

**IRAN THREATENS TO PUSH OIL TO \$US200 PER BARREL;
ISRAEL CONTINUES TO POUND HEZBOLLAH GUERRILLAS;
INTEREST RATES RAISED IN EUROPE; AND,
U.S. UNEMPLOYMENT RISES TO 4.80 PERCENT**

The world closed ranks on the government of Israel, last week, with the members of The Security Council of the United Nations (UN), calling for an immediate cease-fire between the Lebanese Hezbollah and the Israeli army, known as the Israeli Defence Force (IDF).

The killing and the maiming, especially of innocent Lebanese women and children in towns of southern Lebanon, touched the heart strings of many a world leader, but Israel was adamant: The Hezbollah are using innocent Lebanese as human shields, the Israeli government explained, and so the real killers were not the IDF, but the leaders of the Hezbollah.

Israel broadened its military objectives in Lebanon, determined to wipe out what that Middle Eastern government termed, the Hezbollah terrorists.

The UN, also, informed the government of Iran that it would impose sanctions on that country unless, within a period of one month, ending August 31, 2006, it suspended all nuclear activities.

Iran responded in its typical bravado fashion.

Iran is known to be pulling the strings on its Hezbollah '*puppets*' in Lebanon.

The fighting in the Middle East, however, and the UN's declaration of intent with regard to the government of Iran started to have an effect on the world's equity markets and commodity markets.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September was \$US74.40, an increase of about 1.58 percent on the last settlement of Friday, July 28, 2006.

For delivery in October, the last settlement was \$US75.68 for a barrel of light sweet crude oil, representing an increase of about 1.73 percent on the last quote of the previous Friday.

The higher price of crude oil took its toll of the share prices of airline stocks on US equity markets, but, other than airlines and various kinds of transportation companies, trading was comparatively quiet on the world's largest stock markets.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 34.02 points, equivalent to about 0.30 percent, ending the trading day at 11,185.68 points.

Over on The NASDAQ, its Composite Index was down 2.67 points, or about 0.13 percent, dropping back to 2,091.47 points.

In Europe, trading was very quiet on the major bourses of the region, with key indices, moving fractionally

lower:

Amsterdam's AEX Index	Minus 0.47 percent
France's CAC 40 Index	Minus 0.37 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.41 percent
Great Britain's FTSE 100 Index	Minus 0.77 percent
Italy's MIBTEL Index	Minus 0.16 percent
Switzerland's Swiss Market Index	Plus 0.09 percent

In Asia, for the most part, investors wanted to see which way the investment wind would be blowing on Wall Street when it opened for business on Monday, New York time.

As such, although there were some material gains, made to key indices of second-line equity markets in the most-populous part of the world, for the most part, trading in stocks and shares was flat.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), small fractional gains were recorded on the territory's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index managed to record a gain of about one tenth of a percentage point by the close of the trading day as investors nudged it to 16,971.34 points.

The Total Turnover on the premier equity market of the territory was just about \$HK23 billion, on the nose.

Losing counters outnumbered gaining ones by the ratio of 1.60:One, exactly.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.21 percent to \$HK140.10 per share
China Mobile Ltd (Code: 941)	Down 0.40 percent to \$HK50.05 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK13.10 per share
China Construction Bank Corporation (Code: 939)	Unchanged at \$HK3.40 per share
Bank of China Ltd (Code: 3988)	Down 0.58 percent to \$HK3.43 per share

Sun Hung Kai Properties Ltd (Code: 16)

Up 0.06 percent to
\$HK81.70 per share

PetroChina Company Ltd (Code: 857)

Down 0.68 percent to
\$HK8.81 per share

BOC Hongkong (Holdings) Ltd (Code: 2388)

Up 0.38 percent to
\$HK15.80 per share

Cheung Kong (Holdings) Ltd (Code: 1)

Up 0.12 percent to
\$HK84.20 per share

CNOOC Ltd (Code: 883)

Down 0.15 percent to
\$HK6.61 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		18.75	0.052
Easyknit Enterprises Holdings Ltd	616		12.50	0.42
ASM Pacific Technology Ltd	522	11.41		39.05
Bestway International Holdings Ltd	718	14.29		0.104
China Glass Holdings Ltd	3300	10.33		2.03
China Motion Telecom International Ltd	989	15.12		0.236
Cosmopolitan International Holdings Ltd	120	16.67		0.14
Daisho Microline Holdings Ltd	567	21.95		2.50
Greater China Holdings Ltd	431		10.94	0.285
Hua Lien International (Holding) Company Ltd	969		10.59	0.152
J.I.C. Technology Company Ltd	987	12.00		0.56
Karl Thomson Holdings Ltd	7	10.50		2.21
Long Far Pharmaceutical Holdings Ltd	2898		10.20	0.44
Oriental Investment Corporation Ltd	735	12.79		0.247
Shaw Brothers (Hongkong) Ltd	80	12.65		14.96

Sino Union Petroleum and Chemical International Ltd	346		19.62	0.213
Sinotronics Holdings Ltd	1195	10.09		1.20
Tongda Group Holdings Ltd	698	10.53		0.42
Unity Investments Holdings Ltd	913		14.17	0.103
Victory Group Ltd	1139	12.84		0.167
Willie International Holdings Ltd	273	12.50		0.162
Winbox International (Holdings) Ltd	474	10.00		0.385
Wonderful World Holdings Ltd	109		10.08	0.107

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, trading was quiet with the Total Turnover, being about \$HK97.89 million.

