

**FROM RUSSIA WITHOUT LOVE:
OIL PRICES HIT RECORD HIGH LEVELS**

Investors on the largest equity markets of the world determined that *'today's'* positive corporate news, flowing from Wall Street *'darlings'*, is in respect of matters, relating to past events.

The question was, of course: What about the future?

And the consensus was: *'It ain't good! The growth of corporate profits will, most likely, wane in the second half of the year'*.

With that idea, strongly in the minds of many US investors, an equity selling spree marked trading last Monday, from New York, to Alaska, and down to California.

It dragged down many a share price of many an issue, listed on The NASDAQ, Wall Street's equity market, heavily laden as it is with hi-tech entities.

On The New York Stock Exchange, the loss in the value of the Dow Jones Industrial Average was so small, in terms of a percentage of a point, that, unless one went to 5 decimal places, it would not register.

The closing level was 9,961.92 points, off 0.30 of a point (not a percentage point, mind you), compared with the previous Friday's close.

Over on The NASDAQ, the Composite Index was down 10.07 points, or about 0.54 percent, ending the session at 1,839.02 points.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil dipped about 0.96 percent, settling at \$US41.31 per barrel.

In Europe, every index of every major equity market came under fire: They all lost substantial ground, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Minus 1.21 percent
Great Britain's FTSE 100 Index	Minus 0.90 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.17 percent
France's CAC40 Index	Minus 0.97 percent
Switzerland's Swiss Market Index	Minus 0.50 percent
Italy's MIBTEL Index	Minus 0.82 percent

The general opinion in Europe with regard to the \$US15.10-billion, takeover bid for Great Britain's banking giant, Abbey National, by Spain's Santander Central Hispano was being viewed as not great stuff, at all.

The shares of both banks suffered as a direct result of investor apathy to confirmation of the intended merger of the banks.

In addition, as with US investors, the opinion among many investors of eurozone was that the growth of profits of many companies would fall in the second half of the year.

Asian equity markets drifted lower, last Monday, awaiting the results of the opening of both Wall Street and European bourses.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were, clearly, concerned about the prospects for the remainder of the year.

The property market had stalled and profits were, for the most part, flat, with only a handful of notable exceptions.

It looked very much as though the property bubble of the territory had popped, or was about to pop.

Please see **TARGET** Intelligence Report, Volume VI, Number 131, published on July 14, 2004,
headlined:

'HONGKONG PROPERTY PRICES: STAND BY FOR A HARD LANDING!'

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.27 percent of its value, dropping back to 12,319.83 points.

The Total Turnover fell to about \$HK7.91 billion – which was the lowest turnover figure for any one trading day of the year.

Extremely low volumes of activity on equity markets, more often than not, bodes trouble in store.

The ratio of losing counters to gaining ones was about 2.44:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.43 percent to \$HK115.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.38 percent to \$HK66.50 per share
PetroChina Company Ltd (Code: 857)	Down 0.65 percent to \$HK3.85 per share
China Telecom Corporation Ltd (Code: 728)	Down 0.95 percent to \$HK2.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.43 percent to \$HK23.15 per share
CNOOC Ltd (Code: 883)	Up 2.10 percent to \$HK3.65 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.58 percent to \$HK4.275 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK59.50 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.50 percent to \$HK99.50 per share
Huaneng Power International Incorporated (Code: 902)	Down 0.82 percent to \$HK6.05 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Tele-Net and Technology Corporation Ltd	679	10.62		0.25
Benefun International Holdings Ltd	1130	28.89		0.058
Bossini International Holdings Ltd	592	11.46		2.675
Cheung Tai Hong Holdings Ltd	199		10.20	0.22
Dickson Group Holdings Ltd	313		10.42	0.043
Ezcom Holdings Ltd	312	11.54		0.29
Hang Ten Group Holdings Ltd	448	18.18		0.013
I-China Holdings Ltd	2929	10.00		0.176
Le Saunda Holdings Ltd	738	21.21		0.80
Medtech Group Company Ltd	1031	13.10		0.095
Moiselle International Holdings Ltd	130	18.94		1.57
Nam Fong International Holdings Ltd	1176		12.50	0.021
Nam Hing Holdings Ltd	986		19.44	0.145
Plus Holdings Ltd	1013	16.28		0.05
REXCAPITAL Financial Holdings Ltd	555		15.38	0.033
South China Holdings Ltd	265	56.86		0.40
Stelux Holdings International Ltd	84	20.45		0.53
Sun Innovation Holdings Ltd	547	19.51		0.049
Sun Media Group Holdings Ltd	307		17.39	0.019
Technology Venture Holdings Ltd	61		15.82	0.133
Veeko International Holdings Ltd	1173	13.82		0.28

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the situation, very much, mirrored that of the Main Board.

The Growth Enterprise Index fell about 0.04 percent, falling back to 1,055.58 points, while the Total Turnover was about \$HK49.92 million.

Losing counters outpaced gaining counters by the ratio of about 1.36:One.

