

**THE FEDERAL RESERVE LEAVES WELL-ENOUGH ALONE,
BUT LATEST U.S. GOVERNMENT STATISTICS
GIVE INVESTORS THE WILLIES**

Caution was thrown to the wind, once again, last Monday, as US investors pushed the key index of The New York Stock Exchange to a new, record-high level.

The Dow Jones Industrial Average ended last Monday's trading session at 12,116.91 points, representing a gain over the previous Friday's session (October 20, 2006) of 114.54 points, equivalent to about 0.95 percent.

The NASDAQ's Composite Index went along for the ride with a gain of 13.26 points, or about 0.57 percent, running up to 2,355.56 points.

The Dow's gains came as crude oil prices continued to fall while Ford Motor Company shocked investors with more horrific news.

Ford announced that, for the quarter, ended September 30, 2006, it had recorded a Net Loss Attributable to Shareholders of about \$US5.80 billion.

It was its largest loss in 14 years.

The company said that it would close down 16, North American factories and sack some 45,000 workers.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in December – December became the near month, last Monday – was \$US58.81, down about 0.88 percent, compared with the final quote for the week, ended Friday, October 20, 2006.

For delivery in January 2007, the last settlement for a barrel of light sweet crude oil came in at \$US60.48.

In Europe, investors followed the line of Wall Street, with certain key indices of major bourses, hitting new highs.

Airlines gained on the back of the falls in the price of crude oil since fuel bills for airlines can affect operating results by as much as 25 percent, depending on pencil pushers' determinations with regard to running expenses.

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

Amsterdam's AEX Index	Plus	0.61 percent
France's CAC 40 Index	Plus	0.67 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.64 percent
Great Britain's FTSE 100 Index	Plus	0.17 percent

Italy's MIBTEL Index

Minus 0.22 percent

Switzerland's Swiss Market Index

Plus 0.90 percent

In Asia, with the lone exception of the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), every key index of every major stock market ended in the black by supper time.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index shed about 0.13 percent, ending the trading day at 18,089.85 points on a Total Turnover of about \$HK33.67 billion.

The ratio of losing counters to gaining ones was wide, at about 2.12:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK147.20 per share
China Construction Bank Corporation (Code: 939)	Down 2.17 percent to \$HK3.60 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.56 percent to \$HK16.42 per share
China Mobile Ltd (Code: 941)	Up 0.08 percent to \$HK59.15 per share
Bank of China Ltd (Code: 3988)	Unchanged at \$HK3.41 per share
China BlueChemical Ltd (Code: 3983)	Up 10.70 percent to \$HK3.31 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 2.90 percent to \$HK62.20 per share
PetroChina Company Ltd (Code: 857)	Down 1.16 percent to \$HK8.53 per share
China Merchants Bank Company Ltd (Code: 3968)	Up 0.33 percent to \$HK12.16 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.77 percent to \$HK5.14 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Apex Capital Ltd	905	23.33		0.074
Aurora Global Investment Holdings Ltd	353	50.00		0.60
CASIL Telecommunications Holdings Ltd	1185	14.29		0.52

China BlueChemical Ltd	3983	10.70		3.31
Computime Group Ltd	320	13.07		3.20
Fulbond Holdings Ltd	1041	19.23		0.031
Gay Giano International Group Ltd	686		14.20	0.145
EPI (Holdings) Ltd	689		12.90	0.27
Greater China Holdings Ltd	431	36.36		0.30
Henry Group Holdings Ltd	859		11.76	0.90
Hop Hing Holdings Ltd	47		10.00	0.315
INNOMAXX Biotechnology Group Ltd	340	15.65		1.70
Lee Kee Holdings Ltd	637	11.58		3.18
MACRO-LINK International Holdings Ltd	472		17.89	0.156
Massive Resources International Corporation Ltd	70	11.11		0.02
New Times Group Holdings Ltd	166	41.33		0.53
Peking Apparel International Group Ltd	761		15.38	0.33
Jilin Qifeng Chemical Fiber Company Ltd	549	15.46		1.12
Qualipak International Holdings Ltd	1224	12.16		0.415
Rontex International Holdings Ltd	1142	16.67		0.035
South East Group Ltd	726		14.29	0.066
Vitop Bioenergy Holdings Ltd	1178		21.93	0.089
Wonderful World Holdings Ltd	109	14.94		0.10

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index rose 0.34 percent to 1,137.67 points on a Total Turnover of about \$HK216.51 million.

Losing counters outran gaining ones by the ratio of about 1.74:One.

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

Beijing Jingkelong Company Ltd (Code: 8245)

Up 5.75 percent to \$HK6.99
per share

Wumart Stores Incorporated (Code: 8277)

Up 7.58 percent to
\$HK28.40 per share

Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)

Down 2.70 percent to
\$HK0.36 per share

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

Up 1.69 percent to \$HK0.60
per share

Town Health International Holdings Company Ltd (Code: 8138)

Down 1.26 percent to
\$HK0.236 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		13.68	0.101
B M Intelligence International Ltd	8158		12.38	0.092
China Medical Science Ltd	8120		21.05	0.075
China Photar Electronics Group Ltd	8220		13.72	0.195
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		10.06	0.152
Jinheng Automotive Safety Technology Holdings Ltd	8293	17.65		1.00
Linefan Technology Holdings Ltd	8166		15.56	0.038
Medical China Ltd	8186		15.00	0.051

In Japan, the situation on the country's 3 equity markets was the reverse of the situation in the HKSAR.

