

THE U.S. ECONOMY POWERS AHEAD IN THE THIRD QUARTER

After the previous week's major losses on equity markets throughout Asia, there was a bit of a reaction, last Monday, as everybody and his cat maintained that the markets' falls of the previous Thursday had been more than a little overdone.

On the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the volume of activity fell, considerably, as investors determined to wait before making any fresh commitments.

Both markets' key indices rose, but only fractionally.

The US Federal Reserve Board's Open Market Committee Meeting was scheduled to be held on Tuesday, Washington time, so that many investors, worldwide, were waiting to learn of this Committee's prognostications with regard to interest rates.

It was generally believed that there would be little to no changes in the one-percent Federal Funds Rate.

Wall Street had not opened for the week of October 27, last Monday in Asia, and, considering that the close of The New York Stock Exchange, the previous Friday (October 24), had seen losses, all round, Asia decided to sit on its hands until at least Monday night, New York time.

On Friday, October 24, on The New York Stock Exchange, the Dow Jones Industrial Average had shed about 0.32 percent of its value, falling to 9,582.46 points, while, on the NASDAQ, its Composite Index had given up about 1.06 percent, dropping back to 1,865.59 points.

US equity markets had been hit by poor performances of some of the stock-market '*darlings*', during the week of October 20-24, and this had knocked the stuffing out of the prices of many a public company's scrip.

In Europe, there was no waiting for Wall Street or the determinations of the US Federal Reserve Board: Every major equity market scored, and scored strongly.

Helping European bourses, greatly, was a report, at first hinted and later confirmed, that US tobacco giant, R. J. Reynolds Tobacco Holdings, had agreed to pay \$US3.20 billion for the US operations of British American Tobacco plc (BAT).

The merger will result in a new entity, being formed, called Reynolds American, which combines RJ Reynolds Tobacco with BAT's Brown and Williamson.

BAT will remain as a 42-percent shareholder of Reynolds American.

BAT's brands are: Kool; Lucky Strike; Pall Mall; Benson and Hedges; Dunhill; and, Rothmans.

RJ Reynolds brands are: Winston and Camel.

This was how indices of major European equity markets closed, last Monday:

Amsterdam's AEX Index	Plus	1.20 percent
Great Britain's FTSE 100 Index	Plus	0.29 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.87 percent*
France's CAC40 Index	Plus	1.23 percent
Switzerland's Swiss Market Index	Plus	0.66 percent
Italy's MIBTEL Index	Plus	0.62 percent

* This was the biggest gainer of the day in Europe

Investors in the HKSAR were still a little jittery, last Monday, but moves were afoot, locally, suggesting that the economy might be helped by certain moves, initiated by the Government of the PRC and, of course, endorsed by the Chief Executive of the HKSAR,

Mr Tung Chee Hwa.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the key index, which plots the course of blue chips on this equity market, gained about 0.11 percent, ending the day at 11,749.72 points.

The Total Turnover fell to about \$HK10.86 billion.

The ratio of gainers to losers was about 1.56:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.45 percent to \$HK110.00 per share
China Telecom Corporation Ltd (Code: 728)	Up 4.26 percent to \$HK2.45 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 3.52 percent to \$HK13.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.39 percent to \$HK21.35 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.85 percent to \$HK58.25 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Up 6.98 percent to \$HK2.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.54 percent to \$HK64.00 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 13.24 percent to \$HK3.85 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK62.50 per share
Denway Motors Ltd (Code: 203)	Up 3.97 percent to \$HK6.55 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	14.52		0.71
AEON Stores (Hongkong) Company Ltd	984	11.63		3.60
AV Concept Holdings Ltd	595	10.29		0.75
Benefun International Holdings Ltd	1130	38.46		0.108
Bestway International Holdings Ltd	718	10.34		0.032
Aluminum Corporation of China Ltd	2600	13.24		3.85
China Aerospace International Holdings Ltd	31	10.53		0.63
China Treasure (Greater China) Investments Ltd	810		14.81	0.23
Cosmopolitan International Holdings Ltd	120		12.68	0.186
Dah Hwa International (Holdings) Ltd	600	11.54		0.203
Daido Group Ltd	544	41.38		0.082
First Shanghai Investments Ltd	227	10.71		0.93
G-Vision International (Holdings) Ltd	657		15.25	0.05
Goldbond Group Holdings Ltd	172	14.94		0.50
Great China Holdings Ltd	141	16.67		0.35
Hanny Holdings Ltd	275	14.57		1.73
Hongkong Building and Loan Agency Ltd, The	145	11.54		0.58
Hon Po Group (Lobster King) Ltd	228	17.95		0.092
J.I.C. Technology Company Ltd	987	30.43		0.60
Kantone Holdings Ltd	1059	45.63		0.15
Karl Thomson Holdings Ltd	7	10.64		0.52
KEL Holdings Ltd	681	20.00		0.072
Same Time Holdings Ltd	451	10.14		1.52
Shun Ho Technology Holdings Ltd	219	10.91		0.244
Star East Holdings Ltd	198	11.67		0.067
Victory Group Ltd	1139	10.34		0.032

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover was about \$HK116.84 million, as The Growth Enterprise Index rang up a gain of about 0.32 percent, ending the quiet trading day at 1,205.57 points.

