

**OIL PRICES AND INTEREST RATES  
RATTLE EQUITY MARKETS OF THE WORLD**

Great Britain was on the highest state of alert, last Monday, following a terrorist attack at Glasgow's Airport on Saturday, June 30, when 2 Muslim fanatics, yelling, '*Allah is Great!*' rammed their Jeep Cherokee, which was on fire, into the entrance of the Scottish airport.

Nobody was injured except the terrorists, one of whom was badly burned while the other was taken into police custody.

The attack at Glasgow's Airport came 36 hours after London police foiled an earlier terrorist attack when it was discovered that 2 Mercedes Benz motor cars, parked in the heart of London, were filled with petrol, nails and propane tanks.

As at last Monday night, British police had arrested 8 suspects, all of whom were thought to have been involved in the 3 attacks.

The police were, also, on the hunt for 2 more people, thought to have been involved in the attacks which, according to reports, had all the hallmarks of an al-Qaeda modus operandi.

But it was business as usual on major equity markets, for the most part.

On Wall Street, there was a decided bullish rally, with key indices, pushing to much higher levels.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 126.81 points, equivalent to about 0.95 percent, as investors drove it to 13,535.43 points.

Over on The (tech-laden) NASDAQ, its Composite Index gained 29.07 points, or about 1.12 percent, ending the trading day at 2,632.30 points.

But the volume of activity was light, relatively, and some traders wondered whether or not the gains of Monday were sustainable even though, on The New York Stock Exchange, the ratio of gainers to losers was about 4:One while, on The NASDAQ, gainers outnumbered losers by the ratio of about 2:One.

In truth, there had been nothing of any magnitude to recommend such gains on the world's largest equity markets.

On The New York Mercantile Exchange (NYMEX), the price of crude oil continued the run of the previous week.

The last settlement for a barrel of light sweet crude oil rose to \$US71.09 for delivery in August, that price, representing an increase of about 0.58 percent, compared with the last quote of Friday, June 29, 2007.

For delivery in September, the last settlement for a barrel of light sweet crude oil was \$US71.56, equivalent to a gain of about 0.82 percent.

In Europe, the movements of the key indices on the most-important bourses were of a fractional nature, only, as the following **TARGET** () list illustrates:

Amsterdam's AEX Index

Plus 0.29 percent

France's CAC 40 Index                      Minus 0.46 percent

Germany's Frankfurt XETRA DAX Index Minus 0.61 percent

Great Britain's FTSE 100 Index           Plus 0.53 percent

Italy's MIBTEL Index                      Plus 0.13 percent

Switzerland's Swiss Market Index       Minus 0.18 percent

While Europeans put on a brave face, following the attacks by terrorists on England and Scotland, the events were taking their toll of investor confidence, nevertheless.

In Asia, the equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), which are the second, most-important equity markets in the region, were closed for a public holiday.

As for other Asian equity markets, they all turned in strong performances, with all of the key indices, rising sharply.

On The Tokyo Stock Exchange, trading was comparatively light, with the key gauge to trading on the First Section, The TOPIX Index, rising 5.46 points, equivalent to about 0.31 percent, ending the trading session at 1,780.36 points.

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

As for The Nikkei-225 Stock Average, it advanced 7.94 yen, or about 0.04 percent, to 18,146.30 yen.

This was how things appeared on other Asian equity markets, last Monday:

The HKSAR	Hang Seng Index Closed The Growth Enterprise Index Closed
Indonesia	Plus 1.33 percent to 2,167.82
Japan	TOPIX Index Plus 0.31 percent to 1,780.36 Nikkei-225 Stock Average Plus 0.04 percent to 18,146.30
Malaysia	Plus 0.74 percent to 1,364.37
The Philippines	Plus 0.72 percent to 3,691.68
The PRC	Shanghai Composite Index Plus 0.41 percent to 3,836.29 Shenzhen Composite Index Plus 0.20 percent to 1,080.06

Singapore	Plus 0.06 percent to 3,550.34
South Korea	Plus 1.59 percent to 1,771.35
Taiwan	Plus 0.63 percent to 8,939.49
Thailand	Plus 2.05 percent to 792.71

## Tuesday

Security was tightened throughout the US, last Tuesday, as the 3, aborted terroristic attacks on London, England, and Glasgow, Scotland, shook the Western World, causing many a government to become increasingly vigilant lest terrorists strike at some other country.

British police had, by last Tuesday, discovered that the medical profession of the United Kingdom had been the spawning ground for the attacks, with one doctor, having been arrested on arrival in Australia via a commercial airliner.

US airports, sporting venues, major cities and anywhere else that July 4 celebrations were being held saw an increased number of security people, from policemen to army reservists, assisting regular army soldiers.

On Wall Street, which was only open for a half-day session due to the July 4 holiday, the holiday, which commemorates the adoption of The Declaration of Independence on July 4, 1776, the key indices of both The New York Stock Exchange and the Composite Index of The NASDAQ managed only fractional gains.

The Dow Jones Industrial Average, which is the key index of The New York Stock Exchange, rose about 0.31 percent to 13,577.30 points, while The NASDAQ's Composite Index put on about 0.48 percent, ending the abbreviated trading session at 2,644.95 points.

