

**CRUDE-OIL PRICES RETREAT TO A 15-WEEK LOW,
BUT EQUITY PRICES STAY IN THE DOLDRUMS**

The war between Russia and US-backed Georgia had intensified by last Monday, with thousands killed and maimed.

The fighting had spread from Ossetia to other parts of Georgia as overwhelming Russian forces successfully pounded Georgian defences, almost unopposed.

The United Nations Securities Council met in New York in an attempt to draft a resolution, calling for an end to the hostilities.

The US Government was threatening retaliatory action, with Vice President Dick Cheney, telling Georgia's leader Mikhail Saakashvili that Russia's aggressive behavior '*must not go unanswered.*'

Georgia, from a military standpoint, has not a ghost of a chance against the forces of Russia if the Russian bear determines to step up its invasion campaign in what appeared to be an attempt to dislodge the Government of Georgia.

While the world waited and watched, nothing definitive was being done by the West to try to ameliorate the situation between the combatants, with Russia, being quite content to destroy select parts of Georgia, bringing the country to its proverbial knees, day after day after day.

Meanwhile, on the world's commodity exchanges, the price of crude oil continued to fall – for the sixth, consecutive day.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September came in at \$US114.45, down about 0.65 percent, compared with the previous Friday's closing level.

As for October delivery, the last settlement for a barrel of light sweet crude oil was \$US114.66, representing a fall of about 0.64 percent on the final quote of Friday, August 8, 2008.

On Wall Street, investors continued to push up the key indices of the world's largest and most-important equity markets.

The Dow Jones Industrial Average, the key index of The New York Stock Exchange, rose 48.03 points, or about 0.41 percent, ending the trading day at 11,782.35 points.

As for The NASDAQ, its Composite Index gained 25.85 points, equivalent to about 1.07 percent, running up to 2,439.95 points.

Trading was light.

The ratio of advancing counters to declining ones was about 1.67:One on The New York Stock Exchange and about 2:One on The NASDAQ.

News Wise

- **Wachovia Corporation**, the fourth-largest bank in the US, will sack about 11,350 of its employees, it was announced.

In Europe, investors followed the lead of Wall Street, with the key indices of every major bourse, making very useful gains:

Amsterdam's AEX Index	Plus	0.88 percent
France's CAC 40 Index	Plus	1.03 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.73 percent
Great Britain's FTSE 100 Index	Plus	0.95 percent
Italy's MIBTEL Index	Plus	1.60 percent
Switzerland's Swiss Market Index	Plus	1.04 percent

For many counters, their share prices hit a 6-week high due in part to the fall in the translation value of the euro vis-à-vis the US dollar.

In Asia, the key indices of 6 equity markets rose, some markets, quite appreciably, while the remaining key indices of the other 4 equity markets fell, some, also, quite appreciably, with the dramatic falls in the key indices of the 2 equity markets of the People's Republic of China (PRC), dulling the enthusiasm for equity trading, quite markedly (please see list below).

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

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 0.12 percent to 21,859.34 points on a Total Turnover of about \$HK57.59 billion.

The ratio of losing counters to gaining ones was about 2.34:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941)	Down 1.10 percent to \$HK99.00 per share
HSBC Holdings plc (Code: 5)	Up 0.71 percent to \$HK128.30 per share
PetroChina Company Ltd (Code: 857)	Up 0.39 percent to \$HK10.18 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.05 percent to \$HK28.35 per share

China Petroleum and Chemical Corporation
(Code: 386)

Up 0.84 percent to \$HK8.38 per share

CNOOC Ltd (Code: 883)

Down 3.22 percent to \$HK10.22 per share

China Construction Bank Corporation (Code: 939)

Down 0.15 percent to \$HK6.68 per share

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

Down 0.35 percent to \$HK5.71 per share

China COSCO Holdings Company Ltd (Code:
1919)

Down 3.85 percent to \$HK13.48 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Up 0.37 percent to \$HK107.40 per share

There was a total of 54, double-digit movers of the day on the Main Board, with only 5 of their number, managing to score positively by the close of the day.

The biggest loser of the day was Peace Mark (Holdings) Ltd (Code: 304), its share price, falling 42.22 percent to \$HK1.82.

The biggest gainer of the day was Kenfair International (Holdings) Ltd (Code: 223) as investors, pushed up its share price by 13.33 percent to 68 cents.

On The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, shed about 2.07 percent, falling back to 731.28 points.

The Total Turnover on this market was about \$HK134.28 million.

Losing counters outnumbered gaining ones by the ratio of about 2.78:One.

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

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

Down 15.91 percent to \$HK0.74 per share

Inspur International Ltd (Code: 8141)

Unchanged at \$HK1.05 per share

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

Unchanged at \$HK11.30 per share

Global Solution Engineering Ltd (Code: 8192)

Down 5.08 percent to \$HK0.56 per share

Town Health International Holdings Company Ltd
(Code: 8138)

Down 0.93 percent to \$HK0.107 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A and K Educational Software Holdings Ltd	8053		11.11	1.60
Capinfo Company Ltd	8157		17.00	0.205
Challenger Group Holdings Ltd	8203		13.70	0.63
Grand T G Gold Holdings Ltd	8299		10.23	0.079
First Mobile Group Holdings Ltd	8110		10.83	0.107
GreaterChina Technology Group Ltd	8032		10.53	0.085
HC International Incorporated	8292	11.86		0.66
Intelli-Media Group (Holdings) Ltd	8173		15.91	0.74
Midland IC and I Ltd	8090	13.64		0.05
Ming Kei Energy Holdings Ltd	8239		15.15	0.28
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		10.53	0.17
Shaanxi Northwest New Technology Industry Company Ltd	8258		10.00	0.18
Shanghai Tonva Petrochemical Company Ltd	8251	22.22		0.77
Soluteck Holdings Ltd	8111		16.67	0.15
SYSCAN Technology Holdings Ltd	8083		14.52	0.053
Zhejiang Prospect Company Ltd	8273		10.53	1.70

In Japan, the country's 3 equity markets enjoyed a rather bullish trading session.

