

**THE FED OPENS PANDORA'S BOX:  
THE U.S. ECONOMY IS NOT THAT STRONG, AFTER ALL !  
DOWN FALL STOCK-MARKETS' KEY INDICES**

Somebody woke up: As the currency of the People's Republic of China (PRC) appreciates against the US dollar, it will mean that imports of goods and services into the second-largest, trading partner of the PRC will become more expensive.

This, in turn, will help to fan the embers of inflation in The Land of The Free and The Home of The Brave.

On Saturday, June 19, 2010, The People's Bank of China, which is The Central Bank of the PRC, announced that it was the intention of the bank to make the renminbi more flexible.

Translation: The PRC Government will permit the renminbi to strengthen against the US.

This statement was, initially, welcomed by the US Administration, led by President Barack Hussein Obama.

But, by last Monday, investors in the US began to realise what a stronger renminbi would mean to them and for US imports of PRC-manufactured goods and services.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average ended the trading session at 10,442.41 points, off about 8.23 points, or about 0.08 percent, compared with the close of this market on Friday, June 18, 2010.

Over on The NASDAQ, its Composite Index lost about 20.71 points, equivalent to about 0.90 percent, dropping back to 2,289.09 points.

Declining counters outnumbered advancing ones by about 1.38:One on The New York Stock Exchange and by about 2.00:One on The NASDAQ.

Trading was, once again, very much on the light side.

In Europe, last Monday, it appeared that the proverbial penny had not yet dropped in respect of the knock-on effect of a higher-valued renminbi vis-à-vis the US and/or the euro.

Every key index of every major bourse made useful gains as the following **TARGET** () list illustrates:

Amsterdam's AEX Index	Plus	1.48 percent
France's CAC 40 Index	Plus	1.32 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.22 percent

Great Britain's FTSE 100 Index                      Plus    0.91 percent

Italy's MIBTEL Index                                  Plus    0.23 percent

Switzerland's Swiss Market Index                  Plus    1.12 percent

For Europe, the gains in the key indices of the most-important bourses, last Monday, represented the 9<sup>th</sup> consecutive day of price improvements.

On international commodity exchanges, the price of crude oil rose.

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 \$US77.82, representing an increase of about 0.83 percent on the final quote of Friday, June 18, 2010.

As for delivery in August, the last settlement of a barrel of light sweet crude oil was \$US78.61, up about 0.45 percent, compared with the last settlement of the previous Friday.

In Asia, every key index of every equity market made substantial gains.

The 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the PRC both managed to record healthy gains, but it was the benchmark index of the premier equity market that led the field in the most-populous part of the world.

The Hang Seng Index, the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose about 3.08 percent to 20,912.18 points.

The Total Turnover was about \$HK90.19 billion.

The ratio of gaining counters to losing ones was about 3.06 One.

The Ten Most-Active counters were:

China Construction Bank Corporation (Code: 939)	Up 5.00 percent to \$HK6.72 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 3.45 percent to \$HK6.00 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.00 percent to \$HK35.70 per share
Bank of China Ltd (Code: 3988)	Up 3.54 percent to \$HK4.09 per share
China Mobile Ltd (Code: 941)	Up 1.54 percent to \$HK78.90 per share
HSBC Holdings plc (Code: 5)	Up 2.14 percent to \$HK76.45 per share
Ping An Insurance (Group) Company of China Ltd	Up 6.46 percent to \$HK66.75 per share

(Code: 2318)

Hongkong Exchanges and Clearing Ltd (Code: 388)

Up 4.17 percent to \$HK127.40 per share

PetroChina Company Ltd (Code: 857)

Up 4.54 percent to \$HK9.22 per share

China Petroleum and Chemical Corporation (Code:  
386)

Up 4.32 percent to \$HK6.52 per share

There were only 2 major movers on the Main Board:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Sci-Tech Holdings Ltd	985		29.50	0.335
Nam Hing Holdings Ltd	986	21.10		0.345

Over on The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gained about 0.77 percent to 806.51 points.

The Total Turnover was about \$HK433.46 million.

