

**RECORD-HIGH OIL PRICES SQUEEZE THE LIFEblood OUT OF STOCKS**

The international, equity market meltdown continued to cut a swathe through the value of investors' holdings, last Monday.

No single stock market throughout the world was spared.

The reason for the losses, internationally, was a combination of international events: Unrest in the Middle East, with fighting, continuing to escalate in Iraq; and, the price of crude oil, which continued to hit record highs.

On The New York Mercantile Exchange (NYMEX), the price of sweet light crude for June delivery hit \$US41.58 per barrel.

For August delivery, the price was being quoted at a high of \$US40.97 per barrel.

Oil prices had hit 21-year highs.

The Organisation of Petroleum Exporting Countries (OPEC) maintained silence on the matter, with some officials, offering platitudes about the situation:

*'Blame it on the US Administration! It is due to Iraq, Iran ... but it is, definitely, not the fault of OPEC. What can we do about the high price of oil! It's not our business.'*

And the US Administration responded by asking:

*'How about putting more oil on the market?'*

Then, more silence from OPEC.

OPEC has scheduled a meeting for Thursday, June 3, to consider what to do about the situation. The meeting will be held in Beirut, Lebanon.

The record-high price of oil is hurting manufacturers of plastics and tyres, and chemical companies are feeling the pinch, too.

Airlines, from Asia to Eastern Europe to the Antipodes, those that had not imposed surcharges on passengers, thus far, in order to cover the higher cost of jet fuel, succumbed to the pressure, and followed the lead of British Airways (BA) and Qantas of the previous week.

The cost of jet fuel accounts for anywhere from 11 percent of operating costs of an airline to a high of 60 percent, taking into account all factors, regarding operations, but depending on the type of aeroplanes, being flown.

The record high cost of fuel was having a debilitating effect on the economies of the world.

Also, if record-high, fuel costs continue, it will be inflationary, in the extreme.

The US Federal Reserve Board is due to hold an Open Market Committee Meeting on June 29, at which time, no doubt, it will be forced to make some kind of announcement about the effects that the high price of oil is having on the US economy.

More important, perhaps, is that The Fed might well be forced to raise the Fed Funds' Rate by at least 25 basis points in order to try to contain inflation in the country.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average lost 1.06 percent of its value, falling back to 9,906.91 points.

On the tech-laden NASDAQ, its Composite Index shed about 1.45 percent, ending the session at 1,876.64 points.

In Europe, every index of every major bourse ended the day in the red.

This was how some of the leading bourses fared, last Monday:

Amsterdam's AEX Index	Minus 1.34 percent
Great Britain's FTSE 100 Index	Minus 0.87 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.28 percent
France's CAC40 Index	Minus 1.40 percent
Switzerland's Swiss Market Index	Minus 1.36 percent
Italy's MIBTEL Index	Minus 1.25 percent

Whereas, there had been a handful of bourses in Europe, which had managed to scrape up fractional gains, not so in Asia: Every index of every equity market fell to selling pressure.

The leader of the losers was Indonesia, as The Djakarta Stock Exchange's key index gave up about 7.50 percent of its value.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), share prices on the territory's 2 stock markets fell, fast and furiously.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, which charts the direction of blue chips, dropped about 2.74 percent of its value, ending the hectic trading session at 10,967.65 points.

The Total Turnover rose to about \$HK16.13 billion, suggesting, perhaps, that some investors were being squeezed.

Trading in the scrip of HSBC Holdings plc (Code: 5) continued to dominate the market, with trades in this banking conglomerate's shares, representing about 14 percent of the entire volume of activity for the day.

The ratio of losing counters to gaining ones was 2.18:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.91 percent to \$HK109.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 6.83 percent to \$HK11.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 5.33 percent to \$HK57.75 per share
PetroChina Company Ltd (Code: 857)	Down 5.19 percent to \$HK3.20 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.53 percent to \$HK19.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 5.58 percent to \$HK50.75 share
Hutchison Whampoa Ltd (Code: 13)	Down 2.83 percent to \$HK48.00 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.30 percent to \$HK95.25 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 7.48 percent to \$HK2.475 per share
CLP Holdings Ltd (Code: 2)	Down 4.14 percent to \$HK39.40 per share

There was a record number of double-digit movers, last Monday, totalling 123 counters, in all.

