AND THE CALL WENT OUT: BEWARE OF WALL STREET !

It was Sell! Sell! Sell! as soon as the opening bells rang out last Monday on stock markets, round Asia, following the fast erosion of share prices on US stock markets, and most markedly on Wall Street on Friday, April 14.

South Korea's Seoul Composite Index, the biggest loser in Asia, shed 11.60 percent of its value, followed by Hongkong's Hang Seng Index and Singapore's Straits Times Index, both of which indices fell 8.60 percent, each.

The third place loser was Japan's Nikkei-225 Index, which gave up 6.90 percent of its previous value, Malaysia's Composite Index was in fourth position, giving up 6 percent, and Thailand's SET Index shed 5.20 percent, to be in fifth place.

The widespread sell-off of quoted stocks and shares was not just limited to Asia because, in, Europe, last Monday, not one bourse was in positive territory.

Poland's Warsaw WIG-20 Index was felled by 9.50 percent while Greece's General Share Index gave up 9.10 percent. Russia's MOS Times Index lost 7.90 percent and was the third largest loser in Europe.

Investors, around the world, were panicky; calls were going out for calm.

This hardly helped because, with margin calls, coming in, and with investors, having to sell from *'Peter'* in order to shore up a shortfall in *'Paul'*, it meant to many that more bloodletting was more than likely in short order.

In TARGET's previous week's report, it was strongly suggested that such a meltdown was on the cards because, to be sure, nothing was holding up many share prices, short of hot air.

The reason for the sell-off, worldwide, of course, was what had happened for most of the previous week on Wall Street, and especially, the previous Friday when the Dow Jones Industrial Average fell 5.70 percent and the tech-laden NASDAQ Composite Index was carved up to the extent of losing 9.70 percent.

With regard to the NASDAQ, the previous Friday, it was a record one-session fall for this index.

About the only thing that was of some consolation to traders in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was that the Total Turnover on The Stock Exchange of Hongkong Ltd was relatively low at $HK15.10 billion.

This was seen, by some, as indicating that wide-ranging, panic selling had yet to take hold of the HKSAR stock market.

On the other hand, one had to bear in mind that, since the prices of most counters, listed on The Stock Exchange of Hongkong Ltd, had declined by at least 10 percent, or thereabouts, over the previous week's closing levels, ended April 7, the volume of activity could have been said, in *'yesterday's'* terms, to be approaching $HK20 billion.

Hutchison Whampoa Ltd was the most active issue, last Monday, with its share price, shedding about 12 percent to close at $HK107.50 per share, after hitting a low of $HK106 percent.

This counter accounted for about 12.58 percent of the Total Turnover, as the volume of share trading in this heavyweight hit about $HK1.90 billion.

Pacific Century CyberWorks Ltd, another of Mr Li Ka Shing's publicly listed entities, hit the skids, shedding nearly 15 percent of its market capitalisation to fall to $HK13.60 per share, after hitting a low of $HK12.80 per share.

Cheung Kong (Holdings) Ltd was not spared the bloodbath. It lost about 10.60 percent of its market capitalisation as its share price fell to a low of $HK88 per share.

Other big losers included Cable and Wireless HKT Ltd, off 11.70 percent, China Telecom (Hongkong) Ltd, down15.20 percent, and SmarTone Telecommunications Holdings Ltd, down about 13 percent.

The Ten Most Active issues represented, in terms of their trading activities, about 60.53 percent of the Total Turnover.

The ratio of losers to winners was about 30.65:One.

On The GEM -- The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd -- The Growth Enterprise Index shed 12.76 percent, hitting 609.03.

The Total Turnover on this market was $HK421.26 million, that figure, being dominated by just 2 counters, which accounted for about 58.19 percent of the volume of activity.

Those 2 counters were the *'regulars'* -- tom.com Ltd and Sunevision Holdings Ltd -- with tom.com, falling to $HK5.80 per share and Sunevision, dropping to $HK8.90 per share.

For tom.com, it was a loss of about 17 percent of its market capitalisation and, for Sunevision, the day's loss represented about 12.32 percent of its market capitalisation.

It was all losers on this market -- 20:Zero.

On the Tokyo Stock Exchange, the Nikkei-225 shed nearly 7 percent to hit 19,008.64, a loss of 1,426.04 points on the day.

