

TARGET

Intelligence Report

VOLUME XXII No. 50

T U E S D A Y

March 10, 2020

**IT'S YOUR MONEY TO DO WITH AS YOU DICTATE,
BUT MONEY WILL NOT BURN A HOLE IN ONE'S POCKET**

It was not that long ago that the coffee shops at major hotels of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, with very few exceptions, were chock-a-block full of hungry hotel guests in addition to permanent residents of the territory, from the coffee shops' morning openings until about 10 a.m..

Not so, today, however, with most of the coffee shops at the major four-star and five-star hotels, being lucky to welcome a handful of customers, during the three hours that breakfast is being served.

Even with the hotels, offering up to discounts of 30 percent to breakfast guests, it does not seem to have had any material effect.

Most hotels in the HKSAR are hurting, to be sure, for no fault of their own.

The bugbear is, of course, COVID-19, Coronavirus.

As at last Monday, this pandemic had taken the lives of not less than 3,707 people in the PRC, South Korea,

Italy and Iran, alone.

Perhaps, the most-worrying aspect of the above-mentioned four countries was in Italy where the mortality rate had risen about 4.96 percent: The highest mortality rate in the world, in fact.

Last Monday, an increase of 1,492 people in Italy, succumbed to the effects of the virus. Totally, therefore, 366 people had been infected and died in this financial centre of this ancient country.

For the Government of Italy, the death toll, last Monday, was the highest, daily number since the COVID-19 had, first, been diagnosed.

TARGET notes, on viewing television reports, that in Milan, the second, most-populous city in Italy, second only to Rome, the majority of the population had not yet been told (or fully understood) that, in order to safeguard the population, to be in the habit of donning surgical masks when walking in the streets as a preventative measure.

The seemingly ignorance of the masses of the residents of this ancient city is in spite of being told, repeatedly, of the virulent nature of the malignant virus that continues to shatter the lives of many of the hoi polloi.

In South Korea, where the number of infected people had risen to 7,313, as at last Monday, the mortality rate was 0.68 percent.

In the PRC, where it is generally held that COVID-19 had its roots, the mortality rate is currently estimated to have been 3.84 percent – 3,097 deaths with regard to 80,695 people, confirmed to have been infected with the virus.

The above statistics, that are readily available in international Press reports, must be very worrying to many people because, among other things, they have a direct as well as an indirect bearing on the economies of many countries, throughout the world.

Case in point: Last Thursday, one learned that ‘Flybe’, a (former) British budget airline, based in Exeter, England, once the largest, independent regional airline had collapsed – unable to pay its debts as they fell due.

The news of this airline's demise was, probably, in part, at least, responsible for The Dow Jones Industrial Average, dropping to 26,118.53 points, a one-day fall of about 3.59 percent, last Thursday.

Then, last Friday, The Dow Jones Industrial Average gave up another 0.98 percent, ending last week's trading period at 25,864.78 points.

As for the NASDAQ Composite Index, it surrendered 1.87 percent of its former value, ending the trading week at 8,575.62 points.

Some of the major losers plus the lone gainer of The Dow Jones Industrial Average of The New York Stock Exchange and the NASDAQ Composite Index of The Nasdaq Stock Market, included:

Apple Incorporated, down 1.36 percent to \$US288.95;

General Electric Company, down 6.65 percent to \$US9.40;

Microsoft Corporation, down 2.83 percent to \$US161.57; and,

United Technologies Corporation, up 0.032 percent to \$US126.48.

According to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, between Thursday, February 6, 2020, and Thursday, March 5, 2020, The Dow Jones Industrial Average had been forced to surrender 3,261.24 points, equivalent to 11.10 percent.

As The Dow –The Dow Jones Industrial Average is popularly referred to as such – gave up ground, while the NASDAQ gave up even more ground than did The Dow, one was told by quite a number of equity traders and stockbrokers, all dealing in stocks and shares on the world's largest equity markets, that it was time for savvy investors to pick up stocks and shares as their prices fell ... *'because they are just too cheap at today's prices ...'*, *'Get in while the going's good ...'*, *'There's no time like today ...'*.

Rubbish! Rubbish! And more Rubbish!

Meanwhile, while these perpetrators of absurd advice/recommendations in respect of their clients, taking long positions in stocks and shares, listed on the world's largest equity markets, the fear factor continued to take its toll of the key indices of major equity markets, from Tokyo, Japan, to London, England, to New York, the seat of equity trading in The United States of America, to Paris, France, to Berlin, Germany.

As the key indices of the world's major equity markets fell from one low level to an even lower level, many stockbrokers continued to advocate to their clients, '*Double-Up!*' '*Don't be Shy!*' '*Average out!*' and other such nonsensical statements.

Where is the bottom of any equity market?

When is the best time to purchase stocks and shares?

Is this a good time to go, helter-skelter, into purchasing stocks and shares on an equity market?

Stockbrokers make their money from the commissions that they charge investors for buying and selling stocks and shares.

They care little that investors make a profit or a loss from equity trading, but, of course, they would prefer that their customers make a profit from buying and/or selling equities because, with a little fast-talking, these brokers could indulge in '*churning*' a client's portfolio, thereby earning even higher commissions.

Logic would appear to suggest that, today, is not the time to engage in any equity trading, at all, because, inter alia, one cannot know the future as COVID-19 continues to spread throughout the world.

One thing is very certain about this deadly virus, however, scientists shall, eventually, discover a vaccine, or, at the very least, learn how to contain it from spreading further in the near term.

As COVID-19 mutates, as it surely shall, it may not be possible to eradicate it, completely, but containment may be considered a sufficiency until medical science can progress apace.

In today's world, airlines are struggling with a paucity of passengers as holiday plans are put on hold; hotels in the HKSAR, as well as prominent hotels in most (if not all) capitals of the world, are operating at loss-making levels; manufacturers, the world over, cannot obtain a sufficiency of essential parts to produce their goods because the PRC, from where these essential parts have, historically, been sourced, are not fully operational due to the existence of COVID-19; restaurants, theatres, cinemas, theme parks, etc, etc, etc, are all experiencing dwindling numbers of patrons; banks and most other financial institutions are very wary to lend more money, even to mature and well-known corporate clients; and, the list of reversals of that which were yesterday's business norms, as well as current material uncertainties, plaguing the world, today, grows longer and longer and longer.

Productivity is the key to the expansion of economies, the world over.

This has been the case long before the introduction of an accepted and convenient medium of exchange, starting with man's first determination to trade one good with his neighbour in exchange for another good.

It shall, always, be so.

Persistently, one notes that in financial crises – from which the world is, today, experiencing – growth and productivity are low.

Thus, it must follow that the major economies of the world will take time to recover, with the largest economies, taking even lengthier periods for full recoveries to become manifest.

While the healing process takes place in the economies of the world, innovation at the senior managerial level of most companies shall be put on hold with emphasis, being placed on getting back to that which was the status quo.

The probability of many an enterprise, losing access to bank support, is, just about, a guarantee.

That which is likely to become very frightening is when the selling prices of certain types of properties fall dramatically due to their owners, having no other recourse but to sell some of their crown jewels in order to keep creditors at bay.

COVID-19 is quite likely to be the main topic of conversation at dinner tables for some months to come and, in such a climate of fear, one might be advised to keep one's powder dry.

Believe it or not, money is highly unlikely, ever, to burn a hole in one's pocket.

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