Of those 123, double-digit movers, 119 of their number saw their share prices fall by 10 percent or more to persistent selling pressure.

The biggest loser of the day was Tse Sui Luen Jewellery (International) Ltd (Code: 417), whose share price surrendered 38.10 percent, coming to rest at 26 cents.

China Rich Holdings Ltd (Code: 1191) was the biggest mover of the 4, double-digit gainers of the day, as investors pushed up its share price to 4.50 cents, a one-day improvement of about 21.62 percent.

There were reports that international funds were deserting Asia in favour of US equities.

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, investors were shocked, as The Growth Enterprise Index shed 4.59 percent, falling back to 1,021.34 points.

The loss was on a Total Turnover of just \$HK59.72 million.

This low volume of activity on a rapidly falling market smelt very much of the beginning of a panic situation.

How long the selling spree would last would be the key, determinate factor, however.

The ratio of losing counters to gaining ones was 9.75:One, exactly.

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

Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 8 percent to \$HK14.20 per share
TOM Group Ltd (Code: 8001)	Down 6 percent to \$HK1.52 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Down 10 percent to \$HK2.125 per share
TOM Online Incorporated (Code: 8282)	Down 7 percent to \$HK1.05 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Down 2 percent to \$HK1.33 per share

As for the biggest movers of the day, they were reserved for the following bunch:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B and B Natural Products Ltd	8156		14.06	0.55
Capinfo Company Ltd	8157		13.73	0.22
CASH Financial Services Group Ltd	8122		10.77	0.29
Changchun Da Xing Pharmaceutical Company Ltd	8067	21.15		0.315
China Fire Safety Enterprise Group Holdings Ltd	8201		11.25	0.355
ePRO Ltd	8086		17.65	0.014
EVI Education Asia Ltd	8090	14.58		0.055
Golding Soft Ltd	8190		15.15	0.028
Greencool Technology Holdings Ltd	8056		13.79	0.75
Info Communication Holdings Ltd	8082		10.14	0.062
Linefan Technology Holdings Ltd	8166	11.43		0.078
Neolink Cyber Technology (Holding) Ltd	8116	54.55		0.17
Sau San Tong Holdings (Cayman Islands) Ltd	8200		14.44	0.385
Tiger Tech Holdings Ltd	8046		13.79	0.25
Town Health International Holdings Company Ltd	8138		12.50	0.035
Tungda Innovative Lighting Holdings Ltd	8229		14.46	0.355
Vertex Communications and Technology Group Ltd	8228		12.12	0.29
WorldMetal Holdings Ltd	8161		11.90	0.03

In Japan, The Nikkei-225 Stock Average, a key index of The Tokyo Stock Exchange, lost 344.58 yen, or about 3.18 percent, dropping back to 10,505.05 yen.

Losing counters beat off winning counters by the ratio of 22.30:One.

#### News wise

- **Culture Convenience Club Company**, the operator of the Tsutaya Video Rental Chain, announced that, in Fiscal 2003, it had earned 2.39 billion yen, an increase, Year-on-Year, of about 90 percent;
- **Dentsu Incorporated**, the largest advertising company in the country, announced that its Net Profits Attributable to Shareholders had risen by about 35 percent, during its Financial Year, ended March 31, 2004, to 30.88 billion yen;
- **American Online Incorporated** (of the US) announced that it would withdraw from Japan and sell its Internet connection services. **AOL Japan Incorporated**, American Online's Japanese subsidiary, will sell the service to eAccess Ltd for about 2.10 billion yen; and,
- Japan's **Current Account Surplus** rose to a record high of about 17.27 trillion yen in Fiscal 2003, up 20 percent, compared with Fiscal 2002.

And this was how things came to a halt on Asian equity markets, last Monday:

The HKSAR	Minus 2.742 percent to 10,967.65
Indonesia	Minus 7.50 percent to 668.48
Japan	Minus 3.18 percent to 10,505.05
Malaysia	Minus 1.63 percent to 781.05

The Philippines	Minus 2.28 percent to 1,486.99
Singapore	Minus 3.11 percent to 1,700.33
South Korea	Minus 5.14 percent to 728.98
Taiwan	Minus 5.10 percent to 5,482.96
Thailand	Minus 4.61 percent to 581.61

## Tuesday

The price of sweet, light crude oil for June delivery eased back to \$US40.45 per barrel on The New York Mercantile Exchange (NYMEX), last Tuesday, with August delivery, settling at \$US39.92 per barrel.

