

**THE BIG QUESTION:
WILL DR BEN BERNANKE RAISE INTEREST RATES THIS WEDNESDAY ?**

U.S. Labour Report For April Indicates Anaemia

With just 8 business days remaining before the next Open Market Committee Meeting of the US Federal Reserve Board, investors of Wall Street were beginning to speculate as to whether or not The Fed would continue to apply the thumb screws on the economy via the imposition of another 25, basis-point increase in interest rates.

Last Monday was May Day, the day when workers take to the streets in force in order to vent their spleen on employers and/or their governments.

And last Monday was a corker by any measure as tens of millions of workers in just about every country of the world did exactly that which they were expected to do – but mostly for entirely unrelated reasons, depending on the city or country of the labour demonstrations.

In the US, workers took to the streets over the US Government's proposals in respect of the millions of illegal workers.

The protests were peaceful and, by and large, very supportive of the Government of The Land of The Free and The Home of The Brave: '*We are glad to be Americans*', billboards, held aloft by the protestors, pronounced.

In the **M**acau **S**pecial **A**ministrative **R**egion (MSAR) of the People's Republic of China (PRC), violent protests ripped through the tiny enclave over allegations of MSAR Government corruption and the favouring of big business over the needs of workers.

The claim by the protesting workers was that the Government was permitting too many workers to enter the former Portuguese enclave from the PRC, proper, thus causing a surfeit of workers, which, in turn, meant that wages would be reduced, accordingly.

In the **H**ongkong **S**pecial **A**ministrative **R**egion (HKSAR) of the PRC, protests were held by workers in a number of areas, with the workers, asking for the imposition of a minimum wage.

Even Filipina domestics, who do not pay tax and are, for the most part, in the territory on the basis of 2-year, contracts, joined in the fun, demanding higher wages, in spite of the fact that they are among the most, highly paid unskilled workers in the territory.

On a more serious note, the Government of Iran, once again, poured more oil on the burning political fires, simmering in the United Nations, warning that should there be sanctions applied on the fundamentalist Islamic country, the price of crude oil could suddenly rise to much higher levels.

On The **N**ew **Y**ork **M**ercantile **E**xchange (NYMEX), the comments from the Iranian Government hit home: The price of crude oil shot up, quickly.

For delivery in June, the last settlement for a barrel of light sweet crude oil was \$US73.70, up about 2.53 percent on the close of Friday, April 28, 2006.

As for July delivery, the last settlement for a barrel of light sweet crude oil was \$US75.22, representing an increase of about 2.34 percent on the last settlement of the previous Friday.

Iran was rattling the chains of ghosts of the past when the **Organisation of Petroleum Exporting Countries (OPEC)**, of which Iran is a member, determined to inflict economic punishment on the West.

The decisions of OPEC began to be of major importance in the world's oil market at its thirty fifth conference in Vienna in September–October 1973, when it raised oil prices by 70 percent.

The dominant Middle Eastern members of OPEC used succeeding price increases as a political weapon, aimed at Western nations in retaliation for their support of Israel against its Arab neighbours in the so-called Yom Kippur War of October 1973.

Crude oil prices were accordingly raised another 130 percent at the Tehrān Conference of December 1973, and a temporary embargo was placed on oil shipments to the US and The Netherlands, at the same time.

Other crude-oil price increases followed in 1975, 1977, 1979, and 1980, which ultimately raised the price of a barrel of crude oil from \$US3.00 in 1973 to \$US30.00 in 1980.

Wall Street has a long memory and Wall Street gurus remember the agony, inflicted by OPEC in years of yore.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average fell back by about 23.85 points, equivalent to about 0.21 percent, ending May Day at 11,343.29 points.

On The NASDAQ, its Composite Index surrendered 17.78 points, or about 0.77 percent of its value, dropping back to 2,304.79 points.

In Europe, only the stock market of Switzerland was open for business, last Monday:

Amsterdam's AEX Index	Closed
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Great Britain's FTSE 100 Index	Closed
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Germany's Frankfurt XETRA DAX Index	Closed
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France's CAC 40 Index	Closed
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Switzerland's Swiss Market Index	Minus 0.10 percent
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Italy's MIBTEL Index	Closed
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In Asia, only the Indonesian and the Japanese equity markets were open for business, last Monday.

On the premier equity market of Japan, The Tokyo Stock Exchange's TOPIX Index registered a gain of 0.74

points, equivalent to about 0.04 percent, bringing it back to 1,717.17 points.

The ratio of losing counters to gaining ones was about 1.17:One.

Trading was very quiet for most of the trading day.

The Nikkei-225 Stock Average rose 19.48 yen, or about 0.12 percent, hitting 16,925.71 yen by the close of the day.

News Wise

- The **Consumer Price Index** for Fiscal 2005 rose about 0.10 percent, Year-On-Year, the Internal Affairs and Communications Ministry reported. It was the first increase in 8 years.

This was how the indices of the Indonesian and Japanese equity markets ended, last Monday night:

The HKSAR	Closed
Indonesia	Plus 0.82 percent to 1,476.46
Japan	TOPIX Index Plus 0.04 percent to 1,717.17 Nikkei-255 Stock Average Plus 0.12 percent to 16,925.71
Malaysia	Closed
The Philippines	Closed
Singapore	Closed
South Korea	Closed
Taiwan	Closed
Thailand	Closed

Tuesday

The Islamic Republic of Iran made its position very clear, last Tuesday: It would not hesitate to attack Israel.

