

**CRUDE OIL PRICES CONTINUE TO HUG THE LIMELIGHT ... SADLY !**

Nigerians woke up, last Monday, to Day One of a 4-day general strike.

The Nigerian Labour Congress, the largest and most-powerful union in the country, is protesting over a 25-percent increase in fuel prices.

This is the third such strike in the past 18 months.

Nigeria is the largest oil producer on the African Continent and is the second-largest producer of crude oil in the cartel, known as OPEC – The Organisation of Petroleum Exporting Countries.

Nigerian crude oil accounts for about 3 percent of the world's total production.

With no crude oil, being exported from Nigeria until the end of the week, at the earliest, it was hardly surprising to learn that, in Asia, last Monday, electronic trading in US crude futures continued to rise, reaching \$US53.40 per barrel at one stage.

In the United States (US), the price of petrol at the pumps shot up to \$US2 per US gallon, which is equal to 3.785 litres, compared with an Imperial gallon, which is equal to 4.546 litres.

The high cost of energy is starting to hit Mr and Mrs US Consumer in the guts, where it hurts the most.

When The New York Mercantile Exchange (NYMEX) opened for business, last Monday, the price of light sweet crude oil for November delivery rose to \$US53.64 per barrel, up about 0.62 percent on the previous Friday's closing level.

For December delivery, the price of light sweet crude oil was settled at \$US53.34 per barrel, last Monday, an increase of about \$US1.30 per barrel, equivalent to about 2.50 percent of the previous close of Friday, October 8.

On Wall Street, the continued high price of crude oil was expected, but it was, nevertheless, worrying for many people, especially the US housewife, who had to pay a great deal more to fill up the family motor car with petrol.

Since January 1, 2004, the price of crude oil had risen by about 65 percent, as at last Monday – and it was no joke for consumers in the US, operating on tight budgets.

On The New York Stock Exchange, last Monday, there was a certain amount of resilience in the world's largest equity market.

The Dow Jones Industrial Average, a key gauge of trading in blue chips, listed on the Big Board, ended the session at 10,081.97 points, a gain of 26.77 points, or about 0.27 percent.

On the tech-laden NASDAQ, its Composite Index managed a gain of 8.79 points, which is equivalent to about 0.46 percent; the Index ended the day at 1,928.76 points.

Trading on The New York Stock Exchange was unusually light, with about 944 million shares, changing hands, down from 1.40 billion shares, which is the daily average for this market.

On The NASDAQ, it was a similar story.

The continuously high cost of energy is well expected to drain some of the corporate profits out of Wall Street hotshots, but it may take another 6 months before it becomes apparent and obvious.

In Europe, Royal and Sun Alliance Group plc, a major player in the insurance industry in the United Kingdom (UK), announced that it would be sacking 1,100 of its workers in the UK and moving the posts, held by these workers, to India.

All of the posts to be lost in the UK are front office and back office jobs, as well as call centre posts.

The offshore outsourcing scheme is estimated to save the company about £10 million per year.

The move will take place over the next few years, the company said.

In September, Norwich Union International Ltd announced that it was moving 950 call centre jobs from the UK to India and Sri Lanka and that, by the year 2007, it expected to be employing some 7,000 people in India, alone.

On European bourses, last Monday, investors determined, for the most part, to wait out the day in order to see what would happen on major US equity markets when they opened for business, and, of course, The NYMEX.

The volume of activity on European bourses was relatively light.

While oil stocks continued to power up on major European stock markets, by the end of the day, indices of major bourses were flat, as the following **TARGET** table illustrates:

Amsterdam's AEX Index	Minus 0.14 percent
Great Britain's FTSE 100 Index	Minus 0.28 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.05 percent
France's CAC40 Index	Minus 0.27 percent
Switzerland's Swiss Market Index	Minus 0.58 percent
Italy's MIBTEL Index	Minus 0.01 percent

Indices of major Asian equity markets ended last Monday on a very flat note.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), indices on the territory's 2 equity markets moved up a notch.

It was the first gain in 5 trading sessions for the Main Board of The Stock Exchange of Hongkong Ltd.

It seemed unlikely, last Monday, however, that the market would be able to hang on to its slim gains.

On the Main Board, the Hang Seng Index, the gauge of trading in blue chips on the premier bourse of the HKSAR, rose about 0.48 percent to 13,305.13 points.

