

**THE U.S. FEDERAL RESERVE
PUTS UP INTEREST RATES ANOTHER 25 BASIS POINTS**

Crude Oil Price Hits Record High

Equity markets, around the world, were hit with confirmation that oil prices were continuing to rise on international exchanges to new, record-high levels.

In early trades in Asia, last Monday, the price of light sweet crude oil for delivery in August rose to another record level of \$US60.51 per barrel, an increase of about 1.12 percent compared with the settlement price of Friday, June 24, 2005.

The rise in the price of crude oil in electronic trading on The New York Mercantile Exchange (NYMEX) was due to the generally held belief that the present high demand for crude oil would continue, unabated, for some time to come, and that such demand would continue to outstrip supply.

Meanwhile, The Organisation of Petroleum Exporting Countries (OPEC) was doing sweet bugger all to alleviate the ever-worsening situation as far as most of the industrialised countries of the world were concerned.

And, meanwhile, industrialists were pondering the question: How may industry pass on the extra burden of oil-price increases to consumers?

During Open Outcry Trading on The NYMEX, the price of light sweet crude oil for August delivery rose to \$US60.54 per barrel, an increase of about 1.17 percent on the settlement of the previous Friday.

As for September delivery, the price of light sweet crude oil was settled at another record high of \$US61.33 per barrel, up 1.39 percent on the day.

To state that the situation was bordering on critical would have been banal.

On Wall Street, as one would have expected, share prices fell on the news that the price of crude oil had hit another new record high.

On The New York Stock Exchange, the Dow Jones Industrial Average closed down 7.06 points to 10,290.78 points.

The 0.07-percent fall in the value of The Dow was, however, eclipsed on The NASDAQ where its Composite Index gave up 8.07 points, equivalent to about 0.39 percent, ending the session at 2,045.20 points.

Trading on Wall Street had been well expected to have been rather dull up to Thursday due to the fact that the US Federal Reserve Board was holding its Open Market Committee Meeting on that day.

The near-term future of interest rates would be set, once again, following the conclusion of this Meeting.

News Wise

- **Lear Corporation** is moving part of its 'house' to other countries where production costs are lower than in Michigan, the US. This determination came in the wake of confirmation that Ford Motor Company and General Motors Corporation, 2 important customers of Lear, both of which, annually, purchase tens of millions of dollars' worth of motor-vehicle parts from this manufacturer, which employs about 110,000 workers in 34 countries, was cutting back on orders. Lear is expected to dump more than 7,700 of its workers. The company confirmed that it would be revising its expected Bottom Line for 2005.

The record-high price of crude oil troubled many an investor in Europe, last Monday, also.

Down came key indices of every major bourse in eurozone:

Amsterdam's AEX Index	Minus 0.71 percent
Great Britain's FTSE 100 Index	Minus 0.69 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.93 percent
France's CAC 40 Index	Minus 1.00 percent
Switzerland's Swiss Market Index	Minus 0.36 percent
Italy's MIBTEL Index	Minus 0.95 percent

Many economists in Europe fully expect, now, that most of the economies of the region will be adversely affected due to the higher cost of energy.

News Wise

- **Confidence in business** in Germany is improving due, in large part, to the weakening of the euro vis-à-vis the US dollar and other 'hard' currencies, according to Research Institute Ifo. The Business Index of the Institute rose to 93.30 points in June, up from 92.90 points in May. Higher oil prices, however, may not have been factored into the equation of the Institute.

On Asian equity markets, last Monday, things looked rather grim, too.

Japan's 3 equity markets took the cake for losers, along with Indonesia and South Korea, last Monday.

All 3 regional markets saw their respective indices plummet.

The current oil price and fears that more price increases would follow were the major reasons for the losses.

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

The Hang Seng Index, the key index of the Main Board of The Stock Exchange of Hongkong Ltd, shed about 0.38 percent of its value, dropping back to 14,176.04 points.

More importantly, the volume of activity fell to about \$HK15.56 billion.

That volume of activity represented a 31-percent fall, compared with the Total Turnover of the previous Friday.

