

**THE WORLD'S MARKETS RESPOND TO U.S. INFLATION WORRIES****New York Put On Alert Over Terrorist Threat**

Confirmation that sales of US-manufactured motor vehicles by General Motors Corporation and Ford Motor Company had fallen, dramatically, during the month of September, compared with August's statistics, tended to deflate a number of balloons on US equity markets, last Monday.

Both General Motors and Ford said September sales' figures were sadly disappointing.

And, for the month of October, Management of 2 of the world's largest manufacturers of motor vehicles stated that they saw no possibility of an upswing.

Month-On-Month, General Motors said that September sales of its vehicles fell by about 24 percent while Ford said that its sales had dropped by about 20 percent.

On Wall Street, the news was not welcomed.

The Dow Jones Industrial Average, a key gauge to trading in blue chips, listed on The New York Stock Exchange, dropped back 33.22 points, equivalent to about 0.31 percent, ending the session at 10,535.48 points.

The tech-laden NASDAQ saw its Composite Index rise 3.74 points, or about 0.17 percent, to close the day at 2,155.43 points.

Trading was described as being '*comparatively heavy*'.

While Wall Street investors may have been somewhat perplexed with regard to trading in stocks and shares on the world's largest equity markets, it was not so in Europe where most key indices of major bourses hit levels that had not been seen since the middle of 2001.

Meanwhile, the price of crude oil continued to come off on international commodity markets and this tended to bolster trading in stocks and shares on European bourses.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in November came in at \$US65.47, off about 1.16 percent, compared with the last settlement of the previous Friday.

For delivery in December, the price of light sweet crude oil was \$US65.29 per barrel, which was equivalent to a fall of about 1.42 percent, compared with the last settlement of Friday, September 30, 2005.

European investors, on noting that the price of crude oil was continuing to fall, determined that that should be good for business in the US.

It followed that that which is good for US business should be good for Europe, too.

There was, also, widespread speculation on European bourses that the Spanish telecommunications giant, Telefonica, was about to make a bid for its Dutch counterpart, KPN.

The report was pooh-poohed by Managements of both companies.

But, as the saying goes, where there is smoke, there is fire and so European investors, excited by the prospects of a 20-billion euro merger/takeover/whatever, went on a buying spree on major eurozone stock markets, a buying spree which lasted most of last Monday.

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

Amsterdam's AEX Index	Plus	1.20 percent
Great Britain's FTSE 100 Index	Plus	0.43 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.75 percent
France's CAC 40 Index	Plus	0.48 percent
Switzerland's Swiss Market Index	Plus	2.06 percent
Italy's MIBTEL Index	Plus	0.24 percent

Asia was still reeling from the effects of the Bali suicide bomb carnage of the previous Saturday as the Indonesian Authorities combed the country for the people responsible for the reported 6 suicide bombers.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index eased back to 15,394.39 points, a fall of about 0.22 percent, compared with the close of business on Friday, September 30, 2005.

The Total Turnover was about \$HK17.81 billion, while the ratio of losing counters to gaining ones was 1.24:One, exactly.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.16 percent to \$HK126.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.44 percent to \$HK80.60 per share
China Yurun Food Group Ltd (Code: 1068)	Unchanged at \$HK3.775 per share
Beijing Enterprises Holdings Ltd (Code: 392)	Down 5.05 percent to \$HK13.15 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.92 percent to \$HK37.65 per share
China Telecom Corporation Ltd (Code: 728)	Up 2.56 percent to \$HK3.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.19 percent to \$HK80.50 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK6.50 per share
Esprit Holdings Ltd (Code: 330)	Down 1.38 percent to \$HK57.20 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 0.70 percent to \$HK3.575 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Resources Peoples Telephone Company Ltd	331	10.64		3.90
E. Bon Holdings Ltd	599	20.00		0.30
HKC International Holdings Ltd	248		11.11	0.24
MACRO-LINK International Holdings Ltd	472		10.53	0.17
Massive Resources International Corporation Ltd	70		10.00	0.018
Mei Ah Entertainment Group Ltd	391		14.81	0.23
Poly Investments Holdings Ltd	263		12.84	0.095
REXCAPITAL Financial Holdings Ltd	555		17.83	0.106

SW Kingsway Capital Holdings Ltd	188		23.08	0.30
Unity Investments Holdings Ltd	2907	12.12		0.185
Willie International Holdings Ltd	273		10.65	0.193

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was similar to that which had transpired on the Main Board.

The Growth Enterprise Index lost about 0.14 percent of its value, falling to 1,006.18 points on a Total Turnover of about \$HK93.19 million.

