

**RECORD-HIGH OIL PRICES CONTINUE
TO DIRECT EQUITY MARKETS' COURSE**

The talk on trading floors of equity markets from Tokyo, Japan, to Gnome, Alaska, to New York, the US, and down to Sydney, Australia, was about crude oil, its current price, and its likely price before the week was out.

How high would the price of the black ooze reach, during the week of October 18 through to October 22?

In electronic trading in Asia, last Monday, the price of US light sweet crude hit \$US55.33 per barrel for delivery in November: It was another record high.

When The New York Mercantile Exchange (NYMEX) opened for business, last Monday, however, contrary to earlier, Asian-based prognostications, the price of light sweet crude oil for November delivery slipped back to the last settlement price of \$US53.67 per barrel.

That was a retreat of about 2.29 percent on the close of the previous Friday – October 15, 2004.

The last settlement price of light sweet crude oil for December delivery was about 2.09 percent lower than the trading session of the previous Friday, at \$US52.84 per barrel.

Wall Street welcomed the news of the respite in the rising price of crude oil on world markets.

However, the more savvy traders pointed to the continuing, relative shortage of crude oil, internationally: It appeared that the Western World might not yet be completely out of the woods.

On The New York Stock Exchange on the first day of trading, last week, the Big Board's Dow Jones Industrial Average rose 22.94 points, or about 0.23 percent, to hobble back to 9,956.32 points.

On the tech-laden NASDAQ, its Composite Index did even better than The Dow, putting on 25.02 points, equivalent to 1.31 percent, running up to 1,936.52 points.

News wise

- **United Airlines** and **US Airways** are making deep cuts in staff benefits in order to keep their aeroplanes flying. A US judge has granted permission to US Airways to cut pay to its staff by 21 percent;
- **American Airlines**, the largest carrier in the US, has announced that it will be increasing the fuel surcharge to passengers due to the high price of jet fuel; and,
- **Delta Airlines** has warned shareholders to expect of huge losses this year.

In Europe, production at General Motors Corporation plant at Bochum, Germany, was at a standstill, as workers at this plant, which produces Opel vehicles, continued their protest at the determination of General Motors, the world's largest manufacturer of motor vehicles, to sack some 12,000 of its European Establishment.

It was the 5th day of the strike.

General Motors European Division suffered a Loss of about \$US161 million, during the first half of 2004, an increase of about 73 percent, Year-on-Year.

Europe has not made a penny for General Motors for the past 4 Financial Years.

On European bourses, with the price of US light sweet crude oil, flirting with a price of \$US55 per barrel and more, investors were concerned.

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

Amsterdam's AEX Index	Minus 0.39 percent
Great Britain's FTSE 100 Index	Plus 0.08 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.17 percent
France's CAC40 Index	Minus 0.29 percent
Switzerland's Swiss Market Index	Minus 0.11 percent
Italy's MIBTEL Index	Minus 0.23 percent

Asian equity markets were mixed, but gains and losses were held to fractions.

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

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the gauge of trading in blue chips on the Main Board, lost about 0.19 percent, edging back to 13,034.74 points.

The Total Turnover dipped to about \$HK11.30 billion.

Losing counters trounced gaining ones by the ratio of about 2.23:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.40 percent to \$HK125.00 per share
China Power International Development Ltd (Code: 2380)	Up 8.47 percent to \$HK3.20 per share
Melco International Development Ltd (Code: 200)	Up 28.83 percent to \$HK7.15 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Down 2.81 percent to \$HK12.10 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.84 percent to \$HK59.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.36 percent to \$HK72.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.65 percent to \$HK23.00 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK4.15 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.14 percent to \$HK65.00 per share
China Telecom Corporation Ltd (Code: 728)	Down 1.00 percent to \$HK2.475 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)
Bestway International Holdings Ltd	718	16.28		0.05
Century Legend (Holdings) Ltd	79	10.62		0.125
HyComm Wireless Ltd	499		11.67	0.053
Melco International Development Ltd	200	28.83		7.15
New World CyberBase Ltd	276	10.00		0.33
Oriental Explorer Holdings Ltd	430		14.81	0.046
Poly Investments Holdings Ltd	263	14.69		0.203
Sinochem Hongkong Holdings Ltd	297		10.23	0.395
Starbow Holdings Ltd	397	17.14		0.041
Victory Group Ltd	1139	16.67		0.028
VTech Holdings Ltd	303		16.29	12.85

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 0.60 percent of its value, ending the day at 994.02 points.

