

**COME, TAKE A RIDE:  
THIS IS THE BIGGEST ROLLER-COASTER IN THE WORLD !**

**U.S. Government Suggests Financial ‘Snake Oil’**

Share prices slumped on US equity markets, last Monday, after it was revealed by The (US) National Association of Realtors that the inventory level of unsold houses for the month of July had reached its highest levels since 1992.

This led investors to ponder the prospects of even further falls in the prices of homes in The Land of The Free and The Home of The Brave.

Sales of existing homes in July fell by about 0.20 percent to 5.75 units, Year-On-Year, the lowest level since November 2002.

The statistics mean, inter alia, that for the past 12, consecutive months, sales of existing homes have waned, appreciably.

As the prices of US homes fall, so there must be a knock-on effect as existing home-owners will be:

- (a) Hard-pressed to meet mortgage payments; and/or,
- (b) Find it even more difficult to sell their homes.

In addition, banks and finance houses will suffer as more and more delinquencies/repossessions are recorded.

It is, definitely, not a pleasant prospect.

On Wall Street, the key indices of the equity markets dropped back – which one would have expected on the news.

The Dow Jones Industrial Average, the key index of The New York Stock Exchange, fell 56.74 points, equivalent to about 0.42 percent, ending the trading day at 13,322.13 points.

On The NASDAQ, its Composite Index shed 15.44 points, or about 0.60 percent, skidding back to 2,561.25 points.

But it looked, almost a certainty, that there would be further losses in the coming trading days.

On The New York Mercantile Exchange (NYMEX), the price of crude oil continued its march to higher levels.

For October delivery, the last settlement for a barrel of light sweet crude oil came in at \$US71.97, representing an increase of about 1.24 percent, compared with the final quote of Friday, August 24, 2007.

For November delivery, the last settlement for a barrel of light sweet crude oil was \$US71.38, an increase of about 0.98 percent, compared with the previous Friday's close.

In Europe, there was little movement in stocks and shares, last Monday, and the key indices were little changed at the close of the day.

However, stand by for another culling before the week is out.

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

Amsterdam's AEX Index	Unchanged
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France's CAC 40 Index	Plus 0.37 percent
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Germany's Frankfurt XETRA DAX Index	Minus 0.28 percent
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Great Britain's FTSE 100 Index	Closed
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Italy's MIBTEL Index	Unchanged
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Switzerland's Swiss Market Index	Plus 0.80 percent
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In Asia, there were only gainers on the major equity markets of the region.

The key indices of the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were the biggest gainers in this part of the world.

On The Stock Exchange of Hongkong Ltd, The Hang Seng Index shot up about 2.86 percent to 23,577.73 points on a Total Turnover of about \$HK126.35 billion.

The ratio of gaining counters to losing ones was about 5.74:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)	Up 4.46 percent to \$HK35.15 per share
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China Mobile Ltd (Code: 941)	Up 4.14 percent to \$HK100.60 per share
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Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 3.46 percent to \$HK5.08 per share
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China Construction Bank Corporation (Code: 939)	Up 5.13 percent to \$HK6.15 per share
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Bank of China Ltd (Code: 3988)	Up 3.88 percent to \$HK4.02 per share
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Aluminum Corporation of China Ltd (Code: 2600)	Up 31.94 percent to \$HK21.40 per share
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Jiangxi Copper Company Ltd (Code: 358)	Up 26.01 percent to \$HK19.28 per share
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PetroChina Company Ltd (Code: 857)	Up 4.69 percent to \$HK11.60 per share
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Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 2.79 percent to \$HK136.10 per share
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China Petroleum and Chemical Corporation (Code:  
386)

Up 3.80 percent to \$HK8.47 per share

As for the Main Board's double-digit movers of the day, there was a total of 108 counters that qualified for that honour, with the managements of only 2 of their number, seeing their respective share prices fall by 10 percent or more.

National Investments Fund Ltd (Code: 1227) was the biggest gainer of the day as its share price rose 70.15 percent to 57 cents.

Sino Gas Group Ltd (Code: 260) turned out to be the biggest loser of last Monday's trading session as investors pulled down its share price by 13.98 percent to 40 cents.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it lone index, The Growth Enterprise Index, rose about 4.16 percent to 1,529.08 points.

The Total Turnover on this speculative market was about \$HK696.61 million.

Advancing counters outran declining ones by the ratio of about 3.30:One.

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

Xteam Software International Ltd (Code: 8178)

Up 10.13 percent to \$HK0.87 per share

China Railway Logistics Ltd (Code: 8089)

Up 0.57 percent to \$HK10.62 per share

Enviro Energy International Holdings Ltd (Code:  
8182)

Up 9.67 percent to \$HK4.31 per share

Town Health International Holdings Company Ltd  
(Code: 8138)

Up 8.11 percent to \$HK0.20 per share

Kanstar Environmental Paper Products Holdings  
Ltd (Code: 8011)

Down 1.61 percent to \$HK0.305 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>
Advanced Card Systems Holdings Ltd	8210	25.49		0.32
AGTech Holdings Ltd	8279	10.11		0.98
B.A.L. Holdings Ltd	8079	14.81		0.093
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095	16.67		0.77

