

**NORTH KOREA LIGHTS THE FUSES ON SEVEN MISSILES ...
AND INTERNATIONAL EQUITY MARKETS GO INTO A TAILSPIN !**

Markets in the US, for the most part, were closed, last Monday (July 3), as Americans prepared to celebrate Independence Day, the holiday which commemorates the adoption of the Declaration of Independence on July 4, 1776.

The New York Stock Exchange was open for a half-day session, only, closing at 1 pm.

During that half-day session, the Dow Jones Industrial Average rose 77.80 points, equivalent to about 0.70 percent, as investors pushed this key index to 11,228.02 points.

The NASDAQ's Composite Index ended the first day of trading of July with a gain of 18.34 points, equivalent to about 0.84 percent, ending the abbreviated session at 2,190.43 points

Trading was light.

News Wise

- Major **motor vehicle** manufacturers in the US presented a terrible picture of their sales in the month of June:

General Motors Corporation	Down 26 per cent, Year-On-Year;
Ford Motor Company	Down 6.90 percent, Year-On-Year; and,
Daimler Chrysler A.G.	Down 13 percent, Year-On-Year.

In Europe, while the key indices of major bourses were all in the black, the gains were all fractional:

Amsterdam's AEX Index	Plus 0.73 percent
France's CAC 40 Index	Plus 0.29 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.51 percent
Great Britain's FTSE 100 Index	Plus 0.87 percent
Italy's MIBTEL Index	Plus 0.74 percent
Switzerland's Swiss Market Index	Plus 0.90 percent

With the US equity markets closed until Wednesday morning (July 5, 2006), investors were playing it cool, as the Americans would say.

In Asia, it was a similar story to that, being related in Europe: Gains on major equity markets were tiny, with just a few exceptions.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets recorded very small, fractional gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index rose about 0.36 percent to 16,326.66 points on a Total Turnover of about \$HK27.41 billion.

Gaining counters eased out losing ones by the ratio of 1.15:One.

The Ten Most Active counters were:

Bank of China Ltd (Code: 3988) Up 2.84 percent to \$HK3.625 per share

HSBC Holdings plc (Code: 5) Down 0.15 percent to \$HK135.90 per share

China Construction Bank Corporation (Code: 939) Up 0.70 percent to \$HK3.575 per share

PetroChina Company Ltd (Code: 857) Up 1.20 percent to \$HK8.40 per share

China Mengniu Dairy Company Ltd (Code: 2319) Down 2.05 percent to \$HK9.55 per share

Hutchison Whampoa Ltd (Code: 13) Up 0.78 percent to \$HK71.45 per share

China Life Insurance Company Ltd (Code: 2628) Up 0.41 percent to \$HK12.30 per share

CNOOC Ltd (Code: 883) Up 0.81 percent to \$HK6.25 per share

China Mobile Ltd (Code: 941) Up 0.79 percent to \$HK44.75 per share

Sun Hung Kai Properties Ltd (Code: 16) Down 0.06 percent to \$HK79.15 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Artel Solutions Group Holdings Ltd	931	16.00		0.058
Asia Commercial Holdings Ltd	104		15.71	0.59

Aurora Global Investment Holdings Ltd	353	12.66		0.445
China Elegance (Holdings) Ltd	476	13.21		0.06
China Financial Industry Investment Fund Ltd	1227	33.33		0.16
Ching Hing (Holdings) Ltd	692	21.43		0.085
Everest International Investments Ltd	204	14.81		0.062
Fintronics Holdings Company Ltd	706		10.20	0.22
Fulbond Holdings Ltd	1041		12.50	0.014
Grandtop International Holdings Ltd	2309		15.79	0.08
Hi Sun Technology (China) Ltd	2966	40.00		1.05
Kiu Hung International Holdings Ltd	381	34.45		0.16
Poly Investments Holdings Ltd	263	10.42		0.106
Pyxis Group Ltd	516	12.50		0.315
SiS International Holdings Ltd	529	20.00		1.50
Sun Innovation Holdings Ltd	547		18.99	3.20
United Metals Holdings Ltd	2302		17.27	0.455
Unity Investments Holdings Ltd	913		32.47	0.26
Victory Group Ltd	1139	11.89		0.16
Vital BioTech Holdings Ltd	1164	13.76		0.124
Vitop Bioenergy Holdings Ltd	1178	17.65		0.16
Wang Sing International Holdings Group Ltd	2389	12.00		0.28
Wing Hong (Holdings) Ltd	745		20.45	0.035

Over on The (speculative) **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose by one third of a percentage point, exactly, to 1,182.21 points.

The Total Turnover on this market was about \$HK197.56 million.

Losing counters outnumbered gaining ones by the ratio of about 1.10:One.

