

**EQUITY MARKETS AWAIT THE PLEASURE  
OF THE U.S. FEDERAL RESERVE**

**Inflation And Interest Rates Curb Trading**

All eyes were on North Korea, last Monday, as the US Government warned the pariah of the Western World and considered a social outcaste by much of Asia, too, that if it fired its Taepodong-2, a long-range missile, the matter would be considered extremely serious.

A Taepodong-2, a long-range missile was known to have been fueled, ready at its launch pad for somebody to go-press the button.

Japan has gone on record as saying that if the Taepodong-2 missile lands on its soil, it would be considered an invasion and, as such, steps would be taken, immediately, to redress the balance.

US Secretary of State Condoleezza Rice, speaking at a Press Conference in Washington D.C., said, *inter alia*:

*'It would be a very serious matter and indeed a provocative act should North Korea decide to launch that missile ... We would, obviously, consult (our allies) on the next steps (to be taken), but I can assure everyone that it (the firing of the Taepodong-2 missile) will be taken with utmost seriousness ...'.*

The Taepodong-2 missile is said to have a range of up to 6,000 kilometres, sufficient to reach the West Coast of the US.

The world's equity markets got the jitters.

On Wall Street, there were only losses.

The Dow Jones Industrial Average, the key index of The New York Stock Exchange, slid back 72.44 points, equivalent to about 0.66 percent, ending the choppy trading session at 10,942.11 points.

Over on The NASDAQ, its Composite Index gave up 19.53 points, or about 0.92 percent, coming to rest at 2,110.42 points by the close of the day.

Aside from the nervousness over North Korea's intention to test-fire its Taepodong-2 missile, there was still the old saw of inflation in the US and the likelihood of an increase in interest rates before the month was out.

More than one voting member of the US Federal Reserve Board has warned that inflation in the largest, single economy of the world had, already, exceeded what is considered a comfortable level.

The next Open Market Committee Meeting of The Fed is scheduled for June 28-29, next Wednesday and Thursday.

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

For July delivery for a barrel of light sweet crude oil, the price came in at the close of the day at \$US68.98, down about 1.30 percent on the last quote of Friday, June 16, 2006.

A barrel of light sweet crude oil for delivery in August fetched \$US69.55 at the last settlement, that price, representing a fall of about 0.93 percent on the last settlement of the previous Friday.

In Europe, key indices of the major bourses made some useful gains, with the lone exception of the key index of the Italian stock market:

Amsterdam's AEX Index	Plus 0.72 percent
France's CAC 40 Index	Plus 0.72 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.17 percent
Great Britain's FTSE 100 Index	Plus 0.51 percent
Italy's MIBTEL Index	Minus 0.05 percent
Switzerland's Swiss Market Index	Plus 0.89 percent

Europe was viewing a number of potential merger deals which were in the works; investors paid scant attention to the matter of North Korea's intentions to test-fire its long-range missile.

All but one of the key indices of Asian equity markets was in the red, in direct contrast to the situation that existed on Friday, June 16, 2006, when there were no losers, at all.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the volume of activity on the territory's 2 equity markets slipped to their lowest levels of the past year.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.47 percent of its value, falling back to 15,768.86 points.

The Total Turnover dropped to about \$HK16.46 billion.

While the key index of the second-largest equity market of Asia was only down, fractionally, compared with the closing level of the previous Friday, losing counters outnumbered gaining ones by the ratio of 3.21:One, exactly.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.22 percent to \$HK135.30 per share
China Life Insurance Company Ltd (Code: 2628)	Down 2.23 percent to \$HK10.95 per share
China Construction Bank Corporation (Code: 939)	Down 2.22 percent to \$HK3.30 per share
Bank of China Ltd (Code: 3988)	Down 1.46 percent to \$HK3.375 per share
China Mobile Ltd (Code: 941)	Down 1.19 percent to \$HK41.50 per share
CNOOC Ltd (Code: 883)	Down 0.85 percent to \$HK5.85 per share

PetroChina Company Ltd (Code: 857)

Down 1.30 percent to \$HK7.60 per share

Swire Pacific Ltd (Code: 19)

Up 1.20 percent to \$HK75.85 per share

China Petroleum and Chemical Corporation (Code: 386) Down 1.80 percent to \$HK4.10 per share

