

**RECORD-HIGH, CRUDE-OIL PRICES TAKE  
THEIR TOLL OF GLOBAL ECONOMIES –  
HANG ONTO YOUR KNICKERS WHILE YOU ARE STILL ABLE!**

The Chairman of the US Federal Reserve, The Central Bank of the US, went on record, last Monday, stating that one of his, and The Fed's, major goals with regard to the US economy was fighting inflation.

Talking at The Reserve Bank of Boston's 53rd Annual Economy Conference, at Chatham, Massachusetts, Dr Ben S. Bernanke said, inter alia:

*'Inflation has remained high, largely reflecting sharp increases in the prices of globally traded commodities. Thus far, the pass-through of high raw materials costs to the prices of most other products and to domestic labor costs has been limited, in part because of softening domestic demand. However, the continuation of this pattern is not guaranteed and future developments in this regard will bear close attention. Moreover, the latest round of increases in energy prices has added to the upside risks to inflation and inflation expectations. The Federal Open Market Committee will strongly resist an erosion of longer-term inflation expectations, as an unanchoring of those expectations would be destabilizing for growth as well as for inflation...'*

*'Rapidly rising prices for globally traded commodities have been the major source of the relatively high rates of inflation we have experienced in recent years, underscoring the importance for policy of both forecasting commodity price changes and understanding the factors that drive those changes...'*

There could be little chance of making a mistake when reading between the lines of the speech, carefully crafted by the world's most-visible and, perhaps, most-important economist on the planet today: The price of crude oil and the price of foodstuffs were fueling inflation in the world's largest and most-important economy.

On Wall Street, last Monday, investors appeared to be somewhat befuddled as the actions, if any, to take in view of what had transpired, during the previous Friday on the world's largest equity markets and on the commodity markets of the world.

(On Friday, June 6, 2008, The Dow had fallen by about 3.13 percent while The Composite Index of The NASDAQ had shed about 2.96 percent.)

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average rose 70.51 points, equivalent to about 0.58 percent, ending the trading session at 12,280.32 points.

On The NASDAQ, however, its Composite Index shed 15.10 points, or about 0.61 percent, dropping back to 2,459.46 points.

Declining counters outnumbered advancing ones by the ratio of about 2:One on both The New York Stock Exchange and The NASDAQ.

News Wise

- **Lehman Brothers Holdings Incorporated**, a major financial services company in the US, has raised about \$US6 billion in much-needed capital. The company said that it was projecting a \$US2.77-

billion Loss Attributable To Shareholders for second quarter of the 2008-Year. The share price of Lehman Brothers collapsed by about 8.70 percent to end the day at \$US29.48.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US134.35, down about 3.02 percent, compared with the last settlement of Friday, June 6, 2008.

As for delivery in August, the last settlement for a barrel of light sweet crude oil came in at \$US134.75, off about 2.85 percent, compared with the final quote of the previous Friday.

In Europe, investors were pounded into submission as the key indices of the largest bourses of the region took note of the statements, emanating from the high-profile bank, Lehman Brothers Holdings Incorporated.

Banking counters were hit very hard as investors in this part of the world wanted out – yesterday.

Meanwhile, in parts of Europe, lorry drivers had gone on strike over the high price of fossil fuels.

In Spain, near the Capital City of Madrid, tens of thousands of lorries blocked roads in a unified show of discontent over the record-high price of diesel fuel, the price of which has risen by more than 20 percent since the beginning of the year.

This was how the key indices of the most-important equity markets of Europe ended the trading day of last Monday:

Amsterdam's AEX Index	Minus 0.29 percent
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France's CAC 40 Index	Plus 0.08 percent
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Germany's Frankfurt XETRA DAX Index	Plus 0.17 percent
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Great Britain's FTSE 100 Index	Minus 0.49 percent
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Italy's MIBTEL Index	Minus 0.19 percent
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Switzerland's Swiss Market Index	Minus 0.81 percent
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In Asia, the equity markets of the People's Republic of China (PRC) and the Hongkong Special Administrative Region (HKSAR) of the PRC were closed for a public holiday.

In Japan, there were only losses on the country's 3 equity markets.

On The Tokyo Stock Exchange, its TOPIX Index shed 30.57 points, equivalent to about 2.14 percent, coming to rest at 1,397.54 points.

The ratio of losing counters to gaining ones was about 8.43:One.

The Nikkei-225 Stock Average, which is a much-narrower gauge of trading on The First Section of The Tokyo Stock Exchange than The TOPIX Index, gave up 308.06 yen, or about 2.13 percent, ending the trading day at 14,181.38 yen.

On other Asian equity markets, this was how their respective key indices ended the first trading day of the week:

The HKSAR	Hang Seng Index Closed The Growth Enterprise Index Closed
Indonesia	Plus 0.33 percent to 2,410.08
Japan	TOPIX Index Minus 2.14 percent to 1,397.54 Nikkei-225 Stock Average Minus 2.13 percent to 14,181.38
Malaysia	Minus 1.41 percent to 1,230.98
The Philippines	Closed
The PRC	Shanghai Composite Index Closed Shenzhen Composite Index Closed
Singapore	Minus 1.99 percent to 3,084.02
South Korea	Minus 1.27 percent to 1,808.96
Taiwan	Minus 1.80 percent to 8,587.96
Thailand	Minus 1.44 percent to 805.58

## **Tuesday**

The price of crude oil on international commodity exchanges retreated for the second, consecutive day, last Tuesday, but the damage to many an economy of the world had, already, been done.

