

HIGH CRUDE OIL PRICES DAMPEN INVESTORS' ARDOURAu Revoir, Mr Tung Chee Hwa

The Organisation of Petroleum Exporting Countries (OPEC) is unlikely to increase crude oil production in the near future.

This was the message that 3 members of OPEC wanted the world to hear, last Monday, as Iran, Qatar and Venezuela lined in a single voice, stating that they saw no reason for any further crude-oil production increases.

The price of light sweet crude oil on The New York Petroleum Exchange (NYMEX) rose another one fifth of a percentage point, compared with the previous Friday's closing level, as the last settlement price for April delivery came in at \$U53.89 per barrel.

For May delivery, the price of light sweet crude oil was settled at \$US54.54 per barrel, an increase of about 0.48 percent, compared with the last quote of the previous Friday.

OPEC is scheduled to hold another meeting on Wednesday, March 16, 2005.

While high crude oil prices take their toll of corporate profits, on Wall Street, last Monday, the continued increases in the cost of fossil appeared to have little effect on the final figures of stocks and shares.

On The New York Stock Exchange, the Dow Jones Industrial Average slipped 3.69 points, or about 0.03 percent, to end the day at 10,936.86 points.

On the tech-laden NASDAQ, its Composite Index gained 19.60 points, equivalent to about 0.95 percent, running back to 2,090.21 points.

Technology shares were very much in vogue, with the Composite Index of The NASDAQ, hitting a 7-week high.

In Europe, indices of major bourses moved up, but only fractionally, with the lone exception of London's FTSE 100 Index:

Amsterdam's AEX Index	Plus 0.29 percent
Great Britain's FTSE 100 Index	Minus 0.18 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.10 percent
France's CAC 40 Index	Plus 0.40 percent
Switzerland's Swiss Market Index	Plus 0.10 percent
Italy's MIBTEL Index	Plus 0.09 percent

In Asia, major equity markets managed to make gains, some quite material, with the lone exception of the South Korean market, whose key index suffered somewhat of a setback.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors continued to be concerned as to who was, actually, in charge of the Chinese enclave.

It was very apparent that Mr Tung Chee Hwa, the Chief Executive of the territory, was on the way out, but he had, as at last Monday night, refused to confirm or deny that which everybody appeared to have appreciated: Beijing had had enough of his bumbling efforts to administer the 416 square miles, known as the HKSAR.

In such an atmosphere of uncertainty, the 2 equity markets could be forgiven for being unable to make any material gains in spite of economic statistics, which indicated that the economy was much improved ... and getting better.

Equity markets hate uncertainty.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained, exactly, 0.30 percent to end the session at 13,771.95 points.

The Total Turnover was about \$HK16.77 billion.

Declining counters outran advancing ones by the ratio of about 1.14:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.39 percent to \$HK128.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.19 percent to \$HK67.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK70.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.82 percent to \$HK24.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.71 percent to \$HK70.00 per share
PetroChina Company Ltd (Code: 857)	Up 1.59 percent to \$HK4.80 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 5.29 percent to \$HK4.975 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 0.74 percent to \$HK3.40 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK5.20 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.34 percent to \$HK14.55 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		13.04	0.10
Cheung Tai Hong Holdings Ltd	199		11.76	0.45
Dickson Group Holdings Ltd	313	14.00		0.057
DVN (Holdings) Ltd	500	11.52		1.84
Fortuna International Holdings Ltd	530		16.00	0.021
Magician Industries (Holdings) Ltd	526		12.14	0.152
Radford Capital Investment Ltd	901		11.76	0.015
Sunlink International Holdings Ltd	2336	10.77		0.072
Wealthmark International (Holdings) Ltd	39		14.91	0.485
Wong's Kong King International (Holdings) Ltd	532	12.70		0.71

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, things appeared to be somewhat better than on the Main Board.

The Growth Enterprise Index gained 0.88 percent, rising to 989.12 points on a Total Turnover of about \$HK45.73 million.

The ratio of gaining counters to losing ones was about 1.24:One.

