STOCK MARKETS: THE WEEK OF THE LONG KNIVES

The big news in Asia, last Monday, was Tokyo, Japan, where the most-important stock exchange in the most populous area of world hit its lowest level since January 7, 1985.

The Tokyo Stock Exchange's Nikkei-225 Stock Average fell 298.76 yen to 11,609.63 yen, a one-day loss of about 2.51 percent.

Tokyo had been closed for a public holiday, the previous Friday, July 20, so that the only reference point for last Monday's close was the previous Thursday's market when the Nikkei-225, blue-chip index rose 15.81 yen.

Making matters much worse, last Monday, was the very obvious fact that Japanese investors were preparing for even further falls on their favourite stock market.

This was a logical conclusion from 2 indisputable facts: The volume of trading on the Main Section of the market grew to about 637.54 million shares, up from the previous Thursday's volume of about 596.60 million shares; and, the ratio of losers to gainers rose to about 4.23:One, with 91 counters, seeing their share prices, closing unchanged from the previous Thursday's levels.

Panic may be too harsh a word to describe Tokyo's stock market, last Monday, but it was not too far off the mark, nevertheless.

Banking counters were among the hardest hit, as Mizuho Holdings Incorporated, the world's largest banking conglomerate, had to surrender 7.27 percent of its market capitalisation, falling to 421,000 yen per share.

UFJ Holdings, a close runner to Mizuho Holdings, followed suit as its share price lost about 7.85 percent of its value, ending the session at 528,000 yen per share.

The third-largest, Japanese banking group, Mitsubishi Financial Group, gave up 8.10 percent of its value, falling back to 889,000 yen per share.

Japan's banks were reeling from the fact that Prime Minister Junichiro Koizumi had, thus far, been unable to present definitive plans to clear Japan's banks of their heritage of 2 decades of bad, or non-performing, loans.

Japan's top businessmen had expected the Prime Minister to have suggested something at the Group of Eight Summit, held over the weekend of July 21.

He did not – and so, last Monday's crush was the direct result.

In the telecommunications section of The Tokyo Stock Exchange, Japan Telecom stood out as the biggest loser, with its share price, falling 9.54 percent to 512,000 yen. Japan Telecom is the nation's third largest carrier.

Other big losers in this sector of the market included KDDI, down 9 percent to 512,000 yen per share, Nippon Telegraph and Telephone (NTT), off 6.58 percent to 482,000 yen per share, and NTT DoCoMo, down 5.53 percent to 1.70 million yen per share.

A big loser in industrials was Bridgestone Corporation, the share price of which was crushed as it dropped 15.70 percent to hit 1,073 yen by the close of trading.

Bridgestone, its killer tyres, having been known to have taken more than 100 lives in the past few years, is under extreme pressure from the US where moves are afoot to have the company recall many more of its tyres, those, that is, those that have been built in the US, bearing the Firestone marque.

Other large losers on Japan's premier stock market included:

Asahi Bank	Down 5.67 percent to 200 yen per share
Daiwa Bank	Down 8.82 percent to 124 yen per share
Joyo Bank	Down 3.92 percent to 343 yen per share
Mazda Motor	Down 6.72 percent to 250 yen per share
Sumitomo Corporation	Down 5.08 percent to 710 yen per share
Sumitomo Trust and Bank	Down 5.49 percent to 706 yen per share
TDK Corporation	Down 4.20 percent to 6,130 yen per share

On the stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading was almost dead, but the markets just refused to roll over, completely.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up 0.53 percent, falling to 12,236.45.

The Total Turnover of the day, however, was frightening, at about $HK4.37 billion, one of the lowest daily volumes seen in more than the previous 12 months.

Investors appeared to be giving up on this market.

The ratio of losers to gainers was about 1.89:One, with about 63 percent of the entire market, either not trading at all, or just, grimly, holding onto the previous Friday's levels.

Losses and gains were, for the blue chips and Ten Most Actives, generally limited to fractions, with HSBC Holdings Ltd (Code: 5), leading the most active counters and managing to lose 0.28 percent of its value, ending the day at $HK87.50 per share.

The volume of activity on this one counter, at about $HK456.89 million, represented about 10.53 percent of the Total Turnover of the day.

China Mobile (Hongkong) Ltd (Code: 941), one of the largest mobile telecommunications companies in the PRC, lost nearly 2 percent of its market capitalisation as investors pushed its share price back to $HK34.60 after about 11.10 million of its shares were traded.

Pacific Century CyberWorks Ltd (Code: 8), a Li Ka Shing company, which is chaired by Number Two Son, Richard Li Tzar Kai, hit a new record – low.

