

**IRAQI OIL INSTALLATIONS SABOTAGED:
OIL PRICES RISE, AGAIN; EQUITY MARKETS FALTER**

Share prices retreated on a broad front, last Monday, with most major equity markets, coming off badly.

This time, it had nothing to do with the price of oil, the killing in Iraq, Afghanistan, the West Bank, or anywhere else, but simply rumours that interest rates were due to rise within the next fortnight or so, following the Open Market Committee Meeting of the US Federal Reserve Board.

As a prelude to The Fed's June 29 meeting, pundits were betting on the statistics, regarding May's Consumer Price Index.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil was being settled at \$US37.46 per barrel for July delivery and \$US37.71 per barrel for August delivery.

In the US, equity markets was off, but not as bad as in Europe and Asia.

On The New York Stock Exchange, the Dow Jones Industrial Average, the key index of the movement of blue chips, lost about 0.72 percent, running back to 10,334.73 points.

NASDAQ, laden as it is with hi-tech counters, saw its Composite Index fall by about 1.49 percent, dropping back to 1,969.99 points.

Investors in the US, it was said, were concerned that The Federal Reserve Board would, definitely, push up interest rates in order to combat the suggestion of inflation.

The US trade deficit figures were released, last Monday, and they were bad, very bad: A new record high of \$US48.30 billion for the month of April.

That is an increase, Month-on-Month, of about 3.80 percent.

The higher prices for oil imports were largely responsible for that situation, of course.

Europe caught the interest-rate jitters, too, resulting in every major bourse, surrendering material amounts of their values.

Europe, more than the US, knows only too well of the ravages to an economy that accompany galloping inflation, and many old-time, Germans (their numbers, dwindling, daily, now) still recall the time that a wheel-barrow load of Deutschmarks was sufficient to purchase one loaf of bread, only.

This was how major bourses in Europe ended their respective trading days, last Monday:

Amsterdam's AEX Index	Minus 1.19 percent
Great Britain's FTSE 100 Index	Minus 1.13 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.64 percent
France's CAC40 Index	Minus 1.41 percent
Switzerland's Swiss Market Index	Minus 0.99 percent
Italy's MIBTEL Index	Minus 0.66 percent

Asian equity markets were not spared the international concern over interest rates, last Monday, with every major equity market's index, suffering materially.

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the key index of the Main Board, was the second-largest loser in the region.

By the close of the day, the Hang Seng Index was standing at 12,076.57 points, off 2.58 percent, compared with the previous Friday's closing level.

The Total Turnover was about \$HK14.86 billion, with the ratio of losing counters to gaining ones, being about 4.77:One.

Trading in the shares of HSBC Holdings plc (Code: 5) accounted for about 14 percent of the entire volume of activity. (See list below)

The Ten Most Active counters, all losers by the way, were:

HSBC Holdings plc (Code: 5)	Down 1.69 percent to \$HK116.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 3.83 percent to \$HK22.60 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.82 percent to \$HK51.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.67 percent to \$HK63.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 3.75 percent to \$HK57.75 per share
China Telecom Corporation Ltd (Code: 728)	Down 5.50 percent to \$HK2.575 per share
PetroChina Company Ltd (Code: 857)	Down 2.03 percent to \$HK3.625 per share
China Mengniu Dairy Company Ltd (Code: 2319)	Down 1.07 percent to \$HK4.625 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.08 percent to \$HK4.60 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.49 percent to \$HK13.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Artel Solutions Group Holdings Ltd	931	13.64		0.25
Capital Estate Ltd	193		11.11	0.016
Central China Enterprises Ltd	2921	12.31		0.365
China HealthCare Holdings Ltd	673		12.40	2.825
Dickson Group Holdings Ltd	313	10.00		0.044
I-China Holdings Ltd	240	11.76		0.019
Jinhui Holdings Company Ltd	137		16.15	12.20
LifeTec Group Ltd	1180		10.00	0.171
Man Yue International Holdings Ltd	894		12.50	0.56
Minglun Group (Hongkong) Ltd	346		10.00	0.27
Nam Fong International Holdings Ltd	1176		13.16	0.033
Oriental Explorer Holdings Ltd	430		11.11	0.04
Plus Holdings Ltd	1013		22.39	0.052
Pyxis Group Ltd	516		13.04	0.04
Shell Electric Manufacturing (Holdings) Company Ltd	81		16.67	1.40
Skyworth Digital Holdings Ltd	751		10.10	2.225
Starbow Holdings Ltd	397		15.15	0.028
U-Cyber Technology Holdings Ltd	91		17.86	0.115
Unity Investments Holdings Ltd	913		23.81	0.128
Wonderful World Holdings Ltd	109		11.02	0.113
Wonson International Holdings Ltd	651	17.65		0.02
Yardway Group Ltd	646		10.20	0.22

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar story to that, being told on the Main Board.