Rear Admiral Mohammad-Ebrahim Dehqani, a Senior Commander of The Revolutionary Guards of Iran, said, inter alia:

'We (Iran) have announced that wherever American (sic) does something evil, the first place that we target will be Israel.'

Iran's President, Mr Mahmoud Ahmadinejad, has called for Israel to be '*wiped off the map*' of the world.

Other Iranian Government officials have stated, openly, that they fear that the US will attack nuclear installations in the country.

Meanwhile, senior officials of The Security Council of the United Nations (UN) were discussing their next moves in order to try to persuade Iran to halt its plans to develop nuclear weapons by enriching uranium ore.

Iran continues to state that it wants to enrich uranium for peaceful purposes, only.

The West does not believe that this is the case.

On international commodity exchanges, the price of crude oil continued to rise.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for June delivery was \$US74.61, up about 1.24 percent on Monday's last settlement.

As for July delivery, the last settlement was \$US76.06 for a barrel of light sweet crude oil, that price, being an increase of about 1.12 percent on the final quote of Monday.

On Wall Street, prices rose as investors continued to chase after the scrip of energy counters because it appeared only too evident that the Mexican standoff between the UN and Iran would not be resolved in a hurry ... if at all.

Iran, aside from being the fourth-largest producer of crude oil in the world, is, also, the second-largest member, in terms of crude-oil exports, among the members of the Organisation of the Petroleum Exporting Countries (OPEC).

On The New York Stock Exchange, the Dow Jones Industrial Average rose 73.16 points, or about 0.64 percent, ending the trading day at 11,416.45 points.

On The NASDAQ, its Composite Index put on just 5.05 points, equivalent to about 0.22 percent, limping up to 2,309.84 points.

News Wise

- Higher crude oil prices continue to take their toll of sales of US-produced **motor vehicles**, according to confirmed sales of motor vehicles in the US for the month of April, while Japanese automobile producers continue to steal a march on their US competitors:

<u>Name of Producer</u>	<u>April Sales: Plus/(Minus)</u>
General Motors Corporation	(7 percent)
Ford Motor Company	(3 percent)
DaimlerChrysler AG	(4 percent)
Toyota Motor Corporation (of Japan)	9 percent
Honda Motor Company	6.50 percent

In Europe, indices of the most-important bourses made up for the 3-day holiday with some very material gains.

Labour Day was very nice, but making money was even nicer.

The following are the closings of the key indices of the most-important European bourses of last Tuesday:

Amsterdam's AEX Index	Plus	0.15 percent
Great Britain's FTSE 100 Index	Plus	0.97 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.68 percent
France's CAC 40 Index	Plus	1.01 percent
Switzerland's Swiss Market Index	Plus	0.41 percent
Italy's MIBTEL Index	Plus	0.83 percent

As with Wall Street, the rise in the price of crude oil stimulated trading in energy counters on European bourses.

In Asia, all of the key indices of the largest equity markets made useful gains as investors came back as hefty buyers in the most populous part of the world.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index regained about 1.24 percent of its value, rising to 16,868.04 points.

The Total Turnover was about \$HK37.08 billion, while the ratio of advancing counters to losing ones was about 2.58:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 2.80 percent to \$HK135.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.44 percent to \$HK44.45 per share
China Construction Bank Corporation (Code: 939)	Up 2.24 percent to \$HK3.425 per share
CNOOC Ltd (Code: 883)	Up 2.40 percent to \$HK6.40 per share
PetroChina Company Ltd (Code: 857)	Up 3.51 percent to \$HK8.85 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.87 percent to \$HK10.75 per share
Dalian Port (PDA) Company Ltd (Code: 2880)	Up 5.78 percent to \$HK4.575 per share
China Unicom Ltd (Code: 762)	Up 7.58 percent to \$HK7.10 per share

Hutchison Whampoa Ltd (Code: 13)

Up 0.13 percent to \$HK76.20 per share

Cheung Kong (Holdings) Ltd (Code: 1)

Up 1.77 percent to \$HK88.90 per share

The biggest Main Board gainers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	616	10.78		4.625
Asia Commercial Holdings Ltd	104		11.43	0.62
Berjaya Holdings (Hongkong) Ltd	288		12.04	0.095
China Merchants DiChain (Asia) Ltd	632	10.34		0.064
China Nan Feng Group Ltd	979		27.71	0.12
China Rich Holdings Ltd	1191		15.25	0.15
Climax International Company Ltd	439	17.65		0.30
COL Capital Ltd	383	11.21		3.225
Daido Group Ltd	544	11.43		0.117
Fintronics Holdings Company Ltd	706	11.33		0.167
Fortuna International Holdings Ltd	530		10.53	0.017
Fulbond Holdings Ltd	1041	20.00		0.018
Global Green Tech Group Ltd	274	10.31		1.07
Haywood Investments Ltd	905		22.89	0.064
Hop Hing Holdings Ltd	47	15.94		0.40
Interchina Holdings Company Ltd	202	12.50		0.045
Jade Dynasty Group Ltd	970	14.29		0.80
Neo-China Group (Holdings) Ltd	563	11.22		1.19

