

**OIL TRADERS RIDE THE ROLLER COASTER;
EQUITY MARKET RUN TO HIGHER GROUND**

The danger was over: Hurricane Dennis degenerated into a tropical depression.

The remnants of what could have been a Category 4 Hurricane, with wind speeds in excess of 120 miles per hour, completely missed that part of The Gulf of Mexico where there is a heavy concentration of oil-refining infrastructure.

And so, it was back to business.

Indices of equity markets around the world rose, some quite spectacularly.

Investors in Europe, hardened after the London bombings of the previous Thursday, bombings which caused the deaths of at least 50 people, with another 700 people injured, determined that it must be business as usual – and damned be to the al-Qaeda network of thugs.

On Wall Street, it was all stops out.

Up went the Dow Jones Industrial Average, a gauge to trading in blue chips, listed on the Big Board of The New York Stock Exchange.

By the close of the day, The Dow was standing at 10,519.72 points, a gain of 70.58 points, equivalent to about 0.68 percent on the close of trading on Friday, July 8.

As for the tech-laden NASDAQ, its Composite Index closed the day at 2,135.43 points, up 22.55 points, or about 1.07 percent on the previous Friday's closing level.

The flurry of excitement on the world's largest equity markets was due to a number of factors:

1. A fall in the price of crude oil on international markets;
2. Hurricane Dennis no longer posing no threat to The Gulf of Mexico;
3. A number of material corporate takeovers, having been announced; and,
4. A follow-through from the previous week when The Labour Department of the US Government reported an improved employment situation in The Land of The Free and The Home of The Brave.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in August fell 1.19 percent to \$US58.92 per barrel.

For September delivery, the price of light sweet crude oil dropped about 0.92 percent, compared with the previous Saturday's settlement, to \$US60.08 per barrel.

While the price of the black ooze was still high, last Monday's falls were viewed by many as being a bit of respite which, perhaps, would lead to further falls.

Europe went along with the game, with every index of every major bourse, scoring solid gains:

Amsterdam's AEX Index	Plus 0.67 percent
Great Britain's FTSE 100 Index	Plus 0.19 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.42 percent
France's CAC 40 Index	Plus 0.49 percent
Switzerland's Swiss Market Index	Plus 0.65 percent
Italy's MIBTEL Index	Plus 0.59 percent

As confirmation came through that Hurricane Dennis had missed the vital refining areas in The Gulf of Mexico, investors in the most-populous part of the world determined that it was time to get back into equities.

Key indices on major Asian equity markets rose rapidly.

The price of crude oil fell back as Hurricane Dennis weakened, appreciably, offering even more incentives to Asian investors.

During electronic trading on The NYMEX, last Monday, the price of light sweet crude oil was being quoted at \$US58.81 per barrel for delivery in August.

That price represented a fall of 1.38 percent, compared with the settlement price of \$US59.63 per barrel on Friday, July 8, 2005.

The Gulf of Mexico provides about 30 percent of the requirements for refined fuel oil for the US so that any disruption to production in The Gulf has an immediate impact on the price of heating fuel and petrol in the US.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of the 2 stock markets made useful gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose 1.38 percent to end the day at 14,157.24 points.

The Total Turnover, however, was only about \$HK16.81 billion, which is hardly the stuff that bullish markets are made.

The ratio of gaining counters to losing ones was about 2.73:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.98 percent to \$HK124.20 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.64 percent to \$HK71.40 per share
PetroChina Company Ltd (Code: 857)	Up 0.84 percent to \$HK6.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.54 percent to \$HK28.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.28 percent to \$HK75.05 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.69 percent to \$HK14.60 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK5.20 per share

CNOOC Ltd (Code: 883)	Up 2.08 percent to \$HK4.90 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.05 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 4.82 percent to \$HK4.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		15.38	0.011
Century Legend (Holdings) Ltd	79	11.97		0.159
Cheung Tai Hong Holdings Ltd	199	13.79		0.33
China Best Group Holding Ltd	370	12.93		0.131
China Electronics Corporation Holdings Company Ltd	85	15.83		1.39
China Fair Land Holdings Ltd	169	10.14		0.38
China Golden Development Holdings Ltd	162	10.00		0.22
Chitaly Holdings Ltd	1198		12.50	5.25
e-Kong Group Ltd	524	10.91		0.244
Everest International Investments Ltd	204	16.67		0.028
Grandtop International Holdings Ltd	2309		10.20	0.22
Guo Xin Group Ltd	1215	16.67		0.028
Hi Sun Technology (China) Ltd	818	11.11		0.60
Junefield Department Store Group Ltd	758		10.00	0.09
Kingboard Chemical Holdings Ltd	148		10.40	22.40
Man Yue International Holdings Ltd	894	19.57		1.10
New Capital International Investment Ltd	1062	22.00		0.122
Poly Investments Holdings Ltd	263	10.34		0.128
Regent Pacific Group Ltd	575	12.73		0.31
Victory Group Ltd	1139		14.81	0.023
Wonson International Holdings Ltd	2993		34.50	0.131

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the lone index of this speculative market, The Growth Enterprise Index, rose about 0.69 percent to 869.73 points.

The Total Turnover, as with the Main Board, was on the low side, at about \$HK71.22 million.

The ratio of advancing counters to retreating ones was 2.19:One, exactly.

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

Golden Meditech Company Ltd (Code: 8180)	Down 3 percent to \$HK1.05 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.175 per share
TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.27 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Unchanged at 30.50 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 1 percent to \$HK13.95 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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A-S China Plumbing Products Ltd	8262	10.56		1.78
Argos Enterprise (Holdings) Ltd	8022	11.11		0.20
CyberM International (Holdings) Ltd	8017	24.62		0.81
International Entertainment Corporation	8118	14.17		6.85
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	15.00		0.138
Medical China Ltd	8186	16.28		0.05
Universal Technologies Holdings Ltd	8091		15.49	0.12

It was a similar story in Japan as the one, being told on HKSAR equity markets.

On The Tokyo Stock Exchange, a key index of the largest equity market in Asia, The Nikkei-225 Stock Average, gained 108.80 yen, equivalent to 0.94 percent, rising to 11,674.79 yen.

The ratio of gaining counters to losing ones was about 2.63:One.

News Wise

- **Lending** by Japanese banks declined in the month of June, compared with the like month in 2004, The Bank of Japan has announced. It represented the ninetieth consecutive month of Year-On-Year bank lending declines; and,
- Orders for **Japanese machinery** during the month of May fell, according to The Cabinet Office of the Government of Japan. The Cabinet Office reported that orders for machinery were off by about 6.70 percent in May, compared with April, this year.

This was how the key indices of other major equity markets in Asia ended, last Monday night:

The HKSAR	Plus 1.38 percent to 14,157.24
Indonesia	Plus 1.16 percent to 1,123.46
Japan	Plus 0.94 percent to 11,674.79
Malaysia	Plus 0.63 percent to 909.32
The Philippines	Minus 1.25 percent to 1,852.78
Singapore	Plus 1.14 percent to 2,241.19
South Korea	Plus 1.81 percent to 1,040.43
Taiwan	Plus 1.57 percent to 6,298.86
Thailand	Minus 0.39 percent to 640.82

Tuesday

Fears of the potential for galloping inflation gripped the world's equity markets, last Tuesday, following a substantial increase in the price of crude oil on international markets.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in August rose 2.89 percent to \$US60.62 per barrel.

