

EQUITY MARKETS RESPOND TO THE BEAT OF THE WAR DRUMS

The big news, last Monday, was that of President Saddam Hussein of Iraq, who managed to pound a few more nails into his coffin.

He is reported to have said: *'We (Iraq) salute the heroic, struggling people of Palestine (a country that does not exist, but which must refer to the West Bank) and every free man and woman of martyrdom (meaning, the suicide bombers of political entities, aligned to Yasir Arafat, who is the elected leader of the people, known as the Palestinians), who respond to Zionist aggression, disappointing the evil American Administration who (sic) allied themselves with this disfigured entity.'*

President Saddam Hussein's outburst was in reaction to what he determined was United Nations weapons inspectors gathering of *'pure intelligence work'*.

The Iraqi President put on a brave face, stating that his country was ready for war with the US, likening the threats of President George W. Bush, as he put it, to the US Administration engaging in *'the hiss of snakes and the bark of dogs.'*

There can be no question that US President George W. Bush was glad to hear of the preparedness of Iraq ... as he continued to give pep talks to his troops in Texas. (Please see [TARGET Intelligence Report, Volume V, Number 5, published last Wednesday](#))

It would seem that war between the US and Iraq (if not with the blessings of the United Nations) was inevitable.

Also, it was apparent that Saddam Hussein would adopt a similar modus operandi to that of the Palestinian Hamas organisation, known to have been the responsible organisation for the majority of the suicide bombers in Israel and surrounding areas.

The US economy is still sputtering along, of course, and a protracted war is unlikely to be a fillip for the world's largest single economy.

There was, also, talk of the US President's new economic stimulus programme for the largest single economy of the world, but details of his Administration's proposals had not been announced, last Monday, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

In Asia, equity markets were, generally, on the rise, but the gains in the largest bourses were not of any material significance.

In the HKSAR, investors were playing their cards, very close to their chests.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index put on 0.86 percent, rising to 9,665.96 points.

The volume of activity was low, at about \$HK4.54 billion, with gainers, outnumbering losers by the ratio of about 1.26:One.

It was the Finance Sector of the market that pulled up the Hang Seng Index as its Sectorial Index gained about 0.66 percent over the previous Friday's closing level.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.85 percent to \$HK88.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.59 percent to \$HK19.80 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK52.75 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK51.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.64 percent to \$HK47.50 per share
PCCW Ltd (Code: 8)	Down 1.48 percent to \$HK1.33 per share
Huaneng Power International Incorporated (Code: 902)	Down 1.63 percent to \$HK6.05 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Down 0.50 percent to \$HK9.95 per share
Denway Motors Ltd (Code: 203)	Up 4.59 percent to \$HK2.85 per share
Henderson Investment Ltd (Code: 97)	Unchanged at \$HK6.20 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Benefun International Holdings Ltd	1130		22.45	0.038
Capital Strategic Investment Ltd	497	25.00		0.135
CCT Technology Holdings Ltd	261	14.29		0.016
Central China Enterprises Ltd	351	20.00		0.03
China Bio-Medical Group Ltd	140	12.50		0.09
China Logistics Group Ltd	217	25.66		0.142
Dickson Group Holdings Ltd	313		11.11	0.04
Credit Card DNA Security System (Holdings) Ltd	1051		10.00	0.027
Dong Fang Gas Holdings Ltd	432		13.33	0.013
Earnest Investments Holdings Ltd	339		12.50	0.021
GeoMaxima Energy Holdings Ltd	702	10.97		0.172
Hung Fung Group Holdings Ltd	2902		10.29	0.305
Innovative International (Holdings) Ltd	2903		47.50	0.315
Joyce Boutique Holdings Ltd	647		11.36	0.078
Mascotte Holdings Ltd	136		10.71	0.25
Millennium Group Ltd	260	13.89		0.164
Natural Beauty Bio-Technology Ltd	157	11.11		0.50
New Spring Holdings Ltd	690		11.76	0.75
New World Infrastructure Ltd	301		12.50	0.35
Orient Power Holdings Ltd	615	13.16		0.43
Pak Tak International Ltd	2668	11.90		0.47
South China Brokerage Company Ltd	619		11.11	0.04
Star East Holdings Ltd	198		20.00	0.016
Starlight International Holdings Ltd	485	16.92		0.076
Tem Fat Hing Fung (Holdings) Ltd	2998	76.92		0.46
Sun's Group Ltd, The	988		13.33	0.013
Wing Lee Holdings Ltd	876	10.94		0.71
Wo Kee Hong (Holdings) Ltd	720	11.11		0.05
Yunnan Enterprises Holdings Ltd	455	21.05		0.46

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover was only about \$HK55.10 million and, though The Growth Enterprise Index was up by about 0.38 percent to 113.18 points, losers outran gainers by the ratio of about 1.54:One.