Advancing counters outran declining ones by the ratio of about 1.55:One.

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

Xing Lin Medical Information  
Technology Company Ltd (Code: 8130)

Down 15.79 percent to \$HK0.048 per share

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

Up 1.01 percent to \$HK35.00 per share

Heng Xin China Holdings Ltd (Code: 8046)

Up 1.06 percent to \$HK0.95 per share

Wumart Stores Incorporated (Code: 8277)

Up 2.07 percent to \$HK15.80 per share

Shandong Luoxin Pharmacy Stock Company Ltd  
(Code: 8058)

Down 1.66 percent to \$HK10.68 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)

China Electric Power Technology Holdings Ltd	8053	18.30		0.355
DIGITALHONGKONG.COM	8007		12.40	1.27
Perception Digital Holdings Ltd	8248	13.30		0.51
Xing Lin Medical Information Technology Company Ltd	8130		15.80	0.048

On The Tokyo Stock Exchange, which is the largest and most-important equity market of Asia, its TOPIX Index gained about 2.02 percent, rising to 902.49 points.

Advancing counters led declining ones by the ratio of about 10.42: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, advanced ¥242.99, or about 2.43 percent, ending the very active trading day at ¥10,238.01.

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

The HKSAR	Hang Seng Index Plus 3.08 percent to 20,912.18 The Growth Enterprise Index Plus 0.77 percent to 806.51
Indonesia	Plus 0.42 percent to 2,941.90
Japan	TOPIX Index Plus 2.02 percent to 902.49 Nikkei-225 Stock Average Plus 2.43 percent to 10,238.01
Malaysia	Plus 1.34 percent to 1,335.29
The Philippines	Plus 0.67 percent to 3,357.88
The PRC	Shanghai Composite Index Plus 2.90 percent to 2,586.21 Shenzhen Composite Index Plus 2.93 percent to 1,041.33
Singapore	Plus 1.84 percent to 2,885.64
South Korea	Plus 1.62 percent to 1,739.68
Taiwan	Plus 1.90 percent to 7,635.56

Thailand	Plus 1.80 percent to 806.07
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## **Tuesday**

Anybody who may have thought that '*playing*' the renminbi was a currency in which to make a quick killing got a rude awakening, last Monday.

At the opening of business in the People's Republic of China (PRC), last Tuesday, the translation value of the renminbi vis-à-vis the US dollar rose to its highest level since July of 2005 – 6.7968 renminbi.

That was it, as far as The Central Bank of the PRC was concerned, and The People's Bank of China stepped in in order to keep the renminbi in check,

The Government of China has made it very clear that it wants a '*gradual*' and '*orderly*' appreciation of the renminbi on international, foreign-exchange markets.

On Wall Street, investors took note of the gyrations of the renminbi.

But the gurus of Wall Street and the institutional players of the largest equity markets of the world had other fish to fry, also, last Tuesday.

To begin with, sales of previously owned homes in the US for the month of May had fallen by about 2.20 percent, Year-On-Year, to 5.66 million units.

The falloff in sales of previously owned home came in spite of the tax credits, promised by the US Government in order to stimulate the US housing market.

The news from The (US) National Association of Realtors tended to upset the applecart for many an investors on equity markets of this part of the world.

On The New York Stock Exchange, the Dow Jones Industrial Average shed about 1.43 percent as investors pulled it back to 10,293.45 points.

The Composite Index of The NASDAQ shed about 1.19 percent, dropping to 2,261.80 points.

Trading was described as being a little heavier than the past few weeks.

On European equity markets, every key index of every major bourse lost traction in line with Wall Street:

Amsterdam's AEX Index	Minus 0.36 percent
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France's CAC 40 Index	Minus 0.82 percent
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Germany's Frankfurt XETRA DAX Index	Minus 0.38 percent
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Great Britain's FTSE 100 Index	Minus 0.98 percent
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Italy's MIBTEL Index	Minus 0.86 percent
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Switzerland's Swiss Market Index                      Minus 0.86 percent

It was the first fall in ten trading sessions.