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

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Down 0.79 percent to \$HK126.00 per share

Hutchison Whampoa Ltd (Code: 13)	Down 0.35 percent to \$HK70.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.66 percent to \$HK76.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.99 percent to \$HK76.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.68 percent to \$HK29.15 per share
CNOOC Ltd (Code: 883)	Up 1.18 percent to \$HK4.30 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.71 percent to \$HK2.975 per share
PetroChina Company Ltd (Code: 857)	Down 2.59 percent to \$HK5.65 per share
Bank of Communications Company Ltd (Code: 3328)	Unchanged at \$HK2.80 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.94 percent to \$HK5.35 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)
Bestway International Holdings Ltd	718		10.12	0.151
e-Kong Group Ltd	524	18.52		0.32
Hutchison Harbour Ring Ltd	715	18.75		0.95
Joyce Boutique Holdings Ltd	647	10.14		0.76
Neo-China Group (Holdings) Ltd	563	10.64		0.52
Oriental Metals (Holdings) Company Ltd	1208	14.15		3.025
Pearl Oriental Enterprises Ltd	600		12.77	0.41
renren Holdings Ltd	59		23.08	0.01
Sino-i Technology Ltd	250	12.41		0.154
South Sea Holding Company Ltd	680	11.43		0.039
Yardway Group Ltd	646		11.54	0.138

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover fell to about \$HK58.92 million as The Growth Enterprise Index gained about 0.14 percent, ending the day at 902.69 points.

In spite of the lone index of this market, being in the black, losing counters outnumbered gaining ones by the ratio of about 1.22:One.

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

TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.24 per share
B.A.L. Holdings Ltd (Code: 8079)	Unchanged at 38 cents per share
Vertex Communications and Technology Group Ltd (Code: 8226)	Down 6 percent to 65 cents per share
Lang Chao International Ltd (Code: 8141)	Up 3 percent to 97 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 1 percent to \$HK14.70 per share

There were only 3, double-digit GEM movers, last Monday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131	16.00		0.116
Chinainfo Holdings Ltd	8206	22.58		0.38
Zhongyu Gas Holdings Ltd	8070	10.94		0.355

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost 122.75 yen, equivalent to about 1.06 percent, falling back to 11,414.28 yen.

On this market, which is the largest in Asia, declining counters outraced advancing ones by the ratio of about 5.77:One.

The fear that sustained high oil prices would cut deeply into corporate profits – which is a real and very sound proposal – was the main reason for the deteriorating situation on Japan's 3 stock markets.

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

The HKSAR	Minus 0.38 percent to 14,176.04
Indonesia	Minus 1.39 percent to 1,119.90
Japan	Minus 1.06 percent to 11,414.28
Malaysia	Minus 0.76 percent to 891.23
The Philippines	Plus 0.84 percent to 1,963.50
Singapore	Minus 0.76 percent to 2,206.71
South Korea	Minus 1.13 percent to 991.11
Taiwan	Minus 0.59 percent to 6,302.99
Thailand	Minus 0.88 percent to 684.18

Tuesday

While record-high oil prices continued to dog equity markets from Tokyo, Japan, to New York, to Sydney, Australia, investors were, also, looking at the prospects of another, interest-rate hike come Thursday when the US Federal Reserve Board would hold its Open Market Committee Meeting.

The consensus was that a 25, basis-point rise would be the minimum to expect ... because the increase could be more if The Fed saw the prospects of inflation, rearing up again.

In electronic trading on The New York Mercantile Exchange (NYMEX), last Tuesday in Asia, light sweet crude oil for delivery in August was trading at \$US60.95 per barrel.

That price represented an increase of 41 cents (US) per barrel, or about 0.68 percent, compared with the settlement price on Monday, during Open Outcry Trading.

However, in Open Outcry Trading, last Tuesday, the price of light sweet crude oil for delivery in August dropped back about 3.87 percent to settle at \$US58.20 per barrel.

As for September delivery, the price of light sweet crude oil was settled at \$US59.11 per barrel, a fall of about 3.62 percent, compared with Monday's close.

