

**CRUDE-OIL PRICES GO THROUGH THE ROOF;
EQUITY MARKETS' KEY INDICES GIVE UP MATERIAL GROUND –
AND ECONOMISTS ASK:**

- 1. WHERE WILL IT, ALL, END ? ... AND WHEN ?***
- 2. WHO WILL BE LEFT STANDING WHEN THE DUST CLEARS ?***

Many leaders of the industrialised countries of the world were stunned, last Monday, as the price of crude oil hit the intra-day high on The New York Mercantile Exchange (NYMEX) – which is the world's largest commodity exchange – of \$US143.67 per barrel of light sweet crude for delivery in August.

By the close of NYMEX's Open Outcry Trading Session, however, the price of a barrel of light sweet crude oil for delivery in August had sunk back to exactly \$US140.00, down about 0.15 percent, compared with the closing level of Friday, June 27, 2008.

As for delivery in September, the last settlement for a barrel of light sweet crude oil came in at \$US140.58, up about 0.12 percent on the final quote of the previous Friday.

During the height of trading in September oil futures, the intra-day high hit \$US144.22 per barrel of light sweet crude oil.

The world watched ... and waited for the fallout.

The gyrations in the price of this strategic commodity followed a report from the US Government's Energy Information Administration which released statistics, indicating that, in the month of April, demand was about 19.76 barrels of crude oil per day, down about 3.90 percent, compared with the like month in 2007.

In addition, with Israel, making noises to the effect that unless something is done in respect of Iran and that Muslim country's promise to continue to enrich uranium, the first step in the production of manufacturing weapons of mass destruction, the Jewish State would consider taking unilateral action to thwart that fundamentalistic country's plans to become a nuclear power.

Iran, for its part, said that should Israel attack it, it would retaliate, its rockets, already having targeted Israel.

Iran, also, stated that in the event of an attack on its sovereign soil, it would take control of the Strait of Hormuz, a vital, narrow body of water through which about 60 percent of the world's crude oil is transported.

Tensions were running high.

Was another war imminent?

It seemed that another war was very likely because Israel has gone on record, in the past, stating that it would not hesitate to attack any country, Iran included, that threatens to obliterate the Jewish State from the face of the earth.

On Wall Street, consternation among investors abounded.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 3.50 points, equivalent to about 0.03 percent, ending the moderately active trading day at 11,350.01 points.

On The NASDAQ, its Composite Index sank 22.65 points, or about 0.98 percent, dropping back to 2,292.98 points.

Declining counters outpaced advancing ones by the ratio of about 1.50:One on The New York Stock Exchange and by about 2:One on The NASDAQ.

Investors targeted financial counters, for the most part, causing widespread losses:

Citigroup Incorporated	Down 3 percent to \$US16.70 per share
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Lehman Brothers Holdings Incorporated	Down 11 percent to \$US19.81 per share
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Morgan Stanley	Down 1.70 percent to \$US36.07 per share
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Merrill Lynch and Company Incorporated	Down 3 percent to \$US31.71 per share
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Wachovia Corporation	Down 4.20 percent to \$US15.53 per share
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News Wise

- **Chrysler LLC** announced that it would close its St Louis minivan manufacturing facility and that 2,400 workers would be sacked in the process. Sales of such vehicles as the minivan account for about 70 percent of all of Chrysler's vehicle sales. So far this year, sales of the company's vehicles have fallen by about 19 percent, Year-On-Year.

In Europe, ironically, the rises and falls in the price of crude oil caused the key indices on major bourses to rise, in the main.

However, financials had another difficult day, led by UBS AG whose shares were hit by more selling, pulling down its share price to a 10-year low.

The scuttlebutt in financial quarters was that UBS AG will have to take even further '*hits*' in respect of its exposure to the US subprime, mortgage-lending crises.

This was how the situation looked on major European bourses, last Monday night:

Amsterdam's AEX Index	Unchanged
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France's CAC 40 Index	Plus 0.85 percent
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Germany's Frankfurt XETRA DAX Index	Minus 0.05 percent
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Great Britain's FTSE 100 Index	Plus 1.73 percent
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Italy's MIBTEL Index Plus 0.41 percent

Switzerland's Swiss Market Index Plus 1.41 percent

News Wise

- Inflation in eurozone is running at about 4 percent per annum, up from May's figure of about 3.70 percent per annum. Inflation in eurozone is running at its highest level since 1996. The European Central Bank (ECB) was scheduled to hold its meeting on Thursday (July 3, 2008), at which time, it was fully expected that interest rates would be moved up a peg or so, to at least 4.25 percent.

In Asia, the sentiment of most investors was decidedly negative.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of both equity markets rose, but it was on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd that the bigger gains were recorded.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index gained about 0.27 percent, moving up to 22,102.01 points.