The gains on the world's largest equity markets surprised some observers due to the publication of a number of reports which, under normal conditions, would, clearly, have been startling.

From The National Association of Realtors came news that its Index of pending home sales had fallen by about 3.50 percent in May to 97.70 points.

That was the lowest level since September 2001.

The Dow Jones US Home Construction Index fell by about one percent, following the release of the data from The National Association of Realtors.

Merchant bankers were not loathe to state that the end to the problems in the US housing industry was far from bottoming out, with no suggestion of a glimmer of light in the tunnel.

## News Wise

- **Sales** of US-produced motor vehicles continued to fall in the month of June, on a Year-To-Year basis, while sales of Japanese-manufactured motor vehicles, sold in the US, continued to take a bigger slice of the American pie:

Ford Motor Company	Down 8.10 percent
General Motors Corporation	Down 21.30 percent
DaimlerChrysler A.G.	Down 1.40 percent
Nissan Motor Group	Up 22.70 percent
Honda Motor Company	Up 7.30 percent
Toyota Motor Corporation	Up 10.20 percent

On The New York Mercantile Exchange (NYMEX), the price of crude oil continued to make gains, much to the consternation of many a US motor-vehicle manufacturer, no doubt.

The last settlement for a barrel of light sweet crude oil for delivery in August was \$US71.41, representing an increase of about 0.45 percent, compared with Monday's closing level.

For delivery in September, the last settlement for a barrel of light sweet crude oil came in at \$US71.87, equivalent to a gain of about 0.43 percent on Monday's last settlement.

In Europe, investors brushed aside the problems of the previous weekend when Muslim extremists attempted to attack London and Glasgow and resumed the stance of the business of trying to make money from equity markets.

Every key index of every major European bourse rose, materially:

Amsterdam's AEX Index	Plus	0.58 percent
France's CAC 40 Index	Plus	0.71 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.16 percent
Great Britain's FTSE 100 Index	Plus	0.69 percent
Italy's MIBTEL Index	Plus	0.73 percent
Switzerland's Swiss Market Index	Plus	0.51 percent

In Asia, for the most part, it was a record-breaking day on major equity markets with only very few exceptions.

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

The Hang Seng Index, which is the key index of The Main Board of The Stock Exchange of Hongkong Ltd, rose about 1.74 percent to 22,151.14 points on a Total Turnover of about \$HK81.72 billion.

The ratio of advancing counters to retreating ones was about 2.58:One.

The Ten Most-Active counters were:

China Mobile Ltd (Code: 941)	Up 3.39 percent to \$HK86.80 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.67 percent to \$HK28.85 per share
PetroChina Company Ltd (Code: 857)	Up 4.51 percent to \$HK12.04 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 2.53 percent to \$HK4.45 per share
HSBC Holdings plc (Code: 5)	Up 0.49 percent to \$HK143.20 per share

China Petroleum and Chemical Corporation (Code:  
386)

Up 3.82 percent to \$HK8.98 per share

KWG Property Holding Ltd (Code: 1813)

\$HK7.84 per share\*

Hongkong Exchanges and Clearing Ltd (Code:  
388)

Up 7.42 percent to \$HK118.70 per share

China Construction Bank Corporation (Code: 939)

Up 1.67 percent to \$HK5.47 per share

China Shenhua Energy Company Ltd (Code: 1088)

Up 6.59 percent to \$HK29.10 per share

\*First Day of Trading

As for the biggest movers of the day, there was a total of 48 counters that qualified for that honour, with 32 of their number, gaining 10 percent or more of their respective market capitalisations, while the remaining 16 counters saw their respective market capitalisations lose 10 percent or more.

The biggest gainer of the day was Prime Investments Holdings Ltd (Code: 721), the share price of which rose 118.46 percent to 71 cents.

Jiwa Bio-Pharm Holdings Ltd (Code: 2327) turned out to be the biggest loser of the day as its share price sank 16.18 percent to 57 cents.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gained about 1.64 percent, ending the trading session at 1,658.22 points.

The Total Turnover was about \$HK808.99 million.

In spite of the lone index of this market, rising materially, losing counters outnumbered gaining ones by the ratio of about 1.23:One.

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

China LotSynergy Holdings Ltd(Code: 8161)

Up 15.77 percent to \$HK4.11 per share

IIN International Ltd (Code: 8128)

Up 21.88 percent to \$HK0.39 per share

Proactive Technology Holdings Ltd (Code: 8089)

Up 1.44 percent to \$HK16.94 per share

Town Health International Holdings Company Ltd  
(Code: 8138)

Unchanged at \$HK0.73 per share

Century Sunshine Ecological Technology Holdings  
Ltd (Code: 8276)

