

**OIL PRICES IN RETREAT – PEACE AGREEMENT FOR NAJAF –
BUT EQUITY MARKETS END FLAT**

Oil and oil deliveries continued to dominate many an investor's thoughts, last Monday, following statements, televised in the US, during an interview with US Federal Reserve Board Governor, Mr Ben Bernanke.

Mr Bernanke said, among other things:

'There's going to be a little bit of a slowdown effect (in respect of the US economy) ... but at the current levels, anyway, I think it (an economic slowdown) won't derail what looks like a self-sustaining expansion at this point.'

But that was only part of the story because, after a very small respite, the price of crude oil jumped again on international exchanges.

The fighting between Shia cleric Muqtada al-Sadr and his al-Mahdi Army continued at the Holy City of Najaf, especially, with US aircraft, attacking strongholds where al-Mahdi fighters were thought to be hiding.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery was settled at \$US47.86 per barrel, unchanged from the previous Friday's level.

But the price of light sweet crude oil for October delivery jumped 67 cents (US) per barrel, to \$US46.72 per barrel.

And that, still, was not the entire story because OAO Yukos Oil Company (YUKOS) of Russia announced that it would be forced to reduce its output of oil in order to conserve some of its remaining cash.

The company is facing a \$US3.40-billion tax bill from the Government of Russia, going back to the year 2000.

The monthly income of the company has been halved because bailiffs have moved in and frozen certain accounts.

On Wall Street, last Monday, investors appeared to be uncertain as to what action, if any, to take.

On The New York Stock Exchange, the Dow Jones Industrial Average fell about 0.37 percent, hitting 10,037.05 points by the close of the day.

On The NASDAQ, its Composite Index gained about 0.04 percent, limping to 1,838.70 points.

Trading was exceptionally light, with about one billion shares, changing hands – down about 29 percent on the daily average.

In Europe, early indications were that the price of crude oil was in retreat: It turned out to be incorrect, as history proved.

But, in the hope that the worst of the energy crisis was behind the market, at least, for the time being, investors scrambled to stock up on shares that had been hit hard, during the previous fortnight or so.

This was how indices of major European markets closed, last Monday night:

Amsterdam's AEX Index	Plus	1.64 percent
Great Britain's FTSE 100 Index	Plus	0.82 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.60 percent
France's CAC40 Index	Plus	1.46 percent
Switzerland's Swiss Market Index	Plus	0.73 percent
Italy's MIBTEL Index	Plus	1.01 percent

The mini-rally on European bourses looked very fragile, however, and, as with the volume of activity on The New York Stock Exchange, last Monday, trading was on the very light side.

In Asia, investors warmed to early signs of a break in the run-up of the international price of crude oil, but investors in this part of the world are wary and somewhat shell-shocked: They know a great deal about false starts on equity markets.

As a result, while there were more equity markets, whose indices were in positive territory than those in negative territory, all of the gains were of a fractional nature.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier stock market put on a very mild rally, while, on the speculative stock market, the bears had their way.

The Hang Seng Index, the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose about 0.44 percent, ending the session at 12,431.77 points.

However, the Total Turnover was only \$HK9.29 billion – which is hardly the stuff of which bull markets are made.

The ratio of advancing counters to declining ones was about 1.05:One.

The Ten Most Active counters were:

Hutchison Whampoa Ltd (Code: 13)	Up 2.59 percent to \$HK59.50 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK118.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.42 percent to \$HK63.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.47 percent to \$HK21.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.09 percent to \$HK69.75 per share
PCCW Ltd (Code: 8)	Up 4.90 percent to \$HK5.35 per share
Henderson Land Development Company Ltd (Code: 12)	Up 1.92 percent to \$HK37.10 per share
CLP Holdings Ltd (Code: 2)	Up 1.13 percent to \$HK44.70 per share
CNOOC Ltd (Code: 883)	Down 1.99 percent to \$HK3.70 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK13.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied International Holdings Ltd	519	28.57		0.09
Central China Enterprises Ltd	351	10.00		0.44
Cheung Tai Hong Holdings Ltd	199		14.81	0.23
China Elegance (Holdings) Ltd	476		13.56	0.051
Dah Hwa International (Holdings) Ltd	600	18.26		0.136
Dickson Group Holdings Ltd	313	15.00		0.046
E2-Capital (Holdings) Ltd	378	75.76		0.58
Eagle Nice (International) Holdings Ltd	2368	16.67		3.325
eForce Holdings Ltd	943		22.02	0.085
Guo Xin Group Ltd	1215	25.32		0.099
Harmony Asset Ltd	428		18.75	0.26
Haywood Investments Ltd	905		13.04	0.04
Jackley Holdings Ltd	353		14.29	0.03
MACRO-LINK International Holdings Ltd	472	10.70		0.238
Neo-China Group (Holdings) Ltd	563		10.34	0.26
Oriental Explorer Holdings Ltd	430		15.00	0.034
Shun Cheong Holdings Ltd	650	13.04		0.078
Sun Media Group Holdings Ltd	307		14.29	0.012
Upbest Group Ltd	335		12.07	0.51
Yau Lee Holdings Ltd	406	12.64		0.49

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

The Growth Enterprise Index gave up about 1.30 percent of its value, falling back to 1,004.97 points.