There was nothing to stimulate this market, one way or another, and so it just drifted, slowly down.

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
First Mobile Group Holdings Ltd	8110	13.33		0.34
iAsia Technology Ltd	8101	12.50		0.09
Infoserve Technology Corporation	8077	11.11		0.20
Prosperity International Holdings (Hongkong) Ltd	8139	21.74		0.056
Q9 Technology Holdings Ltd	8129		14.29	0.03
Trasy Gold EX Ltd	8063		13.33	0.013
Yuxing InfoTech Holdings Ltd	8005		13.64	0.38

It was a slightly different story in The Land of The Rising Sun, however, as the 3 stock markets of the country managed to make material gains in the morning session (it was closed in the afternoon).

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average, the *'barometer'* of trading on the premier bourse of Japan, jumped 134.38 yen to close the morning at 8,713.33 yen, a gain of about 1.57 percent on the previous close, of more than one week prior.

(Japan's stock markets were closed for a 4-day holiday, during the week of December 30, 2002 to January 3, 2003)

Gains on The Tokyo Stock Exchange, by and large, were smallish, with few major jumps in share prices.

However, the chasm between gainers and losers was wide, at about 9.34:One.

While it appeared, on the surface, that many Asian stock markets were on the move to higher ground, the consensus was that investors would wait in order to see what Wall Street would do when it opened for business on Monday, New York time.

However, overriding all was the prospects of war and how such a conflict would affect equity prices, round the world.

In other parts of Asia, this was how those stock markets fared, last Monday:

Indonesia	Minus 2.27 percent to 398.25
Japan	Plus 1.57 percent to 8,713.33
Malaysia	Minus 0.89 percent to 627.89
The Philippines	Plus 0.35 percent to 1,015.07
Singapore	Minus 0.62 percent to 1,331.62
South Korea	Plus 0.85 percent to 666.71
Taiwan	Plus 1.37 percent to 4,689.86
Thailand	Plus 1.94 percent to 364.15

Tuesday

Things were hotting up in the US when doors opened for business, last Monday, New York time.

Some scant details of US President George W. Bush's new economic plan for the country were unveiled at a White House Press Conference. They amounted to proposals for the abolition of the tax on dividends, immediate tax relief for married couples and families with children, and bigger incentives for US businesses to invest in capital goods.

All in all, it was being described as a bold, \$US670-billion economic plan for the next decade.

The plan still has to go to Congress, of course, and Congress is known to be narrowly divided between Democrats and Republicans.

While Wall Street appeared to be in a jubilant mood on hearing the news of the President's economic package, which was said to have been responsible, in part, for share prices to rise on The New York Stock Exchange and the NASDAQ, the nagging prospects of a new war hung over all equity markets round the world.

On The New York Stock Exchange, on the first day of trading, last week, the Dow Jones Industrial Average gained 171.88 points, equivalent to about 2 percent, rising to 8,773.57 points.

On the NASDAQ, its Composite Index went along for the ride and put on 34.24 points, or about 2.45 percent, ending last Monday's session at 1,421.32 points.

But, while share prices were riding high on Wall Street, the United Nations International Atomic Energy Agency (IAEA) was giving North Korea an ultimatum that that Communist country either re-admit UN inspectors, who were expelled the previous week, or the matter would be sent to the UN's Security Council for a determination as to the next step.

That was, just about, the same modus operandi that was employed in respect of Iraq in order to force that Middle Eastern country to bow to the demands of the UN and to re-admit UN weapons inspectors to scour the country for contraband weapons.

That was not all the news, however, because AT&T Corporation, a bellwether stock of The New York Stock Exchange, announced that it would be sacking some 3,500 of its workers, or about 5 percent of its total workforce, and take, also, a \$US240-million charge amid shrinking revenues and stiff competition.

Management said that things did not look well for the company.

In Asia, war was on most people's minds.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the gains of Wall Street on Monday, New York time, were discounted, almost completely, by the majority of investors.

