

**THE U.S. FEDERAL RESERVE BOARD WARNS THE WORLD :
'THE RISKS ARE WEIGHTED TOWARD CONDITIONS THAT MAY
GENERATE ECONOMIC WEAKNESS'**

The world was on alert, last Monday, as US intelligence reports suggested that enemies of the US, namely Arab terrorists, were considering another attack on the US homeland.

Heavily armed troops were stationed at strategic bridge crossings as well as other likely targets in the US: The world waited, precipitately terrified, to see whether or not the US intelligence was correct.

Wall Street was closed when Asia arose from its slumbers on Monday, August 12, 2002, to face a new day: For Japanese investors, they, probably, would have preferred to stay in bed since the losses on The Tokyo Stock Exchange were the largest in the world.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were treated to the fact that, over the week-end of August 10-11, US Airways Group had filed for protection from its creditors: Chapter 11.

The airline, the seventh largest in the US, announced that it had assets, worth about \$US7.81 billion, against total liabilities of about \$HK7.83 billion.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index fell back about 0.54 percent to 9,959.92 points, with all but three quarters of a point of those losses, coming in the morning session, to 12:30 p.m.

The Total Turnover shrank back to about \$HK4.40 billion, with losers, outpacing gainers by the ratio of about 2.98:One.

The losses were right across the board.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.28 percent to \$HK88.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.93 percent to \$HK21.75 per share
Cheung Kong (Holdings) Ltd (Code: 10)	Down 1.80 percent to \$HK54.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.45 percent to \$HK51.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 3.26 percent to \$HK52.00 per share
CNOOC Ltd (Code: 883)	Up 1.86 percent to \$HK10.95 per share

China Everbright Ltd (Code: 165)	Down 17.73 percent to \$HK2.90 per share
CLP Holdings Ltd (Code: 2)	Up 0.65 percent to \$HK31.00 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.29 percent to \$HK86.00 per share
Henderson Land Development Company Ltd (Code: 12)	Down 2.93 percent to \$HK26.55 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bestway International Holdings Ltd	718		10.53	0.017
Can Do Holdings Ltd	172	21.21		0.04
CCT Technology Holdings Ltd	261		10.53	0.017
Cedar Base Electronic (Group) Ltd	855	26.32		0.024
Chi Cheung Investment Company Ltd	112	20.00		0.036
China Everbright International Ltd	257		10.92	0.204
China Everbright Ltd	165		17.73	2.90
China Investments Holdings Ltd	132		11.76	0.30
China Sci-Tech Holdings Ltd	985		11.43	0.031
CIL Holdings Ltd	479	11.11		0.02
Computer and Technologies Holdings Ltd	46		10.48	1.11
Dickson Group Holdings Ltd	313		12.28	0.05
Everbest Century Holdings Ltd	578		21.43	0.011
Everbest International Investments Ltd	204	16.87		0.194
Global China Technology Group Ltd	1105		10.94	0.285
Grand Field Group Holdings Ltd	115		12.00	0.044
Hua Lien International (Holding) Company Ltd	969		12.50	0.28
J.I.C. Technology Company Ltd	987		16.48	0.38
K and P International Holdings Ltd	675		14.13	0.079
Luen Cheong Tai International Holdings Ltd	1190		14.29	0.036
Omnitech Group Ltd	94		17.24	0.024
ONFEM Holdings Ltd	230		11.76	0.30
Paladin Ltd	495		22.22	0.07
Shun Cheong Holdings Ltd	650	20.25		0.095
Softbank Investment International (Strategic) Ltd	648		11.11	0.128
Soundwill Holdings Ltd	878	10.00		0.044
Stone Electronic Technology Ltd	409		12.35	0.355
Tack Hsin Holdings Ltd	611		11.36	1.95
Universal Appliances Ltd	419		22.22	0.035
Van Shung Chong Holdings Ltd	1001	23.33		0.37
Yunnan Enterprises Holdings Ltd	455		12.36	0.39

CLP Holdings Ltd (Code: 2), the largest, power-generating company in the HKSAR, announced that total earnings for the 6 months, ended 30 June 2002, were about \$HK3.45 billion, compared with total earnings of about \$HK2.79 billion for the corresponding period in 2001.

That result represented an increase of about 23.66 percent, Year-on-Year.

Equity trading results of Asia, for most of last Monday, were predicated by considerations with regard to the meeting of the US Federal Reserve Board, which sat last Tuesday.