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

Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK2.30 per share Up 7.89 percent to
Shandong Molong Petroleum Machinery Company Ltd (Code: 8261)	\$HK2.05 per share Unchanged at
Tianjin Tianlian Public Utilities Company Ltd (Code: 8290)	\$HK0.72 per share Unchanged at
Town Health International Holdings Company Ltd (Code: 8138)	\$HK0.295 per share Up 2.63 percent to
China LotSynergy Holdings Ltd (Code: 8161)	\$HK1.17 per share

The biggest GEM movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131		20.00	0.08
Chinainfo Holdings Ltd	8206	13.64		2.00
Excel Technology International Holdings Ltd	8048		10.00	0.09
GreaterChina Technology Group Ltd	8032	19.57		0.055
Xi'an Haitian Antenna Technologies Company Ltd	8227		13.00	0.435
IA International Holdings Ltd	8047	10.00		0.33
ProSticks International Holdings Ltd	8055	10.89		0.112
Nanjing Sample Technology Company Ltd	8287	14.07		7.70
Shine Software (Holdings) Ltd	8270	10.00		0.11
Soluteck Holdings Ltd	8111		20.00	0.036
Tai Shing International (Holdings) Ltd	8103		10.00	0.45

TeleEye Holdings Ltd	8051		10.00	0.063
Thiz Technology Group Ltd	8119	42.86		0.04
Timeless Software Ltd	8028		10.53	0.085
Tradeeasy Holdings Ltd	8163		12.50	0.035

In The Land of The Rising Sun, the country's 3 equity markets made tiny gains, also.

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index rose 6.26 points, or about 0.39 percent, to end the trading day at 1,593.22 points.

Gaining counters outnumbered losing ones by the ratio of about 1.91: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, compared with The TOPIX Index, managed a gain of 66.44 points, equivalent to about 0.43 percent, rising to 15,571.62 yen.

News Wise

- The Japanese accounting firm of **ChuoAoyama PricewaterhouseCoopers** has lost about 116 clients since May this year when it was Ordered by The Financial Services Agency to suspend part of its operations for a period of 2 months, effective Saturday, July 1, 2006, due to its involvement in an accounting scandal with regard to the accounts of Kanebo Ltd; and,
- The Bank of Japan released the results of its **TANKAN Survey** for the quarter, ended June 30, 2006. The Survey indicated, inter alia, that business confidence was improving in Japan and that corporate spending for calendar 2006 is likely to double, compared with calendar 2005.

In other Asian equity markets, this was how their key indices fared, last Monday:

The HKSAR	Main Board Plus 0.36 percent to 16,326.66 The Growth Enterprise Index Plus 0.33 percent to 1,182.21
Indonesia	Plus 1.34 percent to 1,327.76
Japan	TOPIX Index Plus 0.39 percent to 1,593.22 Nikkei-255 Stock Average Plus 0.43 percent to 15,571.62
Malaysia	Plus 0.49 percent to 919.14
The Philippines	Plus 0.74 percent to 2,194.84

Singapore	Plus 0.12 percent to 2,438.26
South Korea	Minus 0.04 percent to 1,294.61
Taiwan	Plus 0.21 percent to 6,718.50
Thailand	Plus 0.86 percent to 683.98

Tuesday

North Korea lit the fuses on 5 missiles, last Tuesday (details, however, were still very sketchy, last Tuesday) – and the Western powers went into a huddle as to what action to take.

The price of gold rose by about 2 percent on the news, long before many Asian equity markets had opened their doors for business (all US markets were closed for Independence Day celebrations, last Tuesday), with the price, rising to more than \$US628 per ounce as investors sought the yellow metal as a safe haven ... just in case.

It was thought, early last Tuesday morning, that North Korea had fired off 4, short-range missiles and one Taepodong-2, long-range missile, the last-mentioned missile, having a range of about 6,000 kilometres, sufficient to reach the western coast of the US.

The timing of the firing of the missiles was in the early hours of the morning, starting at 3:32 am, Tokyo Time (1832 hours Greenwich Mean Time) and last missile, sent on its way about one hour later.

The launch of the Taepodong-2, long-range missile was aborted within 40 seconds of its flight, according to US intelligence agencies, it was reported.

All of the successful missile launches fell harmlessly in The Sea of Japan.

North Korea got the attention that, clearly, it wanted to achieve.

The message from this reclusive, Communistic country was: We are a powerful military machine – Beware!

In Europe, trading on major bourses, for the most part, was dull due to the fact that, with US equity markets closed, it appeared difficult to determine the probable direction of the prices of stocks and shares.

The Turnovers of the most-important stock markets were among the lowest of the year:

Amsterdam's AEX Index	Plus 0.20 percent
France's CAC 40 Index	Plus 0.06 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.28 percent

Great Britain's FTSE 100 Index	Minus 0.01 percent
Italy's MIBTEL Index	Plus 0.14 percent
Switzerland's Swiss Market Index	Plus 0.19 percent

In Asia, the situation mirrored that of Europe (or was it the other way round?) as most major equity markets managed gains, but of the fractional variety, only.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors appeared to be hesitant as to what action to take in view of the fact that they had no stock-market leader to give them an indication of the direction of the prices of stocks and shares, what with Wall Street, being shut down for the July 4 celebrations.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.26 percent to end the trading session at 16,368.98 points on a Total Turnover of about \$HK22.13 billion.