The Total Turnover on this speculative bourse was about \$HK42.98 million.

The ratio of losing counters to gaining counters was about 1.59:One.

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

B and S Entertainment Holdings Ltd (Code: 8167)	Down 94 percent to 4.70 cents per share
Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK13.30 per share
Golden Meditech Company Ltd (Code: 8180)	Down 2 percent to \$HK2.95 per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 8 percent to 5.60 cents per share
hongkong.com Corporation (Code: 8006)	Down 15 percent to 53 cents per share

The biggest movers of The GEM were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210	10.00		0.11
Asian Information Resources (Holdings) Ltd	8025		20.45	0.035
Angels Technology Company Ltd	8112		11.11	0.28
B and S Entertainment Holdings Ltd	8167		94.13	0.047
B.A.L. Holdings Ltd	8079	15.79		0.022
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		11.11	0.28
hongkong.com Corporation	8006		14.52	0.53
KanHan Technologies Group Ltd	8175	12.90		0.07
M Channel Corporation Ltd	8036		20.00	0.016
M Dream Inworld Ltd	8100		17.86	0.046
Neolink Cyber Technology (Holding) Ltd	8116		10.00	0.09
T S Telecom Technologies Ltd	8003		20.93	0.034
Techpacific Capital Ltd	8088		16.67	0.02
Thiz Technology Group Ltd	8119		11.76	0.015
Tradeeasy Holdings Ltd	8163	16.67		0.028

In Japan, due to the time differential between North America and Tokyo, investors on Asia's largest equity market were unclear as to the direction that the price of crude oil might take when markets re-opened in Europe and North America.

On a relatively low volume of activity, the Nikkei-225 Stock Average, a key index of blue chips, quoted on The Tokyo Stock Exchange, gained 71.83 yen, equivalent to about 0.66 percent, running up to 10,960.97 yen.

The ratio of gaining counters to losing ones was about 2.06:One.

The gains were broadly based, but the Turnover was thin – which did not signal a bull run in the offing.

News wise

- **Dentsu Incorporated** announced that its Group Operating Profit for the quarter, ended June 30, 2004, rose 90.30 percent, Year-on-Year, to 10.18 billion yen. Dentsu is Japan's largest advertising agency.

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

The HKSAR	Plus 0.44 percent to 12,431.77
Indonesia	Minus 0.15 percent to 749.37
Japan	Plus 0.66 percent to 10,960.97
Malaysia	Plus 0.02 percent to 808.61
The Philippines	Minus 0.42 percent to 1,576.18
Singapore	Plus 0.33 percent to 1,901.23
South Korea	Unchanged at 787.65
Taiwan	Plus 0.68 percent to 5,660.97
Thailand	Plus 0.17 percent to 599.55

Tuesday

The US economy *'has become stronger and more sustainable'*.

This was the tenor of the written submission to the US Senate Banking Committee by the Chairman of The US Federal Reserve Board, a submission that was made public, last Tuesday, but which was delivered to the US lawmakers just after the Chairman's testimony of July 20, 2004.

Dr Alan Greenspan said, inter alia, that Japan faced a significant threat should the price of crude oil stay at its present historic high levels.

He, also, stated that the growth of the economies of Europe had been slow to recover.

He singled out Germany *'with particularly weak activity'*.

Following Dr Greenspan's thoughts, becoming public, many investors took them to mean that things would improve in the short term.

And the lower price of crude oil, internationally, appeared to complement the good doctor's prognostications.

On The New York Mercantile Exchange (NYMEX), last Tuesday, the price of light sweet crude oil for October delivery dropped back by about 3.23 percent to \$US45.21 per barrel, compared with Monday's last settled price.

The November settlement price dropped back to \$US44.86 per barrel.

It was a welcome relief for many an investor, from Tokyo, Japan, to New York City.

In the Holy City of Najaf, US warplanes continued to pound outposts of the al-Mahdi Army, the insurgent army under the control of Shia cleric Muqtada al-Sadr.

From the Interim Government of Iraq, it was announced that full production and exports of crude oil had been resumed.

On The New York Stock Exchange, last Tuesday, the Dow Jones Industrial Average gained one quarter of a percentage point, running back to 10,098.63 points.

On The NASDAQ, its Composite Index dropped back exactly one tenth of a percentage point, ending the day at 1,836.89 points.

Trading was, again, very light, however, at about 1.10 billion shares.

While US investors might have been a little upbeat about the prospects for economic growth in the face of all that was happening, internationally, in Europe, there was a very different face on many investors.

On the major bourses in eurozone, indices managed only fractional gains or losses, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Minus 0.05 percent
Great Britain's FTSE 100 Index	Plus 0.04 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.03 percent
France's CAC40 Index	Plus 0.13 percent
Switzerland's Swiss Market Index	Unchanged

Thin trading conditions predominated European equity markets.

