

**OIL PRICES CLIMB TO \$US41.25 PER BARREL;  
ECONOMIES OF THE WORLD FEEL THE PRESSURE**

Concern over the health of corporate America, or certain segments of it, caused US investors to sit on their hands on Wall Street, last Monday.

This followed a report from one rather large, US stockbrokerage firm which suggested that revenues and bottom lines of many Wall Street 'darlings' could well drift in the second quarter for select companies, involved in the manufacture of high-technology equipment and accessories, used in telecommunications and Information Technology.

It was hardly a shock for many investors, but confirmation that the fears, permeating trading floors for the previous fortnight, could well have a foundation in fact, tended to deflate many an investor's balloon.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average gained about 0.24 percent, ending the day at 10,238.22 points, but, on The NASDAQ, its Composite Index shed about 0.48 percent, falling back to 1,936.92 points.

Trading was very light and, in such circumstances, taking into account all factors, it is usually a precursor of full-fledged, falling market.

International oil prices were not a factor in the pace and direction of trading on the world's largest equity markets, last Monday, with the price of light sweet crude oil on The New York Mercantile Exchange (NYMEX), settling at \$US39.18 per barrel for August delivery.

Europe was jittery, last Monday, however, having been put on yellow alert status in the previous week's trading pattern: Investors in eurozone were expecting the worst from many US corporations whose profits' announcements were due, during the week of July 12-16.

During the previous few weeks, European investors had noted a slew of profits' warnings from high-technology companies, listed on various US equity markets, and the warning of last Monday by a well-known, US brokerage firm tended to reconfirm fears, once again.

Every index of every major bourse was written in red, on Monday, July 12, as the following **TARGET** list indicates:

Amsterdam's AEX Index	Minus 0.72 percent
Great Britain's FTSE 100 Index	Minus 0.68 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.80 percent
France's CAC40 Index	Minus 0.46 percent
Switzerland's Swiss Market Index	Minus 0.28 percent
Italy's MIBTEL Index	Minus 0.59 percent

Asia was, generally, weak, with the volume of trading in some stock markets, hitting their lowest levels of the year.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading could be described as being near to 'dead' on the territory's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shed 0.09 percent, as investors shoved it back to 12,191.01 points.

The Total Turnover was the lowest of the year, at about \$HK8.44 billion.

Declining counters outraced advancing ones by the ratio of about 1.98:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Unchanged at \$HK116.00 per share

China Mobile (Hongkong) Ltd (Code: 941)  
PCCW Ltd (Code: 8)  
China Telecom Corporation Ltd (Code: 728)  
PetroChina Company Ltd (Code: 857)  
China Petroleum and Chemical Corporation (Code: 386)  
Huaneng Power International Incorporated (Code: 902)  
Aluminum Corporation of China Ltd (Code: 2600)  
Swire Pacific Ltd “A” (Code: 19)  
Cheung Kong (Holdings) Ltd (Code: 1)

Down 1.51 percent to \$HK22.85 per share  
Up 3.67 percent to \$HK5.65 per share  
Down 1.87 percent to \$HK2.625 per share  
Down 1.34 percent to \$HK3.675 per share  
Down 2.59 percent to \$HK2.825 per share  
Down 0.75 percent to \$HK6.60 per share  
Down 2.34 percent to \$HK4.175 per share  
Up 0.97 percent to \$HK52.25 per share  
Unchanged at \$HK58.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104	10.00		0.44
Chanco International Group Ltd	264		13.85	0.56
Dickson Group Holdings Ltd	313	11.11		0.05
Enerchina Holdings Ltd	622	10.87		0.51
Global China Group Holdings Ltd	1105		13.04	0.40
Heritage International Holdings Ltd	412	13.04		0.026
HSBC China Fund Ltd, The	504		17.00	0.83
Poly Investments Holdings Ltd	263		11.70	0.166
Shang Hua Holdings Ltd	371	16.67		0.035
Shun Cheong Holdings Ltd	650		14.29	0.06
Tack Hsin Holdings Ltd	611	22.81		0.14
Technology Venture Holdings Ltd	61		11.62	0.175
Victory Group Ltd	1139	20.00		0.03
Wang On Group Ltd	1222	33.00		1.33
World Houseware (Holdings) Ltd	713		10.00	0.27

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the volume of activity dropped to about \$HK39.85 million.

The Growth Enterprise Index gave up about 0.59 percent of its value, ending the session at 1,071.24 points.

Losing counters were ahead of gaining counters by the ratio of about 1.26:One.