The Total Turnover on this speculative marketplace dipped to about \$HK33.55 million, while the ratio of declining counters to advancing ones was 1.31:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)
 Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)
 MP Logistics International Holdings Ltd (Code: 8239)
 Launch Tech Company Ltd (Code: 8196)
 Nanjing Sample Technology Company Ltd (Code: 8287)

Down 2 percent to \$HK1.04 per share
 Unchanged at 35.50 cents per share
 Unchanged at \$HK1.29 per share
 Down 1 percent to \$HK1.96 per share
 Down 1 percent to \$HK6.25 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	12.00		0.028
Creative Energy Solutions Holdings Ltd	8109		11.76	0.105
Global Digital Creations Holdings Ltd	8271	16.95		0.138
M Channel Corporation Ltd	8036	38.89		0.025
Tradeeasy Holdings Ltd	8163	33.33		0.04

In Japan, it was a similar story to that which was being told on the HKSAR stock markets.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost 17.33 yen, equivalent to about 0.16 percent, ending the quiet trading day at 10,965.62 yen.

Losing counters outran gaining ones by the ratio of about 1.52:One.

Investors were reported to have stayed, pretty much, on the sidelines in view of the continued high price of crude oil in Asia, last Monday.

News wise

- **Sales at Japan's departmental stores** fell 5.10 percent in September, Year-on-Year, to about 136.60 billion yen, The Japan Department Stores Association reported. It was the 7th consecutive month of declining sales.

In other Asian equity markets, this was how their respective indices closed, last Monday night:

The HKSAR	Minus 0.19 percent to 13,034.74
Indonesia	Minus 0.37 percent to 854.39
Japan	Minus 0.16 percent to 10,965.62
Malaysia	Plus 0.05 percent to 851.69
The Philippines	Plus 0.48 percent to 1,789.98
Singapore	Minus 0.61 percent to 1,950.55
South Korea	Plus 0.75 percent to 848.27
Taiwan	Minus 0.84 percent to 5,772.12
Thailand	Minus 0.30 percent to 646.51

Tuesday

It was official: The record-high price of crude oil, internationally, is playing havoc with the economies of many industrialised countries.

Wall Street wholesale and retail bankers were not loath to make statements as to the deleterious effects of high, crude-oil prices on world economies; and, they, to a man, forecast lower economic growth for Fiscal 2005 for most industrialised countries of the world, due in large part to the high price of crude oil.

In Asia, last Tuesday, the price of crude oil came down to \$US52.60 per barrel, thus spurring a bit of a rally on a number of Asian equity markets.

The big question, of course: Would the price of crude oil stay down?

Asia got it right, last Tuesday, however, as the price of light sweet crude oil for November delivery, as quoted on The New York Mercantile Exchange (NYMEX), fell by 0.71 percent on Monday's closing level, to Tuesday's last settlement price of \$US53.29 per barrel.

As for December delivery, the price of light sweet crude oil fell to \$US52.64 per barrel, down about 0.38 percent, compared with Monday's last settlement price.

Wall Street should have been delighted with the news of the falling price of crude oil, but there were official statistics, released by the US Government, which made many an investor think, and think hard – and think more than just twice.

From The Bureau of Labour Statistics, a branch of The US Department of Labour, came news that real average weekly earnings of US workers were unchanged between August and September, which tended to suggest that employers were holding down all demands for higher salaries and wages from labour.

That is, if employers were not reducing the levels of wages and salaries, of course.

This is part of that which The Bureau announced:

'REAL EARNINGS IN SEPTEMBER 2004

'Real average weekly earnings were unchanged from August to September after seasonal adjustment... A 0.2 percent increase in average hourly earnings was offset by a 0.2 percent rise in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Average weekly hours were unchanged.'

'Data on average weekly earnings are collected from the payroll reports of private nonfarm establishments. Earnings of both full-time and part-time workers holding production or non-supervisory jobs are included. Real average weekly earnings are calculated by adjusting earnings in current dollars for changes in the CPI-W.'

'Average weekly earnings rose by 3.0 percent, seasonally adjusted, from September 2003 to September 2004. After deflation by the CPI-W, average weekly earnings increased by 0.6 percent. Before adjustment for seasonal change and inflation, average weekly earnings were \$530.88 in September 2004, compared with \$520.33 a year earlier.'

In respect of the all-important, Consumer Price Index (CPI), The Bureau reported:

'CONSUMER PRICE INDEX: SEPTEMBER 2004

'The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in September, before seasonal adjustment ... The September level of 189.9 (1982-84=100) was 2.5 percent higher than in September 2003.'

'The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) also increased 0.2 percent in September, prior to seasonal adjustment. The September level of 185.4 was 2.4 percent higher than in September 2003.'

'The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) increased 0.3 percent in September on a not seasonally adjusted basis. The September level of 110.6 (December 1999=100) was 2.1 percent higher than in September 2003.'

It was clear: Inflation was off and running, albeit only mild for the time being – and the high price of crude oil was, without question, the main culprit for the rise in the inflation rate.

But the October, record-high prices of crude oil could not have been factored into the latest statistics, compiled by The US Labour Department, so that it was very clear that the worst was yet to come.

The October release from this important department of the US Government was almost guaranteed to be somewhat of a shocker.

And that, being the case, it would, most likely, mean that The US Federal Reserve Board would raise interest rates at its Open Market Committee Meeting, scheduled for November 10, 2004.

