

KEEP YOUR MONEY IN ASIA ! WATCH IT GROW !

Listening to the financial television news in the early hours of the morning, one hears the Chinese, lady presenter, talking to experts in this field and that field, asking, as she does, just about the same questions, day after day, after day, after day.

It goes along these lines:

Female Television Presenter: Mr Blank-A-De-Blank, the Managing Director of Blah-and-Blah Ltd of Nome, Alaska, one of the biggest financial entities in this part of the world, maintains that now is the right time to buy into equities in the US. Mr Blank-A-De-Blank, can you tell me your reasoning?

Mr Blank-A-De-Blank: Yes, well, there are many reasons. How much time do we have? (Ha-ha!) Let me see, well, Blah-and-Blah Ltd is a net buyer of financials, at this time. We think they have a great future in the near term. Everything is ...

Female Television Presenter: Mr Blank-A-De-Blank, sorry to interrupt. That's very interesting. What stocks would you recommend, then?

Mr Blank-A-De-Blank: Yes, well, it depends, you see. As the Dow Jones Industrial Average heads for higher ground, following the drubbing of the past month or so, we like a number of companies, most of which are involved in wholesale operations or in retail operations, with emphasis on Asia. Yes, we like Asia at this point in time.

Female Television Presenter: Can you be more specific, Mr Blank-A-De-Blank?

Mr Blank-A-De-Blank: Yes, well ... But it is up to the requirements of the individual investor, you must understand, and it is he or she or it to seek advice from the financial adviser with whom he or she or it feels most comfortable before ...

Female Television Presenter: And how do you see currencies, going forward? What about the dollar-yen, the dollar-euro? Should one buy into these currencies? What is your opinion?

Mr Blank-A-De-Blank: Yes, well, interesting questions. We like the yen. We like the euro, too, actually. We like the US dollar, of course. We are long these currencies, at this point in time ... and many more, too.

Female Television Presenter: Only 30 seconds left, Mr Blank-A-De-Blank. What do you see for the future of Asian stocks and shares? Would you buy them?

Mr Blank-A-De-Blank: Yes, well, in general, we like them and we like US stocks, too – nearly all of them. The future of Asia is like never before ... forget the US subprime, mortgage-industry crisis because it will work itself ...

Female Television Presenter: Time's up, Mr Blank-A-De-Blank. Thanks for your interesting observations. That was Mr Blank-A-De-Blank, talking to us from Nome, Alaska. Mr Blank-A-De-Blank is the Managing Director of Blah-and-Blah Ltd.

Sterling stuff!

Of course, when everything is bleak and the key indices of the world's equity markets are falling, fast and furiously, the song, being sung by Mr Blank-A-De-Blank and his ilk, is decidedly bearish, on just about everything: He does not like financials, any more – *'most of them are badly overstretched, you know. And, then, there is the credit crunch'* – buying the euro is risky, at these levels, and, about the Japanese yen, *'Well, you know about the corruption in that Asian Government, don't you? Can't keep up with the changes in Government of Prime Minister, what's-his-name? ... Oh, yes, Abe.'*

As equity markets suffer extreme volatility and erratic movements of shares are commonplace, seemingly with no discernible direction, so it is necessary to re-evaluate one's investment portfolio and to consider, inter alia, defensive measures should there appear to be a need so to do.

What the so-called experts of the early morning, financial television shows fail to state, for the most part, is definitive information of the calibre which takes into account the many macroeconomic aspects with regard to investing.

The day-to-day problems will, always, be with us and, if it is not one thing, then, it will be another – for certain.

The US housing crisis will come to an end in the course of the next year; the subprime, mortgage-lending industry will see quite a number of financial companies go to the wall, with hundreds of jobs, going by the board.

And, then, after the shakeout, it will be off the races, once again.

One of the best places in the world where there appears to be a very good likelihood of continuing economic growth is Asia.

And, high on the list of countries, which are likely to benefit the most, is the People's Republic of China (PRC).

In short, **TARGET** () states, definitively: Buy the PRC!

And, as the PRC prospers, so will the Hongkong Special Administrative Region (HKSAR) of the PRC.

Talk about hand in glove and one has to talk about the 416 square miles that constitute the territory of the HKSAR and its relationship with the PRC, proper, (as distinct and separate from the HKSAR), but in an interdependent relationship, nevertheless.

The HKSAR, today, has metamorphosed from its relatively small industrial past into an almost completely service-centre environment and a high-value-added manufacturer.

About one decade ago, the world maintained that the currencies of most parts of Asia were overvalued.

Today, it is acknowledged, generally, that the currencies of most parts of Asia are undervalued and the renminbi, it is maintained by many US economists, is undervalued by as much as 40 percent vis-à-vis the

US dollar.

The Government of the PRC has been reforming itself, almost on a monthly basis, and, in the past 6 months, this forward-thinking Government has announced numerous policy changes, aimed at redressing certain imbalances in the economy.

The renminbi has become more flexible against the '*hard*' currencies of the world; regulations have been relaxed so that Chinese residents of the PRC may make personal investments, outside the PRC, and this policy is, now, widely encouraged; the Government has reduced Value Added Tax rebates in respect of more than 2,800 exports in order to cool down the growth of exports; and, the Government of the most-populous country of the world has established its own official investment company in order to manage its vast foreign currency reserves, which are known to be greater than \$US1.33 trillion.

And so it goes on.

For the HKSAR, the above moves by the Central Government at Beijing mean more prosperity for the territory.

One can see the PRC, becoming a more open economy with more and more flexibility as various market mechanisms are put in place.

It is difficult to think that the PRC's economy will not experience double-digit growth over the next 5 years, at least.

Domestically, consumption continues to beat one record level after another, month after month after month.

The consumers of the country want that which they have been promised to them; and, they are shopping, daily.

Historically, the economic growth of the PRC is unprecedented.

And this is, still, just the beginning.

As an exporter to the world, Asia has become of the utmost importance.

Western businessmen are rushing to fill orders, using PRC factories and services to produce their goods and to supply that which is vital to maintain profitability since home bases have become less competitive.

Ironically, this is helping to keep inflation in the West in check.

Because all of the above is fact, US economic dominance is waning and, as such, reliance on the US economy by Asia is fading, fast.

As an example of the growth of the PRC economy, the **Gross Domestic Product (GDP)** in the second quarter of this year rose by nearly 12 percent, Year-On-Year.

In June, official statistics, provided by the PRC Government, indicated that industrial production grew by about 19.40 percent, exports grew by about 27.10 percent, and retail sales gained about 16 percent, compared with the like month in 2006.

As for investment in fixed assets in the 5 months, ended May 31, 2007, the figure was an increase, Year-On-Year, of about 25.90 percent.

Conclusion: Keep your money in Asia and watch the growth of the flowers of the PRC.

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