The previous Friday, August 9, the consensus was that the Fed would not tamper with interest rates, leaving them unchanged, and that general opinion, initially, brought down share prices on The New York Stock Exchange, at the opening of trading, the previous Friday.

By the close of the week of August 9, the Dow Jones Industrial Average stood at 8,745.45 points, a gain of about 33.43 points, or about 0.38 percent, compared with the close of Thursday, August 8.

Early in the morning of Friday, August 9, the Dow had been off by about 130 points.

As for the NASDAQ, its Composite Index, on that Friday, closed at 1,306.12 points, equivalent to a loss of about 0.79 percent over Thursday's close.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, last Monday, The Growth Enterprise Index shed about 1.78 percent of its value, falling to a new low of 141.47 points.

Losers were ahead of gainers by the ratio of about 1.76:One, but about 77 percent of all the counters that saw some action (72 counters in all) stayed pat at previous closes.

The Total Turnover of the day was about \$HK112.85 million, a figure which had to indicate the distinct lack of interest from investors in trading on The GEM.

CK Life Sciences International (Holdings) Incorporated (Code: 8222), the latest Li Ka Shing offering on The GEM, was the most-active counter of the day as investors shaved another 2 percent off its share price, which ended the day at \$HK1.73 – a new low.

Mr Li Ka Shing's other GEM company, tom.com Ltd (Code: 8001), lost 5 percent of its market capitalisation as investors marked down its share price to \$HK2.65 – which is not a new low.

The biggest losers of the day, however, were reserved for the following companies:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Essex Bio-Technology Ltd	8151	20.31		0.385
Glory Mark Hi-Tech (Holdings) Ltd	8159		10.00	0.135
Info Communication Holdings Ltd	8082	11.43		0.039
L.P. Lammas International Ltd	8029		10.00	0.045
MediaNation Incorporated	8160		29.90	0.34
Panorama International Holdings Ltd	8173		10.84	0.074
Q9 Technology Holdings Ltd	8129		18.00	0.041
Rojam Entertainment Holdings Ltd	8075	14.49		0.079
Sing Pao Media Group Ltd	8010		13.79	0.50
Systek Information Technology (Holdings) Ltd	8103	12.50		0.045
Tradeeasy Holdings Ltd	8163		10.10	0.089
Wafer Systems Ltd	8198	10.71		0.31

In Japan, investors on the country's premier stock market, The Tokyo Stock Exchange, felled the key index by 251.97 yen, equivalent to a fall of about 2.52 percent on The Nikkei-225 Stock Average.

Waning hopes for an interest cut in the country's major trading partner, the US, was taking its toll on nerves on the largest bourse in Asia.

The ratio of losers to gainers was about 7.45:One.

Exporting corporate entities were among the losers, to be sure, but it was in electronics and motors that most investors saw the result of investor fears.

Electronics

Advantest	Down 4.45 percent to 5,470 yen per share
Casio	Down 4.59 percent to 644 yen per share
Fuji Electric	Down 4.78 percent to 279 yen per share
Fujitsu*	Down 3.35 percent to 605 yen per share
JVC	Down 3.36 percent to 805 yen per share
Konica	Down 5.21 percent to 710 yen per share
Kyocera	Down 3.12 percent to 8,380 yen per share
Matsushita Electric Works	Down 3.27 percent to 710 yen per share
NEC*	Down 3.14 percent to 647 yen per share
Nikon	Down 4.17 percent to 1,012 yen per share
Oki Electrical Industrial*	Down 3.77 percent to 255 yen per share
Pioneer	Down 2.05 percent to 2,155 yen per share
Ricoh	Down 2.34 percent to 2,090 yen per share
Sanyo Electric	Down 3.58 percent to 458 yen per share
Sharp	Down 3.05 percent to 1,304 yen per share
Sony	Down 4.65 percent to 5,130 yen per share
TDK	Down 3.25 percent to 5,350 yen per share

* Among the most active counters of the day

Motors

Daihatsu Motor	Down 4.44 percent to 409 yen per share
Hino Motors	Down 3.03 percent to 288 yen per share
Honda	Down 2.17 percent to 4,970 yen per share
Isuzu Motors	Down 2.78 percent to 70 yen per share

Kawasaki Heavy Industries*	Down 5.07 percent to 131 yen per share
Mazda	Down 4.75 percent to 321 yen per share
Mitsubishi Motors	Down 5.47 percent to 311 yen per share
Nissan Motor	Down 2.23 percent to 876 yen per share
Suzuki Motor	Down 4.39 percent to 1,284 yen per share
Toyota Motor	Down 2.55 percent to 3,060 yen per share

* Among the most active counters of the day

News wise, the Japanese Government's Health, Labour and Welfare Department announced that some 7.01 million Japanese workers had lost their jobs in the 2001 year.