Many times over the past few years, there have been numerous false economic horizons, which appeared to have come into view, and, as far as investors in the HKSAR were concerned, Wall Street's Monday boomlet was just another mirage.

On The Stock Exchange of Hongkong Ltd, there was very little movement on most of the counters that make up the Main Board as the Hang Seng Index slowly fell, ending the session at 9,652.40 points, a loss of about 0.14 percent over Monday's closing level.

The Total Turnover was about \$HK5.35 billion.

Declining counters outnumbered advancing ones by the ratio of 1.20:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK88.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK19.80 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.98 percent to \$HK50.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.47 percent to \$HK52.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.26 percent to \$HK46.90 per share
PCCW Ltd (Code: 8)	Down 1.50 percent to \$HK1.31 per share
Kingmaker Footwear Holdings Ltd (Code: 1170)	Up 4.88 percent to \$HK2.15 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.59 percent to \$HK84.25 per share
CLP Holdings Ltd (Code: 2)	Unchanged at \$HK31.50 per share

Henderson Land Development Company Ltd (Code: 12)

Up 0.61 percent to \$HK24.60 per share

Mr Li Ka Shing's PCCW Ltd announced that its share consolidation plan was in place and that there would be a reverse split of the shares on the basis of 5:One.

When a company becomes a penny stock, after falling from a great (share price) height, a reverse split of its shares is common practice in the HKSAR, these days.

The double-digit movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Alpha General (Holdings) Ltd	73		11.76	0.015
Arnhold Holdings Ltd	102		10.61	0.295
CCT Technology Holdings Ltd	261		12.50	0.014
China Rich Holdings Ltd	1191	10.77		0.072
CIL Holdings Ltd	479		10.00	0.027
Daqing Petroleum and Chemical Group Ltd	362	32.78		0.239
Everbest Century Holdings Ltd	578		16.67	0.01
Hongkong Fortune Ltd	121		10.00	0.09
Hua Han Bio-Pharmaceutical Holdings Ltd	587	10.14		0.76
Hung Fung Group Holdings Ltd	2902		11.86	0.52
IMI Global Holdings Ltd	585	14.12		0.97
Shanghai Allied Cement Ltd	2900		10.00	0.36
Star East Holdings Ltd	198	25.00		0.02
Tack Hsin Holdings Ltd	611		15.00	0.34
U-Cyber Technology Holdings Ltd	91		10.45	0.30
World Houseware (Holdings) Ltd	713	11.54		0.29
Yau Lee Holdings Ltd	406	16.00		0.174
Zhong Hua International Holdings Ltd	1064		11.76	0.12

The Chief Executive of the HKSAR, Mr Tung Chee Hwa, was scheduled to make a policy speech the following day, but it was not expected to suggest very much.

In Latin, there is the expression: Ex Nihilo Nihil.

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – there was a little excitement, which caused the Total Turnover to rise to \$HK90.91 million.

Mr Rupert Murdoch's Phoenix Satellite Television Holdings Ltd (Code: 8002) announced that the Government of the PRC had granted its Phoenix InfoNews Channel, the landing rights in the PRC, proper.

The company said that this would have '*a positive impact on the Company's overall financial situation*' but Management declined to be quantitative about the matter.

Phoenix Satellite Television Holdings's share price was traded at 86 cents by the close of the day and was the third, most active counter.

The Growth Enterprise Index ended the day at 113.89 points, a one-day gain of about 0.63 percent.

Although The Growth Enterprise Index was in positive territory, losers outnumbered gainers by the ratio of 1.31:One.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		18.18	0.045

Era Information and Entertainment Ltd	8043		13.64	0.095
iAsia Technology Ltd	8101		11.11	0.08
IIN International Ltd	8128		15.97	0.10
Infoserve Technology Corporation	8077		22.50	0.155
iSteelAsia.com Ltd	8080	58.33		0.038
Kinetana International Biotech Pharma Ltd	8031	10.11		0.098
Mudan Automobile Shares Company Ltd	8188	10.29		0.75
New Chinese Medicine Holdings Ltd	8085	12.75		0.115
PINE Technology Holdings Ltd	8013		13.60	0.108
Prosperity International Holdings (Hongkong) Ltd	8139		17.86	0.046
Prosten Technology Holdings Ltd	8026	26.09		0.116
Q9 Technology Holdings Ltd	8129	33.33		0.04
Tradeeasy Holdings Ltd	8163		11.11	0.04
Trasy Gold Ex Ltd	8063	30.77		0.017

Over in Japan, an early rally on The Tokyo Stock Exchange petered out almost as quickly as it started.

