

**IRAN TO HOLD TALKS ON ITS NUCLEAR PROGRAMME –  
U.S. HOME SALES COLLAPSED IN JULY –  
EQUITY MARKETS, AROUND THE WORLD, START TO FALL**

With 10 days to go before the United Nations's deadline, that sanctions would be imposed on Iran unless it ceased and desisted in its nuclear programme, the ultimate leader of this fundamentalist Islamic country came out in absolute defiance of the world body.

Ayatollah Ali Khamenei, in a television appearance in Tehran, the Capital City of Iran, said, inter alia:

*'The Islamic Republic of Iran has made its decision and, in the issue of nuclear energy, will continue its path powerfully ... and it will receive the sweet fruits of its efforts ...'.*

Iran was to reply, formerly, to the United Nations (UN) by last Tuesday, at the latest, as to its determination with regard to the UN's demands.

To many political scientists, it appeared that Iran's Government was quite ready and willing to accept whatever sanctions the UN might decide to impose on the country.

If that were not the case, then, Iran was playing a classy game of '*chicken*'.

If Iran remains intransigent with regard to its nuclear programme and the UN imposes sanctions on the country, many people believe that Iran could well consider withholding exports of crude oil from the country, thus driving up the price of crude oil on the world's commodity exchanges.

Iran is the world's fourth-largest, crude-oil exporter so that any disruption in the flow of oil from this country would have international repercussions.

On The New York Mercantile Exchange (NYMEX), last Monday, the last settlement for a barrel of light sweet crude oil for delivery in September was \$US72.45, equivalent to an increase of about 1.84 percent on the last settlement of Friday, August 18, 2006.

As for October delivery, the last settlement for a barrel of light sweet crude oil was \$US73.30, up about 1.66 percent on the final quote of the previous Friday.

Institutional investors, heavily committed to holdings in equity markets, around the world, shuddered at the thought of what another oil crisis could do to the developed economies of the world.

On Wall Street, key indices on the world's largest stock markets started to lose ground from the opening bells.

The Dow Jones Industrial Average, which is the key index of The New York Stock Exchange, dropped back about 36.42 points, or about 0.32 percent, ending the trading session at 11,345.05 points.

On The NASDAQ, its Composite Index shed 16.20 points, equivalent to about three quarters of a percentage point, falling back to 2,147.75 points.

In Europe, investors were decidedly of the opinion that trouble was in store in respect of the Iran situation.

Inflation is, already, a cause for concern in Europe and, should Iran turn off its crude-oil taps, inflationary

pressures would, undoubtedly, be stepped up a notch or more, not just in Europe, but, also, in the US.

Key indices of major European bourses lost fractional ground, last Monday, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Minus 0.20 percent
France's CAC 40 Index	Minus 0.60 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.38 percent
Great Britain's FTSE 100 Index	Plus 0.19 percent
Italy's MIBTEL Index	Minus 0.23 percent
Switzerland's Swiss Market Index	Minus 0.30 percent

In Asia, the closing levels of key indices of every major equity market of the region were written in red ink.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key index of the premier equity market of the territory had the distinction of being Asia's second largest loser.

On The Stock Exchange of Hongkong Ltd, its Hang Seng Index surrendered about 1.86 percent of its value, dropping to 17,007.88 points on a Total Turnover of about \$HK27.95 billion.

The ratio of losers to gainers was about 4.27:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 1.14 percent to \$HK138.50 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.15 percent to \$HK13.72 per share
China Mobile Ltd (Code: 941)	Down 3.58 percent to \$HK49.80 per share
PetroChina Company Ltd (Code: 857)	Down 0.23 percent to \$HK8.74 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.74 percent to \$HK73.50 per share
China Construction Bank Corporation (Code: 939)	Down 0.87 percent to \$HK3.43 per share
CNOOC Ltd (Code: 883)	Down 1.91 percent to \$HK6.66 per share

Esprit Holdings Ltd (Code: 330)

Up 0.62 percent to \$HK64.95 per share

Cheung Kong (Holdings) Ltd (Code: 1)

Down 1.36 percent to \$HK87.05 per share

Sun Hung Kai Properties Ltd (Code: 16)

Down 1.88 percent to \$HK83.40 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia TeleMedia Ltd	376	27.14		0.089
Fortuna International Holdings Ltd	530		13.33	0.013
Grandtop International Holdings Ltd	2309		10.67	0.067
Hon Po Group (Lobster King) Ltd	228	11.98		1.87
Kiu Hung International Holdings Ltd	381	15.63		0.37
Magnum International Holdings Ltd	305		22.35	0.066
Omnicorp Ltd	94	22.22		0.66
Unity Investments Holdings Ltd	913		16.67	0.07
Winfoong International Ltd	63	11.90		0.47

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose about 0.26 percent to 1,120.93 points on a Total Turnover of about \$HK119.40 million.

