IFB278: How to Deal with Macro Issues

[This transcript was generated by artificial intelligence. Timestamps are not 100% accurate depending on the platform used for listening].

Dave

0:00

All right, folks, welcome to Investing for Beginners Podcast. Today we have episode 278. And today we're going to talk about the impact of your investments from economic conditions. So Andrew had a great conversation with a listener recently, that he's going to talk about, and they talked a little bit about economic conditions and how they could impact your investing. So we thought this would be an interesting conversation to help all of you out there.

Andrew

0:26

Yeah, shout out to Max. That was really fun. And, you know, Max talked about, you know, hearing about friends who are his age, and maybe some of them are getting laid off or working for companies where a lot of these big corporations are talking about having to cut back on costs. And obviously, that can kind of scare you into thinking,

Hey, where's the economy going? If I have friends around me or family who are losing their jobs are the talk around the office is that they're cutting this and they're taking away our nap pods? And they're taking away our free catered lunches, like, obviously, the outlook for the economy might be less optimistic than it was, say, a year or two ago. So what does that mean for my investments in the stock market?

And that's something that not only do the inner investors deal with that, but I would say all investors deal with that. And so the question is not are you going to deal with this? Or are you going to have these feelings happen? I feel like the question is, how are you going to deal with it? How are you going to think about it? And that could be all episodes. So why don't we just do that and start there?

Dave

1:34

Exactly. So I'm gonna throw out a term and then we'll kind of weigh it out there. So everybody understands the term macro is the term that's often used when people think about economic conditions. And the way I always try to think about it, and just from an economics perspective, somebody's probably cringing when I say this, but when I think of macro, I think of the overall economy as a whole enlarge.

And whether that means the United States, whether that means global economy, it really, for me, it always insinuates that we're thinking about the overall broad economic conditions, whether things are good, or they're bad, and maybe some do smaller compartments of that. But that's really kind of how I think of the term macro. And it's the reason I want to describe it define it, is because it's probably going to be a term we'll use throughout this conversation. And I don't want newbies or new investors to go, what is he talking about? So maybe to help kind of start the conversation? Because when you think of macro, what does that mean to you? Like, how do you define that

Andrew

2:42

term? I feel like he defined it while I did not cringe at all it is the things that you hear about in the headlines all the time, whether it's unemployment, inflation, economic growth, interest rates, all of these things that actually do play a big part in this economy that we all live in, work in and have investments in the stock market that are all affected by it. That's all macro economic. So I guess the question to you would be, to what degree are you looking at macro economic factors when it comes to buying individual stocks and having a portfolio?

Dave

3:22

For me, it's more of, I guess, a brief understanding of what's going on or an overview of everything that's going on? I don't necessarily dive into the nitty gritty of the numbers and the specifics. It's more just having a general pulse on kind of what's going on. Are we going into recession? Are we in a recession? Are is everything booming? Just for me? It's kind of having an overview of that kind of idea. I guess that's how I look at it. What about you?

Andrew

3:51

Yeah, same. So I guess the next natural question would be, if that's the case, and you're trying to buy low, sell high, why not just not invest? When we're in a recession and only investment we are out of a recession? As a beginner, that sounds like the most natural thing to do?

Dave

4:08

It does. But that brings into the whole equation, the idea of timing the market and being having the foresight to know exactly when you start and stop these things, and being able to define a definitive period of hey, we're in a recession now. Now, we're not in a recession, and I don't have that special ability and I don't know many people who do, if any, and so it kind of comes back to that whole idea of trying to time the market and how that's really not an effective way to invest.

And I guess, you know, if you're thinking about this, do you think about timing the market or you know, what is like if I came to you and said, Hey, I'm just gonna wait till the recession is over and I'm gonna start investing. What would you tell me?