Global tensions and Japan's wobbly economic situation was said to be responsible for the decline.

The key index of The Tokyo Stock Exchange, the Nikkei-225 Stock Average, fell by about 56.83 yen, ending the day at 8,656.50 yen, a loss of about 0.65 percent.

The ratio of losers to gainers was about 1.87:One.

The Japan Automobile Dealers Association announced that domestic sales of motor cars including minivans had fallen by about 2.30 percent in 2002, Year-on-Year.

It was expected since it is well known that unemployment in The Land of The Rising Sun, along with record-breaking bankruptcies, had had a devastating effect on the economy, overall.

In other parts of Asia, this was how those bourses closed, last Tuesday night:

Indonesia	Minus 0.94 percent to 394.52
Japan	Minus 0.65 percent to 8,656.50
Malaysia	Minus 0.27 percent to 626.17
The Philippines	Plus 0.45 percent to 1,019.59
Singapore	Minus 0.97 percent to 1,318.74
South Korea	Minus 2.18 percent to 652.20
Taiwan	Plus 0.24 percent to 4,701.08
Thailand	Plus 0.37 percent to 365.51

Wednesday

US President George W. Bush's economic stimulus package for the US economy was the talk of Wall Street, last Tuesday, New York time, as details were unveiled, officially.

Congress, still, has to approve the proposals, of course, so that there could be a number of amendments before the matter is put to bed and the package of proposals can be implemented.

However, the idea of creating something in the neighbourhood of 2.10 million jobs in the US over the next decade is enticing for even the most pessimistic of lawmakers on Capitol Hill.

Some Democrats dismissed some of the proposals as being '*an illusion*', which is designed to favour the rich in the US.

President Bush's proposals include, inter alia:

1. Scrapping taxation on dividends;
2. Income tax cuts to be brought forward, from 2006 to 2004;
3. The threshold of the 10-percent tax band would be raised from \$US6,000 to \$US7,000;
4. The tax credit for children will be increased from \$US600 to \$US1,000;
5. Tax benefits for married couples are to be brought forward to this year;
6. Small businesses will be able to write off investments in new equipment at a faster rate – from \$US25,000 to \$US75,000; and,
7. The Federal Government will pay about \$US3.60 billion to US states to assist the unemployed.

While economists and legislators in the US were sifting through the President's Grand Plan for the country, there was a fast build-up of troops, all headed for the Gulf, with the US, spearheading the build-up with another tranche of 50,000 soldiers.

The United Kingdom Government said that it would be sending thousands of troops to the Gulf in order to play its part in the global war on terrorism, with the Saddam Hussein Regime of Iraq, being the first target for the coalition forces.

Whether or not the Western World was simply posturing in an attempt to intimidate Iraq was being considered by some political analysts, but it appeared ominous: War was imminent.

In France, President Jacques Chirac announced that French soldiers should prepare themselves for what appeared to be the inevitable.

Amid all this, investors on Wall Street appeared to be nonplussed as to what action to take.

In such a scenario, it is normal for share prices start to slide or to mark time – and they did, last Tuesday, on the largest stock markets in the world.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 32.98 points, or about 0.38 percent, ending the day at 8,740.59 points.

On the NASDAQ, its Composite Index rose 10.25 points, equivalent to about 0.72 percent, running back to 1,431.57 points.

In Asia, there was considerable apprehension because investors in the most populous part of the world have seen many war scenarios in the past so that that which was taking place in the Middle East was a matter of déjà vu.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Chief Executive, Mr Tung Chee Hwa, issued his policy speech to the Legislative council.

He said, among other things, that Government spending must be cut and that taxes would have to rise.

His statements to the HKSAR lawmakers appeared to be tantamount to an admission of incompetence, as far as TARGET can surmise.

Which most people already appreciated, in any event.

Mr Tung, also, backed down on his pledge not to sack any more of the Government's Civil Service: He said that the 178,000-strong Establishment would be trimmed by about 10 percent by 2006/2007.

One of the many strengths of the HKSAR has, always, been its low corporate tax structure. This has, always, been a flame, attracting international corporate *'moths'* to establish bases in the territory.

