffs are considered great news is hard to wrap your head around but this is how the markets operate, especially on a short-term basis.

There are plenty of other ways that markets and the financial industry are counterintuitive to the real world:

- When wages rise that's seen as a bad thing for corporations.
- Falling energy prices are negative because they could portend an economic slowdown.
- Low volume rallies in the market are frowned upon because some people think it's a good

thing for investors to turn over their shares and trade more, despite all evidence to the contrary.

- Companies that hold too much cash can become targets for activist investors.
- A low unemployment rate can be considered a bad thing because it means the economy could be overheating.
- When the stock market falls and shares are cheaper, everyone freaks out, unlike every other item they buy in the world that they wish would fall in price.
- Rising interest rates are seen as a risk even though fixed income investors eventually end up earning a higher income.
- When people are more cautious and increase their savings rate, economists worry about how it will impact consumer demand.

The markets are a bizarre place because they mostly don't care about you.

Markets don't care about:

- your job.
- your feelings.
- the returns you need or desire.
- your thoughts on how the world *should* work.

Markets really only care about:

- profits.
- trends.
- narratives.
- sentiment.

It doesn't seem fair that the world works like this but we have to deal with the financial markets as they are, not as we wish them to be.

That stock you bought isn't falling right after you bought it simply because you made that purchase. The company doesn't know you own the shares. The Fed doesn't have your specific portfolio in mind when setting monetary policy. Just because the market hasn't agreed with your positioning for the past 5 years doesn't mean every other investor is crazy.

Once you realize the markets don't care about you it can be liberating because you stop taking the things they do personally.

When you take things personally in the markets you take credit when things go right but blame others when things go wrong. You worry more about being right or sounding intelligent than actually making money.

The stock market will never be aligned with everyone's view of a perfect world.

George Goodman famously wrote, "If you don't know who you are, this [the stock market] is an expensive place to find out."

It helps to know who you are before investing but it also helps to know who the stock market is.

Further Reading:

[Are SUVs Ruining Retirement Savings?](#)