Its share price fell to $HK1.97, during the session, but recovered some of its earlier losses, ending the day at $HK2.025 – which was, still, down 4.71 percent, compared with the previous Friday's close.

Pacific Century CyberWorks was, at one time in the year 2000, one of the largest capitalised companies in the HKSAR: It is a ghost of its former self.

Some ghosts, of course, can be exorcized.

The problem with this company is that it is having trouble in respect of its burden of debt, the size of which is at an historic high, with insufficient revenues to retire it, completely, and being too little revenues to service it, adequately.

Thus, the company is hamstrung.

There were 21, double-digit movers, last Monday, of which number, 10 double-digit movers managed to make substantial gains:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
139 Holdings Ltd	139		12.90	0.027
ABC Communications (Holdings) Ltd	30	13.27		3.20
China Rare Earth Holdings Ltd	769		17.67	1.77
Ching Hing (Holdings) Ltd	692		15.30	0.15
Cheung Kong Infrastructure Holdings Ltd	1038		15.79	0.032
Climax International Company Ltd	439		15.79	0.032
Dynamic Holdings Ltd	29	24.18		1.90
eBiz.hk.com Ltd	384	13.33		0.51
Everest International Investments Ltd	204		10.00	0.117
Extrawell Pharmaceutical Holdings Ltd	858	20.00		0.45
Gold-Face Holdings Ltd	396	14.61		1.02
Goldwiz Holdings Ltd	586		10.20	0.88
Grand Field Group Holdings Ltd	115	11.11		0.14
KEL Holdings Ltd	681		20.29	0.11
Mandarin Resources Corporation Ltd	70	14.29		0.112
Pacific Andes International Holdings Ltd	1174		17.95	0.32
Peking Apparel International Group Ltd	761		10.00	0.45
Starlight International Holdings Ltd	485		21.31	0.096
Victory City International Holdings Ltd	539	10.00		0.33
Victory Group Ltd	1139	15.00		0.023
Wah Tak Fung Holdings Ltd	297	22.00		0.305

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index hit a new low of 240.94 points, off about 0.93 percent, compared with the previous Friday's closing level.

More importantly, the Total Turnover on this market dropped back to about $HK77.04 million, near an historic low for a one-day's volume of trading.

It was very clear that traders were tired of trying to *'play'* on the speculative counters of The GEM – because history has proven, thus far, that there is no winning formula for this game.

Losers were ahead of gainers by the ratio of about 1.38:One, with about half of all the counters on this market, not seeing any action, at all.

In any stock market, no speculation by traders is among the worst thing that can happen since, among other things, it guarantees no liquidity of scrip.

The most active counter of the day was Everpride Biopharmaceutical Company Ltd (Code: 8019), a newcomer to the market.

This company specialises in manufacturing an amazing *'medicine'* from garden worms, that compound, the Western World, clearly, has yet to discover because it is claimed to be a cure-all for strokes and heart problems.

The share price of Everpride closed at 52 cents, representing a 2.50-cent premium over the Placing Price of 49.50 cents per share.

(For full analysis of this company, please see TARGET Intelligence Report, Volume III, Number 134, published on July 20, 2001)

There were only 4, double-digit movers, with only one of that number, managing to make a gain:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Digital Hongkong.com Ltd	8007		13.56	0.51

hongkong.com Corporation	8006		11.84	0.335
MRC Holdings Ltd	8070		17.65	0.28
Pine Technology Holdings Ltd	8013	12.73		0.62

The only other piece of news from Asia, last Monday, was the dismissal of the Muslim cleric, Mr Abdurrahman Wahid, by the Indonesia Parliament: Mr Wahid is no longer President of the country, having been replaced by Vice President, Ms Megawati Sukarnoputri.

President Wahid tried every trick in the book to stay in power in spite of the fact that few people in Indonesia appeared to want him since he was considered to be incompetent, among other things.

Bizarre!

In other stock markets in the world's most populous area, last Monday, as Asian investors waited to learn how low the indices on The New York Stock Exchange would fall when it opened on Monday, New York time, this was how the situation looked:

Indonesia	Plus 2.02 percent
Japan	Minus 2.51 percent
Malaysia	Minus 1.76 percent
The Philippines	Minus 0.11 percent
Singapore	Minus 0.65 percent
South Korea	Minus 2.51 percent
Taiwan	Minus 1.62 percent
Thailand	Minus 0.86 percent

<u>Tuesday</u>

A weak Wall Street, on the first trading day of the week, appeared to justify Asia's concerns of Monday, prior to the opening of the world's largest bourse.