On the other side of the coin, about 6.26 million Japanese workers had found new jobs in The Land of The Rising Sun.

One of the biggest brewers in Japan, Sapporo Breweries Ltd, told its shareholders that, during the half-year, ended June 30, 2002, it had lost about 6.29 billion yen.

In the corresponding 2001 period, the beer-maker had lost about 3.90 billion yen.

Japan continues to bleed, to be sure.

In other Asian stock markets, last Monday, this was the situation:

Indonesia	Minus 0.38 percent to 448.51
Japan	Minus 2.52 percent to 9,747.82
Malaysia	Plus 0.12 percent to 724.03
The Philippines	Minus 0.34 percent to 1,098.58
Singapore	Minus 0.02 percent to 1,486.44
South Korea	Plus 0.42 percent to 695.39
Taiwan	Plus 0.01 percent to 4,852.07
Thailand	Closed

Tuesday

The Wall Street week of August 12 got off to a cracking start, with the first hour of trading on The New York Stock Exchange, seeing its Dow Jones Industrial Average, the '*barometer*' of trading in blue chips, dropping more than 160 points, or about 1.83 percent, as investors learned of the demise of the country's seventh largest airline. (Please see Monday's report)

But more was to come as the world's largest airline, American Airlines, announced that it was to slash its workforce by about 7,000 people, scrap orders for new aeroplanes, and spread flights more evenly throughout the day.

This, it was hoped, would save the airline about \$US1.10 billion, annually.

Things are tough, all over, TARGET was told by one airline executive.

By the close of The New York Stock Exchange, last Monday, The Dow was off by 56.56 points, or about 0.65 percent, coming to rest at 8,688.89 points in hectic trading.

As was well expected, airline stocks were very hard hit: Which airline would be next in line to stick its neck on the guillotine block and kiss the blade as it came down?

As for the tech-laden NASDAQ, its Composite Index moved up just about three quarters of one percent to end the day at 1,306.84 points.

But the worst, clearly, was yet to come in the days ahead, following the published determination of the US Federal Reserve Board in respect of interest rates in the world's largest economy.

All this was taken in by investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), but it was as though it were water off a duck's back, as the saying goes.

Investors in the HKSAR seemed unruffled by the bleak news with regard to American Airlines, but they were concerned about the US Federal Reserve Board's determination with regard to interest rates, with the general opinion, being that there would be no change.

That may be well expected, investors reasoned, but what else might the Chairman of the Fed, Dr Alan Greenspan, say about the US economy?

On The Stock Exchange of Hongkong Ltd, the 'key' index of the Main Board, the Hang Seng Index, gained about 1.41 percent over Monday's close, rising to 10,100.06 points.

Pulling itself off the 10,000-mark was considered, by some stockbroker analysts, to mean something positive: To TARGET, it meant that the Hang Seng Index had risen just 100.06 points higher than the 10,000-mark – nothing else.

Wednesday could well see it lose that, or even more.

The ratio of gainers to losers, last Tuesday, was about 1.54:One, while the Total Turnover was about \$HK4.96 billion.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.57 percent to \$HK88.75 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.94 percent to \$HK52.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.30 percent to \$HK22.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.75 percent to \$HK56.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.92 percent to \$HK53.00 per share
CLP Holdings Ltd (Code: 2)	Up 1.61 percent to \$HK31.50 per share
CNOOC Ltd (Code: 883)	Down 0.46 percent to \$HK10.90 per share

Swire Pacific Ltd “A” Shares (Code: 19)	Up 0.29 percent to \$HK34.90 per share
Hang Seng Bank Ltd (Code: 11)	Up 1.45 percent to \$HK87.25 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 1.68 percent to \$HK30.20 per share

