

**THE IRAQI WAR ENTERS ITS SECOND WEEK:
STOCK MARKETS BUCKLE AS OIL PRICES RISE 13 PERCENT**

Iraq was not going to be a military walkover, after all.

That was only too apparent, last Monday, as the fighting between the coalition forces, led by the US and UK armed forces, and Iraqi army units intensified.

Those pundits, who had forecast a quick, decisive victory, last a couple of days, had been proved wrong.

While coalition forces dumped thousands of missiles on Baghdad, the Capital City of Iraq, and key cities to the south and north of the country, the crème de la crème of the Iraqi army, the Republic Guard, was holding its own against the better-equipped and much-better trained US forces.

Oil prices, after having fallen on Friday, March 21, started to rise again.

In morning trades in London, England, last Monday, the price of crude oil rose by about \$US1.05 per barrel to \$US25.40.

As one analyst from a prominent German bank commented:

'The oil market has been behaving as if peace has broken out, but the level of Iraqi resistance, so far, suggests the war could drag on, with consequences for oil prices.'

And **TARGET** would add, for equity prices, especially.

Iraqi President Saddam Hussein went on television, promising victory for his country.

But, as he spoke, US forces were advancing on Baghdad.

Much to the chagrin, no doubt, of the US Government, no weapons of mass destruction, or even United Nations proscribed weaponry, had, thus far, been located on the US Army's march through the country.

Malaysia's Prime Minister, Dr Mahathir Mohamad, joined in the chorus of those world leaders, strongly opposed to the invasion of Iraq by a US-led army of more than 250,000 men, labeling the US as being a '*cowardly and imperialist bully*'.

Speaking to the Malaysian Parliament, last Monday, Dr Mahathir said that the military action in Iraq would lead to the US, establishing a dictatorial, puppet government in the country.

To say that the US was suffering a setback, having promised a blitzkrieg, would have been to state the obvious.

But, in a war, any war, right is normally preserved in victory.

In Europe, equity markets were near enough to being wildly bearish, in contrast to the close of Friday, March 21, as the following **TARGET** table illustrates:

	<u>Friday, March 21</u>	<u>Monday, March 24</u>
Amsterdam's AEX Index	Plus 4.98 percent	Minus 6.38 percent*
Great Britain's FTSE 100 Index	Plus 2.53 percent	Minus 3.05 percent
Germany's Frankfurt XETRA DAX Index	Plus 4.23 percent	Minus 5.57 percent
France's CAC40 Index	Plus 3.43 percent	Minus 5.67 percent
Switzerland's Swiss Market Index	Plus 3.92 percent	Minus 5.00 percent
Italy's MIBTEL Index	Plus 2.74 percent	Minus 2.83 percent

* The largest loser in Europe

On Wall Street, on Friday, March 21, markets had their best single day of the previous 2 decades.

On The New York Stock Exchange, on that memorable day, the Dow Jones Industrial Average had regained about 2.84 percent of its value, ending the week of March 21 at 8,521.62 points.

The NASDAQ did not fare as well as the Big Board of The New York Stock Exchange, but, nevertheless, its Composite Index ran up a win of about 1.31 percent, ending the session, and the week, at 1,421.17 points.

It was the eighth consecutive day of gains for the largest equity markets in the world.

There were those traders, however, who were wondering whether or not the show was over — at least, for the time being.

While the news about Iraq fascinated most people, airlines continued to advertise their nagging problems.

Northwest Airlines announced that it would be slashing another 4,900 workers from its payroll. Also, it would be cutting out certain flights due to the Iraqi situation.

Northwest is the world's fourth largest airline.

In Asia, last Monday, it was a mixed bag, with 50 percent of the equity markets in the most populous part of the world, gaining, with the other 50 percent, losing ground.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there were the stirrings of unrest among the natives as some thousands of them took to the streets, complaining about the new Budget, which will impact, most heavily, on the middle classes.

On The Stock Exchange of Hongkong Ltd, both the Main Board and The Growth Enterprise Market (The GEM) lost ground, but the losses were fractional.

The Main Board's Hang Seng Index shed about 0.77 percent of its value, falling to 9,108.45 points on a Total Turnover of about \$HK6.69 billion.

The ratio of losers to gainers was 1.55:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.60 percent to \$HK83.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.73 percent to \$HK17.05 per share
Hutchison Whampoa Ltd (Code: 13)	Down 3.02 percent to \$HK45.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.12 percent to \$HK46.10 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.30 percent to \$HK82.00 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Down 8.38 percent to \$HK8.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.44 percent to \$HK41.00 per share
CNOOC Ltd (Code: 883)	Up 1.46 percent to \$HK10.40 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 0.60 percent to \$HK8.35 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 1.72 percent to \$HK11.40 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CCT Technology Holdings Ltd	261		12.50	0.014
Chaoda Modern Agriculture (Holdings) Ltd	682		13.73	1.32
China Star Entertainment Ltd	326		12.70	0.55
CIL Holdings Ltd	479	25.00		0.025
Earnest Investments Holdings Ltd	339	11.76		0.019
eCyberChina Holdings Ltd	254	10.00		0.011
Enerchina Holdings Ltd	622		16.67	0.015
Heng Fung Holdings Ltd	185		10.45	0.06
King Fook Holdings Ltd	280		16.67	0.25