Nothing, really, had changed, day to day, with regard to crude oil so that one had to put down the rises and falls in the price of the black ooze to speculation, just prior to the long, week-end break in the US, known as July 4, Independence Day.

This was the day, on July 4, 1776, that the, then, rebellious rabble of what was known as *'The American colonies'* adopted The Declaration of Independence, changing, forever, the rights of man and imbedding in right-minded people of the world the concepts of freedom.

Be that as it may, the one-day, fall-off in the price of crude oil was sufficient to give indices of major equity markets in the US quite a boost.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 114.85 points, equivalent to a gain of about 1.12 percent on Monday's closing level, finishing off the trading session at 10,405.63 points.

On The NASDAQ, its Composite Index rose about 1.21 percent, compared with Monday's close, rising to 2,069.89 points.

News Wise

- The US Federal Reserve Board announced the following:

'The Federal Reserve Board on Tuesday announced the issuance of an Order of Prohibition and Order to Cease and Desist against Matthew T. Stromgren, a former financial advisor at J.P. Morgan Chase & Co., New York, New York. Mr. Stromgren, without admitting to any allegations, consented to the issuance of the Order based on his alleged participation in violations of law and breaches of fiduciary duty to the bank and its customers in connection with embezzlement of funds, forgery, and falsification of the bank's books and records. The Order requires Mr. Stromgren to make restitution to the bank in the amount of \$(US)31,000.'

On European bourses, as soon as it was confirmed that oil prices were coming down again, indices of major equity markets rose, sharply.

Adding to this positive news was a report that US consumer confidence was on the rise.

There was little else to promote trading in stocks and shares on European markets.

This was how the key indices of European bourses ended, last Tuesday night:

Amsterdam's AEX Index	Plus	1.06 percent
Great Britain's FTSE 100 Index	Plus	0.92 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.94 percent
France's CAC 40 Index	Plus	0.88 percent
Switzerland's Swiss Market Index	Plus	0.10 percent
Italy's MIBTEL Index	Plus	0.81 percent

In Asia, there was a bit of short-covering taking place, as well as some investors, looking round for bargains.

Only fractional gains/losses were recorded on major stock markets of the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading on The Stock Exchange of Hongkong Ltd, during the morning session, to 12:30 pm, was extremely quiet as investors wondered what action, if any, they should take.

In the 90-minute afternoon session, however, things picked up slightly.

By the close of the trading day, at 4 pm, the Hang Seng Index had recorded a gain of about 0.79 percent to 14,287.44 points.

The Total Turnover was about \$HK18.37 billion, with the ratio of gaining counters to losing ones, being 1.32:One.

Things did not look particularly promising for the second-largest equity market of Asia.

The Ten Most Actives were:

CNOOC Ltd (Code: 883)	Up 6.98 percent to \$HK4.60 per share
HSBC Holdings plc (Code: 5)	Up 0.79 percent to \$HK127.00 per share
China Petroleum and Chemical Corporation(Code: 386)	Up 3.36 percent to \$HK3.075 per share
PetroChina Company Ltd (Code: 857)	Up 3.54 percent to \$HK5.85 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.71 percent to \$HK71.00 per share

China Mobile (Hongkong) Ltd (Code: 941)	Up 0.86 percent to \$HK29.40 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.33 percent to \$HK76.25 per share
Bank of Communications Company Ltd (Code: 3328)	Up 0.89 percent to \$HK2.825 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.66 percent to \$HK76.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK14.65 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)
Artel Solutions Group Holdings Ltd	931		10.69	0.142
Chinney Alliance Group Ltd	2984		23.71	0.37
Dickson Group Holdings Ltd	313	22.22		0.33
e-Kong Group Ltd	524		12.50	0.28
Everest International Investments Ltd	204	11.11		0.04
Garron International Ltd	1226	10.00		0.11
Graneagle Holdings Ltd	147	11.11		0.40
Oriental Press Group Ltd	18		11.65	2.275
Shandong Xinhua Pharmaceutical Company Ltd	719	13.85		1.48
Sino Union Petroleum and Chemical International Ltd	346		10.09	0.205
Sunny Global Holdings Ltd	1094		25.00	0.051
Wanji Pharmaceutical Holdings Ltd	835	11.47		0.175
Wing Shing International Holdings Ltd	850		17.00	0.166
Yardway Group Ltd	646	13.04		0.156

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the pattern of trading was almost identical to that of the Main Board.

