

**MARKETS BUCKLE AS HURRICANE RITA ARRIVES AT THE GULF –  
INTEREST RATES RAISED BY 25 BASIS POINTS –  
OIL PRICES HEAD CLOSER TO \$US70 PER BARREL**

It is said that when 2 Semites sit down to discuss the solution to a problem, at least 3 opinions will be forthcoming from the duo.

Last Monday, although The Organisation of Petroleum Exporting Countries (OPEC) had stated that it would release at least another 500,000 barrels of crude oil onto the world markets in order to help to bring down the price of the black ooze, the decision was reversed – because, according to OPEC Ministers, *‘there is no need for raising the ceiling.’*

Instead, in the words of Nigerian Oil Minister Edmund Daukoru:

*‘We (OPEC) will collectively make a pledge to have the spare capacity available if needed, but I don’t believe it is needed.’*

And so the ceiling for the cartel, comprising the 10-member, oil-producing countries, will be kept at 28 million barrels of crude oil per day – no increase, as had been promised.

It was only the previous Friday (September 16) that the European head office of OPEC had stated that it would recommend, strongly, that its members increase their output of crude oil in order to quench the thirst of the industrialised countries of the world.

Meanwhile, Tropical Storm Rita headed for The Gulf of Mexico, with projections that it would be upgraded into a hurricane before coming ashore somewhere in the heart of the oil-refining belt of the US.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in October shot up by 6.97 percent to \$US67.39 per barrel, compared with the last settlement of \$US63.00 per barrel on Friday, September 16, 2005.

For November, the last settlement came in at \$US67.51 per barrel of light sweet crude oil, up 6.58 percent on the day.

On Wall Street, the many concerns of investors were aggravated by the determination of OPEC.

Also, it appeared, only too clearly, that the US Federal Reserve Board would raise interest rates by another 25 basis points when it met on Tuesday in Washington, D.C.

It stood to reason that the high price of crude oil would pound another nail into the coffin of consumer spending because, with petrol prices at near prohibitive levels for many Americans, cutbacks in spending were bound to come and were bound to be exacerbated the longer that oil prices stayed at their current high levels.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 84.31 points, equivalent to 0.79 percent, falling back to 10,557.63 points.

On The NASDAQ, its Composite Index fell 15.09 points, or about 0.70 percent, ending the day at 2,145.26 points.

In Europe, for some people, the spike in the price of crude oil was good news, especially for those investors and speculators, holding onto energy shares.

Many counters' share prices rose to levels that had not been seen since 2002.

This was how the key indices of major European bourses ended their respective trading days, last Monday:

Amsterdam's AEX Index	Plus 0.26 percent
Great Britain's FTSE 100 Index	Plus 0.40 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.21 percent
France's CAC 40 Index	Minus 0.08 percent
Switzerland's Swiss Market Index	Plus 0.07 percent
Italy's MIBTEL Index	Minus 0.01 percent

In Asia, the 2 largest equity markets were closed for holidays: Japanese equity markets were closed for the holiday, dubbed '*Respect for the Aged Day*'; and, the equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were closed for the celebration of the Mid-Autumn Festival.

South Korea and Taiwan were, also, closed for holidays.

This was how other Asian equity markets ended their respective trading days, last Monday:

The HKSAR	Closed
Indonesia	Plus 0.93 percent to 1,066.59
Japan	Nikkei-255 Stock Average Closed TOPIX Average Closed
Malaysia	Plus 0.14 percent to 923.27
The Philippines	Plus 0.96 percent to 1928.09
Singapore	Minus 0.34 percent to 2,298.50
South Korea	Closed
Taiwan	Closed
Thailand	Plus 0.10 percent to 708.98

## Tuesday

As **TARGET**'s Chief Economist had predicted more than 14 days ago, along with many other economists on this planet, the US Federal Reserve Board determined to raise interest rates by another 25 basis points, last Tuesday.

The decision of The Fed was hardly a shock for Wall Street, but the announcement from The Fed came just as Tropical Storm Rita was upgraded into a fully fledged hurricane as it lashed the Florida coast.

Key indices on US equity markets came under almost immediate pressure.