#### News Wise

- **Great Britain's Chancellor of the Exchequer**, Mr George Osborne, has increased **Value Added Tax (VAT)** in the country from 17.50 percent to 20 percent. The Chancellor has, also, reduced spending on welfare. In an attempt to reduce the nation's record debt levels, the Chancellor has, also, frozen child benefits, cut housing benefits, and increased capital gains tax.

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 \$US77.21, down about 0.78 percent on the closing level of Monday.

As for delivery in August, the last settlement of a barrel of light sweet crude oil was \$US77.85, representing a one-day fall of about 0.98 percent.

In Asia, the stock-market euphoria of Monday was long forgotten: Investors determined that it had been badly overdone.

**TARGET** concurs.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, while the benchmark index of the premier equity markets lost ground, on the secondary market, its lone index continued to power to higher levels.

The Hang Seng Index, the benchmark index of the Main Board of The Stock Exchange of Hongkong Ltd, gave up about 0.45 percent to 20,819.08 points.

The Total Turnover was about \$HK61.06 billion, down about 32 percent, compared with Monday's volume of activity.

Declining counters outnumbered advancing ones by the ratio of about 1.66:One.

The Ten Most Actives were:

China Construction Bank Corporation (Code:  
939)

Down 0.15 percent to \$HK6.71 per share

HSBC Holdings plc (Code: 5)

Down 1.11 percent to \$HK75.60 per share

Tencent Holdings Ltd (Code: 700)

Down 4.61 percent to \$HK126.10 per share

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

Down 0.67 percent to \$HK5.96 per share

China Mobile Ltd (Code: 941)

Unchanged at \$HK78.90 per share

Bank of China Ltd (Code: 3988)

Down 0.24 percent to \$HK4.08 per share

China Life Insurance Company Ltd (Code: 2628)

Up 0.56 percent to \$HK35.90 per share

CNOOC Ltd (Code: 883)

Down 0.29 percent to \$HK13.82 per share

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

Down 0.52 percent to \$HK66.40 per share

Hongkong Exchanges and Clearing Ltd (Code:  
388)

Down 0.71 percent to \$HK126.50 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Properties Investment Holdings Ltd	736	16.70		0.042
Ching Hing (Holdings) Ltd	692	16.70		0.028
eForce Holdings Ltd	943	15.30		0.151

Over on The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index moved up another 1.05 percent to 814.97 points.

The Total Turnover on this (speculative) market was about \$HK275.20 million, down about 36 percent, compared with Monday's Total Turnover.

The ratio of losing counters to gaining ones was about 1.08:One.

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

Xing Lin Medical Information  
Technology Company Ltd (Code: 8130)

Up 20.83 percent to \$HK0.058 per share

Heng Xin China Holdings Ltd (Code: 8046)

Down 3.16 percent to \$HK0.92 per share

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

Up 4.86 percent to \$HK36.70 per share

China Public Healthcare (Holding) Ltd (Code:  
8116)

Up 1.61 percent to \$HK0.189 per share

B.A.L. Holdings Ltd (Code: 8079)

Down 3.64 percent to \$HK0.053 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
G.A. Holdings Ltd	8126	11.50		0.29
M Dream Inworld Ltd	8100		12.60	0.118
Xing Lin Medical Information Technology Company Ltd	8130	20.80		0.058

On The Tokyo Stock Exchange, its TOPIX Index shed about 0.88 percent, dropping back to 894.56 points.

Declining counters outdistanced advancing ones by the ratio of about 1.87:One.

The Nikkei-225 Stock Average lost about 1.22 percent, dropping back to ¥10,112.89.