Pak Tak International Ltd	2668	15.28		0.415
See Corporation Ltd	491		50.00	0.034
Shanghai Prime Machinery Company Ltd	2345	10.34		3.20
Shenzhen Investment Ltd	604	14.13		2.625
Softbank Investment International (Strategic) Ltd	648	32.69		0.138
Sun Hung Kai and Company Ltd	86	10.37		7.45
Swank International Manufacturing Company Ltd	663	16.00		0.116

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose about 1.45 percent to 1,277.51 points on a reduced Total Turnover, which reached only about \$HK159.26 million by the close of the trading day.

Gaining counters outnumbered losing ones by the ratio of about 1.47:One.

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

Wumart Stores Incorporated (Code: 8277) Down 2 percent to \$HK25.05 per share

Xinjiang Tianye Water Saving Irrigation System Company Ltd (Code: 8280) Unchanged at \$HK2.575 per share

China LotSynergy Holdings Ltd (Code: 8161) Up 9 percent to \$HK1.75 per share

Town Health International Holdings Company Ltd (Code: 8138) Unchanged at 23.50 cents per share

Century Sunshine Ecological Technology Holdings Ltd (Code: 8276) Up 6 percent to \$HK4.925 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Co-winner Enterprise Ltd	8108	13.16		0.43
EMER International Group Ltd	8149	19.28		0.495
Shenzhen EVOC Intelligent Technology Company Ltd	8285	13.46		0.295

Mobile Telecom Network (Holdings) Ltd	8266		18.75	0.13
MP Logistics International Holdings Ltd	8239	25.00		0.10
ProSticks International Holdings Ltd	8055	31.25		0.021
Sungreen International Holdings Ltd	8306		14.89	2.00
Value Convergence Holdings Ltd	8101	16.67		2.45
Zhejiang Prospect Company Ltd	8273		14.47	0.65

A further rise in the price of crude oil caused a number of Japanese investors to plough back into energy counters.

This was one of the major contributing factors, which caused key indices of Japanese equity markets to rise sharply, last Tuesday.

On The Tokyo Stock Exchange, which is the premier stock market of the country, The TOPIX Index rose 20.01 points, equivalent to a gain of about 1.17 percent, running up to 1,737.18 points.

Gainers were ahead of losers by the ratio of about 2.30:One.

The Nikkei-225 Stock Average, which is a much narrower gauge of the movements of blue chips, listed on The First Section of The Tokyo Stock Exchange, improved by 228.06 yen, or about 1.35 percent, ending the trading day at 17,153.77 yen.

News Wise

- **Bridgestone Corporation**, the world's second-largest manufacturer of tyres for motor vehicles, announced that, in the first quarter to March 31, 2006, it had recorded a Net Profit Attributable to Shareholders of about 27.20 billion yen. That is an increase, Year-On-Year, of about 4 percent. Bridgestone also announced that it plans to close down its Oklahoma City plant in the US, which, currently, employs about 1,400 workers.

In other Asian equity markets, this was how their respective key indices closed, last Tuesday:

The HKSAR	Plus 1.24 percent to 16,868.04
Indonesia	Minus 0.04 percent to 1,475.89
Japan	TOPIX Index Plus 1.17 percent to 1,737.18 Nikkei-255 Stock Average Plus 1.35 percent to 17,153.77
Malaysia	Plus 0.21 percent to 951.25

The Philippines	Plus 1.55 percent to 2,305.64
Singapore	Plus 0.85 percent to 2,632.80
South Korea	Plus 1.07 percent to 1,434.90
Taiwan	Plus 0.39 percent to 7,199.60
Thailand	Minus 0.004 percent to 768.26

Wednesday

The United States, Great Britain and France got tough with Iran, last Wednesday, penning a new Resolution to be put to The Security Council of the United Nations (UN).

This new, tripartite Resolution, if adopted by The Security Council, is unequivocal: It demands that Iran stop uranium enrichment, immediately, or suffer the consequences.

Russia and the People's Republic of China (PRC) continue to oppose any resolution which could lead to sanctions, being imposed on the Islamic Republic of Iran.

The new resolution contains, inter alia, the term that *'further measures as may be necessary'* would be considered in the event that Iran decides not to abide by the UN's determination.

The West is of the opinion that Iran is secretly preparing to produce weapons of mass destruction and requires weapons-grade enriched uranium for this purpose.

Iran has denied the claim.

On the world's commodity exchanges, last Wednesday, however, the price of crude oil fell, substantially, following a timely release, prepared by the US Government's Department of Energy.

This important branch of the US Government announced that, for the week, ended April 28, 2006, US crude oil reserves had risen by about 1.70 million barrels to 346.70 million barrels.

As for reserves of petrol in the US, reserves rose by about 2.10 million barrels to 202.70 million barrels.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June was \$US72.28 per barrel, down about 3.12 percent on Tuesday's closing level.

As for July delivery, the last settlement came in at \$US73.91 for a barrel of light sweet crude oil. The closing price represented a fall of about 2.83 percent, Day-On-Day.