The Total Turnover was about \$HK53.06 billion, while the ratio of declining counters to advancing ones was about 1.44:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5) Down 0.82 percent to \$HK120.90 per share

China Mobile Ltd (Code: 941) Up 0.38 percent to \$HK104.80 per share

China Life Insurance Company Ltd (Code: 2628) Up 0.37 percent to \$HK27.30 per share

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

Down 0.56 percent to \$HK5.33 per share

China Construction Bank Corporation (Code: 939)

Up 0.96 percent to \$HK6.28 per share

PetroChina Company Ltd (Code: 857) Up 0.60 percent to \$HK10.10 per share

CNOOC Ltd (Code: 883) Up 2.44 percent to \$HK13.42 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 0.68 percent to \$HK7.30 per share

Sun Hung Kai Properties Ltd (Code: 16) Down 1.49 percent to \$HK105.80 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Down 0.09 percent to \$HK114.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
C Y Foundation Group Ltd	1182	10.00		0.385
China Financial Leasing Group Ltd	2312		10.29	0.061
CNT Group Ltd	701		12.50	0.175
Fintronics Holdings Company Ltd	706	10.77		0.216
Green Energy Group Ltd	979	15.00		1.15
Jiwa Bio-Pharm Holdings Ltd	2327	15.38		0.255
Magnesium Resources Corporation of China Ltd	723		15.22	0.117
Mandarin Entertainment (Holdings) Ltd	9		11.22	0.435
Polytec Asset Holdings Ltd	208	10.75		2.06
Radford Capital Investment Ltd	901	27.03		0.47
Sino Gas Group Ltd	260	16.27		0.243
South China Financial Holdings Ltd	619	11.76		0.114
Titan Petrochemicals Group Ltd	1192		15.49	0.30
United Energy Group Ltd	467		12.50	0.84
United Power Investment Ltd	674	17.89		0.29
Universe International Holdings Ltd	1046		35.76	0.097
Wang Sing International Holdings Group Ltd	2389		18.92	0.30
Willie International Holdings Ltd	273	20.93		0.052
ZZNode Technologies Company Ltd	2371		10.91	1.47

On The GEM, its Growth Enterprise Index put on about 1.28 points, rising to 797.44 points on a Total Turnover of about \$HK223.67 million.

Advancing counters outran declining ones by the ratio of about 1.16:One.

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

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

Up 1.44 percent to \$HK11.28 per share

Golden Meditech Company Ltd (Code: 8180)

Up 1.94 percent to \$HK2.63 per share

BIG Media Group Ltd (Code: 8167)

Up 3.09 percent to \$HK0.50 per share

Argos Enterprise (Holdings) Ltd (Code: 8022)

Up 204.35 percent to \$HK0.70 per share

Wumart Stores Incorporated (Code: 8277)

Up 2.16 percent to \$HK7.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Aptus Holdings Ltd	8212	12.50		0.63
Argos Enterprise (Holdings) Ltd	8022	204.35		0.70
Honbridge Holdings Ltd	8137		11.69	0.68
Jian ePayment Systems Ltd	8165	19.23		0.31
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	35.14		0.30
Richfield Group Holdings Ltd	8136	26.09		0.116
Rojam Entertainment Holdings Ltd	8075		13.89	0.062
Tai Shing International (Holdings) Ltd	8103	10.00		0.33
Sanmenxia Tianyuan Aluminum Company Ltd	8253		20.00	0.52
TSC Offshore Group Ltd	8149	11.00		2.22
Zheda Lande Scitech Ltd	8106		10.00	0.18

In Japan, the situation on the country's equity markets continued to be bearish.

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index gave up about 0.58 of a percentage point, equivalent to a slippage of about 0.04 percent, ending the light trading day at 1,320.10 points.

The ratio of losers to gainers was about 1.03:One.

The Nikkei-225 Stock Average, which is a much-narrower gauge of trading in select blue chips, listed on The First Section of The Tokyo Stock Exchange, than is The TOPIX Index, shed 62.98 yen, or about 0.46 percent, ending the trading day at 13,481.38 yen.

And this was how things looked on other Asian equity markets, last Monday:

The HKSAR	Hang Seng Index Plus 0.27 percent to 22,102.01 The Growth Enterprise Index Plus 1.28 percent to 797.44
Indonesia	Plus 0.73 percent to 2,349.10
Japan	TOPIX Index Minus 0.04 percent to 1,320.10 Nikkei-225 Stock Average Minus 0.46 percent to 13,481.38
Malaysia	Minus 0.33 percent to 1,186.57
The Philippines	Minus 0.26 percent to 2,459.98
The PRC	Shanghai Composite Index Minus 0.45 percent to 2,736.10 Shenzhen Composite Index Minus 0.34 percent to 793.13
Singapore	Minus 0.28 percent to 2,947.54
South Korea	Minus 0.57 percent to 1,674.92
Taiwan	Minus 0.33 percent to 7,523.54
Thailand	Minus 0.92 percent to 768.59

Tuesday

The price of crude oil on international commodity exchanges continued its relentless rise, last Tuesday.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in August came in at \$US140.97, representing a one-day increase of about 0.69 percent.

As for delivery in September, the last settlement for a barrel of light sweet crude oil was \$US141.58, an increase on Monday's closing level of about 0.71 percent.