Bank of Communications Company Ltd (Code: 3328) Down 1.05 percent to \$HK4.70 per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
Artel Solutions Group Holdings Ltd	931		14.49	0.059
Beauforte Investors Corporation Ltd	21		17.65	0.28
China Golden Development Holdings Ltd	162		10.71	0.25
eForce Holdings Ltd	943	29.63		0.07
Everbest Century Holdings Ltd	578	10.34		0.32
Fulbond Holdings Ltd	1041		12.50	0.014
Galaxy Semi-Conductor Holdings Ltd	527	13.89		0.82
Hop Hing Holdings Ltd	47		11.11	0.28
IDT International Ltd	167		18.75	0.39
Kiu Hung International Holdings Ltd	381	18.18		0.13
Lung Cheong International Holdings Ltd	348		10.00	0.27
Magnum International Holdings Ltd	305	10.00		0.11
Ming Fung Jewellery Group Ltd	860	10.00		0.33
Oriental Explorer Holdings Ltd	430	12.24		0.055
Paladin Ltd	495		22.81	0.22
Pioneer Global Group Ltd	224		19.35	0.50

Radford Capital Investment Ltd	901		10.49	0.145
Riche Multi-Media Holdings Ltd	764		19.57	0.185
See Corporation Ltd	491	10.53		0.021
Shanghai Forte Land Company Ltd	2337		12.07	2.55
Sun Innovation Holdings Ltd	547	19.00		2.975
Theme International Holdings Ltd	990		10.71	0.025
Tonic Industries Holdings Ltd	978		12.27	0.143
United Metals Holdings Ltd	2302	18.28		0.55
Unity Investments Holdings Ltd	913	12.31		0.365
Wah Yuen Holdings Ltd	2349		15.32	0.105
Wing Hong (Holdings) Ltd	745		11.11	0.04

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the story was similar to that, being told on the Main Board, with the exception that the lone index of this speculative stock market rose, fractionally, instead of sinking.

The Growth Enterprise Index rose to 1,140.22 points, up 2.19 points, or about 0.19 percent on the day.

The Total Turnover was about \$HK114.87 million, while the ratio of losing counters to gaining ones was 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)      Unchanged at \$HK0.29 per share

Chinainfo Holdings Ltd (Code: 8206)      Down 1.86 percent to \$HK1.58 per share

Wumart Stores Incorporated (Code: 8277)      Down 2.05 percent to \$HK26.25 per share

Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)      Up 12.64 percent to \$HK0.49 per share

Zhengzhou Gas Company Ltd (Code: 8099)      Up 1.20 percent to \$HK0.84 per share

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

Name of Company	Code	Increase	Decrease	Closing Price
-----------------	------	----------	----------	---------------

		(%)	(%)	(\$HK)
Shanxi Changcheng Microlight Equipment Company Ltd	8286		13.04	0.30
Global Digital Creations Holdings Ltd	8271	12.00		0.28
Kanstar Environmental Paper Products Holdings Ltd	8011	12.64		0.49
Long Success International (Holdings) Ltd	8017	14.46		0.95
Mobile Telecom Network (Holdings) Ltd	8266	13.33		0.051
Plasmagene Biosciences Ltd	8250	23.53		0.105
Prosten Technology Holdings Ltd	8026		17.24	0.48
Tiger Tech Holdings Ltd	8046	14.75		0.07
Timeless Software Ltd	8028		10.00	0.081
Universal Technologies Holdings Ltd	8091		10.91	0.098

Japan's 3 stock markets traded in very narrow ranges, throughout the day, last Monday.

On The Tokyo Stock Exchange, its TOPIX Index lost 7.05 points, or about 0.46 percent of its value, ending the day at 1,527.66 points.

Advancing counters just beat off declining ones by the ratio of about 1.14:One.

The Nikkei-225 Stock Average gave up 18.99 yen, equivalent to about 0.13 percent, coming to rest at 14,860.35 yen.

In other Asian equity markets, this was how the situation looked at the close of business, last Monday night:

The HKSAR	Minus 0.47 percent to 15,768.86
Indonesia	Minus 1.11 percent to 1,295.05
Japan	TOPIX Index Minus 0.46 percent to 1,527.66 Nikkei-255 Stock Average Minus 0.13 percent to 14,860.35
Malaysia	Minus 0.45 percent to 889.51

The Philippines	Minus 0.08 percent to 2,119.79
Singapore	Minus 0.25 percent to 2,367.90
South Korea	Minus 0.83 percent to 1,251.67
Taiwan	Plus 0.11 percent to 6,583.04
Thailand	Minus 0.86 percent to 659.68

## Tuesday

The world was somewhat less jittery over the North Korean situation, last Tuesday, but, nevertheless, the US Government activated its early warning defence system – just in case the North Koreans were sufficiently stupid as to permit its Taepodong-2, a long-range missile, to come close to US soil.

It was announced that the US Government had activated its ground-based, interceptor missile-defence system: Fingers were poised on the *'fire'* button, it was explained.