The biggest movers of the day were reserved for the following counters, however:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CCT Technology Holdings Ltd	261		11.76	0.015
Century Legend (Holdings) Ltd	79		14.29	0.018
Chi Cheung Investment Company Ltd	112	11.11		0.04
China City Natural Gas Holdings Ltd	603	11.96		0.103
China Fair Land Holdings Ltd	169	10.00		0.55
Companion Building Material International Holdings Ltd	432		11.54	0.023
Daiwa Associate Holdings Ltd	1037	15.58		0.445
Dickson Group Holdings Ltd	313	30.00		0.065
e-Kong Group Ltd	524	10.00		0.011
Earnest Investments Holdings Ltd	339		40.00	0.012
Gay Giano International Group Ltd	686		12.50	0.105
Global China Technology Group Ltd	1105	10.53		0.315
Grand Field Group Holdings Ltd	115	13.64		0.05
Hang Fung Gold Technology Ltd	870	13.40		0.11
Harmony Asset Ltd	428	15.09		0.061
Hop Hing Holdings Ltd	47	18.52		0.32
i100 Ltd	616	11.67		0.067
Jilin Chemical Industrial Company Ltd	368		10.29	0.61
Luen Cheong Tai International Holdings Ltd	1190	11.11		0.04
Magnificent Estates Ltd	201		12.50	0.014
Nam Fong International Holdings Ltd	1176	15.00		0.023
Omnitech Group Ltd	94	16.67		0.028
Paladin Ltd	495		28.57	0.05
Sen Hong Resources Holdings Ltd	76	13.40		0.11
Shanxi Central Pharmaceutical International Ltd	327	13.89		0.041
Shun Ho Technology Holdings Ltd	219		14.29	0.09
Sinolink Worldwide Holdings Ltd	1168	11.86		0.66
South East Group Ltd	726	25.49		0.064
Stone Electronic Technology Ltd	409	15.49		0.41
Styland Holdings Ltd	211	12.31		0.073
Sun's Group Ltd, The	988	10.53		0.021
Theme International Holdings Ltd	990	11.11		0.03
Wo Kee Hong (Holdings) Ltd	720	12.50		0.054

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – The Growth Enterprise Index put on 0.58 percent to rise to 142.26 points.

The gains all came in the 90-minute afternoon session, lifting the Total Turnover on this speculative market to about \$HK122.50 million.

Though The Growth Enterprise Index was in positive territory by the close of the day, there were more losers than gainers, the ratio, being about 1.35:One.

It was an ominous sign.

The biggest GEM movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
G.A. Holdings Ltd	8126	11.86		0.33
Glory Mark Hi-Tech (Holdings) Ltd	8159	14.81		0.155
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205	13.73		0.58
MediaNation Incorporated	8160		10.29	0.305
Q9 Technology Holdings Ltd	8129	19.51		0.049
Sing Pao Media Group Ltd	8010		24.00	0.38
Tianjin TEDA Biomedical Engineering Company Ltd	8189		12.07	0.255

Timeless Software Ltd (Code: 8028) reported its quarterly results for the period, ended June 30, 2002.

It showed that the computer software company has been doing very poorly, with losses of about \$HK22.19 million for the quarter.

That result compared with a Net Profit Attributable to Shareholders of about \$HK585,000 for the like 2001 quarter.

In Japan, investors decided to try to play it safe in order to learn what the US Federal Reserve Board would do when it held its Open Market Committee Meeting on Tuesday, Washington time.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 59.21 yen, equivalent to about 0.61 percent, ending the session at 9,687.21 yen.

There was pressure on the shares of just about any company that relied on sales of products and services to the US marketplace, with renewed fears that the US dollar would weaken further against other 'hard' currencies.

The ratio of losers to gainers was about 1.63:One.

In Japan, it is traditional at this time of the year for people to take a summer holiday: That explained, to some extent, the reason for the quiet trading conditions on Japan's 3 stock markets.

In other parts of Asia, this was how those bourses fared:

Indonesia	Plus 0.55 percent to 450.97
Japan	Minus 0.61 percent to 9,688.61
Malaysia	Plus 0.73 percent to 729.29
The Philippines	Plus 2.69 percent to 1,128.16
Singapore	Plus 2.87 percent to 1,529.03
South Korea	Plus 1.90 percent to 708.63
Taiwan	Minus 0.70 percent to 4,817.93
Thailand	Minus 0.16 percent to 366.47

Wednesday

The US Federal Reserve Board left well enough alone – interest rates are to stay at the present, 4-decade low of 1.75 percent.

But it was the accompanying statements of the Federal Open Market Committee (FOMC), in announcing its determination that put the dampers on trading in equities, internationally.