For delivery in September, the price of light sweet crude oil was settled at \$US61.48 per barrel, an increase of about 2.33 percent on Monday's last trade.

For industrial production, things did not look good: Nothing seemed to hold down the price of crude oil.

If oil prices continue to rise at this pace, a material increase in the inflation rate in the West is almost a guarantee.

As it is, crude oil prices are already hitting the pocketbooks of families in nearly every part of the globe.

Crude oil prices, at the current levels, are akin to an almost invisible tax ... on everybody.

On Wall Street, the news of the runaway price of crude oil doused the fires of many an investor.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the day at 10,513.89 points, representing a fall of just 0.06 percent on Monday's close.

Over on The NASDAQ, its Composite Index gained, but only 0.36 percent as investors pushed the key index of this tech-laden market to 2,143.15 points.

In Europe, a region of the world where things are not going very well for many of the economies of the European Union, confirmation that the price of crude oil was bouncing away again frightened off investors.

Europe knows, only too well, about the devastation that inflation leaves in its wake: The horrors of 2 world wars are, still, not forgotten.

This was how the key indices of the most-important European bourses ended their respective trading sessions, last Tuesday:

Amsterdam's AEX Index	Minus 0.40 percent
Great Britain's FTSE 100 Index	Minus 0.48 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.22 percent
France's CAC 40 Index	Minus 0.18 percent
Switzerland's Swiss Market Index	Minus 0.41 percent

Italy's MIBTEL Index Minus 0.32 percent

With the price of crude oil, seemingly drifting to lower levels, during Asian trade, last Tuesday, investors in this part of the world seemed to be a little more relaxed.

Little did Asia know what was in store on The NYMEX when Open Outcry Trading was in full swing!

After the gains on Wall Street, during Monday's session, it appeared to reinforce, in the minds of many investors in the most-populous part of the world, the proposal that markets were on the move again.

But, as every investor knows, one swallow maketh not summer.

On the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), indices started to slip fractionally, following on from the mildly bullish sentiment of Monday's markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up 0.07 percent of its value, ending the day at 14,146.95 points.

The Total Turnover was about \$HK17.57 billion.

Although the Hang Seng Index had moved over to the negative side of the ledger, still gaining counters outnumbered losing ones by the ratio of about 1.05:One.

This situation, more often than not, is indicative of a market that is ready for another push to higher levels.

The Ten Most Active counters of the day were:

Hutchison Whampoa Ltd (Code: 13)	Up 0.84 percent to \$HK72.00 per share
HSBC Holdings plc (Code: 5)	Up 0.08 percent to \$HK124.30 per share

Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.93 percent to \$HK75.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.53 percent to \$HK28.10 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.07 percent to \$HK75.90 per share
PetroChina Company Ltd (Code: 857)	Up 0.83 percent to \$HK6.05 per share
CNOOC Ltd (Code: 883)	Up 0.51 percent to \$HK4.925 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.05 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK14.60 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.19 percent to \$HK105.20 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Best Group Holding Ltd	370		10.69	0.117
China Golden Development Holdings Ltd	162	15.91		0.255
Compass Pacific Holdings Ltd	1188		14.89	0.16
eForce Holdings Ltd	943		13.51	0.032
Emperor Entertainment Hotel Ltd	296		10.14	1.33
Everest International Investments Ltd	204	25.00		0.035
Hi Sun Technology (China) Ltd	818	50.00		0.90
Hopson Development Holdings Ltd	754	10.29		3.75
HyComm Wireless Ltd	499		10.14	0.062
Morning Star Resources Ltd	542		21.54	0.051
New Smart Holdings Ltd	91		10.71	0.15
Oriental Explorer Holdings Ltd	430		20.00	0.04
Playmates Holdings Ltd	635		16.44	1.22
Samson Paper Holdings Ltd	731		19.35	0.75
Sino Biopharmaceutical Ltd	1177		10.00	1.71
Wonson International Holdings Ltd	2993		12.21	0.115

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the losses were far greater than those of the Main Board.

The Growth Enterprise Index shed about 0.52 percent of its value, ending the relatively quiet trading session at 865.25 points.

Losing counters outran gaining counters by the ratio of 1.37:One, exactly.

The Total Turnover was still low, at about \$HK64.66 million.

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

Zhengzhou Gas Company Ltd (Code: 8099)	Unchanged at 74 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK13.95 per share
Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.05 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.24 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 2 percent to \$HK3.125 per share

Strangely, there were only 2, double-digit movers on the GEM, last Tuesday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
iSteelAsia Holdings Ltd	8080		15.00	0.017
Universal Technologies Holdings Ltd	8091	18.33		0.142

In Japan, a key index of The Tokyo Stock Exchange rose to a 6-month high.

The Nikkei-225 Stock Average gained 17.35 yen, or about 0.15 percent, ending the day at 11,692.14 yen.

Losing counters, however, was ahead of gaining ones by the ratio of about 1.18:One.

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

The HKSAR	Minus 0.07 percent to 14,146.95
Indonesia	Plus 0.50 percent to 1,129.12
Japan	Plus 0.15 percent to 11,692.14
Malaysia	Plus 0.70 percent to 915.72
The Philippines	Plus 0.87 percent to 1,868.94
Singapore	Minus 0.25 percent to 2,235.59
South Korea	Plus 0.33 percent to 1,043.88
Taiwan	Plus 0.95 percent to 6,358.81
Thailand	Plus 1.27 percent to 648.98

Wednesday

The International Energy Agency (IEA) has lowered its forecast growth of international consumption of crude oil by 200,000 barrels per day to 1.58 million barrels.

The IEA cited lower demand for crude oil in the People's Republic of China (PRC) and the US.

The announcement by this Paris-based organisation was one of the factors that caused crude oil prices to come off, slightly, last Wednesday, despite the continuing approach of a tropical storm in The Caribbean.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in August fell one percent, exactly, to \$US60.01 per barrel.

For delivery in September, the price of light sweet crude oil dropped back to \$US60.85 per barrel, which is equivalent to a fall of about 1.04 percent, compared with Tuesday's settlement.

That was one piece of good news, but there was some rather discouraging news, also, depending on how one interprets statistics.

The Bureau of Labour Statistics, a department of the US Government's Labour Department, announced last Wednesday, prior to the opening of equity markets in the US:

'U.S. IMPORT AND EXPORT PRICE INDEXES **- JUNE 2005 -**

'Prices for U.S. imports increased 1.0 percent in June after declining 1.0 percent in May ... Higher petroleum prices more than offset a second

consecutive monthly decrease in nonpetroleum prices. The price index for U.S. exports was unchanged in June after declining 0.2 percent in May ...

Import Goods

'Following a 1.0 percent decline in May, import prices resumed moving up in June. The increase was led by higher petroleum prices, which advanced 7.6 percent, after a 4.8 percent downturn the previous month. The decline in May petroleum prices was preceded by a 26.2 percent increase over the first four months of 2005. Nonpetroleum prices declined 0.4 percent in June, following a 0.2 percent decrease in May. The declines were the first monthly decreases since the index edged down 0.1 percent in October 2004. Nonpetroleum import prices increased 2.1 percent for the year ended in June, while overall import prices rose 7.0 percent.

