

**TERRORISTS BOMB AUSTRALIAN EMBASSY IN DJAKARTA:
MARKETS GO INTO A TAIL SPIN**

Americans were living it up, last Monday, enjoying the last day of their Labour Day Holiday: All US equity markets, including The New York Mercantile Exchange (NYMEX), were closed.

The Republican Convention was over and, contrary to grave concerns from the US Authorities, there were no terroristic attacks at Madison Square Garden where the Convention was staged.

But the world shuddered at the enormity of a terroristic attack on the small village of Beslan, Russia, where the previous Friday, Chechen insurrectionists (another term for Chechen terrorists) took possession of a Beslan school where they massacred more than 335 men, women, children – and the numbers were still rising, last Monday.

Beslan was in mourning: The funerals lasted from morning to night.

The tragedy left most people speechless.

The question: For what reason would any so-called patriot of any country or territory want to kill and maim innocent children in order to try to achieve a politic goal?

In Europe, last Monday, the troubled Italian airline, Alitalia, announced that it was being forced to sack some 5,000 of its workers or face bankruptcy within a short space of time.

That number of redundant airline workers represented about 25 percent of the total workforce of this State-run carrier.

With no Wall Street to act as a beacon for European equity markets, last Monday, it was every investor for himself.

Fractional improvements was the best that one could hope for on some of the world's largest bourses in view of the situation, internationally – and, by and large, that was what investors of eurozone got.

Trading was unusually thin on many markets.

This was how indices of major European equity markets closed on the first trading day of the week:

Amsterdam's AEX Index	Plus	0.58 percent
Great Britain's FTSE 100 Index	Plus	0.28 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.53 percent
France's CAC40 Index	Plus	0.19 percent
Switzerland's Swiss Market Index	Plus	1.09 percent
Italy's MIBTEL Index	Plus	0.04 percent

In Asia, investors went on a bit of a buying spree although there appeared to be no specific reason for such an activity ... other than the gambling fever, that is.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading was thin on both equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 1.21 percent, running back to 13,104.34 points.

The Total Turnover was about \$HK12.50 billion, with advancing counters, outnumbering declining ones by the ratio of exactly 2:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.82 percent to \$HK123.00 per share
PetroChina Company Ltd (Code: 857)	Up 1.89 percent to \$HK4.05 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.60 percent to \$HK69.00 per share
South Sea Petroleum Holdings Ltd (Code: 76)	Up 137.84 percent to 88 cents per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.61 percent to \$HK63.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.70 percent to \$HK74.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.74 percent to \$HK23.40 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.21 percent to \$HK14.20 per share
PCCW Ltd (Code: 8)	Down 1.94 percent to \$HK5.05 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.025 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	15.79		0.022
Chuang's Consortium International Ltd	367	10.42		0.53
Climax International Company Ltd	439		10.71	0.025
Daido Group Ltd	544	14.13		0.105
E-LIFE International Ltd	370		11.58	0.084
Far East Technology International Ltd	36	19.05		0.20
Fullbond Holdings Ltd	1041	11.11		0.02
INNOMAXX Biotechnology Group Ltd	340		12.00	0.132
Shun Ho Technology Holdings Ltd	219	11.59		0.385
SMI Corporation Ltd	198	14.29		0.04
South East Group Ltd	726	17.52		0.161
South Sea Petroleum Holdings Ltd	76	137.84		0.88
Tse Sui Luen Jewellery (International) Ltd	417	13.64		0.375
V.S. International Group Ltd	1002	10.12		0.185
Yugang International Ltd	613	10.61		0.073

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, many investors appeared to have deserted this speculative equity market of the HKSAR.

The Total Turnover dropped right back to about \$HK25.95 million.

The Growth Enterprise Index lost one tenth of a percentage point, ending the day at 997.61 points.

Losers outran gainers by the ratio of about 1.90:One, in direct contrast to the situation on the Main Board.

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

Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 1 percent to \$HK16.55
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.29 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Down 3 percent to 35.50 cents per share
Far Eastern Polychem Industries Ltd (Code: 8012)	Up 2 percent to \$HK1.48 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at 84 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		11.50	0.10
Global Link Communications Holdings Ltd	8060		33.33	0.03
IIN International Ltd	8128		10.34	0.052
Kinetana International Biotech Pharma Ltd	8031		11.43	0.062
Thiz Technology Group Ltd	8119	12.50		0.018

On Asia's largest equity market, that of The Tokyo Stock Exchange, sentiment among Japanese investors was that things were on the move in the US and, it followed, in The Land of The Rising Sun in due course.