On Wall Street, investors stripped out some of the gains of Monday's equity markets.

The Dow Jones Industrial Average, the gauge of trading in blue chips, listed on the Big Board of The New York Stock Exchange, slipped 58.70 points, or about 0.59 percent, to end the session at 9,897.62 points.

Over on The NASDAQ, its Composite Index gave up 13.62 points, equivalent to about 0.70 percent, falling to 1,922.90 points.

In Europe, tens of thousands of irate workers in the employ of General Motors Corporation protested at the determination of the world's largest producer of motor vehicles to slice about 12,000 workers out of its European Division.

The German strike of workers was spreading to Great Britain where some 400 jobs are to be lost at General Motors's Vauxhall plant: Operations in that country were expected to grind to a halt within 24 hours of last Tuesday night.

Unions throughout Europe were demanding, inter alia, that there be no closure of plants and no redundancies.

The situation was beginning to look ugly.

But the labour dispute, as a factor, influencing the direction of European bourses, was disregarded to a great extent by the fall in the price of crude oil on international markets, plus the seeming strength of Wall Street of Monday.

On weighing up all of the factors, European investors determined to put on a new hat ... and buy into the market.

This was the extent of the gains of indices of major European bourses, last Tuesday:

Amsterdam's AEX Index	Plus	1.07 percent
Great Britain's FTSE 100 Index	Plus	0.61 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.25 percent
France's CAC40 Index	Plus	1.11 percent
Switzerland's Swiss Market Index	Plus	1.29 percent
Italy's MIBTEL Index	Plus	0.65 percent

In The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets spurred into life, but the gains, made on the 2 equity markets of the territory, were of a fractional nature, only.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index put on about 0.92 percent, ending the trading day at 13,154.55 points.

Nearly all of the gains came in the 90-minute afternoon session and, most likely, the gains were a knee-jerk reaction to the lower price of crude oil.

The Total Turnover was about \$HK12.87 billion, with the ratio of gaining counters to losing ones, being about 1.93:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.80 percent to \$HK126.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.42 percent to \$HK59.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.38 percent to \$HK73.50 per share
China Power International Development Ltd (Code: 2380)	Unchanged at \$HK3.20 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Up 5.95 percent to \$HK1.78 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.74 percent to \$HK23.40 per share
Melco International Development Ltd (Code: 200)	Up 11.89 percent to \$HK8.00 per share
PetroChina Company Ltd (Code: 857)	Up 0.60 percent to \$HK4.175 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 1.60 percent to \$HK4.60 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.77 percent to \$HK65.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Applied International Holdings Ltd	519		12.50	0.07
Artel Solutions Group Holdings Ltd	931		15.98	0.205
Bestway International Holdings Ltd	718		10.00	0.045
Century Legend (Holdings) Ltd	79	28.80		0.161
China Strategic Holdings Ltd	235	10.17		0.65
CITIC Resources Holdings Ltd	1205	18.45		1.22
Foundation Group Ltd	1182		10.00	0.09
GOME Electrical Appliances Holding Ltd	493	10.43		6.35
Gorient (Holdings) Ltd	729	27.27		0.028
Haywood Investments Ltd	905	14.29		0.024
Heng Tai Consumables Group Ltd	197	20.00		1.14
Hon Po Group (Lobster King) Ltd	228		12.24	0.043
Hua Lien International (Holding) Company Ltd	969		15.00	0.238
K. Wah Construction Materials Ltd	27	33.14		2.25
K. Wah International Holdings Ltd	173	10.84		1.84
Kamboat Group Company Ltd	318		14.81	0.345
Keck Seng Investments (Hongkong) Ltd	184	10.59		1.88
MAE Holdings Ltd	851	18.18		0.013
Melco International Development Ltd	200	11.89		8.00
Nam Fong International Holdings Ltd	1176	10.53		0.021
Shimao China Holdings Ltd	649	11.59		0.77
Shun Cheong Holdings Ltd	650		11.11	0.32
South East Group Ltd	726	20.91		0.133
Sunway International Holdings Ltd	58	14.81		0.31
Tem Fat Hing Fung (Holdings) Ltd	661	12.00		0.56
Victory Group Ltd	1139		10.71	0.025
Wanji Pharmaceutical Holdings Ltd	835	12.00		0.028
Wisdom Venture Holdings Ltd	554		11.29	0.55

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, while the market was in positive territory by the close of the day, the volume of activity tended to tell a slightly different story.

And, it appeared to be a precursor of things to come.

The Total Turnover was only about \$HK31.43 million, which did not appear to tally with the gains of The Growth Enterprise Index, which rose about 0.54 percent, to end the session at 999.36 points.

