

**EQUITY MARKETS IN ASIA ON A ROLL:
WILL THEY HOLD THE LINE, THIS WEEK ?**

Unless the United States (US) gives up its hostile policy toward North Korea, this (Communist) country would be forced to develop weapons of mass destruction, including, but not limited to, nuclear weapons.

This was the official North Korean Government message, carried on international airwaves, last Monday, Pyongyang time.

The official news agency of North Korea made it very clear, for the first time, that Pyongyang had, indeed, the capability to produce nuclear weapons, which was, of course, known, and that it had, already, started the process.

North Korea is using its nuclear '*card*' in order to bargain for food and money from the US Government.

Put another way: It wants to be rewarded for not threatening the Korean Peninsula and Japan with nuclear war, leading to nuclear disaster.

Be it a bluff or not, the statements were taken very seriously.

The North Korean Government announcement was made during the time that Asian investors were still trading in stocks and shares, but it appeared to have little impact.

The big question was: How will Washington react to this threat?

In Asia, having heard this type of rhetoric many times before, investors continued '*to play*' equity markets in the most populous part of the world, only one of which did not see its key index rise.

In the US, on Wednesday, June 11, it was announced by The Labour Department that the unemployment rate had risen to 6.10 percent – a 9-year high. (Please see last Wednesday's **TARGET: [THE U.S. ECONOMY: LA DONNA È MOBILE](#)**)

There were other indicators, being spewed out by a number of US Government agencies, all indicating that the so-called US economic recovery was shaky, at best.

On Wall Street, the previous Friday, it was apparent that a great deal of spunk was being eroded on equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 21.49 points, ending the week at 9,062.70 points.

But, at one point, during that Friday trading session, The Dow had been up by more than 200 points.

And so, once again, the axiom springs to mind: A market that cannot rise must fall.

As for the NASDAQ's Composite Index, it was off by about 1.13 percent, falling back to 1,627.42 points on that Friday.

Statistically, The Dow had put on about 2.40 percent for the week, ended June 6, while the Composite Index of the NASDAQ had gained nearly 2 percent.

The question, facing Asian investors, last Monday, was whether or not the American equity markets were about to start a full-scale retreat in the light of some rather negative and punishing economic reports.

It was clear that the Wall Street rally of the previous Friday was looking extremely tired.

In Europe, last Monday, every major bourse's index fell to selling pressure, with Amsterdam's AEX Index, losing the most.

The North Korean threat was not thought to be a key issue in the sell-off in Europe because there were a sufficient number of other, more-pressing considerations to make European investors want to unload scrip.

There were, also, suggestions that there was another corporate scandal, emerging in the US, but the details were not known when Europe was trading stocks and shares, last Monday.

This is how major European bourses ended, last Monday:

Amsterdam's AEX Index	Minus 2.17 percent*
Great Britain's FTSE 100 Index	Minus 0.52 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.05 percent
France's CAC40 Index	Minus 1.23 percent
Switzerland's Swiss Market Index	Closed
Italy's MIBTEL Index	Minus 0.97 percent

* This was the biggest loser in Europe for the day

On The Stock Exchange of Hongkong Ltd, the Main Board's key gauge managed to eke out a gain of about 0.40 percent, with the Hang Seng Index, ending the session at 9,733.51 points.

Over on The Growth Enterprise Market (The GEM), which is the speculative market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), The Growth Index shed about one half of a percentage point, falling to 1,109.20 points.

The Total Turnover of the Main Board was about \$HK7.66 billion while, on The GEM, the Total Turnover fell to about \$HK73.38 million.

As for the ratios of gainers to losers, on the Main Board, it was gainers, which outpaced losers by the ratio of 1.19:One, while, on The GEM, it was losers, which had the upper hand, resulting in the ratio, being 1.41:One.

The Ten Most Actives on the Main Board were:

HSBC Holdings plc (Code: 5)	Up 0.80 percent to \$HK95.00 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK48.70 per share
PCCW Ltd (Code: 8)	Down 0.96 percent to \$HK5.15 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK18.60 per share
PetroChina Company Ltd (Code: 857)	Up 3.66 percent to \$HK2.125 per share
CNOOC Ltd (Code: 883)	Down 1.39 percent to \$HK10.65 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.20 percent to \$HK49.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.25 percent to \$HK40.70 per share
Yue Yuen Industrial (Holdings) Ltd (Code: 551)	Up 0.24 percent to \$HK20.50 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.15 percent to \$HK1.76 per share

As for the Main Board's double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied (China) Ltd	472		23.33	0.023
Ching Hing (Holdings) Ltd	692		15.87	0.053
Culturecom Holdings Ltd	343	12.79		0.247
eSun Holdings Ltd	571		22.22	0.14
G-Vision International (Holdings) Ltd	657	16.00		0.058