But in spite of the lone index of this speculative market, being slightly in positive territory, declining counters outnumbered advancing ones by the ratio of 1.60:One, exactly.

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

CK Life Sciences International (Holdings) Incorporated (Code: 8222) Up 4.23 percent to \$HK0.74 per share

China Fire Safety Enterprise Group Holdings Ltd (Code: 8201) Down 7.04 percent to \$HK0.66 per share

Century Sunshine Ecological Technology Holdings Ltd (Code: 8276) Down 0.64 percent to \$HK4.68 per share

Changmao Biochemical Engineering Company Ltd (Code: 8208) Up 13.93 percent to \$HK2.29 per share

Zhengzhou Gas Company Ltd (Code: 8099) Unchanged at \$HK0.94 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112		16.28	0.36
Argos Enterprise (Holdings) Ltd	8022	11.11		0.10
Changmao Biochemical Engineering Company Ltd	8208	13.93		2.29
China Advance Holdings Ltd	8117	11.86		0.33
ePRO Ltd	8086		26.32	0.07
Essex Bio-Technology Ltd	8151	25.49		0.128
Golding Soft Ltd	8190		10.00	0.018
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		12.43	0.148
Shandong Luoxin Pharmacy Stock Company Ltd	8058	20.00		0.60
Tiger Tech Holdings Ltd	8046		10.00	0.054
Xteam Software International Ltd	8178		10.26	0.035
Zhejiang Prospect Company Ltd	8273		18.89	0.73

In Japan, the country's 3 equity markets saw sellers out in force, pulling down all of the indices, rather materially.

On The Tokyo Stock Exchange, its official TOPIX Index shed 1.05 percent of its value, exactly, ending the day at 1,624.21 points.

The ratio of losing counters to gaining ones was about 2.53:One.

As for The Nikkei-225 Stock Average, which is not an official index of Asia's largest market, it ended the day at 15,969.04 yen, down about 0.85 percent, compared with the previous Friday's close.

In other Asian stock markets, their key indices ended last Monday on the following negative note:

The HKSAR	Hang Seng Index Minus 1.86 percent to 17,007.88 The Growth Enterprise Index Plus 0.26 percent to 1,120.93
Indonesia	Closed
Japan	TOPIX Index Minus 1.05 percent to 1,624.21 Nikkei-255 Stock Average Minus 0.85 percent to 15,969.04
Malaysia	Plus 0.06 percent to 942.61
The Philippines	Closed
Singapore	Minus 0.65 percent to 2,467.30
South Korea	Minus 0.71 percent to 1,321.67
Taiwan	Minus 3.20 percent to 6,505.92
Thailand	Minus 0.36 percent to 705.93

## **Tuesday**

The Government of Iran responded to the June package of incentives, offered by Great Britain, Germany, France, the People's Republic of China (PRC), the United States of America and Russia, last Tuesday, but there was no indication that the fundamentalist Muslim country would be willing to bend in its determination to enrich uranium.

Which is the one thing that the United Nations (UN) and most Western countries are demanding.

The fear of many leaders of the Western powers is that Iran is secretly preparing to build up an arsenal of weapons of mass destruction, including atomic weapons.

Iran's nuclear negotiator, Mr Ali Larijani, was quoted as saying, last Tuesday, inter alia:

*'Iran is prepared to hold serious talks from August 23 ... Although there is no justification for other parties' illegal move to refer Iran's case to the Security Council ... the answer was prepared ... to pave the way for fair talks ... '.*

While there was said to be nothing very definitive in Iran's response to the Western powers' incentive package of June, at the same time, it was an answer, at least of sorts.

The West had obtained the attention of Iran's Government: The talks were on.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September (last Tuesday was the last day for dealing in futures in this month) was \$US72.63, up just about one quarter of a percentage point on Monday's last transaction.