On The Tokyo Stock Exchange, The TOPIX Index rose 15.24 points, equivalent to about 0.93 percent, rising to 1,659.39 points.

The ratio of gainers to losers was about 2.73:One.

The Nikkei-225 Stock Average, which is a narrow gauge, measuring a select list of counters, listed on the First Section of The Tokyo Stock Exchange, ended the day at 16,788.82 yen, a gain of 137.19 yen, or about 0.82 percent.

News Wise

- **Yahoo Japan Corporation** announced that, for the first 6 months of the Current Financial Year, ended September 30, 2006, it had posted a Net Profit Attributable to Shareholders of about 26.81 billion yen, up about 25 percent, Year-On-Year.

In other Asian equity markets, their respective key indices at the close of their trading days stood at:

The HKSAR	Hang Seng Index Minus 0.13 percent to 18,089.85 The Growth Enterprise Index Plus 0.34 percent to 1,137.67
Indonesia	Closed
Japan	TOPIX Index Plus 0.93 percent to 1,659.39 Nikkei-255 Stock Average Plus 0.82 percent to 16,788.82
Malaysia	Closed
The Philippines	Plus 0.31 percent to 2,625.52
Singapore	Plus 0.19 percent to 2,691.61
South Korea	Plus 0.05 percent to 1,364.95
Taiwan	Plus 0.01 percent to 7,040.26
Thailand	Closed

Tuesday

While many investors in the United States of America were somewhat cautious, last Tuesday, one day before the 2-day meeting of the US Federal Reserve when The Fed's Open Market Committee Meeting would make a determination in respect of interest rates, nevertheless, the Dow Jones Industrial Average hit another, new record high.

The Dow closed the day at 12,127.88 points, representing an increase of about 0.09 percent on Monday's closing level.

As for The NASDAQ's Composite Index, it dropped back by about 0.46 percent to 2,344.84 points.

Hi-tech counters were not in favour, last Tuesday, due to strong suggestions that many of them would be reporting lower earnings due in part to the slowdown in the US economy.

Also, affecting trading in stocks and shares on equity markets in The Land of The Free and The Home of The Brave was confirmation that the cut in crude-oil production/exports, which will take effect from November 1, 2006, when members of The **Organisation of Petroleum Exporting Countries (OPEC)** will reduce oil exports by 1.20 million barrels per day, was having a definite bearing on trading in oil futures on international commodity exchanges.

On The New York Mercantile Exchange (NYMEX), last Tuesday, the last settlement for a barrel of light sweet crude oil for delivery in December came in at \$US59.35, up about 0.92 percent on Monday's last settlement.

For delivery in January 2007, the last settlement for a barrel of light sweet crude was \$US61.07, equivalent to an increase of about 0.98 percent on Monday's closing level.

In Europe, investors, for the most part, determined to sit on their hands rather than take on any new commitments on equity markets in view of The US Fed's Open Market Committee Meeting, being only 24 hours away.

For the 6 major European bourses, pluses and minus were exactly equal, but all of the gains and losses were of a fractional nature, as the following TARGET list illustrates:

Amsterdam's AEX Index	Plus 0.11 percent
France's CAC 40 Index	Minus 0.13 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.07 percent
Great Britain's FTSE 100 Index	Plus 0.26 percent
Italy's MIBTEL Index	Minus 0.13 percent
Switzerland's Swiss Market Index	Minus 0.57 percent

In Asia, 4 equity markets were closed for holidays so that trading in scrip was limited in the most-populous part of the world.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier equity market managed a fractional gain while the speculative equity market suffered at the hands of sellers, which brought down the lone index with a bang.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index ended the trading session at 18,153.41 points, representing a one-day improvement of about 0.35 percent.

The Total Turnover was about \$HK31.06 billion while the ratio of advancing counters to declining ones was about 1.14:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.20 percent to \$HK146.90 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.12 percent to \$HK16.44 per share
China Mobile Ltd (Code: 941)	Up 1.44 percent to \$HK60.00 per share
China BlueChemical Ltd (Code: 3983)	Up 6.65 percent to \$HK3.53 per share
China Construction Bank Corporation (Code: 939)	Up 0.28 percent to \$HK3.61 per share

China Petroleum and Chemical Corporation (Code: 386)

Up 2.92 percent to \$HK5.29
per share

Hongkong Exchanges and Clearing Ltd (Code: 388)

Up 0.56 percent to
\$HK62.55 per share

Hutchison Whampoa Ltd (Code: 13)

Up 0.07 percent to
\$HK69.85 per share

Bank of China Ltd (Code: 3988)

Up 0.29 percent to \$HK3.42
per share

PetroChina Company Ltd (Code: 857)