There appeared to be no let-up in sight as far as the high price of energy was concerned.

Hovering the background with regard to the near-record price of crude oil were the prospects of Israel, planning an air strike, targeting Iran's nuclear facilities over that country's obvious ambitions to become a nuclear power. (Please see Monday's report)

On Wall Street, nothing very much was happening, last Tuesday – for a change.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.28 percent to 11,382.26 points while, over on The NASDAQ, its Composite Index gained about 0.52 percent to end the trading day at 2,304.97 points.

The ratio of declining counters to advancing ones was about 1.50:One on both equity markets.

News Wise

- **Starbucks Corporation** announced that it would be closing about 600 of its coffee houses in the US and sacking about 12,000 of its coffee jockeys. The number of sacked coffee jockeys represents about 7 percent of the company's international workforce of full time and part-time staff members.

Investors in Europe were very negative with every key index of every major bourse, losing oodles as the following **TARGET** () list illustrates:

Amsterdam's AEX Index	Minus 2.67 percent
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France's CAC 40 Index	Minus 2.11 percent
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Germany's Frankfurt XETRA DAX Index	Minus 1.59 percent
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Great Britain's FTSE 100 Index	Minus 2.59 percent
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Italy's MIBTEL Index	Minus 1.88 percent
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Switzerland's Swiss Market Index	Minus 1.56 percent
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With the price of crude oil, continuing to rise, it was, in due course, bound to affect all of the economies of the world – including the major oil producers – with its inflationary bent.

Banking counters were, once again, hit very hard on the most-important European bourses as the share price of UBS AG hit a 10-year low and Deutsche Bank AG, being forced to give up another 4 percent of its market capitalisation.

(UBS AG is the largest bank in Switzerland)

In Asia, the feeling of investors was, definitely, negative.

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was closed for a public holiday, but, in the PRC, proper, being distinct and separate from the HKSAR, the key indices of the country's 2 equity markets lost big time.

In Japan, trading was relatively quiet – again.

On The Tokyo Stock Exchange, its TOPIX Index was almost unchanged with regard to Monday's close, at 1,320.07 points.

Advancing counters outnumbered declining ones by the ratio of about 1.20:One.

The Nikkei-225 Stock Average closed the day at 13,463.20 yen, down about 0.13 percent.

News Wise

- **The Bank of Japan** released its quarterly report on business sentiment in Japan for the period, ended June 30, 2008. It indicated, among other things, that the consensus of managers of big businesses in the country was not bullish in the slightest. The so-called TANKAN survey showed that business confidence for major manufacturers fell from the March-quarter figure of 11 points to the June-quarter figure to 5 points. This is the worst reading since September of 2003 when the reading was at one point.

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

The HKSAR	Hang Seng Index Closed The Growth Enterprise Index Closed
Indonesia	Plus 1.26 percent to 2,378.81
Japan	TOPIX Index Unchanged at 1,320.07 Nikkei-225 Stock Average Minus 0.13 percent to 13,463.20
Malaysia	Minus 0.99 percent to 1,174.83
The Philippines	Minus 1.82 percent to 2,415.25
The PRC	Shanghai Composite Index Minus 3.09 percent to 2,651.60 Shenzhen Composite Index Minus 2.08 percent to 776.67
Singapore	Minus 1.38 percent to 2,906.79

South Korea	Minus 0.51 percent to 1,666.46
Taiwan	Minus 1.54 percent to 7,407.98
Thailand	Closed

Wednesday

Stock and share prices tumbled, around the world, last Wednesday, as the price of crude oil hit yet another record level on international commodity exchanges.

Investors looked for safe havens; none were in plain view.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in August came in at \$US143.57, representing an increase over Tuesday's closing level of about 1.84 percent.

As for delivery in September, the last settlement for a barrel of light sweet crude oil was \$US144.14, equivalent to an increase of about 1.81 percent on Tuesday's close.

The high point, insofar as crude-oil prices were concerned, came at the height of the Open Outcry Trading Session when September, crude-oil futures contracts hit \$US144.94 per barrel.

The US Energy Information Administration released statistics, indicating that US crude-oil stock levels had fallen by about 2 million barrels to 299.80 million barrels in the previous week, ended June 27, 2008.

Also apropos to the crude-oil situation, the United States Government has, now, gone on record, stating that its military would defend shipping in the narrow Strait of Hormuz as well as in The Persian Gulf.

Iran has threatened to take control of the Strait of Hormuz should Israel carry out its promise to attack Iran's nuclear facilities.

The questions on economists' lips, last Wednesday, were:

*Where will it, all, end and when?
And who will be left standing at the end of the day when the dust clears?*

On Wall Street, investors' blood stained trading floors.

On The New York Stock Exchange, the Dow Jones Industrial Average surrendered about 1.46 percent of its value, dropping back to 11,215.51 points.

The Composite Index of The NASDAQ shed about 2.32 percent, ending the moderately active trading day at 2,251.46 points.

The ratio of losing counters to gaining ones was about 3:One on both of the world's largest equity markets.