The Nikkei-225 Stock Average, a key gauge to trading in blue chips on the First Section of The Tokyo Stock Exchange, rose 221.88 yen, equivalent to about 2.01 percent, running up to 11,244.37 yen.

Gaining counters were ahead of losing counters by the ratio of about 6.74:One.

News wise

- **Capital spending** grew by about 10.70 percent, Year-on-Year, during the quarter, ended June 30, 2004, the Government's Finance Ministry announced. It was the fifth consecutive quarterly increase in Japanese companies' spending of material sums of money on capital equipment;
- The **Japanese economy** grew by about 0.40 percent during the April-June quarter, compared with the previous quarter, the Cabinet Office said in a preliminary report; and,
- Sales of **new imported vehicles** rose by about 1.20 percent in August, compared with the number of vehicles imported and sold in the like month in 2003, The Japan Automobile Importers Association said. The report excluded motor vehicles, produced by Japanese manufacturers outside Japan. The number of imported new vehicle sales was 16,605 units. It was the first rise in the previous 2 months.

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

The HKSAR	Plus 1.21 percent to 13,104.34
Indonesia	Minus 0.22 percent to 784.79
Japan	Plus 2.01 percent to 11,244.37
Malaysia	Minus 0.37 percent to 838.77
The Philippines	Plus 0.34 percent to 1,633.54
Singapore	Plus 0.05 percent to 1,937.43
South Korea	Plus 0.43 percent to 824.21
Taiwan	Plus 0.26 percent to 5,775.99
Thailand	Plus 0.28 percent to 630.87

Tuesday

Oil prices retreated again, last Tuesday, after Saudi Arabia, the world's largest oil producer, cut prices for its crude oil sales to the US and Europe.

The fall in the price of crude oil came in spite of heavy fighting, having flared up again in Falluja and Baghdad, Iraq.

The fighting in Sadr City, a suburb of Baghdad, left dozens killed and wounded, as the might of the US Marines sought to quell the uprising of members of the Shia cleric Muqtada al-Sadr's al-Madhi Army.

The death toll of US servicemen rose to 1,003.

Thus ended the promised ceasefire of Muqtada al-Sadr.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil fell back to \$US43.31 per barrel for October delivery, down about 1.55 percent, compared with the previous Friday's last settlement price.

As for November delivery, the price of light sweet crude oil was settled at exactly the same price as October delivery, representing a fall of about 1.48 percent, compared with the last price of Friday, September 3.

On Wall Street, the reduced price of crude oil on international markets was considered welcome news to many: Investors ploughed into stocks and shares on the first day of trading for the week of September 7, following the Labour Day Holiday on Monday.

On the Big Board of The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.80 percent, running up to 10,342.79 points.

On the tech-laden NASDAQ, its Composite Index put on about 0.76 percent, ending the session at 1,858.56 points.

By and large, indices of major European bourses ended last Tuesday's session very flat.

The more-savvy European institutions appeared to be more than a little wary of the situation in Iraq; they determined to play it safe rather than take on more scrip in an uncertain market situation.

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

Amsterdam's AEX Index	Plus 0.32 percent
Great Britain's FTSE 100 Index	Plus 0.03 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.03 percent
France's CAC40 Index	Plus 0.24 percent
Switzerland's Swiss Market Index	Plus 0.03 percent
Italy's MIBTEL Index	Minus 0.16 percent

Indices on Asian equity markets, generally, were higher than Monday's close, but in many cases, only fractionally so.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.24 percent, ending the session at 13,136.04 points.