The Growth Enterprise Index rose about 0.03 percent to 1,118.11 points.

The ratio of gainers to losers was about 1.15:One.

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

Wumart Stores Incorporated (Code: 8277)	Down 5.95 percent to \$HK23.70 per share
Golden Meditech Company Ltd (Code: 8180)	Up 2.44 percent to \$HK2.10 per share
Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)	Unchanged at \$HK4.48 per share
HC International Incorporated (Code: 8292)	Up 2.20 percent to \$HK1.86 per share
Zhengzhou Gas Company Ltd (Code: 8099)	Down 1.08 percent to \$HK0.92 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158		33.33	0.04

Cardlink Technology Group Ltd	8066	13.04		0.13
Xi'an Haitian Antenna Technologies Company Ltd	8227	25.00		0.50
Launch Tech Company Ltd	8196	10.00		2.20
Milkyway Image Holdings Ltd	8130	16.67		0.035
Shanghai Fudan Microelectronics Company Ltd	8102	10.71		0.31
Shine Software (Holdings) Ltd	8270		18.35	0.089
Soluteck Holdings Ltd	8111		10.64	0.042
T S Telecom Technologies Ltd	8003	14.20		0.201
Tianjin TEDA Biomedical Engineering Company Ltd	8189		11.11	0.24
Thiz Technology Group Ltd	8119		26.83	0.03
Vodatel Networks Holdings Ltd	8033		10.26	0.105

In Japan, key indices of the country's 3 stock markets rose, but, as with most of Asia, the gains were less than one percentage point.

On The Tokyo Stock Exchange, The TOPIX Index gained about 0.81 percent, rising to 1,572.01 points.

Advancing counters outran declining ones by the ratio of about 4.07:One.

As for the narrower gauge to trading in blue chips, listed on The First Section of The Tokyo Stock Exchange, known as The Nikkei-225 Stock Average, it ended the day at 15,456.81 yen, representing an increase of about 0.74 percent.

News Wise

- **Mizuho Financial Group Incorporated** reported a Group Net Profit Attributable to Shareholders for the quarter, ended June 30, 2006, of about 230.84 billion yen, up about 33.20 percent, compared with the like period in 2005;
- **Toshiba Corporation** reported a Group Net Profit Attributable to Shareholders of about 4 billion yen for the quarter, ended June 30, 2006. In the like period in 2005, the company reported a Net Loss Attributable to Shareholders of about 8.90 billion yen;
- **Mitsubishi UFJ Financial Group Incorporated** announced that its Net Profit Attributable to Shareholders for the April-June quarter was 219.54 billion yen, down 15.70 percent, Year-On-Year; and,
- **All Nippon Airways Company** reported that its Net Profit Attributable to Shareholders for the first quarter of 2006 was about 7.68 billion yen.

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

The HKSAR	Hang Seng Index Plus 0.10 percent to 16,971.34 The Growth Enterprise Index Plus 0.03 percent to 1,118.11
Indonesia	Plus 1.06 percent to 1,351.65
Japan	TOPIX Index Plus 0.81 percent to 1,572.01 Nikkei-255 Stock Average Plus 0.74 percent to 15,456.81
Malaysia	Plus 0.12 percent to 935.85
The Philippines	Plus 2.63 percent to 2,390.84
Singapore	Plus 0.66 percent to 2,445.43
South Korea	Plus 0.06 percent to 1,297.82
Taiwan	Minus 0.39 percent to 6,454.58
Thailand	Plus 0.01 percent to 691.49

Tuesday

The escalation of the fighting between the Israel Defence Force and the Iran-trained Hezbollah guerrilla fighters of Lebanon plus fears that the US Federal Reserve would raise interest rates, once more, at its scheduled Open Market Committee Meeting of August 8, 2006, took the wind out of the sails of investors on equity markets around the world, last Tuesday.

In addition, the cost of crude oil continued to rise on world markets due, in part at least, to an unprecedented heat wave in the US, which had claimed more than 200 lives by last Tuesday's count, as well as concerns over the Middle East situation.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September was \$US74.91, up about 0.69 percent, compared with Monday's closing rate.

For delivery in October, the last settlement for a barrel of light sweet crude oil was \$US76.18, representing an increase of 0.66 percent, exactly, on the last settlement of Monday.

On Wall Street, investors saw fast erosions in the market prices of their '*darlings*'.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 59.95 points, equivalent to about 0.54 percent, coming to rest at 11,125.73 points by the close of the trading day.

Over on The NASDAQ, its Composite Index shed 29.48 points, or about 1.41 percent, ending the day at 2,061.99 points.