Up 0.35 percent to \$HK8.56
per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Arnhold Holdings Ltd	102	13.73		0.58
AviChina Industry and Technology Company Ltd	2357	10.39		0.85
Beijing Development (Hongkong) Ltd	154		10.00	0.81
Berjaya Holdings (Hongkong) Ltd	288	34.15		0.11
China Motion Telecom International Ltd	989		14.93	0.57
EC-Founder (Holdings) Company Ltd	618	17.50		0.235
Fulbond Holdings Ltd	1041	29.03		0.04
Grand Field Group Holdings Ltd	115		12.63	0.083
EPI (Holdings) Ltd	689	22.22		0.33
Interchina Holdings Company Ltd	202	11.11		0.04
New World CyberBase Ltd	276	12.50		0.189
Norstar Founders Group Ltd	2339	13.97		3.10
QPL International Holdings Ltd	243	18.18		0.65
Rontex International Holdings Ltd	1142		17.14	0.029
Shanghai Allied Cement Ltd	1060	18.64		0.35

SinoCom Software Group Ltd	299		10.56	1.61
SW Kingsway Capital Holdings Ltd	188		16.10	0.172
The Sun's Group Ltd	2977		20.83	2.28
Tidetime Sun (Group) Ltd	307	11.94		0.075
Vongroup Ltd	318		27.03	0.54

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was vastly different from that of the Main Board.

The Growth Enterprise Index slid back 1.32 percent, exactly, to 1,122.65 points on a Total Turnover of about \$HK183.94 million.

Losing counters outran gaining ones by the ratio of about 1.12:One.

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

Beijing Jingkelong Company Ltd (Code: 8245) Up 3.58 percent to \$HK7.24 per share

Wumart Stores Incorporated (Code: 8277) Down 0.18 percent to \$HK28.35 per share

Town Health International Holdings Company Ltd (Code: 8138) Down 1.69 percent to \$HK0.232 per share

Ko Yo Ecological Agrotech (Group) Ltd (Code: 8042) Up 11.67 percent to \$HK0.67 per share

Golden Meditech Company Ltd (Code: 8180) Down 2.14 percent to \$HK2.29 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	13.86		0.115
Capital Publications Ltd	8155	300.00		0.20
China Vanguard Group Ltd	8156		16.00	0.63
Eco-Tek Holdings Ltd	8169		10.00	0.216
Everpride Biopharmaceutical Company Ltd	8019		25.00	0.03
Excel Technology International Holdings Ltd	8048	20.00		0.084

First Mobile Group Holdings Ltd	8110	18.00		0.118
FlexSystem Holdings Ltd	8050		16.44	0.061
Global Digital Creations Holdings Ltd	8271	10.17		0.26
IIN International Ltd	8128		10.71	0.025
Ko Yo Ecological Agrotech (Group) Ltd	8042	11.67		0.67
Medical China Ltd	8186	15.69		0.059
Milkyway Image Holdings Ltd	8130		17.50	0.033
New Universe International Group Ltd	8068		10.34	0.026
Vodatel Networks Holdings Ltd	8033	10.99		0.101

In Japan, trading was light with key indices moving in and out of the red for most of the day.

By the close of trading on The Tokyo Stock Exchange, its TOPIX Index stood at 1,662.53 points, an increase of about 0.19 percent on Monday's close.

The ratio of declining counters to advancing ones was about 1.16:One.

The Nikkei-225 Stock Average, on the other hand, lost about 0.05 percent of its value, slipping back to 16,780.47 yen.

And, on other Asian equity markets, this was how their respective key indices fared, last Tuesday:

The HKSAR	Hang Seng Index Plus 0.35 percent to 18,153.41 The Growth Enterprise Index Minus 1.32 percent to 1,122.65
Indonesia	Closed
Japan	TOPIX Index Plus 0.19 percent to 1,662.53 Nikkei-255 Stock Average Minus 0.05 percent to 16,780.47
Malaysia	Closed
The Philippines	Closed
Singapore	Closed

South Korea	Plus 0.11 percent to 1,366.50
Taiwan	Plus 0.81 percent to 7,097.42
Thailand	Plus 0.49 percent to 728.53

Wednesday

The North Koreans were at it again, last Wednesday, threatening to go to war with South Korea.

The policy of this reclusive Communist country appears to be:

Day One: Pyongyang appears to be in a conciliatory mood, promising to stop nuclear tests of its latest weaponry and firing off ballistic missiles; then,

Day Two: Pyongyang waves the hammer and sickle at its perceived enemy, threatening military action for this or that.

Last Wednesday, an official spokesman for North Korea's Committee for the Peaceful Reunification warned South Korea that if it participated in applying sanctions on North Korea, as determined by the United Nations, it would be considered a serious provocation and could lead to a '*crisis of war*'.

The official statement read:

'If the South Korean Authorities end up joining (the) US-led moves to sanction and stifle, we (North Korea) will regard it as a declaration of confrontation against its own people ...and take corresponding measures ...'.

On October 14, 2006, the United Nations imposed arms and financial sanctions on North Korea, following North Korea's underground nuclear test of October 9, 2006._

Many members of the United Nations have, already, abided by the Resolution of the world body, including the People's Republic of China (PRC) and Japan, Japan, being the first country so to do.

