

**A WEEK OF SHOCKS:
HONGKONG DEMOCRACY PROTESTS MAR TRADING –
U.S. UNEMPLOYMENT INSURANCE CLAIMS HIT 20-YEAR RECORD**

The events that unfolded in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), over the weekend of July 5-6, were the news of the day, internationally, last Monday, as people began to wonder just how long would the Chief Executive of the territory be able to withstand the heat.

The HKSAR and its political problems became headline news, around the world.

The previous Tuesday, July 1, more than an estimated 500,000 residents of the HKSAR marched through the streets of the territory in protest over the proposed promulgation of a modified and expanded Article 23 of The Basic Law of the HKSAR, which, in the Legislative Council, is known as The National Security (Legislative Provisions) Bill.

Mr Tung Chee Hwa, the Beijing-appointed, Chief Executive of the HKSAR, had stated, on Saturday, July 5, that there was to be the Second Reading and Third Readings of The Bill on Wednesday, July 9; and, that it must go through the legislative process in accordance with The Basic Law requirements.

He had, personally, watered down The Bill, somewhat, but, by last Monday, things had started to pop.

Reeling from pressure, Mr Tung Chee Hwa announced:

'In light of the position of the Liberal Party, we have decided, after detailed deliberations, to defer the resumption of the second reading of the Bill.'

He, also, stated that the Government is obligated to pass the legislation, in accordance with the intent and meaning of Article 23.

The previous Sunday, Mr James Tien, the pro-business, Liberal Party leader, threw in the towel, tendering his resignation from the Executive Council, *'with immediate effect'*, making it clear to the Government that it would be unlikely to muster a sufficient number of votes, in any event, to push through the proposed legislation.

Mr Tung Chee Hwa accepted Mr James Tien's resignation, clearly without regret.

Mr James Tien, along with a number of other Legislative Council members, individually, had flown to Beijing, during the previous week, in order to confer with the Seat of Power of the HKSAR over the rapidly deteriorating political situation in the territory.

The proposed Bill is seen as curtailing democracy in the HKSAR, giving a great deal more power to the police, restraining the Press from learning, or publishing, certain sensitive Government information – as well as that of the Central Government in Beijing – and, generally, being an effective gag on the territory if needs be such.

The Government's step-down, last Monday, appeared to indicate that the HKSAR is, now, ruled by the public protest, the Government, being hamstrung.

For a detailed look at this situation, please read last Wednesday's
TARGET Intelligence Report, Volume V, Number 127, first story:
[HONGKONG'S FROG GETS BITTEN ON THE ARSE](#)

Other than the crisis of confidence in the HKSAR, the only other exciting piece of world-shattering news was the giggle from Europe where Italian Prime Minister Silvio Berlusconi was back on the front pages of newspapers.

Mr Berlusconi denied retracting his Nazi remark, aimed at German politician, the previous Thursday: He likened him to a guard at a World War II Nazi concentration camp.

Mr Martin Schulz, a German member of the European Parliament, had been heckling Mr Berlusconi and, since that was not appreciated by the Italian media mogul-cum politician, Mr Berlusconi suggested that there was a motion picture, being produced, and that Mr Schulz would be the perfect candidate to star in the role of a Nazi guard at a World War II concentration camp.

The Chancellor of Germany, Mr Gerhard Schröder, had demanded a public apology from the Italian Prime Minister and, the previous Friday, Mr Schröder announced that he had, indeed, received such an apology over the telephone: The matter was at an end.

In Europe, last Monday, investors went on a buying spree at their nearest bourse, causing indices of leading equity markets to rise, spectacularly.

For the third consecutive week, investors were talking about an economic recovery in the US in the second half of this year.

And so they bought into stocks and shares in the blind hope that their spiritually uplifting incantations would cause to come to pass that for which their prayers had requested.

Europeans went to bed, last Monday night, with leading indices at their high points:

Amsterdam's AEX Index	Plus	4.63 percent*
Great Britain's FTSE 100 Index	Plus	1.33 percent
Germany's Frankfurt XETRA DAX Index	Plus	2.88 percent
France's CAC40 Index	Plus	3.57 percent
Switzerland's Swiss Market Index	Plus	2.16 percent
Italy's MIBTEL Index	Plus	2.10 percent

* This was the biggest gainer of the day in Europe

On Asian bourses, last Monday, some of the major markets saw their respective indices shoot up, very suddenly, led by the leading indicators of the Main Board of The Stock Exchange of Hongkong Ltd.

The Hang Seng Index, the '*barometer*' of trading on the premier bourse of the territory, regained about 2.65 percent of its value, rising to 9,892.40 points on a Total Turnover of about \$HK9.79 billion.

