

**IRAN CONFIRMS ITS ADVANCES IN NUCLEAR TECHNOLOGY:
NEXT STEP WEAPONS OF MASS DESTRUCTION ?**

Equity Markets Respond To:

Crude Oil Price Gains

IMF Confirms US Economic Problems

US Retailers Predict A Bad April

Import Prices Rise

The West groaned, last Monday, following an announcement by the Government of Iran that the fundamentalistic Muslim country has the ability to produce nuclear fuel on an industrial basis.

While Iran continues to maintain that its nuclear programme is for peaceful purposes, only, the announcement by President Mahmoud Ahmadinejad makes it very clear that the country has, or soon will have, the ability to produce atomic weapons of mass destruction.

Weapons-grade nuclear fuel is just around the corner, without question, the West has determined.

Few countries in the West trust Iran and/or believe that it is engaged in a nuclear-enrichment programme for peaceful purposes.

The United Nations urged Iran to reconsider its position, internationally, and suspend its production of nuclear fuel or face the prospects of further world isolation.

Iran has heard that tune before and thumbs its proverbial nose at such suggestions.

The United Nations has, already, imposed 2 sanctions on Iran and it appears that more will follow in the wake of the latest development.

Wall Street pondered the Iran situation, however in spite of the latest events, share prices of blue chips moved up, but only fractionally.

Wall Street, as is its wont, suffers from chronic myopia, for the most part.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 8.94 points, or about 0.07 percent, ending the trading session at 12,569.14 points.

As for The NASDAQ, however, it was a slightly different situation to that of The Dow as its Composite Index shed 2.16 points, equivalent to about 0.09 percent, coming to rest at 2,469.18 points.

On The New York Mercantile Exchange (NYMEX), the price of crude oil retreated, smartly, obviously in sympathy with the release of the 15 British, Royal Navy personnel, having been taken prisoner by the Iranian armed forces and held for 13 days.

History suggests, strongly, that Great Britain does not take kindly to the illegal, forced detention of its subjects, be they members of the military of Her Royal Highness or civilians.

On NYMEX, last Monday, the last settlement for a barrel of light sweet crude oil for delivery in May came in at \$US61.51, down about 4.31 percent, compared with the last settlement of Thursday, April 5, 2007.

As for June delivery, the last settlement for a barrel of light sweet crude oil was \$US64.31, equivalent to a reduction of about 3.10 percent on the final quote of the previous Thursday.

Last Monday was Easter Monday and many equity and commodity markets, around the world, remained closed.

All of the European equity markets were closed.

In Asia, the equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) remained closed as did The Philippines and most of the markets of Australasia.

On The Tokyo Stock Exchange, last Monday, The TOPIX Index put on 21.02 points, or equivalent to about 1.48 percent, as Japanese investors pushed this key index to 1,738.10 points.

The Nikkei-225 Stock Average ended the trading day at 17,743.76 yen, a gain of 258.98 yen, or about 1.48 percent.

This was how the key indices of those equity markets that were open for business, last Monday, fared:

| | |
|-----------------|--|
| The HKSAR | Hang Seng Index Closed The Growth Enterprise Index Closed |
| Indonesia | Plus 0.96 percent to 1,913.74 |
| Japan | TOPIX Index Plus 1.22 percent to 1,738.10 Nikkei-225 Stock Average Plus 1.48 percent to 17,743.76 |
| Malaysia | Plus 1.52 percent to 1,298.36 |
| The Philippines | Closed |
| Singapore | Plus 1.62 percent to 3,400.00 |
| South Korea | Plus 1.14 percent to 1,501.06 |
| Taiwan | Plus 0.65 percent to 8,056.56 |
| Thailand | Minus 0.57 percent to 688.55 |

Tuesday

The 'talk' on Wall Street was that it is very likely that the United Nations will impose even tougher sanctions on Iran.

That little suggestion, which appeared to be very logical, all things considered, probably, was the reason for lacklustre trading conditions on the world's largest and most-important equity markets, last Tuesday. (Please see Monday's report)

However, from Wall Street's purists' point of view, the key index of The New York Stock Exchange, the Dow Jones Industrial Average, made its eighth, consecutive days' gains as investors nudged it to 12,573.85, an increase, Day-On-Day, of 4.71 points, or about 0.04 percent.

As for The NASDAQ's Composite Index, it rose 8.43 points, or about 0.34 percent, ending the trading day at 2,477.61 points.

Another factor, restraining any material, upward movements of the key indices of The New York Stock Exchange and The NASDAQ, was more bad news from the US housing market.

D.R. Horton Incorporated, said to be the largest builder of homes in the US, announced that orders for new homes fell by about 37 percent in the last quarter.

D.R. Horton's share price slide back 1.54 percent to \$US21.70.

Mortgage lenders saw their share prices tumble.

News Wise

- **Citigroup Incorporated** announced that it would sack about 17,000 of its workers, representing about 5 percent of its present Establishment Level. The company is making this move in order to save money – about \$US2.10 billion in 2007 and about \$US4.60 billion in 2009. The culling is to begin, immediately.

On The New York Mercantile Exchange (NYMEX), the price of crude oil rose again on suggestions of more sanctions to be imposed on Iran.

For delivery in May, the last settlement for a barrel of light sweet crude oil came in at \$US61.89, up about 0.62 percent on Monday's closing level.

As for June delivery, the last settlement for a barrel of light sweet crude oil was \$US64.88, representing an increase of about 0.89 percent on the last settlement of Monday.

In Europe, things started off bullishly, following the long, Easter holidays, with every key index of every major bourse, logging in gains.

There was no particular news that could have been said to have stimulated trading, it was just that, with Wall Street, continuing on a winning streak (albeit a puny one), there appeared to be no reason not to play follow the leader.