News Wise

- Sales of **US-produced motor vehicles** in the US fell sharply in July, with Japanese-manufactured vehicles, eclipsing those produced in Detroit, Michigan, by a wide margin. The following data was compiled by Autodata Corporation:

<u>Name of Manufacturer</u>	<u>(Decrease)/Increase in Sales in July (Year-On-Year)</u>
DaimlerChrysler AG	(37 percent)
Ford Motor Company	(34 percent)
General Motors Corporation	(19.50 percent)
Toyota Motor Corporation	16 percent
Honda Motor Company	10 percent

In Europe, the concern of many investors was the upcoming Open Market Meeting of The Fed.

Mixed feelings about corporate earnings for the 2006 Financial Year amid the powerhouses of Europe added to the general concern.

Every key index of every major bourse suffered material losses, last Tuesday:

Amsterdam's AEX Index	Minus 0.90 percent
France's CAC 40 Index	Minus 1.22 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.50 percent
Great Britain's FTSE 100 Index	Minus 0.80 percent
Italy's MIBTEL Index	Minus 0.67 percent
Switzerland's Swiss Market Index	Minus 0.08 percent

Asian equity markets saw their key indices fall to lower levels as investors pondered geopolitical concerns as well as speculation about the effects of what appeared to be an \$US80 per-barrel cost for crude oil.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a tug-of-war between bulls and bears on both equity markets, but the result was a standoff.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index fell about 0.35 percent to 16,911.37 points on a Total Turnover of about \$HK20.33 billion.

Losing counters outraced gaining ones by the ratio of about 2.26:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.14 percent to \$HK139.90 per share
China Mobile Ltd (Code: 941)	Down 1.50 percent to \$HK49.30 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.22 percent to \$HK12.94 per share
PetroChina Company Ltd (Code: 857)	Down 1.70 percent to \$HK8.66 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.49 percent to \$HK71.25 per share
Bank of China Ltd (Code: 3988)	Down 0.58 percent to \$HK3.41 per share
China Construction Bank Corporation (Code: 939)	Down 0.59 percent to \$HK3.38 per share
Ping An Insurance (Group) Company of China, Ltd (Code: 2318)	Down 4.23 percent to \$HK24.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.37 percent to \$HK82.00 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.13 percent to \$HK15.82 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CEC International Holdings Ltd	759	10.88		0.163
Compass Pacific Holdings Ltd	1188		11.11	0.16
Cosmopolitan International Holdings Ltd	120		14.29	0.12
Dream International Ltd	1126		11.76	0.30
Garron International Ltd	1226	13.85		0.37
Grandtop International Holdings Ltd	2309		20.37	0.086

Guangdong Tannery Ltd	1058	21.21		0.40
LifeTec Group Ltd	1180	16.48		0.106
Magician Industries (Holdings) Ltd	526	15.28		0.083
Oriental Explorer Holdings Ltd	430	11.11		0.05
Sunway International Holdings Ltd	58		18.85	0.211
Takson Holdings Ltd	918	10.00		0.11
Venture International Investment Holdings Ltd	61		13.64	0.095
Victory Group Ltd	1139	19.16		0.199

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index ended the day at 1,118.47 points, representing a gain of just 0.03 percent on Monday's closing level.

The Total Turnover on this speculative market was about \$HK126.41 million, while the ratio of declining counters to advancing ones was 1.21:One, exactly.

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

Wumart Stores Incorporated (Code: 8277)	Up 1.27 percent to \$HK24.00 per share
Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)	Down 1.34 percent to \$HK4.42 per share
China LotSynergy Holdings Ltd (Code: 8161)	Up 4.00 percent to \$HK1.04 per share
China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Up 1.10 percent to \$HK0.92 per share
Techpacific Capital Ltd (Code: 8088)	Unchanged at \$HK0.80 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		10.91	0.098

First Mobile Group Holdings Ltd	8110		10.34	0.13
Galileo Capital Group Ltd	8029		15.15	0.112
Launch Tech Company Ltd	8196		13.64	1.90
MegaInfo Holdings Ltd	8279	1,830		0.83
Mobile Telecom Network (Holdings) Ltd	8226	64.86		0.061
Plasmagene Biosciences Ltd	8250	11.00		0.111
Shanghai Donghua Petrochemical Company Ltd	8251	13.14		1.98
Shine Software (Holdings) Ltd	8270	12.36		0.10
Sino Haijing Holdings Ltd	8065	18.18		0.065
Venturepharm Laboratories Ltd	8225		10.34	0.26

Trading was quiet and cautious on the 3 equity markets of Japan, last Tuesday.

On The Tokyo Stock Exchange, its TOPIX Index fell about 0.32 percent to 1,562.01 points.

In spite of the key index, being in negative territory, gaining counters outnumbered losing ones by the ratio of about 1.10:One.

The Nikkei-225 Stock Average was off by about one tenth of a percentage point, closing the day at 15,440.91 yen.

News Wise

- **NTT Data Corporation** announced that its Net Profit Attributable to Shareholders in respect of the first quarter of its Fiscal Year was 11.02 billion yen, up about 86.80 percent, Year-On-Year.