On The Tokyo Stock Exchange, which is the premier equity market of Japan, its TOPIX Index rose 20.07 points, equivalent to about 1.59 percent, ending the trading day at 1,280.00, exactly.

Advancing counters led declining ones by the ratio of about 2.40: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 The TOPIX Index, gained 262.50 yen, equivalent to about 1.99 percent, running up to 13,430.91 yen.

News Wise

- **Taiheiyo Cement Corporation** announced that its Net Loss Attributable to Shareholders for the first quarter of its Fiscal Year, ended June 30, 2008, was about ¥8.60 billion. For the like period in 2007, the company reported a Net Profit Attributable to Shareholders of about ¥2.70 billion; and,
- **Hoya Corporation** announced that its Net Profit Attributable to Shareholders for its first quarter, ended June 30, 2008, was ¥21.20 billion.

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

The HKSAR	Hang Seng Index Minus 0.12 percent to 21,859.34 The Growth Enterprise Index Minus 2.07 percent to 731.28
Indonesia	Minus 2.82 percent to 2,133.92
Japan	TOPIX Index Plus 1.59 percent to 1,280.00 Nikkei-225 Stock Average Plus 1.99 percent to 13,430.91
Malaysia	Plus 0.64 percent to 1,127.46
The Philippines	Plus 2.81 percent to 2,768.52
The PRC	Shanghai Composite Index Minus 5.21 percent to 2,470.07 Shenzhen Composite Index Minus 6.55 percent to 698.37
Singapore	Plus 0.64 percent to 2,825.39
South Korea	Plus 0.79 percent to 1,581.09
Taiwan	Plus 1.62 percent to 7,325.62
Thailand	Plus 1.77 percent to 702.93

Tuesday

As quickly as it began, so it ended: The fighting between Russian and Georgian military forces ceased, last Tuesday, as both sides agreed to a truce, that truce, having been brokered by the President of France, Mr Nicolas Sarkozy.

The fighting had lasted just 6 days, but, within that space of time, more than 100,000 people are known to have been displaced.

The fighting had been fast and furious and, now, it was up to the President of Georgia, Mr Mikhail Saakashvili, to win the peace.

The 6-day war did not affect the oil markets of the world and, last Tuesday, the price of this strategic commodity continued to fall.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September came in at \$US113.01, down about 1.26 percent, compared with Monday's closing level.

As for delivery in October, the last settlement for a barrel of light sweet crude oil was \$US113.13, representing a one-day drop of about 1.33 percent.

The price of crude oil is dropping due to lower demand, internationally, for it.

According to the US Government's Energy Information Administration, in the first half of Fiscal 2008, demand for oil fell to its lowest level of the past 26 years.

Demand for oil in the US fell by about 800,000 barrels per day in the first half of this year, the Energy Information Administration reported.

On Wall Street, there was one shock after another, however.

The Dow Jones Industrial Average, the key index of The New York Stock Exchange, ended the trading day at 11,642.47 points, down about 1.19 percent on Monday's close.

As for The NASDAQ, its Composite Index shed about 0.38 percent, dropping back to 2,430.61 points.

The ratio of losers to gainers was about 2:One on The New York Stock Exchange and about 1.33:One on The NASDAQ.

What particularly surprised investors on the world's largest equity markets was news that JPMorgan Chase and Company had lost not less than \$US1.50 billion so far in this quarter, mostly due to losses in respect of mortgage-linked assets.

Investors reasoned that there were more losses in the pipeline at this bank.

JPMorgan Chase and Company is the third-largest bank in the US.

The share price of JPMorgan Chase and Company fell by 9.50 percent to \$US37.92.

That situation touched off large-scale sales of shares of other major banking houses, which included:

Wachovia Corporation*	Down 12.10 percent to \$US16.00
The Goldman Sachs Group Incorporated	Down 6 percent to \$US167.30
Lehman Brothers Holdings Incorporated	Down 12 percent to \$US16.21

* Please see Monday's report

On the major European bourses, losses predominated as the key indices headed south as the following

TARGET () list illustrates:

Amsterdam's AEX Index Plus 0.83 percent

France's CAC 40 Index Minus 0.44 percent

Germany's Frankfurt XETRA DAX IndexMinus 0.35 percent

Great Britain's FTSE 100 Index Minus 0.13 percent

Italy's MIBTEL Index	Minus 0.42 percent
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Switzerland's Swiss Market Index Minus 0.48 percent

As with Wall Street, investors in Europe were gravely concerned about the health of the international banking industry.

The news about JPMorgan Chase and Company did not go unnoticed.

Exacerbating this situation was a report from Switzerland's largest bank, UBS AG, which announced that, for the quarter, ended June 30, 2008, it had logged in losses of about 358 million Swiss francs (about \$US329 million).