'The June decline in nonpetroleum import prices was partly attributable to the second consecutive 1.1 percent decrease in the monthly price index for nonpetroleum industrial supplies and materials. Those declines were a turnaround from the recent upward trend in nonpetroleum industrial supplies and materials prices, which had increased 8.6 percent in the ten months prior to May. The June decrease was led by a sharp drop in prices for natural gas, although lower metals and chemicals prices also helped to offset higher prices for building materials.

'Lower prices for foods, feeds, and beverages and for consumer goods also contributed to the overall drop in nonpetroleum prices. Led by a drop in vegetable prices, the price index for food, feeds, and beverages declined 1.7 percent in June, the largest monthly decrease for the index since February 2002. Despite the decline, foods, feeds, and beverages prices rose 6.4 percent over the past year. Prices of consumer goods fell 0.1 percent last month, but increased 1.4 percent for the year ended in June.

'The price indexes for capital goods and for automotive vehicles were both unchanged in June. Capital goods prices also were unchanged, on average, over the past 12 months, while prices of automotive vehicles rose 1.2 percent over the same period.

Export Goods

'Export prices were unchanged in June, as a 1.2 percent increase in agricultural prices countered a slight 0.1 percent decline in nonagricultural prices. The price index of overall exports had decreased 0.2 percent in May, the first drop for the index since August 2004. Agricultural prices increased for the fourth month in a row in June and were led by higher prices for soybeans and corn, which more than offset lower vegetable prices. Despite the recent upward trend, agricultural prices declined 2.7 percent for the year ended in June. Nonagricultural prices fell for the second consecutive month after having not posted a decline since June 2004. The index rose 3.8 percent over the past 12 months, while overall export prices increased 3.2 percent for the same period.

'Lower prices for nonagricultural industrial supplies and materials and for consumer goods both contributed to the recent drop in nonagricultural prices. The price index for nonagricultural industrial supplies and materials declined 0.6 percent in June after a 1.3 percent decrease in May. Notwithstanding those declines, the index increased 11.3 percent over the past year. The June drop was attributable to lower prices for chemicals and metals, which more than offset higher fuel prices. Consumer goods prices also fell for the second consecutive month in June, decreasing 0.2 percent. Prices for consumer goods still rose 1.2 percent over the past 12 months.

'Capital goods prices and prices of automotive vehicles both rose 0.1 percent in June and increased 0.7 percent and 1.2 percent, respectively, over the past year.

Imports by Locality of Origin

'Import prices from the European Union resumed an upward trend in June, rising 0.2 percent following a 0.2 percent decline in May. Higher petroleum prices led the turnaround. Prices of imports from the European Union advanced 5.3 percent over the past 12 months. The resumption of the upward trend in petroleum prices also impacted the price index of imports from Mexico, which rose 0.5 percent in June and 8.5 percent over the past year.

'Prices of imports from Canada and from Japan were both unchanged in June. Import prices from Canada had declined 0.5 percent in May, while import prices from Japan remained unchanged for the second consecutive month after modest 0.1 percent decreases in March and April. Despite the recent declines, the price indexes of imports from Canada and from Japan both increased for the year ended in June, up 7.1 percent and 0.7 percent, respectively.

'In contrast, prices of imports from China declined 0.1 percent last month after recording no change for May. The index declined 0.9 percent for the June 2004-2005 period.

Import and Export Services

'Import air passenger fares increased 10.2 percent in June, led by a jump for European and Asian fares, which rose 12.7 percent and 13.4 percent, respectively. Although reflective of seasonal trends, the overall increase in import fares was the largest one-month rise since monthly publication began at the beginning of 2001. Over the past 12 months, import air passenger fares increased 4.1 percent. In contrast, export air passenger fares declined 4.5 percent after increasing 6.8 percent in May. Despite the June drop, the index was up 10.0 percent over the past 12 months.'

The month of June, of course, is a long way off, considering that the price of crude oil had shot through the roof since the conclusion of that month.

Even so, the statistics, compiled by The Bureau of Labour Statistics, in **TARGET**'s opinion, are more than a little frightening, all things considered: They smack, strongly, of a higher level of inflation in the offing.

And that means that more interest-rate increases are, very much, on the cards.

The July figures, no doubt, will tell the tale a little more accurately.

On Wall Street, there was a slew of positive news, coming from a number of the 'darlings' of US equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 43.50 points, or about 0.41 percent, ending the trading day at 10,557.39 points.

On The NASDAQ, its Composite Index hardly moved, ending the day at 2,144.11 points, an increase of about 0.04 percent, compared with Tuesday's closing level.

One other piece of news that tended to make some economists happy came from the US Government, which reported that the US Trade Deficit dropped 2.80 percent in May, compared with April, to about \$US55.30 billion.

Again, considering the record-high price of crude oil since the compilation of that May statistic, it is doubtful that a declining trade deficit would have been present in the month of June.

Again, the July figures will tell the tale.

In Europe, armed with the announcement from the IEA, investors took heart, pushing up key indices of major bourses to 3-year highs, in some cases:—

Amsterdam's AEX Index	Plus	0.65 percent
Great Britain's FTSE 100 Index	Plus	0.55 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.57 percent
France's CAC 40 Index	Plus	0.69 percent
Switzerland's Swiss Market Index	Plus	1.06 percent
Italy's MIBTEL Index	Plus	0.81 percent

In Asia, last Wednesday, the price of light sweet crude oil for delivery in August continued to rise on electronic trading on The NYMEX, the price, hitting \$US60.82 per barrel, which translates into a gain of about one third of a percentage point, compared with the settlement of Tuesday.

The reason, being given for the gain in the price of crude oil in Asia, was the vague notion that a fairly small tropical storm, located in The Caribbean, might head toward The Gulf of Mexico.

On equity markets in the most-populous part of the world, it was a mixed bag, with parochial considerations, dogging some of the markets, especially those of The Philippines where many people were demanding the resignation of President Gloria Arroyo, also known as Gloria Macapagal-Arroyo.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, however, it was, as US astronauts say: *'All Systems Go!'*

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index rose about 1.13 percent, ending the very buoyant session at 14,307.30 points.

The Total Turnover was up to about \$HK21.98 billion, with the ratio of gaining counters to losing ones, being 2.16:One.