Gaining counters outraced losing counters by the ratio of 1.47:One.

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

tom.com Ltd (Code: 8001)	Down 2 percent to \$2.425 per share
Golden Meditech Company Ltd (Code: 8180)	Up 1 percent to \$HK1.93 per share

Tong Ren Tang Technologies Company Ltd (Code: 8069)
 CK Life Sciences International (Holdings) Incorporated (Code: 8222)
 Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)

Unchanged at \$HK14.35 per share
 Unchanged at \$HK1.79 per share
 Down 2 percent to 32 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Grandmass Enterprise Solution Ltd	8108	10.00		0.011
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	10.77		0.36
Prosten Technology Holdings Ltd	8026		10.69	0.142
Rojam Entertainment Holdings Ltd	8075	10.00		0.088
Satellite Devices Corporation	8172	17.86		0.033
T S Telecom Technologies Ltd	8003	43.62		0.135
Techpacific Capital Ltd	8088	16.67		0.035
Thiz Technology Group Ltd	8119		10.34	0.026
Vaso Digital International Holdings Ltd	8220		10.00	0.099

In Japan, key indices of The Tokyo Stock Exchange posted solid gains, with the Nikkei-225 Stock Average, the blue-chip index of this market, the largest in Asia, recording an improvement of 118.42 yen, equivalent to about 1.15 percent, ending the hectic day at 10,454.12 yen.

Japanese investors were taking a bit of a gamble, adopting the position that Wall Street would recover much of its losses in the coming week's activities.

The ratio of gainers to losers was about 1.42:One.

Helping the market, somewhat, were reports that certain popular companies were doing much better than had, earlier, been thought possible.

The 5.09-percent loss in the value of the Nikkei-225 Stock Average of the previous Thursday was all but forgotten by many investors, who preferred to adopt a forward-thinking approach to equity trading.

News wise:

- **Daihatsu Motor Company** reported a Consolidated Net Profit of about 3.78 billion yen for the first half of its Financial Year, ended September 30, 2003. That result, the company said, was nearly a 300-percent improvement, Year-on-Year.

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

HK SAR	Plus 0.11 percent to 11749.72
Indonesia	Minus 0.87 percent to 629.05
Japan	Plus 1.15 percent to 10,454.12
Malaysia	Minus 0.11 percent to 803.52
The Philippines	Minus 0.38 percent to 1,358.17
Singapore	Minus 1.17 percent to 1,712.62
South Korea	Plus 1.80 percent to 761.61
Taiwan	Plus 0.68 percent to 5,958.55
Thailand	Plus 1.06 percent to 615.68

Tuesday

It was termed as being '*merger mania*', last Monday in New York, as the second major, multi-billion-dollar merger announcement hit trading floors.

Following on from the RJ Reynolds+BAT merger (Please see Monday's report), Bank of America Corporation announced that it had agreed to purchase FleetBoston Financial Corporation at a \$US43-billion price tag.

The deal will be result in the creation of the second-largest banking group in the US.

The merger arrangements included share swaps between FleetBoston shareholders and Bank of America shareholders, with FleetBoston shareholders, receiving 0.5553 Common Shares in the Issued Share Capital of Bank of America.

There were other deals, also, but nothing to rival the Bank of America+FleetBoston announcement.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average closed up 0.27 percent to 9,608.16 points, while, on the NASDAQ, its Composite Index gained about 0.93 percent, ending the day at 1,882.91 points.

On both markets, the ratio of gaining counters to losing ones was about 2:One.

In Europe, it was a similar story to that, being told on the world's largest equity markets.

Every equity market in Europe was in the black by the close of the day, last Tuesday

There was, still, the matter of the US Federal Reserve Board's Meeting on Tuesday, Washington time, but it was generally held that The Fed would do nothing – again.

On The London Stock Exchange, the RJ Reynolds+BAT deal was, still, doing the rounds, with the share price of BAT, rising 12 percent.

Other tobacco companies saw their share prices rise in sympathy with BAT.

This was how European bourses closed, last Tuesday:

Amsterdam's AEX Index	Plus	0.81 percent
Great Britain's FTSE 100 Index	Plus	0.51 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.99 percent*
France's CAC40 Index	Plus	1.38 percent
Switzerland's Swiss Market Index	Plus	0.54 percent
Italy's MIBTEL Index	Plus	0.57 percent

* This was the biggest gainer of the day in Europe

In Asia, the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) led the long line of winners, with only the stock markets of Indonesia and Thailand, not coming to the party.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 2.91 percent to 12,091.88 points, as the Total Turnover rose to about \$HK16.05 billion.