Up 3.88 percent to \$HK1.34 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase	Decrease	Closing Price
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		(%)	(%)	(\$HK)
Yantai North Andre Juice Company Ltd	8259	18.42		1.35
B.A.L. Holdings Ltd	8079		10.45	0.30
Byford International Ltd	8272		12.28	0.50
CCID Consulting Company Ltd	8235		10.91	0.245
Shanxi Changcheng Microlight Equipment Company Ltd	8286		11.84	0.67
China LotSynergy Holdings Ltd	8161	15.77		4.11
Core Healthcare Investment Holdings Ltd	8250		12.96	0.235
FAVA International Holdings Ltd	8108	11.70		2.10
Golife Concepts Holdings Ltd	8172		10.11	0.16
IIN International Ltd	8128	21.88		0.39
JF Household Furnishings Ltd	8310	17.50		1.41
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		11.84	0.216
Neolink Cyber Technology (Holding) Ltd	8116	10.00		0.77
Netel Technology (Holdings) Ltd	8256		12.50	0.42
Shaanxi Northwest New Technology Industry Company Ltd	8258		11.76	0.30
Qianlong Technology International Holdings Ltd	8015		10.53	0.85
Tai Shing International (Holdings) Ltd	8103		16.35	0.87
Thiz Technology Group Ltd	8119		18.38	0.151

Union Bridge Holdings Ltd	8047	10.23		0.485
Xteam Software International Ltd	8178		12.07	0.51

The 3 equity markets of The Land of The Rising Sun must have been somewhat of a disappointment for many investors of the country – because their key indices rose the smallest amount of all of the other equity markets in the region.

On The Tokyo Stock Exchange, its TOPIX Index put on about 0.08 percent, rising to 1,781.86 points.

Losing counters outpaced gaining ones by the ratio of about 1.26:One.

The Nikkei-225 Stock Average lost about 0.02 percent of its former value, ending the day at 18,149.90 yen.

#### News Wise

- The Bank of Japan's **TANKAN Report** indicated that big manufacturers remain optimistic about their prospects for the remainder of the year; and,
- **Sales** of new motor vehicles in Japan dropped by about 10.50 percent in the first half of 2007, compared with the like period in 2006, The Japan Automobile Dealers Association reported. Sales were at a 30-year low.

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

The HKSAR	Hang Seng Index Plus 1.74 percent to 22,151.14 The Growth Enterprise Index Plus 1.64 percent to 1,658.22
Indonesia	Plus 0.98 percent to 2,189.12
Japan	TOPIX Index Plus 0.08 percent to 1,781.86 Nikkei-225 Stock Average Plus 0.02 percent to 18,149.90
Malaysia	Plus 0.64 percent to 1,373.14
The Philippines	Plus 1.63 percent to 3,751.99
The PRC	Shanghai Composite Index Plus 1.65 percent to 3,899.72 Shenzhen Composite Index Plus 1.99 percent to 1,101.57
Singapore	Plus 0.54 percent to 3,569.43
South Korea	Plus 1.93 percent to 1,805.50

Taiwan	Plus 0.63 percent to 8,996.20
Thailand	Plus 2.63 percent to 813.52

### Wednesday

All equity and commodity markets of the US were closed, last Wednesday, as Americans took time out for a booze-up and to remember the events of 1776 when The Americas (the 18th Century British Crown Colony of America) declared independence from England – with the permission of Charles II.

Due to the American holiday and the fact that the world was agog, awaiting to learn whether or not there had been any further terroristic attacks, either in the US or in European cities, trading on the equity markets of Europe was relatively quiet.

Actually, the volume of activity on European bourses was about half of the average daily turnover.

Also, Europeans were awaiting the determinations of The **European Central Bank** (ECB) and The Bank of England in respect of future interest rates.

The ECB was scheduled to announce its determinations on Thursday.

But, last Wednesday, The Bank of England, which is The Central Bank of the United Kingdom, did its thing, as was well expected, and raised interest rates by one quarter of a percentage point.

The following is a verbatim copy of The Bank of England's announcement in this regard:

*'The Bank of England's Monetary Policy Committee today voted to raise the official Bank Rate paid on commercial bank reserves by 0.25 percentage points to 5.75%.*

*'In the United Kingdom, output growth has remained firm and appears to be evolving in line with the Committee's most recent projections. Credit and broad money continue to grow rapidly. The pace of expansion of the world economy remains robust.*

*'CPI inflation fell back to 2.5% in May. Lower gas and electricity prices mean that CPI inflation is likely to continue to fall back to around the 2% target in the course of this year. Although pay pressures remain muted, the margin of spare capacity in businesses appears limited and most indicators of pricing pressure remain elevated.*

*'The Committee judged that, relative to the 2% target, the balance of risks to the outlook for inflation in the medium term continued to lie to the upside. Against that background, it further judged that an increase in Bank Rate of 0.25 percentage points to 5.75% was necessary to meet the 2% target for CPI inflation in the medium term.'*

Still to come was the determination of the ECB, of course, and this put a damper on trading in stocks and shares on major European bourses as the following **TARGET** list illustrates:

Amsterdam's AEX Index                      Plus    0.21 percent

France's CAC 40 Index                      Plus    0.46 percent

Germany's Frankfurt XETRA DAX Index Plus    0.30 percent

Great Britain's FTSE 100 Index           Plus    0.50 percent



Italy's MIBTEL Index                      Plus    0.15 percent

Switzerland's Swiss Market Index    Plus    0.58 percent

In Asia, the key indices of the most-important equity markets turned in a mixed performance.

The key indices of The Shanghai Stock Exchange and The Shenzhen Stock Exchange went into reverse gear, once again, and consideration was being given as to whether or not a prolonged fall in the value of these key indices of the equity markets of the People's Republic of China (PRC) would cascade down the line to other markets. (Please see table, below)

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the key indices of both equity markets recorded gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 0.30 percent of one percentage point to 22,218.55 points.

