

Its All Greek To Me

January 2010 was a bad month for investing. Markets fell from equities to credit to commodities. The USD was strong by default. Fears of a sovereign default by Greece was blamed for the general de-risking.

Markets fluctuate. The almost constant rise of risky assets since March 2008 has muted volatility and confounded the sceptics and perma-bears. Until fundamentals change, or until the perma-bears defect, the upward trend is likely to continue.

That said, the market needs a breather and in the absence of news, would have been equally likely to correct. In a market correction, any credible reason is immediately guilty. Hence Greece.

The opaque and fragile nature of Greek public finances have been known for some time. Greece is too big to fail. Let me correct that. Germany is too big to fail, Greece must be kept in the Euro.

My bet is that it is now a good time to establish a long trading position in liquid risky assets, like equities.