Great China Holdings Ltd	141	19.23		0.31
Huafeng Environmental Protection Textile International Group Ltd	364	10.00		0.66
Innovative International (Holdings) Ltd	729		20.00	0.02
Lai Sun Development Company Ltd	488		20.00	0.024
Liu Chong Hing Bank Ltd	1111	14.19		8.45
Mansion Holdings Ltd	547		15.79	0.016
MUI Hongkong Ltd	542	31.58		0.075
New City (Beijing) Development Ltd	456	10.00		0.22
Next Media Ltd	282	20.48		2.50
Pak Tak International Ltd	2668		17.44	0.355
Peace Mark (Holdings) Ltd	304	11.48		0.68
Regent Pacific Group Ltd	575		10.34	0.26
Shanxi Central Pharmaceutical International Ltd	327		19.05	0.017
South East Group Ltd	726	14.29		0.048
Star East Holdings Ltd	198		10.64	0.042
Sunny Global Holdings Ltd	1094	10.23		0.485
Technology Venture Holdings Ltd	61	10.20		0.162
Theme International Holdings Ltd	990	18.52		0.032
Wang Sing International Holdings Group Ltd	2389	11.76		0.57
Zida Computer Technologies Ltd	859	16.13		0.36

On The GEM, the 5 biggest movers, in terms of turnover, only, were:

tom.com Ltd (Code: 8001)	Down 1 percent to \$HK2.525 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 1 percent to \$HK1.74 per share
Global Link Communications Holdings Ltd (Code: 8060)	Up 1 percent to \$HK1.09 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.25 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 1 percent to \$HK1.55 per share

As for the GEM counters, which saw their share prices move the most, they were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112		10.34	0.26
Argos Enterprise (Holdings) Ltd	8022	21.33		0.182
Emperor Entertainment Group Ltd	8078		15.25	0.50
GP Nano Technology Group Ltd	8152		13.46	0.045
Grandmass Enterprise Solution Ltd	8108	25.00		0.015
IIN International Ltd	8128	12.50		0.045
Infoserve Technology Corporation	8077		10.42	0.043
M Channel Corporation Ltd	8036		11.11	0.024
Medical China Ltd	8186		15.66	0.07
Prosperity International Holdings (Hongkong) Ltd	8139	10.00		0.088
QUASAR Communication Technology Holdings Ltd	8171	10.29		0.75
Recruit Holdings Ltd	8073	10.00		0.011
Techpacific Capital Ltd	8088		12.50	0.035

In Japan, investors pushed up the Nikkei-225 Stock Average, the key index of The Tokyo Stock Exchange, to its highest level since December 9, 2002: 8,822.73 yen.

Last Monday's gains of 36.86 yen would have been much larger had not profit-taking crept in during the session, when the Nikkei-225 Stock Average was at its height of 8,825.51 yen.

There were some rather notable gains in the banking section of The Tokyo Stock Exchange, with the world's largest bank, in terms of assets under its control, Mizuho Financial Group, seeing its share price rise by about 13.30 percent to end the day at 85,200 yen.

UFJ Holdings, a close runner-up to Mizuho, went along with the flow as investors pushed up its share price to 139,000 yen, a one-day improvement of about 7.80 percent.

The other major power in banking in Japan, Sumitomo Mitsui Financial Group, saw its share price rise by a mere 2.90 percent, in contrast to its 2 'cousins', ending the session at 252,000 yen.

The Bank of Japan, the Central Bank of The Land of The Rising Sun, announced that lending by major banks in the country had fallen by about 4.70 percent in May, Year-on-Year.

And this was how other Asian bourses ended, last Monday night:

Indonesia	Plus 1.69 percent to 519.32
Japan	Plus 0.42 percent to 8,822.73
Malaysia	Plus 0.42 percent to 684.41
The Philippines	Minus 0.70 percent to 1,155.71
Singapore	Plus 0.31 percent to 1,443.73
South Korea	Plus 1.24 percent to 650.35
Taiwan	Plus 1.82 percent to 4,826.94
Thailand	Plus 0.26 percent to 419.28

Tuesday

Mr Colin Luther Powell, US Secretary of State, pooh-poohed the North Korean Government's threat to produce nuclear weapons in quantity in an obvious attempt to try to intimidate the Government of US President George W. Bush, saying:

'The (US) President continues to believe that there is an opportunity for a diplomatic solution, a political solution ... we are not on our way to war ... '.

Translation: What a load of codswallop, Kim Jong Il!

The US Government was playing the game hard ball; it was not willing to budge from its former position: Do it our way, or expect no pay.

And so that political ball was, squarely, in the court of Mr Kim Jong Il, the leader of the autocratic, North Korean Government, who rules over his fiefdom of 120,538 square kilometres, with a human population of about 19 million, half-fed souls with an iron fist, having been taught his trade in the old USSR (The Union of Soviet Socialist Republics).

There appeared to be very few people who, on the surface, at least, were overly concerned about the statements of the leader of North Korea, with Wall Street, having other things, about which to concern it.

The New York Stock Exchange saw its key indices fall off, with the Dow Jones Industrial Average shedding 82.79 points, equivalent to about 0.91 percent, ending the day at 8,980 points, exactly.