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

The HKSAR	Hang Seng Index Minus 0.45 percent to 20,819.08 The Growth Enterprise Index Plus 1.05 percent to 814.97
Indonesia	Minus 0.25 percent to 2,934.59
Japan	TOPIX Index Minus 0.88 percent to 894.56 Nikkei-225 Stock Average Minus 1.22 percent to 10,112.89
Malaysia	Minus 0.89 percent to 1,323.44
The Philippines	Minus 0.18 percent to 3,351.69
The PRC	Shanghai Composite Index Plus 0.10 percent to 2,588.70 Shenzhen Composite Index Plus 0.60 percent to 1,047.56
Singapore	Minus 0.46 percent to 2,872.30
South Korea	Minus 0.47 percent to 1,731.48
Taiwan	Minus 0.30 percent to 7,612.68



Thailand	Minus 0.24 percent to 804.13
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### Wednesday

The US Federal Reserve sent fear through investors, last Wednesday, when it released its determinations, following a scheduled meeting of The Federal Open Market Committee.

While The Fed said that it would keep interest rates at the current levels of between zero percent and 0.25 percent, its official announcement, by innuendo, suggested that things were not, altogether, positive for the largest and most-influential economy of the world.

The following is a verbatim transcript of The Fed's announcement:

*'Information received since the Federal Open Market Committee met in April suggests that the economic recovery is proceeding and that the labor market is improving gradually. Household spending is increasing but remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit. Business spending on equipment and software has risen significantly; however, investment in nonresidential structures continues to be weak and employers remain reluctant to add to payrolls. Housing starts remain at a depressed level. Financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad. Bank lending has continued to contract in recent months. Nonetheless, the Committee anticipates a gradual return to higher levels of resource utilization in a context of price stability, although the pace of economic recovery is likely to be moderate for a time.'*

*'Prices of energy and other commodities have declined somewhat in recent months, and underlying inflation has trended lower. With substantial resource slack continuing to restrain cost pressures and longer-term inflation expectations stable, inflation is likely to be subdued for some time.'*

*'The Committee will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.'*

*'The Committee will continue to monitor the economic outlook and financial developments and will employ its policy tools as necessary to promote economic recovery and price stability.'*

*'Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; William C. Dudley, Vice Chairman; James Bullard; Elizabeth A. Duke; Donald L. Kohn; Sandra Pianalto; Eric S. Rosengren; Daniel K. Tarullo; and Kevin M. Warsh. Voting against the policy action was Thomas M. Hoenig, who believed that continuing to express the expectation of exceptionally low levels of the federal funds rate for an extended period was no longer warranted because it could lead to a build-up of future imbalances and increase risks to longer-run macroeconomic and financial stability, while limiting the Committee's flexibility to begin raising rates modestly.'*

On Wall Street, many investors were taken by complete surprise by the tone of The Fed's announcement and so, after a volatile trading session, losing counters were seen to have outpaced gaining ones, a complete reversal from the earlier indications.

On The New York Stock Exchange, the Dow Jones Industrial Average edged up about 0.05 percent to 10,298.44 points while, over on The NASDAQ, its Composite index lost exactly one third of a percentage point, coming to rest at 2,254.23 points.

The ratio of losers to gainers was about 1.14:One on The New York Stock Exchange and about 1.17:One on The NASDAQ.

The volume of activity was described as having been low.

#### News Wise

- **Sales of new homes** in the US for the month of May fell by exactly one third, compared with April's statistics, The US Commerce Department reported. Annualised, sales of new homes came in at about 300,000 units, which compared poorly with April's figure of 446,000 units. The May statistic is the lowest since 1963.

On European bourses, only red ink was used to write in the final figures of the key indices:

Amsterdam's AEX Index	Minus 1.38 percent
France's CAC 40 Index	Minus 1.71 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.02 percent
Great Britain's FTSE 100 Index	Minus 1.30 percent
Italy's MIBTEL Index	Minus 1.21 percent
Switzerland's Swiss Market Index	Minus 1.26 percent

As with US investors, The Fed's announcement puts the skids under stocks and shares in Europe, last Wednesday.

And the news, insofar as new home sales in the US, underlined the continued weakness of the US economy.

Adding to the many problems, which included the near bust of the Government of Greece and mounting debt load of the United Kingdom, investors in Europe were, also, faced with the flagging price of crude oil, internationally.