It was the fifth largest shedding of shareholders' blood in the market's history.

Losers outpaced gainers by the ratio of just about 11:One.

In line with what had been happening in New York, the previous Friday, many counters fell into line with US Depository Receipts, with Sony Corporation, losing 9.34 percent of its market capitalisation, hitting 12,040 yen, while the price of shares of Fujitsu Corporation, dropped 11.43 percent to 2,595 yen.

It appeared that only utilities managed to buck the trend, with the share price of Tokyo Electric Power Corporation, gaining 2.53 percent to hit 2,430 yen, Chubu Electric Power Corporation, putting on 4.05 percent to 1,670 yen, and Kansai Electric Power Corporation, tacking on another 4.13 percent to its market capitalisation, ending the session at 1,640 yen.

To reiterate the reasons for the worldwide sell-off of equities would be a waste of time and paper because everybody and his cat were expecting the paring of share prices: They could not keep going up forever without a correction.

Further, for many speculative counters, especially some of those on The GEM, in the HKSAR, and on the main board of the New York Stock Exchange, there was no logic to the way that investors were chasing certain companies' scrip, with nothing to support such high prices since, in many cases, the companies had yet to earn a penny in profits.

Further, the pressure on consumer prices in the US was bound to be adversely affected as new hot money, mostly in the hands of people, flush with stock-market profits and who were not used to such large figures, started to chase inventory levels which could not cope with demand.

Hence: Inflation.

The pressure on industry to find more workers to take up the slack in the supply-demand component of the economy exacerbated the situation even further.

Hence: Inflation.

As savings of the man-in-the-street were ploughed into equities, share prices rose to astronomical levels, unsupported by profits.

Borrowed money, in order to stay abreast the stock-market buying frenzy was another factor which led to the bloodbaths of the previous Friday in the US and last Monday on HKSAR stock market.

Where the ball would bounce next was anybody's guess, but it was a sure bet that more blood would be shed before sanity returned to the marketplace and that any quick rebound should be looked at with a great deal of suspicion.

This is what happened on Asia's major stock markets, last Monday:

Thailand	Minus 5.20 percent
Indonesia	Minus 4.90 percent
Malaysia	Minus 6.00 percent
The Philippines	Minus 4.30 percent
South Korea	Minus 11.60 percent
Singapore	Minus 8.60 percent
Taipei	Plus 1.40 percent
Japan	Minus 6.90 percent

Tuesday

On a declining Total Turnover, about 17 percent less than that of Monday, the Hang Seng Index, the *'barometer'* of The Stock Exchange of Hongkong Ltd, staged a counter-attack, driving up The Index by 515.95 points, or about 3.50 percent over the previous Monday's closing level.

The Ten Most Active issues accounted for just over 50 percent of the Total Turnover, indicating that trading was much more widespread than Monday's pattern.

The Hang Seng Index did not close at the high point of the day, however, because, at the noon bell, signifying the end of the morning session, The Index had closed up 548.34 points, compared with Monday's levels at 4 p.m. At one point in the morning session, The Index hit its zenith at 15,409.67.

The most popular scrip of the day was that of China Telecom (Hongkong) Ltd which saw more than $HK1.29-billion worth of trades take place, with the share price, fluctuating between a high of $HK56.25 and a low of $HK54.50.

While it was true to state that the market had recovered about 40 percent of the losses of Monday, it was too early to state whether or not the barber's session was over and that the *'haircut'* had been executed, completely.

Most share prices, last Tuesday, were held within tight little bands, with the share price of Hutchison Whampoa Ltd, trading between $HK112 and $HK114, HSBC Holdings plc, trading between a high of $HK87.25 and a low of $HK86, and Cheung Kong (Holdings) Ltd, trading between a low of $HK89.75 and a high of $HK92.

With regard to HSBC Holdings plc, it was announced that it was teaming up with the US stockbroker, Merrill Lynch, to form an Internet banking and investment services company.

The duo will invest $US1 billion (about $HK7.78 billion) between them and will base the new enterprise in London, England.

Another development was that it appeared that the Chief Executive of Cable and Wireless HKT Ltd, Mr Linus Cheung, had been raked across the coals for appearing to be less than objective in respect of the proposals of Pacific Century CyberWorks Ltd to take over the largest telecommunications company in the Hongkong Special Administrative Region (HKSAR).

