The Market Has Been Bleak This Week…What Now?

Description

A month ago, I wrote about [how one should not be too tempted by a stock's 52-week low prices] because I foresaw that markets would continue to fall, and advised readers to focus on getting their fundamentals right first before jumping in.

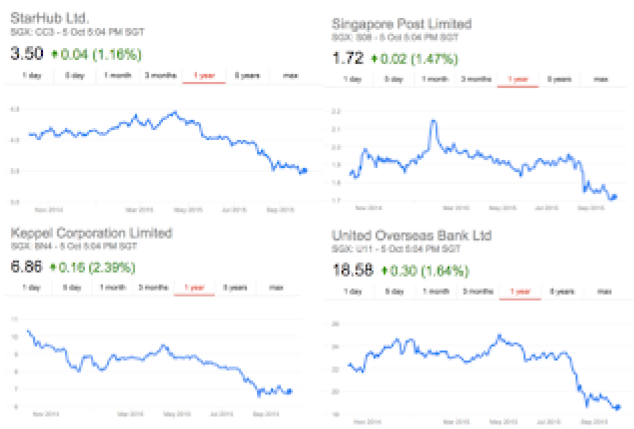
However, I got a few criticisms from some readers, all of which could be summarized into:

"Who does she think she is? As if she can foretell the market!"

"Rather than trying to time the market, I will buy at low prices, which includes when a stock price touches its 52-week low."

Quite a number of investors were going in after the STI recovered from its "bear" levels of 2800+ and broke resistance at 3000 points again.

Well, let's just say that the stock market's performance this week clearly shows that the worse is yet to come.

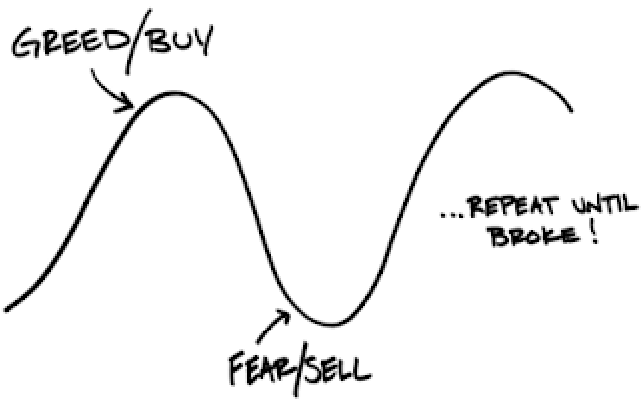


Rickmers Maritime have declared that they will be suspending their dividends payouts. This was a darling stock for many income investors (those who mainly look at dividend yield when buying) as it was trading at high levels of even 13% – 14% payouts i.e. if you invested $10,000 you could expect to get back $1,300 every year. The news certainly came as a shock, though it wasn't entirely unexpected.

Nera Telecommunications have reported reduced earnings for their third quarter this year, which is down by 43.3% from the same quarter last year. They have also acknowledged that the environment ahead will continue to be challenging, and it is uncertain if they will continue to maintain their relatively high dividend payouts of ~6% for most retail investors. This stock caught the attention of many investors in recent years, but its stock price has since declined significantly with the news.

Cache Logistics Trust issued new units to raise funds from investors, but effectively diluting shareholder interests in the process. The stock is currently trading near its lowest levels since its IPO , but do you have faith in the management so as to stay vested, or even jump in? I certainly don't feel like the management is aligned to the interests of its stakeholders, so this is something I'm taking off my watchlist for now.

OSIM International has been seeing its earnings fall despite the launch of new massage chairs. Growth has slowed significantly and the future looks bleak. The share price has declined by as much as 17% in the last few weeks alone. Those who had rushed into buying in July and September when the stock was trading at its 52-week low ($1.44) are feeling the pain with today's price of $1.36.



Fellow financial blogger Christopher, who is better recognized as a key income investor who relies on his investment income which allowed him to become financially independent at 39, has also blogged about his recent actions after the spate of bad news here.

With 3QFY15 results out for many companies, many are now acknowledging the very bleak reality that the markets can only get worse from here.

So what should we do now?

My advice remains the same – focus on getting company fundamentals right first and don't be too greedy to jump in. I cannot predict the market, but I will still be waiting out on the sidelines watching before I go in.

I'll also be clearing some of my annual leave in the coming weeks to spend some time on investment matters with fellow like-minded friends, to equip myself better for when the market drops. What about you? Are you looking at prices alone, or are you really delving into company research and fundamentals to make sure you're eyeing the right stocks?

With love,
Budget Babe

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