The Growth Enterprise Index surrendered about 2.17 percent of its value, ending the day at 1,101.01 points.

The Total Turnover was about \$HK48.88 million, with declining counters, outracing advancing ones by the ratio of about 4.07:One.

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

TOM Group Ltd (Code: 8001)	Down 4 percent to \$HK1.63 per share
Tungda Innovative Lighting Holdings Ltd (Code: 8229)	Down 4 percent to 39.50 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Down 2 percent to \$HK3.30 per share
Golden Meditech Company Ltd (Code: 8180)	Down 4 percent to \$HK3.35 per share
TOM Online Incorporated (Code: 8282)	Down 4 percent to \$HK1.25 per share

The biggest movers on this highly speculative equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210	11.76		0.19
B.A.L. Holdings Ltd	8079		42.67	0.043
Era Information and Entertainment Ltd	8043		20.83	0.038

On Asia's largest equity market, that of The Tokyo Stock Exchange, things were quiet, relative to many other markets in the most populous part of the world.

The Nikkei-225 Stock Average, a key index of this market, lost 35.16 yen, equivalent to about 0.31 percent, ending the trading day at 11,491.66 yen.

Although The Nikkei-225 Stock Average was off by a little less than one third of a percentage point, the number of gaining counters outnumbered the number of losing counters by the ratio of 1.32:One.

As with most other parts of the world, interest-rate worries dogged Japanese investors.

News wise

- The number of **corporate bankruptcies** in May dropped for the 17th consecutive month. The May figure came in at 1,182 incidents, down 20.20 percent, Year-on-Year;
- The Cabinet Office of the Japanese Government announced that **consumer sentiment** for the month of May was at 152-month high. The Unadjusted Consumer Confidence Index stood at 48.30 points, up 2.90 points, compared with the April figure; and,
- **Ashikaga Bank**, which is, currently, controlled by the Japanese Government due to its prior inability to pay its debts as they fell due, said it would be sacking 15 percent of its total workforce by the end of Fiscal 2006. That means that some 400 workers will be hitting the pavements of Japan, looking for alternate employment.

And, in other parts of Asia, this was how those equity markets closed, last Monday night:

The HKSAR	Minus 2.58 percent to 12,076.57
Indonesia	Minus 1.11 percent to 696.34
Japan	Minus 0.31 percent to 11,491.66
Malaysia	Minus 0.81 percent to 817.61
The Philippines	Plus 1.24 percent to 1,536.83
Singapore	Minus 0.50 percent to 1,814.06
South Korea	Minus 1.70 percent to 738.79
Taiwan	Minus 2.81 percent to 5,574.08
Thailand	Plus 0.14 percent to 614.00

Tuesday

The US Consumer Price Index increased 0.60 percent in May, not seasonally adjusted, The Bureau of Labour Statistics announced, last Tuesday.

That figure represented a 3.10-percent rise, Year-on-Year.

(The Consumer Price Index is a measure of the average change in the prices over time of goods and services, purchased by households.)

Also, from The Bureau of Labour Statistics came news that real average weekly earnings decreased by 0.40 percent from April to May, after seasonal adjustments.

A 0.30-percent increase in average hourly earnings was more than offset by a 0.70- percent rise in the Consumer Price Index for Urban Wage Earners and Clerical Workers.

Average weekly hours were unchanged.

The data on average weekly earnings are collected from the payroll reports of private non-farm establishments. Earnings of both full-time and part-time workers, holding production or non-supervisory jobs, are included.

Wall Street liked the news.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 45.70 points, equivalent to about 0.44 percent, ending the session at 10,380.43 points.

The Composite Index of the NASDAQ did even better than The Dow, putting on about 1.30 percent, rising to 1,995.60 points.

On Capitol Hill, Dr Alan Greenspan, the Chairman of the US Federal Reserve, took the spotlight: He was grilled by the US Senate Banking Committee, which will decide whether or not the good Doctor will be the Chairman of The Fed for another term, which will be his fifth consecutive term.

Dr Greenspan, in his inimitable fashion, explained to the Senate Banking Committee that interest-rate increases would be gradual.