Asian equity markets were mixed, by and large, but the principal equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) made substantive gains.

The improvement was the result of news, pertaining to the drop in the price of crude oil.

On the Main Board of Stock Exchange of Hongkong Ltd, the Hang Seng Index put on a show of strength, gaining about 1.73 percent to hit 12,646.49 points by the close of the day.

The Total Turnover rose to about \$HK15 billion, but about 20 percent of that volume of activity could be traced back to trading in just 2 counters; HSBC Holdings plc (Code: 5) and Hutchison Whampoa Ltd (Code: 13).

The ratio of gainers to losers was about 1.93:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.27 percent to \$HK119.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.26 percent to \$HK60.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 3.54 percent to \$HK65.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.15 percent to \$HK71.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 3.53 percent to \$HK22.00 per share
New World Development Company Ltd (Code: 17)	Up 6.87 percent to \$HK7.00 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 2.25 percent to \$HK13.65 per share
Swire Pacific Ltd "A" (Code: 19)	Up 3.79 percent to \$HK54.75 per share
PetroChina Company Ltd (Code: 857)	Down 0.65 percent to \$HK3.80 per share
Henderson Land Development Company Ltd (Code: 12)	Up 2.43 percent to \$HK38.00 per share

The biggest movers of the Main Board included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	29.41		0.022
ABC Communications (Holdings) Ltd	30	13.73		0.58
Beauforte Investors Corporation Ltd	21	22.50		0.49
Central China Enterprises Ltd	351	13.64		0.50
China United International Holdings Ltd	273	10.34		0.32
Compass Pacific Holdings Ltd	1188	11.11		0.30
Dah Hwa International (Holdings) Ltd	600	24.26		0.169
Dickson Group Holdings Ltd	313	10.87		0.051
E2-Capital (Holdings) Ltd	378		12.07	0.51
Jackin International Holdings Ltd	630	17.50		0.235
Jinhui Holdings Company Ltd	137	10.46		8.45
K and P International Holdings Ltd	675	15.38		0.30
Magnificent Estates Ltd	201	10.64		0.052
Oriental Explorer Holdings Ltd	430	14.71		0.039
Paul Y. - ITC Construction Holdings Ltd	498	10.17		0.65
Prime Success International Group Ltd	210	10.00		0.495
Ruili Holdings Ltd	491	10.00		0.011
Shang Hua Holdings Ltd	371	10.00		0.55
South East Group Ltd	726	24.24		0.205
Starbow Holdings Ltd	397	12.90		0.035
United Power Investment Ltd	674	10.34		0.16
World Trade Bun Kee Ltd	380	10.11		0.98
Sinopec Zhenhai Refining and Chemical Company Ltd	1128	11.94		7.50

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors were not quite as pleased with themselves as were those investors, locked into the Main Board, as the key index of this speculative market gave up about 0.15 percent, ending the session at 1,003.47 points.

The Total Turnover on this market, also, fell, back to about \$HK33.35 million.

And losing counters outnumbered gaining ones by the ratio of about 1.11:One.

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

TOM Online Incorporated (Code: 8282)	Up 4 percent to \$HK1.06 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.325 per share
A and K Educational Software Holdings Ltd (Code: 8053)	Down 1 percent to 41 cents per share
MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.30 per share
Wumart Stores Incorporated (Code: 8277)	Down 3 percent to \$HK12.95 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	10.00		0.275
Asian Information Resources (Holdings) Ltd	8025		14.29	0.03
DIGITALHONGKONG.COM	8007		13.33	0.26
Henderson Cyber Ltd	8023	20.00		0.30
KanHan Technologies Group Ltd	8175	20.00		0.084
Mobile Telecom Network (Holdings) Ltd	8266		11.76	0.30
Mudan Automobile Shares Company Ltd	8188	10.81		0.41
Techpacific Capital Ltd	8088	10.00		0.022
Tradeeasy Holdings Ltd	8163	35.71		0.038
Vertex Communications and Technology Group Ltd	8228	10.24		0.14

News wise

- **China Resources People's Telephone Company Ltd (Code: 331)**, one of the smallest of the 6 telecommunications providers of the HKSAR, informed its shareholders as to its financial results for the first half of its Financial Year, ended June 30, 2004. This report was in keeping with **TARGET's** analysis of this company, that exclusive report, having been published on July 9, 2004. (Please see **TARGET** Intelligence Report, Volume VI, Number 128: '**FOR WHAT REASON WOULD ANY SANE PERSON WANT TO INVEST IN THIS COMPANY?**'))

In that **TARGET** Intelligence Report, **TARGET's** conclusion was:

'China Resources Peoples Telephone appears to be a loser. And who wants to join a loser?'