The Growth Enterprise Index ended the day at 906.29 points, representing a gain on Monday's closing level of about 0.40 percent.

However, at this point, The GEM's similarity with trading on the Main Board ended – because losing counters outnumbered gaining ones by the ratio of about 1.22:One.

Also, the Total Turnover stayed on the low side, at about \$HK67.86 million.

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

Vertex Communications and Technology Group Ltd (Code: 8226)	Up 8 percent to 70 cents per share
Wumart Stores Incorporated (Code: 8277)	Up 3 percent to \$HK12.50 per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 1 percent to 10.50 cents per share
Lang Chao International Ltd (Code: 8141)	Up 2 percent to 99 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Up 1 percent to \$HK3.225 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Photar Electronics Group Ltd	8220	18.48		0.109
Co-winner Enterprise Ltd	8108	22.22		0.055

FX Creations International Holdings Ltd	8136		28.57	0.03
KanHan Technologies Group Ltd	8175	29.63		0.035
Medical China Ltd	8186		24.44	0.034
Northeast Tiger Pharmaceutical Company Ltd	8197		13.33	0.052
SYSCAN Technology Holdings Ltd	8083		20.00	0.104
WorldMetal Holdings Ltd	8161		10.68	0.92

On The Tokyo Stock Exchange, which is the largest equity market in Asia, many investors covered part of their Monday short positions, taking their profits to the bank, while some investors looked for counters, whose share prices had fallen too low too quickly.

After some tooting and froing, a key index of this market, The Nikkei-225 Stock Average, recorded a gain of 99.55 yen, equivalent to about 0.87 percent, ending the trading day at 11,513.83 yen.

The ratio of gaining counters to losing ones was about 5.07:One.

On other Asian markets, last Tuesday, this was how their respective key indices came to rest:

The HKSAR	Plus 0.79 percent to 14,287.44
Indonesia	Plus 0.71 percent to 1,127.82
Japan	Plus 0.87 percent to 11,513.83
Malaysia	Plus 0.39 percent to 894.67
The Philippines	Minus 0.42 percent to 1,955.20
Singapore	Minus 0.41 percent to 2,197.61
South Korea	Plus 0.37 percent to 994.74
Taiwan	Plus 0.22 percent to 6,316.84
Thailand	Plus 0.07 percent to 684.68

Wednesday

Wall Street watchers were on tenterhooks, last Wednesday, as the US Federal Reserve Board started its Open Market Committee Meeting in order to make a determination as to how much higher interest rates should be raised.

The fact that crude oil prices were continuing to retreat from the record-highs of Monday and Tuesday did not appear to be as important to investors as the actions, if any, that The Fed might take with regard to interest rates.

On The New York Stock Exchange, the Dow Jones Industrial Average ended down 31.15 points, or about 0.30 percent, to 10,374.48 points.

On The NASDAQ, its Composite Index gave up only one point, equivalent to about 0.05 percent, skidding back to 2,068.89 points.

The start of The Fed's deliberations came at the same time that the US Commerce Department announced that the **Gross Domestic Product (GDP)** – the annual total value of goods produced and services provided in a country, excluding transactions with other countries – during the first quarter of the Current Fiscal Year was 3.80 percent.

This rate of growth for the economy of the US was a little higher than had been expected by many.

However, naturally, the effects of record-high prices for crude oil had not been factored into the calculations for the first quarter GDP.

The second quarter would, no doubt, tell the tale with a little more accuracy.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in August fell another 1.62 percent to \$US57.26 per barrel.

For delivery in September, the price of a barrel of light sweet crude oil was settled at \$US58.23, off 1.49 percent compared with Tuesday's settlement.

A report from the Energy Information Administration showed that inventories of crude oil in the US had risen by about 1.10 million barrels, during the week, ended June 24, 2005.

The stockpile of crude oil, as at June 24, stood at 328.50 million barrels.