The Total Turnover was about \$HK12.64 billion, while the ratio of gaining counters to losing ones was about 1.07:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.40 percent to \$HK126.00 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK60.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.06 percent to \$HK23.85 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK4.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.37 percent to \$HK67.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.67 percent to \$HK74.75 per share
Denway Motors Ltd (Code: 203)	Up 1.79 percent to \$HK2.85 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Down 1.13 percent to \$HK1.75 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.98 percent to \$HK5.15 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 0.94 percent to \$HK5.25 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)
China Credit Holdings Ltd	185		13.33	0.143
China Golden Development Holdings Ltd	162	16.42		0.39
China Northern Enterprises Investment Fund Ltd	2324		15.56	0.38
eForce Holdings Ltd	943		11.11	0.04
First Asia Capital Investment Ltd	1227		16.21	0.243
Great China Holdings Ltd	141		25.76	0.49
Heritage International Holdings Ltd	412	21.43		0.017
ITC Corporation Ltd	372	18.52		0.32
Jinhui Holdings Company Ltd	137	12.08		18.55
Keck Seng Investments (Hongkong) Ltd	184	14.74		1.79
MACRO-LINK International Holdings Ltd	472		12.07	0.255
Norstar Founders Group Ltd	2339	13.87		2.175

Sun Media Group Holdings Ltd	307		10.53	0.017
Victory Group Ltd	1139	16.67		0.028
Xin Corporation Ltd	1141	13.33		0.085

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar story as had been told on the Main Board, with The Growth Enterprise Index, rising about 0.57 percent to touch 1,001.67 by the close of the day.

The Total Turnover on this speculative market was about \$HK46.48 million.

Gaining counters edged out losing ones by the ratio of about 1.28:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Up 7 percent to \$HK1.08 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 1 percent to 35.50 cents per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 2 percent to \$HK1.35 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.29 per share
Shanghai Qingpu Fire-Fighting Equipment Company Ltd (Code: 8115)	Unchanged at 66 cents per share

The biggest GEM movers of last Monday were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Aptus Holdings Ltd	8212		20.29	0.11
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		15.15	0.28
Glory Future Group Ltd	8071		21.43	0.011
Jiangsu Nandasoft Company Ltd	8045		10.81	0.33
M Dream Inworld Ltd	8100		20.00	0.032
Neolink Cyber Technology (Holding) Ltd	8116	13.33		0.085

Japan was closed for a national holiday, last Monday.

This was how indices of other Asian stock markets ended their respective trading days:

The HKSAR	Plus 0.48 percent to 13,305.13
Indonesia	Plus 0.52 percent to 860.14
Japan	Closed
Malaysia	Minus 0.69 percent to 855.10
The Philippines	Minus 0.79 percent to 1,821.97
Singapore	Minus 0.61 percent to 1,991.99
South Korea	Minus 0.03 percent to 881.11
Taiwan	Minus 0.21 percent to 6,089.28
Thailand	Plus 0.26 percent to 677.93

## **Tuesday**

Crude oil prices broke another record in Asia, last Tuesday, as the price of a barrel of light sweet crude oil touched just shy of \$US54 in electronic trading.

Strong international demand for the black ooze, coupled with dwindling supplies, due to the general strike in Nigeria (Please see Monday's report), the problems in The Gulf of Mexico where, after one month of the passage of Hurricane Ivan, offshore production is still off by at least 139,000 barrel per day, all contributed to the price of crude oil rising.

In addition, there was a report from Norway, where a strike of offshore, oil-rig workers was into its third month, that another 25,000 barrels of crude oil per day would be cut in order to strengthen the hand of the Norwegian workers' demands.

Norway had been pumping about 3 million barrels per day.

It looked as though there would be no stopping crude-oil prices, rising to at least the \$US60 per-barrel level by last Tuesday's reading of the international situation.

The oil situation was approaching a critical stage.

On Wall Street, the rapidly rising price of crude oil was taking its toll of investor confidence.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 0.05 percent of its value, dropping to 10,077.18 points.

On The NASDAQ, its Composite Index shed about 0.19 percent as investors pulled it back to 1,925.17 points.

Early indications that the crude-oil price would stay above the \$US54-mark per barrel did not materialise, however, as the price on The New York Mercantile Exchange (NYMEX) eased off as the day progressed.

By the close of The NYMEX trading day, the last price for light sweet crude oil for November delivery was settled at \$US52.51 per barrel, down about 2.11 percent, compared with Monday's closing level of \$US53.64.

For December delivery, the price of light sweet crude oil fell to \$US52.18 per barrel, a reduction of about 2.17 percent, compared with Monday's last quote.

Few people believed that the crude-oil price would stay down for very long, however.

#### News wise

- **State Street Corporation**, the world's biggest institutional asset manager, with trillions of US dollars in discretionary accounts, announced that its third-quarter profits had fallen by about 12 percent to \$US177 million, Year-on-Year. The company said that it would be sacking about 2 percent of its staff, that is about 425 workers, in an effort to save about \$US50 million per annum.

In Europe, it was losers at just about every major bourse, as the following **TARGET** table illustrates:

Amsterdam's AEX Index	Minus 1.33 percent
Great Britain's FTSE 100 Index	Minus 0.80 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.27 percent
France's CAC40 Index	Minus 1.04 percent
Switzerland's Swiss Market Index	Minus 0.81 percent
Italy's MIBTEL Index	Minus 0.65 percent

Crude oil prices, at \$US54 per barrel and higher, and associated problems in respect of oil delivery were the main reasons for indices of bourses to shift to lower levels, but there were, also, a number of other contributory factors.

The Dutch company, Philips Electronics, sounded a note of caution, stating that things were not all that pleasant in the company.

