

**INTEREST RATES PUSHED UP ANOTHER 25 BASIS POINTS;  
OIL HEADS FOR RECORD LEVELS;  
U.S. DOLLAR GETS DISCOLOURED FROM GREEN TO RED;  
THE IRAN-U.S. MEXICAN STANDOFF CONTINUES; AND,  
STOCK-MARKETS' INDICES BUCKLE UNDER PRESSURE**

President of Iran Mahmoud Ahmadinejad sent an 18-page letter to US President George W. Bush, proposing *'new solutions for getting out of international problems and current fragile situation of the world.'*

The letter was sent via the Swiss Embassy in Tehran, the Swiss Embassy, being the only conduit in Iran for any contact with the US Government.

It is the first time since 1979 that Iran has had any official contact with the US Government – assuming, of course, that this letter is to be considered an official contact.

But President George W. Bush pooh-poohed the attempts by President Mahmoud Ahmadinejad in his missive, claiming that, in essence, it was a ruse, and little more.

Over the weekend of May 6-7, Iran's Parliament had threatened to force a withdrawal from the Nuclear Non-Proliferation Treaty if the West continued to pressure the fundamentalist Islamic country over its *'peaceful'* nuclear programme.

The threat came in the form of an earlier letter, sent to the United Nations (UN) on Sunday, May 7, 2006, the day before the UN members were scheduled to discuss a draft resolution in respect of the intransigent stance of Iran, which refuses to cease and desist its uranium-enrichment programme.

The US Government, last Monday, was pressing its allies to get tough with Iran and to endorse a new resolution that it had helped to draft to be presented to The Security Council of the UN for its consideration.

The formal announcement that a letter had been sent by President Mahmoud Ahmadinejad to President George W. Bush was enough for speculators on international commodity exchanges to continue to clear books, pulling down the price of crude oil.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June was \$US69.77, down about 0.24 percent on the previous Friday's closing level.

As for delivery in July, the last settlement was \$US71.31 per barrel of light sweet crude oil, off about 0.41 percent on the last settlement of Friday, May 5, 2006.

The Asian Development Bank had warned, on Friday, May 5, 2006, that higher energy prices could slash economic growth throughout Asia by at least 0.60 percent per annum on average.

On Wall Street, last Monday, however, the concern was not oil, not the 18-page letter, said to have been penned by President Mahmoud Ahmadinejad, personally, but what the US Federal Reserve Board would determine with regard to interest rates when it convened its Open Market Committee Meeting on Wednesday, May 10, 2006.

For More On This Topic, Please Refer To:

**TARGET Intelligence Report, Volume VIII, Number 85,**  
Published on May 10, 2006, Headlined:  
**'REST EASILY: INTEREST RATES WON'T RISE MUCH MORE'**

Because of this unknown – and equity markets hate unknown factors – trading was quiet on the world's largest stock markets.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the day with a gain of 6.80 points, equivalent to about 0.06 percent, as investors nudged it to 11,584.54 points.

Even though the gain of last Monday could only be described as being miniscule, it, still, represented a new, 6-year high for The Dow.

Over on The NASDAQ, its Composite Index climbed out of an early negative hole to register an improvement of 2.42 points, or about one tenth of a percentage point, ending the day at 2,344.99 points.

Europe was weak, with key indices of the most-important bourses, hardly moving, during the entire Monday trading sessions.

The Fed's determination with regard to interest rates was, it seemed, just about everything, as far as European investors were concerned:

Amsterdam's AEX Index	Plus 0.20 percent
Great Britain's FTSE 100 Index	Minus 0.40 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.24 percent
France's CAC 40 Index	Minus 0.07 percent
Switzerland's Swiss Market Index	Plus 0.62 percent
Italy's MIBTEL Index	Plus 0.19 percent

In Asia, every key index of every major equity market was written in black ink as investors of both the People's Republic of China (PRC) and Japan, following a week-long shopping spree – the previous week, known as Golden Week, is that time of the year when workers take a 7-day holiday – decided to get back into the business of buying and selling equities.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, which is the key index of this market, rose about 1.69 percent to 17,301.79 points.

It was a 66-month high for the second, most-important stock market of Asia.

The Total Turnover was about \$HK41.55 billion.

The ratio of gaining counters to losing ones was about 2.46:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 2.62 percent to \$HK140.80 per share
China Construction Bank Corporation (Code: 939)	Up 2.17 percent to \$HK3.525 per share
CNOOC Ltd (Code: 883)	Up 0.77 percent to \$HK6.55 per share
China Life Insurance Company Ltd (Code: 2628)	Up 6.85 percent to \$HK11.70 per share
PetroChina Company Ltd (Code: 857)	Up 3.24 percent to \$HK9.55 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.52 percent to \$HK77.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 3.45 percent to \$HK46.50 per share
Bank of Communications Company Ltd (Code: 3328)	Up 2.56 percent to \$HK5.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.13 percent to \$HK89.65 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 0.96 percent to \$HK5.25 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)
Anhui Conch Cement Company Ltd	914	10.69		16.05
Asia Alliance Holdings Ltd	616	12.87		5.70
China Resources Power Holdings Company Ltd	836	10.00		6.60
China Treasure (Greater China) Investments Ltd	810	20.42		0.23
eForce Holdings Ltd	943		14.73	0.11
First Pacific Company Ltd	142	10.79		3.85
Fortuna International Holdings Ltd	530	35.29		0.023
Hopefluent Group Holdings Ltd	733	15.89		3.10
King Fook Holdings Ltd	280	12.77		0.53

Kwong Hing International Holdings (Bermuda) Ltd	1131		11.15	0.231
Mascotte Holdings Ltd	136	10.00		0.22
New Capital International Investment Ltd	1062	11.11		0.20
Northern International Holdings Ltd	736	13.56		0.335
Regent Pacific Group Ltd	575	27.78		0.46
Shang Hua Holdings Ltd	371	11.11		0.40
Sino Technology Investments Company Ltd	1217	88.89		0.085
Sun Innovation Holdings Ltd	547	29.17		3.875
Swank International Manufacturing Company Ltd	663	25.37		0.168
Tai Fook Securities Group Ltd	665	19.31		1.73
Topsearch International (Holdings) Ltd	2323	11.36		0.98
Uni-Bio Science Group Ltd	690	10.00		2.20
United Metals Holdings Ltd	2302	14.04		0.65
V.S. International Group Ltd	1002	10.53		0.315
Wing Hing International (Holdings) Ltd	621	10.79		0.154
Xinyi Glass Holdings Ltd	868	11.40		3.175

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index – The Growth Enterprise Index – put on about 1.52 percent, rising to 1,308.48 points.

The Total Turnover on this speculative market was about \$HK389.33 million, while advancing counters outdistanced declining ones by the ratio of 1.50:One, exactly.