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

TOM Group Ltd (Code: 8001)	Up 1 percent to \$HK1.75 per share
TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.24 per share
Tungda Innovative Lighting Holdings Ltd (Code: 8229)	Down 9 percent to 19.20 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.35 per share
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd (Code: 8231)	Plus 3 percent to 32 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B.A.L. Holdings Ltd	8079		16.67	0.025
China Advance Holdings Ltd	8117		13.04	0.10
Computech Holdings Ltd	8081		11.11	0.12
DIGITALHONGKONG.COM	8007	33.33		0.44
ePRO Ltd	8086	23.08		0.016
Golding Soft Ltd	8190	18.75		0.038
Innovis Holdings Ltd	8065		11.29	0.275
KanHan Technologies Group Ltd	8175		26.67	0.11
Kinetana International Biotech Pharma Ltd	8031		31.03	0.04
Lai Fai International Holdings Ltd	8183	10.00		0.55
Medical China Ltd	8186	11.11		0.10
Rojam Entertainment Holdings Ltd	8075		36.52	0.113
T S Telecom Technologies Ltd	8003		30.00	0.035
WLS Holdings Ltd	8021		10.00	0.036

In Japan, share prices rose on the country's 3 stock markets, following what was perceived to be a successful national election, which took place over the weekend of July 10-11: The Prime Minister's position, as head of the Government, was secured.

On The Tokyo Stock Exchange, the premier equity market of the country, the ratio of gaining counters to losing ones was about 8.48:One.

The Nikkei-225 Stock Average, a key gauge of trading in blue chips, listed on this market, was up by 158.75 yen, or about 1.39 percent, running back to 11,582.28 yen.

#### News wise

- Japan's **Current Account Surplus** rose by about 23.80 percent in May, Year-on-Year, to about 1.71 trillion yen, The Finance Ministry announced. It was the 11<sup>th</sup> consecutive month of increases in the country's Current Account; and,
- **Wholesale prices** rose in Japan by about 1.40 percent in June, compared with June 2003, according to statistics, compiled by The Bank of Japan.

In other parts of Asia, this was how those equity markets fared, last Monday:

The HKSAR	Minus 0.09 percent to 12,191.01
Indonesia	Minus 0.47 percent to 757.58
Japan	Plus 1.39 percent to 11,582.28
Malaysia	Minus 0.34 percent to 851.13
The Philippines	Minus 0.39 percent to 1,586.25
Singapore	Plus 0.48 percent to 1,870.89
South Korea	Minus 0.16 percent to 746.27
Taiwan	Minus 0.33 percent to 5,758.74
Thailand	Minus 0.77 percent to 661.49

#### Tuesday

Wall Street investors continued to wait for announcements from some of the high-flying, high-technology companies, whose quarterly results were due out, during the week.

Top of the list of companies to report their results was Intel Corporation, the world's largest, computer-chip producer.

During last Tuesday's trading session, there were no announcements from companies of any pith and moment and so indices on the world's largest equity markets continued to drift.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 9.37 points, or about 0.09 percent, ending the session at 10,247.59 points.

Over on The NASDAQ, its Composite Index went in the opposite direction to The Dow, giving up 5.26 points, equivalent to about 0.27 percent, falling back to 1,931.66 points.

The price of crude oil on The New York Mercantile Exchange (NYMEX) gained about 36 cents (US) per barrel for August delivery, rising to \$US39.54.

For September delivery, the price was \$US39.64 per barrel.

It was not a good sign since it suggested that there was considerable international nervousness with regard to the threat of terroristic strikes from the likes of al-Qaeda, et al.

On major European bourses, fractional movements of indices were all that investors, in this part of the world, were able to garner.

There was precious little to stimulate trading in the eurozone, so indices just drifted, somewhat aimlessly.

And, if that situation persisted for too long a period of time, it could well usher in a large drop in the value of key indices.

This was how the indices of major bourse ended their respective trading days, last Tuesday:

Amsterdam's AEX Index	Plus 0.08 percent
Great Britain's FTSE 100 Index	Minus 0.08 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.27 percent
France's CAC40 Index	Plus 0.12 percent
Switzerland's Swiss Market Index	Minus 0.03 percent
Italy's MIBTEL Index	Plus 0.10 percent

Asia was mixed, with 8 equity markets out of 9 equity markets, seeing only fractional adjustments to their respective indices.

On the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were not waiting for any more bad news from the US and took the opportunity to sell part of their holdings ... just in case the penny should drop on Wednesday on Wall Street.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index surrender about 0.92 percent of its value, ending the day at 12,078.33 points.

The Total Turnover rose about 24 percent, compared with Tuesday's volume of activity, to about \$HK10.48 billion.