On this market, however, gaining counters outpaced losing ones by the ratio of about 1.19:One.

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

TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.90 per share
WorldMetal Holdings Ltd (Code: 8161)	Down 1 percent to \$HK2.375 per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 6 percent to 18.40 cents per share
China.com Incorporated (Code: 8006)	Down 6 percent to 65 cents per share
Golden Meditech Company Ltd (Code: 8180)	Down 1 percent to \$HK1.40 per share

As for the biggest GEM movers of this market, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022	23.08		0.16
Cardlink Technology Group Ltd	8066	10.00		0.11
Finet Group Ltd	8317	23.40		0.58
FX Creations International Holdings Ltd	8136		27.78	0.026
IIN International Ltd	8128		14.29	0.03
Medical China Ltd	8186	19.05		0.05
QUASAR Communication Technology Holdings Ltd	8171	35.29		0.115
Rojam Entertainment Holdings Ltd	8075	11.94		0.375
Stockmartnet Holdings Ltd	8123		13.95	0.037
Ultra Group Holdings Ltd	8203	34.69		0.066

Japan's 3 equity markets were relatively quiet, during trading hours, last Monday.

On The Tokyo Stock Exchange, The TOPIX Average ended the trading session at 1,411.28 points, down about 0.07 percent, compared with the close on Friday, September 30, 2005.

The Nikkei-225 Stock Average lost 49.02 yen, or about 0.36 percent of its value, ending the day at 13,525.28 yen.

Declining counters were ahead of advancing ones by the ratio of about 1.44:One.

News Wise

- **Wal-Mart Stores Incorporated** of the US, the world's largest retailer, is to increase its shareholding in **Seiyu Ltd** of Japan from 42 percent of the Issued and Fully Paid-Up Share Capital to more than 50 percent of the Issued and Fully Paid-Up Share Capital. Wal-Mart's increased level of control of Seiyu's shares will be completed before the end of the year. Seiyu operates 405 stores in Japan and has been in financial trouble for some years. It was forced to agree to a debt-equity swap with its principle banker, Mizuho Corporate Bank Ltd, in order to maintain its operations.

In other Asian equity markets, this was how their key indices ended the first day of trading, last week:

The HKSAR	Minus 0.22 percent to 15,394.39
Indonesia	Plus 0.38 percent to 1,083.41
Japan	Nikkei-255 Stock Average Minus 0.36 percent to 13,525.28 TOPIX Average Minus 0.07 percent to 1,411.28
Malaysia	Minus 0.24 percent to 925.33
The Philippines	Plus 0.19 percent to 1,945.82
Singapore	Minus 0.16 percent to 2,301.49
South Korea	Closed
Taiwan	Plus 0.09 percent to 6,123.92
Thailand	Minus 0.80 percent to 717.42

## Tuesday

Last Tuesday, the US Government's Interior Department came out with its report in respect of the extensive damage, caused by Hurricanes Katrina and Rita:

1. 108, low-producing oil and natural gas offshore platforms were destroyed;
2. 53 platforms were heavily damaged and will not be online until 2006;
3. About 90 percent of all crude oil production in The Gulf of Mexico is offline; and
4. 72 percent of all offshore natural gas production is, still, offline.

It was the first definitive report about the storm damage to energy installations at The Gulf.

It tended to confirm among the worst scenarios of traders and investors.

On The New York Mercantile Exchange (NYMEX), however, the price of crude oil fell, once again.

For November delivery, the last settlement for a barrel of light sweet crude oil was \$US63.90, down about 2.40 percent, compared with the last settlement of Monday.

As for December delivery, light sweet crude oil came in at \$US63.76 per barrel, down about 2.34 percent, compared with Monday's closing level.

On Wall Street, the realisation that high energy costs were fuelling inflation in the US and would, most likely, continue to keep it on the boil, caused many investors to get cold feet with regard to trading in stocks and shares on leading equity markets in the world's richest country.

Mr Richard Fisher, the President of the Federal Reserve Bank at Dallas, Texas, was reported to have stated that the country was facing renewed pressure from inflation and that vigilance was required.

It was a worrying remark because, as with the definitive statement from the Interior Department, it struck at the very heart of the economy.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 94.37 points, equivalent to about 0.90 percent, ending the trading session at 10,441.11 points.

Over on The NASDAQ, its Composite Index shed 16.07 points, or about three quarters of a percentage point, falling back to 2,139.36 points.

In Europe, equity markets continued their march to higher levels on news that the price of crude oil was continuing to fall.

European investors, however, had not known of the warning from Mr Richard Fisher with regard to inflation in the US.

