

**OIL PRICES RETREAT; EQUITY PRICES RISE**

Stock and share prices on the world's largest equity markets ended last Monday's session flat, as it became known that a very serious threat to the world's oil supplies had been averted at the last minute. (See below)

On The New York Stock Exchange, the Dow Jones Industrial Average was off by just 7.82 points, or about 0.08 percent, ending the trading day at 9,749.99 points.

On the tech-laden NASDAQ, its Composite Index gave up 1.10 points, equivalent to about 0.06 percent, easing back to 1,914.04 points.

Wall Street had been lucky because, on equity markets in the rest of the world, losses had been very substantial.

The culprit: The record-high price of crude oil in Asia.

Share prices tumbled, and tumbled big time, throughout Asia and Europe, last Monday.

Every index of every major equity market throughout Asia and Europe was in negative territory by the close of the trading day.

This followed the price of light sweet crude oil, hitting a fresh record high in electronic trading on The New York Mercantile Exchange (NYMEX): Traders pushed the price of light sweet crude oil for delivery in December to \$US55.53 per barrel.

There appeared to be nothing to stop the continuing rise in the price of the world's most-important single commodity.

All eyes were turned to northern Europe in the western part of the Scandinavian Peninsula to a little country with a human population of less than 5 million people: Norway.

In Norway, last Monday, it was announced that, in an attempt to put an end to the industrial action, brought by Norwegian offshore, oil-rig workers, owners of ships were threatening to suspend all oil shipments, effective November 8, 2004.

If the Norwegian ship-owners had executed their bold plans, it would have meant that some 94, ocean-going ships, involved in oil-servicing production, would have stopped service and some 3 million barrels of crude oil would not have left Norwegian shores.

The strike by Norway's offshore, oil-rig workers had entered its 4<sup>th</sup> month, last Monday.

The ship-owners threat was an attempt to get the Norwegian Government to take a stand and to mediate in the dispute.

It did.

At the 13<sup>th</sup> hour, so to speak, the Norwegian Government ordered an immediate end to the shipping dispute: It would not tolerate an escalation to an already tricky industrial situation, brought about by offshore, oil-rig workers.

Norway is the 3<sup>rd</sup> largest exporter of crude oil in the world and the country's coffer could ill afford to see such an important source of revenue flushed down one of its fjords.

Late last Monday, the Norwegian Government ordered immediate mediation to take place in order to find a suitable resolution to the problem.

A potential problem, which would have had worldwide consequences, without question, had been averted.

Following the opening of The NYMEX, last Monday, the price of light sweet crude oil fell back to \$US54.54 per barrel for December delivery.

For January delivery, the price of light sweet crude oil was last settled at \$US54.17 per barrel.

However, the determination of the Norwegian Government had come a little late in the day for many European investors: Many of them had wet their knickers at the thought of what might have been; and, how it would have affected the oil markets of the world.

Many key eurozone indices hit 7-week lows; skittish investors ran for cover.

This was the extent that indices of major European bourses fell, last Monday:

Amsterdam's AEX Index	Minus 1.52 percent
Great Britain's FTSE 100 Index	Minus 1.10 percent
Germany's Frankfurt XETRA DAX Index	Minus 2.05 percent
France's CAC40 Index	Minus 2.11 percent
Switzerland's Swiss Market Index	Minus 1.55 percent
Italy's MIBTEL Index	Minus 0.95 percent

On the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), bears took control of the situation, forcing down share prices, quite considerably.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the key index of blue chips, lost about 1.51 percent of its value, falling back to 12,818.10 points.

What made the losses on the premier equity market of the territory rather ominous was the fact that the Total Turnover rose to \$HK17.17 billion, considerably greater than usual.

The ratio of losing counters to gaining ones was wide, at about 3.66:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.80 percent to \$HK124.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.62 percent to \$HK22.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.40 percent to \$HK70.25 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.12 percent to \$HK57.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.56 percent to \$HK63.00 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK4.125 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.48 percent to \$HK103.00 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Down 3.51 percent to \$HK1.65 per share
Huaneng Power International Incorporated (Code: 902)	Down 3.45 percent to \$5.60 per share
CLP Holdings Ltd (Code: 2)	Down 0.90 percent to \$44.00 per share