The ratio of advancing counters to declining ones was about 1.09:One.

The Ten Most Active counters were:

Bank of China Ltd (Code: 3988)	Up 1.38 percent to \$HK3.675 per share
HSBC Holdings plc (Code: 5)	Up 0.07 percent to \$HK136.00 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.41 percent to \$HK12.25 per share
China Construction Bank Corporation (Code: 939)	Unchanged at \$HK3.575 per share
CNOOC Ltd (Code: 883)	Up 0.80 percent to \$HK6.30 per share
PetroChina Company Ltd (Code: 857)	Up 0.60 percent to \$HK8.45 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.13 percent to \$HK79.25 per share
China Mobile Ltd (Code: 941)	Unchanged at \$HK44.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.36 percent to \$HK84.45 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK71.45 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)
Artel Solutions Group Holdings Ltd	931	13.79		0.066
Beijing Development (Hongkong) Ltd	154	14.86		0.85
China Financial Industry Investment Fund Ltd	1227		18.75	0.13
China Motion Telecom International Ltd	989	20.00		0.30
China Treasure (Greater China) Investments Ltd	810	14.29		0.40
EC-Founder (Holdings) Company Ltd	618	11.59		0.26
Guangzhou Shipyard International Company Ltd	317	13.08		6.05
Magician Industries (Holdings) Ltd	526		13.33	0.091
Magnum International Holdings Ltd	305		11.43	0.062
Multifield International Holdings Ltd	898		14.29	0.114
Nubrand Group Holdings Ltd	835	11.93		0.244
Oriental Investment Corporation Ltd	735		13.79	0.25
See Corporation Ltd	491		22.22	0.014
Shang Hua Holdings Ltd	371		13.33	0.26
Sino Prosper Holdings Ltd	766	14.71		0.78
Sunlink International Holdings Ltd	2336	10.61		0.073
Tomorrow International Holdings Ltd	2965		11.32	1.41
Tomson Group Ltd	258	19.28		2.475
UDL Holdings Ltd	620	12.50		0.036
Uni-Bio Science Group Ltd	690	21.21		2.40
United Metals Holdings Ltd	2302	23.08		0.56
Unity Investments Holdings Ltd	913	11.54		0.29

Wang Sing International Holdings Group Ltd	2389		11.43	0.248
Wing Hong (Holdings) Ltd	745	11.43		0.039

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index lost 0.97 percent, exactly, of its value, falling back to 1,170.74 points.

The Total Turnover on this market was about \$HK126.07 million.

Losing counters outnumbered gaining ones by the ratio of about 1.63:One.

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

Finet Group Ltd (Code: 8317) Down 1.14 percent to \$HK0.87 per share

Techpacific Capital Ltd (Code: 8088) Down 4.04 percent to \$HK0.95 per share

Tong Ren Tang Technologies Company Ltd (Code: 8069) Up 0.31 percent to \$HK16.00 per share

Nanjing Sample Technology Company Ltd (Code: 8287) Up 7.14 percent to \$HK8.25 per share

Wumart Stores Incorporated (Code: 8277) Down 1.87 percent to \$HK26.30 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022	13.64		0.125
GreaterChina Technology Group Ltd	8032		18.18	0.045
MegaInfo Holdings Ltd	8279		10.00	0.09
Milkyway Image Holdings Ltd	8130		25.71	0.026
Plasmagene Biosciences Ltd	8250		29.60	0.088
Rojam Entertainment Holdings Ltd	8075		10.00	0.27
Satellite Devices Corporation	8381		12.12	0.145
Soluteck Holdings Ltd	8111	11.11		0.04
Ningbo Yidong Electronic Company Ltd	8249	17.06		0.199

In Japan, questions were being asked as to whether or not The Bank of Japan would increase interest rates at its next meeting in view of the TANKAN Survey results for the quarter, ended June 30, 2006. (Please see Monday's report)

On The Tokyo Stock Exchange, the premier equity market of the country, its TOPIX Index rose by about 0.58 percent to 1,602.43 points.

Advancing counters outdistanced declining ones by the ratio of about 2.58:One.

The Nikkei-225 Stock Average rose about 0.43 percent to 15,638.50 yen.

News Wise

- **Honda Motor Company** is planning to double its production in India by the end of 2007 and will invest about \$US650 million in the country over the next decade.