On Monday, New York time, amid a slew of dreary and morbid predictions for the rest year, plus workers, being thrown out of their jobs by the tens of thousands, The New York Stock Exchange's Dow Jones Industrial Average lost 152.23 points, about 1.44 percent, hitting 10,424.42 points by the close.

As for the NASDAQ, its Composite Index gave up 2.01 percent, dropping back to 1,988.56 points.

What helped to put the skids under Wall Street was American Express, the US financial services company, which announced a 76-percent fall in its second-quarter profits.

The company reported that earnings for the second quarter were about $US178 million, compared with about $US740 million for the comparable period in the 2000 Financial Year.

The company, also, said that it would sack about 5,000 of its staff.

American Express is one of the constituent stocks of The Dow.

According to some Wall Street pundits, stock prices had been expected to rise, last Monday, but in view of the problem companies, making known the sad state of their affairs, share prices retreated on a broad front.

There were, literally, hundreds of companies, all of which were about to unleash their corporate results for this quarter, or that quarter, and so, it seemed only right and proper for US investors to expect the worst.

And they got, just that: The worst possible answers to the question about profitability – or the lack of it – for *'USA Incorporated'*.

Lucent Technologies Incorporated announced that it would cut about 20,000 workers from its factories. That is equal to about 20 percent of the entire Establishment for this giant, telecommunications equipment company.

It was only a year ago that the company had 155,000 workers. As at today's date, it has about 87,000 workers – and another 20,000 workers are due for the chopping block.

The company, in making its decision to slice up its workforce, also announced that pro-forma earnings for its third quarter had fallen to a loss of about $US1.20 billion.

From the news group, Reuters, it was announced that this international company would sack 1,100 of its staff. This represents about 7 percent of its workforce.

The Interim Pre-Tax Results for Reuters was about $US213 million, down about 21 percent, compared with the comparable results for the year 2000.

These 3 corporate announcements put the fear of God into Asia.

On the Main Board of The Stock Exchange of Hongkong Ltd, last Tuesday, The Hang Seng Index lost just 0.18 percent of its value, falling back to 12,214.10 points on a Total Turnover of about $HK5.26 billion.

Losers were ahead of gainers by the ratio of 1.27:One.

Share prices moved, fractionally, by and large, with China Mobile (Hongkong) Ltd (Code: 941), Hutchison Whampoa Ltd (Code: 13), and HSBC Holdings plc (Code: 5), all hugging the top spots, in that order, on the Ten Most Actives.

China Mobile ended the session at $HK34.60 per share, unchanged from Monday's close, Hutchison Whampoa closed down 1.95 percent at $HK75.50 per share, and HSBC Holdings managed at 0.57-percent gain, ending the day at $HK88 per share.

Between the 3 leaders, their aggregate volume of activity represented nearly 14 percent of the Total Turnover.

Pacific Century CyberWorks Ltd (Code: 8) continued to come under pressure as investors wondered how in the world this Li Ka Shing company would be able to service its massive debts, let alone retire chunks of the principal amounts of money, owed to credit banks.

Pacific Century CyberWorks, just the previous week, had had to withdraw its plan to raise $HK20 billion-plus by pitching a bond issue.

Last Tuesday, its share price fell to $HK2, off about 1.23 percent on Monday's close.

The double-digit movers, last Tuesday, numbered 24 in all, of which number, 6 double-digit movers lost ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Can Do Holdings Ltd	172	25.00		0.135
China Motion Telecom International Ltd	989	11.69		0.86
Dah Hwa International (Holdings) Ltd	600	10.83		0.133
Easyknit International Holdings Ltd	1218	21.28		0.171

Everest International Investments Ltd	204	21.37		0.142
Extrawell Pharmaceutical Holdings Ltd	858	11.11		0.50
Fourseas.com Ltd	755	15.00		0.023
Gold Wo International Holdings Ltd	90	45.71		1.53
Golik Holdings Ltd	1118	12.00		0.28
Hongkong Fortune Ltd	121		10.00	0.072
Hop Hing Holdings Ltd	47		16.67	0.25
I-China Holdings Ltd	240	16.67		0.042
KEL Holdings Ltd	681	10.91		0.122
Kin Don Holdings Ltd	208		10.00	0.054
Luen Cheong Tai International Holdings Ltd	1190		10.00	0.09
Mandarin Resources Corporation Ltd	547	10.71		0.124
Medtech Group Company Ltd	1031		16.67	0.03
Millennium Sense Holdings Ltd	724		10.71	0.25
Ngai Hing Hong Company Ltd	1047	10.71		0.31
Pacific Andes International Holdings Ltd	1174	15.63		0.37
PCL Enterprises Holdings Ltd	1010	11.43		0.78
Pearl Oriental Cyberforce Ltd	988	12.50		0.018
Sunlord Chemical Group Ltd	362	10.91		0.305
Wai Kee Holdings Ltd	610	13.95		0.49

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – trading nearly came to a standstill.

