

THE U.S. DOLLAR CONTINUES TO RULE THE WAVES

The foreign-exchange translation value of the US dollar fell to a new low, last Monday, in London, England, following, what was described as being a bitter report with regard to the US job market, an official report that was published by The US Department of Labour, the previous Friday.

(Please see last Wednesday's [TARGET Intelligence Report, Volume VI, Number 9](#), for a full analysis of this subject.)

European markets were expecting the President of the **European Central Bank** (ECB) to take some kind of action in order to stem the rise in the exchange-translation value of the euro against the American currency.

Mr Jean-Claude Trichet, the ECB President, had had a stab at trying to rein in the euro, during the previous week, by making rather derogatory comments about the rise in the value of the US dollar vis-à-vis the euro, but it was apparent that talk was not the answer.

During the previous week, ended January 9, The Bank of Japan, the country's Central Bank, had been standing in foreign-exchange markets, buying up US dollars in order to try to protect the Japanese yen.

But it was clear, last Monday, London time, that the actions of Japan's Central Bank had all been of little material avail.

Last Monday, by 1100 hours **Greenwich Mean Time** (GMT), the US dollar had fallen to \$US1.2989 per euro, which was its lowest level in the previous 5 years and represented a fall of about one half of a percentage point on the day.

Against the British pound – the United Kingdom is not part of the 12-nation, single euro currency '*club*' – the US dollar was trading at about \$US1.8577, its lowest level in 14 years.

As for the Japanese currency – Japan was closed up tightly for a public holiday, last Monday – the US dollar was fetching 106.41 yen.

As long as US interest rates remain at their current, 45-year lows, and as long as the US Government continues to spend more than it earns, the US dollar is quite likely to remain under the gun, so to speak.

On Wall Street, the previous Friday (January 9), US stocks and shares were under continuous pressure for most of the day, due in part to the gyrations of the US dollar against other '*hard*' currencies, the Japanese yen, the euro, and the British pound, specifically.

On The New York Stock Exchange, on that Friday, the Dow Jones Industrial Average had lost about 1.35 percent of its value, ending the week at 10,458.89 points.

It was its largest single day's loss since October 2003.

As for the NASDAQ, its Composite Index gave up about 0.63 percent of its value, falling back to 2,086.92 points.

In Europe, last Monday, the markets had to contend with the news that Boots, the British health and beauty retailer, had determined to sack about 1,000 of its workers.

Boots, an old and well-respected name in the **United Kingdom** (UK), is fighting an uphill battle with UK supermarkets, the sales of which are cutting deeply into Boots's traditional income.

On a more positive note, Standard Chartered Bank plc had announced, the previous Friday, that it had made a bit of a '*killing*' by selling its entire stake in BOC Hongkong (Holdings) Ltd (Code: 2388, Main Board, The Stock Exchange of Hongkong Ltd).

Standard Chartered Bank had netted about \$US36 million (about \$HK281 million) from the sales of its 0.40-percent stake in BOC Hongkong (Holdings) Ltd.

It had paid \$HK8.50 per share for the stake, back in July 2002 when one of the premier banks of the People's Republic of China (PRC) had gone public in the Hongkong Special Administrative Region (HKSAR) of the PRC and Standard Chartered Bank had subscribed to 45.40 million shares in the Chinese, Government-controlled bank.

This was how the major European indices fared, last Monday:

Amsterdam's AEX Index	Minus 0.58 percent
Great Britain's FTSE 100 Index	Minus 0.40 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.50 percent
France's CAC40 Index	Minus 0.41 percent
Switzerland's Swiss Market Index	Minus 1.20 percent
Italy's MIBTEL Index	Plus 0.16 percent

In Asia, with the exception of the stock markets of the Philippines, Indonesia and Thailand, all of the other equity markets were marking time, waiting to see what would happen when the US re-opened for business.

On the 2 stock markets of the HKSAR, the bears had their way, by and large.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about one quarter of a percentage point, dropping back to 13,352.22 points on a Total Turnover of about \$HK22.62 billion.

Nearly all of the losses came in the 90-minute afternoon session, however.

The ratio of losing counters to gaining ones was about 1.70:One.

The Ten Most Actives were:

