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**MARKET
TURMOIL**

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Dear Reader

Janice Roberts from New Media wrote recently that “investors shouldn’t panic. Yes, I agree that there’s a lot of uncertainty about at present. Yet foremost in my mind at this time, are the words of one of the greatest economists that ever lived. It was Milton Friedman who said “every crises is an opportunity”. That’s the way I see global markets at present.

CNN has a rather useful Fear and Greed Index. In late August this year, that index’s reading showed ‘extreme fear’ amongst investors. But here again, I think of the words of one of the world’s best-known investors Warren Buffett, who said one should be “fearful when others are greedy and greedy when others are fearful.”

Whole some investors think it’s time to ‘head for the door’ with their cash, others reckon it’s best to stay the course and even use the drop in asset prices as an opportunity to add quality to their portfolios at lower prices.

I agree that the short-term doesn’t look rosy – especially after world markets lost billions on China’s “Black Monday”. The reality is that the government there is trying to move the economy away from investment and exports to a more consumer-orientated market. This could take a while.

Besides, the People’s Bank of China has done what it should have before ‘Black Monday’. It has announced interest rate cuts that will reduce corporate borrowing costs. The Bank also cut its reserve requirement ratio to ensure enough liquidity and stable credit growth.

There is no 2008-style global crisis. deVere was spot on when it urged it’s clients to remain “cautious and consistent” following ‘Black Monday’. It’s CEO Nigel Green said: “Investors must, of course, be vigilant of the Black Monday events and what has led to them. They need to ensure that their portfolios are properly diversified by geography, industrial sector and asset class in order to manage risk and navigate the growing volatility.”

I wholeheartedly agree”

.....As always we are here to assist you with any queries you may have, big or small

Until our next newsletter

Take Care
Sm Mercer