The ratio of gaining counters to losing ones was 1.72:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at \$HK1.04 per share
Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.78 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.29 per share
Tianjin Tianlian Public Utilities Company Ltd (Code: 8290)	Up 4 percent to 58 cents per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Unchanged at 35.50 cents per share

The biggest movers of The GEM, last Tuesday, included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112		28.57	0.20
Creative Energy Solutions Holdings Ltd	8109		14.29	0.09
Leadership Publishing Group Ltd	8010		27.03	0.027
Medical China Ltd	8186		11.43	0.062
Mudan Automobile Shares Company Ltd	8188	13.16		0.43
Q9 Technology Holdings Ltd	8129	14.29		0.04
Recruit Holdings Ltd	8073	28.57		0.36
Soluteck Holdings Ltd	8111	15.38		0.075
Tradeeasy Holdings Ltd	8163		20.00	0.032
Value Convergence Holdings Ltd	8101	14.58		0.55

In Japan, investors pushed up the key indices on the 3 equity markets by nearly one percent.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average added 99.24 yen, equivalent to about 0.91 percent, running back to 11,064.86 yen.

The ratio of gaining counters to losing counters was wide, at about 2.39:One.

The slide in crude oil prices and hopes, which appear to spring eternal in The Land of The Rising Sun, were the main reasons for the gains on Asia's largest equity market, last Tuesday.

But it was a very fragile situation in the world's second largest economy.

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

The HKSAR	Plus 0.92 percent to 13,154.55
Indonesia	Minus 0.12 percent to 853.39
Japan	Plus 0.91 percent to 11,064.86
Malaysia	Plus 0.01 percent to 851.74
The Philippines	Minus 0.62 percent to 1,778.85
Singapore	Plus 1.01 percent to 1,970.23
South Korea	Plus 0.88 percent to 855.77
Taiwan	Plus 0.62 percent to 5,807.79
Thailand	Plus 2.24 percent to 661.00

Wednesday

While concern continued to centre on the price of crude oil, internationally, another concern raised its head in Asia, last Wednesday: The prospects of a hard landing for the economy of the People's Republic of China (PRC).

The PRC, proper, is one of the driving forces behind the continued growth of many of the economies of Asia, and, today, there are concerns that the growth of the economy of the most-populous country of the world might well have been curtailed.

The Government of the PRC is due to release its latest findings, soon, with regard to the Gross National Product of the country for the last quarter, and, until that release is made public, speculation will be rife as to whether or not there has been a marked and material lowdown in the PRC's economy of late.

But the price of crude oil continued to take centre stage in the US , last Wednesday, as it moved up smartly on The New York Mercantile Exchange (NYMEX).

By the close of the trading day on The NYMEX, the price of light sweet crude oil for delivery in November was settled at \$US54.92 per barrel, an increase of about 3.06 percent on Tuesday's closing level.

The one-day honeymoon was over.

As for December delivery, the price of light sweet crude oil rose to \$US54.41 per barrel, up about 3.36 percent on the day.

As the cold weather approaches parts of the US, so it seems that concerns over supplies of crude oil/heating oil are exacerbated.

On The New York Stock Exchange, the Dow Jones Industrial Average sank on the news of the higher price of light sweet crude oil: Down 0.11 percent to 9,886.93 points.

But, on The NASDAQ, its Composite Index bucked the trend, established on the Big Board of The New York Stock Exchange, with a gain of a little more than one half of a percentage point as investors pushed it to 1,932.97 points.

In Europe, the strike of workers in the employ of General Motors Corporation continued into its 6th day; and, it had spread to the United Kingdom (UK), as had been anticipated. (Please see Monday and Tuesday's reports)

Workers at General Motors's plants at Ellsemere Port, Merseyside and Luton have been told that 400 jobs would be cut at those factories, churning out Vauxhall vehicles.

The strike was spreading to factories, outside General Motors's interests, too, as producers of parts and accessories for the vehicles, manufactured by the world's giant in the motor-vehicle industry, informed its workers to take no-paid time off – because their customers had suspended operations, pending the outcome of the industrial dispute.

In addition to the strike at General Motors's plants in Europe, the higher price of crude oil was hurting European interests and, seeing the price of crude oil, rise again, last Wednesday, down came share prices on major bourses:

Amsterdam's AEX Index	Minus 1.40 percent
Great Britain's FTSE 100 Index	Minus 0.83 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.30 percent
France's CAC40 Index	Minus 0.94 percent
Switzerland's Swiss Market Index	Minus 1.08 percent
Italy's MIBTEL Index	Minus 0.48 percent

In Asia , there were some rather hefty losses on a number of equity markets, all of which fell into negative territory before the day was out.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the gains on the territory's 2 equity markets of Tuesday were, completely, erased – and, then, some.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shifted into reverse gear, as it gave up about 1.18 percent of its value, ending the choppy trading session at 12,999.13 points.

The losses all came in the morning session, the 90-minute afternoon session, being very quiet.

The volume of activity was about \$HK14.83 billion.

