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WAITING FOR THE PLEASURE OF DOCTOR ALAN GREENSPAN

In spite of Wall Street, putting on a strong showing the previous Friday, May 5, Asian stock markets took a bearish view of international financial proceedings, last Monday, pushing down major indices.

Only one of the 8, major Asian stock market indices managed to make any kind of a material gain. All the rest, either fell substantially, or fluctuated, fractionally, from the previous Friday's closing levels.

The Stock Exchange of Hongkong Ltd, easily the most important Asian bourse outside of Japan, saw its Hang Seng Index shed about 2.41 percent, compared with the previous Friday's level, while the Growth Enterprise Index, the *'barometer'* of The Growth Enterprise Market (The GEM), gave up 5.45 percent.

The Hang Seng Index, the Main Board's Index, finished the session at 14,901, for a loss of 367.64 points, compared with the previous week's close, while The Growth Enterprise Index shed 35.96 points to close the day at 623.92 points.

In both markets, the Total Turnovers were very low, with the Main Board's Total Turnover, down to about $HK7.71 billion, while The GEM's Total Turnover fell to just $HK200.45 million.

On the Main Board, HSBC Holdings plc (Code: 5) came under heavy fire as investors pushed down the share price of one of the world's largest and most successful banks by about 1.75 percent to $HK84.25.

The Bank's share price hit a low of $HK83.75 in intra-day trading as more and more scrip surfaced.

The turnover on this counter was $HK820.93 million, representing about 10.64 percent of the Total Turnover.

One of the reasons that this counter was under such pressure was due to interest-rate jitters: As interest rate move higher, sensitive corporate enterprises, such as banks and property developers, are among the first to witness widespread selling of their shares.

Some international funds and some very large, international stock-market players were known to be liquidating, at least partially, long positions in Asia in order to put a financial finger in fissures, which had appeared in US and European markets.

The widespread sell-off was, of course, expected to some extent due to fears of interest-rate hikes, being announced within the next week or so -- or even earlier.

The US Federal Reserve is known to be rather keen to put the lid on inflationary tendencies; and, the consensus is that The Fed will boost interest rates by about one half of one percent at its scheduled May 16 Meeting.

What will, no doubt, be strengthening The Fed's resolve were US Government statistics, which were announced on May 6 in Washington.

The US Government's Labour Department announced the previous Saturday that US unemployment had fallen to a 30-year low of 3.90 percent.

US consumer borrowing rose in March at the fastest rate in the past 4 years, it was, also, announced.

For the first quarter of this year, US consumer borrowing was running at an annualised rate of about 11.20 percent, according to The Fed.

In order to slow the US economy, which is boiling over, the most attractive weapon at the disposal of The Fed's Chairman, Dr Alan Greenspan, is interest rates.

Asia is very sensitive to interest-rate hikes, especially heavily leveraged issues, quoted on Asian stock markets.

Some of the biggest losers, last Monday, included China Telecom (Hongkong) Ltd (Code: 941), down about 3 percent to $HK56.50, Hutchison Whampoa Ltd (Code: 13), off 2.82 percent to $HK103.50, Cheung Kong (Holdings) Ltd (Code: 1), down 2.63 percent to $HK83.25, and Pacific Century CyberWorks Ltd (Code: 1186), which lost substantially, falling to $HK14.15 at one point, for an intra-day swing of about 8.71 percent.

Losers outpaced gainers by the ratio of 5.49:One.

On The GEM, losers were ahead of gainers by 3.50:One, with some pretty wild swings, led by Hongkong.com Corporation (Code: 8006), which saw its share price fluctuate between a low of $HK1.51 and a high of $HK1.88.

That represents an intra-day fluctuation of nearly 20 percent from the high point.

tom.com Ltd (Code: 8001) and Sunevision Holdings Ltd (Code: 8008) were, again, the 2 most-active counters, and their aggregate volume of trading represented about 67 percent of the Total Turnover for the day.

Interest in The GEM has been waning for some weeks now, and last Monday's very low volume of activity appeared to be representative of investor interest in counters, quoted on this highly speculative offshoot of The Stock Exchange of Hongkong Ltd.

With the Hang Seng Index, hovering at about the 15,000 level, some investors were wondering when was the correct time to buy back in.