About three quarters of the day's gains came in the 90-minute afternoon session.

The ratio of gainers to losers was about 3:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.62 percent to \$HK94.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 5.08 percent to \$HK19.65 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.88 percent to \$HK48.80 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.92 percent to \$HK47.80 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 5.40 percent to \$HK41.00 per share
PetroChina Company Ltd (Code: 857)	Up 5.81 percent to \$HK2.275 per share
CNOOC Ltd (Code: 883)	Up 6.06 percent to \$HK12.25 per share
Hang Seng Bank Ltd (Code: 11)	Up 1.82 percent to \$HK84.00 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 6.25 percent to \$HK11.90 per share
China Unicom Ltd (Code: 762)	Up 3.74 percent to \$HK5.55 per share

There were a total of 36, double-digits movers of the day, of which number, 24, double-digit movers saw their share prices rise by 10 percent or more, while the 12 remaining ones saw their scrip prices fall by 10 percent or more.

Tack Hsin Holdings Ltd (Code: 611) was the biggest gainer, as investors pushed up its share price by 35.81 percent to 20.10 cents per share.

Fulbond Holdings Ltd (Code: 1041) was shot down by 36.84 percent to 1.20 cents per share, making it the biggest loser of the day.

Over on The GEM (The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd), The Growth Enterprise Index gained about 0.63 percent, ending the day at 1,105.70 points.

The Total Turnover was about \$HK205.48 million, with trading in the scrip of Mr Li Ka Shing's tom.com Ltd (Code: 8001), dominating proceedings, as investors traded 44.20 million tom.com shares.

The cash value of those trades, equal to about \$HK93.07 million, represented about 45 percent of the entire volume of activity of the day on this speculative marketplace.

But the share price of tom.com only saw red.

The ratio of gainers to losers was about 1.57:One.

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

tom.com Ltd (Code: 8001)	Down 2 percent to \$HK2.175 per share
Global Link Communications Holdings Ltd (Code: 8060)	Down 2 percent to \$HK1.40 per share
Innovis Holdings Ltd (Code: 8065)	Up 5 percent to 40.50 cents per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 7 percent to \$HK1.78 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2 percent to \$HK1.65 per share

As for the biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
G.A. Holdings Ltd	8126		12.50	0.14
Glory Future Group Ltd	8071	10.00		0.088
Golding Soft Ltd	8190		18.33	0.049
GP Nano Technology Group Ltd	8152	10.81		0.041
Grandmass Enterprise Solution Ltd	8108	27.27		0.014
Inno-Tech Holdings Ltd	8202		22.86	0.27
MediaNation Incorporated	8160		10.42	0.086
Neolink Cyber Technology (Holdings) Ltd	8116	13.70		0.083
Shaanxi Northwest New Technology Industry Company Ltd	8258		15.51	0.158
Q9 Technology Holdings Ltd	8129	20.00		0.042

In Japan, investors were treated to something of a feast of plenty as share prices on the country's 3 stock markets scooted to much higher levels.

On the premier market, The Tokyo Stock Exchange, the key index rose to an 11-month high.

By the time that the market had closed for the day, the Nikkei-225 Stock Average stood at 9,795.16 yen, up 247 yen, or about 2.59 percent over the previous Friday's close.

It was mainly local buying that pulled up the market's key index since foreign buyers were not much in evidence.

Blue chips were being chased by Japanese investors, who appeared to be throwing caution to the wind.

Fujitsu Ltd, the largest producer of personal computers in Japan, saw its share price rise by 12.01 percent, ending the day at 634 yen.

Another electronic giant, NEC Corporation, was hotly sought after, as investors pushed up its price to 800 yen per share, a gain of about 7.82 percent on the day.

And yet another electronics conglomerate, Toshiba Corporation, saw investors push up its share price by about 12.60 percent to 500 yen.

Other notable gainers included: UFJ Holdings Incorporated, up 13.18 percent to 249,000 yen per share; Mizuho Financial Group, up 7.76 percent to 125,000 yen per share; Softbank Corporation, up 14.98 percent to 3,070 yen per share; Furukawa Electric Company, up 18.62 percent to 497 yen per share; and, Yahoo Japan Corporation, up 5.98 percent to 1.95 million yen per share.

The ratio of gainers to losers was about 1.73:One.

News wise:

- The average household spending in Japan fell 0.80 percent in May, Year-on-Year, to 288,840 yen, **The Management, Home Affairs, Posts and Telecommunications Ministry** reported. Household spending represents about 60 percent of the personal spending of the average Japanese; and,
- **Sharp Corporation** will go with the German software giant, SAP AG, in **personal digital assistant (PDA)** system development and sales.