The ratio of gaining counters to losing ones was about 3.52:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 2.73 percent to \$HK113.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 5.39 percent to \$HK22.50 per share
China Telecom Corporation Ltd (Code: 728)	Up 5.10 percent to \$HK2.575 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.15 percent to \$HK59.50 per share
PetroChina Company Ltd (Code: 857)	Up 4.63 percent to \$HK2.825 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 2.26 percent to \$HK13.55 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Unchanged at \$HK2.30 per share
China Unicom Ltd (Code: 762)	Up 8.39 percent to \$HK7.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.80 percent to \$HK64.25 per share
PCCW Ltd (Code: 8)	Up 4.63 percent to \$HK5.65 per share

As for the double-digit movers of the day, there were a total of 35 counters that qualified for that honour, with Regent Pacific Group Ltd (Code: 575), being the biggest gainer of the day, as investors pushed up its share price by 60 percent to 36 cents.

Shun Cheong Holdings Ltd (Code: 650) was the biggest loser of the day, as investors dragged down its share price by 25.71 percent to 5.20 cents.

Of the 35, double-digit movers, 27 of their number saw their share prices rise by 10 percent or more, while the remaining 8 counters lost 10 percent or more of their respective market capitalisations.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover stayed relatively low, at about \$HK147.85 million, but The Growth Enterprise Index put on about 1.24 percent, ending the day at 1,220.48 points.

Gaining counters were ahead of losing ones by the ratio of 1.14:One.

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

tom.com Ltd (Code: 8001)	Up 1 percent to \$2.45 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 10 percent to \$HK2.40 per share
Launch Tech Company Ltd (Code: 8196)	Up 8 percent to \$HK2.30 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 1 percent to \$HK1.81 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Unchanged at 94 cents per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
iLink Holdings Ltd	8107	11.76		0.038
Jessica Publications Ltd	8137		10.42	0.43
Kingdee International Software Group Company Ltd	8133	10.34		2.40
PINE Technology Holdings Ltd	8013	11.94		0.375
T S Telecom Technologies Ltd	8003		20.00	0.108
TeleEye Holdings Ltd	8051	12.15		0.24
Thiz Technology Group Ltd	8119	15.38		0.03
Value Convergence Holdings Ltd	8101		11.39	0.70
Vaso Digital International Holdings Ltd	8220		10.10	0.089

News wise:

- After the equity markets closed in the HKSAR, it was announced that **HSBC Holdings plc (Code: 5)** had agreed to buy Bank of Bermuda for about \$HK10.14 billion. The deal is for cash, not shares, the announcement made it clear.

On Asia's largest equity market, The Tokyo Stock Exchange, the Nikkei-225 Stock Average, the key index of this market, gained about 1.02 percent, rising to 10,561.01 yen.

The premier bourse of The Land of The Rising Sun was buoyed, greatly, by a number of rather bullish reports from companies, listed on the First Section of this market.

The ratio of gaining counters to losing counters was about 2.17:One.

News wise:

- **FJ Holdings Incorporated** announced that it expected its Group Net Profits for the first half of this Financial Year, to September 30, 2003, to have been about 3 times greater than had, formerly, been thought possible, at about 180 billion yen. In May, the country's fourth-largest financial group had suggested that the Group Net Profits would be about 60 billion yen;
- **Hino Motors Ltd**, a manufacturer of buses and lorries, announced a Group Net Profit of about 13.95 billion yen for the first half of its Financial Year, to September 30, 2003. That result compared with the like 2002 period of 3.74 billion yen, an increase of about 273 percent. Hino Motors is a subsidiary of **Toyota Motor Corporation**;
- **Honda Motor Company** reported a Consolidated Net Profit of about 239.18 billion yen for its first half, ended September 30, 2003. That result was a 22.80-percent rise, compared with the like 2002 first half. Honda is Japan's second-largest producer of motor vehicles;
- **Matsushita Electric Industrial Company** announced a Group Net Profit for the 6-month period, ended September 30, 2003, of about 23.15 billion yen, up 31.50 percent, Year-on-Year. This company is one of Japan's largest consumer electronics groups; and,

- **Sony Corporation** said that it would be sacking about 20,000 of its workers and closing down its Japanese television factories. The job losses will be accomplished over the next 3 years, with 13,000 jobs to be axed, internationally.

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

HKSAR	Plus 2.91 percent to 12,091.88
Indonesia	Minus 0.35 percent to 626.86
Japan	Plus 1.02 percent to 10,561.01
Malaysia	Plus 0.26 percent to 805.64
The Philippines	Plus 0.36 percent to 1,363.04
Singapore	Plus 1.37 percent to 1,736.10
South Korea	Plus 1.81 percent to 775.36
Taiwan	Plus 1.96 percent to 6,075.45
Thailand	Minus 0.05 percent to 615.39

Wednesday

As had been widely expected, the US Federal Reserve Board held its Open Market Committee, last Tuesday, in Washington, D.C., and decided to leave well-enough alone.