That, translated, was thought to indicate that a 25, basis-point increase in the Fed Fund's Rate would be about tops for the June meeting of The Fed's Open Market Committee.

On a negative note, sabotage attacks on a southern Iraqi oil pipeline sharply reduced oil exports from that Middle Eastern country.

Bombs, detonated on Monday and Tuesday, had damaged the pipeline from the southern oil fields, severing the flow of oil to the Basra Oil Terminal.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil was being settled, at the close of trading, at \$US37.30 per barrel for July delivery and \$US37.46 per barrel for August delivery.

In Europe, a completely different investor mood, compared to that of Monday's, resulted in every index of the major bourses, rising substantially.

The following table indicates how those markets closed the day:

Amsterdam's AEX Index	Plus	0.75 percent
Great Britain's FTSE 100 Index	Plus	0.57 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.98 percent
France's CAC40 Index	Plus	1.00 percent
Switzerland's Swiss Market Index	Plus	0.68 percent
Italy's MIBTEL Index	Plus	1.07 percent

European investors, noting the US Consumer Price Index figures, appeared to be somewhat appeased.

And the statements by the Chairman of The Fed went a bit further to give Europeans a little more confidence.

In Asia, it was a mixed bag, with 4 of the equity markets of the region, losing ground, and the remaining markets, seeing their indices rise, some quite materially.

On the Main Board of The Stock Exchange of Hongkong Ltd, which is the premier stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading was very subdued.

The Hang Seng Index lost about 0.21 percent of its value, falling back to 12,050.69 points.

The Total Turnover, however, fell to about \$HK10.98 billion, while losing counters outran gaining ones by the ratio of about 2.57:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.43 percent to \$HK115.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.44 percent to \$HK22.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.51 percent to \$HK13.05 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.39 percent to \$HK63.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.43 percent to \$HK57.50 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 1.22 percent to \$HK4.05 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.48 percent to \$HK51.50 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.63 percent to \$HK4.525 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.575 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 2.56 percent to \$HK2.85 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104	11.11		0.45
Chia Tai Enterprises International Ltd	121		10.43	0.206
China Elegance (Holdings) Ltd	476		12.50	0.07
China Nan Feng Group Ltd	979		13.85	0.056

Jinhui Holdings Company Ltd	137		11.07	10.85
Lai Sun Development Company Ltd	488		17.24	0.12
Pacific Plywood Holdings Ltd	767		13.51	0.032
Radford Capital Investment Ltd	901	10.71		0.031
Same Time Holdings Ltd	451	15.38		1.50
South Sea Holding Company Ltd	680		11.76	0.015
Tack Hsin Holdings Ltd	611		11.29	0.11
Theme International Holdings Ltd	990	17.65		0.04
Wang On Group Ltd	1222	17.33		0.88
Zhu Kuan Development Company Ltd	908	10.29		0.375

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was very similar to that, which had transpired on the Main Board.

The Growth Enterprise Index lost about 0.57 percent of its value, ending the session at 1,094.71 points.

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

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

Golden Meditech Company Ltd (Code: 8180)	Down 10 percent to \$HK3.00 per share
TOM Group Ltd (Code: 8001)	Down 1 percent to \$HK1.62 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 2 percent to 42.50 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Up 2 percent to \$HK3.35 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 1 percent to \$HK16.70 per share

The biggest GEM movers were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	10.53		0.21
B.A.L. Holdings Ltd	8079	16.28		0.05
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		10.20	0.44
Galileo Capital Holdings Ltd	8029		25.00	0.03
Golden Meditech Company Ltd	8180		10.45	3.00
Linefan Technology Holdings Ltd	8166		15.19	0.067
New Universe International Group Ltd	8068		12.70	0.055

In Japan, investors were not too happy with their lot and continued the selling spree that started to get underway on Monday.

When it was time to go back home for a sushi dinner, The Nikkei-225 Stock Average, a key index of The Tokyo Stock Exchange, stood at 11,387.70 yen, down about 103.96 yen, or about 0.90 percent, compared with Monday's close.

However, there were 3 gainers for every loser on Japan's premier equity market.

News wise

- Sales at the stores, operated by **Daiei Incorporated**, slipped about 3 percent in May, compared with the figures of one year earlier. It was the third consecutive, monthly decline in sales at supermarkets, operated by this publicly listed company.