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

Golden Meditech Company Ltd (Code: 8180)	Up 2 percent to \$HK1.63 per share
HC International, Incorporated (Code: 8292)	Up 1 percent to \$HK1.85 per share
Launch Tech Company Ltd (Code: 8196)	Unchanged at \$HK1.97 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 3 percent to \$HK1.24 per share
Convenience Retail Asia Ltd (Code: 8052)	Up 1 percent to \$HK2.775 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)
Asian Information Resources (Holdings) Ltd	8025		16.67	0.025
AKM Industrial Company Ltd	8298		12.00	0.44
Argos Enterprise (Holdings) Ltd	8022	12.12		0.148
Excel Technology International Holdings Ltd	8048	21.43		0.068
Medical China Ltd	8186		13.33	0.065

QUASAR Communication Technology Holdings Ltd	8171		11.11	0.16
Rojam Entertainment Holdings Ltd	8075	14.00		0.285
TeleEye Holdings Ltd	8051		10.11	0.08
Thiz Technology Group Ltd	8119	14.29		0.016
Universal Technologies Holdings Ltd	8091	20.37		0.13

For the 8th consecutive trading day, Japanese investors watched the indices of their favourite equity market move up.

Last Monday's closing levels were at their highest points for this market since April 2004.

The 3 Japanese equity markets were following the lead of Wall Street where, the previous Friday (March 4, 2005), the Dow Jones Industrial Average had risen to its highest level of the previous 45 months.

The Nikkei-225 Stock Average, a key index of The Tokyo Stock Exchange, gained 52.31 yen, equivalent to 0.44 percent, running up to 11,925.36 yen.

Advancing counters were ahead of declining ones by the ratio of about 2.35:One.

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

The HKSAR	Plus 0.30 percent to 13,771.95
Indonesia	Plus 0.21 percent to 1,105.30
Japan	Plus 0.44 percent to 11,925.36
Malaysia	Plus 0.66 percent to 891.18
The Philippines	Plus 1.95 percent to 2,166.10
Singapore	Plus 0.54 percent to 2,166.12
South Korea	Minus 0.54 percent to 1,007.50
Taiwan	Plus 0.43 percent to 6,220.52
Thailand	Plus 1.24 percent to 737.42

Tuesday

Further crude oil prices caused a number of economists to realise that the international situation was fast approaching crisis proportions.

Last Tuesday, the April delivery price of light sweet crude oil on The New York Mercantile Exchange (NYMEX) was settled at \$US54.59 per barrel, up another 1.30 percent, compared with Monday's last quote.

For delivery in May, the price of light sweet crude oil was settled at \$US55.23 per barrel, representing an increase of about 1.27 percent on Monday's close.

As at last Tuesday night, the price of light sweet crude oil had risen in the space of one year by about 40 percent ... and rising.

The record high price for NYMEX light sweet crude oil was standing at \$US55.67 per barrel, as at last Monday, and it looked very much as though that record was ready to be breached, perhaps before the end of the week.

It was being estimated that the price for a US gallon of petrol would hit another record of about \$US2.15 in short order since the driving season in the US is between April and September.

Wintry blasts in the eastern part of North America was only one of the reasons for the higher prices of crude oil because Algeria, another prominent member of The Organisation of Petroleum Exporting Countries (OPEC), joined the chorus, being sung by Venezuela, Qatar and Iran on Sunday and Monday, suggesting that for OPEC to increase production of crude oil would have no material effect on the price of oil, internationally.

Therefore, don't do it.

There were growing signs of discontent in the US, with Treasury Secretary John Snow, stating definitively that energy prices were '*way too high*' and that such high prices were tending to act as an indirect tax on the US economy.

In diplomatic language, this statement smacks of an action, about to be taken by the Bush Administration.

High energy prices must take their toll on the economies of the industrialised world in the fullness of time.

On The New York Stock Exchange, the Dow Jones Industrial Average dropped 24.24 points, or about 0.22 percent, ending the choppy trading session at 10,912.62 points.

On The (tech-laden) NASDAQ, its Composite Index gave up 16.66 points, equivalent to about 0.80 percent, falling back to 2,073.55 points.

The high price of crude oil was dampening investors' ardour for stocks and shares.

In Europe, it was a similar story.

Oil deliveries and higher oil prices caused many investors to bail out of equities, listed on major bourses.

