

OPEC WANTS MORE MONEY !
EQUITY MARKETS REACT, BUT OIL PRICES CONTINUE TO FALL

The next time that one hears that religious people, especially religious fundamentalists, know nothing about business and/or high finance, or make claims that they do not want to know too much about these topics because they are too busy, thinking of God and Godlike subjects, one may be reminded of Monday, December 6, 2004, and the plea by the Muslim fundamentalistic country of Iran, which called on The Organisation of Petroleum Exporting Countries (OPEC) to assist it to earn more money from the exportation/exploitation of its crude oil reserves – by reducing production levels of the 11-member cartel.

Iran's Oil Minister, Mr Bijan Zanganeh, was reported to have stated, publicly, among other things:

'We have suggested that members (of OPEC) comply with allocations that have been agreed at the previous meeting.'

Mr Bijan Zanganeh's suggestion amounts to a cut in OPEC's daily exports of crude oil of about 900,000 barrels.

OPEC was scheduled, last Monday, to meet on Friday, December 10, 2004, in order to discuss, inter alia, the levels of OPEC's oil exports for the first quarter of 2005.

Kuwaiti Oil Minister, Sheik Ahmad al-Fahd al-Sabah, supported the statements of his Iranian counterpart, stating that there was entirely too much oil on the markets.

Sheik Ahmad al-Fahd al-Sabah was reported to have uttered:

'For our (Kuwait's) part, if this (price) slide will continue as has happened in the past 48 hours (from Saturday, December 11, 2004), I think we have to cut all over-production.'

Kuwait, it appears, also likes the crinkling of new dollar bills, too.

Meanwhile, in Nigeria, a storming of an oil platform by irate natives shut down operations of the Royal Dutch/Shell Group and Chevron Texaco Corporation facilities, halting production of about 90,000 barrels per day.

Nigeria, the leading African oil exporter, representing production of about 2.50 million barrels per day, is a member of OPEC and is the world's 7th largest producer of the black ooze.

In Asia, last Monday, the price of light sweet crude oil, traded electronically on The New York Mercantile Exchange (NYMEX), rose by about 1.55 percent from the previous Friday's low, to \$US42.70 per barrel.

It looked as though the equity markets of the world were off to a poor start, last Monday, in the most-populous part of the globe.

After a hectic trading day in futures on The NYMEX, last Monday in New York, the price of light sweet crude oil for January 2005 delivery was settled at \$US42.98 per barrel, up about 1.03 percent on the previous Friday's closing level.

For February delivery, the price of light sweet crude oil rose to \$US43.24 per barrel, a gain of about 1.15 percent, compared with the closing rate of the previous Friday.

And it appeared that the price of crude oil would continue to rise in anticipation of OPEC's determination.

Higher oil prices adversely affected trading on the world's largest equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average, the gauge to trading in blue chips, listed on the Big Board, slid 45.15 points, or about 0.43 percent, ending the session at 10,547.06 points.

Over on The NASDAQ, its Composite Index went in the other direction, gaining 3.29 points, equivalent to about 0.15 percent, hitting 2,151.25 points by the close of the day.

Aside from the rising price of crude oil, European investors were concerned, also, about a Muslim attack on the US Consulate in Saudi Arabia.

There were no American casualties in the Saudi attack, but the audacity of it, coming as it did in daylight, unnerved many investors.

This was how indices of leading European bourses closed, last Monday night:

Amsterdam's AEX Index	Minus 0.36 percent
Great Britain's FTSE 100 Index	Minus 0.52 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.35 percent
France's CAC 40 Index	Minus 0.42 percent
Switzerland's Swiss Market Index	Minus 0.63 percent
Italy's MIBTEL Index	Plus 0.27 percent

On Asian equity markets, indices were, generally, lower.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), activity fell on the territory's 2 stock exchanges, quite dramatically.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the gauge of trading in blue chips on the premier equity market of the HKSAR, rose about 0.32 percent to 14,256.86 points.