The Total Turnover was about \$HK84.43 billion.

The ratio of gaining counters to losing ones was about 1.44:One.

The Ten Most Active counters were:

China High Speed Transmission  
Equipment Group Company Ltd (Code: 658)

\$HK14.00 per share\*

China Life Insurance Company Ltd (Code:  
2628)

Up 0.52 percent to \$HK29.00 per share

China Mobile Ltd (Code: 941)

Down 0.23 percent to \$HK86.60 per share

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

Up 0.67 percent to \$HK4.48 per share

HSBC Holdings plc (Code: 5)

Down 0.14 percent to \$HK143.00 per share

PetroChina Company Ltd (Code: 857)

Up 0.83 percent to \$HK12.14 per share

China Construction Bank Corporation (Code:  
939)

Up 2.56 percent to \$HK5.61 per share

Hongkong Exchanges and Clearing Ltd (Code:  
388)

Up 5.73 percent to \$HK125.50 per share

China Petroleum and Chemical Corporation  
(Code: 386)

Up 1.34 percent to \$HK9.10 per share

Hutchison Whampoa Ltd (Code: 13)

Up 0.51 percent to \$HK78.35 per share

\* First day of trading

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
Asian Union New Media (Group) Ltd	419	24.71		0.217
Buildmore International Ltd	108		13.85	2.80
CCT Tech International Ltd	261	14.81		0.062
Century Legend (Holdings) Ltd	79		23.60	0.68
Chia Hsin Cement Greater China Holding Corporation	699	16.28		3.50
China Best Group Holding Ltd	370	18.47		0.186
China State Construction International Holdings Ltd	3311	10.56		12.14
Chinese Estates Holdings Ltd	127	18.70		14.60
Chuang's China Investments Ltd	298	14.02		1.22
Chuang's Consortium International Ltd	367	10.53		2.10
Chung Tai Printing Holdings Ltd	55	23.48		1.63
Everbest Energy Holdings Ltd	578	10.42		1.06
Frasers Property (China) Ltd	535	12.70		0.355
G-Prop (Holdings) Ltd	286	13.95		1.96
Golden Resources Development International Ltd	677	62.90		1.01
Heritage International Holdings Ltd	412	18.00		0.059

Jiwa Bio-Pharm Holdings Ltd	2327	17.54		0.67
Kenfair International (Holdings) Ltd	223	13.27		1.28
LeRoi Holdings Ltd	221	17.54		0.335
Midas International Holdings Ltd	1172	21.84		1.06
Minmetals Land Ltd	230	10.65		2.39
Minmetals Resources Ltd	1208	15.21		4.62
Pacific Plywood Holdings Ltd	767	11.11		0.30
Prime Investments Holdings Ltd	721		15.49	0.60
RBI Holdings Ltd	566	29.93		1.78
TCC International Holdings Ltd	1136	15.79		7.70
Tern Properties Company Ltd	277	20.00		4.20
The Sun's Group Ltd	988	11.86		3.30
Theme International Holdings Ltd	990	16.52		0.134
United Power Investment Ltd	674	16.28		0.50
Xin Corporation Ltd	1141	28.17		0.455
Yardway Group Ltd	646		27.78	0.65
Y.T. Realty Group Ltd	75	21.89		2.06

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose about 1.65 percent to 1,685.63 points.

The Total Turnover was about \$HK787.96 million.

Losing counters, however, continued to upstage advancing ones by the ratio of about 1.23:One.

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

Proactive Technology Holdings Ltd (Code:  
8089)

Down 3.78 percent to \$HK16.30 per share

Kanstar Environmental Paper Products Holdings  
Ltd (Code: 8011)

Up 8.33 percent to \$HK0.455 per share

Century Sunshine Ecological  
Technology Holdings Ltd (Code: 8276)

Up 11.94 percent to \$HK1.50 per share

China Primary Resources Holdings Ltd (Code:  
8117)

Up 14.61 percent to \$HK0.51 per share

China LotSynergy Holdings Ltd (Code: 8161)

Down 5.11 percent to \$HK3.90 per share

The GEM's biggest movers of the day included:

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
AKM Industrial Company Ltd	8298		11.39	0.35
Bio Cassava Technology Holdings Ltd	8377	26.67		0.152
CCID Consulting Company Ltd	8235	30.61		0.32
Shanxi Changcheng Microlight Equipment Company Ltd	8286	11.94		0.75
Century Sunshine Ecological Technology Holdings Ltd	8276	11.94		1.50
China Primary Resources Holdings Ltd	8117	14.61		0.51
Espco Technology Holdings Ltd	8299	12.50		0.72
Global Solution Engineering Ltd	8192	66.23		1.28
Hua Xia Healthcare Holdings Ltd	8143	11.63		0.48
ITE (Holdings) Ltd	8092		10.90	0.139
Lee's Pharmaceutical Holdings Ltd	8221		11.11	0.40

Long Success International (Holdings) Ltd	8017	10.77		0.72
QUASAR Communication Technology Holdings Ltd	8171		11.76	0.45
Sino Haijing Holdings Ltd	8065		12.70	1.10
ThinSoft (Holdings) Incorporated	8096		11.25	0.355
Value Convergence Holdings Ltd	8101	22.16		2.37
WLS Holdings Ltd	8021	10.34		0.32
Xteam Software International Ltd	8178	19.61		0.61

In Japan, for the third consecutive day, trading on the country's 3 equity markets was very quiet.

