

**MR INVESTOR**  
**THE PENNY HAS DROPPED -- AT LAST !**

One of the many factors, which most males tend to forget, with regard to the potency medication, Viagra, is that it is designed to be a short-term solution to the long-term problem of a man, being unable to obtain, and sustain, a penile erection.

Viagra was produced, primarily, in order to assist males with sexual dysfunctions. It has no curative effects; in no way does it assist in making a man virile; and, it does not increase a man's sperm count nor guarantee that the sperm, inseminated into a female's vagina, is sufficiently mobile to cause conception.

In short, therefore, Viagra has a short-term effect on giving to a male that which he may think is passed him.

The effects of Viagra may be compared to the recent undulations of The Hang Seng Index, especially since May 3, this year.

About 4 weeks ago, vested interests were singing the praises of the Hongkong stock market: They could have been said to have been trying to 'talk up the market'.

Unfortunately for these self-styled, stock-market pundits, what they tended to forget was that, like Viagra, which tends to prop up a man's penis, temporarily, only, talk, and the artificial propping up of the stock market, by making strategic purchases when the market is very quiet, is a short-term measure, at best: The rise cannot be sustained for very long.

Such artificial manoeuvres can not sustain a material rise in The Hang Seng Index for long, in the same way that the Government of the Hongkong Special Administrative Region (HKSAR) discovered that it could not continue to stand to purchase shares on The Stock Exchange of Hongkong Ltd, hoping that it's financial muscle could reverse a downward plunge.

That is the reason that, today, the HKSAR Government has a huge cache of blue chip stocks, all purchased when The Hang Seng Index was in its reverse mode; and, when it was, mistakenly, thought that throwing billions of dollars of HKSAR Government funds into the stock market could stem the tide of the market bears.

Last Monday, the rot started when the Hang Seng Index gave up nearly 116 points.

Tuesday saw another fall, this time of just about 81 points, with The Hang Index, ending the session at 13,980.93. The dip below the 14,000 level was an importance, tell-tale sign, it seems, according to chartists.

Wednesday witnessed a 2.90-percent fall on The Hang Seng Index as it slipped to 13,575.57.

So, for the first 3 trading days, last week, The Hang Seng Index gave up 647 points, falling about 4.55 percent, compared with the previous Friday's close of 14,222.57.

On Thursday, so-called (by some brokers, only) margin-hunters took control of the Hang Seng Index, forcing it up 183.32 points.

TARGET could not but think that, once again, forces, not related to the reality of the situation in the HKSAR, had stepped in to try to stem the tide of 7 days of losses.

In truth, the stock market had no right to be anywhere near the 14,000 in the first place.

As for news, which could have affected the market, sabre-rattling between the Governments of the People's Republic of China and Taiwan was given as being one, important factor.

But, over the past 4 decades, the Governments of these 2 countries (questionable?) have been at each other's throats: So, what else is new?

On Friday, reality once more took precedence as The Hang Seng Index lost all of Thursday's gains and added a further loss of 30.33 points so that the total loss for the day was about 1.55 percent, or 213.65 points.

Totally, therefore, the week, ended July 16, saw 677.33 points, or 4.76 percent, wiped off The Hang Seng Index.

### **What The Government Said**

The HKSAR Government, last Tuesday, once again warned that all was not well in the HKSAR trade garden, stating that which was already known, months ago: Anaemic domestic consumption, regionally; and, the HKSAR trade sector, falling about 20 percent, year-on-year.

Other important sectors of the HKSAR economy, also, have been seen to have been suffering, during the first 3 months of 1999, compared with the like 1998 period, as follows\*:

Film Entertainment ----- (19 percent)	Property ----- (13 percent)
Storage ----- (18 percent)	Hotel Accommodation ---- (12 percent)
Wholesale/Retail ----- (16 percent)	Telecommunications ----- (21 percent)

*\* Brackets are negative values*

The Government's Census and Statistics Department, which has no axe to grind and, therefore, may be relied upon to be honest, is merely stating, objectively, what is the true situation with regard to the economy of the HKSAR: It is sick, sick, sick!

The Sincere Company Ltd, one of the oldest departmental stores in the HKSAR, announced last Tuesday that it had decided to close its store in Shanghai.

The store has been open for less than 2 years.

The Sincere Company started business in Shanghai at the turn of the Century, in fact, but moved out of the PRC, following the coming to power of the late Comrade Chairman Mao Ze Dong in 1949.

The public company has recorded a Loss of about \$HK149 million for the 1998 Financial Year.

Finally, The Kowloon Motor Bus Holdings Ltd has cut a deal with its 12,000 workers: A pay freeze for the next year.

All great stuff for the bulls of the HKSAR!

-- E N D --