On Wall Street, the North Korea news tended to frighten some gurus, but, at the same time, it is said that for every 10 prospective calamities, perceived to be on the horizon, 9 of them will never materialise.

(For more about North Korea, please see Monday's report)

On The New York Stock Exchange, the Dow Jones Industrial Average edged up about 0.30 percent to 10,974.84 points, but, over on The NASDAQ, its Composite Index slipped back about 0.16 percent to 2,107.06 points.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US68.94, down about 0.06 percent, compared with Monday's last quote.

As for August delivery, the last settlement for a barrel of light sweet crude oil was \$US69.34, representing a drop of about 0.30 percent on Monday's last settlement.

## News Wise

- The demand for crude oil in the world is likely to increase by about 37 percent by the year 2030, according to the **Energy Information Administration**. The US-based agency said that demand for crude oil would hit about 118 million barrels per day, up from today's demand of about 86 million barrels of crude oil per day.

Europeans appeared to be somewhat phlegmatic with regard to the potential, North Korea crisis since it seemed ludicrous that this reclusive, Communistic nation would take on the world over the test-firing of a Taepodong-2 missile.

However, at the same time, there was precious little to stimulate much active trading on Europe's equity markets.

On major European bourses, key indices marched to fractionally higher levels:

Amsterdam's AEX Index	Plus 0.38 percent
-----------------------	-------------------

France's CAC 40 Index	Plus 0.87 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.99 percent
Great Britain's FTSE 100 Index	Plus 0.57 percent
Italy's MIBTEL Index	Plus 0.28 percent
Switzerland's Swiss Market Index	Plus 0.21 percent

In Asia, it was another down day for investors as key indices of the 9 major equity markets lost material amounts of past values, with the key index of the Taiwan stock market, dropping about 3.33 percent of its value.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), its 2 equity markets lost ground.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index shed about 1.01 percent, falling back to 15,608.97 points.

The Total Turnover was about \$HK22.80 billion.

Losing counters outnumbered gaining ones by the ratio of about 3.13:One.

The Ten Most Actives were:

China Life Insurance Company Ltd (Code: 2628)	Down 3.65 percent to \$HK10.55 per share
HSBC Holdings plc (Code: 5)	Down 0.81 percent to \$HK134.20 per share
PCCW Ltd (Code: 8)	Up 8.33 percent to \$HK5.20 per share
China Construction Bank Corporation (Code: 939)	Down 0.76 percent to \$HK3.275 per share
CNOOC Ltd (Code: 883)	Down 2.56 percent to \$HK5.70 per share
Bank of China Ltd (Code: 3988)	Up 0.74 percent to \$HK3.40 per share
PetroChina Company Ltd (Code: 857)	Down 1.97 percent to \$HK7.45 per share
China Mobile Ltd (Code: 941)	Down 1.45 percent to \$HK40.90 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 3.05 percent to \$HK3.975 per share
Foxconn International Holdings Ltd (Code: 2038)	Down 6.01 percent to \$HK14.85 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 Commercial Holdings Ltd	104		13.24	0.59
CEC International Holdings Ltd	759		12.93	0.128
China Motion Telecom International Ltd	989	13.64		0.25
China Nan Feng Group Ltd	979		10.26	0.70
China Rich Holdings Ltd	1191		10.00	0.135
Cosmopolitan International Holdings Ltd	120		10.77	0.116
Earnest Investments Holdings Ltd	339	11.67		0.134
Hua Lien International (Holding) Company Ltd	969		10.53	0.17
Magician Industries (Holdings) Ltd	526	10.75		0.103
Northern International Holdings Ltd	736		16.23	0.191
Rontex International Holdings Ltd	1142	18.52		0.032
Sino Prosper Holdings Ltd	766		13.51	0.64
Uni-Bio Science Group Ltd	690	20.00		1.80
Wing Lee Holdings Ltd	876	12.07		0.65
Wonderful World Holdings Ltd	109	27.27		0.14

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index surrendered about 0.64 percent of its value, falling to 1,132.89 points.

The Total Turnover on this speculative market dropped back even further, to about \$HK84.05 million.

Declining counters outnumbered advancing ones by the ratio of 1.50:One, exactly.