On the premier equity market of Japan, The Tokyo Stock Exchange, its TOPIX Index rose about 0.03 percent to 1,782.44 points.

The ratio of declining counters to advancing ones was about 1.70:One.

As for The Nikkei-225 Stock Average, it gained one tenth of a percentage point to end the trading day at 18,168.72 yen.

This was how other Asian equity markets ended their respective trading days, last Wednesday:

The HKSAR	Hang Seng Index Plus 0.30 percent to 22,218.55 The Growth Enterprise Index Plus 1.65 percent to 1,685.63
Indonesia	Plus 0.32 percent to 2,196.11
Japan	TOPIX Index Plus 0.03 percent to 1,782.44 Nikkei-225 Stock Average Plus 0.10 percent to 18,168.72
Malaysia	Plus 0.29 percent to 1,377.14
The Philippines	Minus 0.54 percent to 3,731.66
The PRC	Shanghai Composite Index Minus 2.14 percent to 3,816.17 Shenzhen Composite Index Minus 2.05 percent to 1,078.95

Singapore	Minus 0.41 percent to 3,554.85
South Korea	Plus 1.82 percent to 1,838.41
Taiwan	Plus 0.81 percent to 9,068.98
Thailand	Plus 1.47 percent to 825.45

### **Thursday**

The shock announcement that the Blackstone Group had made a \$US20-billion bid for control of Hilton Hotels Corporation sent the prices of hotel shares to higher levels on US equity markets, last Thursday, but the announcement did little for other sectors of US markets.

The share price of Hilton Hotels rose about 26 percent to \$US45.39 by the close of the day.

But that was all she wrote, as the Americans like to say.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average ended the trading session with a loss of about 0.08 percent, falling back to 13,565.84 points.

On The NASDAQ, its Composite Index rose about 0.44 percent to 2,656.65 points.

Trading remained light on the world's largest equity markets.

In Europe, the concern was, clearly, the future direction of interest rates.

Investors were concerned that, with The Bank of England, having raised interest rates by 25 basis points (Please see Wednesday's report), the **European Central Bank** (ECB) might well, in the fullness of time, follow suit.

In such an atmosphere of foreboding, it was hardly surprising that the key indices of major European bourses lost their respective footings as **TARGET's** list illustrates:

Amsterdam's AEX Index                      Minus 0.62 percent

France's CAC 40 Index                      Minus 0.63 percent

Germany's Frankfurt XETRA DAX Index Minus 1.09 percent

Great Britain's FTSE 100 Index              Minus 0.47 percent

Italy's MIBTEL Index                      Minus 0.65 percent

Switzerland's Swiss Market Index        Minus 0.80 percent

When the ECB did unleash its determinations about the future direction of interest rates, it confirmed the suspicions of many investors: Interest rates in the European Union are quite likely to be raised before the

year is out.

The following is the first of 2 official statements of the ECB, issued last Thursday:

*‘The European Central Bank (ECB) has adopted an opinion at the request of the Council of the European Union on the opening of a conference of representatives of the governments of the EU Member States – an Intergovernmental Conference or IGC – to draw up a Reform Treaty amending the existing Treaties.*

*‘As regards the status, mandate, tasks and legal regime of the ECB, the Eurosystem and the European System of Central Banks, the ECB understands that, in line with the IGC’s detailed mandate, the changes to be introduced by the IGC to the current Treaties, which will remain in force, will be limited to and will comprise all the innovations agreed at the 2004 IGC.*

*‘On that basis, the ECB welcomes the opening of the IGC and stands ready to contribute to it at any time during its work and to provide an opinion on the matters within the fields of competence of the ECB once a text has been drawn up.’*

The above ECB announcement was, smartly, followed up with the following announcement:

*‘At today’s meeting, the Governing Council of the ECB decided that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.00%, 5.00% and 3.00% respectively.’*

And the above announcements were followed by a statement by Mr Jean-Claude Trichet, the President of the ECB, who said that financial markets need not change their expectations that interest rates would go higher after the summer.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in August came in at \$US71.81, equivalent to an increase of about 0.56 percent on the closing level of Wednesday.

As for September delivery, the last settlement for a barrel of light sweet crude oil was \$US72.15, representing an increase of about 0.39 percent on the Wednesday’s last settlement.

In Asia, the major equity markets of the region turned in a mixed performance due, in the main, to the antics of The Shanghai Stock Exchange and The Shenzhen Stock Exchange, both of which equity markets enjoyed losses of more than 5 percent of their respective composite indices. (Please refer to **TARGET**’s table, below)

In the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), there was very little movement on the territory’s 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 0.16 percent to 22,252.99 points.

The Total Turnover was about \$HK85.13 billion.

The ratio of advancing counters to declining ones was about 1.15:One.