The Fed said, inter alia:

'The Federal Open Market Committee decided today to keep its target for the federal funds rate at 1 percent.

'The Committee continues to believe that an accommodative stance of monetary policy, coupled with robust underlying growth in productivity, is providing important ongoing support to economic activity. The evidence accumulated over the inter-meeting period confirms that spending is firming, and the labour market appears to be stabilising. Business pricing power and increases in core consumer prices remain muted.

'The Committee perceives that the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal. In contrast, the probability, though minor, of an unwelcome fall in inflation exceeds that of a rise in inflation from its already low level. The Committee judges that, on balance, the risk of inflation becoming undesirably low remains the predominant concern for the foreseeable future. In these circumstances, the Committee believes that policy accommodation can be maintained for a considerable period.'

Wall Street had expected that type of announcement, in any event, but the comments in respect of *'the risk of inflation becoming undesirably low remains the predominant concern for the foreseeable future'* had not been expected.

On The New York Stock Exchange, last Tuesday, the Dow Jones Industrial Average closed up 140.15 points, about 1.46 percent, ending the busy trading day at 9,748.31 points.

Over on the NASDAQ, its Composite Index went along for the ride, with an improvement of about 49.35 points, equivalent to about 2.62 percent, running back to 1,932.26 points.

Also, from Washington, came news that The Conference Board's Consumer Confidence Index had risen in October to 81.10 points, up from the September figure of a revised 77.00 points.

In Europe, equity markets were mixed, generally, with fractional movements, marking the day.

In London, England, concern about the strength of sterling, vis-à-vis the US dollar, kept the lid on any fresh investments on The London Stock Exchange, by and large.

The British pound was standing at a 5-year high against the US dollar when Londoners went home for dinner, last Wednesday night.

A strong pound makes products, manufactured in the United Kingdom, less competitive than their US counterparts.

From Frankfurt, Germany, it was announced that Bayer AG had sold its stake in the US biotech company, Millennium Pharmaceuticals, for more than \$US300 million.

And this was how European bourses closed, last Wednesday:

Amsterdam's AEX Index	Plus 0.81 percent
Great Britain's FTSE 100 Index	Minus 0.17 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.79 percent
France's CAC40 Index	Plus 0.44 percent
Switzerland's Swiss Market Index	Minus 0.15 percent
Italy's MIBTEL Index	Plus 0.42 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), after a promising start to trading on the Main Board of The Stock Exchange of Hongkong Ltd, profit-taking started to erode early gains, almost totally.

By the end of the day, the Hang Seng Index, the key index of this market, was up by just 0.32 percent, standing at 12,130.51 points.

The Total Turnover was about \$HK16.14 billion.

However, it was noted that declining counters outnumbered advancing ones by the ratio of 1.10:One.

It appeared that the HKSAR was not taking its cue from Wall Street, at least, not last Wednesday.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.89 percent to \$HK114.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.22 percent to \$HK22.55 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.42 percent to \$HK59.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.17 percent to \$HK65.00 per share
China Telecom Corporation Ltd (Code: 728)	Down 1.94 percent to \$HK2.525 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK13.55 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.38 percent to \$HK65.75 per share
China Unicom Ltd (Code: 762)	Up 2.58 percent to \$HK7.95 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.25 percent to \$HK98.25 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 6.25 percent to \$HK2.55 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Arnhold Holdings Ltd	102	14.81		0.62
AV Concept Holdings Ltd	595	14.81		0.93
Capital Estate Ltd	193	14.29		0.032
Century Legend (Holdings) Ltd	79	20.00		0.03
China Sci-Tech Holdings Ltd	985		13.64	0.019
China United International Holdings Ltd	273		14.17	1.03
Dah Hwa International (Holdings) Ltd	600	11.56		0.222
Decca Holdings Ltd	997	10.00		0.55
Earnest Investments Holdings Ltd	339		11.76	0.03
Hanny Holdings Ltd	275	15.15		1.90
Hon Po Group (Lobster King) Ltd	228		11.96	0.081
Interchina Holdings Company Ltd	202	14.81		0.62
KEL Holdings Ltd	681		17.28	0.067
Lai Sun Development Company Ltd	488		17.80	0.097
Mascotte Holdings Ltd	136	17.50		0.235
Mei Ah Entertainment Group Ltd	391		13.33	0.221
Oriental Explorer Holdings Ltd	430		12.50	0.042
Proview International Holdings Ltd	334		13.83	2.025
Pyxis Group Ltd	516		11.67	0.053
Rosedale Hotel Group Ltd	149	10.34		0.16
Shun Cheong Holdings Ltd	650	34.62		0.07
South China Industries Ltd	413		20.00	0.20
Styland Holdings Ltd	211	18.18		0.026

Surge Recreation Holdings Ltd	703		31.11	0.062
TCL International Holdings Ltd	1070	10.53		2.625
Victory Group Ltd	1139	15.63		0.037
Vitop Bioenergy Holdings Ltd	1178	21.74		0.28
Zhong Hua International Holdings Ltd	1064		11.86	0.052

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, this market held onto its early gains, finishing off the day with an improvement of about 1.67 percent, running back to 1,240.85 points.