In Europe, there was widespread discontent at the grass-roots level, with lorry drivers, continuing their protests. (Please see Monday's report)

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), a group of lorry drivers, in parrot-like fashion of the actions of their European counterparts, parked their vehicles in the middle of the Central Business District of Hongkong Island in the midst of the afternoon rush hour in contravention of sections of the Motor Vehicle Ordinance.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July came in at \$US131.31, down about 2.26 percent, compared with Monday's closing level.

As for delivery in August, the last settlement for a barrel of light sweet crude oil was \$US131.86, equivalent to a fall of about 2.14 percent, compared with the Monday's final quote.

On Wall Street, losing counters predominated, for the most part.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.08 percent to 12,289.76 points, while, on The NASDAQ, its Composite Index shed about 0.43 percent to end the trading day at 2,448.94 points.

Investors voiced concern that, come June 24-25, when The Federal Reserve will hold its next Open Market Committee Meeting, it will usher in higher interest rates in order to try to contain inflationary pressures in The Land of The Free and The Home of The Brave.

While Management of Lehman Brothers Holdings Incorporated tried to allay the fears of investors about the bank's finances, it was clear that many investors were not listening and, as a result, down came the share price of Lehman Brothers by another 6.70 percent, ending the trading session at \$US27.50. (Please see Monday's report)

The ratio of losing counters to gaining ones was about 2:One on The New York Stock Exchange and about 1.33:One on The NASDAQ.

#### News Wise

- The US Commerce Department released its findings in respect of April's imports and exports, indicating that the high price of imported fossil fuels was taking its toll of the economy. The **visible trade deficit** had widened to about \$US60.90 billion, the highest figure of the past 13 months. At the same time, due to the weakness of the US dollar vis-à-vis other '*hard*' currencies, exports recorded their biggest gains of the past 4 years.

In Europe, every key index of every major bourse went in one direction: Down.

The fall in the price of crude oil helped force down many of the key indices as speculators determined not to take any chances and cashed in their chips while they still could.

European investors, also, had taken careful note of the falls in the key indices on Asian equity markets. (Please see below)

The following is **TARGET**'s list of the key indices at the close of the major bourses of Europe, last Tuesday night:

Amsterdam's AEX Index	Minus 1.19 percent
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France's CAC 40 Index	Minus 0.79 percent
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Germany's Frankfurt XETRA DAX Index	Minus 0.65 percent
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Great Britain's FTSE 100 Index	Minus 0.85 percent
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Italy's MIBTEL Index	Minus 1.29 percent
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Switzerland's Swiss Market Index	Minus 0.56 percent
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The key indices of Asian equity markets all lost substantial ground, with the lone exception of the Malaysia, whose key indices held firmly.

In the HKSAR, The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, shed about 4.21 percent, dropping back to 23,375.52 points.

The Total Turnover was about \$HK82.16 billion, while the ratio of declining counters to advancing ones was about 5.18:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 2.67 percent to \$HK127.80 per share
China Mobile Ltd (Code: 941)	Down 3.92 percent to \$HK110.40 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 4.72 percent to \$HK5.45 per share
PetroChina Company Ltd (Code: 857)	Down 5.45 percent to \$HK10.40 per share
China Construction Bank Corporation (Code: 939)	Down 4.93 percent to \$HK6.55 per share
China Life Insurance Company Ltd (Code: 2628)	Down 5.20 percent to \$HK29.15 per share
CNOOC Ltd (Code: 883)	Down 2.09 percent to \$HK13.10 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 5.94 percent to \$HK7.76 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Down 4.32 percent to \$HK128.40 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 4.74 percent to \$HK120.70 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China HealthCare Holdings Ltd	673		14.71	0.58
China Oil Resources Holdings Ltd	850		10.61	0.295
Chinney Alliance Group Ltd	385	16.13		0.36
Climax International Company Ltd	439		13.64	0.171
e-Kong Group Ltd	524		10.14	0.62
Fulbond Holdings Ltd	1041		13.04	0.06
Global Tech (Holdings) Ltd	143		15.79	0.048

GR Vietnam Holdings Ltd	139		12.69	0.227
Green Global Resources Ltd	61		11.89	0.163
ITC Properties Group Ltd	199		27.13	0.137
J.I.C. Technology Company Ltd	987	11.04		1.71
Lo's Enviro-Pro Holdings Ltd	309		12.50	0.35
Mascotte Holdings Ltd	136		10.98	0.365
Nubrand Group Holdings Ltd	835		11.24	0.395
One Media Group Ltd	426	21.05		0.46
Playmates Toys Ltd	869		12.12	0.29
Sichuan Expressway Company Ltd	107		10.24	2.28
Smart Union Group (Holdings) Ltd	2700		19.57	0.74
Sunway International Holdings Ltd	58		10.00	0.27
Topsearch International (Holdings) Ltd	2323	10.00		0.33
United Energy Group Ltd	467	12.60		1.43
Unity Investments Holdings Ltd	913		11.00	0.089
Xin Corporation Ltd	1141		14.29	0.27
Sinopec Yizheng Chemical Fibre Company Ltd	1033		10.17	1.59

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gave up about 2.50 percent to 857.96 points.

The Total Turnover on this market was about \$HK210.40 million.

The gap between declining counters and advancing ones was wide, at about 10.64:One.

