

FITCH DOWNGRADES SPAIN'S CREDIT RATING TO AA+
NORTH KOREA STARTS BANGING ITS WAR DRUMS – AGAIN
EQUITY MARKETS SUFFER A ROLLER-COASTER RIDE – AGAIN

The Bank of Spain, the Central Bank of the country, took over a regional bank, over the weekend of May 22-23 – and the cat was out of the bag.

The bank was CajaSur, a Roman-Catholic, Church-controlled bank, and one of the largest regional banks in the country.

The Bank of Spain gave access to CajaSur of €550 million, putting a financial finger in the leaking dyke of this bank, so to speak.

That was all it took, as far as investors were concerned, from New York to Zanzibar.

The word went out: Sell! Sell! Sell!

On The New York Stock Exchange, the Dow Jones Industrial Average lost 126.82 points, equivalent to about 1.24 percent, settling back at 10,066.57 points by the close of the business day.

On The NASDAQ, its Composite Index shed 15.49 points, or about 0.69 percent, as investors pushed it down to 2,213.55 points.

Trading was comparatively light.

Declining counters on both The New York Stock Exchange and The NASDAQ outnumbered advancing ones by the ratio of about 1.58:One and about 2.00:One, respectively.

As one would have expected, banking counters took the brunt of the selling pressure.

What was worrying Wall Street, mostly, was that that which had been dreaded appeared to be materialising; and, the problems at CajaSur might well be just the beginning, with more shocks to come.

Just after Wall Street closed for the day, The International Monetary Fund (IMF) announced that Spain had major financial problems and that '*far-reaching*' reforms were needed, urgently.

The IMF went as far as to state that Spain was suffering from '*dysfunctional*' labour problems and that the country was facing '*severe*' challenges.

Also, Spain's banking industry needed to be watched, carefully.

News Wise

- **Sales** of previously owned homes in the US rose about 7.60 percent in April, a 5-month high, according to The National Association of Realtors.

On European equity markets, only the Italian bourse suffered material losses; all of the other major bourses

simply limped along as investors pondered their lot ... and their future.

The translation value of the euro fell by about 1.30 percent to \$US1.2407.

As the euro's translation value is eroded, it tends to fire inflation in eurozone.

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

Amsterdam's AEX Index	Plus 0.05 percent
France's CAC 40 Index	Unchanged
Germany's Frankfurt XETRA DAX Index	Minus 0.40 percent
Great Britain's FTSE 100 Index	Plus 0.17 percent
Italy's MIBTEL Index	Minus 2.43 percent
Switzerland's Swiss Market Index	Closed

On international commodity exchanges, the price of crude oil was, generally, unchanged from the closing levels of the previous Friday (May 21, 2010).

On The **New York Mercantile Exchange (NYMEX)**, the last settlement of a barrel of light sweet crude oil for delivery in July was \$US70.21, up about 0.24 percent on the day.

As for delivery in August, the last settlement of a barrel of light sweet crude oil came in at \$US71.62, down about 0.07 percent, compared with the final quote of the previous Friday.

In Asia, investors appeared, in part, at least, to be somewhat oblivious of the known financial problems of certain parts of Europe and the prospects of more problems to follow, perhaps in other parts of this region of the world.

Europe is the largest single market for Asia, outside of the US, and, with the translation value of the euro, being eroded on a daily basis, sooner or later, it must impact on the Asian export market.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of both equity markets managed to record gains.

But the volume of activity was relatively low, suggesting that the gains were unlikely to be sustained for any lengthy period of time.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 0.62 percent to 19,667.76 points on a Total Turnover of about \$HK64.65 billion.

The ratio of gaining counters to losing ones was about 1.53:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)

Down 1.38 percent to \$HK71.65 per share

China Life Insurance Company Ltd (Code: 2628)

Up 1.04 percent to \$HK33.95 per share

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

Up 2.19 percent to \$HK5.59 per share

China Mobile Ltd (Code: 941)

Down 0.60 percent to \$HK74.20 per share

China Construction Bank Corporation (Code:
939)

Up 1.14 percent to \$HK6.22 per share

China Overseas Land and Investment Ltd (Code:
688)

Up 6.11 percent to \$HK15.62 per share

Bank of China Ltd (Code: 3988)

Up 1.27 percent to \$HK3.99 per share

Tencent Holdings Ltd (Code: 700)

Down 0.94 percent to \$HK147.80 per share

CNOOC Ltd (Code: 883)

Up 1.96 percent to \$HK12.46 per share

PetroChina Company Ltd (Code: 857)

Up 0.61 percent to \$HK8.28 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Computime Group Ltd	320	17.60		0.87
Cosmopolitan International Holdings Ltd	120	18.50		0.96
Far East Holdings International Ltd	36	27.50		0.88
Fulbond Holdings Ltd	1041	18.70		0.019
The Hongkong Parkview Group Ltd	207	20.00		0.60
New Media Group Holdings Ltd	708	16.00		0.58
Theme International Holdings Ltd	990	21.70		1.12

Over on The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth

Enterprise Index gained about 2.26 percent, rising to 758.89 points.