Hutchison Whampoa Ltd (Code: 13)	Up 1.61 percent to \$HK63.00 per share
PetroChina Company Ltd (Code: 857)	Down 5.29 percent to \$HK4.025 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 3.36 percent to \$HK69.25 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.34 percent to \$HK14.70 per share
China Life Insurance Company Ltd (Code: 2628)	Down 2.46 percent to \$HK5.95 per share
HSBC Holdings plc (Code: 5)	Down 0.79 percent to \$HK125.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.73 percent to \$HK73.50 per share
New World Development Company Ltd (Code: 17)	Up 8.72 percent to \$HK8.10 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.83 percent to \$HK26.85 per share
Swire Pacific Ltd "A" (Code: 19)	Up 0.98 percent to \$HK51.75 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied International Holdings Ltd	519	11.11		0.11
AV Concept Holdings Ltd	595	16.39		1.42
Beauforte Investors Corporation Ltd	21	13.82		3.50
Central China Enterprises Ltd	351	10.71		0.031
Century City International Holdings Ltd	355	16.36		0.064
China Agrotech Holdings Ltd	1073		10.87	0.82
China Star Entertainment Ltd	326	12.84		1.23
Chitaly Holdings Ltd	1198	10.58		2.875
Chuang's Consortium International Ltd	367	11.69		0.43
Chun Wo Holdings Ltd	711	21.21		0.80
First Dragoncom Agro-Strategy Holdings Ltd	875	12.05		0.093
Fortuna International Holdings Ltd	530		14.29	0.018
G-Vision International (Holdings) Ltd	657		14.55	0.047
Graneagle Holdings Ltd	147		10.00	0.315
Hongkong Construction (Holdings) Ltd	190	16.98		0.62
Kwong Sang Hong International Ltd, The	189	15.12		0.495
Magnificent Estates Ltd	201	13.43		0.076
Ming Pao Enterprise Corporation Ltd	685	10.00		2.20
Nam Fong International Holdings Ltd	1176		13.04	0.04
New Spring Holdings Ltd	690	12.50		0.72
ONFEM Holdings Ltd	230		13.92	0.68
Paliburg Holdings Ltd	617	19.33		0.142
Peace Mark (Holdings) Ltd	304	12.50		1.44

Riche Multi-Media Holdings Ltd	764	14.17		3.425
Seapower Resources International Ltd	269		16.36	0.046
Sino Technology Investments Company Ltd	1217		10.81	0.33
Tian Teck Land Ltd	266		13.76	2.35
Universal Holdings Ltd	419	20.90		0.081
Victory Group Ltd	1139		11.76	0.045
Wonson International Holdings Ltd	651	11.11		0.02
Xin Corporation Ltd	1141		21.05	0.06

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the key index shed material ground, from the first sounds of the opening bell.

By the close of trading, The Growth Enterprise Index was registering a fall of about 1.09 percent, ending the first day of trading last week at 1,257.26 points.

The Total Turnover increased to about \$HK442.32 million.

It is never a good sign to see the volume of activity of an equity market rise, substantially, while its key index is falling, rapidly.

The ratio of gainers to losers on this market was about 1.37:One.

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

Golden Meditech Company Ltd (Code: 8180)

tom.com Ltd (Code: 8001)

Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)

Wah Sang Gas Holding Ltd (Code: 8035)

Phoenix Satellite Television Holdings Ltd (Code: 8002)

Down 10 percent to \$HK2.725 per share

Down 3 percent to \$HK2.425 per share

Up 6 percent to \$HK1.30 per share

Unchanged at 86 cents per share

Down 3 percent to \$HK1.03 per share

The biggest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKuP International Holding Ltd	8179		23.33	0.023
Excel Technology International Holdings Ltd	8048		14.29	0.12
Grandy Applied Environmental Technology Corporation	8143		20.00	0.08
Xi'an Haitian Antenna Technologies Company Ltd	8227		13.33	0.65
IIN International Ltd	8128		14.41	0.101
iSteelAsia Holdings Ltd	8080	22.47		0.109
M Channel Corporation Ltd	8036		13.64	0.019
MRC Holdings Ltd	8070	28.00		0.32
Neolink Cyber Technology (Holding) Ltd	8116		12.50	0.28
Pan Sino International Holding Ltd	8260	11.67		0.335
ProSticks International Holdings Ltd	8055	29.41		0.044
Stockmartnet Holdings Ltd	8123		22.50	0.031
T S Telecom Technologies Ltd	8003		25.26	0.071
Timeless Software Ltd	8028	13.16		0.215
Town Health International Holdings Company Ltd	8138	10.34		0.096
Vertex Communications and Technology Group Ltd	8228	32.08		0.70

News wise:

- The Health Ministry of the PRC Government announced the discovery of a third case of **Severe Acute Respiratory Syndrome (SARS)**, this year. It was discovered in Guangdong, where, in July 2002, the first case of SARS was discovered. Today, a 35-year-old man is in hospital for what has been termed, '*medical observation*'; and,
- A spokesman for the PRC Government's Foreign Ministry warned the US not to interfere, directly or indirectly, in the affairs of the HKSAR. The US Government has been pushing, albeit obliquely, for **Universal Suffrage** in the territory.

And this was the way that other Asian equity markets closed, last Monday:

The HKSAR	Minus 0.25 percent to 13,352.22
Indonesia	Minus 1.48 percent to 742.51
Japan	Closed
Malaysia	Minus 0.21 percent to 823.68
The Philippines	Minus 1.82 percent to 1,501.02
Singapore	Minus 0.54 percent to 1,842.49
South Korea	Plus 0.65 percent to 850.79
Taiwan	Minus 0.12 percent to 6,219.71
Thailand	Plus 1.35 percent to 794.01

Tuesday

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**The next stock-market report will be published
on February 1, 2004.**

**TARGET staff will be enjoying the Chinese New Year Holidays,
which run for the week of January 19-25.**

Kung Hey Fat Choi !

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