In other Asian markets, this was the way that they ended, last Monday night:

HKSAR	Plus 2.65 percent to 9,892.40
Indonesia	Plus 1.44 percent to 511.38
Japan	Plus 2.59 percent to 9,795.16
Malaysia	Plus 0.73 percent to 730.40
The Philippines	Plus 1.96 percent to 1,289.02
Singapore	Plus 2.01 percent to 1,516.09
South Korea	Plus 1.59 percent to 704.29
Taiwan	Plus 3.31 percent to 5,322.26
Thailand	Minus 1.29 percent to 489.33

Tuesday

Following the 3-day, Independence Day holiday in the **United States (US)**, equity markets on the North American Continent roared into life, last Monday, with New York's 2 markets, which are the largest in the world, by the way, setting a scorching pace.

By the time that investors and brokers went home to dinner, last Monday, The New York Stock Exchange's Dow Jones Industrial Average had logged in a gain of about 1.62 percent, running to 9,216.79 points, while, on the NASDAQ, its Composite Index had recorded a plus score of about 3.47 percent, ending the hectic trading session at 1,721.25 points.

For the NASDAQ, last Monday's close represented a 14-month high.

Actually, there was nothing material to substantiate the gains, but few people cared for fundamentals: It was sufficient that investor confidence had returned to the marketplace – with a bang.

And confidence would beget confidence, it was determined by the gurus of Wall Street.

Asia, seeing what had happened in America, took heart: Up went every major equity market in the most populous part of the world.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors continued to plough into stocks and shares, sending up key indices to new 2003 highs.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained another 1.02 percent, reaching 9,992.87 points by the time that the curtain came down on proceedings for the day.

The Total Turnover was about \$HK12.68 billion, while the ratio of gainers to losers was about 1.55:One.

The Ten Most Active counters were:

China Mobile (Hongkong) Ltd (Code: 941)	Up 3.56 percent to \$HK20.35 per share
HSBC Holdings plc (Code: 5)	Up 0.27 percent to \$HK94.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 3.66 percent to \$HK42.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.64 percent to \$HK49.60 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.09 percent to \$HK48.80 per share

PetroChina Company Ltd (Code: 857)	Down 2.20 percent to \$HK2.225 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.30 percent to \$HK83.75 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.67 percent to \$HK1.92 per share
China Unicom Ltd (Code: 762)	Up 3.60 percent to \$HK5.75 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 4.20 percent to \$HK12.40 per share

The biggest movers of the day numbered 33, in all, with 22 of those double-digit movers, seeing their share prices rise by 10 percent or more, while 11 of their number fell by 10 percent or more.

Leaptek Ltd (Code: 336) was the biggest gainer of the day, as investors pushed up its share price by 36.36 percent to 1.50 cents per share.

Shang Hua Holdings Ltd (Code: 371) lost the most, as investors pushed down its share price by 28 percent to 3.60 cents per share.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to about \$HK310.58 million, as The Growth Enterprise Index gained about 1.61 percent, ending the day at 1,123.51 points.

However, there were about 1.05 losers for every gainer.

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

tom.com Ltd (Code: 8001)	Up 2 percent to \$HK2.225 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 1 percent to \$HK1.67 per share
Innovis Holdings Ltd (Code: 8065)	Up 1 percent to 41 cents per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 8 percent to \$HK1.00 per share
hongkong.com Corporation (Code: 8006)	Down 3 percent to 75 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
G.A. Holdings Ltd	8126		21.43	0.11
Grandmass Enterprise Solution Ltd	8108		14.29	0.012
iSteelAsia.com Ltd	8080		10.71	0.075
PINE Technology Holdings Ltd	8013		14.29	0.06
ProSticks International Holdings Ltd	8055		38.10	0.013
Rojam Entertainment Holdings Ltd	8075	10.00		0.088
Soluteck Holdings Ltd	8111	11.00		0.111
Thiz Technology Group Ltd	8119		17.95	0.032

News wise:

- The **Chief Executive of the HKSAR, Mr Tung Chee Hwa**, had an impromptu meeting with select members of the local Press, at which time, he said that the people of territory should work together to kick-start the very depressed economy. He stressed that the Government had a constitutional duty to enact legislation to safeguard national security. He said: *'We believe that the community needs to have a calm atmosphere; and, we need to really stand united in front of all these challenges.'*
- **The popularity of the Chief Executive** of the HKSAR has hit its lowest level, ever, according to The University of Hongkong. The latest survey by the Public Opinion Programme Poll indicated that 70 percent of the respondents had *'no confidence'* in the Chief Executive, with about 67 percent of the respondents, demanding the sacking of Hongkong's imperial frog. According to the Programme Director, it would be almost impossible for Mr Tung Chee Hwa to regain favour in the territory, ever; and,
- **Mr James Tien**, the pro-business, Liberal Party leader, said that he had no choice but to resign from the Executive Council because of a conflict between that which the Government required and that which his party demanded.

