

## *The Betty Letters*

*My Dear Grandchild,*

*You, probably, have not realised it, but investors are taking heart from statistics that are deemed to be not as bad as they might have been and, based on that logic, they are buying into equities because they see things as being 'better-worse' than 'worse-worse'. (I am making up these 2 word-phrases, by the way, so do not look for them in any dictionary.) Let me give you an example: Last week, it was announced that the output of the United Kingdom fell by about 1.19 percent in the first quarter of 2009, compared with the like period in 2008. Spending by households, The Office of National Statistics said, fell by about 1.20 percent, Year-On-Year, in the biggest fall since 1980. The only part of the UK economy that recorded any growth was Government spending. Bad, don't you think? But, on the basis of those statistics, investors were being urged to buy into stocks and shares, claiming, according to some major US and UK investment houses: 'It could have been much worse, you know. Things are not all that gloomy, after all.' Well, how bad is bad? This type of logic boggles my imagination because the statistics paint a terrible picture in and of themselves, but people have the affront to try to insult my intelligence, claiming, in essence, that because the statistics were not worse than worse-worse that one should discount them, to a great extent, as far as making fresh investments are concerned, and look upon them as being better-worse. So, do I take it that if Bo-Bo, my froglike husband, develops Parkinson's Disease, I should be happy because Parkinson's Disease is seen as not being as bad as a myocardial infarction, which may bring about an earlier death than Parkinson's Disease? But both Parkinson's Disease and a myocardial infarction will kill you, the latter, likely to be the quicker killer, however. For your benefit, My Dear Grandchild, Parkinson's Disease is a chronic, slowly progressive disorder of the central nervous system that occurs, chiefly, in later life as a result of degenerative changes in the brain and produces, among other things, tremor, rigidity of the limbs, and slowness and imprecision of movements. A myocardial infarction, on the other hand, is a region of dead tissue of the heart, usually caused by the blocking of an artery or other blood vessel. As you can understand by my definitions of both medical problems, you die from both, one being a rather slow death brought about by degenerative processes of the central nervous system and the brain, and the other, known as an ischaemia – simply put, a deficiency of blood supply to an organ of the body. So, is it better to endure Parkinson's Disease and enjoy a nice, slow, uncomfortable and painful death, or have a heart that could conk out at any time – and that is the end of that?*

*Getting back to the economy of the UK, the facts are that things are not improving in this region of the world, at all. How, therefore, could one view the latest official, UK Government statistics as being anything other than horrific? How could any sane individual think of making a long-term investment in an economy which is known to be enjoying a recession and where there is no suggestion of a turnabout situation, only a lingering and further deterioration of the general economy? Translating this situation to Hongkong: How could any sane person invest in PCCW Ltd (), a huge telecommunications company, chaired by a half-educated nitwit by the name of Richard Li Tzar Kai (), the Number Two son of Mr Li Ka Shing ()? PCCW Ltd has a wonderful history of non-performances, with its share price, today, being somewhere in the neighbourhood of about one percent of its price zenith of a few years back. If this publicly listed company, today, claims that subscribers to its fixed-line network have only decreased by 8 percent in the past year, is*

*one to state that, after all, it could have been much worse, you know: It could have fallen by 10 percent! And, on that basis, purchase shares in the company? One would have to be as balmy as Richard Li Tzar Kai to adopt that stance, in my opinion. This reminds me of the days when East Germany used to have its own airline, known as Interflug. On a flight from Germany to Denmark, back in 1971, the lone hostess on an Interflug airline said that the airline did not have any coffee on board because the coffee-maker had broken down. However, would I like a boiled sweet to suck, during the 2-hour flight? I suppose, employing the logic of the US and UK investment houses in respect of the UK economic statistics, one could say that the Interflug hostess did not have to inform me of the situation with regard to the onboard, inoperative coffee-maker in the first place and that she was being very kind even to offer me a boiled sweet. Of course, one could ask the rude question as to the reason that the coffee-maker was not inspected, prior to takeoff, also. Perception: It is a wondrous thing, don't you think? Statistics can prove anything, can't they?*

*Talk to you, next week.*

*Chief Lady*

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