Mr Linus Cheung has been more than a little happy at the prospects of working for the Li Ka Shing Camp and has made this only too apparent over the past few months, appearing publicly with Mr Richard Li Tzar Kai, the son of Mr Li Ka Shing and the man at the top of the heap at Pacific Century CyberWorks, and stating that he looked forward to the future -- as an employee of Mr Richard Li.

Before the matter of the merger of the 2 companies goes to Cable and Wireless HKT shareholders, its chief drummer, supposedly representing the interests of Cable and Wireless HKT, is sucking up to the proposed new owners.

With the share price of Pacific Century CyberWorks, having fallen from grace, so to speak, down from below the $HK20-plus mark to the $HK14 level, and with the merger plan, calling for a mix of cash and Pacific Century CyberWorks's scrip, or all Pacific Century CyberWorks's *'paper'*, there are already questions, being raised, as to whether or not the offer will be accepted by many of the existing shareholders of Cable and Wireless HKT.

Better the Devil you know than the Devil you don't, one might conjecture.

Gainers beat off losers by the ratio of about 2.76:One on The Stock Exchange of Hongkong Ltd, last Tuesday.

On The GEM, The Growth Enterprise Market, the Total Turnover on this market fell to just shy of $HK376 million, with Techpacific.com Ltd, a newcomer to the market, being the most active counter.

The share price of this counter swung between a high of 87 cents per share and a low of 52 cents per share, with a total of about 138.31 million shares, changing hands. This volume of activity, about $HK97.11 million, was about 25.83 percent of the Total Turnover.

The Offer Price of the shares of this company was $HK1.05.

The other 2 counters, which caught investors' attention on this market, were the *'old favourites'*, tom.com Ltd and Sunevision Holdings Ltd. The trio of top counters represented about 64 percent of the Total Turnover.

It was an unconvincing performance for this market, which saw The Growth Enterprise Index rise about 5.39 percent to 641.86 points.

Gainers were ahead of losers by the ratio of 17:3.

In Tokyo, the Nikkei-225 continued to drift, shedding another 39.12 points to hit 18,969.52 yen.

While the benchmark for the Japan's premier stock exchange was ahead of the game, not all counters benefitted from the small gain, equal to less than one quarter of one percent.

The internationally renowned name for cups and saucers and ceramics, Noritake, for instance, shed a little more than 16 percent of its market capitalisation, falling to 386 yen, and Nippon Chemical Industrial Corporation's share price fell 15.29 percent to 216 yen.

Softbank Corporation and Hikari Tsushin, both Internet investment companies, both, continued to suffer reverses of fortunes, and both share prices fell daily limits.

Softbank had, at that stage, chalked up a 74-percent loss in its market capitalisation since the February 15, 2000 level, and Hikari Tsushin had seen its share price eroded by 88 percent, during the same period.

Gainers were ahead of losers by the ratio of 2.29:One.

The seeming stock-market rebound in Asia was, of course, due to what happened on Wall Street, last Monday.

The Dow Jones Industrial Average staged a bit of a comeback, rising 276.74 points to 10,582.51.

The hi-tech laden NASDAQ Composite Index, on the other hand, rose a record, one-day gain, amounting to about 6.56 percent, to 3,539.16.

There appeared to be no material reason for the bounce-back and many analysts made the claim that the surge was completely unconvincing.

Only time will tell.

But it is just about a certainty that the US Federal Reserve Board will push up interest rates, again -- and that will take its toll of stock-market indices, right around the world, to be sure.

In other parts of Asia, this is how the situation shaped up:

Thailand	Minus 1.94 percent
Indonesia	Minus 0.19 percent
Malaysia	Plus 0.68 percent
The Philippines	Plus 0.65 percent
South Korea	Plus 5.59 percent
Singapore	Plus 0.39 percent
Taipei	Plus 3.48 percent
Japan	Minus 0.21 percent

Wednesday

Buyers stepped in at the opening bell of The Stock Exchange of Hongkong Ltd, last Wednesday, but subsequent selling pressure pared much of the early gains.

There was some concern that the previous Monday's large losses, amounting to 8.60 percent on the Hang Seng Index, had not been recovered, or anywhere near it.