KTP Holdings Ltd	645		13.41	0.71
MUI Hongkong Ltd	542	50.00		0.09
New World CyberBase Ltd	276	15.00		0.023
NWS Holdings Ltd	659	27.27		2.10
Pacific Plywood Holdings Ltd	767	50.00		0.015
Rising Development Holdings Ltd	1004		10.29	0.305
RoadShow Holdings Ltd	888		10.78	0.91
Sky Hawk Computer Group Holdings Ltd	1129		13.16	0.165
Softbank Investment International (Strategic) Ltd	648	10.00		0.077
UBA Investments Ltd	768	14.29		0.12
Winfoong International Ltd	63		13.33	0.13
Yoshiya International Corporation Ltd	193	21.05		0.046
Yue Da Holdings Ltd	629		14.89	0.40
Yugang International Ltd	613		10.71	0.025

On The GEM, The Growth Enterprise Index lost about 0.85 percent of its value, falling back to 110.92 points.

The Total Turnover on this market was about \$HK65.67 million.

The ratio of losers to gainers was 2.25:One.

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH Financial Services Group Ltd	8122	10.13		0.174
Inworld Group Ltd	8100		12.12	0.058
New Chinese Medicine Holdings Ltd	8085		15.38	0.044
ProSticks International Holdings Ltd	8055	10.53		0.021
Q9 Technology Holdings Ltd	8129		14.29	0.03
Thiz Technology Group Ltd	8119		13.33	0.052
Trasy Gold Ex Ltd	8063		13.33	0.013

News wise: **SCMP Group Ltd (Code: 583)**, the premier English newspaper of the HKSAR, announced that its Net Profits Attributable to Shareholders for the 2002 Financial Year (ended December 31) was about \$HK102.55 million.

That result compared rather unfavourably with the 2001 Year when the company announced a Net Profit Attributable to Shareholders of about \$HK486.21 million (18 months, annualised to \$HK324.12 million).

The rapid deterioration of the Bottom Line (about 68.36 percent, Year-on-Year) of this publisher was in line with the present quality of its editorial content.

In The Land of The Rising Sun, the 3 stock markets of the country continued to make gains.

On the premier bourse, The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained 240.02 yen, equivalent to about 2.93 percent, running to 8,435.07 yen.

(The previous Friday, March 21, was a holiday in Japan)

Investors on The Tokyo Stock Exchange appeared to be playing '*catch-up*' since other Asian bourses had made stronger gains, during the week of March 17-21.

However, the axe was about to fall on this market.

News wise: The Japan Automobile Manufacturers Association announced that about 5.85 million new vehicles were expected to be sold in Japan, during the 2003 Fiscal Year, up by about 0.40 percent, Year-on-Year.

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

Indonesia	Plus 0.27 percent to 395.09
Japan	Plus 2.93 percent to 8,435.07

Malaysia	Plus 0.15 percent to 633.13
The Philippines	Plus 0.09 percent to 1,033.09
Singapore	Minus 2.01 percent to 1,299.56
South Korea	Minus 1.03 percent to 569.85
Taiwan	Minus 0.35 percent to 4,570.68
Thailand	Minus 0.64 percent to 361.28

Tuesday.

Equity markets, around the world, are, today, following the newspaper headlines, headlines which appear to be determining the direction of most bourses: A 'good' war – meaning a very short one, which may be counted to last less than 7 days – sends share prices soaring; while, a 'bad' war, sends share prices, spiralling downward.

When US and UK armed forces engage Iraqi soldiers and lose a battle, or a skirmish, or are bogged down for a day or so, share prices are shaved, clean, whereas, a fast run along an empty highway, one that is unopposed by an enemy force, leading to a military objective, causes share prices to rise, sometimes, quite spectacularly.

But the war with Iraq was not going, exactly, as many pundits had forecast, last Monday, New York time.

At least, that was the situation as it appeared to the investing public of the United States of America.

On Wall Street, investors had been rattled by telecasts of US servicemen and servicewomen in the hands of their enemies.

Casualties in the US Army were said to be mounting as Iraqi forces began to realise that Americans bleed, just like everybody else.

It was clear that the US would not get off scot-free in this war: The Iraqi army was digging in, giving almost as much as it was receiving, in some cases.

Large numbers of US mobile weaponry were being stymied by heavy fighting, with others, being destroyed, either in part or in whole.

On The New York Stock Exchange, in direct contrast to the previous Friday's booming market, the Big Board lost 307.29 points, equivalent to 3.61 percent, ending the day's sell-off at 8,214.68 points.

It was the biggest percentage loss since September 27, 2002.