Andrew

4:56

I would tell you stop So I think something that's maybe not clear unless you've been investing for a while is that stock prices move not only on what the businesses are doing, but also on what everybody expects the businesses to do. So if we all kind of know that a stocks going to have lower earnings, because there's a recession coming up, then they could perform slightly better than what everybody expected and see their stock price go up. And that's maybe not that's maybe kind of weird, like you would say, well, this business shrunk, it got smaller, but their stock price went up, even though they just reported that things got smaller.

Why is that the case? Well, it's because in a large way, Wall Street, and the stock market is driven by people's expectations. And so not only do you have to guess, if you were to hypothetically, let's say wait until the recession was over to invest your money, or you are going to sell when you think the economy is booming, and then wait until the recession is over, and then you're gonna buy back in when everything's low. If you're the hypothetically do that you will not only have to figure out exactly where those starting and ending points of the recession are, which to your point is never clear. Unless you're looking at the rearview mirror.

Only three 612 months later, do we say oh, yeah, that was a recession. So not only do you have to get that right, but then you have to understand what are people expecting, which means what is already priced into the stocks that you're looking at? And then you have to guess if these businesses are going to outperform or underperform their expectations. So good luck with all of that. That's kind of why I mean, that's a big reason why I think it sounds good in theory to kind of change how you're going to invest based on macroeconomic conditions. But in practice, that's very hard and probably impossible to do.

Dave

6:53

I borderlines, I think it is impossible to do, I don't know any successful long term investor that's been able to do that, of course, there has been people that have gotten things right from time to time. But I would hypothesize that that is far more luck than it is skill. And, you know, there's luck involved in investing just like anything else. I guess the thing that I always kind of come back to, when I'm thinking about investing is understanding where the country is or where the world is in the economy is important.

But it's also more important to really understand where the company is that you're investing in. Let's say you're investing in Berkshire Hathaway, for example, and you see the stock price falling. But then when you look at the actual performance, the financial performance of the business, you see that their revenues are up, their margins are up, they're buying back stock, all these things that they've been doing when things were going well, as far as the economy is going, they're still doing the same thing when the economy's not doing as well, well, that to me, there's a dislocation between the I guess data points in Iowa want the company that's going to do well, regardless of what's going on in the economy.

And then of course, there are going to be downturns, there's going to be times when Berkshire Hathaway, financially won't perform as well as it may. But there's also to this idea of when the tide goes out, you can kind of see who's swimming naked. But it also is when low tide drops, it drops everything. And so sometimes when the whole market goes down, even though Berkshire Hathaway, as an example, may be financially performing very well, their stock price will fall, but it's not because of the financial performance of the business. Whereas there may be other points in time, where there are economic conditions that do impact the financial performance of Berkshire. And that's something I guess you have to be aware of.

But that is more on a case by case basis, as opposed to having a super focused, I guess, intention of understanding the inner workings of the macro economic situation and how that impacts Berkshire. And I guess that's what I try to do. And we'll talk about that more in a little bit. But I think that's, you know, just understanding that, sometimes the tide will go in and out. And the companies will be affected by that. But the financial performance of the company in the long run, is really going to be the thing you want to focus on, as opposed to the stock price movements, because those always correlate with the performance of the company, I guess is that's one of the things that I tried to think about.

Andrew

9:29

It's the absolute right mental model to AV and we easily forget how things seemed obvious in hindsight. And that plays a huge role in this whole thinking you can time the market thing too, because when the market crashed in March 2020, April 2020, it crashed and then it shot right back up and then didn't stop and look back. But if you look back in history, let's say even the last recession we had before 2020 If you look back 2000 May 2009, that market actually had a lot of crash kind of jump or recovery, where people are thinking, Yay, we're back to the bull market, and then they'll all start crash. And then you had like, two or three of these false start recoveries. And it wasn't that long ago, where I remember people, it might have been on Twitter or wherever, people putting charts where they're looking at 2020 versus 2008 2009.