The ratio of losing counters to gaining ones was 3.28:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.43 percent to \$HK115.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.53 percent to \$HK22.50 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 3.59 percent to \$HK4.025 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.54 percent to \$HK63.75 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.94 percent to \$HK52.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.36 percent to \$HK3.625 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.68 percent to \$HK4.40 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK12.95 per share
Swire Pacific Ltd "A" (Code: 19)	Down 2.39 percent to \$HK51.00 per share
Yanzhou Coal Mining Company Ltd (Code: 1171)	Down 2.29 percent to \$HK8.55 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	21.28		0.285
Cheung Tai Hong Holdings Ltd	199	11.54		0.29
China Nan Feng Group Ltd	979		18.46	0.053
Dickson Group Holdings Ltd	313		12.00	0.044
Everbest Century Holdings Ltd	578		13.33	0.26
First Asia Capital Investment Ltd	1227		12.70	0.275
The Hongkong Building and Loan Agency Ltd	145		10.34	0.52
Hon Po Group (Lobster King) Ltd	228	15.38		0.075
Mascotte Holdings Ltd	136		13.13	0.172
Millennium Group Ltd	260		29.00	0.071
Pacific Plywood Holdings Ltd	767		13.64	0.038
Shun Cheong Holdings Ltd	650		10.00	0.054
South East Group Ltd	726	11.11		0.08
Victory Group Ltd	1139		26.67	0.022
Wang On Group Ltd	1222		12.78	1.16
Water Oasis Group Ltd	1161		26.32	0.28
Wonson International Holdings Ltd	651		13.33	0.013
Yunnan Enterprises Holdings Ltd	455		16.48	0.38

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the speculative marketplace of the HKSAR, The Growth Enterprise Index fell about 1.18 percent to 1,058.58 points.

The Total Turnover was about \$HK60.57 million, while the ratio of declining counters to advancing ones was about 2.23:One.

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

Sanmenxia Tianyuan Aluminum Company Ltd (Code: 8253)	27 cents per share*
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TOM Group Ltd (Code: 8001)  
TOM Online Incorporated (Code: 8282)  
Golden Meditech Company Ltd (Code: 8180)  
B and S Entertainment Holdings Ltd (Code: 8167)  
\* This is a new listing

Down 2 percent to \$HK1.72 per share  
Down 1 percent to \$HK1.23 per share  
Down 3 percent to \$HK2.90 per share  
Down 1 percent to 77 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Era Information and Entertainment Ltd	8043		16.67	0.025
Excel Technology International Holdings Ltd	8048	12.50		0.09
G.A. Holdings Ltd	8126	10.00		0.11
Global Link Communications Holdings Ltd	8060		15.25	0.05
iSteelAsia Holdings Ltd	8080		36.00	0.032
New Universe International Group Ltd	8068	14.29		0.064
Q9 Technology Holdings Ltd	8129		20.00	0.04
Rojam Entertainment Holdings Ltd	8075	15.04		0.13
T S Telecom Technologies Ltd	8003	14.29		0.04
Ultra Group Holdings Ltd	8203		13.04	0.04

In The Land of The Rising Sun, with the excitement in respect of the national elections, being over, it was back to business as usual.

And so, on The Tokyo Stock Exchange, the Nikkei-225 Stock Average rose just 26.34 yen, or about 0.23 percent, ending the quiet trading day at 11,608.62 yen.

Although The Nikkei-225 Stock Average was in positive territory (only just, mind you), losing counters were way ahead of gaining ones by the ratio of 1.09:One.

And, that, definitely, suggested that the market was ready for a major, downward correction.

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

The HKSAR	Minus 0.92 percent to 12,078.33
Indonesia	Minus 0.13 percent to 756.58
Japan	Plus 0.23 percent to 11,608.62
Malaysia	Plus 0.08 percent to 851.82
The Philippines	Minus 0.83 percent to 1,573.03
Singapore	Plus 0.39 percent to 1,878.15
South Korea	Plus 0.63 percent to 750.95
Taiwan	Minus 1.27 percent to 5,685.57
Thailand	Plus 0.23 percent to 663.00

### **Wednesday**

The price of oil on international exchanges shot through the \$US40 per-barrel level, last Wednesday, due for the most part to international nervousness rather than anything else.

There was no special news to which one could point as a central reason for the rise in the price of light sweet crude oil, which rose to \$US40.91 per barrel for August delivery.

That represented an increase of about 3.46 percent in a 24-hour period.

Trading on Wall Street was spirited, but, by the close of the trading day, both of the major indices of the 2 largest stock markets in the world were off.

On The New York Stock Exchange, the Dow Jones Industrial Average shed about 0.38 percent, falling to 10,208.80 points, and, on The NASDAQ, its Composite Index dropped about 0.87 percent, coming to rest at 1,914.88 points.