Over on the NASDAQ, the Composite Index dropped an egg, losing 52.06 points, or about 3.66 percent, dropping back to 1,369.78 points.

It was the biggest percentage loss for the NASDAQ since December 9, 2002.

Pity the poor fools, who did not realise the disasters, associated with any war!

For many American and European investors, it was not so much the question as to which company in which to invest for the long term when the war with Iraq is over, but where one might, and should, put money in order to preserve its present buying power.

And that was becoming more and more difficult.

On The New York Mercantile Exchange (NYMEX), last Monday, the price of Light Sweet Crude (oil) rose by about \$US1.75 per barrel to \$US28.66 per barrel.

NYMEX was reacting, not just to the Iraqi situation, where Iraqi oil exports have been stopped, completely, but, also, to the civil unrest in Nigeria, unrest that has affected the total output of the Organisation of Petroleum Exporting Countries (OPEC).

OPEC's aggregate exports of crude oil have been reduced to between 25.90 million barrels per day and 26.10 million barrels per day, which is a reduction from about 26.50 million barrels per day, the norm for OPEC, prior to the present crisis situation.

Nigeria is, today, exporting between 1.40 million barrels of oil per day and 1.60 million barrels of oil per day, down from the usual 2 million barrels of oil per day.

Nigeria is a member of OPEC.

With a world reduction of between 600,000 barrels of oil, daily, and 800,000 barrels of oil, daily, the possibility existed for a rapid increase in the price of oil unless OPEC boosted exports to the world in a hurry.

In Iraq, US and UK tank columns were racing to Baghdad, the Capital City of this ancient country.

They were repelled by divisions of the elite Iraqi Republican Guard, which were defending the approaches to the city.

The Republican Guard was showing a great deal of spunk, it seemed, unlike the 1991, United Nations incursion into the country where defences crumbled in record-breaking time.

After 5 days of the war, it was clear that the worst in respect of this war was yet to come.

In the Middle East, there were voluminous reports in the media of the '*brave Iraqi soldiers*', not the brave US and UK soldiers, who were being dubbed as invaders of Islam.

In Washington, D.C., Congress was told that it had to appropriate another \$US75 billion to pay for President George W. Bush's war, a war that was projected to last only 30 days.

Fat chance!

President George W. Bush said that he would propose a Supplementary Budget to Congress in a speech at the Pentagon.

(A Supplementary Budget, such as this one, is a euphemism for an Emergency Budget)

A breakdown of the Supplementary Budget is:

Military Operations	\$US44.00 billion
Call Up of Reserves	\$US10.00 billion
Munitions	\$US6.50 billion
Reconstruction	\$US1.70 billion
Humanitarian Aid	\$US500 million
Federal Bureau of Investigation	\$US500 million
Coast Guard	\$US1.50 billion
Aid to Afghanistan	\$US400 million
Aid to Israel	\$US10.00 billion
Aid to Jordan and Egypt	\$US2.00 billion

While it is/was generally known that the appropriations to pay for the war were on the conservative side, based on a 30-day war, nevertheless, the world, staring at the Supplementary Budget that was being proposed, realised that such additional costs would impact on the world's economies in the fullness of time.

Thus equity markets shuddered and shook.

On the US business front, it was announced from a number of departmental stores, throughout the US, that sales were down, considerably.

Consumers were keeping purses, shut tightly.

In New York, in particular, TARGET's office reported that police were stopping each and every motor car and lorry on every bridge and at the entrance of every tunnel in an effort to avoid terrorists, infiltrating the city or doing mischief.

Such actions by the civil authorities tended to keep people from travelling too far from their homes in order to avoid the inconvenience of standing in traffic for hours on end.

Discount retailer, Kmart Corporation, announced a Loss Attributable to Shareholders of about \$US3.22 billion for the 2002 Financial Year.

This retailer had filed for Chapter 11 of the US Bankruptcy Laws.

In Asia, Japan led the losers of the equity markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was another day of losses for both of the equity markets: The Main Board and The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

The Hang Seng Index, the '*barometer*' of trading on the Main Board, lost about 0.51 percent of its value, falling back to 9,062.15 points on a Total Turnover of about \$HK5.40 billion.