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

M21 Technology Ltd (Code: 8153)
TOM Group Ltd (Code: 8001)
TOM Online Incorporated (Code: 8282)
hongkong.com Corporation (Code: 8006)
Panva Gas Holdings Ltd (Code: 8132)

Up 11 percent to \$HK1.90 per share
Up 1 percent to \$HK1.80 per share
Unchanged at \$HK1.36 per share
Up 1 percent to 70 cents per share
Unchanged at \$HK3.35 per share

The biggest GEM movers were reserved for the following bunch:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Data Broadcasting Holdings Ltd	8016	10.00		2.20
ePRO Ltd	8086		12.50	0.014
KanHan Technologies Group Ltd	8175		10.87	0.082
M21 Technology Ltd	8153	11.11		1.90
Medical China Ltd	8186		12.50	0.07
PINE Technology Holdings Ltd	8013	23.08		0.16
Q9 Technology Holdings Ltd	8129		20.00	0.04
Qianlong Technology International Holdings Ltd	8015	10.00		0.33
Tai Shing International (Holdings) Ltd	8103		11.63	0.38

On Asia's largest equity market, that of The Tokyo Stock Exchange, banking counters pulled down the value of indices, as investors determined that there were, still, quite a number costly skeletons in the closets of many a corporate usurer.

The Nikkei-225 Stock Average, a key index of the movements of blue chips, listed on The Tokyo Stock Exchange, gave up 27.78 yen, equal to about one quarter of a percentage point, ending the day at 11,159.55 yen.

The ratio of losing counters to gaining ones was dramatic, at about 3.97:One.

News wise

- In the first half of 2004, to June 30, **sales at supermarkets and departmental stores** in Japan fell, The Japan Chain Stores Association and The Japan Department Stores Association announced. Supermarket sales dropped, Year-on-Year, 2.90 percent to 7.02 trillion yen, while sales at departmental stores slid about 2 percent, Year-on-Year, to about 3.80 trillion yen; and,
- **Sales of household electrical appliances** in June at major retailers fell about 3.29 percent, Year-on-Year, to 162.06 billion yen, according to The Nippon Electric Big-Store Association.

And this was how indices of other Asian equity markets fared, last Monday:

The HKSAR	Minus 0.27 percent to 12,319.83
Indonesia	Minus 0.60 percent to 761.80
Japan	Minus 0.25 percent to 11,159.55
Malaysia	Plus 0.03 percent to 838.49
The Philippines	Minus 1.02 percent to 1,543.26
Singapore	Plus 0.31 percent to 1,855.98
South Korea	Minus 0.18 percent to 736.21
Taiwan	Minus 0.78 percent to 5,331.71
Thailand	Minus 2.32 percent to 633.42

Tuesday

Investors on Wall Street received a bit of a fillip, last Tuesday, when the latest data was released by The Conference Board.

The data indicated that US consumer confidence continues to rise.

This is part of that which The Conference Board stated:

'The Conference Board's Consumer Confidence Index, which increased sharply in June, posted further gains in July. The Index now stands at 106.10 (1985=100), up from 102.80 in June. The Expectations Index jumped to 105.80 from 100.80. The Present Situation Index edged up to 106.50 from 105.90 in June.

'The Consumer Confidence Survey is based on a representative sample of 5,000 US households ...

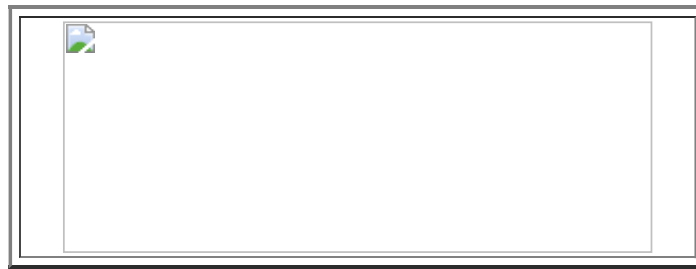
"Consumer confidence has now increased for four consecutive months, and is at its highest level since June 2002 when it registered 106.30 ... The spring turnaround has been fueled by gains in employment, and unless the job market sours, consumer confidence should continue to post solid numbers.

'Consumers' assessment of current conditions was somewhat mixed, but favorable overall. Those saying business conditions are "good" was relatively flat, at 25.60 percent compared to 25.80 percent last month. Those claiming conditions are "bad," however, edged up to 19.10 percent from 17.40 percent. Those saying jobs are "plentiful" rose to 19.80 percent from 18.30 percent. Consumers claiming jobs are "hard to get" was virtually unchanged at 26.00 percent, compared to 26.20 percent in June.

'Consumers' expectations for the next six months are also somewhat mixed, but more optimistic than last month. Those anticipating conditions to worsen declined to 7.00 percent from 9.10 percent. Consumers expecting business conditions to improve remained relatively unchanged, 23.20 percent versus 23.50 percent in June.