Capinfo Company Ltd	8157	10.11		0.49
Cardlink Technology Group Ltd	8066	18.64		1.40
China LotSynergy Holdings Ltd	8161	10.23		0.97
China Photar Electronics Group Ltd	8220	26.09		0.435
China Vanguard Group Ltd	8156	14.29		0.64
Dahe Media Company Ltd	8243		11.58	0.84
DeTeam Company Ltd	8112	18.18		2.47
DIGITALHONGKONG.COM	8007	14.94		1.00
Era Information and Entertainment Ltd	8043	18.64		0.70
FlexSystem Holdings Ltd	8050	10.71		0.465
Global Digital Creations Holdings Ltd	8271	11.32		2.95
GreaterChina Technology Group Ltd	8032	12.28		0.128
Global Solution Engineering Ltd	8192	17.71		2.06
Jiangsu Nandasoft Company Ltd	8045	13.79		0.33
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	18.03		0.36
Medical China Ltd	8186	10.53		0.63
New Chinese Medicine Holdings Ltd	8085	11.11		1.20
Powerleader Science and Technology Company Ltd	8236	15.00		0.69
ProSticks International Holdings Ltd	8055	10.84		0.46
QUASAR Communication Technology Holdings Ltd	8171		11.11	0.36

Rojam Entertainment Holdings Ltd	8075	26.32		0.168
Soluteck Holdings Ltd	8111	16.07		0.325
Sonavox International Holdings Ltd	8226		19.70	0.265
Tai Shing International (Holdings) Ltd	8103	16.67		0.70
Tiger Tech Holdings Ltd	8046	13.39		1.27
Universal Technologies Holdings Ltd	8091	12.70		0.355
Wafer Systems Ltd	8198	30.49		1.07
Xteam Software International Ltd	8178	10.13		0.87
Ningbo Yidong Electronic Company Ltd	8249	11.48		0.34

Quiet trading conditions marked the largest equity market of The Land of The Rising Sun, last Monday.

On The Tokyo Stock Exchange, its TOPIX Index rose 1.91 points, equivalent to about 0.12 percent as investors nudged it to 1,587.76 points.

The ratio of gainers to losers was 1.37:One.

The Nikkei-225 Stock Average advanced 52.42 yen, or about 0.32 percent, ending the trading day at 16,301.39 yen.

This was how the situation looked on other Asian equity markets, last Monday night:

The HKSAR	Hang Seng Index Plus 2.86 percent to 23,577.73 The Growth Enterprise Index Plus 4.16 percent to 1,529.08
Indonesia	Plus 1.50 percent to 2,175.35
Japan	TOPIX Index Plus 0.12 percent to 1,587.76 Nikkei-225 Stock Average Plus 0.32 percent to 16,301.39
Malaysia	Plus 0.37 percent to 1,278.27
The Philippines	Closed

The PRC	Shanghai Composite Index Plus 0.83 percent to 5,150.12 Shenzhen Composite Index Plus 0.20 percent to 1,434.15
Singapore	Plus 0.56 percent to 3,388.44
South Korea	Plus 0.65 percent to 1,803.03
Taiwan	Plus 0.32 percent to 8,718.31
Thailand	Plus 0.06 percent to 791.17

## **Tuesday**

It was confirmed: The US Federal Reserve is gravely concerned about certain aspects of the US economy.

Down came the key indices of US equity markets – with a bang!

On The New York Stock Exchange, the Dow Jones Industrial Average lost 280.28 points, equivalent to about 2.10 percent, as investors drove this key index back to 13,041.85 points.

Over on The NASDAQ, its Composite Index shed 60.61 points, or about 2.37 percent, ending the trading day at 2,500.64 points.

The release of The Fed's Minutes of its last Open Market Committee Meeting, held on August 7, 2007, showed that Fed Governors were concerned, inter alia, about the US housing crisis and its effects on consumer spending.

The Dow Jones Home Builders Index fell about 5 percent on the news.

The logical extension of The Fed's thinking is, of course, that finance houses will, also, get it in the neck, probably sooner than later.

Then, to add insult to injury, The Conference Board's Index of Consumer Confidence for the month of August was released.

It indicated that US consumer confidence had dropped to a near, 2-year low.

The prognostications of the gurus of Wall Street – *'Now is the time to buy while prices are low'*, and waffle to that effect – had been proven wrong, once again.

Please Refer To:

**TARGET Intelligence Report, Volume IX, Number 165,**

Published On Friday, August 31, 2007, Lead Report:

***'KEEP YOUR MONEY IN ASIA ! WATCH IT GROW !'***

The ratio of losing counters to gaining ones was about 7:One on The New York Stock Exchange and about 4:One on The NASDAQ.

On European bourses, it was only red ink that was used to record the closing numbers of the key indices in this part of the world.

Europe, as is its wont, follows Wall Street, from which it takes its cue, and last Tuesday was no exception as the following **TARGET** () table illustrates:

Amsterdam's AEX Index	Minus 1.95 percent
France's CAC 40 Index	Minus 2.08 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.74 percent
Great Britain's FTSE 100 Index	Minus 1.89 percent
Italy's MIBTEL Index	Minus 1.71 percent
Switzerland's Swiss Market Index	Minus 1.48 percent

In Europe, there was a lot of scuttlebutt that this bank or that finance house had, or would be, hit by customer defaults of one kind or another.