On Wall Street, investors were hit, first, by the drop in the price of crude oil – which hurt the price of energy counters as investors quickly bailed out – and by fears that the US Federal Reserve would raise interest rates, again, on Wednesday, May 10, 2006, at its next Open Market Committee Meeting.

On The New York Stock Exchange, the Dow Jones Industrial Average dropped 16.17 points, equivalent to

about 0.14 percent, ending the trading day at 11,400.28 points.

Over on The NASDAQ, its Composite Index shed one quarter of a percentage point as investors pulled it down to 2,303.97 points.

In Europe, investors wet their pants at the thought that interest rates would be raised in the US in just 5 trading days.

And, with oil prices, falling hard, causing investors of major European bourses to unload some of their holdings in energy counters, it was a black day for the most-important bourses in eurozone, last Wednesday:

Amsterdam's AEX Index	Minus 1.16 percent
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Great Britain's FTSE 100 Index	Minus 1.18 percent
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Germany's Frankfurt XETRA DAX Index	Minus 1.36 percent
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France's CAC 40 Index	Minus 0.90 percent
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Switzerland's Swiss Market Index	Minus 1.11 percent
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Italy's MIBTEL Index	Minus 0.71 percent
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In Asia, with the lone exception of the stock market of Malaysia, all of the key indices of the other equity markets of the region were in the black by the close of the day.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, both equity markets scored material gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.94 percent to 17,026.98 points on a Total Turnover of about \$HK39.26 billion.

The ratio of gainers to losers was about 2.70:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.03 percent to \$HK137.30 per share
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Hutchison Whampoa Ltd (Code: 13)	Up 1.51 percent to \$HK77.35 per share
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China Construction Bank Corporation (Code: 939)	Up 0.73 percent to \$HK3.45 per share
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China Mobile (Hongkong) Ltd (Code: 941)	Up 0.67 percent to \$HK44.75 per share
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PetroChina Company Ltd (Code: 857)	Up 2.26 percent to \$HK9.05 per share
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BOC Hongkong (Holdings) Ltd (Code: 2388) Up 1.56 percent to \$HK16.30 per share

Cheung Kong (Holdings) Ltd (Code: 1) Up 0.56 percent to \$HK89.40 per share

CNOOC Ltd (Code: 883) Up 0.78 percent to \$HK6.45 per share

China Life Insurance Company Ltd (Code: 2628) Up 0.93 percent to \$HK10.85 per share

China Petroleum and Chemical Corporation (Code: 386) Up 2.97 percent to \$HK5.20 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 Alliance Holdings Ltd	616	16.76		5.40
Capital Estate Ltd	193	15.63		0.185
China Elegance (Holdings) Ltd	476		18.99	0.064
China HealthCare Holdings Ltd	673	12.16		2.075
China Nan Feng Group Ltd	979	29.17		0.155
China Strategic Holdings Ltd	235	10.59		0.94
Coastal Greenland Ltd	1124	10.00		0.77
Cosmopolitan International Holdings Ltd	120	19.10		0.237
Daisho Microline Holdings Ltd	567	15.19		0.91
eForce Holdings Ltd	943	38.46		0.108
Fintronics Holdings Company Ltd	706	12.57		0.188
Global Green Tech Group Ltd	274	14.02		1.22
Harmony Asset Ltd	428	10.14		0.76
Hop Fung Group Holdings Ltd	2320	10.00		2.20
Lifestyle International Holdings Ltd	1212	12.14		15.70

Northern International Holdings Ltd	736		12.90	0.27
ONFEM Holdings Ltd	230	10.20		0.54
Oriental Explorer Holdings Ltd	430	16.36		0.064
Rising Development Holdings Ltd	1004		11.59	0.305
Rontex International Holdings Ltd	1142	16.13		0.036
See Corporation Ltd	491	23.53		0.042
Shang Hua Holdings Ltd	371		10.00	0.36
Spread Prospects Holdings Ltd	572	11.54		0.87
Sun Hung Kai and Company Ltd	86	12.08		8.35
Uni-Bio Science Group Ltd	690	19.32		2.10
Willie International Holdings Ltd	273		10.78	0.455
Wing Hing International (Holdings) Ltd	621	26.23		0.154
Wonderful World Holdings Ltd	109	16.52		0.134

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its Total Turnover rose about 163 percent, compared with Tuesday's volume of activity, to \$HK419.50 million.

About 58 percent of the GEM's Total Turnover was due to trading in just one counter, that of Enric Energy Equipment Holdings Ltd (Code: 8289) (Please see 5, most-active counters, below).

The Growth Enterprise Index rose about 1.25 percent to 1,293.42 points.

Advancing counters outpaced declining ones by the ratio of about 1.22:One.