'The employment outlook remains optimistic. Consumers expecting fewer jobs declined to 13.10 percent from 16.80 percent. But those anticipating more jobs to become available eased to 19.40 percent from 19.90 percent. Also, the proportion of consumers expecting their incomes to rise over the next six months declined to 18.10 percent from 19.70 percent last month... '.

And this is what the above means, translated onto a graph:



On The New York Stock Exchange, the Dow Jones Industrial Average rose about 1.24 percent, ending the heavy trading day at 10,085.14 points.

On the tech-laden NASDAQ, its Composite Index went along for the ride, putting on about 1.64 percent, running back to 1,869.10 points.

Europe took its lead from Wall Street.

Unlike Monday's investor apathy, every index of every major equity market rose, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Plus	1.24 percent
Great Britain's FTSE 100 Index	Plus	0.88 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.63 percent
France's CAC40 Index	Plus	0.91 percent
Switzerland's Swiss Market Index	Plus	0.94 percent
Italy's MIBTEL Index	Plus	0.60 percent

From the point of view of many European economic gurus, The Conference Board's findings tended to reinforce a view, held by some, that the US economy would continue to improve rather than the strong suggestion that it would wane in the second half of the year.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil put on about 1.16 percent, compared with Monday's closing level, settled at \$US41.79 per barrel by the close of the day.

The price of oil was on the move up, yet again, threatening economic stability, internationally.

In Asia, there was just about an equal number of major equity markets' indices that rose to those that fell.

The key index of The Tokyo Stock Exchange was the biggest loser of the day.

On the Main Board of The Stock Exchange of Hongkong Ltd, the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Hang Seng Index lost 0.15 percent, ending the day at 12,301.32 points.

The Total Turnover was about \$HK10.57 billion.

The ratio of losing counters to gaining ones was about 1.39:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.43 percent to \$HK115.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK66.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.84 percent to \$HK59.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.46 percent to \$HK53.75 per share
CNOOC Ltd (Code: 883)	Up 2.74 percent to \$HK3.75 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK3.85 per share
Huaneng Power International Incorporated (Code: 902)	Up 2.48 percent to \$HK6.20 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.65 percent to \$HK3.075 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.22 percent to \$HK23.10 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.17 percent to \$HK4.225 per share

As for the biggest, Main Board movers of the day, they were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anex International Holdings Ltd	723	16.36		0.128
Chi Cheung Investment Company Ltd	112	11.84		0.85
China Rich Holdings Ltd	1191	11.11		0.04
China United International Holdings Ltd	273	15.38		0.375
Crocodile Garments Ltd	122		10.94	0.285
Easyknit International Holdings Ltd	1218	24.55		0.137
Foundation Group Ltd	1182		23.08	0.05
Garron International Ltd	1226	10.00		0.132
Gorient (Holdings) Ltd	729		16.00	0.042
King Fook Holdings Ltd	280	20.00		0.57
Plus Holdings Ltd	1013	18.00		0.059
Sino Prosper Holdings Ltd	766	12.24		0.55
South China Brokerage Company Ltd	619	15.56		0.052
South China Holdings Ltd	265		32.50	0.27
Stelux Holdings International Ltd	84	11.32		0.59
Technology Venture Holdings Ltd	61	15.04		0.153
Tencent Holdings Ltd	700	10.37		3.725
Tse Sui Luen Jewellery (International) Ltd	417	35.71		0.38
Yardway Group Ltd	646		17.37	0.157
YGM Trading Ltd	375	10.16		7.05

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 0.26 percent, limping back to 1,058.33 points.

The Total Turnover on this very speculative market was about \$HK47.62 million, with the ratio of losing counters to gaining ones, being about 1.83:One, despite The Growth Enterprise Index, just scraping into positive territory.

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

Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK14.60 per share
M21 Technology Ltd (Code: 8153)	Up 11 percent to \$HK2.10 per share
TOM Online Incorporated (Code: 8282)	Down 1 percent to \$HK1.34 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 2 percent to \$HK17.80 per share

The biggest GEM movers, however, were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CCID Consulting Company Ltd	8235	21.05		0.23
Shenzhen EVOC Intelligent Technology Company Ltd	8285		12.31	0.57
M21 Technology Ltd	8153	10.53		2.1
Neolink Cyber Technology (Holding) Ltd	8116		19.23	0.105
Proactive Technology Holdings Ltd	8089		31.67	0.082
Superdata Software Holdings Ltd	8263	19.30		0.68
T S Telecom Technologies Ltd	8003		10.26	0.035
Xteam Software International Ltd	8178		10.17	0.106

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost another 128.01 yen, equivalent to about 1.15 percent, ending the session at 11,031.54 yen.

Losing counters outran gaining ones by the ratio of 8:One, exactly.

Banking counters continued to be given a bit of a drubbing, last Tuesday.

News wise

- **Seiko Epson Corporation**, Japan's largest producer of ink-jet printers, announced that its Net Profits Attributable to Shareholders rose to about 17.61 billion yen, during the quarter, ended June 30, 2004. The company said that that figure represented a gain of about 300 percent, compared with the like period in 2003.