This cut the heart out of many an investor in this part of the world.

On The **New York Mercantile Exchange** (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in October was \$US71.73, representing a fall of one third of a percentage point, exactly, compared with Monday's final quote.

As for November delivery, the last settlement for a barrel of light sweet crude oil came in at \$US71.14, a one-day fall of about 0.34 percent.

In Asia, there was a considerable amount of profit-taking, following Monday's bull run, but there was, also, some consternation as investors were, clearly, not convinced that the worst was over with regard to the US housing crisis and the difficult situation in respect of the chaos in the US subprime, mortgage-lending industry.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index shed about 0.91 percent, falling back to 23,363.76 points.

The Total Turnover was about \$HK122.94 billion.

Declining counters outnumbered advancing ones by the ratio of about 2.16:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)	Up 5.69 percent to \$HK37.15 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 5.61 percent to \$HK22.60 per share

Jiangxi Copper Company Ltd (Code: 358)	Up 5.55 percent to \$HK20.35 per share
China Mobile Ltd (Code: 941)	Down 0.65 percent to \$HK99.95 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 3.15 percent to \$HK4.92 per share
China Construction Bank Corporation (Code: 939)	Down 0.81 percent to \$HK6.10 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.18 percent to \$HK8.37 per share
Datang International Power Generation Company Ltd (Code: 991)	Down 2.51 percent to \$HK8.94 per share
Bank of China Ltd (Code: 3988)	Down 2.74 percent to \$HK3.91 per share
PetroChina Company Ltd (Code: 857)	Down 1.21 percent to \$HK11.46 per share

As for the Main Board's biggest movers of the day, there was a total of 40 counters whose share prices moved by 10 percent or more.

Of that number, the share prices of 27 counters fell, while the share prices of 13 counters rose.

BEP International Holdings Ltd (Code: 2326) was the biggest gainer of the day as investors pushed up its share price by 37.31 percent to \$HK7.14.

Mayer Holdings Ltd (Code: 1116) was the biggest loser with its share price, dropping back to 55 cents, a one-day fall of about 16.67 percent.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 1.78 percent of its former value, ending the day at 1,501.83 points.

The Total Turnover on this market was about \$HK639.90 million.

The ratio of losing counters to gaining ones was about 2.48:One.

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

Trasy Gold Ex Ltd (Code: 8063)	Down 6.16 percent to \$HK0.198 per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 5.50 percent to \$HK0.211 per share
Xteam Software International Ltd (Code: 8178)	Down 5.75 percent to \$HK0.82 per share
Medical China Ltd (Code: 8186)	Down 9.52 percent to \$HK0.57 per share
MP Logistics International Holdings Ltd (Code: 8186)	Down 6.67 percent to \$HK1.12 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>
AGTech Holdings Ltd	8279	10.20		1.08
China Leason Investment Group Company Ltd	8270		14.29	1.02
Computech Holdings Ltd	8081	19.57		0.55
ePRO Ltd	8086		15.69	0.43
International Financial Network Holdings Ltd	8123		10.00	0.225
ITE (Holdings) Ltd	8092		16.44	0.122
PINE Technology Holdings Ltd	8013		10.11	0.40
Sonavox International Holdings Ltd	8226	32.08		0.35
TeleEye Holdings Ltd	8051		13.04	0.30
ThinSoft (Holdings) Incorporated	8096		20.31	0.255
Ningbo Yidong Electronic Company Ltd	8249		16.18	0.285

Trading on The Tokyo Stock Exchange, which is the premier equity market of Japan and the most-important equity market in Asia, was very much subdued.

The TOPIX Index shed about 0.20 percent of its value, dropping back to 1,584.60 points.

Declining counters outpaced advancing ones by the ratio of about 1.44:One.

The Nikkei-225 Stock Average, which is a much-narrower gauge of trading on select blue chips, listed on The First Section of The Tokyo Stock Exchange, lost 13.90 yen, equivalent to about 0.09 percent, ending the day at 16,287.49 yen.

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

The HKSAR	Hang Seng Index Minus 0.91 percent to 23,363.76 The Growth Enterprise Index Minus 1.78 percent to 1,501.83
Indonesia	Minus 0.72 percent to 2,159.61
Japan	TOPIX Index Minus 0.20 percent to 1,584.60 Nikkei-225 Stock Average Minus 0.09 percent to 16,287.49
Malaysia	Plus 0.05 percent to 1,278.95
The Philippines	Plus 1.40 percent to 3,251.77
The PRC	Shanghai Composite Index Plus 0.87 percent to 5,194.69 Shenzhen Composite Index Plus 0.09 percent to 1,435.46
Singapore	Minus 1.34 percent to 3,343.00
South Korea	Plus 1.46 percent to 1,829.31
Taiwan	Plus 0.11 percent to 8,727.55
Thailand	Minus 0.37 percent to 788.21

### **Wednesday**

In contrast to Tuesday's trading on the world's largest equity markets, investors jumped in, boots and all, as the saying goes, forcing up the key indices, and by so doing, erasing nearly all of Tuesday's losses.

The reason for the about-face: Investors were betting on The Federal Reserve to lower interest rates at its next Open Market Committee Meeting, scheduled for September 18, 2007 – if not earlier.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 247.44 points, equivalent to about 1.90 percent, ending the hectic trading day at 13,289.29 points.