In other areas of Asia, this was how their respective key indices ended, last Tuesday night:

The HKSAR	Hang Seng Index Minus 0.35 percent to 16,911.37 The Growth Enterprise Index Plus 0.03 percent to 1,118.47
Indonesia	Plus 1.48 percent to 1,371.69
Japan	TOPIX Index Minus 0.32 percent to 1,567.01 Nikkei-255 Stock Average Minus 0.10 percent to 15,440.91

Malaysia	Plus 0.02 percent to 936.04
The Philippines	Minus 0.10 percent to 2,388.33
Singapore	Minus 0.02 percent to 2,445.04
South Korea	Minus 0.81 percent to 1,287.36
Taiwan	Minus 0.20 percent to 6,441.46
Thailand	Minus 0.65 percent to 686.97

Wednesday

Crude oil prices continued to rise on the world's commodity markets, last Wednesday, as the fighting between the **I**sraeli **D**efence **F**orce (IDF) and the Iran-backed Hezbollah guerrillas was stepped up another notch while the heat wave in the US continued, unabated.

On The **N**ew **Y**ork **M**ercantile **E**xchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September was \$US75.81, up about 1.20 percent on the closing level of Tuesday.

As for October delivery, the last settlement for a barrel of light sweet crude oil was \$US76.90, representing a gain of about 0.95 percent on Tuesday's last settlement price.

In the Middle East, the fighting between the IDF and Hezbollah hotted up as Hezbollah guerrillas launched in excess of 230 rockets into Israel, but the death toll from this missile barrage was small, with only one death, having been officially announced by the Israeli government.

The Prime Minister of Israel, Mr Ehud Olmert, said that Israel would not agree to a cessation of hostilities until a permanent and robust United Nations force had been installed inside Lebanon, guaranteeing the security of the Israeli State.

On Wall Street, however, due to a number of factors, prices moved up.

The US heat wave was claiming more lives as the mean temperatures rose to 100 degrees Fahrenheit and higher, thus straining the electrical infrastructure throughout the country.

Due in part to this situation, energy stocks were in heavy demand on major equity markets in the US, helping to drive up key indices.

Also, a number of companies reported better-than-expected financial results for the last quarter.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 74.20 points, or about 0.67 percent, ending the active trading session at 11,199.83 points.

On The (tech-laden) NASDAQ, its Composite Index put on 16.82 points, equivalent to about 0.82 percent, rising to 2,078.81 points.

In Europe, there was a great deal of talk about interest rates on the eve, so to speak, of the interest-rate meetings of the European Central Bank and The Bank of England, both of which Central Banks' meetings, having been scheduled for last Thursday.

Nevertheless, eyes were, also, targeting international commodity exchanges and Wall Street and, as such, there was no holding back the speculators who charged in, wiping out Tuesday's losses on major bourses in the region.

With crude-oil prices continuing to rise, energy stocks benefitted, materially.

This was how the key indices of major European bourses fared, last Wednesday:

Amsterdam's AEX Index	Plus 1.18 percent
France's CAC 40 Index	Plus 1.57 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.50 percent
Great Britain's FTSE 100 Index	Plus 0.87 percent
Italy's MIBTEL Index	Plus 1.06 percent
Switzerland's Swiss Market Index	Minus 0.32 percent

In Asia, key indices of major equity markets shrugged off the negative news and moved up, sharply.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.72 percent to end the trading session at 17,032.75 points.

The Total Turnover was about \$HK24.47 billion.

The ratio of advancing counters to declining ones was about 1.13:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.36 percent to \$HK140.40 per share
China Mobile Ltd (Code: 941)	Up 0.61 percent to \$HK49.60 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.82 percent to \$HK72.55 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.89 percent to \$HK83.55 per share

China Construction Bank Corporation (Code: 939) Up 0.30 percent to \$HK3.39 per share

Bank of China Ltd (Code: 3988) Down 0.29 percent to \$HK3.40 per share

PetroChina Company Ltd (Code: 857) Up 0.35 percent to \$HK8.69 per share

China Life Insurance Company Ltd (Code: 2628) Down 0.31 percent to \$HK12.90 per share

Cheung Kong (Holdings) Ltd (Code: 1) Up 1.13 percent to \$HK85.30 per share

BOC Hongkong (Holdings) Ltd (Code: 2388) Up 0.63 percent to \$HK15.92 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Holdings Ltd	899	25.00		0.75
Ching Hing (Holdings) Ltd	692	12.68		0.08
Compass Pacific Holdings Ltd	1188		15.63	0.135
Hanny Holdings Ltd	275	10.70		3.00
Morning Star Resources Ltd	542	16.42		0.078
Nam Tai Electronic and Electrical Products Ltd	2633	14.43		1.11
New Capital International Investment Ltd	1062	25.19		0.164
Peaktop International Holdings Ltd	925	10.00		0.088
South China Industries Ltd	413		10.00	0.90
Victory Group Ltd	1139		15.58	0.168
Wah Nam International Holdings Ltd	159		14.73	0.11

Over on The (speculative) **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gained about 0.81 percent, ending the session at 1,127.52 points.

The Total Turnover on this market was about \$HK110.49 million.

Losing counters, however, outnumbered gaining ones by the ratio of about 1.13:One.