The ratio of losing counters to gaining ones was very wide, at about 3.86:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.40 percent to \$HK125.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.70 percent to \$HK72.25 per share
Singamas Container Holdings Ltd (Code: 716)	Down 4.32 percent to \$HK3.875 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.27 percent to \$HK58.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.92 percent to \$HK22.95 per share
PetroChina Company Ltd (Code: 857)	Down 1.80 percent to \$HK4.10 per share
Melco International Development Ltd (Code: 200)	Up 8.75 percent to \$HK8.70 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 4.35 percent to \$HK4.40 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.53 percent to \$HK64.50 per share
Huaneng Power International Incorporated (Code: 902)	Down 1.68 percent to \$HK5.85 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Artel Solutions Group Holdings Ltd	931	17.07		0.24
Asia Alliance Holdings Ltd	616		16.50	0.086
Bestway International Holdings Ltd	718		11.11	0.04
China Elegance (Holdings) Ltd	476		13.21	0.046
Compass Pacific Holdings Ltd	1188	14.29		0.28
ITC Corporation Ltd	372		20.63	0.50
Kwong Hing International Holdings (Bermuda) Ltd	1131		61.49	0.62
The Kwong Sang Hong International Ltd	189	12.00		1.12
Morning Star Resources Ltd	542		15.38	0.044
Oriental Explorer Holdings Ltd	430	26.67		0.057
Paul Y. - ITC Construction Holdings Ltd	498	11.61		1.25

Pioneer Global Group Ltd	224	19.23		0.31
Starbow Holdings Ltd	397		14.63	0.035
Truly International Holdings Ltd	732	12.58		8.95
Unity Investments Holdings Ltd	913	13.64		0.10
Xin Corporation Ltd	1141		10.81	0.066
Zida Computer Technologies Ltd	859		13.85	0.112

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, trading mirrored, to a great extent, the appearance of trading on the Main Board.

The Growth Enterprise Index lost about 1.29 percent of its value, falling back to 986.50 points.

The Total Turnover was about \$HK36.57 million.

Losing counters outpaced gaining counters by the ratio of 2.20:One, exactly.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Down 4 percent to \$HK1.00 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.29 per share
Golden Meditech Company Ltd (Code: 8180)	Up 2 percent to \$HK1.81 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 5 percent to \$HK16.85 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Down 3 percent to 34.50 cents per share

The GEM's biggest movers of the day were reserved for the following counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Changmao Biochemical Engineering Company Ltd	8208	13.11		0.345
Creative Energy Solutions Holdings Ltd	8109		34.44	0.059
Golding Soft Ltd	8190		13.04	0.02
iMerchants Ltd	8009	17.65		0.12
Medical China Ltd	8186	12.90		0.07
Prosperity International Holdings (Hongkong) Ltd	8139	22.73		0.027
Recruit Holdings Ltd	8073	38.89		0.50
Thiz Technology Group Ltd	8119	20.00		0.024
Universal Technologies Holdings Ltd	8091	10.00		0.11
WLS Holdings Ltd	8021		11.63	0.038

In Japan, equity markets came in for a drubbing.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost 182.68 yen, or about 1.65 percent of its value, falling back to 10,882.18 yen.

Losing counters beat back gaining ones by the ratio of about 8.62:One.

Few counters were spared the sell-off on Asia's largest equity market.

This was how the losses stacked up on other Asian equity markets, last Wednesday:

The HKSAR	Minus 1.18 percent to 12,999.13
Indonesia	Minus 1.48 percent to 840.79
Japan	Minus 1.65 percent to 10,882.18
Malaysia	Minus 0.36 percent to 848.65
The Philippines	Plus 0.34 percent to 1,784.93
Singapore	Minus 0.87 percent to 1,953.00
South Korea	Minus 3.17 percent to 828.61
Taiwan	Minus 0.33 percent to 5,788.34

Thursday

As though a fairy godmother had waved her magic wand, the workers of the European Division of General Motors Corporation determined to end their strike and went back to work.

Some 6,400 workers out of 9,600 workers, employed in General Motors Bochum plant, voted to return to work. Some 1,700 workers abstained from voting on the issue.

The strike had lasted exactly one week. (Please see earlier reports)

In the US, as had been widely expected, some of the largest airlines in the country commiserated their fate as the high cost of jet fuel took its toll on airlines' Bottom Lines.

Delta Air Lines reported that, for the quarter, ended September 30, 2004, it had suffered a Loss Attributable to Shareholders of about \$US646 million.

In the like quarter of 2003, Delta said that it had suffered a Loss Attributable to Shareholders of about \$US168 million.

The airline, the 3rd largest in the US, is holding talks with its Pilots Union in an attempt to get the pilots to agree to a cut in their take-home pay. (Please see Monday's report)

From American Airlines, it was reported that its Loss Attributable to Shareholders for the quarter, ended September 30, 2004, was \$US214 million.

American Airlines is the largest carrier in the US .

Lastly, from Northwest, the 4th largest carrier in the US, management reported a Loss Attributable to Shareholders of about \$US46 million for the quarter, ended September 30, 2004.

That result compared with a Profit Attributable to Shareholders of about \$US42 million for the like period, one year earlier.

In all cases, the losses were blamed on the high price of jet fuel.