In other Asian equity markets, this was the situation, last Tuesday night:

The HKSAR	Main Board Plus 0.26 percent to 16,368.98 The Growth Enterprise Index Minus 0.97 percent to 1,170.74
Indonesia	Plus 0.76 percent to 1,337.87
Japan	TOPIX Index Plus 0.58 percent to 1,602.43 Nikkei-255 Stock Average Plus 0.43 percent to 15,638.50
Malaysia	Plus 0.53 percent to 923.99
The Philippines	Plus 2.81 percent to 2,256.48
Singapore	Plus 0.43 percent to 2,448.73
South Korea	Minus 0.67 percent to 1,285.92
Taiwan	Plus 0.24 percent to 6,734.51
Thailand	Plus 1.54 percent to 694.52

Wednesday

By last Wednesday, the picture had become clearer: North Korea had launched a total of 7 missiles between

Tuesday and Wednesday, all of which had harmlessly fallen into The Sea of Japan.

But, in the words of Elvis The Pelvis: The world was all shook up – ah-ha!

The Security Council of the United Nations (UN) held an emergency meeting in order to consider what action to take, if any.

By this one act of launching ballistic missiles, contrary to the advice of the UN, North Korea had managed to isolate itself, completely, from the rest of the world – even its staunch ally, the People's Republic of China (PRC), had been shocked by North Korea's actions.

In utter disgust and disbelief, the civilised world viewed this pariah of the civilised world, wondering whether or not it realised that Pyongyang was flirting with the prospects of a war with the West because, had just one of North Korea's missiles landed on foreign soil, be it Japan, South Korea, India, or the United States, it would have been taken as an act of aggression; and, retaliation would have, definitely, followed, swiftly.

Indices of equity markets across the world collapsed as investors sold out in fear that the worst was yet to come.

Oil prices rose to record levels.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in August rose to \$US75.19, up about 1.70 percent, compared with the last quote of Friday, June 30, 2006.

(All markets in the US had been closed from Friday night, June 30, 2006, until Wednesday morning, July 5, 2006, due to the July 4 Independence Day celebrations)

As for September delivery, the last settlement for a barrel of light sweet crude oil came in at \$US76.16, up about 1.80 percent on the last settlement of the previous Friday.

On Wall Street, US investors received a very rude awakening, following their 4-day holiday, as they watched the prices of stocks and shares fall as soon as equity markets opened for business.

By the end of the trading day, the Dow Jones Industrial Average, the key index of The New York Stock Exchange, was standing at 11,151.82 points, representing a fall of about 76.20 points, or about 0.68 percent, compared with the close of Friday, June 30, 2006.

Over on The NASDAQ, its Composite Index gave up 37.09 points, equivalent to about 1.69 percent, ending the choppy trading session at 2,153.34 points.

As far as US investors were concerned, North Korea was the only factor to consider.

In Europe, every key index of every major bourse headed south:

Amsterdam's AEX Index	Minus 1.17 percent
France's CAC 40 Index	Minus 1.25 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.80 percent

Great Britain's FTSE 100 Index	Minus 0.96 percent
Italy's MIBTEL Index	Minus 1.32 percent
Switzerland's Swiss Market Index	Minus 1.01 percent

Major equity markets of Asia were shaken to their cores as investors bailed out of stocks and shares less the situation with North Korea escalate further.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, investors were net sellers of shares and stocks.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index surrendered about 0.62 percent of its value, falling to 16,267.18 points.

The Total Turnover was about \$HK22.55 billion, while the ratio of losers to gainers was wide, at about 3.19:One.

The Ten Most Actives were:

Bank of China Ltd (Code: 3988)	Down 3.40 percent to \$HK3.55 per share
Shimao Property Holdings Ltd (Code: 813)	\$HK6.60 per share*
China Construction Bank Corporation (Code: 939)	Down 2.80 percent to \$HK3.475 per share
China Life Insurance Company Ltd (Code: 2628)	Down 2.04 percent to \$HK12.00 per share
HSBC Holdings plc (Code: 5)	Down 0.15 percent to \$HK135.80 per share
PetroChina Company Ltd (Code: 857)	Down 0.59 percent to \$HK8.40 per share
China Mobile Ltd (Code: 941)	Down 0.89 percent to \$HK44.35 per share
CNOOC Ltd (Code: 883)	Unchanged at \$HK6.30 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 4.13 percent to \$HK5.80 per share
Swire Pacific Ltd (Code: 19)	Down 1.17 percent to \$HK80.05 per share

* This is a new listing

The Main Board's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
E. Bon Holdings Ltd	599	11.24		0.495
EC-Founder (Holdings) Company Ltd	618	11.54		0.29
Everbest Century Holdings Ltd	578	60.00		0.44
Greater China Holdings Ltd	431		17.07	0.34
Magnum International Holdings Ltd	305	29.03		0.08
Peaktop International Holdings Ltd	925	12.50		0.09
Uni-Bio Science Group Ltd	690	16.67		2.80
Unity Investments Holdings Ltd	913		12.07	0.255
Wing Hong (Holdings) Ltd	745	23.08		0.048
Zhongtian International Ltd	2379		22.22	0.35

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the value of its lone index hardly moved, during the entire trading session.

By the close of the day, The Growth Enterprise Index was standing at 1,171.16 points, up about 0.04 percent, compared with Tuesday's closing figure.