The Total Turnover on this (speculative) market was about \$HK417.71 million.

Advancing counters outnumbered declining ones by the ratio of about 3.19:One.

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

Shandong Weigao Group Medical Polymer Company Ltd (Code: 8199)	Up 1.47 percent to \$HK31.15 per share
Heng Xin China Holdings Ltd (Code: 8046)	Up 11.54 percent to \$HK0.87 per share
Cardlink Technology Group Ltd (Code: 8066)	Up 16.67 percent to \$HK2.80 per share
Kaisun Energy Group Ltd (Code: 8203)	Up 4.40 percent to \$HK0.95 per share
Shandong Luoxin Pharmacy Stock Company Ltd (Code: 8058)	Up 1.94 percent to \$HK10.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Byford International Ltd	8272	16.90		0.38
Cardlink Technology Group Ltd	8066	16.70		2.80
China Ground Source Energy Ltd	8128	11.30		0.59
China Primary Resources Holdings Ltd	8117	10.20		0.13
Excel Technology International Holdings Ltd	8048	16.20		0.151
Finet Group Ltd	8317	10.50		0.84
Heng Xin China Holdings Ltd	8046	11.50		0.87
Info Communication Holdings Ltd	8082	33.30		0.088
PINE Technology Holdings Ltd	8013	10.00		0.231
Sau San Tong Holdings Ltd	8200	10.60		0.199

Shanghai Tonva Petrochemical Company Ltd	8251	10.10		0.38
ZMAY Holdings Ltd	8085	12.50		0.18

On The Tokyo Stock Exchange, which is the largest equity market of Asia, its TOPIX Index rose about 0.04 percent to 880.01 points.

The ratio of advancing counters to declining ones was about 1.03:One.

The Nikkei-225 Stock Average, which is a much-narrower gauge of trading on select blue chips, listed on The First Section of The Tokyo Stock Exchange, than the TOPIX Index, gave up ¥26.14, or about 0.27 percent, ending the very active trading day at ¥9,758.40.

News Wise

- **Asahi Shimbun Company**, a Japanese newspaper publisher, announced that it had logged in a Net Loss Attributable to Shareholders of about ¥3.30 billion for Fiscal 2009, ended March 31, 2010. It was the second, consecutive year of losses for this publisher.

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

The HKSAR	Hang Seng Index Plus 0.62 percent to 19,667.76 The Growth Enterprise Index Plus 2.26 percent to 758.89
Indonesia	Minus 0.52 percent to 2,609.61
Japan	TOPIX Index Plus 0.04 percent to 880.01 Nikkei-225 Stock Average Minus 0.27 percent to 9,758.40
Malaysia	Minus 0.94 percent to 1,273.69
The Philippines	Plus 0.38 percent to 3,191.29
The PRC	Shanghai Composite Index Plus 3.48 percent to 2,673.42 Shenzhen Composite Index Plus 4.28 percent to 1,051.62
Singapore	Plus 0.84 percent to 2,723.87
South Korea	Plus 0.30 percent to 1,604.93
Taiwan	Plus 1.17 percent to 7,322.73

Thailand	Minus 2.77 percent to 744.31
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Tuesday

The key indices of just about every major equity market in the world came under pressure, last Tuesday.

But it was the key index of the Main Board of The Stock Exchange of Hongkong Ltd that took the cake: Its benchmark index gave up about 3.47 percent.

Aside from confirmed intelligence that Europe is in terrible trouble, with more than one country of the 16-nation, eurozone region, suffering chronic financial haemorrhages, there were, also, the North Korean threats to the effect that it was prepared to go to war with South Korea.

South Korea claims to have confirmation that North Korea, on March 26, 2010, sank its warship, The Cheonan, for a loss of 46 South Korean sailors.

Last Tuesday, South Korea resumed its propaganda offensive against its bellicose northern neighbour, broadcasting messages to North Koreans.

This method of proliferating propaganda, produced by South Korea, has not been used for the past 6 years.

For its part, North Korea went on a war footing, ordering the mobilisation of some 1.20 million, able-bodied men and women to don the uniform of The Dear Leader.

All communication and contacts of any kind between North Korea and South Korea ceased, last Tuesday.

The situation had all of the earmarks of another bloody fight between the 2 Koreas, but such bravado has been heard, numerous times in the past, and it has never come to anything.