This was how other equity markets in Asia closed their doors, last Tuesday night:

The HKSAR	Minus 0.21 percent to 12,050.69
Indonesia	Plus 1.59 percent to 707.41
Japan	Minus 0.90 percent to 11,387.70
Malaysia	Minus 0.93 percent to 810.03
The Philippines	Plus 0.68 percent to 1,547.25
Singapore	Plus 0.36 percent to 1,820.50
South Korea	Plus 1.80 percent to 752.10
Taiwan	Plus 1.30 percent to 5,646.49
Thailand	Minus 0.04 percent to 613.76

Wednesday

The big news of the day was that oil exports from Iraq had been halted.

Sabotage of Iraqi oil pipelines in the north and south of the country had stopped the flow of oil, completely.

It was estimated that it would take between 7 days and a fortnight for repairs to be effected, completely.

In terms of international supplies of oil, it means that about 2 percent of the world's supply of the black ooze will not hit markets for the next few weeks.

On The New York Mercantile Exchange (NYMEX), the effects of the Iraqi situation did little to affect the price of light sweet crude, last Wednesday, with the closing prices, being:

\$US37.43 per barrel for July delivery
\$US37.75 per barrel for August delivery

However, the psychological effect of the acts of sabotage was bound, sooner or later, to take its toll.

Wall Street seemed to be quite concerned about the oil-supply situation, but investors on the world's largest equity markets awaited more news before taking definitive action.

On The New York Stock Exchange, last Wednesday, the Dow Jones Industrial Average dipped about 0.01 percent, closing the day at 10,379.58 points.

Over on The NASDAQ, its Composite Index gained about 0.13 percent, running up to 1,998.23 points.

There are, now, encouraging daily economic reports, being released by various US Government departments, but they are all being overshadowed by the situation in the Middle East and, of course, the very distinct probability of interruptions to the flow of oil from that part of the world to the West.

In Europe, share prices rose for completely different reasons to those, being used as yardsticks on Wall Street.

The full text of the testimony of Dr Alan Greenspan, the Chairman of the US Federal Reserve, as he addressed the US Senate Banking Committee on Tuesday, Washington time, was sinking in: Any increase in interest rates in the US, at least for the time being, would be small – about 25 basis points, at the most.

More importantly, it was clear that The Fed was on top of its job and that inflation would be checked when needs be such.

This was how indices of major European bourses closed, last Wednesday:

Amsterdam's AEX Index	Plus	0.68 percent
Great Britain's FTSE 100 Index	Plus	0.65 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.40 percent
France's CAC40 Index	Plus	0.84 percent
Switzerland's Swiss Market Index	Plus	0.68 percent
Italy's MIBTEL Index	Plus	0.33 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading on the territory's 2 equity markets continued to be subdued.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.92 percent, running up to 12,161.78 points.

The Total Turnover was about \$HK14.37 billion, but trading in the scrip of 2 new listings, China Shipping Container Lines Company Ltd (Code: 2866) and Tencent Holdings Ltd (Code: 700), was responsible for about \$HK3.95 billion-worth of the entire volume of activity, equivalent to about 28 percent.

The ratio of gaining counters to losing ones was 1.52:One.

The Ten Most Actives were:

China Shipping Container Lines Company Ltd (Code: 2866)	\$HK2.80 per share*
Tencent Holdings Ltd (Code: 700)	\$HK4.15 per share*
HSBC Holdings plc (Code: 5)	Up 0.87 percent to \$HK116.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.56 percent to \$HK22.85 per share

Hutchison Whampoa Ltd (Code: 13)
Sun Hung Kai Properties Ltd (Code: 16)
Cheung Kong (Holdings) Ltd (Code: 1)
Huaneng Power International Incorporated (Code: 902)
Denway Motors Ltd (Code: 203)
BOC Hongkong (Holdings) Ltd (Code: 2388)
* These are new listings

Up 1.46 percent to \$HK52.25 per share
Unchanged at \$HK63.50 per share
Unchanged at \$HK57.50 per share
Down 0.74 percent to \$HK6.75 per share
Down 6.56 percent to \$HK2.85 per share
Up 0.77 percent to \$HK13.15 per share