Management stated that demand for its chips had waned, considerably.

Then, from German retailer, KarstadtQuelle, European investors were told that the company was being forced to cut the wages of its 100,000 employees.

The staff were told that they either agreed to pay cuts or the company would be forced to sack a goodly number of them.

KarstadtQuelle is looking for pay cuts of between 5 percent and 10 percent.

Unions were still discussing matters with management, investors were told.

Adding up all of the economic variables, it appeared that all was not well in eurozone.

In Asia, the situation with regard to crude oil prices started to take its toll of the market capitalisations of many a blue chip.

Every index of every equity market in the most-populous part of the world fell to lower ground.

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

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index fell by about 0.40 percent, ending the session at 13,251.59 points.

The Total Turnover on this market was about \$HK14 billion.

The ratio of losing counters to gaining ones was about 1.84:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.40 percent to \$HK125.50 per share
Solomon Systech (International) Ltd (Code: 2878)	Up 0.51 percent to \$HK1.99 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.67 percent to \$HK75.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.42 percent to \$HK60.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.75 percent to \$HK67.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.05 percent to \$HK23.60 per share
PetroChina Company Ltd (Code: 857)	Up 0.59 percent to \$HK4.275 per share
New World Development Company Ltd (Code: 17)	Up 2.14 percent to \$HK7.15 per share
Wharf (Holdings) Ltd, The (Code: 4)	Down 1.15 percent to \$HK25.80 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 0.95 percent to \$HK5.20 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied International Holdings Ltd	519	21.21		0.08
Chuang's China Investments Ltd	298		12.33	0.32
Compass Pacific Holdings Ltd	1188	13.46		0.295
Heritage International Holdings Ltd	412		11.76	0.015
ITC Corporation Ltd	372	46.88		0.47
Mei Ah Entertainment Group Ltd	391	18.53		0.275
Nam Fong International Holdings Ltd	1176		15.00	0.017
Sun Innovation Holdings Ltd	547	11.43		0.039
UDL Holdings Ltd	620	14.29		0.016
Wang On Group Ltd	1222	16.07		1.30
Wonson International Holdings Ltd	651		15.79	0.016

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, trading was especially subdued.

The Growth Enterprise Index slid down by just 0.04 percent to 1,001.26 points on a Total Turnover of about \$HK31.74 million.

Losing counters outran gaining ones by the ratio of about 1.22:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Down 3 percent to \$HK1.05 per share
MP Logistics International Holdings Ltd (Code: 8239)	Down 1 percent to \$HK1.28 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK17.40 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 1 percent to \$HK1.36 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.17 per share

As for the biggest movers of The GEM, last Tuesday, they were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Aptus Holdings Ltd	8212		10.91	0.098
Excel Technology International Holdings Ltd	8048	11.11		0.10
M Channel Corporation Ltd	8036	10.00		0.022
M Dream Inworld Ltd	8100		12.50	0.028
Mudan Automobile Shares Company Ltd	8188	12.50		0.45
Neolink Cyber Technology (Holding) Ltd	8116	11.76		0.095
Prosten Technology Holdings Ltd	8026		11.11	0.064

On the first trading day of Japan – last Monday was a national holiday – investors lined up to unload stocks and shares on the country's 3 equity markets.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost 147.54 yen, equivalent to about 1.30 percent, as investors pushed down the key index to 11,201.84 yen.

The ratio of declining counters to advancing counters was wide, at about 3.08:One.

Japanese exporters, of course, are facing a difficult time: Their main customers, importers in the US and Europe, are reluctant, at this stage in the game, to pass on the burden of the higher cost of fossil fuels to their customers.

And so there is somewhat of a paucity of orders from Asia's biggest customers for such things as electronics and high-tech products.

Orders for chip-making equipment fell by about 24 percent in the quarter, ended September 30, 2004, Quarter-on-Quarter, it was reported by the world's second-largest manufacturer of semi-conductor production equipment, Tokyo Electron.

Things were not pleasant in a number of Asian companies.

This was how other Asian equity markets fared, last Tuesday:

The HKSAR	Minus 0.40 percent to 13,251.59
Indonesia	Minus 1.27 percent to 849.19
Japan	Minus 1.30 percent to 11,201.81
Malaysia	Minus 0.27 percent to 852.80
The Philippines	Minus 2.03 percent to 1,784.91
Singapore	Minus 1.05 percent to 1,971.04
South Korea	Minus 2.61 percent to 858.09
Taiwan	Minus 1.80 percent to 5,979.56
Thailand	Minus 2.90 percent to 658.27

### Wednesday

Relative to the situation that existed on Monday and Tuesday, last Wednesday got off to a rather quiet start in Asia.

In electronic trading, last Wednesday, the price of light sweet crude oil dipped to about \$US51.60 per barrel for November delivery.

Investors were of the view that, before the end of the week, there would be some good (or mystical) news in respect of oil inventories in the US.