This was how the key indices of major European equity closed their respective trading days, last Tuesday:

| | | |
|-----------------------|------|--------------|
| Amsterdam's AEX Index | Plus | 0.92 percent |
|-----------------------|------|--------------|

| | | |
|-----------------------|------|--------------|
| France's CAC 40 Index | Plus | 0.43 percent |
|-----------------------|------|--------------|

| | | |
|-------------------------------------|------|--------------|
| Germany's Frankfurt XETRA DAX Index | Plus | 0.94 percent |
|-------------------------------------|------|--------------|

| | | |
|--------------------------------|------|--------------|
| Great Britain's FTSE 100 Index | Plus | 0.32 percent |
|--------------------------------|------|--------------|

| | | |
|----------------------|------|--------------|
| Italy's MIBTEL Index | Plus | 0.95 percent |
|----------------------|------|--------------|

| | | |
|----------------------------------|------|--------------|
| Switzerland's Swiss Market Index | Plus | 0.56 percent |
|----------------------------------|------|--------------|

In Asia, it was something of a mixed bag, with 66 percent of the key indices of the major equity markets,

making fractional gains, while the remainder saw their respective key indices lose fractions.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key index of its premier equity market led the winners of Asia.

(Last Tuesday was the first day of trading in the HKSAR since Wednesday, April 4, 2007)

The Hang Seng Index rose about 0.68 percent, rising to 20,347.87 points on a Total Turnover of about \$HK55.50 billion.

The ratio of gaining counters to losing ones was about 1.91:One.

The Ten Most Active counters were:

| | |
|---|---|
| HSBC Holdings plc (Code: 5) | Up 1.17 percent to \$HK138.70 per share |
| China Life Insurance Company Ltd (Code: 2628) | Up 1.75 percent to \$HK23.20 per share |
| China Petroleum and Chemical Corporation (Code: 386) | Up 3.48 percent to \$HK7.14 per share |
| China Mobile Ltd (Code: 941) | Up 0.49 percent to \$HK71.70 per share |
| PetroChina Company Ltd (Code: 857) | Down 0.76 percent to \$HK9.16 per share |
| Century City International Holdings Ltd (Code: 355) | Up 72.55 percent to \$HK0.44 per share |
| Industrial and Commercial Bank of China Ltd (Code: 1398) | Up 0.23 percent to \$HK4.32 per share |
| Bank of China Ltd (Code: 3988) | Up 0.26 percent to \$HK3.93 per share |
| China Merchants Bank Company Ltd (Code: 3968) | Up 1.93 percent to \$HK16.92 per share |
| China Construction Bank Corporation (Code: 939) | Up 0.88 percent to \$HK4.59 per share |

There were 62, double-digit movers on the Main Board, last Tuesday, with managements of 15 of their number, seeing investors knock off 10 percent or more of their share prices, while the managements of 47, big movers witnessed investors push up their share prices by 10 percent or more.

Shanghai Allied Cement Ltd (Code: 1060) was the biggest winner of the day as its share price rose 88.89 percent to \$HK1.19.

China Golden Development Holdings Ltd (Code: 162) was the biggest loser of the day as investors pulled down its share price by 19.39 percent to 39.50 cents.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, there was very little movement in respect of its lone index, known as The Growth Enterprise Index.

By the close of the trading day, this index was registering an increase of about 0.03 percent, limping to 1,366.03 points.

The Total Turnover on this speculative marketplace was about \$HK384.29 million, while the ratio of advancing counters to declining ones was about 1.24:One.

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

Proactive Technology Holdings
Ltd (Code: 8089)

Up 9.00 percent to \$HK9.20 per share

IIN International Ltd (Code: 8128)

Down 5.83 percent to \$HK0.097 per share

Xteam Software International
Ltd (Code: 8178)

Down 15.63 percent to \$HK0.27 per share

Phoenix Satellite Television
Holdings Ltd (Code: 8002)

Up 0.74 percent to \$HK1.37 per share

Zhengzhou Gas Company Ltd
(Code: 8099)

Up 6.80 percent to \$HK1.10 per share

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|-------------|---------------------|---------------------|-----------------------------|
| Asian Capital Resources (Holdings) Ltd | 8025 | 22.64 | | 0.13 |
| China Chief Cable TV Group Ltd | 8153 | | 11.29 | 0.55 |
| DIGITALHONGKONG.COM | 8007 | 25.00 | | 1.00 |
| Era Information and Entertainment Ltd | 8043 | | 10.48 | 0.094 |
| Essex Bio-Technology Ltd | 8151 | | 10.83 | 0.14 |
| EVI Education Asia Ltd | 8090 | 23.03 | | 0.203 |
| Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd | 8231 | | 12.24 | 0.43 |

| | | | | |
|--|------|-------|-------|-------|
| Golding Soft Ltd | 8190 | 34.57 | | 0.109 |
| GreaterChina Technology Group Ltd | 8032 | 12.16 | | 0.083 |
| Global Solution Engineering Ltd | 8192 | 10.47 | | 0.19 |
| International Financial Network Holdings Ltd | 8123 | 33.75 | | 0.107 |
| KanHan Technologies Group Ltd | 8175 | 10.44 | | 0.275 |
| Launch Tech Company Ltd | 8196 | | 20.54 | 2.05 |
| Lee's Pharmaceutical Holdings Ltd | 8221 | 10.00 | | 0.33 |
| Qianlong Technology International Holdings Ltd | 8015 | 12.90 | | 0.35 |
| Sys Solutions Holdings Ltd | 8182 | 44.58 | | 2.40 |
| T S Telecom Technologies Ltd | 8003 | 12.61 | | 0.25 |
| Xteam Software International Ltd | 8178 | | 15.63 | 0.27 |

In Japan, after the booming market of Monday, things cooled down, considerably, on the country's 3 equity markets.

On The Tokyo Stock Exchange, which is the premier equity market of the country, The TOPIX Index declined about 0.14 percent to 1,735.69 points.