This was how key indices of major European bourses fared, last Tuesday:.

Amsterdam's AEX Index	Plus 0.20 percent
Great Britain's FTSE 100 Index	Minus 0.12 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.10 percent
France's CAC 40 Index	Plus 0.59 percent
Switzerland's Swiss Market Index	Plus 0.23 percent
Italy's MIBTEL Index	Minus 0.53 percent

In Asia, the largest equity markets saw their key indices continue to rise, last Tuesday.

The 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were the exception to the rule, last Tuesday, however, as both of their most-importance gauges registered losses.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.08 percent of its value, easing back to 15,382.21 points on a Total Turnover of about \$HK19.27 billion.

The ratio of gaining counters to losing ones was about 1.05:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.16 percent to \$HK125.80 per share
Esprit Holdings Ltd (Code: 330)	Down 0.44 percent to \$HK56.95 per share
PetroChina Company Ltd (Code: 857)	Down 0.77 percent to \$HK6.45 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.40 percent to \$HK37.80 per share

BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.97 percent to \$HK15.65 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.74 percent to \$HK80.00 per share
China Telecom Corporation Ltd (Code: 728)	Down 0.83 percent to \$HK2.975 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.575 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.12 percent to \$HK80.60 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.03 percent to \$HK87.15 per share

The biggest Main Board movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Media Corporation Ltd	1000		19.23	10.50
China Elegance (Holdings) Ltd	476		20.00	0.056
GeoMaxima Energy Holdings Ltd	702		16.36	0.046
Oriental Explorer Holdings Ltd	430	12.20		0.046
Sino Prosper Holdings Ltd	766		17.19	0.53
Sino Technology Investments Company Ltd	1217	48.94		0.07
Sun Innovation Holdings Ltd	547		12.00	0.044
Techwayson Holdings Ltd	2330	14.00		0.57
Teem Foundation Group Ltd	628	11.11		1.20
Tomorrow International Holdings Ltd	760		11.48	0.54

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover dropped back to about \$HK66.65 million as The Growth Enterprise Index gave up about 0.17 percent of its value, falling to 1,004.50 points.

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

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

TOM Online Incorporated (Code: 8282)	Down 4 percent to \$HK1.83 per share
China.com Incorporated (Code: 8006)	Down 2 percent to 64 cents per share
WorldMetal Holdings Ltd (Code: 8161)	Down 4 percent to \$HK2.275 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Unchanged at \$HK1.07 per share
Town Health International Holdings Company Ltd (Code: 8138)	Down 2 percent to 18 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	29.03		0.04

CCID Consulting Company Ltd	8235		16.51	0.091
Finet Group Ltd	8317	17.24		0.68
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		11.33	0.133
FX Creations International Holdings Ltd	8136		23.08	0.02
Glory Future Group Ltd	8071	25.00		0.025
Kanstar Environmental Paper Products Holdings Ltd	8011	11.86		0.33
Mobile Telecom Network (Holdings) Ltd	8266	33.33		0.20
Rojam Entertainment Holdings Ltd	8075	18.67		0.445
Shanghai Fudan Microelectronics Company Ltd	8102		11.76	0.30
TeleEye Holdings Ltd	8051		24.42	0.065

In The Land of The Rising Sun, investors went on a bit of buying spree, casting caution to the wind.

On The Tokyo Stock Exchange, The TOPIX Average rose three quarters of a percentage point, running up to 1,421.83 points.

The Nikkei-225 Stock Average, the narrower gauge to trading in blue chips, listed on this market, which is the largest in Asia, rose about 1.58 percent to 13,738.84 yen.

Gaining counters outnumbered losing ones by the ratio of about 1.67:One.

#### News Wise

- **Wacoal Holdings Corporation**, the largest manufacturer of women's underwear in Japan, said that it would cull about 300 of its workers in an effort to save about 3 billion yen per annum; and,
- **Heisei Denden Company** has filed for bankruptcy at The Tokyo District Court. The telecommunications company had debts of more than 120 billion yen, as at September 30, 2005. Heisei Denden was established in July 1990.

On other Asian equity markets, this was how their key indices ended their respective trading days, last Tuesday:

The HKSAR	Minus 0.08 percent to 15,382.21
Indonesia	Plus 1.64 percent to 1,101.17
Japan	Nikkei-255 Stock Average Plus 1.58 percent to 13,738.84 TOPIX Average Plus 0.75 percent to 1,421.83
Malaysia	Minus 0.06 percent to 924.76
The Philippines	Minus 0.38 percent to 1,938.35
Singapore	Plus 0.97 percent to 2,323.77
South Korea	Plus 1.78 percent to 1,242.78
Taiwan	Plus 0.30 percent to 6,142.12

#### Wednesday

Another high-ranking member of the US Federal Reserve Board came out with a second warning about the economy, saying that inflation was becoming very much of a major concern to the Central Bank of the US.