The Ten Most Actives were:

Hutchison Whampoa Ltd (Code: 13)	Up 2.50 percent to \$HK73.80 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 3.70 percent to \$HK78.55 per share
HSBC Holdings plc (Code: 5)	Up 0.56 percent to \$HK125.00 per share
PetroChina Company Ltd (Code: 857)	Up 2.48 percent to \$HK6.20 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.65 percent to \$HK77.15 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.67 percent to \$HK28.85 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.29 percent to \$HK104.90 per share
Esprit Holdings Ltd (Code: 330)	Down 2.47 percent to \$HK53.30 per share
CNOOC Ltd (Code: 883)	Up 0.51 percent to \$HK4.95 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.34 percent to \$HK14.65 per share

The biggest movers of the Main Board included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Development (Hongkong) Ltd	154	12.50		0.90
CATIC International Holdings Ltd	232	11.25		0.089
China Golden Development Holdings Ltd	162	17.65		0.30
Guangdong Tannery Ltd	1058	27.36		0.27

Hi Sun Technology (China) Ltd	818		23.33	0.69
HyComm Wireless Ltd	499	11.29		0.069
MAE Holdings Ltd	851	24.64		0.086
Mobicon Group Ltd	1213	10.87		1.02
Oriental Explorer Holdings Ltd	430	15.00		0.046
Pacific Plywood Holdings Ltd	767	27.27		0.028
Sing Tao News Corporation Ltd	1105	13.16		0.43
ZZNode Holdings Company Ltd	2371	11.36		0.49

On The (very speculative) **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar situation as had taken place on the Main Board.

The Growth Enterprise Index added about 1.38 percent to its value, ending the day at 877.18 points on a Total Turnover of about \$HK58.30 million.

The low Total Turnover was, perhaps, the only real cause for concern because a bullish equity market, normally, requires a better-than-average volume of activity.

The ratio of gaining counters to losing ones was about 1.03:One.

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

Shanghai Donghua Petrochemical Company Ltd (Code: 8251)	Unchanged at 56 cents per share
Golden Meditech Company Ltd (Code: 8180)	Up 12 percent to \$HK1.18 per share
TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.26 per share
Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK12.50 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Down 2 percent to 30 cents per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Advance Holdings Ltd	8117	12.96		0.305
China Photar Electronics Group Ltd	8220		23.53	0.182
Nanjing Dahe Outdoor Media Company Ltd	8243	10.00		0.22
G.A. Holdings Ltd	8126	11.67		0.067
Golden Meditech Company Ltd	8180	12.38		1.18
Info Communication Holdings Ltd	8082		10.31	0.087
Innovis Holdings Ltd	8065	25.00		0.025
iSteelAsia Holdings Ltd	8080		23.53	0.013
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		28.99	0.098
Neolink Cyber Technology (Holding) Ltd	8116		14.29	0.06
Tradeeasy Holdings Ltd	8163	13.33		0.068

In Japan, it was profit-taking day on the country's 3 equity markets.

On The Tokyo Stock Exchange, which is the country's premier equity market, The Nikkei-225 Stock Average lost about 0.28 percent of its value, ending the session at 11,659.84 yen.

Advancing counters outnumbered gaining ones, however, by the ratio of about 1.22:One.

News Wise

- The Cabinet Office of the Government of Japan announced that **consumer confidence** in the country had fallen during the month of June. It was the first time in 3 months that consumer confidence had fallen, The Cabinet Office commented. Concern has been expressed about living conditions and income prospects.

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

The HKSAR	Plus 1.13 percent to 14,307.30
Indonesia	Plus 0.33 percent to 1,132.79
Japan	Minus 0.28 percent to 11,659.84
Malaysia	Minus 0.29 percent to 913.07
The Philippines	Minus 0.80 percent to 1,854.04
Singapore	Plus 0.15 percent to 2,239.01
South Korea	Plus 0.60 percent to 1,050.16
Taiwan	Plus 0.29 percent to 6,377.09
Thailand	Plus 1.45 percent to 658.37

Thursday

The day got off to a start with another important report from The US Bureau of Labour Statistics.

Prior to the opening of equity markets in the US, this important branch of the US Government announced that the earnings of workers in the US were on the rise, while the Consumer Price Index was almost unchanged for the month of June.

This is the gist of that which The Bureau announced:

'REAL EARNINGS **-- June 2005 --**

'Real average weekly earnings rose by 0.2 percent from May 2005 to June 2005 after seasonal adjustment ...The change resulted from a 0.2 percent increase in average hourly earnings. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) and average weekly hours were unchanged.

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

'Average weekly earnings rose by 3.0 percent, seasonally adjusted, from June 2004 to June 2005. After deflation by the CPI-W, average weekly earnings increased by 0.4 percent. Before adjustment for seasonal change and inflation, average weekly earnings were \$539.45 in June 2005, compared with \$524.37 a year earlier.'

As the cost of goods and services rise, due to, inter alia, the higher cost of energy, which, also, boosts the cost for raw materials, it is natural for employees to seek increased wages and salaries in order to balance the situation if not to make ends meet.

Another indication of an escalating inflationary tendency in the US, nes pas?

Wall Street, however, saw things a little differently, and almost disregarded the facts, presented by The Labour Department.

(Investors may well live to rue the day that they decided to put their telescopes to their blind eyes)

On The New York Stock Exchange, the Dow Jones Industrial Average rose another 71.50 points, equivalent to about 0.68 percent, ending the session at 10,628.89 points.

On The NASDAQ, its Composite Index put on another 8.71 points, or about 0.41 percent, running up to 2,152.82 points.

It, really, had the makings of a sustained Wall Street rally, regardless of the fallacious logic that may have been driving the market to higher levels, helped along, of course, by Wall Street gurus, who were talking up the market at every available opportunity.

On The New York Mercantile Exchange (NYMEX), the price of crude oil came off with a bang.

For August delivery, the price of light sweet crude oil shed 3.68 percent of Wednesday's settlement, coming in at \$US57.80 per barrel.

As for delivery in September, light sweet crude oil was settled at \$US58.70 per barrel, down about 3.53 percent.

Whether or not it would hold at these lower levels, however, remained to be seen (hurricane season is only just getting under way the US).

For oil traders, trading on this market, during the first 4 trading days of the week, was nothing less than a roller coaster ride.

No doubt, many of the oil traders got badly mauled.

In Europe, investors in this part of the world were very happy to go along for another Wall Street ride and, as a direct result, indices of major bourses moved to higher levels, some of which rose to 3-year highs.

This was how those indices closed, last Thursday:

Amsterdam's AEX Index	Plus 0.46 percent
Great Britain's FTSE 100 Index	Plus 0.26 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.41 percent
France's CAC 40 Index	Plus 0.62 percent
Switzerland's Swiss Market Index	Plus 1.07 percent
Italy's MIBTEL Index	Plus 0.54 percent

Things were popping on Asian equity markets, last Thursday, also: Every key index of every major stock market rose.

The fall in the price of crude oil on Wednesday, during Open Outcry Trading on The NYMEX, bullish news with regard to some Wall Street favourites, and the falling US Trade Deficit all helped the general sentiment in the most-populous part of the world.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets made very useful gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index put on about 1.29 percent, rising to 14,491.54 points.

The Total Turnover shot up to about \$HK27.94 billion – which, really, is a volume of activity, reminiscent of a bullish market.