Losing counters outnumbered gaining ones by the ratio of about 1.94:One.

As for The Nikkei-225 Stock Average, it lost about 0.45 percent of its former glory, retreating to 17,664.69 yen.

This was how the other major equity markets of Asia closed their respective doors, last Tuesday night:

| | |
|-----------|---|
| The HKSAR | Hang Seng Index Plus 0.68 percent to 20,347.87 The Growth Enterprise Index Plus 0.03 percent to 1,366.03 |
| Indonesia | Plus 0.61 percent to 1,925.47 |
| Japan | TOPIX Index Minus 0.14 percent to 1,735.69 Nikkei-225 Stock Average Minus 0.45 percent to 17,664.69 |

| | |
|-----------------|--------------------------------|
| Malaysia | Plus 0.61 percent to 1,306.34 |
| The Philippines | Plus 0.31 percent to 3,304.42 |
| Singapore | Plus 0.67 percent to 3,442.62 |
| South Korea | Minus 0.13 percent to 1,499.16 |
| Taiwan | Minus 0.10 percent to 8,048.39 |
| Thailand | Plus 0.14 percent to 689.48 |

Wednesday

Share prices fell fast and furiously, last Wednesday, on the world's largest equity markets as suggestions of further interest-rate increases did the rounds of investors and institutions, alike.

On The New York Stock Exchange, the Dow Jones Industrial Average fell 89.23 points, equivalent to about 0.71 percent, ending the trading day at 12,484.62 points.

On The NASDAQ, its Composite Index lost 18.30 points, or about 0.74 percent, dropping back to 2,459.31 points.

The ratio of losing counters to gaining ones on both equity markets was about 2:One.

Also, investors, on learning of the official announcement from Citigroup Incorporated (Please see Tuesday's report), determined that the proposed job cuts were insufficient, all things considered.

Citigroup has fallen from grace of late due to unchecked, runaway expenses which have cut into the Bottom Line.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May continued to rise, putting on another 12 cents, ending the day at \$US62.01.

For June delivery, the last settlement for a barrel of light sweet crude oil was \$US64.84, representing a fall of about 0.06 percent, compared with Tuesday's last settlement.

Europe followed Wall Street – down, as the following **TARGET** () list of key indices of major bourses indicate:

Amsterdam's AEX Index Minus 0.37 percent

France's CAC 40 Index Minus 0.24 percent

Germany's Frankfurt XETRA DAX Index Minus 0.19 percent

Great Britain's FTSE 100 Index Minus 0.07 percent

Italy's MIBTEL Index Minus 0.24 percent

Switzerland's Swiss Market Index Minus 0.15 percent

That which hurt investment sentiment in Europe was a report from the **I**nternational **M**onetary **F**und (IMF) which confirmed **TARGET**'s prognostications about the US economy: Slower growth for 2007.

The big question was, of course, whether or not the US economy could slip into recession, considering the known effects of the housing market and the mortgage-market fallout.

In Asia, it was another repeat performance of that which transpired on Tuesday.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key index of the premier equity market managed a half a percentage-point gain while the lone index of the speculative, **G**rowth **E**nterprise **M**arket (The GEM) gave up about 0.16 percent of its value.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, ended the trading day at 20,449.43 points on a Total Turnover of about \$HK59.07 billion.

Advancing counters outran declining ones by the ratio of about 1.49:One.

The Ten Most Active counters were:

China Life Insurance Company
Ltd (Code: 2628)

Up 4.09 percent to \$HK24.15 per share

HSBC Holdings plc (Code: 5)

Up 0.43 percent to \$HK139.30 per share

China Petroleum and
Chemical Corporation (Code: 386)

Up 4.06 percent to \$HK7.43 per share

China Mobile Ltd (Code: 941)

Up 0.42 percent to \$HK72.00 per share

Industrial and Commercial Bank
of China Ltd (Code: 1398)

Up 0.23 percent to \$HK4.33 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.45 percent to \$HK76.75 per share

China Construction Bank
Corporation (Code: 939)

Up 1.53 percent to \$HK4.66 per share

PetroChina Company Ltd (Code:
857)

Up 0.76 percent to \$HK9.23 per share

China Merchants Bank Company
Ltd (Code: 3968)

Up 4.02 percent to \$HK17.60 per share

China Agri-Industries Holdings
Ltd (Code: 606)

Up 6.33 percent to \$HK7.22 per share

There was a total of 42, double-digit movers of the day, with 29 of those counters, logging in gains in their respective share prices of 10 percent or more.

The remaining 13, double-digit movers saw their respective share prices lose 10 percent or more.

The biggest gainer of the Main Board, last Wednesday, was Simsen International Corporation Ltd (Code: 993) whose share price rose 32 percent, exactly, to 33 cents.

Concepta Investments Ltd (Code: 1140) had the distinction of being the biggest loser of the day as its share price fell back 19.44 percent to 29 cents.

On The GEM, the Growth Enterprise Index fell back to 1,363.88 points on a Total Turnover of about \$HK327.86 million.

Gainers and losers were, almost, neck-to-neck at about 1.02:One.