On the NASDAQ, the Composite Index surrendered 23.45 points, or about 1.44 percent, coming to rest at 1,603.97 points.

Wall Street was taken a little by surprise, last Monday, at the way in which the President of Freddie Mac and 3 other senior executives of this US-Government, chartered company had been chucked out of the entity, rather unceremoniously.

Freddie Mac is the second-largest, US mortgage finance entity, said to manage a portfolio of home loans, the value of which is about \$US1.29 trillion.

Evidently, Mr David Glenn, President and Chief Operating Officer of Freddie Mac, had been sacked for not cooperating fully with the US Authorities in respect of a review of revenue figures for the Financial Years, 2000, 2001, and 2002.

The Chairman and Chief Executive were, also, kicked out of office.

The share price of Freddie Mac fell by about 16.05 percent on the Big Board of The New York Stock Exchange, coming to rest at \$US50.26.

Its '*brother*', Fanny Mae, also took hits, one after another.

The strong suggestion of another corporate fraud case lingered in the air of equity markets in the US, with that dark cloud, drifting across the '*pond*' to Europe.

As one would have expected, in view of the potential fall-out from this matter, European investors determined that they should run for cover.

On Monday's trading on major European bourses, there had been unconfirmed rumours about the Freddie Mac situation, but there had been insufficient information to allow European investors to make a determination about the matter.

Not so for Tuesday's trading session, however, as the eurozone decided that the Freddie Mac affair would not be as bad as some of the other US securities' cases of the past few years.

And, in any event, eurozone had its own problems, also.

This was the way that major bourses in Europe closed, last Tuesday:

Amsterdam's AEX Index	Plus 0.51 percent
Great Britain's FTSE 100 Index	Minus 0.39 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.47 percent
France's CAC40 Index	Plus 0.94 percent
Switzerland's Swiss Market Index	Plus 0.05 percent
Italy's MIBTEL Index	Plus 0.44 percent

In Asia, the key indices of 6 equity markets rose, while the remaining indices for the other 4 equity markets lost ground.

Only the Thai stock market was able to see its key index make a gain that was not of a fractional nature.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were treated to a dull trading session on the 2 equity markets of the territory.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index give up another 0.31 percent of its value, falling back to 9,703.72 points.

The Total Turnover was about \$HK8.07 billion, with the ratio of gainers to losers, being very close, at 1.02:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 1.05 percent to \$HK94.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.21 percent to \$HK48.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.08 percent to \$HK18.40 per share
CNOOC Ltd (Code: 883)	Down 0.94 percent to \$HK10.55 per share
Yue Yuen Industrial (Holdings) Ltd (Code: 551)	Up 10.73 percent to \$HK22.70 per share
PCCW Ltd (Code: 8)	Down 0.97 percent to \$HK5.10 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.40 percent to \$HK49.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.74 percent to \$HK41.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.14 percent to \$HK1.78 per share
PetroChina Company Ltd (Code: 857)	Down 2.35 percent to \$HK2.075 per share

There were a total of 40, double-digit movers of the day, with 31 of their number, rising 10 percent or more, while 9, double-digit movers fell by 10 percent or more.

ING Beijing Investment Company Ltd (Code: 1062) was the biggest gainer of the day as investors pushed up its share price by 29.09 percent to 14.20 cents.

Shanxi Central Pharmaceutical International Ltd (Code: 327) saw its share price fall by 29.41 percent to 1.20 cents: It was the biggest loser of the day.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, trading could only be described as lifeless.

The Growth Enterprise Index was whittled down by about 0.16 percent, during the session, ending up at 1,107.40 points.

The Total Turnover was about \$HK78.68 million, with gainers, outpacing losers by the ratio of 1.24:One.

The 5, most-active counters, in terms of turnovers, only, were:

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 1 percent to \$HK1.72 per share
tom.com Ltd (Code: 8001)	Unchanged at \$HK2.525 per share
Global Link Communications Holdings Ltd (Code: 8060)	Unchanged at \$HK1.10 per share
First Mobile Group Holdings Ltd (Code: 8110)	Up 13 percent to 20.30 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Down 2 percent to \$HK3.20 per share

As for the double-digit movers on this market, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022	13.19		0.206
B M Intelligence International Ltd	8158		18.03	0.05
First Mobile Group Holdings Ltd	8110	12.78		0.203
Grandmass Enterprise Solution Ltd	8108		33.33	0.01
Infoserve Technology Corporation	8077	23.26		0.053
Inno-Tech Holdings Ltd	8202	14.86		0.425
Kinetana International Biotech Pharma Ltd	8031		10.00	0.063
Prosten Technology Holdings Ltd	8026	14.29		0.128
Universal Technologies Holdings Ltd	8091	13.86		0.115

In Japan, it was another dull trading session.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average fell by about 0.38 percent to 8,789.09 yen.

The gains of some of the largest banks were peeled back, somewhat, with the share price of Mizuho Financial Group, off 3.10 percent to 82,600 yen, while Sumitomo Mitsui Financial Group saw its share price fall by about 1.20 percent to 249,000 yen per share.