He is Mr Thomas Hoenig, President of Kansas City Federal Reserve Bank, who said, inter alia:

*'I'm not concerned that we'll (the US economy) have a massive breakout (in inflation), but it's important to know what kinds of pressure are in the economy and what we have to be alert to ... So, we're seeing unit labour costs rise at about a 4-percent rate and that's the highest it's been since year 2000. So, we have some wage pressures that look to be entering the economy at this point ...'.*

Mr Thomas Hoenig was the second Federal Reserve Board member to issue warnings about the US economy in 2 days (Please see Tuesday's report about the remarks of Mr Richard Fisher).

Wall Street was not amused.

On The New York Stock Exchange, the Dow Jones Industrial Average dropped away by about 123.75 points, equivalent to about 1.19 percent, ending the session at 10,317.36 points.

Over on The NASDAQ, its Composite Index shed 36.34 points, or about 1.70 percent, falling back to 2,103.02 points.

Trading was heavy on both of the world's largest equity markets, with the ratio of losing counters to gaining ones, being about 4.50:One on The New York Stock Exchange and about 4:One on The NASDAQ.

On a rapidly falling market, a high turnover is rarely a positive indication of things to come.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in November was \$US62.79, down about 1.74 percent, compared with the closing rate on Tuesday.

For December delivery, the last settlement was \$US62.69 per barrel, a one-day fall of about 1.68 percent.

In Europe, key indices of major bourses were all written in red ink.

With the very strong likelihood that the US Federal Reserve Board will continue to increase interest rates for the remainder of the year, investors in Europe were not too keen to make fresh investment commitments on stocks and shares.

Further, slower growth of the US economy would not help Europe, to be sure.

In addition, high energy costs were certainly cutting into corporate profits, as well as fueling demands from labour for higher wages and salaries in order to make ends meet.

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

Amsterdam's AEX Index	Minus 0.90 percent
Great Britain's FTSE 100 Index	Minus 1.21 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.33 percent
France's CAC 40 Index	Minus 1.20 percent
Switzerland's Swiss Market Index	Unchanged
Italy's MIBTEL Index	Minus 1.37 percent



In Asia, indices of the most-important equity markets went into reverse gear as investors became much more aware – and concerned – as to the threat of inflation in the US and how the cure for what ails the largest and strongest economy of the world would impact on its suppliers, of which Asia is among the biggest.

On the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets' key indices lost substantial ground.

The Hang Seng Index, the main benchmark of blue chips, listed on the Main Board of The Stock Exchange of Hongkong Ltd, gave up about 1.44 percent of its value, falling back to 15,161.03 points.

The Total Turnover rose to about \$HK23.05 billion, an increase in the volume of activity of about 20 percent, compared with Tuesday's Total Turnover.

The market appeared to be set to suffer even further losses before the week was out.

The ratio of losing counters to gaining ones was about 4.08:One.

The Ten Most Active counters, all of which were material losers, were:

HSBC Holdings plc (Code: 5)	Down 0.56 percent to \$HK125.10 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 3.44 percent to \$HK36.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.63 percent to \$HK78.70 per share
PetroChina Company Ltd (Code: 857)	Down 1.55 percent to \$HK6.35 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.78 percent to \$HK85.60 per share
Solomon Systech (International) Ltd (Code: 2878)	Down 0.87 percent to \$HK2.85 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.24 percent to \$HK79.60 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 2.10 percent to \$HK3.50 per share
CNOOC Ltd (Code: 883)	Down 1.82 percent to \$HK5.40 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.28 percent to \$HK15.45 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Elegance (Holdings) Ltd	476	14.29		0.064
China Treasure (Greater China) Investments Ltd	810	16.67		0.126
China Resources Peoples Telephone Company Ltd	331	11.54		4.35
Dynamic Holdings Ltd	29	19.33		1.42
E. Bon Holdings Ltd	599		10.53	0.255
Everbest Century Holdings Ltd	578		14.80	0.213
Everest International Investments Ltd	204		21.05	0.03
First Natural Foods Holdings Ltd	1076		10.42	0.43
Frasers Property (China) Ltd	535	12.50		0.18
Garron International Ltd	1226	55.56		1.40
Gold Peak Industries (Holdings) Ltd	40		10.71	1.25
Hi Sun Technology (China) Ltd	818	15.38		1.20
High Fashion International Ltd	608		10.61	1.60