Meanwhile, however, the Nigerian general strike continued into its third day; there appeared to be no end in sight in Norway where offshore, oil-rig workers were continuing their industrial action. (Please see Tuesday's report)

While things may have looked promising in Asia, last Wednesday, they, certainly, did not turn out that way by the close of trading on New York equity markets.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for November delivery closed up 2.15 percent on Tuesday's last settlement price to end the day at \$US53.64 per barrel.

For December delivery, the price of light sweet crude oil ended the trading session at \$US53.14 per barrel, up about 1.84 percent, compared with Tuesday's closing level.

Asia's dreams of falling oil prices did not materialise.

Key Wall Street's indices fell on the news of the increase in the price of crude oil.

The rapid jump in the price of crude oil sent stock prices tumbling.

Sharp gains marked the opening of both The New York Stock Exchange and The NASDAQ.

On the Big Board of The New York Stock Exchange, the Dow Jones Industrial Average gave up 74.85 points, or about 0.74 percent, dropping back to 10,002.33 points.

The Composite Index of The NASDAQ dropped 4.64 points, equivalent to about 0.24 percent, ending the day at 1,920.53 points.

The world's largest equity market was, definitely, on the way down, with losing counters, outpacing gaining ones by the ratio of about 2:One.

Europe was under the mistaken impression that oil prices were on the way down, following on from the signs in electronic trading in Asia on Wednesday morning.

As a result of this mistake on the part of European investors, many of the indices of major European bourses rose, but all the gains were of a fractional nature:

Amsterdam's AEX Index	Plus	0.47 percent
Great Britain's FTSE 100 Index	Minus	0.28 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.24 percent
France's CAC40 Index	Plus	0.15 percent
Switzerland's Swiss Market Index	Plus	0.43 percent
Italy's MIBTEL Index	Plus	0.24 percent

Europe was, also, being lulled into a type of investment coma due to what appeared to be re-assuring news from some of the heavyweights in the high-technology world of the US.

But a rude awakening was almost assured to come the following day – because oil prices had not continued the early falls, as had been indicated in Asia.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), share prices fell at the opening of the territory's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index surrendered exactly one percent of its value before the luncheon break, dropping back to 13,119.42 points.

The 90-minute afternoon session saw a considerable pickup in the volume of activity, as investors considered that the selling in the morning session had been a little overdone.

The close of the day saw the Hang Seng Index at 13,171.58 points, off 0.60 percent on Tuesday's close.

The Total Turnover was about \$HK20.05 billion, which was considerably higher than volumes of late.

Losing counters outperformed gaining ones by the ratio of about 3.56:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK125.50 per share
Global Bio-chem Technology Group Company Ltd (Code: 809)	Down 6.50 percent to \$HK5.75 per share
Yue Yuen Industrial (Holdings) Ltd (Code: 551)	Down 4.33 percent to \$HK19.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.66 percent to \$HK74.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.85 percent to \$HK66.25 per share
PetroChina Company Ltd (Code: 857)	Down 1.17 percent to \$HK4.225 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 5.29 percent to \$HK4.925 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.83 percent to \$HK59.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.85 percent to \$HK23.40 per share
Jilin Chemical Industrial Company Ltd (Code: 368)	Up 8.99 percent to \$HK1.94 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Berjaya Holdings (Hongkong) Ltd	288	25.00		0.10

Buildmore International Ltd	108	10.20		0.54
Century Legend (Holdings) Ltd	79		38.71	0.114
China Nan Feng Group Ltd	979		10.10	0.089
Compass Pacific Holdings Ltd	1188		11.86	0.26
MAE Holdings Ltd	851		14.29	0.012
MAXX Bioscience Holdings Ltd	512	13.77		0.157
Melco International Development Ltd	200		15.50	5.45
Mirabell International Holdings Ltd	1179	15.46		2.80
Nam Fong International Holdings Ltd	1176	29.41		0.022
Oriental Explorer Holdings Ltd	430	16.67		0.049
Quam Ltd	952	11.49		0.485
Sewco International Holdings Ltd	209		10.00	0.27
Shang Hua Holdings Ltd	371		14.75	0.26
SMI Corporation Ltd	2939	11.11		1.00
South China Industries Ltd	413	12.20		0.46
Start Technology Company Ltd	706		13.56	0.255
Tonic Industries Holdings Ltd	978		10.53	0.255
Universal Holdings Ltd	419	10.81		0.041
Vital BioTech Holdings Ltd	1164	22.39		0.41
Xin Corporation Ltd	1141		10.00	0.081
Yunnan Enterprises Holdings Ltd	455		10.98	0.365

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 0.51 percent of its value, ending the trading session at 996.15 points.

The Total Turnover on this speculative bourse was about \$HK52.43 million.