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

Intelli-Media Group (Holdings) Ltd (Code: 8173)

Down 8.11 percent to \$HK0.68 per share

Tiger Tech Holdings Ltd (Code: 8046)

Down 3.16 percent to \$HK0.92 per share

Wumart Stores Incorporated (Code: 8277)

Up 1.49 percent to \$HK7.50 per share

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

Down 11.86 percent to \$HK0.52 per share

NetDragon Websoft Incorporated (Code: 8288)

Down 5.21 percent to \$HK9.65 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Brilliant Arts Multi-Media Holding Ltd	8130		10.00	0.09
China Fire Safety Enterprise Group Holdings Ltd	8201		11.86	0.52
ePRO Ltd	8086	42.86		0.20
Golife Concepts Holdings Ltd	8172		18.60	0.035
GreaterChina Technology Group Ltd	8032		10.85	0.115
Long Success International (Holdings) Ltd	8017		13.64	0.038
Mobile Telecom Network (Holdings) Ltd	8266		24.34	0.143
Qianlong Technology International Holdings Ltd	8015	13.75		0.69
Richfield Group Holdings Ltd	8136		17.89	0.078
Rojam Entertainment Holdings Ltd	8075		11.27	0.063

On The Tokyo Stock Exchange, its TOPIX Index fell 1.03 percent to 1,383.20 points.

Losing counters outpaced gaining ones by the ratio of about 2.22:One.

The Nikkei-225 Stock Average lost about 1.13 percent of its value, dropping back to 14,021.17 yen.

#### News Wise

- **Orders** for new machinery rose in April by about 5.50 percent, Month-On-Month, The Cabinet Office proffered. In March, Japanese companies' orders for new machinery fell by about 8.30 percent while, in the month of February, orders were off by about 12.30 percent.

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

The HKSAR	Hang Seng Index Minus 4.21 percent to 23,375.52 The Growth Enterprise Index Minus 2.50 percent to 857.96
Indonesia	Minus 1.50 percent to 2,373.82
Japan	TOPIX Index Minus 1.03 percent to 1,383.20 Nikkei-225 Stock Average Minus 1.13 percent to 14,021.17
Malaysia	Unchanged at 1,230.96
The Philippines	Minus 3.42 percent to 2,645.95
The PRC	Shanghai Composite Index Minus 7.73 percent to 3,072.33 Shenzhen Composite Index Minus 8.02 percent to 928.20
Singapore	Minus 1.65 percent to 3,033.05
South Korea	Minus 1.91 percent to 1,774.38
Taiwan	Minus 2.54 percent to 8,370.00
Thailand	Minus 1.69 percent to 791.94

### **Wednesday**

It was another black and gloomy day on US equity markets with key indices, being dragged down as the price of crude oil shot up again to near, record-high levels.

On The New York Stock Exchange, the Dow Jones Industrial Average surrendered 205.99 points, equivalent to about 1.68 percent, ending the trading day at 12,083.77 points.

Over on The NASDAQ, its Composite Index shed 54.93 points, or about 2.24 percent, falling back to 2,394.01 points.

The ratio of losing counters to gaining ones was about 4:One on The New York Stock Exchange and about 3:One on The NASDAQ.

Once more, investors wanted out of Lehman Brothers Holdings Incorporated – yesterday.

The share price of this, predominately, US finance house lost another 13.60 percent of its market capitalisation as investors pulled it down to \$US23.75.

At \$US23.75, it was its lowest level since October 2002.



In the past 4 business days, the share price of Lehman Brothers Holdings Incorporated has lost about 30 percent.

To state that many investors had lost confidence in the management of this finance house, which is the fourth largest such investment entity in the US, would be to state the obvious.

It was reported, also, that Lehman Brothers Holdings Incorporated might well have to tap the money markets, once again, in order to put a finger in its leaking financial dyke.

On Monday, it was reported that the finance house had raised \$US6 billion.

The obvious dissatisfaction with the management of Lehman Brothers Holdings Incorporated helped to pull down the share prices of other investment houses, also:

Merrill Lynch and Company Incorporated Down 6.60 percent to \$US35.46

The Goldman Sachs Group Incorporated Down 2.90 percent to \$US162.40

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July came in at \$US136.38 – the highest point of the Open Outcry Trading Session was \$US138.30 – representing a one-day gain of about 3.86 percent.

As for delivery in August, the last settlement for a barrel of light sweet crude oil was \$US136.98, up about 3.88 percent on Tuesday's final quote.

The prime reason for last Wednesday's fast jump in the price of crude oil on international commodity exchanges was due to the realisation that international demand for the black ooze could well exceed supply from oil-producing parts of the world for some time to come.

As Moiche told his Dr Herman Schmaltz, after receiving the bad news about his being obese: *'Vell, Mr (smart alec) Docktor, tell me something I did not know? Schmuck!'*

In Europe, there were only very material losers on all of the bourses in this region of the world, and they stretched for as far as the eye could see:

Amsterdam's AEX Index	Minus 1.69 percent
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France's CAC 40 Index	Minus 2.10 percent
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Germany's Frankfurt XETRA DAX Index	Minus 1.78 percent
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Great Britain's FTSE 100 Index	Minus 1.78 percent
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Italy's MIBTEL Index	Minus 1.83 percent
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Switzerland's Swiss Market Index	Minus 1.60 percent
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Banking counters came in for a pounding after the reports about Lehman Brothers Holdings Incorporated had made the rounds, causing a sell-off in banking and finance company stocks.

The losses on Wall Street had put the cat among the pigeons in Europe.

In Asia, of course, investors had not been apprised, during the trading day, of the Lehman Brothers Holdings Incorporated situation and/or the perceived fears of US/European investors over the very likely probability of other banking crises, those perceptions, fast sweeping the world.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets lost ground, but the losses were of a fractional nature, only.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 0.21 percent, ending the trading day at 23,327.60 points.