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

Proactive Technology Holdings Ltd (Code:
8089)

Up 2.72 percent to \$HK9.45 per share

Xteam Software International Ltd (Code: 8178)

Up 7.41 percent to \$HK0.29 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Up 2.81 percent to \$HK13.88 per share

IIN International Ltd (Code: 8128)

Up 6.19 percent to \$HK0.103 per share

Zhengzhou Gas Company Ltd (Code: 8099)

Up 4.55 percent to \$HK1.15 per share

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|-------------|-------------------------|-------------------------|---------------------------------|
| Armitage Technologies Holding Ltd | 8213 | | 10.00 | 0.09 |
| CIG Yangtze Ports PLC | 8233 | | 17.74 | 0.51 |
| EVI Education Asia Ltd | 8090 | 19.70 | | 0.243 |
| Shanghai Fudan-Zhangjiang Bio- Pharmaceutical Company Ltd | 8231 | 16.28 | | 0.50 |
| Global Link Communications Holdings Ltd | 8060 | 20.00 | | 0.132 |
| Glory Future Group Ltd | 8071 | 76.34 | | 0.82 |

| | | | | |
|---|------|-------|-------|-------|
| ITE (Holdings) Ltd | 8092 | 13.00 | | 0.113 |
| JF Household Furnishings Ltd | 8310 | | 17.14 | 0.58 |
| Linefan Technology Holdings Ltd | 8166 | 38.89 | | 0.125 |
| New Chinese Medicine Holdings Ltd | 8085 | 20.00 | | 0.48 |
| Shenzhen Neptunus Interlong Bio- technique Company Ltd | 8329 | 20.37 | | 1.30 |
| Powerleader Science and Technology Company Ltd | 8236 | | 21.52 | 0.31 |
| Sino Haijing Holdings Ltd | 8371 | | 10.67 | 0.67 |
| Sys Solutions Holdings Ltd | 8182 | | 12.92 | 2.09 |
| Vodatel Networks Holdings Ltd | 8033 | 11.30 | | 0.197 |
| Wafer Systems Ltd | 8198 | 20.00 | | 0.16 |

Quiet trading conditions prevailed on Japan's 3 equity markets, last Wednesday, with key indices hardly moving throughout the trading day.

On The Tokyo Stock Exchange, The TOPIX Index rose about 0.19 percent to 1,739.01 points.

But losing counters outpaced gaining ones by the ratio of about 1.46:One.

The Nikkei-225 Stock Average rose about 0.03 percent to end the trading day at 17,670.07 yen.

News Wise

- For the first time in 5 years, **corporate failures** in Japan, those with liabilities, exceeding assets by 10 million yen or more at the time of management, announcing insolvency, rose about 1.30 percent in 2006, compared with the 2005 statistics. Totally, 13,337 companies in Japan announced their failed financial situations; and,
- The Finance Ministry announced that the country's **Current Account Surplus** rose 4.90 percent in February to 2,417 trillion yen.

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

| | |
|-----------|--|
| The HKSAR | Hang Seng Index Plus 0.50 percent to 20,449.43 The Growth Enterprise Index Minus 0.16 percent to 1,363.88 |
| Indonesia | Plus 0.29 percent to 1,931.04 |

| | |
|-----------------|--|
| Japan | TOPIX Index Plus 0.19 percent to 1,739.01 Nikkei-225 Stock Average Plus 0.03 percent to 17,670.07 |
| Malaysia | Minus 0.01 percent to 1,306.22 |
| The Philippines | Minus 0.31 percent to 3,294.21 |
| Singapore | Minus 0.06 percent to 3,420.62 |
| South Korea | Plus 0.95 percent to 1,513.42 |
| Taiwan | Plus 0.45 percent to 8,084.45 |
| Thailand | Plus 0.82 percent to 695.10 |

Thursday

Crude-oil prices surged, last Thursday, following an announcement from the US Government's Energy Information Administration (EIA), which reported dwindling supplies of domestic petrol stockpiles in the face of unflagging (and rising) demand.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May was \$US63.85, a one-day increase of about 2.97 percent.

As for June delivery, the last settlement for a barrel of light sweet crude oil came in at \$US66.34, representing an increase of about 2.31 percent, compared with the last settlement of Wednesday.

The EIA announced that total US petrol inventories had fallen by about 5.50 million barrels for the week, ended April 6, 2007, to 199.70 million barrels.

The EIA, also, reported that US-based refineries were having difficulty in keeping up with demand for distillates.

The higher price of crude oil spurred investors on the largest equity markets of the world to get right back into energy, causing this sector of The New York Stock Exchange to experience a surge in activity.

The Dow Jones Industrial Average gained 68.34 points, equivalent to about 0.55 percent, running up to 12,552.96 points.

Over on The NASDAQ, its Composite Index gained 21.01 points, or about 0.85 percent, as investors pushed it to 2,480.32 points.

The gains on Wall Street came, also, after some pretty damning reports about the US economy.

Retailers are warning that they fully expect weak sales for the month of April even though March sales were a little better than had been formerly expected.

Then, the US Labour Department announced that Initial Unemployment Claims had risen to their highest levels in the past 2 months.

For the week, ended April 7, 2007, there had been a rise of about 19,000 Claims in the number of unemployed workers, demanding to receive unemployment insurance benefits, The Labour Department announced.

Then, as if that was not enough, The Bureau of Labour Statistics, a division of The Department of Labour, announced that the recent increases in the imported price of crude oil had been responsible, in large part, for an increase in the US Import Price Index for the month of March.

Which may be considered, by the US Federal Reserve, as being inflationary.

The following is the full text of The Bureau's report, minus the tables:

***'U.S. IMPORT AND EXPORT PRICE INDEXES
- MARCH 2007 -***

'The U.S. Import Price Index rose 1.7 percent in March ... The increase followed a 0.1 percent rise in February and was led by an increase in petroleum prices. The price index for exports increased for the fifth consecutive month, advancing 0.7 percent in March.

'Import Goods

'The 1.7 percent rise in March was the largest increase since May 2006. The price index for petroleum increased 9.0 percent in March following a 0.6 percent rise in February, and was the largest one-month jump since April 2006. The two consecutive advances in petroleum prices followed declines in four of the previous five months. Petroleum prices increased 2.4 percent over the past year. Nonpetroleum prices increased 0.3 percent in March, following a modest 0.1 percent advance in February. The price index for nonpetroleum imports increased 2.9 percent over the past 12 months while overall import prices advanced 2.8 percent for the same period.