The Main Board's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied International Holdings Ltd	519		10.00	0.063
Buildmore International Ltd	108	10.20		0.54
Celestial Asia Securities Holdings Ltd	1049	10.81		0.41
China Elegance (Holdings) Ltd	476	19.57		0.055
Chinney Alliance Group Ltd	385	14.29		0.016
Fortune Telecom Holdings Ltd	110		13.64	0.57
Fulbond Holdings Ltd	1041		12.00	0.022
Golden Harvest Entertainment (Holdings) Ltd	1132	12.50		0.27
Gorient (Holdings) Ltd	729	11.11		0.03
Great China Holdings Ltd	141		22.45	0.38
Guangdong Tannery Ltd	1058	12.06		0.223
Haywood Investments Ltd	905	13.64		0.025
Hongkong Building and Loan Agency Ltd, The	145		11.29	0.55
Junefield Department Store Group Ltd	758		19.67	0.098
Kwong Hing International Holdings (Bermuda) Ltd	1131		13.11	0.53
Neo-China Group (Holdings) Ltd	563		10.00	0.18
Oriental Explorer Holdings Ltd	430	16.36		0.064
Perennial International Ltd	725		13.58	0.35
Premium Land Ltd	164	15.00		0.023
REXCAPITAL International Holdings Ltd	155		13.04	0.04
South Sea Holding Company Ltd	680	23.53		0.021
Starbow Holdings Ltd	397	20.00		0.042

Theme International Holdings Ltd	990	14.71		0.039
Vital BioTech Holdings Ltd	1164	10.23		0.485
VST Holdings Ltd	856		12.34	0.135
Wanji Pharmaceutical Holdings Ltd	835		18.52	0.022
Xin Corporation Ltd	1141		10.00	0.054

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the volume of activity remained low, at about \$HK45.08 million, but The Growth Enterprise Index surrendered about 0.79 percent of its value, ending the day at 984.36 points.

Losing counters outran gaining counters by the ratio of 1.50:One, exactly.

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

Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 5 percent to \$HK17.70 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 3 percent to \$HK1.01 per share
Techpacific Capital Ltd (Code: 8088)	Unchanged at 3.30 cents per share
Golden Meditech Company Ltd (Code: 8180)	Down 2 percent to \$HK1.92 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH Financial Services Group Ltd	8122	12.50		0.225
Kinetana International Biotech Pharma Ltd	8031	25.00		0.05
Leadership Publishing Group Ltd	8010		16.67	0.025
New Chinese Medicine Holdings Ltd	8085		14.29	0.03
Neolink Cyber Technology (Holding) Ltd	8116		16.67	0.09
Prosperity International Holdings (Hongkong) Ltd	8139	16.13		0.036
Ultra Group Holdings Ltd	8203	16.00		0.058
Universal Technologies Holdings Ltd	8091	10.00		0.121
Venturepharm Laboratories Ltd	8225	15.91		0.51

In Japan, last Monday, following Wall Street's losses of the previous Friday, October 22, when share prices fell hard on both The New York Stock Exchange (the Dow Jones Industrial Average had lost about 1.09 percent of its value) and The NASDAQ (its Composite Index had shed about 2.01 percent of its value), Japanese investors bailed out – in a hurry.

By the close of trading on The Tokyo Stock Exchange, The Nikkei-225 Stock Average was off by about 197.98 yen, equivalent to about 1.82 percent, ending the day at 10,659.15 yen.

Losing counters were ahead of gaining ones by the ratio of about 5.56:One.

For the premier bourse of The Land of The Rising Sun, it meant that The Nikkei-225 Stock Average had hit a 6-month low.

But, in addition to the high price of crude oil in Asia, last Monday, plus Wall Street's losses at the close of trading, the previous Friday, the Japanese equity markets were, also, affected by the earthquakes, which had hit the northern Prefecture of Nigata over the weekend of October 23-24.

The earthquakes had come at the tail end of one typhoon after another, throughout the autumn months.

It appeared that Japan had suffered more than its fair share of natural calamities, during the past 6 months.

In other Asian equity markets, this was how those indices ended their respective trading days:

The HKSAR	Minus 1.514 percent to 12,818.10
Indonesia	Minus 0.49 percent to 846.64
Japan	Minus 1.82 percent to 10,659.15
Malaysia	Minus 0.34 percent to 850.95
The Philippines	Minus 1.50 percent to 1,735.69
Singapore	Minus 0.69 percent to 1,953.44

South Korea	Minus 2.42 percent to 808.14
Taiwan	Closed
Thailand	Closed

## **Tuesday**

The December delivery price of light sweet crude oil scampered back to \$US55.17 per barrel on The New York Mercantile Exchange (NYMEX), last Tuesday, representing a gain of about 1.16 percent on Monday's closing level.

For January 2005 delivery, the price of light sweet crude oil hit \$US54.76 per barrel just before The NYMEX closed up shop for the day.

That price for a barrel of crude oil represented an improvement of about 1.09 percent, compared with the last settlement price of Monday.

But Wall Street was paying scant attention to the rising price of fossil fuel, it seemed.

Wall Street had other things about which to worry and ponder.

On The New York Stock Exchange, the Dow Jones Industrial Average shot up 138.49 points, equivalent to about 1.42 percent, ending the day at 9,888.48 points.

The Composite Index of The NASDAQ rose 14.75 points, or about 0.77 percent, running up to 1,928.79 points.

With just 7 days left until the US Presidential Election, it appeared to many Americans that the only thing about which to worry was placing a wager on the likely winner of the race: President George W. Bush or Senator John Kerry.

There was that *'other'* matter, of course, but that, too, was put on the back burner.