The statement by the FOMC was, inter alia: *‘The softening in the growth of aggregate demand that emerged this spring has been prolonged in large measure by weakness in financial markets and heightened uncertainty related to problems in corporate reporting and governance ... the risks are weighted mainly towards conditions that may generate economic weakness’.*

(Please see last Wednesday’s [TARGET Intelligence Report, Volume IV, Number 152](#), headlined: ‘TAKING A CLOSER LOOK AT THE U.S. ECONOMY’)

Wall Street reacted to the Fed’s statement with a vengeance: Down came the key Dow Jones Industrial Average on The New York Stock Exchange by about 2.38 percent (206.43 points) to end the day at 8,482.46 points; the NASDAQ’s Composite Index did even better, with a loss of about 2.87 percent, falling back to 1,269.28 points.

Elsewhere in the US financial scene, IBM announced that it would be sacking another 15,000 of its workers.

The layoffs, as the Americans call them, were expected, but 15,000 sackings in one gulp were about one third more than had been anticipated by most analysts.

In the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), selling was the order of the day on the 2 stock markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index dropped about 1.37 percent of its value, falling to 9,961.35 points.

The Total Turnover was about \$HK5.25 billion, with losers, outpacing gainers by the ratio of 2.48: One.

Most of the market’s ‘heat’ was in the Finance Sector where its Sectorial Index fell by about 1.07 percent.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.13 percent to \$HK87.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.57 percent to \$HK21.90 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.90 percent to \$HK51.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.23 percent to \$HK54.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.89 percent to \$HK52.00 per share
Henderson Land Development Company Ltd (Code: 12)	Down 3.12 percent to \$HK26.35 per share
CLP Holdings Ltd (Code: 2)	Up 0.63 percent to \$HK31.70 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.86 percent to \$HK86.50 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 1.53 percent to \$HK9.95 per share

Hongkong Electric Holdings Ltd (Code: 6) Down 1.32 percent to \$HK29.80 per share

There were a total of 34, double-digit movers of the day, with Victory Group Ltd (Code: 1139), being the biggest gainers, moving up 32.14 percent to 7.40 cents per share, while China Star Entertainment Ltd (Code: 326) was the biggest loser as investors marked down its share price by 31.82 percent to 1.50 cents per share.

The PRC Government's dominant mobile telecommunications company, China Mobile (Hongkong) Ltd (Code: 941), announced that, on a Turnover of about 55.15 billion renminbi (about \$HK52.03 billion), it had recorded a Bottom Line of about 15.22 billion renminbi (about \$HK14.36 billion) for the half year, ended June 30, 2002.

The 10-percent increase, Year-on-Year, was in line with expectations, but the decision not to recommend an Interim Dividend to shareholders was not expected.

In TARGET's view, Governments are, traditionally, niggardly, in any event.

On The GEM, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, it was yet another day of losses for investors.

The Growth Enterprise Index was forced to give up another 1.18 percent of its value, falling to 140.61 points.

The Total Turnover was about \$HK87.42 million, with losers ahead of gainers by the ratio of about 2.04:One.

The double-digit losers and gainers on this speculative market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Blu Spa Holdings Ltd	8176	30.95		0.055
Fortune Telecom Holdings Ltd	8040	15.49		0.82
L.P. Lammas International Ltd	8029		11.11	0.04
M Channel Corporation Ltd	8036		11.25	0.071
Media Partners International Holdings Incorporated	8072		11.90	0.37
MediaNation Incorporated	8160		19.34	0.246
Sonavox International Holdings Ltd	8226	10.26		0.43
Techpacific.com Ltd	8088	15.79		0.044
Zheda Lande Scitech Ltd	8106	10.17		0.65

Japan had another bad day, with trading on The Tokyo Stock Exchange, seeing the Nikkei-225 Stock Average surrender another 50.20 yen, ending the session at 9,638.41 yen for a loss of about 0.52 percent.

Trading remained relatively quiet.

The US-dollar-Japanese yen rate fell to 118 yen – which frightened quite a number of exporters, of course.

Electronics and motors were hit as investors realised that, as the US dollar weakens, so profits, derived from sales to the US, would be hit, too.

Confirmation from the US Federal Reserve Board with regard to the US economy put the skids under Japanese stocks and shares.

It was the third consecutive day of losses for Asia's largest bourse.

The ratio of gainers to losers, however, was about 1.22:One.

One piece of news that could hardly be considered pleasing to the Government of Japan was a report from the quasi-Government organisation, Japan External Trade Organisation (JETRO).

JETRO said that international investment in IT – Information Technology – had been halved in the 2001 year, compared with 2000, to about \$US694.80 billion.

JETRO, also, said that it expected the trend to continue for the remainder of this year, too.