UBS AG, also, stated that it had written down about \$US5.10 billion in sub-prime, mortgage-related debts.

In Asia, only red ink was used to fill in the final scores with regard to the key indices of the major equity markets of the region.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about one percent of its value, falling back to 21,640.89 points.

The Total Turnover on this, the premier equity market of the territory, was about \$HK70.05 billion, while the ratio of declining counters to advancing ones was about 2.24:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941) Down 4.55 percent to \$HK94.50 per share

HSBC Holdings plc (Code: 5) Down 0.08 percent to \$HK128.20 per share

China Life Insurance Company Ltd (Code: 2628) Down 1.23 percent to \$HK28.00 per share

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

Down 2.80 percent to \$HK5.55 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 3.82 percent to \$HK8.06 per share

PetroChina Company Ltd (Code: 857)

Down 2.36 percent to \$HK9.94 per share

China Construction Bank Corporation (Code:
939)

Down 1.20 percent to \$HK6.60 per share

CNOOC Ltd (Code: 883)

Down 2.15 percent to \$HK10.00 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Down 0.56 percent to \$HK106.80 per share

Cheung Kong (Holdings) Ltd (Code: 1)

Up 0.55 percent to \$HK109.90 per share

There was a total of 35, Main Board, double-digit movers of the day, of which number, the share prices of 23 counters fell by 10 percent or more, while the share prices of 12 counters rose by 10 percent or more.

The biggest gainer of the day was Solargiga Energy Holdings Ltd (Code: 757), the share price of which gained 18.36 percent to \$HK3.61.

China Investments Holdings Ltd (Code: 132) was the biggest loser of the day as investors pulled down its share price by 26.61 percent to 16 cents.

On The **Growth Enterprise Market (The GEM)** of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index fell by about 1.52 percent to 720.20 points.

The Total Turnover on this market was about \$HK120 million, while the ratio of losers to gainers was about 1.92:One.

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

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

Down 9.46 percent to \$HK0.67 per share

Global Solution Engineering Ltd (Code: 8192)

Down 7.14 percent to \$HK0.52 per share

Wumart Stores Incorporated (Code: 8277)

Up 0.13 percent to \$HK7.81 per share

Inspur International Ltd (Code: 8141)

Down 2.86 percent to \$HK1.02 per share

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

Up 1.77 percent to \$HK11.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Byford International Ltd	8272	10.13		0.87
China Cyber Port (International) Company Ltd	8206		22.89	0.64
China Leason Investment Group Company Ltd	8270		12.28	0.50
Emcom International Ltd	8220		15.63	0.027
Era Information and Entertainment Ltd	8043		12.00	0.33
First China Financial Holdings Ltd	8123		11.20	0.222
FlexSystem Holdings Ltd	8050		11.11	0.24
iMerchants Ltd	8009		32.50	0.27
ITE (Holdings) Ltd	8092		21.79	0.061
Lee's Pharmaceutical Holdings Ltd	8221	14.29		0.52
M Dream Inworld Ltd	8100		12.00	0.33
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205		13.46	0.45
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	10.59		0.188
Sun International Group Ltd	8029	10.53		1.05
SYSCAN Technology Holdings Ltd	8083	13.21		0.06
Tai Shing International (Holdings) Ltd	8103		13.43	0.29
TeleEye Holdings Ltd	8051	10.00		0.22

On The Tokyo Stock Exchange, its TOPIX Index shed about 0.67 percent as investors pulled it down to 1,271.42 points.

Declining counters outnumbered advancing ones by the ratio of about 4.26:One.

The Nikkei-225 Stock Average lost about 0.95 percent, ending the trading day at 13,303.60 yen.

News Wise

- The Japanese Government's Cabinet Office announced that **The Consumer Sentiment Index** had hit a 26-year low in July: It dropped from June's figure of 32.60 points to 31.40 points.

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

The HKSAR	Hang Seng Index Minus 1.00 percent to 21,640.89 The Growth Enterprise Index Minus 1.52 percent to 720.20
Indonesia	Minus 3.58 percent to 2,057.58
Japan	TOPIX Index Minus 0.67 percent to 1,271.42 Nikkei-225 Stock Average Minus 0.95 percent to 13,303.60
Malaysia	Minus 0.77 percent to 1,118.78
The Philippines	Minus 0.46 percent to 2,755.86
The PRC	Shanghai Composite Index Minus 0.52 percent to 2,457.20 Shenzhen Composite Index Minus 0.58 percent to 694.30
Singapore	Minus 0.30 percent to 2,816.82
South Korea	Minus 0.25 percent to 1,577.12
Taiwan	Minus 0.43 percent to 7,293.80
Thailand	Closed

Wednesday

For people, thinking (or praying) that the rise in the price of crude oil was coming (or had come) to an end, they got a very rude awakening, last Wednesday – as crude-oil prices rose more than 2 percent on the world's commodity exchanges.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in September came in at \$US116.00, exactly, representing an increase on Tuesday's close of about 2.65 percent.

As for delivery in October, the last settlement for a barrel of light sweet crude oil was \$US115.99, up about 2.53 percent on the final quote of Tuesday.

On Wall Street, aside from the increase in the price of crude oil on international commodity exchanges, investors were beset by matters, much closer to home.

Various departments of the US Government reported what could only be considered disappointing economic news.