Over on The NASDAQ, its Composite Index gained 62.52 points, or about 2.50 percent, rushing up to 2,563.16 points.

Nothing had changed, appreciably, between Monday and Wednesday, and investor sentiment continued to be cautious although, at the same time, one goes with the flow if one is a day-trader.

### **News Wise**

- **Basis Capital Funds Management Ltd**, an Australian hedge fund, has filed for bankruptcy

protection in the Manhattan, New York, **Bankruptcy Court**. The company's Yield Alpha Fund has suffered large losses due to the US subprime, mortgage crisis.

Energy counters did a lot to assist in the rise of key indices of US equity markets, last Wednesday, as the price of crude oil shot up, markedly.

On The **New York Mercantile Exchange** (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in October came in at \$US73.51, up about 2.48 percent on Tuesday's closing level.

As for delivery in November, the last settlement for a barrel of light sweet crude oil was \$US72.78, representing a one-day increase of about 2.31 percent.

A drop in inventory levels of petrol and distillates was said to have been the reason for the gains in the price of the black ooze.

In Europe, while all of the key indices of the major bourses in the region registered gains, investors were wary of the gyrations of the world's largest equity markets: After all, they could reverse their directions, the very next day.

Many investors and fund managers in Europe are continuing to enjoy their summer holidays and so trading continued, but somewhat muted.

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

Amsterdam's AEX Index	Plus	0.54 percent
France's CAC 40 Index	Plus	0.83 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.12 percent
Great Britain's FTSE 100 Index	Plus	0.49 percent
Italy's MIBTEL Index	Plus	0.83 percent
Switzerland's Swiss Market Index	Plus	0.15 percent

In Asia, there was a bit of a bloodbath on equity markets as investors got the jitters, following Wall Street's rout of Tuesday.

Every key index of every major equity market fell.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the territory's 2 stock markets lost materially.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, shed about 1.47 percent of its former value, dropping back to 23,020.60 points.

The Total Turnover was about \$HK104.21 billion.

The ratio of losing counters to gaining ones was about 4.35:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)

Down 1.88 percent to \$HK36.45 per share

Aluminum Corporation of China Ltd (Code:  
2600)

Down 8.41 percent to \$HK20.70 per share

China Mobile Ltd (Code: 941)

Down 0.70 percent to \$HK99.25 per share

HSBC Holdings plc (Code: 5)

Down 1.14 percent to \$HK138.20 per share

Jiangxi Copper Company Ltd (Code: 358)

Down 9.98 percent to \$HK18.32 per share

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

Down 1.22 percent to \$HK4.86 per share

China Construction Bank Corporation (Code:  
939)

Down 1.64 percent to \$HK6.00 per share

Hongkong Exchanges and Clearing Ltd (Code:  
388)

Down 2.34 percent to \$HK133.30 per share

China Petroleum and Chemical  
Corporation (Code: 386)

Down 0.12 percent to \$HK8.36 per share

PetroChina Company Ltd (Code: 857)

Down 2.79 percent to \$HK11.14 per share

The Main Board'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>
Anex International Holdings Ltd	723	11.84		0.425
Artfield Group Ltd	1229	14.78		1.32
Asia Commercial Holdings Ltd	104	11.82		1.23
Buildmore International Ltd	108		10.94	5.70
Capital Estate Ltd	193		11.01	0.194
Datang International Power Generation Company Ltd	991		10.29	8.02

Easyknit Enterprises Holdings Ltd	616		14.29	0.15
First Shanghai Investments Ltd	227	21.07		3.16
Garron International Ltd	1226		13.33	0.65
Guangdong Tannery Ltd	1058	12.62		1.16
Huadian Power International Corporation Ltd	1071		11.61	4.34
Jolimark Holdings Ltd	2028	14.13		1.05
KTP Holdings Ltd	645	11.25		0.89
MAE Holdings Ltd	851		15.83	1.01
Mayer Holdings Ltd	1116	21.82		0.67
Mitsumaru East Kit (Holdings) Ltd	2358	10.00		1.10
Pak Tak International Ltd	2668	17.02		0.55
Sino Technology Investments Company Ltd	1217	42.31		1.48
SmarTone Telecommunications Holdings Ltd	315	12.41		9.60
The Sun's Group Ltd	988		14.63	1.40
Vitop Bioenergy Holdings Ltd	1178		15.44	0.241

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the losses of its lone index eclipsed that of the Main Board's Hang Seng Index by almost double.

The Growth Enterprise Index surrendered about 2.83 percent of its value, dropping back to 1,459.28 points.

The Total Turnover on this market was about \$HK507.01 million, while the ratio of losers to gainers was 3.74:One, exactly.