However, in most cases, movements on this bourse were of a fractional nature, with investors, sticking close to blue chips.

This was the way that other Asian equity markets finished their respective trading day, last Tuesday:

Indonesia	Plus 0.04 percent to 519.54
Japan	Minus 0.38 percent to 8,789.09
Malaysia	Minus 0.34 percent to 682.07
The Philippines	Plus 0.05 percent to 1,156.25
Singapore	Minus 0.19 percent to 1,440.92
South Korea	Minus 0.09 percent to 649.75
Taiwan	Plus 0.11 percent to 4,832.20

Wednesday

Considering everything and taking into consideration that another corporate scandal was about to be unearthed in The Land of The Free and The Home of The Brave, Wall Street had an exceptional day, last Tuesday.

On The New York Stock Exchange, the Big Board's Dow Jones Industrial Average gained 74.89 points, equivalent to about 0.83 percent, ending the day at 9,054.89 points.

Over on the NASDAQ, its Composite Index rose 23.70 points, or about 1.48 percent, running up to 1,627.67 points.

What made the movements of indices on Wall Street somewhat exceptional was the fact that the Freddie Mac situation was heating up: It had all of the earmarks of a major corporate scandal.

Also, one blue chip company after another was issuing earnings' warnings.

Equity markets do not like the unknown or a suggestion of uncertainty, with investors, usually, running for cover at the first hint of such a perceived problem.

The ratio of gainers to losers was 2.43:One on The New York Stock Exchange and 1.81:One on the NASDAQ.

What should have pulled down equity markets in the US was a statement from the Chairman of the US Federal Reserve Board, Dr Alan Greenspan, who said that the economy of the US was '*fragile*' and that high energy costs would erode much of the good works, done in the past half a year or so (!).

Dr Greenspan's statements were made in an address to a US Congressional Committee.

In Europe, the world's Number One producer of mobile telecommunication devices, Nokia, warned that its sales were likely to be considerably lower for the quarter, ending June 30, 2003.

Management of Nokia cited incidents of Severe Acute Respiratory Syndrome (SARS), the relatively weak US dollar, vis-à-vis other '*hard*' currencies, and the weakness of most economies of the world as being the principal reasons for the downturn in business, generally.

However, many investors had expected that companies, such as Nokia, would be hard-pressed to better previous years' results and, in any case, if Wall Street can rise, for what reason should not European bourses get in on the act.

The following is how major European markets ended their respective sessions, last Wednesday:

Amsterdam's AEX Index	Plus 2.43 percent*
Great Britain's FTSE 100	Index Plus 0.90 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.20 percent
France's CAC40 Index	Plus 1.23 percent
Switzerland's Swiss Market Index	Plus 1.07 percent
Italy's MIBTEL Index	Plus 0.80 percent

* This was the biggest gainer in Europe for the day

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) disregarded Wall Street's mildly bullish sentiment, with the Main Board of The Stock Exchange of Hongkong Ltd, seeing its Hang Seng Index fall by about 0.43 percent to end the session at 9,662.06 points.

The Total Turnover was about \$HK9.08 billion, with gainers, easing out losers by the ratio of 1.13:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.53 percent to \$HK93.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.36 percent to \$HK18.15 per share

PCCW Ltd (Code: 8)	Down 2.94 percent to \$HK4.95 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.21 percent to \$HK48.70 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.25 percent to \$HK1.82 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.71 percent to \$HK40.30 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.40 percent to \$HK49.50 per share
Yue Yuen Industrial (Holdings) Ltd (Code: 551)	Down 3.96 percent to \$HK21.80 per share
CITIC Pacific Ltd (Code: 267)	Up 1.68 percent to \$HK15.10 per share
CNOOC Ltd (Code: 883)	Up 0.47 percent to \$HK10.60 per share

Of the 36, double-digit movers of the day, 22 of their number rose 10 percent or more while the remaining 14, high-flyers shed 10 percent or more.

Medtech Group Company Ltd (Code: 1031) was the biggest mover of the day, with its share price, rising 50 percent to 1.50 cents.

G-Vision International (Holdings) Ltd (Code: 657) was the biggest loser, shedding 31.03 percent to end the day at 4 cents per share.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 1.54 percent, rising to 1,124.43 points.

The Total Turnover rose to about \$HK156.37 million, with gainers, far ahead of losers by the ratio of 1.73:One.

The afternoon session of The GEM was marked by intra-day, profit-taking: At the luncheon break, The Growth Enterprise Index had been up by about 2.11 percent, compared with the previous close.

