

WorstDay / BestDay

Each year for the past twenty years, you had \$10,000 to invest. How much would you have if you had picked the worst day of each year to invest – the market high for the year? What if you had picked the best day of the year – the market low for the year? Below on the left are the results if you had picked the worst day. On the right are the results if you had picked the best day. You would think the difference over 20 years would be huge, right?

Worst-day Investments (Market Highs)		
Date of Market High	Cumulative Investment	Account Value at End of Year
12/29/93	\$10,000	\$9,388
01/31/94	20,000	18,544
12/13/95	30,000	33,723
12/27/96	40,000	49,798
08/06/97	50,000	74,852
11/23/98	60,000	101,984
12/31/99	70,000	158,517
01/14/00	80,000	143,864
05/21/01	90,000	146,397
03/19/02	100,000	133,301
12/31/03	110,000	178,015
12/28/04	120,000	205,078
03/04/05	130,000	229,570
12/27/06	140,000	275,912
10/09/07	150,000	301,609
05/02/08	160,000	203,474
12/30/09	170,000	268,522
12/29/10	180,000	307,427
04/29/11	190,000	310,946
09/14/12	\$200,000	\$369,285
Average annual total return: 5.87%		

Best-day Investments (Market Lows)		
Date of Market Low	Cumulative Investment	Account Value at End of Year
01/20/93	\$10,000	\$10,504
04/04/94	20,000	20,167
01/30/95	30,000	38,576
01/10/96	40,000	57,043
04/11/97	50,000	85,637
08/31/98	60,000	117,289
01/22/99	70,000	147,621
03/07/00	80,000	162,955
09/21/01	90,000	165,881
10/09/02	100,000	151,720
03/11/03	110,000	204,384
10/25/04	120,000	234,665
04/20/05	130,000	261,406
01/20/06	140,000	314,013
03/05/07	150,000	342,898
11/20/08	160,000	233,734
03/09/09	170,000	310,789
07/02/10	180,000	355,565
10/03/11	190,000	359,087
01/01/12	\$200,000	\$425,911
Average annual total return: 6.95%		

Wrong! There is a difference. But it is not as large as you would expect. The moral of the story is that you need to get started now. Don't wait for the best time to invest. The best time to invest is right now!
(Pssst. You are in it for the long term, right?)