Technically, The Dow Jones Industrial Average is in the grips of a bear market.

A bear market is generally defined by most analysts as being when the key index of an equity market falls 20 percent or below of its previous high point.

In the case of The Dow, it peaked in October 2007 – and, as at last Wednesday’s closing level, it was more than 20 percent below that level.

That which helped to bring down The Dow, last Wednesday, was a dramatic fall in the market capitalisation of General Motors Corporation as investor marked it down by more than \$US10 per share to a low of \$US11.12 per share.

This is the lowest level for these shares since September 1954.

In the past 4 trading weeks, the share price of General Motors has lost upwards of 35 percent.

During the past 36 months, General Motors’s operations have recorded losses, in aggregate, of about \$US51 billion.

Management has gone on record as stating that profitability will not return to the company, this year.

In Europe, negative figures abounded in respect of the key indices of the major bourses of the region:

Amsterdam’s AEX Index	Minus 1.47 percent
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France’s CAC 40 Index	Minus 1.03 percent
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Germany’s Frankfurt XETRA DAX Index	Minus 0.16 percent
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Great Britain’s FTSE 100 Index	Minus 0.97 percent
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Italy’s MIBTEL Index	Plus 0.49 percent
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Switzerland’s Swiss Market Index	Minus 0.08 percent
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European investors, taking careful note as to what was happening on Wall Street and on the world’s commodity markets and especially with regard to the oil market, determined that the key word was ‘*caution*’.

Asian investors were, also, very negative about the short-term prospects for equity trading.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index gave up about 1.80 percent, dropping back to 21,704.45 points.

The Total Turnover was about \$HK76.28 billion.

Losing counters outnumbered gaining ones by the ratio of about 2.86:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)

Down 1.90 percent to \$HK118.60 per share

China Mobile Ltd (Code: 941)

Down 2.10 percent to \$HK102.60 per share

China Life Insurance Company Ltd (Code: 2628)

Down 3.48 percent to \$HK26.35 per share

CNOOC Ltd (Code: 883)

Up 4.77 percent to \$HK14.06 per share

China Construction Bank Corporation (Code:
939)

Down 2.23 percent to \$HK6.14 per share

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

Down 2.06 percent to \$HK5.22 per share

PetroChina Company Ltd (Code: 857)

Down 2.28 percent to \$HK9.87 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 3.56 percent to \$HK7.04 per share

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

Down 7.76 percent to \$HK53.50 per share

Hutchison Whampoa Ltd (Code: 13)

Up 2.04 percent to \$HK80.20 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
APT Satellite Holdings Ltd	1045	18.32		1.55
Beijing Development (Hongkong) Ltd	154		12.10	2.18
Broad Intelligence International Pharmaceutical Holdings Ltd	1149	11.67		0.67
China Financial Leasing Group Ltd	2312	65.57		0.101
China Insurance International Holdings Company Ltd	966		10.22	16.70
China Water Affairs Group Ltd	855		10.87	2.05
Climax International Company Ltd	439		10.00	0.171
Guangdong Tannery Ltd	1058		26.09	0.34

Hua Lien International (Holding) Company Ltd	969		13.33	0.65
Jiwa Bio-Pharm Holdings Ltd	2327	13.73		0.29
Keck Seng Investments (Hongkong) Ltd	184		13.04	4.00
Moiselle International Holdings Ltd	130		10.61	1.60
Morning Star Resources Ltd	542		11.32	0.047
National Investments Fund Ltd	1227	10.89		0.112
New Smart Energy Group Ltd	91	10.62		0.125
Nubrand Group Holdings Ltd	835	17.65		0.50
Omicorp Ltd	94		12.09	0.80
Polytec Asset Holdings Ltd	208		12.14	1.81
Shun Ho Resources Holdings Ltd	253		13.75	1.38
Sino Gas Group Ltd	260		13.58	0.21
South China Financial Holdings Ltd	619		10.53	0.102
Sunlink International Holdings Ltd	2336		10.00	0.63
Xinjiang Tianye Water Saving Irrigation System Company Ltd	840		19.60	1.60
TravelSky Technology Ltd	696		10.33	4.60
United Metals Holdings Ltd	2302	19.25		4.77
United Power Investment Ltd	674		18.97	0.235
VST Holdings Ltd	856		10.96	1.30
Wing Shan International Ltd	570		10.11	0.40

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index lost about 1.92 percent of its former value, ending the trading day at 782.12 points.

The Total Turnover on this market dropped to \$HK188.81 million.

Declining counters outran advancing ones by the ratio of about 2.63:One.