The falls on both the Big Board of The New York Stock Exchange and the Composite Index of The NASDAQ were due, in part, to an announcement from Intel Corporation, late in the evening of Tuesday, after trading had halted for the day.

The world's largest producer of computer chips announced that it had cut its profit margin forecasts, claiming, also, that inventories were rising.

High inventory levels usually suggest a slowing down in an economy.

Then, the US Government put in its oar, stating that US retail sales had fallen by about 1.10 percent in June, Month-on-Month.

Higher costs of fuel are, without question, cutting into the amount of disposable income, available to Mr and Mrs America.

The Intel report was said to have contributed to the fall in major indices in Europe, last Wednesday, also.

Many equity markets in eurozone hit 2-month lows, as investors mulled over the economic prospects for the region for the rest of the year.

Not good was the consensus.

This was how indices of major equity markets in Europe ended their respective trading days, last Wednesday:

Amsterdam's AEX Index	Minus 0.32 percent
Great Britain's FTSE 100 Index	Plus 0.34 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.13 percent
France's CAC40 Index	Minus 0.20 percent
Switzerland's Swiss Market Index	Plus 0.31 percent
Italy's MIBTEL Index	Minus 0.47 percent

In Asia, Japan's premier equity market led the losers: Others followed in heated pursuit.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was all bad news for investors.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index dropped about 1.21 percent, falling back to 11,932.83 points.

The Total Turnover was about \$HK12.23 billion, with trading in the scrip of HSBC Holdings plc (Code: 5), being responsible for about 14 percent of the entire volume of activity for the day.

The ratio of losers to gainers was about 3.22:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.87 percent to \$HK114.50 per share
Ping An Insurance (Group) Company of China, Ltd (Code: 2318)	Down 4.37 percent to \$HK9.85 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.89 percent to \$HK21.85 per share
Huaneng Power International Incorporated (Code: 902)	Down 3.85 percent to \$HK6.25 per share
Pacific Basin Shipping Ltd (Code: 2343)	Unchanged at \$HK2.50 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 3.11 percent to \$HK3.90 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.43 percent to \$HK51.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.57 percent to \$HK62.75 per share
PetroChina Company Ltd (Code: 857)	Up 0.69 percent to \$HK3.65 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.17 percent to \$HK56.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Estate Ltd	193		12.50	0.014
China Strategic Holdings Ltd	235		11.11	0.40
Cosmopolitan International Holdings Ltd	120		13.16	0.165
Global Tech (Holdings) Ltd	143		16.67	0.05
Hon Po Group (Lobster King) Ltd	228		36.00	0.048
HSBC China Fund Ltd, The	504	15.12		0.99

HyComm Wireless Ltd	499	15.15		0.076
I-China Holdings Ltd	240		29.41	0.012
INNOMAXX Biotechnology Group Ltd	340		12.67	0.131
Magnum International Holdings Ltd	305		10.26	0.07
MAXX Bioscience Holdings Ltd	512		12.40	0.106
Mexan Ltd	22		11.46	2.125
Millennium Group Ltd	260	19.72		0.085
Nam Fong International Holdings Ltd	1176		11.54	0.023
Pacific Plywood Holdings Ltd	767	18.42		0.045
Plus Holdings Ltd	1013		10.00	0.036
Pyxis Group Ltd	516		10.87	0.041
Quam Ltd	952	18.75		0.475
REXCAPITAL International Holdings Ltd	155		30.88	0.047
Shang Hua Holdings Ltd	371		42.86	0.02
SMI Corporation Ltd	198		10.00	0.036
Sun Innovation Holdings Ltd	547		21.62	0.029
V.S. International Group Ltd	1002	13.51		0.21
Victory Group Ltd	1139	22.73		0.027
Wanji Pharmaceutical Holdings Ltd	835		16.13	0.026

On The **G**rowth Enterprise **M**arket (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 gave up about 1.06 percent of its value, falling to 1,047.40 points, with the volume of activity, being about \$HK60.52 million.

The ratio of declining counters to advancing ones was about 1.64:One.