As for October delivery (which was the front month from last Wednesday), the last settlement for a barrel of light sweet crude oil was \$US73.10, a decrease of about 0.27 percent on the last settlement of Monday.

On Wall Street, trading was relatively light as investors appeared to be weighing up international events.

On The New York Stock Exchange, the Dow Jones Industrial Average lost another 5.21 points, equivalent to a fall of about 0.05 percent, ending the trading session at 11,339.84 points.

On The NASDAQ, its Composite Index rose 2.27 points, or about 0.11 percent, coming to rest at 2,150.02 points by the close of the day.

In Europe, news that Iran was, at least, willing to talk about its nuclear programme to the Western powers was widely welcomed and it appeared that the '*heat*' was off, at least for a short period of time.

With the lone exception of the key index of The London Stock Exchange, key indices of other major bourses managed to score fractional gains:

Amsterdam's AEX Index	Plus	0.18 percent
France's CAC 40 Index	Plus	0.46 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.40 percent
Great Britain's FTSE 100 Index	Minus	0.21 percent
Italy's MIBTEL Index	Plus	0.40 percent
Switzerland's Swiss Market Index	Plus	0.22 percent

Key indices of major Asian equity markets rebounded, also, last Tuesday.

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

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose about 0.83 percent to 17,149.75 points on a Turnover of about \$HK21.80 billion.

Advancing counters were ahead of declining ones by the ratio of about 2.35:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.43 percent to \$HK139.10 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.48 percent to \$HK14.06 per share
PetroChina Company Ltd (Code: 857)	Up 3.20 percent to \$HK9.02 per share

China Mobile Ltd (Code: 941)

Up 1.10 percent to \$HK50.35 per share

CNOOC Ltd (Code: 883)

Up 2.70 percent to \$HK6.84 per share

Hutchison Whampoa Ltd (Code: 13)

Up 0.82 percent to \$HK74.10 per share

China Construction Bank Corporation (Code: 939)

Unchanged at \$HK3.43 per share

PICC Property and Casualty Company Ltd (Code: 2328)

Down 5.15 percent to \$HK2.76 per share

China Petroleum and Chemical Corporation (Code: 386)

Up 1.31 percent to \$HK4.63 per share

China Overseas Land and Investment Ltd (Code: 688)

Up 6.43 percent to \$HK5.30 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>
Get Nice Holdings Ltd	64	15.25		0.68
Golden Harvest Entertainment (Holdings) Ltd	1132	10.49		0.158
Hon Po Group (Lobster King) Ltd	228		15.51	1.58
Magnum International Holdings Ltd	305		10.61	0.059
Ming Fung Jewellery Group Ltd	860	10.00		0.385
Premium Land Ltd	164	10.45		0.243
Radford Capital Investment Ltd	901		10.71	0.10
Same Time Holdings Ltd	451	10.00		1.10
Shanghai Zendai Property Ltd	755	12.29		0.265
Singamas Container Holdings Ltd	716		15.34	4.25
South China Industries Ltd	413		16.67	0.75
Takson Holdings Ltd	918		20.63	0.10
Theme International Holdings Ltd	990	12.00		0.028

Unity Investments Holdings Ltd	913		11.43	0.062
USI Holdings Ltd	369	10.29		3.86
Wah Yuen Holdings Ltd	2349	10.34		0.096
ZZNode Technologies Company Ltd	2371	18.42		0.45

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, managed to put on 1.45 percent, rising to 1,137.23 points.

The Total Turnover was about \$HK151.15 million, while the ratio of gainers to losers was about 1.64:One.

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

CK Life Sciences International (Holdings) Incorporated (Code: 8222) Up 5.41 percent to \$HK0.78 per share

Century Sunshine Ecological Technology Holdings Ltd (Code: 8276) Up 0.21 percent to \$HK4.69 per share

Kanstar Environmental Paper Products Holdings Ltd (Code: 8011) Up 35.80 percent to \$HK0.55 per share

Xinjiang Tianye Water Saving Irrigation System Company Ltd (Code: 8280) Down 3.70 percent to \$HK1.82 per share

Zhengzhou Gas Company Ltd (Code: 8099) Up 1.06 percent to \$HK0.95 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	14.00		0.114
Emperor Entertainment Group Ltd	8078	17.86		0.99
Essex Bio-Technology Ltd	8151	25.00		0.16
First Mobile Group Holdings Ltd	8110		10.38	0.095
Kanstar Environmental Paper Products Holdings Ltd	8011	35.80		0.55
Long Success International (Holdings) Ltd	8017		14.55	0.94
Mobile Telecom Network (Holdings) Ltd	8266	12.24		0.055



Prosten Technology Holdings Ltd	8026	15.66		0.48
Soluteck Holdings Ltd	8111		18.37	0.04
T S Telecom Technologies Ltd	8003	14.12		0.194
Vodatel Networks Holdings Ltd	8033		19.05	0.085

In Japan, there was a decided rebound on the country's 3 equity markets.

