

TURMOIL IN THE MARKETS

Prior to joining Mill Creek, I was the head of Investment Strategy for UBS. In that role, I occasionally did client events with Art Cashin. For those that don't know Art, he started as a clerk on Wall Street in 1959 right out of high school and made partner at P.R. Herzig & Co in 1964. He's been working in various roles on the floor of the New York Stock Exchange ever since.

Each client event proceeded in roughly the same way – Art would stand at a lectern and start with a joke about his “apple juice” — the bottle of scotch was usually within eyesight. Then he would tell his story about the Cuban missile crisis^[1]:

My father died when I was a senior in high school so I had to pass up the chance for a scholarship to college to work in Wall Street to help support the family. Most of what I learned came from sitting in saloons that had encyclopedias behind the bar – usually to settle bets.

The things I learned in the saloons were not the same things you learn in places like the Sloan School of Management – usually, they were better.

For example, there was a lesson I learned during the Cuban Missile Crisis. At the time I was studying with “Professor Jack” under a Moosehead, in a saloon called “Eberlin’s” down the block from the exchange. The tuition was paid in scotch “old fashions.” Classes lasted until either you ran out of money to buy drinks or Jack ran out of the ability to stand. Jack was actually a 62-year-old trader in silver stocks but he had more in his head than is in most university libraries.

Anyway, it was the Cuban Missile Crisis and there were rumors that Russia had launched rockets and the Dow took a dive near the bell.

I cleaned up my desk and raced to the Moosehead, as animated as only an 18-year-old can be. Jack was already there and as I burst through the door, I shouted: “Jack! Jack, there was a strong rumor that the missiles were flying and I tried to sell the market but failed.”

Jack said “Calm down kid! First, buy me a drink and then sit down and listen to me.” I ordered the drink and meekly sat down.

Jack said – “Look kid, if you hear the missiles are flying, you buy them. You don't sell them.”

“You buy them?” I said, somewhat puzzled.

“Sure you buy them!” said Jack. “Cause if you're wrong, the trade will never clear. We'll all be dead.”

That's a lesson you won't learn in the Wharton School.

Then Art would usually take a few questions from the audience and head out – possibly to collect tuition from a lucky young mentee — and I had the unfortunate job of following him.

We'll have quite a bit more to say about the Russia / Ukraine situation in our commentary on Monday, but you're unlikely to find better advice today than Art's. Panic isn't constructive, and anyone that feels compelled to “do something” should buy, not sell. While market conditions could certainly

deteriorate before they improve, to the extent that you have cash on the sidelines this is a reasonable time to [accelerate dollar-cost averaging programs](#) to take advantage of the decline.

[1] Instead of paraphrasing from memory, I've taken the narrative from [this website](#) which claims it is directly from Art's hand.

QUICK LINKS

- [The "Hurry Up" is over](#)
- [2022 Monitor Risk: Equity Valuations](#)
- [2022 Monitor Risk: Rising Interest Rates](#)
- [The "Hurry Up" is here](#)
- [Q1 2022 Outlook](#)
- [Year Ahead 2022: Hurry Up and Wait](#)

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