In other areas of Asia, this was how those stock markets ended the day:

Indonesia	Minus 0.73 percent to 447.68
Japan	Minus 0.52 percent to 9,638.41
Malaysia	Plus 0.10 percent to 729.99
The Philippines	Plus 0.55 percent to 1,134.31
Singapore	Minus 0.13 percent to 1,527.03
South Korea	Plus 0.37 percent to 711.24
Taiwan	Plus 1.44 percent to 4,887.43
Thailand	Plus 1.29 percent to 371.19

Thursday

Despite one slap in the face after another, investors in the US, tired of falling share prices and a steady erosion of savings, determined that enough was enough.

So, up went share prices on The New York Stock Exchange with the Dow Jones Industrial Average, rising 260.92 points, equivalent to about 3.08 percent, to hit 8,743.31 points when the hammer came down, signifying the end of trading on the world's largest bourse.

The NASDAQ's Composite Index followed on with a gain of about 5.12 percent to hit 1,334.30 when trading came to a halt for the day.

But many people, including TARGET's analysts, believed that the gains would be short-lived because there was just too much negative news, flowing out of corporate America.

From United Airlines (UAL Corporation), the second-ranking US airline, its management announced that it might have to follow the path of American Airlines (Please see Tuesday's report) and file Chapter 11, Bankruptcy, in order to protect it from its creditors.

According to the Chairman and Chief Executive Officer, Mr Jack Creighton, the carrier has to front up with about \$US875 million, almost immediately, and it cannot find the *'bread'*.

Then, from Ames Department Stores, it was announced that it would shut down its 327 shops and that the knock-on effect would be the sacking of some 21,500 of its workers in the process.

Ames filed for bankruptcy about one year ago.

But the negative news from the US did nothing to dampen the ardour of investors on Wall Street; this ardour spilled over into Asia.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were treated to a big rally on the Main Board of the Stock Exchange of Hongkong Ltd.

The Hang Seng Index, the key index of the Main Board, rose by about 2.59 percent to 10,219.71 points.

The Total Turnover, also, rose to about \$HK7.17 billion, with gainers ahead of losers by the ratio of exactly 3: One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 2.28 percent to \$HK89.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 3.88 percent to \$HK22.75 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.43 percent to \$HK52.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 3.20 percent to \$HK56.50 per share
Hang Seng Bank Ltd (Code: 11)	Up 1.45 percent to \$HK87.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.88 percent to \$HK53.50 per share
CNOOC Ltd (Code: 883)	Up 2.76 percent to \$HK11.15 per share
CLP Holdings Ltd (Code: 2)	Unchanged at \$HK31.70 per share
Henderson Land Development Company Ltd (Code: 12)	Up 1.71 percent to \$HK26.80 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 2.51 percent to \$HK10.20 per share

Since 2 of the largest capitalised companies in the HKSAR are constituent stocks of the Hang Seng Index, being HSBC Holdings plc and China Mobile (Hongkong) Ltd, and since both of these companies added material amounts to their respective market capitalisations, it was hardly any wonder that the Hang Seng Index made its move, last Thursday.

This factor was not lost on more right-thinking members of the stockbroking fraternity.

Of the 33, double-digit movers, the biggest gainer was Sen Hong Resources Holdings Ltd (Code: 76), whose share price headed up 38.89 percent to 15 cents per share.

Ecopro Hi-Tech Holdings Ltd (Code: 2959) was the biggest loser, dropping back 80 percent to 4 cents per share.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, things were not quite a buoyant as they were on the Main Board.

Nevertheless, The Growth Enterprise Index moved up in sympathy with the Hang Seng Index, chalking up a gain of about 1.37 percent, rising to 142.54 points.

The ratio of gainers to losers was narrow, at about 1.24:One, making one wonder whether or not the market was just enjoying a mental orgasm – and not much more.

After all, many, if not most, of the GEM companies are in financial tsures (trouble), with not much more than a pot in which to piss.

The Total Turnover of the day was about \$HK155.29 million, most of which volume came in the morning session, which came to a close at 12:30 pm.

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	28.13		0.06
Blu Spa Holdings Ltd	8176	18.18		0.065
Cardlink Technology Group Ltd	8066		11.76	0.165
EVI Education Asia Ltd	8090		20.00	0.032
G.A. Holdings Ltd	8126		22.73	0.255
Kinetana International Biotech Pharma Ltd	8031	12.50		0.135
Proactive Technology Holdings Ltd	8089		15.00	0.068
TeleEye Holdings Ltd	8051		24.24	0.15
Town Health International Holdings Company Ltd	8138	10.00		0.099

In The Land of The Rising Sun, it was a similar story, as that, being told in the HKSAR.