In Europe, all key indices of major bourses were written in black ink, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Plus	0.54 percent
Great Britain's FTSE 100 Index	Plus	0.36 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.57 percent
France's CAC 40 Index	Plus	0.89 percent
Switzerland's Swiss Market Index	Plus	0.88 percent
Italy's MIBTEL Index	Plus	0.60 percent

European investors were taking the line that The Fed, if it determines to raise interest rates at all, the level of the increase would be no more than 25 basis points.

In Asia, following on from the gains, made on Wall Street on Tuesday, major equity markets in the most-populous part of the world rose, last Wednesday, but, for the most part, only fractional gains were recorded.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), however, both equity markets recorded tiny fractional losses.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost 0.07 percent of its value, ending the very active trading session at 14,277.28 points.

The Total Turnover rose to about \$HK22.36 billion, an increase of about 22 percent, compared with the volume of activity on Tuesday.

Losing counters outnumbered gaining ones by the ratio of about 1.10:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.39 percent to \$HK126.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.70 percent to \$HK70.50 per share
CNOOC Ltd (Code: 883)	Up 0.54 percent to \$HK4.625 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK5.85 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK76.75 per share
Silver Grant International Industries Ltd (Code: 171)	Down 38.97 percent to \$HK2.075 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.66 percent to \$HK75.75 per share
Wharf (Holdings) Ltd, The (Code: 4)	Up 3.04 percent to \$HK27.10 per share
Esprit Holdings Ltd (Code: 330)	Up 1.36 percent to \$HK56.00 per share

China Mobile (Hongkong) Ltd (Code: 941) Down 0.17 percent to \$HK29.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Buildmore International Ltd	108		17.02	0.39
e-Kong Group Ltd	524		12.50	0.245
Junefield Department Store Group Ltd	758		16.67	0.07
Oriental Explorer Holdings Ltd	430		10.00	0.045
Pak Fah Yeow International Ltd	239	10.38		2.925
Shandong Xinhua Pharmaceutical Company Ltd	719		12.16	1.30
Silver Grant International Industries Ltd	171		38.97	2.075
Sincere Company Ltd, The	244		10.71	0.50

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar story to that, being told on the Main Board.

The Growth Enterprise Index lost about 0.18 percent of its former value, ending the session at 904.67 points.

The Total Turnover rose to about \$HK86.99 million, while the ratio of losing counters to gaining ones was about 1.67: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 11.10 cents per share
Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK12.50 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 1 percent to \$HK14.35 per share
Vertex Communications and Technology Group Ltd (Code: 8226)	Unchanged at 70 cents per share
TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.27 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Photar Electronics Group Ltd	8220	26.61		0.138
FX Creations International Holdings Ltd	8136	26.67		0.038
Innovis Holdings Ltd	8065		28.00	0.018
Medical China Ltd	8186	52.94		0.052
New Chinese Medicine Holdings Ltd	8085	42.86		0.02
T S Telecom Technologies Ltd	8003		13.04	0.06
Techpacific Capital Ltd	8088	10.53		0.315

In Japan, the easing of crude oil prices helped to push up key indices on the 3 equity markets of the country for the second consecutive day.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average rose 63.61 yen, or about 0.55 percent, ending the trading day at 11,577.44 yen.

Advancing counters outnumbered declining ones by the ratio of about 1.63:One.

Helping equity trading in The Land of The Rising Sun, last Wednesday, was the fact that the yen continued to depreciate against the US dollar, being quoted at 110.05 yen at the close of the day.

A cheaper yen vis-à-vis the US dollar makes Japan's exports more competitive on the world stage.

- The **Ministry of Economy, Trade and Industry (METI)** announced that **industrial production** in the country had fallen off during the month of May, with demand for the country's products, waning in the PRC and the US. Year-on-Year, production was down about 2.30 percent in May, The Ministry reported;
- **Retail sales** in Japan rose about 2.70 percent in May, Year-On-Year, METI announced. It was the third consecutive month of retail sales increases;
- More than 4 trillion yen (equivalent to about \$US37 billion) was invested in Japan by foreign enterprises, during fiscal 2004-2005, ended March 31, 2005, **The Finance Ministry** announced. It was the first time in the past 50 years that there had been such an influx of foreign funds into the country; and,
- **Nippon Oil Corporation**, Japan's largest oil refinery, announced that it would increase its wholesale prices for petrol by 3.10 yen per kilolitre, effective immediately. Other Japanese refiners followed suit.