The Commerce Department announced that retail sales in the month of July slipped about 0.10 percent, compared with June's statistics.

Sales of motor vehicles were off by about 2.40 percent, following a 2.10 percent fall in June.

Year-On-Year, July's motor vehicle sales were off about 10.50 percent.

Things appeared to be going from bad to worse with regard to the US economy.

(For more about the US economy, please see last Friday's [TARGET Intelligence Report, Volume X, Number 153](#) – first report.)

On The New York Stock Exchange, the Dow Jones Industrial Average fell about 0.94 percent to 11,532.96 points.

The Composite Index of The NASDAQ dropped about 0.08 percent to 2,428.62 points.

Declining counters outran advancing ones by the ratio of about 1.29:One on The New York Stock Exchange, but, on The NASDAQ, advancing counters outnumbered declining counters by the ratio of about 1.25:One.

The financial counters were targeted by investors, again.

Some of the big losers in this sector of the market were the following financials:

The Goldman Sachs Group Incorporated Down 1.40 percent to \$US164.90 per share

Lehman Brothers Holdings Incorporated Down 4 percent to \$US15.57 per share

JPMorgan Chase and Company Down 2.70 percent to \$US36.91 per share

Citigroup Incorporated Down 3.90 percent to \$US17.81 per share

In Europe, the key indices of the most-important equity markets headed decidedly south:

Amsterdam's AEX Index Minus 1.25 percent

France's CAC 40 Index Minus 2.55 percent

Germany's Frankfurt XETRA DAX Index Minus 2.48 percent

Great Britain's FTSE 100 Index Minus 1.55 percent

Italy's MIBTEL Index Minus 1.91 percent

Switzerland's Swiss Market Index Minus 1.48 percent

In this part of the world, investors continued to be concerned about the continuing crisis in the banking/financial sectors of both the US and Europe.

The question, being asked: Which bank/finance company may one trust, today?

The share prices of major banks in Europe fell between 4.90 percent and 7.30 percent.

On **TARGET**'s select 6 bourses, declining counters outnumbered advancing ones, on average, by the ratio of about 6:One.

Tens of billions of euros were wiped off the market capitalisations of many banks and finance companies in last Wednesday's sell-off.

On foreign-exchange markets, the translation value of the British pound vis-à-vis the US dollar dropped to a 2-year low.

In Asia, it was another red-ink day for investors.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index was forced to surrender about 1.61 percent of its value, ending the trading day at 21,293.32 points.

The ratio of losers to gainers was about 2.39:One.

The Total Turnover was about \$HK69.32 billion.

The Ten Most Active counters were:

China Construction Bank Corporation (Code:
939)

Down 6.06 percent to \$HK6.20 per share

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

Down 5.41 percent to \$HK5.25 per share

China Mobile Ltd (Code: 941)

Down 1.80 percent to \$HK92.80 per share

China Life Insurance Company Ltd (Code: 2628)

Down 2.68 percent to \$HK27.25 per share

CNOOC Ltd (Code: 883)

Up 4.20 percent to \$HK10.42 per share

HSBC Holdings plc (Code: 5)

Down 1.09 percent to \$HK126.80 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Down 3.09 percent to \$HK103.50 per share

China Merchants Bank Company Ltd (Code:
3968)

Down 5.94 percent to \$HK24.55 per share

PetroChina Company Ltd (Code: 857)

Down 1.11 percent to \$HK9.83 per share

Bank of China Ltd (Code: 3988)

Down 2.62 percent to \$HK3.34 per share

As for the Main Board's double-digit movers of the day, there was a total of 44 counters that qualified for this dubious honour, with the share prices of 9 of their number, rising, and the share prices of 35 counters, losing traction.

The biggest gainer of the day was China Investments Holdings Ltd (Code: 132) as investors pushed up its share price by 36.25 percent to 21.80 cents.

PacMOS Technologies Holdings Ltd (Code: 1010) turned out to be the biggest loser of the day: Down 23.68 percent to 29 cents.

On The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index shed about 1.21 percent, falling back to 711.46 points.

The Total Turnover on this (speculative) market was about \$HK121.80 million, while the ratio of losing counters to gaining ones was about 2.60:One.

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

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

Up 20.90 percent to \$HK0.81 per share

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

Down 0.87 percent to \$HK11.40 per share

Inspur International Ltd (Code: 8141)

Down 0.98 percent to \$HK1.01 per share

Yantai North Andre Juice Company Ltd (Code:
8259)

Down 7.58 percent to \$HK0.61 per share

Phoenix Satellite Television Holdings Ltd (Code:
8002)

Up 0.97 percent to \$HK1.04 per share

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

Name of Company	Code	Increase	Decrease	Closing Price
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		(%)	(%)	(\$HK)
Byford International Ltd	8272		10.34	0.78
China Cyber Port (International) Company Ltd	8206	31.25		0.84
Global Link Communications Holdings Ltd	8060		12.35	0.142
Intelli-Media Group (Holdings) Ltd	8173	20.90		0.81
Lee's Pharmaceutical Holdings Ltd	8221		13.46	0.45
Ming Kei Energy Holdings Ltd	8239		11.07	0.249
Netel Technology (Holdings) Ltd	8256		11.43	0.062
Sing Lee Software (Group) Ltd	8076		10.53	0.17
Tai Shing International (Holdings) Ltd	8103		13.79	0.25
Zhejiang Yonglong Enterprises Company Ltd	8211		38.52	0.249

On The Tokyo Stock Exchange, its TOPIX Index gave up about 1.96 percent of its former glory, dropping back to 1,246.48 points.

