Stay cool: Stock market plunge won’t hurt housing, for now

Should homebuyers and sellers working on transactions now worry after the Dow dropped 1,175 points yesterday, marking the worst single stock market day since 2011? No, not unless the six-and-a-half years since the 2011 plunge have worried you. They have turned out just fine. The primary cause of this tumble? Markets that go straight up tend to go straight down. Think of it this way, in housing terms: if a buyer put her entire down payment into the stock market (which no one should ever do) on December 4, after a cumulative Dow drop of 2,255 points, our imaginary homebuyer still has everything that she put into the market. Straight up, straight back. That’s how silly stocks have been, not housing. By the way, professionals discuss stock markets in terms of the S&P 500, or the Russell 2000. But civilians think in terms of the Dow, and if you make fun of us, I’ll shoot back. The Dow topped at 26,616 on Jan. 26. It is still very vulnerable. (This morning, the Dow pl...

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