The Total Turnover on this speculative market was about \$HK99.32 million.

Losing counters outnumbered gaining ones by the ratio of about 1.08:One.

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

Techpacific Capital Ltd (Code: 8088)	Down 1.05 percent to \$HK0.94 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK16.00 per share
Shandong Molong Petroleum Machinery Company Ltd (Code: 8261)	Down 1.23 percent to \$HK2.00 per share
Nanjing Sample Technology Company Ltd (Code: 8287)	Up 11.52 percent to \$HK9.20 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Excel Technology International Holdings Ltd	8048	11.11		0.10
G.A. Holdings Ltd	8126	11.25		0.178
GreaterChina Technology Group Ltd	8032	22.22		0.055
MegaInfo Holdings Ltd	8279		22.22	0.07
Milkyway Image Holdings Ltd	8130	23.08		0.032
Plasmagene Biosciences Ltd	8250	13.64		0.10
Nanjing Sample Technology Company Ltd	8287	11.52		9.20
Satellite Devices Corporation	8381		39.31	0.088
Tai Shing International (Holdings) Ltd	8103		11.11	0.40
TeleEye Holdings Ltd	8051	17.19		0.075

In Japan, which would be considered a 'soft' target for North Korea in the event that Pyongyang had The Land of The Rising Sun in its cross-hairs, all of the key indices of the country's 3 equity markets were hit hard by the news of the launchings of the ballistic missiles.

On The Tokyo Stock Exchange, its TOPIX Index fell about 0.78 percent to 1,589.97 points.

Losing counters outnumbered gaining ones by the ratio of about 2.62:One.

The Nikkei-225 Stock Average shed about 0.73 percent of its value, dropping back to 15,523.94 yen.

And this was how things looked on other Asian equity markets at the close of the day, last Wednesday:~

The HKSAR	Main Board Minus 0.62 percent to 16,267.18 The Growth Enterprise Index Plus 0.04 percent to 1,171.16
Indonesia	Plus 0.03 percent to 1,338.32

Japan	TOPIX Index Minus 0.78 percent to 1,589.97 Nikkei-255 Stock Average Minus 0.73 percent to 15,523.94
Malaysia	Plus 0.10 percent to 924.89
The Philippines	Plus 0.26 percent to 2,262.34
Singapore	Minus 1.01 percent to 2,424.11
South Korea	Minus 0.47 percent to 1,279.85
Taiwan	Minus 1.11 percent to 6,659.96
Thailand	Minus 1.99 percent to 680.72

Thursday

The North Korean situation continued to influence trading on equity markets around the world, last Thursday.

Geopolitical considerations were, clearly, the determinants in the minds of many a stock- market investor from New York City to Tokyo, Japan.

Japan had sponsored a draft resolution in the United Nations, condemning the launching of North Korean missiles and calling on the reclusive Communistic country to cease and desist its *'development, testing, deployment and proliferation of ballistic missiles and reconfirm its moratorium on missile launching.'*

What appeared to have been forgotten, to some extent at least, was that the 6, North Korean missiles that had fallen into The Sea of Japan could, theoretically, have struck a passing ship in the area.

North Korea had not issued a warning of its intentions to launch its missiles to any other country, prior to the events, as is customary, internationally, as a courtesy and precaution to shipping in the region.

Further, North Korea announced that it intended to test many more of its missiles and, should the United Nations or any other nation apply sanctions on the country, or should any country interfere with its sovereign rights, things could get a lot worse.

Regional instability was sure to follow as the entire state of affairs cast a pall over Asia.

On Wall Street, key indices rebounded, slightly, last Thursday, but in very light trading conditions: Equity markets hate uncertainty of any description.

The Dow Jones Industrial Average, the key index of The New York Stock Exchange, rose 73.48 points, equivalent to about 0.66 percent, ending the trading session at 11,225.30 points.

Over on The NASDAQ, however, its Composite Index managed only a gain of 1.75 points, or about 0.08 percent, limping to 2,155.09 points.

Gainers outnumbered losers on The New York Stock Exchange by the ratio of about 1.67:One, while, on The NASDAQ, gainers were ahead of losers by the ratio of about 1.07:One.

On The New York Mercantile Exchange (NYMEX), crude oil prices hardly moved, during the entire trading session.

The last settlement for a barrel of light sweet crude oil for delivery in August came in at \$US75.14, down about 0.07 percent, compared with Wednesday's closing level.

For September delivery, the last settlement for a barrel of light sweet crude oil was \$US76.20, representing a fall of about 0.05 percent on the day.

In Europe, key indices of major bourses rebounded from the drubbing of Wednesday, but the recovery was not because of a lack of concern over the North Korean Government's bellicose stance, but because both The Bank of England and European Central Bank (ECB) determined to leave good enough alone and not to raise their respective interest rates, as had been feared in many quarters over the past month or so.

The ECB's key rate stayed at 2.75 percent per annum and The Bank of England's overnight rate stayed at 4.75 percent per annum.