Declining counters outpaced advancing ones by the ratio of about 6.79:One.

The Nikkei-225 Stock Average lost about 2.11 percent as investors pushed it down to 13,023.05 yen.

News Wise

- **Japan's Current Account Surplus** for the month of June shrank by about 67.40 percent to ¥493.90 billion, compared with ¥1.52 trillion on a Year-To-Year basis, according to the statistics, compiled by the Finance Ministry; and,
- Japan's economy enjoyed its **first negative growth** in the second quarter of 2008, The Cabinet Office confirmed. One down and one more to go before one may say, definitively: This country is in the grips of a recession.

In other Asian equity markets, this was how the situation looked, last Wednesday night:

The HKSAR	Hang Seng Index Minus 1.61 percent to 21,293.32 The Growth Enterprise Index Minus 1.21 percent to 711.46
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Indonesia	Minus 0.29 percent to 2,063.52
Japan	TOPIX Index Minus 1.96 percent to 1,246.48 Nikkei-225 Stock Average Minus 2.11 percent to 13,023.05
Malaysia	Minus 0.56 percent to 1,112.53
The Philippines	Minus 1.23 percent to 2,721.94
The PRC	Shanghai Composite Index Minus 0.44 percent to 2,446.30 Shenzhen Composite Index Plus 0.41 percent to 697.15
Singapore	Minus 0.18 percent to 2,811.79
South Korea	Minus 0.91 percent to 1,562.72
Taiwan	Minus 0.02 percent to 7,292.34
Thailand	Minus 0.19 percent to 701.60

Thursday

The Bureau of Labour Statistics, a division of the US Government's Department of Labour, delivered the bad news just prior to Wall Street, opening its doors for business, last Thursday.

Bottom Line: Inflation in The Land of The Free and The Home of The Brave is rampant – running at the highest level since the early 1990s.

During the first 7 months of 2008, the **Consumer Price Index** for All Urban Consumers (**CPI-U**) rose 6.20 percent on a seasonally adjusted, annualised rate, The Bureau said.

The following is a verbatim transcript of The Bureau's findings, minus tables and explanatory notes:

'CONSUMER PRICE INDEX: JULY 2008

'The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.5 percent in July, before seasonal adjustment, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The July level of 219.964 (1982-84=100) was 5.6 percent higher than in July 2007.

'The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)

increased 0.5 percent in July, prior to seasonal adjustment. The July level of 216.304 (1982-84=100) was 6.2 percent higher than in July 2007.

'The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) increased 0.4 percent in July on a not seasonally adjusted basis. The July level of 126.116 (December 1999=100) was 4.8 percent higher than in July 2007. Please note that the indexes for the post-2006 period are subject to revision.

'CPI for All Urban Consumers (CPI-U)

'On a seasonally adjusted basis, the CPI-U advanced 0.8 percent in July, following a 1.1 percent increase in June. The index for energy rose sharply for the third straight month, increasing 4.0 percent in July and accounting for about half of the overall increase in the all items index. The food index rose 0.9 percent in July after rising 0.8 percent in June. The index for food at home rose 1.2 percent in July after rising 1.0 percent in June. Indexes for five of the six major grocery store food groups rose at least 1.0 percent. The index for all items less food and energy increased 0.3 percent in July, the second straight such increase. The indexes for apparel and for recreation increased more sharply than in June, but the indexes for shelter and medical care rose more slowly. ...

'During the first seven months of 2008, the CPI-U rose at a 6.2 percent seasonally adjusted annualized rate (SAAR). This compares with a 4.1 percent increase for the 12 months ending December 2007. The energy index rose at a 33.1 percent SAAR in the first seven months of 2008 after increasing 17.4 percent in 2007. Gasoline prices increased at a 35.2 percent SAAR in 2008 after a 29.6 percent increase in 2007, while natural gas prices rose at a 71.3 percent SAAR after decreasing 0.4 percent in 2007. The food index has increased at a 7.6 SAAR for the first seven months of 2008 after increasing 4.9 percent in 2007. Excluding food and energy, the CPI-U has advanced at a 2.5 percent SAAR following a 2.4 percent increase in 2007.

'The food and beverages index rose 0.9 percent in July. The index for food at home increased 1.2 percent, following a 1.0 percent rise in June. Five of the six major grocery store food group indexes increased at least 1.0 percent in July. The index for cereal and bakery products increased 1.8 percent in July and is 12.1 percent higher than in July 2007, while the fruits and vegetables index rose 1.2 percent in July and is 10.1 percent higher than a year ago. Within the fruits and vegetables group, the fresh fruits index was virtually unchanged in July, while the index for fresh vegetables rose 2.9 percent. The index for meats, poultry, fish, and eggs rose 1.0 percent in July after a 0.8 percent increase in June. The index for dairy and related products increased 1.6 percent in July, with the index for milk increasing 4.3 percent. The index for other food at home rose 1.0 percent in July after a 0.4 percent increase in June. The index for nonalcoholic beverages and beverage materials increased 0.7 percent in July. The other two components of the food and beverages index—food away from home and alcoholic beverages—increased 0.6 and 0.4 percent respectively.