While it was uncertain as to the reason for the one-dollar retreat, many traders on the NYMEX claimed that the situation is far from being over.

Unrest in the Middle East continued, with certain anti-American factions, continuing to sabotage oil installations in that part of the world.

In the US, the record-high price of oil, reflected at the petrol pumps where the price of unleaded petrol was more than \$US2 per gallon, has become a political issue, with one US political party after another, blaming the Bush Administration for the problem.

All this and Hell, too, could not be indicative of an oil-price reduction in a hurry.

But, if The Organisation of Petroleum Exporting Countries (OPEC) were to pump more oil onto international markets, the price of the black gold would, almost certainly, retreat.

That, however, does not appear to be likely – because OPEC members are licking their lips at the juicy profits that are being obtained by the 21-year high in the price of crude oil.

On Wall Street, last Tuesday, stock and share prices recovered from their pounding of late.

On The New York Stock Exchange, the Dow Jones Industrial Average regained about 0.62 percent of its value, running back to 9,968.51 points.

As for the tech-laden NASDAQ, its Composite Index rose about 1.13 percent, as investors pushed it to 1,897.82 points.

But trading was light, relative to the average daily volume of trades.

Investors in Europe, noting early trading conditions on The New York Stock Exchange, and recognising somewhat of a rebound for many counters, whose share prices rose off their 2004 lows, started to follow the lead of the largest equity markets in the world.

Although many of the major European bourses recorded positive figures, there was, still, the matter of the US Federal Reserve Board's Open Market Committee Meeting, scheduled for Tuesday, June 29.

But, with earnings of many European *'darlings'*, delighting investors, the atmosphere was of letting caution go to the wind.

This was how indices of major bourses fared, last Tuesday:

Amsterdam's AEX Index	Plus 1.03 percent
Great Britain's FTSE 100 Index	Plus 0.26 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.93 percent
France's CAC40 Index	Plus 0.50 percent
Switzerland's Swiss Market Index	Plus 0.54 percent
Italy's MIBTEL Index	Plus 0.50 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), while both equity markets recorded positive results by the close of trading, the volume of activity was such as to inspire little confidence in more-seasoned investors.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index recorded a gain of about 0.96 percent, ending the day at 11,072.39 points.

All but 7.08 points of the 104.74-point gain, however, came in the 150-minute morning session, with trading, during the 90-minute afternoon session, being very quiet.

The Total Turnover was about \$HK12.37 billion, with the ratio of gaining counters to losing ones, being 1.96:One, exactly.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK109.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK57.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.86 percent to \$HK11.70 per share
PetroChina Company Ltd (Code: 857)	Up 3.13 percent to \$HK3.30 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.63 percent to \$HK48.30 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.48 percent to \$HK51.50 share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.01 percent to \$HK2.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 3.38 percent to \$HK19.90 per share
CNOOC Ltd (Code: 883)	Up 8.41 percent to \$HK2.90 per share
CLP Holdings Ltd (Code: 2)	Down 2.03 percent to \$HK38.60 per share

As for the Main Board's double-digit movers of the day, there were a total of 42 counters that qualified for that description.

Of that number, 33, double-digit movers saw investors push up their share prices by 10 percent or more, while the remaining 9 counters continued to lose ground, as investors pushed down their share prices by 10 percent or more.

Garron International Ltd (Code: 1226) was the biggest gainer of the day, as investors jacked up its share price to 19 cents, a one-day gain of 55.74 percent.

Wah Nam International Holdings Ltd (Code: 159) had the distinction of being the biggest loser of the day. Its share price fell 53.71 percent to 8.10 cents.

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the volume of activity continued to be low, at about \$HK54.32 million.

The Growth Enterprise Index put on about 0.63 percent, recovering to 1,027.72 points.

Advancing counters only just beat out declining ones by the ratio of about 1.08:One.