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

Ko Yo Ecological Agrotech (Group) Ltd (Code: 8042)      Up 25 percent to 99 cents per share

Techpacific Capital Ltd (Code: 8088)      Up 11 percent to 93 cents per share

Town Health International Holdings Company Ltd (Code: 8138)      Up 2 percent to 25.50 cents per share

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Down 3 percent to \$HK17.20 per share

China LotSynergy Holdings Ltd (Code: 8161)

Down 1 percent to \$HK1.79 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Armitage Technologies Holding Ltd	8213	20.00		0.03
BIG Media Group Ltd	8167	25.00		0.225
Global Link Communications Holdings Ltd	8060		11.54	0.046
IA International Holdings Ltd	8047	20.80		0.151
Innovis Holdings Ltd	8065	11.11		0.06
ITE (Holdings) Ltd	8092		28.57	0.05
Jiangsu Nandasoft Company Ltd	8045	11.11		0.20
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	10.29		0.15
Ko Yo Ecological Agrotech (Group) Ltd	8042	25.32		0.99
MP Logistics International Holdings Ltd	8239	25.00		0.125
North Asia Strategic Holdings Ltd	8080		17.19	0.53
New Universe International Group Ltd	8068		29.41	0.024
Panorama International Holdings Ltd	8173		14.77	0.075
Prosperity International Holdings (Hongkong) Ltd	8139		15.25	1.00
Shanghai Donghua Petrochemical Company Ltd	8251	19.15		1.12
Sonavox International Holdings Ltd	8226		18.42	0.31
SYSCAN Technology Holdings Ltd	8083	23.26		0.053
Techpacific Capital Ltd	8088	10.71		0.93

Universal Technologies Holdings Ltd	8091		32.67	0.101
Zhejiang Prospect Company Ltd	8273	10.77		0.72

In The Land of The Rising Sun, Japanese investors fought with each other for the scrip of domestic counters, mainly, resulting in substantial gains, being logged in for real-estate, security houses and mobile-telephone stocks and shares.

On The Tokyo Stock Exchange, which is the premier equity market of the country, The TOPIX Index put on 17.85 points, or about 1.03 percent, ending the trading day at 1,755.03 points.

The ratio of gaining counters to losing ones was about 1.59:One.

The Nikkei-225 Stock Average, which is a much narrower gauge of the direction of blue chips, listed on The First Section of The Tokyo Stock Exchange, rose 137.90 yen, equivalent to a one-day gain of about 0.80 percent, as investors pushed it to 17,291.67 yen.

One of the factors that was driving the largest Asian equity market was a fall in the value of the US dollar vis-à-vis the yen.

Last Monday, the US dollar fetched 111.11 yen, down from about 114.11 yen on Thursday, May 4, 2006, a fall of about 2.63 percent in a period of 3 trading days.

Last Monday's de facto depreciation of the US dollar against the Japanese yen was the largest drop in a period of about 8 months.

#### News Wise

- **Japan Tobacco International** has signed an agreement with the Government of Serbia to purchase a cigarette factory at Senta, which is just north of Belgrade. Japan Tobacco paid \$US35 million for a 98.45-percent, controlling stake in the factory, which employs 74 workers. The Japanese company plans to re-equip the factory at a cost of about \$US127.2 million; and,
- **General Motors Corporation** will stop all sales of its Opel motor cars in Japan by the end of the year. Sales of Opel motor cars in 2005 totalled 1,800 units, compared with 30,000 units in 1996.

In other parts of Asia, this was how the key indices of those equity markets ended, last Monday night:

The HKSAR	Plus 1.69 percent to 17,301.79
Indonesia	Plus 1.68 percent to 1,507.93
Japan	TOPIX Index Plus 1.03 percent to 1,755.03 Nikkei-255 Stock Average Plus 0.80 percent to 17,291.67
Malaysia	Plus 0.47 percent to 965.90
The Philippines	Plus 4.81 percent to 2,589.17

Singapore	Plus 0.96 percent to 2,657.78
South Korea	Plus 0.78 percent to 1,452.23
Taiwan	Plus 1.41 percent to 7,474.05
Thailand	Plus 1.91 percent to 782.91

## **Tuesday**

The international story of the day was an analysis of the 18-page letter from the President of Iran, Mr Mahmoud Ahmadinejad, to the President of the United States of America, Mr George W. Bush.

The rambling letter, which appeared to have little or no continuity in respect of the matters, contained therein, did not suggest a solution to the Mexican standoff between the West and Iran with regard to Iran's determination to continue with its nuclear programme, and, if anything, gave the world another glimpse of this Muslim fundamentalist who, clearly, could become a terrible threat to world peace.

**Bottom Line:** President Mahmoud Ahmadinejad is mentally deranged; he is an imbecile; he believes himself to be the personification of the second Messiah; and/or, he wants to provoke an international schismatic war.

Aside from trying to teach President George W. Bush about religion and how to suck the eggs of his grandmother, the letter contained little that was new or materially useful to solving the present impasse between Iran and the US/United Nations.

But, nevertheless, it stirred up a great deal of interest, internationally, and, clearly, caused consternation among a number of members of The Security Council of the United Nations.

On international commodity exchanges, speculators stepped up to the plate and got stuck into oil futures in the certain knowledge that things would get worse before they got better.

**Iran is the second-largest exporter of crude oil in  
The Organisation of Petroleum Exporting Countries (OPEC) and could,  
with comparative ease, block the Strait of Hormuz, the waterway,  
which is used, extensively, by Middle-Eastern oil exporters, bringing crude oil to the  
West.**

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June was \$US70.69, an increase of about 1.32 percent on Monday's closing level.

As for delivery in July, the last settlement for a barrel of light sweet crude oil was \$US72.22, up 1.29 percent on the last settlement of Monday.

On Wall Street, investors seemed to be unmoved by the 18 pages of diatribe of President Mahmoud Ahmadinejad and, also, they appeared to be unconcerned about the coming determinations of the Open Market Committee Meeting of the US Federal Reserve Board, scheduled for the following day.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 55.23 points, equivalent to about 0.48 percent, as investors pushed it back to 11,639.77 points.

On The NASDAQ, its Composite Index did not fare as well as The Dow: Investors marked it down to 2,338.25 points, off about 0.29 percent on the day.

In Europe, investors decided that caution should be the watchword of the day, awaiting the outcome of Wednesday's Open Market Committee Meeting of The Fed.

As such, while the key indices of the most-important European bourses were written in black ink, the gains were all of a fractional nature:

Amsterdam's AEX Index	Plus	0.17 percent
Great Britain's FTSE 100 Index	Plus	0.63 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.20 percent
France's CAC 40 Index	Plus	0.56 percent
Switzerland's Swiss Market Index	Plus	0.27 percent
Italy's MIBTEL Index	Plus	0.59 percent

#### News Wise

- The largest single economy of Europe, that of Germany, suffered a fall in **industrial production**, during the month of March: Down 2.40 percent, seasonally adjusted, compared with February's statistic.

