

**U.S. EMPLOYMENT STALLS: STOCK MARKETS REACT VIOLENTLY**

The People's Republic of China (PRC), true to its word, pulled the plug on the export tariffs on 81 categories of its textile products, as at June 1, 2005 (last Wednesday).

The PRC's Customs Tariffs Commission of The State Council – equivalent to the Inner Cabinet of the PRC Government – let it be known, surreptitiously, last Monday, of its decision, which was published, '*unofficially*', in select, PRC State-controlled media.

The PRC Government's Minister of Commerce, Mr Bo Xi Lai, said, inter alia:

*'If some countries have imposed restrictive measures upon China's textile goods, then, China needs to revoke export tariffs on these goods because the country cannot make its textile exports shoulder double pressures ...*

*'Since the United States and the European Union side have imposed quantitative restrictions on China-originated textile goods, how can the Chinese Government continue to impose export tariffs?'*

That was the latest state of play in the war of words between the US Government and the European Union in respect of complaints that the surge of exports of Chinese-made textiles and garments are smarting the clothing and textile industries in both the US and the European Union.

The US was '*closed*' for the day, last Monday, while the population of the world's only superpower paid tribute to those patriots, who had laid down their lives for their country over the years.

It was the holiday of Memorial Day: All markets were closed.

With widespread discontent in France over the proposed Constitution of the European Union, the '*No*' vote of Sunday, May 29, is almost certain to ferment chaos within the cosy eurozone '*club*'.

Holland, which had scheduled to hold its referendum on the proposed Constitution in the middle of last week, was fully expected to follow France's lead with a resounding '*No*'.

However, in spite of all of the hype, equity markets in Europe were, by and large, unfazed by the situation.

Even France's CAC 40 Index managed to make a fractional gain, last Monday.

This was how the indices of the most-important European bourses closed, last Monday night:

Amsterdam's AEX Index	Plus 0.40 percent
Great Britain's FTSE 100 Index	Minus 0.27 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.98 percent

France's CAC 40 Index	Plus 0.07 percent
Switzerland's Swiss Market Index	Minus 0.02 percent
Italy's MIBTEL Index	Plus 0.45 percent

In the absence of any definitive direction, coming from North American markets due to the national holiday, equity markets of Asia determined to take a flyer that, when North America did open for business, the following day, it would be a continuation of the bullish sentiment that pervaded, during most of the previous week's trading.

On the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both key indices rose.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.95 percent to rise to 13,845.10 points.

The close was the high point of the trading day.

The Total Turnover was about \$HK13.04 billion.

The ratio of gaining counters to losing ones was about 1.65:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.81 percent to \$HK124.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.37 percent to \$HK74.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.65 percent to \$HK27.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.79 percent to \$HK71.25 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.69 percent to \$HK14.50 per share
Swire Pacific Ltd (Code: 19)	Up 1.92 percent to \$HK66.25 per share
CNOOC Ltd (Code: 883)	Up 1.19 percent to \$HK4.25 per share
PetroChina Company Ltd (Code: 857)	Up 0.51 percent to \$HK4.95 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.12 percent to \$HK67.75 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.75 percent to \$HK2.90 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Elegance (Holdings) Ltd	476	21.67		0.073
Coastal Greenland Ltd	1124	10.91		0.305
Earnest Investments Holdings Ltd	339	30.77		0.034
G-Vision International (Holdings) Ltd	657		12.50	0.105
Garron International Ltd	1226	27.00		0.127
Golden Dragon Group (Holdings) Ltd	329	16.39		0.355
Haywood Investments Ltd	905	10.77		0.072
Hop Hing Holdings Ltd	47	16.00		0.29
Kwong Hing International Holdings (Bermuda) Ltd	1131	10.61		0.365
Magnum International Holdings Ltd	305		10.16	0.115
Nam Hing Holdings Ltd	986	20.60		0.24
New World Mobile Holdings Ltd	862		12.28	1.00
Wonderful World Holdings Ltd	109	26.32		0.12
Wonson International Holdings Ltd	651		25.00	0.012

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, this speculative market was a little more subdued than its '*big brother*' – the Main Board – with its Growth Enterprise Index, rising only 0.22 percent to hit 890.18 points by the close of the day.

The Total Turnover on this market was about \$HK69.10 million.

Losing counters, however, outran gaining ones by the ratio of about 1.10:One.