This was how the indices of major eurozone equity markets fared, last Tuesday night:

Amsterdam's AEX Index	Minus 0.54 percent
Great Britain's FTSE 100 Index	Minus 0.39 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.71percent
France's CAC 40 Index	Minus 0.55 percent
Switzerland's Swiss Market Index	Minus 0.47 percent
Italy's MIBTEL Index	Minus 0.63 percent

News wise

- **Retail sales** continued to fall in the United Kingdom for the 3rd consecutive month, according to The British Retail Consortium. For the month of February, sales were off, Year-on-Year, by about 0.30 percent.

By and large, weakness prevailed on Asian equity markets, last Tuesday.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), things picked up on the territory's equity markets for little apparent reason except, perhaps, the imminent departure of the Chief Executive, Mr Tung Chee Hwa.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.80 percent, rising to 13,881.71 points.

The Total Turnover rose to about \$HK20.74 billion.

The ratio of gaining counters to losing ones was about 1.85:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.39 percent to \$HK129.00 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK67.00 per share
PetroChina Company Ltd (Code: 857)	Up 3.65 percent to \$HK4.98 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.04 percent to \$HK25.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.07 percent to \$HK70.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.12 percent to \$HK72.25 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.88 percent to \$HK5.35 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.47 percent to \$HK3.45 per share
China Netcom Group Corporation (Hongkong) Ltd (Code: 906)	Down 0.91 percent to \$HK10.90 per share
Shun Tak Holdings Ltd (Code: 242)	Up 6.45 percent to \$HK8.25 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)
Asia TeleMedia Ltd	376	13.85		0.148
Chevalier iTech Holdings Ltd	508	43.69		1.48
Climax International Company Ltd	439	14.29		0.032
First Dragoncom Agro-Strategy Holdings Ltd	875	18.75		0.057
First Tractor Company Ltd	38	18.71		1.65
Fortuna International Holdings Ltd	530	14.29		0.024
Gay Giano International Group Ltd	686	14.06		0.365
Get Nice Holdings Ltd	64	11.43		1.56
Karl Thomson Holdings Ltd	7	11.36		0.49
Orient Resources Group Company Ltd	467		14.81	0.069
Peaktop International Holdings Ltd	925		12.12	0.145
Sincere Company Ltd, The	244	11.32		0.59
Sunlink International Holdings Ltd	2336	11.11		0.08
Tack Hsin Holdings Ltd	611		10.84	0.37
Wealthmark International (Holdings) Ltd	39	11.34		0.54
Yanion International Holdings Ltd	82	46.15		0.95

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, there was, also, increased activity, compared with Monday's market, with The Growth Enterprise Index, gaining about 0.55 percent, running back to 994.54 points.

The Total Turnover on this speculative marketplace was about \$HK55.66 million.

The ratio of gaining counters to losing ones was about 1.44:One.

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

HC International, Incorporated (Code: 8292)	Up 1 percent to \$HK1.86 per share
TOM Online Incorporated (Code: 8282)	Up 3 percent to \$HK1.22 per share
Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK13.20 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Down 1 percent to 90 cents per share
Launch Tech Company Ltd (Code: 8196)	Up 2 percent to \$HK2.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AGL MediaTech Holdings Ltd	8192		12.70	0.055
CASH Financial Services Group Ltd	8122	13.33		0.17
Excel Technology International Holdings Ltd	8048		16.18	0.057
Longlife Group Holdings Ltd	8037		11.11	0.32
M Channel Corporation Ltd	8036	28.57		0.027
QUASAR Communication Technology Holdings Ltd	8171		18.75	0.13
Recruit Holdings Ltd	8073	25.61		1.03
Rojam Entertainment Holdings Ltd	8075	36.84		0.39
Shandong Molong Petroleum Machinery Company Ltd	8261	12.36		1.00
Vodatel Networks Holdings Ltd	8033	10.34		0.32

In Japan, share prices fell on the country's 3 stock markets.

Last Tuesday's market represented the end of an 8-day rally.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost about 0.32 percent of its value, falling back to 11,886.91 on moderate profit-taking.

For the previous 8 trading days, The Nikkei-225 Stock Average had risen by about 3.70 percent: All good things must come to an end, one day.

The ratio of losing counters to gaining ones was about 2.24:One.

News wise

- **Corporate capital spending** rose by about 3.50 percent in the final quarter of 2004, Year-on-Year, according to the statistics of The Finance Ministry. The rise in corporate spending was the lowest rate of increase since the July-September quarter of 2003. It was a long way below the expected 10-percent rise, projected by the Japanese Government, earlier this year.