In Europe, equity markets were mixed.

Investors took some of their profits, locking them in lest there be a decided downturn.

It had been a boom day for investors in the eurozone, on Monday, so that it was reasonable to see investors bank their profits, following the fast-rising markets of the previous day.

This was the way that Europe's largest bourses closed, last Tuesday:

Amsterdam's AEX Index	Plus 0.34 percent
Great Britain's FTSE 100 Index	Minus 0.03 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.35 percent
France's CAC40 Index	Minus 0.13 percent
Switzerland's Swiss Market Index	Minus 0.43 percent
Italy's MIBTEL Index	Plus 0.09 percent

News wise:

- **Kreditanstalt fuer Wiederaufbau**, a German State bank, has launched the world's largest exchange bond: It is seeking about 4.50 billion euros (about \$US5.10 billion). Kreditanstalt fuer Wiederaufbau's plan is to cash in part of its 12-percent stake in **Deutsche Telekom**, Europe's largest telecommunications company; and
- Seasonally adjusted, the unemployment rate in Germany fell by about 33,000 workers in June, **The Federal Labour Office** reported. The number of Germans, out of work, now stands at about 4.26 million, down from 4.34 million workers in May.

In Japan, investors tagged on another 1.06 percent to the Nikkei-225 Stock Average, the key index of The Tokyo Stock Exchange.

After cracking open the 10,000-yen '*door*', earlier in the trading session, subsequent selling pressure brought down the Nikkei-225 Stock Average to 9,898.72 yen.

However, losing counters outnumbered gaining ones by the ratio of 1.31:One.

The market was definitely speculative, with some of the more-seasoned brokers, suggesting strongly to use caution when dealing with stocks and shares on Japan's 3 equity markets.

Japan was following Wall Street's lead, on the logic that, if the US is '*good*', Japan is even better.

This was the way that other Asian equity markets ended, last Tuesday:

HKSAR	Plus 1.02 percent to 9,992.87
Indonesia	Plus 1.40 percent to 518.53
Japan	Plus 1.06 percent to 9,898.72
Malaysia	Minus 0.47 percent to 727.00
The Philippines	Plus 1.02 percent to 1,302.22
Singapore	Plus 0.19 percent to 1,518.95
South Korea	Plus 0.58 percent to 708.34
Taiwan	Plus 0.86 percent to 5,367.97
Thailand	Plus 1.49 percent to 496.64

Wednesday

Had it not been for a small number of **mergers** and **acquisitions** (M&As) in the US, last Tuesday, equity markets, most likely, would have seen their respective indices trimmed, quite considerably.

Even so, in spite of a little bit of excitement, caused by a handful of M&As, major indices on The New York Stock Exchange hardly moved.

By the close of the day, the Dow Jones Industrial Average, the key index, representing the movements of blue chips, was up by just 6.30 points, or about 0.07 percent, ending the day at 9,223.09 points.

Over on the NASDAQ, its Composite Index hit a 15-month high of 1,746.46 points, as investors tagged on another 25.75 points to the key index of this tech-laden equity market.

The gains on the world's 2 largest markets had nothing to do with fundamentals, investor confidence, US President George W. Bush's hairstyle, or another other important factor: It was, simply put, a gambling market.

In Europe, the German-Italian slamming match continued.

The Chancellor of Germany, Mr Gerhard Schröder, will not spend his summer holiday in Italy, after all: He will spend it in Hanover, Germany.

The decision, not to visit Italy, followed a statement by the Italian Foreign Minister, Mr Stefano Stefani, who described German tourists to Italy as being '*hyper-nationalistic blondes*' as well as being '*rowdy beach invaders*.' (Please see Monday's report)

It is said that, in every Italian, there is a bit of Caruso: They like to hear their own voices; and, think themselves to be great singers.

On European markets, the major bourses were studded with red ink: Investors were concerned lest Wall Street reverse its course.

This was the way that major, European equity markets closed, last Wednesday:

Amsterdam's AEX Index	Minus 1.52 percent
Great Britain's FTSE 100 Index	Minus 0.46 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.66 percent
France's CAC40 Index	Minus 1.20 percent
Switzerland's Swiss Market Index	Minus 0.88 percent
Italy's MIBTEL Index	Minus 0.55 percent

On Asian bourses, the major stock markets continued to make gains, but, for the most part, improvements were of the fractional variety.

