

**ASIAN EQUITY MARKET STUMBLE:
DON'T SNEEZE ! IT MAY BE AVIAN INFLUENZA !**

Asian equity markets were hit with one wave after another of massive selling spurts, as many investors bailed out of stocks and shares, listed on stock markets in the most-populous part of the world.

The sell-offs were due, in the most part, to the continuing onslaught of Avian Influenza cases, which continued to claim lives.

Last Monday, it was reported that 12 people had succumbed to the virus, with a report from far-away Germany that one woman was in hospital, undergoing tests, following a trip that she took to Thailand.

In Ho Chi Minh City, Vietnam, it was confirmed that an 18-year-old man had died from the effects of Avian Influenza.

The World Health Organisation (WHO) announced that it was investigating the possibility of the virus, having mutated, permitting it to be passed from one human being to another.

The WHO investigation followed 2 sisters in Vietnam, having died after, possibly, contracting the disease from their brother.

In Thailand, the third, Avian Influenza fatality in the country was reported: A 58-year-old woman.

In the People's Republic of China (PRC), it was reported that, over the weekend, 5 more provinces had confirmed incidents of Avian Influenza.

Asian equity markets reeled from the news.

Restaurants in the Hongkong Special Administrative Region (HKSAR) of the PRC stopped selling fresh chickens and ducks, the origins of which were Asia.

'We sell only chickens and ducks, imported from the US and Europe,' one sign, hung in the window of a popular restaurant, announced.

The HKSAR Government had, the previous week, closed the doors to imports of live poultry and/or poultry meat from the PRC, proper, and open markets in the territory had stopped selling live birds, pending disinfections of market areas.

Last Monday, the United Nations' Food and Agriculture Organisation announced that it would be hosting a meeting in Rome, Italy, on Tuesday, February 3, in order to consider a plan to attack the problem of the spread of Avian Influenza, which was, fast, becoming a problem of grave, international concern.

Not less than 10 countries in Asia had confirmed incidences of the deadly virus; and, more than 50 million chickens and ducks had been slaughtered in attempts to contain the spread of the virus.

Across Asia, sellers lined up to unload stocks and shares, with Thailand's Set Index, shedding the most, with a fall of about 4.52 percent.

It was not a day for the weak of heart, to be sure.

What had transpired on Wall Street, the previous Friday (January 30), when, on The New York Stock Exchange, the Dow Jones Industrial Average had fallen by about 0.21 percent to 10,488.07 points, and, on the NASDAQ, its Composite Index had shed about one tenth of a percentage point, falling to 2,066.15 points, was considered passé in Asia, last Monday, since it had little immediate bearing on the situation that existed on equity market, internationally.

<p>Please see TARGET Intelligence Report, Volume VI, Number 22, published last Wednesday, for an exclusive report on the US economy – Second Story</p>

In Europe, Avian Influenza appeared to be not considered an important issue to investors – in spite of the German report.

Parochial consideration on The London Stock Exchange knocked down the price of equities on this market, one of the largest in Europe.

However, there was a great deal of trepidation about the immediate future of the hospitality industry and the airline industry because the effects that Avian Influenza might well, in the fullness of time, affect them, detrimentally.

Investors recalled the knock-on effects of the bout of Severe Acute Respiratory Syndrome (SARS) that struck in March of 2003.

And SARS had its roots in the Guangdong Province of the PRC and spread to nearly every industrialised country in the world in very short order.

This was how Europe saw the situation, last Monday night:

Amsterdam's AEX Index	Plus 0.61 percent
Great Britain's FTSE 100 Index	Minus 0.20 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.32 percent
France's CAC40 Index	Plus 0.73 percent
Switzerland's Swiss Market Index	Plus 0.90 percent
Italy's MIBTEL Index	Plus 0.27 percent

In the HKSAR, sellers lined up at the opening of The Stock Exchange of Hongkong Ltd, resulting in the Main Board's Hang Seng Index, shedding about 2.18 percent of its value, falling back to 12,999.98 points, while, on The Growth Enterprise Market (The GEM), The Growth Enterprise Index was forced to surrender about 2.09 percent of its value, dropping to 1,262.52 points.