The ratio of declining counters to advancing ones was 1.63:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.90 percent to \$HK82.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.67 percent to \$HK44.70 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.88 percent to \$HK16.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.43 percent to \$HK45.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.24 percent to \$HK40.90 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.30 percent to \$HK81.75 per share
Chaoda Modern Agriculture (Holdings) Ltd (Code: 682)	Down 34.85 percent to \$HK0.86 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 3.31 percent to \$HK35.00 per share
CNOOC Ltd (Code: 883)	Up 0.96 percent to \$HK10.50 per share
CLP Holdings Ltd (Code: 2)	Up 0.61 percent to \$HK32.80 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chaoda Modern Agriculture (Holdings) Ltd	682		34.85	0.86
Chuang's China Investments Ltd	298		16.96	0.142
CIL Holdings Ltd	479		16.00	0.021
Credit Card DNA Security System (Holdings) Ltd	1051	10.53		0.021
ehealthcareasia Ltd	835	25.00		0.10
Guangdong Tannery Ltd	1058	11.54		0.203
Haier-CCT Holdings Ltd	1169		14.05	0.208
Hudson Holdings Ltd	758		11.90	0.111
Jackin International Holdings Ltd	630		10.95	0.179
Lai Sun Development Company Ltd	488		16.13	0.026
Massive Resources International Corporation Ltd	70		15.79	0.016
Oriental Explorer Holdings Ltd	430	15.38		0.045
renren Holdings Ltd	59		16.67	0.02
RNA Holdings Ltd	501		12.50	0.014
Tanrich Financial Holdings Ltd	812		13.64	0.57
Theme International Holdings Ltd	990		18.18	0.018
United Power Investment Ltd	674		23.08	0.05
Wah Tak Fung Holdings Ltd	297		10.00	0.054
Wai Yuen Tong Medicine Holdings Ltd	897	13.33		0.034
Winfoong International Ltd	63	10.77		0.144

On The GEM, The Growth Enterprise Index dropped another 0.82 percent of its value, falling to 110.01 points.

The ratio of losers to gainers on this market was 2.42:One.

The Total Turnover was about \$HK52.88 million.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Blu Spa Holdings Ltd	8176	20.00		0.012
Kinetana International Biotech Pharma Ltd	8031		10.00	0.072
New Chinese Medicine Holdings Ltd	8085	11.36		0.049
PINE Technology Holdings Ltd	8013	10.00		0.088
ProSticks International Holdings Ltd	8055	14.29		0.024
Thiz Technology Group Ltd	8119	28.85		0.067
Vodatel Networks Holdings Ltd	8033		11.84	0.335

News wise: **SUNDAY Communications Ltd (Code: 866)**, a mobile telecommunications company that has never made a profit in its entire history, announced another Loss Attributable to Shareholders in respect of its 2002 Financial Year of \$HK117.26 million.

That result compared with the Loss Attributable to Shareholders of about \$HK211.75 million, recorded in the 2001 Year (Financial Year ended December 31).

On The Tokyo Stock Exchange, the gains of Monday were, almost completely, wiped out.

The Nikkei-225 Stock Average lost 196.31 yen, equivalent to about 2.33 percent, retreating to 8,238.76 yen.

Banks came under tremendous selling pressure.

The ratio of losers to gainers rose to 2.50:One.

News wise:

- **The Bank of Japan**, the Central Bank of country, announced that it would be holding a policy-setting meeting in order to cope with the economic ramifications of the Iraqi war;
- Five financial institutions have taken over management control of **Ishikawa Bank**, 15 months after it was deemed to be bankrupt; and,
- **Land prices** in Japan had fallen for the 12th consecutive year in 2002, The Land Ministry of the Government said in a report. Residential land prices were down an average of 5.80 percent, an increase in the rate of deterioration of land prices, compared with the 2001 year. As for commercial land prices, they had fallen, on average, by about 8 percent, Year-on-Year.

And, in other Asian markets, this was the way that things came to rest, last Tuesday night:

Indonesia	Minus 0.04 percent to 394.94
Japan	Minus 2.33 percent to 8,238.76
Malaysia	Minus 0.55 percent to 629.66
The Philippines	Minus 0.98 percent to 1,022.99
Singapore	Plus 0.90 percent to 1,311.32
South Korea	Minus 2.61 percent to 554.98
Taiwan	Minus 1.57 percent to 4,498.83
Thailand	Plus 0.68 percent to 363.74

Wednesday

Although British forces were having a great deal of trouble in capturing the city of Basra, in the south of Iraq, a report of a limited insurrection against the Regime of Saddam Hussein by segments of the population of that city appeared to give some heart to investors, from North America to Asia.

And, near the town of Najaf, about 150 miles south of the Capital City, Baghdad, it was reported that US troops were engaged in their biggest battle, thus far, with between 100 Iraqi soldiers and 300 Iraqi soldiers, having been killed in the action.

There were no casualties reported from the US side.

However, the reality of it all, the war, the dead, the permanently maimed, the economic retardation of many countries, throughout the world, and the knock-on effects that were sure to follow, no matter which side wins, caused oil prices to start to rise, once more.

On the NYMEX, the price of April Light Crude rose more than 2 percent to \$US28.61 per barrel.

On Wall Street, the prices of stocks and shares rose, erasing a great deal of the earlier losses.

On The New York Stock Exchange, the Dow Jones Industrial Average put on 95 points, equivalent to about 1.15 percent, running back to 8,280.23 points.

The NASDAQ's Composite Index moved up 24 points, or about 1.76 percent, ending the day at 1,391.01 points.

It was reported that the US company, Stevedoring Services of America, had won a \$US4.80-million contract to manage Umm Qasr Port in southern Iraq.

Somebody was making a (monetary) killing, to be sure.

