



IT'S A HOT HOT DAY

A light-hearted look at our weather, the stock market and the forex market

For the past month, have you tried asking anyone: "how is the weather"? The answer would be a quick resounding "hot"! Unless you were based in Alaska, then the answer you received may have been different. Back here in Singapore, it is so hot that it makes any outdoor activity a perilous suggestion. Every time I get into my car after it has been baked in the sun, I would be reminded of how hot the weather was. Now, if that wasn't bad enough, the car computer would proudly show that the outside temperature was a blistering 37 degree celcius.

In a recent stocks course that I conducted, the participants were joking that shopping malls are making so much money in this season, because everyone is running in there to escape from the sun. Now, there might be a sliver of truth in there, considering that the recent IT Show at Suntec City achieved a record high sales volume. In addition to that, Real Estate Investment Trusts (REITs) have also been on the upturn in the local stock markets. Maybe, this is a new way to invest; on the science of climate

related spending. One of the local university's professors may want to look into it as a research project.

With this onslaught of hot weather, I confidently brought my car this morning for its usual bi-monthly grooming session. Lo, and behold, the moment they started work on my car, it began to rain. Now, it is no passing shower, it was a hurricane and typhoon all rolled into one. I knew then that the shine was not going to survive past this evening. While waiting for the car, I logged on to Facebook, and there it was flooded with all the happy status updates of welcoming the long awaited rain. Some of my friends were wishing that they were at home sleeping instead of being at work. The most interesting one was from one of my students who decided to leave work early; he was going home to snuggle up with his laptop and do some trading.

In the Forex markets for these few weeks, any short-term or mid-term trader would have been badly hit by the choppy markets. Although this does not necessarily mean a loss, but it does mean that you have to spend more time watching the markets. It fluctuates and swings very

quickly, thus profits have to be taken with precision and entry has to be patiently stalked for the most opportune time. Of course, new traders would lose money in such markets, as standard entries will be too risky to take. The most efficient course of action would be to trade higher timeframes, which naturally, has been very profitable while the short-term markets were all fizzled.

Markets are similar to weather patterns; you can get a very hot season, and then followed by a rainy season. Thus, no markets stay in the same manner forever. The Forex markets will soon smoothen out and great profits will be made, if you have patiently waited for the markets to settle down. It is also because of this reason that you should learn how to trade markets at different timeframes, so that you are not trapped in only one timeframe of the market. For those, who have already mastered one market like Forex, you can proceed to master a second market like the stocks market. Finally, always remember that the markets are like seasons, they will always change and you can never control them! Adapt and you can be profitable. **SH**