And saying, don't believe this recovery, it's gonna go, we're gonna crash. And of course, for 2020, that did not happen. And then now we hear we sit at 2023. And people are making similar claims. So are we going to be like 2000 A are we going to be like 2020, or we're going to be like, 1987 are going to be like, 2000, I don't know. And that's the thing is that you can't take what's happened in the past and say, Well, this is going to happen, for sure. Because sometimes the patterns do follow, and sometimes they don't. And so you can't be saying, any form of time in the market, whether it's, I'm going to wait until things get better that put money in, or I'm going to sell now, or you know, load up now, all these kinds of ideas.

That's why I tried to talk about $1 cost averaging approach over and over and over again, because $1 cost averaging approach basically says I'm willing to take the same amount of money and put it into the market every single month. Sometimes I might get more money, you know, get like a cool bonus from work, throw that in there. But there's a minimum amount that you're putting in. So regardless of if the sky is falling, and we all think we're going to recession, or things are great, and everybody thinks we're in a bubble, you just keep putting money in because at the end of the day, you really don't know what the next six months look like.

But the compounding effect of putting dollar cost averaging into your investing plan is so powerful. And it takes away that worry of is this the right time? Is this the right time? Am I doing the right thing right now, the right time is always, in my opinion, if you have a long term mindset, and you're going to be holding for 20 plus years, the right time is always so just slow and steady, keep putting money in and you don't have to worry about any one deposit and the One Investment and the one period of time. And studies have shown over and over and over again that that's how you build wealth sustainably. By having this consistency and not narrowing narrowing your focus to some three or six month period.

Dave

12:37

Yeah, exactly. You put that all great and hold dollar cost averaging DCA, whichever term you want to use, that's really one of the superpowers that we have as an individual investors as a we can continually put money to work in the market. And studies have shown time and time again, that time in the market is more important than timing the market. And it's the idea that consistency and think about 401 K's that's really one of the strengths of the 401k is that it's automatically putting money into the market on a regular consistent basis over a long period of time.

And that will, in turn will yield you you know, huge benefits. And that's really what it comes down to is, you know, understanding the macro and having a sense of the ripples of those things is important. But time in the market is far more important than trying to time the market. So I guess let's talk a little bit about Max's I guess his main question to you. And kind of maybe we could talk a little bit about what he was asking you when we can kind of dive into that a little bit. What was that? How to interpret like layoffs and things of that nature.

Andrew

13:44

Okay, yeah, Max is kind of talking about, are we seeing early signs of a recession, when you see layoffs, and how does that maybe affect investments? And so, you know, we gave this introduction kind of like prerequisite learning material about how the stock market works and how it kind of works in the short term in the long term. And so the answer to that is like, yes, in general, when you have layoffs, it does slow the economy down, because everything in the economy is this huge cycle. So you get like up cycles and down cycles, where people get jobs, they get raises, they spend more money. People get jobs, get raises, spend more money. It's like an upward spiral. And then it happens again, on the downward spiral.

People lose jobs, they spend less money, businesses get less money, people lose jobs, spend less money, businesses get less money. So you do have that as a big picture kind of phenomenon. I guess the problem is, is the economy is so big, and there's so many moving pieces, that if there were layoffs, say some are concentrated like in the tech world, for example, let's say hypothetically, a lot of tech businesses just thought everything was gonna go to the moon and so they hired anybody that they could find and pay them whatever they want. donated and took on any project that sounded like it had any sort of potential, and just spend, spend, spend with no consequences. And then let's say now they have to pull that back.

So you have a big glut in technology as an example. Well, that ripple to the rest of the economy, it might or might not. And that's because we've seen times where struggles in one area have affected the entire economy. Like the banking niche, the banking and real estate issue in 2008 2009. had major ripples throughout the entire economy. I mean, people were over leveraged, the banks had to really slow down lending and all of this stuff, you could talk about the macroeconomic situation there until you're blue in the face, the Fed, blah, blah, blah, blah.