The *'other'* matter was a report from The Conference Board in respect of consumer confidence in the US.

According to The Conference Board, consumer confidence in October was at its lowest ebb in the past 7 months.

A distinct lack of sufficient available and appropriate jobs was one of the main reasons for consumer disenchantment with the Bush Administration, it seemed, according to The Conference Board.

In Europe, while the indices of major bourses were written in black ink, the gains were nowhere near sufficient so as to erase the losses of Monday:

Amsterdam's AEX Index	Plus	0.33 percent
Great Britain's FTSE 100 Index	Plus	0.41 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.20 percent
France's CAC40 Index	Plus	0.28 percent
Switzerland's Swiss Market Index	Plus	0.20 percent
Italy's MIBTEL Index	Plus	0.12 percent

Compared with Monday's battering on European bourses, last Tuesday's trading was very tame.

Quiet trading conditions, also, prevailed throughout Asia, last Tuesday, following Monday's fear-inspired selling of stocks and shares, from Asia to Europe. (Please see Monday's report)

However, there were some special situations, which brought down the key indices of 2 stock markets in the region, quite dramatically: Those of Taiwan and Thailand.

The key indices of the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) both lost ground, but only fractionally so.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.27 percent of its value, ending the session at 12,852.35 points.

The ratio of losing counters to gaining ones was about 1.13:One.

The Total Turnover fell to \$HK10.73 billion, down about 37.51 percent on Monday's level of activity.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK124.50 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 2.50 percent to \$HK2.925 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK22.30 per share
CNOOC Ltd (Code: 883)	Up 3.09 percent to \$HK4.175 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.36 percent to \$HK70.50 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK4.125 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK57.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK63.00 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 2.82 percent to \$HK4.55 per share
Jilin Chemical Industrial Company Ltd (Code: 368)	Up 9.88 percent to \$HK2.225 per share

The Main Board's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	616	16.28		0.10
Celestial Asia Securities Holdings Ltd	1049	12.20		0.46
China City Natural Gas Holdings Ltd	603		16.67	0.015
China Velocity Group Ltd	149		14.29	0.72
Daqing Petroleum and Chemical Group Ltd	362	19.48		0.46
Everest International Investments Ltd	204		18.18	0.045
GeoMaxima Energy Holdings Ltd	702	12.00		0.084
Golden Dragon Group (Holdings) Ltd	329	10.09		0.24
Jackley Holdings Ltd	353	47.06		0.05
KEL Holdings Ltd	681	16.92		0.38
Massive Resources International Corporation Ltd	70	20.00		0.018
MAXX Bioscience Holdings Ltd	512		16.42	0.112
Northern International Holdings Ltd	736	15.38		0.015
Pacific Plywood Holdings Ltd	767		13.33	0.026
Plus Holdings Ltd	1013	10.00		0.055
Shanghai Allied Cement Ltd	1060	16.88		0.45
Shun Ho Resources Holdings Ltd	253	13.89		0.41
SMI Corporation Ltd	198		10.71	1.00
Sunlink International Holdings Ltd	2336		14.29	0.06
Tse Sui Luen Jewellery (International) Ltd	417	10.71		0.31

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was similar to that which had transpired on the Main Board, with The Growth Enterprise Index, losing 0.36 percent of its value, falling back to 980.82 points, while the Total Turnover fell to \$HK36.61 million.

Gaining counters were ahead of losing ones by the ratio of 1.30:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at \$HK1.01 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 6 percent to \$HK16.70 per share
MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.30 per share
Launch Tech Company Ltd (Code: 8196)	Down 2 percent to \$HK1.77 per share
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)	Down 2 percent to 61 cents per share

The biggest movers on this speculative bourse included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112	15.71		0.162
Argos Enterprise (Holdings) Ltd	8022		13.68	0.082
KanHan Technologies Group Ltd	8175		31.03	0.04
Lai Fai International Holdings Ltd	8183	17.65		0.60
Leadership Publishing Group Ltd	8010	20.00		0.03
ProSticks International Holdings Ltd	8055	13.04		0.026
Vodatel Networks Holdings Ltd	8033	11.29		0.345

In Japan, trading was exceptionally quiet.

On The Tokyo Stock Exchange, the key Nikkei-225 Stock Average edged up just 13.31 yen, or about 0.12 percent, ending the day at 10,672.46 yen.

Gaining counters outran losing ones by the ratio of 1.68:One.

In The Land of The Rising Sun, there was a number of factors, affecting trading, as it appeared to the Japanese that the crude-oil situation appeared to be righting itself.

Those factors included the upcoming US Presidential Election, scheduled for November 2, 2004, (tomorrow), and the fact that the US dollar was weakening against a number of international currencies, including the Japanese yen.

It is generally accepted that if President George W. Bush is re-elected for a second term, equity markets will rise in the short term.

Conversely, if Senator John Kerry becomes the 44<sup>th</sup> President of the United States, equity markets will fall back somewhat.