The TOPIX Index, which is the official index of The Tokyo Stock Exchange, rose about 1.08 percent to 1,641.77 points.

The ratio of gainers to losers was wide, at about 3.56:One.

The Nikkei-225 Stock Average ended the day at 16,181.17 yen, up about 1.33 percent on Monday's closing level.

#### News Wise

- Ailing **Kiyo Bank** is said to be planning to apply for an injection of about 20 billion yen from the public coffers under the Japanese Government's Bank Recapitalisation Programme.

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

The HKSAR	Hang Seng Index Plus 0.83 percent to 17,149.75 The Growth Enterprise Index Plus 1.45 percent to 1,137.23
Indonesia	Minus 0.19 percent to 1,435.03
Japan	TOPIX Index Plus 1.08 percent to 1,641.77 Nikkei-255 Stock Average Plus 1.33 percent to 16,181.17
Malaysia	Plus 0.26 percent to 945.02
The Philippines	Minus 0.50 percent to 2,318.14
Singapore	Plus 0.55 percent to 2,480.99
South Korea	Plus 1.01 percent to 1,334.96
Taiwan	Plus 1.30 percent to 6,590.20

Thailand	Plus 0.05 percent to 706.30
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### Wednesday

With the Government of Iran, stating that it was willing to talk about its nuclear programme to the coalition of 6 economic powerhouses of the world, prices of crude oil came off the boil, last Wednesday, on international commodity exchanges.

Iran had stated, in its reply to the June package of incentives, offered by Great Britain, Germany, France, the People's Republic of China (PRC), the United States of America and Russia, in exchange for the fundamentalist Muslim country, shelving its plans to enrich uranium, that it was prepared for what it termed, '*serious negotiations*'.

That appeared to be sufficient for oil traders – who, promptly, started to clear their decks.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in October was \$US71.76, down about 1.83 percent on the last settlement of Tuesday.

For delivery in November, the last settlement was \$US72.86 for a barrel of light sweet crude oil.

On Wall Street, however, institutional investors had other fish to fry because, aside from the falling prices of crude oil, closer at home, there was the problem of the falling prices of homes in The Land of The Free and The Home of The Brave.

Statistics, released last Wednesday, indicated that sales of existing homes in the US, during the month of July, had fallen to their lowest levels in the past 2 years.

The overheated US housing market was cooling down at an ever-escalating pace, it seemed.

Comparing July's home sales with those of June's, the fall was of the order of about 4 percent.

If this situation persists for any extended period of time, it could well be much worse than a stock-market meltdown – and Wall Street was well aware of this potential.

On The New York Stock Exchange, last Wednesday, the Dow Jones Industrial Average dropped another 0.37 percent, falling to 11,297.90 points.

As for the Composite Index of The NASDAQ, it shed about 0.71 percent of its value, ending the day at 2,134.66 points.

European investors recognised the potential problems for a '*hard landing*' for the US property market, too.

Every nook and cranny of the US economy is likely to be affected if the housing market starts to freeze over, from retail sales of knick-knacks, to purchases of new motor vehicles, to transactions for goods and services in respect of Information Technology, to holiday travel, even down to sales at the local supermarket.

On European bourses, last Wednesday, every key index of the most-important ones dropped to lower levels, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Minus 0.59 percent
France's CAC 40 Index	Minus 0.88 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.73 percent

Great Britain's FTSE 100 Index	Minus 0.72 percent
Italy's MIBTEL Index	Minus 0.63 percent
Switzerland's Swiss Market Index	Minus 0.23 percent

Key indices of Asian equity markets were, also, off, but for entirely different reasons to concern of the price of crude oil, the US housing market's falling sales, or the Iran nuclear situation: Asia was becoming more and more concerned that profits of some of the blue chips would continue to be hit; and, the recent moves by the Government of the People's Republic of China (PRC) to cool the rate of growth of that economy would rebound, down the line, to other economies of the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the 2 equity markets of the territory moved sideways for most of the trading day.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, fell by about 0.36 percent to 17,088.39 points.