The ratio of gaining counters to losing ones was about 1.62:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.64 percent to \$HK125.80 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.83 percent to \$HK75.15 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.80 percent to \$HK80.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.71 percent to \$HK14.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.27 percent to \$HK78.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 3.29 percent to \$HK29.80 per share
PetroChina Company Ltd (Code: 857)	Down 0.81 percent to \$HK6.15 per share
CNOOC Ltd (Code: 883)	Down 1.52 percent to \$HK4.875 per share
Swire Pacific Ltd (Code: 19)	Up 3.46 percent to \$HK74.70 per share

Semiconductor Manufacturing International Corporation (Code: 981) Up 4.14 percent to \$HK1.76 per share

The Main Board's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Development (Hongkong) Ltd	154		11.11	0.80
China Agrotech Holdings Ltd	1073	11.39		0.44
China Golden Development Holdings Ltd	162		16.67	0.25
E. Bon Holdings Ltd	599	27.27		0.28
Hang Ten Group Holdings Ltd	448	10.71		1.24
K. Wah Construction Materials Ltd	27	11.96		5.15
MACRO-LINK International Holdings Ltd	472		11.76	0.15
Ocean Grand Chemicals Holdings Ltd	2882		12.40	1.06
Omnicorp Ltd	94	14.29		0.88
Oriental Explorer Holdings Ltd	430		10.87	0.041
Pak Tak International Ltd	2668		33.71	0.232
Silver Grant International Industries Ltd	171	14.29		2.60
Sunny Global Holdings Ltd	1094	19.61		0.061
United Pacific Industries Ltd	176		10.20	0.229
Universal Holdings Ltd	419	14.81		0.093
Victory Group Ltd	1139	11.54		0.029
Wing Hong (Holdings) Ltd	745		10.45	0.06

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, while the lone index of this market was in positive territory to the extent of about one half of a percentage point, the volume of activity was down; and, the ratio of gaining counters to losing ones was tight, at about 1.06:One.

The Growth Enterprise Index ended the session at 881.58 points, an increase of 4.40 points on Wednesday's close.

The Total Turnover shrank to about \$HK47.99 million – which is not the stuff of which a bullish market is made.

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

Golden Meditech Company Ltd (Code: 8180)	Up 2 percent to \$HK1.20 per share
Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK12.50 per share
Shanghai Donghua Petrochemical Company Ltd (Code: 8251)	Down 2 percent to 55 cents per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Down 2 percent to \$HK1.30 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK13.95 per share

As for The GEM's biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Essex Bio-Technology Ltd	8151		20.00	0.08
Excel Technology International Holdings Ltd	8048		14.29	0.06
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	12.50		0.18
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		28.67	0.107
Neolink Cyber Technology (Holding) Ltd	8116	20.00		0.072
PINE Technology Holdings Ltd	8013		11.11	0.12
Timeless Software Ltd	8028		16.49	0.081

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average gained about 0.90 percent, rising to 11,764.26 yen.

The ratio of gainers to losers on this market was about 1.19:One.

News Wise

- The Finance Ministry announced that the **May Current Account Surplus** fell 19.50 percent, Year-On-Year, to 1.38 trillion yen. The bugbear was said to be the high cost of crude oil; and,
- **Toyobo Company**, the maker of the much-maligned material, which is the basis for so-called, bulletproof vests, worn in the US by a great number of policemen, has agreed to settle a US class-action suit for \$US29 million. It has been alleged that the company's material, Zylon, is defective. Toyobo's management claims that it is not the material that is defective, but the design and manufacturing process of the US producer of the vests, Second Chance Body Armor Incorporated of Michigan. Second Chance has filed Chapter 11 of the Bankruptcy Laws of the US.

This was how key indices of other Asian equity markets ended their respective trading days, last Thursday:

The HKSAR	Plus 1.29 percent to 14,491.54
Indonesia	Plus 0.33 percent to 1,136.57
Japan	Plus 0.90 percent to 11,764.26
Malaysia	Plus 0.88 percent to 921.06

The Philippines	Plus 1.37 percent to 1,879.46
Singapore	Plus 0.50 percent to 2,250.16
South Korea	Plus 1.12 percent to 1,061.93
Taiwan	Plus 0.65 percent to 6,418.35
Thailand	Plus 0.72 percent to 663.11

Friday

The social drinker would say that his bottle was still half full, whereas the tippler would lament that his bottle was, sadly, half empty.

That appeared to be the situation, last Friday morning, prior to the opening of equity markets in the US as the US Labour Department released its findings in respect of the Producer Price Index for June 2005.

One international news agency, on viewing a summary of findings of The Bureau of Labour Statistics, claimed that producer prices were holding up well, whereas another international news agency described the statistics as being flat.

In **TARGET**'s opinion, these latest statistics – representing the third important announcement from The Bureau, during the week – bear out that which this medium continues to maintain: Things in the US are not all that they are cracked up to be by the Wall Street 'experts', who come to the table without clean hands, in any case.

This is most of that which The Bureau released, last Friday morning:

'Producer Price Indexes **-- June 2005 --**

'The Producer Price Index for Finished Goods showed no change in June, seasonally adjusted ... This index had fallen 0.6 percent in May and risen 0.6 percent in April. At the earlier stages of processing, prices received by manufacturers of intermediate goods advanced 0.1 percent in June, following a 0.7-percent decline in the preceding month, while the crude goods index decreased 3.3 percent, after moving down 2.0 percent in May ...

'Among finished goods, the index for energy goods increased 2.0 percent in June, following a 3.5-percent drop in the previous month. By contrast, prices for finished consumer foods fell 1.1 percent, compared with a 0.3-percent decline in May, and the index for finished goods other than foods and energy decreased 0.1 percent in June, following a 0.1-percent rise a month earlier.

'During the first 6 months of 2005, prices for finished goods advanced at a seasonally adjusted annual rate (SAAR) of 2.4 percent, after moving up at a 4.8-percent SAAR during the latter half of 2004. Within the finished goods category, the index for finished energy goods increased at an 8.5-percent SAAR from December 2004 to June 2005 after rising at an 18.0-percent SAAR from June 2004 to December 2004, and prices for finished consumer foods went down at a 1.3-percent SAAR during the first half of 2005 after advancing at a 1.6-percent SAAR during the second half of 2004. The index for finished goods other than foods and energy climbed at a 2.2 percent SAAR in June 2005, the same rate of increase as in the prior 6-month period. At the earlier stages of processing, prices for intermediate goods increased at a 4.2-percent SAAR from December 2004 to June 2005, after rising at an 8.0-percent SAAR from June 2004 to December 2004. The crude goods index declined at a 3.4-percent SAAR during the first 6 months

of 2005, after moving up at a 7.2-percent SAAR during the last 6 months of 2004...

'Before seasonal adjustment, the Producer Price Index for Finished Goods declined 0.1 percent in June to 154.0 (1982=100). From June 2004 to June 2005, prices for finished goods advanced 3.6 percent. Over the same period, the index for finished energy goods jumped 13.2 percent, prices for finished goods other than foods and energy rose 2.2 percent, and the index for finished consumer foods inched up 0.1 percent. For the 12 months ended June 2005, prices for intermediate goods increased 6.2 percent and the crude goods index moved up 1.7 percent.

'Finished goods

'The index for finished energy goods climbed 2.0 percent in June, following a 3.5-percent decrease in May. Over two-thirds of this upturn can be traced to gasoline prices, which went up 8.7 percent in June compared with a 9.9-percent drop a month earlier. The indexes for home heating oil, liquefied petroleum gas, diesel fuel, and kerosene also advanced, after falling in May. Alternatively, prices for residential natural gas declined 3.2 percent in June, following a 0.9-percent decrease in the preceding month. The index for residential electric power also fell at a faster rate than it did in the previous month.