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

Xteam Software International Ltd (Code: 8178)

Up 4.88 percent to \$HK0.86 per share

China Photar Electronics Group Ltd (Code: 8220)

Down 2.41 percent to \$HK0.405 per share

China Railway Logistics Ltd (Code: 8089)

Down 5.66 percent to \$HK9.83 per share

Trasy Gold Ex Ltd (Code: 8063)

Down 5.56 percent to \$HK0.187 per share

Town Health International Holdings Company Ltd  
(Code: 8138)

Down 2.84 percent to \$HK0.205 per share

As for the biggest movers of this market, they included:

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
B.A.L. Holdings Ltd	8382		13.13	0.086
Biosino Bio-Technology and Science Incorporation	8247	36.86		3.49
B M Intelligence International Ltd	8158	41.27		0.445
ePRO Ltd	8086		11.63	0.38
Espco Technology Holdings Ltd	8299		12.22	0.79
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		11.43	0.31
Longlife Group Holdings Ltd	8037	26.67		0.38
Mobile Telecom Network (Holdings) Ltd	8266		14.29	0.18
Northeast Tiger Pharmaceutical Company Ltd	8197		13.57	0.242
Qianlong Technology International Holdings Ltd	8015		25.00	0.75
Tianjin TEDA Biomedical Engineering Company Ltd	8189		11.76	0.375
Thiz Technology Group Ltd	8119		10.71	0.20

It was a similar story in Japan where the 3 equity markets' key indices headed decidedly south.

On The Tokyo Stock Exchange, its TOPIX Index gave up about 1.71 percent of its value, retreating to 1,557.55 points.

The ratio of declining counters to advancing ones was about 8.98:One.

The Nikkei-225 Stock Average ended the trading day at 16,012.83 yen, a one-day fall of about 1.69 percent.

This was how things looked on other Asian equity markets, last Wednesday night:

The HKSAR	Hang Seng Index Minus 1.47 percent to 23,020.60 The Growth Enterprise Index Minus 2.83 percent to 1,459.28
Indonesia	Minus 1.14 percent to 2,134.88
Japan	TOPIX Index Minus 1.71 percent to 1,557.55 Nikkei-225 Stock Average Minus 1.69 percent to 16,012.83
Malaysia	Minus 1.19 percent to 1,263.70
The Philippines	Minus 1.30 percent to 3,209.53
The PRC	Shanghai Composite Index Minus 1.64 percent to 5,109.43 Shenzhen Composite Index Minus 1.66 percent to 1,411.60
Singapore	Minus 0.25 percent to 3,334.66
South Korea	Minus 0.17 percent to 1,826.19
Taiwan	Minus 0.97 percent to 8,643.32
Thailand	Plus 0.49 percent to 792.04

### **Thursday**

In the second quarter, the US economy grew at an annual rate of about 4 percent, according to the preliminary estimates of the US Government.

The **B**ureau of **E**conomic Analysis (BEA) released its findings, last Thursday morning.

The following is a précis of that release:

*‘The economy grew at an annual rate of 4.0 percent in the second quarter, compared with 0.6 percent in the first quarter, according to the “preliminary” estimates released by the Bureau of Economic Analysis. The second-quarter growth rate was revised up from the “advance” estimate of 3.4 percent.*

### **‘Gross Domestic Product (GDP)**

*‘The acceleration in GDP growth reflected upturns in net exports, Federal government spending, and inventory investment, an acceleration in business investment, and a smaller decrease in residential home investment. In contrast, consumer spending decelerated sharply.*

*‘The upward revision to GDP growth resulted mainly from the inclusion of newly available source data that showed greater increases in business investment and net exports.*

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### **‘Corporate Profits**

*‘Second-quarter corporate profits increased 4.5 percent from the same quarter a year ago. Net corporate profits earned abroad increased 21.1 percent.*

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Wall Street, however, paid little to no attention to the BEA’s findings: Key indices started to slide, once again.

On The New York Stock Exchange, the Dow Jones Industrial Average shed about 0.38 percent, ending the trading day at 13,238.73 points.

On The NASDAQ, its Composite Index went in the opposite direction to The Dow, but only to the extent of a small fraction: Up 0.08 percent to 2,565.30 points.

Trading was relatively light on the world’s largest equity markets as investors pondered how badly financials would be mauled by the upheaval in the US credit markets.

### News Wise

- **Freddie Mac**, a US-Government-backed firm that buys mortgages from commercial lenders, making it the second-largest, home-loan producer in the country, reported a 45-percent fall in net income for the second quarter, Year-On-Year, to \$US764 million, down from about \$US1.40 billion for the like period in 2006.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in October was \$US73.36, down about 0.20 percent, compared with Wednesday’s closing level.

For delivery in November, the last settlement for a barrel of light sweet crude oil came in at \$US72.61, representing a one-day fall in the price of the black ooze of about 0.23 percent.

In Europe, investors went for a ride on the stock-market, roller-coaster, reversing Wednesday’s downward trend and pushing up the key indices of the most-important bourses, quite substantially:

Amsterdam’s AEX Index	Plus	1.34 percent
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France’s CAC 40 Index	Plus	1.31 percent
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Germany’s Frankfurt XETRA DAX Index	Plus	1.08 percent
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Great Britain's FTSE 100 Index      Plus      1.30 percent

Italy's MIBTEL Index                  Plus      0.86 percent

Switzerland's Swiss Market Index      Plus      0.56 percent

The gains in Europe were helped, considerably, by energy counters, the managements of which are talking up the price of the precious '*juice-of-the-earth*' before the year is out.

The release of the BEA's findings in respect of the strength of the US economy, also helped to redirect investor sentiment.

Asian equity markets indicated strength, generally, with the only exceptions, being the key indices of the equity markets of Singapore and Thailand.