The biggest, Main Board movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Artel Solutions Group Holdings Ltd	931		11.20	0.222
Capital Prosper Ltd	1003		12.77	0.041
Capital Strategic Investment Ltd	497		15.00	0.17
Century Legend (Holdings) Ltd	79		19.48	0.062
China City Natural Gas Holdings Ltd	603	11.11		0.02
China United International Holdings Ltd	273		11.54	0.46
CIG-WH International (Holdings) Ltd	621		16.10	0.172
Global Tech (Holdings) Ltd	143		10.14	0.062
I-China Holdings Ltd	240		10.00	0.018
Jackin International Holdings Ltd	630		13.73	0.22
Jinhui Holdings Company Ltd	137		15.21	9.20
Kenfair International (Holdings) Ltd	223		12.31	1.14
Medtech Group Company Ltd	1031	80.77		0.047
Oriental Explorer Holdings Ltd	430	12.50		0.045
Qualipak International Holdings Ltd	1224		21.43	0.11
Shougang Concord Technology Holdings Ltd	521		13.89	0.465
South East Group Ltd	726		11.25	0.071
Theme International Holdings Ltd	990		12.50	0.035
Tysan Holdings Ltd	687	29.17		0.31
Wonderful World Holdings Ltd	109	10.62		0.125
Wonson International Holdings Ltd	651		15.79	0.016

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was greatly different to that, which had transpired on the Main Board.

The Growth Enterprise Index lost about 0.45 percent of its value, falling to 1,089.79 points, with the ratio of losing counters to gaining ones, being 2.30:One.

The Total Turnover was about \$HK49.62 million, with trading in the shares of Golden Meditech Company Ltd (Code: 8180), being responsible for about 28 percent of that figure. (Please see list below)

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

Golden Meditech Company Ltd (Code: 8180)	Down 5 percent to \$HK2.85 per share
TOM Group Ltd (Code: 8001)	Down 2 percent to \$HK1.59 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.35 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 1 percent to 43.00 cents per share
TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.26 per share

The GEM's biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Changchun Da Xing Pharmaceutical Company Ltd	8067	15.38		0.30
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		11.36	0.39
Xi'an Haitian Antenna Technologies Company Ltd	8227		12.28	0.50
KanHan Technologies Group Ltd	8175		15.22	0.78
New Chinese Medicine Holdings Ltd	8085		46.00	0.027
Shaanxi Northwest New Technology Industry Company Ltd	8258		15.00	0.102
Q9 Technology Holdings Ltd	8129		26.09	0.051
Qianlong Technology International Holdings Ltd	8015		14.29	0.30
QUASAR Communication Technology Holdings Ltd	8171		13.16	0.33
Rojam Entertainment Holdings Ltd	8075		16.36	0.092

Techpacific Capital Ltd	8088	34.78		0.031
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In Japan, the indices of the country's 3 equity markets rose quite spectacularly, surprising many analysts.

On The Tokyo Stock Exchange, The Nikkie-225 Stock Average put on 254.02 yen, or about 2.23 percent, hitting its highest level since April 30, 2004.

The talk in Tokyo was about Dr Alan Greenspan and his prognostications in respect of interest rates.

The ratio of gaining counters to losing ones on Asia's largest equity market was about 5.14:One.

It looked doubtful, however, in view of the Iraqi situation, that Tokyo would be able to hang onto its gains for very long.

This was how other Asian equity markets finished off their respective days' trading sessions, last Wednesday night:

The HKSAR	Plus	0.92 percent to 12,161.78
Indonesia	Plus	0.07 percent to 707.89
Japan	Plus	2.23 percent to 11,641.72
Malaysia	Plus	1.00 percent to 818.16
The Philippines	Minus	0.24 percent to 1,543.47
Singapore	Plus	0.59 percent to 1,831.31
South Korea	Plus	0.03 percent to 752.34
Taiwan	Minus	1.53 percent to 5,560.16
Thailand	Plus	1.73 percent to 624.36

Thursday

As had been widely expected in many quarters, the chaotic situation in Iraq took its toll of investor confidence, internationally, last Thursday.

With oil exports, having been halted due to sabotage of the country's oil pipelines, up went the price of crude oil on international exchanges.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for July delivery was being settled at the close of trading at \$US38.59 per barrel (up about 3.10 percent on Wednesday's closing level), while the price of light sweet crude oil for August delivery was being settled at \$US38.90 per barrel (up 3.05 percent on Wednesday's closing level).

The signs looked ominous.

On The New York Stock Exchange, investors seemed to be unsure as to what action, if any, to take because, on the one hand, there was the very difficult situation in the Middle East, where people were being killed by the score, daily, and with the likelihood that the price of oil would continue to rise, once more, fanning further inflationary concerns in the US, and, on the other hand, one was being treated, daily, to reports that, on the home-front, the economy was motoring along, very nicely, thank you very much.

The key index of Big Board of The New York Stock Exchange, the Dow Jones Industrial Average, closed last Thursday's session with a loss of about 0.02 percent, falling back to 10,377.52 points.