As trading got underway on Wall Street, last Wednesday, and investors considered the latest Pyongyang threat, the US Federal Reserve held its Open Market Committee Meeting.

The Fed determined to leave well-enough alone and released the following statement:

'The Federal Open Market Committee decided today to keep its target for the federal funds rate at 5-1/4 percent.

'Economic growth has slowed over the course of the year, partly reflecting a cooling of the housing market. Going forward, the economy seems likely to expand at a moderate pace.

'Readings on core inflation have been elevated, and the high level of resource utilization has the potential to sustain inflation pressures. However, inflation pressures seem likely to moderate over time, reflecting reduced impetus from energy prices, contained inflation expectations, and the cumulative effects of monetary policy actions and other factors restraining aggregate demand.

'Nonetheless, the Committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.

'Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; Timothy F. Geithner, Vice Chairman; Susan S. Bies; Donald L. Kohn; Randall S. Kroszner; Frederic S.

Mishkin; Sandra Pianalto; William Poole; Kevin M. Warsh; and Janet L. Yellen. Voting against was Jeffrey M. Lacker, who preferred an increase of 25 basis points in the federal funds rate target at this meeting.'

No shocks: It was all well expected.

On The New York Stock Exchange, the Dow Jones Industrial Average continued to rise, hitting 12,134.68 points by the close of the day. That was an increase of about 0.06 percent on Tuesday's closing level.

On The NASDAQ, its Composite Index gained one half of a percentage point, exactly, running up to 2,356.59 points.

But there was bad news, also.

On The New York Mercantile Exchange (NYMEX), crude-oil prices were on the move, once again.

The last settlement for a barrel of light sweet crude oil for delivery in December was \$US61.40, an increase of about 3.45 percent on the last settlement of Tuesday.

As for delivery in January 2007, the last settlement was \$US63.07 per barrel of light sweet crude oil, representing a Day-On-Day increase of about 3.27 percent.

European investors took advantage of the gains in the price of crude oil as investors ploughed back into energy counters.

But the gains of the key indices of major European bourses were limited to small fractions:

Amsterdam's AEX Index	Minus 0.03 percent
France's CAC 40 Index	Plus 0.32 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.27 percent
Great Britain's FTSE 100 Index	Plus 0.51 percent
Italy's MIBTEL Index	Plus 0.48 percent
Switzerland's Swiss Market Index	Plus 0.22 percent

Europe took careful note of Wall Street's antics and of the statement by The Fed with regard to its determination in respect of interest rates, but there was, also, the consideration that the material cutback in crude oil exports from the members of The Organisation of Petroleum Exporting Countries (OPEC) was almost guaranteed to drive up inflation, again. (Please see Tuesday's report on this subject)

And The Fed was known to be on an inflation watch.

In Asia, investors were on hold, awaiting the determination of The Fed with regard to interest rates.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, small fractional changes marked the key indices of the territory's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index rose by about 0.03 percent to 18,157.94 points on a Total Turnover of about \$HK31.64 billion.

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

The Ten Most Active counters were:

China Mobile Ltd (Code: 941)	Up 0.50 percent to \$HK60.30 per share
HSBC Holdings plc (Code: 5)	Up 0.14 percent to \$HK147.10 per share
China Construction Bank Corporation (Code: 939)	Down 0.28 percent to \$HK3.60 per share
China BlueChemical Ltd (Code: 3983)	Down 3.68 percent to \$HK3.40 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.22 percent to \$HK16.64 per share
Hang Lung Group Ltd (Code: 10)	Down 4.96 percent to \$HK20.10 per share
PetroChina Company Ltd (Code: 857)	Up 0.47 percent to \$HK8.60 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 0.38 percent to \$HK5.31 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Down 1.81 percent to \$HK27.20 per share
Bank of China Ltd (Code: 3988)	Down 0.58 percent to \$HK3.40 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)
A-Max Holdings Ltd	959		11.43	0.093
Asia Commercial Holdings Ltd	104	37.88		0.91
Asia Resources Holdings Ltd	899	13.21		0.60
China Golden Development Holdings Ltd	162	14.63		0.235
Coastal Greenland Ltd	1124	13.83		1.07
ENM Holdings Ltd	128	16.98		0.62
Greater China Holdings Ltd	431		10.71	0.25
Guangshen Railway Company Ltd	525	10.29		3.86

Haier Electronics Group Company Ltd	1169	11.79		0.275
Heng Tai Consumables Group Ltd	197	14.10		0.89
Jade Dynasty Group Ltd	970	10.45		0.74
Kwang Sung Electronics Hongkong Company Ltd	2310	15.25		1.36
Lo's Enviro-Pro Holdings Ltd	309	10.14		0.76
MACRO-LINK International Holdings Ltd	472	11.11		0.18
MAXX Bioscience Holdings Ltd	512	53.09		0.124
New Times Group Holdings Ltd	166		10.00	0.45
Poly Investments Holdings Ltd	263	13.33		0.085
Jilin Qifeng Chemical Fiber Company Ltd	549	12.04		1.21
QPL International Holdings Ltd	243	23.08		0.80
Rontex International Holdings Ltd	1142	10.34		0.032
Shenzhen Investment Ltd	604	10.20		3.24
SinoCom Software Group Ltd	299		10.56	1.44
Soundwill Holdings Ltd	878	23.58		2.62
Teem Foundation Group Ltd	628	11.20		1.39

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose by about 0.65 percent to 1,129.97 points on a Total Turnover of about \$HK154.34 million.