The Ten Most Actives were:

China Life Insurance Company Ltd (Code: 2628)

Down 1.21 percent to \$HK28.65 per share

China Construction Bank Corporation (Code: 939)

Up 2.85 percent to \$HK5.77 per share

PetroChina Company Ltd (Code: 857)

Unchanged at \$HK12.14 per share

China Mobile Ltd (Code: 941)

Down 0.12 percent to \$HK86.50 per share

HSBC Holdings plc (Code: 5)

Up 0.14 percent to \$HK143.20 per share

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

Up 1.12 percent to \$HK4.53 per share

Bank of China Ltd (Code: 3988)

Up 2.05 percent to \$HK3.98 per share

Hongkong Exchanges and Clearing Ltd (Code:  
388)

Up 1.67 percent to \$HK127.60 per share

China Shenhua Energy Company Ltd (Code:  
1088)

Up 5.59 percent to \$HK30.20 per share

China Petroleum and Chemical Corporation  
(Code: 386)

Down 1.65 percent to \$HK8.95 per share

The Main Board's double-digit movers of the day numbered 42 counters in all, with only 2 counters, losing ground.

Prosperity Investment Holdings Ltd (Code: 310) was the biggest gainer of the day as investors pushed up its share price to 70 cents, a one-day improvement of about 115.38 percent.

The Hongkong Parkview Group Ltd (Code: 207) was the biggest loser with a fall in its share price of about 14.71 percent, coming to rest at \$HK1.16.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index lost about 0.36 percent of its value, dropping back to 1,679.63 points.

The Total Turnover was about \$HK1.04 billion.

Gaining counters outnumbered losing ones by the ratio of about 1.26:One.

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

Proactive Technology Holdings Ltd (Code:  
8089)

Down 5.77 percent to \$HK15.36 per share

Kanstar Environmental Paper Products Holdings  
Ltd (Code: 8011)

Up 4.40 percent to \$HK0.475 per share

Tiger Tech Holdings Ltd (Code: 8046)

Up 39.71 percent to \$HK1.90 per share

China Chief Cable TV Group Ltd (Code: 8153)

Up 10.37 percent to \$HK1.49 per share

Century Sunshine Ecological  
Technology Holdings Ltd (Code: 8276)

Up 1.33 percent to \$HK1.52 per share



As for The GEM's biggest 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>
abc Multiactive Ltd	8131	12.00		0.28
Advanced Card Systems Holdings Ltd	8210		10.17	0.265
BIG Media Group Ltd	8167	25.86		0.365
CASH Financial Services Group Ltd	8122	16.67		0.70
China Chief Cable TV Group Ltd	8153	10.37		1.49
Changmao Biochemical Engineering Company Ltd	8208	10.07		2.95
China Vanguard Group Ltd	8156	12.50		0.72
ITE (Holdings) Ltd	8092	34.53		0.187
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	21.08		0.27
Shaanxi Northwest New Technology Industry Company Ltd	8258	21.88		0.39
TeleEye Holdings Ltd	8051	17.24		0.34
Tiger Tech Holdings Ltd	8046	39.71		1.90
WLS Holdings Ltd	8021	20.31		0.385
Zhejiang Yonglong Enterprises Company Ltd	8211	11.84		0.425

In Japan, the key indices of its 3 equity markets managed only to squeeze out fractional gains.

On Tokyo Stock Exchange, its TOPIX Index rose about 0.32 percent to 1,788.16 points.

The ratio of advancing counters to declining ones was about 1.65:One.

The Nikkei-225 Stock Average rose, exactly, 0.29 percent to 18,221.48 yen.

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

The HKSAR	Hang Seng Index Plus 0.16 percent to 22,252.99 The Growth Enterprise Index Minus 0.36 percent to 1,679.63
Indonesia	Plus 1.13 percent to 2,220.93
Japan	TOPIX Index Plus 0.32 percent to 1,788.16 Nikkei-225 Stock Average Plus 0.29 percent to 18,221.48
Malaysia	Minus 0.57 percent to 1,369.30
The Philippines	Plus 1.89 percent to 3,802.32
The PRC	Shanghai Composite Index Minus 5.25 percent to 3,615.87 Shenzhen Composite Index Minus 5.85 percent to 1,015.85
Singapore	Minus 0.09 percent to 3,551.68
South Korea	Plus 0.51 percent to 1,847.79
Taiwan	Plus 0.88 percent to 9,148.78
Thailand	Minus 0.18 percent to 823.93

### **Friday**

With oil prices, rising quickly, on international commodity exchanges, investors started to pay close attention to the gains, being made in this strategic commodity, because, among other things, prolonged high prices for the black ooze, in due course, will cut into the growth of the economies of the world.

There was, also, grave concern that continued high prices for crude oil on international markets would help to fuel inflation around the world.

At one point in Europe, last Friday morning, the price for a barrel of light sweet crude oil hit more than \$US76.

That price represented an 11-month high.

On The New York Mercantile Exchange (NYMEX), last Friday, the last settlement for a barrel of light sweet crude oil for delivery in August came in at \$US72.81, representing a one-day gain of \$US1.00 per

barrel, equivalent to an increase of about 1.39 percent.

The closing price was just 13 cents off the high of the day.

As for delivery in September, the last settlement for a barrel of light sweet crude oil was \$US73.15, that price, too, being an increase of about 1.39 percent on the closing level of Thursday.

Last Friday's final quote for August delivery of a barrel of light sweet crude oil on The NYMEX represented a 10-month high.