The Total Turnover was about \$HK22.13 billion, while the ratio of losing counters to gaining ones was about 2.39:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.22 percent to \$HK138.80 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.43 percent to \$HK14.00 per share
China Mobile Ltd (Code: 941)	Down 0.60 percent to \$HK50.05 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK9.02 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.20 percent to \$HK73.95 per share
China Construction Bank Corporation (Code: 939)	Down 0.87 percent to \$HK3.40 per share
Bank of Communications Company Ltd (Code: 3328)	Down 2.34 percent to \$HK5.01 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.72 percent to \$HK83.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.46 percent to \$HK86.65 per share
Bank of China Ltd (Code: 3988)	Down 0.58 percent to \$HK3.41 per share

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

Name of Company	Code	Increase	Decrease	Closing Price
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		(%)	(%)	(\$HK)
Artfield Group Ltd	1229	12.12		1.11
Fortune Telecom Holdings Ltd	110	11.11		0.50
Fulbond Holdings Ltd	1041		13.33	0.013
ONFEM Holdings Ltd	230	11.36		0.49
Pioneer Global Group Ltd	224	10.71		0.62
REXCAPITAL Financial Holdings Ltd	555		11.29	0.275
See Corporation Ltd	491	16.67		0.014
Zhongda International Holdings Ltd	909		12.84	0.19

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, declining counters outnumbered advancing ones by the ratio of about 1.45:One.

This was in spite of The Growth Enterprise Index, putting on about 0.34 percent to 1,141.11 points.

The Total Turnover on this speculative market was about \$HK175.65 million.

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

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 5.13 percent to \$HK0.82 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 20.00 percent to \$HK0.66 per share
Xinjiang Tianye Water Saving Irrigation System Company Ltd (Code: 8280)	Unchanged at \$HK1.82 per share
CMA Logistics Company Ltd (Code: 8217)	Down 1.33 percent to \$HK3.70 per share
Nanjing Sample Technology Company Ltd (Code: 8287)	Up 5.35 percent to \$HK13.78 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131		40.68	0.035
Galileo Capital Group Ltd	8029		12.63	0.083

Golding Soft Ltd	8190	11.11		0.02
Kanstar Environmental Paper Products Holdings Ltd	8011	20.00		0.66
Mobile Telecom Network (Holdings) Ltd	8266		12.73	0.048
Shenzhen Neptunus Interlong Bio-technique Company Ltd	8329	18.00		0.59
New Universe International Group Ltd	8068	17.65		0.04
Soluteck Holdings Ltd	8111	30.00		0.052
TeleEye Holdings Ltd	8051		21.43	0.055
Venturepharm Laboratories Ltd	8225	14.71		0.39
Zheda Lande Scitech Ltd	8106		25.00	0.15

Trading was relatively quiet on Japan's 3 stock markets, last Wednesday.

On The Tokyo Stock Exchange, its TOPIX Index lost 0.09 percent of its value, edging back to 1,640.28 points.

The ratio of declining counters to advancing ones was 1.29:One, exactly.

The Nikkei-225 Stock Average was off by about 0.11 percent to 16,163.03 yen.

And this was how key indices of other equity markets fared, last Wednesday:

The HKSAR	Hang Seng Index Minus 0.36 percent to 17,088.39 The Growth Enterprise Index Plus 0.34 percent to 1,141.11
Indonesia	Plus 0.25 percent to 1,438.63
Japan	TOPIX Index Minus 0.09 percent to 1,640.28 Nikkei-255 Stock Average Minus 0.11 percent to 16,163.03
Malaysia	Plus 0.34 percent to 948.26
The Philippines	Minus 0.15 percent to 2,314.57

Singapore	Minus 0.35 percent to 2,472.26
South Korea	Minus 0.75 percent to 1,324.95
Taiwan	Minus 0.51 percent to 6,556.33
Thailand	Minus 1.17 percent to 698.01

### **Thursday**

More concerns hit investors of US equity markets, last Thursday, following a report from the US Commerce Department, indicating that sales of new homes had fallen, quite dramatically, during the month of July compared with June.

