

# Don't be fooled, the crisis is not yet over

## Anthony Keane

INVESTORS should not be fooled into thinking the global financial crisis is over, Adelaide financial strategist Theo Marinis says.

The 58 per cent rise in the share market since March and a string of positive economic data have masked the fact "we are in for a tough time ahead", he says.

"It is my opinion that the world economy, including Australia, remains at serious risk of facing the toughest economic conditions yet to be experienced by the baby boomer generation.

"The risks are real – unemployment reaching double figures and deflation or inflation eroding the value of

assets remain very real." Marinis, who is managing director of Marinis Financial Group, says the gloomy economic forecasts made 12 months ago were not understated, but had simply not taken into account the massive stimulus spending that is said to be similar to total expenditure on World War II.

"The regulatory reforms needed to restore fundamental integrity to markets – particularly overseas – are yet to be satisfactorily addressed," he says. "The inconsistencies which brought us to this point continue to remain part of the

economic cycle. Looking to the short-to-medium term, I believe the best-case scenario is a rough landing. In my opinion, the current strength of the investment markets will not continue, and trading will be in very tight bands.

"The longer-term outlook remains positive.

"From what we are seeing, the medium-term looks good, too, but you can't be sure that in six to nine months' time things won't start to go sour again. Now is not the time to go out and get greedy," he says.

Most analysts say the share market is due for a correction,

and there's still a couple of weeks left in October – a historical boggy month for share investors.

Russell Investments chief investment strategist Andrew Pease told a recent Marinis Group client briefing that shareholders should expect a bumpy road ahead.

"There's going to be volatility – don't think it's going to be a straight line like the one we have seen in the past six months," he says.

"Don't let anybody tell you that they can accurately value the share market.

"Share market valuation is the darkest of dark arts."

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Theo Marinis of Marinis Financial Group.