The Detroit News

Business | Friday, June 24, 2016

# Average investors shouldn't panic over Brexit storm

**BY MICHAEL WAYLAND and MICHAEL MARTINEZ (excerpt)**

Britain's unprecedented decision to leave the European Union sent global financial markets into tailspins Friday, but analysts say that average investors shouldn't panic over their personal investments or retirement plans.

Despite uncertainty caused by the Brexit, which flipped Wall Street upside-down and sent individual portfolios and 401(k) plans downward, financial experts see minimal long-term damage to Americans' portfolios as long as their money isn't caught up in companies that heavily operate out of England. …

…U.S. stocks gave up all their gains from earlier in the year. The Dow Jones Industrial Average tumbled 611 points, or 3.4 percent. The S&P 500 dropped 76 points, or 3.6 percent. The Nasdaq suffered its biggest loss since mid-2011, down 202 points, or 4.1 percent. Indexes in Europe and Asia took even larger losses.

David Kudla, CEO and chief investment strategist at Mainstay Capital Management LLC in Grand Blanc, agrees that despite the downturns, there's no need for rash decisions.

"This was a surprise to the markets and many on Wall Street, so we saw an immediate impact," he said. "I'm not as concerned with the U.S. markets as the European ones. This is a wall that just went up. … It's a setback for U.K. companies and companies that have operations there and are integrated within the European Union." …

…Many actually see opportunity for those willing to invest in a down market. There are other potential benefits for Americans as a result of Britain's vote to leave the EU, including lower mortgage rates and cheaper costs when traveling in Europe.

The pound and euro both dropped Friday, which should make British and eurozone exports cheaper overseas. American travelers heading to Britain and the rest of Europe are going to find cheaper meals, hotels, souvenirs and museum admissions because the U.S. dollar will go farther against a weaker pound and euro. Airfare for peak summer months probably won't dip, but any taxes and fees levied in Europe will be cheaper.

Mortgage rates, which are already at historically low levels, could decline, as investors put their money into safe investments, including U.S. Treasuries. High demand for government debt and other bonds pulls down interest rates. …