



SPECTRUM®

MIND THE GAP

Market cycles often cause investors to do the wrong thing at the wrong time – getting out of the market when they see it declining and getting back in when it rebounds. This emotional approach runs the risk of locking in losses and missing out on gains. And that is exactly what has been happening to many stock market investors during the current period of volatility.

Undeniably, investors have every reason to be rattled these days. Not even the financial experts know if the recent upswing in stock prices represents a sustained recovery or just a bear market rally. However, sitting on the sidelines and trying to time the market – that means, waiting for either the “definitive” bottom or a new bull market signal – is a bad idea. It almost never works and can be very costly. Numerous researches show that market-timing investors are likely to miss out again and again on the stock market’s best days – precisely the days that are crucial to be invested in order to see significant gains over the long term.

Indeed, since their lows in March global stock markets surged considerably. The Dax, for example, rose by roughly 50% – an enormous loss of income incurred by investors who chose to stay entirely out of that market. Such painful opportunity costs are avoidable.

What investors need is a longer-term focus regarding their trading approach, even where holding periods are short, in order to keep their emotions from interfering with any trading decisions. One approach could be to dollar-cost average back into the market. This strategy aims at reducing the impact of volatility on the overall investment. By investing at regular intervals over a period of time (instead of investing at once) investors can participate at least partly in any price increases. On the other hand, since they are not fully invested, any price declines will be limited and their future buys will be at lower prices which will help long-term returns.

Spectrum’s 24/5 trading service is ideally suited for executing a dollar-cost average strategy, just as it is a valuable platform for those of your clients who are comfortable using volatility to buy and sell. Either way, the venue provides cost-efficient, seamless market access with the ability to trade a range of highly liquid indices, currency pairs and commodities continuously – literally day or night, five days a week. [Get in touch](#) today to discuss how we can help to grow your retail client business.

Please don't hesitate to get in touch if you wish to receive further detail.

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Spectrum is the trading name of Spectrum MTF Operator GmbH. Headquartered in Frankfurt, Germany, we offer a new way of dealing in leveraged products for the European retail market; introducing a purpose built 24/5 lit trading venue, with complete transparency, increased choice and maximum control