The Total Turnover fell to about \$HK62.91 billion, while the ratio of losing counters to gaining ones was about 2.26:One

The Ten Most Actives were:

China Mobile Ltd (Code: 941)	Down 1.36 percent to \$HK108.90 per share
HSBC Holdings plc (Code: 5)	Up 0.39 percent to \$HK128.30 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.17 percent to \$HK29.10 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 0.73 percent to \$HK5.49 per share
CNOOC Ltd (Code: 883)	Up 0.76 percent to \$HK13.20 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 2.71 percent to \$HK7.55 per share
PetroChina Company Ltd (Code: 857)	Down 0.77 percent to \$HK10.32 per share
China Merchants Bank Company Ltd (Code: 3968)	Down 0.19 percent to \$HK25.90 per share
China Construction Bank Corporation (Code: 939)	Up 0.15 percent to \$HK6.56 per share
Bank of China Ltd (Code: 3988)	Unchanged at \$HK3.79 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)
China HealthCare Holdings Ltd	673	10.34		0.64
First Sign International Holdings Ltd	933		12.45	2.18
Fortuna International Holdings Ltd	530		13.07	0.153
Grand Field Group Holdings Ltd	115	20.41		0.295

New Smart Energy Group Ltd	91		15.19	0.134
New World Mobile Holdings Ltd	862	16.75		8.99
Sam Woo Holdings Ltd	2322	13.64		0.25
Sino Union Petroleum and Chemical International Ltd	346	10.00		1.65
Smart Union Group (Holdings) Ltd	2700		32.43	0.50
Suga International Holdings Ltd	912		10.00	0.495
Tidetime Sun (Group) Ltd	307	12.00		0.14
Vietnam Manufacturing and Export Processing (Holdings) Ltd	422	10.43		1.80
Wang Sing International Holdings Group Ltd	2389	10.11		0.49
Zhongtian International Ltd	2379		13.64	0.285

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gave up about 0.31 percent, ending the session at 855.27 points.

The Total Turnover was about \$HK223.58 million, while the ratio of declining counters to advancing ones was about 1.44:One.

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

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

Down 11.54 percent to \$HK0.46 per share

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

Up 1.59 percent to \$HK12.80 per share

Intcera High Tech Group Ltd (Code: 8041)

Up 11.11 percent to \$HK0.13 per share

Town Health International Holdings Company Ltd  
(Code: 8138)

Unchanged at \$HK0.131 per share

Tiger Tech Holdings Ltd (Code: 8046)

Up 3.26 percent to \$HK0.95 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Challenger Group Holdings Ltd	8203	22.03		0.72
China Fire Safety Enterprise Group Holdings Ltd	8201		11.54	0.46
ePRO Ltd	8086		12.00	0.176
Intcera High Tech Group Ltd	8041	11.11		0.13
Long Success International (Holdings) Ltd	8017	10.53		0.042
M Dream Inworld Ltd	8100	21.74		0.28
Mobile Telecom Network (Holdings) Ltd	8266	19.58		0.171
North Asia Strategic Holdings Ltd	8080	10.00		1.10
Richfield Group Holdings Ltd	8136	14.10		0.089
Rojam Entertainment Holdings Ltd	8075	31.75		0.083
South China Land Ltd	8155	15.38		0.75

On The Tokyo Stock Exchange, its TOPIX Index rose about 0.49 percent to 1,390.03 points.

Losing counters outnumbered gaining ones by the ratio of about 1.19:One.

The Nikkei-225 Stock Average rose 1.16 percent to 14,183.48 yen.

#### News Wise

- Soaring **energy prices** are hurting Japanese industries, denting bottom lines, very considerably. Wholesale prices, during the month of May, rose to a 27-year high, The Bank of Japan announced. The Producer-Price Inflation was about 4.70 percent, up from 3.90 percent in April. The Current Account Surplus sagged by about 30 percent in April as record-high, crude-oil imports cost the country dearly; and,
- **Takinogawa Shinkin Bank** (of Tokyo) announced that it had posted a Net Loss Attributable to Shareholders of about ¥40.30 billion for Fiscal 2007.

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

The HKSAR	Hang Seng Index Minus 0.21 percent to 23,327.60 The Growth Enterprise Index Minus 0.31 percent to 855.27
Indonesia	Plus 0.04 percent to 2,374.79
Japan	TOPIX Index Plus 0.49 percent to 1,390.03 Nikkei-225 Stock Average

	Plus 1.16 percent to 14,183.48
Malaysia	Minus 0.14 percent to 1,229.28
The Philippines	Minus 2.52 percent to 2,579.28
The PRC	Shanghai Composite Index Minus 1.57 percent to 3,024.24 Shenzhen Composite Index Minus 2.71 percent to 903.04
Singapore	Plus 0.45 percent to 3,046.77
South Korea	Plus 0.41 percent to 1,781.67
Taiwan	Minus 0.29 percent to 8,345.59
Thailand	Minus 0.04 percent to 791.66

### Thursday

The world's largest producer of crude oil, Saudi Arabia, has called for an emergency meeting of the **Organisation of Petroleum Exporting Countries (OPEC)** in order to study what actions to take, if any, to ameliorate the chaotic situation with regard to the record-high price of the black ooze on international commodity exchanges.

Saudi Arabia has called for OPEC to convene an emergency meeting on Sunday, June 22, 2008, in Jeddah.

This followed statements, made by senior officials of The (US) International **E**nergy **A**gency (IEA), to the effect that the current crude-oil prices are not sustainable and that they '*jeopardise economic growth globally.*'

Mr Nobuo Tanaka, Executive Director of IEA, said, among other things, that the impact of the current record-high, crude-oil prices would be especially harmful to developing countries.