Gaining counters just managed to ease out losing ones by the ratio of about 1.03:One.

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

Beijing Jingkelong Company Ltd (Code: 8245)

Down 1.52 percent to
\$HK7.13 per share

Wumart Stores Incorporated (Code: 8277)

Up 0.18 percent to \$HK28.40
per share

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

Up 4.48 percent to \$HK0.70
per share

Phoenix Satellite Television Holdings Ltd (Code: 8002)

Up 4.42 percent to \$HK1.18
per share

Golden Meditech Company Ltd (Code: 8180)

Up 0.87 percent to \$HK2.31
per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Publications Ltd	8155	60.00		0.32
China Primary Resources Holdings Ltd	8117	11.67		0.335
Shenzhen EVOC Intelligent Technology Company Ltd	8285	12.82		0.44
Excel Technology International Holdings Ltd	8048		10.71	0.075
Hua Xia Healthcare Holdings Ltd	8143		11.76	0.30
IIN International Ltd	8128	12.00		0.028
Medical China Ltd	8186	10.17		0.065
Milkyway Image Holdings Ltd	8130	12.12		0.037
Q9 Technology Holdings Ltd	8129	19.72		0.085
Shanghai Fudan Microelectronics Company Ltd	8102	10.53		0.315
TeleEye Holdings Ltd	8051		12.71	0.103
Universal Technologies Holdings Ltd	8091		11.98	0.147
Vodatel Networks Holdings Ltd	8033	13.86		0.115

In Japan, investors determined to be coy with regard to any new plays on equity markets, ahead of the interest-rate decision of The Fed.

On The Tokyo Stock Exchange, The TOPIX Index lost about 0.55 percent of its value, falling back to 1,653.38 points.

The ratio of losing counters to gaining ones was about 1.89:One.

As for The Nikkei-225 Stock Average, it ended the day at 16,699.30 yen, down about 0.48 percent on the close of trading on Tuesday night.

News Wise

- The Finance Ministry of the Government of Japan announced that the country's **trade surplus** narrowed during the quarter, ended September 30, 2006. The trade surplus came in at 3.90 trillion yen, a gain, Year-On-Year, of about 2.50 percent; and,
- **Honda Motor Company** announced that its Group Net Profit rose to about 271.31 billion yen for the quarter, ended September 30, 2006. Year-On-Year, that result represented a gain of about 11 percent.

In other Asian equity markets, this was how the key indices ended, last Wednesday night:

The HKSAR	Hang Seng Index Plus 0.03 percent to 18,157.94 The Growth Enterprise Index Plus 0.65 percent to 1,129.97
Indonesia	Closed
Japan	TOPIX Index Minus 0.55 percent to 1,653.38 Nikkei-255 Stock Average Minus 0.48 percent to 16,699.30
Malaysia	Closed
The Philippines	Plus 2.03 percent to 2,678.72
Singapore	Plus 0.86 percent to 2,714.66
South Korea	Plus 0.36 percent to 1,371.43
Taiwan	Minus 0.53 percent to 7,059.89
Thailand	Plus 0.59 percent to 732.80

Thursday

People started to have a little rethink about the US housing market, last Thursday, following more data, being released by The Commerce Department of the US Government.

According to The Commerce Department, during the month of September, the prices of new homes fell to their lowest levels in more than 35 years.

However, the number of new home sales in September rose by about 5.30 percent, Year-On-Year, seasonally adjusted.

It is fact that US builders are offering all sorts of incentives to prospective buyers in order to reduce

inventories, but it is, also, fact that the lower prices for new homes are bringing buyers out of the wings and into the sunlight.

It is, also, fact that the growth of the US economy has slowed, appreciably, during the first 9 months of 2006.

But the big question is whether or not the worst is behind the largest economy of the world, as some people would have the world believe.

Time will tell.

Wall Street investors appeared to be buoyed by the news of new home sales with key indices of equity markets, hitting new highs.

On The New York Stock Exchange, the Dow Jones Industrial Average rose to the record level of 12,163.66 points by the close of the day. The closing level representing a Day-On-Day gain of about 0.24 percent.

On the Big Board of The New York Stock Exchange, the ratio of gaining counters to losing ones was about 2:One.

On The NASDAQ, its Composite Index rose about 0.96 percent to 2,379.10 points – a 66-month high.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in December was \$US60.36, down about 1.69 percent, compared with Wednesday's close.

For January 2007 delivery, the last settlement was \$US61.99 per barrel of light sweet crude oil, representing a one-day fall of about 1.71 percent.