If the Government of Mr Tung Chee Hwa raises the tax base by too much, say more than a 15-percentile increase from its current base, then, such a move would be a fillip for competitors of the HKSAR, such as the autocratic government of Singapore.

Investors of The Stock Exchange of Hongkong Ltd were reluctant, by and large, to make many fresh commitments, especially on the Main Board in light of the Tung Chee Hwa proposals, which were, as at last Wednesday, still undefined and unrefined – which is the Chief Executive's wont, in any case.

The Hang Seng Index, the *'barometer'* of trading on the Main Board, gained about 0.37 percent, rising to 9,688.21 points on a Total Turnover of about \$HK6.98 billion.

The ratio of gainers to losers was 1.63:One.

Every sector of the market benefitted, however, the gains were fractional, generally.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.28 percent to \$HK88.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK19.80 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.50 percent to \$HK50.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.48 percent to \$HK52.75 per share
China Telecom Corporation Ltd (Code: 728)	Up 4.26 percent to \$HK1.47 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.21 percent to \$HK47.00 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Down 0.50 percent to \$HK9.90 per share
Wharf Holdings Ltd (Code: 4)	Up 0.32 percent to \$HK15.50 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.89 percent to \$HK85.00 per share
CLP Holdings Ltd (Code: 2)	Down 0.32 percent to \$HK31.40 per share

There were 34, double-digit movers, with Can Do Holdings Ltd (Code: 2908), being the biggest gainer of the day, as investors pushed up its share price to 3.20 cents, an increase of 23.08 percent.

The share price of South China Brokerage Company Ltd (Code: 619) was cut down by 25 percent to 3 cents per share. It was the biggest loser of the day.

All in all, 19 double-digit movers gained 10 percent or more while 15 of their number lost 10 percent or more.

PCCW Ltd (Code: 8) initiated its 5:One reverse share split and a new counter, Number 2906, was temporarily established for trading in the new scrip, the price of which was quoted at \$HK6.55 on the first day of the counter's life.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) was the most active counter on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, last Wednesday, as investors punted about 25.37 million shares of this loss-maker.

The volume of activity in this one counter represented about 41.56 percent of the GEM's Total Turnover of about \$HK130.84 million.

Without question, trading in this one counter was responsible for a goodly percentage of the gains of the day.

The Growth Enterprise Index gained about 1.43 percent, ending the day at 115.52 points.

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

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chengdu Top Sci-Tech Company Ltd	8135	11.11		0.50
Era Information and Entertainment Ltd	8043		10.53	0.085
First Mobile Group Holdings Ltd	8110		13.24	0.295
IIN International Ltd	8128		15.00	0.085
Medical China Ltd	8186	11.88		0.179
Milkyway Image Holdings Ltd	8130	19.75		0.188
Prosperity International Holdings (Hongkong) Ltd	8139	13.04		0.052
Qianlong Technology International Holdings Ltd	8015		15.71	0.295
Trasy Gold EX Ltd	8063		11.76	0.015

In Japan, sellers dominated the activity on the country's 3 stock markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 1.60 percent of its value, falling to 8,517.80 yen.

The ratio of losing counters to gaining ones was about 4.55:One.

Banking counters were hit hard in anticipation of the Japanese Government's clampdown on activities in the finance sector of the economy.

Many banks in The Land of The Rising Sun have been forced, in recent years, to take positions in trading companies, sometimes to rationalise poor lending policies of the past.

As such, as these aligned trading companies continue to suffer, so the banks, which cannot get back their loans, suffer accordingly.

Some of the big losers in the finance section of The Tokyo Stock Exchange of last Wednesday included:

Banks/Financial Institutions/Brokerage Houses

Bank of Yokohama	Down 2.74 percent to 462 yen per share
Credit Saison	Down 2.22 percent to 1,936 yen per share
Daiwa Securities Group	Down 3.36 percent to 518 yen per share
Mitsubishi Financial Group	Down 1.58 percent to 621,000 yen per share
Mizuho Asset	Down 5.13 percent to 37 yen per share
Mizuho Holdings	Down 4.76 percent to 100,000 yen per share
Nikko Cordial	Down 3.19 percent to 394 yen per share
Nomura Holdings	Down 2.15 percent to 1,320 yen per share
Shizuoka Bank	Down 1.67 percent to 765 yen per share
UFJ Holdings	Down 5.22 percent to 109,000 yen per share

And, in other parts of Asia, this was the way that those equity markets closed:

Indonesia	Minus 1.29 percent to 389.41
Japan	Minus 1.60 percent to 8,517.80

Malaysia	Minus 0.17 percent to 625.13
The Philippines	Plus 2.04 percent to 1,040.42
Singapore	Plus 1.03 percent to 1,332.32
South Korea	Minus 0.07 percent to 651.72
Taiwan	Plus 2.89 percent to 4,836.93
Thailand	Minus 1.40 percent to 360.41

Thursday

The drums of war were being beaten from Washington to Turkey.