Last Thursday, on The **N**ew **Y**ork **M**ercantile **E**xchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US136.74, up another 0.26 percent on Wednesday's closing level.

As for delivery in August, the last settlement for a barrel of light sweet crude oil was \$US137.38, up about 0.29 percent on the day.

### News Wise

- Due to the high price of crude oil, **US Airways Group Incorporated** will cut its current workforce by about 1,700 workers (about 5 percent) and will reduce domestic, mainline capacity between 7 percent and 9 percent from current levels. The company will, also, cancel deliveries of 2 new aircraft as well as return 10 aircraft to lessors.

On Wall Street, last Thursday, there was a bit of a bounce after Wednesday's bloodbath.

Actually, the fractional gains of the key indices on US equity markets were for no particular reason although

Wall Street gurus gave their usual sage advice as to the '*bullish reasons*' for this and that – reasoning which is, usually, terribly inaccurate, but may sound plausible since there is, always, a modicum of fact, mixed into the rubbish.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.48 percent to 12,141.58 points while, over on The NASDAQ, its Composite Index gained about 0.43 percent to end the trading day at 2,404.35 points.

The ratio of gainers to losers was about 1.07:One on The New York Stock Exchange and about 1.15:One on The NASDAQ.

Of interest to many investors were the gyrations in the share price of Lehman Brothers Holdings Incorporated after it was reported that the Chief Financial Officer, Mr Erin Callan, and the Chief Operating Officer, Mr Joseph Gregory, have turned in their letters of resignation.

Lehman Brothers Holdings Incorporated announced that, for the second quarter, it had booked a Loss Attributable to Shareholders of about \$US2.80 billion.

The US finance house, also, said that it would be hunting round for another \$US6-billion injection of cash.

So far, this year, the share price of Lehman Brothers Holdings Incorporated has fallen by more than 50 percent.

Last Thursday, the share price fell another 4.40 percent to \$US22.70 – which is off about 33 percent in just 5 trading days.

On major European bourses, there was a bit of a bounce, also, as the following **TARGET** () list indicates:

Amsterdam's AEX Index	Plus	0.60 percent
France's CAC 40 Index	Plus	0.24 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.96 percent
Great Britain's FTSE 100 Index	Plus	1.17 percent
Italy's MIBTEL Index	Plus	0.38 percent
Switzerland's Swiss Market Index	Plus	0.77 percent

The gains were the first in 6 trading sessions for the weary investors in this part of the world, many (if not most), having seen the value of their investments, whittled down appreciably of late.

Banking counters were the recipients of many of the day's gains as it was perceived by some investors that they had been hit a little too hard, recently.

In Asia, share prices retreated, big time, with the lone exception of the equity market of Indonesia.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index gave up about 1.30 percent to 23,023.86 points on a Total Turnover of about \$HK77.40 billion.

Actually, earlier in the trading session, The Hang Seng Index had been down to a lunchtime low of

22,809.93 points (off about 2.22 percent on Wednesday's closing level), which was 312.93 points lower than the close at 4:30 p.m.

The ratio of losers to gainers was about 3.50:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941)	Down 1.10 percent to \$HK107.70 per share
HSBC Holdings plc (Code: 5)	Down 1.79 percent to \$HK126.00 per share
China Life Insurance Company Ltd (Code: 2628)	Down 2.06 percent to \$HK28.50 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 1.09 percent to \$HK5.43 per share
CNOOC Ltd (Code: 883)	Up 0.45 percent to \$HK13.26 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Down 2.58 percent to \$HK124.80 per share
PetroChina Company Ltd (Code: 857)	Down 0.97 percent to \$HK10.22 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.19 percent to \$HK116.20 per share
China Construction Bank Corporation (Code: 939)	Down 0.30 percent to \$HK6.54 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.46 percent to \$HK7.44 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Benefun International Holdings Ltd	1130		11.11	0.08
China Financial Leasing Group Ltd	2312		11.20	0.111
China Investments Holdings Ltd	132		12.90	0.27
Crocodile Garments Ltd	122	11.54		0.435
Dragon Hill Wuling Automobile Holdings Ltd	305		12.50	1.26

Dynamic Energy Holdings Ltd	578		15.18	0.95
G-Vision International (Holdings) Ltd	657		12.96	0.47
Kingway Brewery Holdings Ltd	124		10.56	1.27
KTP Holdings Ltd	645		12.50	0.70
Nam Fong International Holdings Ltd	1176		10.45	0.30
New World Mobile Holdings Ltd	862	12.35		10.10
Premium Land Ltd	164		10.94	0.57
Regent Pacific Group Ltd	575	11.94		0.75
See Corporation Ltd	491		18.46	0.053
Smart Union Group (Holdings) Ltd	2700		10.00	0.45
Tern Properties Company Ltd	277		12.90	3.85
Unity Investments Holdings Ltd	913		10.47	0.077
Vongroup Ltd	318		11.86	0.26
VTech Holdings Ltd	303		10.02	42.65
Zhongtian International Ltd	2379	17.54		0.335

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index dropped about 1.54 percent to 842.11 points.

The Total Turnover on this speculative market was about \$HK228.73 million.

Losing counters outnumbered gaining ones by the ratio of about 2.77:One.

