

Ecognosis Advisory : A short message to our readers

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**ECOGNOSIS ADVISORY LTD**

From the Greek:
OIKONOMIKH ΓΝΩΣΙΣ, (Economiki Gnosis, Knowledge of economics)

A global financial and economics advisory service covering economic and financial developments, equities, fixed income, forex and other assets. All publications are free to the Hong Kong public and can be found in our website

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Dear Reader,

We are all aware that economic and financial research produced by investment banks, stockbrokers etc has come under severe attack from three areas:

FIRST

Under on-going regulatory changes, suppliers of research to clients have to make it clear who is paying for it, and a lot of institutions are now closing down or shrinking their research units as funding is not forthcoming. As someone who spent nearly half a century producing research mostly for sale (although, be noted, NOT the Econotes !) I can not possibly blame the intended readers for being unwilling to pay for research and, hence, banks not being willing either to pay for producing it. The reasons for that happening is covered in our second and third points.

SECOND

There is substantiated research that most of the financial research produced is not read. And it is not read because there is so much of it, there is simply no time to read it, because it is not fun to read it once time is made for that, (long, boring, poorly presented and designed unattractive to look at, list is long....) and most importantly, because it does not add value to the investment process, it does not help to make money.

THIRD

The reason why economic and financial research does not add value is because in a hugely crowded market obvious forecasts are not worth paying for, and the huge pressure to differentiate among research products can lead to forecasts more on the fringe, or just different in order to catch the eye. There is just no evidence of any kind that there are out there geniuses who can call the markets correctly consistently. And if there are, they should now be millionaires not needing to peddle research for a living !

Beware of the league of analysts who "were the only ones to forecast the 2008-9 crash !". Or for that matter, of books, which have reputedly sold "millions of copies", promising to teach you how to make millions ! If the authors know how to do that, why are they so willing to share it with a few millions punters ? Also if millions now know the secret, then it is clearly worthless ! One way to make a million is to write a book about making a million and convince enough punters to buy it !

And if these arguments do not convince you, then consider the massive rise of ETF and especially of Index Funds which need much less research backing them than all other managed investment vehicles

Where do Econotes stand in all this ?

1. They are free and will always be. They do not solicit business of any kind.
2. They very short in terms of text and charts, two sides of A4, and will always be so
3. They cover a huge range of topics, from the application of quantum physics to investment, to surveys of not just the G20 but smaller Asians, Latam, Eastern European and, progressively, more of African markets, of sectors, of unusual assets, of commodities as well as of the trad stock and bond markets. There is also plenty of political analysis in the context of finance.
4. As for compliance reasons, Econotes can not make specific and named asset recommendations, the research does make calls but more on overall portfolio structure rather than what specifically goes into the portfolio. And the Econotes do not shy from being "educational" so as to make the reading a little more fun as well as adding background rather than dry metrics.
5. Will Econotes help you make money?

No, to the extent that they will not tell you "Buy X , on date W and at USD Z price", but yes to the extent that they will, hopefully, make the investment decision more educated and well-rounded.

6.Finally Econotes must be the only publication which asks its readers for suggestion on coverage. Talk about free bespoke research !

Our internet site is up and running again and contains all our previous research reports (free, of course):

www.ecognosisadvisory.com

and our Facebook page has been revamped and focused not on being funny (that is irritating) but at least in being factually irreverent:

www.facebook.com/Ecognosis

With my personal thanks (and no, I did not forecast to three decimals points the 2008-9 crisis....)

Dr Andrew Freris

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