Nevertheless, the situation was unsettling for worldwide investors and industrialists, causing share prices to fall, adding to the financial problems, facing the world's economies.

On The New York Stock Exchange, which is the world's largest and most-influential equity market, the market opened to a plethora of sell orders that dragged down key indices by 3 percent and more.

However, a late rally resulted in much of the earlier losses to be recouped.

By the close of the trading day, the Dow Jones Industrial Average was off about 0.23 percent at 10,043.75 points on a day that saw very heavy trading patterns emerge.

Over on The NASDAQ, its Composite Index lost about 0.12 percent, dropping back to 2,210.95 points.

The ratio of losing counters to gaining ones was about 2.00:One on both equity markets.

On European bourses, the situation was dire, with the key indices of the biggest and most-important equity markets, losing materially, wiping hundreds of millions of euros off the market capitalisation of many a publicly listed company:

Amsterdam's AEX Index

Minus 2.72 percent

France's CAC 40 Index

Minus 2.90 percent

Germany's Frankfurt XETRA DAX Index Minus 2.33 percent

Great Britain's FTSE 100 Index Minus 2.20 percent

Italy's MIBTEL Index Minus 3.31 percent

Switzerland's Swiss Market Index Minus 1.83 percent

For many counters, last Tuesday's closing price levels represented 9-month lows.

As one would have expected, banking counters suffered from wave after wave of selling pressure as the following **TARGET** () list makes only too clear:

Bank of Ireland Down 8.90 percent to €0.67

Banco Santander S.A. Down 3.93 percent to €8.17

Barclays plc Down 5.67 percent to £283.80

Crédit Agricole S.A. Down 6.67 percent to €8.77

HSBC Holdings plc Down 1.78 percent to £619.50

Lloyds Banking Group plc Down 8.92 percent to £50.52

Société Générale Down 6.29 percent to €33.01

Standard Chartered plc Down 3.34 percent to £1,578.50

Unicredit S.p.A. Down 7.51 percent to €1.60

News Wise

- The Italian Government announced that it would execute €24-billion worth of **austerity measures** in Fiscal 2011-2012.

On international commodity exchanges, the price of crude oil continued its descent.

On The **New York Mercantile Exchange (NYMEX)**, which is the largest commodity exchange in the world, the last settlement of a barrel of light sweet crude oil for delivery in July came in at \$US68.75, representing a one-day, price fall of about 2.08 percent.

For delivery in August, the last settlement of a barrel of light sweet crude oil was \$US70.10, off about 2.12 percent on Monday's close.

In Asia, every key index of every equity market marched to the international call for lower levels.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 3.47 percent, dropping back to 18,985.50 points.

The Total Turnover was about \$HK67.93 billion, while the ratio of losing counters to gaining ones was about 3.15:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 2.93 percent to \$HK69.55 per share
China Construction Bank Corporation (Code: 939)	Down 3.54 percent to \$HK6.00 per share
China Life Insurance Company Ltd (Code: 2628)	Down 4.12 percent to \$HK32.55 per share
China Mobile Ltd (Code: 941)	Down 3.03 percent to \$HK71.95 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 3.22 percent to \$HK5.41 per share
Bank of China Ltd (Code: 3988)	Down 2.76 percent to \$HK3.88 per share
CNOOC Ltd (Code: 883)	Down 6.10 percent to \$HK11.70 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Down 5.38 percent to \$HK58.00 per share
PetroChina Company Ltd (Code: 857)	Down 3.74 percent to \$HK7.97 per share
Tencent Holdings Ltd (Code: 700)	Down 3.65 percent to \$HK142.40 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Yu Sheng Tang Pharmaceutical Group Ltd	1141		16.20	0.57
CITIC 21CN Company Ltd	241		20.00	0.72
Computime Group Ltd	320		17.20	0.72

New Island Printing Holdings Ltd	377		16.70	0.75
Ngai Hing Hong Company Ltd	1047	23.70		0.47
Siberian Mining Group Company Ltd	1142	26.20		0.26
Sino Prosper State Gold Resources Holdings Ltd	766		19.30	0.117

On The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index lost about 3.22 percent as investors pulled it down to 734.42 points.

The Total Turnover on this market was about \$HK357.69 million.

The ratio of losing counters to gaining ones was about 7.13:One.