It was the second contract, awarded by the US Government to a US company for the partial reconstruction of part of the country.

Blow it up, first, then rebuild it?

One wonders whether or not the bid for the contract had been open to all comers, or just US-based companies, loyal to President George W. Bush, et al.

The other contract, which had been awarded to Kellogg Brown and Root, which is part of the Halliburton Group of Companies, was for the job of extinguishing oil fires and repairing such facilities.

US Vice President Richard B. Cheney had, prior to taking up his present political position, along side President George W. Bush, headed Halliburton.

No UK companies have, so far, been invited to bid for any jobs in Iraq.

And that was not going down too well because the UK has supplied the second largest fighting force in Iraq.

British Airways announced that it would be cutting flights by about 4 percent in response to fewer bookings on its aircraft. It would be sacking some 3,000 of its workers, to boot.

The war continued to cut into revenues of international airlines, whose managements had to pull belts a little tighter in order to make ends meet.

Air Canada was said to have a mountain of debts – approached \$C30 billion – with no way to meet debt service, let alone repay any part of the principal.

It had been estimated that international flights would suffer between 15 percent and 20 percent, during the Iraqi war.

In Asia, it was a mixed bag on equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shed about 0.17 percent of its value, falling to 9,047.09 points.

The Total Turnover shrank to about \$HK4.91 billion.

The ratio of gainers to losers was 1.13:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK82.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.67 percent to \$HK45.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK16.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.44 percent to \$HK45.70 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 1.35 percent to \$HK11.00 per share

Sun Hung Kai Properties Ltd (Code: 16)
 CNOOC Ltd (Code: 883)
 Swire Pacific Ltd "A" Shares (Code: 19)
 BOC Hongkong (Holdings) Ltd (Code: 2388)
 CLP Holdings Ltd (Code: 2)

Up 0.50 percent to \$HK40.50 per share
 Down 0.95 percent to \$HK10.40 per share
 Down 1.71 percent to \$HK34.40 per share
 Unchanged at \$HK8.30 per share
 Unchanged at \$HK32.80 per share

As for the double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beauforte Investors Corporation Ltd	21		11.40	1.71
Central China Enterprises Ltd	351	15.15		0.038
China Rich Holdings Ltd	1191	26.00		0.063
Daido Group Ltd	544	10.00		0.044
Daqing Petroleum and Chemical Group Ltd	362	16.04		0.246
Dong Fang Gas Holdings Ltd	2917		11.76	0.30
Earnest Investments Holdings Ltd	339		15.79	0.016
ehealthcareasia Ltd	835	40.00		0.14
Far East Technology International Ltd	36	10.00		0.11
Greater China Holdings Ltd	2920		16.67	0.35
Haier-CCT Holdings Ltd	1169	18.27		0.246
Haywood Investments Ltd	905		11.11	0.08
Hongkong Construction (Holdings) Ltd	190	11.59		0.385
Hsin Chong Construction Group Ltd	404		11.89	0.20
Lung Cheong International Holdings Ltd	348	11.11		0.60
Mansion Holdings Ltd	547		25.00	0.015
Massive Resources International Corporation Ltd	70		12.50	0.014
Oriental Explorer Holdings Ltd	430		13.33	0.039
Peaktop International Holdings Ltd	925		15.63	0.135
Qualipak International Holdings Ltd	1224	16.00		0.232
Rosedale Hotel Group Ltd	149		11.76	0.09
Shanghai Ming Yuan Holdings Ltd	233	20.88		1.10
United Power Investment Ltd	674	16.00		0.058
Yanion International Holdings Ltd	82		12.07	0.51

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover dropped to about \$HK53.78 million.

The ratio of losers to gainers was about 1.22:One, in spite of the fact that The Growth Enterprise Index had gained about 0.09 percent, running back to 110.11 points.

There was little to report from this speculative marketplace where investors, by and large, had lost interest in the companies, listed on it: It is the world's worst-performing equity market and has been over the past few years.

The biggest movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKuP International Holdings Ltd	8179	13.21		0.06
Blu Spa Holdings Ltd	8176		16.67	0.01
FX Creations International Holdings Ltd	8136	18.75		0.152
GP Nano Technology Group Ltd	8152		12.00	0.088
Kinetana International Biotech Pharma Ltd	8031	11.11		0.08
ProSticks International Holdings Ltd	8055	16.67		0.028

In Japan, there was a bit of a bounce on The Tokyo Stock Exchange where its key index, The Nikkei-225 Stock Average, gained 1.37 percent to recover to 8,351.92 yen.

Airline stocks took a pounding, nevertheless, with the country's second largest, All Nippon Airways Company Ltd, losing 8.14 percent of its market capitalisation, as investors pushed down its share price to 237 yen.