According to the US Government's Commerce Department, new home sales in July were about 1.07 million units, a fall, Month-On-Month, of about 4.30 percent.

Meanwhile, inventories of new homes hit a decade-year high, the statistics indicated. (For more about this subject, please see Wednesday's report)

Wall Street investors, however, looked more to the energy sector as the price of crude oil scooted to considerably higher levels again.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in October was \$US72.36, an increase of about 0.84 percent, compared with Wednesday's close.

However, intra-day trading saw the price hit a high of \$US73 per barrel.

For November delivery, the last settlement for a barrel of light sweet crude oil was \$US73.32, up about 0.63 percent on the last settlement of Wednesday.

On The New York Stock Exchange, investors went after energy counters lest crude oil prices continued to rise, thus putting them in an advantageous position to take a quick turn.

The Dow Jones Industrial Average rose about 0.06 percent to 11,304.46 points, that small gain, brought about by select buying of energy counters, in the main.

On The NASDAQ, its Composite Index squeezed out a 0.11-percent gain, ending the trading day at 2,137.11 points.

In Europe, it was another story, again.

Key indices of major equity markets rose, following a confirmed report that a mega bank deal was in the offing in Italy.

Italy's Sanpaolo IMI and Banca Intesa confirmed that they were talking, seriously, about joining forces.

If the deal is consummated, it would make the combined bank, the tenth-largest banking institution in Europe.

The deal is said to be worth about \$US69 billion.

European investors warmed to the news, pushing up the key indices of the major bourses of the region:

Amsterdam's AEX Index	Plus	0.58 percent
France's CAC 40 Index	Plus	0.59 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.66 percent
Great Britain's FTSE 100 Index	Plus	0.15 percent
Italy's MIBTEL Index	Plus	0.96 percent
Switzerland's Swiss Market Index	Plus	0.54 percent

In Asia, every major index of every equity market suffered losses, with Japan's 3 equity markets' indices, leading the falls.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of the territory's 2 equity markets skidded to lower levels – again.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index shed about 1.20 percent to 16,883.04 points on a Total Turnover of about \$HK27.81 billion.

The ratio of losing counters to gaining ones was about 2.82:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5) Down 0.65 percent to \$HK137.90 per share

Hutchison Whampoa Ltd (Code: 13)	Down 2.37 percent to \$HK72.20 per share
PetroChina Company Ltd (Code: 857)	Down 1.33 percent to \$HK8.90 per share
China Mobile Ltd (Code: 941)	Down 1.80 percent to \$HK49.15 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.00 percent to \$HK13.86 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.62 percent to \$HK16.14 per share
China Construction Bank Corporation (Code: 939)	Down 0.59 percent to \$HK3.38 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.54 percent to \$HK84.45 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 3.15 percent to \$HK5.24 per share
Wharf (Holdings) Ltd, The (Code: 4)	Down 4.60 percent to \$HK26.95 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>
139 Holdings Ltd	139	19.39		0.234
Capital Estate Ltd	193		15.57	0.103
Carico Holdings Ltd	729	11.43		0.156
China HealthCare Holdings Ltd	673		11.29	1.10
Everbest Century Holdings Ltd	578	11.11		0.30
Everest International Investments Ltd	204		15.63	0.054
Fulbond Holdings Ltd	1041	15.38		0.015
Good Friend International Holdings Incorporated	2398	11.90		0.94
Haywood Investments Ltd	905	60.00		0.08
Magnum International Holdings Ltd	305		11.67	0.053
Northeast Electric Development Company Ltd	42	10.53		0.84
Oriental Explorer Holdings Ltd	430		11.11	0.04
Radford Capital Investment Ltd	901	12.04		0.121
Rontex International Holdings Ltd	1142		12.00	0.022
Sino Technology Investments Company Ltd	1217		33.75	0.053
Wah Ha Realty Company Ltd	278	13.16		2.15
Warderly International Holdings Ltd	607		14.52	0.265
Wealthmark International (Holdings) Ltd	39		11.54	0.46

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index hardly moved during the entire trading day.

The Growth Enterprise Index was standing at 1,140.27 points at the close of the day, that figure, being about 0.07 percent lower than Wednesday's closing level.

The Total Turnover was about \$HK137.23 million, while the ratio of declining counters to advancing ones was about 1.11:One.