And this is what this company reported to its shareholders, last Tuesday:

China Resources Peoples Telephone Company Ltd

	(Unaudited) Current Period from 1/1/2004 to 30/6/2004 (\$HK'000)	(Unaudited) Last Corresponding Period from 1/1/2003 to 30/6/2003 (\$HK'000)
Turnover	: 830,786	829,179
Profit/(Loss) from Operations	: 162,380	227,990
Finance Cost	: (14,647)	(34,772)
Profit/(Loss) After Tax and Minority Interests	: 119,036	164,265
Percentage Change over Last Period	: -27.5	
Earning Per Share (in Hongkong dollars)	: 0.20	0.38
Profit/(Loss) Attributable to Shareholders	: 119,036	164,265
Interim Dividend	: 13 cents	Nil

In The Land of The Rising Sun, last Tuesday, very little happened on the country's 3 equity markets.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average gained 24.36 yen, or about 0.22 percent, ending the day at 10,985.33 yen.

But, early in the trading session, the market was, decidedly, lower.

Losing counters, however, outnumbered gaining ones by the ratio of about 1.37:One.

News wise

- Sales at **supermarkets and departmental** stores fell in the month of July for the fifth consecutive month, according to The Japan Chain Stores Association and The Japan Department Stores Association, respectively. Year-on-Year, sales at supermarkets fell by about 1.90 percent to 1.23 trillion yen, while sales at departmental stores dipped by about 1.30 percent to 761.31 billion yen.

This was how indices of other Asian equity markets ended their respective trading days, last Tuesday:

The HKSAR	Plus 1.73 percent to 12,646.49
Indonesia	Minus 1.40 percent to 738.87
Japan	Plus 0.22 percent to 10,985.33
Malaysia	Minus 0.46 percent to 804.89
The Philippines	Minus 2.17 percent to 1,542.01
Singapore	Plus 0.22 percent to 1,905.40
South Korea	Plus 0.60 percent to 792.34
Taiwan	Closed
Thailand	Plus 0.08 percent to 600.03

Wednesday

The price of crude oil on international markets continued to retreat, last Wednesday, much to the delight of most investors (notwithstanding speculators and investors on the oil markets, of course).

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for October delivery was last settled at \$US43.47 per barrel, down about 3.85 percent, compared with Tuesday's last settled price.

For November delivery, the price of light sweet crude oil was settled at \$US43.15 per barrel, off about 3.81 percent on Tuesday's closing price.

The chief reason for the fall-off in the price of crude oil was a confirmed report that the end of the fighting in Najaf, the most Holy City for Shia Muslims, was in sight.

While US Marines continued to bombard pockets of resistance fighters (the al-Mahdi Army fighters, under the control of Shia cleric Muqtada al-Sadr) near the Imam Ali Shrine, Iraq's leading Shia cleric, Grand Ayatollah Ali al-Sistani, was reported to have prepared a peace plan.

The plan called for Iraqi police to replace all foreign troops at Najaf and compensation to be paid to people, who had been affected by the 3 weeks of fighting.

The peace plan was looked upon with a great deal of merit by a number of people, including, but not restricted to, the Interim Government of Iraq.

On The New York Stock Exchange, last Wednesday, the suggestion that peace could be restored to Iraq (at least, part of it) in short order was taken as a fillip for equity markets in The Land of The Free and The Home of The Brave.

Up went share prices on the largest stock markets in the US, with the Dow Jones Industrial Average, rising about 0.82 percent to hit 10,181.74 points by the close of the day.

On The NASDAQ, its Composite Index rose 1.30 percent to 1,860.72 points.

Trading continued to be light, however, causing many observers to wonder whether or not the run could last for very long.

In Europe, most major equity markets took heart on learning of the smart reduction in the price of crude oil.

Trading was described as being somewhat lacklustre, however, but one must remember that many parts of Europe take advantage of the warm summer weather to go on holiday.

In Paris, France, of course, most of the major boutiques are closed for the month of August, which may account for the reason that American husbands are not afraid to take their wives to Paris at this time of the year.

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

Amsterdam's AEX Index	Plus 0.16 percent
Great Britain's FTSE 100 Index	Plus 0.09 percent

Germany's Frankfurt XETRA DAX Index	Plus	0.47 percent
Frances's CAC40 Index	Plus	0.02 percent
Switzerland's Swiss Market Index	Minus	0.31 percent
Italy's MIBTEL Index	Plus	0.30 percent

In Asia, every major equity market's index was written in black.

On The Stock Exchange of Hongkong Ltd, the Main Board saw its Hang Seng Index put on another 1.16 percent, rising to 12,793.03 points.

The Total Turnover on the largest equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) rose to about \$HK21.12 million – that is the stuff of which bull markets are made.

