



5 Ways to profit during inflation

Inflation means that the general level of prices is going up. More money will need to be paid for goods and services. When the total money in an economy (the money supply) increases too rapidly, the quality of the money (the currency value) often decreases. Simply your money is losing its value, so we can call it the silent thief.

1. Avoid Long-term Fixed Income Investments.

The worst investment to put money into, during periods of inflation, are long-term fixed rate interest-bearing investments. This can include any interest-bearing debt securities that pay fixed rates, but especially those with maturities of 10 years or longer.

2. Inflation is Usually Kind to Real Estate

Real estate is a popular choice not only because rising prices increase the resale value of the property over time, but because real estate can also be used to generate rental income.

3. Try investing in commodities

Commodities include items like oil, cotton, soybeans, and orange juice. Also, the most popular commodity that Egyptians used to invest in is *gold*. Investors tend to go for the gold during inflationary times, causing its price to rise on global markets.

4. It is time to enter the stock market

Stocks have a reasonable chance of keeping pace with inflation. The better alternative is to invest primarily in growth type stocks and funds. You should also emphasize sectors that are likely to benefit from inflation. These can include energy, food, healthcare, building materials and even technology. Since all are

likely to rise in price with inflation, they're likely to perform better than other equity sectors.

5. Convert Adjustable-Rate Debt to Fixed-Rate

Higher inflation results in higher interest rates, which means that as inflation accelerates, your adjustable rates will continue to rise even to potentially unsustainable levels.

Remember the best advice in investment. It is the "don't put all your eggs in one basket" strategy. The basic process behind diversifying your investments is that if you spread your investments around, you will reduce the risk of losing money.