But if you looked at something like 2015 2016, so for you fast forward a little bit to 2015 2016, if you weren't in the industrial sector, you might not have known that this even happened. But they had a pretty big slowdown in the industrial sector, a lot of different industrial tied companies had a big slowdown, and that had ripple effects throughout their value chain. But the rest of the economy in general, was pretty fine. And certainly the tech stocks just blew through that period. No problem. So that was a period of weakness where there were layoffs in that area of the economy, which didn't necessarily ripple through the entire global economic environment. So I understand the logic of feeling scared that there could be a recession.

And I'm not trying to say that there won't be because I see all the scary data points to all I'm saying is that, yes, it could be a signal of a recession, as you perceive a recession, but they also could not be. And so I'm not putting my financial future, on a bet. Whether it is or it's not. And that's why you just have to, you can think about it. And it's good to kind of like Dave was saying, have a basic awareness that you don't make big decisions based on that information, because it's not necessarily even the best information or the best thing to do. Yeah, totally.

Dave

17:07

It's great to have an understanding of, of the overall economy, and the overall sense and pulse of what's going on in the world. But it also comes down to how well you understand the businesses that you're investing in. If you're a stock picker, then our job as a stock picker is to understand how Berkshire Hathaway works. How understand how Google works, and to understand how VSA works. And they don't necessarily all correlate and overlap, and so things that may be going poorly at Google won't necessarily affect V says financial performance, for example. And likewise, with Berkshire Hathaway, they kind of all are separate buckets, in a way they all operate in the United States economy, for example.

And so that does have an impact on them if the market if the economy slips into a recession, but each may have a varying degree of impact, some it may impact more than others. And that kind of comes back to understanding the businesses that you're investing in. And I'm gonna throw this idea of like a circle of competence. And that's really where it comes down to really understanding the businesses that you are investing in, in having an understanding of what those weights mean, for that particular company that will filter into the overall view of what happens with the economy. For example, if you're in California, and Silicon Valley is weighing off a lot of their employees, that's obviously going to have a huge impact on the economy of California.

And it may spill into other states. It may not. And it also may or may not filter into the general economy, you don't know that. But it comes back to really understanding Facebook, and Google and Apple and Microsoft and their businesses and how those layoffs are impacting that particular business, aside from the horror and the tragedy of all those people being laid off, which is an awful thing.

But if you think about if you focus then on the business part of it weighing off 11,000 people for meta, you know, the stock market is taking that going back to the expectations investing in the stock market is actually taking that as a favorable sign, because it means that the company, in theory should be more profitable, because they have less people that they're paying, and that's a big expense for the business. Again, not to minimize the human impact of the people will being laid off because you know, it is horrible. I don't wish that on people but the only you're talking about an individual company, that's what you have to think about is kind of move beyond the tragedy part of it and think about the actual financial position and the stock market. If you look at metas performance over the last six, eight months, it was a dog and now it's one of the leading stock returns of this year because the market expects It's better to be more profitable because they've been laying off more people.

Mark Zuckerberg calls it the year of efficiency, beginning of the year, your interviews. And so that's really worried that the circle of competence comes into play. Because Berkshire is not, for example, is not laying off 11,000 people. And DISA is not laying off 11,000 people, I know nothing about meta, I don't know very little about some of these other tech companies. And so I would not be a good person to ask my opinion, because that kind of falls a little bit out of my circle of competence. If you asked me about visa, I can tell you, if he asked me about Berkshire Hathaway, I can tell you, if he asked me about Bank of America or JP Morgan, I can tell you, however, but it all comes back to you know, having a circle of competence. And I think that's where having the confidence who say, Yeah, I understand VSA enough to know that if they lay off 11,000 people, how's that going to affect the business, it could be detrimental, you don't know. But if you do know that, that gives you a confidence to be able to go, okay, you know, this is a big deal, or this is not a big deal, or this is going to help the business or it's going to hurt the business. But that's where understanding the business and having a circle of competence kind of comes into play. So I guess I just talked a lot about circle of competence, I want to give you your say, because I'm sure you got lots of good things to divulge as well,

Andrew

21:13

I mean, I feel like he covered it pretty well, circle of competence is when it comes down to knowing what you own. For me, if I looked at a company where I'm used to having really stable profits, somebody like Microsoft, if I were to see that they lost 80 90% of their profits in one year, that would really concern me.