Just before Wall Street opened for business, last Friday morning, The Bureau of Labour Statistics published its report in respect of employment in The Land of The Free and The Home of The Brave for the month of June.

The following is a Statement, made by Mr Philip L. Rones, Deputy Commissioner, Bureau of Labour Statistics:

*'Nonfarm payroll employment rose by 132,000 in June, and the unemployment rate held at 4.5 percent. The June employment increase followed gains of 122,000 in April and 190,000 in May, as revised. In the first half of 2007, job growth averaged 145,000 per month, compared with an average monthly gain of 189,000 in 2006. In June, employment increased in several service-providing industries, while manufacturing employment continued to decline.*

*'Within education and health services, health care added 30,000 jobs in June; over the past year, employment in health care has grown by 371,000. Over the month, employment continued to trend up in private education and in social assistance. Recently, job growth has picked up in social assistance; the industry has added 46,000 jobs in the 4-month period since February.*

*'Employment in food services and drinking places expanded by 35,000 in June. Thus far in 2007, job gains in the industry have averaged 31,000 per month, essentially the same as the average monthly increase in 2006.*

*'Elsewhere in the service-providing sector, government employment continued to trend higher in June (+40,000).*

*'Wholesale trade also continued to add jobs (+20,000), with gains in both the durable and nondurable components. Retail trade employment edged down by 24,000 over the month.*

*'Employment in department stores was down by 7,000, and smaller losses occurred among other retail industries. In June, employment was flat in financial activities and in information. Employment in professional and business services was little changed in June. During the first 6 months of 2007, job growth in the industry averaged 13,000 per month compared with an average of 42,000 per month in the last half of 2006.*

*'In the goods-producing sector, manufacturing employment continued to decline in June (-18,000). Job gains in machinery and in beverages and tobacco products were more than offset by job losses in primary metals, computer equipment, wood products, and textile mills. The factory workweek lengthened by 0.2 hour to 41.3 hours, and overtime rose by 0.1 hour to 4.3 hours.*

*'Construction employment was little changed in June. Since its most recent peak in September 2006, employment in the industry has declined by 44,000.*

*'Average hourly earnings for private production and nonsupervisory workers increased 6 cents in June to \$17.38, a gain of 0.3 percent. Over the year, average hourly earnings were up by 3.9 percent.*

*'In June, most labor market measures from our survey of households showed little or no change. The unemployment rate was 4.5 percent for the third consecutive month and the third consecutive quarter. The labor force participation rate, at 66.1 percent, was little changed over the month. The employment-population ratio was 63.1 percent in June, also*

*little changed over the month. However, the ratio was 0.3 percentage point below its recent high of 63.4 percent in December 2006. The number of discouraged workers --persons not in the labor force because they believed no jobs were available--declined from a year earlier.*

*'In summary, nonfarm payroll employment rose by 132,000 in June, and the unemployment rate was unchanged at 4.5 percent.'*

Wall Street warmed to the idea of high crude-oil prices because the smell of money was in the air.

The share prices of major oil companies scooted to much higher levels as investors determined that the price of crude oil looked as though it could rise to even higher levels.

Investors jumped right back into energy stocks and shares, pushing them considerably higher.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.34 percent to 13,611.68 points.

The Composite Index of The NASDAQ followed suit with a gain of about 0.37 percent, ending the shortened trading week at 2,666.51 points.

The tally for the three-and-a-half day trading week for the world's largest equity markets was:

The Dow Jones Industrial Average    Plus    1.51 percent

The Composite Index of The NASDAQPlus    2.43 percent

Surging oil prices, also, boosted prices of stocks and shares on major European bourses, last Friday.

With crude-oil prices, having scored a 6-percent gain in a period of just 5 days, speculators, naturally, tried to climb aboard this fast-moving '*gravy train*'.

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

Amsterdam's AEX Index                    Plus    0.76 percent

France's CAC 40 Index                    Plus    0.71 percent

Germany's Frankfurt XETRA DAX IndexPlus    0.76 percent

Great Britain's FTSE 100 Index           Plus    0.73 percent

Italy's MIBTEL Index                    Plus    0.55 percent

Switzerland's Swiss Market Index       Plus    0.48 percent

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

On The Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 1.25 percent to end the 4-day trading week at 22,531.74 points.

The Total Turnover was about \$HK88.09 billion.

Advancing counters outpaced declining ones by the ratio of about 2.02:One.

The Ten Most-Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.91 percent to \$HK144.50 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 1.77 percent to \$HK4.61 per share
Hutchison Whampoa Ltd (Code: 13)	Up 6.34 percent to \$HK83.00 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.35 percent to \$HK28.75 per share
China Mobile Ltd (Code: 941)	Down 0.06 percent to \$HK86.45 per share
China Construction Bank Corporation (Code: 939)	Up 1.39 percent to \$HK5.85 per share
Bank of China Ltd (Code: 3988)	Up 0.50 percent to \$HK4.00 per share
China Communications Construction Company Ltd (Code: 1800)	Up 10.00 percent to \$HK17.38 per share
PetroChina Company Ltd (Code: 857)	Up 0.49 percent to \$HK12.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)U	p 7.09 percent to \$HK110.20 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
BEP International Holdings Ltd	2326	13.79		1.65
CASIL Telecommunications Holdings Ltd	1185	12.93		1.31
Chia Hsin Cement Greater China Holding Corporation	699	22.16		4.74
China Aerospace International Holdings Ltd	31	14.17		1.45

