

FEB 9, 2009

Some See a Rat in the Year of the Ox For Investors Seeking Advice

Hong Kong Feng Shui Masters Gain New Cachet With Bank Clients

by JONATHAN CHENG

HONG KONG -- About 170 investors with a net worth of at least \$1 million each crowded into a ballroom at the Four Seasons Hotel to hear Alion Yeo's views on the markets for the coming year. The audience, clients of European bank ABN AMRO Private Banking, peppered him with questions.

2009: Predictions for the Year of the Ox



Luis Acosta/AFP/Getty Images

- The ox symbolizes calm, hard work, resolve and tenacity.
- Feng shui master Kerby Kuek predicts "wood" energies would prevent the housing markets from improving in the spring, a series of "chaotic" political upheavals in the summer, and that the economy will be "ignited" in the fall, led by metal-related industries. By winter, he says, housing prices will be going "up and up."
- Feng shui master Alion Yeo predicts the Year of the Ox will be a difficult year for the markets, with some fleeting recoveries before a "financial act of terrorism" in June or July -- which he suggests could be the result of a hedge fund trying to manipulate the markets. Mr. Alion recommends his clients buy stocks related to the element of fire, like China Mobile and PetroChina, and to sell HSBC, because construction is under way near its Hong Kong headquarters (generally a bad sign when it comes to feng shui).
- Two feng shui masters consulted by Credit Lyonnais Securities Asia advise investors to expect a volatile "Year of the Brown Cow" -- brown because of the prevailing earth element and cow, rather than a bull or an ox, because of the yin (or female) influence this cycle. Read their predictions at <http://www.clsa.com>.

"The incoming U.S. president and [Treasury] secretary were both born in the Year of the Ox," said one client. "Is that a problem?"

Mr. Yeo's answer: Yes. The pair of oxen in charge of the U.S. economy could be an accident waiting to happen. Hold out until after January 2010 before investing in the U.S., he advised.

Forget your broker. Here in Hong Kong, when a feng shui master talks, people listen.

Around the world, many people have consulted masters of feng shui -- a Chinese system of beliefs in the influence of stars, geography and the location of objects on people's lives -- for advice on how to maximize their good fortune and well-being through home decor. But in Hong Kong, masters of feng shui (literally "wind and water") routinely weigh in on money matters, too. And after a year of huge financial losses, they're finding an especially receptive audience.

Raymond Lo, a well-known Hong Kong veteran of the feng shui business, says he has seen a steady stream of bankers and high-powered money managers seek out his stock picks and "destiny consulting" in recent weeks, making this Chinese New Year -- the celebration of which ends Monday -- his busiest in a quarter-century. Cosmos Books, one of the city's biggest publishing houses, says sales of feng shui books at its retail stores are up 20% over last year.

William Lee, a 70-year-old retired businessman, decided to consult a feng shui master with his wife and daughter at the city's famous Wong Tai Sin temple, where huge crowds pray for good fortune every new year.

"This year, with the economy and the stock market so bad, I wanted to come and ask about the future," said Mr. Lee, who says he still has substantial holdings in the stock market. "It can't hurt to hear another opinion, right?"

"Investors used to trust banks and mutual funds," says Liu Qiao, a professor at Hong Kong University who studies behavioral finance. "Now, people see professional bankers making very stupid mistakes, and I think that explains why so many people are going in different directions, to see feng shui masters or pray at temples."

2008: Warnings for the Year of the Rat



Teh Eng Koon/AFP/Getty Images

- The rat is the first animal in the Chinese zodiac's 12-year cycle and symbolizes new beginnings.
- Feng shui master Kerby Kuek predicted in February 2008 that abnormalities would hit the housing markets in the spring, that things would turn sour in the autumn, and that financial markets would be in "chaotic scenarios" between August 7 and November 6. "World markets are in serious trouble!" he had written.
- Feng shui master Raymond Lo told the Associated Press in January 2008 that water and earth -- two of the five elements Chinese mystics believe are at the root of all things -- were in conflict, bringing financial and political rumblings, tsunamis and epidemics. "Earth usually conquers water, but it is too weak to control the rat, which symbolizes the most powerful water," he said at the time.
- Feng shui master Peter So told Hong Kong's The Standard in February 2008 that there would be some fluctuations in the stock market in 2008. The Year of the Rat, he said, was dominated by the wood element, meaning those working in wood-related industries would enjoy some good fortune and prices of agricultural products could soar.
- Feng shui master Alion Yeo recommended financial prudence to The Standard in February 2008 ahead of a cooling-off period for the economy. He advised people to save money and be very cautious about investments.