But if I look at somebody who's super cyclical, like a home builder, or a lumber distributor, and they lose 80% of their profits, that's kind of par for the course, that's just the way that these businesses operate. So to Dave's point, if you have a circle of competence, if you understand how the businesses that you own operate, then you can understand what a data point actually means. Because one data point for one company might be a very different meaning than the same data point for a different company. And same with the layoffs, layoffs, for a company where the business is, you know, revenues are down, down, down and things are shrinking.

And it's like, we have something that looks like it's dying, because there's just no demand for what they sell. Yeah, that's another bad sign that to the cart, but a business that's growing and has a lot of layoffs. So maybe it was because they were a little over ambitious a time or two ago, was not going to hurt in the short term. Sure. But does that change the long term outlook of the business? That's for you that the size of the Duster, so that's where these data points could sound scary. And the media does a great job of making it sound less scary, they can use what they're paid for, right? That's where as an investor, you can find confidence in knowing what you own and then interpreting it for yourself rather than relying on what somebody at BuzzFeed said. Yeah, exactly.

Dave

22:59

So we've talked about the definition of these ideas, maybe some of the ways that you could avoid it. And the analysis of the business can help you overcome some of the fear and trepidation that could occur because of those headlines. So how do you deal with this whole idea of macro and the economic conditions and maybe how that affects your investing?

Andrew

23:22

That's a really great question. I wouldn't say there's a one size fits all answer. For me personally, I kind of just look at trying to put the pieces of the puzzle together. And then, as you learn about more industries and companies, you start to see similarities, but no single companies can be the exact same. I'll give you an example. Like with homebuilding, like I said, it's a very boom and bust industry.

Things go up and down a lot. And it's very characteristic for them to get really excited, and then overbuild and then really pessimistic and underbuild. So you got these big natural cycles. So that's the way the industry goes. For me. I wanted to look back as much history as I could to see, are there any long term trends that I can hang my hat on? And for homebuilding, there was, for me, it was pretty simple. The price of new home construction rises pretty near the growth of the economy. And it makes sense as the economy grows, people get richer, they can spend more in homes. Homes are a natural necessity. So for me holding something like a homebuilder, I know it's going to be really bumpy ride.

But over the long term, I'm expecting them to keep up with the economy. And so that gives me the confidence to invest when I think the price is good, and then hang on for as long as I want. You can take another much more stable industry like insurance, something that doesn't have these huge booms and busts are normally and something like a health insurance company. And you can kind of look and see that you know what they might not have these years where they're tripling their revenue or something. But you get kind of a slow and steady people have to pay their health insurance premiums year after year after year.

And so in that case, you can just look at something really simple. And you say, well, if I'm looking for something steady right now, maybe I add to a company like this, like, if you feel like things are really expensive around you, you can find something that's a lot more steady, slow grower, and it's probably trading at a decent price and then buy there. So that's where I think knowing kind of the general, like that combination of circling competence, and just having a general insight into where the economy is, if I feel like the economy's like pretty hot, then I tend to look for something that's maybe a little more stable. And it's not a hard and fast rule. But you're just kind of like you're thinking of where the markets expecting things where prices are in the market, and then where the economy is, and you can make decisions on what you want to focus on. And that I think that can be helpful sometimes.

But I think knowing the fundamental characteristics of what you're looking at, that's what I tried to do. And like I said, I do it differently with every business. And that gives me confidence. When I'm buying to know, hey, I'm buying at a pretty good time. And hey, I know what I'm buying for, it's always to try to hold for the long term. So that part's easy, right? It is, that's the easiest part.