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

Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 9 percent to \$HK15.50 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 4 percent to \$HK2.20 per share
TOM Group Ltd (Code: 8001)	Unchanged at \$HK1.52 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 1 percent to 40 cents per share
TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.06 per share

The GEM's double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-S China Plumbing Products Ltd	8262		14.71	1.45
Leadership Publishing Group Ltd	8010	14.58		0.055
PINE Technology Holdings Ltd	8013		11.11	0.20
Sau San Tong Holdings (Cayman Islands) Ltd	8200	11.69		0.43
Shandong Molong Petroleum Machinery Company Ltd	8261	11.59		0.77
Town Health International Holdings Company Ltd	8138	14.29		0.04
WorldMetal Holdings Ltd	8161		10.81	0.033
Zheda Lande Scitech Ltd	8106	15.15		0.38

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average recovered 206.04 yen, equivalent to 1.96 percent, running back to 10,711.09 yen.

Gaining counters beat off losing ones by the ratio of about 3.45:One.

The economic recovery of Japan was said to be on track and investors, having factored into the equation, the record-high cost of oil, appeared to be willing to take the chance that the worst was, now, over.

Fools are my theme, let satire be my song.

#### News wise

- **Nippon Meat Packers Incorporated** announced that its Group Net Profit for Fiscal 2003 had been 10.64 billion yen, up about 141.30 percent, Year-on-Year.

In other parts of Asia, this was how those equity markets closed, last Tuesday night:

The HKSAR	Plus 0.96 percent to 11,072.39
Indonesia	Plus 1.15 percent to 676.15
Japan	Plus 1.96 percent to 10,711.09
Malaysia	Plus 0.28 percent to 783.27
The Philippines	Minus 0.73 percent to 1,476.08
Singapore	Plus 1.32 percent to 1,722.80
South Korea	Plus 1.78 percent to 741.99
Taiwan	Plus 1.36 percent to 5,557.68
Thailand	Plus 0.15 percent to 582.51

#### Wednesday

The price of crude oil rebounded, last Wednesday, putting paid to the idea that the worst was over in respect of this international problem.

On The New York Mercantile Exchange (NYMEX), the price of sweet light crude for June delivery hit a high of \$US41.70 per barrel, before settling back to \$US41.52 per barrel.

For July delivery, however, the price rose to \$US41.56 per barrel.

As the price of crude oil continued to rise, more and more international airlines complained – and bitterly, too.

Many US airlines have warned investors that, due to the high price of jet fuel, the chances of a financial recovery in the airline industry have been dashed, at least for this year.

Surcharges on airline tickets have, now, become almost commonplace.

The stage is set for international inflationary flames to be rekindled in earnest, unless immediate action can be taken to contain the situation and/or curtail the record-high price levels for the black gold.

Jobs will be lost, as companies try to cut costs in order to stay in business.

The call went out, once again, for the 11-member cartel of The Organisation of Petroleum Exporting Countries (OPEC) to put more oil onto the international marketplace in order to ease the pressure.

Mr Purnomo Yusgiantoro, the President of OPEC, was quoted as making the inane statement:

*‘The problem, today, is not a crude oil problem ... it is a gasoline market problem.’*

Record-high oil prices mean that consumers have less money to spend; and, this will hit Corporate America.

In turn, this situation will reverberate round the world, the OPEC countries, notwithstanding.

On Wall Street, last Wednesday, trading was heavier than usual, but it had little impact on the final figures.

The Dow Jones Industrial Average, a key index of The New York Stock Exchange, gave up about 0.31 percent of its value, falling back to 9,937.71 points.

As for the NASDAQ, its Composite Index gained about 0.02 percent, ending the day at 1,898.17 points.

Wall Street, like so many other international markets, was responding to the situation in respect of oil prices, the continued problems in the Middle East, and concerns about the eventual knock-on effects from the above.

In Europe, however, not realising, during the trading day, what was happening with regard to oil prices, investors thought that everything was hunky-dory.

Since Wall Street's opening had appeared to usher in higher prices, European investors went on a bit of a buying spree.

This was the final result on major bourses of Europe, last Wednesday:

Amsterdam's AEX Index	Plus	1.95 percent
Great Britain's FTSE 100 Index	Plus	1.30 percent
Germany's Frankfurt XETRA DAX Index	Plus	2.19 percent
France's CAC40 Index	Plus	2.08 percent
Switzerland's Swiss Market Index	Plus	1.27 percent
Italy's MIBTEL Index	Plus	1.47 percent

In Asia, with the lone exception of The Manila Stock Exchange, things were popping.