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

Tiger Tech Holdings Ltd (Code: 8046)

Up 5.26 percent to \$HK1.00 per share

Intcera High Tech Group Ltd (Code: 8041)

Up 4.62 percent to \$HK0.136 per share

NetDragon Websoft Incorporated (Code: 8288)

Down 4.56 percent to \$HK9.00 per share

Intelli-Media Group (Holdings) Ltd (Code: 8173)

Up 7.46 percent to \$HK0.72 per share



Espco Technology Holdings Ltd (Code: 8299)

Up 18.87 percent to \$HK0.315 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-S China Plumbing Products Ltd	8262		10.65	2.35
Core Healthcare Investment Holdings Ltd	8250		12.16	0.13
Dahe Media Company Ltd	8243		11.76	0.60
Espco Technology Holdings Ltd	8299	18.87		0.315
FlexSystem Holdings Ltd	8050	10.34		0.32
Global Digital Creations Holdings Ltd	8271	10.26		0.43
ITE (Holdings) Ltd	8092		15.00	0.085
Neolink Cyber Technology (Holding) Ltd	8116		11.88	0.089
Rojam Entertainment Holdings Ltd	8075		19.28	0.067
Zheda Lande Scitech Ltd	8106		12.80	0.218

On The Tokyo Stock Exchange, its TOPIX Index gave up about 1.93 percent, ending the trading day at 1,363.14 points.

The ratio of declining counters to advancing ones was about 1.19:One.

The Nikkei-225 Stock Average surrendered about 2.08 percent, dropping back to 13,888.60 yen.

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

The HKSAR	Hang Seng Index Minus 1.30 percent to 23,023.86 The Growth Enterprise Index Minus 1.54 percent to 842.11
Indonesia	Plus 1.44 percent to 2,409.01
Japan	TOPIX Index Minus 1.93 percent to 1,363.14 Nikkei-225 Stock Average Minus 2.08 percent to 13,888.60

Malaysia	Minus 0.30 percent to 1,225.54
The Philippines	Minus 1.33 percent to 2,544.89
The PRC	Shanghai Composite Index Minus 2.21 percent to 2,957.53 Shenzhen Composite Index Minus 1.33 percent to 891.00
Singapore	Minus 0.87 percent to 3,020.15
South Korea	Minus 2.37 percent to 1,739.36
Taiwan	Minus 3.39 percent to 8,062.31
Thailand	Minus 0.11 percent to 790.80

### **Friday**

The price of crude oil retreated more than one percent on international commodity exchanges, last Friday, offering some respite to holders of US equities – but only some, mind you.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July came in at \$US134.86, down about 1.37 percent on Thursday's closing level.

As for August delivery, the last settlement for a barrel of light sweet crude oil was \$US135.47, off exactly 1.39 percent, compared with Thursday's last settlement.

On Wall Street, investors appeared to be a little happier as the price of crude oil appeared to be weakening, resulting in a bit of a bounce on the world's largest equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 1.37 percent to 12,307.35 points.

The Composite Index of The NASDAQ gained about 2.09 percent, rising to 2,454.50 points.

The ratio of gaining counters to losing ones was about 2.67:One on both markets.

The tally for the week for the world's largest and most-influential equity markets was:

The Dow Jones Industrial Average Plus 0.80 percent  
The Composite Index of The NASDAQ Minus 0.81 percent

Just prior to Wall Street, opening its doors for business, last Friday, The Bureau of Labour Statistics, a division of the US Government's Department of Labour, brought out its findings in respect of the Consumer Price Index for the month of May.

It was not good news, but, as usual, many Wall Street gurus made noises to the effect ... *'Well, it could have been worse, you know.'*

In brief, what The Bureau discovered was that inflation in The Land of The Free and The Home of The

Brave rose at its fastest pace of the previous 6 months, due in large part to the record-high price of crude oil.

Since November 2007, consumers in the US had not seen such a steep increase in prices, not just of petrol at the pumps, but also of staples, such as meat and potatoes.

The following is the guts of The Bureau's findings, minus the tables and explanations:

### ***'CONSUMER PRICE INDEX: MAY 2008***

*'The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.8 percent in May, before seasonal adjustment, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The May level of 216.632 (1982-84=100) was 4.2 percent higher than in May 2007.*

*'The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 1.0 percent in May, prior to seasonal adjustment. The May level of 212.788 (1982-84=100) was 4.5 percent higher than in May 2007.*

*'The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) increased 0.6 percent in May on a not seasonally adjusted basis. The May level of 124.645 (December 1999=100) was 3.6 percent higher than in May 2007.*

#### ***'CPI for All Urban Consumers (CPI-U)***

*'On a seasonally adjusted basis, the CPI-U advanced 0.6 percent in May, following a 0.2 percent increase in April. The index for energy, which was virtually unchanged in April, increased 4.4 percent in May. The index for petroleum-based energy advanced 5.8 percent and the index for energy services rose 2.3 percent. The food index rose 0.3 percent in May. The index for food at home, which advanced 1.5 percent in April, also increased 0.3 percent, as five of the six major grocery store food groups registered substantial deceleration. The index for all items less food and energy advanced 0.2 percent in May, following a 0.1 percent rise in April. Upturns in the indexes for lodging away from home, for public transportation, and for household furnishings and operations more than offset a downturn in the index for apparel ...*

*'During the first five months of 2008, the CPI-U rose at a 4.0 percent seasonally adjusted annual rate (SAAR). This compares with an increase of 4.1 percent for all of 2007. The index for energy advanced at a 16.5 percent SAAR in the first five months of 2008 after advancing 17.4 percent in all of 2007. Petroleum-based energy costs increased at a 13.9 percent annual rate and charges for energy services rose at a 20.3 percent annual rate. The food index has increased at a 6.3 percent SAAR thus far this year, following a 4.9 percent rise for all of 2007. Excluding food and energy, the CPI-U advanced at a 2.0 percent SAAR in the first five months, following a 2.4 percent rise for all of 2007.*