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

Wumart Stores Incorporated (Code: 8277)

Up 0.38 percent  
to \$HK26.35  
per share



Town Health International Holdings Company Ltd (Code: 8138)

Up 3.45 percent  
to \$HK0.30 per  
share

China LotSynergy Holdings Ltd (Code: 8161)

Up 1.05 percent  
to \$HK0.96 per  
share

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Unchanged at  
\$HK15.00 per  
share

Zhengzhou Gas Company Ltd (Code: 8099)

Up 1.19 percent  
to \$HK0.85 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	33.33		0.028
Dahe Media Company Ltd	8243	11.59		0.385
IA International Holdings Ltd	8047	11.67		0.335
KanHan Technologies Group Ltd	8175		12.00	0.22
Mobile Telecom Network (Holdings) Ltd	8266	13.73		0.058
North Asia Strategic Holdings Ltd	8080	13.64		0.50
Tiger Tech Holdings Ltd	8046		12.86	0.061
Timeless Software Ltd	8028	11.11		0.09
Ningbo Yidong Electronic Company Ltd	8249		10.00	0.18

In Japan, the 3 stock markets came under heavy selling pressure: Japanese investors were more worried about the North Korea situation than most other countries due to the close proximity of North Korea to The Land of The Rising Sun.

On The Tokyo Stock Exchange, its TOPIX Index shed about 1.14 percent, coming to rest at 1,510.32 points by the close of the day.

The ratio of losers to gainers was about 3.75:One.

The Nikkei-225 Stock Average gave up about 1.43 percent, dropping back to 14,648.41 yen.

#### News Wise

- Japan's fourth-largest, departmental-store operator, **Isetan Company**, has agreed to sell its interest in Barneys Japan to **Sumitomo Corporation** and **Tokio Marine Capital Company**. Barneys operates 3 clothing stores with combined sales of about 15.60 billion yen, annually; and,

- A criminal complaint is being considered by Management of **K. Mikimoto and Company**, a major jewellery company in Japan, against individuals, suspected to have been involved in an embezzlement scam between 1999 and 2004, involving about 1.30 billion yen.

In other Asian equity markets, last Tuesday, this was the extent of the losses of the key indices:

The HKSAR	Minus 1.01 percent to 15,608.97
Indonesia	Minus 0.01 percent to 1,294.97
Japan	TOPIX Index Minus 1.14 percent to 1,510.32 Nikkei-255 Stock Average Minus 1.43 percent to 14,648.41
Malaysia	Plus 0.05 percent to 889.99
The Philippines	Minus 2.44 percent to 2,068.09
Singapore	Minus 1.72 percent to 2,327.11
South Korea	Minus 2.06 percent to 1,225.83
Taiwan	Minus 3.33 percent to 6,363.55
Thailand	Minus 1.96 percent to 646.78

### Wednesday

Well, North Korea, as at last Wednesday, had failed to light the fuse in order to send off its Taepodong-2 missile on its journey, which could take it all the way to the West Coast of the US.

And there was a sigh of relief in many quarters.

But one may never be sure as to what this reclusive, Communistic nation is likely to do next, of course.

On Wall Street, with one more unknown, seemingly put to bed, at least for the time being, key indices started to rise.

The Dow Jones Industrial Average, the key index of The New York Stock Exchange, rose 104.62 points, equivalent to about 0.95 percent, running up to 11,079.46 points.

On The NASDAQ, its Composite Index outclassed The Dow with a gain of 34.14 points, or about 1.62 percent, scooting up to 2,141.20 points.

With only 5 business days to go before the next Open Market Committee Meeting of the US Federal Reserve, it was well expected that things would quieten down in the coming trading sessions.

On The New York Mercantile Exchange (NYMEX), the price of crude oil started to move up, again, in spite of a seemingly positive report from the US Government's Energy Information Administration. (Please see [News Wise](#), below)

For the near month of August (last Tuesday was the last day of trading in July futures contracts), the last settlement for a barrel of light sweet crude oil was \$US70.33, up about 1.43 percent on the last settlement of Tuesday.

For delivery in September, the last settlement for a barrel of light sweet crude oil was \$US71.03.

#### News Wise

- The Energy Information Administration, the Official Energy Statistics of the US Government, announced that **stocks of crude oil**, as at Friday, June 16, 2006, stood at 347,051,000 barrels. That was an increase of about 1.39 million barrels, compared with the position, as at Friday, June 9, 2006.

In Europe, investors were not as keen as their US counterparts to get stuck into stocks and shares, listed on the major bourses of the region.

Europeans have seen quite a number of false starts of late.

As a result, key indices moved sideways, for the most part:

Amsterdam's AEX Index	Plus 0.34 percent
France's CAC 40 Index	Plus 0.09 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.17 percent
Great Britain's FTSE 100 Index	Plus 0.12 percent
Italy's MIBTEL Index	Plus 0.32 percent
Switzerland's Swiss Market Index	Plus 0.44 percent

In Asia, investors tended to adopt a wait-and-see attitude.

As a result, with the lone exception of the Taiwanese stock markets – there was a political brouhaha in the country – little action took place on the region's equity markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of the territory's 2 stock markets moved back and forth through red and black, throughout most of the day, but only by fractions.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index ended the trading day at 15,659.36 points, representing a gain of just shy of one third of a percentage point.