How low would The Index fall?

The answer is that it is likely to start to recover after all the bears are shaken out of the woodwork; and, that will, probably, be closer to the 11,000 level than the 15,000 mark.

In Japan, The Tokyo Stock Exchange started off the week with a moderate loss, as the Nikkei-225 shed 239.40 yen to 18,199.96 yen.

This market had been closed for half of the previous week in order for workers to celebrate that unique Japanese holiday: *'Golden Week'*.

Like the stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Japanese investors are deathly afraid of interest-rate increases -- and these appear to be in the offing, to be sure.

However, there were pockets of resistance to the selling pressure with so-called *'Old Japan'* stocks, benefitting substantially in some cases.

One bright spark was the counter of Nippon Telegraph and Telephone Corporation, popularly known as NTT. Its share price rose 2.82 percent, or 40,000 yen, to hit 1.46 million yen.

The reason for the interest in this counter was an announcement that its subsidiary, NTT Communications, had agreed to purchase the remaining 90 percent of Verio Incorporated, the US website manager, for about $HK43 billion. It owns 10 percent of the company.

Losers included the ever-popular (selling stock) Sony Corporation, the world's largest producer of consumer electronics. Its share price fell 2.60 percent to 12,170 yen.

Softbank Corporation also got hit hard, with its share price, falling to 26,980 yen, a drop of about 5.63 percent in one day's trading.

Losers on this market outnumbered gainers by the ratio of 1.52:One.

Here is how other Asian markets fared on Monday, May 8, 2000:

Thailand	Minus 3.63 percent
Indonesia	Minus 2.41 percent
Malaysia	Plus 0.86 percent
The Philippines	Plus 0.43 percent
South Korea	Plus 2.52 percent
Singapore	Minus 1.84 percent
Taiwan	Minus 0.47 percent
Japan	Minus 1.30 percent

Tuesday

Sellers lined up in an orderly fashion to sell shares of companies, listed on The Stock Exchange of Hongkong Ltd, as soon as the morning bell rang, marking Tuesday's opening.

By the time that the luncheon bell had sounded, the Hang Seng Index was registering a loss of 231.85 points, compared with Monday's closing level.

The afternoon's 90-minute trading session saw short-covering, to some extent, as well as some *'support'* from vested interests, of course.

International fund managers were, still, known to be in the market to sell Asia in order to cover wilting positions in the US and European markets, but the situation, with regard to the HKSAR, was not conducive to widespread selling -- because the Total Turnover shrank to $HK6.51 billion.

Losers outpaced gainers by the ratio of 2.43:One.

The Hang Seng Index ended the day at 14,776.90, down 124.10 points, or about 0.83 percent, with the Top Ten Most Active issues, accounting for about 49.31 percent of the total volume of activity.

The losses of last Tuesday in the HKSAR were due, once again, to the combination of 2 independent factors: Interest-rate jitters (see Monday's report); and, the fact that, on Monday, New York time, the Dow Jones Industrial Average gained just 27 points, to rise to 10,603.63, while the NASDAQ Composite Index, bespattered with hi-tech and Internet-related issues, lost about 3.90 percent of its former value to end the first day of the week's trading at 3,669.38.

There was a third consideration, but that only tended to reconfirm what everybody and his cat knew: Valuations of many hi-tech and telecommunications counters are terribly over-valued, by and large.

Sunday Communications Ltd (Code: 866) reported its Results for the 1999 Financial Year, ended December 31.

These Results were nothing short of a disaster area.

The telecommunications company, which went public only in March on The Stock Exchange of Hongkong Ltd and the NASDAQ and is the smallest mobile telephone operator in the Hongkong Special Administrative Region

(HKSAR), announced that, on an increased Turnover, about 84 percent ahead of the Turnover for the 1998 Financial Year, the Company reported a Loss of about $HK923.93 million.

The Loss was, also, ahead of the 1998 Year's Loss by about 15.07 percent (1998: Loss $HK802.93 million; 1999: Loss $HK923.93 million).

There were no Extraordinary Items, which contributed to the Loss situation: The Company just can't make it work -- at least, not at this juncture.

But losses in the share prices of the hi-tech and Internet-related sector of The Stock Exchange of Hongkong Ltd were well in hand, prior to Sunday's announcement.