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

Wumart Stores Incorporated (Code: 8277)	Up 6.67 percent to \$HK25.60 per share
Techpacific Capital Ltd (Code: 8088)	Down 1.25 percent to \$HK0.79 per share
MegaInfo Holdings Ltd (Code: 8279)	Down 39.76 percent to \$HK0.50 per share
TOM Online Incorporated (Code: 8282)	Down 4.55 percent to \$HK1.05 per share
Convenience Retail Asia Ltd (Code: 8052)	Unchanged at \$HK2.95 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	25.00		0.04
Co-winner Enterprise Ltd	8108	13.45		1.35
EMER International Group Ltd	8149	27.27		0.70
Shenzhen EVOC Intelligent Technology Company Ltd	8285	13.11		0.345
Global Link Communications Holdings Ltd	8060	28.89		0.058
IIN International Ltd	8128	13.79		0.033
MegaInfo Holdings Ltd	8279		39.76	0.50
MP Logistics International Holdings Ltd	8239		15.09	0.09
Shine Software (Holdings) Ltd	8270	10.00		0.11
Tianjin TEDA Biomedical Engineering Company Ltd	8189	16.67		0.28
Tiger Tech Holdings Ltd	8046		15.87	0.053

Quiet trading conditions prevailed on the 3 equity markets of Japan, last Wednesday.

On the premier equity market of the country, The Tokyo Stock Exchange, its TOPIX Index rose about 0.17 percent to 1,569.65 points.

The ratio of advancing counters to declining ones was about 2.02:One.

The Nikkei-225 Stock Average, on the other hand, rose only about 0.15 percent to end the day at 15,464.29 yen.

News Wise

- The Development Bank of Japan, a Japanese Government institution, in its June survey, determined that major Japanese manufacturers were planning to spend nearly 22 percent more on **capital investment** than they did in Fiscal 2005;
- **Mitsubishi Motors Corporation** announced that its Loss Attributable to Shareholders for its first quarter, ended June 30, 2006, amounted to about 15.10 billion yen. In the like quarter of 2005, the fourth-largest vehicle manufacturer in Japan reported a Loss Attributable to Shareholders of about 21.60 billion yen; and,
- **McDonald's Company (Japan)** announced that, in the first half of its Financial Year, it suffered a Loss Attributable to Shareholders of about 545 million yen.

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

The HKSAR	Hang Seng Index Plus 0.72 percent to 17,032.75 The Growth Enterprise Index Plus 0.81 percent to 1,127.52
Indonesia	Plus 1.65 percent to 1,394.36
Japan	TOPIX Index Plus 0.17 percent to 1,569.65 Nikkei-255 Stock Average Plus 0.15 percent to 15,464.29
Malaysia	Minus 0.21 percent to 934.07
The Philippines	Minus 3.35 percent to 2,308.37
Singapore	Plus 0.37 percent to 2,453.99
South Korea	Plus 0.60 percent to 1,295.11
Taiwan	Plus 0.47 percent to 6,471.42
Thailand	Plus 1.04 percent to 694.09

Thursday

Hezbollah missiles rained down in Israeli cities, last Thursday, while artillery shells and helicopter gunships of the Israeli Defence Force blasted the suburbs and Beirut, Lebanon, and other Lebanese cities.

The toll of the dead and maimed rose on both sides of this deathly conflict.

In Washington, D.C., 2 US Army generals, who are in charge of the chaotic situation in Iraq, told the US Congress that the situation in the country was so bad that it bordered on civil war.

From Caracas, Venezuela, the Foreign Relations Minister of Iran, Mr Manuchehr Mohammadi, stated on Venezuela State television that if the **United Nations** (UN) imposed sanctions on Iran, as threatened, the price of crude oil could hit \$US200 per barrel.

The UN has given Iran until the end of the month to cease all nuclear activities in the country or face economic sanctions.

The Middle East was in turmoil.

But, on international commodity markets, the price of crude oil eased back, slightly.

On The **New York Mercantile Exchange** (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September came in at \$US75.46, a reduction of about 0.46 percent on Wednesday's closing level.

For October delivery, the last settlement for a barrel of light sweet crude oil was \$US76.74, down about 0.21 percent on Wednesday's last settlement.

On Wall Street, while key indices rose, fractionally, there was a great deal of uncertainty, following the raising of interest rates in the **European Union** (EU) and Great Britain. (Please see the European report, below)

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.38 percent to 11,242.59 points while, on The NASDAQ, its Composite Index gained about 0.65 percent to end the day at 2,092.34 points.

The ratio of gainers and losers on both equity markets was about 1.50:One.

News Wise

- **AOL LLC**, a division of **Time Warner Incorporated**, is to sack about 25 percent of its workforce before the end of the year. That is equivalent to about 5,000 job losses. Earlier this year, AOL sacked about 1,300 of its staff at US call centres.

In Europe, investors got a bit of a shock when both The Bank of England and The European Central Bank increased interest rates by 25 basis points, each, to 4.75 percent and 3 percent, respectively.

The moves, in both cases, are aimed at keeping inflation in check.

