7 WAYS TO... SAVE MONEY WHILE YOU SHOP

By Rola Habr

Shopping alone is one of the best ways to save money

You probably think you've been oh-so-economical all through the month, but when you look at your bank statements you realise you've spent a fortune at the supermarket! When a quick trip to Spinney's to buy eggs and milk means thousand-dirham grocery bills and a vast pile of needless items in your shopping cart, you need to cut back. Especially if your trolley looks like you've been shopping for a family of 12 – and there's just you and the significant other to feed.

But being a smart shopper means making an effort to develop better spending habits by strengthening your purchasing power to save money. So, before you grab a supermarket cart and start shopping check out some money-saving strategies.

1 Make a list of the items you need. There is a wide variety of food items in a supermarket. It is so easy to forget what you need. Making a list saves time and makes you avoid going back to the store for a forgotten item. Sticking to a list also helps you save – if you don't grab items that aren't on it.

2 Don't shop when you are hungry or bored. Never shop when you are bored or hungry because this will cost you plenty. You'll probably buy things you don't need just to make yourself feel better. Eat a snack before going to the supermarket or postpone the supermarket trip.

3 Shop alone. It is better if you do your supermarket shopping alone, because taking people to shop with you will only fill your cart with items you don't really need as friends and family discover and suggest must-have purchases.

4 Keep a price book. A price book will help you compare prices every time you go to the supermarket so you know the prices of items. Be careful as sometimes you unnecessarily pay more for fancy packaging.

5 Check your receipt. Watch the supermarket clerk as s/he rings up your purchases. Check your receipt for any discrepancies and keep it in case you want to return anything.

6 Leave the credit card at home or in the car. Use cash to pay for food items to avoid buying things you don't need or cannot afford. Remember that carrying a balance on that credit card will make you carry that debt for months and months.

7 Sign up to the supermarket's saving scheme card. Only a few supermarkets do not offer these cards. Sign up for the card at the supermarket you visit the most and you'll be surprised how savings add up. Keep the card in your wallet.

Using cash minimises future debts

COMMODITIES

GOLD FOR THE SMARTER INVESTOR

AS PHYSICAL DEMAND FOR GOLD OVERPOWERS THE FUTURES MARKET, PRICES COULD SOON TOP $1,000

DUBAI **Peter Cooper**

Buying a few gold coins or the odd mini-ingot and hiding them away has been a successful investment strategy over the past five years. Even in the *annus horribilus* of 2008, investors who chose gold over other asset classes have been well protected while others have seen their wealth decimated.

The US dollar gold prices have been maintained, while gold in Australian dollars, for example, was the best performing global asset class in 2008.

For 2009, the resumption of a strong bull market in gold is one of the few positive predictions that look reliable. The sell-offs by hedge funds, which kept gold future prices down in 2008, are coming to an end, and that should unleash a powerful new up leg in the gold market.

Chartists can already see this happening in their technical analysis. The spot price of gold has moved above the futures price, something known as "backwardisation".

This is almost always a signal that a huge price shift is about to occur. The same "backwardisation" is also present in the silver price chart.

You can also see this in the demand for physical gold that has been soaring. Last month, a group of Saudi investors bought a $3.5 billion (Dh12.8bn) hoard of gold, one of the largest single deals ever but smaller investors have also been snapping up precious metals all over the world, leading to shortages of many popular bullion coins and delivery delays.

What is gradually happening is that physical demand for gold is overpowering the paper or futures market in determining the spot price for the yellow metal, that is what "backwardisation" means down on the ground, and once the futures market is sunk the gold price will leap back above the high of $1,030 set last March.

And aside from sensing this change, why is it that smarter investors are so keen to invest in gold now? It is really down to the condition of the global economy and the massive amounts of money being injected by governments to counter the slump in bank lending.