'The index for housing rose 0.6 percent in July after increasing 0.5 percent the previous month. The index for shelter increased 0.2 percent after a 0.3 percent increase in June. Within shelter, the indexes for rent and owners' equivalent rent increased 0.3 and 0.1 percent, respectively, while the index for lodging away from home increased 0.7 percent for the second straight month. The index for household energy rose 3.8 percent in July to a level 18.2 percent higher than in July 2007. The index for natural gas increased 7.4 percent in July. It was the sixth straight large increase and the index is up 32.7 percent since July 2007. The index for electricity increased 2.5 percent in July after declining 0.1 percent in June. The index for household furnishings and operations increased 0.4 percent in July after being virtually unchanged in June.

'The transportation index advanced 1.7 percent in July, the third straight substantial increase. The index for gasoline increased 4.1 percent and accounted for over 80 percent of the increase in this group. (Prior to seasonal adjustment, gasoline prices increased 0.7 percent over their previous peak in June and are 37.9 percent higher than in July 2007.) The index for new vehicles increased 0.2 percent in July while the index for used cars and trucks declined 0.1 percent. During the last 12 months, new vehicle prices have declined 0.8 percent and prices for used cars and trucks have fallen 0.1 percent. The index for public transportation increased 1.1 percent in July, mostly due to a 1.3 percent increase in the index for airline fares. (Prior to seasonal adjustment, airline fares increased 2.1 percent in July and are 19.9 percent higher than in July 2007.)

'The index for apparel rose 1.2 percent in July following a 0.1 percent increase in June. (Prior to seasonal adjustment, apparel prices declined 2.3 percent in July.) Apparel prices have increased 0.8 percent since July 2007.

'Medical care prices rose 0.1 percent in July after rising 0.2 percent in June and are 3.5 percent higher than a year ago. The index for medical care commodities—prescription drugs, nonprescription drugs, and medical supplies—decreased 0.2 percent in July after a 0.1 percent increase in June. The index for medical care services increased 0.2 percent in July. The indexes for professional services and for hospital and related services increased 0.2 percent and 0.3 percent, respectively.

'The index for recreation increased 0.4 percent in July, following a 0.1 percent increase in June. Increases in the indexes for pets and pet products and services, for sporting goods, and for admissions, more than offset declines in the indexes for photography and for toys. The index for video and audio was virtually unchanged in July.

'The index for education and communication increased 0.5 percent in July, with both the education and communication components increasing 0.5 percent. Within the latter category, the indexes for information and information processing increased 0.6 percent, reflecting a 0.7 percent increase in the index for telephone services. The index for information technology, hardware and services rose 0.2 percent in July after declining for four months in a row.

'The index for other goods and services increased 0.4 percent in July, the third consecutive such increase. The index for tobacco and smoking products rose 1.2 percent and the index for personal care increased 0.1 percent.

'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 0.9 percent in July ...'

Although the equity markets of the US received the news from The Bureau, long before opening for business, investors did not appear to pay too much heed to the statistics, which could indicate that, at the next Open Market Committee Meeting of the US Federal Reserve, scheduled for September 16, 2008, interest rate could well move up a notch or so.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.72 percent to 11,615.93 points.

The Composite Index of The NASDAQ gained about 1.03 percent, ending the trading day at 2,453.67 points.

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

1.50:One on The NASDAQ.

News Wise

- **Gannett Company Incorporated**, the largest newspaper publisher in the US, plans to sack about 1,000 of its workers. Gannett Company Incorporated is the publisher of USA Today, as well as newspapers in more than 30 states; and,
- **Home foreclosure notices** in July rose about 55 percent, compared with the like month in 2007. Totally, 272,000, US home-owners received their notices.

On The **New York Mercantile Exchange (NYMEX)**, the last settlement for a barrel of light sweet crude oil for delivery in September was \$US115.01, representing a decrease of about 0.85 percent, compared with the closing level of Wednesday.

As for delivery in October, the last settlement for a barrel of light sweet crude oil came in at \$US115.03, down about 0.83 percent on Wednesday's final quote.

In Europe, there was a bit of a bounce on the most-important bourses of the region, but the bounces were, if anything, half-hearted:

Amsterdam's AEX Index	Minus 0.22 percent
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France's CAC 40 Index	Plus 0.40 percent
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Germany's Frankfurt XETRA DAX Index	Plus 0.31 percent
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Great Britain's FTSE 100 Index	Plus 0.89 percent
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Italy's MIBTEL Index	Plus 0.10 percent
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Switzerland's Swiss Market Index	Plus 0.18 percent
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In Asia, with the lone exception of the equity market of Indonesia, gains and losses of the key indices of the other 9 markets were of a fractional nature.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 0.47 percent to 21,392.71 points on a Total Turnover of about \$HK61.15 billion.

However, losing counters outnumbered gaining counters by the ratio of about 1.05:One in spite of the key index, making a positive showing.

The Ten Most Active counters were:

China Construction Bank Corporation (Code:
939)

Down 1.29 percent to \$HK6.12 per share

CNOOC Ltd (Code: 883)	Up 7.49 percent to \$HK11.20 per share
HSBC Holdings plc (Code: 5)	Down 1.10 percent to \$HK125.40 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 0.95 percent to \$HK5.20 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Down 2.42 percent to \$HK101.00 per share
China Mobile Ltd (Code: 941)	Up 2.16 percent to \$HK94.80 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.65 percent to \$HK27.70 per share
China Merchants Bank Company Ltd (Code: 3968)	Down 0.61 percent to \$HK24.40 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.76 percent to \$HK7.84 per share
PetroChina Company Ltd (Code: 857)	Up 2.34 percent to \$HK10.06 per share

Of the 36, double-digit movers of the day, the share prices of 20 counters rose, while the share prices of 16 counters lost ground.