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

Heng Xin China Holdings Ltd (Code: 8046)

Down 2.30 percent to \$HK0.85 per share

Cardlink Technology Group Ltd (Code: 8066)

Up 1.43 percent to \$HK2.84 per share

Neo Telemedia Ltd (Code: 8167)

Down 3.59 percent to \$HK0.161 per share

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

Down 1.77 percent to \$HK30.60 per share

Shandong Luoxin Pharmacy Stock Company Ltd
(Code: 8058)

Down 8.48 percent to \$HK9.61 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210		11.50	0.46
Byford International Ltd	8272		13.20	0.33
China Ground Source Energy Ltd	8128		13.60	0.51
Crosby Capital Ltd	8088		10.70	0.15
DIGITALHONGKONG.COM	8007		12.50	1.40
Excel Technology International Holdings Ltd	8048		10.60	0.135

First China Financial Network Holdings Ltd	8123		12.50	0.315
Info Communication Holdings Ltd	8082		10.20	0.079
Jian ePayment Systems Ltd	8165		11.30	0.133
Longlife Group Holdings Ltd	8037		11.10	0.249
Ningbo Yidong Electronic Company Ltd	8249		10.30	0.131
Palmpay China (Holdings) Ltd	8047		10.00	0.217
Perception Digital Holdings Ltd	8248		11.60	0.42
Powerleader Science and Technology Group Ltd	8236		10.30	0.26
Qianlong Technology International Holdings Ltd	8015		10.00	0.90
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205	15.30		0.49
Trasy Gold Ex Ltd	8063		13.00	1.00
UURG Corporation Ltd	8192		10.80	0.222
WLS Holdings Ltd	8021		10.00	0.135
Xi'an Haitian Antenna Technologies Company Ltd	8227		13.90	0.241

On The Tokyo Stock Exchange, which is the largest equity market in Asia, its TOPIX Index gave up about 2.29 percent, dropping to 859.82 points.

The Nikkei-225 Stock Average lost about 3.06 percent as investors pulled it down to ¥9,459.89.

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

News Wise

- **Toyota Motor Corporation** has stopped selling its Lexus LS Sedans in the US. The company had announced, the previous Friday (May 21, 2010), that it had recalled about 3,800, LS 460 and LS600h sedans, manufactured in 2009 and 2010, due to steering-wheel problems.

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

The HKSAR	Hang Seng Index Minus 3.47 percent to 18,985.50 The Growth Enterprise Index Minus 3.22 percent to 734.42
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Indonesia	Minus 3.66 percent to 2,514.12
Japan	TOPIX Index Minus 2.29 percent to 859.82 Nikkei-225 Stock Average Minus 3.06 percent to 9,459.89
Malaysia	Minus 1.85 percent to 1,250.13
The Philippines	Minus 2.78 percent to 3,102.59
The PRC	Shanghai Composite Index Minus 1.90 percent to 2,622.63 Shenzhen Composite Index Minus 1.10 percent to 1,040.09
Singapore	Minus 2.69 percent to 2,650.61
South Korea	Minus 2.75 percent to 1,560.83
Taiwan	Minus 3.23 percent to 7,086.37
Thailand	Minus 3.09 percent to 721.29

Wednesday

As the United States of America called for action against North Korea (Please see Tuesday's report), another flare-up caught the attention of Wall Street: The People's Republic of China (PRC) was said to be reassessing its financial exposure to Europe and its euro-denominated investments in the region.

On Tuesday, the euro fell by about 2 cents (US) to \$US1.218.

Every time that the translation value of the euro is eroded, vis-à-vis the US dollar or any other 'hard' currency, it has a knock-on effect on the PRC's investments in the 16-nation zone.

On The New York Stock Exchange, the Dow Jones Industrial Average dropped about 0.69 percent to 9,974.45 points.

The Composite Index of The NASDAQ shed about 0.68 percent, ending the trading session at 2,195.88 points.

Trading was high, throughout the trading day.

The ratio of advancing counters to declining ones was about 1.50:One on The New York Stock Exchange and about 1.25:One on The NASDAQ.

News Wise

- **Lehman Brothers Holdings Incorporated** has sued **JPMorgan Chase and Company** in the Manhattan Bankruptcy Court. Lehman Brothers Holdings Incorporated accuses JPMorgan Chase and Company of perpetrating illegal financial transactions, involving more than \$US8.60 billion in the 4 final days, prior to the financial collapse of Lehman Brothers Holdings Incorporated on September 15, 2008, leading to its demise.

On The **New York Mercantile Exchange (NYMEX)**, the last settlement of a barrel of light sweet crude oil for delivery in July came in at \$US71.51, an increase of about 4.01 percent on Tuesday's closing level.

As for delivery in August, the last settlement of a barrel of light sweet crude oil was \$US72.54, up about 3.48 percent on the day.

On European equity markets, the fast pace in the recovery of the price of crude oil on international commodity exchanges was a factor that resulted in the key indices of major bourses to recover some lost glory, but it was speculators, taking the position that share prices had fallen too fast and by too much that was the true fillip for European investors.