In other Asian equity markets, this was how their respective indices closed, last Tuesday:-

The HKSAR	Plus 0.80 percent to 13,881.71
Indonesia	Plus 0.81 percent to 1,114.21
Japan	Minus 0.32 percent to 11,886.91
Malaysia	Plus 0.71 percent to 897.50
The Philippines	Minus 0.79 percent to 2,149.06
Singapore	Minus 0.25 percent to 2,160.63
South Korea	Minus 0.72 percent to 1,000.28
Taiwan	Minus 0.76 percent to 6,173.34
Thailand	Minus 2.01 percent to 722.60

Wednesday

Crude oil prices continued to rise to new 2005 levels, last Wednesday.

On The New York Mercantile Exchange (NYMEX), the April price of light sweet crude oil rose 18 cents per barrel, or one third of a percentage point, to the last settlement price of \$US54.77 per barrel.

For May delivery, the price of a barrel of light sweet crude oil hit \$US55.38 per barrel, up 0.27 percent on Tuesday's closing level.

Last Wednesday's price of \$US55.38 per barrel for a light sweet crude oil was just 29 cents short of the record high of \$US55.67 per barrel, which was scored late last year.

Last Wednesday, Indonesia was the latest country to join the chorus of Iran, Venezuela, Qatar and Algeria, stating that there was no reason to increase oil output.

Venezuelan Oil Minister Rafael Ramirez went on record to state that he was happy with the present price of crude oil.

Concern as to the knock-on effects of higher oil prices, which are quite likely to result in higher interest rates, internationally, caused many investors on the world's largest equity markets to bail out.

What is a certainty is that higher oil prices will cut into corporate profits, considerably, depending on the industry.

For airlines, fuel oil accounts for between 10 percent and 25 percent of recurrent operating costs, depending on the type of aeroplane, being utilised.

On The New York Stock Exchange, the Dow Jones Industrial Average shed 107 points, equivalent to about 0.98 percent, dropping back to 10,805.62 points.

On The NASDAQ, its Composite Index gave up 12.26 points, or about 0.59 percent, ending the session at 2,061.29 points.

Last Wednesday marked the 3rd consecutive day of losses for The Dow.

From the US Federal Reserve Board came a report that the US economy had expanded in late January and February with little inflation.

The report was contained in The Fed's Beige Book.

It, also, stated that retail prices had remained flat during February.

Europe was fast getting cold feet due to the ever-increasing price of crude oil.

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

Amsterdam's AEX Index	Minus 0.36 percent
Great Britain's FTSE 100 Index	Minus 0.22 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.47 percent
France's CAC 40 Index	Minus 0.44 percent
Switzerland's Swiss Market Index	Minus 0.20 percent
Italy's MIBTEL Index	Minus 0.24 percent

In contrast, in Asia, things were popping on equity markets, with one exception.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets rose fractionally.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose 0.43 percent to 13,941.47 points.

The Total Turnover continued to be high, at about \$HK20.10 billion.

The ratio of gaining counters to losing ones was about 1.91:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.39 percent to \$HK128.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.24 percent to \$HK68.50 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK4.975 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.45 per share
China Shipping Container Lines Company Ltd (Code: 2866)	Up 6.43 percent to \$HK3.725 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.69 percent to \$HK72.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.71 percent to \$HK71.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.00 percent to \$HK25.25 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK5.35 per share
CNOOC Ltd (Code: 883)	Up 1.66 percent to \$HK4.60 per share

The biggest Main Board movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chevalier iTech Holdings Ltd	508	11.49		1.65
China Conservational Power Holdings Ltd	290	15.56		0.52
China Financial Industry Investment Fund Ltd	1227		12.00	0.22
Chinese Estates Holdings Ltd	127	10.83		6.65
Ching Hing (Holdings) Ltd	692	11.11		0.10
Greater China Holdings Ltd	431		17.17	0.41
ING Beijing Investment Company Ltd	1062		15.00	0.17
Karce International Holdings Company Ltd	1159	15.87		0.365
Lai Sun Garment (International) Ltd	191	10.91		0.61
Midland Realty (Holdings) Ltd	1200	12.57		5.15
Oriental Explorer Holdings Ltd	430	12.50		0.054
South China Holdings Ltd	265	14.93		0.385
Wealthmark International (Holdings) Ltd	39		12.96	0.47

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose about 0.81 percent, running back to 1,002.62 points.