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

Enric Energy Equipment Holdings Ltd (Code: 8289)	Unchanged at \$HK5.00 per share
Lang Chao International Ltd (Code: 8141)	Down 10 percent to \$HK1.33 per share
Wumart Stores Incorporated (Code: 8277)	Up 1 percent to \$HK25.30 per share
Techpacific Capital Ltd (Code: 8088)	Up 1 percent to 85 cents per share

Shandong Weigao Group Medical Polymer Company Ltd
(Code: 8199)

Up 6 percent to \$HK4.525 per
share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		10.71	0.25
Co-winner Enterprise Ltd	8108		10.47	0.385
Jiangsu Nandasoft Company Ltd	8045	10.17		0.195
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		11.54	0.138
Lang Chao International Ltd	8141		10.14	1.33
Mobile Telecom Network (Holdings) Ltd	8266		15.38	0.11
ProSticks International Holdings Ltd	8055		19.05	0.017
Qianlong Technology International Holdings Ltd	8015		24.39	0.31
Soluteck Holdings Ltd	8111	12.31		0.073
Sys Solutions Holdings Ltd	8182		32.50	0.027

All equity markets of Japan were closed for a national holiday, last Wednesday.

On other Asian equity markets, their respective key indices ended the day at:

The HKSAR	Plus 0.94 percent to 17,026.98
Indonesia	Plus 1.57 percent to 1,499.07
Japan	TOPIX Index Closed Nikkei-255 Stock Average Closed
Malaysia	Minus 0.11 percent to 950.23
The Philippines	Plus 1.53 percent to 2,340.82

Singapore	Plus 1.02 percent to 2,659.65
South Korea	Plus 0.02 percent to 1,435.17
Taiwan	Plus 0.59 percent to 7,242.37
Thailand	Plus 0.80 percent to 774.44

Thursday

Casting aside the fears that another war could well break out between the West and the Islamic Republic of Iran, investors ploughed into stocks and shares, pushing key indices on Wall Street to 6-year highs.

At the same time, on the strength of US Government's release with regard to the country's stockpiles of crude oil and petrol (Please see Wednesday's report), traders pulled down the price of crude oil on international commodity exchanges.

On The New York Mercantile Exchange (NYMEX), there was a very decided culling of future prices.

For delivery in June, the last settlement for a barrel of light sweet crude oil was \$US69.94, down about 3.24 percent on Wednesday's last quote for the black ooze.

As for July delivery, the last settlement was \$US71.60 per barrel of light sweet crude oil, a price that represented a fall of about 3.13 percent on the last settlement of Wednesday.

Prior to US equity markets opening for business, last Thursday, The Bureau of Labour Statistics released its findings in respect of productivity and costs in the US for the first quarter of 2006.

While the statistics were, indeed, bullish, they, also, suggested to many that, when the US Federal Reserve convenes its Open Market Committee Meeting, this Wednesday, these same statistics could well be used as more ammunition to boost interest rates by another 25 basis points, at least.

This is most of that which The Bureau released at 8:30 am (Washington D.C. time), last Thursday morning:

'PRODUCTIVITY AND COSTS **First Quarter 2006, preliminary**

'The Bureau of Labor Statistics of the U.S. Department of Labor today reported preliminary productivity data – as measured by output per hour of all persons – for the first quarter of 2006. The seasonally adjusted annual rates of productivity change in the first quarter were:

*3.4 percent in the business sector and
3.2 percent in the nonfarm business sector.*

'Productivity in the business sector grew faster in the first quarter of 2006 than in the fourth quarter of 2005, when it increased 0.2 percent (as revised). In the nonfarm business sector, productivity had declined by 0.3 percent in the fourth quarter of 2005. In both sectors, output and hours worked grew faster in the first quarter of 2006 than they had in the fourth quarter of 2005.

'In manufacturing, productivity changes in the first quarter were:

*4.2 percent in manufacturing,
3.8 percent in durable goods manufacturing, and
4.4 percent in nondurable goods manufacturing.*

'Productivity growth in manufacturing in the first quarter of 2006 reflected a 5.8-percent increase in output and a 1.6-percent increase in hours worked in the sector. Output and hours in manufacturing, which includes about 13 percent of U.S. business sector employment, tend to vary more from quarter to quarter than data for the aggregate business and nonfarm business sectors...

'Business

'Productivity in the business sector rose 3.4 percent in the first quarter of 2006, as output grew 5.8 percent and hours of all persons at work in the sector increased 2.3 percent (seasonally adjusted annual rates). Revised data for the fourth quarter of 2005 show that output per hour increased 0.2 percent, reflecting a 1.8-percent rise in output and a 1.6-percent increase in hours at work.

'Hourly compensation increased 5.8 percent during the first quarter of 2006. This measure includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Hourly compensation had risen 3.0 percent in the previous quarter. Real hourly compensation, which takes into account changes in consumer prices, increased 3.6 percent in the first quarter of 2006, after declining 0.3 percent in the fourth quarter of 2005.

'Unit labor costs rose 2.3 percent in the first quarter of 2006, compared to a 2.8-percent increase in the fourth quarter. Growth in unit labor costs is roughly equivalent to the change in hourly compensation minus the change in output per hour.

'The implicit price deflator for the business sector, which reflects changes in both unit labor costs and unit nonlabor payments, rose 2.7 percent in the first quarter. In the previous quarter, the implicit price deflator for business sector output increased 3.5 percent.

'Nonfarm business

'Productivity rose 3.2 percent in the nonfarm business sector in first-quarter 2006 as output grew 5.8 percent and hours of all persons increased by 2.5 percent (seasonally adjusted annual rates). In the fourth quarter of 2005, productivity had declined 0.3 percent, reflecting increases in output and hours of 1.5 percent and 1.8 percent, respectively.