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

Espco Technology Holdings Ltd (Code: 8299)

Up 8.39 percent to \$HK0.168 per share

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

Down 5.62 percent to \$HK0.42 per share

Wumart Stores Incorporated (Code: 8277)

Down 1.41 percent to \$HK7.00 per share

Global Solution Engineering Ltd (Code: 8192)

Up 4.85 percent to \$HK0.216 per share

China Railway Logistics Ltd (Code: 8089)

Down 10.96 percent to \$HK1.30 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Railway Logistics Ltd	8089		10.96	1.30
China Ground Source Energy Ltd	8128		10.42	0.172
Era Information and Entertainment Ltd	8043		11.43	0.31
Everpride Biopharmaceutical Company Ltd	8019		10.65	0.151
G.A. Holdings Ltd	8126		16.22	0.31
GreaterChina Technology Group Ltd	8032		13.04	0.10
International Financial Network Holdings Ltd	8123	11.11		0.50
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		10.00	0.27
Ming Kei Energy Holdings Ltd	8239		12.28	0.50
New Chinese Medicine Holdings Ltd	8085		11.11	0.80
Sau San Tong Holdings Ltd	8200		15.91	0.074
Sanmenxia Tianyuan Aluminum Company Ltd	8253	17.31		0.61
TSC Offshore Group Ltd	8149		12.16	1.95

Zhejiang Yonglong Enterprises Company Ltd	8211		11.00	0.445
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In Japan, share prices continued to fall, one after another.

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index gave up about 1.43 percent, ending the trading day at 1,301.15 points.

Losers outnumbered gainers by the ratio of about 7.94:One.

The Nikkei-225 Stock Average shed about 1.31 percent, ending the trading session at 13,286.37 yen.

On other Asian equity markets, this was how the situation looked at the close of last Wednesday's trading day:

The HKSAR	Hang Seng Index Minus 1.80 percent to 21,704.45 The Growth Enterprise Index Minus 1.92 percent to 782.12
Indonesia	Minus 0.01 percent to 2,378.47
Japan	TOPIX Index Minus 1.43 percent to 1,301.15 Nikkei-225 Stock Average Minus 1.31 percent to 13,286.37
Malaysia	Minus 1.80 percent to 1,153.70
The Philippines	Minus 0.88 percent to 2,393.90
The PRC	Shanghai Composite Index Unchanged at 2,651.73 Shenzhen Composite Index Plus 1.06 percent to 784.89
Singapore	Minus 0.02 percent to 2,906.23
South Korea	Minus 2.57 percent to 1,623.60
Taiwan	Minus 0.73 percent to 7,353.86
Thailand	Minus 1.12 percent to 760.01

Thursday

There was no stopping the price of crude oil, rising on international commodity exchanges, last Thursday.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in August came in at the closing, record-breaking price of \$US145.29, up about 1.20 percent on Wednesday's final quote.

As for September delivery, the last settlement for a barrel of light sweet crude oil was \$US145.86, an increase of about 1.19 percent on the last settlement of Wednesday.

During the height of the Open Outcry Trading Session, however, the price of a barrel of light sweet crude oil for delivery in September hit \$US146.43 per barrel.

The managements of many international airlines, around the world, have come out, stating that their respective companies cannot, any longer, absorb the rising costs of jet fuel, which, as at last Thursday, had run up to the record-high level of more than \$US170 per barrel.

Air New Zealand Ltd announced that it would increase domestic fares by 3 percent and international fares by 5 percent.

On Wall Street, however, investors and would-be gurus had other fish to fry.

From The Bureau of Labour Statistics, a division of the US Government, came a report, prior to the largest equity markets of the world, opening their doors for business, to the effect that the situation in The Land of The Free and The Home of The Brave was continuing to deteriorate apace, with abject weakness in the all-important labour market.

The following is a verbatim statement, issued by The Commissioner of Labour Statistics, Mr Keith Hall:

'Labor market weakness persisted in June. The unemployment rate remained at 5.5 percent after rising by half a percentage point in May. Nonfarm payroll employment continued to trend down (-62,000) and has fallen by 438,000 in the first half of the year, an average of 73,000 per month. In June, job losses continued in construction, manufacturing, and employment services, while health care and mining added jobs. Average hourly earnings rose by 6 cents in June.'

'Construction job losses totaled 43,000 in June and were spread throughout the industry. Employment in the industry has fallen by 528,000 since its September 2006 peak; more than two-thirds of the decline (-373,000) occurred since October 2007.'

'Manufacturing employment also continued to fall in June (-33,000); declines were widespread among the component industries. Factory job losses averaged 39,000 per month in the first half of 2008, compared with average monthly losses of 22,000 in all of 2007. The factory workweek decreased by 0.1 hour in June to 40.8 hours and has declined by 0.4 hour in the last 3 months.'

'Employment services lost 59,000 jobs in June, with half of the decline in temporary help services. Temporary help lost 154,000 jobs in the first half of 2008, about twice the number lost in all of 2007.'

'Health care employment continued to grow (15,000), although the June gain was half the size of the average increase over the prior 12 months. Health care added 170,000 jobs in the first half of 2008. Employment in food services continued to trend up over the month, although job growth has slowed markedly since last October.'

'Employment in mining continued to grow in June (8,000) and has expanded by 208,000 since reaching a low in April 2003. Gains have been concentrated in support activities for

mining and in oil and gas extraction.