In other parts of Asia, this was how the respective indices of those equity markets ended, last Wednesday:

The HKSAR	Minus 0.07 percent to 14,277.28
Indonesia	Minus 0.09 percent to 1,126.86
Japan	Plus 0.55 percent to 11,577.44
Malaysia	Minus 0.52 percent to 889.98
The Philippines	Minus 0.52 percent to 1,945.12
Singapore	Plus 0.21 percent to 2,202.27
South Korea	Plus 0.44 percent to 999.08
Taiwan	Minus 1.35 percent to 6,231.65
Thailand	Plus 0.13 percent to 685.56

Thursday

As most analysts had expected, the US Federal Reserve Board ordered another 25 basis-point rise to 3.25 percent, last Thursday.

It was the ninth consecutive increase.

This was that which The Fed announced, following the conclusion of its Open Market Committee Meeting, last Thursday:

'The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 3-1/4 percent.

'The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Although energy prices have risen further, the expansion remains firm and labor market conditions continue to improve gradually. Pressures on inflation have stayed elevated, but longer-term inflation expectations remain well contained.

'The Committee perceives that, with appropriate monetary policy action, the upside and downside risks to the attainment of both sustainable growth and price stability should be kept roughly equal. With underlying inflation expected to be contained, the Committee believes that policy accommodation can be removed at a pace that is likely

to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability...

'In a related action, the Board of Governors unanimously approved a 25-basis-point increase in the discount rate to 4-1/4 percent. In taking this action, the Board approved the requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.'

Wall Street did not particularly like The Fed's determinations or its veiled suggestions because it smacked of more interest-rate hikes in the future, all things being equal.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.96 percent of its value, falling back to 10,274.97 points.

On The (tech laden) NASDAQ, its Composite Index gave up about 0.58 percent, ending the trading session at 2,056.96 points.

On The New York Mercantile Exchange (NYMEX), the price of crude oil continued to fall.

For delivery in August, the price of light sweet crude oil was settled at \$US56.50 per barrel, down 1.33 percent on Wednesday's last quote.

As for September delivery, the price of light sweet crude oil dropped another 1.01 percent, settling at \$US57.64 per barrel by the close of the day.

Europe, of course, did not know of the determinations of the US Federal Reserve Board in respect of interest rates, during trading hours, and, due in large part to this situation, many investors sat on their hands rather than shoot in the dark.

Indices of key bourses moved only fractions:

Amsterdam's AEX Index	Plus	0.12 percent
Great Britain's FTSE 100 Index	Plus	0.08 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.05 percent
France's CAC 40 Index	Minus	0.05 percent
Switzerland's Swiss Market Index	Minus	0.17 percent
Italy's MIBTEL Index	Plus	0.45 percent

Trading on equity markets in Asia was subdued, last Thursday, due in part to the expected announcement from the US Federal Reserve Board in respect of short-term interest rates and continued concern over crude oil prices.

For the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Thursday was the last day of trading for the week.

Last Friday was, what some people refer to as, '*Liberation Day*' – the day, set aside on the Gregorian Calendar to commemorate that day, in 1997, when the PRC Government assumed sovereignty over the 416 square miles that used to be known as the British Crown Colony of Hongkong.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.53 percent of its former value, ending the week's trading at 14,201.06 points.

