Chinese President V/s. Chinese Investors

Hope you all are fine and enjoying the market. On a recent visit of Chinese President to India, a student asked his teacher – Where is the original one?

This shows the impact the word Chinese has on the world!!

The Basic Ingredient of China Model:-

Our basic understanding tells us that you need originality while you copy!! China has proven the world that they are very original when it comes to copy!!

Their originality comes in understanding human psychology. Normal person wants good things at cheap prices and wants various options to change also. E.g. A collegian can buy 8 shirts/t-shirts of Rs.300 each then buying one shirt of original Arrow at Rs.2400!! This gives him an option to wear new shirt everyday and can also change the lot in two to three months.

This sounds logical and practical. But when it comes to Investments – Can you follow Chinese Model? 80% of the normal investors follow this model. Just read their way of working.

How Chinese Investors (Read Normal Investors) Follow A Chinese Model?

1. He would buy a share of Rs.10 then a share of Rs.100 or Rs.1000. His logic – Rs.10 stock is cheap!! (He does not care about valuations……the way he does not care about Quality of the products!!)

2. When he buys a penny stocks of Rs.1 or below – he thinks what is there to lose? He thinks his maximum loss is Rs.1 or less!! (He fails to see that he loses 100%)

3. For an investment of Rs.1 lakh – he would love to have as many companies as he can buy!! He does not mind buying 5 – 10 shares of each company!! Height comes when he buys even 1 share!!

4. When it comes to Copy – he is very resourceful. He copies investment ideas from Train or Bus talk / TV Analysts / Media reports / Websites / Rumours. The height comes when he listens to somebody talking on the phone and he buys that stock!!

5. What’s more he keeps his investments shuffling on a daily basis!! He loves that.

My Personal Call:-

All Original products need a Chinese infrastructure to stay in the business for a long time and all Chinese Products need Original Products/Ideas to flood the markets. In a way they are two sides of the same coin!!

***The difference comes from your purpose of investments. When you lack the solid purpose – you get carried away by the events in market and in your personal life. The trick is to find the purpose.***