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

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

TOM Online Incorporated (Code: 8282)

Yantai North Andre Juice Company Ltd (Code: 8259)

Kanstar Environmental PaperProducts Holdings Ltd (Code: 8011)

Shandong Weigao Group Medical Polymer Company Ltd (Code: 8199)

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Up 9 percent to \$HK1.27 per share

Unchanged at \$HK1.05 per share

Down 1 percent to 35 cents per share

Unchanged at 70 cents per share

Up 1 percent to \$HK17.65 per share

As for The GEM's biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B.A.L. Holdings Ltd	8079	15.79		0.022
Emperor Entertainment Group Ltd	8078	15.08		1.45
iSteelAsia Holdings Ltd	8080	30.30		0.043
Leadership Publishing Group Ltd	8010		13.33	0.026
M Dream Inworld Ltd	8100	14.29		0.032
MediaNation Incorporated	8160	10.00		0.11
Soluteck Holdings Ltd	8111		14.29	0.06
Value Convergence Holdings Ltd	8101		18.03	0.50

For investors on Japan's premier stock market, The Tokyo Stock Exchange, they were forced to enjoy the 4<sup>th</sup> consecutive day of falling prices.

The Nikkei-225 Stock Average, a key index of The Tokyo Stock Exchange, dropped another 5.82 yen, ending the day at 11,195.99 yen.

The ratio of declining counters to gaining ones was about 1.67:One.

There was little news of any great importance from The Land of The Rising Sun, last Wednesday: Investors were content to watch and to follow the lead of Wall Street in the main.

In other Asian equity markets, this was they fared, last Wednesday:

The HKSAR	Minus 0.60 percent to 13,171.58
Indonesia	Plus 1.65 percent to 863.17



Japan	Minus 0.05 percent to 11,195.99
Malaysia	Plus 0.06 percent to 853.31
The Philippines	Plus 0.33 percent to 1,790.73
Singapore	Plus 0.01 percent to 1,971.15
South Korea	Minus 0.22 percent to 856.18
Taiwan	Minus 0.28 percent to 5,963.07
Thailand	Plus 0.46 percent to 661.29

### Thursday

The big news in Europe, last Thursday, came from General Motors Corporation, the largest producer of motor vehicles in the world.

The company announced that it would be sacking about 12,000 of its European workers, with Germany, bearing the brunt of the labour culling.

That number of workers represents about 20 percent of the company's total European workforce.

The cuts in the European labour force will take effect in 2005 and are expected to save the company about \$US600 million, annually.

General Motors's European Division, which includes Opel, Saab and Vauxhall, has been losing money for some time: General Motors would like to start writing its European ledgers in black ink instead of red ink.

On Wall Street, continued concern over the international price of crude oil continued to take Centre Stage, dragging down share prices on the world's largest equity markets.

The Dow Jones Industrial Average, a key index of The New York Stock Exchange, lost another 1.08 percent of its value, ending the choppy trading day at 9,894.45 – its lowest level since August 13.

On the tech-laden NASDAQ, its Composite Index gave up 17.51 points, or about 0.91 percent, falling back to 1,903.02 points.

The reason for the falls on the Big Board of The New York Stock Exchange and The NASDAQ was, in large part, due to the price of light sweet crude oil, breaking yet another new high of \$US54.76 per barrel for delivery in November on The New York Mercantile Exchange (NYMEX).

Last Thursday's last settlement price represented a gain of about 2.09 percent on Wednesday's last settlement price.

For December delivery, the NYMEX price of light sweet crude oil settled at \$US54.06 per barrel, a one-day rise of 1.73 percent.

In addition to what had taken place on The NYMEX, the US Government's Energy Department reported that, while crude oil inventories were at acceptable levels, distillate supplies, which include heating oil, fell.

What this is likely to mean is that Mr and Mrs US Consumer will have to pay out more money in order to keep the home fires burning, during this winter.

It was only too obvious that the high price of crude oil had started to take its toll of the economies of the Western World.

In Europe, last Thursday, it was losers as far as the eye could see.

This was how indices of major European bourses ended their respective trading days:

Amsterdam's AEX Index	Minus 0.84 percent
Great Britain's FTSE 100 Index	Minus 0.11 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.89 percent
France's CAC40 Index	Minus 0.79 percent
Switzerland's Swiss Market Index	Minus 0.85 percent
Italy's MIBTEL Index	Minus 0.26 percent

Europe was hit, not just with the high price of crude oil, but, also, with the rising prices of commodities.

Commodity prices are linked, albeit tenuously, to the international price of crude oil.

Then, The European Central Bank (ECB), in its monthly bulletin, signalled its concern about the high price of crude oil.

The ECB said, inter alia:

*'If oil prices were to remain high, or even increase further, they could dampen the strength of the recovery, both inside and outside the euro area, even though the oil intensity of production has fallen significantly since the 1970s and 1980s ... '.*

In Asia, only The Manila Stock Exchange did not write the end of its trading day in red ink.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the situation looked bleak on the territory's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 1.03 percent of its value, falling back to 13,035.38 points.

The Total Turnover was about \$HK16.22 billion, with the ratio of losing counters to gaining ones, being about 3.25:One.

This market was down from the first sounds of the opening bell; and, it never had a shot at reversing its earlier course.