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

The Hang Seng Index, which is the key index of the premier equity market of the territory, known as the Main Board of The Stock Exchange of Hongkong Ltd, rose about 2.01 percent to 23,484.54 points.

The Total Turnover was about \$HK95.87 billion while the ratio of advancing counters to declining ones was about 2.85:One.

The Ten Most Actives were:

China Life Insurance Company Ltd (Code: 2628)

Up 1.37 percent to \$HK36.95 per share

China Mobile Ltd (Code: 941)

Up 2.87 percent to \$HK102.10 per share

Aluminum Corporation of China Ltd (Code: 2600)

Down 6.57 percent to \$HK19.34 per share

China Construction Bank Corporation (Code: 939)

Up 4.50 percent to \$HK6.27 per share

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

Up 1.85 percent to \$HK4.95 per share

HSBC Holdings plc (Code: 5)

Up 0.43 percent to \$HK138.80 per share

Hongkong Exchanges and Clearing Ltd (Code:  
388)

Up 3.00 percent to \$HK137.30 per share

Jiangxi Copper Company Ltd (Code: 358)

Down 6.66 percent to \$HK17.10 per share

PetroChina Company Ltd (Code: 857)

Up 1.97 percent to \$HK11.36 per share

China Petroleum and Chemical Corporation  
(Code: 386)

Up 1.20 percent to \$HK8.46 per share

The biggest Main Board movers included:

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
AviChina Industry and Technology Company Ltd	2357	13.18		1.46
China Elegance (Holdings) Ltd	476		10.33	3.30
China Investment Fund Company Ltd	612	13.10		0.475
China Oilfield Services Ltd	2883	10.37		13.84
China Oriental Group Company Ltd	581	13.26		3.93
Chung Tai Printing Holdings Ltd	55	22.75		2.05
COSCO International Holdings Ltd	517	11.56		7.14
China Shipping Container Lines Company Ltd	2866	15.48		5.37
Easyknit Enterprises Holdings Ltd	616	86.67		0.28
Easyknit International Holdings Ltd	1218	15.63		0.37
Garron International Ltd	1226	36.92		0.89
Graneagle Holdings Ltd	147	26.96		1.46
High Fashion International Ltd	608	12.12		3.70
Interchina Holdings Company Ltd	202	35.29		0.184
Shanghai Jin Jiang International Hotels (Group) Company Ltd	2006	11.05		4.02
Kenford Group Holdings Ltd	464	21.57		0.62
Kwang Sung Electronics Hongkong Company Ltd	2310	19.05		2.50

LeRoi Holdings Ltd	221	20.24		1.01
Magician Industries (Holdings) Ltd	526	11.48		0.34
New World Department Store China Ltd	825	11.22		5.75
Orient Resources Group Company Ltd	467	11.00		2.22
Perennial International Ltd	725		12.00	0.66
Prosperity Investment Holdings Ltd	310	10.91		0.305
Sam Woo Holdings Ltd	2322	12.10		4.17
Sino Technology Investments Company Ltd	1217	39.86		2.07
South China Holdings Ltd	265		12.71	1.03
Tidetime Sun (Group) Ltd	307	18.32		0.239
World Trade Bun Kee Ltd	380	18.23		8.30
Xin Corporation Ltd	1141	26.44		1.10
Yardway Group Ltd	646	14.29		1.04
China Yurun Food Group Ltd	1068	15.24		9.30

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 1.07 percent, rising to 1,474.92 points.

The Total Turnover was about \$HK456.17 million.

The ratio of gainers to losers was about 1.71:One.

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

Town Health International Holdings Company Ltd  
(Code: 8138)

Up 0.98 percent to \$HK0.207 per share

China Railway Logistics Ltd (Code: 8089)

Down 2.44 percent to \$HK9.59 per share

DeTeam Company Ltd (Code: 8112)

Up 3.45 percent to \$HK2.40 per share

Xteam Software International Ltd (Code: 8178)

Down 3.49 percent to \$HK0.83 per share

Trasy Gold Ex Ltd (Code: 8063)

Down 2.67 percent to \$HK0.182 per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
AKM Industrial Company Ltd	8298	25.00		0.30
Era Information and Entertainment Ltd	8043	10.29		0.61
Galileo Holdings Ltd	8029	14.29		0.56
Jinheng Automotive Safety Technology Holdings Ltd	8293	12.03		1.77
Mobile Telecom Network (Holdings) Ltd	8266	16.67		0.21
Qianlong Technology International Holdings Ltd	8015	33.33		1.00
Sonavox International Holdings Ltd	8226	14.86		0.425
South China Land Ltd	8155		16.88	0.32
Tianjin TEDA Biomedical Engineering Company Ltd	8189	12.00		0.42
Sanmenxia Tianyuan Aluminum Company Ltd	8253	10.87		1.02
Wafer Systems Ltd	8198	27.27		1.40

On Japan's 3 equity markets, the key indices all rose, albeit fractionally.

On The Tokyo Stock Exchange, its TOPIX Index gained about 0.69 percent, rising to 1,568.23 points.

Advancing counters outnumbered declining ones by the ratio of about 2.23:One.

The Nikkei-225 Stock Average rose exactly 0.88 percent to 16,153.82 yen.