On The Stock Exchange of Hongkong Ltd, the Main Board saw investors continue to try to push for higher levels, with the key index, the Hang Seng Index, gaining about 0.35 percent, ending the day at 10,027.41 points.

The Total Turnover continued to be relatively high, at about \$HK12.60 billion.

The ratio of gainers to losers was about 1.96:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK94.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.25 percent to \$HK20.40 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.40 percent to \$HK49.80 per share
Grande Holdings Ltd (Code: 186)	Down 8.92 percent to \$HK9.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.65 percent to \$HK43.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.02 percent to \$HK49.30 per share
PetroChina Company Ltd (Code: 857)	Up 2.25 percent to \$HK2.275 per share
China Telecom Ltd (Code: 728)	Up 5.67 percent to \$HK2.05 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 5.47 percent to \$HK2.025 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 5.95 percent to \$HK2.225 per share

As for the double-digit movers of the day, there were a total of 45 of them, with 35 of their number, seeing their respective share prices, rising 10 percent or more, while the 10 remaining, double-digit movers, saw their respective share prices, falling by 10 percent or more.

China Strategic Holdings Ltd (Code: 235) and Fortuna International Holdings Ltd (Code: 530) were the biggest gainers of the day, as their respective share prices rose by 33.33 percent to 1.20 cents per share and 1.60 cents per share.

Friedmann Pacific Greater China Investments Ltd (Code: 1226) saw its share price shot down by 16.08 percent to 1.20 cents per share, making it the biggest loser of the day.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover continued to be relatively high, at about \$HK252.11 million.

The Growth Enterprise Index tacked on another 1.67 percent, rising to 1,142.23 points.

The ratio of gainers to losers was 1.44:One.

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

tom.com Ltd (Code: 8001)	Up 1 percent to \$HK2.25 per share
hongkong.com Corporation (Code: 8006)	Up 7 percent to 80 cents per share
Wah Sang Gas Holding Ltd (Code: 8035)	Up 2 percent to 94 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2 percent to \$HK1.71 per share
SUNeVision Holdings Ltd (Code: 8008)	Up 11 percent to \$HK1.61 per share

As for the biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Media Partners International Holdings Incorporated	8072	10.78		0.185
PINE Technology Holdings Ltd	8013	16.67		0.07
Prosperity International Holdings (Hongkong) Ltd	8139		11.54	0.069
ProSticks International Holdings Ltd	8055	30.77		0.017
Q9 Technology Holdings Ltd	8129		16.67	0.035
Rojam Entertainment Holdings Ltd	8075	13.64		0.10
SUNeVision Holdings Ltd	8008	11.03		1.61
SYSCAN Technology Holdings Ltd	8083	27.27		0.056
Syspek Information Technology (Holdings) Ltd	8103	18.75		0.019
Thiz Technology Group Ltd	8119	12.50		0.036

News wise:

- An estimated crowd of about 50,000 people staged a peaceful candlelit vigil, demanding a greater say in the Government and calling for universal suffrage. It was the second protest in 9 days. The embattled **Mr Tung Chee Hwa**, the (sometimes) **Chief Executive of the HKSAR**, issued the following Press Release:
- *'Our goal is clear: It is to win back the support and the trust of the people. In order to improve our governance, to revive our economy and create more jobs and to unite our community, we will listen carefully to all proposals and suggestions from the community ... Today, we know that some groups are organising rallies outside the Legislative Council Building. Let me reiterate, once again, that the Government will be listening to their views carefully, including any dissatisfaction they might be expressing and any aspirations they might have ... '.*

In Japan, investors continued to buy into stocks and shares, listed on the country's 3 stock markets, but trading was considerably subdued.

On the premier stock market, The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained about 0.93 percent, running up to 9,990.95 yen, its highest level since August 26, 2002.

News wise:

- **Agriculture Minister Yoshiyuki Kamei** said that the Government would have to increase the tariff on beef to 50 percent, up from 38.50 percent, if imports continue to rise;
- The call has gone out for the US and the European Union (EU) to eliminate tariffs on motor vehicles, imported from Japan. **Mr Yoshihide Munekuni, Chairman of The Japan Automobile Manufacturers Association**, made the plea from Brussels, the Capital City of Belgium;
- Japan's money supply grew by 1.80 percent in June, Year-on-Year, **The Bank of Japan** said in one of its reports; and, bank loans fell by about 4.80 percent in June, Year-on-Year. It was the 66th consecutive monthly decline in loan portfolios, held by Japanese banks.