In Asia, there was considerable profit-taking, following Monday's booming equity markets in the most-populous part of the world.

There was, also, some concern as the US dollar continued to vacillate against the Japanese yen: An unstable international '*reserve*' currency tends to put profit margins at risk.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), turnovers dropped on the territory's 2 equity markets as investors took their profits to their bankers.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up 0.97 percent, exactly, falling back to 17,133.99 points on a Total Turnover of about \$HK35.61 billion.

The ratio of losing counters to gaining ones was about 1.67:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.50 percent to \$HK140.10 per share
China Construction Bank Corporation (Code: 939)	Up 1.42 percent to \$HK3.575 per share
Bank of Communications Company Ltd (Code: 3328)	Up 3.00 percent to \$HK5.15 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.43 percent to \$HK11.75 per share



China Mobile (Hongkong) Ltd (Code: 941)	Up 0.22 percent to \$HK46.60 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.67 percent to \$HK75.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.44 percent to \$HK86.80 per share
PetroChina Company Ltd (Code: 857)	Down 2.09 percent to \$HK9.35 per share
CNOOC Ltd (Code: 883)	Down 1.53 percent to \$HK6.45 per share
Esprit Holdings Ltd (Code: 330)	Up 0.70 percent to \$HK64.55 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CATIC Shenzhen Holdings Ltd	161	11.19		1.49
Grand Field Group Holdings Ltd	115	10.17		0.13
Greater China Holdings Ltd	431		10.20	0.44
Kingdee International Software Group Company Ltd	268	15.45		3.175
Man Sang International Ltd	938	43.86		0.41
Northern International Holdings Ltd	736		10.45	0.30
Peaktop International Holdings Ltd	925		18.64	0.096
Pyxis Group Ltd	516	18.46		0.154
Regent Pacific Group Ltd	575	26.09		0.58
Rising Development Holdings Ltd	1004	13.33		0.34
Rontex International Holdings Ltd	1142	11.76		0.038
Signal Media and Communications Holdings Ltd	2362	13.04		0.26
South China Industries Ltd	413	15.38		1.05

South East Group Ltd	726	22.22		0.11
Sun Innovation Holdings Ltd	547		15.48	3.275
Takson Holdings Ltd	918		20.00	0.10
Theme International Holdings Ltd	990	10.71		0.031
United Metals Holdings Ltd	2302		10.77	0.58
Wo Kee Hong (Holdings) Ltd	720	14.29		0.056
Xin Corporation Ltd	1141	11.54		0.29

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, investors did not appear to let up, completely, in respect of their ardour for GEM stocks, pushing up The Growth Enterprise Index by another 0.42 percent to 1,313.94 points.

The volume of activity on this speculative market was about \$HK213.05 million.

Losing counters, however, outpaced gaining ones by the ratio of 1.25:One, exactly.

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

Techpacific Capital Ltd (Code: 8088)	Down 3 percent to 90 cents per share
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Town Health International Holdings Company Ltd (Code: 8138)	Up 2 percent to 26 cents per share
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China LotSynergy Holdings Ltd (Code: 8161)	Unchanged at \$HK1.79 per share
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Ko Yo Ecological Agrotech (Group) Ltd (Code: 8042)	Down 4 percent to 95 cents per share
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Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK17.25 per share
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The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Lee's Pharmaceutical Holdings Ltd	8221	12.50		0.18
North Asia Strategic Holdings Ltd	8080	13.21		0.60
PINE Technology Holdings Ltd	8013	14.83		0.24
Prosperity International Holdings (Hongkong) Ltd	8139		23.00	0.77

Satellite Devices Corporation	8172	12.12		0.037
Shanghai Donghua Petrochemical Company Ltd	8251	15.18		1.29
Sys Solutions Holdings Ltd	8182	16.67		0.035
Universal Technologies Holdings Ltd	8091	18.81		0.12

In Japan, the main concern was that, as the Japanese yen appreciated against the US dollar, it would result in the erosion of profit margins.

The US is, still, Japan's largest single market for its products, especially with regard to consumer electronics and motor vehicles.

On The Tokyo Stock Exchange, The TOPIX Index lost about 0.43 percent of its value, falling back to 1,747.50 points.

The ratio of losers to gainers on Asia's largest equity market was about 2.46:One.

As for the ever-ageing Nikkei-225 Stock Average, it ended the day at 17,190.91 yen, down about 0.58 percent on Monday's closing level.

In other Asian stock markets, last Tuesday, this was how their respective key indices fared: \_

The HKSAR	Minus 0.97 percent to 17,133.99
Indonesia	Plus 1.64 percent to 1,532.62
Japan	TOPIX Index Minus 0.43 percent to 1,747.50 Nikkei-255 Stock Average Minus 0.58 percent to 17,190.91
Malaysia	Plus 0.10 percent to 966.88
The Philippines	Minus 0.97 percent to 2,512.23
Singapore	Minus 1.06 percent to 2,629.68
South Korea	Minus 0.12 percent to 1,450.44
Taiwan	Minus 1.14 percent to 7,388.94
Thailand	Plus 0.32 percent to 785.38

## Wednesday

As had been widely anticipated by most financial analysts, The US Federal Reserve Board pushed up interest rates by another 25 basis points to 5 percent.

It was the sixteenth, consecutive rise in 16 sessions of The Fed's Open Market Committee Meetings.

This is the full text of The Fed's announcement of last Wednesday, minus the names of the Governors:

*'The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 5 percent.'*

*'Economic growth has been quite strong so far this year. The Committee sees growth as likely to moderate to a more sustainable pace, partly reflecting a gradual cooling of the housing market and the lagged effects of increases in interest rates and energy prices.'*

*'As yet, the run-up in the prices of energy and other commodities appears to have had only a modest effect on core inflation, ongoing productivity gains have helped to hold the growth of unit labor costs in check, and inflation expectations remain contained. Still, possible increases in resource utilization, in combination with the elevated prices of energy and other commodities, have the potential to add to inflation pressures.'*

*'The Committee judges that some further policy firming may yet be needed to address inflation risks but emphasizes that the extent and timing of any such firming will depend importantly on the evolution of the economic outlook as implied by incoming information. In any event, the Committee will respond to changes in economic prospects as needed to support the attainment of its objectives ...'*

*'In a related action, the Board of Governors unanimously approved a 25-basis-point increase in the discount rate to 6 percent. In taking this action, the Board approved the requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco.'*

On Wall Street, the increase in interest rates had, already, been discounted in the prices of stocks and shares, to a great extent, but the wording of The Fed's accompanying statement with its decision to raise interest rates appeared to placate investors.