'Average hourly earnings for production and nonsupervisory workers in the private sector rose by 6 cents, or 0.3 percent, in June. Over the past 12 months, average hourly earnings rose by 3.4 percent. From May 2007 to May 2008, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose by 4.4 percent.'

'Turning now to data from our survey of households, the number of unemployed persons, at 8.5 million, was essentially unchanged in June. The unemployment rate held at 5.5 percent in June, following an increase of half a percentage point in May that largely reflected an increase in unemployment among youth (16- to 24-year-olds). In June, the jobless rates for young people were essentially unchanged.'

'The civilian labor force was little changed in June, after a large increase in May. The labor force participation rate, at 66.1 percent in June, was essentially unchanged over the month.'

'The employment-population ratio, at 62.4 percent, also was essentially unchanged in June but was down by six-tenths of a percentage point from a year earlier. Since June of last year, the employment-population ratio for adult men has declined by nine-tenths of a percentage point to 71.9 percent, while the ratio for adult women, at 58.2 percent, has been about unchanged. The number of persons working part time who prefer full-time employment was little changed in June at 5.4 million but has increased by 1.1 million over the last 12 months.'

'In summary, nonfarm payroll employment continued to trend down in June, and the unemployment rate held at 5.5 percent.'

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.65 percent to 11,288.54 points in very light trading conditions.

Over on The NASDAQ, its Composite Index went in the opposite direction to The Dow, giving up about 0.27 percent and ending the trading session at 2,245.38 points.

Although The Dow was in positive territory by the close of the day – which was the last trading day of the week due to the fact that last Friday was Independence Day and all markets were closed – losing counters far outnumbered gaining ones.

The ratio of losing counters to gaining ones on The New York Stock Exchange was about 2:One and, on The NASDAQ, losers outran gainers by the ratio of about 1.60:One.

The tally for the 4-day trading week for the world's largest equity markets was:

The Dow Jones Industrial Average Minus 0.51 percent
The Composite Index of The NASDAQ Minus 3.01 percent

In Europe, the **E**uropean **C**entral **B**ank (ECB) raised interest rates by one quarter of a percentage point.

The following is the statement, issued by the ECB:

'At today's meeting the Governing Council of the ECB took the following monetary policy decisions:

- 1. The minimum bid rate on the main refinancing operations of the Eurosystem will be increased by 25 basis points to 4.25%, starting from the operation to be settled on 9 July 2008.*
- 2. The interest rate on the marginal lending facility will be increased by 25 basis points to 5.25%, with effect from 9 July 2008.*
- 3. The interest rate on the deposit facility will be increased by 25 basis points to*

3.25%, with effect from 9 July 2008.'

The ECB, also, stated that it wanted to control the obvious inflationary bias.

It was the first time in about one year that the ECB had raised interest rates.

Rising energy and food prices is fanning inflation in this part of the world, the ECB said.

This was how the principal equity markets of Europe reacted to the determination of the ECB and the announcement by The Labour Department of the US:

Amsterdam's AEX Index	Plus	0.03 percent
France's CAC 40 Index	Plus	1.10 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.76 percent
Great Britain's FTSE 100 Index	Plus	0.92 percent
Italy's MIBTEL Index	Plus	0.01 percent
Switzerland's Swiss Market Index	Unchanged	

In Asia, it was, generally, another negative day for investors and traders on major equity markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors got a very rude awakening as they witnessed a major sell-off on the territory's 2 equity markets.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, shed about 2.13 percent, falling back to 21,242.78 points.

The Total Turnover was about \$HK75.81 billion, while the ratio of losing counters to gaining ones was about 3.30:One.

The Ten Most Active counters, all of which were material losers, were:

China Construction Bank Corporation (Code: 939)	Down 4.89 percent to \$HK5.84 per share
China Mobile Ltd (Code: 941)	Down 0.78 percent to \$HK101.80 per share
HSBC Holdings plc (Code: 5)	Down 0.84 percent to \$HK117.60 per share
China Life Insurance Company Ltd (Code: 2628)	Down 3.61 percent to \$HK25.40 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 4.02 percent to \$HK5.01 per share

CNOOC Ltd (Code: 883)

Down 3.98 percent to \$HK13.50 per share

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

Down 8.60 percent to \$HK48.90 per share

PetroChina Company Ltd (Code: 857)

Down 3.24 percent to \$HK9.55 per share

China Merchants Bank Company Ltd (Code:
3968)

Down 6.67 percent to \$HK22.40 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.94 percent to \$HK79.45 per share

The Main Board's double-digit movers of the day numbered 40 counters in all, with 31 counters, losing traction, and 9 counters, managing to buck the trend.

The biggest loser of the day was Xinjiang Tianye Water Saving Irrigation System Company Ltd (Code: 840) as investors pulled down its share price by 27.50 percent to \$HK1.16.

The biggest gainer of the day was eForce Holdings Ltd (Code: 943), its share price, rising 17.65 percent to 40 cents.

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, gave up about 2.87 percent, dropping back to 759.67 points.

The Total Turnover on this market was about \$HK253.92 million.