Pacific Century CyberWorks Ltd (Code: 1186) fell 1.41 percent to hit $HK14 per share, after touching an intra-day low of $HK13.55 per share, Cable and Wireless HKT Ltd (Code: 8) shed 1.13 percent to close the day at $HK17.50 per share, Hutchison Whampoa Ltd (Code: 13) lost 1.93 percent to fall to $HK101.50 per share, and the *'daddy'* of the above mentioned counters -- Cable and Wireless HKT is supposed, soon, to be in daddy's stable of publicly listed companies -- Mr Li Ka Shing's Cheung Kong (Holdings) Ltd (Code: 1), fell 3.30 percent to $HK80.50 per share.

Many investors in the HKSAR had noted, with some shock, the falling price of the shares of Pacific Century CyberWorks. Its market capitalisation has been felled to the extent of about 47 percent in the past 3 months or so.

This Li Ka Shing company, controlled directly by the Number Two Son, Mr Richard Li Tzar Kai, is facing huge financing bills, not just for its intended purchase of Cable and Wireless HKT (see Monday's report), but also for its $HK13-billion commitment to build a Cyberport in the HKSAR.

The consensus was that there was a lot more room for the share price of this speculative issue to fall.

On The GEM -- The Growth Enterprise Market -- the Growth Enterprise Index gained 2.40 points, less than one half of one percent, ending the session at 626.32 points.

But the Index had been down by about 11.29 points, or about 1.80 percent, at the time that brokers went out to lunch at 12:30 p.m.

The Total Turnover fell, once again, to one of its lowest levels for many a month: $HK125.29 million. This is a far call from the $HK1-billion-plus Turnovers of earlier this year.

With such a *'thin'* market, it is very easy to boost prices of select shares, artificially. This, being the case, this analyst will not take the time to bore subscribers with issues, listed on this Market, issues that, seemingly, managed to rise on a handful of shares, changing hands.

Losers were ahead of gainers by the ratio of about 1.50:One -- and that should say it, all.

On The Tokyo Stock Exchange, The Nikkei-225 was off 355.42 yen, nearly 2 percent, coming to rest at 17,844.54 yen.

This market was reacting violently to the NASDAQ's fall on Monday as well as fears of an interest-rate rise in the offing.

Sony Corporation was, once again, on investors *'hit'* list, with the share price, falling another 3.86 percent to hit 11,700 yen.

Fujitsu Corporation, another heavyweight in the computer-cum-Internet field, was shot down to the extent of 3.93 percent, hitting 3,180 yen.

News from the telecommunication's giant, Nippon Telegraph and Telephone (NTT), was a surprise to many investors on this market, following the report that its offshoot, NTT DoCoMo, was poised to pick up a 15-percent stake in the Netherlands mobile telephone operator, KPN Mobile.

The share price of NTT shed about 2.70 percent while the share price of NTT DoCoMo fell about 4.40 percent.

Household names, such as Toshiba and Hitachi, were well down, both losing about 3.60 percent of their respective market capitalisations.

Losers and gainers were just about equal, with losers only a nose out in front of the pack.

Japan lost the heaviest, last Tuesday.

Here is how other Asian stock markets fared:

Thailand	Minus 2.29 percent
Indonesia	Minus 0.48 percent
Malaysia	Minus 0.19 percent
The Philippines	Plus 0.32 percent
South Korea	Minus 1.22 percent
Singapore	Plus 0.49 percent
Taiwan	Plus 0.23 percent
Japan	Minus 1.95 percent

Wednesday

It was a day of widespread selling of shares, listed on most Asian stock markets, last Wednesday, the eve of Buddha's Birthday celebrations (The Stock Exchange of Hongkong Ltd closed, last Thursday, for the occasion).

The Main Board had the Hang Seng Index fall 283.98 points to end the day at 14,492.92 on a Total Turnover of $HK8.86 billion.

It was the sixth successive day that investors of the HKSAR watched Main Board losses.

On The GEM, The Growth Enterprise Market, the Growth Enterprise Index shed 1.14 percent to fall to 619.18 points on a Total Turnover which just nudged the $HK100-million mark.

Not since November 1999 had The Index and Turnover been that low.