In Europe, after investors had digested the news from The Commerce Department of the US Government, it appeared that there were 2 schools of thought in respect of the near-term future of the US economy.

As a result, half of the key indices of major European bourses rose, fractionally, while the other half fell, fractionally.

Oil prices continued to dog investors in Europe, especially with November 1, being less than one week away. (Please see Wednesday's report on this subject)

This was how the key indices of major European equity markets closed, last Thursday:

Amsterdam's AEX Index	Plus 0.04 percent
France's CAC 40 Index	Plus 0.21 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.30 percent
Great Britain's FTSE 100 Index	Minus 0.47 percent
Italy's MIBTEL Index	Minus 0.34 percent
Switzerland's Swiss Market Index	Minus 0.04 percent

In Asia, all but one of the major equity markets showed strength, last Thursday, as indices started to rise on the back of Wall Street's gains.

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

equity markets managed very reasonable gains.

The Hang Seng Index, the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose about 1.08 percent to 18,353.74 points on a Total Turnover of about \$HK33.87 billion.

Even though the Main Board's key index was in positive territory by the close of the trading day, losing counters outnumbered gaining ones by the ratio of about 1.03:One.

The Ten Most Actives were:

China Mobile Ltd (Code: 941)	Up 3.81 percent to \$HK62.60 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK147.10 per share
China Construction Bank Corporation (Code: 939)	Up 1.11 percent to \$HK3.64 per share
CNOOC Ltd (Code: 883)	Up 1.70 percent to \$HK6.57 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 3.35 percent to \$HK64.75 per share
PetroChina Company Ltd (Code: 857)	Up 1.16 percent to \$HK8.70 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK16.64 per share
China BlueChemical Ltd (Code: 3983)	Down 7.94 percent to \$HK3.13 per share
Bank of China Ltd (Code: 3988)	Down 0.29 percent to \$HK3.39 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.57 percent to \$HK5.28 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Arnhold Holdings Ltd	102	16.67		0.70
Berjaya Holdings (Hongkong) Ltd	288	31.67		0.158
Chinney Alliance Group Ltd	385	10.20		0.27
CITIC Resources Holdings Ltd	1205	13.29		1.62
Everbest Century Holdings Ltd	578	11.11		0.30

Fintronics Holdings Company Ltd	706	17.50		0.235
Frasers Property (China) Ltd	535	15.38		0.15
Grand Field Group Holdings Ltd	115	10.47		0.095
Lo's Enviro-Pro Holdings Ltd	309		14.47	0.65
MACRO-LINK International Holdings Ltd	472	38.89		0.25
Rontex International Holdings Ltd	1142		12.50	0.028
UBA Investments Ltd	768	33.33		0.10
Vongroup Ltd	318		19.61	0.41
Wing Hong (Holdings) Ltd	745	10.71		0.031
Wo Kee Hong (Holdings) Ltd	720		13.04	0.30

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar situation to that that had taken place on the Main Board.

The Growth Enterprise Index gained about 0.78 percent, rising to 1,138.76 points, but the Total Turnover remained low at about \$HK191.11 million, while losing counters outnumbered gaining ones by the ratio of about 1.47:One.

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

Shandong Weigao Group Medical Polymer Company Ltd (Code: 8199)	Up 5.00 percent to \$HK5.88 per share
Beijing Jingkelong Company Ltd (Code: 8245)	Down 3.37 percent to \$HK6.89 per share
Techpacific Capital Ltd (Code: 8088)	Up 9.09 percent to \$HK0.54 per share
Golden Meditech Company Ltd (Code: 8180)	Up 0.43 percent to \$HK2.32 per share
Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)	Unchanged at \$HK4.90 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		10.11	0.08

G.A. Holdings Ltd	8126		12.16	0.13
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	10.53		0.168
Medical China Ltd	8186		10.77	0.058
Northeast Tiger Pharmaceutical Company Ltd	8197		13.79	0.05
Thiz Technology Group Ltd	8119	20.00		0.06
Timeless Software Ltd	8028		12.20	0.072
Venturepharm Laboratories Ltd	8225	10.00		0.55
Zheda Lande Scitech Ltd	8106		25.90	0.123

In Japan, which is Asia's largest and most-important equity markets, its key gauge, The TOPIX Index, rose about 0.68 percent to 1,664.59 points.

Advancing counters outran declining ones by the ratio of about 1.37:One.

The Nikkei-225 Stock Average followed the lead of The TOPIX with a 0.67-percent gain, ending the trading day at 16,811.60 yen.

News Wise

- **Canon Incorporated** posted a Group Net Profit Attributable to Shareholders of about 115.60 billion yen for the quarter, ended September 30, 2006. That result was an increase, Year-On-Year, of about 15 percent;
- **Nissan Motor Company** reported a Net Profit Attributable to Shareholders of about 274.20 billion yen for the first half of its Financial Year, ended September 30, 2006, representing a gain of about 18.80 percent, compared with the same period in 2005; and,
- **Sony Corporation** reported a Net Profit Attributable to Shareholders of about 1.70 billion yen for the quarter, ended September 30, 2006. That was a 94.10-percent fall, compared with the like quarter in 2005.