Declining counters outnumbered advancing ones by the ratio of about 3.15:One.

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

China LotSynergy Holdings Ltd (Code: 8161)

Down 3.64 percent to \$HK0.265 per share

BIG Media Group Ltd (Code: 8167)

Up 1.03 percent to \$HK0.49 per share

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

Down 9.91 percent to \$HK10.00 per share

Wumart Stores Incorporated (Code: 8277)

Down 1.14 percent to \$HK6.92 per share

Espco Technology Holdings Ltd (Code: 8299)

Down 12.50 percent to \$HK0.147 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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China Railway Logistics Ltd	8089		17.69	1.07
China Primary Resources Holdings Ltd	8117		10.00	0.099
CIG Yangtze Ports PLC	8233		18.52	0.44
Dahe Media Company Ltd	8243		10.34	0.52
Espco Technology Holdings Ltd	8299		12.50	0.147
Global Solution Engineering Ltd	8192	13.43		0.245
Info Communication Holdings Ltd	8082		10.77	0.29
ITE (Holdings) Ltd	8092		12.94	0.074
Shenzhen Neptunus Interlong Bio-technique Company Ltd	8329		10.26	0.70
Richfield Group Holdings Ltd	8136		13.33	0.104
Vodatel Networks Holdings Ltd	8033		18.40	0.102

In Japan, the key indices of the country's 3 equity markets continued to fall – for the ninth, consecutive trading day.

On The Tokyo Stock Exchange, its TOPIX Index gave up another 0.24 percent, ending the light trading day at 1,298.02 points.

Losers outpaced gainers by the ratio of 1.99:One, exactly.

The Nikkei-225 Stock Average lost about 0.16 percent to end the day at 13,265.40 yen.

News Wise

- The Financial Services Agency of the Government of Japan ordered that **Nomura Securities Company** improve its management, forthwith. This action followed an employee of Japan's largest brokerage house, being charged with insider trading. Nomura Securities Company is owned by **Nomura Holdings Company**.

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

The HKSAR	Hang Seng Index Minus 2.13 percent to 21,242.78 The Growth Enterprise Index Minus 2.87 percent to 759.67
Indonesia	Minus 3.86 percent to 2,286.61

Japan	TOPIX Index Minus 0.24 percent to 1,298.02 Nikkei-225 Stock Average Minus 0.16 percent to 13,265.40
Malaysia	Closed
The Philippines	Minus 2.01 percent to 2,345.68
The PRC	Shanghai Composite Index Plus 1.95 percent to 2,703.53 Shenzhen Composite Index Plus 3.42 percent to 811.76
Singapore	Minus 0.89 percent to 2,880.45
South Korea	Minus 1.05 percent to 1,606.54
Taiwan	Plus 0.55 percent to 7,394.10
Thailand	Minus 2.35 percent to 742.15

Friday

All US equity and commodity markets were closed for the July 4 celebrations, last Friday.

This was the day, 232 years ago, that the American colonists revolted and declared independence from Great Britain and adopted The Declaration of Independence.

For many Americans, it is the day of fireworks, boozing and spending quality time with the family.

For the rest of the world, however, it was business as usual.

In Europe, all of the key indices of every major bourse continued to suffer material losses as the following **TARGET** list illustrates:

Amsterdam's AEX Index Minus 1.27 percent

France's CAC 40 Index Minus 1.79 percent

Germany's Frankfurt XETRA DAX Index Minus 1.28 percent

Great Britain's FTSE 100 Index Minus 1.16 percent

Italy's MIBTEL Index Minus 1.61 percent

Switzerland's Swiss Market Index Minus 1.04 percent

There was a general feeling on European commodity markets that, perhaps, the grave concerns about high energy prices might be coming to an end as Iran was known to be making noises to the effect that the fundamentalist, Muslim country might, now, consider taking a more conciliatory stance in respect of its nuclear '*(ad)venture*'.

There were suggestions that Iran might go a similar route to North Korea and accept a package of incentives from the West in exchange for abandoning its avowed intent to become a member of the international nuclear club.

In Asia, however, the key indices of the major equity markets in the most-populous part of the world were mixed.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a bit of a bounce with the key indices of the 2 equity markets, recording fractional improvements.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose about 0.85 percent to 21,423.82 points on a Total Turnover of about \$HK50.16 billion.

Even though the key index of this, the premier equity market of the territory, was in positive territory at the end of the trading day, losing counters outnumbered gaining ones by the ratio of about 1.05:One.