HKC International Holdings Ltd	248	10.00		0.275
Kwong Hing International Holdings (Bermuda) Ltd	1131		10.00	0.27
Mei Ah Entertainment Group Ltd	391	17.39		0.27
Pak Tak International Ltd	2668		25.57	0.131
Peaktop International Holdings Ltd	925		15.38	0.11
Radford Capital Investment Ltd	901	15.85		0.095
Rontex International Holdings Ltd	1142		12.50	0.028
Unity Investments Holdings Ltd	913	17.28		0.19

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, known as The Growth Enterprise Index, surrendered about 1.12 percent of its value, ending the session at 993.21 points.

The Total Turnover on this speculative market was about \$HK61.32 million, while the ratio of declining counters to advancing ones was 2.19:One, exactly.

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

TOM Online Incorporated (Code: 8282)	Down 1 percent to \$HK1.81 per share
China.com Incorporated (Code: 8006)	Down 3 percent to 62 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2 percent to \$HK1.09 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 1 percent to \$HK14.55 per share
WorldMetal Holdings Ltd (Code: 8161)	Unchanged at \$HK2.275 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158		12.50	0.035
CASH Financial Services Group Ltd	8122		14.10	0.335
CCID Consulting Company Ltd	8235	16.48		0.106
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	16.54		0.155
Glory Future Group Ltd	8071		36.00	0.016
Golding Soft Ltd	8190	11.11		0.02
Global Solution Engineering Ltd	8192		14.81	0.023
Jiangsu Nandasoft Company Ltd	8045	10.50		0.20
Mobile Telecom Network (Holdings) Ltd	8266		25.00	0.15
PINE Technology Holdings Ltd	8013	13.82		0.173
Sau San Tong Holdings Ltd	8200	10.00		0.44
Sino Stride Technology (Holdings) Ltd	8177		10.00	0.27

Thiz Technology Group Ltd	8399		49.49	0.05
Tradeeasy Holdings Ltd	8163	16.28		0.05

In Japan, equity markets reversed their directions on learning of the remarks of the US Federal Reserve Board members.

After reaching a new, 30-month high during the trading day on The Tokyo Stock Exchange, investors brought down key indices of the largest equity market in Asia – with a thud!

The TOPIX Average ended the choppy trading session at 1,409.67 points, down about 0.86 percent, compared with Tuesday's closing figure.

The Nikkei-225 Stock Average dropped back to 13,689.89 yen, a one-day fall of about 0.36 percent.

Losing counters outnumbered gaining ones by the ratio of about 2.39:One.

### News Wise

- **Aeon Company** reported that it had lost about 20.27 billion yen during the first half of its Financial Year, ended August 31, 2005. Aeon is the operator of Jusco Stores and Maxvalu Supermarkets; and,
- **The Government of Japan** intends to sack 5,549 of its civil service workers before the end of Fiscal 2005 and a total of 27,681 civil service workers will be culled between Fiscal 2006 and Fiscal 2007.

On other Asian equity markets, this was how their key indices ended when business ceased for the trading day:

The HKSAR	Minus 1.44 percent to 15,161.03
Indonesia	Plus 0.26 percent to 1,104.06
Japan	Nikkei-255 Stock Average Minus 0.36 percent to 13,689.89 TOPIX Average Minus 0.86 percent to 1,409.67
Malaysia	Plus 0.30 percent to 927.51
The Philippines	Plus 0.13 percent to 1,940.94
Singapore	Plus 0.09 percent to 2,325.89
South Korea	Minus 1.24 percent to 1,227.40
Taiwan	Minus 0.12 percent to 6,135.01
Thailand	Plus 0.32 percent to 717.17

### Thursday

There was investors' blood on trading floors from New York to Tokyo, last Thursday, as traders and institutions were, clearly, concerned that the US Federal Reserve Board would not stop applying the interest-rate, thumb-screws in order to try to keep the US economy in check.

The remarks from 2, high-ranking members of the Federal Reserve Board (Please see Tuesday's and Wednesday's reports) were having a telling effect on equity markets from one end of the globe to another.

On The New York Stock Exchange, the Dow Jones Industrial Average, for the fourth consecutive day, lost ground, as US investors determined to get out while they still could liquidate some of their holdings.

The Dow ended down 30.26 points, or about 0.29 percent, falling back to 10,287.10 points.

On The NASDAQ, its Composite Index gave up 18.94 points, equivalent to about 0.90 percent, ending the trading day at 2,084.08 points.