The 5 most-active counters, in terms of turnovers, only, were:

hongkong.com Corporation (Code: 8006)	Up 12 percent to 67 cents per share
tom.com Ltd (Code: 8001)	Unchanged at \$HK2.525 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 1 percent to \$HK1.74 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Up 6 percent to 88 cents per share
Global Link Communications Holdings Ltd (Code: 8060)	Unchanged at \$HK1.10 per share

The biggest movers of the day, however, were the following bunch:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	30.00		0.065
First Mobile Group Holdings Ltd	8110	14.78		0.233
GP Nano Technology Group Ltd	8152		20.83	0.038
hongkong.com Corporation	8006	11.67		0.67
IIN International Ltd	8128	10.64		0.052
Infoserve Technology Corporation	8077	13.21		0.06
Inno-Tech Holdings Ltd	8202	12.94		0.48
L.P. Lammas International Ltd	8029	16.67		0.014
PINE Technology Holdings Ltd	8013	11.11		0.07
Q9 Technology Holdings Ltd	8129	30.77		0.034
Recruit Holdings Ltd	8073	10.00		0.011
Sonavox International Holdings Ltd	8226		11.76	0.30
Thiz Technology Group Ltd	8119	12.50		0.045

In Japan, investors pushed the key gauge of The Tokyo Stock Exchange, the Nikkei-225 Stock Average, above the 9,000-level, but it was pared back by profit-taking toward the end of the trading session.

By the close of the day, the Nikkei-225 Stock Average stood at 8,889.30 yen, a one-day gain of about 1.15 percent.

Even so, it was the highest level since December 5, 2002.

Once again, banking counters were the ones to watch, following a statement by the Government that it would, indeed, pump about 1.96 trillion yen into the Resona Group.

Resona, as a result, saw its share price rise to 84 yen, a gain of about 18 percent, compared with Tuesday's close.

News wise:

- **Tesco plc**, a British supermarket chain, listed on The London Stock Exchange, said that it would try to acquire control of Tokyo-based **C Two-Network Company** for about 32.80 billion yen. Starting last Wednesday, Tesco initiated a 30-day tender for the outstanding shares of C Two-Network at 3,400 yen per share. Management of C Two-Network endorsed the takeover bid. C Two-Network operates 78 food stores, mainly in the Tokyo area, while Tesco operates 2,291 stores in 10 countries, including South Korea. Tesco's sales, for its last Financial Year, ended February 28, 2003, were about 5.40 trillion yen (about 28.60 billion euros); and,
- **Private-sector machinery orders** fell by 1.80 percent in April, compared with March, to 874.9 billion yen, The Cabinet Office's Economic and Social Research Institute announced.

In other Asian bourses, this was the way that those investors saw the situation, last Wednesday night:

Indonesia	Minus 0.74 percent to 515.71
Japan	Plus 1.15 percent to 8,889.30
Malaysia	Plus 0.96 percent to 688.61
The Philippines	Plus 1.08 percent to 1,168.75
Singapore	Plus 0.55 percent to 1,448.79
South Korea	Plus 0.24 percent to 651.29
Taiwan	Minus 0.57 percent to 4,804.65
Thailand	Minus 0.34 percent to 422.60

Thursday

Investors, around the world, appeared to be in a mood to buy stocks and shares – and so equity markets, around the world, rose – naturally.

And the many gains on international equity markets were in spite of common sense, which suggested that there should have been more falls than gains in share prices.

On some of the largest markets in the world, indices rose to this year's highs.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 128.33 points, equivalent to 1.42 percent, rising to 9,182.22 points, while, on the NASDAQ, its Composite Index advanced 18.35 points, or about 1.13 percent, to end the session at 1,646.02 points.

The ratio of gainers to losers was 2.59:One on the Big Board of The New York Stock Exchange and about 1.45:One on NASDAQ's Composite Index.

There is a stock-market cliché that goes along the lines that, when investors want to see things through rose-coloured glasses, pink is the only hue of the day and there is no other colour; but, when the opposite view is prevalent among investors, no matter what happens, the only colour of the day is black ... black ... and getting blacker.

In the case of last Wednesday in the US, there was a sufficient number of reasons to make a convincing argument that a defensive posture was the correct one to assume when considering trading in publicly listed scrip.

To begin with, from Washington D.C. came news that a criminal probe had been launched in order to determine whether or not sculduggery had taken place in the offices of Freddie Mac. (Please see Tuesday's report)

In addition, it was confirmed that The Securities and Exchange Commission (SEC) was getting in on the act and that a formal SEC investigation had been launched.

In New York, a Class Action was initiated by a group of investors with regard to the share price of Freddie Mac, during a period when the entity's officers were making certain inflammatory statements, which tended to boost its share price.

Then, from the Federal Reserve Board, the Central Bank of the US, it was reported that the US economy was continuing to be stalled and that there had not been, it seems, a revival of the world's largest single economy, contrary to the many statements of Wall Street gurus.

The Fed said, inter alia:

'Although reports from the 12 Federal Reserve Districts indicated some signs of increased economic activity in April and May, conditions remained sluggish in most Districts.'

Even with this indictment from the Central Bank of the US, a Toronto, would-be stock-market guru was reported to have commented that he found the Fed's findings as being *'tentatively positive.'*

From Europe, the President of the European Central Bank (ECB), Mr Wim Duisenberg, remarked that the 12-nation eurozone was in even worse economic trouble than had, hitherto, been realised.