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

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

HSBC Holdings plc (Code: 5)	Up 0.84 percent to \$HK120.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.11 percent to \$HK72.75 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.24 percent to \$HK61.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.52 percent to \$HK66.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.83 percent to \$HK13.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.82 percent to \$HK22.40 per share
Henderson Land Development Company Ltd (Code: 12)	Up 1.05 percent to \$HK38.40 per share
PetroChina Company Ltd (Code: 857)	Up 1.97 percent to \$HK3.875 per share
Hang Seng Bank Ltd (Code: 11)	Up 1.96 percent to \$HK104.00 per share
Swire Pacific Ltd "A" (Code: 19)	Up 1.83 percent to \$HK55.75 per share

But the biggest Main Board gainers were restricted to the following counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China City Natural Gas Holdings Ltd	603	25.00		0.015
China Rich Holdings Ltd	1191	15.15		0.038
China Strategic Holdings Ltd	235	11.86		0.33
Chinney Alliance Group Ltd	385	16.67		0.014
Chuang's China Investments Ltd	298	11.29		0.345
Dah Hwa International (Holdings) Ltd	600	11.83		0.189
Dan Form Holdings Company Ltd	271	10.71		0.31
Dickson Group Holdings Ltd	313	23.53		0.063
Emperor International Holdings Ltd	163	12.24		5.50
Greater China Holdings Ltd	431		11.76	0.30
Harmony Asset Ltd	428	15.38		0.30
Hon Po Group (Lobster King) Ltd	228		14.29	0.048
Interchina Holdings Company Ltd	202	11.67		0.201
Lai Sun Development Company Ltd	488	11.11		0.12
Orient Resources Group Company Ltd	467	10.00		0.055
QPL International Holdings Ltd	243	10.24		1.83
Sewco International Holdings Ltd	209	13.73		0.29
Shun Ho Resources Holdings Ltd	253	15.38		0.30
Technology Venture Holdings Ltd	61	10.53		0.168
Theme International Holdings Ltd	990	19.51		0.049
Tse Sui Luen Jewellery (International) Ltd	417	16.95		0.345
Wanji Pharmaceutical Holdings Ltd	835	16.00		0.029
Wong's Kong King International (Holdings) Ltd	532	18.68		0.54

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the gains on this speculative bourse were only of a fractional nature.

The Growth Enterprise Index ended the day at 1,006.73 points, a one-day improvement of about one third of a percentage point.

The Total Turnover on this market continued to be quite low, at about \$HK48.07 million.

Even though the lone index of this market was in positive territory, losing counters outbid gaining ones for dominance, by the ratio of about 1.11:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Up 4 percent to 84 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK16.60 per share
Golden Meditech Company Ltd (Code: 8180)	Down 2 percent to \$HK2.95 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.30 per share
Launch Tech Company Ltd (Code: 8196)	Unchanged at \$HK2.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		10.00	0.027
Glory Future Group Ltd	8071		31.03	0.02
Grandy Corporation	8143		15.56	0.038
iSteelAsia Holdings Ltd	8080		21.28	0.037
M Channel Corporation Ltd	8036	13.33		0.017
Medical China Ltd	8186	14.29		0.08
Milkyway Image Holdings Ltd	8130	13.79		0.033
T S Telecom Technologies Ltd	8003	17.65		0.04

In Japan, investors were treated to a fast run-up in the late afternoon, following a drab morning trading session.

The news about the reduction in the price of crude oil was the reason for the afternoon rally, which took The Nikkei-225 Stock Average, a key gauge of trading in select blue chips, listed on The Tokyo Stock Exchange, to 11,130.02 yen.

The 144.69-yen improvement, equivalent to about 1.32 percent, was reinforced when it became known that the ratio of gaining counters to losing ones was about 4.66:One.

Whether or not the mini-stock-market rallies, internationally, would hold was being questioned in many quarters, last Wednesday, because the volatility of the price of oil is such that, at the slightest suggestion of renewed fighting between the al-Mahdi Army and the US occupation forces in Iraq, or even a threatened reduction in oil supplies, from either Russia, Venezuela or Iraq, could send the price of crude oil, back to levels, approaching the \$US50 per barrel mark.

The volume of activity on many equity markets, excluding the Main Board of The Stock Exchange of Hongkong Ltd, did not smell of a bull run, or even the beginnings of one.

For More On This Subject, Please Refer To
TARGET Intelligence Report, Volume VI, Number 161, published on Wednesday, August 25, 2004,
 headlined:

**'OIL IS STARTING "TO STRANGLE" SOME OF THE WORLD'S ECONOMIES,
 BUT AN EQUITY BOOM COULD BE JUST AROUND THAT OIL CORNER'**

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

The HKSAR	Plus 1.16 percent to 12,793.03
Indonesia	Minus 0.97 percent to 731.72
Japan	Plus 1.32 percent to 11,130.02
Malaysia	Plus 0.33 percent to 807.56
The Philippines	Plus 0.39 percent to 1,548.08
Singapore	Plus 0.61 percent to 1,917.09
South Korea	Plus 1.47 percent to 803.97
Taiwan	Closed
Thailand	Plus 1.28 percent to 607.69

Thursday

Peace!

The fighting in Najaf ended, last Thursday, following a peace agreement, having been reached between Shia cleric Muqtada al-Sadr and Iraq's leading Shia cleric, Grand Ayatollah Ali al-Sistani.