The Growth Enterprise Index fell 0.03 percent to 240.87 points on a Total Turnover of $HK74.14 million.

Losers edged out gainers by the ratio of about 1.11:One with, again, about half of the market, seeing no trading at all.

There were a total of 6 companies that recorded double-digit movements:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
CASH on-line Ltd	8122		10.77	0.116
Fortune Telecom Holdings Ltd	8040	15.38		0.60
GP NanoTechnology Group Ltd	8152	11.94		0.75
Hongkong.com Corporation	8006	10.45		0.37
Neolink Cyber Technology (Holdings) Ltd	8116		11.76	0.60
Trasy Gold EX Ltd	8063		13.33	0.026

Everpride Biopharmaceutical Company Ltd (Code: 8019) continued to be the most-active counter of the day as 32.50 million of this worm-powder *'medicine'* company's shares changed hands.

By the close of trading, its share price was 50 cents, off about 4 percent compared with Monday's last trade. (Please see Monday's report)

In Japan, share prices had a bit of a bounce on Tuesday, following Monday's sell-off.

The Tokyo Stock Exchange's blue-chip, Nikkei-225 Stock Average rose 273.25 yen to 11,883.25 yen. That was a gain of about 2.35 percent over Monday's closing level.

That gain nearly wiped out Monday's losses, but it, by no means, meant that the market was on easy street.

Far from it!

The 3 leading bank counters all made impressive gains, with the share price of Mizuho Holdings Incorporated, rising 4.99 percent to close the day at 442,000 yen per share, UFJ Holdings's share price rose to 551,000 yen, a one-day improvement of about 4.36 percent, and Mitsubishi Tokyo Financial Group saw its share price rise 28,000 yen to 917,000 yen per share, a gain of about 3.15 percent.

One counter that made no improvement, at all, was Bridgestone; in fact, it extended Monday's losses, dropping another 30 yen per share to 1,043 yen.

The share price's 2.80-percent loss for this company, once the largest manufacturer of vehicle tyres in the world, was a result of the company's threat to launch a law suit against US traffic regulators, who are insisting on a further recall of the company's US-made tyres, produced by its subsidiary, Firestone.

This is in addition to the voluntary recall by the company of about 6.50 million Firestone tyres.

From Japan's largest manufacturer of personal computers, Fujitsu, came news that the company wants to cut out another 9,000 of its workers.

It is doing this by offering the workers, what it calls, *'early retirement'*.

The early retirement plan of Fujitsu's workers, 45 years and older, hits at about 21 percent of the company's workforce.

Matsushita Electric Industrial Company is on the same wavelength as Fujitsu, it seems, but it will offer early retirement to some 80,000 of its workforce, it was announced.

Matsushita Electric Industrial is expected to post billions of yen in losses for its April-June quarter, due to slowing market conditions for mobile telephones and personal computers.

The Company is not loath to confirm this as fact.

Fujitsu's share price lost about 3.70 percent on the news, falling to 1,115 yen.

Finally, Aiwa, said that it would issue new shares with a market value of about 7.50 billion yen to Sony Corporation in order to secure some badly needed cash.

Sony is the *'parent'* company of Aiwa, owning about 50.50 percent of the Issued and Fully Paid-Up Share Capital of Aiwa.

Aiwa's share price fell 12.30 percent on the announcement, dropping back to 470 yen. It was the lowest level for this company's shares in more than a decade.

Aiwa recorded a loss of about 39 billion yen for its Financial Year, ended March 31, 2001.

Management has said that the losses for the Current Year could be even bigger.

In other parts of Asia, this was the scene on the most important bourses:

Indonesia	Minus 2.62 percent
Japan	Plus 2.36 percent
Malaysia	Minus 0.12 percent
The Philippines	Minus 0.42 percent
Singapore	Plus 0.21 percent
South Korea	Plus 0.46 percent

Taiwan	Minus 2.68 percent
Thailand	Minus 0.23 percent

<u>Wednesday</u>

Typhoon Yutu – in the Chinese language, yutu means jade rabbit -- closed down the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Wednesday, knocking, temporarily, the second largest stock market in Asia, out of the box, so to speak.

It was just as well because, from round the world came news of more doom and gloom.

The New York Stock Market on Tuesday skidded to a stop at 10,241.12 points by the close of trading. It represented a loss of about 1.76 percent on Monday's closing level.