This is the way that indices of other Asian equity markets finished their respective trading days, last Tuesday:

The HKSAR Minus 0.15 percent to 12,301.32

Indonesia	Minus 0.33 percent to 759.28
Japan	Minus 1.15 percent to 11,031.54
Malaysia	Minus 0.28 percent to 836.15
The Philippines	Plus 1.14 percent to 1,560.90
Singapore	Plus 0.71 percent to 1,869.08
South Korea	Plus 0.31 percent to 738.51
Taiwan	Plus 1.25 percent to 5,398.61
Thailand	Minus 0.03 percent to 633.21

Wednesday

Investors on the world's largest equity markets, clearly, did not understand the gravity of the situation, last Wednesday, as the price of crude oil hit a record-high level.

While many investors on Wall Street seemed oblivious as to the seriousness of the situation and its enormous implications to the economies of many countries, speculators on The New York Mercantile Exchange (NYMEX) went in, feet first, in order to try to partake of some of the action on this market, which is one of the benchmarks of the oil world.

The price of light sweet crude oil was being settled at \$US42.70 per barrel for September delivery at the close of trading, last Wednesday.

The highest price for the day was \$US42.90 per barrel.

On June 2, 2004, the price of light sweet crude oil was settled at \$US42.56 per barrel at the close of that day, which was, at that time, the record price.

For more about this situation and how it affects the US economy, please refer to [TARGET Intelligence Report, Volume VI, Number 136, published on July 21, 2004.](#)

The reason for the jump in the price of crude oil on international markets was due to confirmation that Russia's Justice Ministry had Ordered YUKOS, Russia's largest oil producer and exporter, to shut down its oil production.

Also, The Ministry Ordered that 3 of YUKOS's subsidiaries may not sell any assets, henceforth.

The production of crude oil at YUKOS represents about 2 percent of the world's total output.

YUKOS faces a \$US3.40-billion tax bill, dating back to the year 2000.

Further, Mr Mikhail Khodorkovsky, the Chief Executive Officer of YUKOS, is presently in prison in Moscow, Russia, facing charges of fraud, tax evasion and embezzlement.

YUKOS was exporting about 55 million barrels of crude oil, annually, mostly by rail to the People's Republic of China (PRC).

The company faces imminent bankruptcy – and the international oil markets feared for the worst.

**For more about the Russian situation, please refer to
TARGET Intelligence Report, Volume VI, Number 47, published on March 10, 2004, headlined:
['FROM PUTIN'S RUSSIA ... WITHOUT LOVE'](#)**

The situation appeared to be very grave, last Wednesday, since it threatened inflation, worldwide, unless things settled down in a hurry and/or The Ministry of Justice in Russia reversed its earlier determination.

On The New York Stock Exchange, last Wednesday, the Dow Jones Industrial Average rose about one third of a percentage point to end the session at 10,117.07 points.

NASDAQ's Composite Index, however, went in the opposite direction, losing about 0.58 percent, retreating to 1,858.26 points.

It appeared that many investors on the world's largest equity markets did not fully appreciate that the record price of crude oil would hit *'America Incorporated'* in the profit belly in the fullness of time.

In Europe, however, investors were very concerned about the international situation, but were determined to wait it out in order to see what would happen on Wall Street.

There were encouraging reports from some of Europe's largest companies, listed on major bourses, in respect of their profits in the previous 6 months, but they did not seem to faze equity markets, as investors watched the price of crude oil crash through new record highs.

This was how indices of major, European equity markets closed their respective trading days, last Wednesday:

Amsterdam's AEX Index	Minus 0.12 percent
Great Britain's FTSE 100 Index	Plus 0.72 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.18 percent
France's CAC40 Index	Plus 0.30 percent
Switzerland's Swiss Market Index	Minus 0.11 percent
Italy's MIBTEL Index	Minus 0.04 percent

Only one stock market in the most-populous region of the world lost ground, last Wednesday, however many investors were concerned that Thursday would see the penny drop, so to speak.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, investors determined to follow the lead of Wall Street's gains of Tuesday, disregarding other salient factors, which, clearly, will shape equity trading in the weeks ahead – unless there are dramatic changes to certain very worrying international situations.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.15 percent, running to 12,320.27 points on a Total Turnover of about \$HK8.09 billion.