And there was every reason to think that it would drift a lot lower before any kind of a material upward swing.

The reasons for the falls of last Wednesday, notwithstanding the matter of it, being on the eve of a one-day holiday, was what was taking place in New York, specifically on The New York Stock Exchange.

Last Tuesday, New York time, the NASDAQ Composite Index had staged a substantial fall: It represented losses for 4 days in a row, with each loss, representing a fall of 2 percent or more, on average.

The Dow Jones Industrial Average was, also, not doing very well, for a bull market, that is, and these proceedings were noted in Asia where investors were getting very cold feet.

On the Main Board of The Stock Exchange of Hongkong Ltd, losers were ahead of gainers by the ratio of about 4:One, with some of the *'darlings'*, falling from grace in a big hurry.

The Ten Most Active issues accounted for about 57.56 percent of the Total Turnover.

The most active counter was that of Hutchison Whampoa Ltd (Code: 13), the share price of which shed $HK1.75, or about 1.72 percent, to close at $HK99.75 per share.

When Hutchison was trading at the high $HK147-plus per share level, there was talk that it could hit $HK200 a share. Last Wednesday, it was noted that the market capitalisation of this Li Ka Shing company had been pared by about 47 percent in a matter of just a couple of months.

This is what one had grown to expect of a highly speculative issue, but not of a so-called blue chip stock.

A similar situation was seen in other Li Ka Shing counters, with Cheung Kong (Holdings) Ltd (Code: 1), losing another $HK1.25 per share to hit $HK79.25. That is a loss of about 1.55 percent.

The most-talked of counter, for the past few months, at least, Pacific Century CyberWorks Ltd, was under investors' guns in a very big way, too, as its share price fluctuated about 5 percent, during the day's proceedings, hitting a high of $HK14 per share, only to be shot down to $HK13.35 per share.

At this rate of fall in the price of this counter – remember that it is making a bid for Cable and Wireless HKT Ltd (Code: 8) (see Monday's report) – it is unlikely that the scrip will be very tempting to be employed as a viable medium of exchange.

Other major losers included The Bank of East Asia Ltd (Code: 23), down 5 percent to $HK15.05, China Telecom (Hongkong) Ltd (Code: 941), down 3.56 percent to $HK54.25, SmarTone Telecommunications Holdings Ltd (Code: 315), off 3.10 percent to $HK25.80 per share, and Shangri-La Asia Ltd (Code: 69), off 7.90 percent to $HK8.15 per share.

On The GEM, losers were ahead of gainers by the ratio of about 2.20:One.

Exactly 95.59 percent of all of the trading on this market was in just 10 counters, headed by tom.com Ltd (Code: 8001), whose share price closed at $HK6.75, down 2.17 percent compared with Tuesday's closing level.

The thin trading is making for interesting conditions, allowing just about anything to happen (see Tuesday's report).

News wise, it was reported that Sun Hung Kai Properties Ltd (Code: 16), along with Henderson Land Development Company Ltd (Code: 12), Sun Hung Kai's partner in a Hunghom housing project, were having to try to sell flats in their joint-venture project at prices which were below cost.

The Royal Peninsula Project has been on the market for some months, and prices of units had been slashed at least 3 times before.

But the latest 14-percent reduction in flat prices was a sure-shot indication that all was not well in the Land of Lilliput.

When one adds up just the 2 reported problems of the past month – the problems, facing the Seibu Department Store in Pacific Place, and, then, the problems, facing Sun Hung Kai/Henderson Land with regard to their hi-tech residential programme in Hunghom -- then one has to ask the question: Has the economic situation in the HKSAR really righted itself?

On The Tokyo Stock Exchange, hi-tech and Internet-related issues suffered at the hands of Japanese investors who, fearful of an interest-rate increase in the next week or so, took no chances -- and unloaded stock.

The Nikkei-225 lost 143.47 yen to close at 17,701.47 yen as about 554 million shares changed hands.

A reshuffling at the top of Sony Corporation's Management resulted in that counter, gaining a little lost ground. The share price of Sony ended the session at 11,810 yen, up about 110 yen on the day.

But the thin trading in this counter did not make for instilling much confidence in the short, sharp burst of excitement in Sony's share price.