On the NASDAQ, its Composite Index shed another 1.47 percent of its value, falling to 1,959.24 points.

The gyrations of this market made it very clear to the older and more experienced hands that all was not well on the world's largest bourse.

Investors on Wall Street had good reason for pessimism.

Dr Alan Greenspan, the Chairman of the US Federal Reserve Board, testifying to the US Senate Banking Committee on monetary policy, said that the US economy looked fragile.

He said: *'The uncertainties, surrounding the current economic situation, are considerable, and until we see more concrete evidence that the adjustments of inventories and capital spending are well along, the risks would seem to remain mostly tilted toward weakness in the* (US) *economy … We are not free of risk that the economic weakness will be greater than currently anticipated and require further* (US) *policy response.'*

Dr Greenspan's warning had more than a modicum of truth to it, as one public company after another announced losses and plans to sack tens of thousands of workers.

The losses and job cuts were not restricted to the US, however, since Europe was feeling the US *'heat'*, without question.

Management of Lucent Technologies Incorporated, which had announced a very sad state of affairs to its Bottom Line and, also, had stated that it would be sacking 20,000 of its workforce (Please see Tuesday's report), saw its share price lose about 18.61 percent, falling to $US6.43.

Lucent Technologies was one of many former stock-market *'darlings'*, which had to take it on the nose, last Tuesday in New York.

Aside from share prices on the world's largest financial centre, from the Organisation of Petroleum Exporting Countries (OPEC) came an official determination to cut one million barrels of crude oil, daily, effective September 1.

It was the third OPEC oil reduction this year.

The 11-country OPEC cartel wants to push up oil prices to between $US22 per barrel and $US28 per barrel – no matter which country this policy may hurt.

Excluding Iraq, OPEC commands about 40 percent of the world's production of crude oil.

And that means that OPEC has the whip hand at any time that it desires to lash a country.

In Japan, trading was quiet: It is always quiet, just before the storm, is it not?

The premier stock market of The Land of The Rising Sun was deathly quiet as investors on The Tokyo Stock Exchange noted the HKSAR stock markets, being closed for the passage of a typhoon, and they, having not, during trading, been appraised of the utterances of Dr Greenspan.

The blue chip Nikkei-225 Stock Average rose 8.36 yen to end the day at 11,891.61 yen, down from the intraday high of 12,054.30 yen.

Gaining counters were ahead of losing ones by the ratio of about 1.52:One.

News wise, it was reported that sales in the country's supermarkets had fallen by 4.80 percent to about 7.82 trillion yen in the first half of this year, to June 30.

It marked the fifth, year-on-year decline, the Japan Chain Stores Association announced.

The all-important factors, relating to supermarket sales – food and clothing – were very prominent losers in the January to June period, dropping back 2.50 percent and 7 percent, respectively.

In other parts of Asia, this was the situation last Wednesday night:

Indonesia	Minus 2.25 percent
Japan	Plus 0.07 percent
Malaysia	Plus 1.13 percent
The Philippines	Minus 0.22 percent
Singapore	Plus 0.10 percent
South Korea	Minus 0.10 percent
Taiwan	Plus 2.37 percent
Thailand	Minus 0.25 percent

<u>Thursday</u>

Share prices on the Main Board of The Stock Exchange of Hongkong Ltd hit a 2-year low as The Hang Seng Index fell to 12,039.82 points, a one-day loss of about 1.50 percent, compared with Tuesday's closing level (on Wednesday, the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was closed down, tightly, as Typhoon Yutu whipped past the 416 square miles).

The Total Turnover, last Thursday, rose to about $HK9 billion, which is up about 106 percent, compared with Monday's low volume of activity.

It is never a good thing to see volumes rise on a falling market.

The ratio of losers to gainers was about 1.18:One, with about 63 percent of all counters, either holding onto Tuesday's levels or not trading, at all.

HSBC Holdings plc (Code: 5), China Mobile (Hongkong) Ltd (Code: 941), Hutchison Whampoa Ltd (Code: 13) and Cheung Kong (Holdings) Ltd (Code: 1) were the leaders on the Ten Most Actives, in that order.

The aggregate value of their trades represented about 32 percent of the Total Turnover, at about $HK2.88 billion.

HSBC Holdings's share price dropped 1.70 percent, falling to $HK86.50, while China Mobile's last trade was at $HK34.30 per share, a fall of about 2 percent, compared with Tuesday's close.

Hutchison Whampoa was the largest loser in the Ten Most Actives, shedding about 3.64 percent to close at $HK72.75 per share, while Mr Li Ka Shing's other major holding on The Stock Exchange of Hongkong Ltd, Cheung Kong, gave up 3.50 percent of its value, ending the day at $HK75.75.