In other Asian stock markets, this is how they fared, last Wednesday:

HKSAR	Plus 0.35 percent to 10,027.41
Indonesia	Plus 0.25 percent to 519.81
Japan	Plus 0.93 percent to 9,990.95
Malaysia	Minus 0.18 percent to 725.67
The Philippines	Minus 0.51 percent to 1,295.52
Singapore	Plus 0.28 percent to 1,523.15
South Korea	Minus 0.40 percent to 705.50
Taiwan	Minus 0.17 percent to 5,358.91
Thailand	Minus 2.84 percent to 482.52

Thursday

Trouble flared up in Iran, once again, as a reported mob of pro-democracy youths fought a running battle with Iranian hardliners and police through streets, near Teheran University.

The Government of Ayatollah Ali Khamenei told news agencies to pay no attention to the protestors.

And, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was reported that more pro-democracy protests were being planned. (Please see previous reports)

Wall Street, last Wednesday, was beset by so many different considerations, parochial and international, that it was hardly any wonder that investors were hesitant as to the correct action to take.

As it turned out, the bears won the day: Share prices fell on The New York Stock Exchange; while, on the NASDAQ, there was little movement.

When the hammer came down, signifying the end of trading for the day on The New York Stock Exchange, the Dow Jones Industrial Average stood at 9,156.21 points, down about 66.88 points, or about 0.73 percent, compared with Tuesday's closing level.

As for the Composite Index of the NASDAQ, it ended the day at 1,747.46 points, representing a one-point gain for the day.

In Europe, the tiff between the Italians and the Germans, continued to be the talk of the day.

The reading public of leading newspapers loved it – because the situation was fast moving from the sublime to the ridiculous.

The latest situation, last Thursday, was with Mr Stefano Stefani, Italy's Foreign Minister in charge of tourism, saying, among other things, that Mr Martin Schulz, Germany's Deputy to the European Parliament, who had criticised Italy's Prime Minister, *'... probably grew up taking part in noisy burping contests, after drinking gigantic amounts of beer and gorging himself on fried potatoes.'*

Then, adding insult to injury, Mr Otto Schily, Germany's Interior Minister, said, of Mr Stefani: *'If I were the Italian head of Government, that man would no longer be in office.'*

The counter from Italy's Prime Minister, Mr Silvio Berlusconi, commenting on the fact that the Chancellor of Germany would not be coming to Italy for a holiday this year, for the first time in 3 years, said: *'I'm sorry for him.'* (Please see Wednesday's report)

On European equity markets, last Thursday, there was a bit of a shock announcement from The Bank of England, which cut interest rates by one quarter of a percentage point.

The European Central Bank (ECB) paid no heed to the actions by The Bank of England, leaving interest unmoved.

All of the major bourses in the eurozone came under pressure as the following **TARGET** table indicates:

Amsterdam's AEX Index

Minus 1.25 percent

Great Britain's FTSE 100 Index	Minus 0.64 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.58 percent
France's CAC40 Index	Minus 1.33 percent
Switzerland's Swiss Market Index	Minus 0.20 percent
Italy's MIBTEL Index	Minus 0.61 percent

In Asia, most stock markets went in reverse gear.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index lost 0.44 percent, ending the session at 9,983.31 points on a Total Turnover of about \$HK9.28 billion.

The ratio of losers to gainers was about 1.27:One.

As for the 10 Most Actives, they finished the day, generally weaker:

HSBC Holdings plc (Code: 5)	Down 0.80 percent to \$HK93.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.20 percent to \$HK49.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.20 percent to \$HK49.20 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.25 percent to \$HK20.45 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.93 percent to \$HK42.80 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.44 percent to \$HK2.00 per share
PetroChina Company Ltd (Code: 857)	Down 1.10 percent to \$HK2.25 per share
PCCW Ltd (Code: 8)	Up 2.62 percent to \$HK4.90 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.23 percent to \$HK2.00 per share
Huaneng Power International Incorporated (Code: 902)	Up 1.50 percent to \$HK10.15 per share

There were a total of 47, double-digit movers of the day, with 40 of their number, rising 10 percent or more, while 7, double-digit movers lost 10 percent or more.

South East Group Ltd (Code: 726) was the biggest gainer of the day, as investors pushed up its share price by 33.33 percent to 4.80 cents per share.

The biggest loser of the day was Pak Tak International Ltd (Code: 2668), whose share price was forced down by 18.75 percent to 32.50 cents per share.

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained 2.37 percent, rising to 1,169.28 points.

The volume of activity was helped, tremendously, by trading in the scrip of Mr Li Ka Shing's tom.com Ltd (Code: 8001).

Investors switched some 91.92 million shares in this loss-maker, the dollar value of such trades, being nearly \$HK211.18 million.

In terms of the Total Turnover, trading in the shares of tom.com represented nearly 43 percent.

However, the ratio of gainers to losers was tight, at about 1.13:One.