The Total Turnover on this market was about \$HK71.23 million.

While The Growth Enterprise Index was in the black, the number of losing counters outran the number of gaining ones by the ratio of about 1.22:One.

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

Golden Meditech Company Ltd (Code: 8180)	Up 2 percent to \$HK1.72 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 1 percent to 91 cents per share
TOM Online Incorporated (Code: 8282)	Down 1 percent to \$HK1.21 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Down 3 percent to \$HK1.80 per share
Wumart Stores Incorporated (Code: 8277)	Up 4 percent to \$HK13.70 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AGL MediaTech Holdings Ltd	8192		14.55	0.047
AKM Industrial Company Ltd	8298	20.45		0.53
B and S Entertainment Holdings Ltd	8167		10.00	0.036
Kinetana International Biotech Pharma Ltd	8031	14.00		0.057
Longlife Group Holdings Ltd	8037	12.50		0.36
Recruit Holdings Ltd	8073	29.13		1.33
Stockmartnet Holdings Ltd	8123		11.36	0.039

In Japan, it was back to the bulls, taking control of the market.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average gained about 0.67 percent, rising to 11,966.69 yen.

The ratio of gainers to losers was about 1.57:One.

This was the how indices of other Asian stock markets closed, last Wednesday:

The HKSAR	Plus 0.43 percent to 13,941.47
Indonesia	Plus 0.23 percent to 1,116.81
Japan	Plus 0.67 percent to 11,966.69
Malaysia	Plus 0.68 percent to 903.62
The Philippines	Plus 0.38 percent to 2,157.14
Singapore	Plus 1.10 percent to 2,184.29
South Korea	Plus 0.85 percent to 1,008.79
Taiwan	Plus 0.65 percent to 6,213.28
Thailand	Minus 0.003 percent to 722.58

Thursday

Some investors put it down to profit-taking on international oil markets, but the wise old owls of equity markets suggested that it could well be the lull before the storm.

Whatever was the reason or reasons, the price of light sweet crude oil on The New York Mercantile Exchange (NYMEX) fell, rapidly, last Thursday.

By the close of the trading day, the price of a barrel of light sweet crude oil for delivery in April was settled at \$US53.54, down 2.25 percent on Wednesday's last settlement price.

For May delivery, the price came in at \$US54.26 per barrel, down 2.02 percent, compared with Wednesday's last quote.

The fall in the price of crude oil was, of course, welcome news, but one swallow does not make a spring, as the saying goes.

On The New York Stock Exchange, the Dow Jones Industrial Average, the gauge to trading in blue chips on the Big Board, rose 45.89 points, equivalent to about 0.42 percent, ending the session at 10,851.51 points.

Over on The NASDAQ, its Composite Index continued to fall, however, dropping back to 2,059.72 points, a one-day loss of about 0.08 percent.

The NASDAQ spent most of the trading day in negative territory as investors worried as to the effects of the prolonged high price of crude oil.

To make matters worse, on foreign-exchange markets, the US dollar came under pressure, once again, as speculation suggested another record-breaking trade deficit for the US, approaching \$US56.60 billion for the month of February.

In New York, last Thursday night, the euro strengthened 0.20 percent to \$US1.3417 and against:

The Canadian dollar	Down 0.10 percent to \$C1.2045
The Swiss franc	Down 0.40 percent to 1.1539 Swiss francs
The Japanese yen	Up fractionally to 104.08 yen
The British pound	Down fractionally to \$US1.9221

In Europe, for the 4th consecutive trading session, indices of key bourses fell, some quite materially, too:

Amsterdam's AEX Index	Minus 0.98 percent
Great Britain's FTSE 100 Index	Minus 0.68 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.86 percent
France's CAC 40 Index	Minus 0.70 percent
Switzerland's Swiss Market Index	Minus 0.17 percent
Italy's MIBTEL Index	Minus 0.77 percent

A major concern for European investors was the probability that interest rates in the US would be pushed to higher levels before the end of the month.

The US Federal Reserve Board is scheduled to meet on Tuesday, March 22, at which time, short-term interest rates will be determined at the **Federal Open Market Committee Meeting (FOMC)**.