News wise:

- **Departmental store sales** fell by about 0.05 percent in February, Year-on-Year. It was the 11th consecutive month of declines, The Japan Department Stores Association said. The aggregate sales at departmental stores, throughout the country, were, in yen terms, about 548.90 billion yen in February;
- **Supermarket sales** fell by about 1.40 percent in February, Year-on-Year, to about 1.04 trillion yen. It was the 8th consecutive month of falling supermarket sales, The Japan Chain Stores Association reported;
- **Sales of electrical appliances** at major retailers slid to about 171.50 billion yen in February, down by about 0.80 percent from the like 2002 month. It was the 6th consecutive month of falls, The Nippon Electric Big-Stores Association announced;
- **Matsushita Electric Industrial Company** said that it would close down its Argentine sales subsidiary, Panasonic Argentina S.A. (PARSA), effective Monday, March 31, 2003;
- **Kinki Nippon Railway Company** said that it would be booking an Extraordinary Loss of about 106 billion yen in its 2002 Financial Year due to losses suffered on resort facilities and a downsizing programme; and,
- **Seibu Department Stores Ltd** has won approval from shareholders for a new share issuance and a debt-for-equity swap. Sogo Incorporated will purchase 5 billion-yen worth of shares in Seibu, making Sogo the largest single shareholder of that ailing company.

And this was the way that things looked in order parts of Asia, last Wednesday:

Indonesia	Plus 1.55 percent to 401.04
Japan	Plus 1.37 percent to 8,351.92
Malaysia	Plus 0.55 percent to 629.66
The Philippines	Plus 0.48 percent to 1,027.91
Singapore	Plus 1.04 percent to 1,325.00
South Korea	Minus 0.03 percent to 554.79
Taiwan	Minus 0.06 percent to 4,496.05
Thailand	Plus 1.21 percent to 368.14

Thursday

The numbers of dead and the dying were mounting in Iraq ... on both sides of the combatants' camps.

In the 7th day of the war, it was clear that the Regime of Saddam Hussein was not going to be a pushover, after all.

Equity markets had come to that realisation, by last Wednesday in New York and last Thursday in the most populous part of the world.

The Defense Department of the US Government announced that, in fact, the previous Sunday, 2 US soldiers had been killed in an ambush of a US Army convoy.

That brought the number of US servicemen, killed in this action, to not less than 24 men and women.

More deaths were sure to follow.

The Pentagon, also, announced that 7 US soldiers were listed as being officially prisoners of war and 10 others were listed as being missing in action. In addition, another 28 US soldiers had been badly wounded.

And the war was intensifying as US troops clashed with about 1,500 Fedayeen fighters, who were guarding a bridge across the Euphrates River.

The war was escalating as US parachutists opened up another front in the north of the country.

US President George W. Bush went on television to tell the world that the war was *'far from over'*.

Financial markets, around the world, responded to the telecast, as expected: Wall Street went into a shallow dive.

The price of crude oil rose by about 68 cents (US) on The New York Mercantile Exchange (NYMEX).

US Government statistics, relating to the economy, were indicating that the war was taking its toll, with durable goods orders, having fallen by about 1.20 percent in February, Year-on-Year, representing the largest fall since November 2002.

New home sales fell by about 8.10 percent in February, compared with the figures of February 2002, to their lowest levels in the past 24 months.

And so it went on.

From UAL Corporation, the parent company of United Airlines, it was announced that the company was losing about \$US13 million per day.

For the month of February, alone, the company dropped about \$US367 million.

Last December, the company filed Chapter 11: It was the largest bankruptcy in the history of aviation.

On Wall Street, it was another bad day for investors.

The New York Stock Exchange's Big Board recorded a 50.35-point drop, equivalent to about 0.61 percent, falling back to 8,229.88 points.

The Composite Index of the NASDAQ registered a fall of about 0.26 percent as investors pushed it down to 1,387.45 points.

In Asia, the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were the biggest losers in the region.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 1.93 percent of its value, ending the day at 8,872.32 points.

The Total Turnover was about \$HK6.76 billion, with the ratio of losers to gainers, being 2.89:One.

The Utility Sector of the market took the biggest hit, dropping about 2.29 percent of the value of the Utility Sectorial Index.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.21 percent to \$HK81.50 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 4.55 percent to \$HK10.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.96 percent to \$HK16.40 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.22 percent to \$HK44.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.19 percent to \$HK44.70 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.23 percent to \$HK80.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.48 percent to \$HK39.90 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 4.07 percent to \$HK33.00 per share
CNOOC Ltd (Code: 883)	Up 0.48 percent to \$HK10.45 per share
CITIC Pacific Ltd (Code: 267)	Down 0.91 percent to \$HK16.25 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Central China Enterprises Ltd	351		10.53	0.034
China Rare Earth Holdings Ltd	769		14.15	0.91
China Treasure (Greater China) Investments Ltd	810		20.00	0.32
Chitaly Holdings Ltd	1198	13.40		1.10
Chuang's China Investments Ltd	298	13.33		0.17
CIL Holdings Ltd	479		14.29	0.018
Credit Card DNA Security System (Holdings) Ltd	1051		13.64	0.019
First Dragoncom Agro-Strategy Holdings Ltd	875		10.99	0.081