On the tech-laden NASDAQ, its Composite Index shed about 0.73 percent of its value, ending the day at 1,983.67 points.

The **Producer Price Index (PPI)** for Finished Goods advanced 0.80 percent in May, seasonally adjusted, The Bureau of Labour Statistics of the US Department of Labour reported, last Thursday.

That increase followed a 0.70-percent rise in April and a 0.50-percent gain in March.

At the earlier stages of processing, prices, received by US manufacturers of intermediate goods, climbed 1.10 percent in May, after posting a 1.40-percent rise in the previous month.

The Crude Goods Index went up 2.80 percent, following a 3.00-percent jump in April.

Good news for some, no doubt, but the statistics, also, indicate that it is more ammunition for the US Federal Reserve Board to use in making its determination as to the direction of interest rates in the short term.

Because the statistics, released by the US Labour Department, suggested, in no uncertain terms, that inflation had reared its head, very prominently.

In Europe, indices of major equity markets were, generally, flat.

The oil-supply situation was telling on European bourses, last Thursday.

Also, the indications were pointing, more and more, to higher interest rates before the month was out.

In addition, the US PPI figures were, to the way of thinking of many economists in Europe, somewhat frightening, with some of them, suggesting that The Fed might well consider an increase in The Fed Funds' Rate of more than 25 basis points, that figure of 25 basis points, having been widely tipped to be the cap on any short-term increases.

This was how indices of major bourses ended their respective trading days, last Thursday:

Amsterdam's AEX Index	Plus 0.13 percent
Great Britain's FTSE 100 Index	Plus 0.05 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.44 percent
France's CAC40 Index	Plus 0.10 percent
Switzerland's Swiss Market Index	Minus 0.07 percent
Italy's MIBTEL Index	Plus 0.14 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors followed Wall Street's lead, by and large, with only small movements in indices on the major equity markets of the region.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index surrendered about 0.65 percent of its value, ending the day at 12,082.86 points.

The Total Turnover dipped to about \$HK11.78 billion.

The ratio of losing counters to gaining ones was, exactly, 4:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.43 percent to \$HK116.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.44 percent to \$HK22.75 per share
Denway Motors Ltd (Code: 203)	Down 5.26 percent to \$HK2.70 per share
China Shipping Container Lines Company Ltd (Code: 2866)	Down 8.04 percent to \$HK2.575 per share
PetroChina Company Ltd (Code: 857)	Down 2.11 percent to \$HK3.475 per share
Tencent Holdings Ltd (Code: 700)	Up 1.81 percent to \$HK4.225 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.48 percent to \$HK52.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 2.63 percent to \$HK2.775 per share
China Telecom Corporation Ltd (Code: 728)	Down 1.94 percent to \$HK2.525 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 5.59 percent to \$HK3.80 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Carry Wealth Holdings Ltd	643		17.59	0.445
Century Legend (Holdings) Ltd	79	16.13		0.072
China City Natural Gas Holdings Ltd	603		10.00	0.018
Dickson Group Holdings Ltd	313	10.00		0.044
Geely Automobile Holdings Ltd	175		11.43	0.62
Kamboat Group Company Ltd	318		10.00	0.36
Kenfair International (Holdings) Ltd	223		10.53	1.02
MAXX Bioscience Holdings Ltd	512		12.86	0.122
Oriental Explorer Holdings Ltd	430		11.11	0.04
People's Food Holdings Ltd	708		12.28	5.00
Shang Hua Holdings Ltd	371		29.17	0.051
Sincere Company Ltd, The	244		13.16	0.33
Solartech International Holdings Ltd	1166		10.00	0.27
Starbow Holdings Ltd	397	24.14		0.036
Sunlink International Holdings Ltd	2336	33.33		0.088
Tack Hsin Holdings Ltd	611	10.91		0.122
Tomorrow International Holdings Ltd	760		15.38	0.88

Over on the very speculative **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, losses were widespread.

The Growth Enterprise Index gave up about 1.43 percent of its value, ending the trading day at 1,074.23 points.

The ratio of losing counters to gaining ones was about 3.33:One.

The Total Turnover was about \$HK61.23 million.