In spite of very negative news, investors on Asia's largest bourse determined that it was time to snap up what looked to be cheapies.

And that was what they did.

The Tokyo Stock Exchange witnessed its Nikkei-225 Stock Average put on about 1.63 percent, hitting 9,795.57 yen by the close of the day.

But the gains were on the back of a quickly depreciating US dollar whose value, vis-à-vis the Japanese yen, dropped back to 116.90 yen.

In New York, the previous evening, the last trades were done at about 117.23 yen.

Fujitsu Ltd, the dominant name in personal computers in Japan, announced that it would be sacking another 2,100 of its workers.

The company lost about 56.40 billion yen for the quarter, ended June 30, 2002.

News quickly spread on the trading floors of Japan's 3 stock markets, but it did not dampen the excitement as investors continued to pick up shares, regardless of the fundamentals.

The ratio of gainers to losers was about 3.09: One.

Most of the gains of last Thursday, however, were centred on select electronics as the following TARGET list indicates:

Electronics

Advantest	Up 4.96 percent to 5,500 yen per share
Fujitsu*	Up 2.04 percent to 601 yen per share

Hitachi*	Up 3.11 percent to 663 yen per share
Konica	Up 2.94 percent to 736 yen per share
Kyocera	Up 2.14 percent to 8,600 yen per share
Matsushita Electrical Industrial	Up 2.31 percent to 1,548 yen per share
Mitsubishi Electric	Up 2.92 percent to 423 yen per share
NEC*	Up 1.87 percent to 655 yen per share
TDK	Up 3.81 percent to 5,450 yen per share
Tokyo Electron	Up 2.79 percent to 5,150 yen per share

* Among the most active counters of the day

There was no real rhyme or reason for last Thursday's gains on Japanese equity markets, but few people were complaining.

Friday could well see the worm turn again, it was conjectured.

In other Asian bourses, however, some investors were not quite as pleased with themselves:

Indonesia	Minus 0.24 percent to 448.73
Japan	Plus 1.63 percent to 9,795.57
Malaysia	Plus 0.56 percent to 734.07
The Philippines	Minus 0.11 percent to 1,133.09
Singapore	Plus 0.31 percent to 1,531.84
South Korea	Closed
Taiwan	Plus 0.90 percent to 4,931.47
Thailand	Plus 0.12 percent to 371.62

Friday

Things quietened down, considerably, on most equity markets, last Friday, as investors seemed to be taking stock of the international situation.

Asia, for the most part, witnessed fractional gains or losses on major equity markets.

On Wall Street, last Thursday, markets were in the black, but only just in the black.

On The New York Stock Exchange, the Dow Jones Industrial Average was up about 0.86 percent over Wednesday's close, ending the day at 8,818.14 points.

NASDAQ's Composite Index followed suit with a gain of about 0.80 percent, rising to 1,345.01 points.

The crises at American Airlines and United Airlines were having a telling effect on investors.

Which company was next in line?

Every US-based airline was considered suspect, now.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the morning session, to 12:30 pm, saw little movement in the Hang Seng Index, the '*barometer*' of trading in blue chips on the Main Board of The Stock Exchange of Hongkong Ltd.

The 90-minute afternoon session saw the Hang Seng Index put on a bit of a spurt, but little about which to write home to Mom.

By the close of the day, and the final tally for the week, ended August 16, the Hang Seng Index stood at 10,265.04 points, a gain of about 0.44 percent over Thursday's closing level.

The Total Turnover was about \$HK5.12 billion, with gainers, ahead of losers by the ratio of about 1.36: One.

For the week, therefore, the Main Board's Hang Seng Index had gained 250.98 points, equivalent to about 2.51 percent.