*'The food and beverages index rose 0.3 percent in May. The index for food at home increased 0.3 percent, following a 1.5 percent rise in April. The index for cereal and bakery products recorded its fourth consecutive large advance -- up 1.6 percent in May. Each of the other six major grocery store food groups decelerated in May. The index for fruits and vegetables, which increased 2.0 percent in April, was virtually unchanged in May. A 0.7 percent decline in the indexes for fresh fruits offset increases in the indexes for fresh vegetables and processed fruits and vegetables -- up 0.5 and 0.4 percent, respectively. The index for meats, poultry, fish, and eggs, which advanced 0.9 percent in April, rose 0.1 percent in May. Beef prices, which declined 1.1 percent in April, rose 1.5 percent in May. Prices for poultry and for fish and seafood increased 0.8 and 0.9 percent, respectively. These increases were largely offset by decreases in the indexes for pork, for other meats, and for eggs. The index for dairy products declined 0.1 percent, following a 1.2 percent increase in April. Milk prices fell 0.7 percent, but were 10.2 percent higher than in May 2007. The index for nonalcoholic beverages, which increased 1.7 percent in April, declined 0.9 percent in May reflecting a 2.2 percent drop in the index for carbonated drinks. The index for other food at home rose 0.5 percent after advancing 1.9 percent in April. The other two components of the food and beverages index -- food away from home and alcoholic beverages -- increased 0.4 and 0.1 percent, respectively.*

*'The index for housing rose 0.5 percent in May. The index for shelter increased 0.2 percent, following a 0.1 percent rise in April. Within shelter, the indexes for rent and owners' equivalent rent increased 0.2 and 0.1 percent, respectively. The index for lodging away from home, which had declined in each of the preceding three months, increased 1.3 percent in May. (Prior to seasonal adjustment, charges for lodging away from home declined 0.5 percent in May.) The index for household energy registered its fourth consecutive large increase -- up 2.8 percent in May. The index for fuel oil rose 10.4 percent and was 64.0 percent higher than in May 2007. The indexes for natural gas and for electricity rose 5.6 and 0.9 percent, respectively. During the last 12 months charges for natural gas and for electricity increased 16.5 and 5.8 percent, respectively. The index for household furnishings and operations, which declined 0.1 percent in April, increased 0.2 percent in May.'*

*'The transportation index advanced 2.0 percent in May, reflecting large increases in the indexes for motor fuel and public transportation. The index for gasoline rose 5.7 percent and was 20.8 percent higher than in May 2007. (Prior to seasonal adjustment, gasoline prices in May rose 9.5 percent above their previous peak level recorded in April.) The index for new vehicles declined 0.1 percent and was 1.2 percent lower than in May 2007. The index for used cars and trucks declined 0.3 percent in May, but was 1.4 percent higher than a year ago. The index for public transportation advanced 2.3 percent in May, reflecting a 3.2 percent increase in the index for airline fares. (Prior to seasonal adjustment, airline fares rose 4.2 percent and were 14.4 percent higher than a year ago.)'*

*'The index for apparel fell 0.3 percent in May following a 0.5 percent increase in April. (Prior to seasonal adjustment, apparel prices declined 1.1 percent. Prices for women's and girls apparel decreased 2.2 percent. During the last 12 months, prices for women's and girls' clothing fell 5.0 percent, while prices for men's and boys' apparel increased 1.9 percent.)'*

*'Medical care costs rose 0.2 percent in May and were 4.1 percent higher than a year ago. The index for medical care commodities --prescription drugs, nonprescription drugs, and medical supplies--declined for the second consecutive month -- down 0.7 percent in May. The index for medical care services increased 0.5 percent. Within the latter group, the indexes for professional services and for hospital and related services increased 0.7 and 0.4 percent, respectively.'*

*'The index for recreation, which declined 0.1 percent in April, rose 0.1 percent in May. Upturns in the indexes for admissions to movies, theaters, concerts, and sporting events and for photography, coupled with larger increases in the indexes for sporting goods and for pets, pet products and services more than offset declines in the indexes for video and audio and for toys.'*

*'The index for education and communication increased 0.4 percent in May. Educational costs rose 0.4 percent and the index for communication costs rose 0.3 percent. Within the latter category, increases in charges for telephone services more than offset a decline in the index for information technology, hardware and services. Local land-line telephone charges rose 0.3 percent and long distance land-line telephone charges rose 1.3 percent; wireless telephone services were unchanged. The index for information technology, hardware and services declined 0.5 percent, reflecting decreases in the indexes for personal computers and peripheral equipment and for computer software and accessories.'*

*'The index for other goods and services increased 0.4 percent in May. The index for tobacco and smoking products rose 0.8 percent and accounted for more than half of the increase in this major group.'*

#### **'CPI for Urban Wage Earners and Clerical Workers (CPI-W)**

*'On a seasonally adjusted basis, the CPI for Urban Wage Earners and Clerical Workers increased 0.7 percent in May.'*

On European equity markets, it was the game of follow the leader: As the key indices on Wall Street started to rise, the key indices of major bourses in this part of the world took their cue and made useful gains.

Financials counters were the main recipients of the gains, by and large, as many investors maintained that the previous sell-off had been overdone.

This was how the key indices of the major equity markets of this part of the world ended the week of Friday, June 13, 2008:

Amsterdam's AEX Index	Plus	0.18 percent
France's CAC 40 Index	Plus	0.21 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.75 percent
Great Britain's FTSE 100 Index	Plus	0.21 percent
Italy's MIBTEL Index	Plus	0.02 percent
Switzerland's Swiss Market Index	Plus	0.53 percent

In Asia, the situation on the major equity markets, last Friday, did not mirror that of the major equity markets of the US and Europe.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of the territory's 2 equity markets fell, materially.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 1.87 percent, dropping back to 22,592.30 points.