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

Town Health International Holdings Company Ltd (Code: 8138)	Up 6 percent to 11.60 cents per share
Zhengzhou Gas Company Ltd (Code: 8099)	Down 3 percent to 74 cents per share
Wumart Stores Incorporated (Code: 8277)	Up 2 percent to \$HK12.35 per share
Rojam Entertainment Holdings Ltd (Code: 8075)	Down 23 percent to 41.50 cents per share
International Entertainment Corporation (Code: 8118)	Up 14 percent to \$HK14.90 per share

The GEM's biggest movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B and B Group Holdings Ltd	8156	16.92		0.76
International Entertainment Corporation	8118	14.49		7.90
iSteelAsia Holdings Ltd	8080		10.71	0.025
Prosten Technology Holdings Ltd	8026		10.10	0.089
Q9 Technology Holdings Ltd	8129	26.67		0.057
Rojam Entertainment Holdings Ltd	8075		23.15	0.415
Soluteck Holdings Ltd	8111	10.94		0.071
Techpacific Capital Ltd	8088	11.89		0.207
TeleEye Holdings Ltd	8051		17.86	0.092

In Japan, its 3 stock markets continued to regain lost ground.

On The Tokyo Stock Exchange, the premier equity market of the country, The Nikkei-225 Stock Average rose 74 yen to 11,266.33 yen, a gain of about 0.66 percent, compared with the previous Friday's closing level.

The ratio of advancing counters to retreating counters was 3.96:One.

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

The HKSAR	Plus 0.95 percent to 13,845.10
Indonesia	Plus 0.14 percent to 1,062.96
Japan	Plus 0.66 percent to 11,266.33
Malaysia	Plus 0.10 percent to 869.96
The Philippines	Plus 0.60 percent to 1,886.61
Singapore	Plus 0.80 percent to 2,171.92
South Korea	Plus 0.85 percent to 969.04
Taiwan	Plus 0.30 percent to 6,009.52
Thailand	Plus 0.71 percent to 668.20

## Tuesday

The investment spotlight was on Europe, last Tuesday, as speculators and investors started to ponder as to the potential fallout of the 'No' vote in France in respect of the proposed European Union Constitution.

The big question: Was this the beginning of the end of the unity at the European 'club'?

Certainly, it must come to mean that all prospective newcomers to the club would find it extremely difficult to be members.

Every major index of every important bourse in eurozone took a drubbing, last Tuesday, with Holland, feeling the brunt: Dutch voters were preparing to cast their ballots for the proposed European Union Constitution, the following day.

The following is how the key indices of the most-important stock markets of Europe ended the day:

Amsterdam's AEX Index	Minus 1.01 percent
Great Britain's FTSE 100 Index	Minus 0.34 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.44 percent
France's CAC 40 Index	Minus 0.34 percent
Switzerland's Swiss Market Index	Minus 0.42 percent
Italy's MIBTEL Index	Minus 0.33 percent
(For more about this matter, please see Monday's report)	

On the first day of trading on Wall Street, it was losses, all round.

Investors on the world's largest equity markets appeared to be concerned, firstly, of the ever-rising price of crude oil and all of the problems that that situation would continue to have on the economies of the industrialised West; and, secondly, the prospects of a slower growth rate in the world's largest single economy.

On The New York Stock Exchange, the Dow Jones Industrial Average slid back 75.07 points, equivalent to about 0.71 percent, ending the day at 10,467.48 points.

On The (tech-laden) NASDAQ, its Composite Index dropped 7.51 points, or about 0.36 percent, falling back to 2,068.22 points.

A factor that touched off the selling in earnest on Wall Street was a report from The National Association of Purchasing Managers, which is a *'thermometre'* of business activity (or the lack of it) in the Midwest of the US.

According to The National Association of Purchasing Managers, its Chicago business barometer for May had registered 54.10 points, which is its lowest level of the past 2 years.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in July rose another 0.23 percent to settle at \$US51.97 per barrel.

The high point of the day was when the price of light sweet crude oil touched \$US52.18 per barrel.

For August delivery, the price of light sweet crude oil was settled at \$US52.75 per barrel, up about 0.74 percent on the previous close of Friday, May 27, 2005.

In Asia, 6 of the major equity markets saw their key indices rise, while 3 of the major equity markets of the region saw their key indices fall to lower levels.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a great deal of consternation that the war of words between the PRC Government and the US and the European Union over textile and garment exports was continuing to ferment ... and, then, it might bubble over into the HKSAR:

*'Double, double toil and trouble;  
Fire burn, and cauldron bubble.'*

Some of the biggest equity markets, in view of this probability, for the most part, marked time.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.16 percent, ending the trading session at 13,867.07 points.