In his quarterly appearance before the European Parliament, Mr Duisenberg said that the ECB had cut its forecast for eurozone growth for this year, from 2 percent to between 0.40 percent and 1.00 percent.

He said:

'Economic growth in the first half of 2003 is likely to have been weak ... very weak, and expectations for annual average growth of this year and 2004 have had to be scaled back.'

Members of The Fed and the President of the ECB have no axe to grind so that logic dictates that their prognostications about the economic future for the US and eurozone for the remainder of this year must be more prone to be accurate than the gurus of Wall Street, New York, Thread Needle Street, London, Bay Street, Toronto, etc, etc, etc.

But logic was not the flavour of the day, last Wednesday in the US and in eurozone.

On major European bourses, last Thursday, indices came off their best levels, but, still, they were, all, in positive territory by the close of the day:

Amsterdam's AEX Index	Plus	1.29 percent
Great Britain's FTSE 100 Index	Plus	0.27 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.30 percent
France's CAC40 Index	Plus	0.97 percent
Switzerland's Swiss Market Index	Plus	0.82 percent
Italy's MIBTEL Index	Plus	0.43 percent

In Asia, last Thursday, only one major equity market did not rise a material amount, and that market was located in the Capital City of one of the most corrupt countries in Asia: Indonesia.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets rose, but only fractional gains were recorded.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.77 percent, rising to 9,736.84 points.

The Total Turnover on this market was about \$HK8.92 billion, with gainers, outracing losers by the ratio of 1.41:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Up 1.60 percent to \$HK95.00 per share

Hutchison Whampoa Ltd (Code: 13)
 Cheung Kong (Holdings) Ltd (Code: 1)
 Maanshan Iron and Steel Company Ltd (Code: 323)
 CNOOC Ltd (Code: 883)
 China Mobile (Hongkong) Ltd (Code: 941)
 PetroChina Company Ltd (Code: 857)
 BOC Hongkong (Holdings) Ltd (Code: 2388)
 PCCW Ltd (Code: 8)
 Sun Hung Kai Properties Ltd (Code: 16)

Down 0.21 percent to \$HK48.60 per share
 Up 1.01 percent to \$HK50.00 per share
 Up 12.00 percent to \$HK1.12 per share
 Up 5.66 percent to \$HK11.20 per share
 Up 0.28 percent to \$HK18.20 per share
 Up 3.61 percent to \$HK2.15 per share
 Down 1.27 percent to \$HK7.75 per share
 Up 0.51 percent to \$HK4.975 per share
 Up 0.50 percent to \$HK40.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AV Concept Holdings Ltd	595	10.34		0.32
Central China Enterprises Ltd	351		12.00	0.022
China Bio-Medical Group Ltd	140	12.86		0.079
China Strategic Holdings Ltd	235		11.11	0.08
CIG - WH International (Holdings) Ltd	621		11.30	0.102
eCyberChina Holdings Ltd	254	15.38		0.015
G-Vision International (Holdings) Ltd	657		37.50	0.025
Golden Dragon Group (Holdings) Ltd	329	21.43		0.17
GR Investment International Ltd	310	18.18		0.013
ING Beijing Investment Company Ltd	1062	17.24		0.17
Jackin International Holdings Ltd	630	11.34		0.216
Maanshan Iron and Steel Company Ltd	323	12.00		1.12
Mansion Holdings Ltd	547		15.00	0.017
Midland Realty (Holdings) Ltd	1200	11.54		0.58
MUI Hongkong Ltd	542		11.76	0.06
Premium Land Ltd	164		10.11	0.08
Prosper eVision Ltd	979		16.67	0.02
Singapore Hongkong Properties Investment Ltd	245	11.11		0.05
Saint Honore Holdings Ltd	192	14.81		0.62
Shang Hua Holdings Ltd	371		37.50	0.025
Star East Holdings Ltd	198	13.51		0.042
Sun East Technology (Holdings) Ltd	365		10.29	0.157
Tonic Industries Holdings Ltd	978	15.38		0.30
Victory Group Ltd	1139		10.00	0.036
Vision Century Corporation Ltd	535		10.17	0.106
Vitop Bioenergy Holdings Ltd	1178		19.23	0.21
Wah Ha Realty Company Ltd	278	10.34		0.64
Wing Shing Chemical Holdings Ltd	850	10.24		0.226
Zida Computer Technologies Ltd	859		44.77	0.243

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the ratio of gainers to losers was tight, at 1.18:One, while The Growth Enterprise Index registered a fractional gain of about 0.43 percent, running to 1,129.20 points.

The Total Turnover was about \$HK111.66 million.