China Communications Construction Company Ltd	1800	10.00		17.38
China Flavors and Fragrances Company Ltd	3318	12.97		5.14
China Strategic Holdings Ltd	235		14.86	0.63
China Velocity Group Ltd	149		17.53	2.40
Gay Giano International Group Ltd	686	48.57		1.56
Greenfield Chemical Holdings Ltd	582	13.49		3.28
Kenford Group Holdings Ltd	464	14.89		0.54
Kwong Hing International Holdings (Bermuda) Ltd	1131	15.00		0.46
National Electronics Holdings Ltd	213	11.54		0.58
New Century Group Hongkong Ltd	234	11.32		1.77
Oriental Watch Holdings Ltd	398	24.36		3.88
Prosperity Investment Holdings Ltd	310		30.00	0.49
Qin Jia Yuan Media Services Company Ltd	2366	11.36		4.51
Safety Godown Company Ltd	237	10.20		5.40
Shang Hua Holdings Ltd	371	16.00		1.45
Sincere Watch (Hongkong) Ltd	444	24.35		1.43
Sino Technology Investments Company Ltd	1217	10.00		0.33
Solartech International Holdings Ltd	1166	20.22		1.07
South China Holdings Ltd	265	18.07		0.98

South East Group Ltd	726		12.31	0.285
Sun Hung Kai and Company Ltd	86	15.17		8.35
Sunlink International Holdings Ltd	2336	12.50		0.81
TCC International Holdings Ltd	1136	26.28		10.86
United Pacific Industries Ltd	176	85.00		0.74
Universe International Holdings Ltd	1046	15.98		0.196
Wealthmark International (Holdings) Ltd	39	19.50		2.39
Wo Kee Hong (Holdings) Ltd	720	18.95		1.82
Yunnan Enterprises Holdings Ltd	455	16.39		1.42

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index put on about 1.28 percent, rising to 1,701.12 points.

The Total Turnover on this equity market was about \$HK1.22 billion.

The ratio of gaining counters to losing ones was about 1.46:One.

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

Trasy Gold Ex Ltd (Code: 8063)

Up 14.92 percent to \$HK0.285 per share

Kanstar Environmental Paper Products Holdings  
Ltd (Code: 8011)

Unchanged at \$HK0.475 per share

Proactive Technology Holdings Ltd (Code: 8089)

Up 4.17 percent to \$HK16.00 per share

B M Intelligence International Ltd (Code: 8158)

Up 14.77 percent to \$HK1.71 per share

Medical China Ltd (Code: 8186)

Up 7.69 percent to \$HK0.70 per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
B M Intelligence International Ltd	8158	14.77		1.71

China Chief Cable TV Group Ltd	8153	14.09		1.70
China LotSynergy Holdings Ltd	8161	11.11		4.40
China Photar Electronics Group Ltd	8220	18.31		0.42
Computech Holdings Ltd	8081		12.50	0.385
Global Solution Engineering Ltd	8192	17.14		1.64
International Financial Network Holdings Ltd	8123	11.63		0.192
Jessica Publications Ltd	8137	11.11		0.50
North Asia Strategic Holdings Ltd	8080	10.59		1.88
PINE Technology Holdings Ltd	8013	14.55		0.63
TeleEye Holdings Ltd	8051		10.29	0.305
Thiz Technology Group Ltd	8119	15.23		0.174
Trasy Gold Ex Ltd	8063	14.92		0.285
Union Bridge Holdings Ltd	8047	11.58		0.53

The tally for the second, most-important equity market of Asia for the 4-day trading week (Monday was a public holiday) was:

The Hang Seng Index Plus 3.49 percent  
The Growth Enterprise Index Plus 4.27 percent

In Japan, there was a minor hiccup as investors started to sell stocks and shares, listed on the 3 equity markets of the country.

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index shed about 0.47 percent of its former value, ending the trading day at 1,779.67 points.

The ratio of declining counters to advancing ones was about 3.08:One.

The Nikkei-225 Stock Average lost about 0.44 percent, falling back to 18,140.94 yen.

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

The TOPIX Index Plus 0.27 percent  
The Nikkei-225 Stock Average Plus 0.01 percent



And this was how other Asian equity markets ended their respective trading days, last Friday:

The HKSAR	Hang Seng Index Plus 1.25 percent to 22,531.74 The Growth Enterprise Index Plus 1.28 percent to 1,701.12
Indonesia	Plus 0.28 percent to 2,227.05
Japan	TOPIX Index Minus 0.47 percent to 1,779.67 Nikkei-225 Stock Average Minus 0.44 percent to 18,140.94
Malaysia	Plus 0.33 percent to 1,373.84
The Philippines	Minus 1.14 percent to 3,758.84
The PRC	Shanghai Composite Index Plus 4.58 percent to 3,781.35 Shenzhen Composite Index Plus 4.96 percent to 1,066.22
Singapore	Plus 0.29 percent to 3,561.96
South Korea	Plus 0.72 percent to 1,861.01
Taiwan	Plus 0.43 percent to 9,188.31
Thailand	Plus 1.03 percent to 832.38

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