And more companies, listed on the largest bourses in the world, were admitting defeat.

Alcoa Incorporated, a constituent stock of the Dow Jones Industrial Average, which is the '*barometer*' of trading on The New York Stock Exchange, shocked investors by announcing a much wider quarterly loss than had, previously, been expected.

And the company took the opportunity to announce that it would be sacking another 8,000 of its workers, following on from the sacking of 10,000 workers in 2002.

Alcoa's share price sank 10 percent on the announcement.

The company said that it lost about \$US223 million in the fourth quarter of its Financial Year.

That set the scene for investors to line up to sell stocks and shares, thus pulling down The Dow by about 1.66 percent to end the day at 8,595.31 points.

Over on the NASDAQ, it was even worse: NASDAQ's Composite Index gave up 2.13 percent of its value, falling to 1,401.07 points.

There were other factors that contrived to undermine investor confidence, but the announcement of Alcoa appeared to set the pace of trading, last Wednesday on Wall Street.

Europe followed suit:

Great Britain's FTSE 100 Index	Down 0.82 percent
Germany's XETRA DAX Index	Down 3.85 percent
France's CAC 40 Index	Down 2.12 percent
Italy's MIBTEL Index	Down 0.94 percent
Switzerland's Swiss Market Index	Down 0.10 percent
Amsterdam's AEX Index	Down 1.84 percent

Asia did not escape a thumping by investors, too.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there appeared to be widespread disappointment over what was happening, internationally, and the lack of what was seen as appropriate action by the Administration of Chief Executive Tung Chee Hwa.

Investors were still pondering the policy speech of the Chief Executive; it was going down rather poorly.

On the Main Board of The Stock Exchange of Hongkong Ltd, there was little movement in the Hang Seng Index, during the entire trading session.

By the close of trading at 4 pm, the Hang Seng Index stood at 9,675.41 points, which represented a loss of about 0.13 percent.

The Total Turnover was about \$HK5.70 billion, with losers, outpacing gainers by the ratio of about 1.16:One.

The Ten Most Active Counters were:

HSBC Holdings plc (Code: 5)	Down 0.28 percent to \$HK88.50 per share
China Telecom Corporation Ltd (Code: 728)	Up 1.36 percent to \$HK1.49 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.01 percent to \$HK19.60 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK50.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK52.75 per share
Wharf Holdings Ltd (Code: 4)	Up 0.96 percent to \$HK15.70 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Unchanged at \$HK9.90 per share
Huaneng Power International Incorporated (Code: 902)	Up 5.65 percent to \$HK6.55 per share
CLP Holdings Ltd (Code: 2)	Unchanged at \$HK31.40 per share
CITIC Pacific Ltd (Code: 267)	Up 2.62 percent to \$HK15.65 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
ABC Communications (Holdings) Ltd	30	12.50		0.27
Carry Wealth Holdings Ltd	643	11.29		0.69
Central China Enterprises Ltd	351		14.29	0.03
Chengdu PUTIAN Telecommunications Cable Company Ltd	1202	13.58		0.92
Dong Fang Gas Holdings Ltd	432		14.29	0.012
e-New Media Company Ltd	128		12.73	0.192
Golden Harvest Entertainment (Holdings) Ltd	1132		10.77	0.29
Guangdong Brewery Holdings Ltd	124	10.00		0.55
Guangzhou Shipyard International Company Ltd	317	10.61		0.73
Hansom Eastern (Holdings) Ltd	279	38.24		0.047
Hongkong Fortune Ltd	121		10.00	0.09
HyComm Wireless Ltd	499		10.00	0.081
I-Wood International Holdings Ltd	162	10.71		0.31
Lai Sun Development Company Ltd	488	10.00		0.033
Lai Sun Garment (International) Ltd	191	10.83		0.133
Leefung-Asco Printers Holdings Ltd	623	17.65		1.20
MUI Hongkong Ltd	542	28.57		0.09
Orient Resources Group Company Ltd	467	26.67		0.114
Playmates Holdings Ltd	635	12.90		0.28
Prime Success International Group Ltd	210		10.00	0.09
South China Brokerage Company Ltd	619	10.00		0.033
Star East Holdings Ltd	198	11.11		0.02