The Total Turnover on this market was about \$HK205.92 million.

The ratio of gainers to losers was about 1.29:One.

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

tom.com Ltd (Code: 8001)	Up 4 percent to \$2.55 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 3 percent to \$HK1.86 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 6 percent to \$HK2.55 per share
Golden Meditech Company Ltd (Code: 8180)	Up 3 percent to \$HK1.99 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Up 2 percent to 96 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025	71.67		0.103
Global Link Communications Holdings Ltd	8060	10.94		0.213
Grandmass Enterprise Solution Ltd	8108	10.00		0.011
Infoserve Technology Corporation	8077	13.64		0.025
Q9 Technology Holdings Ltd	8129	19.05		0.05
Techpacific Capital Ltd	8088		11.76	0.03
TeleEye Holdings Ltd	8051		20.83	0.19
Universal Technologies Holdings Ltd	8091		19.61	0.082

It was the fourth consecutive day of gains for the premier market of Japan, last Wednesday, as investors ploughed in, kimonos and all, in order to catch what they saw as being the all-Nippon, stock-market express.

The Nikkei-225 Stock Average, the key index of The Tokyo Stock Exchange, gained about 1.69 percent, rising to 10,739.22 yen.

The ratio of gaining counters to losing ones was 2.93:One.

Japanese investors were spurred into action, once again, by trade statistics, indicating that things were picking up in The Land of The Rising Sun (Please see, [News wise](#), below).

News wise:

- Most of the members of the Central Bank of Japan expect to see deflation continue to dog the Japanese economy, right through to 2004. A report entitled, '*The Outlook and Risk Assessment of the Economy and Prices*', was expected to be released, late last Friday by **The Bank of Japan**;
- **Fujitsu Ltd** announced that its Net Loss Attributable to Shareholders for the first half of this Financial Year, to September 30, 2003, stood at 58.56 billion yen. In the like period in 2002, the company lost 147.44 billion yen;
- **Hitachi Ltd** announced that its Net Profits Attributable to Shareholders for the first half of its Financial Year, to September 30, 2003, had fallen by about 5 percent, Year-on-Year, to 5.38 billion yen; and,
- **Sharp Corporation** said that its Net Profits Attributable to Shareholders for its first half, to September 30, 2003, stood at 27.95 billion yen, up by about 22.10 percent, compared with the like period, one year earlier.

In other Asian equity markets, this was how they fared, last Wednesday:

HKSAR	Plus 0.32 percent to 12,130.51
Indonesia	Minus 0.37 percent to 624.56

Japan	Plus	1.69 percent to 10,739.22
Malaysia	Plus	0.54 percent to 809.97
The Philippines	Plus	0.13 percent to 1,364.82
Singapore	Minus	0.80 percent to 1,722.29
South Korea	Plus	0.55 percent to 779.66
Taiwan	Plus	0.34 percent to 6,095.87
Thailand	Plus	1.41 percent to 624.06

Thursday

The US Federal Reserve Board had done its *'thing'*, but Wall Street was not completely satisfied with its lot. (Please see Wednesday's report)

That was only too clear by the trading pattern on the world's largest equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average closed up just 26.22 points, equivalent to about 0.27 percent, ending the day at 9,744.53 points.

Over on the NASDAQ, its Composite Index was ahead by 4.30 points, or about 0.22 percent, to 1,936.56 points.

Indices on Wall Street have been hitting higher levels for some months, now, and many people hold the view that the previous gains were in anticipation of the present situation.

With little to impress the equity markets of the US, it appeared to be difficult for the key indices to make any material gains.

With the lone exception of the Russian bourses, every equity market in Europe closed higher, last Thursday.

The gains on eurozone bourses were made possible by a report that the US economy had grown substantially in the third quarter of the year: What is sauce for the goose is sauce for the gander.

Many of the details of the third-quarter **Gross Domestic Product** (GDP) were not known, fully, in Europe, last Thursday, since the full report, issued by the US Government's Commerce Department, had not been circulated when Europe was trading.

(GDP is the total market value of the final goods and services, produced by a nation's economy, during a specific period of time)

Against a seemingly bullish outlook, at least, short-term, for the US economy, in the United Kingdom, with its GDP at 7 percent per annum and with interest rates at about one percent, there was perceived to be the danger of inflation.

And that, it was reasoned, could well lead to an interest-rate hike.