But the volume of activity slumped about 31 percent, compared with the previous Friday's Total Turnover, to \$HK15.34 billion.

Gaining counters outran losing ones by the ratio of about 1.23:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.75 percent to \$HK134.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.33 percent to \$HK15.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.72 percent to \$HK69.75 per share
PetroChina Company Ltd (Code: 857)	Up 1.18 percent to \$HK4.30 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.37 percent to \$HK26.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.63 percent to \$HK78.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.67 percent to \$HK74.75 per share
Hang Lung Properties Ltd (Code: 101)	Down 2.90 percent to \$HK11.70 per share
China Netcom Group Corporation (Hongkong) Ltd (Code: 906)	Up 1.56 percent to \$HK9.75 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.85 percent to \$HK2.975 per share

The biggest Main Board movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Fair Land Holdings Ltd	169	12.50		0.54
CIG-WH International (Holdings) Ltd	621		10.00	0.189
Emperor (China Concept) Investments Ltd	296	15.28		43.00
Far East Consortium International Ltd	35	11.11		3.00
Far East Technology International Ltd	36	14.71		0.39
Golden Harvest Entertainment (Holdings) Ltd	1132		10.37	0.242
Graneagle Holdings Ltd	147		13.54	0.415
Heritage International Holdings Ltd	412	10.53		0.042
HKC International Holdings Ltd	248	29.79		0.305
Hua Han Bio-Pharmaceutical Holdings Ltd	587	10.14		0.76
Jackin International Holdings Ltd	630		22.50	0.155
Karrie International Holdings Ltd	1050	13.73		2.90
Morning Star Resources Ltd	542		10.13	0.071
Oriental Explorer Holdings Ltd	430		15.09	0.045
Shun Ho Technology Holdings Ltd	219	10.00		0.55
Sun Innovation Holdings Ltd	547	13.33		0.051

Teem Foundation Group Ltd	628	26.98		0.80
Universe International Holdings Ltd	1046	29.17		0.062
Warderly International Holdings Ltd	607	10.00		1.10

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar story to that, being told on the Main Board.

The Total Turnover fell to about \$HK64.09 million, a fall of about 22 percent, compared with the volume of activity of the previous Friday, as The Growth Enterprise Index edged up about 0.14 percent to end the session at 1,008.53 points.

Gainers and losers were exactly equal, at One:One.

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

Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.94 per share
TOM Online Incorporated (Code: 8282)	Down 1 percent to \$HK1.51 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.475 per share
B.A.L. Holdings Ltd (Code: 8079)	Up 22 percent to 4.90 cents per share
SUNeVision Holdings Ltd (Code: 8008)	Up 5 percent to \$HK1.48 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	21.05		0.23
Armitage Technologies Holding Ltd	8213		14.29	0.036
B.A.L. Holdings Ltd	8079	22.50		0.049
iSteelAsia Holdings Ltd	8080	11.76		0.038
ITE (Holdings) Ltd	8092		12.50	0.035
Qianlong Technology International Holdings Ltd	8015	12.50		0.18
Tai Shing International (Holdings) Ltd	8103		40.00	0.27

On The Tokyo Stock Exchange, the suggestion that crude oil prices would start to rise again tended to put the skids under stocks and shares, last Monday.

The Nikkei-225 Stock Average lost 92.93 yen, equivalent to a drop of about 0.84 percent, compared with the previous Friday's closing level, ending the day at 10,981.96 yen.

The ratio of declining counters to advancing ones was about 1.51:One.

News wise

- The Finance Ministry reported that **capital spending** by Japanese companies grew in the quarter, ended September 30, 2004, by about 14.40 percent, Year-on-Year. It was the 6th consecutive, quarterly increase, The Ministry added.