On The New York Stock Exchange, the Dow Jones Industrial Average edged up another 2.88 points, or about 0.02 percent, ending the trading day at 11,642.65 points.

The Composite Index of The NASDAQ, however, lost 17.51 points, equivalent to about three quarters of a percentage point, dropping back to 2,320.74 points.

## News Wise

- **Whirlpool**, a large US appliance producer, is sacking about 4,500 of its workers. Its factories in Iowa, Illinois and Arkansas will be closed.

On The New York Mercantile Exchange (NYMEX), crude oil prices continued to rise as it has become only too apparent that Iran has no intention, at this juncture, at least, to consider a modification of its stance with regard to its determination to continue to enrich uranium – for whatever reason(s).

And, it was equally apparent that the US Government was very determined that Iran, under its present leadership, at least, would never be permitted to have the capability to manufacture nuclear weapons of mass destruction.

The last settlement for a barrel of light sweet crude oil for delivery in June came in at \$US72.13, up about 2.04 percent on Tuesday's closing quote.

As for July delivery, the last settlement for a barrel of light sweet crude oil was \$US73.57, representing an increase of about 1.87 percent on the last settlement of Tuesday.

In eurozone, European investors were reluctant to take up new positions, last Wednesday, preferring to await the determination of the US Federal Reserve Board, which was due to be released after European bourses closed for the day.

This was how key indices of the most-important bourses in this part of the world fared, last Wednesday night:

Amsterdam's AEX Index	Minus 0.93 percent
Great Britain's FTSE 100 Index	Minus 0.36 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.36 percent
France's CAC 40 Index	Minus 0.63 percent
Switzerland's Swiss Market Index	Minus 0.09 percent
Italy's MIBTEL Index	Minus 0.29 percent

In Asia, indices of leading equity markets fell to lower levels, led by Japan's premier stock market as the translation rate of the yen vis-à-vis the US dollar continued to appreciate.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both stock markets saw their key indices fall.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index dropped back to 17,080.59 points, a fall of about 0.31 percent on Tuesday's close.

The Total Turnover was about \$HK39.74 billion, while the ratio of declining counters to advancing ones was about 1.43:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 1.21 percent to \$HK141.80 per share
China Construction Bank Corporation (Code: 939)	Up 1.40 percent to \$HK3.625 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 5.06 percent to \$HK88.20 per share
Bank of Communications Company Ltd (Code: 3328)	Up 0.97 percent to \$HK5.20 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.43 percent to \$HK11.80 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 1.33 percent to \$HK7.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.15 percent to \$HK45.60 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.27 percent to \$HK75.05 per share

PetroChina Company Ltd (Code: 857)

Unchanged at \$HK9.35 per share

Hunan Nonferrous Metals Corporation Ltd (Code: 2626)

Up 7.25 percent to \$HK3.70 per share

The biggest, Main Board movers of the day included:

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
BEP International Holdings Ltd	2326		16.15	0.109
China Financial Industry Investment Fund Ltd	1227		17.24	0.12
China Rich Holdings Ltd	1191	10.06		0.175
Climax International Company Ltd	2948		10.00	0.27
Fintronics Holdings Company Ltd	706	11.11		0.25
Garron International Ltd	1226	20.69		0.35
Golden Dragon Group (Holdings) Ltd	329		10.00	0.63
Haywood Investments Ltd	905		21.43	0.055
Jiaoda Kunji High-Tech Company Ltd	300	14.77		2.525
Lingbao Gold Company Ltd	3330	18.06		9.15
Man Sang International Ltd	938		10.98	0.365
Mei Ah Entertainment Group Ltd	391	11.11		0.45
Pyxis Group Ltd	516	29.22		0.199
Signal Media and Communications Holdings Ltd	2362		10.38	0.233
South China Industries Ltd	413	13.33		1.19
Takson Holdings Ltd	918	28.00		0.128

Vitop Bioenergy Holdings Ltd	1178		19.47	0.091
Wonson International Holdings Ltd	651	14.04		0.13

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the losses were much more pronounced than on the Main Board.

The Growth Enterprise Index gave up about 1.21 percent of its value, falling to 1,298.07 points on a Total Turnover of about \$HK405.64 million.

Losing counters outnumbered gaining ones by the ratio of about 1.38:One.

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

Convenience Retail Asia Ltd (Code: 8052)

Down 3 percent to \$HK3.10 per share

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

Up 1 percent to \$HK4.75 per share

Century Sunshine Ecological Technology Holdings Ltd (Code:  
8276)

Up 1 percent to \$HK4.85 per share

Town Health International Holdings Company Ltd (Code:  
8138)

Down 2 percent to 25.50 cents per share

Wumart Stores Incorporated (Code: 8277)

Up 1 percent to \$HK28.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	10.17		0.325
B.A.L. Holdings Ltd	8079	15.56		0.52
Biosino Bio-Technology and Science Incorporation	8247	17.95		2.30
CCID Consulting Company Ltd	8235	16.28		0.10
China Photar Electronics Group Ltd	8220		12.82	0.34
FlexSystem Holdings Ltd	8050	10.81		0.082
FX Creations International Holdings Ltd	8136		18.67	0.305

Lee's Pharmaceutical Holdings Ltd	8221		11.11	0.16
Mobile Telecom Network (Holdings) Ltd	8266		13.64	0.095
North Asia Strategic Holdings Ltd	8080		11.67	0.53
PINE Technology Holdings Ltd	8013		12.50	0.21
Prosperity International Holdings (Hongkong) Ltd	8139		12.99	0.67
ProSticks International Holdings Ltd	8055		15.00	0.017
Tiger Tech Holdings Ltd	8046	18.18		0.026
Vodatel Networks Holdings Ltd	8033		15.38	0.11
Zhejiang Yonglong Enterprises Company Ltd	8211		12.73	0.096

In Japan, the main concern was not the 25, basis-point increase in US interest rates that was well expected to be announced by The Fed, but how the depreciation of the US dollar vis-à-vis the yen would affect the Bottom Lines of the corporate '*darlings*' of Japanese investors.

Last Wednesday, the translation value of the yen to the US dollar held fairly steady at about 111.13 yen.

On The Tokyo Stock Exchange, the TOPIX Index surrendered about 1.28 percent of its value, ending the day at 1,725.06 points.

The ratio of losing counters to gaining ones was wide, at about 6.07:One.

The Nikkei-225 Stock Average lost exactly 1.39 percent, falling back to below the 17,000-level to 16,951.93 yen.