'Hourly compensation increased 5.7 percent in the first quarter of 2006, more rapidly than in the fourth quarter, when it grew 2.7 percent. When the rise in consumer prices was taken into account, real hourly compensation rose 3.6 percent in the first quarter, in contrast to a 0.6-percent decline in the fourth quarter of 2005.

'Unit labor costs grew 2.5 percent in the first quarter of 2006, following a 3.0-percent rise one quarter earlier. The implicit price deflator for nonfarm

business output rose 2.8 percent in the first quarter of 2006 and 3.6 percent in the fourth quarter of 2005.

'Manufacturing

'Productivity increased 4.2 percent in manufacturing in the first quarter of 2006, as output increased 5.8 percent and hours of all persons rose 1.6 percent (seasonally adjusted annual rates). Manufacturing hours had also increased in the fourth quarter of 2005, 4.6 percent, after six consecutive quarterly declines. The 3.8-percent increase in durable goods manufacturing in the first quarter was the smallest since a 3.7 percent rise in the fourth quarter of 2003, and reflected growth in output and hours of 4.7 percent and 0.9 percent, respectively. Productivity grew faster in nondurable goods manufacturing than in durable goods industries in the first quarter, 4.4 percent, as output jumped 7.3 percent and hours of all persons increased 2.7 percent.

'The hourly compensation of all manufacturing workers rose 1.5 percent during the first quarter of 2006, and real hourly compensation declined 0.6 percent. The 1.5-percent hourly compensation rise was attributable to the 2.3-percent gain in durable goods hourly compensation, as compensation per hour in nondurable goods industries was unchanged. This was the first quarter in which nondurable manufacturing hourly compensation had failed to grow since the third quarter of 2001, when it declined 0.3 percent.

'Because the productivity of manufacturing workers rose more rapidly than their hourly compensation, unit labor costs decreased in the first quarter, by 2.6 percent. Unit labor costs in manufacturing have fallen in three of the last four quarters. Unit labor costs declined 1.4 percent in durable goods manufacturing in the first quarter of 2006, less than in the nondurable goods subsector, where these costs fell 4.2 percent.

'Fourth-quarter and annual measures for nonfinancial corporations

'Fourth-quarter and annual 2005 measures of productivity and costs also were announced today for the nonfinancial corporate sector. Output per all-employee hour grew 4.6 percent from the third to the fourth quarter of 2005, as output grew 7.3 percent and employee hours increased 2.5 percent. The nonfinancial corporate sector includes all corporations doing business in the United States, except those classified as depository institutions, nondepository institutions, security and commodity brokers, insurance carriers, regulated investment offices, small business investment offices, and real estate investment trusts ...

'Hourly compensation in this sector increased 2.5 percent in the fourth quarter, but when consumer prices are taken into account, real hourly compensation fell 0.8 percent. Unit labor costs fell 2.0 percent in the fourth quarter of 2005. Unit profits grew 47.1 percent in the fourth quarter of 2005 after falling 8.8 percent in the previous quarter. The implicit price deflator for nonfinancial corporate output grew 1.7 percent during the fourth quarter of 2005 after rising 2.1 percent in the third quarter.

'In calendar year 2005, productivity in the nonfinancial corporate sector grew 5.0 percent-the largest annual increase in the history of the series, which begins in 1959. Output per hour had increased 4.0 percent in 2004, 4.3 percent in 2003, and 3.9 percent in 2002. When the annual average for 2005 is

compared to that for 2001, productivity growth in nonfinancial corporations averaged 4.3 percent per year. Nonfinancial corporate output grew 6.5 percent in 2005, compared to 5.5-percent growth in 2004. Employee hours increased 1.4 percent in each of the last two years. Hourly compensation grew 5.6 percent in 2005, and real hourly compensation increased 2.1 percent. These were the largest increases in both of these series since 2000, when compensation per hour increased 6.8 percent and real hourly compensation grew 3.3 percent. Total unit costs declined 0.2 percent, reflecting a 0.5-percent rise in unit labor costs and a 2.3-percent drop in unit nonlabor costs. The rise in unit labor costs was the first since 2001, when these costs increased 2.4 percent. Unit profits rose 14.7 percent in 2005. The implicit price deflator, which reflects both the unit costs and unit profits measures, rose 1.4 percent in 2005...’.

On Wall Street, things were popping.

The Dow Jones Industrial Average, the key index to blue chips, listed on the Big Board of The New York Stock Exchange, rose 38.58 points, equivalent to about 0.34 percent, ending the trading day at 11,438.86 points.

Over on The NASDAQ, its Composite Index advanced 19.93 points, or about 0.87 percent, to 2,323.90 points.

The ratio of gaining counters to losing ones on both The New York Stock Exchange and The NASDAQ was about 1.67:One.

In Europe, there was good news for investors: The **European Central Bank** (ECB) determined to leave interest rates unchanged.

Last Thursday, the ECB announced:

‘At today’s meeting, the Governing Council of the ECB decided that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.50%, 3.50% and 1.50% respectively.’