In other Asian equity markets, this was how the indices of those markets ended their respective trading days:

The HKSAR	Plus 0.32 percent to 14,256.86
Indonesia	Plus 0.18 percent to 983.20
Japan	Minus 0.84 percent to 10,981.96
Malaysia	Minus 0.09 percent to 916.36
The Philippines	Minus 0.75 percent to 1,803.37
Singapore	Minus 1.42 percent to 2,032.38
South Korea	Minus 1.34 percent to 870.75
Taiwan	Plus 0.44 percent to 5,919.17
Thailand	Closed

Tuesday

While there was continued concern, internationally, last Tuesday in Europe, that crude oil prices could well continue to rise in the weeks and months ahead, there was, also, another and more-pressing concern: The US dollar hit another record low against the euro and a 12-year low against the British pound.

The US dollar was last traded on European foreign currency exchange markets at \$US1.3468 against the euro and \$US1.95 against the British pound.

The falling rate of the US dollar against these 2 key currencies was due, in part, to the seeming intransigence of the European Central Bank (ECB), whose principals refused to be moved by entreaties to take definitive action.

Eurozone Ministers made noises that they were not happy over the situation (of the strengthening translation value of the euro against the US dollar), but that was all.

What many European industrialists and exporters want is intervention by the ECB in support of the US dollar otherwise it was clear that it would continue its steep decline – and that would be bad for European exports to the US , in particular.

The previous week, Mr Jean-Claude Trichet, the President of the ECB, warned that the ECB was unlikely to intervene on international currency markets in order to alleviate the pressure on the greenback.

However, Mr Hiroshi Watanabe, Japan's Vice Minister for International Affairs, claimed, on the same day that Mr Jean-Claude Trichet made his statement, that he, Mr Watanabe, was in close contact with Europe and that his government was ready and prepared to take action.

Japan has, always, favoured intervention on the currency markets in order to hold down the value of the Japanese yen against the US dollar, in particular.

Last Tuesday, in Tokyo, Mr Sadakazu Tanigaki, Japan's Finance Minister, remarked that the recent toing and froing on the currency markets, with regard to the translation value of the US dollar vis-à-vis the yen, was unwelcome.

A veiled threat, no doubt.

And, then, along came other breaking news:

- Colgate-Palmolive is to sack 4,400 of its workers and close down 78 of its factories, worldwide. That number of culling of workers is equal to about 12 percent of the company's total workforce; and,

- The **British Broadcasting Corporation (BBC)**, funded by the Government of the **United Kingdom (UK)**, announced that it would be sacking 2,900 of its workers. Such a move is almost unheard of in the UK where a job at the BBC is akin to lifetime employment.

As it turned out, the fears that crude oil prices would rise, spectacularly, were unfounded, at least for future trading on The NYMEX, last Tuesday, because the bottom seemed to fall out of market in respect of January and February 2005 delivery for light sweet crude oil.

By the close of the day, the January 2005 delivery settlement price was \$US41.46 per barrel, down about 3.54 percent, compared with the closing level on Monday.

As for delivery in February 2005, the last settlement was at \$US41.81 per barrel, a price that was about 3.31 percent lower than the last quote on Monday.

On The New York Stock Exchange, in spite of the immediate removal of one prospective threat to the US economy – higher crude oil prices – key indices tumbled on the Big Board, with the Dow Jones Industrial Average, surrendering 106.48 points, equivalent to about 1.01 percent and ending the day at 10,440.58 points.

On The NASDAQ, its Composite Index shed about 1.70 percent, falling back to 2,114.65 points.

Some Wall Street gurus pointed to the falling price of crude oil as the culprit for the reduced value of The Dow, claiming that energy stocks were being battered by the oil price falls and that that phenomenon was pulling down The Dow.

In Europe, the lower US dollar rate, vis-à-vis the British pound and the euro, kept the lid on gains on major European bourses:

Amsterdam's AEX Index	Plus	0.33 percent
Great Britain's FTSE 100 Index	Plus	0.12 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.44 percent

France's CAC 40 Index	Plus 0.53 percent
Switzerland's Swiss Market Index	Plus 1.09 percent
Italy's MIBTEL Index	Plus 0.57 percent

Whereas, some Wall Street gurus were blaming the lower price of crude oil as the reason for the falling values of key indices on US equity markets, many European gurus were claiming that the lower price of crude oil was a contributing factor for the slight recovery of key indices on major European bourses.