From The Fed, this is the full text of that which it announced to the world:

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

*'Output appeared poised to continue growing at a good pace before the tragic toll of Hurricane Katrina. The widespread devastation in the Gulf region, the associated dislocation of economic activity, and the boost to energy prices imply that spending, production, and employment will be set back in the near term. In addition to elevating premiums for some energy products, the disruption to the production and refining infrastructure may add to energy price volatility.'*

*'While these unfortunate developments have increased uncertainty about near-term economic performance, it is the Committee's view that they do not pose a more persistent threat. Rather, monetary policy accommodation, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Higher energy and other costs have the potential to add to inflation pressures. However, core inflation has been relatively low in recent months and longer-term inflation expectations remain 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.'*

*'Voting for the FOMC monetary policy action were: Alan Greenspan, Chairman; Timothy F. Geithner, Vice Chairman; Susan S. Bies; Roger W. Ferguson, Jr.; Richard W. Fisher; Donald L. Kohn; Michael H. Moskow; Anthony M. Santomero; and Gary H. Stern. Voting against was Mark W. Olson, who preferred no change in the federal funds rate target at this meeting.'*

*'In a related action, the Board of Governors unanimously approved a 25-basis-point increase in the discount rate to 4-3/4 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, Richmond, Chicago, Minneapolis, and Kansas City.'*

Going back to Hurricane Rita, fears on the Gulf Coast of the US were that it may well finish the job, started by Hurricane Katrina, as winds with gusts of more than 100 miles per hour started to whip parts of low-lying Florida.

It was forecast to strengthen even further as it entered The Gulf of Mexico.

The potential for another natural disaster in the US Gulf Coast States appeared to be in the making.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up another 76.11 points, equivalent to about 0.72 percent, falling to 10,481.52 points.

On the tech-laden NASDAQ, its Composite Index shed 13.93 points, or about 0.65 percent, coming to rest at 2,131.33 points by the close of the day.

Ironically, as Hurricane Rita spewed wind and rain on the southern tip of Florida, on The New York Mercantile Exchange (NYMEX), the price of crude oil fell back.

Hardnosed oil traders, however, knew only too well of the potential for the price of crude oil to rise again, and with a vengeance should Hurricane Rita be further upgraded into a Category 2 hurricane or higher.

For October delivery – last Tuesday was the last day of trading in this month – the last settlement was \$US66.23 for a barrel of light sweet crude oil, a fall of about 2.06 percent, compared with Monday's last settlement.

For November delivery, a barrel of light sweet crude oil was fetching \$US66.20, off 1.94 percent on the last settlement of Monday.

In Europe, while it was a foregone conclusion that The Fed would raise interest rates again, until it was a fait accompli, investors in this part of the world determined to wait for the official announcement.

Investors, locked into European bourses, were, also, somewhat concerned that Hurricane Rita might well create even more havoc to the southern-most part of the US, especially in the refining-rich US Gulf States.

For energy counters, it was good news, but, as with any accomplished swordsman, there is, always, the possibility that one might be cut by one's own weapon.

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

Amsterdam's AEX Index	Plus 0.56 percent
Great Britain's FTSE 100 Index	Minus 0.24 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.74 percent
France's CAC 40 Index	Plus 0.57 percent
Switzerland's Swiss Market Index	Plus 0.50 percent
Italy's MIBTEL Index	Plus 0.21 percent

For most of Asia, investors appeared to be somewhat oblivious of the potential problems, confronting the world, with key indices of the region, rising quite materially.

Although most investors in Asia fully expected The Fed to raise interest rates, with interest rates in Asia, following suit, the consensus appeared to be that higher borrowing rates would have little impact on the economy of the world's richest country or, for that matter, the economies of Asia.

This would appear to be a somewhat naive prognosis, but, regardless of the logic, investors charged right in, in a buying frenzy of stocks and shares.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 1.73 percent, rising to 15,241.86 points.

The Total Turnover went up to about \$HK21.31 billion.

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

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.16 percent to \$HK126.10 per share
PetroChina Company Ltd (Code: 857)	Up 3.23 percent to \$HK6.40 per share
Hutchison Whampoa Ltd (Code: 13)	Up 3.77 percent to \$HK78.45 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 5.94 percent to \$HK36.55 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.99 percent to \$HK84.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.63 percent to \$HK81.30 per share
CNOOC Ltd (Code: 883)	Up 4.67 percent to \$HK5.60 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.24 percent to \$HK3.425 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.30 percent to \$HK15.55 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.825 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Holdings Ltd	899	13.93		1.39
Asia Standard Hotel Group Ltd	292		11.58	0.42
China Force Oil and Grains Industrial Holdings Company Ltd	1194		12.94	0.37
China Rare Earth Holdings Ltd	769	11.11		0.80
Dan Form Holdings Company Ltd	271	20.73		0.495
E. Bon Holdings Ltd	599	10.48		0.232
ENM Holdings Ltd	128	12.28		0.32
Far East Technology International Ltd	36	15.65		1.33
Garron International Ltd	1226		19.05	0.085
Gorient (Holdings) Ltd	729	40.00		0.035
Hi Sun Technology (China) Ltd	818	12.50		0.81

HyComm Wireless Ltd	499	10.11		0.098
Jiaoda Kunji High-Tech Company Ltd	300	16.67		1.40
Karl Thomson Holdings Ltd	7	27.78		0.69
Kwang Sung Electronics Hongkong Company Ltd	2310		17.95	0.64
MAXX Bioscience Holdings Ltd	512		10.71	0.10
Pacific Plywood Holdings Ltd	767	15.38		0.03
Guangzhou R and F Properties Company Ltd	2777	11.02		20.65
REXCAPITAL Financial Holdings Ltd	555	80.95		0.076
Sunny Global Holdings Ltd	1094		11.73	0.143
Tidetime Sun (Group) Ltd	2909		20.63	0.25
UDL Holdings Ltd	620		12.50	0.042
Wah Nam International Holdings Ltd	159	11.25		0.178
Wing Hong (Holdings) Ltd	745	27.27		0.056

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, it was a completely different story.