The falls of the largest equity markets of the world came in spite of the fact that, on The New York Mercantile Exchange (NYMEX), the price of crude oil continued to drop to significantly lower levels.

For November delivery, light sweet crude oil was settled at \$US61.36 per barrel, down about 2.28 percent, compared with the last settlement of Wednesday.

As for December delivery, the last settlement was \$US61.06 for a barrel of light sweet crude oil, off exactly 2.60 percent on Wednesday's last quote.

#### News Wise

- New York City was put on high-alert status, following a reported '*credible security threat*'. Mayor Michael Bloomberg said that the present security threat was specific and suggested that an attack was imminent within the following few days. The attack, according to the Mayor, was targeted at the city's subway system.

Europe, which is always very sensitive to the real, or perceived, problems of the US, followed Wall Street's lead, with every key index of every major bourse, losing material ground:

Amsterdam's AEX Index	Minus 1.25 percent
Great Britain's FTSE 100 Index	Minus 1.02 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.02 percent
France's CAC 40 Index	Minus 1.24 percent
Switzerland's Swiss Market Index	Minus 1.51 percent
Italy's MIBTEL Index	Minus 0.92 percent

With energy counters, being pounded on European bourses due to the continued fall in the price of crude oil on international markets, losses of the most-favoured European counters were exacerbated by the perceived certainty that US interest rates would be moved up by at least another notch at the next Federal Open Market Committee Meeting.

In Asia, every major equity market came under fire, resulting in very material losses, especially on the 3 equity markets of Japan.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), key indices of both equity markets fell – and with a resounding thud.

The principal index of the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, gave up another 2.12 percent of its value, dropping back to 14,839.30 points.

The Total Turnover continued to creep up, with last Thursday's volume of activity, hitting about \$HK26.02 billion, up about 13 percent, compared with the Total Turnover of Wednesday.

Losing counters outnumbered gaining ones by the ratio of 5.50:One, exactly.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.96 percent to \$HK123.90 per share
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Hutchison Whampoa Ltd (Code: 13)	Down 2.35 percent to \$HK76.85 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 4.25 percent to \$HK34.95 per share
PetroChina Company Ltd (Code: 857)	Down 3.15 percent to \$HK6.15 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.89 percent to \$HK77.30 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.16 percent to \$HK83.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.62 percent to \$HK15.20 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 3.57 percent to \$HK3.375 per share
CNOOC Ltd (Code: 883)	Down 4.63 percent to \$HK5.15 per share
Esprit Holdings Ltd (Code: 330)	Down 1.69 percent to \$HK55.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia TeleMedia Ltd	376		14.08	0.061
Build King Holdings Ltd	240		13.71	0.151
Foundation Group Ltd	1182	13.40		0.11
Frasers Property (China) Ltd	535	11.67		0.201
Hop Hing Holdings Ltd	47		23.67	0.229
MAE Holdings Ltd	851		17.89	0.078
Mei Ah Entertainment Group Ltd	391		13.70	0.233
New World Mobile Holdings Ltd	862	10.71		2.325
renren Holdings Ltd	59		32.73	0.37
UDL Holdings Ltd	620	23.81		0.052

On The **G**rowth Enterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gave up another 0.89 percent, ending the day at 984.40 points.

The Total Turnover was about \$HK83.17 million, while the ratio of losing counters to gaining counters was exactly 1.31:One.

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

Zhengzhou Gas Company Ltd (Code: 8099)	Up 3 percent to 78 cents per share
WorldMetal Holdings Ltd (Code: 8161)	Down 2 percent to \$HK2.225 per share
China.com Incorporated (Code: 8006)	Unchanged at 62 cents per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.77 per share
Sino Stride Technology (Holdings) Ltd (Code: 8177)	Up 6 percent to 28.50 cents per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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B M Intelligence International Ltd	8158		20.00	0.028
China Advance Holdings Ltd	8117	65.00		0.99
Finet Group Ltd	8317	14.71		0.78
FX Creations International Holdings Ltd	8136	10.00		0.022
Global Link Communications Holdings Ltd	8060	20.00		0.06
Glory Future Group Ltd	8071	18.75		0.019
Global Solution Engineering Ltd	8192		13.04	0.02
ProSticks International Holdings Ltd	8055	17.39		0.027
Soluteck Holdings Ltd	8111	20.00		0.06
TeleEye Holdings Ltd	8051	10.61		0.073
Thiz Technology Group Ltd	8399	40.00		0.07

For the losers of Asia, Tokyo took the cake.

On The Tokyo Stock Exchange, The TOPIX Average lost 2.72 percent of its value, falling back to 1,371.37 points.