The lingering fears that crude oil prices would rise again, back to the \$US50 per barrel level, the falling value of the US dollar vis-à-vis other 'hard' currencies, and the attack by Muslim extremists on the American Consulate in Saudi Arabia (Please see Monday's report), all weighed heavily on equity markets of Asia, last Tuesday.

By and large, movements of key indices on major equity markets in the most-populous part of the world were limited to fractions.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index lost about 0.15 percent of its value, falling back to 14,235.78 points.

The premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was in trouble from the start of last Tuesday's trading session.

By the end of the morning session, at 12:30 pm, The Hang Seng Index was sitting at 14,199.16 points, off about 0.40 percent, compared with Monday's close.

The Total Turnover was about \$HK17.50 billion, while the ratio of losing counters to gaining ones was about 1.40:One.

The Ten Most Actives were:

Hutchison Whampoa Ltd (Code: 13)	Up 2.51 percent to \$HK71.50 per share
HSBC Holdings plc (Code: 5)	Down 0.37 percent to \$HK134.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.94 percent to \$HK26.45 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK15.25 per share
Integrated Distribution Services Group Ltd (Code: 2387)	Unchanged at \$HK4.35 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.00 percent to \$HK75.50 per share
PetroChina Company Ltd (Code: 857)	Down 0.58 percent to \$HK4.275 per share
Denway Motors Ltd (Code: 203)	Up 0.88 percent to \$HK2.875 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK78.25 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.52 percent to \$HK2.90 per share

As for the double-digit movers of the Main Board, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chinney Alliance Group Ltd	385	10.53		0.021
Haywood Investments Ltd	905		28.81	0.042
HKC International Holdings Ltd	248		13.11	0.265
Kingmaker Footwear Holdings Ltd	1170	11.25		2.225
Massive Resources International Corporation Ltd	70	20.00		0.024
New Times Group Holdings Ltd	166	13.11		0.345
Northern International Holdings Ltd	736	13.64		0.025
Universe International Holdings Ltd	1046	30.65		0.081

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the pattern of trading mirrored that of the Main Board.

By the close of the day, The Growth Enterprise Index was standing at 1,006.84 points, down about 0.17 percent on Monday's closing level.

The Total Turnover was about \$HK109.39 million.

Declining counters outran advancing counters by the ratio of 1.64:One.

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

Golden Meditech Company Ltd (Code: 8180)
Panva Gas Holdings Ltd (Code: 8132)
Tong Ren Tang Technologies Company Ltd (Code: 8069)
CK Life Sciences International (Holdings) Incorporated (Code: 8222)
B.A.L. Holdings Ltd (Code: 8079)

Up 1 percent to \$HK1.95 per share
Up 1 percent to \$HK3.50 per share
Up 2 percent to \$HK17.00 per share
Down 2 percent to \$HK1.33 per share
Up 10 percent to 5.40 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Aptus Holdings Ltd	8212	10.71		0.31
B.A.L. Holdings Ltd	8079	10.20		0.054
B M Intelligence International Ltd	8158		22.45	0.038
Fast Systems Technology (Holdings) Ltd	8150		33.33	0.018
Grandy Corporation	8143	11.90		0.047
iSteelAsia Holdings Ltd	8080	26.32		0.048
Mudan Automobile Shares Company Ltd	8188		11.11	0.40
PINE Technology Holdings Ltd	8013		10.83	0.107
Xteam Software International Ltd	8178	10.17		0.13

In Japan, equity markets' key indices fell, once again.

On The Tokyo Stock Exchange, which is the premier equity market of the country, The Nikkei-225 Stock Average gave up 108.33 yen, equivalent to about 0.99 percent, retreating to 10,873.63 yen.