European investors warmed to the announcement of the ECB and key indices of nearly every important European bourse made handsome gains:

Amsterdam’s AEX Index	Plus	0.41 percent
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Great Britain’s FTSE 100 Index	Plus	0.44 percent
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Germany’s Frankfurt XETRA DAX Index	Plus	1.17 percent
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France’s CAC 40 Index	Plus	0.76 percent
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Switzerland’s Swiss Market Index	Minus	0.28 percent
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Italy’s MIBTEL Index	Plus	0.65 percent
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In Asia, it was something of a mixed bag, but, by and large, investment sentiment was bearish, especially in view of the fact that The Fed would be meeting in just 4 trading days.

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

(Last Friday was a holiday in the HKSAR so that many investors took the opportunity to take a 3-day break, last Thursday.)

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index surrendered about 0.08 percent of its value, falling back to 17,013.93 points.

The Total Turnover dropped to about \$HK28.61 billion.

Advancing counters nosed out declining ones by the ratio of about 1.05:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.07 percent to \$HK137.20 per share
PetroChina Company Ltd (Code: 857)	Up 2.21 percent to \$HK9.25 per share
Beijing Enterprises Holdings Ltd (Code: 392)	Down 4.60 percent to \$HK16.60 per share
China Construction Bank Corporation (Code: 939)	Unchanged at \$HK3.45 per share
CNOOC Ltd (Code: 883)	Up 0.78 percent to \$HK6.50 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK77.35 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK5.20 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.45 percent to \$HK44.95 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.92 percent to \$HK10.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.84 percent to \$HK88.65 per share

As for the largest movers of the Main Board, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anex International Holdings Ltd	723		12.90	0.108

Asia TeleMedia Ltd	376	11.11		0.07
Capital Estate Ltd	193	10.27		0.204
China Nan Feng Group Ltd	979	32.26		0.205
China Rich Holdings Ltd	1191	15.48		0.179
eForce Holdings Ltd	943	19.44		0.129
Good Fellow Group Ltd	910	11.32		0.295
Haywood Investments Ltd	905	25.00		0.08
Hongkong Building and Loan Agency Ltd, The	145		13.33	1.30
Hon Po Group (Lobster King) Ltd	228		29.08	2.50
Hop Hing Holdings Ltd	47		10.00	0.36
LERADO Group (Holding) Company Ltd	1225	18.18		0.65
Man Sang International Ltd	938	11.11		0.30
Massive Resources International Corporation Ltd	70	10.00		0.022
National Electronics Holdings Ltd	213	10.34		0.32
Softbank Investment International (Strategic) Ltd	648	11.02		0.141
SunCorp Technologies Ltd	1063	29.58		0.92
Topsearch International (Holdings) Ltd	2323	14.29		0.88
Victory Group Ltd	1139		10.16	0.115
Yue Da Holdings Ltd	629	13.87		1.56
Zhejiang Glass Company, Ltd	739	12.00		1.96

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index sank about 0.35 percent to 1,288.91 points.

The volume of activity, also, sank to about \$HK138.22 million.

Losers outnumbered gainers by the ratio of about 1.24:One.

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

Town Health International Holdings Company Ltd (Code: 8138) Up 4 percent to 25 cents per share

Lang Chao International Ltd (Code: 8141) Unchanged at \$HK1.33 per share

Wumart Stores Incorporated (Code: 8277) Unchanged at \$HK25.20 per share

Yantai North Andre Juice Company Ltd (Code: 8259) Up 3 percent to 70 cents per share

Techpacific Capital Ltd (Code: 8088) Down 1 percent to 84 cents per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$Hongkong)
AcrossAsia Ltd	8061	18.00		0.295
Co-winner Enterprise Ltd	8108	14.29		0.44
Eco-Tek Holdings Ltd	8169	10.34		0.32
Global Link Communications Holdings Ltd	8060	15.56		0.052
Xi'an Haitian Antenna Technologies Company Ltd	8227		11.32	0.47
ITE (Holdings) Ltd	8092	40.00		0.07
Jinheng Automotive Safety Technology Holdings Ltd	8293	21.79		0.95
Launch Tech Company Ltd	8196		11.70	2.075
New Universe International Group Ltd	8068	70.00		0.034
Northeast Tiger Pharmaceutical Company Ltd	8197	10.00		0.066
ProSticks International Holdings Ltd	8055	17.65		0.02
Satellite Devices Corporation	8172		10.26	0.035
Sys Solutions Holdings Ltd	8182	11.11		0.03

WLS Holdings Ltd	8021	13.33		0.119
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News Wise

- Cathay Pacific Airways Ltd, a subsidiary of **Swire Pacific Ltd** (Code: 19, Main Board, The Stock Exchange of Hongkong Ltd), announced that it would be encouraging members of its highest-paid cabin crew to take early retirement in order to cut costs. A spokesperson for Cathay Pacific Airways, Ms Shirley Au Yeung, said: *'We are introducing the scheme mainly as a way to cut costs.'* Some 1,600 employees are being targeted in this culling exercise.

All equity markets in Japan remained closed for a national holiday, last Thursday.

