



## Is it a good time to invest?

Thinking of investing? Most of you may be thinking that this should be the last thing on anyone's mind at this time. Surprisingly, however, this is not the case. Even during recessions, a number of businesses do well and some even excel. Recessions are a natural part of the business cycle and should be treated as such. Most astute investors use this period to acquire shares. The reason for this is that although the value of most shares decreases they eventually rebound after the recession, sometimes surpassing their value before the downturn. There are a number of investment options available to you, even in these trying times.

Before we go into the actual investments, we would like to suggest the following tips:

- **Always** seek financial advice before making any decision to invest, especially in this economic climate.
- **Always** aim to reduce your risk exposure. You can still invest but it is wise to stay away from investments which are too risky. For example, any investment which offers a rate which is significantly higher than the prevailing market rate would be considered risky.

With the above in mind, here are a few investment options that you may consider:

### **Depositing Funds at a Bank**

This is a wise option. The level of oversight and regulation ensures that your funds are safe and secure. All banks are regulated by a central bank and our local banks are no different. The Eastern Caribbean Central Bank provides the guidelines and provides supervision for all local banks. All local banks presently offer a suite of savings products including:

1. Retirement Accounts
2. Registered Home Ownership Plans
3. Fixed Deposits

### • **Purchasing Stocks**

With good financial advice, one can look into the possibility of purchasing shares. Luckily for us, the value of the shares available locally has not been adversely affected by the recession.

### • **Bonds**

Some companies and governments use bonds to raise much needed capital. When an individual purchases a bond what they are doing in effect, is lending the company money. The company or government then agrees to pay the individual interest at previously agreed intervals and the principal on maturity.

- **Treasury Bills**

Treasury Bills (T Bills) are usually issued by governments. They are sold in terms ranging from a few days to fifty-two weeks. Treasury bills are sold at a discount of the face value. For example, a \$1,000.00 bill could be sold to a purchaser for \$800.00. However, at maturity the purchaser would be paid \$1,000.00. This type of investment is usually very secure as it is backed by government and governments seldom default on repayment.

Although there may be a lot to gain from investing in this climate, it is imperative that the investor be cautious and observes the following guidelines:

- Maintain a certain level of liquidity
- Limit your risk exposure
- Seek professional financial advice
- Have at least six months of cash available in case of untimely termination
- Diversify your investment
- Have a plan or strategy. Do not invest on a whim!