The Total Turnover was about \$HK21.31 billion, while the ratio of advancing counters to declining ones was about 1.12:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Down 0.22 percent to \$HK133.90 per share

China Mobile Ltd (Code: 941)

Up 1.47 percent to \$HK41.50 per share

China Life Insurance Company Ltd (Code: 2628)

Up 1.90 percent to \$HK10.75 per share

PetroChina Company Ltd (Code: 857)

Up 2.01 percent to \$HK7.60 per share

China Construction Bank Corporation (Code: 939)

Unchanged at \$HK3.275 per share

Sun Hung Kai Properties Ltd (Code: 16)

Down 0.52 percent to \$HK76.60 per share

China Petroleum and Chemical Corporation (Code: 386)

Up 3.14 percent to \$HK4.10 per share

Bank of China Ltd (Code: 3988)

Unchanged at \$HK3.40 per share

Cheung Kong (Holdings) Ltd (Code: 1)

Down 0.43 percent to \$HK81.05 per share

CNOOC Ltd (Code: 883)

Up 0.88 percent to \$HK5.75 per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
Asia Commercial Holdings Ltd	104	15.25		0.68
China Financial Industry Investment Fund Ltd	1227		20.29	0.11
Clear Media Ltd	100	11.25		8.90
Cosmos Machinery Enterprises Ltd	118		13.16	0.33
Everest International Investments Ltd	204		14.04	0.049
Grand Field Group Holdings Ltd	115	11.11		0.12
Hua Lien International (Holding) Company Ltd	969	11.76		0.19
HyComm Wireless Ltd	499	12.50		0.054
Le Saunda Holdings Ltd	738	11.11		1.20
Pacific Plywood Holdings Ltd	767	10.00		0.022
Pyxis Group Ltd	516	14.04		0.26

REXCAPITAL Financial Holdings Ltd	555	15.35		0.248
Tysan Holdings Ltd	687		11.63	0.38
Warderly International Holdings Ltd	607		19.35	0.50

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the volume of activity continued to be low, at about \$HK82.73 million.

The Growth Enterprise Index – it is the only index of this market – ended the day at 1,131.20 points, down about 0.15 percent on Tuesday’s closing level.

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

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

Golden Meditech Company Ltd (Code: 8180)	Up 1.10 percent to \$HK2.30 per share
Town Health International Holdings Company Ltd (Code: 8138)	Down 1.67 percent to \$HK0.295 per share
Wumart Stores Incorporated (Code: 8277)	Up 1.33 percent to \$HK26.70 per share
Zhengzhou Gas Company Ltd (Code: 8099)	Up 2.35 percent to \$HK0.87 per share
TOM Online Incorporated (Code: 8282)	Down 3.37 percent to \$HK1.72 per share

The biggest GEM movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210		16.67	0.10
B M Intelligence International Ltd	8158	10.00		0.044
Everpride Biopharmaceutical Company Ltd	8019		23.08	0.04
GreaterChina Technology Group Ltd	8032		12.20	0.072
IIN International Ltd	8128	14.81		0.031
Prosten Technology Holdings Ltd	8026		11.54	0.46

QUASAR Communication Technology Holdings Ltd	8171		15.56	0.076
Ningbo Yidong Electronic Company Ltd	8249	11.11		0.20

Trading on Japan's 3 stock markets was very quiet.

On The Tokyo Stock Exchange, its TOPIX Index lost about 0.32 percent, slipping back to 1,505.51 points.

Losers outnumbered gainers by the ratio of about 3.01:One.

The Nikkei-225 Stock Average lost about 0.03 percent of its value, ending the day at 14,644.26 yen.

#### News Wise

- **NEC Corporation** is to sell part, or all, of its European personal computer operations. NEC is Japan's third-largest electronics behemoth.

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

The HKSAR	Plus 0.32 percent to 15,659.36
Indonesia	Minus 0.13 percent to 1,293.29
Japan	TOPIX Index Minus 0.32 percent to 1,505.51 Nikkei-255 Stock Average Minus 0.03 percent to 14,644.26
Malaysia	Plus 0.52 percent to 894.66
The Philippines	Minus 0.50 percent to 2,057.77
Singapore	Plus 0.11 percent to 2,329.60
South Korea	Plus 0.11 percent to 1,227.19
Taiwan	Minus 1.01 percent to 6,299.59
Thailand	Plus 0.46 percent to 649.74

#### Thursday

Calling North Korea's ability to do any material damage to anybody by the launch of a lone Taepodong-2 missile as minimal, the Vice President of the United States of America, Mr Dick Cheney, said, also, that

North Korea's capabilities in this area were *'fairly rudimentary,'* in any event.