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

Golden Meditech Company Ltd (Code: 8180)	Down 3 percent to \$HK2.825 per share
TOM Group Ltd (Code: 8001)	Down 2 percent to \$HK1.69 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.20 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Down 8 percent to 81 cents per share
Kingdee International Software Group Company Ltd (Code: 8133)	Down 5 percent to \$HK2.375 per share

The biggest GEM movers were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DIGITALHONGKONG.COM	8007	21.28		0.57
G.A. Holdings Ltd	8126	25.45		0.138
iSteelAsia Holdings Ltd	8080	28.13		0.041
KanHan Technologies Group Ltd	8175		15.00	0.102
Kinetana International Biotech Pharma Ltd	8031	20.00		0.048
New Universe International Group Ltd	8068		14.06	0.055
Rojam Entertainment Holdings Ltd	8075	10.00		0.143
Town Health International Holdings Company Ltd	8138		11.11	0.04
Ultra Group Holdings Ltd	8203	15.00		0.046
Zhongyu Gas Holdings Ltd	8070	11.76		0.19

When it came to losing markets in Asia, nothing could beat the premier equity market of Japan, last Wednesday.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average surrendered about 2.17 percent of its value, ending the day at 11,356.65 yen.

The 251.97-yen loss of The Nikkei-225 Stock Average was caused as investors lined up to dump scrip, causing the ratio of losing counters to gaining ones to be 5.05:One by the time that dinner rolled round.

On digesting the news of Intel Corporation, Japanese investors rightly estimated that their companies would suffer similarly in the fullness of time.

#### News wise

- The number of **corporate bankruptcies** in The Land of The Rising Sun, during the first half of 2004, dropped about 19.30 percent, compared with the like period in 2003, according to a private-sector survey company; and,

- **Sales at Tokyo departmental stores** sagged by about 3.40 percent in the January to June period, Year-on-Year, according to The Japan Department Stores Association.

And this was how indices of other Asian markets ended their respective trading days, last Wednesday:

The HKSAR	Minus 1.21 percent to 11,932.83
Indonesia	Minus 1.62 percent to 744.32
Japan	Minus 2.17 percent to 11,356.65
Malaysia	Minus 0.80 percent to 845.02
The Philippines	Minus 0.49 percent to 1,565.34
Singapore	Minus 0.39 percent to 1,870.90
South Korea	Minus 1.91 percent to 736.57
Taiwan	Minus 1.09 percent to 5,623.65
Thailand	Minus 1.54 percent to 652.79

### **Thursday**

The US Government hit equity markets with statistical information that could hardly have warmed the cockles of many industrialists' hearts, last Thursday.

From the US Federal Reserve Board came news of industrial production and capacity utilisation in the US for the month of June.

The following is part of that which The Fed announced:

*'Industrial production decreased 0.30 percent in June after having risen 0.90 percent in May; the gain in May was a 0.20-percentage point less than originally reported. At 116.20 percent of its 1997 average, output was 5.60 percent higher than its level in June 2003. Manufacturing output decreased 0.10 percent in June, but posted a jump of 7.10 percent (annual rate) for the second quarter. The output at utilities retreated 2.30 percent in June, as temperatures returned to more normal levels after being unseasonably high in May. Production at mines edged up 0.10 percent in June. Capacity utilisation for total industry slipped to 77.20 percent; the rate was 3.20 percentage points above its value in June 2003, but was 3.90 percentage points below its 1972-2003 average...*

*'The production of consumer goods declined 0.70 percent in June; all categories of durables and non-durables posted decreases. The output of consumer automotive products dropped for a second month and led the June decline in durable consumer goods; the output of automotive products dropped at an annual rate of 10.40 percent in the second quarter after three quarters of increases. Small cutbacks in the production of appliances, furniture, and carpeting and of miscellaneous goods in June also contributed to the monthly decrease in consumer durables. The production of consumer non-durable goods fell 0.60 percent in June, but posted an increase for the quarter. The index for foods and tobacco ebbed 0.20 percent after three months of solid gains. Clothing, chemical products, and paper products all posted declines; even so, all showed strong gains in the second quarter relative to the first.'*

Then, from the US Bureau of Labour Statistics, which is a division of The Department of Labour, came the following report:

*'The Bureau of Labor Statistics of the U.S. Department of Labour reported today that the **Producer Price Index (PPI)** for Finished Goods decreased 0.30 percent in June. This decline followed a 0.80-percent rise in May and a 0.70-percent increase in April. Prices for finished goods, other than foods and energy, went up 0.20 percent in June, as opposed to a 0.30-percent increase in the prior month. At the earlier stages of processing, prices received by manufacturers of intermediate goods rose 0.50 percent, compared with a 1.10-percent jump in the preceding month. The index for crude materials advanced 1.60 percent in June, after posting a 2.80-percent rate of increase a month earlier.'*

Nagging worries about the growth of the economy of the US caused consternation on equity markets, throughout the US.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 45.64 points, equivalent to about 0.45 percent, ending the session at 10,163.16 points.

On The NASDAQ, its Composite Index lost only 0.11 percent of its value, falling back to 1,912.71 points.