#### News Wise

- **Oriental Land Company**, which operates Tokyo Disneyland and Tokyo DisneySea, announced that it had logged in a Net Profit Attributable to Shareholders of about 15.70 billion yen for Fiscal 2005. That result was a decline, Year-On-Year, of about 8.80 percent;
- The Japanese branch of the international accounting firm of **PricewaterhouseCoopers** has been Ordered to stop all activities between July 1, 2006, and September 30, 2006. The Order came from the **Financial Services Agency (FSA)** which has found ChuoAoyama PricewaterhouseCoopers sadly wanting in respect of its auditing of **Kanebo Ltd.** The FSA discovered that 3 of the accountants in the employ of ChuoAoyama PricewaterhouseCoopers had conspired to falsify the earnings of the cosmetics company. The Chairman and Deputy Chairman of ChuoAoyama PricewaterhouseCoopers have resigned. This is the first time that a major international accounting firm, operating in Japan, has been disgraced in such a manner. The Prohibition Order will affect 2,300 clients of the firm's 4,535 clients in Japan;
- **Japan Airlines Corporation** lost about 47.20 billion yen during its Financial Year, ended March 31, 2006. In the 2005-Year, the airline earned a Net Profit Attributable to Shareholders of about 30 billion yen;
- **Softbank Corporation** announced a Net Profit Attributable to Shareholders of about 57 billion yen for its Financial Year, ended March 31, 2006. That result compared with a Loss Attributable to Shareholders of about 59 billion yen in respect of its 2005-Year;



- **Toyota Motor Corporation** has reported a record Net Profit Attributable to Shareholders of about 1.37 trillion yen for its Financial Year to March 31, 2006. This compared favourably with its 2005-Year, the result, being a 17.20-percent improvement; and,
- **Bank lending** in Japan during the month of April expanded by about 2.10 percent, Year-On-Year, to about 387.95 trillion yen, according to The Bank of Japan.

And, in other Asian equity markets, this was how their respective key indices ended, last Wednesday night:

The HKSAR	Minus 0.31 percent to 17,080.59
Indonesia	Plus 0.44 percent to 1,539.40
Japan	TOPIX Index Minus 1.28 percent to 1,725.06 Nikkei-255 Stock Average Minus 1.39 percent to 16,951.93
Malaysia	Minus 0.03 percent to 966.62
The Philippines	Plus 0.69 percent to 2,529.49
Singapore	Plus 0.50 percent to 2,642.89
South Korea	Plus 0.04 percent to 1,451.09
Taiwan	Minus 0.87 percent to 7,324.71
Thailand	Minus 0.14 percent to 784.28

### Thursday

The price of crude oil on international commodity exchanges hugged the headlines, last Thursday, as it became known that, in Nigeria, 3 foreign workers at Port Harcourt, an oil city, had been abducted.

The 3 workers, all men, work for Saipem Contracting Nigeria Ltd, a subsidiary of the Italian company, ENI.

This incident followed the shooting to death, just one day earlier, of another foreign oil worker.

Nigeria is the largest producer of crude oil on the African Continent and is a member of the **Organisation of Petroleum Exporting Countries (OPEC)**.

In addition to this incident in Nigeria, it was reported that there had been 2 US refinery stoppages, one at Valero's Texas City Refinery and one at ConocoPhillips' Bayway refinery at New Jersey.

On The **New York Mercantile Exchange (NYMEX)**, the price of crude oil headed toward record levels – once again.

For June delivery, the last settlement for a barrel of light sweet crude oil was \$US73.32, up about 1.65 on the day.

As for delivery in July, the last settlement for a barrel of light sweet crude oil came in at \$US74.68, an increase of about 1.51 percent on the last settlement of Wednesday night.

In other commodity news, on The London Bullion Market, the price of gold hit \$US726.70 per ounce, a price that had not been seen since January 1980.

Since the start of this year, the price of gold has increased by about 40 percent.

As for silver, it was being traded at \$US15.21 per ounce, also a 26-year high.

And the price for an ounce of platinum reached a record high of \$US1,298.50 on The London Platinum and Palladium Market.

On Wall Street, it was all too much for investors to handle ... and down came prices of stocks and shares on the world's largest equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 141.92 points, equivalent to about 1.22 percent, as investors pushed it to 11,500.73 points.

Over on The NASDAQ, its Composite Index ended up at 2,272.70 points by the close of the trading day, representing a one-day fall of about 2.07 percent.

For The Dow, it was its largest, single-day's fall since February, this year.

In Europe, it was losers all the way.

European investors fretted over the possibility of more interest-rate hikes as the price of crude oil took its toll of the economies of the region.

The news from Nigeria did not help matters, at all.

This was how the key indices of the most-important bourses in this part of the world ended, last Thursday:

Amsterdam's AEX Index	Minus 0.46 percent
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Great Britain's FTSE 100 Index	Minus 0.68 percent
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Germany's Frankfurt XETRA DAX Index	Minus 1.04 percent
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France's CAC 40 Index	Minus 0.29 percent
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Switzerland's Swiss Market Index	Minus 0.15 percent
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Italy's MIBTEL Index	Minus 0.20 percent
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#### News Wise

- **General Motors Corporation**, the parent company of Great Britain's **Vauxhall Motors Ltd**, is said to be considering sacking some 1,000 workers at Vauxhall's Ellesmere Port factory at Cheshire. The workers at this plant are on strike.

In Asia, it was a mixed bag with which investors had to contend, following the pronouncement of the US

Federal Reserve Board. (Please see Wednesday's report)

Certainly, the wording of The Fed's announcement in respect of the 25, basis-point increase in interest rates left the door wide open for more interest-rate increases at The Fed's June Open Market Committee Meeting – especially as the price of crude oil continued to move to higher plateaux.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index ended the day at 17,140.78 points, an increase of about 0.35 percent on the closing level of Wednesday night.

The Total Turnover was about \$HK44.79 billion while the ratio of advancing counters to declining ones was about 1.11:One.

The Ten Most Actives were:

Sun Hung Kai Properties Ltd (Code: 16)	Up 0.11 percent to \$HK88.30 per share
HSBC Holdings plc (Code: 5)	Up 0.28 percent to \$HK142.20 per share
China Construction Bank Corporation (Code: 939)	Down 0.69 percent to \$HK3.60 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.97 percent to \$HK12.15 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 7.64 percent to \$HK63.40 per share
CNOOC Ltd (Code: 883)	Up 1.55 percent to \$HK6.55 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK9.35 per share
Hunan Nonferrous Metals Corporation Ltd (Code: 2626)	Up 6.76 percent to \$HK3.95 per share
China Yurun Food Group Ltd (Code: 1068)	Down 3.91 percent to \$HK6.15 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK16.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	616		14.81	4.60
China Chengtong Development Group Ltd	217	10.00		0.33

China Insurance International Holdings Company Ltd	966	11.34		5.40
China Solar Energy Holdings Ltd	155	10.98		0.91
Ching Hing (Holdings) Ltd	692	22.86		0.086
Cosmos Machinery Enterprises Ltd	118	15.38		0.45
eForce Holdings Ltd	943	13.27		0.111
Garron International Ltd	1226	42.86		0.50
Grand Field Group Holdings Ltd	115		13.11	0.106
LifeTec Group Ltd	1180	25.00		0.13
MAXX Bioscience Holdings Ltd	512	11.00		0.111
National Electronics Holdings Ltd	213	29.23		0.42
Pyxis Group Ltd	516	38.19		0.275
Semtech International Holdings Ltd	724	30.00		1.30
Shang Hua Holdings Ltd	371		10.26	0.35

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar story to that, being told on the Main Board.