The 5, most-active counters, in terms of turnovers, only, were:

CK Life Sciences International (Holdings) Incorporated (Code: 8222)
 hongkong.com Corporation (Code: 8006)
 tom.com Ltd (Code: 8001)
 Wah Sang Gas Holding Ltd (Code: 8035)
 First Mobile Group Holdings Ltd (Code: 8110)

Down 1 percent to \$HK1.73 per share
 Up 3 percent to 69 cents per share
 Down 1 percent to \$HK2.50 per share
 Up 1 percent to 89 cents per share
 Up 1 percent to \$HK1.11 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
EVI Education Asia Ltd	8090		11.76	0.03
Excel Technology International Holdings Ltd	8048		15.29	0.072
First Mobile Group Holdings Ltd	8110	11.59		0.26
Glory Mark Hi-Tech (Holdings) Ltd	8159		13.62	0.203
Golding Soft Ltd	8190	10.00		0.11
Grandmass Enterprise Solution Ltd	8108	10.00		0.011
Grandy Applied Environmental Technology Corporation	8143	15.00		0.046
Vital BioTech Holdings Ltd	8193	10.77		0.36
WLS Holdings Ltd	8021		16.67	0.10
Zheda Lande Scitech Ltd	8106	17.24		0.34

News wise:

- Mr Li Ka Shing's **Hutchison Whampoa Ltd** (Code: 13) has confirmed that it has launched a lawsuit against **Royal KPN**, its partner in the operations of its third-generation cellular telephone system in the United Kingdom, for that company's failure to put up about \$HK1.93 billion, being its contribution of a shareholder's loan. The Writ of Summons was filed in the High Court in London on June 2.

In Japan, it was another winning day for bullish investors, locked into equities, listed on the country's 3 stock markets.

On the premier bourse of The Land of The Rising Sun, The Tokyo Stock Exchange, its Nikkei-225 Stock Average gained 0.32 percent, rising to a fresh, half-yearly high spot of 8,918.60 yen.

Japan was taking its cue, directly, from Wall Street – rightly or wrongly.

There was nothing to justify the height of this market, but investors were not heard to be complaining very loudly, nevertheless.

In other Asian bourses, this was the way that those investors saw the situation, last Thursday:

Indonesia	Minus 2.70 percent to 501.81
Japan	Plus 0.32 percent to 8,918.60
Malaysia	Plus 0.25 percent to 690.32
The Philippines	Plus 1.91 percent to 1,191.06
Singapore	Plus 2.11 percent to 1,479.41
South Korea	Plus 1.02 percent to 657.95
Taiwan	Plus 1.54 percent to 4,878.43
Thailand	Plus 2.16 percent to 431.73

Friday

The Freddie Mac/Fanny Mae situation continued to boil over in the US, with the shares of this mortgage buyer, falling another 5 percent, which was its lowest level since September of 2000.

Investors were continuing to dump the stock, which, by last Thursday, New York time, had fallen to a level, which had not been seen for the previous 33 months.

The closing price of Fanny Mae, last Thursday, meant that it had lost about 20 percent of its value in a period of just 4 trading days.

And more haircuts were likely for both Fanny Mae and its 'brother', Freddie Mac.

The importance of investor confidence in these 2 corporate entities cannot be sufficiently underscored because their very existence is predicated on their combined ability to assist US citizens to own their own homes.

That is the reason that they came into being, in the first place, with the US Government, standing behind them with pots of gold, so to speak.

In terms of the total US mortgage market, their combined influence is about 40 percent of the entire market of about \$US6 trillion. (Please see Tuesday's report)

As a US Government-sponsored entity, if a major scandal is confirmed, it could weaken the US housing market, which has been one of the bright spots in the US economy for the past few years.

The US Congress was getting into the act, with Congressmen, demanding to know what had transpired in the entities and the reasons and circumstances, leading up to the immediate and unceremonious sackings of 3 of its senior officials.

The US Treasury Secretary, Mr John Snow, had been forced to make a statement from Mexico City, where he was visiting in his official capacity.

Investors on Wall Street, however, appeared, in the main, not to be too concerned with this evolving situation.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average squeezed out a gain of 13.33 points, or about 0.15 percent, ending the session at 9,196.55 points.

On the NASDAQ, its Composite Index put on 7.60 points, equivalent to about 0.46 percent, rising to 1,653.62 points.

What was apparent about trading on these 2 bourses, which happen to be the world's biggest markets, was that the ratio of gainers to losers was very close, at about 1.42:One on The New York Stock Exchange, and about 1.10:One on the NASDAQ.

To state that trading on the world's largest equity markets had been lacklustre would have been to state the obvious.

In Europe, just before the markets closed, last Friday, it was revealed that there had, after all, been a large decline in consumer confidence in the month of June.

According to The University of Michigan, consumer sentiment in the US, according to its Index, had slipped from the May figure of 92.10 points to the June figure of 87.20 points.

Job losses and the beginnings of deflation were cited as reasons, The University said.

Europe was turned on its tail:

Amsterdam's AEX Index	Minus 3.09 percent*
Great Britain's FTSE 100 Index	Minus 0.65 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.58 percent
France's CAC40 Index	Minus 1.37 percent
Switzerland's Swiss Market Index	Minus 1.74 percent
Italy's MIBTEL Index	Minus 0.55 percent

* This was the biggest loser in Europe for the day

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets saw their respective key indices rise.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index put on 1.22 percent, ending the week at 9,855.64 points.