In other Asian stock markets, this was how the situation looked, last Thursday night:

The HKSAR	Hang Seng Index Plus 1.08 percent to 18,353.74 The Growth Enterprise Index Plus 0.78 percent to 1,138.76
Indonesia	Closed
Japan	TOPIX Index Plus 0.68 percent to 1,664.59 Nikkei-255 Stock Average Plus 0.67 percent to 16,811.60

Malaysia	Plus 0.35 percent to 982.63
The Philippines	Plus 0.16 percent to 2,682.94
Singapore	Plus 1.00 percent to 2,741.69
South Korea	Plus 0.16 percent to 1,373.65
Taiwan	Plus 0.30 percent to 7,080.84
Thailand	Minus 0.59 percent to 728.49

Friday

Equity markets around the world were battered, last Friday, following the release from The Bureau of Economic Analysis, a division of The Commerce Department of the US Government, with regard to an advance estimate on the economic activity in the US, during the third quarter.

In a nutshell, the release indicated a much faster decline in activity in the largest single economy of the world than had, hitherto, been anticipated.

The following is a précis of The Bureau's findings:

'Real gross domestic product (GDP), the most comprehensive measure of economic activity, increased 1.6 percent in the third quarter after increasing 2.6 percent in the second quarter...

'The deceleration in quarterly real GDP growth primarily reflected the following:

- 1 Imports accelerated.*
- 1 Inventory investment turned down.*
- 1 Residential investment decreased for the fourth consecutive quarter; the decrease was the largest since the first quarter of 1991.*
- 1 Consumer spending for services and state and local government spending both decelerated.*

'Prices

'Inflation, as measured by prices for domestic purchases, increased 2.0 percent in the third quarter after increasing 4.0 percent. The increase was the smallest since the fourth quarter of 2003.

'Excluding food and energy, prices increased 1.9 percent, following a 2.9-percent increase.

'Disposable Income

'Real disposable personal income increased 3.7 percent in the third quarter, following an increase of 1.7 percent in the second quarter.'

Street was not amused.

New York Stock Exchange, the Dow Jones Industrial Average slid about 0.60 percent to 12,090.26 points while, on The NASDAQ, its Composite Index surrendered about 1.20 percent of its value, ending the trading day at 2,350.62 points.

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

The Dow Jones Industrial Average	Plus	0.73 percent
The NASDAQ's Composite Index	Plus	0.36 percent

What shocked many of the gurus of Wall Street was that The Bureau's figures suggested, strongly, that the growth of the US economy had slowed to its lowest level in about 3 years and that it was the housing market which had, largely, been responsible for the slump.

The Organisation of Petroleum Exporting Countries (OPEC), restricting oil exports, effective November 1, 2006, it means that oil prices should start to rise, once again. (Please see earlier reports)

And so the cycle will be repeated, with The (US) Federal Reserve, having to consider whether or not to increase interest rates in order to keep a cap on inflation.

On The New York Mercantile Exchange (NYMEX), last Friday, the last settlement for a barrel of light sweet crude oil for delivery in December was \$US60.75, up about 0.65 percent on the closing level on Thursday.

As for January 2007 delivery, the last settlement for a barrel of light sweet crude oil was \$US62.53, representing an increase of about 0.87 percent, compared with Thursday's last quote.

In Europe, the economic statistics, issued by The Bureau of Economic Analysis, popped many an investor's balloon: Down came key indices of major European bourses in a flash.

As TARGET had, already, suggested earlier this month, the probability is very real for the US housing markets' problems to be exported to countries of the European Union.

Please Refer To:
TARGET Intelligence Report, Volume VIII, Number 20,
Published On October 20, 2006, Headlined:
'BEWARE OF THE CONTAGION EFFECT!'

This was how the key indices of major European bourses ended the week of October 27, 2006:

Amsterdam's AEX Index	Minus	0.59 percent
France's CAC 40 Index	Minus	0.69 percent
Germany's Frankfurt XETRA DAX Index	Minus	0.34 percent
Great Britain's FTSE 100 Index	Minus	0.38 percent
Italy's MIBTEL Index	Plus	0.10 percent
Switzerland's Swiss Market Index	Plus	0.11 percent

Weakness on equity markets prevailed in Asia, for the most part, last Friday, as investors took careful stock of the international situation and put aside the euphoria which had marked Wall Street for most of the week.

Wishing is fishing.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), losses were recorded on both stock markets.

The Hang Seng Index, which is the key index of premier equity market of the territory, known as the Main Board of The Stock Exchange of Hongkong Ltd, lost about 0.31 percent of its value, ending the trading day at 18,297.55 points.

The Total Turnover rose to the record level of about \$HK76.02 billion due to the first day of trading in the shares of Industrial and Commercial Bank of China Ltd (Code: 1398).

About 10.63 billion shares of this massive, PRC-domiciled bank changed hands, last Friday, representing a cash turnover of about \$HK37.45 billion, or about 49 percent of the entire volume of activity of the market.

The share price of this bank rose about 15 percent from its Offer Price of \$HK3.07 per share to end the day at \$HK3.52 per share.