The Growth Enterprise Index rose by about 0.12 percent to 1,299.67 points on a Total Turnover of about \$HK204.13 million.

The ratio of losers to gainers was about 1.13:One.

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

Techpacific Capital Ltd (Code: 8088)

Up 10 percent to 99 cents per share

Town Health International Holdings Company Ltd (Code: 8138)

Up 2 percent to 26 cents per share

Golden Meditech Company Ltd (Code: 8180)

Up 2 percent to \$HK2.325 per share

CK Life Sciences International (Holdings) Incorporated (Code: 8222)

Unchanged at 76 cents per share

Ko Yo Ecological Agrotech (Group) Ltd (Code: 8042)

Up 2 percent to 94 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		13.85	0.28
Armitage Technologies Holding Ltd	8213	10.00		0.033
Shanxi Changcheng Microlight Equipment Company Ltd	8286	11.43		0.39
China Advance Holdings Ltd	8117	26.37		2.30
China Photar Electronics Group Ltd	8220	11.76		0.38
ePRO Ltd	8086	17.02		0.11
FX Creations International Holdings Ltd	8136	14.75		0.35
Glory Future Group Ltd	8071	42.86		0.15
Info Communication Holdings Ltd	8082		11.11	0.08
International Entertainment Corporation	8118		11.50	5.00
ITE (Holdings) Ltd	8092	10.20		0.054
Jiangsu Nandasoft Company Ltd	8045		13.50	0.173
Mobile Telecom Network (Holdings) Ltd	8266		15.79	0.08
Techpacific Capital Ltd	8088	10.00		0.99

In Japan, key indices of the country's 3 equity markets continued to lose ground.

On The Tokyo Stock Exchange, its TOPIX Index shed 0.80 percent of its value, falling to 1,711.31 points.

The ratio of losing counters to gaining ones was about 3.23:One.

The Nikkei-225 Stock Average gave up about 0.53 percent, ending the day at 16,862.14 yen.

Japanese investors were especially concerned over the rapid appreciation of the yen against the US dollar.

Last Thursday night, the translation rate was ¥110.59 = \$US1.00.

#### News Wise

- **NEC Corporation** announced that its Net Profit Attributable to Shareholders for Fiscal 2005 fell by

about 84 percent, Year-On-Year, to about 12.10 billion yen; and,

- **Toshiba Corporation** is planning to spend about 2.04 trillion yen over the next 3 years in order to increase production of computer chips and other products.

In other Asian equity markets, this was how their key indices finished their respective trading days:

The HKSAR	Plus 0.35 percent to 17,140.78
Indonesia	Plus 0.89 percent to 1,553.06
Japan	TOPIX Index Minus 0.80 percent to 1,711.31 Nikkei-255 Stock Average Minus 0.53 percent to 16,862.14
Malaysia	Minus 0.06 percent to 966.05
The Philippines	Plus 0.84 percent to 2,550.79
Singapore	Minus 0.84 percent to 2,620.58
South Korea	Plus 0.94 percent to 1,464.70
Taiwan	Plus 0.50 percent to 7,361.45
Thailand	Minus 0.23 percent to 782.50

### **Friday**

As the translation value of the US dollar eroded quickly against most of the other 'hard' currencies of the world, so investors, from New York to Tokyo, Japan, became worried as to the macro-economic impact down the road.

Commodity prices from gold to oil fell, quickly.

This took most traders quite by surprise because it meant that, literally, billions of US dollars had disappeared at the stroke of a pencil.

In terms of the US dollar's value against a trade-weighted basket of currencies, it fell to its lowest level since October 1997.

It sparked renewed fears that inflation would hot up in the US and that which affected the largest single economy of the world would, inevitably, affect other economies.

It, also, suggested higher interest rates in the offing in the month of June.

On Wall Street, billions of US dollars were wiped off the value of blue chips.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 1.04 percent of its value, ending the week at 11,380.99 points.

As for the tech-laden NASDAQ, its Composite Index ended the week at 2,243.78 points, representing a one-day fall of about 1.27 percent.

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

The Dow Jones Industrial Average     Minus 1.70 percent

The NASDAQ's Composite Index     Minus 4.41 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for June delivery was \$US72.04, down about 1.73 percent on the last settlement of Thursday.

As for July delivery, the last settlement for a barrel of light sweet crude oil was \$US73.28, a price which was about 1.91 percent lower than Thursday's last quote.

Prior to the opening of Wall Street, last Friday, The Bureau of Labour Statistics, a department of the US Department of Labour, released its finding with regard to import and export prices for the month of April 2006.

This is that which The Bureau announced, early last Friday morning:

***'U.S. IMPORT AND EXPORT PRICE INDEXES  
- APRIL 2006 -***

*'The U.S. Import Price Index rose 2.1 percent in April ... The increase was led by the largest rise in petroleum prices in over a year. Export prices advanced 0.6 percent, the fifth consecutive monthly increase for the index...*

*'Import Goods*

*'Import prices increased 2.1 percent in April after declines of 0.6 percent and 0.2 percent, respectively, in February and March. The advance was driven by an 11.5 percent jump in petroleum prices which followed a comparatively modest 0.5 percent rise the previous month. The April increase in petroleum prices was the largest for the index since a 13.4 percent rise in March 2005. Petroleum prices rose 32.5 percent over the past 12 months. Nonpetroleum prices were unchanged in April after decreases in each of the previous two months that largely resulted from lower natural gas prices. For the year ended in April, nonpetroleum prices increased 0.8 percent while overall import prices advanced 5.9 percent.*

*'Prices for nonpetroleum industrial supplies and materials rose 0.5 percent in April as higher metals prices more than offset lower prices for natural gas, chemicals, and lumber. Nonpetroleum industrial supplies and materials prices increased 6.1 percent for the year ended in April. The price index for automotive vehicles also rose, increasing 0.2 percent for the month and 0.3 percent over the past year.*

*'In contrast, prices for foods, feeds, and beverages and for consumer goods declined in April, falling 0.9 percent and 0.1 percent, respectively. Lower vegetable prices led the decrease in the price index for foods, feeds, and beverages, which still increased 0.3 percent over the past 12 months. Consumer goods prices declined for the second consecutive month and fell 0.3 percent for the year ended in April.*