The Total Turnover was about \$HK18.08 billion, while the ratio of gaining counters to losing ones was close, at about 1.03:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.40 percent to \$HK124.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.52 percent to \$HK28.45 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.35 percent to \$HK71.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.72 percent to \$HK2.85 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK67.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK74.25 per share
Esprit Holdings Ltd (Code: 330)	Down 2.19 percent to \$HK55.75 per share
PetroChina Company Ltd (Code: 857)	Up 0.51 percent to \$HK4.975 per share

BOC Hongkong (Holdings) Ltd (Code: 2388)

Down 0.69 percent  
to \$HK14.40 per  
share

Wing Hang Bank Ltd (Code: 302)

Up 1.83 percent to  
\$HK55.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Tele-Net and Technology Corporation Ltd	679	10.94		0.355
Chevalier iTech Holdings Ltd	508	10.34		1.60
China Golden Development Holdings Ltd	162	10.00		0.275
China United International Holdings Ltd	273	12.50		0.27
Fulbond Holdings Ltd	1041	10.00		0.033
GeoMaxima Energy Holdings Ltd	702		14.29	0.06
Greater China Holdings Ltd	431	10.14		0.38
Morning Star Resources Ltd	542	11.11		0.08
New Smart Holdings Ltd	91	23.65		0.183
REXCAPITAL Financial Holdings Ltd	555		15.00	0.034
Sino Gas Group Ltd	260		30.77	0.027
Unity Investments Holdings Ltd	913	10.53		0.042
Upbest Group Ltd	335	10.28		1.18
Wonson International Holdings Ltd	651	16.67		0.014

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the trading situation was similar to that of the Main Board, with the one major difference, being that the declining counters outnumbered the advancing ones by the ratio of about 1.08:One.

The Growth Enterprise Index rose by about 0.39 percent to 893.61 points on a Total Turnover of about \$HK74.46 million.

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

Town Health International Holdings Company Ltd (Code: 8138)

Up 3 percent  
to 12 cents  
per share

Zhengzhou Gas Company Ltd (Code: 8099)

Up 3 percent  
to 76 cents  
per share

Golden Meditech Company Ltd (Code: 8180)

Up 1 percent  
to \$HK1.48  
per share

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Down 1  
percent to  
\$HK13.55  
per share

Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)

Unchanged at  
30 cents per  
share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Computech Holdings Ltd	8081	10.00		0.055
PINE Technology Holdings Ltd	8013	11.11		0.15

ProSticks International Holdings Ltd	8055	18.52		0.032
Q9 Technology Holdings Ltd	8129		15.79	0.032
Soluteck Holdings Ltd	8111	12.68		0.08
Techpacific Capital Ltd	8088		15.94	0.174
Tradeeasy Holdings Ltd	8163		20.63	0.05

In Japan, its premier equity market, The Tokyo Stock Exchange, saw its key index rise for the fourth consecutive trading day.

The Nikkei-225 Stock Average rose 10.26 yen to 11,276.59 yen, as Japanese investors scooped up commodity counters on the back of news that their prices were likely to move up smartly.

The ratio of gaining counters to losing ones was about 3.58:One.

In other Asian equity markets, this was how their respective indices ended up, last Tuesday night:

The HKSAR	Plus 0.16 percent to 13,867.07
Indonesia	Plus 2.37 percent to 1,088.17
Japan	Plus 0.09 percent to 11,276.59
Malaysia	Minus 1.06 percent to 860.73
The Philippines	Plus 2.27 percent to 1,929.38
Singapore	Minus 0.47 percent to 2,161.77
South Korea	Plus 0.12 percent to 970.21
Taiwan	Plus 0.03 percent to 6,011.56
Thailand	Minus 0.10 percent to 667.55

### Wednesday

There was an absolute surfeit of economic and quasi-economic news, last Wednesday, culminating in a technical communications problem on The New York Stock Exchange, which negated transactions of the last 4 minutes of trading.

Perhaps, the most worrying of all of unrelated news items, however, was the fact that the price of light sweet crude oil rose 5.06 percent on The New York Mercantile Exchange (NYMEX).

For delivery in July, the price of light sweet crude oil was settled at \$US54.60 per barrel, up exactly 5.06 percent on Tuesday's last quote.

For delivery in August, the price of light sweet crude oil was settled at \$US55.42 per barrel, up exactly 5.06 percent, also.

The reason for the rise in the price of the black ooze was traders' speculation that the driving season in the US would put added strain on existing US stocks, thus driving (excuse the pun) up the price of petrol, even further.

Internationally, there was the matter of the referendum in The Netherlands where ballots were being counted in respect of the proposed European Union Constitution.

The result, as expected, after all the votes were counted: 'No'.

The Dutch and the French rejection of the Constitution is, probably, the final nail in the coffin of the proposed Constitution, observers were speculating. (Please see Monday's report on this subject)

Thus far, a total of 9 countries have voted 'Yes' for the Constitution, but it requires 25 of the European Union members in order for it to become law.