This was how the key indices of the most-important European bourses fared, last Thursday:

Amsterdam's AEX Index	Plus 0.85 percent
France's CAC 40 Index	Plus 0.91 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.24 percent
Great Britain's FTSE 100 Index	Plus 1.08 percent
Italy's MIBTEL Index	Plus 0.80 percent
Switzerland's Swiss Market Index	Plus 0.87 percent

In Asia, some of the most-important equity markets were hit with very large selling orders, especially so in The Land of The Rising Sun.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), banking counters were strong; this situation tended to pull up the key indices of the Main Board of The Stock Exchange of Hongkong Ltd.

The Hang Seng Index finished the day with a gain of about 1.07 percent, coming to rest at 16,440.99 points when the closing bell rang.

The Total Turnover, however, was not particularly high, at about \$HK24.22 billion.

Gaining counters were ahead of losing ones by the ratio of about 2.14:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.52 percent to \$HK136.50 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.50 percent to \$HK12.30 per share
Bank of China Ltd (Code: 3988)	Up 0.70 percent to \$HK3.575 per share
China Mobile Ltd (Code: 941)	Up 2.14 percent to \$HK45.30 per share
PetroChina Company Ltd (Code: 857)	Up 1.79 percent to \$HK8.55 per share
China Construction Bank Corporation (Code: 939)	Up 0.72 percent to \$HK3.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.70 percent to \$HK79.35 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 0.86 percent to \$HK5.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.77 percent to \$HK84.80 per share
Bank of Communications Company Ltd (Code: 3328)	Up 0.50 percent to \$HK5.00 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)
139 Holdings Ltd	139	17.14		0.123
China Fair Land Holdings Ltd	169		10.00	0.315
CNT Group Ltd	701	11.11		0.15
Compass Pacific Holdings Ltd	1188	10.00		0.209
Everbest Century Holdings Ltd	578		17.05	0.365
Everest International Investments Ltd	204		11.29	0.055
Nanjing Panda Electronics Company Ltd	553	10.00		2.20

Skyworth Digital Holdings Ltd	751	13.16		0.86
Starlite Holdings Ltd	403		10.38	0.475
Wing Hong (Holdings) Ltd	745		10.42	0.043

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, it was a completely different story to that, being told on the Main Board.

The Growth Enterprise Index lost about 0.70 percent of its value, falling back to 1,163.02 points on a Total Turnover of about \$HK85.27 million.

The ratio of losing counters to gaining ones was 1.20:One, exactly.

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

Techpacific Capital Ltd (Code: 8088)

Down 2.13 percent to \$HK0.92 per share

Nanjing Sample Technology Company Ltd (Code: 8287)

Up 15.76 percent to \$HK10.65 per share

T S Telecom Technologies Ltd (Code: 8003)

Unchanged at \$HK0.28 per share

Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)

Down 0.67 percent to \$HK3.725 per share

China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)

Down 3.23 percent to \$HK0.90 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Everpride Biopharmaceutical Company Ltd	8019	43.90		0.059
Prosten Technology Holdings Ltd	8026		11.34	0.43
Nanjing Sample Technology Company Ltd	8287	15.76		10.65
TeleEye Holdings Ltd	8051	10.67		0.083
Tiger Tech Holdings Ltd	8046		14.29	0.036

In Japan, investors unloaded large blocks of shares, clearly shaken by the North Korean threats and the fact that the missiles that had been launched on Wednesday and Thursday had landed in The Sea of Japan, not very far from the country.

On The Tokyo Stock Exchange, the TOPIX Index gave up about 1.11 percent of its value, falling to 1,572.29 points.

The ratio of declining counters to advancing ones was wide, at about 1.03:One.

The Nikkei-225 Stock Average lost about 1.30 percent of its value as investors pushed it down to 15,321.40 yen.

This was how the key indices of other Asian equity markets ended last Thursday's trading day:

The HKSAR	Main Board Plus 1.07 percent to 16,440.99 The Growth Enterprise Index Minus 0.70 percent to 1,163.02
Indonesia	Plus 0.13 percent to 1,340.02
Japan	TOPIX Index Minus 1.11 percent to 1,572.29 Nikkei-255 Stock Average Minus 1.30 percent to 15,321.40
Malaysia	Minus 0.53 percent to 920.00
The Philippines	Minus 1.52 percent to 2,227.85
Singapore	Plus 0.99 percent to 2,448.07
South Korea	Minus 1.24 percent to 1,263.96
Taiwan	Minus 0.01 percent to 6,659.07
Thailand	Plus 1.21 percent to 688.96

Friday

Wall Street reverberated into free-fall, last Friday, following an announcement from The Labour Department in respect of the June labour statistics. (Please see below)

The Dow Jones Industrial Average, the key index of The New York Stock Exchange, lost 134.63 points, equivalent to about 1.20 percent, ending the 3-day trading week at 11,090.67 points.