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

Longlife Group Holdings Ltd (Code: 8037)	50 cents per share*
TOM Group Ltd (Code: 8001)	Down 3 percent to \$HK1.54 per share
Wumart Stores Incorporated (Code: 8277)	Down 5 percent to \$HK13.90 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.23 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.305 per share
* This was a new listing	

The biggest GEM movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Era Information and Entertainment Ltd	8043		15.79	0.032
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		10.26	0.35
Global Digital Creations Holdings Ltd	8271		15.66	0.35
Inworld Group Ltd	8100		10.00	0.045
Linefan Technology Holdings Ltd	8166	11.11		0.07
Medical China Ltd	8186		16.67	0.10
New Chinese Medicine Holdings Ltd	8085	29.63		0.035
PINE Technology Holdings Ltd	8013		18.66	0.17
QUASAR Communication Technology Holdings Ltd	8171		18.18	0.27
Rojam Entertainment Holdings Ltd	8075	19.57		0.11
Sino Stride Technology (Holdings) Ltd	8177		11.54	0.345
Stockmartnet Holdings Ltd	8123		13.33	0.026
Yuxing InfoTech Holdings Ltd	8005	15.49		0.41

On Asia's largest equity market, that of The Tokyo Stock Exchange, the situation was very quiet.

By the close of the day, the Nikkei-225 Stock Average stood at 11,607.90 yen, a one-day loss of about 33.82 yen, or about 0.29 percent.

Even so, there were 1.13 gainers for every loser.

Investors in Japan were said to be waiting, anxiously, to learn what the US Federal Reserve Board would decide when it meets on June 29.

This was how indices of other Asian equity markets fared, last Thursday:

The HKSAR	Minus 0.65 percent to 12,082.86
Indonesia	Minus 1.09 percent to 700.14
Japan	Minus 0.29 percent to 11,607.90
Malaysia	Plus 0.38 percent to 821.30
The Philippines	Minus 0.23 percent to 1,539.93
Singapore	Minus 0.94 percent to 1,814.15
South Korea	Plus 1.03 percent to 760.09
Taiwan	Plus 1.87 percent to 5,664.35
Thailand	Minus 0.10 percent to 623.72

Friday

Higher prices for crude oil on international markets boosted share prices of oil companies, listed on equity markets in North America and Europe, causing one to believe, at first glance, that markets were beginning to go on a roll, again.

Cutting out the gains, made by oil stocks, however, gave one a slightly different picture.

On The New York Stock Exchange, last Friday, the Dow Jones Industrial Average rose 38.89 points, or about 0.37 percent, ending the week's trading at 10,416.41 points.

On the tech-laden NASDAQ, its Composite Index gained about 3.06 points, or about 0.15 percent, running up to 1,986.73 points.

Trading was quiet – and this was well noted.

News that al Qaeda militants had decapitated a US engineer, who had been held hostage for the previous week, did not appear to have much influence on the stock markets of the US, except, perhaps, to harden the resolve of Americans to continue the fight against the terroristic organisation.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil was \$US38.75 per barrel for July delivery and \$US39.00 per barrel for August delivery.

And, in Europe, all eyes appeared to be on the performances of oil stocks.

Indices of many major equity markets rose, due in large part to the gains, made in the prices of the scrip of oil companies.

A main concern of investors in this part of the world was the matter of inflation and its control over the near term.

For this, investors looked to the US Federal Reserve Board, which would hold its Open Market Committee Meeting on Tuesday, June 29.

This was how indices of the major bourses of Europe fared, last Friday:

Amsterdam's AEX Index	Plus	0.24 percent
Great Britain's FTSE 100 Index	Plus	0.28 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.36 percent
France's CAC40 Index	Plus	0.61 percent
Switzerland's Swiss Market Index	Minus	0.22 percent
Italy's MIBTEL Index	Plus	0.09 percent

In Asia, it was, just about, losers in every quarter.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the 2 stock markets suffered large defeats.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index give up about 1.88 percent of its value, ending the week at 11,855.55 points.

On this falling market, the Total Turnover rose to about \$HK15.35 billion, an increase of about 30.30 percent, compared to the volume of activity on Thursday.

It is never a good sign to see volume pick up on a falling market.

