



# Real Money: Investing keys: knowledge and common sense

By Rob Rikoon | For The New Mexican

10/5/2009

People often ask me how they can make money in this market. Some of the most common questions include: Is it time to buy real estate? Are the banks over the worst of their problems? When will interest rates go up? How do I get my money to earn more interest — but safely?

For investors with cash, my response is based on gut instinct and street-level experience. Your personal choices should rely on what you can see, touch and know to be true. Because the information presented through corporate media is incomplete and biased, we are forced to puzzle through the contradictory signs of a manufacturing recovery and official pronouncements of confidence versus most people's angst about runaway budget deficits and falling real wages.

On a practical level, each of us knows for ourselves which products are essential and fairly priced. We know whether or not our family plans include luxury cars or expensive vacations. The rising power of Asia, due to its astounding demographic trends, is no surprise; and the technical capacity of India's hundreds of millions of English-speaking, hard-working citizens can not be underestimated. These are the trends on which wealth will be created over the next decade.

Our housing and car markets are on life support, so they don't make a lot of sense to invest in. When looking at publicly traded stocks, ask yourself: If it weren't for government support, would the company have gone down the tubes? Chances are high that the management and culture of many financial firms who were at the heart of the crisis have not changed, so don't fall into the trap of thinking everything is OK with the markets.

Consider how you spend your own dollars when thinking of investments. If you were to buy a new computer, what brand would it be? When you consider your home and transportation fuel sources, how satisfied are you with their sustainability? Are they profitably run? Combining data available to you on the Internet with common sense should allow you to find suitable investment opportunities in companies you rely on.

We are a forgetful nation. The traumas of last year, ancient history to some investors, have receded with the allure of quick gains. We are seeing some investors come back into high-risk investments like currency speculation, shorting the market, and borrowing to increase the size of their bets. This was standard fare up until 2007 and it is back in vogue.

My advice is to steer clear of companies that rely on government programs and those with poor business practices. Instead, focus on things you know and like to use. After all, they still haven't invented the free lunch.

*Contact Rob Rikoon with The Rikoon Group, LLC at 989-3581 or [rob.rikoon@rikoongroup.com](mailto:rob.rikoon@rikoongroup.com).*