The Total Turnover was about \$HK13.77 billion, with the ratio of gaining counters to losing ones, being about 1.39:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK123.00 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Up 4.78 percent to \$HK10.95 per share
China Life Insurance Company Ltd (Code: 2628)	Up 4.26 percent to \$HK4.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.09 percent to \$HK69.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.67 percent to \$HK76.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.40 percent to \$HK62.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.41 percent to \$HK14.40 per share
New World Development Company Ltd (Code: 17)	Up 3.92 percent to \$HK7.95 per share
PetroChina Company Ltd (Code: 857)	Up 0.62 percent to \$HK4.075 per share
PICC Property and Casualty Company Ltd (Code: 2328)	Up 8.08 percent to \$HK2.675 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	616		12.38	0.092
Asia Standard International Group Ltd	129	14.81		0.31
Asia Tele-Net and Technology Corporation Ltd	679	36.93		0.33
Buildmore International Ltd	108	14.94		0.50
Capital Estate Ltd	193	18.75		0.019
Century City International Holdings Ltd	355	11.76		0.114
Chun Wo Holdings Ltd	711	18.37		1.16
Compass Pacific Holdings Ltd	1188	18.00		0.295
Dah Hwa International (Holdings) Ltd	600	14.29		0.208
eSun Holdings Ltd	571	15.38		0.30
Harmony Asset Ltd	428		13.24	0.295
Haywood Investments Ltd	905		18.92	0.03
ITC Corporation Ltd	372	14.00		0.285
Lai Sun Development Company Ltd	488	28.57		0.144
Lai Sun Garment (International) Ltd	191	11.86		0.33
Hainan Meilan International Airport Company Ltd	357		10.95	6.10
Orient Resources Group Company Ltd	467	25.00		0.075
REXCAPITAL International Holdings Ltd	155	20.00		0.048
Swank International Manufacturing Company Ltd	663	10.00		0.055
USI Holdings Ltd	369	10.42		1.06
Wonson International Holdings Ltd	651		11.76	0.015
Yugang International Ltd	613	17.81		0.086
Zhongda International Holdings Ltd	909	12.00		0.28

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, trading continued to be very quiet, with only about \$HK29.59-million worth of scrip, changing hands.

The Growth Enterprise Index lost about 0.14 percent of its value, falling to 996.18 points.

The ratio of losing counters to gaining counters was tight, at about 1.03:One.

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

Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK13.15 per share
TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.05 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Down 2 percent to \$HK1.32 per share
MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.30 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at 84 cents per share

The GEM's largest movers of the day were reserved for the following bunch:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112		10.71	0.25
B.A.L. Holdings Ltd	8079		18.18	0.018
Ko Yo Ecological Agrotech (Group) Ltd	8042	19.23		0.31
M Channel Corporation Ltd	8036		15.00	0.017
Recruit Holdings Ltd	8393		15.63	0.27
Thiz Technology Group Ltd	8119	11.11		0.02

Japan's 3 equity markets continued to make gains, last Tuesday, but only just.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average put on another 54.57 yen, equivalent to about 0.49 percent, running up to 11,298.94 yen.

However, in spite of the Nikkei-225 Stock Average, being in positive territory, there were more losing counters than there was gaining ones, with the ratio, coming in at about 1.54:One.

As such, the situation on Asia's largest equity market looked ominous: A sell-off seemed to be on the books.

And, in other Asian equity markets, this was how their indices ended last Tuesday's trading session:

The HKSAR	Plus 0.24 percent to 13,136.04
Indonesia	Plus 0.24 percent to 786.69
Japan	Plus 0.49 percent to 11,298.94
Malaysia	Plus 0.42 percent to 842.29
The Philippines	Plus 2.34 percent to 1,671.76
Singapore	Plus 1.24 percent to 1,961.47
South Korea	Minus 0.66 percent to 818.80
Taiwan	Plus 1.23 percent to 5,846.83
Thailand	Plus 0.08 percent to 631.40

Wednesday

Investors, around the world, waited last Wednesday to hear what the Chairman of the US Federal Reserve would tell The Committee of The Budget of The US House of Representatives in respect of the economic outlook for the US economy for the rest of the year.

Dr Alan Greenspan's testimony appeared to dovetail that which **TARGET's** analysts had prognosticated in respect of the effect of high oil prices on the economies of the world.

Here is part of the testimony of this internationally renowned economist:

'... As you know, economic activity hit a soft patch in late spring after having grown briskly in the second half of 2003 and the first part of 2004. Consumer spending slowed materially, and employment gains moderated notably after the marked step-up in early spring. That softness in activity no doubt is related, in large measure, to this year's steep increase in energy prices.

'The most recent data suggest that, on the whole, the expansion has regained some traction. Consumer spending and housing starts bounced back in July after weak performances in June, although early readings on retail sales in August have been mixed. In addition, business investment remains on a solid upward trend. In the manufacturing sector, output has continued to move up in recent months, though part of that rise likely reflected an increase in inventory investment. In the labor market, though job gains were smaller than those of last spring, nonfarm payroll employment growth picked back up in August.