The Growth Enterprise Index shed about 0.19 percent of its value, falling back to 965.98 points on a Total Turnover of about \$HK139.80 million.

The ratio of declining counters to advancing ones was about 1.05:One.

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

China.com Incorporated (Code: 8006)	Up 6 percent to 71 cents per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 5 percent to 18 cents per share
WorldMetal Holdings Ltd (Code: 8161)	Up 3 percent to \$HK2.225 per share
Techpacific Capital Ltd (Code: 8088)	Up 2 percent to 64 cents per share
TOM Online Incorporated (Code: 8282)	Down 1 percent to \$HK1.48 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		14.14	0.17
B M Intelligence International Ltd	8158	25.00		0.045
ePRO Ltd	8086	38.46		0.018
Innovis Holdings Ltd	8065	22.62		0.103
M Dream Inworld Ltd	8100	10.00		0.011
Mobile Telecom Network (Holdings) Ltd	8266	11.49		0.165
Plasmagene Biosciences Ltd	8250	16.67		0.14
Zheda Lande Scitech Ltd	8106		11.11	0.16

In Japan, the country's 3 equity markets enjoyed bullish sessions, with key indices, rising to 4-year, intraday highs.

On The Tokyo Stock Exchange, which is the premier equity market of Japan, The TOPIX Average rose 23.69 points, or about 1.78 percent, to close the day at 1,352.53 points.

The Nikkei-225 Stock Average rose only 1.47 percent, however, ending the day at 13,148.57 yen, as investors pushed up this index by 189.89 yen.

Gaining counters outnumbered losing ones by the ratio of about 4.33:One.

In other parts of Asia, this was how the key indices of other equity markets fared, last Tuesday:

The HKSAR	Plus 1.73 percent to 15,241.86
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Indonesia	Minus 1.03 percent to 1,055.59
Japan	Nikkei-255 Stock Average Plus 1.47 percent to 13,148.57 TOPIX Average Plus 1.78 percent to 1,352.53
Malaysia	Minus 0.13 percent to 922.03
The Philippines	Plus 0.28 percent to 1933.51
Singapore	Plus 0.39 percent to 2,307.42
South Korea	Plus 1.43 percent to 1,190.93
Taiwan	Plus 1.16 percent to 6,105.35
Thailand	Plus 2.00 percent to 723.16

### **Wednesday**

Hurricane Rita, with wind speeds of 165 miles per hour and higher, had been upgraded to a Category 5 storm by early Wednesday morning, Texas time.

Areas of Texas were in the process of being evacuated as the giant storm, which is stronger than Hurricane Katrina ever was at the height of its strength, threatened to shut down something in the neighbourhood of half of the total oil refining capacity of the US.

It was estimated that the storm would make landfall early Saturday morning on the central Texas coast, which is the heart of one of the oil-producing hubs of the US.

By last Wednesday, oil refineries in the projected path of Hurricane Rita had started winding down operations:

- Valero Corporation, the country's largest refinery, reduced its refining output from 243,000 barrels per day to 85,000 barrels per day;
- Texas City Refinery reduced its output, but would not be definitive as to the cutbacks;
- Marathon Oil had begun shutting down its facilities, completely, facilities which had been producing 72,000 barrels per day;
- Petroleum announced that it was in the process of closing down its units at its 470,000 barrel per day facility at Texas City;
- ConocoPhillips had closed its 220,000 barrel per day oil refinery at Sweeny, Texas; and,
- Shell said that it was in the process of closing down its 340,000 barrel per day Deer Park refinery.

Hurricane Rita, in fact, posed a major threat to 18 Texas refineries which account for about 23 percent of the total US refining capacity, The Energy Information Administration said.

The US Gulf Coast, which is the home to about 47.40 percent of total refining capacity in the US was under siege by this massive storm.

Wall Street nearly went into freefall at the news.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 103.49 points, equivalent to about 0.99 percent, ending a hectic trading day at 10,378.03 points.

Over on The NASDAQ, its Composite Index surrendered 24.69 points, or about 1.16 percent, falling back to 2,106.64 points.

Inflationary fears in the US, higher interest rates, Hurricane Rita, , much higher oil prices, with The Organisation of Petroleum Exporting Countries, refusing to release more oil onto the marketplace, and the inevitable fall in

corporate earnings from the effects of all of the above, all took their respective toll of investors' confidence, last Wednesday.