The translation value of the US dollar to other '*hard*' currencies is, of course, influenced by who sits in the White House, at least in the short term.

On Tuesday, 106.75 yen bought one US dollar.

That value was just a mite above the 6-month low for the yen.

One has to bear in mind, always, that Japan depends on its exports for its very lifeblood even though it is the world's 2<sup>nd</sup> largest economy.

And this was how other major equity markets closed their respective doors, last Tuesday:

The HKSAR	Plus 0.267 percent to 12,852.35
Indonesia	Minus 0.62 percent to 841.35
Japan	Plus 0.12 percent to 10,672.46
Malaysia	Plus 0.19 percent to 852.60
The Philippines	Plus 1.91 percent to 1,768.78
Singapore	Plus 0.20 percent to 1,957.41
South Korea	Plus 0.69 percent to 813.70
Taiwan	Minus 1.94 percent to 5,662.88
Thailand	Minus 1.62 percent to 648.38

### **Wednesday**

Another US airline went belly up, last week.

This time it was ATA Holdings Corporation, the parent company of ATA Airlines.

Soaring fuel costs and unrelenting competition, both domestically and internationally, were said to have been the chief causes for ATA to file Chapter 11 bankruptcy protection.

In Court documents, filed late last Tuesday at the Southern District of Indiana, the airline said that it had assets of about \$US745.10 million and liabilities of about \$US940.50 million.

ATA is the 10<sup>th</sup> largest airline in the US and joins US Airways Group and United Airlines in Chapter 11 bankruptcy.

From The Commerce Department of the US Government, last Wednesday, it was announced that US-produced durable goods orders rose by about 0.20 percent in September, Month-on-Month.

But actual shipments of durable goods, however, dropped by about 1.20 percent in September: It was the biggest drop in the previous 13 months, The Commerce Department said.

But the good news was that US crude oil inventories had risen, during the week, ended October 22, 2004, by about 4 million barrels to 283.40 million barrels, according to the US Government's Energy Information Administration (EIA).

The release of the EIA news caused wide-spread selling of oil futures on The New York Mercantile Exchange (NYMEX), with the price of December light sweet crude oil, falling back to \$US52.46 per barrel, a one-day decline of about \$US2.71 per barrel, equivalent to about 4.91 percent.

For January 2005 delivery, the price of light sweet crude oil fell to \$US52.17 per barrel, down \$US2.59 per barrel, or about 4.73 percent.

No doubt, some traders got badly mauled, last Wednesday.

On Wall Street, the news in respect of US, crude-oil inventories and the paring of crude- oil prices on The NYMEX caused prices of stocks and shares to rise, rapidly.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the trading session at 10,002.03 points, a gain of about 1.15 percent over Tuesday's close.

Over on The NASDAQ, its Composite Index rose 2.14 percent, ending the bullish trading day at 1,969.99 points.

Trading was heavy on both of the world's largest equity markets, with the ratio of gainers to losers, being, roughly, about 2:One.

Indices of major European bourses followed the lead of Wall Street and, with the lone exception of the Swiss Market Index, all of the other major indices gained more than one percent, each.

This was how European investors saw the situation, last Wednesday:

Amsterdam's AEX Index	Plus	1.28 percent
Great Britain's FTSE 100 Index	Plus	1.01 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.72 percent
France's CAC40 Index	Plus	1.62 percent
Switzerland's Swiss Market Index	Plus	0.80 percent
Italy's MIBTEL Index	Plus	1.09 percent

Clearly, both US equity markets and European equity markets were inspired by the fast fall in the price of crude oil on international markets.

But, would the price stay down?

Asia, last Wednesday of course, when it was trading equities, did not know what the day would bring, elsewhere.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 0.11 percent of its value, ending the day at 12,838.71 points.

The Total Turnover was about \$HK12.60 billion, while the ratio of gaining counters to losing ones was 1.40:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK124.50 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Down 3.64 percent to \$HK1.59 per share
PetroChina Company Ltd (Code: 857)	Up 0.61 percent to \$HK4.15 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.67 percent to \$HK22.15 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.35 percent to \$HK70.75 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 3.85 percent to \$HK4.725 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.71 percent to \$HK2.975 per share
Huaneng Power International Incorporated (Code: 902)	Up 0.88 percent to \$HK5.75 per share
Sino Land Company Ltd (Code: 83)	Up 4.72 percent to \$HK6.65 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK63.00 per share

The Main Board's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	13.04		0.052