There are a number of defence officials in Washington, who are calling on the US Government to destroy North Korea's missile-system capability before the government of that reclusive country can perfect it.

However, the more conservative US Government officials are warning of the potential backlash from such an action.

Meanwhile, North Korea appeared to be making no plans to launch its Taepodong-2 missile, as at last Thursday, contrary to earlier reports.

As the brouhaha subsided and the moderates appeared to be having the upper hand in Washington, crude oil prices continued to rise on international commodity exchanges – for more psychological reasons than anything else.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in August was \$US70.84, up about 0.73 percent on Wednesday's last settlement.

As for September delivery, the last settlement for a barrel of light sweet crude oil was \$US71.73, representing an increase of about 0.99 percent on the last quote on Wednesday.

On The New York Stock Exchange, the Dow Jones Industrial Average fell back about 0.54 percent to 11,019.11 points while, on The NASDAQ, its Composite Index surrendered about 0.85 percent to drop to 2,122.98 points.

It was very apparent that until the US Federal Reserve makes a determination in respect of US interest rates, US equity markets would continue to see key indices vacillate and be unable to maintain any clear direction.

In Europe, last Thursday's trading session was almost a repeat performance of Wednesday's, with the key indices of major bourses, managing only fractional gains:

Amsterdam's AEX Index	Plus 0.61percent
France's CAC 40 Index	Plus 0.59 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.54 percent
Great Britain's FTSE 100 Index	Plus 0.33 percent
Italy's MIBTEL Index	Plus 0.37 percent
Switzerland's Swiss Market Index	Plus 0.73 percent

What was helping key indices of European bourses, somewhat, was the increase in the price of crude oil on international commodity exchanges as many investors decided to go back into energy counters.

In Asia, following Wall Street's lead of Wednesday, investors ploughed back into stocks and shares on major equity markets, with Japan's 3 stock markets, being among the biggest gainers in the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the territory's 2 equity markets saw their respective indices rise, but the volume of activity was such as to suggest that the bounce back would be of a very limited duration.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index rose about 1.07 percent

to 15,826.70 points on a Total Turnover of about \$HK23.65 billion.

The ratio of advancing counters to declining ones was about 2.88:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.75 percent to \$HK134.90 per share
China Mobile Ltd (Code: 941)	Up 1.93 percent to \$HK42.30 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.47 percent to \$HK10.80 per share
Bank of China Ltd (Code: 3988)	Unchanged at \$HK3.40 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.87 percent to \$HK69.85 per share
China Construction Bank Corporation (Code: 939)	Up 0.76 percent to \$HK3.30 per share
PetroChina Company Ltd (Code: 857)	Up 0.66 percent to \$HK7.65 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.33 percent to \$HK76.85 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.22 percent to \$HK4.15 per share
CNOOC Ltd (Code: 883)	Up 0.87 percent to \$HK5.80 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Motion Telecom International Ltd	989	18.52		0.32
China Nan Feng Group Ltd	979	27.03		0.94
China Velocity Group Ltd	149	11.11		0.60
Cosmos Machinery Enterprises Ltd	118	12.12		0.37
Culturecom Holdings Ltd	343	13.83		0.107
Everest International Investments Ltd	204		12.24	0.043
G-Vision International (Holdings) Ltd	657		26.00	0.074



Guo Xin Group Ltd	1215		38.00	0.031
Jackin International Holdings Ltd	630	10.34		0.128
Oriental Explorer Holdings Ltd	430		13.21	0.046
Premium Land Ltd	164	11.54		0.29
Pyxis Group Ltd	516	19.23		0.31
South China Brokerage Company Ltd	619	15.94		0.08
South East Group Ltd	726	11.54		0.087
Technology Venture Holdings Ltd	61	11.11		0.10
Theme International Holdings Ltd	990	12.00		0.028
Tysan Holdings Ltd	687	15.79		0.44
VTech Holdings Ltd	303	11.20		39.70

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose by about 1.37 percent to 1,146.74 points on a Total Turnover of about \$HK86.95 million.

Advancing counters outran declining ones by the ratio of about 1.10:One.