This was how the key indices of the 6, most-important bourses fared, last Wednesday night:

Amsterdam's AEX Index	Plus	2.28 percent
France's CAC 40 Index	Plus	2.32 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.55 percent
Great Britain's FTSE 100 Index	Plus	1.61 percent
Italy's MIBTEL Index	Plus	2.20 percent
Switzerland's Swiss Market Index	Plus	1.65 percent

On Asian equity markets, the situation was mildly bullish.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the key indices of both stock markets made very useful gains, but it was on the speculative, secondary market that the larger price improvement took place.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 1.11 percent to 19,196.45 points on a Total Turnover of about \$HK72.74 billion.

The ratio of gaining counters to losing ones was about 1.35:One.

The Ten Most Active counters were:

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

Up 4.25 percent to \$HK5.64 per share

China Mobile Ltd (Code: 941)

Up 1.11 percent to \$HK72.75 per share

China Life Insurance Company Ltd (Code: 2628)

Up 1.08 percent to \$HK32.90 per share

HSBC Holdings plc (Code: 5)

Up 0.86 percent to \$HK70.15 per share

China Construction Bank Corporation (Code: 939)

Up 1.50 percent to \$HK6.09 per share

CNOOC Ltd (Code: 883)

Down 1.03 percent to \$HK11.58 per share

Bank of China Ltd (Code: 3988)

Up 2.32 percent to \$HK3.97 per share

Tencent Holdings Ltd (Code: 700)

Up 4.35 percent to \$HK148.60 per share

PetroChina Company Ltd (Code: 857)

Up 3.04 percent to \$HK8.06 per share

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

Up 5.10 percent to \$HK60.60 per share

The biggest movers of the Main Board included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Yu Sheng Tang Pharmaceutical Group Ltd	1141	31.60		0.75
Chaoyue Group Ltd	147	18.00		0.59
G-Resources Group Ltd	1051	16.50		0.495
Hing Lee (Hongkong) Holdings Ltd	396	21.40		1.76
The Hongkong and Shanghai Hotels Ltd	45	15.20		13.00
International Elite Ltd	1328	17.30		1.29
Ngai Hing Hong Company Ltd	1047		19.10	0.38
Theme International Holdings Ltd	990	15.80		1.17
Vitop Bioenergy Holdings Ltd	1178	22.40		0.30
Z-Obee Holdings Ltd	948		19.60	1.89

Over on The **Growth Enterprise Market (The GEM)** of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gained about 3.61 percent, rushing back to 760.96 points.

The Total Turnover on this market was about \$HK357.39 million.

Advancing counters outran declining ones by the ratio of about 1.08:One.

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

Pan Asia Mining Ltd (Code: 8173)

Up 19.54 percent to \$HK0.104 per share

Heng Xin China Holdings Ltd (Code: 8046)

Down 3.53 percent to \$HK0.82 per share

Wumart Stores Incorporated (Code: 8277)

Up 25.37 percent to \$HK16.90 per share

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

Unchanged at \$HK30.60 per share

Cardlink Technology Group Ltd (Code: 8066)

Up 1.76 percent to \$HK2.89 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Armitage Technologies Holding Ltd	8213	15.40		0.202
China Star Film Group Ltd	8172	33.00		0.25
G.A. Holdings Ltd	8126	15.40		0.30
Pan Asia Mining Ltd	8173	19.50		0.104
Sun International Group Ltd	8029		11.50	0.77
Wumart Stores Incorporated	8277	25.40		16.90
Zhejiang Prospect Company Ltd	8273		22.30	1.60

On The Tokyo Stock Exchange, its TOPIX Index shed about one tenth of a percentage point, dropping to 859 points, exactly.

Losers outran gainers by the ratio of about 1.88:One.

The Nikkei-225 Stock Average rose about 0.66 percent to ¥9,522.66.

On other Asian equity markets, this was how they fared, last Wednesday:

The HKSAR	Hang Seng Index Plus 1.11 percent to 19,196.45 The Growth Enterprise Index Plus 3.61 percent to 760.96
Indonesia	Plus 7.27 percent to 2,696.78
Japan	TOPIX Index Minus 0.10 percent to 859.00 Nikkei-225 Stock Average Plus 0.66 percent to 9,522.66
Malaysia	Minus 0.10 percent to 1,248.94
The Philippines	Plus 0.73 percent to 3,125.15
The PRC	Shanghai Composite Index Plus 0.12 percent to 2,625.79 Shenzhen Composite Index Minus 0.06 percent to 1,039.46
Singapore	Plus 1.71 percent to 2,696.02
South Korea	Plus 1.36 percent to 1,582.12
Taiwan	Plus 1.14 percent to 7,167.35
Thailand	Plus 1.06 percent to 728.94

Thursday

The People's Bank of China, which is The Central Bank of the People's Republic of China (PRC), strongly denied that it was reassessing its exposure to the euro and its euro-denominated investments in the region. (Please see Wednesday's report)

On Wednesday, the euro fell about 2 cents (US) against the US dollar, to \$US1.218.