Over on **The New York Mercantile Exchange (NYMEX)**, which is the largest commodity market in the world, the last settlement of a barrel of light sweet crude oil for delivery in August – the new near month – was \$US76.35, off about 1.93 percent, compared with Tuesday's final quote.

For delivery in September, the last settlement of a barrel of light sweet crude oil came in at \$US77.03.

The reason for the falling price of this strategic commodity was a report from the International Energy Agency which stated that, for the coming 5 years, crude-oil supplies were adequate.

In Asia, the general feeling of investors was that of negativity.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), declining counters outpaced advancing ones on both equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 0.18 percent to 20,856.61 points on a Total Turnover of about \$HK56.50 billion.

Losing counters outdistanced gaining ones by the ratio of about 1.75:One.

The Ten Most Active counters were:

Tencent Holdings Ltd (Code: 700)	Down 0.87 percent to \$HK124.90 per share
China Mobile Ltd (Code: 941)	Up 0.89 percent to \$HK79.70 per share
China Construction Bank Corporation (Code: 939)	Down 0.45 percent to \$HK6.68 per share
HSBC Holdings plc (Code: 5)	Up 0.92 percent to \$HK76.40 per share
Bank of China Ltd (Code: 3988)	Up 0.24 percent to \$HK4.10 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 0.50 percent to \$HK5.93 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK35.90 per share
CNOOC Ltd (Code: 883)	Down 0.14 percent to \$HK13.78 per share
China Sci-Tech Holdings Ltd (Code: 985)	Down 39.10 percent to \$HK0.204 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Up 1.13 percent to \$HK67.15 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Sci-Tech Holdings Ltd	985		39.10	0.204
Tysan Holdings Ltd	687	16.50		1.27

Over on The **Growth Enterprise Market (The GEM)** of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index shed about 1.27 percent to 804.63 points.

The Total Turnover on this market was about \$HK309.09 million.

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

Honbridge Holdings Ltd (Code: 8137)	Down 1.24 percent to \$HK2.40 per share
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Coolpoint Energy Ltd (Code: 8032)

Up 2.06 percent to \$HK0.495 per share

Xing Lin Medical Information  
Technology Company Ltd (Code: 8130)

Down 5.17 percent to \$HK0.055 per share

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

Down 0.68 percent to \$HK36.45 per share

Heng Xin China Holdings Ltd (Code: 8046)

Down 1.09 percent to \$HK0.91 per share

There were no double-digit movers on The GEM, last Wednesday, which is a record for this speculative marketplace, with the ratio of losers to gainers, being about 3.12:One.

On The Tokyo Stock Exchange, its TOPIX Index surrendered about 1.53 percent of its value, ending the trading session at 880.84 points.

Declining counters outran advancing ones by the ratio of about 7.72:One.

The Nikkei-225 Stock Average lost about 1.87 percent of its value, ending the hectic trading day at ¥9,923.70.

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

The HKSAR	Hang Seng Index Plus 0.18 percent to 20,856.61 The Growth Enterprise Index Minus 1.27 percent to 804.63
Indonesia	Minus 0.33 percent to 2,924.79
Japan	TOPIX Index Minus 1.53 percent to 880.84 Nikkei-225 Stock Average Minus 1.87 percent to 9,923.70
Malaysia	Plus 0.47 percent to 1,329.70
The Philippines	Minus 0.26 percent to 3,342.97
The PRC	Shanghai Composite Index Minus 0.73 percent to 2,569.87 Shenzhen Composite Index Minus 0.23 percent to 1,045.16
Singapore	Minus 0.04 percent to 2,871.05

South Korea	Minus 0.33 percent to 1,725.82
Taiwan	Minus 0.40 percent to 7,582.15
Thailand	Plus 0.30 percent to 806.52

### **Thursday**

Stock and share prices continued to drop, around the world, last Thursday, following on from Wednesday's losses.

On Wall Street, while Wednesday's falls in the prices of stocks and shares could only be described as having been small, last Thursday saw investors grind down many a scrip's price quite substantially.

The US Government is determined to overhaul the country's financial regulations in an attempt to prevent a recurrence of the events that led to the recession of December of 2008.