Declining issues outnumbered advancing ones by the ratio of about 1.09:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.43 percent to \$HK115.50 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 3.25 percent to \$HK2.975 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.38 percent to \$HK66.75 per share
PetroChina Company Ltd (Code: 857)	Up 0.65 percent to \$HK3.875 per share
CNOOC Ltd (Code: 883)	Down 0.67 percent to \$HK3.725 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.47 percent to \$HK53.50 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Up 7.05 percent to \$HK1.67 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.42 percent to \$HK58.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK23.10 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.59 percent to \$HK4.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anex International Holdings Ltd	723		31.25	0.088
Applied International Holdings Ltd	519		10.00	0.063
China Strategic Holdings Ltd	235	16.18		0.395
Compass Pacific Holdings Ltd	1188	13.46		0.295
Crocodile Garments Ltd	122	10.53		0.315
Easyknit International Holdings Ltd	1218	12.41		0.154
Garron International Ltd	1226	19.70		0.158
Gay Giano International Group Ltd	686	16.67		0.28
Pacific Plywood Holdings Ltd	767	13.51		0.042
Peaktop International Holdings Ltd	925	14.29		0.12
Plus Holdings Ltd	1013		28.81	0.042
Shanghai Real Estate Ltd	1207	11.11		0.60
Sincere Company Ltd, The	244	26.39		0.455
Sun Innovation Holdings Ltd	547		11.54	0.046
Victory Group Ltd	1139		18.52	0.022
Xin Corporation Ltd	1141	11.67		0.067
Yeebo (International Holdings) Ltd	259		12.86	0.305
Zhong Hua International Holdings Ltd	1064	15.11		0.16

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index moved up by just 0.005 percent, ending the day at 1,058.38 points.

The Total Turnover on this speculative market was about \$HK62.32 million, with the ratio of gaining counters to losing counters, being 1.10:One, exactly.

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

TOM Group Ltd (Code: 8001)	Up 1 percent to \$HK1.80 per share
TOM Online Incorporated (Code: 8282)	Down 4 percent to \$HK1.29 per share
Wumart Stores Incorporated (Code: 8277)	Down 5 percent to \$HK13.90 per share
B and S Entertainment Holdings Ltd (Code: 8167)	Up 1 percent to 77 cents per share
MP Logistics International Holdings Ltd (Code: 8239)	Down 1 percent to \$HK1.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Advance Holdings Ltd	8117		11.11	0.08
Golding Soft Ltd	8190	18.75		0.038
M21 Technology Ltd	8153		11.90	1.85

Medical China Ltd	8186	12.86		0.079
Superdata Software Holdings Ltd	8263	11.76		0.76
WLS Holdings Ltd	8021	35.14		0.05

In Japan, after 4 consecutive days of losses, investors jumped back into equities, listed on the country's 3 stock markets, pushing up key indices, substantially.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average recovered 172.83 yen, equivalent to about 1.57 percent, rushing up to 11,204.27 yen.

Gaining counters were ahead of losing ones by the ratio of about 5.92:One.

Wall Street's gains of Tuesday were said to have been the catalyst for the rather speedy upward movement, but Tokyo was not expected to hold onto its improvements for too long a period of time.

News wise

- **Honda Motor Company** announced Group Net Profits of about 114.20 billion yen for the quarter, ended June 30, 2004. That result represented an increase, Year-on-Year, of about 12.20 percent; and,
- **Sony Corporation** said that its Net Profits Attributable to Shareholders for the quarter, ended June 30, 2004, were about 23.26 billion yen, up about 20 times, compared with the like period in 2003.

In other parts of Asia, this was how indices of major equity markets closed, last Wednesday:

The HKSAR	Plus 0.154 percent to 12,320.27
Indonesia	Plus 0.12 percent to 760.20
Japan	Plus 1.57 percent to 11,204.37
Malaysia	Plus 0.30 percent to 838.64
The Philippines	Plus 1.44 percent to 1,583.41
Singapore	Plus 0.33 percent to 1,875.25
South Korea	Plus 0.80 percent to 744.42
Taiwan	Minus 0.28 percent to 5,383.57
Thailand	Plus 0.24 percent to 634.73

Thursday.

The Justice Ministry of Russia backtracked, last Thursday, explaining that its previous Order, to halt the flow of YUKOS oil from Russia, had been misunderstood/misinterpreted in that it was only meant to apply to assets, other than oil, of the Russian oil giant, which accounts for about 2 percent of the world's total oil output and about 20 percent of Russia's total output of the black gold.

Investors were appeased, but not sufficiently to pull back oil prices, substantially.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery was settled at \$US42.95 per barrel, up 25 cents (US) on Wednesday's closing level.

For October delivery, the price of light sweet crude was settled at \$US42.30 per barrel.

On Wall Street, with relief in sight with regard to the price of crude oil, investors continued to return to investing in stocks and shares.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 12.17 points, or about 0.12 percent, ending the session at 10,129.24 points.

Over on The NASDAQ, its Composite Index advanced about 1.23 percent to 1,881.06 points.

Very substantial gains were made in the indices of the largest bourses in Europe, with Germany's premier exchange, leading the charge.

The gains in Europe were due, in part, to sparkling financial news from some of the European blue chips, and, also, of course, the matter of the price of oil, which seemed set to fall.