On other Asian equity markets, this was how their respective key indices closed the day:

The HKSAR	Minus 0.08 percent to 17,013.93
Indonesia	Minus 0.98 percent to 1,484.33
Japan	TOPIX Index Closed Nikkei-255 Stock Average Closed
Malaysia	Plus 0.41 percent to 954.16
The Philippines	Plus 1.25 percent to 2,370.29
Singapore	Minus 0.56 percent to 2,644.70
South Korea	Plus 0.40 percent to 1,441.02
Taiwan	Plus 1.41 percent to 7,345.04
Thailand	Minus 0.80 percent to 768.22

Friday

The US Labour Department brought out its figures for the month of April in respect of the labour situation in The Land of The Free and The Home of the Brave.

The unemployment rate was unchanged at 4.70 percent in spite of 138,000 jobs, having been created in the month, The Bureau stated, early last Friday morning.

The following is the full text of the statement of The Commissioner of The Bureau of Labour Statistics, Ms Kathleen P. Utgoff:

'Nonfarm payroll employment increased by 138,000 in April, and the unemployment rate was unchanged at 4.7 percent. Over the year, nonfarm employment has risen by about 2 million. Average hourly earnings were up by 9 cents over the month.'

'In the service-providing sector, the health care industry remained a steady source of job growth in April, as employment rose by 23,000. Job gains were spread among nursing and residential care facilities, hospitals, and doctors' offices.'

'Employment in finance and insurance continued to expand over the month. The credit intermediation industry added 9,000 jobs, and the insurance industry grew by 10,000 jobs. Since last September, employment growth in the insurance industry has strengthened; 55,000 jobs were added over this period. Employment in professional and business services and in food services and drinking establishments continued to trend up.'

'Retail trade employment was down over the month. Employment in general merchandise stores declined by 34,000, following a large increase in March. Overall, the number of retail jobs has changed little, on net, since the middle of last year.'

'In the goods-producing sector, manufacturing employment increased by 19,000 over the month, with gains occurring in several durable goods industries. Motor vehicles employment was up by 12,000 over the month. Despite the gain, motor vehicles employment in April was about the same as in January of this year. Over the month, there also were job gains in computer and electronic products and in fabricated metals. Manufacturing hours were unchanged in April, and factory overtime edged down.'

'Employment in support activities for mining continued to rise in April, primarily in activities related to oil and gas operations. Since its recent low point in April 2003, mining support employment has grown by 79,000, or 45 percent.'

'Construction employment was little changed for the second straight month following large gains in January and February. Since its last low point in March 2003, the construction industry has added 855,000 jobs.'

'Average hourly earnings for production or nonsupervisory workers in the private sector rose by 9 cents in April to \$16.61. This followed gains of 5 cents in March and 7 cents in February. Over the year, average hourly earnings have risen by 3.8 percent.'

'Most major indicators from the household survey showed little or no change over the month. The unemployment rate held at 4.7 percent in April and has been at or near that level since January. The civilian labor force participation rate was 66.1 percent in April. In the past year, the participation rate has remained in a narrow range from 66.0 to 66.2 percent.'

'In summary, nonfarm payroll employment increased by 138,000 in April, and the unemployment rate held at 4.7 percent.'

On Wall Street, investors put aside their fears of more interest-rate rises in view of the anaemic labour report and went after their old favourites, once again.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 138.88 points, equivalent to about 1.21 percent, ending the week at 11,577.74 points.

On The NASDAQ, its Composite Index put on 18.67 points, or about 0.80 percent, running to 2,342.57 points.

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

The Dow Jones Industrial Average	Plus	1.85 percent
The Composite Index of The NASDAQ	Plus	0.86 percent

On European bourses, all of the key indices made material gains:

Amsterdam's AEX Index	Plus	1.09 percent
Great Britain's FTSE 100 Index	Plus	0.90 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.22 percent
France's CAC 40 Index	Plus	1.00 percent
Switzerland's Swiss Market Index	Plus	1.03 percent
Italy's MIBTEL Index	Plus	0.65 percent

European investors studied the report of the US Labour Department and determined that, with the US unemployment situation, going nowhere, very fast, and with fewer jobs, being added in the world's largest single economy than are necessary to indicate a bubbling-over industrial/financial situation, there was reason for the US Federal Reserve to be circumspect with regard to the consideration of there being higher interest rates, come this Wednesday.

News Wise

- **Bankruptcies** in England and Wales rose about 73 percent in the first quarter of 2006, compared with the like period in 2005, according to the statistics of the Insolvency Service, a branch of the United Kingdom's Government. The figures were that 23,000 people filed to be considered insolvent – unable to pay their personal debts as they fell due.

In Asia, the equity markets of Japan, the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Thailand and South Korea were closed for public holidays.

In other Asian equity markets, this was how their respective key indices finished the week of May 5, 2006:

The HKSAR	Closed
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Indonesia	Minus 0.08 percent to 1,483.06
Japan	TOPIX Index Closed Nikkei-255 Stock Average Closed
Malaysia	Plus 0.75 percent to 961.38
The Philippines	Plus 4.21 percent to 2,470.24
Singapore	Minus 0.46 percent to 2,632.42
South Korea	Closed
Taiwan	Plus 0.34 percent to 7,370.44
Thailand	Closed

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