And more problems were certain to surface before the week was out: It all depended on the severity of the damage, left in the wake of Hurricane Rita, the second major storm to hit the US in a period of less than 30 days.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil, delivered in November, was \$US66.80, up only 40 cents, or about 0.60 percent, compared with the closing level on Tuesday.

But higher oil prices were almost guaranteed.

For the new month of December, the last settlement was \$US66.79 per barrel of light sweet crude oil.

European investors were taking no further chances, last Wednesday: Widespread selling was the order of the day on major equity markets in the region.

Every key index of every major European bourse came under heavy selling pressure:

Amsterdam's AEX Index	Minus 1.22 percent
Great Britain's FTSE 100 Index	Minus 0.86 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.76 percent
France's CAC 40 Index	Minus 1.40 percent
Switzerland's Swiss Market Index	Minus 1.05 percent
Italy's MIBTEL Index	Minus 0.30 percent

That which was becoming very evident to European investors, more so than in the US, no doubt, was that the most-important single economy of the world, today, was in the throws of a national disaster, the recovery from which may take between 2 years and 5 years.

And the known cost of reconstruction of Hurricane Katrina's devastation, to date, was in excess of \$US100 billion.

How much more money would be needed to clean up the mess, left by Hurricane Rita, was a menacing unknown.

As **TARGET** has stated, many times in the past, when the US catches a cold, the rest of the world contracts pneumonia.

In Asia, during trading on the region's equity markets, the situation in the US was not very clear so that investors determined to wait it out in order to see, literally, which way the winds were blowing in The Gulf of Mexico.

The US Federal Reserve Board's decision to raise interest rates by another 25 basis points was a touchy subject (Please see Tuesday's report), but much more touchy was the potential for much higher prices for crude oil and the prospects for the US economy to be set back by another 0.50 percent of its forecast **Gross National Product** (GNP) – the annual total value of goods, produced and services provided in a country.

On the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier market, the Main Board of The Stock Exchange of Hongkong Ltd, saw its key index lose, fractionally, while The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd saw its lone index manage to score a resounding gain.

The Hang Seng Index, the key gauge to trading in blue chips, listed on the Main Board, gave up 0.12 percent, exactly, falling back to 15,223.62 points.

The Total Turnover was about \$HK20.48 billion, with the ratio of gaining counters to losing ones, being about 1.77:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.16 percent to \$HK125.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.27 percent to \$HK36.45 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.13 percent to \$HK78.55 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK6.40 per share
Bank of Communications Company Ltd (Code: 3328)	Down 1.50 percent to \$HK3.275 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.30 percent to \$HK84.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.43 percent to \$HK80.95 per share
CNOOC Ltd (Code: 883)	Up 0.89 percent to \$HK5.65 per share
Swire Pacific Ltd (Code: 19)	Down 1.43 percent to \$HK72.30 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.46 percent to \$HK3.375 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Holdings Ltd	899	10.79		1.54
Asia TeleMedia Ltd	376	11.25		0.089
Chia Tai Enterprises International Ltd	121	11.03		0.161
Credit Card DNA Security System (Holdings) Ltd	1051	24.19		0.077
E. Bon Holdings Ltd	599	12.07		0.26
Foundation Group Ltd	1182		21.01	0.109
Gorient (Holdings) Ltd	729		14.29	0.03
Mei Ah Entertainment Group Ltd	391	10.20		0.27
Nippon Asia Investments Holdings Ltd	603		11.76	0.09
Pacific Plywood Holdings Ltd	767		13.33	0.026
Regal Hotels International Holdings Ltd	78		10.94	0.57
REXCAPITAL Financial Holdings Ltd	555	22.37		0.093
Shanghai Allied Cement Ltd	1060	10.00		0.22
Simsen International Corporation Ltd	993		15.38	0.088
South East Group Ltd	726	13.24		0.077
Starbow Holdings Ltd	397	11.11		0.05
Tidetime Sun (Group) Ltd	2909		12.00	0.22
UDL Holdings Ltd	620	11.90		0.047
United Pacific Industries Ltd	176	19.50		0.239
Wah Nam International Holdings Ltd	159	46.07		0.26

The Growth Enterprise Index of The GEM rose about 1.76 percent to 982.99 points on a Total Turnover of about \$HK185.94 million.

Even though The Growth Enterprise Index was well into positive territory, declining counters outnumbered advancing ones by the ratio of about 1.33:One.