Greater China Holdings Ltd	2920		14.29	0.30
Heng Fung Holdings Ltd	185	10.53		0.063
Hongkong Pharmaceutical Holdings Ltd	182		20.24	0.134
Jinhui Holdings Company Ltd	137		10.00	0.09
Lung Cheong International Holdings Ltd	348		10.00	0.54
Mansion Holdings Ltd	547	53.33		0.023
Mei Ah Entertainment Group Ltd	391		10.14	0.124
Pacific Challenge Holdings Ltd	166		12.82	0.34
Singapore Hongkong Properties Investment Ltd	245	15.56		0.052
Solartech International Holdings Ltd	1166	10.94		0.213
United Power Investment Ltd	674		10.34	0.052
Wo Kee Hong (Holdings) Ltd	720	10.42		0.053
Zhong Hua International Holdings Ltd	1064	19.79		0.115

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the ratio of losers to gainers was 1.46:One, while The Growth Enterprise Index moved just 0.07 percent, ending the day at 110.03 points.

The Total Turnover was about \$HK57.25 million.

The biggest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		18.33	0.049
Angels Technology Company Ltd	8112		17.24	0.48
Changmao Biochemical Engineering Company Ltd	8208	16.67		0.315
G.A. Holdings Ltd	8126		18.16	0.27
iSteelAsia.com Ltd	8080		21.57	0.04
Jiangsu Nandasoft Company Ltd	8045	10.26		0.43
Medical China Ltd	8186	10.00		0.11
PINE Technology Holdings Ltd	8013		19.32	0.071
Satellite Devices Corporation	8172		13.33	0.052
Tianjin TEDA Biomedical Engineering Company Ltd	8189		10.71	0.125

In The Land of The Rising Sun, the premier stock market was a very quiet venue: Japanese investors were taking stock of the situation in Iraq.

The Tokyo Stock Exchange's Nikkei-225 Stock Average gained about 0.20 percent, rising to 8,368.67 yen.

But, throughout the entire trading day, The Index was held to a 58-yen range.

The ratio of gainers to losers was 1.74:One.

News wise:

- **The Government's Financial Services Agency** said that it was considering the prospects of nationalising certain banks that have received public funds. Between 1998 and 2002, the Japanese Government spent about 10 trillion yen in hobbled banks in the country; and,
- **Japan Airlines System Corporation** said that it would slash the number of international flights. Since the start of the Iraqi war, not fewer than 30,000 passengers had cancelled their bookings.

In other parts of Asia, this was the situation in those stock markets:

Indonesia	Plus 0.08 percent to 401.34
Japan	Plus 0.20 percent to 8,368.67
Malaysia	Minus 0.02 percent to 632.84
The Philippines	Plus 0.31 percent to 1,031.05

Singapore	Minus 0.86 percent to 1,313.65
South Korea	Minus 1.00 percent to 549.26
Taiwan	Plus 0.40 percent to 4,514.24
Thailand	Plus 0.22 percent to 368.94

Friday

The Iraqi war continued to take its toll of equity markets, around the world.

The US Government said that it had committed another 100,000 troops to the conflict to be installed as another fighting force by the end of April.

This admission meant that the US Government was expecting the war to last longer than April – obviously.

Europe buckled under the strain, as the following TARGET table illustrates:

Amsterdam's AEX Index	Minus 1.95 percent
Great Britain's FTSE 100 Index	Minus 1.69 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.18 percent
France's CAC40 Index	Minus 2.32 percent*
Switzerland's Swiss Market Index	Minus 1.24 percent
Italy's MIBTEL Index	Minus 1.44 percent

* The largest loser in Europe

The price of crude oil hit \$US30.37 per barrel by the close of trading on the New York Mercantile Exchange (NYMEX), after hitting a high of \$US30.45 per barrel.

In one week, the price of crude oil had risen by about 13 percent.

At London's International Petroleum Exchange, the price of Brent crude, for May delivery, rose \$US1.53 per barrel to \$US26.82 per barrel.

A rule of thumb is that about 60 percent of the operating costs of an airline can be traced to the price of fuel oil so that, as oil prices continued to rise, so airlines realised that they were facing even more difficulties.

And airfares could not be raised because there were precious few flyers, in any event, relative to the days prior to the outbreak of war.

On The New York Stock Exchange, the Big Board's Dow Jones Industrial Average eased 28.43 points, or about 0.35 percent, ending the session at 8,201.45 points.

But The Dow had been down more than 1.50 percent, during the hectic trading session of last Thursday.

It was a similar story on the NASDAQ, whose Composite Index ended the day at 1,384.25 points, a loss of about 0.23 percent on Wednesday's close, New York time.

As expected, airline stocks were hit very hard, led by Continental Airlines Incorporation, whose market capitalisation was pared by about 7.50 percent to \$US5.45 per share.

The largest stock markets in the world could not rise – which translates into the beginnings of a large fall.