The Total Turnover on the Main Board was about \$HK17.93 billion, while, on The GEM, it was about \$HK164.90 million.

On the Main Board, the ratio of losers to gainers was 4.89:One and, on The GEM, the ratio of losers to gainers was 3.40:One, exactly.

The Main Board's Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.65 percent to \$HK119.50 per share
China Life Insurance Company Ltd (Code: 2628)	Down 5.26 percent to \$HK5.40 per share
Hutchison Whampoa Ltd (Code: 13)	Down 3.86 percent to \$HK62.25 per share
PetroChina Company Ltd (Code: 857)	Down 2.60 percent to \$HK3.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.71 percent to \$HK14.40 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.57 percent to \$HK25.10 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.67 percent to \$HK73.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 3.11 percent to \$HK70.00 per share
PCCW Ltd (Code: 8)	Down 4.88 percent to \$HK5.85 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.875 per share

Of the 39, double-digit movers of the day, 24, double-digit movers saw their share prices rise by 10 percent or more, while 15, double-digit movers saw investors shoot them down by 10 percent or more.

Daido Group Ltd (Code: 544) was the biggest gainer of the day, following spirited buying, which pushed up its share price by 53.85 percent to 16 cents.

Buildmore International Ltd (Code: 108) was the biggest loser, as investors pulled down its share price by 31.91 percent to 32 cents.

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

tom.com Ltd (Code: 8001)	Down 3 percent to \$HK2.30 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 2 percent to \$HK1.77 per share
Town Health International Holdings Company Ltd (Code: 8138)	Down 8 percent to 7.40 cents per share
Convenience Retail Asia Ltd (Code: 8052)	Down 3 percent to \$HK2.60 per share
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)	Down 7 percent to \$HK1.15 per share

As for the biggest movers on The GEM, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158		18.92	0.03
Eco-Tek Holdings Ltd	8169		13.51	0.32
FX Creations International Holdings Ltd	8136	19.33		0.179
Info Communication Holdings Ltd	8082		11.11	0.04
Q9 Technology Holdings Ltd	8129	19.05		0.075
Recruit Holdings Ltd	8073	10.00		0.022
Tianjin TEDA Biomedical Engineering Company Ltd	8189	10.47		0.19

In Japan, for the most part, the indices of the country's 3 equity markets ended the day flat.

On The Tokyo Stock Exchange, the key index, The Nikkei-225 Stock Average, fell 6.88 yen, equivalent to about 0.06 percent, ending the day at 10,776.73 yen.

In spite of The Nikkei-225 Stock Average, being in the red, gainers were far ahead of losers by the ratio of about 2.32:One.

However, it was generally expected that share prices would come under increasing pressure, during the following trading day(s), since it appeared almost impossible for Japan to avoid the effects of Avian Influenza.

News wise

- **Sharp Corporation** announced that its Net Profits Attributable to Shareholders rose about 27 percent in the final quarter of 2003, to December 31, to 17.76 billion yen, compared with the like period in 2002

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

The HKSAR	Minus 2.18 percent to 12,999.98
Indonesia	Closed
Japan	Minus 0.06 percent to 10,776.73
Malaysia	Closed
The Philippines	Minus 4.06 percent to 1,447.05
Singapore	Closed
South Korea	Plus 0.75 percent to 854.89
Taiwan	Minus 0.87 percent to 6,319.96
Thailand	Minus 4.52 percent to 667.33

Tuesday

The deadly toxic, Ricin, was discovered in the post room of the offices of the Majority Leader of the US Senate in Washington, D.C., last Monday, throwing more than a bit of a scare into equity markets in The Land of The Free and The Home of The Brave.

Nobody was harmed, according to early reports, but the Senate Offices were closed, pending a thorough investigation.

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