In Hong Kong, seeking guidance from feng shui is widely accepted, even among the business elite. Before her death in 2007, Hong Kong real-estate tycoon Nina Wang bequeathed her entire multibillion-dollar fortune to her feng shui master, though Ms. Wang's family is disputing that claim.

Another Bad Sign

In this Year of the Ox, the omens aren't good. Many Chinese here were already lamenting the rare, inauspicious appearance of two eclipses in the first lunar month of the year, one solar and one lunar. Then there was Lau Wong-fat's temple mishap.

Mr. Lau, a senior Hong Kong public official, recently carried out an annual ritual here by making a trip to a local temple. There, before a sea of TV cameras, he shook a container of divinatory sticks until one fell out that told the city's fortune. Mr. Lau drew the worst-possible stick among 96.

"Prescient," said Charlie Chu, a 40-year-old telecom consultant, of Mr. Lau's pick. Mr. Chu, who was praying amid a cloud of incense at Wong Tai Sin temple, said he dumped all his stock positions last year and was planning to spend the next year or two buying gold. He said he wouldn't be turning to banks for investment advice. "You just can't trust the banks anymore. Look what happened with Lehman Brothers."

Bankers earned a particularly bad reputation in Hong Kong last year after investors lost fortunes on exotic financial products aggressively peddled by private-wealth managers.

Today, some banks are going with the flow.

CLSA Asia-Pacific Markets brought its popular "feng shui index" out of retirement this year, mailing feng shui investment guides to 5,000 money managers at 1,200 institutional firms.

The guide, which relies on the divinations of two feng shui masters, predicts short-lived market upswings in Hong Kong's benchmark Hang Seng Index this month and in April before bottoming out in August, only to soar again in the autumn and winter.

"Clients love this report," said Simone Wheeler, a spokeswoman for CLSA. "Particularly when the markets are so uncertain, we find that what is meant to be a lighthearted view is as eagerly read as our macroeconomic research reports."

At Bank of China International, energy-sector analyst Lawrence Lau doubles as the bank's in-house feng shui master. In a recent note to clients, he wrote: "While some may think that ancient superstition has little to offer in terms of investment advice, I challenge readers to ask themselves: 'Have all your Black-Scholes, rocket science quantitative black-box models and fundamental analysis done much better over the past year?'"

Turning to an analysis of ancient Chinese cosmology, Mr. Lau then recommended that investors this year put their money in stocks tied to the elements of fire and wood -- that is, companies in the energy, electronics and agriculture sectors. Mr. Lau says some of his Chinese clients, though not his Western ones, take feng shui predictions seriously, and he is conscientious about reading the signs. He regards his predictions as simply an additional alternative resource for those who wish to take them seriously.

ABN AMRO, an arm of [Royal Bank of Scotland Group PLC](#), arranged an event at which its high-worth clients could hear a variety of views. After the Dutch bank's global chief investment officer and its head of Asian equity research gave presentations, they turned the stage over to Mr. Yeo, the feng shui master.

A Word From Mr. Yeo

To make his predictions for 2009, the 45-year-old Mr. Yeo, who wears his hair in a long, flowing mane, said the heavens led him to Taiwan in mid-August to seek out 11 oracles. A powerful typhoon nearly forced the plane to make an emergency landing. "Was there not a message in the wind and the waves," Mr. Yeo said, "representing the volatility that was about to hit the market?"

He's negative on the U.S. for now. President Barack Obama, he said, may want to consider wearing the emblem of a rat to balance the traditional misfortune of being an ox in the Year of the Ox. "Maybe someone should present him with a Mickey Mouse hat," Mr. Yeo said.

He told his audience to watch out for a "financial terrorist attack" sometime between June 6 and July 7.

A sense of resignation eventually set in among the other experts as Mr. Yeo fielded question after question. "Whatever he tells them I think means more than what we say," said Daphne Roth-Chan, the equity-research head, who focused her presentation on global fund flows and interest-rate cuts.

"The economist also goes through certain forms of ritual, too, but our forecasting capacity, while scientific in a certain way, is limited," Didier Duret, the chief investment officer, said later. "Having a feng shui master here gives another perspective, and I can't say one is better than the other."

Write to Jonathan Cheng at jonathan.cheng@wsj.com