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**MONEY MATTERS**

**PREPARING FOR AN END TO THE PANDEMIC**

It is almost two years since the world was thrown into turmoil by a virus that had started off a few weeks earlier in a city in China. The impact was felt globally but some countries and regions were hurt more than others. Some suffered terribly as a result of the breakdown of health services and the focus shifted from one country to another. The United States, which should have been the leader in combating and controlling the disease, turned out to be the world’s worst example in terms of its hundreds of thousands of deaths, most of them due to a lack of early leadership and a cult of denial by a large section of the population that lives in an alternative universe fuelled by conspiracy theories.

***The impact on Bali***

While many parts of the world were suffering the consequences of the illness itself, Bali’s problem was different. While previous disruptions to the Bali economy were caused by human or natural disasters such as bombings or volcanic eruptions this time the problem was external in the form of a freeze on travel. To this day, the millions of tourists who brought prosperity to the island have been prevented from returning due to travel bans, restrictions, quarantines, the hassle of testing, the uncertainty of flights and fear of the disease itself. The result has been the decimation of the tourist industry and immense hardship for hundreds of thousands of people who depended on the industry for a living.

***Is the end in sight?***

The Omicron variant at first appeared to be a major threat to the global recovery and it still is in terms of potential disruption to medical and other services in many countries. But the silver lining is its apparent mildness compared to previous variants. Meaning that once the initial surges have passed it may be possible to live with Covid as we do with the regular ‘flu. There is pressure by the travel industry in Europe for governments to abolish compulsory testing and other restrictions on travellers. If the punitive quarantine requirements in Indonesia are meant to keep Omicron out of the country it is a waste of time and effort. We have seen from other parts of the world that nothing can stop it from spreading. There is a good argument for trying to prevent too many cases at once but once the volume of cases is under control the restrictions should be relaxed.

Governments seem to be realising that lockdowns, mass testing and travel restrictions are now having limited and even a negative impact. We could soon be seeing a return to normal living, albeit with a milder form of Covid lingering in the background.

***So how should we prepare financially?***

If the pandemic demolished your finances you are going to need to rebuild. The key is to do so slowly and carefully. Rebuilding liquidity in case of further shocks is a must, tempting as it may be to spend or save ambitiously. There is often a temptation to look for quick ways to make money when times are hard. They must be resisted. You may hear of fortunes being made on Bitcoin or other exotic investments. But you rarely hear of the thousands of investors who lost their shirts. There are many slick adverts on the Internet enticing people to invest in the latest ‘little known’ penny share or ‘fantastic’ opportunity. The chances of getting rich from such opportunities are probably less than one in a thousand. - Except for the promoters who retain part of everyone’s investment!

***Should we invest in the stock markets?***

It is an irony of the pandemic that many people who have been in lockdown and have not been able to travel have been able to make big savings over this time. A lot of the money saved globally has gone into the world’s stock markets which have now seen double digit growth for three years. Some segments of the markets, like ESG (sustainability) funds, have made huge gains. Apple shares have risen to the point where the company’s value in the past few days has topped $3 trillion.

For those whose income has started to recover it will be very tempting to try to replenish the coffers quickly by investing in the stock markets. They may continue to rise with the recovering global economy but they may also be hit by such issues as inflation or broken supply chains. Rebuilding cash reserves, even at zero interest, is the safest way forward until short term needs and contingencies can be covered.

For those however who are financially secure and have ample liquid reserves the stock markets still offer the best potential returns among liquid investments. There are good opportunities also of course for anyone wishing to invest in property but bear in mind it is not liquid. Property is a great asset to own but without cash to pay the bills it can be a crippling burden.

As I have done in previous years, I am going to take a break from writing this column. I hope the advice has sometimes been helpful, if only to help readers avoid the same mistakes many of us may have made in the past!

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