The target of the overhaul includes banks and finance houses, especially.

It is well expected that banks will have to stick to what they were designed to do and not embark on fancy bureaucratic footwork in an attempt to sell '*paper*', supposedly backed by assets, such as bricks and mortar, much of which, as investors learned in the past few years, turn out to be toxic ... or nonexistent.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 1.41 percent, falling back to 10,152.80 points.

The Composite Index of The NASDAQ shed about 1.63 percent, ending the trading session at 2,217.42 points.

Trading continued to be on the light side, but the ratio of losing counters to gaining ones was on the high side, at about 3.00:One on both equity markets.

On European bourses, noting that which was taking place on Wall Street, many investors got a case of cold feet and fled for cover.

The result could be described as near panic on the most-important equity markets of this region of the world:

Amsterdam's AEX Index                      Minus 1.75 percent

France's CAC 40 Index                      Minus 2.37 percent

Germany's Frankfurt XETRA DAX Index                      Minus 1.43 percent

Great Britain's FTSE 100 Index                      Minus 1.51 percent

Italy's MIBTEL Index                      Minus 2.00 percent

Switzerland's Swiss Market Index

Minus 0.95 percent

On The New York Mercantile Exchange (NYMEX), the last settlement of a barrel of light sweet crude oil for delivery in August came in at \$US76.51, representing a one-day, price improvement of about 0.21 percent.

For delivery in September, the last settlement of a barrel of light sweet crude oil was \$US77.15, up about 0.16 percent on Wednesday's final quote.

In Asia, the situation was decidedly bearish on equity markets.

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

The Hang Seng Index, which is the benchmark index of the Main Board of The Stock Exchange of Hongkong Ltd, shed 0.59 percent, exactly, falling back to 20,733.49 points.

The Total Turnover was about \$HK47.79 billion.

The ratio of losing counters to gaining ones was exactly 1.77:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)

Down 1.51 percent to \$HK75.25 per share

China Mobile Ltd (Code: 941)

Down 0.44 percent to \$HK79.35 per share

China Construction Bank Corporation (Code:  
939)

Up 0.15 percent to \$HK6.69 per share

China Life Insurance Company Ltd (Code: 2628)

Down 1.11 percent to \$HK35.50 per share

Bank of China Ltd (Code: 3988)

Down 0.49 percent to \$HK4.08 per share

Tencent Holdings Ltd (Code: 700)

Up 1.12 percent to \$HK126.30 per share

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

Down 0.51 percent to \$HK5.90 per share

CNOOC Ltd (Code: 883)

Down 1.89 percent to \$HK13.52 per share

China Sci-Tech Holdings Ltd (Code: 985)

Down 10.29 percent to \$HK0.183 per share

Bank of Communications Company Ltd (Code:  
3328)

Down 1.94 percent to \$HK8.58 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Dickson Concepts (International) Ltd	113	17.00		6.06
Sun Innovation Holdings Ltd	547		26.30	0.365
UDL Holdings Ltd	620	22.60		0.038

On The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index gave up about 0.67 percent to 799.22 points.

The Total Turnover dipped to about \$HK201.03 million.

The ratio of declining counters to advancing ones was about 1.29:One.

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

Wumart Stores Incorporated (Code: 8277)

Up 0.67 percent to \$HK15.10 per share

Heng Xin China Holdings Ltd (Code: 8046)

Up 1.10 percent to \$HK0.92 per share

Coolpoint Energy Ltd (Code: 8032)

Down 2.02 percent to \$HK0.485 per share

Aptus Holdings Ltd (Code: 8212)

Up 8.02 percent to \$HK0.229 per share

China Public Healthcare (Holding) Ltd (Code:  
8116)

Down 1.60 percent to \$HK0.184 per share

There was only one, double-digit mover on this market:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Long Success International (Holdings) Ltd	8017	12.90		0.192

On The Tokyo Stock Exchange, its TOPIX Index lost about 0.12 percent as investors pulled it back to 879.77 points.