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

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2.44 percent to \$HK0.84 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 21.21 percent to \$HK0.80 per share
Xinjiang Tianye Water Saving Irrigation System Company Ltd (Code: 8280)	Down 2.75 percent to \$HK1.77 per share
Dahe Media Company Ltd (Code: 8243)	Unchanged at \$HK0.51 per share
MegaInfo Holdings Ltd (Code: 8279)	Down 11.11 percent to \$HK0.56 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131	34.29		0.047
GreaterChina Technology Group Ltd	8032	50.00		0.036
Inspur International Ltd	8141	11.11		0.70
Kanstar Environmental Paper Products Holdings Ltd	8011	21.21		0.80
MegaInfo Holdings Ltd	8279		11.11	0.56
PINE Technology Holdings Ltd	8013	10.00		0.198
International Financial Network Holdings Ltd	8123	10.00		0.055
T S Telecom Technologies Ltd	8003		22.16	0.151
Timeless Software Ltd	8028		11.11	0.08
Vodatel Networks Holdings Ltd	8033	10.98		0.091
Yusei Holdings Ltd	8319		25.00	0.90

In Japan, the country's premier equity market, The Tokyo Stock Exchange, saw its key indices fall hard and fast, leading the losers of the stock markets of the most-populous part of the world.

The TOPIX Index shed about 1.05 percent of its value, ending the trading day at 1,623.03 points.

Losers outnumbered gainers by the ratio of about 4.57:One.

The Nikkei-225 Stock Average lost about 1.25 percent of its value, coming to rest at 15,960.62 yen by dinner time.

#### News Wise

- Shipments of **consumer electronics** rose by about 0.20 percent in July, compared with the like month in 2005, The Japan Electronics and Information Technology Industries Association reported'; and,
- **Sony Bank**, an online bank, operating in Japan, announced that it would be acquiring **Kaiyo Securities Company** in order, inter alia, to launch an Internet-based securities brokerage service in the first half of 2007.

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

The HKSAR	Hang Seng Index Minus 1.20 percent to 16,883.04 The Growth Enterprise Index Minus 0.07 percent to 1,140.27
Indonesia	Minus 0.64 percent to 1,429.48
Japan	TOPIX Index Minus 1.05 percent to 1,623.03 Nikkei-255 Stock Average Minus 1.25 percent to 15,960.62
Malaysia	Minus 0.01 percent to 948.13
The Philippines	Minus 0.02 percent to 2,314.09
Singapore	Minus 1.06 percent to 2,446.11
South Korea	Minus 0.70 percent to 1,315.73
Taiwan	Minus 0.09 percent to 6,550.64
Thailand	Minus 0.84 percent to 692.17

#### Friday

A storm, which is threatening The Gulf of Mexico, caused oil speculators and investors to recall the horrors of last year when vast devastation, due to 2 hurricanes, one after the other, cut a huge swath through

Louisiana and Texas, which resulted in widespread stoppages at oil-refining plants.

The price of crude oil rose, smartly, on international commodity markets, last Friday, as soon as it was confirmed that a potentially major storm was building up in The Gulf.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in October was \$US72.51, up about 0.21 percent on Thursday's last quote.

As for November delivery, the last settlement for a barrel of light sweet crude oil was \$US73.44, representing an increase of about 0.16 percent on the day.

On Wall Street, the presence of a potentially dangerous storm in The Gulf, coupled with more data with regard to the now confirmed slowdown in the US housing market, caused investors to grow more and more wary of taking on any new positions in equities.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.18 percent of its value, ending the week at 11,284.05 points.

The NASDAQ's Composite Index, however, managed to put on about 0.15 percent to 2,140.29 points.

The tally for the week for the world's largest equity markets was:

The Dow Jones Industrial Average	Minus 0.86 percent
The NASDAQ's Composite Index	Minus 1.09 percent

In Europe, investors continued to ponder the effects of the merger of Banca Intesa and Sanpaola IMI and, as such, a number of major players on the largest bourses caused levels of Thursday to be maintained. (Please see Thursday's report on this subject)

However, key indices of the most-important European bourses moved only fractionally, nevertheless:

Amsterdam's AEX Index	Plus 0.30 percent
France's CAC 40 Index	Minus 0.03 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.04 percent
Great Britain's FTSE 100 Index	Plus 0.16 percent
Italy's MIBTEL Index	Plus 0.18 percent
Switzerland's Swiss Market Index	Plus 0.30 percent

In Asia, weakness prevailed on the major stock markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets saw their key indices rise, but losing counters outnumbered gaining ones.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose by about 0.43 percent to 16,955.45 points on a Total Turnover of about \$HK24.14 billion.