Early, last Thursday, The US Department of Labour brought out more statistics, relating to the US economy.

It was not, particularly, pleasant news because it indicated, by innuendo and interpolation, that industrialists in The Land of The Free and The Home of The Brave were continuing to cut back on labour and, at the very least, hiring fewer new staff.

This is part of that which The Department of Labour released:

'MASS LAYOFFS IN SEPTEMBER 2004

'In September 2004, employers took 708 mass layoff actions, as measured by new filings for unemployment insurance benefits during the month ...Each action involved at least 50 persons from a single establishment, and the number of workers involved totaled 68,972. Both the number of events and initial claims were lower than a year ago. From January through September 2004, the total number of events, 11,725, and initial claims, 1,187,546, were lower than in January-September 2003 (14,073 and 1,399,510, respectively).

'Industry Distribution

'The 10 industries reporting the highest number of mass-layoff initial claims accounted for 27,382 initial claims in September, 40 percent of the total. Temporary help services, with 6,789 initial claims, accounted for 10 percent of all initial claims in September.

'The manufacturing sector had 27 percent of all mass layoff events and 37 percent of all initial claims filed in September. A year ago, manufacturing reported 31 percent of events and 38 percent of initial claims. The number of manufacturing events this month was the lowest for any September since 1997, and the number of initial claims was the lowest for any September since 1998. Within manufacturing, the number of claimants

was highest in transportation equipment (7,400, mainly automotive-related), followed by food processing (4,848) and electrical equipment and appliances (3,211).

'The administrative and waste services sector accounted for 15 percent of both events and initial claims filed in September, with layoffs mainly in temporary help services. Ten percent of all layoff events and 9 percent of initial claims filed during the month were in retail trade, primarily in general merchandise stores. Accommodation and food services accounted for 9 percent of events and 6 percent of initial claims during the month, mainly in full-service restaurants. Construction also accounted for 9 percent of events and 6 percent of initial claims, mostly among specialty trade contractors. An additional 4 percent of events and 5 percent of initial claims were from the information sector, largely in motion picture and sound recording.

'Government establishments accounted for 6 percent of events and initial claims filed during the month, mostly in elementary and secondary schools.

'Compared with September 2003, the largest decreases in initial claims were reported in computer and electronic products (-4,078), textile mills (-2,809), professional and technical services (-2,021), and motion picture and sound recording industries (-1,806). The largest over-the-year increases in initial claims were reported in transportation equipment (+2,575) and electrical equipment and appliances (+2,069).'

And, then, The Department of Labour announced the level of weekly claims for Unemployment Insurance.

Also, not particularly good news:

'UNEMPLOYMENT INSURANCE WEEKLY CLAIMS REPORT

'In the week ending Oct. 16, the advance figure for seasonally adjusted initial claims was 329,000, a decrease of 25,000 from the previous week's revised figure of 354,000. The 4-week moving average was 348,250, a decrease of 5,500 from the previous week's revised average of 353,750. The advance seasonally adjusted insured unemployment rate was 2.2 percent for the week ending Oct. 9, unchanged from the prior week's revised rate of 2.2 percent.

'The advance number for seasonally adjusted insured unemployment during the week ending Oct. 9 was 2,798,000, a decrease of 8,000 from the preceding week's revised level of 2,806,000. The 4-week moving average was 2,831,500, a decrease of 20,250 from the preceding week's revised average of 2,851,750.

'UNADJUSTED DATA

'The advance number of actual initial claims under state programs, unadjusted, totaled 278,662 in the week ending Oct. 16, a decrease of 59,661 from the previous week. There were 328,572 initial claims in the comparable week in 2003.

'The advance unadjusted insured unemployment rate was 1.8 percent during the week ending Oct. 9, unchanged from the prior week. The advance unadjusted number for persons claiming UI (Unemployment Insurance) benefits in state programs totaled 2,300,163, a decrease of 20,224 from the preceding week. A year earlier, the rate was 2.3 percent and the volume was 2,890,257.'

On The New York Mercantile Exchange (NYMEX), last Thursday, the price of light sweet crude oil for December delivery rose 6 cents (US) per barrel to \$US54.47.

January delivery was last settled at \$US54.05 per barrel.

On Wall Street, the Big Board's Dow Jones Industrial Average shed another 0.21 percent of its value, ending the day at 9,865.76 points, which was its lowest point since August 13, 2004.

In contrast to The Dow, The NASDAQ's Composite Index put on a show of strength, gaining about 1.07 percent to run back to 1,953.62 points.

In Europe, last Thursday, things looked a mite better, as investors decided that the major equity markets of the region had fallen low enough.

All of the indices of the major stock markets rose:

Amsterdam's AEX Index	Plus	0.35 percent
Great Britain's FTSE 100 Index	Plus	0.02 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.55 percent
France's CAC40 Index	Plus	0.59 percent
Switzerland's Swiss Market Index	Plus	0.58 percent
Italy's MIBTEL Index	Plus	0.38 percent

Friday was Chung Yeung in many parts of Asia.