'Despite the rise in oil prices through mid-August, inflation and inflation expectations have eased in recent months. To be sure, unit labor costs rose in the second quarter as productivity growth slowed from its extraordinary pace of the past two years and employee compensation per hour remained on an upward trend. But, as best we can judge, the growth in profit margins of non-energy, nonfinancial, corporations, which, at least from an accounting perspective, had contributed significantly to price pressures earlier, has recently slowed. Moreover, increases in non-oil import prices have lessened--a development that, coupled with the slowing of profit-margin growth, has helped to lower core consumer price inflation in recent months.

'Movements in energy prices have been a major influence on overall inflation this year. In the second quarter, gasoline prices rose rapidly as a marked pickup in gasoline demand strained refinery capacity and resulted in sharply higher profit margins. In May and June, refinery and marketing margins rose to levels that were 25 cents to 30 cents per gallon over typical spreads going into the summer driving season.

'As a consequence of the steep run-up in prices, demand for gasoline eased, and an accompanying increase in inventories helped to reverse the bulge that had occurred in refinery and marketing margins. That reduction in margins resulted in a decline in the price of regular gasoline of about 20 cents per gallon despite the concurrent sharp rise in the price of crude oil. With margins having returned to more-typical levels, prices of both gasoline and home heating oil are likely to reflect changes in crude oil prices more directly.

'... Evaluating the impact of rising oil prices on economic activity in the United States has long been a subject of dispute among economists. Most macroeconomic models treat an increase in oil prices as a tax on U.S. residents that saps the purchasing power of households and raises costs for businesses. But economists disagree about the size of the effects, in part because of differences in the key assumptions employed in the statistical models that underlie the analyses. Moreover, the models are typically based on average historical experience, which is dominated by periods of only moderate fluctuations in oil prices and thus may not adequately capture the adverse effects on the economy of oil price spikes. In addition to the difficulties of measuring the impact of oil prices on economic growth, the oil price outlook itself is uncertain ...'.

Wall Street, generally, did not like what it heard, however.

On The New York Stock Exchange, the Dow Jones Industrial Average fell back about 0.28 percent, ending the day at 10,313.36 points.

On The NASDAQ, its Composite Index shed about 0.43 percent, dropping to 1,850.64 points.

Aside from Dr Alan Greenspan's comments about the US economy, investors were treated to another shocker when Delta Air Lines announced that it planned to sack between 6,000 workers and 7,000 workers, during the next 18 months.

Delta Air Lines said that it had to take the action or face the threat of having to declare bankruptcy.

This was the second, major international airline, within a period of 3 days, to admit, openly, its financial problems: Alitalia announced its problems on Monday. (Please see above)

On The New York Mercantile Exchange (NYMEX), last Wednesday, the price of light sweet crude oil for October delivery shed another 1.25 percent, compared with Tuesday's closing price, settling at \$42.77 per barrel.

For November delivery, the price of light sweet crude oil ended last Wednesday's trading session at \$42.84 per barrel, off about 1.09 percent on Tuesday's last settlement price.

Meanwhile, the fighting in Iraq continued, with more US Marines and Iraqis, being killed.

In Europe, share prices were little changed from Tuesday's levels; the indices of major European bourses were all in negative territory:

Amsterdam's AEX Index	Minus 0.13 percent
Great Britain's FTSE 100 Index	Minus 0.15 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.12 percent
France's CAC40 Index	Minus 0.12 percent
Switzerland's Swiss Market Index	Minus 0.07 percent
Italy's MIBTEL Index	Minus 0.05 percent

European investors, as with Wall Street investors, were awaiting the determinations of Dr Alan Greenspan.

In Asia, there were more equity markets whose indices lost ground than there were gaining ones.

On the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), closing figures of stocks and shares were written in red ink, for the most part.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.66 percent of its value, ending the day at 13,049.96 points.

The Total Turnover picked up to about \$HK17.41 billion.

(A rising Turnover on a falling market is never a good sign)

The ratio of losing counters to gaining ones was 1.57:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.41 percent to \$HK122.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.23 percent to \$HK4.025 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.51 percent to \$HK4.875 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.32 percent to \$HK75.00 per share
Ping An Insurance (Group) Company of China, Ltd (Code: 2318)	Up 1.83 percent to \$HK11.15 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 0.35 percent to \$HK14.35 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.79 percent to \$HK68.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.20 percent to \$HK62.00 per share
China Telecom Corporation Ltd (Code: 728)	Down 0.96 percent to \$HK2.575 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.85 percent to \$HK23.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Development (Hongkong) Ltd	154		11.00	0.89
Capital Estate Ltd	193		10.53	0.017
China Conservation Power Holdings Ltd	290		18.18	0.27
China City Natural Gas Holdings Ltd	603	14.29		0.016
Chinney Alliance Group Ltd	385		13.33	0.013
Compass Pacific Holdings Ltd	1188		11.86	0.26
Haywood Investments Ltd	905	13.33		0.034
HyComm Wireless Ltd	499	10.00		0.055
New World CyberBase Ltd	2932		13.33	0.26
Shun Cheong Holdings Ltd	650		22.86	0.054
Suwa International Holdings Ltd	567		10.00	0.198
Wanji Pharmaceutical Holdings Ltd	835		13.04	0.02
Wonson International Holdings Ltd	651	20.00		0.018