The Ten Most Active counters of the day were:

HSBC Holdings plc (Code: 5)	Down 0.80 percent to \$HK124.50 per share
Kingboard Chemical Holdings Ltd (Code: 148)	Down 2.94 percent to \$HK14.85 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.67 percent to \$HK58.75 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 7.11 percent to \$HK4.575 per share
PetroChina Company Ltd (Code: 857)	Down 2.37 percent to \$HK4.125 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.67 percent to \$HK73.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.64 percent to \$HK23.25 per share
Jiangxi Copper Company Ltd (Code: 358)	Down 7.10 percent to \$HK4.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.13 percent to \$HK65.50 per share
Huaneng Power International Incorporated (Code: 902)	Down 2.44 percent to \$HK6.00 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)
Alpha General (Holdings) Ltd	73	112.90		0.66
Berjaya Holdings (Hongkong) Ltd	288	20.00		0.12
Bestway International Holdings Ltd	718		12.24	0.043
Cheung Tai Hong Holdings Ltd	199	18.00		0.295
Fujian Holdings Ltd	181	13.64		0.25
Gorient (Holdings) Ltd	729	10.00		0.022
Hon Po Group (Lobster King) Ltd	228		10.42	0.043
ITC Corporation Ltd	372	17.24		0.51
Mei Ah Entertainment Group Ltd	391		12.36	0.241
Nam Fong International Holdings Ltd	1176		13.64	0.019
Oriental Explorer Holdings Ltd	430	10.20		0.054
Qualipak International Holdings Ltd	1224	11.43		0.078
REXCAPITAL Financial Holdings Ltd	555		11.76	0.03
SMI Corporation Ltd	2939	10.00		1.10
Sun Media Group Holdings Ltd	307		11.76	0.015
Victory Group Ltd	1139		14.29	0.024
Vital BioTech Holdings Ltd	1164	12.20		0.46
Wing Hong (Holdings) Ltd	745		18.04	0.209
Wonson International Holdings Ltd	651	20.00		0.018
Zhongda International Holdings Ltd	909	20.48		0.30

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, while trading was relatively brisk, with the Total Turnover, reaching about \$HK72.95 million, the market was, still, easing down.

The Growth Enterprise Index lost about 0.14 percent of its value, ending the session at 994.75 points.

The ratio of losing counters to gaining ones was about 1.58:One.

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

Wumart Stores Incorporated (Code: 8277)	Down 1 percent to \$HK14.85 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Down 2 percent to \$HK1.03 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.24 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.30 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 1 percent to \$HK17.85 per share

The biggest movers of The GEM included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Creative Energy Solutions Holdings Ltd	8109		26.04	0.125
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	13.79		0.33
Global Digital Creations Holdings Ltd	8271		11.28	0.118
Leadership Publishing Group Ltd	8010	15.38		0.03
M Channel Corporation Ltd	8036		18.18	0.018
Ultra Group Holdings Ltd	8203		10.91	0.049

In The Land of The Rising Sun, Japanese investors had to suffer another day of falling prices on the country's 3 equity markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 161.70 yen, equivalent to about 1.44 percent, ending the trading session at 11,034.29 yen.

Losing counters outran gaining ones by the ratio of about 8.10:One.

As with other Asian equity markets, falling equity prices were due, largely, to the high price of fossil fuels, which was having a knock-on effect on the price of essential commodities.

In Asia, last Thursday, the price of US light sweet crude oil was being quoted at \$US53.64 per barrel in electronic trading.

This was just about the closing price of Wednesday's NYMEX's November delivery.

#### News wise

- **Japan's trade surplus** shrank in August for the first time in 14 months, The Finance Ministry announced. But the Current Account Surplus continued to grow, nevertheless. The Current Account Surplus grew by 2.30 percent, Year-on-Year, to 1.45 trillion yen, the 14<sup>th</sup> consecutive month of increases. The merchandise trade surplus, however, fell about 15.30 percent, Year-on-Year, to about 806.30 billion yen;
- **Lawson Incorporated**, Japan's second-largest, convenience-store operator, announced that its Net Profits Attributable to Shareholders rose, Year-on-Year, about 11 percent in the first half of its Financial Year, to August 30, 2004, to 11.30 billion yen; and,
- **FamilyMart Company**, Japan's third-largest, convenience-store operator, announced record earning for its first half Year. The company announced Net Profits Attributable to Shareholders of about 8.24 billion yen, up about 4 percent, Year-on-Year.

