

MR INVESTOR
THE HANG SENG INDEX CANNOT BE STOPPED

Monday

Stock Market closed

Tuesday

Nothing, it appears, is going to hold back the Hang Seng Index.

It hit a new high on the first day of trading, following the long Christmas break, rising 95.01 points to a new, all-time high of 16,928.29.

The Total Turnover, of about \$HK16.71 billion, was not a record level, but it was, certainly, a healthy level of activity, of that there could be no question.

The economic reasons for the stock-market's rise are not, clearly, known for it appears that, in today's world, existing profits are not as important as potential, prospective profits.

This has been born out, only too clearly, by the rise to fame of Pacific Century CyberWorks Ltd, a Li Ka Shing Group Company (although his sons, Richard and Victor, no doubt, will take issue with this statement).

Last Tuesday, Pacific Century CyberWorks was top dog on the Ten Most Active Issues, enjoying a Turnover of about \$HK2.56-billion worth of share trading, representing about 15.32 percent of the Total Turnover.

And this Company has yet to have track record, mind you!

It seems that, in this market, anything closely resembling an 'e' this or an 'i' that is fair game for a punt, regardless as to whether or not the company will succeed, financially, or even that it has a good chance of succeeding.

In the type of gambling stock market, such as is that of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), today, anything is possible.

And good luck to everybody!

Even the Hang Seng Index's 20,000 level could be breached, according to current thinking by some stock-market gurus.

One problem: Where are the HKSAR's profits from core industries?

With Chinese New Year within 6 weeks of spitting distance, there is likely to be continued strength in the stock market as workers put part of their Chinese New Year Bonuses into stocks and shares in the hope that the new year will see renewed prosperity.

Against this, however, will be the requirement for certain companies to settle all outstanding, end-of-the-year bills. This could drain some money out of the market.

On balance, however, the market is far more likely to rise than to fall.

Internationally, the exchange value of the US dollar was little changed against Asia's strongest currency, the Japanese yen, but it was, still, perilously close to the 100-yen level, at 102 yen in late trading, last Tuesday.

The Bank of Japan has taken the gloves off in respect of protecting its currency and is standing in the money markets, selling yen in order to stabilise the international situation, which has seen the yen rise to such a level as to cut deeply into the profits of many huge Japanese companies.

Since June 1999, the yen has appreciated about 18 percent against the US dollar.

While it could be said that the yen was the best-performing currency, during the past half a year or so, it is also true to say that this strength is contrary to the long-term interests of the country's exports because they become less price-competitive on the world stage.

Tokyo's losses are the PRC's gains, of course.

On The Tokyo Stock Exchange, the Nikkei-225 rose 236.62 points to 18,783.52 -- about 1.28 percent -- on confirmed news that there is every sign that Japan's economy has turned the economic corner.

Industrial output rose about 3.80 percent in the month of November, compared with October 1999, the Ministry of International Trade and Industry (MITI) told the world.

This was in spite of the strength of the yen, MITI was quick to point out.

However, MITI, also, put out a caution statement: 'Prospects for a continued (economic) recovery in final demand remain uncertain, but production and shipments are improving.'

MITI said that the yen's recent strength had not hurt Japan's industrial production and that the negative impact of the rising yen, vis-a-vis the US dollar and other 'hard' currencies, was offset by a rise in export volumes.

Economic fundamentals on The Tokyo Stock Exchange, like economic fundamentals on The Stock Exchange of Hongkong Ltd, are not as important, it seems, as they used to be; and, it was said that last Tuesday's trading was, in many ways, guided by an announcement from Sony Corporation that it would split its shares, 2-for-One.

This will have absolutely no effect on Sony Corporation's profits, of course, but Japanese investors thought that the stock price of Sony would move higher, once the shares are more marketable.

If it is true for Sony, the theory went, and then all the other issues, whose share prices have risen greatly, may follow Sony's lead.

And the stock market rose accordingly on the speculation.

This is how the situation looked in other parts of Asia, last Tuesday:

Thailand	Plus 0.11 percent
Indonesia	Minus 0.61 percent
Malaysia	Plus 1.51 percent
The Philippines	Plus 0.87 percent
South Korea	Plus 2.22 percent
Singapore	Minus 0.55 percent
Taiwan	Plus 0.40 percent
Japan	Plus 1.28 percent

Wednesday

Most of last Wednesday's losses occurred in the first hour of trading: Investors got the wind up and took their profits from the fast-running Li Ka Shing company, Pacific Century CyberWorks Ltd.