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

The Growth Enterprise Index lost another 0.04 percent of its value, falling to 995.77 points on a rapidly rising Total Turnover, which hit about \$HK47.65 million by the time that the closing bell rang.

The ratio of losing counters to gaining ones was about 1.27:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at 84 cents per share
Wumart Stores Incorporated (Code: 8277)	Up 2 percent to \$HK13.40 per share
Launch Tech Company Ltd (Code: 8196)	Up 1 percent to \$HK2.00 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.03 per share
MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.30 per share

The GEM's biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112	20.00		0.30
B M Intelligence International Ltd	8158		14.58	0.041
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	30.00		0.39
Grandy Corporation	8143	17.86		0.033
Kinetana International Biotech Pharma Ltd	8031		11.29	0.055
Mudan Automobile Shares Company Ltd	8188		12.00	0.44
Stockmartnet Holdings Ltd	8123	10.53		0.021
Thiz Technology Group Ltd	8119	10.00		0.022
Tradeeasy Holdings Ltd	8163		21.05	0.03

As many investors had anticipated, share prices started to fall on Asia's largest equity market, last Wednesday.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average shed 19.75 yen, equivalent to about 0.17 percent, falling back to 11,279.19 yen.

Losing counters outran gaining ones by the ratio of about 1.24:One.

Some Japanese investors suggested that profit-taking was the main reason for last Wednesday's losses on Japan's 3 equity markets, but there were, also, insidious reasons for the mild sell-off.

More losses in the prices of scrip, listed on The Tokyo Stock Exchange, were, almost, sure to come on Thursday and Friday's session.

Reporting season in the US and in Japan was just around the corner; and, it was known that some of the 'darlings' of both Wall Street and Japan were having a tough time.

The only question for Japanese investors was: How tough is tough?

News wise

- **UFJ Holdings Incorporated** is expected to report a Net Loss Attributable to Shareholders of about 700 billion yen for the first half its Financial Year, ending September 30, 2004, according to insiders at the huge Japanese banking conglomerate; and,
- **Sojitz Holdings Corporation** announced, officially, that it would be receiving 370 billion yen as a capital injection from financial institutions, including **UFJ Holdings Incorporated** and **UBS AG**. Sojitz is a major trading company in Japan with debts in excess of 1.56 trillion yen.

This was the way that other Asian equity markets fared, last Wednesday:

The HKSAR	Minus 0.66 percent to 13,049.96
Indonesia	Plus 0.31 percent to 789.14
Japan	Minus 0.17 percent to 11,279.19
Malaysia	Plus 0.93 percent to 850.11
The Philippines	Plus 3.39 percent to 1,728.45
Singapore	Minus 0.12 percent to 1,959.13

South Korea	Minus 0.36 percent to 815.85
Taiwan	Minus 0.01 percent to 5,846.02
Thailand	Minus 0.19 percent to 630.21

Thursday

More than 8 people died and more than 120 people were badly injured by a massive car bomb, which was detonated outside the Australian Embassy in Djakarta, Indonesia, last Thursday morning.

Jemaah Islamiah claimed responsibility for the attack, which took place at 0300 hours **Greenwich Mean Time (GMT)**, 1000 hours, Djakarta time.

Jemaah Islamiah claims that it wants Indonesia to adopt Muslim fundamentalistic principles or, in the alternative, to permit the establishment of a Muslim state within the country.

The population of Indonesia is more than 200 million people, 90 percent of whom follow one form or another of Islam.

News of the terroristic attack on the Australian Embassy sent indices of major equity markets in Asia into somewhat of a tailspin, last Thursday, and during the morning sessions of Friday.

Some markets recovered early losses, but the major ones did not.