The agreement included:

1. Muqtada al-Sadr will hand over the Imam Ali Mosque/Shrine to Grand Ayatollah Ali al-Sistani
2. The al-Mahdi Army of Muqtada al-Sadr will lay down their arms and vacate the Imam Ali Mosque
3. All US marines and other foreign fighters will leave Najaf
4. Iraqi police will take control of security at Najaf
5. The Interim Iraqi Government will repair all buildings, damaged/destroyed in the 3 weeks of fighting
6. Muqtada al-Sadr will go free and will not be held responsible for his past (alleged) crimes

The fighting at Najaf is over, the Interim Government of Iraq announced.

Oil prices continued to decline on the back of the news.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil was last settled for delivery in October at \$US43.10 per barrel, down about 0.85 percent on Wednesday's price.

As for November delivery, the price of light sweet crude oil was settled at \$US42.75 per barrel, down about 0.93 percent, compared with Wednesday's final settlement price.

It was the fifth consecutive day of falls in the price of crude oil on international markets.

But Wall Street was flat, last Thursday.

On The New York Stock Exchange, the Dow Jones Industrial Average ended at about 0.08 percent to 10,173.41 points, while, on The NASDAQ, its Composite Index gave up about 0.42 percent of its value, ending the day at 1,852.92 points.

Trading continued to be very light on The New York Stock Exchange, with about 1.02 billion shares, changing hands, a fall of about 27 percent, compared with the daily average on the world's largest equity market.

The lacklustre trading conditions on Wall Street were in contrast to a rather positive report from the US Government.

The Labour Department of the US Government announced its findings in respect of extended mass layoffs in the second quarter of 2004.

This is part of that which this department of Government said:

'In the second quarter of 2004, 1,233 mass layoff actions were taken by employers that resulted in the separation of 233,852 workers from their jobs for at least 31 days ... Both the total number of layoff events and the number of separations were sharply lower than in April-June 2003 and were the lowest for a second quarter since 2000. The decline over the year was most notable in transportation equipment manufacturing, administrative and support services, air transportation, and general merchandise stores. In the second quarter of 2004, the national unemployment rate was 5.50 percent, not seasonally adjusted; a year earlier it was 6.10 percent. Private non-farm payroll employment, not seasonally adjusted, increased by 1.30 percent or 1,383,000 jobs from April-June 2003 to April-June 2004. Extended mass layoffs that involve the movement of work within the same company or to a different company, domestically or outside the US, occurred in over 11 percent of the non-seasonal layoff events and accounted for about 12 percent of the worker separations.'

Europe was much more upbeat on learning about the peace initiative in Iraq than was Wall Street, however, and all of the indices of major European bourses rose, some quite substantially:

Amsterdam's AEX Index	Plus	0.75 percent
Great Britain's FTSE 100 Index	Plus	0.95 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.14 percent

Frances's CAC40 Index	Plus	0.96 percent
Switzerland's Swiss Market Index	Plus	0.90 percent
Italy's MIBTEL Index	Plus	0.41 percent

The above table was the best level in the previous 3 weeks.

In Asia, only the equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and Japan ended their respective trading days in the red.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.07 percent of its value, ending the trading day at 12,784.39 points.

The Total Turnover on this market, however, remained relatively high, at about \$HK16.17 billion.

The ratio of gaining counters to losing ones was about 1.20:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.41 percent to \$HK120.00 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK61.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.03 percent to \$HK73.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.72 percent to \$HK14.00 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK3.875 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.67 percent to \$HK22.55 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK66.75 per share
Denway Motors Ltd (Code: 203)	Up 5.98 percent to \$HK3.10 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 5.41 percent to \$HK3.90 per share
CNOOC Ltd (Code: 883)	Down 2.03 percent to \$HK3.625 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Brilliance China Automotive Holdings Ltd	1114	10.12		1.85
Central China Enterprises Ltd	351	15.15		0.57
CITIC 21CN Company Ltd	241	15.15		0.76
Foundation Group Ltd	1182	15.28		0.083
Hongkong Building and Loan Agency Ltd, The	145	13.33		0.68
Hon Po Group (Lobster King) Ltd	228	18.75		0.057
HyComm Wireless Ltd	499	10.00		0.055
Rontex International Holdings Ltd	1142		10.71	0.10
South East Group Ltd	726	15.91		0.255
Starbow Holdings Ltd	397		14.29	0.03
Swank International Manufacturing Company Ltd	663	12.00		0.056
U-Cyber Technology Holdings Ltd	91	14.04		0.13

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, quiet trading conditions prevailed.

The Growth Enterprise Index gained about 0.17 percent, ending the day at 1,008.47 points.

The Total Turnover was about \$HK40.17 million, with the ratio of gaining counters to losing ones, being about 1.10:One.