'The March increase in nonpetroleum prices was led by a 1.3 percent advance in prices for nonpetroleum industrial supplies and materials. The increase in nonpetroleum industrial supplies and materials was driven by higher metals and natural gas prices. The price index for unfinished metals increased 2.4 percent in March and 25.3 percent over the past 12 months.

'Increases in the price indexes for consumer goods and automotive vehicles also contributed to the March rise in nonpetroleum prices, advancing 0.2 percent and 0.1 percent, respectively. For the year ended in March, consumer goods prices increased 1.8 percent and automotive vehicles prices rose 1.1 percent.

'In contrast, capital goods prices and prices for foods, feeds, and beverages decreased in March. The price index for capital goods ticked down 0.1 percent after falling 0.2 percent in February. Foods, feeds, and beverages prices fell 0.1 percent, the first decline since June 2006. Lower vegetables prices were primarily responsible for the decrease.

'Export Goods

'Export prices rose 0.7 percent for the second consecutive month, as both agricultural prices and nonagricultural prices contributed to the advance. Agricultural prices increased 2.1 percent for the month and 20.2 percent over the past year. Higher corn, vegetables, meat, and wheat prices all contributed to the increase. Nonagricultural prices rose 0.6 percent for the month and 4.2 percent for the year ended in March. Overall export prices rose 5.3 percent for the March 2006-2007 period, the largest 12-month increase since September 1995.

'A 1.9 percent increase in nonagricultural industrial supplies and materials prices was the largest contributor to the rise in nonagricultural prices. The advance followed a 2.0 percent increase in February and was driven by higher prices for metals, fuels, and chemicals. Over the past 12 months, the index rose 11.0 percent.

'Prices for each of the major finished goods areas recorded little movement for the second consecutive month. Automotive vehicles prices increased a modest 0.1 percent for the second consecutive month. Prices for capital goods and consumer goods were unchanged in March

after both indexes fell 0.1 percent in February. For the year ended in March, consumer goods prices increased 2.4 percent, automotive vehicles prices increased 1.4 percent, and capital goods prices increased 0.8 percent.

'Imports by Locality of Origin

'Prices of imports from China and from Japan increased 0.2 percent and 0.1 percent, respectively, in March. The increase was the largest for China since a similar change in October 2005. However, import prices from China fell 0.6 percent over the past year, while the price index of imports from Japan declined 0.7 percent for the March 2006-2007 period.

'Import prices from Canada, Mexico, and the European Union all rose in March, as higher petroleum prices contributed to the increases. The price index for imports from Canada increased 1.6 percent for the month after rising 0.8 percent in February and increased 4.1 percent for the year ended in March. Prices for imports from Mexico and from the European Union increased 1.4 percent and 0.4 percent, respectively. Import prices from Mexico advanced 4.5 percent over the past 12 months, while import prices from the European Union rose 3.0 percent for the same period.

'Import and Export Services

'Import air passenger fares edged up 0.1 percent in March after recording no change the previous month. Export air passenger fares rose 0.8 percent in March. Both indexes advanced over the past year; import air passenger fares 7.0 percent and export air passenger fares 7.2 percent.

'Import air freight prices declined 0.1 percent in March, while export air freight prices were unchanged. Over the past 12 months, import air freight prices rose 0.8 percent and export air freight rose 3.0 percent.

'Export travel and tourism prices, which are lagged one month, increased 2.4 percent in February, following a 0.4 percent increase in January. The indexes are published by the country of residence of those traveling to the United States ...'.

On major European bourses, investors were hesitant in the face of so many unknowns in the US, especially the knock-on effects of the rapid increase in the price of crude oil.

The falloff in US retail sales was, to many investors in this part of the world, very frightening.

This was how the indices of the major European bourses ended their respective trading days, last Thursday:

| | |
|-------------------------------------|--------------------|
| Amsterdam's AEX Index | Minus 0.61 percent |
| France's CAC 40 Index | Minus 0.05 percent |
| Germany's Frankfurt XETRA DAX Index | Minus 0.13 percent |
| Great Britain's FTSE 100 Index | Plus 0.04 percent |
| Italy's MIBTEL Index | Minus 0.21 percent |
| Switzerland's Swiss Market Index | Minus 0.28 percent |

Investors in Asia showed their concern, also, last Thursday, as the key indices of major equity markets headed decidedly south.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier equity market saw its key index come off, fractionally, on relatively high volume.

Which is hardly ever a good sign.

The Hang Seng Index, the most-important gauge of trading on the Main of The Stock Exchange of Hongkong Ltd, gave up about 0.34 percent of its value, edging back to 20,380.21 points.

The Total Turnover was about \$HK60 billion.

Advancing counters beat off declining ones by the slim ratio of about 1.008:One.

The Ten Most Actives were:

China Life Insurance Company
Ltd (Code: 2628)

Up 2.48 percent to \$HK24.75 per share

HSBC Holdings plc (Code: 5)

Up 0.36 percent to \$HK139.80 per share

China Construction Bank
Corporation (Code: 939)

Up 0.86 percent to \$HK4.70 per share

China Infrastructure Machinery
Holdings Ltd (Code: 3339)

Down 5.39 percent to \$HK15.44 per share

Industrial and Commercial Bank
of China Ltd (Code: 1398)

Down 0.23 percent to \$HK4.32 per share

Bank of China Ltd (Code: 3988)

Up 1.02 percent to \$HK3.98 per share

China Mobile Ltd (Code: 941)

Down 1.04 percent to \$HK71.25 per share

China Shipping Container Lines
Company Ltd (Code: 2866)

Up 12.35 percent to \$HK3.82 per share

Ping An Insurance (Group) Company
of China Ltd (Code: 2318)

Up 6.08 percent to \$HK42.75 per share

China Petroleum and
Chemical Corporation (Code: 386)

Down 2.02 percent to \$HK7.28 per share

Of the 41, double-digit movers of the day, only 2 of their number lost ground.