On Wall Street, there was mixed reaction to the Djakarta carnage: Americans have been living with international terrorism and the antics of Muslim extremists for such an extended period of time as to make many of them partially phlegmatic to the atrocities of these religious fundamentalists, many of whom appear to be heartless and soulless.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average lost about 0.24 percent of its value, falling back to 10,289.10 points.

The NASDAQ Composite Index, however, rose about 1.03 percent to 1,869.65 points.

The reason for the rise in the value of the Composite Index of The NASDAQ was due in part to a report from the Finnish company, Nokia, the world's largest producer of mobile telephones.

Nokia announced that it was raising its forecast with regard to its third-quarter sales and profits due to unexpected strong demand for its products.

On the negative side of the ledger, reduced oil inventories in the US sent crude oil prices, scurrying higher, while Electronic Data Systems Corporation, one of the world's largest computer services systems' provider, said that it was likely to sack 20,000 of its workers, within the next 24 months.

On Wednesday, Delta Air Lines said that it would be sacking between 6,000 workers and 7,000 workers within the next 18 months.

In Iraq, US air strikes continued at the town of Falluja for the third consecutive night.

A total of 12 Iraqi civilians were reported to have been killed, according to the Arab television station, Aljazeera.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for October delivery rose to \$US44.61 per barrel, up 4.30 percent on Wednesday's last settlement price.

As for November delivery, the price of light sweet crude oil rose about 4.18 percent, compared with Wednesday's closing level, to end the trading day at \$US44.63 per barrel.

In Europe, every index of every major equity market was marked down, some quite substantially, as the following **TARGET** table illustrates:

Amsterdam's AEX Index	Minus 1.02 percent
Great Britain's FTSE 100 Index	Minus 0.44 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.84 percent
France's CAC40 Index	Minus 0.69 percent
Switzerland's Swiss Market Index	Minus 0.76 percent

The reasons for the falls in Europe were many and varied, with the Djakarta bombing, being foremost in many an investor's mind.

Aside from this matter, however, there was a spate of gloomy corporate news.

From Volkswagen AG came news that the company's management was threatening to sack some 30,000 of its workers unless unions agree to wage and salary freezes for the next 2 years.

For a German, motor-vehicle manufacturer, a paring of its staff by this amount of workers is unprecedented.

The news shocked German investors to their jack-boots.

The Bank of England announced that it was keeping its key interest rate at 4.75 percent.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the territory's 2 equity markets lost ground.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.83 percent of its value, ending the session at 12,942.20 points.

The Total Turnover dipped to \$HK13.12 billion.

Losing counters outpaced gaining ones by the ratio of about 2.74:One.

Every one of the Ten Most Active counters saw solid erosions of their share prices:

HSBC Holdings plc (Code: 5)	Down 0.41 percent to \$HK122.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.21 percent to \$HK61.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.82 percent to \$HK67.25 per share
PetroChina Company Ltd (Code: 857)	Down 1.69 percent to \$HK3.85 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.67 percent to \$HK74.50 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.91 percent to \$HK2.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.51 percent to \$HK22.90 per share
Ping An Insurance (Group) Company of China, Ltd (Code: 2318)	Down 1.35 percent to \$HK11.00 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.74 percent to \$HK14.10 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.03 percent to \$HK4.825 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Tele-Net and Technology Corporation Ltd	679	16.67		0.42
China Conservational Power Holdings Ltd	290	18.52		0.32
China City Natural Gas Holdings Ltd	603		12.50	0.014
China Elegance (Holdings) Ltd	476		24.53	0.04
Great China Holdings Ltd	141	10.29		0.75
Haywood Investments Ltd	905		11.76	0.03
Junefield Department Store Group Ltd	758	13.46		0.118
Mayer Holdings Ltd	1116	20.00		0.78
Neo-China Group (Holdings) Ltd	563		11.32	0.235
Oriental Explorer Holdings Ltd	430	26.32		0.048
Semtech International Holdings Ltd	724		50.31	0.79
Shun Cheong Holdings Ltd	650	29.63		0.07
South Sea Petroleum Holdings Ltd	76		23.46	0.62
Starbow Holdings Ltd	397		14.29	0.03
Sunlink International Holdings Ltd	2336		20.51	0.062
Victory Group Ltd	1139	22.22		0.022
Wanji Pharmaceutical Holdings Ltd	835	15.00		0.023

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index lost another 0.05 percent, falling to 995.32 points.

The Total Turnover was about \$HK32.58 million, with the ratio of losing counters to gaining ones, being about 1.22:One.