But that was not all, because, from Helsinki, Finland, came a report from Nokia, the world's largest manufacturer of mobile telecommunication equipment.



Nokia announced that sales and earnings declined in the second quarter of its Financial Year due to strong competition from other handset producers.

The share price of Nokia fell about 18 percent on the news.

This is what Nokia announced for its second quarter, ended June 30, 2004:

Sales:	Down 5 percent, Year-on-Year, to 6.64 billion euros
Earnings Per Share (EPS):	Down 27 percentile points, Year-on-Year, to 0.15 euros, which was a 6-year low

For the third quarter, ending September 30, 2004, the giant company announced that it expected earnings to be between 0.08 euros and 0.10 euros, which compares poorly with the third quarter of 2003 when earnings were about 0.17 euros.

The Nokia announcement tended to knock the stuffing out of many a European investor.

Many equity markets in eurozone hit their lowest levels of the previous 8 weeks.

This was how indices of the major equity markets of Europe fared, last Thursday:

Amsterdam's AEX Index	Minus 1.23 percent
Great Britain's FTSE 100 Index	Minus 0.73 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.32 percent
France's CAC40 Index	Minus 1.05 percent
Switzerland's Swiss Market Index	Minus 1.27 percent
Italy's MIBTEL Index	Minus 0.69 percent

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude eased about one half of a percentage point to \$US40.91 per barrel.

All things considered, however, investors were wondering, last Thursday, as to whether or not that was the end of the run to higher levels.

In Asia, the indices of 6 equity markets out of the 9 equity markets fell to heavy selling pressure.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the volume of activity on the territory's 2 stock markets was considerably subdued.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.06 percent, ending the very quiet trading day at 11,939.41 points.

The Total Turnover dropped to about \$HK9.62 billion, with losing counters, outpacing gaining ones by the ratio of about 1.75:One.

The Ten Most Active Counters were:

HSBC Holdings plc (Code: 5)	Up 0.44 percent to \$HK115.00 per share
Huaneng Power International Incorporated (Code: 902)	Down 2.40 percent to \$HK6.10 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.69 percent to \$HK21.70 per share
Luen Thai Holdings Ltd (Code: 311)	Unchanged at \$HK2.775 per share
PetroChina Company Ltd (Code: 857)	Up 0.68 percent to \$HK3.675 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK51.75 per share
Ping An Insurance (Group) Company of China, Ltd (Code: 2318)	Down 2.54 percent to \$HK9.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.40 percent to \$HK63.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.77 percent to \$HK2.875 per share
Yanzhou Coal Mining Company Ltd (Code: 1171)	Up 2.30 percent to \$HK8.90 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Carry Wealth Holdings Ltd	643		13.13	0.43
China-Hongkong Photo Products Holdings Ltd	1123	20.00		0.54
Dickson Group Holdings Ltd	313		12.77	0.041
First Asia Capital Investment Ltd	1227		11.11	0.24
Garron International Ltd	1226	23.08		0.128

Greater China Holdings Ltd	431	12.50		0.36
Guangzhou Pharmaceutical Company Ltd	874		12.66	1.38
Hongkong Pharmaceutical Holdings Ltd	182		13.04	0.20
HyComm Wireless Ltd	499		11.84	0.067
I-China Holdings Ltd	240	25.00		0.015
Lai Sun Development Company Ltd	488		11.11	0.112
MAXX Bioscience Holdings Ltd	512	13.21		0.12
NewOcean Green Energy Holdings Ltd	342		14.66	0.099
Pioneer Global Group Ltd	224		34.47	0.135
Poly Investments Holdings Ltd	263	10.18		0.184
Qualipak International Holdings Ltd	1224		12.84	0.095
Shang Hua Holdings Ltd	371	25.00		0.025
Shun Cheong Holdings Ltd	650	18.52		0.064
Sun Innovation Holdings Ltd	547	13.79		0.033
Suwa International Holdings Ltd	567		13.04	0.20
Takson Holdings Ltd	918		14.46	0.142
U-Cyber Technology Holdings Ltd	91	12.07		0.13
UDL Holdings Ltd	620	20.00		0.024
Vision Century Corporation Ltd	535		11.49	0.154
Water Oasis Group Ltd	1161	13.33		0.34
Yu Ming Investments Ltd	666		10.71	0.25
Zhong Hua International Holdings Ltd	1064	11.11		0.14

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover dipped all the way back to \$HK35.68 million, one of the lowest levels for many a moon.

The Growth Enterprise Index ended the day at 1,049.61 points, representing a fractional improvement of about 0.21 percent.

Advancing counters eased out declining ones by the ratio of 1.03:One.