Nobody likes a false start -- and that distinct possibility worried many investors.

The Hang Seng Index hit 15,584.28 at the luncheon bell, up 305.96 points, compared with Tuesday's closing level, but about 50 percent of the early gains were rubbed out as bears took control of bulls in the 90-minute afternoon session.

The Index ended the day at 15,427.20 on a Total Turnover of about $HK11.78 billion.

One counter, that of HSBC Holdings plc, demanded investors' attention as the trades in this bank's shares accounted for about 10.87 percent of the Total Turnover.

The interest in this counter was due to the announced link-up between HSBC Holdings and Merrill Lynch, the US-based stockbrokerage house, to form an Internet bank with each party, putting $US500 million on the table.

The share price of HSBC Holdings fluctuated between a high of $HK89 and a low of $HK87, closing at near its high.

The 2-percent or so gain in the share price of HSBC Holdings plc, the counter is the second largest component of the Hang Seng Index, was responsible, in a large part, for the entire market's move upwards.

The Ten Most Active issues accounted for about 47.62 percent of the Total Turnover in what must be described as a very uncertain market.

Once more, with notable exceptions, one saw share prices held within tight trading ranges.

Exceptions included Cheung Kong (Holdings) Ltd, off $HK1.75 per share to $HK88.25 per share -- near the day's low of $HK88 per share after hitting a high of $HK93 per share -- and Hutchison Whampoa Ltd, the share price of which shed $HK2.50 to hit $HK110 after hitting a high of $HK115 per share and touching a low of $HK107 per share.

There were unsubstantiated reports that European fund managers were concerned about Asia and, as such, were selling scrip in the HKSAR to shore up losses on other international bourses.

Losers outran gainers by the convincing ratio of 2.46:One.

The GEM, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, went in the reverse direction to the Main Board, with The Growth Enterprise Index, falling 5.44 percent to 606.96.

The Total Turnover on this market was about $HK297.24 million with the volume of activity dominated by share trading in tom.com Ltd and Sunevision Holdings Ltd.

These 2 counters accounted for about 53.43 percent of the Total Turnover.

Newcomer Techpacific.com Ltd was in third place, with Management of this company witnessing a further erosion of its Offer Price of $HK1.05 as the share price hit a nadir of 67 cents, falling from the height of the day of 91 cents -- a 25-percent fall in one day and a 36-percent drop in 3 trading days.

With the daily turnover on The GEM, continuing to fall, and as share prices are chopped down, day after day, investors in this market are fast losing interest in this bourse.

The ratio of gainers to losers was 9:One.

In Japan, The Tokyo Stock Exchange saw the Nikkei-225 rise 117.10 yen to 19,086.62 yen.

But, by and large, the Nikkei’s gains were not convincing in spite of the fact that, on Tuesday, the New York NASDAQ Composite Index had posted its largest-ever, one-day-point gain of 254 points, equal to about 7 percent over Monday's closing level.

Gainers eased out losers by the ratio of 1.25:One.

While there was a great deal of interest in banking issues, following an announcement that Mitsubishi Trust and Banking would form a joint bank with Bank of Tokyo-Mitsubishi, creating the world's fifth largest banking conglomerate in terms of assets under control, aside from pockets of restrained interest, with rises and falls in certain counters, the market was dull and very uninteresting.

The Dow Jones Industrial Average, which rose about 2 percent on Tuesday to 10,767.42, appeared to be the key to Asian stock-markets' direction and all investors were watching to see whether or not the spurt on Tuesday

(New York time) would continue for the rest of the shortened week: Friday was a public holiday.

This is the way that the situation looked last Wednesday in other major Asian stock markets:

Thailand	Plus 1.37 percent
Indonesia	Minus 0.37 percent
Malaysia	Plus 1.75 percent
The Philippines	Plus 0.96 percent
South Korea	Plus 1.04 percent
Singapore	Plus 2.58 percent
Taipei	Minus 2.18 percent
Japan	Plus 0.62 percent

Thursday

Probably the worst scenario unfolded last Thursday, as investors appeared to lose considerable interest in trading on The Stock Exchange of Hongkong Ltd.

The Total Turnover shrank to $HK7.59 billion, down about 80 percent from the $HK36-billion Total Turnovers of just over a month prior.

Not since November 1999 has the volume of activity been so low.