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index regained about 3.59 percent of its value, rising to 11,469.41 points.

The Total Turnover rose to about \$HK16.85 billion.

The ratio of gaining counters to losing ones was about 5.22:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 2.32 percent to \$HK111.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 5.19 percent to \$HK60.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 4.77 percent to \$HK20.85 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 5.98 percent to \$HK12.40 per share
PetroChina Company Ltd (Code: 857)	Up 5.30 percent to \$HK3.475 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 5.00 percent to \$HK2.625 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 5.83 percent to \$HK54.50 share
Hutchison Whampoa Ltd (Code: 13)	Up 2.48 percent to \$HK49.50 per share
CNOOC Ltd (Code: 883)	Up 6.90 percent to \$HK3.10 per share

Henderson Land Development Company Ltd (Code: 12) Up 9.98 percent to \$HK32.50 per share

As for the double-digit movers of the day, there were a total of 88 such counters, only 5 of which were in negative territory.

Universal Holdings Ltd (Code: 419) was the biggest gainer of the day, as investors pushed up its share price by 63.64 percent to 7.20 cents.

Tse Sui Luen Jewellery (International) Ltd (Code: 417) had the distinction of being the biggest, Main Board loser, as its share price fell 26.42 percent to 19.50 cents.

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index shot up 2.48 percent, recovering to 1,053.21 points.

The Total Turnover, however, remained low, at about \$HK60.13 million.

The ratio of gainers to losers was about 3.79:One.

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

TOM Group Ltd (Code: 8001)

Up 3 percent to \$HK1.57 per share

TOM Online Incorporated (Code: 8282)

Up 1 percent to \$HK1.07 per share

Panva Gas Holdings Ltd (Code: 8132)

Up 2 percent to \$HK2.70 per share

HC International Incorporated (Code: 8292)

Up 1 percent to \$HK1.80 per share

MP Logistics International Holdings Ltd (Code: 8239)

Up 1 percent to \$HK1.30 per share

The biggest movers on this speculative marketplace were reserved for the following counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061		30.00	0.14
Creative Energy Solutions Holdings Ltd	8109	11.00		0.222
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	14.29		0.48
Golding Soft Ltd	8190	10.00		0.033
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	14.68		0.25
Kingdee International Software Group Company Ltd	8133	13.64		2.50
Lai Fai International Holdings Ltd	8183	10.00		0.55
Leadership Publishing Group Ltd	8010	27.27		0.07
Sau San Tong Holdings (Cayman Islands) Ltd	8200	11.63		0.48
Thiz Technology Group Ltd	8119		21.43	0.011

In Japan, in view of what was happening in other parts of Asia, as well as glowing reports about the recovery of the second-largest economy of the world, up went the price of many shares on the country's 3 stock markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average rose 256.65 yen, or about 2.40 percent, ending the day at 10,967.74 yen.

The ratio of gaining counters to losing ones was about 17.25:One.

This was how indices of other Asian markets fared, just before their respective doors closed, last Wednesday night:

The HKSAR	Plus 3.59 percent to 11,469.41
Indonesia	Plus 4.53 percent to 706.80
Japan	Plus 2.40 percent to 10,967.74
Malaysia	Plus 1.35 percent to 793.83
The Philippines	Minus 0.53 percent to 1,468.32
Singapore	Plus 2.46 percent to 1,765.26
South Korea	Plus 4.85 percent to 777.95
Taiwan	Plus 5.45 percent to 5,860.58
Thailand	Plus 5.58 percent to 614.99

### Thursday

The focus switched, last Thursday, to the refining capacity of US oil installations – and that has been the reason for the current high prices of oil.

That was the opinion of the President of The Organisation of Petroleum Exporting Countries (OPEC), Mr Purnomo Yusgaintoro, according to his interview with the media, last Thursday.

And the response, from most, right-minded people, was: Any excuse is better than none?

Meanwhile, there was no suggestion from OPEC that it would encourage its 11 members to put more oil onto the international markets.

And, on NYMEX (The New York Mercantile Exchange), the price of sweet light crude was being traded at \$US40.85 per barrel for July delivery.