The indices of the major players in Europe, last Thursday, were:

Amsterdam's AEX Index	Plus 1.97 percent
Great Britain's FTSE 100 Index	Plus 1.43 percent
Germany's Frankfurt XETRA DAX Index	Plus 2.16 percent
France's CAC40 Index	Plus 1.89 percent
Switzerland's Swiss Market Index	Plus 1.11 percent
Italy's MIBTEL Index	Plus 1.10 percent

In Asia, investors, by and large, were not very happy with their lot.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were treated to a bit of a drubbing, in fact.

The relatively high price of crude oil was taking its toll of investor confidence.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index fell about 1.11 percent, ending the day at 12,183.10 points.

The Total Turnover was about \$HK10.07 billion.

The ratio of losing counters to gaining ones was about 2.59:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.43 percent to \$HK115.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.38 percent to \$HK22.55 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.40 percent to \$HK52.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.37 percent to \$HK66.50 per share
PetroChina Company Ltd (Code: 857)	Down 0.65 percent to \$HK3.85 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.68 percent to \$HK3.025 per share
CNOOC Ltd (Code: 883)	Down 2.01 percent to \$HK3.65 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.28 percent to \$HK58.00 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.50 percent to \$HK99.00 per share
ASM Pacific Technology Ltd (Code: 522)	Down 3.74 percent to \$HK27.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied International Holdings Ltd	519	19.05		0.075
China Eagle Group Company Ltd	2931		17.91	6.60
China Strategic Holdings Ltd	235		11.39	0.35
Haywood Investments Ltd	905		16.67	0.075
ING Beijing Investment Company Ltd	1062		10.71	0.125
Kamboat Group Company Ltd	318	11.25		0.445
Mexan Ltd	22	11.73		1.81
Moiselle International Holdings Ltd	130	14.84		1.78
Pacific Plywood Holdings Ltd	767		14.29	0.036
Plus Holdings Ltd	1013	19.05		0.05
Sun Innovation Holdings Ltd	547		15.22	0.039
Unity Investments Holdings Ltd	913		50.00	0.08
Universal Holdings Ltd	419		13.33	0.052
Xin Corporation Ltd	1141		10.45	0.06

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover fell to about \$HK40.86 million.

The Growth Enterprise Index shed 0.44 percent of its value, ending the session at 1,053.72 points.

Losing counters outraced gaining ones by the ratio of about 1.65:One.

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

TOM Online Incorporated (Code: 8282)	Up 5 percent to \$HK1.35 per share
TOM Group Ltd (Code: 8001)	Unchanged at \$HK1.80 per share
Wumart Stores Incorporated (Code: 8277)	Down 5 percent to \$HK13.15 per share
MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.26 per share
Convenience Retail Asia Ltd (Code: 8052)	Unchanged at \$HK2.40 per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Advance Holdings Ltd	8117	10.00		0.088
KanHan Technologies Group Ltd	8175		16.25	0.067
Q9 Technology Holdings Ltd	8129	11.63		0.048
Rojam Entertainment Holdings Ltd	8075	12.50		0.135
Tai Shing International (Holdings) Ltd	8103		20.00	0.28

Japan's 3 equity markets got hit hard, last Thursday, as investors determined that Wednesday's gains had not been warranted.

In any event, the international oil situation was unsettling: Equity markets do not appreciate uncertainty.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 87.53 yen, equal to about 1.57 percent, ending the day at 11,116.84 yen.

Losing counters were way ahead of gaining ones by the ratio of about 3.31:One.

News wise

- The **unemployment rate** in The Land of The Rising Sun stood at 4.60 percent in June, unchanged from the May figure, the Government of Prime Minister Junichiro Koizumi announced;
- **Nissan Motor Company** announced a Year-on-Year, 4.50-percent increase in its Net Profits Attributable to Shareholders for the quarter, ended June 30, 2004. The figures came in at 123.20 billion yen;
- **Matsushita Electric Industrial Company** announced that its Net Profits Attributable to Shareholders were 32.82 billion yen for the quarter, ended June 30, 2004. That figure is about 12 times greater than the like 2003-quarter;
- **Fujitsu Ltd**, Japan's largest producer of personal computers, announced a Net Loss Attributable to Shareholders of about 11.80 billion yen for the quarter, ended June 30, 2004. In the like quarter for Fiscal 2003, the company reported a Net Loss Attributable to Shareholders of about 39.80 billion yen; and,
- **Hitachi Ltd** posted a Net Profit Attributable to Shareholders of about 16.04 billion yen for the April-June quarter. In the like quarter of 2003, the company reported a Net Loss Attributable to Shareholders of about 38.40 billion yen.

And this was how other Asian markets fared, last Thursday:

The HKSAR	Minus 1.11 percent to 12,183.10
Indonesia	Plus 0.10 percent to 760.97
Japan	Minus 0.78 percent to 11,116.84
Malaysia	Minus 0.61 percent to 833.50
The Philippines	Plus 0.99 percent to 1,599.06
Singapore	Plus 0.90 percent to 1,892.11

South Korea	Minus 1.86 percent to 730.61
Taiwan	Minus 0.63 percent to 5,349.66
Thailand	Minus 0.52 percent to 631.42

Friday

The 3 words on every investor's lips, last Friday, were: *'Oil! Oil! Oil!'*

And the price of light sweet crude oil for September delivery hit another new high of \$US43.80 per barrel on The New York Mercantile Exchange (NYMEX) by the close of the day.