Although there was some excitement in the counter of Industrial and Commercial Bank of China Ltd, elsewhere in the second-largest stock market of Asia, little was happening.

Declining counters outnumbered advancing ones by the ratio of about 3.19:One.

The Ten Most Active counters were:

*Industrial and Commercial Bank of China Ltd (Code: 1398)	\$HK3.52 per share
HSBC Holdings plc (Code: 5)	Down 0.20 percent to \$HK146.80 per share
China Mobile Ltd (Code: 941)	Down 0.40 percent to \$HK62.35 per share
China Construction Bank Corporation (Code: 939)	Down 3.02 percent to \$HK3.53 per share
China Life Insurance Company Ltd (Code: 2628)	Down 3.73 percent to \$HK16.02 per share
Bank of China Ltd (Code: 3988)	Down 1.47 percent to \$HK3.34 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Down 3.55 percent to \$HK62.45 per share
PetroChina Company Ltd (Code: 857)	Down 1.15 percent to \$HK8.60 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.67 percent to \$HK17.64 per share
China Merchants Bank Company Ltd (Code: 3968)	Down 2.64 percent to \$HK11.82 per share

* First Day of Trading

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Elegance (Holdings) Ltd	476		13.79	0.05
Frankie Dominion International Ltd	704	12.12		0.148
Frasers Property (China) Ltd	535		10.67	0.134
Fulbond Holdings Ltd	1041		15.00	0.034
Great China Holdings Ltd	141	12.50		0.63
INNOMAXX Biotechnology Group Ltd	340		14.79	1.44
Interchina Holdings Company Ltd	202		10.00	0.036
Karl Thomson Holdings Ltd	7		10.11	3.38
Magician Industries (Holdings) Ltd	526	25.00		0.10
New Times Group Holdings Ltd	166		14.61	0.38
PME Group Ltd	379	15.63		0.074
Signal Media and Communications Holdings Ltd	2362		18.82	0.138
Vitop Bioenergy Holdings Ltd	1178	12.50		0.09
Zhong Hua International Holdings Ltd	1064		18.11	0.104

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gave up about 0.66 percent of its value, falling back to 1,131.30 points on a Total Turnover of about \$HK154.88 million.

The ratio of losers to gainers was wide, at about 1.93:One.

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

Beijing Jingkelong Company Ltd (Code: 8245)

Down 4.21 percent to
\$HK6.60 per share

Chinainfo Holdings Ltd (Code: 8206)

Unchanged at \$HK4.00
per share

Town Health International Holdings Company Ltd (Code: 8138)

Unchanged at
\$HK0.225 per share

Golden Meditech Company Ltd (Code: 8180)

Up 3.45 percent to
\$HK2.40 per share

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

Down 2.53 percent to
\$HK0.77 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Publications Ltd	8155		10.94	0.285
Everpride Biopharmaceutical Company Ltd	8019	28.13		0.041
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	14.29		0.40
Golding Soft Ltd	8190		11.11	0.016
GreaterChina Technology Group Ltd	8032		11.76	0.03
Inno-Tech Holdings Ltd	8202	23.75		0.099
Jinheng Automotive Safety Technology Holdings Ltd	8293		10.53	0.85
Linefan Technology Holdings Ltd	8166	28.21		0.05
Northeast Tiger Pharmaceutical Company Ltd	8197		10.00	0.045
Panorama International Holdings Ltd	8173		15.00	0.051
Sing Lee Software (Group) Ltd	8076		12.99	0.067
Sino Haijing Holdings Ltd	8065	10.00		0.055
Timeless Software Ltd	8028	18.06		0.085
Zheda Lande Scitech Ltd	8106	21.95		0.15

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

The Hang Seng Index	Plus 1.02 percent
The Growth Enterprise Index	Minus 0.22 percent

In Japan, all of the country's 3 stock markets displayed weakness, with key indices, falling to lower levels.

On The Tokyo Stock Exchange, The TOPIX Index gave up about 0.83 percent to fall back to 1,650.73

points.

The ratio of losing counters to gaining ones was about 3.07:One.

The Nikkei-225 Stock Average lost about 0.85 percent of its value, ending the trading day at 16,669.07 yen.

The tally for the largest equity market of Asia for the week, ended October 27, 2006, was:

The TOPIX Index	Plus	0.40 percent
The Nikkei-225 Stock Average	Plus	0.11 percent

And, elsewhere in Asia, this was how the key indices of other equity markets fared, last Friday:

The HKSAR	Hang Seng Index Minus 0.31 percent to 18,297.55 The Growth Enterprise Index Minus 0.66 percent to 1,131.30
Indonesia	Closed
Japan	TOPIX Index Minus 0.83 percent to 1,650.73 Nikkei-255 Stock Average Minus 0.85 percent to 16,669.07
Malaysia	Plus 0.74 percent to 989.90
The Philippines	Plus 0.72 percent to 2,702.37
Singapore	Minus 0.43 percent to 2,729.98
South Korea	Minus 0.33 percent to 1,369.09
Taiwan	Plus 0.08 percent to 7,086.74
Thailand	Minus 0.37 percent to 725.77

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

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