'The index for finished consumer foods declined 1.1 percent in June, compared with a 0.3-percent decrease in May. Prices for beef and veal dropped 8.0 percent in June, after rising 1.9 percent a month earlier. The indexes for fresh fruits and melons, eggs for fresh use, and for finfish and shellfish also moved down, following increases in May. Pork prices decreased in June, after remaining unchanged in the prior month. The index for processed turkeys fell at a faster rate than it did in May. By contrast, prices for fresh and dry vegetables advanced 7.4 percent in June, subsequent to a 15.0-percent decline in the preceding month. The dairy products index decreased less in June than it did in the previous month, while prices for roasted coffee and for processed fruits and vegetables rose more than they did in May.

'The capital equipment index fell 0.2 percent in June, after inching up 0.1 percent in May. Prices for construction machinery and equipment moved down 0.4 percent in June, following a 2.2-percent jump a month earlier. The indexes for civilian aircraft and industrial material handling equipment also turned down, after rising in May. Prices for light motor trucks and passenger cars declined more in June than they did in the previous month, while the index for heavy motor trucks increased at a slower pace than it did in May. Conversely, prices for electronic computers decreased 0.8 percent in June, compared with a 4.8-percent drop in the preceding month. The indexes for railroad equipment and metal cutting machine tools advanced more than they did in May. From December 2004 to June 2005, capital equipment prices moved up at a 1.5-percent SAAR, after climbing at a 2.6-percent SAAR from June 2004 to December 2004.

'The index for finished consumer goods other than foods and energy edged down 0.1 percent in June, following a 0.1-percent increase in May. Passenger car prices declined 1.0 percent in June after decreasing 0.2 percent a month earlier, while the index for light motor trucks fell 1.7 percent after moving down 0.9 percent in May. Prices for cigarettes and household furniture were unchanged in June, following advances in the preceding month. The indexes for periodical circulation and textile house furnishings turned down, after rising in May. Prices for mobile homes and pharmaceutical preparations increased less in June than they did in the prior month. By contrast, newspaper circulation prices, which were

unchanged in May, went up 1.7 percent in June. The book publishing index also rose after showing no change in the previous month, while tire prices advanced at a quicker pace than they did in May. During the first half of 2005, the index for finished consumer goods other than foods and energy climbed at a 2.6-percent SAAR, after moving up at a 2.1-percent SAAR during the second half of 2004.

'Intermediate goods

'The Producer Price Index for Intermediate Materials, Supplies, and Components edged up 0.1 percent in June, following a 0.7-percent decline in the prior month. Prices for intermediate energy goods rose, after decreasing in May, accounting for most of this upturn. Prices for materials and components for construction also turned up in June, while the index for materials for durable manufacturing fell less than it did in the preceding month. By contrast, the indexes for materials for nondurable manufacturing and for intermediate foods and feeds decreased, following increases in the previous month. Prices for intermediate goods other than foods and energy moved down 0.2 percent in June, compared with a 0.3-percent decline in May.

'The intermediate energy goods index turned up 1.9 percent in June, after falling 2.6 percent in the preceding month. Gasoline prices jumped 8.7 percent, following a 9.9-percent drop in May. The indexes for jet fuels, diesel fuel, home heating oil, and liquefied petroleum gas also went up, after falling a month earlier. Prices for industrial electric power rose at a quicker pace than they did in May. Alternatively, the industrial natural gas index declined 5.1 percent in June, following a 1.5-percent decrease in the prior month. Prices for commercial natural gas also fell more than they did in May, and the index for commercial electric power turned down in June. Prices for intermediate energy goods advanced at an 11.9-percent SAAR during the first half of 2005, after rising at an 18.3-percent SAAR in the second half of 2004.

'The index for materials for durable manufacturing declined 0.5 percent in June, after falling 1.4 percent in May. Hot rolled steel sheet and strip prices fell 7.6 percent in June, after posting an 8.4-percent decline a month earlier. The indexes for building paper and board and for plywood turned up in June, while prices for copper cathode and refined copper, copper and brass mill shapes, and cement increased more than they did in May. By contrast, the aluminum mill shapes index turned down 1.6 percent in June, compared with a 0.3-percent advance in the preceding month. Prices for hot rolled steel bars plates and structural shapes; cold finished steel bars; and prepared paint also decreased, following gains in May. From December 2004 to June 2005, the index for materials for durable manufacturing fell at a 0.1-percent SAAR, after moving up at a 14.4-percent SAAR in the previous 6-month period.

'Subsequent to a 0.2-percent decline in May, prices for materials and components for construction climbed 0.3 percent in June. Accounting for more than half of this upturn, the index for softwood lumber increased 3.9 percent, after falling 5.7 percent in the previous month. Prices for plywood, building paper and board, nonferrous wire and cable, and wiring devices also rose in June, following decreases in the prior month. The treated wood index went up more than it did in May. By contrast, prices for plastic construction products declined 0.7 percent in June, after increasing 0.6 percent in the preceding month. The indexes for paving mixtures and blocks, concrete products, and hardwood lumber also turned down in June, while prices for steel mill products fell more than they did in May. During the first half of 2005, the index for materials and components

for construction advanced at a 4.5-percent SAAR, after increasing at a 5.7-percent SAAR in the second half of 2004.

'Prices for materials for nondurable manufacturing turned down 0.4 percent in June, after inching up 0.1 percent a month earlier. Much of this downturn can be attributed to the index for plastic resins and materials, which fell 2.8 percent following a 0.4-percent rise in May. Prices for inedible fats and oils, finished fabrics, and paint materials also declined in June, after moving up in the prior month. The paperboard index decreased, following no change in May. Prices for intermediate basic organic chemicals fell more in June than they did in the previous month, and the index for basic inorganic chemicals rose less than in May. Alternatively, prices for primary basic organic chemicals showed no change in June, following a 3.1-percent drop in the preceding month. The indexes for paper, medicinal and botanical chemicals, and synthetic rubber increased more than they did in the preceding month. From December 2004 to June 2005, prices for materials for nondurable manufacturing climbed at a 3.9-percent SAAR, after rising at a 15.5-percent SAAR from June to December 2004.

'The intermediate foods and feeds index declined 0.8 percent in June, following a 0.4-percent rise in the prior month. Leading this downturn, beef and veal prices dropped 8.0 percent, after moving up 1.9 percent in May. The index for fluid milk products also turned down in June. Prices for pork fell, following no change in May, while the flour index rose less than it did in the previous month. Conversely, the index for prepared animal feeds increased 2.0 percent in June, after rising 0.7 percent a month earlier. The natural, processed, and imitation cheese index fell less than it did in the preceding month, while prices for refined sugar and byproducts, shortening and cooking oils, and confectionary materials turned up in June. The index for intermediate foods and feeds advanced at a 2.9-percent SAAR in the first half of 2005, after falling at a 16.6-percent SAAR in the prior 6-month period.

'Crude Goods

'The Producer Price Index for Crude Materials for Further Processing declined 3.3 percent in June, following a 2.0-percent fall in May. Prices for crude foodstuffs and feedstuffs, crude energy materials, and basic industrial materials fell more in June than they did in May.