Applied International Holdings Ltd	519	11.67		0.067
Asia Alliance Holdings Ltd	616		11.00	0.089
CATIC International Holdings Ltd	232	10.28		0.118
CATIC Shenzhen Holdings Ltd	161	13.60		1.42
Chi Cheung Investment Company Ltd	112		10.53	0.85
Cosmos Machinery Enterprises Ltd	118	10.53		0.42
Dynamic Holdings Ltd	29	11.70		1.05
Everest International Investments Ltd	204		11.11	0.04
Ezcom Holdings Ltd	312	26.32		0.36
Fushan Holdings Ltd	639	13.04		0.26
Hua Lien International (Holding) Company Ltd	969	10.14		0.239
Oriental Explorer Holdings Ltd	430	15.00		0.069
Pacific Plywood Holdings Ltd	767	15.38		0.03
Prime Investments Holdings Ltd	721		16.67	0.25
Shanghai Allied Cement Ltd	1060		11.11	0.40
Sky Hawk Computer Group Holdings Ltd	1129	13.64		0.10
South Sea Holding Company Ltd	680	13.64		0.025
Start Technology Company Ltd	706	19.15		0.28
United Power Investment Ltd	674	19.05		0.25
Vital BioTech Holdings Ltd	1164	10.87		0.51
Winfoong International Ltd	63	11.39		0.225

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover was about \$HK30.39 million.

Gaining counters outran losing ones by the ratio of about 1.54:One.

The Growth Enterprise Index gained just one third of a percentage point, limping to 984.10 points.

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

Sau San Tong Holdings Ltd (Code: 8200)	Up 8 percent to 65 cents per share
TOM Online Incorporated (Code: 8282)	Up 5 percent to \$HK1.17 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 1 percent to \$HK2.10 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.30 per share
Golden Meditech Company Ltd (Code: 8180)	Up 1 percent to \$HK1.90 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Aptus Holdings Ltd	8212	17.02		0.11
Creative Energy Solutions Holdings Ltd	8109	13.21		0.06
Global Digital Creations Holdings Ltd	8271		12.00	0.11
Grandy Corporation	8143		23.08	0.02
KanHan Technologies Group Ltd	8175	45.00		0.058
Linefan Technology Holdings Ltd	8166		10.53	0.034
Media Partners International Holdings Incorporated	8072		17.95	0.32
New Chinese Medicine Holdings Ltd	8085		30.00	0.021
New Universe International Group Ltd	8068		12.24	0.043
Shanghai Fudan Microelectronics Company Ltd	8102		11.76	0.45
SYSCAN Technology Holdings Ltd	8083		12.28	0.25
Thiz Technology Group Ltd	8119		10.53	0.017

Another earthquake hit the northern part of Japan, last Wednesday, sending some Japanese institutional investors, scrambling for cover – literally.

Trading on The Tokyo Stock Exchange was erratic as investors, in the main, were uncertain as to what action to take in view of the rising price of crude oil and with the US Presidential Election, fast approaching.

By the close of trading, last Wednesday, a key index of The Tokyo Stock Exchange, The Nikkei-225 Stock Average, was registering a gain of 19.49 yen, equivalent to about 0.18 percent, ending the day at 10,691.95 yen.

In spite of The Nikkei-225 Stock Average, being up fractionally, losing counters outpaced gaining ones by the ratio of about 1.25:One.

News wise



- **Resona Holdings Incorporated** announced that it had revised its Group Net Profit forecast to 200 billion yen for the first half of its Fiscal Year, to September 30, 2004. Resona Holdings is Japan's 5<sup>th</sup> largest banking conglomerate; and,
- **Advantest Corporation** announced that its first-half, Net Profits to September 30, 2004, had jumped to a record level of about 28.57 billion yen, up about 1,200 percent, Year-on-Year.

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

The HKSAR	Minus 0.106 percent to 12,838.71
Indonesia	Plus 0.93 percent to 849.18
Japan	Plus 0.18 percent to 10,691.95
Malaysia	Minus 0.04 percent to 851.17
The Philippines	Plus 0.31 percent to 1,774.34
Singapore	Plus 0.08 percent to 1,959.05
South Korea	Minus 0.47 percent to 809.91
Taiwan	Minus 0.21 percent to 5,650.97
Thailand	Minus 3.32 percent to 626.85

### Thursday

The price of light sweet crude oil on The New York Mercantile Exchange (NYMEX) continued to fall, last Thursday, with the last settlement price for December delivery, coming in at \$US50.92 per barrel, down about 2.94 percent, compared with the last settlement price of Wednesday.

For January 2005, the price of light sweet crude oil dropped back to \$US50.74 per barrel, off about 2.74 percent on Wednesday's closing level.

Fears of the worst possible scenario, with a shortage of heating fuel, being prevalent over the winter months, became clearly evanescent – as did many investors' fears for a prolonged fall in prices on the equity markets of the US.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average only managed a gain of about 0.03 percent, ending the session at 10,004.54 points, but it was an add-on to the booming gains of Wednesday.

As for The NASDAQ, its Composite Index followed the lead of the key index of the Big Board of The New York Stock Exchange, rising about 0.29 percent to hit 1,975.74 points by the close of the day.

On the negative side of the ledger, there was a report from the US Labour Department, a report, which could hardly be considered inspirational of a booming economy.

The number of unemployed workers in the US increased by about 20,000 workers for the week, ended October 23, The Labour Department of the US Government announced, last Thursday.