There were a number of very valid domestic reasons for key indices of equity markets in The Land of The Rising Sun to fall, but the international considerations far outweighed domestic factors.

This was how other Asian markets saw the situation, last Tuesday night:

The HKSAR	Minus 0.15 percent to 14,235.78
Indonesia	Plus 0.33 percent to 986.41
Japan	Minus 0.99 percent to 10,873.63
Malaysia	Minus 0.43 percent to 912.41
The Philippines	Minus 0.24 percent to 1,799.08
Singapore	Minus 0.79 percent to 2,016.26
South Korea	Minus 1.11 percent to 861.07
Taiwan	Plus 0.10 percent to 5,925.28
Thailand	Minus 1.21 percent to 655.83

Wednesday

The big news of the day, last Wednesday, was that **I**nternational **B**usiness **M**achines Corporation (IBM) of the US had sold its **p**ersonal **c**omputer (PC) hardware division to Lenovo Group Ltd (Code: 992, Main Board, The Stock Exchange of Hongkong Ltd) for an aggregate consideration of about \$US1.75 billion.

The consummation of this takeover of a former IBM division by Lenovo Group, which is the largest computer producer in the People's Republic of China (PRC), in any event, made this PRC company, the 3rd largest vendor of PCs in the world.

Satisfaction for the sale will be \$US650 million in cash, with IBM, taking 18.90 percent of the Issued and Fully Paid-Up Share Capital of Lenovo Group.

In order to cement the deal, Lenovo Group had to take on about \$US500 million of more debt.

While the acquisition of IBM's PC business by Lenovo Group took centre stage on US equity markets, with the meeting of The **O**rganisation of **P**etroleum **E**xporting **C**ountries (OPEC), just 2 days away, many investors were getting a little apprehensive because all signs pointed to the OPEC Ministers, agreeing to cut the daily production of crude oil by about 900,000 barrels. (Please see Monday's report)

That would, undoubtedly, raise crude oil prices, internationally, because demand for oil was continuing to hit new highs.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for January 2005 delivery gained about 1.16 percent, compared with Tuesday's last settlement price, running back to \$US41.94 per barrel.

As for delivery in February 2005, the last settlement price of light sweet crude oil was \$US42.31 per barrel, up 1.20 percent on Tuesday's last quote.

On The New York Stock Exchange, the Dow Jones Industrial Average put on about 0.51 percent, rising to 10,494.23 points.

On The NASDAQ, its Composite Index gained about 0.54 percent, ending the day at 2,126.11 points.

Wall Street was not driven by any particular aspect of US trade, any particular company announcement, by any international event, or even the higher price of crude oil, but the US dollar's rebound from its historic low against the euro was a bit of a fillip.

In Europe, exporters looked to the foreign exchange markets where the US dollar was seen to be making somewhat of a comeback against the euro and the British pound.

The translation value of the euro dropped by about 1.20 percent, last Wednesday, compared with Tuesday's quote, to \$US1.3253.

European investors did not know, during trading hours, that the price of crude oil was on the way up, again.

Had they known, things might have been a little different on major bourses in this part of the world.

This was how indices of major European bourses ended, last Wednesday:

Amsterdam's AEX Index	Minus 0.01 percent
Great Britain's FTSE 100 Index	Minus 0.52 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.26 percent
France's CAC 40 Index	Minus 0.32 percent
Switzerland's Swiss Market Index	Minus 0.27 percent
Italy's MIBTEL Index	Plus 0.44 percent

Following Wall Street's lead of Tuesday, prices fell on equity markets of the Hongkong Special Administrative Region (HKSAR) of the PRC.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 1.50 percent of its value, falling back to 14,022.32 points.

The Total Turnover, however, rose to about \$HK23.76 billion, almost 36 percent higher than Tuesday's volume of activity.

The ratio of losing counters to gaining ones was pronounced, at about 4.43:One.

The auguries were discouraging, as far as the more experienced traders were concerned: A higher volume of activity on a falling market, coupled with a veritable chasm between gaining counters and losing ones.