This counter was, for the second day in a row, the 'darling' of The Stock Exchange of Hongkong Ltd as nearly \$HK3-billion worth of shares changed hands.

Pacific Century CyberWorks accounted for about 19.15 percent of the Total Turnover of about \$HK15.46 billion.

But the share price of Pacific Century CyberWorks was under pressure all day, the resultant effect of which pushed down the share price to \$HK17.10, a loss of about 12.31 percent, compared with Tuesday's closing level.

The Hang Seng Index ended that session at 16,660.82, a loss of 267.47 points, or about 1.58 percent.

Once again, it was the so-called, hi-tech stocks, or potential, hi-tech stocks, that saw the most action, while the blue chips were all but forgotten, or took the back seat of investors' attention.

When the fever for profits is high, conservatism is dashed aside in the spirit of the moment.

It was noted that international institutional money was not present in the market of last Wednesday, at least to any appreciable extent, and, in fact, it has not been present to any great degree for some weeks, now.

In contrast to the HKSAR stock market, in Tokyo, trading was very subdued.

The Nikkei-225 gained 27.06 points to end the session at 18,810.58.

Again, like the HKSAR, hi-tech stocks hugged the limelight, with Sony, being the centre of attention (see Tuesday's review).

If it had not been for the heavy trading in the scrip of Sony, The Stock Exchange of Tokyo would have taken a 'bath', without question. As it was, the share value of Sony gained 7.60 percent, compared with Tuesday's close.

In contrast to Tokyo, on Wall Street on Tuesday, the Dow Jones Industrial Average managed a gain of 101.23 points, climbing to a new high of 11,492.92. This represented a gain of 0.90 percent, compared with Monday's closing level.

In other Asian stock markets, feelings were mixed, as investors appeared to be more interested in the millennium celebrations than trading on the stock market:

Thailand	Plus 2.67 percent
Indonesia	Minus 0.35 percent
Malaysia	Plus 0.88 percent
The Philippines	Plus 1.16 percent
South Korea	Closed
Singapore	Plus 1.05 percent
Taiwan	Closed
Japan	Plus 0.14 percent

Thursday

Stock market trading records were being broken around the world; and, it was clear that the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was not going to be an orphan: The Hang Seng Index put on a show of strength, never before seen in the history of The Stock Exchange of Hongkong Ltd.

The Index closed out the 20th Century at 16,962.10, a gain of 301.28 points, or about 1.81 percent, compared with Wednesday's closing level.

The Total Turnover was about \$HK12.40 billion, slightly lower than the volume of activity on Wednesday.

Once again, for the third straight day, it was the Li Ka Shing, hi-tech company, Pacific Century CyberWorks, which was top dog on the Top Ten Most Active Issues as \$HK1.87-billion worth of scrip switched hands.

This counter, alone, was responsible for about 15.08 percent of the Total Turnover.

Interestingly enough, the Top Ten Most Active Issues accounted for about 44.44 percent of the Total Turnover.

That being the case, one wonders how much reliance may be placed on the stock-market's barometer: The Hang Seng Index.

The HKSAR stock market, of course, has been following Wall Street's rises as it crashed through record levels, day after day.

Last Wednesday, the Dow Jones Industrial Average hit the record level of 11,476.71 after hitting an intraday high of 11,543.08.

Wall Street, to a great extent, is fueling stock markets round the world, the HKSAR and Japan, being just 2 of the recipients of the US stock-market euphoria.

On The Tokyo Stock Exchange, the Nikkei-225 put on another 123.76 points to tickle the 19,000 level, at 18,934.34.

Japanese investors followed a similar pattern of trading as that of the HKSAR and New York: They played their hearts out, punting on hi-tech issues.

As the 20th Century drew to a close, it appeared that the spirit of fellowship prevailed on trading floors throughout Asia:

Thailand	Plus 0.52 percent
Indonesia	Plus 0.30 percent
Malaysia	Plus 0.94 percent
The Philippines	Closed
South Korea	Closed
Singapore	Plus 0.28 percent
Taiwan	Closed
Japan	Plus 0.66 percent

Friday

Stock Market closed.

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