All of the remaining 39, big movers of the Main Board of The Stock Exchange of Hongkong Ltd saw their respective market capitalisations rise 10 percent or more.

The biggest gainer of the day was Unity Investments Holdings Ltd (Code: 913), the share price of which rose 98.32 percent to 33.50 cents.

Win Hanverky Holdings Ltd (Code: 3322) had the distinction of being the biggest loser of the day as investors pulled down its share price to \$HK3.68, a one-day fall of about 22.20 percent.

As for The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, investors pushed up its lone index, The Growth Enterprise Index, to 1,376.46 points, an increase of about 0.92 percent, compared with Wednesday's closing level.

Advancing counters outpaced declining ones by the ratio of about 1.27:One.

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

Proactive Technology Holdings
Ltd (Code: 8089)

Down 4.76 percent to \$HK9.00 per share

Town Health International
Holdings Company Ltd (Code:
8138)

Up 5.80 percent to \$HK0.73 per share

Sau San Tong Holdings Ltd (Code:
8200)

Up 31.02 percent to \$HK0.245 per share

China LotSynergy Holdings
Ltd (Code: 8161)

Up 8.51 percent to \$HK2.55 per share

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

Up 1.79 percent to \$HK0.57 per share

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|-------------|---------------------|---------------------|-----------------------------|
| Armitage Technologies Holding Ltd | 8213 | 33.33 | | 0.12 |
| B M Intelligence International Ltd | 8158 | 20.97 | | 0.75 |
| CIG Yangtze Ports PLC | 8233 | 21.57 | | 0.62 |
| DIGITALHONGKONG.COM | 8007 | | 10.10 | 0.89 |
| Era Information and Entertainment Ltd | 8043 | | 10.00 | 0.09 |
| Galileo Capital Group Ltd | 8029 | 14.67 | | 0.43 |
| Glory Future Group Ltd | 8071 | | 25.61 | 0.61 |
| Shanghai Jiaoda Withub Information Industrial Company Ltd | 8205 | | 10.00 | 0.36 |

| | | | | |
|---|------|--------|-------|-------|
| Linefan Technology Holdings Ltd | 8166 | 21.60 | | 0.152 |
| Longlife Group Holdings Ltd | 8037 | | 10.00 | 0.18 |
| Mobile Telecom Network (Holdings) Ltd | 8266 | | 11.56 | 0.153 |
| MP Logistics International Holdings Ltd | 8239 | 14.29 | | 0.40 |
| New Chinese Medicine Holdings Ltd | 8085 | | 13.54 | 0.415 |
| Shenzhen Neptunus Interlong Bio- technique Company Ltd | 8329 | 26.92 | | 1.65 |
| PINE Technology Holdings Ltd | 8013 | 19.15 | | 0.28 |
| QUASAR Communication Technology Holdings Ltd | 8171 | 157.14 | | 0.36 |
| Sau San Tong Holdings Ltd | 8200 | 31.02 | | 0.245 |
| Sino Haijing Holdings Ltd | 8371 | 16.42 | | 0.78 |
| South China Land Ltd | 8155 | 10.26 | | 0.43 |
| Tradeeasy Holdings Ltd | 8163 | 12.33 | | 0.082 |
| Universal Technologies Holdings Ltd | 8091 | 46.71 | | 0.245 |
| Value Convergence Holdings Ltd | 8101 | 37.96 | | 1.89 |

In The Land of The Rising Sun, losing counters outnumbered gaining ones by the wide margin of about 2.27:One on The Tokyo Stock Exchange, which is the premier equity market of the country.

The TOPIX Index lost 12.83 points, or about 0.74 percent, ending the trading day at 1,726.18 points.

The Nikkei-225 Stock Average, on the other hand, gained a similar amount as did The TOPIX Average, ending the day at 17,540.42 yen.

News Wise

- **Wholesale prices** in Japan rose about 2.80 percent in 2006, Year-On-Year, The Bank of Japan announced. It was the sharpest rise in the previous 26 years. The reason for the fast move upwards in wholesale prices: The increases in the price of imported oil and nonferrous metals.

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

| | |
|-----------------|--|
| The HKSAR | Hang Seng Index Minus 0.34 percent to 20,380.21 The Growth Enterprise Index Plus 0.92 percent to 1,376.46 |
| Indonesia | Minus 0.03 percent to 1,930.40 |
| Japan | TOPIX Index Minus 0.74 percent to 1,726.18 Nikkei-225 Stock Average Minus 0.73 percent to 17,540.42 |
| Malaysia | Plus 0.07 percent to 1,307.19 |
| The Philippines | Minus 2.15 percent to 3,223.22 |
| Singapore | Minus 1.40 percent to 3,372.69 |
| South Korea | Plus 0.81 percent to 1,525.61 |
| Taiwan | Minus 0.11 percent to 8,075.20 |
| Thailand | Minus 0.38 percent to 692.46 |

Friday

Worries over the US economy dogged investors on the world's largest equity markets, last Friday, and although key indices moved to higher ground, the gains were very modest.

Prior to the opening of Wall Street, the US Government's Bureau of Economic Analysis brought out its finding in respect of February's goods and services deficit.

The following is a précis of that report:

'The U.S. monthly goods and services deficit narrowed in February 2007, according to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau. The deficit decreased from \$58.9 billion (revised) in January to \$58.4 billion in February, as imports decreased more than exports. The January deficit was slightly lower than its previously published value of \$59.1 billion.'

| |
|--|
| |
|--|

'Exports

'Exports of goods and services decreased \$2.8 billion in February to \$124.0 billion, mostly reflecting a decrease in goods exports. Services exports also decreased.'