The NASDAQ's Composite Index shed 25.03 points, or about 1.16 percent, falling back to 2,130.06 points.

The volume of activity was light.

Prior to the opening of Wall Street doors for business, last Friday, the US Department of Labour released its findings with regard to the June labour statistics.

The following is the complete statement by the Commissioner for The Bureau of Labour Statistics, Ms Kathleen P. Utgoff:

'Nonfarm payroll employment increased by 121,000 in June, and the unemployment rate was unchanged at 4.6 percent. During the second quarter of this year, payroll employment growth averaged 108,000 per month, down from an average monthly gain of 169,000 over the 12-month period ending in March. Average hourly earnings increased by 8 cents in June.'

'In the service-providing sector of the economy, health care employment continued to trend up over the month, with an increase of 19,000. Job gains occurred in hospitals, doctors' offices, and nursing and residential care facilities. Over the past year, 278,000 jobs have been added in health care.'

'Employment in professional and business services also continued to expand in June (+25,000). Although the increase was in line with average monthly job growth for the first 5 months of this year, it was well below the average monthly gain for 2005 (+41,000). Over the month, employment was up in accounting services and in computer systems design. The job total in temporary help services edged lower in June. Employment in the temporary help industry has drifted down during the first half of this year, after trending up since the spring of 2003.'

'Local government employment was up in June (+24,000), with most of the gain in functions other than education. Government employment was essentially unchanged over the month at the state and Federal levels.'

'Elsewhere in the service-providing sector, employment in food services continued to trend up in June, although there appears to have been some moderation in the rate of job growth in recent months. Financial activities had little job growth for the second month in a row; employment in the industry had been expanding fairly steadily since mid-2005. Employment in retail trade was little changed in June, following 2 months of sizable declines. Within retail, job losses in general merchandise stores have totaled 61,000 over the past 3 months.'

'In the goods-producing sector, manufacturing employment edged up by 15,000 in June. Some 55,000 jobs have been added in the nation's factories (on net) since October 2005; the gain has been concentrated in a few durable goods industries, including machinery, fabricated metals, electrical equipment, and transportation equipment. Overall, the factory workweek increased by 0.1 hour in June, while manufacturing overtime was unchanged.'

'Employment in mining rose in June, as hiring continued in support activities for oil and gas operations. Construction employment essentially held steady for the fourth consecutive month, reflecting recent moderation in residential construction activity.'

'Average hourly earnings for private sector production and nonsupervisory workers increased by 8 cents in June, following gains of 1 cent in May and

10 cents in April. Over the year, average hourly earnings have risen by 3.9 percent.

‘Turning to the data from the household survey, the unemployment rate held at 4.6 percent in June, and the number of unemployed persons was essentially unchanged at 7.0 million. The number of long-term unemployed – those who have been seeking jobs for 27 weeks or longer – fell by 217,000 over the month to 1.1 million. The labor force participation rate and the employment-population ratio were little changed over the month at 66.2 and 63.1 percent, respectively.

‘In summary, nonfarm payroll employment rose by 121,000 in June, and the unemployment rate was unchanged at 4.6 percent.’

What is very clear about the June labour statistics of the US is that insufficient jobs are being created, suggesting, strongly and definitively, that the economy is on the wane.

But the fact that hourly wages are waxing is indicative of inflationary pressures, causing labour to demand more money in order to stand still.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in August was \$US74.09, down about 1.40 percent, compared with the last quote on Thursday.

As for September delivery, the last settlement for a barrel of light sweet crude oil came in at \$US75.23, down about 1.27 percent on the Thursday’s last settlement.

Europe followed Wall Street’s lead with key indices of major bourses, taking one hit after another.

With Wall Street, falling out of bed, so to speak, with the US economy, clearly showing signs of slowing down, appreciably, with the North Korean situation, obviously being bogged down by United Nations, procrastinating as to a reasonable course of action to follow in order to remove the potential threat to world peace, it was hardly any wonder that European investors determined that the best course of action was little to no action.

This was how the key indices of the major European bourses ended, last Friday night:

Amsterdam’s AEX Index	Minus 0.49 percent
France’s CAC 40 Index	Minus 0.25 percent
Germany’s Frankfurt XETRA DAX Index	Minus 0.23 percent
Great Britain’s FTSE 100 Index	Minus 0.01 percent
Italy’s MIBTEL Index	Minus 0.29 percent
Switzerland’s Swiss Market Index	Minus 0.80 percent

In Asia, trading in equities was muted.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier equity market of the territory saw its key index hardly move for the entire trading day.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, gained about 0.11 percent to end the session at 16,459.78 points on a Total Turnover of about \$HK21.35 billion.