Although not admitting in so many words, officially, the US Government was saying that it had miscalculated the enemy that it had engaged in Iraq, with General William Wallace, making this statement, among others:

'The enemy that we're fighting is different from the one we'd war-gamed against.'

General Wallace is the US Army's Senior Ground Commander in Iraq.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors continued to be apprehensive.

The Main Board of The Stock Exchange of Hongkong Ltd lost another 0.10 percent of its value, falling to 8,863.36 points on a Total Turnover of about \$HK5.89 billion.

The ratio of losers to gainers was about 1.28:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.31 percent to \$HK81.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.83 percent to \$HK16.10 per share
Cathay Pacific Airlines Ltd (Code: 293)	Down 2.86 percent to \$HK10.20 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK44 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.22 percent to \$HK44.60 per share
CNOOC Ltd (Code: 883)	Unchanged at \$HK10.45 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.50 percent to \$HK39.70 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 0.61 percent to \$HK32.80 per share
PetroChina Company Ltd (Code: 857)	Up 1.82 percent to \$HK1.68 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 4.76 percent to \$HK1.54 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Central China Enterprises Ltd	351		17.65	0.028
Cheong Ming Investments Ltd	1196		12.07	0.255
CIL Holdings Ltd	479	11.11		0.02
Compass Pacific Holdings Ltd	1188	17.65		0.12
Emperor (China Concept) Investment Ltd	296		16.67	0.08
Fulbond Holdings Ltd	1041		19.05	0.017
Greater China Holdings Ltd	2920		20.00	0.24
Haywood Investments Ltd	905		18.75	0.065
Jade Dynasty Food Culture Group Ltd	970	11.11		0.30
Kin Don Holdings Ltd	208		10.00	0.018
Kong Sun Holdings Ltd	295	23.33		0.037
LeRoi Holdings Ltd	221	20.00		0.24
Magnificent Estates Ltd	201	10.00		0.022
Mansion House Group Ltd	376	11.54		0.29
Pacific Challenge Holdings Ltd	166	17.65		0.40
Pacific Plywood Holdings Ltd	767		21.43	0.011
Singapore Hongkong Properties Investment Ltd	245		13.46	0.045
Sincere Company Ltd, The	244		10.71	0.25
Start Technology Company Ltd	706		16.67	0.30
Symphony Holdings Ltd	1223	20.32		2.25
Terabit Access Technology International Ltd	491	11.76		0.019
Theme International Holdings Ltd	990	26.32		0.024
UDL Holdings Ltd	620		16.67	0.02
Wang On Group Ltd	1222	14.94		0.50
Yugang International Ltd	613	11.11		0.03

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was, for some unexplained reason, a degree of renewed interest in certain counters.

That interest caused The Growth Enterprise Index to gain about 1.05 percent, ending the week at 111.18 points.

The Total Turnover was about \$HK66.54 million, with gainers, ahead of losers, by the ratio of 1.28:One.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKuP International Holdings Ltd	8179	16.67		0.07
Blu Spa Holdings Ltd	8176	20.00		0.012
EVI Education Asia Ltd	8090	75.00		0.07

FX Creations International Holdings Ltd	8136	20.00		0.18
G.A. Holdings Ltd	8126		11.11	0.24
Golding Soft Ltd	8190		11.76	0.12
MediaNation Incorporated	8160	13.33		0.068
Medical China Ltd	8186	18.18		0.13
Zhejiang Yonglong Enterprises Company Ltd	8211	13.82		0.28

For the week, therefore, the tally was:

Hang Seng Index Down 3.44 percent
The Growth Enterprise Index Up 0.23 percent

On The Tokyo Stock Exchange, the pressure was mounting.

Investors started to bail out of stocks and shares in earnest, in the realisation that a protracted war would impact on its economy, with production, being cut back as its main market, the US, would not be purchasing increased goods and services from The Land of The Rising Sun.

The Nikkei-225 Stock Average lost about 1.06 percent of its value, falling back to 8,280.16 yen.

As with other, major international bourses, airlines took the brunt of the sell-off, with Japan Airlines System Corporation, losing another 4.84 percent of its market capitalisation, falling back to 236 yen per share. (Please see Thursday's report about this airline)

Even though the market was down, markedly, the ratio of losers to gainers was tight, at 1.03:One.

For the largest stock market in Asia, therefore, the tally was:

Nikkei-225 Stock Average Up 1.04 percent

And, in other Asian stock markets, this was how the week of March 28, 2003 ended:

Indonesia	Plus 0.77 percent to 404.43
Japan	Minus 1.06 percent to 8,280.16
Malaysia	Plus 0.33 percent to 634.96
The Philippines	Plus 0.31 percent to 1,038.23
Singapore	Plus 0.36 percent to 1,318.43
South Korea	Plus 1.29 percent to 556.33
Taiwan	Minus 0.82 percent to 4,477.01
Thailand	Plus 0.16 percent to 369.53

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