Claims for Unemployment Insurance rose to about 350,000 Claims, up from about 330,000 Claims, recorded in the revised figures for the previous week.

The question: Where is the US job growth?

In Europe, investors heard the cry: Buy! Buy! Buy!

It was the 3<sup>rd</sup> consecutive day of material gains on European bourses.

Every index of every major bourse recorded positive figures:

Amsterdam's AEX Index	Plus 1.02 percent
Great Britain's FTSE 100 Index	Plus 0.27 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.77 percent
France's CAC40 Index	Plus 1.18 percent
Switzerland's Swiss Market Index	Plus 0.57 percent
Italy's MIBTEL Index	Plus 0.61 percent

In addition to the lowering of the price of crude oil, investors in eurozone were factoring into their investment thinking, the prospects of a George W. Bush win in the US Presidential race, which will conclude on November 2, 2004, that is tomorrow.

Oil prices continued their retreat in Asia, last Thursday, also.

In electronic trading, the price of US light sweet crude oil was settled at \$US52.05 per barrel for December delivery.

The news about US, crude-oil inventory levels (please see Wednesday's report) was the reason for the decline in the price of crude oil in Asia.

All indices of major equity markets in this part of the world made material gains.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets sprang to life, with the Main Board of The Stock Exchange of Hongkong Ltd, enjoying the lion's share of the day's gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index added about 2.14 percent to its value, ending the session at 13,113.15 points.

The Total Turnover rose to about \$HK17.70 billion.

The ratio of gaining counters to losing ones was 3.66:One.

The Ten Most Active counters of the day, all material gainers, were:

HSBC Holdings plc (Code: 5)	Up 1.20 percent to \$HK126.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.71 percent to \$HK22.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 3.18 percent to \$HK73.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 3.03 percent to \$HK59.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 3.17 percent to \$HK65.00 per share
Huaneng Power International Incorporated (Code: 902)	Up 3.48 percent to \$HK5.95 per share
PetroChina Company Ltd (Code: 857)	Up 0.60 percent to \$HK4.175 per share
China Telecom Corporation Ltd (Code: 728)	Up 2.02 percent to \$HK2.525 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.68 percent to \$HK3.025 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 1.06 percent to \$HK4.775 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)
A-Max Holdings Ltd	959		11.54	0.046
Applied International Holdings Ltd	519	79.10		0.12
Capital Prosper Ltd	1003		10.00	0.045
China Elegance (Holdings) Ltd	476	13.04		0.052
Climax International Company Ltd	439	15.38		0.03
Dickson Group Holdings Ltd	313	10.00		0.055
eForce Holdings Ltd	943	14.29		0.04
Everest International Investments Ltd	204	12.50		0.045
Ezcom Holdings Ltd	312	11.11		0.40
Good Fellow Group Ltd	910		12.50	0.28
Heritage International Holdings Ltd	412		13.33	0.013
Jackley Holdings Ltd	353	10.00		0.055
Kwong Hing International Holdings (Bermuda) Ltd	1131	15.79		0.55
Macau Success Ltd	487	14.86		0.85
Mei Ah Entertainment Group Ltd	391		10.37	0.242
Ruili Holdings Ltd	491	10.00		0.011
Shang Hua Holdings Ltd	371	11.11		0.30
Simsen International Corporation Ltd	993	11.43		0.078
SMI Corporation Ltd	198	11.00		1.11
Starbow Holdings Ltd	397		18.42	0.031
Tern Properties Company Ltd	277	12.24		2.20
Theme International Holdings Ltd	990	16.67		0.042
United Power Investment Ltd	674	38.00		0.345
Wing Shan International Ltd	570	10.26		0.43
Zhong Hua International Holdings Ltd	1064		14.89	0.08

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to about \$HK64.54 million, as The Growth Enterprise Index regained some of its earlier losses to end the session at 991.40 points.

While The Growth Enterprise Index was ahead by about 0.74 percent, compared with Wednesday's closing level, declining counters outnumbered advancing ones by the ratio of about 1.03:One.

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

TOM Online Incorporated (Code: 8282)	Up 13 percent to \$HK1.32 per share
hongkong.com Corporation (Code: 8006)	Up 16 percent to 51 cents per share
Sau San Tong Holdings Ltd (Code: 8200)	Up 5 percent to 68 cents per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 3 percent to \$HK1.38 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at \$HK1.01 per share

The GEM's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Golding Soft Ltd	8190	15.00		0.023
hongkong.com Corporation	8006	15.91		0.51
Lang Chao International Ltd	8141	19.23		0.31
New Universe International Group Ltd	8068	18.60		0.051
ProSticks International Holdings Ltd	8055		14.29	0.024
Stockmartnet Holdings Ltd	8123		10.00	0.018
T S Telecom Technologies Ltd	8003	14.63		0.047
TOM Online Incorporated	8282	12.82		1.32

The chief reason for the fast upward movement in the value of the indices of the HKSAR was, of course, the reduction in the price of crude oil, internationally.