The moves by the central banks rattled investors in Europe, causing the key indices of major bourses to come off, substantially, as the following **TARGET** table illustrates:

Amsterdam's AEX Index	Minus 1.02 percent
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France's CAC 40 Index	Minus 0.84 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.71 percent
Great Britain's FTSE 100 Index	Minus 1.57 percent
Italy's MIBTEL Index	Minus 0.63 percent
Switzerland's Swiss Market Index	Minus 1.05 percent

Property stocks in Europe took the brunt of the selling pressure, followed by banks as investors realised that the higher that interest rates rose, the quicker would be the fall in the value of property while the profits of banks would, inevitably, be curtailed as borrowing dried up, appreciably.

In Asia, with the exception of the main stock market of The Philippines, trading was relatively quiet.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), while both equity markets registered gains, those gains were only of a tiny fractional nature.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.09 percent to 17,048.42 points on a Total Turnover of about \$HK28.42 billion.

Advancing counters outnumbered declining ones by the ratio of about 1.63:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.28 percent to \$HK140.80 per share
China Construction Bank Corporation (Code: 939)	Up 2.36 percent to \$HK3.47 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.07 percent to \$HK72.50 per share
China Mobile Ltd (Code: 941)	Down 0.30 percent to \$HK49.45 per share
Bank of China Ltd (Code: 3988)	Up 0.59 percent to \$HK3.42 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.71 percent to \$HK13.12 per share
PetroChina Company Ltd (Code: 857)	Up 0.92 percent to \$HK8.77 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.18 percent to \$HK83.40 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.50 percent to \$HK16.00 per share

China Telecom Corporation Ltd (Code: 728)

Up 2.33 percent to \$HK2.64 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Easyknit Enterprises Holdings Ltd	616	14.29		0.48
China Motion Telecom International Ltd	989		12.13	0.21
Compass Pacific Holdings Ltd	1188	11.11		0.15
Cosmos Machinery Enterprises Ltd	118	11.76		0.57
Grandtop International Holdings Ltd	2309		13.95	0.074
Jinhui Holdings Company Ltd	137	14.45		1.98
Kader Holdings Company Ltd	180	10.29		0.375
Kiu Hung International Holdings Ltd	381		15.25	0.25
One Media Group Ltd	426		12.07	0.51
Sunlink International Holdings Ltd	2336	18.57		0.083
Victory Group Ltd	1139	10.71		0.186
Wing Shan International Ltd	570	10.34		0.32

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose by about 0.36 percent to 1,131.58 points on a Total Turnover of about \$HK101.57 million.

On this speculative market, losing counters outnumbered gaining ones by the ratio of about 1.09:One.

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

Wumart Stores Incorporated (Code: 8277)

Up 0.20
percent to
\$HK25.65 per
share
Down 1.69
percent to
\$HK2.90 per
share

Convenience Retail Asia Ltd (Code: 8052)

Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)

Up 3.12
percent to
\$HK4.63 per
share

TOM Online Incorporated (Code: 8282)

Unchanged at
\$HK1.05 per
share

Nanjing Sample Technology Company Ltd (Code: 8287)

Up 0.43
percent to
\$HK13.86 per
share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210	37.61		0.15
CIG Yangtze Ports PLC	8233		12.28	0.50
Golding Soft Ltd	8190	25.00		0.025
International Entertainment Corporation	8118	10.32		1.71
Jiangsu Nandasoft Company Ltd	8045	10.69		0.145
Sino Haijing Holdings Ltd	8065		10.77	0.058
Ningbo Yidong Electronic Company Ltd	8249	10.50		0.20

In Japan, there was little movement in the key indices of the country's 3 stock markets.

On The Tokyo Stock Exchange, its TOPIX Index shed about 0.008 percent of its value, ending the quiet trading session at 1,569.53 points.

The ratio of losing counters to gaining ones was about 1.40:One.

The Nikkei-225 Stock Average, on the other hand, rose about 0.04 percent to 15,470.37 yen.

News Wise

- **Konica Minolta Holdings Incorporated** announced that its Net Profit Attributable to Shareholders for the quarter, ended June 30, 2006, was 10.56 billion yen, an increase, Year-On-Year, of about 44.30 percent; and,
- **Nippon Telegraph and Telephone Corporation (NTT)** announced that its Net Profit Attributable to Shareholders for the first quarter of 2006 had slipped by about 18.50 percent to 144.68 billion yen, compared with the like period in 2005.

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

The HKSAR	Hang Seng Index Plus 0.09 percent to 17,048.42 The Growth Enterprise Index Plus 0.36 percent to 1,131.58
Indonesia	Minus 1.05 percent to 1,379.72
Japan	TOPIX Index Minus 0.008 percent to 1,569.53 Nikkei-255 Stock Average Plus 0.04 percent to 15,470.37
Malaysia	Plus 0.13 percent to 935.29
The Philippines	Plus 2.13 percent to 2,357.55
Singapore	Plus 0.13 percent to 2,457.09
South Korea	Minus 0.24 percent to 1,292.05
Taiwan	Minus 0.14 percent to 6,462.32
Thailand	Plus 1.30 percent to 703.10

Friday

The US Federal Reserve will have a bit of a conundrum to ponder tomorrow (Tuesday, August 8, 2006) because, on the one hand, inflation is threatening the largest economy of the world, but, on the other hand, the economy of the US is slowing, appreciably.

