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TO BUY OR NOT TO BUY: THAT IS THE QUESTION ?

As the key indices of equity markets, around the world, gyrate, almost on a daily basis, some investors are being tempted to take unnecessary risks, buying into stocks and shares, the prices of which appear to have fallen to unreasonable levels in their opinions.

Wall Street gurus will make claims that the time is ripe to pick the stock-market *'apples'*, right off the tree.

TARGET () says: '*Don't listen to these self-proclaimed gurus whose only thought is to make a buck for themselves, caring not a fig about investors.'*

The key indices of all of the major equity markets have been rising and falling to such an extent that, within a very short space of time, any investor, who is speculating on an equity market, making use of borrowed money, money, borrowed from a bank, finance house or a stockbroker, has the possibility of being wiped out and, no doubt, many of them have, already, suffered this fate.

This is not to say that there are not financially strong companies, *'out there'*, companies that will do well regardless of problems that befall the nations and/or the economies of the world, but the scrip price of good companies has the tendency to fall in tandem with bad companies or with companies that could well be hit, hard, by events, completely out of their control and not due to any fault of management.

One sees that, when there is an announcement about a certain problem in the US, such as an increase in the unemployment level, or in Europe, where a member state of the European Union is unable to pay the debts, owed to international creditors as they fall due, and the government of that state is forced to pass round the begging bowl, the share prices of most stocks and shares fall – in tandem with the falls of the US and/or European equity markets.

It is an old Chinese proverb: *'When one dog barks, 100 dogs bark.'* (,)

Last Wednesday, The Dow Jones Industrial Average, the benchmark index of The New York Stock Exchange, rose about 2.47 percent to 11,414.86 points while The Composite Index of The NASDAQ gained about 3.04 percent, ending the hectic trading session at 2,548.94 points.

The gurus of Wall Street went on record to state that the reason for the gains on the world's largest and most-influential equity markets was due to a determination of Germany's highest court to the effect that the strongest economy of Europe had a legal right to participate in cash bailouts, aimed at ameliorating some of Europe's debt crises in respect of certain member states.

What a lot of nonsense!

What in the world could a determination of a court in Germany have to do with the gains on Wall Street?

The probability is high that the debt problems of Europe will continue to dog equity markets, the world over, for some time to come.

The solution to Europe's problems will take at least 2 years.

Greece, Ireland, Portugal, Italy, Spain, and, perhaps, even France, representing about 22 percent of the European Union, all have problems with their respective mountains of debts – and the US has debts up to its proverbial eyeballs.

The Beige Book of the US Federal Reserve, having been released last Wednesday, said, among other things, that the economy of the US continues to be weak, factory activity is unsteady, retail sales are poor, and the housing market is flat.

What an indictment of the largest economy of the world!

It, also, stated that confidence is being undermined by rising economic uncertainty and stock-market volatility.

The Fed is believable; Wall Street gurus are not believable.

Then, just yesterday afternoon, it was announced that, in the month of July, exports from Germany fell by about 1.80 percent, down about 50 percentile points, compared with June's exports from the largest economy of Europe.

Also, in the month of July, Germany's imports dropped about 0.30 percent, Month-On-Month.

So, the economy of Germany is, also, weakening at an ever-accelerating rate.

So, the question is: What to do?

And the answer: Keep your powder dry and do not fire until you can see the whites of their eyes.

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