Dave

26:16

But the you know, I try to approach it roughly the same way I think about I try to think about the overall economic situation that we're in and think about the interest rates and kind of how those impact the values of the companies trying to buy. And then it's more focusing on the particular industries and trying to stay within my circle of competence and try to stay within those industries that I feel like I understand and can project how those will do in the future. And understanding that it's in reality, just a guess, because there's nobody that knows what I could say that the financial industry will do this over the next 10 years.

And I could be completely wrong. And but I could also be completely right. So but it all comes down to kind of trying to understand each individual company, and how they fit within their particular sector. Because like Andrew was saying, the some of these will go in and out of favor, some will get really get slammed by something that could not impact anything else. And so it's but then really comes down to really understanding that industry in that business. Because even if that industry or business gets slammed by something in particular, if you have an understanding of the business, and there's a downturn in that sector, for whatever reason, you might be able to project or see the end of that downturn, and it can help you stick out the downturn in that particular sector it but it also could provide you opportunities to buy great companies that are still performing well.

But everything else is getting punished, because that is doing poorly. It's kind of related to think about the recently, there's been kind of a, I guess, an underhanded joke. In the advertising businesses. Snapchat is the company that always reports before Google and Microsoft and Netflix and trade desk. And you know, all these face meta, all these companies that are built on a lot of advertising. And it's a little comical because Snapchat doesn't do well on their earnings, for example, the market punishes them, but then they also punish Google, where Google isn't gonna report their earnings for another two weeks as zero relationship to how Google is performing their business, but the market is punishing them just because they're in the same overall sector, at least for a short term. And then they always bounce back.

But it's a little amusing to watch sometimes kind of when you're removing yourself to see some of those things and how they impact things. But if you didn't, if you're trying to invest in Google, for example, and you see that I don't know where the company is, their prices drop and 12 15%. And there's no news regarding that. It could be a great opportunity to buy something. But it could also be something bigger if you didn't understand the business, and what's really going on with the business. And that's where kind of understanding all this and having a circle of competence can help you really kind of move past some of the like Andrew was saying the fears of what the media is going to tell you.

Because if something happens in regards to that the they're going to punish the company in the news. And the market will sometimes move on that news, even though it has nothing to do with the actual financial performance of the business. And so those are all things that you know, I think when I think about it, that's how I kind of helps me move past some of the fear that you may see in the news. Although I I try really, really hard to avoid the financial news. Sometimes it's impossible to miss something, but I try hard to stay away from it just because I know that that's something that they're trying to do. And it can be scary. It could certainly be scary.

And if you're a new investor, or newer to this whole game, and you see those headlines are you hear people talking about this data? The other thing, it could be scary and I get it. But that's where it kind of really understanding what it is you're buying. And what you're looking at will really help alleviate some of those fears, because you won't get caught off guard as much.

Andrew

30:14

Yeah, those are all excellent points. Maybe before we wrap up, I was curious, can you give an example of seeing that light at the end of the tunnel, where you might have a position that everybody seems to be writing about this industries, looks terrible, blah, blah, blah. But in reality, you have a better insight that helps you to hold on to the stock, do you have an example of something like that,

Dave

30:39

I think there's a couple one, that kind of, I guess, kind of springs to mind a little bit is visa during the aftermath of the the 2020. Crash visa fell 40 50% during that month and a half time period, and it recovered, but it took a long time compared to other companies. And a lot of it was because a big portion of their revenue comes from international transaction. So if I go to Paris, and I buy a whole bunch of stuff, and my bank is in New York City, then visa makes a little more money from that transaction that if I was in New York City buying the same thing, so and when the pandemic is going on travel was almost non existent. But if you looked at the business and everything else that they're doing, you could see that debit card transactions were growing through the pandemic, you can see that more people were using plastic than cash, partly because everybody was at home.