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

Nanjing Sample Technology Company Ltd (Code: 8287)	Down 1 percent to \$HK5.45 per share
TOM Group Ltd (Code: 8001)	Up 1 percent to \$HK1.70 per share
TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.22 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Unchanged at 39 cents per share
Kingdee International Software Group Company Ltd (Code: 8133)	Unchanged at \$HK2.375 per share

The biggest GEM movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Publications Ltd	8155	11.43		0.078
China Advance Holdings Ltd	8117		10.00	0.09
DIGITALHONGKONG.COM	8007	54.39		0.88
iSteelAsia Holdings Ltd	8080	21.95		0.05
Thiz Technology Group Ltd	8119	14.29		0.016
Town Health International Holdings Company Ltd	8138	10.00		0.044

In Japan, there was a slight recovery on The Tokyo Stock Exchange, but, even though a key index of Asia's largest equity market was in positive territory by the close of the day, other statistics told a completely different story.

The Nikkei-225 Stock Average recorded a gain of 52.49 yen, or about 0.46 percent, regaining some of Wednesday's losses, to close at 11,409.14 yen, but earlier in the trading day, The Nikkei-225 Stock Average was off, quite markedly.

Losing counters swamped gaining counters by the ratio of 2.02:One.

And this was how other Asian markets closed their respective doors, last Thursday:

The HKSAR	Plus 0.06 percent to 11,939.41
Indonesia	Plus 0.14 percent to 745.34
Japan	Plus 0.46 percent to 11,409.14
Malaysia	Minus 0.76 percent to 838.60

The Philippines	Minus 0.98 percent to 1,549.98
Singapore	Minus 0.18 percent to 1,867.56
South Korea	Minus 0.52 percent to 732.74
Taiwan	Minus 1.44 percent to 5,542.80
Thailand	Minus 0.92 percent to 646.76

## **Friday**

Investors, worldwide, were hit with more worrying news, last Friday, while, in Asia, inclement weather dampened the ardour of investors to trade in stocks and shares.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), The Stock Exchange of Hongkong Ltd closed at noon, following the passage of Tropical Storm Kompas, which presented the territory with a great deal of rain but little else.

(It is the law of the HKSAR that, at the approach of storms, where the Number 8 Typhoon Signal is hoisted, all workers must leave their workplaces.)

In the US, The Bureau of Labour Statistics, a division of the US Labour Department, brought out its second report in 2 days.

This time, The Bureau of Labour Statistics released its findings of The **Consumer Price Index** (CPI) for the month of June. This is a key gauge to inflationary pressures in The Land of The Free and The Home of The Brave.

This is part of that which The Bureau of Labour Statistics announced:

*'The **Consumer Price Index** for All Urban Consumers (CPI-U) increased 0.30 percent in June, before seasonal adjustment ... The June level of 189.70 (1982-1984=100) was 3.30 percent higher than in June 2003.*

*'The **Consumer Price Index** for Urban **Wage Earners and Clerical Workers** (CPI-W) also increased 0.30 percent in June, prior to seasonal adjustment. The June level of 185.30 was 3.20 percent higher than in June 2003.*

*'The **Chained Consumer Price Index** for All Urban Consumers (C-CPI-U) increased 0.30 percent in June on a not seasonally adjusted basis. The June level of 110.40 (December 1999=100) was 2.60 percent higher than in June 2003 ... '.*

*'Within energy, the index for petroleum-based energy increased 3.0 percent and the index for energy services rose 2.10 percent. The index for food, which rose 0.90 percent in May, increased 0.20 percent in June. The index for all items less food and energy, which increased 0.20 percent in May, rose 0.10 percent in June ... '.*

What the above boils down to is that the US is experiencing inflation and, if it cannot be checked, it is a sure thing that the US Federal Reserve Board will consider another increase in the Federal Funds' Rate, sooner than later.

Then, from The **New York Mercantile Exchange** (NYMEX), it became known that, late in the trading day, the price of light sweet crude oil settled at \$US41.25 per barrel for August delivery.

That price represented another increase, equivalent to about 0.83 percent on Thursday's closing level.

Further, for September delivery, the price of light sweet crude settled at \$US41.30 per barrel in the last trade of the day.

On Wall Street, investors feared for the worst.

There were too many things, happening, and all at once.

Investors of the world's largest equity markets had been hit, during the week, ended July 16, with a barrage of bad news, from some of the '*darlings*' of Wall Street, to 6-week high crude oil prices, to depressing news from the US Government.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.23 percent of its value, ending the week at 10,139.78 points.

On The NASDAQ, its Composite Index shed about 1.55 percent of its value, falling back to 1,883.15 points.

Trading was active – which, all things considered, was not a good sign.