From London, England, to Washington, D.C. to the Antipodes, the clamour could be heard: Put more oil on the market!

The Commission of the European Union, Ms Loyola de Palacio, called on OPEC to increase production, immediately.

Ms Loyola de Palacio said the entire world would suffer *'a very heavy cost'* unless there was a drop in prices.

She went on to state:

*'If it does not come about, we will clearly see that OPEC is not interested in oil-price stability.'*

The Chancellor of the Exchequer for the United Kingdom, Mr Gordon Brown, got into the act:

*'It is not the rich consumers that are suffering, but developing countries.'*

On Wall Street, last Thursday, it was as though investors had been struck by some alien force, causing the equity markets to come almost to a halt.

On The New York Stock Exchange, the Dow Jones Industrial Average edged down 0.07 percent to 9,937.64 points, while, on the NASDAQ, its Composite Index followed the Big Board's lead, giving up 0.08 percent to end the day at 1,896.59 points.

Economic statistics, be they of a macroeconomic nature or of a microeconomic nature, were, almost entirely, discounted: The oil price overshadowed all.

Historical earnings records of companies were, just that: Historical.

The question was: What would the morrow bring?

In Europe, investors, who bought long on Wednesday, rued their decisions on Thursday.

Down came indices of major European bourses:

Amsterdam's AEX Index	Minus 0.64 percent
Great Britain's FTSE 100 Index	Minus 0.96 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.85 percent
France's CAC40 Index	Minus 0.92 percent
Switzerland's Swiss Market Index	Closed
Italy's MIBTEL Index	Minus 0.36 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was another down day for investors on the Main Board of The Stock Exchange of Hongkong Ltd.

The key index of the Main Board, the Hang Seng Index, lost about 1.13 percent of its value, ending the day at 11,339.62 points.

The Total Turnover dipped to about \$HK14.16 billion.

The ratio of losing counters to gaining ones was 1.83:One, exactly.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.90 percent to \$HK110.00 per share
China Telecom Corporation Ltd (Code: 728)	Down 3.16 percent to \$HK 2.30 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.20 percent to \$HK20.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.47 percent to \$HK59.25 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.21 percent to \$HK48.90 per share
PetroChina Company Ltd (Code: 857)	Down 0.72 percent to \$HK3.45 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.21 percent to \$HK12.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.46 percent to \$HK54.75 share
Aluminum Corporation of China Ltd (Code: 2600)	Down 4.73 percent to \$HK4.025 per share
CNOOC Ltd (Code: 883)	Unchanged at \$HK3.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied International Holdings Ltd	519		10.00	0.09
Asia Commercial Holdings Ltd	104		18.87	0.43
Beijing Development (Hongkong) Ltd	154	19.13		1.37
CEC International Holdings Ltd	759		13.33	0.13
CIG-WH International (Holdings) Ltd	621	13.33		0.17
City Telecom (Hongkong) Ltd	1137		11.33	1.33
China Northern Enterprises Investment Fund Ltd	2324		27.08	0.35
Daido Group Ltd	544		11.25	0.071
I-China Holdings Ltd	240		15.38	0.011
ING Beijing Investment Company Ltd	1062		16.11	0.125
INNOMAXX Biotechnology Group Ltd	340	20.71		0.169
Massive Resources International Corporation Ltd	70	13.33		0.017
Mei Ah Entertainment Group Ltd	391		10.71	0.25
Shun Ho Technology Holdings Ltd	219		14.52	0.265
Sunway International Holdings Ltd	58		16.67	0.25
Tse Sui Luen Jewellery (International) Ltd	417	12.82		0.22
Unity Investment Holdings Ltd	913		16.00	0.21
Universe International Holdings Ltd	1046	10.00		0.055
Wah Nam International Holdings Ltd	159	10.17		0.13
Wonderful World Holdings Ltd	109		14.38	0.131

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose about 0.32 percent, ending the day at 1,056.55 points on a Total Turnover of about \$HK53.35 million.

In spite of The Growth Enterprise Index, being in positive territory, losing counters beat off gaining ones by the ratio of about 1.14:One.