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

The HKSAR	Minus 1.034 percent to 13,035.38
Indonesia	Minus 0.41 percent to 859.66
Japan	Minus 1.44 percent to 11,034.29
Malaysia	Minus 0.13 percent to 852.16
The Philippines	Plus 0.37 percent to 1,797.30
Singapore	Minus 1.00 percent to 1,951.47
South Korea	Minus 1.12 percent to 846.63

Taiwan	Minus 2.21 percent to 5,831.07
Thailand	Minus 3.02 percent to 641.30

## **Friday.**

There was a virtual slew of economic data, pouring out of various orifices of the US Government, last Friday

The Federal Reserve released the following information, early in the day:

### **'INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION**

*'Industrial production rose 0.1 percent in September after having edged down 0.1 percent in August. The production index was revised up slightly in June and July, but it is now estimated to have been slightly lower in August than previously reported. Manufacturing output declined 0.3 percent in September, and mining output dropped 2.3 percent. The recent spate of hurricanes appears to have had a noticeable restraining effect on production last month. In particular, output dropped sharply in the oil and gas extraction, chemical materials, and petroleum refining industries; combined, the September decreases for these industries reduced the rate of change in total industrial production about 0.3 percentage point. However, the exact magnitude of the effect of the hurricanes on these industries and on industrial production more broadly is difficult to determine. Utilities output surged 5.4 percent in September, in part because of a swing to relatively warm temperatures after unseasonably cool weather in August. For the third quarter as a whole, total industrial production increased at an annual rate of 2.9 percent, and manufacturing output rose at a 4.4 percent rate. Capacity utilization for total industry was unchanged in September, at 77.2 percent, a rate 2.3 percentage points above its year-earlier level but still 3.9 percentage points below its 1972-2003 average.'*

From The Department of Labour, one was told:

### ***'Producer Price Indexes – September 2004***

*'The Producer Price Index for Finished Goods increased 0.1 percent in*

*September, seasonally adjusted ... This increase followed a 0.1-percent decline in August and a 0.1-percent rise in July. At the earlier stages of processing, prices received by manufacturers of intermediate goods edged up 0.1 percent in September, after a 1.0-percent gain in the preceding month, while the crude goods index fell 4.2 percent, compared with a 0.7-percent decrease in August ...*

*'Among finished goods, prices for goods other than foods and energy turned up 0.3 percent in September, following a decline of 0.1 percent in the prior month, while the consumer foods index rose 0.1 percent in September, after falling 0.2 percent in August. By contrast, the index for finished energy goods turned down 0.9 percent, compared with a 0.2-percent increase in August ...'.*

One has to try to marry all the bits of intelligence together in order to try to make a determination what it, all, means.

The more statistics that one gathers from governmental departments, any government, that is, the more confused one may become because it may appear that one piece of economic data may well be in conflict with another.

And that is assuming, of course, that the data is accurate and the source documents have not been doctored.

But the one thing about the US Government's latest statistics, which nobody could deny, is that there are definite signs of inflation, creeping in, as well as the high price of imported crude oil, taking a slice out of the economy.

And that could mean that the US Federal Reserve Board might have to consider yet another increase in interest rates before the end of the year, say November 10, 2004.

The high price of oil is, without question, like a tidal wave in the making, ready to drench and do damage to the economy of the only superpower in the world.

Dr Alan Greenspan, the Chairman of The US Federal Reserve, in a speech, exploring many issues, surrounding oil prices, prepared exclusively for delivery to The National Italian American Foundation last Friday at noon in Washington, said, inter alia:

*'So far this year, the rise in the value of imported oil – essentially a tax on US residents – has amounted to about three quarters of one percent of GDP.'*

Dr Greenspan went on to state that the risks of more serious negative consequences would intensify if oil prices were to move *'materially higher.'*

The price of crude should not stay near \$US55 per barrel for long, he said.

On The New York Mercantile Exchange (NYMEX), last Friday, the November price of light sweet crude oil ended the week at \$US54.93 per barrel.

Which was yet another record high, being about 0.31 percent higher than Thursday's last settlement price.

For December delivery, however, the price of light sweet crude oil shed about 0.17 percent, falling back to \$US53.97 per barrel.

On The New York Stock Exchange, the Big Board Dow Jones Industrial Average gained 38.93 points, equivalent to about 0.39 percent, ending the week at 9,933.38.

On The NASDAQ, its Composite Index rose 8.48 points, or about 0.45 percent, coming to rest at 1,911.50 points by the close of the day.

For the world's biggest – and most-important – equity markets, the tally for the week was:

The Dow Jones Industrial Average	Minus 1.21 percent
The NASDAQ's Composite Index	Minus 0.44 percent

In Europe, militant workers at a number of General Motors Corporation plants downed tools and walked off the job on learning of the company's plans to sack 12,000 of their number. (Please see Thursday's report)

German workers have been targeted by General Motors as bearing the brunt of the staff cuts in Europe.

Workers in Germany have very strong unions; it would appear that General Motors has a fight on its hands.

Generally, share prices lost ground in eurozone, last Friday.

This was how the indices of major equity markets in Europe fared:

Amsterdam's AEX Index	Minus 0.24 percent
Great Britain's FTSE 100 Index	Minus 0.14 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.46 percent
France's CAC40 Index	Plus 0.15 percent
Switzerland's Swiss Market Index	Minus 0.89 percent
Italy's MIBTEL Index	Minus 0.07 percent

In The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a half-hearted rally on the Main Board of The Stock Exchange of Hongkong Ltd.

The Hang Seng Index gained about 0.18 percent, running up to 13,059.43 points on a Total Turnover of about \$HK13.08 billion.

The ratio of advancing counters to declining ones was about 1.52:One.

Trading could only be described as being very lethargic.