*'The price index for capital goods was unchanged in April and down 1.5 percent over the past year.*

### 'Export Goods

*'The price index of overall exports rose 0.6 percent in April as a 0.7 percent increase in nonagricultural prices more than offset a 0.6 percent decline in agricultural prices. Nonagricultural prices continued the upward trend over each of the past five months, and increased 2.5 percent for the year ended in April. Overall export prices rose 2.4 percent for the same period.*

*'The increase in nonagricultural prices was led by a 2.0 percent advance in prices for nonagricultural industrial supplies and materials, the largest monthly increase since October. A sharp rise in fuel prices drove the increase, but higher metals prices were also a contributing factor. The price index for nonagricultural industrial supplies and materials advanced 8.0 percent over the past 12 months.*

*'Prices for capital goods and for automotive vehicles also rose in April, advancing 0.4 percent and 0.1 percent, respectively. The April increase in capital goods prices matched the January rise, which was the largest monthly advance since April 1995. Despite the recent increase, capital goods prices only rose 0.2 percent over the past 12 months. Automotive vehicle prices increased 1.0 percent over the same period of time. Prices for consumer goods recorded no change last month and rose 0.3 percent for the year ended in April.*

*'In contrast, agricultural export prices fell for the fifth time in the past six months and decreased 0.3 percent over the April 2005-2006 period. Lower soybean prices were the largest contributor to the April decline.*

### 'Imports by Locality of Origin

*'The price indexes for imports from Mexico, Canada, and the European Union were all driven up in April by higher petroleum prices. Import prices from Mexico rose 2.3 percent in April and 6.9 percent over the past 12 months. Prices for imports from Canada reversed the downward trend of the past two months, rising 1.2 percent; the index advanced 5.6 percent over the past year. Import prices from the European Union increased 0.3 percent following a 0.3 percent decline in March, and rose 2.0 percent for the year ended in April.*

*'In contrast, prices for imports from Japan and from China declined in April, decreasing 0.2 percent and 0.1 percent, respectively. Import prices from Japan resumed a downward trend after a modest 0.1 percent uptick in March. For the year ended in April, prices for imports from Japan fell 1.4 percent and import prices from China declined 1.1 percent.*

### 'Import and Export Services

*'Import air passenger fares rose 5.7 percent in April, the largest monthly increase for the index since a 10.2 percent jump in June 2005. The increase was led by an 8.1 percent rise in European fares, and, driven by the April increase, overall import air passenger fares advanced 3.8 percent for the year ended in April. Export air passenger fares also rose because of higher European fares, rising 0.7 percent in April. Despite the increase, the index declined 1.3 percent over the past year.*

*'The price indexes for both import and export air freight were unchanged in April. Import air freight prices declined 0.5 percent in March, while export air freight prices increased 0.2 percent.'*

Almost simultaneous to the release of The Bureau of Labour Statistics, the US Census Bureau and the US Bureau of Economic Analysis released its statistics in respect of the balance of international trade with the US for the month of March 2006.



The following is that which this import department of the US Government announced:

***'U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES  
March 2006***

*'Goods and Services*

*'... total March exports of \$114.7 billion and imports of \$176.7 billion resulted in a goods and services deficit of \$62.0 billion, \$3.6 billion less than the \$65.6 billion in February, revised. March exports were \$2.1 billion more than February exports of \$112.5 billion. March imports were \$1.5 billion less than February imports of \$178.2 billion.*

*'In March, the goods deficit decreased \$3.1 billion from February to \$66.7 billion, and the services surplus increased \$0.5 billion to \$4.7 billion. Exports of goods increased \$1.7 billion to \$82.1 billion, and imports of goods decreased \$1.4 billion to \$148.8 billion. Exports of services increased \$0.4 billion to \$32.6 billion, and imports of services decreased \$0.1 billion to \$27.8 billion.*

*'In March, the goods and services deficit was up \$8.3 billion from March 2005. Exports were up \$11.9 billion, or 11.6 percent, and imports were up \$20.2 billion, or 12.9 percent.*

*'Goods*

*'The February to March change in exports of goods reflected increases in industrial supplies and materials (\$1.2 billion); capital goods (\$0.5 billion); foods, feeds, and beverages (\$0.2 billion); and consumer goods (\$0.2 billion). A decrease occurred in automotive vehicles, parts, and engines (\$0.4 billion). Other goods were virtually unchanged.*

*'The February to March change in imports of goods reflected decreases in industrial supplies and materials (\$3.3 billion) and automotive vehicles, parts, and engines (\$0.8 billion). Increases occurred in capital goods (\$1.5 billion); consumer goods (\$0.9 billion); and foods, feeds, and beverages (\$0.3 billion). Other goods were virtually unchanged.*

*'The March 2005 to March 2006 change in exports of goods reflected increases in capital goods (\$4.6 billion); industrial supplies and materials (\$3.3 billion); consumer goods (\$1.1 billion); automotive vehicles, parts, and engines (\$0.9 billion); foods, feeds, and beverages (\$0.5 billion); and other goods (\$0.3 billion).*

*'The March 2005 to March 2006 change in imports of goods reflected increases in industrial supplies and materials (\$6.8 billion); capital goods (\$4.5 billion); consumer goods (\$4.2 billion); automotive vehicles, parts, and engines (\$2.2 billion); foods, feeds, and beverages (\$0.8 billion); and other goods (\$0.4 billion).*

*'Services*

*'Services exports increased \$0.4 billion from February to March. The largest increases were in other private services (which includes items such as business, professional, and technical services, insurance services, and financial services) and travel. Changes in other categories of services exports were small.*

*'Services imports decreased \$0.1 billion from February to March. The decrease was more than accounted for by a decrease in royalties and license fees, which had been boosted in February by payments for broadcast rights for the 2006 Winter Olympic Games. All other categories of services imports increased.*

*‘From March 2005 to March 2006, services exports increased \$1.2 billion. The largest increases were in other private services (\$1.2 billion) and other transportation, which includes freight and port services (\$0.3 billion).*

*‘From March 2005 to March 2006, services imports increased \$1.4 billion. The largest increases were in other private services (\$1.0 billion), other transportation (\$0.3 billion), and passenger fares (\$0.2 billion).*

#### *‘Goods and Services Moving Average*

*‘For the three months ending in March, exports of goods and services averaged \$113.8 billion, while imports of goods and services averaged \$179.2 billion, resulting in an average trade deficit of \$65.4 billion. For the three months ending in February, the average trade deficit was \$66.4 billion, reflecting average exports of \$112.8 billion and average imports of \$179.2 billion.*