In Asia, the indices of all of the major equity markets went into reverse gear.

The big news of the region was that the Chief Executive of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Mr Tung Chee Hwa, officially resigned, last Thursday afternoon, citing declining health as the reason for his decision.

Thus **TARGET**'s exclusive report of February 19, 2003, was confirmed in every detail.

(Please see **TARGET** Intelligence Report, Volume VII, Number 45, published last Wednesday, March 9, 2005, headlined: **'THE TRUTH BEHIND THE TUNG CHEE HWA 'RESIGNATION'**)

Mr Tung Chee Hwa told the assemblage at a packed news conference in the HKSAR that he would take up the post of Vice Chairman of the **Chinese People's Political Consultative Conference (CPPCC)** after a little rest.

This is, what **TARGET** would describe as, a subliminal promotion because the CPPCC is a toothless body of yes-men and yes-women, most of whom are placed in this body in order to allow them to save a little face or to afford them a little payback for services, rendered to Beijing, those services, being either overt or covert.

In any event, as Vice Chairman of this body, Mr Tung Chee Hwa will be unable to do any harm to anybody.

Investors of the 2 equity markets of the HKSAR had not been apprised of the situation in respect of Mr Tung Chee Hwa, during trading hours on the territory's equity markets, and so the falling level of indices was not predicated by the departure of this very unpopular man, who attempted, and failed, miserably, to be the leader of men in those 416 square miles, which was his bailiwick.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index fell about 0.61 percent to hit 13,856.02 points by the close of trading.

The Total Turnover was about \$HK20.59 billion, while the ratio of losing counters to gaining ones was about 2.41:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK128.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.09 percent to \$HK67.75 per share
PetroChina Company Ltd (Code: 857)	Down 0.50 percent to \$HK4.95 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.03 percent to \$HK72.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.19 percent to \$HK24.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.70 percent to \$HK70.75 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.72 percent to \$HK3.425 per share
China Shipping Container Lines Company Ltd (Code: 2866)	Up 2.01 percent to \$HK3.80 per share
Esprit Holdings Ltd (Code: 330)	Up 0.44 percent to \$HK56.75 per share
CNOOC Ltd (Code: 883)	Down 2.72 percent to \$HK4.475 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)
Anex International Holdings Ltd	723	10.00		0.11
Asia Standard Hotel Group Ltd	292	10.84		0.46
Chevalier iTech Holdings Ltd	508		12.73	1.44
China Electronics Corporation Holdings Company Ltd	85	10.20		0.27
Coastal Greenland Ltd	1124	10.00		0.275
Garron International Ltd	1226		13.04	0.12
Haywood Investments Ltd	905		15.00	0.034
Heritage International Holdings Ltd	412	12.50		0.027
ING Beijing Investment Company Ltd	1062	17.65		0.20
Northeast Electric Development Company Ltd	42	12.68		0.80
Orient Resources Group Company Ltd	467	49.28		0.103
Pioneer Global Group Ltd	224	23.91		0.57
Premium Land Ltd	164	10.53		0.042
Universal Holdings Ltd	419	13.29		0.162

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, after a sell-off, early in the morning session, investors returned, pushing up The Growth Enterprise Index back to within 0.09 percent of the closing level of Wednesday: The final figure was 1,001.70 points.

The ratio of losing counters to gaining ones was about 2.11:One.

The Total Turnover was about \$HK85.50 million.

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

Kingdee International Software Group Company Ltd (Code: 8133)	Up 9 percent to \$HK1.97 per share
Wumart Stores Incorporated (Code: 8277)	Up 2 percent to \$HK13.95 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 3 percent to \$HK1.63 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 2 percent to \$HK18.00 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 1 percent to 91 cents per share

The GEM's biggest movers, last Thursday, included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		20.00	0.02
B and S Entertainment Holdings Ltd	8167	11.11		0.04
Era Information and Entertainment Ltd	8043	26.67		0.038
Excel Technology International Holdings Ltd	8048	14.04		0.065
Kinetana International Biotech Pharma Ltd	8031		12.28	0.05
New Chinese Medicine Holdings Ltd	8085		23.33	0.023
Recruit Holdings Ltd	8073	12.78		1.50
Stockmartnet Holdings Ltd	8123	12.82		0.044
Timeless Software Ltd	8028		11.25	0.071
Zheda Lande Scitech Ltd	8106		13.16	0.33

Japan's premier equity market, The Tokyo Stock Exchange, was completely dominated by bears, following the lead, no doubt, of Wall Street, where there had been widespread selling on Wednesday.