Starlight International Holdings Ltd	485	10.00		0.088
Sunway International Holdings Ltd	58		10.18	0.15
Tack Hsin Holdings Ltd	611	34.48		0.39
Tem Fat Hing Fung (Holdings) Ltd	661		27.50	0.29
UDL Holdings Ltd	620	12.50		0.036
Vision Tech International Holdings Ltd	922		29.85	0.047
Zhejiang Glass Company Ltd	739	10.59		0.94

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, trading in the shares of Mr Rupert Murdoch's Phoenix Satellite Television Holdings Ltd (Code: 8002) was responsible, in large measure, for the 0.77-percent increase on The Growth Enterprise Index.

Investors traded about 9.25 million shares of this television satellite broadcaster, pushing up its share price by more than 6 percent to 89 cents by the close of the day.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) continued to be the belle of the ball, however, as investors traded about \$HK22.71-million worth of this loss-maker's scrip, pushing up its share price to \$HK2.20, a one-day gain of about 2 percent.

Trades in the shares of tom.com and Phoenix Satellite Television Holdings represented about 38 percent of the Total Turnover of about \$HK80.25 million.

The ratio of gainers to losers was very tight at about 1.09:One.

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	12.50		0.054
AkuP International Holdings Ltd	8179		11.25	0.142
Blu Spa Holdings Ltd	8176		13.79	0.025
IIN International Ltd	8128		41.18	0.05
New Chinese Medicine Holdings Ltd	8085		10.17	0.106
Rainbow International Holdings Ltd	8392		10.00	0.36
Thiz Technology Group Ltd	8119	40.00		0.07

In Japan, investors were treated to the third consecutive day of losses on The Tokyo Stock Exchange.

The Nikkei-225 Stock Average, the guide to trading on Asia's largest bourse, fell by about 0.23 percent to 8,497.93 yen.

The Nikkei-225 Stock Average was hovering at a 19-year low – again.

Trading was very sluggish as investors on this bourse concerned themselves over the very real prospects of a war with Iraq, with the US, leading the charge.

The ratio of losers to gainers was about 1.15:One.

On the Japanese home front, there was a great deal of concern over hi-tech companies, especially Fujitsu Ltd, whose share price dipped 5.15 percent to a 24-year low of 313 yen.

Questions were being raised as to the financial health of this giant computer manufacturer, the largest of its kind in Japan.

Fujitsu, which was the most-active counter of the day, pulled down the technology section of the market in double-quick time.

And, in other Asian markets, this was how they fared, last Thursday:

Indonesia	Plus 1.70 percent to 396.03
Japan	Minus 0.23 percent to 8,497.93
Malaysia	Plus 0.23 percent to 626.58
The Philippines	Minus 0.49 percent to 1,035.31
Singapore	Plus 0.21 percent to 1,335.09
South Korea	Minus 3.27 percent to 630.40
Taiwan	Minus 0.48 percent to 4,813.73
Thailand	Minus 0.46 percent to 358.76

Friday

The North Korean nuclear drama escalated, last Thursday, as that Communist country decided to withdraw, with immediate effect, from the Nuclear Non-Proliferation Treaty.

The Pyongyang announcement sent icy fingers down the spines of many investors, from the US to Australia.

As the US and its friends continued with the buildup of troops and equipment of war in the Gulf, the Chief United Nations arms inspector, Mr Hans Blix, told the UN that his team had found no '*smoking guns*' during the searches of Iraq.

Mr Blix went on to state that the Iraqi Government's 12,000-page weapons declaration left a great number of questions, still unanswered.

Then, from Washington D.C., it was announced, officially, that US consumers were continuing to keep pocket books, closed and buttoned down, rather tightly.

But investors on Wall Street were not disposed to continue the sell-off of stocks and shares in spite of economic and political news, which should have been ringing alarm bells.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 2.10 percent, hitting 8,776.18 points by the close of the day.

Over on the NASDAQ, its Composite Index rang up a gain of 37.39 points, or about 2.67 percent, rising to 1,438.46 points.