This was how things looked on other Asian equity markets, last Thursday night:

The HKSAR	Hang Seng Index Plus 2.02 percent to 23,484.54 The Growth Enterprise Index Plus 1.07 percent to 1,474.92
Indonesia	Plus 0.74 percent to 2,150.72
Japan	TOPIX Index Plus 0.69 percent to 1,568.23 Nikkei-225 Stock Average Plus 0.88 percent to 16,153.82
Malaysia	Plus 0.81 percent to 1,273.93
The Philippines	Plus 3.45 percent to 3,320.34
The PRC	Shanghai Composite Index Plus 1.14 percent to 5,167.88 Shenzhen Composite Index Plus 2.00 percent to 1,439.80
Singapore	Minus 0.41 percent to 3,321.15
South Korea	Plus 0.85 percent to 1,841.70
Taiwan	Plus 1.48 percent to 8,771.21
Thailand	Minus 0.06 percent to 791.58

## **Friday**

The President of the United States of America, Mr George W. Bush, and the Chairman of The Federal Reserve, Dr Ben Bernanke, issued encouraging words to the people of the largest and most-important economy of the world, stating, in essence, that they were determined that order would be restored to the financial markets and that matters were in hand to stabilise the situation with regard to the US housing crisis and the problems in the subprime, mortgage-lending industry.

Wall Street warmed to the words of these gentlemen and the key indices of all of the equity markets rose in direct response.

It was very late in the day for Dr Ben Bernanke, however, because he had had the power to ameliorate the situation long before it had reached the crisis proportions of today.

But he did nothing.

History, no doubt, will record his ineptitude.

Last Friday, President George W. Bush called on Congress to enact laws, allowing more flexibility to the US Government's Federal Housing Administration so that this department of Government would have the

legislative power to lend a helping hand to a certain category of home-owner who could not pay his/her subprime mortgage payments.

There are known to be upwards of 2.50 million, US home-owners in dire straits, with about 10 percent of that number, being unable to meet financial commitments in respect of subprime mortgage payments.

President George W. Bush's proposals, therefore, will only affect a small percentage of those home-owners, facing potential financial ruin.

This type of US Government suggestion is reminiscent of the 19<sup>th</sup> Century of the old West when snake oil was sold by travelling salesmen as being the '*cure-all for what ails y'all*'.

From Dr Ben Bernanke, he gave to closest thing to a promise that, come the next Open Market Committee Meeting of The Fed, there would be a cut in interest rates.

As is this doctor's wont, he was being reactive to a situation which, if left unchecked, could result in the US, falling into another recession.

The US Government, clearly, was, as the Americans put it, running scared.

While criticism is always cheap and much too easy to employ, it would appear that, at last, some people in The Land of The Free and The Home of The Brave had got off their keisters to do something positive.

And that is good, not just for the US economy, but for the entire world.

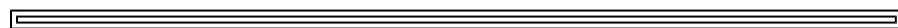
Meanwhile, The Bureau of Economic Analysis released the July statistics in respect of personal income and consumer spending in the US:

This was The Bureau's findings:

	June	July	Average growth, last 12 months
<p><b>'Personal income, a broad current-dollar measure, rose 0.5 percent in July, after increasing 0.4 percent in June. Wages and Personal salaries, the largest component of personal income, increased 0.5 percent, the same increase as in June.</b></p>	0.4%	0.5%	0.5%
<p><b>'Real disposable personal income (DPI), the after-tax amount available for spending or saving, increased 0.5 percent in July, after increasing 0.2 percent in June. The July increase was the largest since February.</b></p>	Real DPI 0.2%	0.5%	0.3%
<p><b>'Real consumer spending (personal consumption expenditures) increased 0.3 percent in July after remaining unchanged in June.</b></p>	Real PCE 0.0%	0.3%	0.2%
<p><b>'Prices, as measured by the personal consumption expenditures price index,</b></p>	PCE Prices 0.2%	0.1%	0.2%

increased 0.1 percent in July,  
after increasing 0.2 percent in  
June. Excluding food and  
energy, prices increased 0.1  
percent after increasing 0.2  
percent in June.

	June	July	12-month average
<b>'Personal saving as a percent of Personal disposable personal income was Saving Rate'</b>	0.5%	0.7%	0.6%
0.7 percent in July.			



On The New York Stock Exchange, the Dow Jones Industrial Average gained 119.01 points, equivalent to about 0.90 percent, rising to 13,357.74 points.

As for The NASDAQ, its Composite Index put on 31.06 points, or about 1.21 percent, ending the trading day at 2,596.36 points.

Trading was relatively light as many traders were preparing for the large booze-up, during the 3-day Labour Holiday.

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

The Dow Jones Industrial Average Minus 0.16 percent  
The NASDAQ's Composite Index Plus 0.76 percent

The news of the determinations of 2 of the most-powerful men in the world caught Europe on the hop, so to speak, and even the scant details of the statements of Messrs Bush and Bernanke warmed the hearts of investors in this part of the world.

The result: Every key index of every European bourse rose, smartly.

Amsterdam's AEX Index Plus 0.97 percent

France's CAC 40 Index Plus 1.25 percent

Germany's Frankfurt XETRA DAX Index Plus 1.57 percent

Great Britain's FTSE 100 Index Plus 1.46 percent

Italy's MIBTEL Index Plus 0.91 percent

Switzerland's Swiss Market Index Plus 1.19 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in October was \$US74.04, representing an increase over Thursday's closing level of about 0.93 percent.