The Nikkei-225 Stock Average, a gauge to trading in blue chips on this market, dropped about 0.85 percent, ending the session at 11,864.91 yen.

The ratio of losing counters to gaining ones was about 1.63:One.

And this was how the indices of other Asian equity markets ended their respective trading days, last Thursday:

The HKSAR	Minus 0.61 percent to 13,856.02
Indonesia	Minus 0.78 percent to 1,108.05
Japan	Minus 0.85 percent to 11,864.91
Malaysia	Minus 0.48 percent to 899.32
The Philippines	Minus 0.91 percent to 2,137.42
Singapore	Minus 0.65 percent to 2,170.20
South Korea	Minus 1.00 percent to 998.66
Taiwan	Minus 0.33 percent to 6,192.53
Thailand	Minus 0.42 percent to 719.53

Friday

Oil prices rose on The New York Mercantile Exchange (NYMEX), last Friday, with the price of a barrel of light sweet crude oil for delivery in May, coming to within striking distance of the record level of \$US55.67, set in October 2004.

For April delivery, the last settlement price for a barrel of light sweet crude oil was \$US54.43, up 1.66 percent on Thursday's close, but, for delivery in May, the price was settled at \$US55.12.

The return to glory for oil traders was due to a report, released last Friday, by the US International Energy Agency (IEA).

The IEA monthly report stated that the demand for oil, this year, would grow faster than had, hitherto, been expected.

It said that the estimated demand would be in the region of 290,000 barrels per day, that figure, translating into about 84.30 million barrel per annum.

With such a report from such a reputable agency, and with the knowledge of the growth of the economy of the People's Republic of China (PRC), it was clear that the probability existed for oil prices to break through to new record highs in the weeks to come.

Further, the Organisation of Petroleum Exporting Countries had made it clear that it would not recommend an increase in production at its meeting, scheduled for this Wednesday.

On The New York Stock Exchange, the Dow Jones Industrial Average shed another 77.15 points, or about 0.71 percent, ending the week on the weak note of 10,774.36 points.

On The NASDAQ, its Composite Index gave up about 0.88 percent of its value, dropping back to 2,041.60 points.

The drop in the value of key indices of US equity markets was not the result, only, of the high price of crude oil, but was spurred on by news of the US trade deficit.

For January, the trade deficit was about \$US58.30 billion, up from the December figure of \$US56.40 billion.

It was the second-highest, monthly trade deficit in the history of the US.

The US dollar weakened against other 'hard' currencies for the second consecutive day.

The visible trade deficit and the continued budget deficit threaten the economy of the only superpower of the world.

News wise

- The US National Coalition of Textile Organisations (NCTO) has complained about the avalanche of **Chinese-made textiles and garments**, entering the US, and has called for immediate action. In the month of January, alone, imports of some items of garments, manufactured in the PRC, rose by about 1,000 percent, the NCTO said.

For More Information About This Matter, Please Refer To The Following **TARGET** Publications:

TARGET Intelligence Report, Volume VII, Number 35, Published On February 23, 2005, Headlined:

**[WATCH OUT, HERE COMES THE DRAGON OF THE EAST – AGAIN !
THE DEATH KNELL TOLLS FOR AMERICAN MANUFACTURERS](#)**

TARGET Intelligence Report, Volume VII, Number 40, Published On March 2, 2005, Headlined:

**[ARE YOU HOLDING ANY HONGKONG SHARES ?
NO ! THEN, READ THIS !](#)**

The tally for the week for the largest equity markets of the world was.

The Dow Jones Industrial Average	Minus 1.52 percent
The NASDAQ's Composite Index	Minus 1.40 percent

In Europe, last Friday, following on from the news about the US trade deficit, many of the earlier gains were wiped out on key bourses.

The increased price of crude oil did not help matters, also.