The ratio of losing counters to gaining ones was about 4.15:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 1.29 percent to \$HK114.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 3.09 percent to \$HK12.55 per share
PetroChina Company Ltd (Code: 857)	Down 2.16 percent to \$HK3.40 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 3.52 percent to \$HK54.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.54 percent to \$HK22.40 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.98 percent to \$HK61.75 per share
Hutchison Whampoa Ltd (Code: 13)	Down 3.37 percent to \$HK50.25 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 3.60 percent to \$HK2.675 per share
Huaneng Power International Incorporated (Code: 902)	Down 1.53 percent to \$HK6.45 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.97 percent to \$HK2.45 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Berjaya Holdings (Hongkong) Ltd	288		21.11	0.071
Capital Prosper Ltd	1003	12.20		0.046
CATIC International Holdings Ltd	232		13.57	0.121
China United International Holdings Ltd	273	10.84		0.46
Chinney Alliance Group Ltd	385		15.38	0.011
COSCO International Holdings Ltd	517		12.00	0.88
Dickson Group Holdings Ltd	313		13.64	0.038
FT Holdings International Ltd	559		11.11	0.032
Fujian Holdings Ltd	181	14.67		0.172
GeoMaxima Energy Holdings Ltd	702	11.00		0.111
Gorient (Holdings) Ltd	729		11.63	0.076
Hang Ten Group Holdings Ltd	448	10.00		0.011
I-China Holdings Ltd	240		11.11	0.016
JCG Holdings Ltd	626	13.39		6.35
Medtech Group Company Ltd	1031	10.42		0.053
Morning Star Resources Ltd	542	15.09		0.061
New Island Printing Holdings Ltd	377		11.76	0.60
Shang Hua Holdings Ltd	371		17.65	0.042
Shanghai Forte Land Company Ltd	2337		10.98	1.46
SMI Corporation Ltd	198		15.79	0.032
Sun Innovation Holdings Ltd	547	10.00		0.022
Symphony Holdings Ltd	1223		11.81	1.12
Tysan Holdings Ltd	687		30.00	0.21
Unity Investments Holdings Ltd	913	125.00		0.27
Universe International Holdings Ltd	1046		17.19	0.053
Xinao Gas Holdings Ltd	2688		11.54	3.45
Zhejiang Glass Company, Ltd	739		14.36	1.55

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar story to that, being told on the Main Board.

The Growth Enterprise Index surrendered about 1.60 percent of its value, falling to 1,057.08 points.

The Total Turnover was about \$HK79.29 million, up 29.50 percent on Thursday's volume of activity.

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

Wumart Stores Incorporated (Code: 8277)	Down 6 percent to \$HK13.00 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 1 percent to \$HK16.75 per share
Golden Meditech Company Ltd (Code: 8180)	Up 4 percent to \$HK3.00 per share
TOM Group Ltd (Code: 8001)	Down 1 percent to \$HK1.53 per share
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)	Down 9 percent to 61 cents per share

The biggest GEM movers for the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B.A.L. Holdings Ltd	8079		34.04	0.031
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095		10.45	0.60
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		11.43	0.31
Golding Soft Ltd	8190		10.00	0.027
Launch Tech Company Ltd	8196		12.06	1.75
M Channel Corporation Ltd	8036	10.00		0.022
Medical China Ltd	8186	10.00		0.11
New Universe International Group Ltd	8068		13.33	0.052
Panorama International Holdings Ltd	8173	33.33		0.124
QUASAR Communication Technology Holdings Ltd	8171		22.22	0.21
Soluteck Holdings Ltd	8111	10.00		0.11
Thiz Technology Group Ltd	8119	12.50		0.018
Tradeeasy Holdings Ltd	8163		21.05	0.03
Vertex Communications and Technology Group Ltd	8228		14.29	0.138

The tally for the week for the 2 equity markets of The Stock Exchange of Hongkong Ltd was:

The Hang Seng Index

Minus 4.36 percent

The Growth Enterprise Index

Minus 6.08 percent

On Asia's largest stock market, The Tokyo Stock Exchange, there was widespread selling of scrip, resulting in the key index of this market, The Nikkei-225 Stock Average, falling to 11,382.08 yen, a drop of 225.82 yen, equivalent to about 1.95 percent.

Losing counters outraced gaining counters by the ratio of about 5.46:One.

The market looked weak ... and it was looking even weaker for the week to come, according to analysts.

The tally for Tokyo was:

The Nikkei-225 Stock Average

Minus 1.26 percent

And this was how indices of other equity markets ended the week of June 18, 2004:

The HKSAR	Minus 1.88 percent to 11,855.55
Indonesia	Minus 1.06 percent to 692.72
Japan	Minus 1.94 percent to 11,382.08
Malaysia	Plus 0.07 percent to 821.93
The Philippines	Minus 0.46 percent to 1,532.75
Singapore	Minus 1.24 percent to 1,791.62
South Korea	Minus 2.41 percent to 741.73
Taiwan	Minus 1.67 percent to 5,569.29
Thailand	Minus 0.16 percent to 622.71

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