Adding to the gloom for the richest and most powerful man in the PRC, Mr Li Ka Shing watched as Pacific Century CyberWorks Ltd (Code: 8) was forced to abandon the high ground, running down to $HK1.98 per share, a one-day loss of about one percent.

It was very apparent the Pacific Century CyberWorks was making a play to rise to $HK1.96 per share, its low for the year.

The statements of Dr Alan Greenspan, the Chairman of the US Federal Reserve Board, testifying to the US Senate Banking Committee on monetary policy, on Tuesday, did the trick, as far as Asia was concerned: There is good reason to worry. (Please see Wednesday's report)

Investors on the second, most-important stock market in Asia also noted that, in London, England, The London Stock Exchange hit rock bottom.

The FTSE 100 Index sank to a 33-month low at 5,275.70 points.

It was the lowest level since October 1998.

What affects the US -- though Euroland does not like to admit it -- also affects markets of the European Union (EU).

In France, it was announced that telecommunications company, Alcatel, plans to cull 14,000 jobs by the end of the year.

It wants to cut costs by one billion euros, annually.

In addition, another 4,000 jobs would be cut out of contract workers.

Asia will see about 1,000 workers, hitting the streets, seeking new appointments in the next few months.

The slump in Europe, last Thursday, was in spite of a gain on the world's largest stock market, The New York Stock Exchange, on Wednesday.

On that market, the Dow Jones Industrial Average put on 1.61 percent, rising to 10,405.67 points, while, on the NASDAQ, its Composite Index gained 1.29 percent to hit 1,984.43 points by the close of trading.

The Wall Street rally, all things considered, made little sense, but it seemed that US investors were trying to clutch at any leaf in the current economic storm, sweeping the world.

The mini, stock-market rally came as Compaq Computer Corporation posted sharply lower earnings for its second quarter.

The world's Number Two personal computer maker announced that its sales had fallen about 17 percent in the quarter, ended June 30.

Pro-forma earnings were at $US67 million, down from the previous quarter's $US200-million figure.

While US investors appeared to be happy to disregard the storm clouds, building up over the US and Euroland, in Asia, there appeared to be far more self-control – which is unusual, considering the gambling instincts of the world's most popular area.

As for the double-digit movers on The Stock Exchange of Hongkong Ltd, they numbered just 18 in all, with 8, double-digit movers, losing substantial ground:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
CCT Multimedia Holdings Ltd	1169		13.21	0.46
Century Legend (Holdings) Ltd	79		21.57	0.04
Deson Development International Holdings Ltd	262	11.11		0.04
Dickson Group Holdings Ltd	313	18.18		0.13
Everest International Investments Ltd	204	26.76		0.18
Fourseas.com Ltd	755	17.39		0.027
i100 Ltd	616	24.00		0.62
KEL Holdings Ltd	681	13.93		0.139
Luen Cheong Tai International Holdings Ltd	1190	12.22		0.101
Lung Cheong International Holdings Ltd	348		10.00	0.63
Medtech Group Company Ltd	1031		16.67	0.025
Northeast Electrical Transmission and Transformation Machinery Manufacturing Company Ltd	42	10.00		0.99
Online Credit International Ltd	185		11.32	0.094
renren Media Ltd	59	10.00		0.022
S.A.S. Dragon Holdings Ltd	1184		10.38	0.475
Sen Hong Resources Holdings Ltd	76		10.77	0.116
Shenyin Wanguo (Hongkong) Ltd	218	10.67		0.83
Takson Holdings Ltd	126		10.84	0.37

On The GEM, the Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, there was little movement in share prices.

The Growth Enterprise Index moved up just 0.20 percent to end the day at 241.36 points.

The Total Turnover was down to about $HK96.34 million, with gainers, outpacing losers by the ratio of about 1.55:One

There were 3, double-digit movers:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Goldigit Atom-Tech Holdings Ltd	8059	10.42		0.53
Soluteck Holdings Ltd	8111		11.11	0.44
Trasy Gold EX Ltd	8063	26.93		0.033

In Japan, the share price of Sony Corporation fell about 0.70 percent to 7,070 yen after the bellwether company announced a first-quarter loss of 30.10 billion yen.

It took many analysts by complete surprise.

The global economic slowdown was responsible in part for this consumer electronics company's problems, but the recall of Sony's mobile telephones by NTT DoCoMo Incorporated, an event that took place, earlier this year, did not assist the giant company's Bottom Line.

Adding to the gloom in this company was a further announcement of a stockpile of its products – because there were no takers for them.