Losing counters outnumbered gaining ones by the ratio of about 1.11:One.

The Nikkei-225 Stock Average rose about 0.05 percent, limping up to ¥9,928.34.

News Wise

- **The Finance Ministry** announced that exports from The Land of The Rising Sun slumped in May, compared with April. It was the third, consecutive month of slowing exports. The export figures were an increase of about 32.10 percent, Year-On-Year, down from about April's increase of about 40.40 percent, Year-On-Year.

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

The HKSAR	Hang Seng Index Minus 0.59 percent to 20,733.49 The Growth Enterprise Index Minus 0.67 percent to 799.22
Indonesia	Minus 0.37 percent to 2,914.10
Japan	TOPIX Index Minus 0.12 percent to 879.77 Nikkei-225 Stock Average Plus 0.05 percent to 9,928.34
Malaysia	Minus 0.29 percent to 1,325.87
The Philippines	Minus 0.27 percent to 3,333.97
The PRC	Shanghai Composite Index Minus 0.12 percent to 2,566.74 Shenzhen Composite Index Plus 0.20 percent to 1,047.23
Singapore	Minus 0.82 percent to 2,847.61
South Korea	Plus 0.81 percent to 1,739.87
Taiwan	Plus 0.10 percent to 7,589.89
Thailand	Minus 1.65 percent to 793.19

## **Friday**

The US Congress finalised what is being described as the biggest financial reforms in the US since the Great Depression, which had its roots in 1929.

In a nutshell, the main points of the new Bill, which still has to be passed by The Senate and The House of Representatives, include:

1. A ban on banks' proprietary trading;
2. A limit on banks, investing in hedge funds or private equity funds;



3. The establishment of a Financial Protection Bureau;
4. The establishment of new capital adequacy rules; and,
5. The power of regulators to seize and resolve troubled bank.

Many banks thought that the contents of the new Bill was not as draconian as had been anticipated and so some investors climbed back aboard, pushing up the share prices of select banks.

No doubt, the penny will drop in due course.

On Wall Street, the majority of investors, however, were more concerned about the health of the US economy than the new Bill, which is aimed at trying to prevent many of the factors that helped to bring about the recession that had its roots in December 2007.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.09 percent, dropping back to 10,143.81 points.

Over on The NASDAQ, its Composite Index shed about 0.27 percent, ending the trading week at 2,223.48 points.

Trading was described as being very heavy.

While the key indices of both equity markets were in negative territory, last Friday night, advancing counters outnumbered declining ones by the ratio of about 2.75:One on The New York Stock Exchange and by about 2.25:One on The NASDAQ.

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

The Dow Jones Industrial Average	Minus 2.94 percent
The Composite Index of The NASDAQ	Minus 3.74 percent

#### News Wise

- **Toyota Motor Company** will be halting sales of its 2010 Lexus HS250h, gasoline-electric hybrid motor cars due to a potential fuel leak problem. In addition, some 17,000 vehicles will be recalled.

In Europe, every key index of every major bourse was written in red ink:

Amsterdam's AEX Index	Minus 0.98 percent
France's CAC 40 Index	Minus 1.00 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.73 percent
Great Britain's FTSE 100 Index	Minus 1.05 percent
Italy's MIBTEL Index	Minus 0.01 percent
Switzerland's Swiss Market Index	Minus 0.71 percent

European investors are shaking in the proverbial boots at the prospects that the US economy might well be on the decline, once again.

Certainly, the report of the US Federal Reserve (Please see Wednesday's report for the complete verbatim report from The Fed) is hardly that which warms a person to investing in the US.

On The New York Mercantile Exchange (NYMEX), the last settlement of a barrel of light sweet crude oil for delivery in August was \$US78.86, up about 3.07 percent on Thursday's closing level.

As for September delivery, the last settlement of a barrel of light sweet crude oil came in at \$US79.43, a one-day increase of about 2.96 percent.

In Asia, for the most part, the key indices of the major equity markets went into full retreat.

