



Knowledge is Power

A Registered Investment Advisor

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Big Wave Commentary

2008 Markets....Think, Learn and Grow

As 2008 is upon us, the world economy and the world markets will face many challenges. It should be a very interesting year. As JP Morgan remarked when asked what he thought the market would do in the future, he answered, "The market will fluctuate." I think Mr. Morgan's prediction will hold true in 2008 as well.

Since the beginning of this century, new economic and market realities have replaced long standing old ones. I am pretty certain that 2008 will follow these new paths and it is important that investors start to recognize the changing environment. The speed of information, the volatility within world markets and the emergence of the world economies are just a few of the new realities we face. The US economy, as well as currency, while still dominate, is starting to slip a little, both in prestige and power. Asia, India and Latin America all have economies and markets growing faster than the US.

New realities have also emerged with each new crisis that we face. 9-11 introduced us to real terrorism on our shores, the tech bubble and subsequent collapse taught us about excessive risk and the latest subprime mortgage crisis has exposed the dangers of leverage. And we learn from these crisis and things change because of them. As the old realities die off, they are constantly being replaced by new ones. This "Creative Destruction" is taking place faster than ever before. To be successful in 2008 it is imperative that investors and traders ready themselves not only to let go of old rules but embrace these new ones. Skills need to be developed so as to capture all the new opportunities borne out of these changes and new realities. To get you started, here are 3 simple concepts, I believe, will make a difference in your business and investing life in 2008. Practice them and I think you will be amazed at the way you look at change.

THINK

People don't think anymore. Our society is a whirlwind of activity both professionally and personally. The process of thought and thinking has become a lost art. We have turned into a society that reacts. We react to both fact and rumor without thinking whether which one is before us. The motto "shoot first and ask questions later" has become the norm. Let me ask you, when is the last time you sat alone, away from your Ipod or big screen TV and just thought about things. Thought about your business, your investments, and the world in general? Where do you really stand on the issues of the day and why do you feel that way? Why do you own all those Mutual Funds and do you know why you own them? In the future, the person who thinks, who originates and is mentally creative will be the winner. The person, who just reacts, will be the loser. Take some time in 2008 to just think.

LEARN

Thinking and learning go hand in hand. It is imperative that you learn about the markets and how they operate to be successful in investing in them. Attend workshops, sign up for classes or read a couple of books but start learning about the things you invest in. (And make sure if you attend workshops or seminars, that they are being held as a learning experience and not a selling one. A great rule of thumb is if there is a meal being served at a nice restaurant, you are being sold, if you have to pay to attend, you are being taught.) With all of the complicated investments out there being offered to an unsuspecting, uninformed public, it is more important than ever to know what you own and why you own it. Learn about risk and how you personally deal with it. There are no excuses for not understanding an investment after you have already invested in it.

ECONOMIC ADULTHOOD

Thinking and learning will lead to new opportunities. Opportunities are increasing now for men and women to become economic adults. That is to take responsibility for your economic future through your own aspirations, accomplishments, planning and investments. Professor Shoshana Zuboff of Harvard University calls this the growing desire for psychological self determination. Remember, it is your money, not your brokers. It is your future, not theirs. It is imperative that you step up and take responsibility for it. Make 2008, the year to start.

By thinking, learning and taking responsibility for your own future, you will be in control instead of in need. You will be proactive instead of reactive. And you will feel more creative and empowered. Take these three new realities and not only feel your confidence grow in 2008, but your investment returns as well.

It's not complicated. It's not overwhelming. It's easy. It's simple. 2008. Think. Learn. Grow.

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