Those 9 members states, which voted for the Constitution, are:

Austria	Germany	Greece	Hungary
Lithuania	Slovakia	Slovenia	Italy
			Spain

The rejection of the Constitution will come to mean, inter alia, that there shall be no fast track for the enlargement of the European trade 'club'.

The Dutch rejection of the Constitution resulted in the euro, falling to \$US1.2180, down about one percent in one day and an 8-month low against the US dollar.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 81.72 points, up 0.78 percent, to 10,549.20 points.

On The NASDAQ, its Composite Index ended the day at 2,087.86 points, up 19.46 points, or about 0.95 percent.

In Europe, the operative word was but one: Buy!

Every index of every major bourse rose, rather spectacularly, last Wednesday, as the following **TARGET** table illustrates:

Amsterdam's AEX Index	Plus 1.87 percent
Great Britain's FTSE 100 Index	Plus 0.94 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.49 percent
France's CAC 40 Index	Plus 1.39 percent
Switzerland's Swiss Market Index	Plus 1.26 percent
Italy's MIBTEL Index	Closed

On some bourses, last Wednesday's close represented a 3-year high.

The Dutch 'No' vote for the proposed Constitution of the European Union was a contributory factor to the booming market.

In Asia, it was a mixed bag of tricks, for the most part..

Quiet trading conditions pervaded equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Wednesday.

It was, as far as Asia was concerned, the eve of the referendum in Holland when the people of that country would cast their votes for the proposed Constitution of the European Union.

To Asia, the prognosis was that if the Dutch followed the French example of the previous Sunday and voted 'No' at the polls, more chaos was widely expected to ensue.



Questions as to how Asian exports to the eurozone would be affected by a failure of the members of the European trade 'club' to reach a consensus were being hotly debated in a number of boardrooms and, especially, on trading floors.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose by 0.04 percent to end the trading session at 13,873.07 points on a Total Turnover of about \$HK14.71 billion.

The ratio of losing counters to gaining ones was about 1.66:One.

The Ten Most Active counters were:

China Mobile (Hongkong) Ltd (Code: 941)	Up 1.05 percent to \$HK28.75 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.85 percent to \$HK69.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 3.51 percent to \$HK2.75 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK124.00 per share
PetroChina Company Ltd (Code: 857)	Down 0.50 percent to \$HK4.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.06 percent to \$HK71.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.01 percent to \$HK75.00 per share
Esprit Holdings Ltd (Code: 330)	Down 1.35 percent to \$HK55.00 per share
COSCO Pacific Ltd (Code: 1199)	Down 3.97 percent to \$HK14.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 0.35 percent to \$HK14.35 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		11.02	0.105
Beauforte Investors Corporation Ltd	21	25.00		0.375
Chengdu PUTIAN Telecommunications Cable Company Ltd	1202	10.00		0.77
China United International Holdings Ltd	273		10.37	0.242
Chinney Alliance Group Ltd	385	11.11		0.02
Fortuna International Holdings Ltd	530	16.67		0.014
Golden Dragon Group (Holdings) Ltd	329		19.70	0.265
MACRO-LINK International Holdings Ltd	472		10.64	0.21
Northern International Holdings Ltd	736	18.64		0.35
Oriental Explorer Holdings Ltd	430		12.50	0.035
People's Food Holdings Ltd	708		10.73	3.95
Poly Investments Holdings Ltd	263	13.04		0.13
Takson Holdings Ltd	918	13.39		0.144
Wonson International Holdings Ltd	651	21.43		0.017

Zhong Hua International Holdings Ltd	1064		15.56	0.038
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Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index shed about 0.29 percent of its value, coming to rest at 891.06 points.

The Total Turnover on this speculative marketplace was about \$HK62.79 million.

Declining counters outnumbered advancing ones by the ratio of about 1.31:One.

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

Town Health International Holdings Company Ltd (Code: 8138)	Down 2 percent to 11.80 cents per share
Zhengzhou Gas Company Ltd (Code: 8099)	Down 3 percent to 74 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK13.50 per share
WorldMetal Holdings Ltd (Code: 8161)	Up 3 percent to 98 cents per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Unchanged at 30 cents per share

The biggest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	10.00		0.22
Co-winner Enterprise Ltd	8108	17.65		0.06
Computech Holdings Ltd	8081	23.64		0.068
Ko Yo Ecological Agrotech (Group) Ltd	8042	11.86		0.33
TeleEye Holdings Ltd	8051		11.49	0.077

On Japan's premier equity market, that of The Tokyo Stock Exchange, trading was quiet.

The Nikkei-225 Stock Average, a key index of blue chips, listed on the First Section, gained 0.47 percent, running up to 11,329.67 yen.

Gainers outpaced losers by the ratio of about 1.77:One.