In Europe, indices of major equity markets ended the week, almost flat.

The news from the US was too much to be ignored.

Europe knows, only too well, what inflation can do to a country's economy, and the news from The US Labour Department ushered in the ghosts of yesteryear.

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

Amsterdam's AEX Index	Plus 0.04 percent
Great Britain's FTSE 100 Index	Plus 0.03 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.03 percent
France's CAC40 Index	Unchanged
Switzerland's Swiss Market Index	Minus 0.30 percent
Italy's MIBTEL Index	Plus 0.08 percent

In the HKSAR, all markets were closed at noon, due to the passage of Tropical Storm Kompasu. (Please see above)

For the 2-hour trading session, the Hang Seng Index closed the week at 12,059.20 points, up 119.79 points, or 1.00 percent.

The Total Turnover was about \$HK9.32 billion.

The ratio of gainers to losers was about 2.49:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK115.00 per share
Huaneng Power International Incorporated (Code: 902)	Up 0.82 percent to \$HK6.15 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.77 percent to \$HK22.30 per share
PetroChina Company Ltd (Code: 857)	Up 2.04 percent to \$HK3.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.19 percent to \$HK63.75 per share
China Telecom Corporation Ltd (Code: 728)	Up 4.90 percent to \$HK2.675 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.61 percent to \$HK2.95 per share
CNOOC Ltd (Code: 883)	Up 1.50 percent to \$HK3.375 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 4.49 percent to \$HK4.075 per share
China Shipping Development Company Ltd (Code: 1138)	Up 8.81 percent to \$HK5.25 per share

As for the double-digit movers of the 2-hour session, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Cheung Tai Hong Holdings Ltd	199		10.34	0.26
China Gas Holdings Ltd	384	12.00		0.84
Far East Technology International Ltd	36	18.38		0.219
Fortuna International Holdings Ltd	530	10.00		0.011
Jackin International Holdings Ltd	630	16.00		0.29
NewOcean Green Energy Holdings Ltd	342	13.13		0.112
Oriental Explorer Holdings Ltd	430		20.00	0.032
Pioneer Global Group Ltd	224	11.85		0.151
Qualipak International Holdings Ltd	1224	11.58		0.106
Stelux Holdings International Ltd	84	30.00		0.39
Sunlink International Holdings Ltd	2336	42.62		0.087
Swank International Manufacturing Company Ltd	663	15.69		0.059
Unity Investments Holdings Ltd	913		11.11	0.16
V.S. International Group Ltd	1002	14.29		0.24
Wanji Pharmaceutical Holdings Ltd	835	18.52		0.032
Winsor Industrial Corporation Ltd	98	12.00		2.80

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover was about \$HK31.14 million.

The Growth Enterprise Index closed the morning session at 1,050.49 points, up about 0.08 percent on Thursday's closing level.

The ratio of losing counters to gaining ones was 1.23:One.

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

Nanjing Sample Technology Company Ltd (Code: 8287)	Unchanged at \$HK5.45 per share
TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.23 per share
Golden Meditech Company Ltd (Code: 8180)	Down 2 percent to \$HK2.80 per share
Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK14.90 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.30 per share

The double-digit movers of The GEM were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DIGITALHONGKONG.COM	8007	10.23		0.97
HK6 Holdings Ltd	8206	10.00		0.077
KanHan Technologies Group Ltd	8175		25.25	0.074
Kingdee International Software Group Company Ltd	8133	10.53		2.625
M Channel Corporation Ltd	8036	36.84		0.026
Universal Technologies Holdings Ltd	8091	10.00		0.11

The tally for the equity markets of the HKSAR for the week was:

The Hang Seng Index	Minus 1.17 percent
The Growth Enterprise Index	Minus 2.51 percent

In Japan, trading was very quiet on the country's 3 equity markets.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average was up 26.86 yen, or about 0.23 percent, ending the week at 11,436 yen, exactly.

The tally for the week for the largest stock market of Asia was:

The Nikkei-225 Stock Average	Plus 0.11 percent
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On other Asian equity markets, this was how they ended the week of July 16, 2004:

The HKSAR	Plus 1.00 percent to 12,059.20
Indonesia	Plus 1.44 percent to 756.10
Japan	Plus 0.23 percent to 11,436.00
Malaysia	Plus 0.48 percent to 842.65
The Philippines	Plus 0.08 percent to 1,551.23
Singapore	Plus 0.20 percent to 1,871.47
South Korea	Plus 0.90 percent to 739.39
Taiwan	Minus 0.73 percent to 5,502.14
Thailand	Minus 0.10 percent to 646.11

***While TARGET makes every attempt to ensure accuracy of all data published,  
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