This was how European bourses closed, last Thursday:

Amsterdam's AEX Index	Plus	0.95 percent
Great Britain's FTSE 100 Index	Plus	0.83 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.67 percent
France's CAC40 Index	Plus	0.61 percent
Switzerland's Swiss Market Index	Plus	0.88 percent
Italy's MIBTEL Index	Plus	0.59 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets were especially quiet.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose by 0.11 percent to end the day at 12,143.35 points.

The Total Turnover was about \$HK17.91 billion.

Losing counters were ahead of gaining ones by the ratio of about 2:One, on the nose.

The Ten Most Actives were:

Li and Fung Ltd (Code: 494)	Down 7.53 percent to \$HK12.90 per share
HSBC Holdings plc (Code: 5)	Up 1.32 percent to \$HK115.50 per share
New World Development Company Ltd (Code: 17)	Down 5.56 percent to \$HK5.10 per share
AviChina Industry and Technology Company Ltd (Code: 2357)	Unchanged at \$HK1.47 per share
TCL International Holdings Ltd (Code: 1070)	Up 14.29 percent to \$HK3.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.44 percent to \$HK22.45 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.42 percent to \$HK59.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 0.37 percent to \$HK13.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.74 percent to \$HK2.825 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Up 1.15 percent to \$HK2.20 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Ananda Wing On Travel (Holdings) Ltd	1189	19.05		0.025
Arnhold Holdings Ltd	102	12.90		0.70
China Sci-Tech Holdings Ltd	985	10.53		0.021
China Treasure (Greater China) Investments Ltd	810	41.59		0.32
Chinney Alliance Group Ltd	385	12.50		0.018
Coastal Greenland Ltd	1124	16.00		0.174
e-New Media Company Ltd	128	10.20		0.27
Fortuna International Holdings Ltd	530		14.29	0.012
Heng Tai Consumables Group Ltd	197	10.53		1.05
Lai Sun Development Company Ltd	488	16.49		0.113
LeRoi Holdings Ltd	221	12.50		0.27
Nam Fong International Holdings Ltd	1176	12.90		0.035
Oriental Explorer Holdings Ltd	430	16.67		0.049
Pak Tak International Ltd	2668	15.91		0.51
Pyxis Group Ltd	516		11.32	0.047
Radford Capital Investment Ltd	901		53.73	0.62
Ruili Holdings Ltd	491	21.43		0.017
TCL International Holdings Ltd	1070	14.29		3.00

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, trading was completely flat, with The Growth Enterprise Index, moving down from Wednesday's close of 1,240.85 points to 1,240.82 points, which is too small to calculate, except by moving to 3 decimal places.

The Total Turnover dropped back to \$HK131.46 million, with the ratio of losing counters to gaining ones, being 1.34:One.

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

tom.com Ltd (Code: 8001)	Down 1 percent to \$2.525 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 2 percent to \$HK1.83 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 4 percent to \$HK15.10 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 6 percent to \$HK2.70 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 3 percent to 33 cents per share

The biggest movers of the day were reserved for the following 7 counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025	45.63		0.15
Computech Holdings Ltd	8081	10.00		0.22
Digitalhongkong.com	8007	14.29		0.08
Henderson Cyber Ltd	8023		22.61	0.178
iLink Holdings Ltd	8107		10.53	0.034
Neolink Cyber Technology (Holding) Ltd	8116	17.65		0.30
Rojam Entertainment Holdings Ltd	8075		12.50	0.07

On The Tokyo Stock Exchange, profit-taking appeared to be the order of the day, as investors chopped off about 0.41 percent from the key index.

By the close, the Nikkei-225 Stock Average stood at 10,695.56 yen.

It was the first negative value recorded on the Nikkei-225 Stock Average in 5 trading sessions.

In spite of the Nikkei-225 Stock Average retreating, fractionally, gaining counters outraced losing ones by the ratio of 1.05:One.

While many stock-market favourites were delighting their investors, there was still the concern that a strong yen would curb profits in the coming year.

The US dollar was fetching about 108.09 yen, last Thursday night, down from New York's rate of about 108.30 yen, as reported on Wednesday evening.

As the yen falls against the US dollar, so the prospects of The Bank of Japan, stepping into the breach to support the US dollar, becomes more likely.

And investors, around the world, know this.

News wise:

- **Nissan Motor Company**, Japan's third-largest producer of motor vehicles, said that it would be forced to recall some 1.02 million motor cars in Japan and an additional 1.53 million motor cars, internationally, due to an admitted defect in the engines of these vehicles. The cost of the recall would be between 15 billion yen and 16 billion yen;
- **NTT DoCoMo Incorporated** said that its Operating Profit fell in the first half of its Financial Year, to September 30, 2003, by about 7.80 percent to about 590.11 billion yen, Year-on-Year. The Net Profit Attributable to Shareholders for the 6 months, however, rose to a record level of 356.43 billion yen. In the comparable period in 2002, the company reported a Net Profit Attributable to Shareholders of about 4.17 billion yen, but that figure included a one-time charge for write-downs in overseas investments;
- **KDDI Corporation** announced that its Group Net Profit for the first half of its Financial Year, also to September 30, 2003, was 85.86 billion yen, up 320 percent, Year-on-Year. KDDI is the country's second-largest telecommunications carrier;
- **Poweredcom Incorporated**, an affiliate of **Tokyo Electric Power Company**, will spend 500 million yen in picking up an allotment of shares from **Fusion Communications Corporation**, a major Internet Protocol telephony provider in Japan. Poweredcom is Japan's fourth-largest, telecommunications service provider and generates more than 50 billion yen in annual sales;
- **Nomura Holdings Incorporated** announced that its Net Profits Attributable to Shareholders was about 86.69 billion yen for the first half of its Financial Year, ended September 30, 2003. That result represented a fall of about 33.90 percent, Year-on-Year; and,
- **Mitsubishi Electric Corporation** said that its Group Net Profit was 3.82 billion yen for the first half of its Financial Year, ended September 30, 2003. That Bottom Line was a drop of about 43.60 percent, compared with the like period in 2002.

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

HKSAR	Plus 0.11 percent to 12,143.35
Indonesia	Plus 0.52 percent to 627.83
Japan	Minus 0.41 percent to 10,695.56
Malaysia	Plus 0.26 percent to 812.10
The Philippines	Plus 1.20 percent to 1,381.24
Singapore	Minus 0.41 percent to 1,715.30
South Korea	Plus 0.81 percent to 785.94
Taiwan	Plus 0.20 percent to 6,108.13
Thailand	Plus 0.05 percent to 624.37

Friday

The US economy grew at its fastest pace of the past 20 years, during the third quarter of this year, ended September 30, 2003, The US Commerce Department announced.

The GDP rose by 7.20 percent, annually adjusted.

It appeared that the economy of the only world superpower was coming out of the mist and into the sunshine, according to some financial analysts.

(For more on this subject, please see this Wednesday's **TARGET** Intelligence Report, Volume V, Number 212, the first report: ***'THE AMERICAN DOLLAR AND THE WORLD: HOW FAST IS TOO FAST ?'***)

Even so, the Commerce Department's report did little for investors on the world's largest equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.12 percent, ending last Thursday's session at 9,786.61 points.

On the NASDAQ, its Composite Index shed about 0.20 percent, falling back to 1,932.69 points.

In Europe, parochial considerations continued to hold sway over US economic reports because there was, still, the prospects of an interest-rate hike, looming on the horizon.

Further, unemployment rates for many of the 12 members of the European Union (EU) were hovering on the 10-percent mark, with France's jobless levels, being about 9.60 percent.

France is the third-largest economy in the EU.

This was how European bourses closed, last Friday:

Amsterdam's AEX Index	Plus 0.51 percent
Great Britain's FTSE 100 Index	Minus 0.31 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.45 percent
France's CAC40 Index	Minus 0.42 percent
Switzerland's Swiss Market Index	Minus 0.23 percent
Italy's MIBTEL Index	Plus 0.13 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors went against the grain of other Asian bourses, with a gain of about 0.39 percent, ending the week at 12,190.10 points.

The Total Turnover was about \$HK16.82 billion, with the ratio of gainers to losers, being about 1.52:One.

There was little to stimulate trading on Asia's second-largest equity market.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.30 percent to \$HK117.00 per share
AviChina Industry and Technology Company Ltd (Code: 2357)	Up 9.52 percent to \$HK1.61 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.78 percent to \$HK22.05 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.26 percent to \$HK60.25 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.27 percent to \$HK97.00 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.98 percent to \$HK2.575 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.39 percent to \$HK64.75 per share
China Unicom Ltd (Code: 762)	Down 5.19 percent to \$HK7.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.15 percent to \$HK65.75 per share
CNOOC Ltd (Code: 883)	Up 2.81 percent to \$HK14.65 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AEON Stores (Hongkong) Company Ltd	984	15.29		4.90
Applied (China) Ltd	472		11.11	0.08
Applied International Holdings Ltd	519		17.29	0.11
Capital Prosper Ltd	1003	10.11		0.098

Central China Enterprises Ltd	351	12.50		0.027
China Treasure (Greater China) Investments Ltd	810		17.19	0.265
China United International Holdings Ltd	273	25.24		1.29
CNPC (Hongkong) Ltd	135	19.32		1.05
Graneagle Holdings Ltd	147		11.29	0.275
Harbin Brewery Group Ltd	249	10.45		3.70
Hon Po Group (Lobster King) Ltd	228	10.96		0.081
Mascotte Holdings Ltd	136		14.89	0.20
Ming Pao Enterprise Corporation Ltd	685	15.48		1.79
Moiselle International Holdings Ltd	130	11.84		0.85
Orient Resources Group Company Ltd	467	10.00		0.055
Prime Investments Holdings Ltd	721		19.70	0.265
Pyxis Group Ltd	516	10.64		0.052
Radford Capital Investment Ltd	901		30.65	0.43
Regent Pacific Group Ltd	575	15.38		0.375
renren Holdings Ltd	59	34.15		0.055
Solartech International Holdings Ltd	1166	10.91		0.61
South East Group Ltd	726		10.59	0.076
Suwa International Holdings Ltd	567		22.22	0.35
Theme International Holdings Ltd	990	12.50		0.036
UDL Holdings Ltd	620		13.95	0.037
Vitop Bioenergy Holdings Ltd	1178	11.11		0.30
Wang Sing International Holdings Group Ltd	2389	10.91		1.22