And the company admitted, openly, that things were likely to get a lot worse before the end of the year.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average closed at 11,858.48 points, a drop of 33.13 yen, or about 0.28 percent, compared with Wednesday's close.

Fractional adjustments to share prices on Asia's largest stock market were the rule, rather than the exception, last Thursday, as the ratio of gainers to losers measured 1.77:One.

But the market was, clearly, bracing itself for further falls on Friday. That was only too apparent.

This is the way that things looked on other Asian stock markets, last Thursday night:

Indonesia	Minus 0.88 percent
Japan	Minus 0.28 percent
Malaysia	Minus 0.15 percent
The Philippines	Minus 0.25 percent
Singapore	Plus 0.42 percent
South Korea	Plus 0.60 percent
Taiwan	Plus 3.97 percent
Thailand	Minus 0.90 percent

Friday

Domestic exports for the month of June fell to their lowest levels in the past 24 months, according to statistics, supplied by the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

This announcement was made, last Thursday night, after the HKSAR stock markets had closed for the day.

It has become only too apparent that the PRC, proper, and the HKSAR, have caught the economic flu that is sweeping the world – in addition to the obnoxious bird flu, which continues to ravage the country.

Exports dropped to about $HK115.60 billion, an 8.40-percent drop, year-on-year, the Government said.

The HKSAR Government's Census and Statistics Department said that this was the steepest decline since March 1999.

The Main Board of The Stock Exchange of Hongkong Ltd, however, seemed unmoved by the news and rose, rather abruptly, at the opening.

The Hang Seng Index registered a gain of 1.18 percent on Thursday's close, ending the week at 12,192.17 points.

The Total Turnover was about $HK5.54 billion, hardly the volume of activity that one would expect of a market on the rise.

It was clear that last Friday's gains were, simply, of a technical nature, with, perhaps, vested interests, pushing up prices … for obvious reasons.

Gainers edged out losers by the ratio of about 1.15:One.

China Mobile (Hongkong) Ltd (Code: 941), Hutchison Whampoa Ltd (Code: 13) and HSBC Holdings plc (Code: 5) were, once again, the top dogs on the Ten Most Active list, in that order.

China Mobile ended the day at $HK34.90 up 1.75 percent on Thursday's close.

Hutchison Whampoa regained some of its losses of Thursday, climbing to $HK73.50 per share, an improvement of 1.03 percent over Thursday's close – when this Li Ka Shing company hit a one-year's low mark.

HSBC Holdings claimed back 1.45 percent of its market capitalisation, ending the week at $HK87.75.

On Wall Street, last Thursday, the Dow Jones Industrial Average gained 0.48 percent, rising to 10,455.63 points.

The NASDAQ, on the other hand, had a booming session as its Composite Index rose about 1.95 percent, back through the 2,000 mark, to close at 2,022.96 points.

The movement on the world's largest bourse was somewhat of a surprise to many people because the corporate scene, internationally, is getting worse, not better.

From former corporate *'darling'*, JDS Uniphase, a (former?) leading manufacturer of telecommunications network equipment, came the shock of the year: It would write down the value of some of the companies that it bought, the previous year.

The write-down is to be just short of $US45 billion ($HK350 billion).

This is more than the national budget of quite a number of South Pacific and North Pacific countries, for Heaven's sake!

It is the largest such write-down in the history of the universe.

Congratulations JDS Uniphase!

Between Nortel Networks and JDS Uniphase, both companies in similar business pursuits, they have caused more investors' money to be lost than any other 2 entities, ever.

JDS Uniphase *'sweetened'* its little pot by announcing that it would, also, lay off another tranche of 7,000 workers. That was in addition to the 9,000 workers that got pink slips, earlier this year.

JDS Uniphase, therefore, has let got about 16,000 workers this year, up to today's date.

But that was, still, not the end of the story – because the company, also, announced a record-shattering loss for the year of about $US50.60 billion.

Hewlett-Packard, also, got in on the JDS Uniphase act, announcing that its third quarter results were likely to be between 14 percent and 16 percent lower than one year earlier.

The Chief Executive Officer of HP said that there would be further cuts on its Establishment level in the fourth quarter of the year, numbering about 6,000 workers.

That must be considered a comforting thought for the 93,000 employees of this computer company.

The share price of HP fell about 6.50 percent to $US24.

According to **TOLFIN** (TARGET's Computerised Online Information Service), so far this year, not less than 51,000 workers have hit the streets, looking for alternate employment, on both sides of the Atlantic.

Asia reeled at the news, but for many, the penny had yet to drop.