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

TOM Online Incorporated (Code: 8282)	Up 7 percent to \$HK1.14 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 4 percent to \$HK2.80 per share
TOM Group Ltd (Code: 8001)	Down 1 percent to \$HK1.56 per share
Xteam Software International Ltd (Code: 8178)	Up 14 percent to 17.40 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2 percent to \$HK1.46 per share

The biggest movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	42.86		0.20
Argos Enterprise (Holdings) Ltd	8022		10.53	0.136
China Fire Safety Enterprise Group Holdings Ltd	8201	17.72		0.465
ePRO Ltd	8086	23.08		0.016
Shaanxi Northwest New Technology Industry Company Ltd	8258		24.05	0.12
Solutech Holdings Ltd	8111	15.24		0.121
Stockmartnet Holdings Ltd	8123		12.50	0.035
Thiz Technology Group Ltd	8119	18.18		0.013
Xteam Software International Ltd	8178	14.47		0.174

Early gains on Asia's largest equity market, that of The Tokyo Stock Exchange, were erased by mid-morning, as concern about the high price of crude oil and higher interest rates to follow in its wake unnerved investors.

The Nikkei-225 Stock Average eased back 105.70 yen, equivalent to about 0.96 percent, to 10,862.04 yen.

Although the Nikkei-225 Stock Average was down, gaining counters outran losing counters by the ratio of about 1.36:One.

#### News wise

- **Namco Ltd**, a video-game software and hardware producer, reported a Group Net Profit for Fiscal 2003 of 7.55 billion yen, up 83.30 percent, Year-on-Year;

- **Isuzu Motors Ltd**, a major player in Japan in lorry and bus production, said that its Group Net Profit was about 54.71 billion yen for Fiscal 2002. In Fiscal 2002, the company lost about 144.30 billion yen. The company is owned as to 12.04 percent by **General Motors Corporation** (of the US);
- **Morinaga Milk Industry Company** announced that its Group Net Profit for Fiscal 2003 rose about 34.10 percent, Year-on-Year, to 6.46 billion yen; and,
- **Snow Brand Milk Products Company**, which had been hit by a string of scandals between 2000 and 2003, from food poisoning to a meat-labelling scam when it conned the Japanese Government into paying it for something for which it was not entitled, announced that it had returned to profit in Fiscal 2003 – for the first time in 5 consecutive financial years. The company said that it had produced Net Profits of about 1.42 billion yen for the Financial Year, ended March 31, 2004.

This was the way that other Asian bourses ended their respective trading days, last Thursday:

The HKSAR	Minus 1.13 percent to 11,339.62
Indonesia	Closed
Japan	Minus 0.96 percent to 10,862.04
Malaysia	Minus 0.62 percent to 788.87
The Philippines	Plus 0.27 percent to 1,472.25
Singapore	Minus 1.34 percent to 1,741.57
South Korea	Minus 1.31 percent to 767.79
Taiwan	Minus 0.77 percent to 5,815.33
Thailand	Minus 2.46 percent to 599.88

## **Friday**

The price of crude oil slipped below \$US40 per barrel, last Friday – to the delight of most industrialists, around the world.

On The New York Mercantile Exchange (NYMEX), sweet light crude oil, for July delivery, was quoted at the close of trading at \$US39.93 per barrel.

It was the first time since May 10 that the closing price of oil had been this low.

The reason for the fall in the price of oil was because the world's largest producer of the black gold, Saudi Arabia, a member of the **Organisation of Petroleum Exporting Countries (OPEC)**, was reported to have recommended that OPEC increase production by 2 million barrels of oil per day.

The suggestion of Saudi Arabia equates to an increase of about 8.50 percent in oil production of the 11-member OPEC cartel.

On The New York Stock Exchange, the Dow Jones Industrial Average rallied on the news, rising to 9,966.74 points, a gain of about 0.29 percent, while, on the NASDAQ, its Composite Index put on about 0.82 percent, running back to 1,912.09 points.

Very little else mattered, last Friday, since without a respite in the high cost of energy, it would mean that every economy of the world would, ultimately, suffer detrimentally.

In Europe, however, only the indices of 4 major equity markets out of the 17 major bourses managed to be in the black by the close of the week.