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

Wumart Stores Incorporated (Code: 8277)	Up 3.00 percent to \$HK27.50 per share
TOM Online Incorporated (Code: 8282)	Up 5.81 percent to \$HK1.82 per share
Techpacific Capital Ltd (Code: 8088)	Down 0.98 percent to \$HK1.01 per share
Ko Yo Ecological Agrotech (Group) Ltd (Code: 8042)	Up 18.03 percent to \$HK0.72 per share
Zhengzhou Gas Company Ltd (Code: 8099)	Unchanged at \$HK0.87 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158		25.00	0.033

CCID Consulting Company Ltd	8235		28.32	0.081
Global Digital Creations Holdings Ltd	8271	10.34		0.32
IIN International Ltd	8128		16.13	0.026
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	10.34		0.16
Ko Yo Ecological Agrotech (Group) Ltd	8042	18.03		0.72
Linefan Technology Holdings Ltd	8166		15.09	0.045
Mobile Telecom Network (Holdings) Ltd	8266	10.53		0.063
Prosten Technology Holdings Ltd	8026		13.04	0.40
Sino Haijing Holdings Ltd	8065		12.50	0.056
SYSCAN Technology Holdings Ltd	8083		18.18	0.045
Tiger Tech Holdings Ltd	8046		10.00	0.054
Timeless Software Ltd	8028		10.53	0.085

In The Land of The Rising Sun, the key indices of its 3 equity markets had the distinction of being among the top dogs of Asia.

On The Tokyo Stock Exchange, The TOPIX Index rose 2.90 percent to 1,549.12 points in spirited trading conditions.

The ratio of gainers to losers was about 26.78:One.

The Nikkei-225 Stock Average, on the other hand, gained about 3.36 percent, running up to 15,135.69 yen.

#### News Wise

- **Sanyo Electric Company** has cancelled its planned joint venture with Finland's **Nokia Corporation**. The 2 companies had been holding talks, back in February, with a view to working together on a cellular telephone venture in the US; and,
- **Japan's trade surplus** for the month of May rose by about 35.20 percent, Year-On-Year. It was the first increase in 17 months, according to The Finance Ministry.

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

The HKSAR	Plus 1.07 percent to 15,826.70
Indonesia	Plus 0.79 percent to 1,303.45

Japan	TOPIX Index Plus 2.90 percent to 1,549.12 Nikkei-255 Stock Average Plus 3.36 percent to 15,135.69
Malaysia	Plus 0.65 percent to 900.47
The Philippines	Plus 1.93 percent to 2,097.39
Singapore	Plus 1.29 percent to 2,359.55
South Korea	Plus 0.95 percent to 1,238.83
Taiwan	Plus 2.95 percent to 6,485.15
Thailand	Plus 1.47 percent to 659.32

## **Friday**

Globally, investors sat on their hands, last Friday.

It appeared that few investors were willing to take on any new financial commitments on any equity market until the dust had cleared in respect of the determination of the US Federal Reserve Board's Open Market Committee Meeting, scheduled for this Wednesday and Thursday.

On Wall Street, the key indices of the 2 largest equity markets of the world hardly moved.

On The New York Stock Exchange, the Dow Jones Industrial Average slipped back 30.02 points (about 0.27 percent) to 10,989.09 points, while, on The NASDAQ, its Composite Index gave up about 0.07 percent of its former value, ending the week's proceedings at 2,121.47 points.

Trading was moderate on both equity markets.

For the week, the tally was:

The Dow Jones Industrial Average	Minus 0.23 percent
The NASDAQ's Composite Index	Minus 0.40 percent

On The **New York Mercantile Exchange** (NYMEX), there was little action in the market where purchases and sales of futures of crude oil took place.

The last settlement for a barrel of light sweet crude oil for delivery in August was \$US70.87, representing an increase of about 0.04 percent on the last settlement of Thursday.

As for September delivery, the last settlement for a barrel of light sweet crude oil came in at \$US71.77, up about 0.06 percent on Thursday's last quote.

In Europe, it was a similar situation to that which existed on US equity markets, with key indices of major bourses, moving fractionally between pluses and minuses, throughout the entire trading day.

There appeared to be little to no definitive direction in key indices as European investors followed the lead of their US counterparts: They sat tight, awaiting the pleasure of The Fed, which was well expected to raise interest rates in the US by at least 25 basis points.

This was how the situation looked on the most-important European bourses, last Friday:

Amsterdam's AEX Index	Minus 0.02 percent
France's CAC 40 Index	Plus 0.29 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.06 percent
Great Britain's FTSE 100 Index	Plus 0.14 percent
Italy's MIBTEL Index	Plus 0.38 percent
Switzerland's Swiss Market Index	Plus 0.04 percent

In Asia, the key indices of the region's 9 major equity markets were lower, generally, compared with Thursday.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the volume of activity on the premier equity market continued to be on the low side.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index gave up about 0.11 percent of its value, ending the trading day at 15,808.81 points.

The Total Turnover was about \$HK18.45 billion.