Declining counters swamped advancing ones by the ratio of 12.26:One, exactly.

The bears ruled the trading floor, to be sure.

The narrower gauge to trading in blue chips, listed on the First Section of The Stock Exchange, known as The Nikkei-225 Stock Average, registered a fall of about 2.41 percent, returning to 13,359.51 yen.

And, on other equity markets of Asia, this was how their respective key indices fared, last Thursday:

The HKSAR	Minus 2.12 percent to 14,839.30
Indonesia	Minus 0.70 percent to 1,096.38
Japan	Nikkei-255 Stock Average Minus 2.41 percent to 13,359.51 TOPIX Average Minus 2.72 percent to 1,371.37
Malaysia	Minus 0.14 percent to 926.25
The Philippines	Minus 0.08 percent to 1,939.35
Singapore	Minus 1.57 percent to 2,289.47
South Korea	Minus 2.03 percent to 1,202.49
Taiwan	Minus 0.64 percent to 6,095.81
Thailand	Minus 0.89 percent to 710.79

## **Friday**

The unemployment rate in the US rose to 5.10 percent during the month of September, up from 4.90 percent in August.

How much credence one should place on that statistic, however, is questionable because the US suffered its worst storm in history on August 29, 2005 – Hurricane Katrina – and this was followed on September 24, 2005, by another major storm, Hurricane Rita.

The US Labour Department announced that 35,000 jobs had been lost in the month of September.

Wall Street appeared to be happy with the announcement from this important department of Government, and there was a bit of a spurt on major equity markets, throughout the country.

But the gains were terribly small.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.05 percent to 10,292.31 points.

On The NASDAQ, its Composite Index registered an improvement of about 0.30 percent, coming to rest at 2,090.35 points.

But some of Wall Street's gains on the last day of trading, last week, were the result of oil-price increases on international commodity exchanges, the result of which pushed up the prices of scrip of many energy counters.

Nevertheless, a gain is a gain as the saying goes.

This was the tally for the week of the world's largest equity markets:

The Dow Jones Industrial Average	Minus 2.62 percent
The NASDAQ's Composite Index	Minus 2.85 percent

On The New York Mercantile Exchange (NYMEX), last Friday, the last settlement for a barrel of light sweet crude oil for delivery in November was \$US61.84, up 0.78 percent on the last quote of Thursday.

As for December delivery, a barrel of light sweet crude oil fetched \$US61.62 as the last settlement was recorded. That price represented a gain, Day-On-Day, of about 0.92 percent.

In Europe, the labour statistic of the US Government appeared to mean little to investors in that part of the world.

Key indices of major bourses continued to fall:

Amsterdam's AEX Index	Minus 0.30 percent
Great Britain's FTSE 100 Index	Minus 0.18 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.18 percent
France's CAC 40 Index	Minus 0.17 percent
Switzerland's Swiss Market Index	Plus 0.33 percent
Italy's MIBTEL Index	Minus 0.75 percent

Europe continued to be more afraid of inflation in the US than anything else because this part of the world knows, only too well, of the horrors of galloping inflation.

The next meeting of the US Federal Reserve Board is scheduled for November 1, 2005, at which time, the world will know how much the next increase in interest rates will be.

While some equity markets of Asia managed to make fractional gains, for the most part, the slide, started earlier in the week, continued.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Main Board of The Stock Exchange of Hongkong Ltd struggled to register just a tiny gain, while, on The Growth Enterprise Market (The GEM) of The Stock Exchange, bears had their way, dragging down The Growth Enterprise Index, once again.

The Hang Seng Index, the key gauge to trading in blue chips, listed on the Main Board, put on about 0.06 percent, ending the week at 14,847.79 points.

The Total Turnover dipped to \$HK18.53 billion, while the ratio of declining counters to advancing ones was about 1.21:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.16 percent to \$HK123.70 per share
PetroChina Company Ltd (Code: 857)	Up 0.81 percent to \$HK6.20 per share