This is the time of the year when people pay homage to their ancestors by visiting ancestors' last resting place.

As such, last Thursday saw many investors, especially in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), staying away from equity markets in order to prepare for the one-day remembrance holiday.

In the HKSAR, there was a half-hearted rally on the territory's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index finished the trading week with a gain of about 0.12 percent, struggling up to 13,015.20 points.

The Total Turnover was about \$HK12.80 billion.

The ratio of gaining counters to losing counters was about 1.77:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK125.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.38 percent to \$HK71.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.85 percent to \$HK59.00 per share
PetroChina Company Ltd (Code: 857)	Up 0.61 percent to \$HK4.125 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Down 5.83 percent to \$HK2.825 per share
Sino Land Company Ltd (Code: 83)	Down 9.09 percent to \$HK6.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.78 percent to \$HK64.00 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.22 percent to \$HK22.90 per share
China Power International Development Ltd (Code: 2380)	Down 1.64 percent to \$HK3.00 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)
Asia Commercial Holdings Ltd	104		10.00	0.36
Bestway International Holdings Ltd	718		12.50	0.035
Build King Holdings Ltd	240		10.80	0.19
Century Legend (Holdings) Ltd	79		11.18	0.135
China Gas Holdings Ltd	384	13.92		0.90
China Golden Development Holdings Ltd	162		11.69	0.34
Deson Development International Holdings Ltd	262		11.32	0.047
HyComm Wireless Ltd	499		10.17	0.053
ITC Corporation Ltd	372		15.00	0.425
Shanghai Allied Cement Ltd	1060		10.87	0.41
Shanghai Ming Yuan Holdings Ltd	233	11.54		0.58
Shimao China Holdings Ltd	649	13.51		0.84
United Power Investment Ltd	674	11.11		0.20
Victory Group Ltd	1139		12.00	0.022

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index put on about 0.58 percent, rising to 992.19 points.

The Total Turnover continued to be on the low side, at about \$HK36.24 million.

Losing counters were ahead of gaining ones by the ratio of about 1.33:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Down 2 percent to 98 cents per share
TOM Online Incorporated (Code: 8282)	Down 9 percent to \$HK1.12 per share
Golden Meditech Company Ltd (Code: 8180)	Up 8 percent to \$HK1.96 per share
Wumart Stores Incorporated (Code: 8277)	Down 1 percent to \$HK14.75 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.29 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112		25.00	0.15
Excel Technology International Holdings Ltd	8048		11.11	0.08
Kinetana International Biotech Pharma Ltd	8031		20.00	0.04
Leadership Publishing Group Ltd	8010	15.38		0.03
Linefan Technology Holdings Ltd	8166	14.29		0.04
Media Partners International Holdings Incorporated	8072	37.70		0.42
Prosperity International Holdings (Hongkong) Ltd	8139	14.81		0.031
Recruit Holdings Ltd	8073		11.00	0.445
Thiz Technology Group Ltd	8119		20.83	0.019
Timeless Software Ltd	8028	13.33		0.085
Venturepharm Laboratories Ltd	8225		15.38	0.44

The tally for the 4-day trading week of the 2 equity markets of the HKSAR was:

The Hang Seng Index	Minus 0.34 percent
The Growth Enterprise Index	Minus 0.78 percent

In Japan, last Thursday, it was another down day for investors.

The Nikkei-225 Stock Average, a key gauge of trading in blue chips, listed on The Tokyo Stock Exchange, lost another 92.95 yen, equivalent to about 0.85 percent, coming to rest at 10,789.23 yen.

Losing counters were ahead of gaining ones by the ratio of 3.15:One.

High crude-oil prices were said to be the reason for the paring of prices of stocks and shares on Japan's equity markets.

News wise

- **Yahoo Japan Corporation** announced its second-quarter results to September 30, 2004: Up 46 percent, Year-on-Year, to 8.64 billion yen. Yahoo Japan is owned as to 42 percent by **Softbank Corporation**.

This was how other Asian markets' indices performed, last Thursday:

The HKSAR	Plus 0.124 percent to 13,015.20
Indonesia	Minus 0.79 percent to 834.14
Japan	Minus 0.85 percent to 10,789.23
Malaysia	Plus 0.07 percent to 849.21
The Philippines	Minus 1.03 percent to 1,766.60
Singapore	Plus 0.83 percent to 1,969.18
South Korea	Minus 0.96 percent to 820.63
Taiwan	Plus 0.15 percent to 5,797.24
Thailand	Minus 0.49 percent to 649.27

Friday

In the **United Kingdom** (UK), The Office of National Statistics reported that the British economy had grown in the 3rd quarter of this year by about 0.40 percent, Quarter-on-Quarter.

It was the slowest growth in the economy of the UK for any quarter since early 2001.

It was in marked contrast to the growth in the PRC economy. (Please see below)

The UK's statistics represented the first country of eurozone to let it be known that all is not well in the land of warm beer and winkles.