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

TOM Online Incorporated (Code: 8282)	Up 16 percent to \$HK1.71 per share
Media Partners International Holdings Incorporated (Code: 8072)	Up 31 percent to \$HK1.09 per share
China.com Incorporated (Code: 8006)	Down 3 percent to 69 cents per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 7 percent to 19.30 cents per share
WorldMetal Holdings Ltd (Code: 8161)	Up 1 percent to \$HK2.25 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AGL MediaTech Holdings Ltd	8192		10.34	0.026
B M Intelligence International Ltd	8158		33.33	0.03
Computech Holdings Ltd	8081	32.50		0.053



Global Link Communications Holdings Ltd	8060	10.00		0.033
KanHan Technologies Group Ltd	8175		10.00	0.045
Launch Tech Company Ltd	8196	18.71		1.65
Media Partners International Holdings Incorporated	8072	31.33		1.09
Plasmagene Biosciences Ltd	8250		21.43	0.11
ProSticks International Holdings Ltd	8055	12.50		0.027
Satellite Devices Corporation	8172		25.00	0.015
Techpacific Capital Ltd	8088		12.50	0.56
TOM Online Incorporated	8282	15.54		1.71
Xteam Software International Ltd	8178	11.70		0.105

In Japan, trading was somewhat subdued, following the rise in interest rates in the US.

Nevertheless, the key index of The Tokyo Stock Exchange, The TOPIX Average, managed to record a gain of about 0.38 percent, ending the trading session at 1,352.53 points.

The Nikkei-225 Stock Average went along with The TOPIX, putting on a gain of about 0.37 percent to 13,196.57 yen.

Losing counters outnumbered gaining ones by the ratio of about 1.25:One.

And this was how other Asian equity markets fared, last Wednesday:–

The HKSAR	Minus 0.12 percent to 15,223.62
Indonesia	Minus 1.09 percent to 1,044.06
Japan	Nikkei-255 Stock Average Plus 0.37 percent to 13,196.57 TOPIX Average Plus 0.38 percent to 1,357.71
Malaysia	Plus 0.06 percent to 922.57
The Philippines	Plus 1.33 percent to 1959.15
Singapore	Minus 0.38 percent to 2,298.65
South Korea	Plus 0.48 percent to 1,196.67
Taiwan	Minus 0.62 percent to 6,067.34
Thailand	Minus 0.28 percent to 721.16

### **Thursday**

Contrary to the predictions of many people, Hurricane Rita did not strengthen as it passed through the warmest waters of The Gulf of Mexico and, instead, even weakened into a Category 4 storm.

But, even as a Category 4 storm, it posed a major threat to the oil-refining hub of the US.

The mass evacuation of the residents of Houston, Texas, and Galveston, Texas, was well underway, last Thursday, but it was turning out to be a nightmare for officials as the motor cars and vans could not move up the Interstate 45 highway due to the large numbers of vehicles.

The heat was sweltering and people's tempers were frayed, it was reported from the area.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average rose 44.02 points, or about 0.42 percent, to 10,442.05 points on the news of the downgrading of Hurricane Rita to a Category 4 storm.

Over on The NASDAQ, its Composite Index followed The Dow, recovering 0.20 percent to end the trading session at 2,110.78 points.

But the gains were of a very tenuous nature: Nobody was quite sure what the following day would bring.

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

For the near month of November, the last settlement for a barrel of light sweet crude oil was \$US66.50, down 0.45 percent on Wednesday's final closing quote.

For December delivery, the last settlement for light sweet crude oil was \$US66.65 per barrel, off about 0.21 percent on Wednesday's last settlement.

Key indices of European bourses continued to lose ground, however, as investors in this part of the world were concerned as to the impact on insurers and industries due to the passage of destruction, expected to be left in the wake of Hurricane Rita.

This was how key indices of the 6 major bourses of Europe fared, last Thursday:

Amsterdam's AEX Index	Minus 0.72 percent
Great Britain's FTSE 100 Index	Plus 0.29 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.53 percent
France's CAC 40 Index	Minus 0.44 percent
Switzerland's Swiss Market Index	Minus 0.35 percent
Italy's MIBTEL Index	Minus 0.61 percent

Trading was relatively quiet on major equity markets of Asia, last Thursday.

The uncertainty of the situation in the US in respect to Hurricane Rita and the continuing strength of the price of oil weighed heavily on investors in this part of the world.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), key indices of both equity markets lost ground.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.29 percent of its value, falling back to 15,179.95 points.