The Total Turnover was about \$HK24.02 billion, while the ratio of losing counters to gaining ones was about 2.16:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Down 1.19 percent to \$HK125.00 per share

Hutchison Whampoa Ltd (Code: 13)	Down 0.35 percent to \$HK70.25 per share
China COSCO Holdings Company Ltd (Code: 1919)	Unchanged at \$HK3.825 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.36 percent to \$HK28.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK75.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK76.75 per share
CNOOC Ltd (Code: 883)	Up 0.54 percent to \$HK4.65 per share
China Shenhua Energy Company Ltd (Code: 1088)	Unchanged at \$HK7.50 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.50 per share
Bank of Communications Company Ltd (Code: 3328)	Down 0.89 percent to \$HK2.80 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)
Artfield Group Ltd	1229		16.46	0.33
BEP International Holdings Ltd	2326		16.50	0.167
Earnest Investments Holdings Ltd	339	13.33		0.034
Hon Po Group (Lobster King) Ltd	228	12.50		0.90
Hua Lien International (Holding) Company Ltd	969	27.55		0.25
Junefield Department Store Group Ltd	758	35.71		0.095
K and P International Holdings Ltd	675		10.34	0.26
Kwong Hing International Holdings (Bermuda) Ltd	1131		10.45	0.30
Man Yue International Holdings Ltd	894	19.18		0.87
Poly Investments Holdings Ltd	263		10.07	0.125
Silver Grant International Industries Ltd	171	19.28		2.475
Swank International Manufacturing Company Ltd	663	10.00		0.077
Wanji Pharmaceutical Holdings Ltd	835		11.90	0.148
Xin Corporation Ltd	1141	14.29		0.32
Yue Da Holdings Ltd	629		12.07	0.51

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to about \$HK94.64 million as The Growth Enterprise Index surrendered about 0.67 percent of its value, dropping back to 898.58 points.

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

Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK12.50 per share
Town Health International Holdings Company Ltd (Code: 8138)	Down 3 percent to 10.80 cents per share
China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Up 2 percent to 66 cents per share
Vertex Communications and Technology Group Ltd (Code: 8226)	Unchanged at 70 cents per share
Golden Meditech Company Ltd (Code: 8180)	Down 1 percent to \$HK1.34 per share

The biggest GEM movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		12.56	0.181

China Photar Electronics Group Ltd	8220	56.52		0.216
Golding Soft Ltd	8190	13.33		0.017
Innovis Holdings Ltd	8065	16.67		0.021
iSteelAsia Holdings Ltd	8080	15.00		0.023
QUASAR Communication Technology Holdings Ltd	8171	15.83		0.139

For the 4-day trading week, the tally of the 2 equity markets of the HKSAR was:

The Hang Seng Index	Minus 0.21 percent
The Growth Enterprise Index	Minus 0.32 percent

In Japan, trading was very light ahead of The Fed's determination.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average rose 6.57 yen, or about 0.06 percent, ending the day at 11,584.01 yen.

Although The Nikkei-225 Stock Average was positive, losing counters outnumbered gaining ones by the ratio of 1.72:One, exactly.

One factor that was positive for Japan was that the yen continued to lose ground against the US dollar: A weaker yen vis-à-vis the US dollar gives Japan an edge over its export rivals when its goods enter the US.

News Wise

- **Industrial production** in Japan fell by about 2.30 percent in May, seasonally adjusted, The Ministry of Economy, Trade and Industry announced.

And this was how key indices of other Asian equity markets ended trading, last Thursday:

The HKSAR	Minus 0.53 percent to 14,201.06
Indonesia	Minus 0.40 percent to 1,122.38
Japan	Plus 0.06 percent to 11,584.01
Malaysia	Minus 0.19 percent to 888.32
The Philippines	Minus 1.07 percent to 1,924.23
Singapore	Plus 0.47 percent to 2,212.66
South Korea	Plus 0.91 percent to 1,008.16
Taiwan	Plus 0.17 percent to 6,241.94
Thailand	Minus 1.47 percent to 675.50

Friday

The price of crude oil rebounded back to near record levels, last Friday.

However, it appeared to make little difference to traders on Wall Street – and investors in Europe seemed to like the idea of crude oil prices, taking off again.

Last Friday, Canada was on holiday – it was Canada Day – the US was preparing for the 3-day weekend – Monday, July 4, was Independence Day – and so it was quite on the cards that lacklustre trading would be the order of the day on Wall Street.

It was.

On The New York Stock Exchange, the Dow Jones Industrial Average closed the week with a gain of 28.47 points, equivalent to about 0.28 percent, as investors pushed up the key index of blue chips, traded on the Big Board, to 10,303.44 points.