And in The Land of The Free and The Home of The Brave, key indices on Wall Street tumbled to some of their lowest levels in the past year.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 107.95 points, equivalent to about 1.09 percent, as investors marked down the blue-chip index to 9,757.81 points.

Over on The (tech-laden) NASDAQ, its Composite Index shed 38.48 points, or about 2.01 percent, forcing down this index to 1,915.14 points.

Record-high, crude-oil prices were the chief reason for the sell-off on the world's largest equity market.

While little rallies of technology stocks had bolstered indices on Wall Street for most of last week, last Friday saw investors run for cover.

The tally for the world's biggest equity markets was:

The Dow Jones Industrial Average	Minus 1.77 percent
The NASDAQ's Composite Index	Plus 0.19 percent

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for December delivery ended the week at \$US55.17 per barrel. That closing level represented a gain over Thursday's close of about 1.29 percent.

It was a record high for the black ooze.

For January delivery, light sweet crude oil was being quoted at \$US54.69 per barrel, up 1.18 percent on Thursday's last settlement price.

On major European bourses, indices finished the week flat, for the most part, but European investors did not know what was in store for investors on Wall Street, late last Friday.

Had Europe known about the fall in the values of The Dow and the Composite Index of The NASDAQ, this report would have had to have been written slightly differently.

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

Amsterdam's AEX Index	Plus 0.11 percent
Great Britain's FTSE 100 Index	Minus 0.04 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.02 percent
France's CAC40 Index	Unchanged
Switzerland's Swiss Market Index	Minus 0.04 percent
Italy's MIBTEL Index	Plus 0.21 percent

The equity markets of the Hongkong Special Administrative Region (HKSAR) of the PRC were closed, last Friday, for Chung Yeung.

The habitual sot looks at the bottle and exclaims that it is half empty.

The housewife tells her spouse that there is no reason for him to buy any more booze because *'the bottle is, still, half full!'*

So it was, last Friday, when the Government of the People's Republic of China (PRC) released its report on the state of the economy for the first 9 months of 2004.

The Government of the PRC said that the economy had grown, Year-on-Year, by about 9.50 percent in the first 3 quarters of 2004 to September 30, according to Mr Zheng Jing Ping, a spokesman for The National Bureau of Statistics of the PRC Government.

The **British Broadcasting Corporation (BBC)**, reporting the same news, said that the economic growth of the PRC had slowed in the third quarter of 2004 to 9.10 percent of the **Gross Domestic Product (GDP)**, down from 9.60 percent in the second quarter and down from 9.80 percent in the first quarter.

(GDP = The total value of goods and services, produced in a country over a period of time)

Mr Zheng Jing Ping, in commenting on the economy of the PRC, said:

'China curbed some unstable and unhealthy factors and strengthened weak links in the economy by cementing and improving macro-control in the first three quarters so as to avoid big ups and downs and maintain stable and fast growth of the economy.'

The BBC remarked that curbs on investment spending and bank lending were introduced, amid signs that the world's seventh largest economy was in danger of overheating.

The view of things, according to the sot and the housewife.

In Japan, after 2 days of losses, gains were recorded on indices of The Tokyo Stock Exchange.

By the close of the day, the Nikkei-225 Stock Average had recorded a gain of 0.63 percent, closing out the week at 10,857.13 yen.

Gaining counters were ahead of losing counters by the ratio of about 2.03:One.

The news of the growth of the economy of the PRC was roundly welcomed in Japan because uptake of Japanese products by consumers of the PRC is vital to the continued prosperity of the second largest economy of the world.

News wise

- **Japan Airlines Corporation (JAL)** and **All Nippon Airways Company (ANA)** were reported to be toying with the idea of raising airfares on all domestic flights, starting the beginning of next year. The reason: The continued high price of crude oil. A suggested airfare increase of about 7 percent was being mooted, last Friday. For this Financial Year, JAL is expecting a Loss Attributable to Shareholders of about 45 billion yen. For ANA, it is expecting to post a Loss Attributable to Shareholders of about 13 billion yen. If these 2 heavyweights of Japan do go through with their reported plans, it would be equivalent to a reverse subsidy, whereby the Japanese commuting public would be subsidising international commuters, using JAL and ANA, by paying a penalty for being Japanese.

For The Tokyo Stock Exchange, the tally for the week was:

The Nikkei-225 Stock Average Minus 1.15 percent

And this was how Asian equity markets closed their respective trading doors, last Friday:

The HKSAR	Closed
Indonesia	Plus 1.99 percent to 850.77
Japan	Plus 0.63 percent to 10,857.13
Malaysia	Plus 0.55 percent to 853.88
The Philippines	Minus 0.25 percent to 1,762.14
Singapore	Minus 0.11 percent to 1,967.07
South Korea	Plus 0.92 percent to 828.17
Taiwan	Minus 0.39 percent to 5,774.67

Thailand	Plus 1.51 percent to 659.05
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