Japan, as with most of Asia, was watching, carefully, not just the US equity markets, but, also, what was taking place in Europe.

### News Wise

- **Household spending** in Japan fell by about 3.10 percent in April, Year-On-Year, according to the statistics, compiled by The Internal Affairs and Communication Ministry, a department of the Japanese Government;
- **Crude-oil imports** fell by about 0.30 percent in the month of April, compared with April 2004, The National Resources and Energy Agency said, last Wednesday. April imports totalled 115.11 million barrels; and,

- **Kanebo Ltd**, a manufacturer of household products, announced that its Net Profit Attributable to Shareholders for its Fiscal Year, ended March 31, 2005, was about 314.97 billion yen. That result represented a turnabout situation because, in the previous Year, the company suffered a Loss Attributable to Shareholders of about 142.09 billion yen.

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

The HKSAR	Plus 0.04 percent to 13,873.07
Indonesia	Minus 0.48 percent to 1,082.94
Japan	Plus 0.47 percent to 11,329.67
Malaysia	Plus 0.14 percent to 861.96
The Philippines	Plus 1.81 percent to 1,964.31
Singapore	Plus 0.70 percent to 2,176.93
South Korea	Minus 0.07 percent to 969.51
Taiwan	Minus 0.66 percent to 5,971.62
Thailand	Minus 0.004 percent to 667.52

### Thursday

The price of crude oil on international markets lost some of its appeal, last Thursday, and prices started to slip.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for July delivery lost about 1.78 percent of its value, being settled at \$US53.63 per barrel by the close of the day.

For delivery in August, the price of light sweet crude oil came in at \$US54.62 per barrel, down about 1.44 percent, compared with Wednesday's closing level.

As there was little rationale for the rise in oil prices on Wednesday, so there appeared to be little rationale for the gyrations in the price of crude oil on Thursday.

On Wall Street, trading was quiet and directionless, for the most part.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.03 percent, rising to 10,553.49 points.

On The NASDAQ, its Composite Index rose about 0.48 percent, hitting 2,097.80 points by the end of the trading day.

It was said on the '*street*' that investors were awaiting news from the US Labour Department, due to be released the following day.

Europe, also, was relatively quiet, compared with the booming trading conditions that prevailed on Wednesday.

Only fractional movements were recorded on indices of the major 6 bourses of eurozone:

Amsterdam's AEX Index	Plus 0.23 percent
Great Britain's FTSE 100 Index	Minus 0.11 percent

Germany's Frankfurt XETRA DAX Index	Plus 0.11 percent
France's CAC 40 Index	Plus 0.13 percent
Switzerland's Swiss Market Index	Plus 0.19 percent
Italy's MIBTEL Index	Plus 1.11 percent

When all else fails, one should consider resorting to spouting gobbledygook in order to find logical fallacies to satisfy the needs of the uninitiated and the laity.

That appeared to have been the attitude of certain brokers and fund managers, trying to scratch out a living on the 2 equity markets of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Thursday.

Some of these gobbledygookers stated, definitively, that the HKSAR stock markets were in the middle of a bull run.

**TARGET** comments: Bull s..t!

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 0.42 percent of its value, falling back to 13,814.58 points.

The Total Turnover rose to about \$HK16.26 billion.

Declining counters outpaced advancing ones by the ratio of about 1.57:One.

The Ten Most Active counters were:

Hutchison Whampoa Ltd (Code: 13)	Down 0.72 percent to \$HK68.50 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK124.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.22 percent to \$HK28.40 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.33 percent to \$HK74.00 per share
PetroChina Company Ltd (Code: 857)	Up 0.51 percent to \$HK4.975 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.05 percent to \$HK71.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 0.91 percent to \$HK2.775 per share
Esprit Holdings Ltd (Code: 330)	Down 3.18 percent to \$HK53.25 per share
COSCO Pacific Ltd (Code: 1199)	Down 3.10 percent to \$HK14.05 per share
China Telecom Corporation Ltd (Code: 728)	Down 3.67 percent to \$HK2.625 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beauforte Investors Corporation Ltd	21		13.33	0.325
Bestway International Holdings Ltd	718	12.50		0.09
China Best Group Holding Ltd	370	12.74		0.177
CITIC 21CN Company Ltd	241	11.63		2.40
Garron International Ltd	1226		21.26	0.10
Oriental Explorer Holdings Ltd	430		11.43	0.031
Radford Capital Investment Ltd	901		13.33	0.013
Regent Pacific Group Ltd	575		29.14	0.248
United Metals Holdings Ltd	2302		13.33	0.65

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the trading situation was somewhat the reverse of that which had transpired on the Main Board.