And so you could see some of these trends starting to happen, even though that wasn't filtering back into the stock price, it took a little while for the stock price to kind of start to recover from the big drop. And whereas if you looked at Google, for example, it almost literally straight up right after the pandemic, and Amazon to the the price of Amazon fell a bunch. And then it rebounded very quickly. But visa did not and but because I understand, understood the nature of the business, and understood how they make money. And I understood how the cards get used in those kinds of things. It helped me see the light at the end of the tunnel, I started seeing a rebound in international transactions the way before the market was talking about it and way before the stock price reflected that.

And that was really a big income driver for the company. And so that helped me Hold on, and even buy more of visa at that time, because I knew it was going to be a better investment. And I was getting a good, I was getting good sale on it at the time. And it wasn't something that a lot of people were really necessarily talking about. It wasn't one of the wasn't one of the meme stocks, it wasn't one of the big huge growth stocks, it was overlooked a little bit by the overall market.

And this social media sentiment wasn't super bullish on the company at the time, either. So I think I even remember somebody saying, at that kind of the height of the.com, bust the height of the bubble 2021, maybe early 2022 That Visa and MasterCard were over the hill and they were dead. And the people were predicting the demise. And that is obviously not come to pass. But that was kind of the overall sentiment for visa at the time. So that's what helped me overcome that whole idea about you.

Andrew

33:17

I'm hoping I think that's a great example. So maybe you can help somebody who struggles with that. How did you keep that mindset, in spite of what everybody else could have been saying? What's the process? Because the process? I think that's really helpful? Yeah,

Dave

33:33

I think, Well, for me, the process was, number one, understanding the business. And really understanding what drove the profit for the resident drove the growth for the business, prior to the pandemic, and seeing the rebound happen. As it's happening, because I was reading I was reading their transcript calls, I was looking at their financials. And so and I was reading the news about them, and also reading the news about other financial companies fintechs like them MasterCard, for example, American Express Pay Pal, Arjun, all these companies were all reporting roughly the same kinds of they were seeing the same rebounds. It wasn't necessarily being reflected in the stock prices.

But they were seeing the same economic recovery. And then just kind of following the news enough to understand that these companies, these countries were going through rebounds. And you know, as the whole pandemic was changing, and and started to fade away. You started seeing recoveries faster in other parts of the world and others and all those things kind of coalesced and gave me confidence that what I was seeing happening with Visa was the real deal and it was going to continue to recover and go back to air quote, normal. That was it for me. And number two, I tend to be very patient when it comes to stocks maybe not other things, but what stocks I am and some of it is probably just bullheaded stubbornness that I wasn't going to sell, because I knew what a great company visa was.

And I just I had the confidence that they were a great company. They were doing what they needed to do, and it was going to, in the long run, they were they were going to get back to where they needed to be. So just, you know, just understanding the economics of the business and how they do what they do.

Andrew

35:16

I love that it's easy to get kind of like Brainiac like I was reading yesterday. It's easy to get Brainiac with stocks. But sometimes you just need to be a stubborn bull. Yeah. And can do a lot of things for your wealth. No, I love that.

Dave

535:32

All right, well, we'll thank you. With that. We will go ahead and wrap up our conversation for today. Thanks to max for reaching out to Andrew and asking this great question that gave us a lot of great things to talk about. And I think it could be very helpful for other investors, particularly new investors as they come into the market because it can be a scary, scary thing to see the news and wonder how to react to some of those ideas. So with that, we'll go ahead and wrap up the show for this week.

Don't forget to subscribe to the show on your preferred podcast app if you enjoyed our little podcast. If you would kindly consider giving us a review. It would greatly help the show. And don't forget to browse the incredible materials that we put together for you at E investing for beginners.com. Last week, continue growing your knowledge as in investing for beginners insider with insights and educational tips delivered right to your inbox for free. Sign up for our emails today. So with that, I'll go ahead and wrap us up you guys go out there and invest with a margin of safety. Emphasis on the safety. Have a great week and we'll talk to y'all next week.