The October delivery price for light sweet crude oil was \$US43.05 per barrel.

Some pundits were suggesting that the price could hit \$US50 per barrel on The NYMEX before the icing fell off the gingerbread.

The principal reasons for the increase in the price of oil, internationally, were twofold: Fears of inadequate supplies to the marketplace, exacerbated, recently, by the problems of YUKOS (Please see the reports of Wednesday and Thursday); and, the inability of OPEC (The Organisation of Petroleum Exporting Countries) to plug up the leaking supply dykes, worldwide, when needs be such.

On Wall Street, last Friday, however, investors did not appear to comprehend, fully, the seriousness of the situation, from an international perspective.

Iraq continued to be awash with indiscriminate killings and suicide attacks, mostly on the Iraqi civilian population, but an occasional US soldier, a Pakistani lorry driver, or any other convenient human target was not ignored by insurgents, whose mandate is still unclear to most people.

Frequent attacks on oil installations in the country are, clearly, hampering reconstruction, in addition to giving international investors the jitters.

On The New York Stock Exchange, the Dow Jones Industrial Average, the key index, which plots the course of blue chips, gained about one tenth of a percentage point, running to 10,139.71 points.

The NASDAQ's Composite Index ended the week with a gain of exactly one third of a percentage point, finishing off the week at 1,887.36 points.

In addition to the matter of oil and disruptions to supply lines, it was announced, last Friday, that projections for the US Budget deficit for this year were in the order of \$US445 billion, a record level.

The Budget deficit projections came directly from the White House so that there was no question as to its veracity and/or accuracy.

In Europe, there were other considerations, resulting in the indices of the 6, most-important bourses to be stuck at just about Thursday's closing levels.

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

Amsterdam's AEX Index	Minus 0.24 percent
Great Britain's FTSE 100 Index	Minus 0.12 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.15 percent
France's CAC40 Index	Plus 0.09 percent
Switzerland's Swiss Market Index	Minus 0.11 percent
Italy's MIBTEL Index	Plus 0.48 percent

The worry for many investors about the ability of the largest European companies to weather the current financial and economic storms was heightened, following Deutsche Bank AG, the largest bank in Germany, reporting a 30-percent drop in its quarterly profits.

The Bottom Line for this giant banking conglomerate for the quarter, ended June 30, 2004, came in at about 656 million euros, down from about 941 million euros for the like period in 2003.

In Asia, it was a mixed bag for investors, with about half of the indices of the major equity markets, making gains, while the other half made losses.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the main equity market was hit by an avalanche of selling of the shares in the territory's largest local bank: The Bank of East Asia Ltd (Code: 23, Main Board, The Stock Exchange of Hongkong Ltd).

This bank reported the following, last Friday:

	(Unaudited) Current Period from 1/1/2004 to 30/6/2004 (\$HK)	(Unaudited) Last Corresponding Period from 1/1/2003 to 30/6/2003 (\$HK)
Net Interest Income	: 1,802,762,000	1,777,013,000
Profit/(Loss) from Operations	: 1,174,800,000	1,006,491,000
Finance cost	: N/A	N/A
Share of Profit/(Loss) of Associates	: 8,172,000	22,695,000
Share of Profit/(Loss) of Jointly Controlled Entities	: N/A	N/A
Profit/(Loss) after Tax and Minority Interests	: 1,000,331,000	792,502,000
% Change over Last Period	: +26.20%	
EPS/(LPS)-Basic (in dollars)	: 0.68	0.55
-Diluted (in dollars)	: 0.68	0.55
-Cash (in dollars)	: 0.73	0.59
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 1,000,331,000	792,502,000
Interim Dividend per Share	: 0.28	0.23
(Specify if with other options)	: With scrip option	With scrip option
B/C Dates for Interim Dividend	: 23/8/2004 to 25/8/2004	(both days inclusive)
Payable Date	: 15/9/2004	

The consensus was that The Bank of East Asia should have done better.

Down came its share price (Please see list below).

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index ended the week with a gain of about 0.45 percent, running back to 12,238.03 points on a Total Turnover of about \$HK10.06 billion.