The Hang Seng Index finished the 4-day week at 15,367.14, recording a loss of 60.06 points on the day as declining shares edged out advancing shares by a ratio of 1.31:One.

It was a day, which, once again, witnessed violent swings in the prices of shares in certain counters.

Hutchison Whampoa Ltd, the most active counter, saw its share price swing from an intra-day high of $HK111.50 to an intra-day low of $HK105, finishing unchanged at $HK110 per share.

Another of Mr Li Ka Shing's publicly quoted *'vehicles'*, Pacific Century CyberWorks Ltd, the third most active counter, got it in the neck as its share price fell nearly 2 percent to $HK14 after hitting an intra-day low of $HK13.20 per share. That represents a swing of 6 percent in a period of 4 hours trading.

The Ten Most Active issues accounted for about 53 percent of the Total Turnover, with HSBC Holdings plc, shedding about one percent of its market capitalisation as the share price touched $HK86.

Because of the heavy weighting of this counter as a component stock of the Hang Seng Index, there could be no doubt that a $HK1 loss in the share price of this heavyweight drags down the market -- which is very thin, in any event.

On The GEM, The Growth Enterprise Market, it was, pretty much, a repeat performance of the Main Board, as the Total Turnover on this market fell to about $HK207 million -- one fifth of the volume of activity of about one month ago.

iSteelAsia.com Ltd, a steel trader with a 3-month old homepage on the Internet, made its debut as its Management witnessed 29.39 million of its shares change hands.

And the share price of this *'cheeky'* company fell from a high of $HK1.20 to a low of 74 cents a share, a swing of about 38 percent.

The Placement Price of the shares of this company was $HK1.08 so that the closing level, of 79 cents per share, meant that investors, who put up cash for these shares, saw about 27 percent of their capital vanish in the proverbial twinkling of an eye.

tom.com Ltd and Sunevision Holdings Ltd continued to hug the top slots of the Ten Most Active issues with both counters losing ground, very quickly.

tom.com fell to $HK6 per share -- a long way from $HK20, isn't it? -- and Sunevision was shot down to $HK9.75 per share -- which is about 50 percent of its price of just one month ago.

The Ten Most Active issues accounted for about 94 percent of the total volume of activity.

This is a record level for so few issues, accounting for so much of the trading volume: It speaks poorly of the success of this market.

Losers dominated gainers by the ratio of 12:7 as The Growth Enterprise Index fell 2.15 points to 604.81.

The Wednesday performance of Wall Street had a profound impact on trading in the Hongkong Special Administrative Region, in particular, and on Asian stock markets, in general.

The Dow Jones Industrial Average fell just short of one percent on Wednesday (New York time) to 10,674.96, while the NASDAQ Composite Index shed 2.30 percent of its value, falling to 3,706.41.

Up one day in a shower of glory, only to fall in ignominy, the following day, tends to frighten investors who are perplexed as to the true direction of a market.

And direction is the all-important factor when making an investment … in any market.

In Japan, the Nikkei-225 was felled to the extent of 127.30 yen, falling to 18,959.32 yen.

Some counters managed to do the impossible, and investors stood by to watch stocks, such as Softbank Corporation, break a 5-day losing streak as its share price rose 6.48 percent to 49,300 yen.

Softbank owns 50 percent of Yahoo Japan Incorporated and, since Yahoo Japan was on the move for the second day in a row, rising about 16 percent to 36.95 million yen, last Thursday, alone, Softbank's share price gains were, probably, in sympathy with the move by Yahoo Japan.

Other big movers included Oracle Japan Incorporated, up 10,000 yen to 65,200 yen, Trend Micro Corporation, moving up just a little over 19 percent to hit 12,500 yen.

While many issues were shot down in flames, the ratio of gainers to losers was still 1.44:One.

This is the way that other parts of Asia finished the shortened week of April 20 due to the fact that the Stock Exchange of Hongkong Ltd was closed last Friday and last Monday for the Easter Holidays:

Thailand	Minus 0.44 percent
Indonesia	Plus 0.02 percent
Malaysia	Minus 0.11 percent
The Philippines	Closed
South Korea	Plus 0.82 percent
Singapore	Plus 1.04 percent
Taipei	Plus 0.05 percent

Japan	Minus 0.67 percent

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