'The crude foodstuffs and feedstuffs index declined 3.1 percent in June, after decreasing 1.0 percent in May. In June, prices for slaughter cattle fell 5.9 percent, following a 1.2-percent decline in May. Similarly, prices for slaughter hogs also fell at a faster pace, compared to May. The fresh fruits and melons, wheat, and unprocessed finfish indexes turned down in June after rising a month earlier. Conversely, prices for fresh vegetables (except potatoes) moved up 12.1 percent in June, following an 18.0-percent drop in the prior month. Prices for slaughter broilers and fryers and for corn also increased, after declining in the previous month. The index for crude foodstuffs and feedstuffs decreased at a 6.0-percent SAAR from December 2004 to June 2005, after declining at a 15.9-percent SAAR during the previous 6-month period.

'The crude energy materials index declined 3.1 percent in June, subsequent to a 1.9-percent decline in May. The natural gas index fell 8.9 percent in June, after decreasing 3.6 percent in the prior month. Prices for coal turned down 1.1 percent, after increasing 0.3 percent a month earlier. By contrast, prices for crude petroleum gained 5.5 percent, following a 0.5-percent rise in May. The index for crude energy materials moved up at a 7.9-percent SAAR from December 2004 to June 2005, after advancing at a 14.6-percent SAAR during the second half of 2004.

'Prices for basic industrial materials declined 4.3 percent in June, after falling 3.6 percent in May. The iron and steel scrap index fell 19.9 percent in June, following a 12.3-percent drop in the preceding month. Prices for aluminum base scrap and for softwood logs, bolts, and timber also fell at a faster rate in June, compared to May. Prices for wastepaper declined, after remaining unchanged a month earlier, and the raw cotton index turned down after a May increase. Conversely, the copper ore index increased 6.1 percent in June, after declining 7.7 percent in May. Similarly, prices for copper base scrap and for hides and skins turned up in June, following decreases in May. During the first half of 2005, the index for crude nonfood materials less energy declined at a 21.8-percent SAAR, after advancing at a 41.6-percent SAAR for the second half of 2004 ...

'The Producer Price Index for the Net Output of Total Manufacturing Industries edged up 0.1 percent in June, following a 0.3-percent drop a month earlier. This upturn was primarily due to prices received by the petroleum and coal products manufacturing industry group, which increased 3.2 percent after falling a similar amount in the prior month. The industry group indexes for wood products manufacturing, computer and electronic products, and for printing and related support activities also turned up, compared with declines in May. Prices paid to manufacturers of fabricated metal products, nonmetallic mineral products, and beverage and tobacco products advanced more in June than they did a month earlier. Alternatively, prices received by food manufacturers fell 0.9 percent, after rising 0.4 percent in the previous month. The industry group indexes for transportation equipment and chemical manufacturing declined at faster rates in June than they did in the preceding month. Prices for the machinery manufacturing industry group remained unchanged, after increasing in May. From December 2004 to June 2005, the Producer Price Index for the Net Output of Total Manufacturing Industries rose at an annual rate of 6.2 percent, following a 3.0-percent rate of increase from June 2004 to December 2004. In June 2005, this index was 149.4 (December 1984=100), 4.5 percent above its year-ago level.

'Services

'Among services industries in June, prices received by commercial bankers advanced 5.2 percent, after decreasing 3.0 percent in May. The industry indexes for scheduled passenger air transportation and securities brokerages also turned up, following declines in the prior month. Prices received by hotels and motels (excluding casinos) and offices of lawyers increased more in June than they did a month earlier. The index for savings institutions fell less than it did in May. By contrast, rising prices for investment banking and securities dealing slowed, advancing 0.3 percent compared with a 2.7-percent rise in May. The indexes for line-haul railroads and for direct health and medical insurance carriers also increased less in June than they did in the previous month. Prices received by offices of certified public accountants and casino hotels turned down, after increasing in May, while the index for cellular and other wireless carriers fell more during the same period.'

Following the above announcement, the US Federal Reserve Board produced its statistics with regard to industrial production in the US for the month of June.

In a nutshell, The Fed remarked that the rate of growth of industrial production in the US, during the second quarter of 2005, on an annualised basis, represented the lowest quarterly increase since the second quarter of 2003.

This is most of that which The Fed had to say:

'INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

'Industrial production rose 0.9 percent in June, and at 119.7 percent of its 1997 average, it was 3.9 percent higher than its level in June 2004. The increase in June was the largest for the overall index since February 2004; a jump of 5.3 percent in the output of utilities, the result of warmer-than-usual temperatures, accounted for more than one-half of the June gain. Despite last month's large rise, total output advanced only 2.1 percent (annual rate) in the second quarter, the smallest quarterly increase since the second quarter of 2003. Manufacturing output advanced 0.4 percent in June, and the index for manufacturing excluding motor vehicles and parts edged up 0.1 percent. Production at mines rose 0.4 percent. Capacity utilization for total industry rose to 80.0 percent; the rate was 2.2 percentage points above its value in June 2004 but was 1.0 percentage point below its 1972-2004 average ...

'Market Groups

'The production of consumer goods rose 1.2 percent in June. The output of durables moved up 1.8 percent, although the index declined 2.5 percent (annual rate) in the second quarter. The output of automotive products rose 2.8 percent in June, its second consecutive monthly increase after declines in March and April. All other major categories of consumer durables advanced in June, though at a slower pace than did automotive products. The production of consumer nondurables rose 1.0 percent in June and increased 3.2 percent (annual rate) in the second quarter. The output of consumer energy products moved up 4.2 percent in June, and the production of non-energy nondurables rose 0.2 percent. Output increased for all major categories of nondurables except clothing.

'The index for business equipment advanced 0.2 percent in June and moved up at an annual rate of 7.9 percent in the second quarter, its eighth consecutive quarterly rise. The production of transit equipment rose 0.8 percent in June, and the output of information processing equipment advanced 0.4 percent. Although the index for industrial and other equipment fell slightly in June, it increased at an annual rate of 6.2 percent in the second quarter. The production of defense and space equipment rose 1.4 percent in June and was up 11.3 percent from its June 2004 level.

'The index for construction supplies declined 0.4 percent in June but rose at an annual rate of 2.9 percent in the second quarter. The index for business supplies increased 1.4 percent in June.

'The production of materials advanced 0.7 percent in June; the output of non-energy materials posted a modest gain of 0.1 percent, but the output of energy materials climbed 2.2 percent. The index for non-energy materials fell at an annual rate of 1.9 percent in the second quarter after a string of seven quarters of increases. Among non-energy materials, the output of durable materials edged up 0.1 percent in June, as gains in the production of consumer parts and of equipment parts were nearly offset by a decline in the output of other materials, such as steel. The index for nondurable materials was unchanged, as the output of paper increased but that of textiles and chemicals declined.