People were concerned, last Wednesday, that, in the event that the PRC were to start to offload its cache of euros or start to sell its euro-denominated investments in the region in any great numbers, it could cause an avalanche of unwanted events on foreign-exchange markets.

On Wall Street, the denial by The People's Bank of China in respect of its euro holdings and its investments in one of its biggest markets, caused investors to rush back into stocks and shares.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 2.85 percent as investors pushed it back to 10,258.99 points.

Over on The NASDAQ, its Composite Index rose about 3.73 percent to 2,277.68 points.

Trading was not heavy, however.

The ratio of gainers to losers was about 13.00:One on The New York Stock Exchange and about 7.00:One on The NASDAQ.

News Wise

- **The US Government's Commerce Department** revised its original estimate as to the growth of the US economy in the month of April. The new figure is about 3 percent, annualised, down about 6.25 percentile points from the original estimate.

On The New York Mercantile Exchange (NYMEX), the price of crude oil went screaming to higher levels.

For delivery in July, the last settlement of a barrel of light sweet crude oil came in at \$US74.55, up about 4.25 percent on Wednesday's final quote.

As for delivery in August, the last settlement of a barrel of light sweet crude oil was \$US75.62, a one-day improvement of about 4.25 percent, also.

The increase in the price of this strategic commodity was due, almost entirely, in the manner of the fast recovery of the key indices of the world's largest and most-influential equity markets.

On European stock markets, their key indices followed the lead of Wall Street, with each and every market, being inundated with buy orders.

This was the end result:

Amsterdam's AEX Index	Plus	2.93 percent
France's CAC 40 Index	Plus	3.42 percent
Germany's Frankfurt XETRA DAX Index	Plus	3.11 percent
Great Britain's FTSE 100 Index	Plus	3.11 percent
Italy's MIBTEL Index	Plus	4.30 percent
Switzerland's Swiss Market Index	Plus	1.75 percent

On Asian equity markets, however, the gains in the key indices of every market were not due to any statement by any entity of the PRC, but due to speculation that the markets had been badly oversold.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, both equity markets made useful gains, but they were far from being particularly impressive.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 1.22 percent to 19,431.37 points.

The Total Turnover was about \$HK68.97 billion.

Advancing counters outran declining ones by the ratio of about 2.38:One.

The Ten Most Active counters were:

China Construction Bank Corporation (Code: 939)	Up 1.15 percent to \$HK6.16 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 0.89 percent to \$HK5.69 per share
China Mobile Ltd (Code: 941)	Down 0.55 percent to \$HK72.35 per share
HSBC Holdings plc (Code: 5)	Down 0.07 percent to \$HK70.10 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.52 percent to \$HK33.40 per share
CNOOC Ltd (Code: 883)	Up 3.80 percent to \$HK12.02 per share
Bank of China Ltd (Code: 3988)	Up 0.79 percent to \$HK3.84 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Up 1.65 percent to \$HK61.60 per share
China Shenhua Energy Company Ltd (Code: 1088)	Up 2.01 percent to \$HK30.40 per share
PetroChina Company Ltd (Code: 857)	Up 1.74 percent to \$HK8.20 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chevalier Pacific Holdings Ltd	508	15.00		0.69
China Solar Energy Holdings Ltd	155	25.60		0.216
China Wireless Technologies Ltd	2369	17.60		3.01
CITIC 21CN Company Ltd	241	41.30		1.06
Dan Form Holdings Company Ltd	271	16.40		0.71
ENM Holdings Ltd	128	19.00		0.75

International Elite Ltd	1328	22.50		1.58
Kingdee International Software Group Company Ltd	268	17.60		2.61
Lo's Enviro-Pro Holdings Ltd	309	21.50		0.48
Sino Katalytics Investment Corporation	2324	17.70		0.465
Solargiga Energy Holdings Ltd	757	15.40		1.35
Xpress Group Ltd	185	27.80		0.17

Over on The **Growth Enterprise Market (The GEM)** of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gained about 0.09 percent, limping up to 761.67 points.

The Total Turnover on this market was about \$HK410.99 million.

Gainers outnumbered losers by the ratio of about 4.67:One.