Losing counters beat off gaining ones by the ratio of about 1.31:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.07 percent to \$HK134.80 per share
PCCW Ltd (Code: 8)	Down 4.35 percent to \$HK5.50 per share
China Mobile Ltd (Code: 941)	Down 0.35 percent to \$HK42.15 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Down 2.82 percent to \$HK46.45 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.93 percent to \$HK10.90 per share
Bank of China Ltd (Code: 3988)	Unchanged at \$HK3.40 per share

PetroChina Company Ltd (Code: 857)

Unchanged at \$HK7.65  
per share

China Construction Bank Corporation (Code: 939)

Up 0.76 percent to  
\$HK3.325 per share

Hutchison Whampoa Ltd (Code: 13)

Up 0.14 percent to  
\$HK69.95 per share

BOC Hongkong (Holdings) Ltd (Code: 2388)

Unchanged at  
\$HK14.80 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Treasure (Greater China) Investments Ltd	810	28.89		0.29
CNT Group Ltd	701		10.34	0.13
Daiwa Associate Holdings Ltd	1037		10.31	0.435
Genesis Energy Holdings Ltd	702	11.36		0.049
Grandtop International Holdings Ltd	2309	12.50		0.081
Kasen International Holdings Ltd	496		13.41	1.55
Lung Cheong International Holdings Ltd	348	11.11		0.30
Neo-China Group (Holdings) Ltd	563		12.07	0.51
Proview International Holdings Ltd	334	10.19		1.19
REXCAPITAL Financial Holdings Ltd	555	15.38		0.30
Shaw Brothers (Hongkong) Ltd	80	12.14		11.55
Shimao International Holdings Ltd	649	10.77		0.72
Sunway International Holdings Ltd	58	15.38		0.30
United Pacific Industries Ltd	176		11.90	0.185
Wang Sing International Holdings Group Ltd	2389		10.71	0.25
Wong's Kong King International (Holdings) Ltd	532	10.23		0.97

On The (speculative) **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 lost about 0.18 percent, falling back to 1,144.72 points on a Total Turnover of just \$HK73.97 million.

Declining counters beat off advancing ones by the ratio of about 1.05:One.

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

Techpacific Capital Ltd (Code: 8088)                      Down 3.96 percent to \$HK0.97 per share

Enric Energy Equipment Holdings Ltd (Code: 8289)      Up 8.59 percent to \$HK4.425 per share

Golden Meditech Company Ltd (Code: 8180)            Down 3.33 percent to \$HK2.175 per share

CASH Financial Services Group Ltd (Code: 8122)      Up 3.17 percent to \$HK0.325 per share

China LotSynergy Holdings Ltd (Code: 8161)           Down 3.85 percent to \$HK1.00 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	10.00		0.033
IIN International Ltd	8128	15.38		0.03
International Entertainment Corporation	8118		10.26	3.50
Kanstar Environmental Paper Products Holdings Ltd	8011		10.23	0.395
Milkyway Image Holdings Ltd	8130		12.82	0.034
Prosperity International Holdings (Hongkong) Ltd	8139		18.67	0.61
ProSticks International Holdings Ltd	8055	25.00		0.15
Satellite Devices Corporation	8381		33.33	0.09
Tai Shing International (Holdings) Ltd	8103	11.11		0.50

The tally for the week for the second, most-important equity market of Asia was:

The Hang Seng Index	Minus 0.21 percent
The Growth Enterprise Index	Plus 0.59 percent

In Japan, it was a very dull trading day on the country's 3 equity markets.

On The Tokyo Stock Exchange, its TOPIX Index lost about 0.23 percent of its value, ending the week at 1,545.57 points.

The ratio of losing counters to gaining ones was about 2.13:One.

The Nikkei-225 Stock Average, which is not an official index of this market, lost about 0.07 percent, ending the trading day at 15,124.04 yen.

The tally for the week for the largest equity market in Asia was:

The TOPIX Index                      Plus    0.71 percent

The Nikkei-225 Stock Average              Plus    1.64 percent

And this was how things looked, last Friday, on other Asian equity markets:

The HKSAR	Minus 0.11 percent to 15,808.81
Indonesia	Minus 1.02 percent to 1,290.16
Japan	TOPIX Index Minus 0.23 percent to 1,545.57 Nikkei-255 Stock Average Minus 0.08 percent to 15,124.04
Malaysia	Plus 0.65 percent to 906.34
The Philippines	Plus 0.75 percent to 2,113.17
Singapore	Minus 0.70 percent to 2,343.03
South Korea	Minus 0.82 percent to 1,228.62
Taiwan	Minus 0.51 percent to 6,452.31
Thailand	Plus 0.03 percent to 659.52

--    E N D    --

*While **TARGET** makes every attempt to ensure accuracy of all data published, **TARGET** cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*