Wall Street's booming rally of Wednesday, also, helped.

#### News wise

- The Government of the PRC has increased its **core interest rate** for the first time in 9 years to 5.58 percent, up from 5.31 percent. The new interest rate became effective last Friday, October 29, 2004.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average put on 161.17 yen, rising to 10,853.12 yen, a one-day gain of about 1.51 percent.

Gaining counters were ahead of losing ones by the ratio of about 4.58:One.

#### News wise

- **Honda Motor Company** announced record sales and profits for the first half of its Financial Year to September 30, 2004. A record Net Profit Attributable to Shareholders of about 241.30 billion yen was announced on total sales of 4.16 trillion yen;
- **Daihatsu Motor Company** announced Consolidated Net Profits Attributable to Shareholders of about 9.62 billion yen for the 6-month period, ended September 30, 2004. That result represented an increase, Year-on-Year, of about 154.60 percent. Sales were logged in at about 552.81 billion yen, up about 15.90 percent, Year-on-Year;
- **Sharp Corporation** announced that its Net Profits Attributable to Shareholders for the 6 months, ended September 30, 2004, were about 39.32 billion yen, an increase of about 41 percent, compared with the like period of 2003. It was a record result for the company; and,
- **Victor Company of Japan Ltd** announced that it had suffered a Group Net Loss of about 4.37 billion yen for the first half of its Financial Year, to September 30, 2004.

In other Asian equity markets, this was how they closed their respective doors, last Thursday:

The HKSAR	Plus 2.14 percent to 13,113.15
Indonesia	Plus 1.52 percent to 862.12
Japan	Plus 1.51 percent to 10,853.12
Malaysia	Plus 0.21 percent to 852.99
The Philippines	Plus 1.87 percent to 1,807.49

Singapore	Plus 1.48 percent to 1,988.05
South Korea	Plus 2.92 percent to 833.54
Taiwan	Plus 0.79 percent to 5,695.56
Thailand	Minus 0.84 percent to 621.57

## Friday

The big news in the US, last Friday, came from the US Government's Commerce Department, which reported that, on an annualised basis, the US economy expanded by about 3.70 percent, during the quarter, ended September 30, 2004.

The September quarter statistic beat the previous quarter's, where the growth had been recorded at the annualised rate of about 3.30 percent.

Consumer spending in the world's largest single economy was the chief reason for the gains.

The US Government statistics were enough to propel many share prices on Wall Street to higher levels.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the week at 10,027.47 points, up about 0.23 percent on Thursday's closing level.

On The NASDAQ, its Composite Index went in the other direction, losing about 0.04 percent to fall back to 1,974.99 points.

All things considered, Wall Street did moderately well, in view of the fact that the US Presidential Election was just 2 trading days away.

The tally for the largest equity markets of the world was:

The Dow Jones Industrial Average	Plus 2.76 percent
The NASDAQ's Composite Index	Plus 3.13 percent

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for December delivery rose 1.65 percent, compared with Thursday's closing level, to \$US51.76 per barrel.

As for delivery in January 2005, the price of light sweet crude oil rose about 1.69 percent to \$US51.60 per barrel.

Traders put down the gains in the price of crude oil to simply the squaring the books.

In Europe, there was some uncertainty as to who would be sitting in the White House for the next 4 years: President George W. Bush or Senator John Kerry.

Polls, polls and more polls, and the longer that one looked at the polls, the clearer it became that the race for the hottest seat in the world was neck-to-neck.

This was how indices of major European bourses ended the week:

Amsterdam's AEX Index	Minus 0.04 percent
Great Britain's FTSE 100 Index	Minus 0.40 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.01 percent
France's CAC40 Index	Minus 0.40 percent
Switzerland's Swiss Market Index	Minus 0.42 percent
Italy's MIBTEL Index	Minus 0.08 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), profit-taking hit the 2 equity markets of the territory.

Also, some of the Hongkong rabbits ran into the burrows, following the PRC Government's move to dampen the economy by raising interest rates.

And, of course, last Friday was US Presidential Election Day minus 2 trading days – and, to some investors, this was a prospective conundrum that only time would be able to resolve.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index eased back about 0.45 percent to end the week at 13,054.66 points.

The Total Turnover was, still, robust, however, at about \$HK17.87 billion.