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

Wumart Stores Incorporated (Code: 8277)

Down 14.56 percent to \$HK14.44 per share

Emcom International Ltd (Code: 8220)

Up 26.11 percent to \$HK0.285 per share

Pan Asia Mining Ltd (Code: 8173)

Up 5.77 percent to \$HK0.11 per share

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

Up 0.98 percent to \$HK30.90 per share

Heng Xin China Holdings Ltd (Code: 8046)

Up 2.44 percent to \$HK0.84 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Changmao Biochemical Engineering Company Ltd	8208	11.40		0.78
China Trends Holdings Ltd	8171	23.00		0.30
Emcom International Ltd	8220	26.10		0.285
FlexSystem Holdings Ltd	8050	10.50		0.243

Glory Mark Hi-Tech (Holdings) Ltd	8159	14.00		0.285
Jian ePayment Systems Ltd	8165	10.30		0.15
Rojam Entertainment Holdings Ltd	8075	18.20		0.234
Vinco Financial Group Ltd	8340		14.40	0.178
Wumart Stores Incorporated	8277		14.60	14.44
Xi'an Haitian Antenna Technologies Company Ltd	8227	15.70		0.28
Xing Lin Medical Information Technology Company Ltd	8130	14.10		0.081

On The Tokyo Stock Exchange, its TOPIX Index put on about 1.27 percent as investors nudged it up to 869.89 points.

Advancing counters outran declining ones by the ratio of 1.57:One, exactly.

The Nikkei-225 Stock Average managed a gain of about 1.23 percent, running up to ¥9,639.72.

News Wise

The Finance Ministry announced that **exports** from Japan rose about 40.40 percent in April, Year-On-Year. The value of April's exports was about ¥5.89 trillion. It was the fifth, consecutive month of the value of Japan's exports to rise, materially.

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

The HKSAR	Hang Seng Index Plus 1.22 percent to 19,431.37 The Growth Enterprise Index Plus 0.09 percent to 761.67
Indonesia	Plus 0.64 percent to 2,713.92
Japan	TOPIX Index Plus 1.27 percent to 869.89 Nikkei-225 Stock Average Plus 1.23 percent to 9,639.72
Malaysia	Plus 1.62 percent to 1,269.16
The Philippines	Plus 1.00 percent to 3,156.53
The PRC	Shanghai Composite Index Plus 1.15 percent to 2,655.92 Shenzhen Composite Index

	Plus 2.01 percent to 1,060.33
Singapore	Plus 1.62 percent to 2,739.70
South Korea	Plus 1.60 percent to 1,607.50
Taiwan	Plus 1.06 percent to 7,243.16
Thailand	Plus 1.14 percent to 737.28

Friday

On the world's largest equity markets, stocks and shares fell out of bed, once again.

On The New York Stock Exchange, last Friday, the Dow Jones Industrial Average lost about 1.19 percent as investors drove it down to 10,136.63 points.

The Composite Index of The NASDAQ shed about 0.91 percent, ending the last day of the trading week at 2,257.04 points.

Losing counters outnumbered gaining ones by the ratio of about 2.14:One on The New York Stock Exchange and by about 2.16:One on The NASDAQ.

The single factor that touched off the latest drop in the key indices of the world's largest and most-influential equity markets was an announcement from the rating agency, Fitch.

Fitch Ratings downgraded Spain's credit rating from AAA to AA+ due to Spain's known debt load which, Fitch maintained, would be a decided drag on the country's economic growth.

Fitch Ratings describes itself as a global rating agency, committed to providing the world's credit markets with independent and prospective credit opinions, research, and data. It has 50 offices worldwide.

The downgrading of Spain's credit rating sent the translation value of the euro, right across the board, spinning almost out of control at one point, during the trading day.

The translation value of the euro vis-à-vis the US dollar ended the trading day at \$US1.2271, down about 0.80 percent, compared with Thursday's closing level.

The tally for the week for the world's largest equity markets was:

The Dow Jones Industrial Average	Minus 0.56 percent
The Composite Index of the NASDAQ	Plus 1.26 percent

On the world's commodity exchanges, pressure was brought to bear on the price of crude oil.

On The New York Mercantile Exchange (NYMEX), the last settlement of a barrel of light sweet crude oil for delivery in July came in at \$US73.97, down about 0.78 percent on Thursday's final quote.

As for delivery in August, the last settlement of a barrel of light sweet crude oil was \$US75.16, representing a one-day drop of about 0.61 percent.

On European equity markets, the announcement from Fitch put the cat among the pigeons.

Unlike Wall Street, however, the losses of the key indices of the largest bourses of this region of the world lost only fractions, with some key indices, even managing to record fractional gains.

Banks, once again, came under pressure as investors and institutions pondered which one would be hurt the most when the dust had cleared.