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

Wumart Stores Incorporated (Code: 8277)

Up 1 percent to \$HK13.60 per share

Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)

Down 1 percent to 34.50 cents per share

Phoenix Satellite Television Holdings Ltd (Code: 8002)

Up 1 percent to \$HK1.33 per share

MP Logistics International Holdings Ltd (Code: 8239)

Down 1 percent to \$HK1.29 per share

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Down 2 percent to \$HK16.55 per share

The biggest GEM movers of the day, however, included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		14.00	0.086
B.A.L. Holdings Ltd	8079	22.22		0.022
MegaInfo Holdings Ltd	8279		24.05	0.12
ProSticks International Holdings Ltd	8055	17.65		0.04
Stockmartnet Holdings Ltd	8123	19.05		0.025
Value Convergence Holdings Ltd	8101		10.14	0.62

On The Tokyo Stock Exchange, investors pulled down The Nikkei-225 Stock Average by 108.23 yen, equivalent to about 0.96 percent, as the key index of Asia's largest bourse dropped back to 11,170.96 yen.

Losing counters were ahead of gaining ones by the ratio of about 4.34:One.

The Nikkei-225 Stock Average had been in and out of positive territory for most of the day, but the Djakarta massacre was the final straw to push it into the red.

News wise

- **Private sector machinery orders** fell about 11.30 percent in July, compared with June's statistic, The Cabinet Office announced. It was the steepest drop in orders for Japanese machinery since September 2001.

In other Asian equity markets, this was how their respective, stock-market indices ended last Thursday's session:

The HKSAR	Minus 0.83 percent to 12,942.20
Indonesia	Minus 0.82 percent to 782.65
Japan	Minus 0.96 percent to 11,170.96
Malaysia	Minus 0.37 percent to 846.97
The Philippines	Plus 0.66 percent to 1,739.92
Singapore	Plus 0.31 percent to 1,965.28
South Korea	Plus 0.74 percent to 821.88
Taiwan	Minus 0.05 percent to 5,842.93
Thailand	Plus 1.72 percent to 641.04

Friday

International speculators, who had taken up long positions on the price of oil, got burned, badly, last Friday, as the price of a barrel of light sweet crude oil for October delivery on The New York Mercantile Exchange (NYMEX) shed about 4.03 percent of Thursday's last settlement price, ending the trading week at \$US42.81.

For November delivery, the price of light sweet crude oil was settled at \$US42.84 per barrel, a fall of about 4.01 percent on Thursday's close.

That, just about, erased the gains in the price of light sweet crude oil for Thursday's market.

Of course, the reversal of the direction of the price of oil could have come about due to a squaring of positions, but, regardless of the reason, it appears that the run on oil, for the time being, at least, is over.

Investors on Wall Street appeared to like the idea that the icing had fallen off the ginger bread, however.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.23 percent, ending the week at 10,313.07 points.

On The NASDAQ, its Composite Index regained Thursday's losses, ending the trading week at 1,894.31 points, a one-day improvement of about 1.32 percent.

The tally for the week for the largest equity markets in the world, therefore, was:

The Dow Jones Industrial Average	Plus 0.52 percent
The NASDAQ's Composite Index	Plus 2.70 percent

But it was not all beer and skittles for investors on the world's largest bourses.

One somewhat unexpected shock announcement came from Alcoa, the largest producer of aluminium in the world.

The company announced that it expected third-quarter earnings to fall way short of previous estimates due, in part at least, to a strike at its plant in Quebec, Canada, restructuring costs due to the closure of its plants at Washington and Ohio, and a fire at one of its packaging plants in Pennsylvania, the US.

In Iraq, the fighting continued: More dead bodies littered the streets of that Middle-Eastern country as US Marines fought insurgents.

The Djakarta bombing of Thursday continued to be the talk on Wall Street, with suggestions that more attacks could be forthcoming in the Capital City of Indonesia.

In Europe, having seen the direction of Wall Street, early in the trading session, last Friday, investors in this part of the world took heart.

This was how indices of major bourses in Europe closed the week of September 10, 2004:

Amsterdam's AEX Index	Plus	0.56 percent
Great Britain's FTSE 100 Index	Plus	0.15 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.90 percent
France's CAC40 Index	Plus	0.70 percent
Switzerland's Swiss Market Index	Plus	0.35 percent
Italy's MIBTEL Index	Plus	0.43 percent

In Asia, only 2 of the region's equity markets lost ground, last Friday.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index finished off the week with a gain of about 0.48 percent at 13,003.99 points.

