You CAN Afford to Invest on the Singapore Stock Market!

Description



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Most people are scared to death of investing. Iâ??m not surprised.

Last week I spoke to one of my dance instructors and casually mentioned that I needed to save money because I wanted to invest and start buying stocks. At my words, she had a shocked look on her face, and advised me not to get involved as I could lose money.

Natural reaction. Most of my friends who donâ??t know better react the same way when I tell them about my investing plans. In fact, I can share with you a few good reasons why you SHOULD invest in the stock market, but thatâ??s another post for another day.



We hear stories of people losing amounts in the thousands to millions on the stock market, getting their fingers burnt, having to borrow from loansharks to pay off the losses, etcâ?¦and start to think of the stock market as a scary place we should stay far, far away from.

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Heck, even my own dad was a victim. I should know, because he lost my education money in the stock market, taking away the money that was meant to see me through university.

'We lost everything gambling on shares'

As DIY investing goes mainstream, one couple lost their life savings by using a tool meant for professionals

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Gianpaolo Prinzi and Fernanda Freitas invested in shares for their retirement, but lost £180,000 in doing so

But contrary to popular opinion, you donâ??t need to have a lot of money to start investing in the stock market.

This morning the Straits Times published an article showing the rise in the number of young investors in Singapore, people like you and I.

I remember being impressed with one of the guys interviewed in the article, as he is fairly young (only 23!) but already has a pretty decent and diversified portfolio at his age. The other anonymous interviewee, said he lost $100k in the stock market, which means itâ??s probably safe to assume he had at least $200K to begin with in the stock market.

Of course, most of us donâ??t have that kind of money, especially when weâ??re still in university / fresh in the working world. In fact, most of us everyday folk have our dreaded tuition fee loan to settle first before we can do anything else (read my guide on how to pay off your TFL here). Heck, weâ??re lucky to even have $10k for investing! And thatâ??s not even counting in our emergency fund yetâ?¦

So what CAN we do?



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Itâ??s not a dead end. The good news is, SGX has recently revised their number of lots from 1000 down to 100. What this means for us is that we can now start investing with smaller capital amounts, compared to previous trading lots! Imagine if you are interested in buying DBS shares, which is a pretty decent blue-chip company (come on, just look at the number of ATMs they have islandwide, not to mention DBS Paylah, DBS credit card discount promos that you keep seeing at retail stores, their POSB acquisition years ago, etc):

DBS (price per share): $19.39
Previously: 1000 lots = $19,390
Now: 100 lots = **$1,939**

Previously, you would only be able to purchase DBS at a minimum of $19,000+, which is a ridiculously high sum for someone like us in our 20s. Even if we had the money, this amount would mean putting almost all of our money into DBS itself (aka putting all your eggs in one basket). Is that a safe move? Obviously not!

But now, letâ??s say I only have $10,000 in savings (which is an extremely doable sum if you follow my tips on how I saved $20,000 in a year). After putting aside perhaps $5K for emergency funds, I can buy these companies at 100 lots each and achieve the following portfolio instead:

DBS: $1,939
OCBC: $1,043
Singtel: $424
Starhub: $427
Breadtalk: $152
Capitaland: $363
SPH: $410
Keppel: $876
Total = $5,634

Compare this to the original $56,000+ that we would have needed earlier last year to achieve such a portfolio!

Do you still think investing is out of your reach?



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Category

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