#### *‘Selected Not Seasonally Adjusted Goods Details*

*‘The March figures showed surpluses, in billions of dollars, with Hong Kong \$1.0 (\$0.6 for February), Australia \$0.7 (\$0.7), Singapore \$0.5 (\$0.5), and Egypt \$0.2 (\$0.1). Deficits were recorded, in billions of dollars, with China \$15.6 (\$13.8), Europe \$11.2 (\$9.8), the European Union \$10.1 (\$8.3), OPEC \$8.1 (\$7.3), Japan \$7.6 (\$7.1), Mexico \$5.4 (\$4.7), Canada \$5.4 (\$7.2), Taiwan \$1.2 (\$1.0), Korea \$0.7 (\$1.2), and Brazil \$0.7 (\$0.6).*

*‘Advanced technology products (ATP) exports were \$22.9 billion in March and imports were \$25.3 billion, resulting in a deficit of \$2.5 billion. March exports were \$4.5 billion more than the \$18.4 billion in February, while imports were \$5.5 billion more than the \$19.8 billion in February.’*

Few people, however, took too much notice of the narrowing US trade deficit because all eyes appeared to be focused on international currency markets.

In Europe, trading on the most-important bourses could only be described as a bloodbath for investors: Every key index of every bourse suffered substantial losses:

Amsterdam’s AEX Index	Minus 2.52 percent
Great Britain’s FTSE 100 Index	Minus 2.14 percent
Germany’s Frankfurt XETRA DAX Index	Minus 2.28 percent
France’s CAC 40 Index	Minus 2.13 percent
Switzerland’s Swiss Market Index	Minus 1.82 percent
Italy’s MIBTEL Index	Minus 1.82 percent

In Asia, it was a similar story to that, being told in most major capitals of the world, especially in Japan where the yen fell to 110.70 against the US dollar.

Asian equity markets suffered similarly to their American and European counterparts.

In the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), the

territory's 2 stock markets saw their respective key indices experience sharp losses.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index surrendered about 1.39 percent of its former glory, ending the trading day at 16,901.85 points.

The Total Turnover was about \$HK34.88 billion, while the ratio of losing counters to gaining ones was about 2.14:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.84 percent to \$HK141.00 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.88 percent to \$HK12.50 per share
China Construction Bank Corporation (Code: 939)	Down 0.28 percent to \$HK3.575 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.83 percent to \$HK44.60 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 1.89 percent to \$HK64.60 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.40 percent to \$HK74.05 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 3.88 percent to \$HK5.35 per share
PetroChina Company Ltd (Code: 857)	Down 0.53 percent to \$HK9.30 per share
CNOOC Ltd (Code: 883)	Down 1.53 percent to \$HK6.45 per share
Hunan Nonferrous Metals Corporation Ltd (Code: 2626)	Down 5.06 percent to \$HK3.75 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)
Buildmore International Ltd	108		15.56	0.38
China Velocity Group Ltd	149		16.67	0.60
China Water Affairs Group Ltd	855	15.48		2.275
Datronix Holdings Ltd	889	181.76		1.73
DBA Telecommunication (Asia) Holdings Ltd	3335		10.06	1.52

Fintronics Holdings Company Ltd	706	13.73		0.29
Fortuna International Holdings Ltd	530	10.53		0.021
Fujian Holdings Ltd	181	12.09		0.241
Garron International Ltd	1226		27.00	0.365
MAE Holdings Ltd	851	16.87		0.485
Mascotte Holdings Ltd	136		13.04	0.20
New World CyberBase Ltd	276	10.00		0.242
Oriental Explorer Holdings Ltd	430	23.33		0.074
PacMOS Technologies Holdings Ltd	1010	12.86		0.79
Pyxis Group Ltd	516	32.73		0.365
Regent Pacific Group Ltd	575	12.28		0.64
Sino Biopharmaceutical Ltd	1177		11.32	1.41
SinoCom Software Group Ltd	2953	13.68		2.70
Swank International Manufacturing Company Ltd	663	16.07		0.195
Takson Holdings Ltd	918		11.20	0.111
V.S. International Group Ltd	1002	13.56		0.335

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, gave up about 1.95 percent, falling back to 1,274.34 points.

The Total Turnover on this speculative market was about \$HK262.03 million.

The ratio of losers to gainers was about 1.42:One.

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

Techpacific Capital Ltd (Code: 8088)	Down 2 percent to 97 cents per share
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Town Health International Holdings Company Ltd (Code: 8138)	Unchanged at 26 cents per share
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B.A.L. Holdings Ltd (Code: 8079)	Up 25 percent to 65 cents per share
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Tong Ren Tang Technologies Company Ltd (Code: 8069) Up 1 percent to \$HK17.40 per share

Phoenix Satellite Television Holdings Ltd (Code: 8002) Down 3 percent to \$HK1.39 per share

The GEM's biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112	14.49		0.395
B.A.L. Holdings Ltd	8079	25.00		0.65
China Advance Holdings Ltd	8117	17.39		2.70
IIN International Ltd	8128		12.50	0.021
Longlife Group Holdings Ltd	8037	14.29		0.32
MP Logistics International Holdings Ltd	8239		12.00	0.11
Q9 Technology Holdings Ltd	8129		17.39	0.019
Sau San Tong Holdings Ltd	8200	16.17		0.194
T S Telecom Technologies Ltd	8003		19.35	0.05
Tiger Tech Holdings Ltd	8046		12.00	0.022
Universal Technologies Holdings Ltd	8091		11.50	0.10

The tally for the week for the 2 equity markets of the HSKAR was:

The Hang Seng Index Minus 0.66 percent  
The Growth Enterprise Index Minus 1.13 percent

In Japan, losses were pronounced on the country's 3 stock markets.

On The Tokyo Stock Exchange, which is the premier equity market of The Land of The Rising Sun, its TOPIX Index lost 1.35 percent, dropping to 1,688.18 points.

The ratio of losing counters to gaining ones was, also, very pronounced, at about 5.27:One.

The Nikkei-225 Stock Average lost about 1.54 percent of its value, ending the week at 16,601.78 yen.

The tally for the largest equity market of Asia was, therefore:

The TOPIX Index Minus 2.82 percent  
The Nikkei-225 Stock Average Minus 3.22 percent

And this was how things stacked up across other Asian equity markets, last Friday:

The HKSAR	Minus 1.39 percent to 16,901.85
Indonesia	Minus 1.75 percent to 1,525.78
Japan	TOPIX Index Minus 1.35 percent to 1,688.18 Nikkei-255 Stock Average Minus 1.54 percent to 16,601.78
Malaysia	Closed
The Philippines	Minus 1.27 percent to 2,518.20
Singapore	Closed
South Korea	Minus 1.33 percent to 1,445.20
Taiwan	Minus 1.12 percent to 7,278.96
Thailand	Closed

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