Losing counters outnumbered gaining ones by the ratio of about 2.21:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK126.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.42 percent to \$HK59.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.37 percent to \$HK72.00 per share
China Life Insurance Company Ltd (Code: 2628)	Up 3.00 percent to \$HK5.15 per share
PetroChina Company Ltd (Code: 857)	Down 2.40 percent to \$HK4.075 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.66 percent to \$HK22.60 per share
Ping An Insurance (Group) Company of China, Ltd (Code: 2318)	Up 4.70 percent to \$HK12.25 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 6.81 percent to \$HK4.45 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.77 percent to \$HK64.50 per share
Pacific Century Premium Developments Ltd (Code: 432)	Down 2.08 percent to \$HK2.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	616	12.36		0.10
Bestway International Holdings Ltd	718		11.43	0.031
Beijing Capital Land Ltd	2868		10.12	1.82
China United International Holdings Ltd	273	12.50		0.27
EC-Founder (Holdings) Company Ltd	618		10.00	0.27
eForce Holdings Ltd	943	17.50		0.047
Good Fellow Group Ltd	910		13.57	0.242
Gorient (Holdings) Ltd	729	17.24		0.034
Hongkong Building and Loan Agency Ltd, The	145	10.91		0.61
Hon Po Group (Lobster King) Ltd	228	11.63		0.048
Hua Lien International (Holding) Company Ltd	969	21.34		0.29
Magician Industries (Holdings) Ltd	526	12.22		0.202
Mei Ah Entertainment Group Ltd	391	19.83		0.29
China Silver Dragon Group Ltd	855	11.27		0.237
Simsen International Corporation Ltd	993	12.82		0.088
Starbow Holdings Ltd	397	25.81		0.039
Theme International Holdings Ltd	990		16.67	0.035
United Power Investment Ltd	674	13.04		0.39
Unity Investments Holdings Ltd	913		10.00	0.081
Universal Holdings Ltd	419		10.00	0.036
Universe International Holdings Ltd	1046		10.00	0.036
Zhong Hua International Holdings Ltd	1064	12.50		0.09

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index dropped back to 989.60 points, a one-day fall of about 0.18 percent.

The Total Turnover was about \$HK36.53 million, while the ratio of declining counters to advancing ones was 1.84:One.

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

TOM Online Incorporated (Code: 8282)	Down 7 percent to \$HK1.23 per share
Wumart Stores Incorporated (Code: 8277)	Down 4 percent to \$HK13.30 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.30 per share
hongkong.com Corporation (Code: 8006)	Down 3 percent to 49.50 cents per share
Sau San Tong Holdings Ltd (Code: 8200)	Down 4 percent to 65 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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DIGITALHONGKONG.COM	8007	15.00		0.345
Kanstar Environmental Paper Products Holdings Ltd	8011		13.04	0.30
Leadership Publishing Group Ltd	8010		13.33	0.026
M Channel Corporation Ltd	8036	17.65		0.02
New Chinese Medicine Holdings Ltd	8085	15.00		0.023
Timeless Software Ltd	8028		14.29	0.072
Tradeeasy Holdings Ltd	8163	14.71		0.039
WLS Holdings Ltd	8021		12.50	0.035

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

The Hang Seng Index	Plus	0.30 percent
The Growth Enterprise Index	Plus	0.65 percent

In Japan, profit-taking appeared to be the order of the day.

However, the US Presidential Election was a bit player in the drama that unfolded on The Tokyo Stock Exchange, as the surprise announcement from the PRC Government in respect of the interest-rate rise did not tickle the fancy of many Japanese industrialists. (Please see Thursday's report)

The Nikkei-225 Stock Average lost 81.70 yen, or about three quarters of a percentage point, ending the week at 10,771.42 yen.

Losing counters were ahead of gaining ones by the ratio of about 1.66:One.

#### News wise

- Electric power companies and gas companies in Japan announced that they would all be raising their **charges** in the first quarter of 2005 because of the increase in fuel costs. In all, the 13 power companies intend to hit consumers with increases, ranging from 29 yen per month to 128 yen per month;
- **Retail sales** in Japan edged lower in September, according to The Ministry of Economy, Trade and Industry (METI). Retail sales fell by about 0.30 percent in September, Year-on-Year, to about 10.17 trillion yen. It was the second consecutive month of declines in the value of retailing in Japan;
- **Matsushita Electric Industrial Company** announced that its Net Profits Attributable to Shareholder for the 6-month period, ended September 30, 2004, were about 56.18 billion yen, an increase of about 240 percent, compared with the like period in 2003. Revenue for the world's largest producer of consumer electronics came in at about 4.32 trillion yen, Management announced; and,
- **Sony Corporation** announced that its Net Profits Attributable to Shareholders for the first half of its Financial Year, to September 30, 2004, were about 76.47 billion yen, up 220 percent, Year-on-Year.

The tally for the largest equity market in Asia was:

The Nikkei-225 Stock Average	Minus 0.79 percent
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And this was how indices of other Asian equity markets ended the week of October 29, 2004:

The HKSAR	Minus 0.446 percent to 13,054.66
Indonesia	Minus 0.19 percent to 860.49
Japan	Minus 0.75 percent to 10,771.42
Malaysia	Plus 0.96 percent to 861.14
The Philippines	Plus 0.64 percent to 1,819.03
Singapore	Minus 0.37 percent to 1,980.69
South Korea	Plus 0.16 percent to 834.84
Taiwan	Plus 0.18 percent to 5,705.93
Thailand	Plus 1.06 percent to 628.16

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