Other than a little interest in Sony, the market for Japanese shares was quiet as investors in the Land of the Rising Sun took note of what was transpiring in the largest economy in the world and the rest of Asia.

This is how things looked in Asia on the eve of the birthday of Buddha:

Thailand	Minus 3.98 percent
Indonesia	Plus 0.10 percent
Malaysia	Plus 0.51 percent
The Philippines	Minus 0.03 percent
South Korea	Minus 0.18 percent
Singapore	Minus 1.54 percent
Taiwan	Minus 0.88 percent
Japan	Minus 0.80 percent

Thursday

Investors in Asia looked in vain for a safe haven for their money as they were bombarded with avalanche after avalanche of selling pressure on all of the major Asian bourses (except the HKSAR stock market, of course, it, being closed for Buddha's birthday).

The Tokyo Stock Exchange took the lead, with a 4.63-percent *'haircut'* for the Nikkei-225 Index, the benchmark of that market, as it hit its lowest level since the previous October, shocking many Japanese investors when they saw it close at 16,882.46 yen.

Losing issues were ahead of gaining issues by the ratio of about 3.85:One.

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was busy celebrating the birth of Buddha so The Stock Exchange of Hongkong Ltd was shut for the day – which, as it turned out, was lucky for HKSAR investors since there was a reversal of fortunes, last Friday.

While, in Beijing, the Capital City of the Middle Kingdom, Chinese police and the People's Liberation Army were rounding up cult followers of the Falun Gong, who were out to celebrate the birthday of their founder.

The main reason for the major sell-off of stocks and shares in Asia, aside from the May 16 meeting of the US Federal Reserve when interest rates in the US will be reviewed, were the huge losses, experienced on Wall Street on Wednesday, New York time.

The NASDAQ Composite Index, especially, the index, indicating, by and large, what is going on in trading in US hi-tech and Internet-related stocks, dropped a bundle, representing a little more than 5.59 percent.

Last Wednesday's losses represented a loss on the NASDAQ of about 11 percent in 3 trading days. The NASDAQ ended last Wednesday's session at 3,345.56.

At the same time, the US dollar – Japanese yen rate hit, briefly, 110 yen for the first time in the past few months.

And if that was not enough of a shock for markets in Asia, the Government of Japan announced that foreign funds were leaving Japan at a rather accelerated rate, with confirmation that international funds had been net sellers of more than $HK2.70-billion worth of Japanese stocks in April.

The selling of Japanese stock was due, in part at least, to the requirement of overseas fund managers to shore up situations in other markets – Wall Street, especially.

As the HKSAR woke up on Friday morning, there was widespread relief that The Stock Exchange of Hongkong Ltd had been closed, during the bloodbath in New York on Wednesday, but there was no guarantee that there would not be continued and heavy selling of stocks in the second most important stock market in Asia.

Every major stock market in Asia suffered a similar fate to Japan, last Thursday, as the following list indicates, most decidedly:

Thailand	Minus 2.03 percent
Indonesia	Minus 3.47 percent
Malaysia	Minus 1.26 percent
The Philippines	Minus 1.17 percent
South Korea	Minus 0.18 percent
Singapore	Minus 2.60 percent
Taiwan	Minus 2.45 percent
Japan	Minus 4.63 percent

Friday

Following 6 continuous days of continuous losses, The Stock Exchange of Hongkong Ltd led Asia in a strong, share-buying revival, last Friday, as the Hang Seng Index shot up 4.27 percent to hit 15,111.94 by the close of trading.

And it all took place in just 90 minutes of trading, between the hours of 2:30 p.m. and 4 p.m. because, by the luncheon bell, which sounded at 12:30 p.m., the Hang Seng Index was registering a loss, compared with Wednesday's closing level, of about 124.28 points, at 14,368.64.

The Total Turnover, at $HK11.97 billion, was not indicative of a bull market so that there were some people – and TARGET's analyst stands with these people – who thought that last Friday's market was more bull, than being a bullish indication of a market, on the rise.

It had been seen, last year, that vested interests as well as the Government of the HKSAR, had artificially been behind share-buying on The Stock Exchange so that one, always, has to be aware that, perhaps, the HKSAR stock market is not for real, as the saying goes.

At best, last Friday's stock market was a technical correction, upwards.