The Total Turnover was the highest of the week, at about \$HK12.24 billion.

The ratio of gainers to losers was, also, the widest of the week, at 2.17:One.

Trading in the scrip of HSBC Holdings plc (Code: 5) represented about 9.23 percent of the entire volume of activity for the day.

The 10, most-active counters were:

HSBC Holdings plc (Code: 5)	Up 0.26 percent to \$HK95.25 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK48.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 4.12 percent to \$HK18.95 per share
PCCW Ltd (Code: 8)	Up 2.51 percent to \$HK5.10 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK50 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Up 7.14 percent to \$HK1.20 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.22 percent to \$HK1.84 per share
Brilliance China Automotive Holdings Ltd (Code: 1114)	Up 4.28 percent to \$HK1.95 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.89 percent to \$HK85.00 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 3.32 percent to \$HK10.90 per share

There were a total of 38, double-digit movers of the day, with 28 of their number, rising 10 percent or more, while 10, double-digit movers fell by 10 percent or more.

Victory Group Ltd (Code: 1139) was the biggest gainer of the day as investors pushed up its share price by 33.33 percent to 4.80 cents.

Zhong Hua International Holdings Ltd (Code: 1064) saw its share price fall by 31.03 percent to 10 cents: It was the biggest loser of the day.

On The Growth Enterprise Market (The GEM), the lone index, The Growth Enterprise Index, advanced about 1.48 percent, ending the day at 1,145.94 points.

The Total Turnover rose to about \$HK192.42 million, with the ratio of gainers to losers, being about 1.96:One.

The 5, most-active counters, in terms of turnovers, only, were:

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Unchanged at \$HK1.73 per share
hongkong.com Corporation (Code: 8006)	Up 9 percent to 75 cents per share
tom.com Ltd (Code: 8001)	Up 4 percent to \$HK2.60 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Up 2 percent to 91 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 2 percent to \$HK12.45 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		12.82	0.17
Computech Holdings Ltd	8081	10.00		0.22
Essex Bio-Technology Ltd	8151		11.30	0.102
Linefan Technology Holdings Ltd	8166		17.65	0.07
Qianlong Technology International Holdings Ltd	8015		12.70	0.275
Sino Biopharmaceutical Ltd	8027	10.00		2.20
Thiz Technology Group Ltd	8119		31.91	0.032
Tradecase Holdings Ltd	8163		16.67	0.025
Vodatel Network Holdings Ltd	8033	10.29		0.375

News wise:

- Mr Li Ka Shing's flagship company, **Cheung Kong (Holdings) Ltd (Code: 1)**, and Cheung Kong's 49-percent interest in the investment company, **Hutchison Whampoa Ltd (Code: 13)**, received a slap in the face from

Standard and Poor's. The credit-rating agency lowered its ratings for the 2 companies, from A to A-. Standard and Poor's rated the 2 companies are being negative;

- **Pacific Century Insurance Holdings Ltd (Code: 65)**, another Li Ka Shing company, reported a first quarter Profit Attributable to Shareholders of about \$HK28.77 million, down by about 40 percent, compared with the like 2002 first quarter. Turnover for the first quarter was off by about 5.18 percent, Year-on-Year;
- **Guangdong Investment Ltd (Code: 270)**, the investment arm of the Provincial Government of Guangdong, whose parent company is Guangdong Holdings Ltd, has had to face the music, with the forced closure of its travel agency, Guangdong (Hongkong) Tours Ltd. This travel company has been in business for the past 22 years, but it is, today, unable to compete with the 68 like companies, operating in the Guangdong Province. Government companies of the PRC are not used to competing in a free marketplace; and,
- Passenger throughput at Hongkong International Airport fell by about 80 percent in May, compared with the like month in 2002, **The Hongkong Airport Authority** said.

For the week, ended Friday, June 13, 2003, the tally of the 2 equity markets of the HKSAR were:

Hang Seng Index	Up 1.66 percent
The Growth Enterprise Index	Up 0.16 percent

In The Land of The Rising Sun, indices rose to their highest levels in the past 6 months.

It was said that strong buying power from European and US investors was the main reason for the push.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average put on about 0.70 percent, ending the week at the high point of 8,980.64 yen.

There was little promote the largest bourse in Asia except that there were, clearly, more buyers of scrip than there were sellers of scrip – which is good reason for key indices to rise.

The tally for the week, therefore, was:

The Nikkei-225 Stock Average	Up 2.21 percent
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In other Asian equity markets, this was the way that they finished the week of June 13, 2003 (lucky for some):

Indonesia	Plus 1.73 percent to 510.48
Japan	Plus 0.70 percent to 8,980.64
Malaysia	Minus 0.06 percent to 689.94
The Philippines	Closed
Singapore	Minus 0.01 percent to 1,479.30
South Korea	Plus 1.11 percent to 665.24
Taiwan	Plus 0.07 percent to 4,881.90
Thailand	Minus 0.87 percent to 427.97

-- E N D --

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