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## How to deal with financial volatility and emotional turmoil after Trump upset



Caitlin Fitzsimmons

My Facebook feed is a pretty dark place right now.

I spent most of my 20s travelling and lived for extended periods in London and San Francisco as well as my home town, Sydney.



Demonstrators protest Donald Trump's election to the presidency in New York. Photo: New York Times

As a result, I have friends from all over the world. Many of them are now expressing shock, outrage, anger, anxiety and despair at the outcome of the US presidential election.

If anyone is happy about it, they're either keeping quiet or Facebook's algorithms are hiding it from me.

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Perhaps I live in a bubble but it's not a small one. Two out of three Australians are opposed to the election of Donald Trump as US president, according to an Ipsos poll this week. Judging by the size of the protests in cities such as New York and San Francisco, there are millions of Americans dealing with serious angst.

They'll have a wild ride ahead of them over the coming months and years as the world discovers, for better or worse, how Trump the candidate translates to Trump the President.

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Trump supporters – a few of whom I've encountered on Twitter where I deliberately try to step outside my friend bubble and challenge my world view – will have an emotional journey of their own, since reality and rhetoric are never a perfect match.

Maria Fuentes, a psychologist and lecturer at the Australian Catholic University, says many people who feel overwhelmed by the election outcome would benefit from action.



**Protesters march in opposition to Donald Trump's presidential election victory in San Francisco.** Photo: Jeff Chiu

"One of the things people can do that will not only help them feel better but may also have a positive impact is to bring it back to the local level and think about how to effect some change in the things they care about it," Fuentes says.

But people who genuinely fear for their personal safety should not ignore danger signs. "It's only paranoia if the thing you're afraid of is not really happening," she says.



Jocelyn Rodriguez, 20, centre, and her sister Michelle Rodriguez, 16, hold hands as they and about 300 other people march in San Diego to protest Donald Trump's presidential election victory. Photo: Hayne Palmour IV

Financial markets are also in for a volatile ride. We've seen that even in the past week, with big falls after it seemed likely Trump would win and then a strong rebound almost immediately.

Resources stocks jumped on hopes (or fears) that the Republicans' antipathy to action on climate change would boost fossil fuels. (Though [Bloomberg](#) argues the energy revolution is unstoppable, because renewable power sources such as wind and solar will soon win on cost grounds alone, without tax breaks).



A man holds an American flag upside down as he stands with others in San Diego, to protest Donald Trump's presidential election victory. Photo: Hayne Palmour IV

There are many things that could affect markets under a Trump presidency. Will he start a trade war with China? Will he let NATO wither, with flow-on effects for economies in Europe? How will he react to the unexpected?

Will he deliver a big economic stimulus with his plans to invest in national infrastructure – or be stymied by tight-fisted Republicans in Congress and the Senate? Will a Trump presidency somehow be just the breath of fresh air that his supporters hope for?

I've been wrong about many things, including whether he would win, and how markets would react, so I'm not going to make a public prediction.

There's an emotional side to financial volatility because understandably people tend to be attached to their money. Seeing the market swing wildly up and down can be nerve-wracking.

"Part of the stress response is to concentrate on the short term, it's 'freeze, fight, flight'," says Fuentes. "When it comes to money, it's important for people to take a step back and not react immediately and have more of a long-term view.

"The impulse is to do something – but the built-in stress response that's there to keep you safe from a lion doesn't work as well when it comes to money markets."

That impulse to act probably explains [why I moved some of my super into cash back in July](#) pending the outcome of this election. I've now moved it back into growth options, not based on short-term confidence but because it's more appropriate for my age and long-term goals. Apart from incurring a \$30 processing fee twice, I've come out neither ahead nor behind.

But please don't copy me. The question is how *you* should deal with financial volatility. It's all very well to take a long-term view if, like me, you have decades before you need the money. But what about people close to retirement or saving for a medium-term goal such as buying a house?

David Sharpe, chairman of the Financial Planning Association WA chapter, says you should ignore short-term fluctuations.

"The reality is that there's volatility and there's uncertainty in the market all the time," Sharpe says. "The vast majority of retirees shouldn't have their assets in volatile assets but that would be the same if Hillary were elected or if Bernie Sanders were elected."

On the other hand, Sydney-based Crystal Wealth Partners has recommended a more conservative approach this year for clients of all ages because of the big unknowns of Brexit and the US election.

"You've been taught 'markets go up, markets go down, focus on the long term', but you've got clients who are attached to their money," says director Louise Lakomy. "We learnt from the financial crisis that they want us to actually do something to protect what's there. We also think we get a better result by managing actively."

This doesn't mean putting all your money into cash, but trimming 5-10 per cent from the equities allocation and moving it to fixed interest.

Kane Jiang, director at AA Financial Planning, agrees it's rational to have a tactical buffer until President Trump becomes a known quantity.

If Trump continues with the "theatrical stuff" from the election, Jiang says markets could move every time he opens his mouth. But his conciliatory victory speech could be a good sign that he'll tone that down.

Let's hope so.

**Caitlin Fitzsimmons is the Money editor for *The Sydney Morning Herald* and *The Age*. You can follow her on [Facebook](#) or [Twitter](#).**

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