The Ten Most Actives were:

China Mobile Ltd (Code: 941)	Up 1.96 percent to \$HK103.80 per share
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Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 2.00 percent to \$HK5.11 per share
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China Construction Bank Corporation (Code: 939)	Up 1.37 percent to \$HK5.92 per share
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CNOOC Ltd (Code: 883)	Down 1.78 percent to \$HK13.26 per share
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China Life Insurance Company Ltd (Code: 2628)	Up 0.59 percent to \$HK25.55 per share
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HSBC Holdings plc (Code: 5)	Up 0.85 percent to \$HK118.60 per share
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PetroChina Company Ltd (Code: 857)	Up 1.26 percent to \$HK9.67 per share
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China Petroleum and Chemical Corporation (Code: 386)	Up 2.78 percent to \$HK7.03 per share
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China Merchants Bank Company Ltd (Code: 3968)	Up 2.01 percent to \$HK22.85 per share
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3968)

Bank of China Ltd (Code: 3988)

Down 0.60 percent to \$HK3.34 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Agile Property Holdings Ltd	3383	16.08		7.22
APAC Resources Ltd	1104	10.00		1.10
Broad Intelligence International Pharmaceutical Holdings Ltd	1149	13.33		0.85
C Y Foundation Group Ltd	1182		12.50	0.315
CEC International Holdings Ltd	759		14.52	0.212
China Seven Star Shopping Ltd	245	11.25		0.089
China Strategic Holdings Ltd	235	11.90		0.47
Clear Media Ltd	100	13.90		6.72
G-Vision International (Holdings) Ltd	657	11.11		0.50
GFT Holdings Ltd	1003	15.00		0.023
Green Energy Group Ltd	979		16.36	0.92
Karce International Holdings Company Ltd	1159	12.50		0.27
Kwoon Chung Bus Holdings Ltd	306		11.96	0.81
LERADO Group (Holding) Company Ltd	1225		10.71	0.50
Luks Group (Vietnam Holdings) Company Ltd	366	10.73		3.92
Macau Investment Holdings Ltd	2362		12.94	0.74
Mongolia Energy Corporation Ltd	276	13.14		11.54
Peaktop International Holdings Ltd	925	15.00		0.46

Prime Investments Holdings Ltd	721	16.98		0.186
The Quaypoint Corporation Ltd	2330		21.33	0.59
Regent Pacific Group Ltd	575		10.00	0.45
Shanghai Allied Cement Ltd	1060	10.14		0.76
Sino Katalytics Investment Corporation	2324	10.71		0.062
Solomon Systech (International) Ltd	2878		12.16	0.325
SW Kingsway Capital Holdings Ltd	188		10.56	0.161
United Energy Group Ltd	467	11.11		0.90
Victory City International Holdings Ltd	539		10.53	1.70
Wah Nam International Holdings Ltd	159		13.16	0.66
Zhongda International Holdings Ltd	909	23.40		0.29

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index rose about 0.13 percent to 760.69 points on a Total Turnover of about \$HK227.45 million.

As with the Main Board, declining counters were ahead of advancing ones by the ratio of about 1.08:One.

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

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

Down 1.00 percent to \$HK9.90 per share

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

Up 9.09 percent to \$HK0.72 per share

Wumart Stores Incorporated (Code: 8277)

Down 5.78 percent to \$HK6.52 per share

China Railway Logistics Ltd (Code: 8089)

Up 13.08 percent to \$HK1.21 per share

Golden Meditech Company Ltd (Code: 8180)

Down 0.81 percent to \$HK2.46 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Asian Capital Resources (Holdings) Ltd	8025		10.00	0.171
China Railway Logistics Ltd	8089	13.08		1.21
Global Solution Engineering Ltd	8192	18.37		0.29
Intcera High Tech Group Ltd	8041		11.70	0.083
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205		16.39	0.51
North Asia Strategic Holdings Ltd	8080		11.70	0.83
Richfield Group Holdings Ltd	8136	14.42		0.119

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

The Hang Seng Index Minus 2.81 percent
The Growth Enterprise Index Minus 3.39 percent

In Japan, it was the twelfth, consecutive day of losses for Asia's largest and most-important equity market.

On The Tokyo Stock Exchange, its TOPIX Index was off by about 0.01 percent to end the trading day at 1,297.88 points.

Advancing counters beat off declining ones by the ratio of about 1.12:One.

The Nikkie-225 Stock Average lost about 0.21 percent, settling the day at 13,237.89 yen.

For Asia's largest and most-important equity market, the tally for the week, ended July 4, 2008, was:

The TOPIX Index Minus 1.73 percent
The Nikkei-225 Stock Average Minus 2.26 percent

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

The HKSAR	Hang Seng Index Plus 0.85 percent to 21,423.82 The Growth Enterprise Index Plus 0.13 percent to 760.69
Indonesia	Plus 1.23 percent to 2,314.75
Japan	TOPIX Index Minus 0.01 percent to 1,297.88 Nikkei-225 Stock Average Minus 0.21 percent to 13,237.89
Malaysia	Minus 1.70 percent to 1,134.14

The Philippines	Plus 1.26 percent to 2,369.21
The PRC	Shanghai Composite Index Minus 1.24 percent to 2,669.89 Shenzhen Composite Index Minus 0.56 percent to 807.19
Singapore	Plus 0.42 percent to 2,892.54
South Korea	Minus 1.78 percent to 1,577.94
Taiwan	Minus 2.24 percent to 7,228.41
Thailand	Plus 0.12 percent to 743.03

-- E N D --

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