ZZNode Technologies Company Ltd (Code: 2371) was the biggest gainer of the day, its share price, rising 40.91 percent to 93 cents.

Peace Mark (Holdings) Ltd (Code: 304) was the biggest loser as investors pulled down its share price by 34.13 percent to \$HK1.10 per share.

Over on The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index moved up to 716.66 points, a one-day improvement of about 0.73 percent.

As with the Main Board, in spite of the key index, being in positive territory, declining counters outdistanced advancing ones by the ratio of about 1.35:One.

The Total Turnover on this market was about \$HK119.13 million.

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

Intelli-Media Group (Holdings) Ltd (Code: 8173)	Up 9.88 percent to \$HK0.89 per share
Wumart Stores Incorporated (Code: 8277)	Up 7.11 percent to \$HK8.29 per share
Shandong Weigao Group Medical Polymer Company	Up 0.88 percent to \$HK11.50 per share

Ltd (Code: 8199)

Golden Meditech Company Ltd (Code: 8180)

Up 0.88 percent to \$HK2.30 per share

Inspur International Ltd (Code: 8141)

Unchanged at \$HK1.01 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Cyber Port (International) Company Ltd	8206	15.48		0.97
China Leason Investment Group Company Ltd	8270		18.00	0.41
FlexSystem Holdings Ltd	8050	12.50		0.27
ITE (Holdings) Ltd	8092	17.74		0.073
Ming Kei Energy Holdings Ltd	8239	38.55		0.345
Powerleader Science and Technology Group Ltd	8236		23.62	0.152
Tiger Tech Holdings Ltd	8046	10.53		0.84
Tradeeasy Holdings Ltd	8163	10.42		0.265
Universal Technologies Holdings Ltd	8091	16.39		0.213
Yuxing InfoTech Holdings Ltd	8005		12.50	0.35

Trading was relatively quiet on The Tokyo Stock Exchange, last Thursday.

The TOPIX Index lost about 0.61 percent, falling back to 1,238.93 points, while the ratio of losers to gainers was about 2.31:One.

The Nikkei-225 Stock Average shed about 0.51 percent to end the trading day at 12,956.80 yen.

News Wise

- **Orix Corporation** announced that its Net Profit Attributable to Shareholders for the quarter, ended June 30, 2008, came in at ¥32.36 billion, down about 29.30 percent, Year-On-Year.

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

The HKSAR	Hang Seng Index
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	Plus 0.47 percent to 21,392.71 The Growth Enterprise Index Plus 0.73 percent to 716.66
Indonesia	Plus 2.09 percent to 2,106.64
Japan	TOPIX Index Minus 0.61 percent to 1,238.93 Nikkei-225 Stock Average Minus 0.51 percent to 12,956.80
Malaysia	Minus 0.28 percent to 1,109.43
The Philippines	Plus 0.20 percent to 2,727.28
The PRC	Shanghai Composite Index Minus 0.38 percent to 2,437.08 Shenzhen Composite Index Plus 0.22 percent to 698.68
Singapore	Plus 0.17 percent to 2,816.66
South Korea	Plus 0.61 percent to 1,572.19
Taiwan	Plus 0.46 percent to 7,326.07
Thailand	Plus 0.57 percent to 705.60

Friday

The price of crude oil sank to a 15-week low, last Friday, but the drop in the price of this strategic commodity did little to allay the fears of investors, worldwide.

One has seen too many false starts in the past few years.

On The **New York Mercantile Exchange (NYMEX)**, the last settlement for a barrel of light sweet crude oil for delivery in September came in at \$US113.77, a fall of about 1.08 percent on the final quote of Thursday.

As for October delivery, the last settlement for a barrel of light sweet crude oil was \$US113.94, representing a fall of about 0.94 percent on Thursday's last settlement.

On Wall Street, share prices rose, but only by fractions, for the most part, although airline stocks seemed to be taxiing on many investors' runways in the hope of taking off as the price of crude oil continues to fall.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.38 percent to 11,659.90 points while, on The NASDAQ, its Composite Index gained only 0.05 percent, ending the week at 2,452.52 points.

Trading was very light.

The ratio of advancing counters to declining ones was about 1.07:One on both equity markets.

For the week, the tally for the world's largest and most-important equity markets was:

The Dow Jones Industrial Average	Minus	0.63 percent
The Composite Index of The NASDAQ	Plus	1.59 percent

In Europe, the key indices of the most-influential bourses of the region continued to regain a little of their past glories – with the lone exception of Great Britain's FTSE 100 Index, which sank as did the translation value of the British pound sink against the US dollar on international foreign-exchange markets.

Weighing on equities in this part of the world were falls in the prices of commodities – and oil in particular.

