

(Source: <http://www.aqua-inter.com/> Hello! Stocks 12/15/07 “Special Edition”)

A severe condition continues everyday in the stock market where a voice of sorrow is even heard recently. On the other hand, “Dubai International Capital (DIC)” which is Sovereign Wealth Fund (SWF) of Dubai has acquired shares of Sony, and China Investment, Chinese SWF, and Russian SWF has reportedly interests to invest on Japanese stocks, which indicates that Oil Money and China Money targets on cheaper Japanese stocks recently.

Looking at PER, PBR and dividend yield of investment measure, Japanese stocks are located on a historical low level. PER of Nikkei average is about 16 and 1/3 of TSE I stocks are below 1 in PBR of dissolution value. In addition, among blue chips like Toyota, Honda, Takeda and NTT DoCoMo, there are some stocks whose yield exceeds 2%.

In other words, Japanese stocks are in the zone of bargain price which is very logical that foreign gigantic funds target on Japanese stocks as attractive investment. Incidentally, transaction trend by investors for the first week of December (12/3 – 7) was 96.6 bil. yen net buying for foreigners, who continued net buying for 2 weeks, followed the fourth week of November, 134.4 bil. yen net buying.

The market goes too far sometimes and this time it went too deep. In order to make profits in stock investment, people should be bullish to buy when so many unfavourable factors and pessimism are in the market. Believe that strong growth of BRICs having about 45% population of the world, and oil rich countries of Middle East will maintain expansion of the global economy, and take now as a chance for the future. I suppose so many investors had once missed the best investment opportunity and repented. The readers should not repeat such folly at this time.

Corporate performance is good and many companies plan to increase dividend and buy back their shares. Presently, many investors would not see a bottom of market, however, there is no bottomless market. Believe a rebound is coming soon and be bullish to bargain hunting. Next year is “rat” year. There are some market proverbs described with Chinese zodiac;

Major top in dragon/snake year, rising tendency in horse year, bearing in sheep, exciting in monkey/chicken, laugh in dog, solidify in pig year, **exhilaration in rat year**, stumble in cow, run far in tiger, and bound in rabbit year.

According to this, after solidifying the market in “pig” year, it **continues to “rat year of exhilaration” which is the top rising rate among 12 zodiacal signs.**

As we say “a storm will clear the air,” in spring this year, China shock from Shanghai brought a spring storm and recently NY storm derived from the sub-prime turmoil blew in the market violently, which really proved the above proverb. After solidifying the bottom with heavy rains,

our expectation grows to the next year of “rat year of exhilaration.” I think, believing this and dealing with the market would bring you with prosperous results finally.

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– ETF Investment and Financial Translation –

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