The ratio of gaining counters to losing ones was about 1.53:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK115.00 per share
CNOOC Ltd (Code: 883)	Up 2.74 percent to \$HK3.75 per share
Denway Motors Ltd (Code: 203)	Up 4.46 percent to \$HK2.925 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.75 percent to \$HK66.00 per share
PetroChina Company Ltd (Code: 857)	Up 0.65 percent to \$HK3.875 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.43 percent to \$HK57.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.44 percent to \$HK22.65 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.91 percent to \$HK13.35 per share
Bank of East Asia Ltd, The (Code: 23)	Down 3.07 percent to \$HK22.10 per share
Huaneng Power International Incorporated (Code: 902)	Up 1.63 percent to \$HK6.25 per share

The biggest Main Board movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Rich Holdings Ltd	1191		12.50	0.035
China Strategic Holdings Ltd	235	12.86		0.395
FT Holdings International Ltd	559	15.15		0.038
Golden Harvest Entertainment (Holdings) Ltd	1132	14.00		0.285
Hanny Holdings Ltd	275	18.81		3.00
J.I.C. Technology Company Ltd	987		17.78	0.74
Magnum International Holdings Ltd	305	10.29		0.075
Millennium Group Ltd	260		11.11	0.08
Pacific Plywood Holdings Ltd	767	11.11		0.04
Rising Development Holdings Ltd	1004	10.34		0.48
Sino Prosper Holdings Ltd	766	12.73		0.62
SunCorp Technologies Ltd	1063	13.01		1.39
Sunlink International Holdings Ltd	2336	11.11		0.06
Swank International Manufacturing Company Ltd	663	10.42		0.053
Theme International Holdings Ltd	990	37.50		0.055
Tse Sui Luen Jewellery (International) Ltd	417	12.66		0.445
Unity Investments Holdings Ltd	913	11.25		0.089
Universal Holdings Ltd	419	13.46		0.059
YangtzeKiang Garment Manufacturing Company Ltd	294	15.66		2.40
YGM Trading Ltd	375	15.00		9.20

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover was about \$HK43.44 million.

The Growth Enterprise Index ended the week at 1,054.44 points, a gain of about 0.07 percent.

Losing counters outpaced gaining ones by the ratio of about 1.07:One.

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

Wumart Stores Incorporated (Code: 8277)	Down 3 percent to \$HK12.75 per share
TOM Group Ltd (Code: 8001)	Down 1 percent to \$HK1.79 per share
MP Logistics International Holdings Ltd (Code: 8239)	Down 1 percent to \$HK1.25 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 1 percent to \$HK3.35 per share
TOM Online Incorporated (Code: 8282)	Down 1 percent to \$HK1.33 per share

The biggest GEM movers were reserved for the following 3 counters, however:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Linefan Technology Holdings Ltd	8166		10.26	0.035
Satellite Devices Corporation	8172	11.11		0.03
Value Convergence Holdings Ltd	8101		11.36	0.39

The tally for the week was:

The Hang Seng Index	Minus 0.93 percent
The Growth Enterprise Index	Minus 0.15 percent

In Japan, there was a bit of a rally as Japanese investors pushed up share prices, quite considerably.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average rallied to end the week at 11,325.78 yen, a one-day improvement of about 208.94 yen, equivalent to about 1.87 percent.

Gainers were ahead of losers by the ratio of about 6.96:One.

There were numerous reasons, given for the rally, but not one of them appeared to be based in economic concrete.

News wise

- Consumer prices fell in Tokyo by about one tenth of a percentage point in July, Year-on-Year, the Government announced. It was the 58th consecutive month of declines. It, clearly, means that **deflation** continues to dog the Japanese economy;
- **Household spending** in Japan dropped by about 1.30 percent in the month of June, Year-on-Year, The Public Management, Home Affairs, Posts and Telecommunications Ministry said. This marks the first decline in the previous 3 months;
- **Mazda Motor Corporation** announced that its Group Net Profit for the quarter, ended June 30, 2004, was about 11.61 billion yen;
- **NTT DoCoMo Incorporated** said that its first quarter Net Profits dropped about 13 percent, Year-on-Year, to about 170.38 billion yen. Japan's largest wireless operator said that its June 30, 2004, quarter saw revenues slide about 2.50 percent, Year-on-Year, to about 1.22 trillion yen;
- **Japan Airlines Corporation (JAL)** posted a Group Net Loss of about 40.70 billion yen for the quarter, ended June 30, 2004. In the comparable quarter of 2003, the airline reported a Loss Attributable to Shareholders of about 77.20 billion yen; and,
- **All Nippon Airways Company (ANA)** announced that it had recorded a Net Profit Attributable to Shareholders of about 2.40 billion yen for the quarter, to June 30, 2004.

The tally for the week for Japan's premier bourse was:

The Nikkei-225 Stock Average

Plus 1.24 percent

And this was how other Asian equity markets finished the week of July 30, 2004:

The HKSAR	Plus 0.45 percent to 12,238.03
Indonesia	Minus 0.52 percent to 756.98
Japan	Plus 1.87 percent to 11,325.78
Malaysia	Minus 0.05 percent to 833.98
The Philippines	Minus 0.89 percent to 1,584.70
Singapore	Minus 0.02 percent to 1,891.71
South Korea	Plus 0.64 percent to 735.34
Taiwan	Plus 1.32 percent to 5,420.57
Thailand	Plus 0.83 percent to 636.70

-- END --

*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 or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.

 [Site Meter](#)