The Growth Enterprise Index gained about 0.18 percent, rising to 892.62 points on a Total Turnover of about \$HK142.82 million.

The Total Turnover was influenced, greatly, by trading in the scrip of China Fire Safety Enterprise Group Holdings Ltd (Code: 8201) (Please see the 5, most-active counters, below), as investors traded a total of 129.87 million shares in this counter, that number of shares, representing a monetary value of about \$HK83.16 million, equivalent to about 58 percent of the entire volume of activity of the day.

While The Growth Enterprise Index was in positive territory, losing counters, nevertheless, beat off gaining counters by the ratio of 1.92:One.

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

China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)

Up 5 percent to  
69 cents per share

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Down 4 percent  
to \$HK13.00 per  
share

Town Health International Holdings Company Ltd (Code: 8138)

Down 4 percent  
to 11.30 cents per  
share

Zhengzhou Gas Company Ltd (Code: 8099)

Up 3 percent to  
76cents per share

TOM Online Incorporated (Code: 8282)

Up 1 percent to  
\$HK1.14 per  
share\_

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
G.A. Holdings Ltd	8126	12.07		0.065
Golding Soft Ltd	8190	18.75		0.019
IIN International Ltd	8128		25.81	0.023
Medical China Ltd	8186		13.33	0.052
Vodatel Networks Holdings Ltd	8033	20.00		0.27
Xteam Software International Ltd	8178	25.97		0.097

In Japan, it was confirmed that foreign investors have been selling large chunks of their Japanese equity holdings in The Land of The Rising Sun.

In the previous week, ended Friday, May 27, statistics, compiled and correlated by major Japanese investment companies and brokerage houses and confirmed by organs of the Japanese Government, appeared to prove that

foreign investors had sold equities, with an aggregate value of not less than 53.50 billion yen.

In addition, the fast rise in the price of light sweet crude oil was starting to weigh heavily on the equity markets of the country, and, definitely, it was popping the balloons of many an enterprise as well as many an investor.

On The Tokyo Stock Exchange, last Thursday, selling pressure was, clearly, in evidence ... and was mounting.

The Nikkei-225 Stock Average, an index of blue chips, traded on the First Section of The Tokyo Stock Exchange, lost 49.62 yen, equivalent to about 0.44 percent, dropping back to 11,280.05 yen.

The ratio of declining counters to advancing ones was about 1.56:One.

The following was how indices of other Asian equity markets closed, last Thursday:

The HKSAR	Minus 0.42 percent to 13,814.58
Indonesia	Plus 0.79 percent to 1,091.47
Japan	Minus 0.44 percent to 11,280.05
Malaysia	Plus 0.05 percent to 862.40
The Philippines	Plus 2.35 percent to 2,010.56
Singapore	Plus 0.67 percent to 2,191.55
South Korea	Plus 0.14 percent to 970.88
Taiwan	Plus 1.14 percent to 6,039.48
Thailand	Plus 0.79 percent to 672.81

## **Friday**

The war of words between the US and the People's Republic of China (PRC) flared up again, last Friday, with the PRC's Commerce Minister, accusing the US Government of trade protectionism.

Minister Bo Xi Lai complained, vociferously, that the American quotas on imports of Chinese-produced textiles and garments were a '*serous threat*' to the PRC's industries.

The attack was, clearly, laying down the groundwork for the PRC to retaliate against the US Government – which could hurt US interests, severely.

US Trade Representative Robert Portman dismissed the PRC Government's allegations as nonsense, adding that the US Government was acting within the framework of international trade rules.

The US Government, clearly in an effort to protect its industries, imposed restrictions on the importation of a variety of PRC-produced goods, including men's and boys' shirts, man-made fibre trousers and combed cotton yarn.

Mr Robert Portman said, inter alia:

*'US safeguard actions are consistent with The **World Trade Organisation** (WTO) ... our rights under the WTO.'*

In addition to the matter of the quota restrictions on imports of PRC-produced textiles and garments, if the PRC Government does not remove the pegged rate of the renminbi vis-à-vis the US dollar, the US Senate is scheduled to vote on a Bill, which would impose a 27.50-percent tariff on all PRC imports, entering the US.

And so, it would appear that the PRC Government is to be penalised for its industrial success!

On the US home-front, there were strong indications, which drove the point home as to how US industry is hurting: The Labour Department brought out its data in respect of the employment situation for the month of May.

It was not good news.