- *The decrease in goods exports mostly reflected decreases in capital goods,*

industrial supplies and materials, and consumer goods, which were partly offset by an increase in automotive vehicles, parts, and engines.

- *The decrease in services exports mostly reflected decreases in travel and other transportation.*

'Imports

'Imports of goods and services decreased \$3.2 billion in February to \$182.4 billion, reflecting a decrease in goods imports. Services imports increased slightly.

- *The decrease in goods imports mostly reflected decreases in industrial supplies and materials and capital goods, which were partly offset by an increase in consumer goods.*
- *The increase in services imports reflected an increase in other private services and small increases in several other categories, which were partly offset by a decrease in other transportation.*

'Goods by geographic area (not seasonally adjusted)

- *The goods deficit with China decreased from \$21.3 billion in January to \$18.4 billion in February. Exports increased \$0.3 billion to \$4.6 billion, while imports decreased \$2.6 billion to \$23.1 billion.*
- *The goods deficit with Canada decreased from \$6.8 billion in January to \$4.8 billion in February. Exports increased \$0.5 billion to \$18.3 billion, while imports decreased \$1.5 billion to \$23.1 billion.*
- *The goods deficit with Japan increased from \$6.5 billion in January to \$7.1 billion in February. Exports decreased \$0.2 billion to \$4.8 billion, while imports increased \$0.4 billion to \$11.9 billion.'*

Wall Street appeared to pay scant attention to the continuing goods and services deficit, last Friday.

Some day, it might well come home to haunt the world's largest and most-important economy.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the week at 12,612.13 points, a one-day gain of about 0.47 percent.

The NASDAQ's Composite Index rose in sympathy with The Dow, also adding about 0.47 percent to 2,491.94 points.

Once again, the matter of the continuing crisis at the mortgage-lending industry, and especially the subprime market fallout, worried investors, particularly when American Home Mortgage announced that it well expected lower profits for its Financial Year.

The share price of American Home Mortgage fell about 16.30 percent to \$US21.63.

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

| | |
|----------------------------------|-------------------|
| The Dow Jones Industrial Average | Plus 0.41 percent |
| The NASDAQ's Composite Index | Plus 0.83 percent |

The key indices of major European bourses ended fractionally higher, last Friday.

Energy stocks and shares led the gains for the most part in spite of the fact that crude-oil prices shed a little of their 'fat' in Friday's trading on international commodity markets.

This was how the key indices of major European bourses ended the week of April 13, 2007:

| | | |
|-------------------------------------|------|--------------|
| Amsterdam's AEX Index | Plus | 0.91 percent |
| France's CAC 40 Index | Plus | 0.70 percent |
| Germany's Frankfurt XETRA DAX Index | Plus | 0.96 percent |
| Great Britain's FTSE 100 Index | Plus | 0.71 percent |
| Italy's MIBTEL Index | Plus | 0.62 percent |
| Switzerland's Swiss Market Index | Plus | 0.74 percent |

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May was \$US63.63, representing a fall of about 0.34 percent on the Thursday's last settlement.

As for June delivery, the last settlement for a barrel of light sweet crude oil was \$US66.33, down about 0.02 percent on the final quote of Thursday.

In Asia, key indices of most major equity markets ended the week on a decidedly sour note.

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

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, gave up about 0.19 percent of its value, falling back to 20,340.97 points on a Total Turnover of about \$HK57.19 billion.

The ratio of losing counters to gaining ones was about 1.26:One.

The Ten Most Active counters were:

| | |
|--|--|
| HSBC Holdings plc (Code: 5) | Up 0.64 percent to \$HK140.70 per share |
| China Life Insurance Company Ltd (Code: 2628) | Up 2.22 percent to \$HK25.30 per share |
| China Mobile Ltd (Code: 941) | Down 0.14 percent to \$HK71.15 per share |
| China Petroleum and Chemical Corporation (Code: 386) | Down 2.47 percent to \$HK7.10 per share |
| Industrial and Commercial Bank of China Ltd (Code: 1398) | Down 0.69 percent to \$HK4.29 per share |
| China Construction Bank Corporation (Code: 939) | Down 1.28 percent to \$HK4.64 per share |
| China Communications | Up 1.99 percent to \$HK9.76 per share |

Construction Company Ltd (Code:
1800)

Bank of China Ltd (Code: 3988)

Down 1.01 percent to \$HK3.94 per share

Bank of Communications Company
Ltd (Code: 3328)

Up 0.71 percent to \$HK8.51 per share

Ping An Insurance (Group) Company
of China Ltd (Code: 2318)

Up 1.99 percent to \$HK43.60 per share

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|-------------|-------------------------|-------------------------|---------------------------------|
| 139 Holdings Ltd | 139 | | 11.86 | 0.26 |
| Anex International Holdings Ltd | 723 | 16.90 | | 0.415 |
| Apex Capital Ltd | 905 | | 10.47 | 0.385 |
| Aurora Global Investment Holdings Ltd | 353 | 10.71 | | 0.62 |
| Baoye Group Company Ltd | 2355 | 10.94 | | 14.20 |
| China Aerospace International Holdings Ltd | 31 | 14.29 | | 1.44 |
| Comba Telecom Systems Holdings Ltd | 2342 | 11.19 | | 3.28 |
| Earnest Investments Holdings Ltd | 339 | | 13.16 | 0.33 |
| eForce Holdings Ltd | 943 | | 11.20 | 0.222 |
| Fortuna International Holdings Ltd | 530 | 12.73 | | 0.62 |
| Fujian Holdings Ltd | 181 | 20.00 | | 0.48 |
| Goldbond Group Holdings Ltd | 172 | | 11.58 | 0.84 |
| Guangdong Tannery Ltd | 1058 | 43.14 | | 0.73 |