The conundrum in a nutshell: Should The Fed tackle the inflationary trend by raising interest rates by another 25 basis points; or, should The Fed concentrate its efforts in support of US industry by leaving well-enough alone?

Last Friday, prior to Wall Street, opening its doors for business, the US Department of Labour brought out its findings in respect of the labour situation in the US for the month of July.

It was not good news – for anybody, actually.

This is the full text of the statement of Mr Philip L. Rones, the Acting Commissioner of The Bureau of Labour Statistics:

‘Nonfarm payroll employment increased by 113,000 in July, and the unemployment rate rose to 4.8 percent. The increase in payroll employment was in line with the average monthly gain for the second quarter of this year (+112,000), but was down from the average monthly gain for the 12-month period ending in March (+169,000). Average hourly earnings increased by 7 cents, or 0.4 percent, in July.

'In the service-providing sector, employment in professional and business services rose by 43,000 over the month. Job gains occurred in a number of component industries, including architectural and engineering services, computer systems design services, and management and technical consulting services. Employment was flat over the month in temporary help services.'

'Employment in leisure and hospitality increased by 42,000 in July, mainly due to continued job growth in food services and drinking places (+29,000). Health care employment also continued on an upward trend, with an increase of 23,000. Job gains occurred in hospitals and in nursing and residential care facilities.'

'The number of jobs in retail trade was unchanged in July; employment in general merchandise stores declined by 8,000 over the month and has fallen by 74,000 since August 2005. Wholesale trade employment, which generally has been expanding since the summer of 2003, held steady in July. The job totals in other major service-providing industries showed little or no change over the month.'

'In the goods-producing sector of the economy, employment in mining continued to trend upward in July (+8,000), largely because of continued job growth in oil and gas extraction and in related support activities. Construction employment was little changed for the fifth month in a row; over the period, job growth in nonresidential construction has been offset by job losses in residential and heavy construction.'

'Manufacturing employment edged down by 15,000 in July, largely offsetting an increase in June. Over the month, manufacturing hours increased by 0.2 hour, while factory overtime was down by 0.1 hour.'

'Average hourly earnings for private production and nonsupervisory workers rose by 7 cents (0.4 percent) for the second month in a row. Over the 12 months ending in July, average hourly earnings have risen by 3.8 percent.'

'Looking at some of the major labor market indicators from our household survey, the number of unemployed persons edged up in July, and the unemployment rate increased from 4.6 to 4.8 percent. The number of persons unemployed for 27 weeks or more returned to 1.3 million, following a dip in June. Total employment (144.3 million) and the employment-population ratio (63.0 percent) essentially held steady in July. The labor force participation rate was unchanged at 66.2 percent.'

'In summary, payroll employment rose by 113,000 in July, and the unemployment rate increased to 4.8 percent.'

On Wall Street, investors started to fret about the July employment figures, seemingly disregarding their fears of late with regard to The Fed's Open Market Committee Meeting, scheduled to start tomorrow.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.02 percent of its value, falling back to 11,240.35 points.

The NASDAQ's Composite Index shed about 0.35 percent, ending the week at 2,085.05 points.

Trading was comparatively light.

The tally for the week for the largest equity markets of the world was:

The Dow Jones Industrial Average	Plus 0.18 percent
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The NASDAQ's Composite Index

Minus 0.43
percent

In Lebanon, the Israel Defence Force continued its bombardment of the Hezbollah guerrillas, mostly in southern Beirut, and, in turn, Israel enjoyed about 180 Hezbollah missiles, which went deeper into Israel territory than ever before.

In Iran, there were street demonstrations in support of the Hezbollah as the clergy of that Muslim fundamentalist country fanned the flames of hate against Israel.

The United Nations continued to debate what to do about the ever-worsening situation.

But, on the world's commodity markets, the price of crude oil fell, slightly!

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September was \$US74.76, down about 0.93 percent on the last settlement of Thursday.

As for October delivery, the last settlement for a barrel of light sweet crude oil was \$US76.16, equivalent to a fall of about 0.76 percent on Thursday's quote.

In Europe, with the fears of another interest-rate increase abating in the US, somewhat at least, every key index of every major bourse rose, materially.

Investors appeared to have forgotten that, just one day prior, interest rates for most of Europe had been raised by one quarter of one percent.

This was how the key indices of the most-important European bourses ended the week of August 4, 2006:

Amsterdam's AEX Index	Plus 1.14 percent
France's CAC 40 Index	Plus 1.14 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.47 percent
Great Britain's FTSE 100 Index	Plus 0.87 percent
Italy's MIBTEL Index	Plus 0.87 percent
Switzerland's Swiss Market Index	Plus 0.78 percent

In Asia, last Friday, investors determined to wait for the US Fed's determination in respect of the direction of US interest rates and, as such, share-price movements, for the most part, were muted.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors, locked into the premier equity market of the territory, enjoyed a roller-coaster ride as the key gauge to trading in blue chips, The Hang Seng Index, rose in the morning session, only to fall back, hard, in the 90-minute afternoon trading session.

By the close, the Main Board of The Stock Exchange of Hongkong Ltd had its Hang Seng Index, standing at

16,887.80 points, down about 0.94 percent on Thursday's closing level.