As for November delivery, the last settlement for a barrel of light sweet crude oil was \$US73.32, equivalent to a one-day increase of about 0.98 percent.

In Asia, it had been widely anticipated that The Fed would cut interest rates at its next Open Market Committee Meeting, but the news about President George W. Bush's initiative was not known during last Friday's trading in equities in the most-populous part of the world.

The gains on Asian equity markets, therefore, were in anticipation of pressure, being piled onto The Fed, pressure which looked as though it would make this interdependent agency of the US Government bend to the will of most of the world's economists and the cries of those US home-owners, caught in a financial vice.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the territory's 2 equity markets made very substantial gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 2.13 percent to 23,984.14 points.

The Total Turnover was about \$HK113.11 billion.

The ratio of gainers to losers was about 3.35:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941)	Up 3.82 percent to \$HK106.00 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.89 percent to \$HK37.65 per share
China Construction Bank Corporation (Code: 939)	Up 4.15 percent to \$HK6.53 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 2.63 percent to \$HK5.08 per share
Bank of China Ltd (Code: 3988)	Up 3.35 percent to \$HK4.01 per share
HSBC Holdings plc (Code: 5)	Up 0.65 percent to \$HK139.70 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 4.52 percent to \$HK143.50 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 10.39 percent to \$HK21.35 per share
PetroChina Company Ltd (Code: 857)	Up 0.35 percent to \$HK11.40 per share
Shanghai Electric Group Company Ltd (Code: 2727)	Up 42.17 percent to \$HK4.99 per share

On the Main Board, there was a total of 39 double-digit movers of the day, of which number, 9 counters lost ground and 30 counters managed to improve their market capitalisations by 10 percent or more.

The biggest gainer of the day was China Strategic Holdings Ltd (Code: 235), the share price of which rose 97.37 percent to 75 cents.

Easyknit Enterprises Holdings Ltd (Code: 616) was the biggest loser of the day as its share price sank 12.86 percent to 24.40 cents.



On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index put on about 2.15 percent, rising to 1,506.56 points.

The Total Turnover on this market was about \$HK436.22 million.

Gaining counters just nudged out declining ones by the ratio of about 1.18:One.

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

Town Health International Holdings Company Ltd  
(Code: 8138)

Down 0.97 percent to \$HK0.205 per share

Galileo Holdings Ltd (Code: 8029)

Up 16.07 percent to \$HK0.65 per share

China Railway Logistics Ltd (Code: 8089)

Up 7.40 percent to \$HK10.30 per share

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

Up 5.00 percent to \$HK16.80 per share

MP Logistics International Holdings Ltd (Code:  
8239)

Down 3.60 percent to \$HK1.07 per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
AcrossAsia Ltd	8061		11.15	0.231
Armitage Technologies Holding Ltd	8213		11.05	0.153
Capinfo Company Ltd	8157	15.56		0.52
ePRO Ltd	8086		18.75	0.325
Espco Technology Holdings Ltd	8299	12.50		0.90
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	16.18		0.79
Galileo Holdings Ltd	8029	16.07		0.65
iMerchants Ltd	8009		10.83	1.07
Inno-Tech Holdings Ltd	8202	30.65		0.81

Long Success International (Holdings) Ltd	8017	18.92		0.44
Nanjing Sample Technology Company Ltd	8287	20.83		5.80
ThinSoft (Holdings) Incorporated	8096	17.65		0.30
Thiz Technology Group Ltd	8119	17.65		0.20
Vertex Group Ltd	8228	10.45		0.37
Zhejiang Yonglong Enterprises Company Ltd	8211	31.34		0.88

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

The Hang Seng Index Plus 4.63 percent  
The Growth Enterprise Index Plus 2.63 percent

The key indices of Japan's equity markets mirrored those of the HKSAR.

On The Tokyo Stock Exchange, The TOPIX Index put on about 2.55 percent, ending the trading day at 1,608.25 points.

The ratio of gaining counters to losing ones was wide, at about 15.75:One.

The Nikkei-225 Stock Average ended the week at 16,569.09 yen, representing a gain over Thursday's closing level of about 2.57 percent.

The tally for the largest equity market of Asia was:

The TOPIX Index Plus 1.41 percent  
The Nikkei-225 Stock Average Plus 1.97 percent

And this was how the key indices of other Asian equity markets ended the last day of trading for the month of August:

The HKSAR	Hang Seng Index Plus 2.13 percent to 23,984.14 The Growth Enterprise Index Plus 2.15 percent to 1,506.56
Indonesia	Plus 2.03 percent to 2,194.34
Japan	TOPIX Index Plus 2.55 percent to 1,608.25 Nikkei-225 Stock Average Plus 2.57 percent to 16,569.09
Malaysia	Closed

The Philippines	Plus 1.35 percent to 3,365.29
The PRC	Shanghai Composite Index Plus 0.99 percent to 5,218.83 Shenzhen Composite Index Plus 1.25 percent to 1,457.83
Singapore	Plus 2.16 percent to 3,392.91
South Korea	Plus 1.71 percent to 1,873.24
Taiwan	Plus 2.41 percent to 8,982.16
Thailand	Plus 2.73 percent to 813.21

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