This is that which this important department of the US Government announced at about 8:30 am, last Friday:

### **'THE EMPLOYMENT SITUATION: MAY 2005**

*'Nonfarm employment edged up by 78,000 in May following a much larger increase in April, and the unemployment rate was essentially unchanged at 5.1 percent ... Payroll employment continued to grow over the month in health care and construction, but was little changed in the other major industry sectors.*

#### **'Unemployment (Household Survey Data)**

*'Both the number of unemployed persons, 7.6 million, and the unemployment rate, 5.1 percent, were essentially unchanged in May. The jobless rate was down from 5.6 percent a year earlier. Over the month, the unemployment rates for adult men (4.4 percent), adult women (4.6 percent), teenagers (17.9 percent), whites (4.4 percent), blacks (10.1 percent), and Hispanics or Latinos (6.0 percent) showed little or no change. The jobless rate for Asians was 3.9 percent, not seasonally adjusted.*

*'The number of long-term unemployed - -those unemployed 27 weeks and over – was little changed over the month. This group continued to account for about 1 in 5 unemployed persons.*

#### **'Total Employment and the Labor Force (Household Survey Data)**

*'In May, total employment, at 141.5 million, and the civilian labor force, at 149.1 million, continued to trend up. The employment-population ratio, at 62.7 percent, has trended up in recent months.*

#### **'Persons Not in the Labor Force (Household Survey Data)**

*'There were 1.4 million persons who were marginally attached to the labor force in May, down slightly from a year earlier. (Data are not seasonally adjusted.) These individuals wanted and were available to work and had looked for a job sometime in the prior 12 months. They were not counted as unemployed, however, because they did not actively search for work in the 4 weeks preceding the survey. The number of discouraged workers, at 392,000 in May, declined over the year. Discouraged workers, a subset of the marginally attached, were not currently looking for work specifically because they believed no jobs were available for them. The other 1.0 million marginally attached had not searched for work for reasons such as school attendance or family responsibilities.*

*'Industry Payroll Employment (Establishment Survey Data)*

*'Total nonfarm employment edged up by 78,000 in May after an increase of 274,000 in the prior month. Payroll job growth averaged 176,000 over the 2 months, in line with the monthly average of 184,000 over the 12 months ending in March. In May, health care and construction continued to add jobs, while employment in most other industries was little changed.*

*'Health care employment continued to grow in May, rising by 26,000. Offices of physicians and hospitals accounted for most of the job gain. Over the year, the health care industry added 233,000 jobs.*

*'Following a sizable April gain, leisure and hospitality employment was flat in May. Employment also was little changed in financial activities and in professional and business services. Over the last 3 months, job growth in professional and business services has averaged 18,000 per month, compared with 52,000 per month during the 12 months ending in February. Temporary help services employment was about unchanged in May and has shown little net growth since October.*

*'Employment in the information industry, which increased in April, edged down in May; both the April and May movements in information were driven by the motion picture and sound recording industries.*

*'In the goods-producing sector, construction employment continued to grow in May (20,000). Within this industry, a gain of 26,000 jobs among residential specialty trade contractors more than offset a loss of 16,000 among non-residential contractors. Job growth in heavy construction continued in May; employment in the industry has increased by 34,000 since its recent low point in February 2004.*

*'After rising by 30,000 between October and April, employment in mining was essentially unchanged in May. Manufacturing employment was little changed over the month. Since August 2004, factory employment has decreased by 67,000. In May, there were job declines in apparel and in plastics and rubber products.'*

Wall Street reacted negatively to the US Labour Department's release: Down came key indices on major equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 92.52 points, equivalent to about 0.88 percent, ending the week at 10,460.97 points.

On The NASDAQ, its Composite Index surrendered 26.37 points, or about 1.26 percent, falling back to 2,071.43 points.

The tally for the 4-day trading week for the world's biggest equity markets was:

The Dow Jones Industrial Average	Minus 0.77 percent
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NASDAQ's Composite Index

Minus 0.21  
percent

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil rose, again, much to the consternation of many people.

Higher oil prices are bound, in time, to cut a swath through corporate earnings.

The price of light sweet crude oil for delivery in July was settled at \$US55.03 per barrel, up 2.61 percent on Thursday's closing level.

For August delivery, the price of light sweet crude oil was settled at \$US55.98 per barrel, a gain of about 2.49 percent on the last price of Thursday.

European investors, on learning about the labour situation in the US and on seeing that the price of crude oil was taking off, once again, started to sell part of their equity holdings, fearing that the following week might bring to light other deep-rooted problems in the US.

Indices of key bourses fell, quickly, last Friday:

Amsterdam's AEX Index

Minus 0.23  
percent

Great Britain's FTSE 100 Index

Minus 0.11  
percent

Germany's Frankfurt XETRA DAX Index

Minus 0.48  
percent

France's CAC 40 Index

Minus 0.50  
percent

Switzerland's Swiss Market Index

Minus 0.16  
percent

Italy's MIBTEL Index

Minus 0.43  
percent

While it could be said that Asian equity markets tended to rise, last Friday, most of the gains were of a fractional nature as investors waited to see what would happen in the US, following the release of data from the US Labour Department in respect of the employment situation in the world's largest single economy.