The Ten Most Actives, last Friday, were:

HSBC Holdings plc (Code: 5)	Up 0.56 percent to \$HK90.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.44 percent to \$HK22.65 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.47 percent to \$HK53.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK56.50 per share
Legend Group Ltd (Code: 992)	Up 6.03 percent to \$HK3.075 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.40 percent to \$HK54.25 per share
BOC Hong Kong (Holdings) Ltd (Code: 2388)	Up 2.42 percent to \$HK8.45 per share
Henderson Land Development Company Ltd (Code: 12)	Down 0.37 percent to \$HK26.70 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 0.33 percent to \$HK30.30 per share
Li and Fung Ltd (Code: 494)	Up 3.66 percent to \$HK8.50 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard Hotel Group Ltd	292	10.44		0.275
CCT Technology Holdings Ltd	261	14.29		0.016
CCT Telecom Holdings Ltd	138	13.04		1.04
China Sci-Tech Holdings Ltd	985	13.89		0.041
CIL Holdings Ltd	479		17.39	0.019
Climax International Company Ltd	439	17.39		0.027

Companion Building Material International Holdings Ltd	432		10.71	0.025
e-New Media Company Ltd	128	13.51		0.168
Earnest Investments Holdings Ltd	339	60.00		0.016
Ecopro Hi-Tech Holdings Ltd	2959		17.50	0.033
Good Fellow Group Ltd	910	11.59		0.385
GZITIC Hualing Holdings Ltd	382	10.50		0.221
Haier-CCT Holdings Ltd	1169	52.94		0.156
Harmony Asset Ltd	428	12.24		0.055
ITC Corporation Ltd	372		11.48	0.27
Jackley Holdings Ltd	353	13.02		0.243
Luen Cheong Tai International Holdings Ltd	1190	10.53		0.042
Moiselle International Holdings Ltd	130	11.39		0.88
MUI Hongkong Ltd	542	20.00		0.09
Nam Fong International Holdings Ltd	1176	20.00		0.03
Orient Overseas (International) Ltd	316		16.13	3.25
Oriental Explorer Holdings	430	25.00		0.035
Prime Investments Holdings Ltd	721		10.26	0.35
Raymond Industrial Ltd	229		14.63	0.70
Sen Hong Resources Holdings Ltd	76	22.00		0.183
Shun Ho Technology Holdings Ltd	219	18.64		0.14
South China Brokerage Company Ltd	619		10.26	0.07
Tai Sang Land Development Ltd	89		10.92	1.55
Theme International Holdings Ltd	990	15.38		0.03
Tse Sui Luen Jewellery (International) Ltd	417	18.75		0.095
Universal Appliances Ltd	419		10.53	0.034
Vision Tech International Holdings Ltd	922	14.93		0.385

There was very little business or economic news of any note in the HKSAR, last Friday.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, trading was sluggish throughout the day.

The Growth Enterprise Index gained about 0.24 percent to end the week at 142.88 points.

The Total Turnover was about \$HK112.72 million with gainers, easing out losers by the slim ratio of about 1.13: One.

For the week, ended August 16, The Growth Enterprise Index had shed about 0.80 percent of its value as it headed closer to the 100-level.

The biggest movers on this speculative market, last Friday, were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Blu Spa Holdings Ltd	8176	16.92		0.076
Computech Holdings Ltd	8081		18.37	0.40
Creative Energy Solutions Holdings Ltd	8109		16.07	0.47
Glory Mark Hi-Tech (Holdings) Ltd	8159	11.90		0.188
Info Communication Holdings Ltd	8082		23.81	0.032
Inworld Group Ltd	8100		11.11	0.168
M Channel Corporation Ltd	8036	15.49		0.082
Sing Pao Media Group Ltd	8010	13.16		0.43
Systek Information Technology (Holdings) Ltd	8103	11.11		0.05
Timeless Software Ltd	8028	15.33		0.173
Town Health International Holdings Company Ltd	8138	16.16		0.115

On The Tokyo Stock Exchange, thin trading conditions continued to dominate the 3 markets.

The weaker US dollar, vis-à-vis the Japanese yen, did little to placate the fears of investors.

The volume of trading was the second smallest of the year, at 510.64 million shares.

Many investors had closed their offices in order to honour ancestors, during the holiday, known as The Obon Holiday.

The gauge to trading in blue chips on Asia's largest stock market, the Nikkei-225 Stock Average, ended the week at 9,788.13 yen, representing a one-day loss of about 0.08 percent.

For the 5-day trading week, the Nikkei-225 Stock Average had lost another 2.12 percent of its value.

And, in other Asia bourses, last Friday, this was how they ended the week of August 16, 2002:

Indonesia	Plus 0.50 percent to 450.98
Japan	Minus 0.08 percent to 9,788.13
Malaysia	Plus 0.34 percent to 736.60
The Philippines	Plus 0.92 percent to 1,143.57
Singapore	Minus 0.60 percent to 1,522.60
South Korea	Plus 0.99 percent to 718.29
Taiwan	Minus 0.25 percent to 4,919.02
Thailand	Plus 0.38 percent to 373.03

-- E N D --

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