Over on the speculative Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, after an early morning improvement, profit-takers took hold of the market, forcing down the lone index.

By the close of the day, The Growth Enterprise Index stood at 1,240.98 points, a one-day gain of just 0.10 percent.

The Total Turnover was about \$HK178.99 million.

The ratio of gainers to losers was 1.36:One.

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

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Unchanged at \$HK1.83 per share
Greencool Technology Holdings Ltd (Code: 8056)	Up 16 percent to 95 cents per share
tom.com Ltd (Code: 8001)	Down 1 percent to \$2.50 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Up 6 percent to \$HK1.00 per share
Mudan Automobile Shares Company Ltd (code: 8188)	Up 4 percent to \$HK1.20 per share

The double-digit movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061		14.29	0.09
Asian Information Resources (Holdings) Ltd	8025		26.67	0.11
Aptus Holdings Ltd	8212		16.46	0.33
CASH Financial Services Group Ltd	8122	10.00		0.55
Fortune Telecom Holdings Ltd	8040	13.21		0.60
Greencool Technology Holdings Ltd	8056	15.85		0.95
Leadership Publishing Group Ltd	8010		14.29	0.30
Recruit Holdings Ltd	8073		16.67	0.015
Systek Information Technology (Holdings) Ltd	8103	13.64		0.025
Thiz Technology Group Ltd	8119		13.79	0.025
Vertex Communications and Technology Group Ltd	8228	37.72		0.23

The tally for the week was:

The Hang Seng Index	Plus 3.87 percent
The Growth Enterprise Index	Plus 3.27 percent

In The Land of The Rising Sun, it appeared that Japanese investors were not too happy with their lot.

This was made clear as the key index of The Tokyo Stock Exchange, the Nikkei-225 Stock Average, lost 1.27 percent of its value, falling to 10,559.59 yen.

Wall Street's performance on Thursday, on the back of the US Commerce Report with regard to the third-quarter gains in the economy, was considered somewhat disappointing.

The level of the Nikkei-225 Stock Average of last Friday had, already, factored into it the prospects of gains in the US economy, in any event.

Losing counters outran gaining ones by the ratio of about 2.40:One, which tended to suggest that there were quite a number of Japanese investors, who looked askance at the total economic picture, worldwide.

The tally for the Japanese bourse for the week, therefore, was:

The Nikkei-225 Stock Average Plus 2.17 percent

News wise:

- **All Nippon Airways Company** announced a Group Net Profit of about 20.57 billion yen for the first half of Fiscal 2003, ended September 30, 2003. For the comparable period in 2002, the company incurred a Net Loss Attributable to Shareholders of about 8.11 billion yen;
- **TV Asahi Corporation** said it had revised its Group Earnings for the first half of this year and the full year due to the strong performance of its music publishing business. It, now, expects to turn a Net Profit of about 1.10 billion yen for the 6-month period, ended September 30, 2003, up from about 300 million yen, projected in May this year;
- **The Bank of Japan** has forecast that deflation will slow, but the economy will move forward very slowly throughout Fiscal 2004;
- **The Consumer Price Index (CPI)** in Tokyo fell by about 0.10 percent in October, compared with October 2002, the Government announced. It was the 49th consecutive month of declines in the Tokyo CPI;
- The **unemployment rate** in Japan remained at about 5.10 percent in September, unchanged from the figures of August, The Public Management, Home Affairs, Posts and Telecommunications Ministry said. It means that about 3.46 million Japanese have no way to earn a crust; and,
- **Housing starts** in Japan rose by about 1.20 percent in September, Year-on-Year, to 98,369 units, The Land, Infrastructure and Transport Ministry announced.

And, in other parts of Asia, this was how those equity markets ended the week of October 31, 2003:

HKSAR	Plus 0.39 percent to 12,190.10
Indonesia	Minus 0.36 percent to 625.55
Japan	Minus 1.27 percent to 10,559.59
Malaysia	Plus 0.62 percent to 817.12
The Philippines	Plus 1.29 percent to 1,399.07
Singapore	Plus 0.49 percent to 1,723.71
South Korea	Minus 0.46 percent to 782.36
Taiwan	Minus 1.03 percent to 6,045.12
Thailand	Plus 2.42 percent to 639.45

-- E N D --

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