Asia, of course, had not seen the US Labour Department's release of last Friday morning, Washington time, so that investors in this part of the world were shooting, very much in the dark.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, both equity markets struggled to achieve fractional improvements in their respective key indices.

The Hang Seng Index, the gauge to the rise and falls of blue chips, listed on the Main Board of The Stock Exchange of Hongkong Ltd, rose about 0.03 percent, ending the week at 13,818.45 points.

The Total Turnover was about \$HK15.80 billion, while the ratio of gaining counters to losing ones was tight, at about 1.03:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Unchanged at  
\$HK124.00 per  
share

Semiconductor Manufacturing International Corporation (Code: 981)

Up 7.24 percent  
to \$HK1.63 per  
share

China Mobile (Hongkong) Ltd (Code: 941)	Down 0.18 percent to \$HK28.35 per share
PetroChina Company Ltd (Code: 857)	Up 0.50 percent to \$HK5.00 per share
New World Development Company Ltd (Code: 17)	Up 0.61 percent to \$HK8.20 per share
Sino Land Company Ltd (Code: 83)	Up 1.26 percent to \$HK8.05 per share
Henderson Investment Ltd (Code: 97)	Unchanged at \$HK10.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.34 percent to \$HK73.75 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK2.775 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.37 percent to \$HK68.75 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Development (Hongkong) Ltd	154	15.29		0.98
Chinney Alliance Group Ltd	385	10.53		0.021
G-Vision International (Holdings) Ltd	657	47.37		0.14
Hans Energy Company Ltd	554		11.67	0.53
Kantone Holdings Ltd	1059	11.43		0.39
New World Mobile Holdings Ltd	862	25.25		1.24
Orient Power Holdings Ltd	615	12.73		0.31
Oriental Explorer Holdings Ltd	430	35.48		0.042
People's Food Holdings Ltd	708	10.00		4.40
QPL International Holdings Ltd	243	11.70		1.05
Radford Capital Investment Ltd	901	23.08		0.016
Sunny Global Holdings Ltd	1094		13.79	0.05
United Metals Holdings Ltd	2302		15.38	0.55
Wealthmark International (Holdings) Ltd	39	10.53		0.63

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 0.30 percent, rising to 895.26 points.

The Total Turnover on this speculative market was about \$HK65.18 million.

Advancing counters outran declining ones by the ratio of about 1.35:One.

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

Town Health International Holdings Company Ltd (Code: 8138)

Up 4  
percent to  
11.80 cents  
per share  
Unchanged  
at

HC International, Incorporated (Code: 8292)

\$HK1.80  
per share  
Up 1

TOM Online Incorporated (Code: 8282)

percent to  
\$HK1.15  
per share  
Unchanged

Zhengzhou Gas Company Ltd (Code: 8099)

at 76cents  
per share  
Up 3

CK Life Sciences International (Holdings) Incorporated (Code: 8222)

percent to  
\$HK1.11  
per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B and S Entertainment Holdings Ltd	8167	13.16		0.043
Golding Soft Ltd	8190		21.05	0.015
IIN International Ltd	8128	17.39		0.027
iSteelAsia Holdings Ltd	8080	12.50		0.027
New Chinese Medicine Holdings Ltd	8085		36.67	0.019
Q9 Technology Holdings Ltd	8129		37.50	0.03
TeleEye Holdings Ltd	8051	16.88		0.09

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

The Hang Seng Index	Plus	0.76 percent
The Growth Enterprise Index	Plus	0.79 percent

It was another quiet day on Asia's largest equity market, that of The Tokyo Stock Exchange.

While a key index of this market, The Nikkei-225 Stock Average, was up on the day, declining counters outran advancing ones by the ratio of about 1.33:One.

The Nikkei-225 Stock Average ended the day at 11,300.05 yen, up 0.18 percent on Thursday's closing level.

The tally for this market was:

The Nikkei-225 Stock Average	Plus	0.96 percent
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And, in other Asian equity markets, this was how their respective key indices ended the week of June 3, 2005:

The HKSAR	Plus 0.03 percent to 13,818.45
Indonesia	Plus 0.10 percent to 1,092.50
Japan	Plus 0.18 percent to 11,300.05
Malaysia	Plus 0.40 percent to 865.88

The Philippines	Plus 0.59 percent to 2,022.49
Singapore	Plus 0.05 percent to 2,192.67
South Korea	Plus 0.54 percent to 976.09
Taiwan	Plus 1.13 percent to 6,107.95
Thailand	Plus 0.58 percent to 676.70

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