AS TEMPTING AS IT MIGHT SEEM: DON'T DO IT !

Act In Haste, Repent In Leisure

At the outset of World War II, a number of business people in London, England, thinking that the war would not last more than 6 months, invested in a number of industries, purchased stocks and shares in certain companies, and, in some cases, even took long positions on futures contracts with regard to certain, strategic commodities.

Most of those business people lost their shirts, when, 6 years later, the war was just drawing to a close.

Of course, some people were lucky and earned substantial sums of money, but not too many of them came out as winners.

The situation today, internationally, is very precarious with regard to investments and, even when the obviously delusional Colonel Muammar Gaddafi and his family are long gone from Libya, there will be left the residuum of the people's successful revolution.

This band of brave people, ironically, could well put a stain on the country's finances, for some time to come.

While the exports of crude oil from Libya have, for some years, been important to the world, at about 1.50 million barrels per day, even if the oil tap of the country were turned off for a lengthy period of time, say one year, it would not mean as much as one might have imagined.

Libya, historically, has been responsible for less than 2 percent of the global consumption of crude oil, amounting to about 88.50 million barrels, per day.

If, in a scenario whereby Colonel Muammar Gaddafi were to blow up the country's oil wells and refineries, there is unlikely to be any immediate shortage of crude oil because of the healthy stocks in hand, worldwide, and the spare production capacity of many of the other countries.

However, there would, of course, be the psychological, knock-on effect on international commodity exchanges.

Many other Middle Eastern countries have oodles of crude oil and their daily output could be stepped up when needs be, provided that their leaders are of a mindset so to do.

Last week, one was told that Saudi Arabia's Oil Minister had gone on record to state that his country could step up production, quickly, if needs be such.

That statement had the immediate effect of slowing down the pace of oil prices, internationally.

But **TARGET** () cannot help but ponder as to how long Saudi Arabia would be able to take up the slack should the worst come to the worst in Libya.

Also, if the crises in the Middle East were to spread – and Saudi Arabia is not immune to the widespread discontent, fermenting in this region of the world, and it cannot be ruled out as another target of protests from its population – it is questionable that one of the largest producers of crude oil in the world would be in a position to continue to step up oil production as was suggested, just last week.

The potential future problem, as **TARGET** views the current political situation in this part of the world, is that the natives are very restless: Which next Middle-Eastern nation will face the fury of the downtrodden and disenfranchised Arab citizens?

The only thing that the Middle East has to offer the world, today, is crude oil.

Little else.

But crude oil keeps the motor cars, the aeroplanes, the ships and the furnaces running: Without it, the world would be in a hell of a mess.

Last week, the price of crude oil hit a 30-month high as Libya cut supplies by about one million barrels of crude oil per day.

The word, *'recession'* was, once again, heard on equity markets.

And the current high price of Light Sweet Crude Oil, at near $US100 per barrel, could well push a number of economies back into recession, including but not limited to the world's superpower, The United States of America.

Promises from The **O**rganisation of **P**etroleum **E**xporting **C**ountries (**OPEC**) that it would make good any lost production should be taken with a grain of salt because, among other things, OPEC would love to keep oil prices at the highest possible level: OPEC members are as greedy as anybody else.

Also, even if OPEC were good to its word – and this medium does not subscribe to that suggestion – it is unlikely to be able to mobilise sufficient, extra crude-oil supplies quickly enough to satisfy worldwide demand.

While the Middle East, historically, had been responsible, internationally, for significant advances in science, literature, medicine and art, to name just 4 academic disciples, its contribution in these fields of endeavour ceased centuries ago.

Walking down the banks of the Nile in just about any part of Egypt, today, one sees peasants, some even without shoes on their feet, leading donkeys, burdened with firewood or part of a harvest from a handkerchief plot of land on which their families are trying to scratch out a living.

It is, without question, a pitiful sight, one that the former President of the country, Mr Hosni Mubarak, should have taken note and should have tried to ameliorate the suffering of these people.

But he did not: He cared more to add to his tens of billions of dollars in banks – and, when the sun set on his fiefdom, he was forced to pay the penalty for the sins of omission to his people.

He learned the lesson, alas too late: It's too late to shut the stable door after the horse has bolted.

With President Hosni Mubarak and Colonel Muammar Gaddafi, they are living embodiments of the statement, first uttered by Lord Acton in a letter to Bishop Mandell Creighton in 1887:

> *'Power tends to corrupt, and absolute power corrupts absolutely. Great men are almost always bad men.'*

How many other Middle Eastern potentates will fall from grace in the coming months only the gods may know.

For investors, in stocks, shares, properties and/or commodities, can they be certain that major international events, as the world has witnessed in the past few weeks, will not affect their investments?

In normal times, the key indices of equity markets may rise or fall for one reason or another, but, sticking to fundamentals, one should be able steer a pretty true course, leading to profits.

In times of uncertainty, however, which is today, due to a number of many unknown factors, it is nearly impossible to chart a true course, leading to profitability.

The erratic behavior of stock and share prices and the settlements of futures contracts for commodities make it nearly impossible to be able to plot a true course on any market because, among other things, any number of events could force changes in the perception that other investors formerly held about a certain investment.

Prices of the shares of a company may appear reasonable or even cheap, today, but they could get cheaper on the morrow.

On the basis of the study of the fundamentals of a company, it is possible to be able to forecast, with some degree of accuracy, the likelihood of a company's business either rising or falling over a period of time, but, when one factors in such extraordinary events that are taking place in the Middle East, these days, then, one can throw out of the window all of those fundamental considerations because extraordinary events have taken precedence over all else.

Thus, in such a situation, the only action to take is no action.

The so-called gurus of Wall Street will, no doubt, scoff at that which **TARGET** has written, but these people make their money by being gurus, only: If they are really as good as they claim in their written and oral advice, for what reason are they marketing their opinion rather than following their own suggestions with regard to investments?

Be not tempted by large gains or dips in the prices of stocks and shares or commodities, because, by tomorrow, one may discover that one acted in haste and will have time to repent in leisure.

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