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

Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK12.50 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 1 percent to 85 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 2 percent to \$HK16.85 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.30 per share
TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.08 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DIGITALHONGKONG.COM	8007	14.00		0.285
Global Digital Creations Holdings Ltd	8271	11.54		0.145
HK6 Holdings Ltd	8206	12.37		0.109
Neolink Cyber Technology (Holding) Ltd	8116	12.50		0.09
Proactive Technology Holdings Ltd	8089		13.33	0.065
Prosten Technology Holdings Ltd	8026		13.33	0.065
T S Telecom Technologies Ltd	8003	20.00		0.048
Tradeeasy Holdings Ltd	8163	10.53		0.042

News wise

- One of Mr Li Ka Shing's publicly listed companies announced its Interim Report for the period, ended June 30, 2004. It was **PCCW Ltd (Code: 8)**, the territory's largest, fixed-line telecommunications carrier. This is a précis of that Interim Report:

PCCW Ltd

	(Unaudited) Current Period from 1/1/2004 to 30/6/2004 (\$HK'million)	(Unaudited) Last Corresponding Period from 1/1/2003 to 30/6/2003 (\$HK'million)
Turnover	: 10,726	10,726
Profit/(Loss) from Operations	: 2,238	2,782
Finance cost	: (1,011)	(1,102)
Share of Profit/(Loss) of Associates	: 8	18
Share of Profit/(Loss) of Jointly Controlled Entities	: (4)	(422)
Profit/(Loss) after Tax and Minority Interests	: 805	703
Percentage Change over Last Period	: +15	
Earnings Per Share -Basic (in Hongkong dollars)	: 0.1499	0.1511
Profit Attributable to Shareholders	: 805	703
Interim Dividend Per Share	: Nil	Nil

The equity markets of Japan were duds, last Thursday.

On The Tokyo Stock Exchange, the premier equity market of Japan, The Nikkei-225 Stock Average ended the trading session at 11,129.33 yen, a loss of about 0.69 yen, or about 0.01 percent, compared with Wednesday's close.

Gaining counters, however, eclipsed losing ones by the ratio of about 1.10:One.

And, in other Asian equity markets, this was how their respective indices ended the day:

The HKSAR	Minus 0.07 percent to 12,784.39
Indonesia	Plus 0.48 percent to 735.25
Japan	Minus 0.01 percent to 11,129.33
Malaysia	Plus 1.36 percent to 818.53
The Philippines	Plus 0.86 percent to 1,561.33
Singapore	Plus 0.10 percent to 1,919.10
South Korea	Plus 0.78 percent to 810.21
Taiwan	Plus 2.69 percent to 5,813.39
Thailand	Plus 1.54 percent to 617.07

Friday

Investors on the world's largest equity markets were treated to a dull and almost lifeless end-of-the-week trading session, last Friday.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.21 percent to end the week's trading at 10,195.01 points.

On the tech-laden NASDAQ, its Composite Index did slightly better than The Dow with a gain of about 0.49 percent, limping to 1,862.09 points.

But the volume of activity on The New York Stock Exchange dropped to one of its lowest levels for months, at about 848 million shares, changing hands, down about 39 percent on the daily average for 2003.

For the week, the tally for Wall Street was:

The Dow Jones Industrial Average	Plus 0.80 percent
The NASDAQ's Composite Index	Plus 1.30 percent

No great shakes, considering everything.

The Commerce Department of the US Government announced that the **Gross Domestic Product*** (GDP) had expanded by about 2.80 percent for the quarter, ended June 30, 2004.

*GDP = The total value of goods and services in a country over a period of time, calculated by:

- (1) the value of goods and services produced;
- (2) adding up the expenditure on goods and services at the time of sales; or,
- (3) adding producers' incomes from the sales of goods and services.

This announcement translates into a slowdown for the US economy.

In Iraq, the peace deal, agreed on Thursday appeared to be holding. (Please see Thursday's report)

The price of crude oil on international markets was stable, with light sweet crude oil on The **New York Mercantile Exchange** (NYMEX), ending the week at \$US43.18 per barrel for October delivery.

But, for November delivery, the price of light sweet crude oil gained 23 cents (US) per barrel, running back to \$US42.98.

Technical factors were, more than likely, responsible for the small gains in the price of crude oil.

In Europe, major bourses saw their key indices rise, but only fractionally:

Amsterdam's AEX Index	Plus 0.55 percent
Great Britain's FTSE 100 Index	Plus 0.81 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.49 percent
France's CAC40 Index	Plus 0.53 percent
Switzerland's Swiss Market Index	Plus 0.79 percent
Italy's MIBTEL Index	Plus 0.50 percent

Once again, however, one saw volumes shrink, making many a market-watcher question the gains at the tail-end of last week's run.

Asia finished on a fairly strong note – for a change.

On the Main Board of The Stock Exchange of Hongkong Ltd, the premier market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Hang Seng Index ended the week's proceedings with a gain of about 0.27 percent, at 12,818.42 points.

The Total Turnover fell back to about \$HK14 billion, however.