Newcomer to the Main Board of The Stock Exchange of Hongkong Ltd, Jackley Holdings Ltd (Code: 353), a manufacturer of carpets, did not fare well on its first day of trading as its share price fell about 12.50 percent below its Offer Price of 80 cents per share, to 70 cents.

This was to be expected, all things considered.

(For full analysis, please see TARGET Intelligence Report, Volume III, Number 139, published on Friday, July 27, 2001)

On The Stock Exchange of Hongkong Ltd, there were a total of 21 double-digit movers, of which 16 moved up:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
ABC Communication (Holdings) Ltd	30	13.73		0.29
Artfield Group Ltd	1229	11.11		0.90
Asian Resources Transportation Holdings Ltd	899		14.58	0.041
Can Do Holdings Ltd	172		11.94	0.118
Ching Hing Holdings Ltd	692	28.57		0.18
eBiz.hk.com Ltd	384	11.11		0.60
Gold Wo International Holdings Ltd	90	14.20		1.85
Guangnan (Holdings) Ltd	1203	10.10		0.218
Heshun Holdings Company Ltd	285	12.96		0.61
I-China Holdings Ltd	240		12.82	0.034
KG NextVision Company Ltd	516		13.86	0.143
Kin Don Holdings Ltd	208	16.67		0.063
Medtech Group Company Ltd	1031	16.00		0.029
Qualipak International Holdings Ltd	1224	23.08		0.16
Shun Cheong Holdings Ltd	650	33.85		0.435
South China Information and Technology Ltd	175	11.11		0.70
South East Group Ltd	726	17.39		0.027
Star Bio-Tech (Holdings) Ltd	1051	10.00		0.011
Tem Fat Hing Fung (Holdings) Ltd	661	10.00		0.011
Tomorrow International Holdings Ltd	760	17.86		0.165
Vision Tech International Holdings Ltd	922		15.98	0.184

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, gaining counters outnumbered losing ones by the ratio of about 1.68:One.

But that belied the true situation.

The Total Turnover dropped back to a trickle, at about $HK73.52 million, as The Growth Enterprise Index gained 0.37 percent, ending the day at 242.24 points.

Thiz Technology Group Ltd (Code: 8119) made its debut on The GEM with investors *'playing'* exactly 4.90 million shares in this Linux application system company, which was, up until the time of its Placing Prospectus, technically, potentially insolvent.

Thiz Technology's share price hit a high of $HK2.125 and a low of $HK1.30, but settled at the end of the day at about $HK2.10 – which must be considered remarkable, all things considered.

One will have to wait and watch to see whether or not this company can hold onto the share-gain price of the first day of trading.

(Please see TARGET Intelligence Report, Volume III, Number 137, published on Wednesday, July 25, for a full analysis of this company)

The double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Grandmass Enterprise Solution Ltd	8108	50.00		0.135
Intcera High Tech Group Ltd	8041	15.15		0.76
isteelAsia.com Ltd	8080	10.09		0.24

On The Tokyo Stock Exchange, the share price of Sony Corporation fell by about 11.46 percent to 6,260 yen, following its announcement of Thursday night as to its first quarter results (April to June): A loss of about 30.10-billion yen.

The blue-chip, Nikkei-225 Stock Average gave up 0.51 percent of its value, falling to 11,798.08 yen as losers outpaced gainers by the ratio of about 1.19:One.

Aside from Sony, Fujitsu, the number one, personal computer manufacturer of Japan, lost 3.58 percent of its market capitalisation as investors pushed down this heavyweight's share price to 1,104 yen.

Fujitsu had announced a 42.30-billion yen loss for the same quarter as Sony.

NEC Corporation, another Japanese biggie, engaged in the manufacture of chips for computers and mobile telephones, confirmed reports that it would be culling staff at its West Lothian factory, in Livingston, Scotland.

About 800 jobs are, now, on the line.

Another sign of the times was when Nikko Securities, one of Japan's largest stockbrokerage companies, said that, for the quarter, ended June 30, 2001, its profits were down about 95 percent, year-on-year.

Net Income fell to about 1.40 billion yen in the quarter, down from about 31.50 billion a year earlier.

Japan, in the midst of another recession, was struggling, and this was reflected in the results (or the lack of them) of many of its publicly traded companies.

The week of July 27, 2001 ended on a very depressing note.

This was how other Asian markets saw the situation, last Friday night:

Indonesia	Plus 0.83 percent
Japan	Minus 0.51 percent
Malaysia	Plus 0.55 percent
The Philippines	Plus 0.06 percent
Singapore	Plus 0.06 percent
South Korea	Plus 2.25 percent
Taiwan	Plus 0.47 percent
Thailand	Minus 1.39 percent

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