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

The Hang Seng Index, which is the benchmark index of the Main Board of The Stock Exchange of Hongkong Ltd, gave up about 0.21 percent, edging back to 20,690.79 points.

The Total Turnover was about \$HK51.46 billion, while the ratio of losing counters to gaining ones was about 2.25:One.

The Ten Most Active counters were:

China Construction Bank Corporation (Code: 939)	Up 0.15 percent to \$HK6.70 per share
HSBC Holdings plc (Code: 5)	Up 0.07 percent to \$HK75.30 per share
Bank of China Ltd (Code: 3988)	Down 0.49 percent to \$HK4.06 per share
China Mobile Ltd (Code: 941)	Down 0.44 percent to \$HK79.00 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 0.51 percent to \$HK5.87 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK35.50 per share
Esprit Holdings Ltd (Code: 330)	Down 2.63 percent to \$HK44.45 per share
Tencent Holdings Ltd (Code: 700)	Up 2.69 percent to \$HK129.70 per share
CNOOC Ltd (Code: 883)	Down 0.15 percent to \$HK13.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.00 percent to \$HK8.91 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase	Decrease	Closing Price
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		(%)	(%)	(\$HK)
China Metal Resources Holdings Ltd	8071		18.20	0.171
China Trends Holdings Ltd	8171	21.70		0.084
Crosby Capital Ltd	8088	13.10		0.147
ePRO Ltd	8086		11.40	0.70
Pan Asia Mining Ltd	8173	10.10		0.076
Zheda Lande Scitech Ltd	8106		11.30	0.275
Zhongyu Gas Holdings Ltd	8070		16.50	0.66

Over on The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index shed about 1.35 percent, dropping back to 788.43 points.

The Total Turnover on this market was about \$HK280.48 million.

Losing counters outnumbered gaining ones by the ratio of about 2.18:One.

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

Wumart Stores Incorporated (Code: 8277)

Down 5.56 percent to \$HK14.26 per share

Coolpoint Energy Ltd (Code: 8032)

Up 7.22 percent to \$HK0.52 per share

China Metal Resources Holdings Ltd (Code:  
8071)

Down 18.18 percent to \$HK0.171 per share

China Trends Holdings Ltd (Code: 8171)

Up 21.74 percent to \$HK0.084 per share

Heng Xin China Holdings Ltd (Code: 8046)

Down 3.26 percent to \$HK0.89 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Garron International Ltd	1226	21.60		0.62
Neo-China Land Group (Holdings) Ltd	563		42.60	2.84

Solartech International Holdings Ltd	1166		19.20	0.059
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For the trading week, the tally for the second, most-important equity market of Asia was:

The Hang Seng Index	Plus 1.99 percent
The Growth Enterprise Index	Minus 1.49 percent

On the equity markets of Japan, there was certainly no shortage of losers.

On The Tokyo Stock Exchange, its TOPIX Index gave up about 1.42 percent, dropping back to 867.30 points.

The ratio of losers to gainers was, exactly, 3.86:One.

The Nikkei-225 Stock Average lost ¥190.86, or about 1.92 percent, dropping back to ¥9,737.48.

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

The TOPIX Index	Minus 1.96 percent
The Nikkei-225 Stock Average	Minus 2.58 percent

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

The HKSAR	Hang Seng Index Minus 0.21 percent to 20,690.79 The Growth Enterprise Index Minus 1.35 percent to 788.43
Indonesia	Plus 1.13 percent to 2,947.02
Japan	TOPIX Index Minus 1.42 percent to 867.30 Nikkei-225 Stock Average Minus 1.92 percent to 9,737.48
Malaysia	Plus 0.04 percent to 1,326.45
The Philippines	Plus 0.55 percent to 3,352.46
The PRC	Shanghai Composite Index Minus 0.54 percent to 2,552.82 Shenzhen Composite Index Minus 1.78 percent to 1,028.61
Singapore	Plus 0.14 percent to 2,851.64
South Korea	Minus 0.58 percent to 1,729.84

Taiwan	Minus 1.52 percent to 7,474.71
Thailand	Plus 0.06 percent to 793.67

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