| | | | | |
|--------------------------------------|------|-------|-------|-------|
| Interchina Holdings Company Ltd | 202 | 13.11 | | 0.138 |
| Jiwa Bio-Pharm Holdings Ltd | 2327 | 14.29 | | 0.36 |
| Junefield Department Store Group Ltd | 758 | 10.53 | | 0.21 |
| MAXX Bioscience Holdings Ltd | 512 | 21.39 | | 0.21 |
| ONFEM Holdings Ltd | 230 | 30.43 | | 0.90 |
| Peaktop International Holdings Ltd | 925 | 18.80 | | 0.139 |
| Pyxis Group Ltd | 516 | 11.67 | | 0.335 |
| Rontex International Holdings Ltd | 1142 | 26.04 | | 0.121 |
| See Corporation Ltd | 491 | 25.00 | | 1.30 |
| Shang Hua Holdings Ltd | 371 | 94.12 | | 0.99 |
| Sunny Global Holdings Ltd | 1094 | 21.32 | | 0.165 |
| Tack Hsin Holdings Ltd | 611 | 16.00 | | 0.435 |
| Tiande Chemical Holdings Ltd | 609 | 14.02 | | 1.22 |
| Vitasoy International Holdings Ltd | 345 | 12.76 | | 3.80 |
| Wah Yuen Holdings Ltd | 2349 | 22.00 | | 0.305 |
| Win Hanverky Holdings Ltd | 3322 | | 11.68 | 3.25 |
| Wonderful World Holdings Ltd | 109 | | 11.34 | 0.211 |
| World Trade Bun Kee Ltd | 380 | | 19.28 | 1.80 |
| China Yurun Food Group Ltd | 1068 | | 12.83 | 8.70 |

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gave up about 1.22 percent of its former glory, dropping back to 1,359.73 points.

The Total Turnover on this speculative market was about \$HK396.28 million.

Losing counters outran gaining ones by the ratio of about 1.15:One.

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

Xteam Software International
Ltd (Code: 8178)

Up 26.79 percent to \$HK0.355 per share

Proactive Technology Holdings
Ltd (Code: 8089)

Up 2.00 percent to \$HK9.18 per share

B M Intelligence International
Ltd (Code: 8158)

Up 6.67 percent to \$HK0.80 per share

Tong Ren Tang Technologies
Company Ltd (Code: 8069)

Up 5.57 percent to \$HK14.40 per share

Town Health International
Holdings Company Ltd (Code:
8138)

Down 5.48 percent to \$HK0.69 per share

The GEM's biggest movers of the day included:

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|-------------|-------------------------|-------------------------|---------------------------------|
| Era Information and Entertainment Ltd | 8043 | 32.22 | | 0.119 |
| G.A. Holdings Ltd | 8126 | 11.76 | | 0.285 |
| GreaterChina Technology Group Ltd | 8032 | 10.31 | | 0.107 |
| Hua Xia Healthcare Holdings Ltd | 8143 | 14.89 | | 0.54 |
| International Financial Network Holdings Ltd | 8123 | 10.28 | | 0.118 |
| Shanghai Jiaoda Withub Information Industrial Company Ltd | 8205 | 19.44 | | 0.43 |
| Linefan Technology Holdings Ltd | 8166 | 21.71 | | 0.185 |
| Milkyway Image Holdings Ltd | 8130 | 17.65 | | 0.30 |
| Shenzhen Neptunus Interlong Bio- | 8329 | 21.21 | | 2.00 |

| | | | | |
|---|------|-------|-------|-------|
| technique Company Ltd | | | | |
| PINE Technology Holdings Ltd | 8013 | | 14.29 | 0.24 |
| ProSticks International Holdings Ltd | 8055 | 25.79 | | 0.239 |
| QUASAR Communication Technology Holdings Ltd | 8171 | | 11.11 | 0.32 |
| Sino Haijing Holdings Ltd | 8371 | | 12.82 | 0.68 |
| SYSCAN Technology Holdings Ltd | 8083 | 21.43 | | 0.255 |
| Tianjin TEDA Biomedical Engineering Company Ltd | 8189 | | 14.90 | 0.217 |
| Tradeeasy Holdings Ltd | 8163 | 10.98 | | 0.091 |
| Xteam Software International Ltd | 8178 | 26.79 | | 0.355 |

For the 4-day working week, the tally for the second-largest equity market of Asia was:

The Hang Seng Index Plus 0.65 percent
The Growth Enterprise Market Minus 0.43 percent

In Japan, there was a culling of prices on the country's 3 equity markets as investors in the second-largest economy of the world fretted over the health (or otherwise) of the US economy, which is, still, the country's largest single customer.

On The Tokyo Stock Exchange, The TOPIX Index gave up about 1.20 percent of its value, ending the week at 1,705.50 points.

Losing counters outflanked gaining ones by the wide margin of about 7.05:One.

As for The Nikkei-225 Stock Average, it lost about 1.01 percent, dropping back to 17,363.95 yen.

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

The TOPIX Index Minus 0.67 percent
The Nikkei-225 Stock Average Minus 0.69 percent

This was how the key indices of other Asian equity markets fared, last Friday:

| | |
|-----------|---|
| The HKSAR | Hang Seng Index Minus 0.19 percent to 20,340.97 The Growth Enterprise Index Minus 1.22 percent to 1,359.73 |
| Indonesia | Plus 0.56 percent to 1,941.15 |

| | |
|-----------------|---|
| Japan | TOPIX Index Minus 1.20 percent to 1,705.50 Nikkei-225 Stock Average Minus 1.01 percent to 17,363.9 |
| Malaysia | Plus 0.08 percent to 1,308.20 |
| The Philippines | Minus 0.19 percent to 3,217.07 |
| Singapore | Plus 0.03 percent to 3,373.59 |
| South Korea | Minus 0.32 percent to 1,520.78 |
| Taiwan | Minus 0.90 percent to 8,002.30 |
| Thailand | Closed |

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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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