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

tom.com Ltd (Code: 8001)	Up 4 percent to \$HK2.35 per share
hongkong.com Corporation (Code: 8006)	Up 15 percent to 92 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2 percent to \$HK1.74 per share
SUNeVision Holdings Ltd (Code: 8008)	Up 24 percent to \$HK2.00 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Up 1 percent to 95 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	11.63		0.48

G.A. Holdings Ltd	8126	36.19		0.143
Golding Soft Ltd	8190	17.02		0.055
Grandmass Enterprise Solution Ltd	8108	16.67		0.014
hongkong.com Corporation	8006	15.00		0.92
Jessica Publications Ltd	8137		10.00	0.18
PINE Technology Holdings Ltd	8013	14.29		0.08
ProSticks International Holdings Ltd	8055	11.76		0.019
Q9 Technology Holdings Ltd	8129	20.00		0.042
Recruit Holdings Ltd	8073	25.00		0.015
SUNeVision Holdings Ltd	8008	24.22		2.00
SYSCAN Technology Holdings Ltd	8083		10.71	0.05
Tradeeasy Holdings Ltd	8163		16.67	0.025
WorldMetal Holdings Ltd	8161		13.04	0.10
Xteam Software International Ltd	8178	12.00		0.14

News wise:

- **PCCW Ltd (Code: 8)** announced that the Net Profit Attributable to Shareholders for the first quarter of the 2003 Financial Year, ended March 31, in respect of its major subsidiary, PCCW-HKT Telephone Ltd, was \$HK937 million. That represented a drop of about 8.23 percent, compared with the like period in 2002. PCCW said that it was making this announcement because it would be trying to raise some money and this information would be given to prospective lenders, in any event.

The 3 equity markets of The Land of The Rising Sun were especially quiet – and suffered their first loss in 4 trading days.

On the premier bourse of Japan, The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 0.35 percent, falling back to 9,956.62 yen.

Japan, as usual, was following Wall Street for its cue ... and Wall Street had been weak on Wednesday.

The losses were right across the board.

News wise:

- Over the past 5 years, the number of people, holding jobs, dropped by about 3 percent, **The Public Management, Home Affairs, Posts and Telecommunications Ministry** reported. It was the first time on record that this had happened, going back to 1965 when the Government started charting such statistics.

In other Asian equity markets, this was how the situation looked, last Thursday night:

HKSAR	Minus 0.44 percent to 9,983.31
Indonesia	Minus 0.30 percent to 518.25
Japan	Minus 0.35 percent to 9,955.62
Malaysia	Minus 0.25 percent to 723.85
The Philippines	Minus 0.83 percent to 1,284.79
Singapore	Minus 0.22 percent to 1,519.76
South Korea	Minus 0.71 percent to 700.51
Taiwan	Minus 1.43 percent to 5,282.38
Thailand	Minus 1.71 percent to 474.28

Friday

Surprise! Surprise! The number of workers, claiming Unemployment Insurance in the US, jumped to a 2-decade high.

According to The Labour Department of the US Government, for the week, ended June 26, 2003, 3.82 million workers lined up to collect their out-of-work benefits from their Government.

For that one week, the number of people, claiming Unemployment Insurance rose 87,000.

Not since February 1983 had there been such a figure.

Investors on the world's largest equity markets reeled under the weight of it, all.

As a result, on The New York Stock Exchange, the Dow Jones Industrial Average lost 120.17 points, equivalent to 1.31 percent, ending the day at 9,036.04 points.

On the NASDAQ, its Composite Index drooped 31.77 points, or about 1.82 percent, falling back to 1,715.69 points.

To many Americans, their hopes for a third quarter revival of the US economy were being dashed, it appeared.

Then, major retailers in The Land of The Free and The Home of The Brave announced that sales in June were nothing that mom would be interested in hearing.

They sagged, disastrously, for some, while others claimed that sales just inched up, compared with May's figures.

In Europe, the markets were helped by the interest-rate cut of The Bank of England. (Please see Thursday's report)

The Germany-Italian fracas was waning; people were getting tired of it, all.

All major bourses made useful gains.

This is the way things looked for European investors as they went home, last Friday night:

Amsterdam's AEX Index	Plus	1.49 percent
Great Britain's FTSE 100 Index	Plus	0.73 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.73 percent
France's CAC40 Index	Plus	1.29 percent
Switzerland's Swiss Market Index	Plus	1.13 percent
Italy's MIBTEL Index	Plus	0.84 percent

Asia took note, as usual, as to what was happening in the US and reacted, accordingly.

Major Asian markets came under pressure, with Japan's premier bourse, being hit the hardest.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was still a great deal of talk about the Government of Mr Tung Chee Hwa and its reaction to People Power Movement.