This was how the key indices of **TARGET**'s 6 major bourses fared, last Friday:

Amsterdam's AEX Index	Minus 0.16 percent
France's CAC 40 Index	Minus 0.29 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.15 percent
Great Britain's FTSE 100 Index	Minus 0.12 percent
Italy's MIBTEL Index	Minus 0.67 percent
Switzerland's Swiss Market Index	Plus 0.32 percent

In Asia, of course, the downgrading of Spain's credit rating had not been made public so that, for the most part, Asian investors followed the path, lain out by a very bullish, Thursday Wall Street.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the 2 equity markets of this territory made gains, with the premier equity market, taking the cake for the day.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index gained about 1.73 percent, ending the trading week at 19,766.71 points.

The Total Turnover was about \$HK71.67 billion, with the ratio of gaining counters to losing ones, being 1.94:One, exactly.

The Ten Most Active counters were:

Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 1.23 percent to \$HK5.76 per share
HSBC Holdings plc (Code: 5)	Up 2.14 percent to \$HK71.60 per share
China Construction Bank Corporation (Code: 939)	Up 1.79 percent to \$HK6.27 per share
CNOOC Ltd (Code: 883)	Up 2.66 percent to \$HK12.34 per share
China Mobile Ltd (Code: 941)	Up 1.04 percent to \$HK73.10 per share

China Life Insurance Company Ltd (Code: 2628)
Up 2.54 percent to \$HK34.25 per share

Ping An Insurance (Group) Company of China Ltd
(Code: 2318)
Up 3.73 percent to \$HK63.90 per share

Bank of China Ltd (Code: 3988)
Up 1.30 percent to \$HK3.89 per share

PetroChina Company Ltd (Code: 857)
Up 3.54 percent to \$HK8.49 per share

China Merchants Bank Company Ltd (Code: 3968)
Up 3.67 percent to \$HK18.66 per share

The biggest Main Board movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
ABC Communications (Holdings) Ltd	30	24.60		1.72
CITIC 21CN Company Ltd	241	25.50		1.33
New Heritage Holdings Ltd	95	18.20		0.26
Pearl Oriental Innovation Ltd	632	20.90		1.10

Over on The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index put on about 0.89 percent as investors pulled it back to 768.42 points.

The Total Turnover on this market was about \$HK530.34 million.

Advancing counters outran declining ones by the ratio of about 4.33:One.

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

Emcom International Ltd (Code: 8220)
Down 1.75 percent to \$HK0.28 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)
Down 3.56 percent to \$HK29.80 per share

Heng Xin China Holdings Ltd (Code: 8046)
Down 1.19 percent to \$HK0.83 per share

Wumart Stores Incorporated (Code: 8277)
Up 2.36 percent to \$HK14.78 per share

China Trends Holdings Ltd (Code: 8171)
Up 10.00 percent to \$HK0.33 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131	32.90		0.465
Changmao Biochemical Engineering Company Ltd	8208	11.50		0.87
China Data Broadcasting Holdings Ltd	8016	11.30		1.18
China Natural Investment Company Ltd	8250	12.70		0.40
China Trends Holdings Ltd	8171	10.00		0.33
DIGITALHONGKONG.COM	8007		17.10	1.16
Finet Group Ltd	8317	12.80		0.88
Glory Mark Hi-Tech (Holdings) Ltd	8159	10.50		0.315
Longlife Group Holdings Ltd	8037	12.00		0.28
Ningbo Yidong Electronic Company Ltd	8249	10.80		0.144
TLT Lottotainment Group Ltd	8022	10.30		0.32
UURG Corporation Ltd	8192	15.70		0.295

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

The Hang Seng Index	Plus 1.13 percent
The Growth Enterprise Index	Plus 3.55 percent

On The Tokyo Stock Exchange, its TOPIX Index rose about 0.99 percent to 878.52 points.

The Nikkei-225 Stock Average followed the lead of the TOPIX Index, putting on ¥123.26, or about 1.28 percent, ending the week at ¥9,762.98.

The tally for the week for the largest equity market of Asia was:

The TOPIX Index	Minus 0.13 percent
The Nikkie-225 Stock Average	Minus 0.22 percent

This was the way that things looked on other Asian equity markets, last Friday night:

The HKSAR	Hang Seng Index Plus 1.73 percent to 19,766.71
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	The Growth Enterprise Index Plus 0.89 percent to 768.42
Indonesia	Closed
Japan	TOPIX Index Plus 0.99 percent to 878.52 Nikkei-225 Stock Average Plus 1.28 percent to 9,762.98
Malaysia	Closed
The Philippines	Plus 3.04 percent to 3,252.63
The PRC	Shanghai Composite Index Minus 0.01 percent to 2,655.77 Shenzhen Composite Index Plus 0.23 percent to 1,062.78
Singapore	Closed
South Korea	Plus 0.95 percent to 1,622.78
Taiwan	Plus 0.72 percent to 7,295.32
Thailand	Closed

-- E N D --

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