This is **TARGET**'s list of some of the biggest equity markets of Europe and how their respective indices ended the week of May 22, 2004:

Amsterdam's AEX Index	Minus 0.03 percent
Great Britain's FTSE 100 Index	Plus 0.06 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.19 percent
France's CAC40 Index	Minus 0.08 percent
Switzerland's Swiss Market Index	Minus 1.14 percent

In Asia, every equity market scored positive results, last Friday, led by The Bangkok Stock Exchange.

It was a generally held belief in Asia that the worst of the oil crisis was behind the world and that a revival of the status quo was just around the corner.

Also, Taiwan was not making any more rude noises, which might upset Beijing, unnecessarily.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rang in a gain of about 2.09 percent, ending the day at 11,576.01 points.

The Total Turnover was about \$HK12.76 billion.

The ratio of gaining counters to losing ones was about 4.11:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.91 percent to \$HK111.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 4.29 percent to \$HK51.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.18 percent to \$HK21.05 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 5.91 percent to \$HK62.75 per share
PetroChina Company Ltd (Code: 857)	Up 2.17 percent to \$HK3.525 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.63 percent to \$HK12.45 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.74 percent to \$HK56.25 share
China Life Insurance Company Ltd (Code: 2628)	Up 3.68 percent to \$HK4.225 per share
Huaneng Power International Incorporated (Code: 902)	Up 4.62 percent to \$HK6.80 per share

There were a total of 42, double-digit movers on the Main Board, with 7 of their number, being saddled with losses in their share prices of 10 percent or more.

Rontex International Holdings Ltd (Code: 1142) was the biggest gainer of the day, as its share price rose 36.77 percent to 21.20 cents.

PME Group Ltd (Code: 379) had the distinction of being the biggest loser of the day, as investors pushed down its share price to 24.90 cents, a one-day loss of about 26.33 percent.

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, speculators were delighted to see The Growth Enterprise Index gain about 3.08 percent, ending the week at 1,089.06 points.

The Total Turnover, however, remained low, at about \$HK56.35 million.

Advancing counters were ahead of declining ones by the ratio of about 2.95:One.

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

TOM Group Ltd (Code: 8001)	Up 3 percent to \$HK1.61 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 7 percent to \$HK3.00 per share
TOM Online Incorporated (Code: 8282)	Up 3 percent to \$HK1.17 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 3 percent to \$HK2.475 per share
Xteam Software International Ltd (Code: 8178)	Up 4 percent to 17.10 cents per share

As for The GEM's double-digit movers, they were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B and B Natural Products Ltd	8156	11.54		0.58

EVI Education Asia Ltd	8090	23.64		0.068
Golding Soft Ltd	8190	13.33		0.034
Innovis Holdings Ltd	8065	47.06		0.50
Inworld Group Ltd	8100	11.11		0.04
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	10.00		0.275
Kinetana International Biotech Pharma Ltd	8031	12.31		0.073
SUNeVision Holdings Ltd	8008	10.53		1.47

And, so, the tally for the week was:

The Hang Seng Index	Plus 2.65 percent
The Growth Enterprise Index	Plus 1.74 percent

On The Tokyo Stock Exchange, Japanese investors plunged in, buying up their favourite stocks and shares at what some people thought were bargain-basement prices.

By the time that dinner came around, The Nikkei-225 Stock Average was standing at 11,070.25 yen, a gain of 208.21 yen, or about 1.91 percent.

The ratio of gaining counters to losing ones was 5.47:One.

The easing off of the oil price helped Asia's largest equity market to recover lost ground.

The tally for the week for The Tokyo Stock Exchange, was:

The Nikkei-225 Stock Average	Plus 2.03 percent
------------------------------	-------------------

Investors on other Asian equity markets went home with smiles on their faces, last Friday, after having suffered a harrowing week of undulating stock-market indices.

This was how other Asian equity markets closed their respective doors, last Friday:

The HKSAR	Plus 2.085 percent to 11,576.01
Indonesia	Plus 2.56 percent to 724.93
Japan	Plus 1.91 percent to 11,070.25
Malaysia	Plus 0.33 percent to 791.53
The Philippines	Plus 0.86 percent to 1,484.96
Singapore	Plus 1.47 percent to 1,767.23
South Korea	Plus 2.41 percent to 786.36
Taiwan	Plus 2.57 percent to 5,964.94
Thailand	Plus 2.58 percent to 615.41

***While TARGET makes every attempt to ensure accuracy of all data published,  
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*