The Total Turnover was about \$HK24.71 billion.

The ratio of losing counters to gaining ones was wide, at about 3.11:One.

The Ten Most Actives were:

Huabao International Holdings Ltd (Code: 336) Down 16.79 percent to \$HK2.33 per share

HSBC Holdings plc (Code: 5) Down 0.28 percent to \$HK140.40 per share

China Construction Bank Corporation (Code: 939) Unchanged at \$HK3.47 per share

China Mobile Ltd (Code: 941) Down 1.31 percent to \$HK48.80 per share

Bank of China Ltd (Code: 3988) Unchanged at \$HK3.42 per share

Hutchison Whampoa Ltd (Code: 13) Down 0.90 percent to \$HK71.85 per share

China Life Insurance Company Ltd (Code: 2628) Down 0.91 percent to \$HK13.00 per share

Sun Hung Kai Properties Ltd (Code: 16) Down 1.02 percent to \$HK82.55 per share

Esprit Holdings Ltd (Code: 330) Down 2.62 percent to \$HK57.50 per share

Solomon Systech (International) Ltd (Code: 2878) Down 25.00 percent to \$HK1.68 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104	13.79		0.66
AviChina Industry and Technology Company Ltd	2357		26.51	0.61
Berjaya Holdings (Hongkong) Ltd	288		21.74	0.072
China Financial Industry Investment Fund Ltd	1227		10.91	0.098
Compass Pacific Holdings Ltd	1188	10.00		0.165

G-Vision International (Holdings) Ltd	657		22.83	0.071
Gay Giano International Group Ltd	686		11.39	0.14
Hanny Holdings Ltd	275	11.90		3.48
Huabao International Holdings Ltd	336		16.79	2.33
Pacific Plywood Holdings Ltd	2969		12.00	0.11
Solomon Systech (International) Ltd	2878		25.00	1.68
Suga International Holdings Ltd	912	14.63		0.47
Takson Holdings Ltd	918	13.33		0.119
UDL Holdings Ltd	620		13.33	0.026
United Metals Holdings Ltd	2302		19.17	0.485

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, rose about 0.30 percent to 1,135.01 points.

The Total Turnover was about \$HK100.90 million.

In spite of The Growth Enterprise Index, being in positive territory by the close of the day, losing counters outnumbered gaining ones by the ratio of about 1.52:One.

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

Wumart Stores Incorporated (Code: 8277)	Up 4.68 percent to \$HK26.85 per share
TOM Online Incorporated (Code: 8282)	Up 9.52 percent to \$HK1.15 per share
Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)	Up 0.22 percent to \$HK4.64 per share
Techpacific Capital Ltd (Code: 8088)	Down 1.27 percent to \$HK0.78 per share
China LotSynergy Holdings Ltd (Code: 8161)	Unchanged at \$HK1.01 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Argos Enterprise (Holdings) Ltd	8022	27.55		0.125
Cardlink Technology Group Ltd	8066		19.23	0.105
Everpride Biopharmaceutical Company Ltd	8019	13.51		0.042
First Mobile Group Holdings Ltd	8110		10.40	0.112
Galileo Capital Group Ltd	8029		17.39	0.095
Golding Soft Ltd	8190		16.00	0.021
ITE (Holdings) Ltd	8092		16.67	0.05
Jiangsu Nandasoft Company Ltd	8045		10.34	0.13
MegaInfo Holdings Ltd	8279		16.67	0.40
New Universe International Group Ltd	8068	55.17		0.045
Vodatel Networks Holdings Ltd	8033	17.00		0.117
Wafer Systems Ltd	8198		13.64	0.095

The tally for the second, most-important equity market of Asia for the week, ended August 4, 2006, was:

The Hang Seng Index	Minus 0.40 percent
The Growth Enterprise Index	Plus 1.54 percent

In Japan, stocks and shares traded within a narrow band on the country's 3 equity markets, with key indices, moving by only fractions.

On The Tokyo Stock Exchange, its TOPIX Index rose about 0.14 percent to 1,571.70 points.

The ratio of advancing counters to declining ones was about 1.06:One.

The Nikkei-225 Stock Average rose about 0.19 percent to 15,499.18 yen.

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

The TOPIX Index	Plus 0.79 percent
The Nikkei-225 Stock Average	Plus 1.02 percent

This was how the indices of other, major Asian equity markets ended, last Friday:

The HKSAR	Hang Seng Index Minus 0.94 percent to 16,887.80 The Growth Enterprise Index Plus 0.30 percent to 1,135.01
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Indonesia	Plus 0.70 percent to 1,389.35
Japan	TOPIX Index Plus 0.14 percent to 1,571.70 Nikkei-255 Stock Average Plus 0.19 percent to 15,499.18
Malaysia	Plus 0.29 percent to 937.99
The Philippines	Plus 0.08 percent to 2,362.60
Singapore	Plus 0.24 percent to 2,462.92
South Korea	Plus 0.96 percent to 1,304.51
Taiwan	Minus 0.30 percent to 6,442.61
Thailand	Plus 0.03 percent to 703.28

-- E N D --

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