The Total Turnover fell to about \$HK59.07 billion, while the ratio of losing counters to gaining ones was about 3.15:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941)	Down 2.51 percent to \$HK105.00 per share
Wing Lung Bank Ltd (Code: 96)	Down 0.13 percent to \$HK152.80 per share
HSBC Holdings plc (Code: 5)	Down 1.35 percent to \$HK124.30 per share
China Life Insurance Company Ltd (Code: 2628)	Down 2.46 percent to \$HK27.80 per share
CNOOC Ltd (Code: 883)	Down 2.87 percent to \$HK12.88 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 0.92 percent to \$HK5.38 per share
China Construction Bank Corporation (Code: 939)	Down 2.75 percent to \$HK6.36 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 2.42 percent to \$HK7.26 per share

PetroChina Company Ltd (Code: 857)

Down 2.45 percent to \$HK9.97 per share

Tracker Fund of Hongkong (Code: 2800)

Down 1.28 percent to \$HK23.10 per share

As for the Main Board'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>
A8 Digital Music Holdings Ltd	800		19.38	2.08
Asia Resources Holdings Ltd	899		11.54	0.46
Beijing Development (Hongkong) Ltd	154		11.06	1.85
Beijing Enterprises Water Group Ltd	371		46.85	1.94
Chinney Alliance Group Ltd	385		12.12	0.29
EVA Precision Industrial Holdings Ltd	838		10.88	2.13
Gay Giano International Group Ltd	686		10.23	1.58
GFT Holdings Ltd	1003		12.12	0.029
Jolimark Holdings Ltd	2028		18.18	0.63
Kingway Brewery Holdings Ltd	124		10.24	1.14
New Island Printing Holdings Ltd	377		11.67	0.53
New World Mobile Holdings Ltd	862		15.84	8.50
PacMOS Technologies Holdings Ltd	1010		17.78	0.37
Pou Sheng International (Holdings) Ltd	3813		10.00	2.25
Sino Katalytics Investment Corporation	2324	11.11		0.06
Smart Union Group (Holdings) Ltd	2700		13.33	0.39
Xinjiang Tianye Water Saving Irrigation System Company Ltd	840	13.26		2.05
V.S. International Group Ltd	1002		16.28	0.18

Zhong Hua International Holdings Ltd	1064	16.00		0.29
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Over on The **G**rowth **E**nterprise **M**arket (The GEM), its Growth Enterprise Index shed about 0.56 percent, ending the week at 837.40 points.

The Total Turnover on this market was about \$HK269.96 million.

Losing counters trounced advancing ones by the ratio of about 1.44:One.

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

Inno-Tech Holdings Ltd (Code: 8202)

Down 13.51 percent to \$HK0.32 per share

Intcera High Tech Group Ltd (Code: 8041)

Down 11.76 percent to \$HK0.12 per share

Espco Technology Holdings Ltd (Code: 8299)

Down 1.59 percent to \$HK0.31 per share

Tiger Tech Holdings Ltd (Code: 8046)

Up 1.00 percent to \$HK1.01 per share

Intelli-Media Group (Holdings) Ltd (Code: 8173)

Down 2.78 percent to \$HK0.70 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Biosino Bio-Technology and Science Incorporation	8247	10.09		2.40
Cardlink Technology Group Ltd	8066	17.65		2.00
DeTeam Company Ltd	8112	11.20		1.39
Emcom International Ltd	8220		10.42	0.043
Hua Xia Healthcare Holdings Ltd	8143	17.76		0.179
Info Communication Holdings Ltd	8082	10.34		0.32
Inno-Tech Holdings Ltd	8202		13.51	0.32
Intcera High Tech Group Ltd	8041		11.76	0.12
M Dream Inworld Ltd	8100	25.45		0.345
Sau San Tong Holdings Ltd	8200	10.96		0.081

For the 4-day trading week, the tally for the equity market of the HKSAR was:

The Hang Seng Index     Minus 7.42 percent  
The Growth Enterprise Index Minus 4.84 percent

On The Tokyo Stock Exchange, its TOPIX Index rose about 0.62 percent to 1,371.57 points.

However, declining counters outnumbered gaining ones by the ratio of about 2.35:One.

The Nikkei-225 Stock Average rose about 0.61 percent to 13,973.73 yen.

The tally for the week for Asia's most-important equity market was:

The TOPIX Index         Minus 3.96 percent  
The Nikkei-225 Stock Average Minus 3.56 percent

And this was the way that things looked on other Asian equity markets, last Friday:

The HKSAR	Hang Seng Index Minus 1.87 percent to 22,592.30 The Growth Enterprise Index Minus 0.56 percent to 837.40
Indonesia	Minus 0.44 percent to 2,398.42
Japan	TOPIX Index Plus 0.62 percent to 1,371.57 Nikkei-225 Stock Average Plus 0.61 percent to 13,973.73
Malaysia	Plus 0.31 percent to 1,229.35
The Philippines	Plus 0.39 percent to 2,554.75
The PRC	Shanghai Composite Index Minus 3.00 percent to 2,868.80 Shenzhen Composite Index Minus 3.95 percent to 855.80
Singapore	Minus 1.34 percent to 2,979.56
South Korea	Plus 0.46 percent to 1,747.35
Taiwan	Plus 0.54 percent to 8,105.59
Thailand	Minus 1.03 percent to 782.64



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