This was how the key indices of **TARGET's** select bourses fared, last Friday:

Amsterdam's AEX Index	Plus	0.10 percent
France's CAC 40 Index	Plus	0.73 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.05 percent
Great Britain's FTSE 100 Index	Minus	0.77 percent
Italy's MIBTEL Index	Plus	0.10 percent
Switzerland's Swiss Market Index	Plus	0.40 percent

In Asia, there appeared to be no definitive direction for the major equity markets of the region, which is the most-populous part of the world.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there were widespread losers on both stock markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 1.09 percent, falling back to 21,160.58 points.

The Total Turnover dropped to \$HK48.96 billion.

The ratio of declining counters to advancing ones was about 1.77:One.

The Ten Most Actives were:

China Mobile Ltd (Code: 941)

Down 1.42 percent to \$HK93.45 per share

HSBC Holdings plc (Code: 5)

Down 0.48 percent to \$HK124.80 per share

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

Unchanged at \$HK5.20 per share

China Construction Bank Corporation (Code:
939)

Down 0.49 percent to \$HK6.09 per share

China Life Insurance Company Ltd (Code: 2628)

Down 1.26 percent to \$HK27.35 per share

CNOOC Ltd (Code: 883)

Down 4.29 percent to \$HK10.72 per share

Hutchison Whampoa Ltd (Code: 13)

Up 2.01 percent to \$HK71.00 per share

PetroChina Company Ltd (Code: 857)

Down 1.09 percent to \$HK9.95 per share

Sun Hung Kai Properties Ltd (Code: 16)

Down 1.88 percent to \$HK109.90 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 0.26 percent to \$HK7.82 per share

On the Main Board of The Stock Exchange of Hongkong Ltd, there was a total of 36, double-digit movers of the day, with the share prices of 19 counters, rising 10 percent or more, while the share prices of 17 counters fell 10 percent or more.

Peace Mark (Holdings) Ltd (Code: 304) was the biggest gainer of the day, its share price, rising 36.36 percent to \$HK1.50.

Pearl Oriental Innovation Ltd (Code: 632) was the biggest loser as investors pulled down its share price by 33.77 percent to 51 cents.

On The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gave up about 0.16 percent, ending the week at 715.54 points.

The Total Turnover on this market fell to about \$HK108.07 million.

Losing counters outnumbered gaining ones by the ratio of about 1.79:One.

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

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

Down 14.61 percent to \$HK0.76 per share

Wumart Stores Incorporated (Code: 8277)

Down 2.90 percent to \$HK8.05 per share

Global Solution Engineering Ltd (Code: 8192)

Unchanged at \$HK0.495 per share

Inspur International Ltd (Code: 8141)

Down 0.99 percent to \$HK1.00 per share

Ming Kei Energy Holdings Ltd (Code: 8239)

Up 24.64 percent to \$HK0.43 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Cyber Port (International) Company Ltd	8206	34.02		1.30
Emcom International Ltd	8220	12.00		0.028
Global Link Communications Holdings Ltd	8060		13.38	0.123
International Elite Ltd	8313	10.00		0.495
Intelli-Media Group (Holdings) Ltd	8173		14.61	0.76
ITE (Holdings) Ltd	8092		17.81	0.06
Jiangsu Nandasoft Company Ltd	8045	24.00		0.31
Shanghai Jiada Withub Information Industrial Company Ltd	8205	22.22		0.55
Ming Kei Energy Holdings Ltd	8239	24.64		0.43
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		10.64	0.168
North Asia Strategic Holdings Ltd	8080		22.50	0.62
Powerleader Science and Technology Group Ltd	8236	15.13		0.175
Sing Lee Software (Group) Ltd	8076	17.65		0.20
SYSCAN Technology Holdings Ltd	8083		10.17	0.053
Thiz Technology Group Ltd	8119		12.16	0.065
Tianjin Tianlian Public Utilities Company Ltd	8290		10.89	0.90

The tally for the week for Asia's second-largest equity market was:

The Hang Seng Index Minus 3.31 percent

The Growth Enterprise Index Minus 4.18 percent

In Japan, short-covering was said to have been the main reason that the key indices of the country's 3 equity markets managed to end the week on a positive note.

On the premier equity market of the country, that is The Tokyo Stock Exchange, its TOPIX Index rose about 0.68 percent to 1,247.31 points.

Advancing counters outpaced declining ones by the ratio of about 2:One.

The Nikkei-225 Stock Average ended the trading session at 13,019.41 yen, a one-day gain of about 0.48 percent.

For Asia's largest and most-important equity markets, the tally for the week was:

The TOPIX Index	Minus 1.00 percent
The Nikkei-225 Stock Average	Minus 1.13 percent

In other parts of Asia, this was how the key indices of other major stock markets ended the week of August 16, 2008:

The HKSAR	Hang Seng Index Minus 1.09 percent to 21,160.58 The Growth Enterprise Index Minus 0.16 percent to 715.54
Indonesia	Minus 1.02 percent to 2,085.15
Japan	TOPIX Index Plus 0.68 percent to 1,247.31 Nikkei-225 Stock Average Plus 0.48 percent to 13,019.41
Malaysia	Minus 1.30 percent to 1,095.05
The Philippines	Minus 0.08 percent to 2,725.15
The PRC	Shanghai Composite Index Plus 0.56 percent to 2,450.61 Shenzhen Composite Index Minus 0.22 percent to 698.68
Singapore	Minus 0.68 percent to 2,797.50
South Korea	Plus 0.61 percent to 1,572.19

Taiwan	Minus 1.77 percent to 7,196.50
Thailand	Plus 0.27 percent to 707.48

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