The Total Turnover, however, fell back to about \$HK11.77 billion, while losing counters outnumbered gaining ones by the ratio of about 1.13:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.41 percent to \$HK122.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.67 percent to \$HK74.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.41 percent to \$HK61.50 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.00 percent to \$HK2.45 per share
Denway Motors Ltd (Code: 203)	Down 2.56 percent to \$HK2.85 per share
PetroChina Company Ltd (Code: 857)	Up 0.65 percent to \$HK3.875 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.35 percent to \$HK14.15 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.53 percent to \$HK23.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.12 percent to \$HK68.00 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK4.825 per share

As for the double-digit movers on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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139 Holdings Ltd	139		10.00	0.018
Asia Alliance Holdings Ltd	616	14.13		0.105
Bestway International Holdings Ltd	718	12.90		0.035
Buildmore International Ltd	108	10.00		0.55
China Elegance (Holdings) Ltd	476	12.50		0.045
e-Kong Group Ltd	524	10.46		0.169
eForce Holdings Ltd	943	22.92		0.059
LifeTec Group Ltd	1180	10.67		0.083
Nam Fong International Holdings Ltd	1176	31.58		0.025
New World CyberBase Ltd	2932	14.29		0.28
Playmates Holdings Ltd	635	19.80		1.21
REXCAPITAL International Holdings Ltd	155	14.29		0.048
Sino Technology Investments Company Ltd	1217		16.24	0.098
Starbow Holdings Ltd	397	13.33		0.034
Sun Media Group Holdings Ltd	307	16.67		0.014
Tem Fat Hing Fung (Holdings) Ltd	661		10.14	0.31
Wonson International Holdings Ltd	651		16.67	0.015

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index continued its retreat with a loss of another 0.35 percent, ending the week at 991.81 points.

The Total Turnover on this speculative market was about \$HK34.38 million.

Gaining counters squeezed out losing ones by the ratio of 1.04:One.

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

Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK13.55 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Down 2 percent to \$HK2.00 per share
MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.30 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK16.55 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.35 per share

There were only 3, double-digit movers on The GEM, last Friday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Grandy Corporation	8143	11.43		0.039
Leadership Publishing Group Ltd	8010		17.86	0.023
Stockmartnet Holdings Ltd	8123		16.00	0.021

News wise

- **Eligible voters** went to the polls, last Sunday, in order to elect half of the members of the Legislative Council. Some of the front-runners of this motley bunch included felon Chim Pui Chung, a fisherman, who is uncontested in the elections, Mr Wong Yung Kan, some teachers and some solicitors. The monthly income of a Legislative Councillor, including all allowances, amounts to a little more than \$HK181,000.

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

The Hang Seng Index	Plus 0.43 percent
The Growth Enterprise Index	Minus 0.68 percent

In Japan, it was another down day on the country's 3 equity markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost about 87.73 yen, equivalent to about 0.79 percent, as investors drove down the index to 11,083.23 yen.

Losing counters continued to beat off gaining counters by the ratio of about 2.53:One.

There were a number of very valid reasons for the losses on Asia's largest equity markets, last Friday. (Please see News wise)

News wise

- **Japan's economy** grew by about 0.30 percent in real terms, during the quarter, ended June 30, 2004, The Cabinet Office announced. This was a downward revision of about 25 percentile points from earlier estimates. The Cabinet Office explained that the downward revision, on an annualised basis, means a drop from 1.70 percent to 1.30 percent in the Gross Domestic Product. It was a definite sign that the economy of The Land of The Rising Sun had slowed, materially; and,
- **UFJ Holdings Incorporated** announced that it expected to enjoy a Loss Attributable to Shareholders of about 780 billion yen for the first half of this Financial Year.

The tally for the week for the largest equity market in Asia was:

The Nikkei-225 Stock Average Minus 1.43 percent

And this was how other Asian stock markets closed their respective doors, last Friday night:

The HKSAR	Plus 0.48 percent to 13,003.99
Indonesia	Plus 1.93 percent to 797.78
Japan	Minus 0.79 percent to 11,083.23
Malaysia	Plus 0.39 percent to 850.29
The Philippines	Plus 0.67 percent to 1,751.60
Singapore	Plus 0.12 percent to 1,967.70
South Korea	Plus 1.76 percent to 836.34
Taiwan	Plus 0.06 percent to 5,846.19
Thailand	Minus 0.07 percent to 640.60

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