Hutchison Whampoa Ltd (Code: 13)	Up 0.33 percent to \$HK77.10 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.14 percent to \$HK35.35 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.19 percent to \$HK77.15 per share
CNOOC Ltd (Code: 883)	Down 2.91 percent to \$HK5.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.24 percent to \$HK83.55 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.33 percent to \$HK15.25 per share
Henderson Land Development Company Ltd (Code: 12)	Down 1.46 percent to \$HK37.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.74 percent to \$HK3.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104		10.00	0.45
Asia Tele-Net and Technology Corporation Ltd	679		13.33	0.26
Bossini International Holdings Ltd	592	14.68		1.25
Build King Holdings Ltd	240	12.58		0.17
China State Construction International Holdings Ltd	3311	10.46		1.69
China Strategic Holdings Ltd	235	10.34		0.96
CNT Group Ltd	701	11.67		0.134
Fortune Telecom Holdings Ltd	110		17.33	0.62
Frankie Dominion International Ltd	704		10.00	0.18
Garron International Ltd	1226		48.57	0.72
Golden Dragon Group (Holdings) Ltd	329		13.56	0.255
HKC International Holdings Ltd	248		11.11	0.24
INNOMAXX Biotechnology Group Ltd	340		19.51	0.066
Jolimark Holdings Ltd	2028	10.00		1.10
Man Yue International Holdings Ltd	894	16.00		2.175
New World Mobile Holdings Ltd	862	26.88		2.95
Omnicorp Ltd	94	11.11		0.70
Oriental Explorer Holdings Ltd	430	11.63		0.048
Poly Investments Holdings Ltd	263	13.68		0.108
Pyxis Group Ltd	516		13.10	0.073
Simsen International Corporation Ltd	993	10.00		0.11
Sino Technology Investments Company Ltd	1217	28.57		0.09
Tidetime Sun (Group) Ltd	2909	12.63		0.214
UDL Holdings Ltd	620		13.46	0.045
United Power Investment Ltd	674		10.43	0.206
Wing Shing International Holdings Ltd	850	17.15		0.28
Wonson International Holdings Ltd	651		39.64	0.067
Yanion International Holdings Ltd	82	13.33		0.51
Yunnan Enterprises Holdings Ltd	455	17.19		0.375

On The GEM, The Growth Enterprise Index ended the trading week at 975.23 points, down about 0.93 percent on Thursday's closing level.

The Total Turnover was about \$HK107.18 million, with losing counters, squeezing out gaining ones by the ratio of about 1.08:One.

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

Zhengzhou Gas Company Ltd (Code: 8099)	Down 4 percent to 75 cents per share
WorldMetal Holdings Ltd (Code: 8161)	Up 3 percent to \$HK2.30 per share
TOM Online Incorporated (Code: 8282)	Down 2 percent to \$HK1.74 per share
Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.38 per share
Sau San Tong Holdings Ltd (Code: 8200)	Up 3 percent to 49.50 cents per share



The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Golding Soft Ltd	8190		10.00	0.018
International Entertainment Corporation	8118		13.79	5.00
Jiangsu Nandasoft Company Ltd	8045		10.00	0.18
Mobile Telecom Network (Holdings) Ltd	8266	23.33		0.185
Northeast Tiger Pharmaceutical Company Ltd	8197		20.00	0.052
Prosten Technology Holdings Ltd	8026		19.54	0.07
ProSticks International Holdings Ltd	8055		18.52	0.022
Thiz Technology Group Ltd	8399	28.57		0.09
Tradeeasy Holdings Ltd	8163		18.00	0.041
Zheda Lande Scitech Ltd	8106		10.05	0.17

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

The Hang Seng Index	Minus 3.76 percent
The Growth Enterprise Index	Minus 3.20 percent

On The Tokyo Stock Exchange, losing counters definitely outnumbered gaining ones by the ratio of about 1.11:One, but, due to the fact that there are 2 key indices that most international investors watch, it was difficult to judge which way the market was actually headed.

The Tokyo Stock Exchange's TOPIX Average registered a gain of 1.15 points, or about 0.08 percent, coming to rest, last Friday, at 1,372.52 points.

The Nikkei-225 Stock Average, which is not an official index of the largest equity market in Asia, ended the trading session at 13,227.74 yen, down about 0.99 percent on the day.

Tokyo was, nevertheless, concerned about a number of matters, the most important of which, of course, was the matter of US interest rates.

For the week, the tally for The Tokyo Stock Exchange was:

The TOPIX Average	Minus 2.75 percent
The Nikkei-225 Stock Average	Minus 2.55 percent

This was how the key indices of other Asian equity markets fared, last Friday:

The HKSAR	Plus 0.06 percent to 14,847.79
Indonesia	Minus 0.15 percent to 1,094.65
Japan	Nikkei-255 Stock Average Minus 0.98 percent to 13,227.74 TOPIX Average Plus 0.08 percent to 1,372.52
Malaysia	Minus 0.11 percent to 925.21
The Philippines	Plus 0.66 percent to 1,952.28
Singapore	Plus 0.68 percent to 2,305.24
South Korea	Minus 0.12 percent to 1,201.01
Taiwan	Minus 0.22 percent to 6,081.84
Thailand	Minus 0.25 percent to 708.98

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