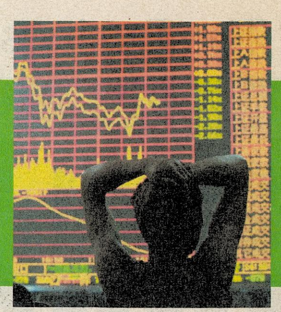
Some way, not too long down the road, investors reason that this action is going to be inflationary, like in the 1970s.

Gold has a relatively fixed supply and so will retain its value as price levels soar, and in fact this phenomenon will attract new investors into the yellow metal and send prices very much higher. In the late 1970s the gold price rose eight-fold, and history has a habit of repeating itself, whatever governments try to do to keep prices down.

But the smarter investor is going to want to find a way to leverage the rising gold price in 2009 and to achieve the greatest returns without necessarily putting capital at risk through debt-funded instruments. There are a number of well-proven methods of achieving this kind of zero-debt leverage to the gold price.

46% The amount that global stock markets have lost in 2008, to reach $32 trillion

18% The drop in hedge fund performance in 2008 – the most since tracking began in 1990



Sasan Saidi

ON THE RADAR: WHAT INSTRUMENTS TO LOOK AT IN 2009

Worried by the meltdown? We look at a few financial instruments that should reap benefits in 2009.

Funds

The way the world stock markets are plunging, investing in hedge funds or mutual funds is a tad risky. The key is to have a diversified portfolio to minimise the risks of having all your investments in one asset class. Ashley says: "We feel index trackers are the funds to invest in at the current time. Many seem obsessed with the impossible task of picking the bottom of the current stock market slump. Even the smartest investors are going to be able to invest at rock bottom with an enormous amount of luck, and they may still choose the wrong sector."

Index trackers consist of companies in all asset classes, and should a company fail due to the current turmoil, it will simply be replaced in the index by another that is performing better. "While index trackers will still be volatile in the short-term and will not see the gains that the best performing markets will produce, they will produce substantial returns in the medium term," he says. "The world's markets are down more than 40 per cent from their highs last September, but even if it takes five years to return to these levels, that means returns of more than 10 per cent per annum."

Bank deposits

Traditionally the Gulf has not offered great interest rates, but now many banks are rolling out various deposit products to suit every investor's needs.

And for those investors whose confidence has been shaken, advisors such as Candour Consultancy's Darren Ashley advises choosing a bank in a jurisdiction that has government protection in case of a future collapse. "Placing savings in an offshore account is vital for expatriate as this sidesteps the issue of money being frozen should one partner die unexpectedly, and gives the family money to live on until the estate is settled. Many expats don't realise their accounts in the UAE, even joint-name ones, will be frozen on their death, and it can take 18 months to access this money."

Property

The real estate market in the region has seen a correction during the financial crisis. Prices are coming down and speculators are being weeded out – making property a viable investment option. As a traditional investment product, property is a tangible asset that can yield high returns over long term.

Andrew Chambers, Managing Director of estate agents Asteco, says: "We believe 2009 will be a good year to invest in property in the Emirates, whether in Abu Dhabi, Dubai or elsewhere. All these markets have particular features and benefits that may suit a purchaser. As is always the case with property projects, securing a good buy depends on research and understanding the market.

"So if the objective is to make medium to long-term capital growth or acquire a place to live, look at purchasing in a project whose construction is well under way. Or buy on the secondary market. Though there has been some levelling off in sale prices, rental levels make property an interesting investment in the foreseeable future. And over the long term, property stands the test of time."

Gold

On the commodities front, gold is the most dependable. It has always been a strong contender when it comes to giving a high rate of return on the investment.

Parag Parekh, gold trader and Director of Al Nobala Diamonds, says: "Gold is looking bullish. It is a safe haven for investments compared to stocks and property. Right now it is about $840 an ounce and in the first quarter of 2009, it is expected to go up to $940 or $960 an ounce. So be it pure gold or jewellery, both are good and safe investments."