'Industry Groups

'Manufacturing output rose 0.4 percent in June; at an annual rate, the index moved up just 1.5 percent in the second quarter. The overall factory

operating rate increased 0.2 percentage point last month, to 78.4 percent. The production of durable manufacturing goods rose 0.6 percent and was led by a 2.9 percent gain in the output of motor vehicles and parts. Among the other major categories of durable goods, the production of computer and electronic products rose 0.7 percent in June, and the output of aerospace and miscellaneous transportation equipment increased 0.9 percent. A decline in the output of steel in June contributed to a 2.2 percent drop in the index for primary metals, which fell at an annual rate of 24.7 percent in the second quarter. The production of nondurable goods edged up 0.1 percent in June, and gains in the output of food, beverage, and tobacco products; paper; petroleum and coal products; and chemicals contributed to the rise. The indexes for textile and product mills, apparel and leather, printing and support, and plastics and rubber products industries all posted declines. The output of non-NAICS manufacturing industries (publishing and logging) rose 0.3 percent. The output at utilities climbed 5.3 percent in June and was bolstered by a nearly 7 percent jump in electricity generation. The operating rate at overall utilities rose to 88.2 percent. The output at mines increased 0.4 percent, and the utilization rate for mining advanced 0.4 percentage point, to 89.0 percent.

'By stage of process, capacity utilization for industries in the crude stage moved up 0.3 percentage point, to 87.1 percent. For industries in the primary and semifinished stages, the operating rate rose 0.9 percentage point, to 80.7 percent, and for industries in the finished stage, utilization increased 0.4 percentage point, to 77.7 percent.'

Wall Street appeared to be nonchalant about the facts, presented to it by important organs of the US Government.

On The New York Stock Exchange, the Dow Jones Industrial Average finished off the week with a gain of 11.94 points, equivalent to about 0.11 percent, at 10,640.83 points.

On The NASDAQ, its Composite Index rose 3.96 points, or about 0.18 percent, to hit 2,156.78 points by the close of the trading day.

Interestingly enough, for most of the day, both The Dow and The NASDAQ's Composite Index were in negative territory, and it was only during the afternoon session that investors supported the market, causing indices to transfer over onto the positive side of the ledger.

Short-covering activity?

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

The Dow Jones Industrial Average	Plus	1.83 percent
The NASDAQ's Composite Index	Plus	2.08 percent

On The New York Mercantile Exchange (NYMEX), light sweet crude oil was settled at \$US58.09 per barrel, an increase of, exactly, one half of a percentage point on Thursday's last trade.

For September delivery, light sweet crude oil came in at \$US59.13 per barrel, an increase of about 0.73 percent on the previous settlement of Thursday.

By and large, European bourses were featureless.

There will little to stimulate trading in equities among eurozone markets.

This was how the key indices of the 6, most-important bourses ended their respective trading days, last Friday:

Amsterdam's AEX Index	Minus 0.01 percent
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Great Britain's FTSE 100 Index	Minus 0.54 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.29 percent
France's CAC 40 Index	Plus 0.06 percent
Switzerland's Swiss Market Index	Minus 0.03 percent
Italy's MIBTEL Index	Minus 0.35 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), gains continued to be made on the territory's 2 equity markets, but the gains were only of a fractional nature.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index ended the week at 14,504.29 points, up about 0.09 percent on Thursday's closing level.

The Total Turnover, however, stayed right up there in Bull Country, at about \$HK26.03 billion.

The ratio of gaining counters to losing ones was about 1.12:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.16 percent to \$HK126.00 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.68 percent to \$HK15.15 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.13 percent to \$HK75.05 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.11 percent to \$HK82.45 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.50 percent to \$HK29.65 per share
PetroChina Company Ltd (Code: 857)	Down 2.44 percent to \$HK6.00 per share
CNOOC Ltd (Code: 883)	Down 4.10 percent to \$HK4.675 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.06 percent to \$HK78.85 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.82 percent to \$HK3.025 per share
Swire Pacific Ltd (Code: 19)	Down 0.13 percent to \$HK74.60 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	10.00		0.011
Chanco International Group Ltd	264		10.29	0.61
China Force Oil and Grains Industrial Holdings Company Ltd	1194		46.67	0.56
China Motion Telecom International Ltd	989		10.05	0.179
China Water Affairs Group Ltd	855	10.45		0.37
CSMC Technologies Corporation	597		11.11	0.40
Gorient (Holdings) Ltd	729	13.33		0.034
Hansom Eastern (Holdings) Ltd	279		10.53	0.017

Herald Holdings Ltd	114	13.92		0.90
IRICO Group Electronics Company Lt	438		12.22	0.395
NewOcean Green Energy Holdings Ltd	342	13.73		0.58
REXCAPITAL Financial Holdings Ltd	555		16.67	0.025
South East Group Ltd	726	13.41		0.093
Takson Holdings Ltd	918	15.00		0.138
Universe International Holdings Ltd	1046		13.46	0.045
Victory Group Ltd	1139		13.79	0.025

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose by about one third of a percentage point to 884.51 points.

The Total Turnover continued on the low side at about \$HK51.73 million.

On this speculative marketplace, losing counters outran gaining ones by the ratio of about 1.25:One.

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

Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 1 percent to \$HK13.80 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 2 percent to \$HK1.32 per share
TOM Online Incorporated (Code: 8282)	Unchanged at \$HK1.26 per share
Golden Meditech Company Ltd (Code: 8180)	Down 2 percent to \$HK1.18 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.125 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Advance Holdings Ltd	8117	15.15		0.38
Essex Bio-Technology Ltd	8151	25.00		0.10
Excel Technology International Holdings Ltd	8048		16.67	0.05
G.A. Holdings Ltd	8126		10.45	0.06
Global Link Communications Holdings Ltd	8060		16.67	0.03
Grandy Corporation	8143		10.00	0.09
iSteelAsia Holdings Ltd	8396	15.38		1.50
Medical China Ltd	8186		15.09	0.045
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	86.92		0.20
Recruit Holdings Ltd	8073	11.76		0.95
Tai Shing International (Holdings) Ltd	8103	25.49		0.32
Timeless Software Ltd	8028	11.11		0.09
WorldMetal Holdings Ltd	8161	23.08		0.80

For the week, the tally was:

The Hang Seng Index	Plus 3.87 percent
The Growth Enterprise Index	Plus 2.40 percent

Japan was very dull, last Friday, with the key indices of the 3 equity markets, hardly moving at all.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average fell 5.58 yen, or about 0.05 percent, slipping back to 11,758.68 yen.

Gaining counters outran losing ones by the ratio of about 1.10:One.

- **Corporate bankruptcies** in Japan, during the first 6 months of 2005, numbered 6,401 cases, according to a Tokyo-based research company. That figure of 6,401 cases represented a drop of about 9.40 percent, compared with the number of cases, recorded in the like period in 2004.

For the week, the tally for Asia's largest equity market was:

The Nikkei-225 Stock Average Plus 1.67 percent

And, in other Asian equity markets, this was how their key indices ended the week of July 15, 2005:

The HKSAR	Plus 0.09 percent to 14,504.29
Indonesia	Minus 0.45 percent to 1,131.46
Japan	Minus 0.05 percent to 11,758.68
Malaysia	Minus 0.46 percent to 916.84
The Philippines	Plus 0.94 percent to 1,897.08
Singapore	Plus 0.01 percent to 2,250.29
South Korea	Minus 0.22 percent to 1,059.60
Taiwan	Minus 0.12 percent to 6,410.59
Thailand	Minus 0.91 percent to 655.46

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