The ratio of advancing counters to declining ones was about 1.11:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.66 percent to \$HK137.40 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK8.55 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.81 percent to \$HK12.40 per share
Bank of China Ltd (Code: 3988)	Down 0.70 percent to \$HK3.55 per share
China Mobile Ltd (Code: 941)	Up 0.22 percent to \$HK45.40 per share
China Construction Bank Corporation (Code: 939)	Up 0.71 percent to \$HK3.525 per share
CNOOC (Code: 883)	Unchanged at \$HK6.35 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 1.74 percent to \$HK5.85 per share
Swire Pacific Ltd (Code: 19)	Down 0.06 percent to \$HK80.10 per share
Jiangxi Copper Company Ltd (Code: 358)	Up 5.41 percent to \$HK7.80 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)
Easyknit Enterprises Holdings Ltd	616	10.34		0.48
Asia Tele-Net and Technology Corporation Ltd	679	12.24		0.275
Grandtop International Holdings Ltd	2309	21.95		0.10
Hsin Chong Construction Group Ltd	404	21.62		0.90

Magnum International Holdings Ltd	305		18.42	0.062
Nanjing Panda Electronics Company Ltd	553	10.23		2.425
Orient Resources Group Company Ltd	467	20.51		0.47
Oriental Explorer Holdings Ltd	430		11.11	0.048
Shang Hua Holdings Ltd	371	16.98		0.31
Technology Venture Holdings Ltd	61		13.04	0.10
Vitop Bioenergy Holdings Ltd	1178		12.50	0.14
Wasion Meters Group Ltd	3393	10.83		3.325
Wing Hong (Holdings) Ltd	745	11.63		0.048
Yue Da Holdings Ltd	629	11.76		1.90

Over on The (speculative) **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose by one percent, exactly, to 1,174.59 points.

The Total Turnover on this market, however, remained low, at about \$HK104.53 million.

Gaining counters outdistanced losing ones by the ratio of about 1.17:One.

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

TOM Online Incorporated (Code: 8282)	Down 9.39 percent to \$HK1.64 per share
Techpacific Capital Ltd (Code: 8088)	Unchanged at \$HK0.92 per share
Nanjing Sample Technology Company Ltd (Code: 8287)	Up 12.68 percent to \$HK12.00 per share
China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Up 6.67 percent to \$HK0.96 per share
Shanghai Donghua Petrochemical Company Ltd (Code: 8251)	Up 8.02 percent to \$HK1.75 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Argos Enterprise (Holdings) Ltd	8022	12.80		0.141
B M Intelligence International Ltd	8158		16.67	0.03
China Chief Cable TV Group Ltd	8153		19.00	0.81
EMER International Group Ltd	8149	13.73		0.58
Excel Technology International Holdings Ltd	8048		15.00	0.085
G.A. Holdings Ltd	8126		11.30	0.157
Galileo Capital Group Ltd	8029	10.00		0.099
Global Digital Creations Holdings Ltd	8271		16.67	0.25
Xi'an Haitian Antenna Technologies Company Ltd	8227		10.34	0.39
Nanjing Sample Technology Company Ltd	8287	12.68		12.00
Satellite Devices Corporation	8381	25.00		0.10
Sino Haijing Holdings Ltd	8065		18.03	0.05
Tradeeasy Holdings Ltd	8163		13.16	0.033
Venturepharm Laboratories Ltd	8225		20.00	0.28
Zhejiang Prospect Company Ltd	8273	24.39		1.02

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

The Hang Seng Index	Plus 1.18 percent
The Growth Enterprise Index	Minus 0.32 percent

In Japan, investors continued to fret about North Korea's real intentions in testing its ballistic missiles and, since the United Nations appeared to be taking its sweet time about the potential threat to political stability in Asia, investors in The Land of The Rising Sun determined to sit on their hands and to wait it out in order to see what the new week would bring.

On The Tokyo Stock Exchange, all indices slid quietly to lower levels.

The TOPIX Index gave up about 0.05 percent of its value, ending the week at 1,573.15 points in very quiet trading conditions.

The ratio of losers to gainers was 1.61:One, exactly.

The Nikkei-225 Stock Average shed about 0.09 percent of its value, falling back to 15,307.61 yen.

The tally for the largest equity market of Asia was:

The TOPIX Index	Minus 0.87 percent
The Nikkei-225 Stock Average	Minus 1.27 percent

This was how the key indices of other Asian equity markets ended the week of July 7, 2006:

The HKSAR	Main Board Plus 0.11 percent to 16,459.78 The Growth Enterprise Index Plus 0.995 percent to 1,174.59
Indonesia	Plus 0.59 percent to 1,347.91
Japan	TOPIX Index Plus 0.05 percent to 1,573.15 Nikkei-255 Stock Average Minus 0.09 percent to 15,307.61
Malaysia	Plus 0.60 percent to 925.56
The Philippines	Plus 1.35 percent to 2,258.03
Singapore	Minus 0.12 percent to 2,445.13
South Korea	Plus 0.79 percent to 1,273.93
Taiwan	Plus 0.02 percent to 6,660.61
Thailand	Minus 0.41 percent to 686.11

**TARGET has not included the tally for US equity markets
because there were only 3 trading days last week.**

-- **END** --

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