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The Dog Days of Summer Take A Bite.

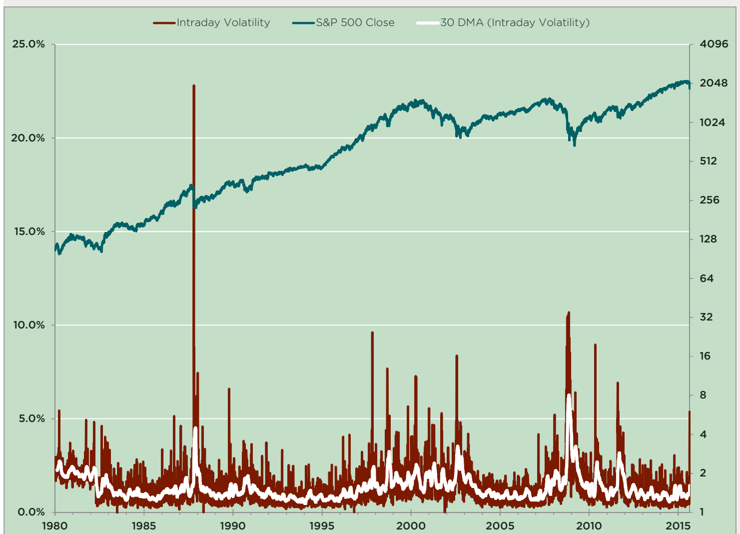
And old King Priam was first to see him coming, surging over the plain, blazing like the star that rears at harvest, flaming up in its brilliance—far outshining the countless stars in the night sky, that star they call Orion's Dog—brightest of all but a fatal sign emblazoned on the heavens, it brings such killing fever down on wretched men. **—Homer, The Iliad. Book XXII**

Ancient Greeks called July and August "The Dog Days of Summer" when Sirius—the brightest visible star other than our sun and nose of the Canis Major constellation—rises with the sun. Greeks associated "Orion's Dog" with summer's withering heat and "killing fever" like Homer's epic. Egyptian farmers welcomed the Dog Days of Summer that coincided with annual Nile floods that wrought destruction yet renewed fields.

Bulls and Bears. Instead of epic battles like that between Hector and Achilles, contemporary fights occur in financial markets between buyers and sellers (we could say, Tauruses and Ursae). Usually, those fights are peaceful during summer vacations, but these Dog Days of Summer have been an outright dog fight.

Those fights turned brutal August 24. Volatility rose to the highest level since August 2011 (when Congress and Obama administration resolved US fiscal policy through sequestration). Media has compared the recent volatility to past markets as if to signal another 2008 financial crisis.

It's not 2008. Current markets are not like 2008. Recent volatility (measured difference of intraday high less low divided by average daily price) is nowhere near 2008 and is unremarkable compared with past peaks as shown at bottom of the accompanying chart. Note that past corrections corresponded with significantly higher volatility and that stocks have risen after every previous correction.



S&P500 close and intraday volatility, 1980-2015. Source Telemet

Other notable distinctions versus 2008: Oil at $45 costs a fraction of $148 in July 2008. 10-year Treasuries yield 2.21% far lower than 3.81% in 2008. Yet the S&P 500 earnings yield 4.80% today much better than 3.72% in August 2008. Each distinction marks stronger markets today than those of 2008.

Take advantage of rising volatility to realign your financial wealth. Like Egyptian farmers, renew your portfolio to promote and prosper next season.

By Richard Clemens, CFA CPA, *President*

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Aligned.