This was how the indices of key stock markets of eurozone closed the week of March 11, 2005:

Amsterdam's AEX Index	Minus 0.12 percent
Great Britain's FTSE 100 Index	Plus 0.40 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.52 percent
France's CAC 40 Index	Plus 0.27 percent
Switzerland's Swiss Market Index	Plus 0.32 percent
Italy's MIBTEL Index	Unchanged

In Asia, oil prices, electronically traded on The NYMEX, slipped in line with Thursday's closing level, trading at one point at below \$US53 per barrel.

However, for many investors in the most-populous part of the world, it was hardly enough to calm their fears.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the question was on whose shoulders it would fall to take up the reins of Government, following the departure from the scene of Mr Tung Chee Hwa. (Please see Thursday's

report)

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index ended the week with a gain of just one quarter of a percentage point, coming to rest at 13,890.93 points.

The Total Turnover dropped back to about \$HK15.33 billion.

The ratio of losing counters to gaining ones was about 1.07:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.39 percent to \$HK128.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.61 percent to \$HK25.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.39 percent to \$HK73.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.37 percent to \$HK68.00 per share
PetroChina Company Ltd (Code: 857)	Down 2.02 percent to \$HK4.85 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.35 percent to \$HK71.00 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 1.40 percent to \$HK14.45 per share
Orient Overseas (International) Ltd (Code: 316)	Unchanged percent to \$HK 37.90 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.46 at \$HK 3.375 per share
Jilin Chemical Industrial Company Ltd (Code: 368)	Up 4.39 percent to \$HK 2.975 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Financial Industry Investment Fund Ltd	1227		15.00	0.187
China Water Affairs Group Ltd	855	11.49		0.485
Elegance International Holdings Ltd	907	10.24		1.40
Fortuna International Holdings Ltd	530	13.04		0.026
Haywood Investments Ltd	905	13.33		0.034
Neo-China Group (Holdings) Ltd	563	10.00		0.44
New Spring Holdings Ltd	690		16.67	0.50
Sincere Company Ltd, The	244	10.00		0.66

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 0.36 percent, running up to 1,005.29 points.

The Total Turnover on this speculative market was about \$HK50.89 million, while the ratio of gaining counters to losing ones was about 1.09:One.

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

Phoenix Satellite Television Holdings Ltd (Code: 8002)	Down 1 percent to \$HK1.62 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 2 percent to 92 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.275 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 2 percent to \$HK1.20 per share
International Entertainment Corporation (Code: 8118)	Up 2 percent to \$HK8.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B and S Entertainment Holdings Ltd	8167		10.00	0.036
Inno-Tech Holdings Ltd	8202	14.00		0.057
Q9 Technology Holdings Ltd	8129		11.76	0.03
Recruit Holdings Ltd	8073		10.67	1.34
Sino Stride Technology (Holdings) Ltd	8177	13.33		0.34
Stockmartnet Holdings Ltd	8123		11.36	0.039

T S Telecom Technologies Ltd	8003		13.79	0.05
Techpacific Capital Ltd	8088	13.54		0.109
Xteam Software International Ltd	8178	13.11		0.138
Zheda Lande Scitech Ltd	8106	10.61		0.365

For the week, the tally for the 2 equity markets of the HKSAR was:

The Hang Seng Index	Plus	1.17 percent
The Growth Enterprise Index	Plus	2.53 percent

In Japan, the premier equity market of the country scored a gain of one half of a percentage point, with The Nikkei-225 Stock Average, ending the week at 11,923.89 yen.

Advancing counters outran declining ones by the ratio of about 2.12:One.

There was little to promote trading on Asia's largest bourse, last Friday.

News wise

- **Japan Airlines Corporation** announced that it would be sacking more than 1,400 workers between now and March 2008. Japan's flying rice bowl is, truly, cracked.

The tally for Asia's largest stock market was:

The Nikkei-225 Stock Average	Plus	0.43 percent
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This was how the indices of other Asian equity markets ended their respective trading days, last Friday:

The HKSAR	Plus 0.25 percent to 13,890.93
Indonesia	Closed
Japan	Plus 0.50 percent to 11,923.89
Malaysia	Plus 0.24 percent to 901.45
The Philippines	Minus 0.001 percent to 2,137.39
Singapore	Minus 0.04 percent to 2,169.41
South Korea	Plus 2.42 percent to 1,022.79
Taiwan	Plus 0.19 percent to 6,204.23
Thailand	Minus 1.19 percent to 710.98

***While TARGET makes every attempt to ensure accuracy of all data published,
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