



The Betty Letters

My Dear Grandchild,

I was discussing the falls in the stock markets of Hongkong and the Motherland with Bo-Bo, my froglike husband, recently, because I hold some shares in certain banks and I was getting concerned about my investments. Bo-Bo, who rarely can be trusted on matters of finance, having nearly bankrupted the publicly listed company that he used to chair, for a change came up with some interesting comments. He told me: 'Look, do you think that China is about to sink under its debts? Do you think that the property prices in Beijing, Shanghai, Shenzhen and other major cities will not rise again? Don't you understand that China has more than \$US1.30 trillion in foreign reserves, looking for a home!' He was a little aggressive so I put him in his place: 'Don't patronise me!' I responded in my usual quiet and calm manner, which caused some of my crystal glasses to sing. And, then, I went on: 'I only want to know from you whether or not I should sell all of MY shares in Chinese banks. Now, for a change, treat me like I should be treated and give me a reasoned answer'. He replied: 'But I did (give a reasoned answer)! I told you that China is not bust, property prices in China will recover, and the country has more money, in cash, than the United States of America has in Fort Knox. What more can I state?' Men! They never give you a direct answer unless you force it out of them. Anyway, not satisfied with Bo-Bo's answers, I consulted my oracle on the matter: My manicurist. Mei Wong is her name. She said that she had to borrow money in order to purchase shares in the Hongkong stock market and, today, she is looking at major losses of the order of 20 percent of her original purchase price and, in addition, she is having to pay interest on the money that she borrowed in order to purchase the shares. She said that she rues the day that she determined to invest in stocks and shares. Her advise was to sell before the situation gets much worse. At this point, she cut one of my cuticles and I screamed out in pain: 'See!' Mei exclaimed, 'I am correct and your scream is confirmation of my prognostications.' I explained to Mei that she had hurt me and that was the reason for my outburst. Mei was adamant, however, and said that her hand had guided her to the cuticle as a type of oracular signal. I was not buying that logic so I consulted one of my former friends in the Hongkong Government. The question was this: Do I sell, buy or hold my shares in Chinese banks? According to my Hongkong Government friend, whom I shall refer to only as 'Bow-tie', I should not purchase any more shares at this juncture because there could well be further falls in prices, but, at the same time, there is no reason to sell out unless bank interest charges are onerous. Bow-tie sounded the right note, as far as I am concerned, and so I went home and asked Bo-Bo for some money in order to retire the debt to my bank. Bo-Bo, as usual, did not understand for what reason I needed the money and, as usual he baulked at having to write a cheque for a few tens of thousands of dollars. So, I just used the housekeeping money instead and felt relieved at having done the right thing in accordance with Bow-tie's advice. But the price of my bank shares continues to fall and, every day, I see my investment dwindling and dwindling. But, then, there was the question of making up the shortfall in the monthly housekeeping money! Ai-Ya!

What I am suffering so must many people in Hongkong. But what is a poor girl to do? Bo-Bo again: 'For what reason did you invest in stocks and shares in the first place?' he yelled at me at dinner the other night. I went into my defensive mode: 'Don't yell at me!' I told him. And, then, I cried. He softened, of course, and came over to stroke my hair in order to placate me. Then, out came his dusty cheque book. And my troubles were over and I was able to pay off the bills that I had chalked up at the supermarket. I, still, own the shares in the Chinese banks and I think that I shall hang onto them for some time. Every month, there are highs and lows in a lady's temperament and the same is true of equity markets and property markets: Highs and lows, ups and downs. The one thing that Ah Yee, the fish monger at the Wanchai open market told me – and it is absolutely true – is that one cannot always be assured of being successful when fishing in open waters.

Sometimes, luck plays an important part in catching the right kind of table fish on any particular day. When purchasing stocks and shares on the open market, it is the same: One cannot, always, be assured of hooking the fattest prize on any given day. However, if one never invests, one can never expect to accumulate – speculate to accumulate. The key to successful investing is not to have a Champagne thirst with a beer pocket. In other words, do not over speculate, using borrowed money ... unless one lives with a Bo-Bo, in which case, then, it is OK to cry when you lose money because he will, always, give you money to cover losses, incurred on the stock-market speculations. The trouble with many people is that they go overboard and get terribly greedy. In a bull market, you know, everybody is a genius. But the real geniuses are those people – just like me – who, when the bull turns out to be a bear, one can sleep soundly in one's bed with no problems about debt service or concerns about the up and downs of share prices. Oh course, it helps to sleep with a man with deep pockets.

Talk to you, next week.

Chief Lady

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*