The Total Turnover was about \$HK17.68 billion, while the ratio of losing counters to gaining ones was about 2.06:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.56 percent to \$HK125.20 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.15 percent to \$HK79.45 per share
PetroChina Company Ltd (Code: 857)	Down 0.78 percent to \$HK6.35 per share
Swire Pacific Ltd (Code: 19)	Down 1.80 percent to \$HK71.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.71 percent to \$HK85.35 per share
Bank of Communications Company Ltd (Code: 3328)	Down 3.05 percent to \$HK3.175 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.74 percent to \$HK3.35 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.14 percent to \$HK36.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.62 percent to \$HK80.45 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.81 percent to \$HK6.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anex International Holdings Ltd	723	18.56		0.115
Asia Resources Holdings Ltd	899	14.29		1.76

Baoye Group Company Ltd	2355	11.46		5.35
CNT Group Ltd	701		10.34	0.13
E. Bon Holdings Ltd	599	17.31		0.305
Golden Dragon Group (Holdings) Ltd	329	16.67		0.315
Great China Holdings Ltd	141	19.15		0.56
Kee Shing (Holdings) Ltd	174	11.34		1.08
MAE Holdings Ltd	851	11.11		0.10
Magnum International Holdings Ltd	305		16.05	0.068
Man Yue International Holdings Ltd	894	20.53		1.82
REXCAPITAL Financial Holdings Ltd	555		10.75	0.083
Simsen International Corporation Ltd	993	15.91		0.102
South East Group Ltd	726		10.39	0.069
UDL Holdings Ltd	620	21.28		0.057
Universe International Holdings Ltd	1046	10.87		0.051
Wing On Travel (Holdings) Ltd	1189	16.47		0.99

On The **G**rowth Enterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the trading situation mirrored that of the Main Board.

The Growth Enterprise Index gave up about 0.32 percent, falling back to 979.89 points.

The Total Turnover was about \$HK236.24 million.

Declining counters outnumbered advancing ones by the ratio of about 1.52:One.

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

TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.68 per share
China.com Incorporated (Code: 8006)	Up 6 percent to 73 cents per share
WorldMetal Holdings Ltd (Code: 8161)	Up 2 percent to \$HK2.30 per share
Wumart Stores Incorporated (Code: 8277)	Up 1 percent to \$HK14.25 per share
Media Partners International Holdings Incorporated (Code: 8072)	Unchanged at \$HK1.09 per share

The GEM's biggest movers were reserved for the following counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Armitage Technologies Holding Ltd	8213		10.26	0.035
B and S Entertainment Holdings Ltd	8167	15.63		0.037
Creative Energy Solutions Holdings Ltd	8109	11.11		0.10
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	15.38		0.15
International Entertainment Corporation	8118		11.76	6.00
Milkyway Image Holdings Ltd	8130		10.00	0.036
Plasmagene Biosciences Ltd	8250	26.36		0.139
Q9 Technology Holdings Ltd	8129		12.00	0.022

It was a very similar story in Japan where the key indices of that country's 3 equity markets hardly moved throughout the trading day.

By the close of equity trading, the key index of The Tokyo Stock Exchange, The TOPIX Average, was registering a loss of about 0.11 percent as investors pulled it down to 1,356.22 points.

The Nikkei-225 Stock Average lost 0.28 percent of its value, dropping back to 13,159.36 yen.

The ratio of losing counters to gaining ones was about 1.14:One.

- **Sony Corporation** is to sack 10,000 of its workers. That number of workers represents about 7 percent of the electronic giant's international workforce. About 4,000 workers will be sacked in Japan while the remaining 6,000 workers will be asked to go from North America, Europe, Africa, the Middle East, Southeast Asia, East Asia and Latin America. The company said that it would, also, close down or sell 11 of its 65 manufacturing plants; and,
- **Japan's trade surplus** fell by about 79.70 percent in August, Year-On-Year, to 116.30 billion yen, The Finance Minister said. Imports during the month of August rose by about 21.10 percent to 5.10 trillion yen while crude oil imports surged 49.20 percent in value terms.

In other parts of Asia, this was how indices of major markets closed, last Thursday:

The HKSAR	Minus 0.29 percent to 15,179.95
Indonesia	Minus 2.61 percent to 1,016.76
Japan	Nikkei-255 Stock Average Minus 0.28 percent to 13,159.36 TOPIX Average Minus 0.11 percent to 1,356.22
Malaysia	Plus 0.05 percent to 923.05
The Philippines	Plus 0.31 percent to 1965.27
Singapore	Minus 0.35 percent to 2,290.68
South Korea	Plus 0.28 percent to 1,199.97
Taiwan	Minus 1.57 percent to 5,972.06
Thailand	Plus 0.62 percent to 725.64

## Friday

Hurricane Rita was downgraded to a Category 3 storm by mid-afternoon, last Friday, but, by that time, its ferocity had, already, been felt as the levee system in New Orleans, Louisiana, gave way and the city started to flood again.

Water was pouring into the historic city and, with the rains, not far off, it was clear that, barring a miracle, New Orleans would be flooded, once again.

Even with wind speeds of 125 miles per hour, Hurricane Rita still posed a major threat to the oil-refining hub of the United States.

