

**MR INVESTOR:
IS THERE A LITTLE LIGHT OUT THERE ?**

Sabre-rattling continued across the Taiwan Strait for the most part of last week, but traders on The Stock Exchange of Hongkong Ltd have become rather numbed to that kind of news, of late, and, though, during the previous week, tensions between the Government of the People's Republic of China (PRC) and the Taiwan Government of Lee Teng Hui were said to be enough incentive to sell The Stock Exchange short, the political wrangling was deemed to be a bit of a yawn.

After a very pronounced sell-off on Monday, which saw The Hang Seng Index shed 227.52 points, or about 1.74 percent, traders stepped in to buoy the sagging Stock Market, and, as a result, for the next 2 sessions, The Hang Seng recovered 273.90 points.

On Thursday, however, there was another sell-off with The Hang Seng Index, losing 22.58 points, ending the session at 13,117.84.

Friday was horror day for many traders as The Hang Seng Index went into a nosedive for the morning session, falling about 253 points to the lowest levels of the past 4 months: 12,864.09.

It is said that any excuse is better than none and, though there appeared to be no apparent and valid reasons for the quick, early morning 'haircut', last Friday, suggestions abounded as to the reasons, from a shake-up in Beijing, with regard to the Everbright Group of Companies, to the sell-off in New York, to the threat of the US Federal Reserve Board bumping up interest rates in the US.

It seems that stockbrokers in Hongkong, these days, are no better than washer-women, having a chat over their chores and commenting about their spouses with emphasis on the spouse's inability to perform, or, in the alternative, demands on their persons.

The facts are there: Fundamentals will, always, out.

Noticeable throughout the week was the fact that the daily turnover was, relatively, low. This is a blow-by-blow description of the pitiful daily turnovers:

Monday	\$HK5.87 billion
Tuesday	\$HK6.15 billion
Wednesday	\$HK6.81 billion
Thursday	\$HK5.66 billion
Friday	\$HK6.48 billion

As TARGET has commented, many times in the past, a low daily turnover is indicative of a seesaw stock market with insufficient impetus to drive forward as one would require in what is termed, in the parlance, a bull run.

Aside from the political fracas between the Government of Taiwan and the Government of the PRC, there was little news to push the market in either direction – which puts the mockers on those brokers who, just a few weeks ago, were singing the praises of the bull phase in this market (TARGET said then, and repeats, again, this suggestion of a bull run was just bull shit, and nothing more).

On Saturday, July 24, it was announced that Hongkong Air Cargo Terminals Ltd (HACTL) had decided to let about 108 workers go. In other words, 108 workers at HACTL got the sack.

A reduction in HACTL staff of 108 workers means very little when one considers that the total workforce of the company is about 2,335.

However, it appears that the company is out to reduce monthly wage costs by more than 30 percent from the present, seemingly, high levels.

HACTL had reported that it expects to see a loss of more than \$HK150 million for 1999.

One day earlier, Friday, May 23, the Government announced that the decline in sales in the Retail Sector had slowed in May to one percent, year-on-year basis.

It is, of course, too early to see any trend and, as the idiom goes: One swallow does not make a spring.

In the light of so many negative factors in The Hongkong Special Administrative Region (HKSAR), it is, indeed, difficult to be positive, based on a small slowing down of the decline in the Retail Sector for just one month.

Time will tell whether or not this is the beginning of a positive trend, marking the end of nearly 2 years of economic decline.

The trouble may well be that, when Hongkong comes out of the economic mire, the US markets and the European markets may start to retreat, markedly -- and this could well mean that some foreign investors will have to sell Hongkong in order to shore up other markets.

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