

# Outside the Flags

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## The Apocalypse Grill

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### **At a summer barbecue, diners were being assailed by an apparently knowledgeable gentleman who was providing in some detail a grim prognosis for the global economy for the next decades.**

Aside from killing the relaxed vibe of the occasion, the prognosticator (we'll call him 'Joe') was keen to give the guests some free financial advice. This largely consisted of buying gold, storing up on food and guns, and heading for the hills.

Asked by one diner where he received this sombre information, Joe said 'they' were all saying it. The next question, of course, was if 'they' were all saying it, where was the evidence that 'they' were acting on the advice? A quick survey of the neighbourhood did not suggest people were packing their SUVs with tinned food and vacating the city. Indeed, life appeared to be going on as normal. Maybe the mysterious 'they' hadn't spread the word here yet.

One astute diner asked the prognosticator that if things were so glum, why he himself was not acting on his own advice, selling up and putting the mattress on top of his pick-up truck, with the cash stacked underneath.

His answer was that it wasn't quite clear when this catastrophe would occur, so he was staying put for now to "see how things panned out". He also was keeping one foot in the market "just in case". And he had some cash on hand in a bank deposit.

It turned out Joe had spent a lot of time on chat forums engaging with the sort of people who sit up all night watching overseas market action and news events on their mobile devices, second by second and headline by headline and trade by trade. The world was a scary place, he had decided. And the best way to deal with the resulting anxiety was to plot his escape. All he had to decide was when.

The crowd at the barbecue mulled on his dilemma, until one man wearing the chef's apron and flipping steaks offered Joe some free advice of his own.

"These theories about financial and economic apocalypse – does anyone else know about them and believe them?" the chef asked. Joe nodded.

"Well, wouldn't those fears be reflected in the market prices?" the chef added. Joe nodded again, this time more slowly.

"So presumably the people who agree with you would be getting out of the market or at least thinking about? And if they are selling their holdings, someone else must be buying them, obviously someone with a different view to your own?"

Joe, a little less confident now, looked around the group for support. But all were quiet, apart from some nervous clearing of throats.

"But let's just say you ARE right," the chef said, now tossing the salad. "If your scenario is as bad as you say it will be, won't the price of our stock holdings be the least of our concerns? I mean you're talking about living on dog food."

Joe at this point was no longer thinking of heading for the hills, but backing out of dinner and just driving home to spare himself any further embarrassment. But the chef wasn't quite finished with him.

"But say you're only half right and things won't be so bad, there'll be some opportunities in the market won't there? And if you're diversified across a range of assets, you've got some protection, haven't you?"

The chef was now piling everybody's plates high and getting ready to add the dressing to top things off.

"You see, those things that keep you up at night, I don't worry about. I let the market do my worrying for me. Chances are all those concerns are already in the price. And with the greatest respect, it's very unlikely that you know anything that someone else hasn't already thought about.

"Me, I only take risks I'm comfortable with. I know the returns aren't going to be there every day or every month or every year. But my focus is 20-30 years from now. Of course, there is a risk that things could be worse than I'm hoping. But there are also risks they might be much better. There's always uncertainty, isn't there?"

Joe couldn't agree with that statement. Indeed, he was fairly certain he wanted to be out of this place right now. But the chef had put a kindly hand on his shoulder.

"Look, Joe, let's eat," he said, handing him a plate piled high. "Then we'll have some dessert and then we'll watch the football game on TV. After that, you can tell me whether you still think the world is about to end."

For the first time that night, Joe smiled.

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