Losing counters outnumbered gaining ones by the ratio of about 1.58:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.65 percent to \$HK138.80 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.90 percent to \$HK71.55 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.15 percent to \$HK13.70 per share
China Construction Bank Corporation (Code: 939)	Down 0.30 percent to \$HK3.37 per share
China Mobile Ltd (Code: 941)	Up 1.22 percent to \$HK49.75 per share
PetroChina Company Ltd (Code: 857)	Down 0.22 percent to \$HK8.88 per share
Bank of China Ltd (Code: 3988)	Down 0.59 percent to \$HK3.38 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK16.14 per share
Wharf (Holdings) Ltd, The (Code: 4)	Down 2.40 percent to \$HK26.40 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.24 percent to \$HK84.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	23.93		0.29
Apex Capital Ltd	905		16.25	0.067
China Motion Telecom International Ltd	989	23.97		0.15
Easyknit International Holdings Ltd	1218	10.00		0.11
GFT Holdings Ltd	1003	15.38		0.06
Grande Holdings Ltd, The	186		11.24	2.37
Magnum International Holdings Ltd	305		11.32	0.047
Mei Ah Entertainment Group Ltd	391		10.00	0.36
REXCAPITAL Financial Holdings Ltd	555	14.46		0.285

Sino Technology Investments Company Ltd	1217		18.87	0.043
Wealthmark International (Holdings) Ltd	39	13.04		0.52
Wing Shing International Holdings Ltd	850	16.42		0.39

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, gainers and losers were, exactly, even, at One:One.

The Growth Enterprise Index ended the day's proceedings at 1,140.82 points, representing a gain of about 0.05 percent on Thursday's close.

The Total Turnover was about \$HK143.10 million.

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

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 2.38 percent to \$HK0.82 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Down 6.25 percent to \$HK0.75 per share
Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)	Down 0.43 percent to \$HK4.63 per share
Xinjiang Tianye Water Saving Irrigation System Company Ltd (Code: 8280)	Down 3.39 percent to \$HK1.71 per share
Golden Meditech Company Ltd (Code: 8180)	Up 1.01 percent to \$HK2.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		11.82	0.097
China Photar Electronics Group Ltd	8220		34.29	0.23
Excel Technology International Holdings Ltd	8048		20.00	0.072
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	16.79		0.16
Medical China Ltd	8186		37.14	0.022
Neolink Cyber Technology (Holding) Ltd	8116	97.50		0.158

New Universe International Group Ltd	8068		10.00	0.036
Yusei Holdings Ltd	8319	31.11		1.18
Zheda Lande Scitech Ltd	8106	16.67		0.175

The tally for the week for the second-largest equity market of Asia was:

The Hang Seng Index	Minus 0.32 percent
The Growth Enterprise Index	Plus 1.80 percent

Japan saw only sluggish conditions on its 3 stock markets.

The Tokyo Stock Exchange's official index, The TOPIX Index, lost about 0.20 percent of its value, sliding back to 1,619.81 points.

Declining counters outpaced advancing ones by the ratio of about 1.33:One.

The Nikkei-225 Stock Average ended the day at 15,938.66 points, representing a one-day fall of about 0.14 percent.

For Asia's largest and most-important equity market, the tally for the week was:

The TOPIX Index	Minus 1.32 percent
The Nikkei-225 Stock Average	Minus 1.04 percent

And this was how the key indices of other Asian stock markets ended the week of August 25, 2006:

The HKSAR	Hang Seng Index Plus 0.43 percent to 16,955.45 The Growth Enterprise Index Plus 0.05 percent to 1,140.82
Indonesia	Minus 0.88 percent to 1,416.93
Japan	TOPIX Index Minus 0.20 percent to 1,619.81 Nikkei-255 Stock Average Minus 0.14 percent to 15,938.66
Malaysia	Plus 0.25 percent to 950.52
The Philippines	Minus 1.71 percent to 2,274.53
Singapore	Plus 0.29 percent to 2,453.21
South Korea	Plus 1.04 percent to 1,329.35

Taiwan	Minus 0.37 percent to 6,526.22
Thailand	Minus 0.44 percent to 689.13

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