### **The Saffir-Simpson Scale for Storms:**

Category Five:	Wind Speeds of 155 miles per hour and higher
Category Four:	Wind Speeds of between 131 miles per hour and 155 miles per hour
Category Three:	Wind Speeds of between 111 miles per hour and 130 miles per hour
Category Two:	Wind Speeds of between 96 miles per hour and 110 miles per hour
Category One:	Wind Speeds of between 74 miles per hour and 95 miles per hour

The storm was expected to continue on its track, making landfall somewhere between the Texas and Louisiana borders.

All crude-oil production in The Gulf of Mexico had been shut down and 30 percent of all of the oil-refining capacity in the US had stopped.

More than 2 million people crowded onto motorways, trying to escape the path of the hurricane, which continued to be described as a major threat to coastal Gulf States.

The downgrading of the storm caused a flurry of excitement on equity markets, worldwide, and, on oil markets, the price of crude oil rose in direct response to the perceived, reduced threat from the storm.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 2.46 points, or about 0.02 percent, ending the week at 10,419.59 points.

On The (tech-laden) NASDAQ, its Composite Index rose 6.06 points, equivalent to about 0.29 percent, running back to 2,116.84 points.

For the week, the tally for the world's 2 largest equity markets was:

The Dow Jones Industrial Average	Minus 2.09 percent
The Composite Index of The NASDAQ	Minus 2.01 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for the week for November delivery for a barrel of light sweet crude oil was \$US64.19, down about 3.47 percent, compared with the last settlement on Thursday.

For December delivery, the last settlement for light sweet crude oil came in at \$US64.52 per barrel, which translated into a drop of about 3.20 percent, compared with Thursday's last settlement.

It was a given, however, that, depending on the devastation, caused by the passage of Hurricane Rita, oil prices would move up again come Monday, September 26, 2005.

Just before trading got underway on Wall Street, last Friday, The Bureau of Labour Statistics of the US Department of Labour reported its findings in respect of Mass Layoffs for the month of August.

The figures were promising, but did not take into account the impact of Hurricane Katrina on the southern-most US States.

This is that which this important branch of the US Government released:

#### **'MASS LAYOFFS IN AUGUST 2005**

*'In August 2005, employers took 1,142 mass layoff actions, seasonally adjusted, as measured by new filings for unemployment insurance benefits during the month ... Each action involved at least 50 persons from a single establishment, and the number of workers involved totaled 127,466, on a seasonally adjusted basis. The number of layoff events in August fell by 107, and the number of associated initial claims decreased by 3,860 from July. In the manufacturing sector, 328 mass layoff events were reported during August 2005, seasonally adjusted, resulting in 48,155 initial claims. Both figures were lower than a month earlier.)*

*'From January through August 2005, the total number of events (seasonally adjusted), at 9,815, and initial claims (seasonally adjusted), at 1,051,809, were lower than in January-August 2004 (10,773 and 1,089,501, respectively).*

#### **'Industry Distribution (Not Seasonally Adjusted)**

*'In August, the 10 industries reporting the highest number of mass-layoff initial claims, not seasonally adjusted, accounted for 25,103 initial claims, 37 percent of the total. The two industries with the highest number of initial claims were motion picture and video production, with 6,233, and school and employee bus transportation, with 3,921. Together, these two industries accounted for 15 percent of all initial claims during the month.*

*'The manufacturing sector accounted for 29 percent of all mass layoff events and 33 percent of all initial claims filed in August 2005. A year earlier, manufacturing comprised 24 percent of events and 26 percent of initial claims.*

*'Within manufacturing, the number of claimants in August 2005 was highest in transportation equipment (6,855, mostly automotive-related), followed by food manufacturing (2,762).*

*'Administrative and waste services accounted for 13 percent of events and 10 percent of initial claims filed in August, with layoffs mostly from temporary help services. Three percent of all layoff events and 10 percent of initial claims filed during the month were from the information sector, mainly from motion picture and video production. Transportation and warehousing accounted for 8 percent of events and 9 percent of initial claims in August, primarily from school and employee bus transportation. Retail trade accounted for 11 percent of events and 8 percent of initial claims during the month, primarily from general merchandise stores. An additional 8 percent of events and 5 percent of initial claims were from construction, largely among specialty trade contractors.*

#### *Hurricane Katrina*

*The August 2005 reference period for the Mass Layoff Statistics program was prior to when Hurricane Katrina made landfall on the Gulf Coast states. Therefore, the August data do not reflect the impact of the storm.*

In Europe, investors took heart as it was circulated on trading floors of major equity markets that Hurricane Rita has weakened, slightly.

Every key index of every major bourse rose, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Plus	0.18 percent
Great Britain's FTSE 100 Index	Plus	0.51 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.69 percent
France's CAC 40 Index	Plus	0.65 percent
Switzerland's Swiss Market Index	Plus	0.56 percent
Italy's MIBTEL Index	Plus	0.26 percent

In Asia, the largest equity market, that of The Tokyo Stock Exchange, was closed for a public holiday, while the markets that were open for business tended to be more than a little shy, not knowing of the damage that Hurricane Rita might cause to the US economy.