Actually, there was no valid reason for Wall Street's gains, and it appeared that investors were looking for any reason to pump up the world's largest equity market, clinging onto any leaf that became available in their frenzy for positive news – which was becoming increasingly more difficult to find.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors continued to be shy to trade too many stocks and shares, listed on the Main Board of The Stock Exchange of Hongkong Ltd.

The Main Board's Hang Seng Index gained about 0.48 percent, rising to 9,721.50 points by the time that the closing bell rang, ending trading for the week.

The Total Turnover, however, rose to about \$HK7.50 billion, with gainers, outpacing losers by the ratio of about 1.68:One.

The Utility Sector was the biggest gainer of the day and helped to pull up the rest of the market.

The Ten Most Active counters were:

China Mobile (Hongkong) Ltd (Code: 941)	Up 1.02 percent to \$HK19.80 per share
PetroChina Company Ltd (Code: 857)	Up 1.28 percent to \$HK1.58 per share
HSBC Holdings plc (Code: 5)	Down 0.28 percent to \$HK88.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.99 percent to \$HK51.25 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK1.49 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.21 percent to \$HK47.20 per share
China Resources Enterprise Ltd (Code: 291)	Up 2.74 percent to \$HK7.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.47 percent to \$HK53.00 per share
CITIC Pacific Ltd (Code: 267)	Up 0.96 percent to \$HK15.80 per share
Beijing Datang Power Generation Company Ltd (Code: 991)	Up 4.63 percent to \$HK2.825 per share

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

There were 35, double-digit movers, with e-Kong Group Ltd (Code: 524), being the biggest gainer of the day, as investors pushed up its share price to 15.40 cents, an increase of 43.93 percent.

The share price of Orient Resources Group Company Ltd (Code: 467) was cut down by 25.44 percent to 8.50 cents per share. It was the biggest loser of the day.

All in all, 22 double-digit movers gained 10 percent or more while 11 of their number lost 10 percent or more.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 1.50 percent, ending the week at 118.15 points on a Total Turnover of about \$HK135.28 million.

The ratio of gainers to losers was about 2.48:One.

There was no specific direction to the market as investors – and there are few of those, these days – appeared to be toying, first with one counter and, then, another.

The double-digit movers on this marketplace were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Era Information and Entertainment Ltd	8043		12.50	0.07
EVI Education Asia Ltd	8090		33.33	0.02
Greencool Technology Holdings Ltd	8056	40.23		0.61
IIN International Ltd	8128	12.00		0.056
New Chinese Medicine Holdings Ltd	8085	13.21		0.12
Prosperity International Holdings (Hongkong) Ltd	8139		10.00	0.045
Rainbow International Holdings Ltd	8392		27.78	0.26
Systek Information Technology (Holdings) Ltd	8103	14.29		0.08
Thiz Technology Group Ltd	8119	14.29		0.08
Wah Sang Gas Holding Ltd	8035	10.00		0.99
Xteam Software International Ltd	8178	12.45		0.28

For the first full week of trading of 2003, the tally was:

The Hang Seng Index	Up 0.96 percent
The Growth Enterprise Index	Up 4.79 percent

In Japan, investors were treated to the fourth consecutive day of losses on the country's 3 stock exchanges.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average slipped by about 0.23 percent, ending the 4-and-a-half-day week at 8,470.45 yen.

However, the Nikkei-225 Stock Average had been down 100 yen lower than the close by midday, following the announcement from North Korea in respect of its determination to pull out of the Nuclear Non-Proliferation Treaty.

Many investors were planning for the long, 3-day weekend holiday; and, this was reflected in the volume of trading on Asia's largest equity market.

The ratio of losers to gainers was about 1.34:One.

For the short week, therefore, the Nikkei-225 Stock Average lost 1.25 percent of its value.

In other Asian equity markets, this was how they ended the week of January 10, 2003:

Indonesia	Plus 0.92 percent to 399.66
Japan	Minus 0.32 percent to 8,470.45
Malaysia	Plus 1.47 percent to 635.82
The Philippines	Plus 2.22 percent to 1,058.30
Singapore	Plus 0.90 percent to 1,347.17
South Korea	Minus 0.32 percent to 628.36
Taiwan	Plus 0.77 percent to 4,850.80
Thailand	Plus 0.45 percent to 360.37

-- E N D --

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.



 [Site Meter](#)