At worst, it was a false market, which would right itself, this week, following the US Federal Reserve Board's determination, tomorrow, as to the extent of an interest-rate rise.

Adding to the suspicion, that the market was not much more than a flash in the pan, was that trading in the Ten Most Active issues represented about 60 percent of the total volume of activity.

Meaning, that last Friday's rise to fame was on an extremely selective basis.

Leading counters represented interests of the Li Ka Shing Camp, with Hutchison Whampoa Ltd (Code: 13), Cheung Kong (Holdings) Ltd (Code: 1), Pacific Century CyberWorks Ltd (Code: 1186) and Cable and Wireless HKT Ltd (Code: 8), all being among the most-actively traded counters.

Hutchison rose7.27 percent to hit $HK106.50 per share, Cheung Kong tacked on 4.42 percent to run to $HK82.75 per share, Pacific Century CyberWorks closed unchanged at $HK13.60 per share, while Cable and Wireless HKT rose 2.90 percent to run back to $HK17.75 per share.

These 4 counters, alone, represented about 21.55 percent of the Total Turnover.

And it all took place in the last 90 minutes of trading, as though somebody had waved a magic wand, signifying that that was the time to start buying scrip on The Stock Exchange of Hongkong Ltd.

The ratio of gainers to losers was close enough to 2: One.

Interestingly enough, The GEM – The Growth Enterprise Market – did not fare well at all, last Friday.

The Growth Enterprise Index hardly moved, ending the week on a gain of just 2.97 points, representing a rise on the day of about 0.48 percent, at 622.15.

Like the Main Board, the gains on The GEM all took place in the 90-minute afternoon session, which saw The Index put on 11.80 points, or about 1.93 percent.

The Total Turnover was still low at about $HK144.89 million, however, with tom.com Ltd (Code: 8001) and Sunevision Holdings Ltd (Code: 8008), hugging the most-active spots, respectively.

No stock made any headway in that market, compared with last Wednesday's closing levels, in spite of the ratio of gainers to losers, being 2:One, exactly.

The Ten Most Active issues represented about 96.09 percent of the total volume of activity.

On The Tokyo Stock Exchange, the Nikkei-225 rose 475.40 yen to 17,357.86 yen, or a gain of about 2.82 percent on the day.

The gains in Tokyo represented the second largest gains of any stock market in Asia, with the HKSAR market, being the leader, by a wide margin.

Sony Corporation, which has been under a lot of pressure of late, saw its share price rise 2.19 percent to hit 11,690 yen per share, while the Internet investment company, Softbank Corporation, recovered a lot of its former losses, closing at 24,000 yen per share, a gain of about 4.35 percent on Friday, alone.

Even the deadbeat of the deadbeats of the Japanese Internet-investment bunch, Hikari Tsushin Incorporated, in terms of market capitalisation losses, only, of course, managed to make a bit of a comeback, rising daily limit (1,000 yen), or about 10.20 percent, to 10,800 yen per share.

This company has shed about 96 percent of its market capitalisation since February, this year, and had given up about 43 percent of its value in the previous 5 trading days in Tokyo.

But Tokyo, having shed about 4.60 percent of its value on Thursday, had little about which to shout, all things considered, since the Nikkei still had lost about 6 percent of its value, on a comparison of the previous week's closing level.

After the Asian stock markets had gone to bed, it was announced in Washington, the US, that prices, paid to US factories, farmers and other producers, fell in April for the first time in more than a year.

The Producer Price Index (PPI) had fallen about 0.30 percent in April, after registering one percent gains for February and March, this year.

Against this, the US Commerce Department announced that business sales had risen in March at the rate of 4 times the rate of growth in inventories: Factories cannot keep ahead of demand for product.

All this data will, no doubt, be thrown into the pot when the Fed, tomorrow, makes its determination with regard to US interest rates – which will impact on the rest of the world on Wednesday morning, without question.

This is the way that Asia ended the week of May 13:

Thailand	Plus 2.71 percent
Indonesia	Minus 0.44 percent
Malaysia	Minus 0.87 percent
The Philippines	Plus 2.27 percent
South Korea	Minus 2.53 percent
Singapore	Plus 1.14 percent
Taiwan	Plus 2.52 percent
Japan	Plus 2.82 percent

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