On the Main Board of The Stock Exchange of Hongkong Ltd, which is the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), its key index edged down after an early morning sell-off was reversed in the 90-minute afternoon session.

The Hang Seng Index finished the week at 15,143.97 points, representing a loss of about 0.24 percent, compared with the closing level on Thursday.

The Total Turnover was about \$HK17.73 billion, but the ratio of losing counters to gaining ones was wide, at about 2.38:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.16 percent to \$HK125.00 per share
PetroChina Company Ltd (Code: 857)	Down 0.79 percent to \$HK6.30 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.13 percent to \$HK79.55 per share

China Life Insurance Company Ltd (Code: 2628)	Down 2.46 percent to \$HK5.95 per share
Esprit Holdings Ltd (Code: 330)	Down 2.25 percent to \$HK56.40 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.99 percent to \$HK81.25 per share
Bank of Communications Company Ltd (Code: 3328)	Down 0.79 percent to \$HK3.15 per share
Swire Pacific Ltd (Code: 19)	Down 1.20 percent to \$HK70.15 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.35 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.14 percent to \$HK36.45 per share

As for the biggest movers of the Main Board of this stock market, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Holdings Ltd	899	10.23		1.94
Capital Estate Ltd	193	10.00		0.011
Chi Cheung Investment Company Ltd	112		10.10	2.225
China Motion Telecom International Ltd	989	11.98		0.187
Ching Hing (Holdings) Ltd	692		17.07	0.068
e-Kong Group Ltd	524	13.24		0.385
eForce Holdings Ltd	943	12.50		0.027
Everest International Investments Ltd	204	35.71		0.038
First Shanghai Investments Ltd	227	12.07		0.65
Fulbond Holdings Ltd	1041	10.53		0.021
Hopefluent Group Holdings Ltd	733	12.20		2.30
Interchina Holdings Company Ltd	202		10.81	0.033
Kamboat Group Company Ltd	318	16.41		1.49
New World Mobile Holdings Ltd	862	18.52		1.60
renren Holdings Ltd	59	10.00		0.55
Takson Holdings Ltd	918		10.28	0.096
Victory Group Ltd	1139	65.79		0.063

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index, for no apparent reason other than investors, wanting to speculate, rose about 1.10 percent to 990.63 points.

The Total Turnover was about \$HK214.02 million.

However, declining counters outnumbered advancing ones by the ratio of about 1.18:One.

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

CASH Financial Services Group Ltd (Code: 8122)	Down 5 percent to 47 cents per share
TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.71 per share
Golden Meditech Company Ltd (Code: 8180)	Up 7 percent to \$HK1.26 per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 3 percent to 19.50 cents per share
China.com Incorporated (Code: 8006)	Down 1 percent to 72 cents per share

The biggest movers of The GEM included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131	10.00		0.11
AcrossAsia Ltd	8061	12.82		0.22
AGL MediaTech Holdings Ltd	8192		11.54	0.023
Angels Technology Company Ltd	8112		21.74	0.09
B and S Entertainment Holdings Ltd	8167		10.81	0.033
Capinfo Company Ltd	8157	13.57		0.159
Cardlink Technology Group Ltd	8066		15.00	0.136
Creative Energy Solutions Holdings Ltd	8109	10.00		0.11

Global Link Communications Holdings Ltd	8060	24.24		0.041
Glory Future Group Ltd	8071		40.74	0.016
IIN International Ltd	8128	14.29		0.032
KanHan Technologies Group Ltd	8175	11.11		0.05
SYSCAN Technology Holdings Ltd	8083		11.70	0.083
T S Telecom Technologies Ltd	8003		40.00	0.027
Xteam Software International Ltd	8178		10.38	0.095

The tally for the week for the second-largest equity markets of Asia was:

The Hang Seng Index	Plus	1.07 percent
The Growth Enterprise Index	Plus	2.36 percent

The Tokyo Stock Exchange opened for only 3 days, last week, and the tally for the largest equity market of Asia was:

The TOPIX Average	Plus	2.06 percent
The Nikkei-225 Stock Average	Plus	1.55 percent

And this was how other Asian equity markets finished the week of September 23, 2005:

The HKSAR	Minus 0.24 percent to 15,143.97
Indonesia	Minus 0.38 percent to 1,012.85
Japan	Nikkei-255 Stock Average Closed TOPIX Average Closed
Malaysia	Minus 0.12 percent to 921.89
The Philippines	Minus 0.29 percent to 1959.51
Singapore	Plus 0.10 percent to 2,293.04
South Korea	Minus 2.00 percent to 1,175.88
Taiwan	Minus 0.77 percent to 5,925.54
Thailand	Minus 0.04 percent to 725.31

-- E N D --



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