The Ten Most Actives were:

China Power International Development Ltd (Code: 2380)	Unchanged at \$HK2.95 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK124.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.28 percent to \$HK59.50 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 2.73 percent to \$HK4.70 per share
Hutchison Telecommunications International Ltd (Code: 2332)	Unchanged at \$HK5.85 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.43 percent to \$HK23.15 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK73.50 per share

Ping An Insurance (Group) Company of China, Ltd (Code: 2318)  
PetroChina Company Ltd (Code: 857)  
Huaneng Power International Incorporated (Code: 902)

Up 4.18 percent to \$HK12.45 per share  
Up 0.61 percent to \$HK4.15 per share  
Up 0.83 percent to \$HK6.05 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)
Berjaya Holdings (Hongkong) Ltd	288		16.67	0.10
China Nan Feng Group Ltd	979	16.05		0.094
China Strategic Holdings Ltd	235	13.46		0.59
Chinney Alliance Group Ltd	385	13.33		0.017
Foundation Group Ltd	1182	11.11		0.10
Frankie Dominion International Ltd	704	12.12		0.37
Hanny Holdings Ltd	275	19.63		3.20
Hon Po Group (Lobster King) Ltd	228	16.28		0.05
ITC Corporation Ltd	372	23.53		0.63
Paul Y. - ITC Construction Holdings Ltd	498	23.08		1.12
Shang Hua Holdings Ltd	371	15.38		0.30
Solartech International Holdings Ltd	1166	19.05		0.375
South East Group Ltd	726	10.20		0.108
Wing Hong (Holdings) Ltd	745	14.35		0.239
Yunnan Enterprises Holdings Ltd	455	13.89		0.41

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was another nothing day.

The Growth Enterprise Index lost about 0.01 percent of its value, falling back to 994.62 points.

The Total Turnover, however, rose to about \$HK135.95 million, with trading in just one counter, China Fire Safety Enterprise Group Holdings Ltd (Code: 8201), representing about \$HK85.68 million, or about 63 percent of the total volume of activity for the day. (Please see table below)

The ratio of gaining counters to losing ones was about 1.36:One.

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

China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Down 2 percent to 52 cents per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 3 percent to \$HK1.06 per share
Wumart Stores Incorporated (Code: 8277)	Down 1 percent to \$HK14.75 per share
TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.25 per share
MP Logistics International Holdings Ltd (Code: 8239)	Down 1 percent to \$HK1.29 per share

As for the GEM's biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B.A.L. Holdings Ltd	8079	13.64		0.025
Eco-Tek Holdings Ltd	8169	13.17		0.275
Excel Technology International Holdings Ltd	8048		10.00	0.09
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	12.12		0.37
Grandy Corporation	8143		13.33	0.026
Greencool Technology Holdings Ltd	8056	10.34		0.96
Leadership Publishing Group Ltd	8010	30.00		0.039
Northeast Tiger Pharmaceutical Company Ltd	8197		11.11	0.08
SYSCAN Technology Holdings Ltd	8083	14.29		0.28
Techpacific Capital Ltd	8088	10.00		0.033
Zheda Lande Scitech Ltd	8106	13.85		0.37

Investors in this part of the world continued to fret over the high price of crude oil, which is, now, affecting commodity prices, adversely, causing the costs of consumables to rise, also.

The probable resultant effect of the continuously high prices for crude oil will come to mean, in the fullness of time, galloping inflation for some, if not all, developed countries of the world.

And, so, the tally for the equity markets of the HKSAR for the week, ended October 15, 2004, was:

The Hang Seng Index	Minus 1.37 percent
The Growth Enterprise Market	Minus 0.14 percent

In Japan, it was the 6<sup>th</sup> consecutive day of losses for the country's 3 equity markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gave up 51.34 yen, equivalent to about 0.47 percent, ending the week at 10,982.95 yen.

The ratio of losing counters to gaining ones was about 2.22:One.

Tokyo, as with most of the industrialised countries of the world, was terribly afraid of the knock-on effects of the high price of crude oil, both short term and long term.

#### News wise

- **Fast Retailing Company**, the operator of the Uniqlo casual clothing chain, announced that its Net Profits Attributable to Shareholders had jumped for the Financial Year, ended August 31, 2004, by about 50 percent, Year-on-Year, to 31.37 billion yen.

The tally for The Tokyo Stock Exchange for the 4-day trading week was:

The Nikkei-225 Stock Average	Minus 1.95 percent
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And this was how other Asian equity markets fared, last Friday:

The HKSAR	Plus 0.184 percent to 13,059.43
Indonesia	Minus 0.24 percent to 857.59
Japan	Minus 0.47 percent to 10,982.95
Malaysia	Minus 0.10 percent to 851.29
The Philippines	Minus 0.88 percent to 1,781.41
Singapore	Plus 0.57 percent to 1,962.54
South Korea	Minus 0.55 percent to 841.94
Taiwan	Minus 0.18 percent to 5,820.82
Thailand	Plus 1.12 percent to 648.48

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