Also, losing counters beat off gaining ones by the ratio of about 1.59:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.25 percent to \$HK121.50 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK61.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.36 percent to \$HK72.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.44 percent to \$HK22.65 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.37 percent to \$HK66.50 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK3.875 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 0.36 percent to \$HK13.95 per share
Denway Motors Ltd (Code: 203)	Down 2.42 percent to \$HK3.025 per share
CNOOC Ltd (Code: 883)	Up 0.69 percent to \$HK3.65 per share
PCCW Ltd (Code: 8)	Down 6.36 percent to \$HK5.15 per share

The biggest Main Board movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		13.64	0.019
Bestway International Holdings Ltd	718	14.81		0.031
Broad Intelligence International Pharmaceutical Holdings Ltd	1149	11.76		0.38
Buildmore International Ltd	108	20.00		0.48
Compass Pacific Holdings Ltd	1188		13.79	0.25
Daido Group Ltd	544	20.00		0.102
Dickson Group Holdings Ltd	313	31.88		0.091
eForce Holdings Ltd	943		15.79	0.08
First Asia Capital Investment Ltd	1227	18.18		0.26
Foundation Group Ltd	1182		27.71	0.06
Fujian Holdings Ltd	181	11.46		0.214
Fulbond Holdings Ltd	1041	10.53		0.021
Heng Fung Holdings Ltd	185	41.67		0.17
Hon Po Group (Lobster King) Ltd	228	17.54		0.067
MAXX Bioscience Holdings Ltd	512	10.34		0.16
Morning Star Resources Ltd	542	10.42		0.053
Pioneer Global Group Ltd	224	19.57		0.275
Pyxis Group Ltd	516	20.00		0.048
Ruili Holdings Ltd	491		16.67	0.01
Shun Cheong Holdings Ltd	650		10.26	0.07
Starbow Holdings Ltd	397	10.00		0.033
Takson Holdings Ltd	918	11.27		0.158
U-Cyber Technology Holdings Ltd	91		10.00	0.117
V.S. International Group Ltd	1002	11.18		0.189
Victory Group Ltd	1139		10.53	0.017

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index lost about 0.43 percent of its value, falling back to 1,004.17 points.

The Total Turnover was about \$HK41.15 million, while the ratio of losing counters to gaining counters was about 1.26:One.

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

Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 2 percent to \$HK16.55 per share
Convenience Retail Asia Ltd (Code: 8052)	Up 4 percent to \$HK2.45 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.325 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Down 1 percent to 84 cents per share
Aptus Holdings Ltd (Code: 8212)	Down 40 percent to 7.20 cents

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		35.33	0.194
Asian Information Resources (Holdings) Ltd	8025		44.44	0.015
Aptus Holdings Ltd	8212		40.00	0.072

Changchun Da Xing Pharmaceutical Company Ltd	8067		11.59	0.305
Global Digital Creations Holdings Ltd	8271	10.34		0.16
Glory Future Group Ltd	8071		20.00	0.016
Henderson Cyber Ltd	8023		13.33	0.26
KanHan Technologies Group Ltd	8175		10.98	0.073
Ko Yo Ecological Agrotech (Group) Ltd	8042		10.45	0.30
Milkyway Image Holdings Ltd	8130		24.24	0.025
Prosperity International Holdings (Hongkong) Ltd	8139	11.11		0.02
Timeless Software Ltd	8028		18.35	0.089

The tally for the week for the 2 equity markets of the HKSAR were:

The Hang Seng Index	Plus 3.57 percent
The Growth Enterprise Index	Minus 1.38 percent

On Asia's largest equity market, that of The Tokyo Stock Exchange, the Nikkei-225 Stock Average ended the week with a gain of 80.26 yen, equivalent to about 0.72 percent.

Gaining counters swamped losing ones by the ratio of about 2.63:One.

For the Japanese stock market, last Friday's gains represented the 9th consecutive trading days of improvements.

But last Friday's gains was on the back of depressing economic news for the second-largest economy of the world. (See [News wise](#))

News wise

- The **unemployment rate** for Japan stood at about 4.90 percent for July, the Government announced. That represented an increase of about 0.30 percent, compared with the statistic for June; and,
- **Consumer prices** in Tokyo fell about 0.20 percent in August, Year-on-Year, the Government said. The data tends to confirm that deflation continues to affect the economy.

The tally for Asia's largest equity market for the week, ended August 27, 2004, was:

The Nikkei-225 Stock Average	Plus 2.94 percent
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And this was how indices of other Asian stock markets ended, last Friday:

The HKSAR	Plus 0.27 percent to 12,818.42
Indonesia	Plus 1.56 percent to 746.76
Japan	Plus 0.72 percent to 11,209.59
Malaysia	Plus 0.36 percent to 821.49
The Philippines	Plus 1.32 percent to 1,582.04
Singapore	Minus 0.16 percent to 1,915.90
South Korea	Plus 0.01 percent to 810.30
Taiwan	Minus 0.27 percent to 5,797.71
Thailand	Plus 0.49 percent to 620.12

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