But the main emphasis was back to considering the matter of business, and the making of money.

And these 2 areas of enterprise were not faring well.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index shed 0.72 percent of its value, falling back to 9,911.50 points.

The Total Turnover dropped to about \$HK8.49 billion, with losers, ahead of gainers by the ratio of 1.27:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.27 percent to \$HK93.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.96 percent to \$HK20.05 per share
CNOOC Ltd (Code: 883)	Down 3.29 percent to \$HK11.75 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.80 percent to \$HK49.00 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Up 9.09 percent to \$HK1.68 per share
PetroChina Company Ltd (Code: 857)	Down 1.11 percent to \$HK2.225 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.47 percent to \$HK43.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.50 percent to \$HK1.97 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.41 percent to \$HK49.00 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.00 percent to \$HK1.96 per share

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

The biggest mover of the day was renren Holdings Ltd (Code: 59) whose share price was propelled to 2 cents, up by 25 percent compared with the previous close.

Multifield International Holdings Ltd (Code: 898) was the biggest loser of the day, as investors marked down its share price to 10 cents, off by 24.81 percent, compared with Thursday's closing level.

In all, there were 33, double-digit movers, of which number, 22 rose and 11 fell.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, Mr Li Ka Shing's tom.com Ltd (Code: 8001) continued to dominate proceedings.

Trading in the scrip of tom.com represented a cash value of about \$HK105.20 million, or about 37 percent of the Total Turnover of the day, about \$HK286.71 million.

The Growth Enterprise Index lost 0.42 percent of its value, ending the week at 1,164.42 points.

The ratio of losing counters to gaining ones was about 1.15:One.

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

tom.com Ltd (Code: 8001)	Down 1 percent to \$HK2.325 per share
SUNeVision Holdings Ltd (Code: 8008)	Up 1 percent to \$HK2.025 per share
hongkong.com Corporation (Code: 8006)	Down 2 percent to 90 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 1 percent to \$HK1.72 per share
Global Link Communications Holdings Ltd (Code: 8060)	Unchanged at \$HK1.39 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Byford International Ltd	8272		10.53	0.51
Grandy Applied Environmental Technology Corporation	8143		17.14	0.029
Henderson Cyber Ltd	8023	19.05		0.25
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	11.11		0.30
Medical China Ltd	8186	16.67		0.07
Milkyway Image Holdings Ltd	8130	20.69		0.07
ProSticks International Holdings Ltd	8055		21.05	0.015
SYSCAN Technology Holdings Ltd	8083		10.00	0.045
WorldMetal Holdings Ltd	8161		10.00	0.09

News wise:

- **tom.com Ltd (Code: 8001)** announced that its Taiwan subsidiaries had raised \$HK426 million from 5 financial institutions.

The tally for the week was:

Hang Seng Index	Plus	2.85 percent
The Growth Enterprise Index	Plus	5.98 percent

In Japan, it was a veritable bloodbath for investors, last Friday.

On The Tokyo Stock Exchange, the key index, The Nikkei-225 Stock Average, shed 320 yen, equivalent to about 3.22 percent, ending the week at 9,635.35 yen.

It was the biggest, single day's loss in the past year.

The reaction to that which had transpired on Wall Street on Thursday was fast and definitive.

Many Japanese investors and market-makers were crest-fallen to learn of the rise in the number of people, lining up for Unemployment Insurance in the US.

Losses were right across the board, with no corner of the market, not being affected, some quite spectacularly.

News wise:

- Domestic wholesale prices fell by one percent in June, Year-on-Year. It was the 34th consecutive month of declines, **The Bank of Japan** announced;
- The **average vacancy rate** of office buildings in Central Tokyo in the month of June was about 8.57 percent, a record-high level. Compared with May, it is up by about 0.07 percent; and,
- Domestic shipments of mobile telephones rose by about 23.50 percent in May, Year-on-Year, to about 4 million units, **The Japan Electronics and Information Technology Industries Association** said.

The tally for the week was:

The Nikkei-225 Stock Average Plus 0.91 percent

This was the way that other Asian markets finished the week of July 11, 2003:

HKSAR	Minus 0.72 percent to 9,911.50
Indonesia	Plus 1.24 percent to 524.69
Japan	Minus 3.22 percent to 9,635.35
Malaysia	Plus 0.01 percent to 723.90
The Philippines	Minus 1.09 percent to 1,270.77
Singapore	Plus 1.65 percent to 1,544.84
South Korea	Plus 0.52 percent to 704.15
Taiwan	Minus 0.80 percent to 5,239.96
Thailand	Plus 2.13 percent to 484.39

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