On The NASDAQ, its Composite Index managed only a gain of about 0.41 points, or about 0.02 percent, struggling up to 2,057.37 points.

Trading was very light on both markets, with many brokers not being present during part of the day's proceedings.

For the week, the tally of the world's largest equity markets was:

The Dow Jones Industrial Average	Plus	0.05 percent
The Composite Index of The NASDAQ	Plus	0.20 percent

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in August was settled at \$US58.75 per barrel, a one-day gain of about 3.98 percent.

For September delivery, the price of a barrel of light sweet crude oil was being quoted, at the close of the day, at \$US59.81, up about 3.76 percent on Thursday's close.

In Europe, every key index of every major bourse rose.

The main reasons for the seeming hurry for investors to get re-invested was due in part to the rebound in the price of crude oil on international markets and the weakness of the euro vis-à-vis the US dollar.

A weaker euro makes goods and services, produced in eurozone, more competitive in the US marketplace.

Last Friday, the euro was being quoted at \$US1=1.1953 euros.

In late April, the US dollar's translation rate against the currency of the eurozone was about 1.33 euros.

Therefore, in a period of about 2 months, the euro had lost a little more than 10 percent of its buying power against the American greenback.

This was how the indices of major bourses finished up, last Friday:

Amsterdam's AEX Index	Plus	1.15 percent
Great Britain's FTSE 100 Index	Plus	0.93 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.67 percent
France's CAC 40 Index	Plus	0.95 percent
Switzerland's Swiss Market Index	Plus	0.35 percent
Italy's MIBTEL Index	Plus	0.48 percent

The equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were closed, last Friday, due to a territory holiday (Please see Thursday's report).

In Japan, after a hesitant start to proceedings on the country's 3 equity markets, key indices registered moderate gains.

When trading got underway on The Tokyo Stock Exchange, last Friday, there was a great deal of concern over the determination of The US Federal Reserve Board to raise interest rates for the ninth consecutive Open Market Committee Meeting.

But these concerns were quickly washed away for a number of reasons, which included:

1. The yen was continuing to weaken against the US dollar; and,
2. The Bank of Japan's TANKAN Survey suggested a rise in confidence in the country.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average ended the day at 11,630.13 yen, a gain of about 0.40 percent on Thursday's closing level.

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

On foreign exchange markets in Tokyo, the value of the yen vis-à-vis the US dollar hit 111.13 yen, representing a 9-month low for the Japanese currency.

For Japanese exporters, this was good news because, among other things, it, automatically, increased profit margins while, at the same time, it gave Japan a better crack at the US consumer marketplace.

The reason for the weakness of the Japanese yen against the US dollar was due, in large part, to the US Federal Reserve's decision to raise interest rates by another 25 basis points.

Then, The Bank of Japan released its quarterly TANKAN Report, showing that confidence in Japan was on the rise, with improved domestic demand and lower inventory levels.

Japan, over the previous fortnight, had been hit with flagging exports to the PRC and the adverse effects of record-high, crude oil prices.

The latest TANKAN Report did not take into consideration the record-high levels for imported oil.

That would come in the next TANKAN Report, no doubt.

News Wise

- **Sony Corporation** will be closing its South Wales operations by the end of its Financial Year. About 650 workers will be sacked/made redundant at 2 of the company's plants. These 2 plants, at one time, employed more than 4,000 workers.

The tally for the week for the largest equity market of Asia was:

The Nikkei-225 Stock Average Plus 0.81 percent

In other Asian stock markets, last Friday, this was how their respective key indices ended the week of July 1, 2005:

The HKSAR	Closed
Indonesia	Plus 1.48 percent to 1,138.99
Japan	Plus 0.40 percent to 11,630.13
Malaysia	Plus 0.64 percent to 894.02
The Philippines	Minus 1.51 percent to 1,895.25
Singapore	Minus 0.12 percent to 2,209.95
South Korea	Plus 0.98 percent to 1,018.02
Taiwan	Plus 0.48 percent to 6,272.14
Thailand	Closed

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