The Ten Most Active counters of the day were:

HSBC Holdings plc (Code: 5)	Down 1.12 percent to \$HK132.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.70 percent to \$HK71.00 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.61 percent to \$HK5.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.98 percent to \$HK73.25 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.97 percent to \$HK14.95 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.84 percent to \$HK25.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.24 percent to \$HK76.50 per share
PetroChina Company Ltd (Code: 857)	Down 3.51 percent to \$HK4.125 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.46 percent to \$HK108.50 per share
CNOOC Ltd (Code: 883)	Down 3.57 percent to \$HK4.05 per share

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

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

Capital Estate Ltd	193		10.00	0.018
China Agrotech Holdings Ltd	1073		11.39	0.35
China Sci-Tech Holdings Ltd	985		12.50	0.021
Golden Harvest Entertainment (Holdings) Ltd	1132	10.42		0.265
Grandtop International Holdings Ltd	2309		11.39	0.70
Hon Po Group (Lobster King) Ltd	228		13.21	0.046
MAE Holdings Ltd	851		11.76	0.015
Mascotte Holdings Ltd	136		10.94	0.285
Nam Fong International Holdings Ltd	1176		11.11	0.024
Northern International Holdings Ltd	736		12.00	0.022
Radford Capital Investment Ltd	901	28.57		0.027
Starbow Holdings Ltd	397	12.50		0.054
TCL Communication Technology Holdings Ltd	2618	14.52		0.71

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index shed about 1.10 percent of its value, ending the trading session at 995.69 points.

The Total Turnover on this speculative market fell, however, to about \$HK64.13 million.

Declining counters were way ahead of advancing ones by the ratio of about 2.62:One.

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

TOM Online Incorporated (Code: 8282)	Down 7 percent to \$HK1.43 per share
Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.95 per share
Wumart Stores Incorporated (Code: 8277)	Unchanged at \$HK13.30 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Unchanged at \$HK1.33 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK16.95 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210		11.76	0.075
AKM Industrial Company Ltd	8298		11.22	0.435
Emperor Entertainment Group Ltd	8078		10.00	1.35
ePRO Ltd	8086	20.00		0.018
G.A. Holdings Ltd	8126		11.39	0.07
Shanghai Jiada Withub Information Industrial Company Ltd	8205	10.00		0.275
Leadership Publishing Group Ltd	8010		16.22	0.031
Mudan Automobile Shares Company Ltd	8188	12.50		0.45
PINE Technology Holdings Ltd	8013	12.15		0.12
Q9 Technology Holdings Ltd	8129		18.37	0.04
Vodatel Networks Holdings Ltd	8033		12.50	0.28

In Japan, prices moved up slightly on the country's 3 stock markets.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average gained 67.74 yen, or about 0.62 percent, ending the day at 10,941.37 yen.

However, the performance of the premier equity market of Japan was far from being convincing since losing counters were ahead of gaining ones by the ratio of about 1.13:One.

As with most of Asia, Japan was following the lead of Wall Street.

And, in other Asian equity markets, this was how their respective indices fared, last Wednesday:

The HKSAR	Minus 1.50 percent to 14,022.32
Indonesia	Minus 0.73 percent to 979.22
Japan	Plus 0.62 percent to 10,941.37
Malaysia	Minus 1.11 percent to 902.30
The Philippines	Plus 0.12 percent to 1,801.18

Singapore	Plus 0.22 percent to 2,020.66
South Korea	Plus 1.24 percent to 871.74
Taiwan	Minus 0.55 percent to 5,892.51
Thailand	Minus 1.59 percent to 645.41

Thursday

The cat was let out of the bag, last Thursday, as Sheikh Ahmad al-Fahd al-Sabah told the world that The Organisation of Petroleum Exporting Countries (OPEC) would reduce all crude oil overproduction, early next year at the latest.

Kuwait's Oil Minister said that all of the 11 members of the OPEC had agreed to reduce oil exports in order to prevent any further erosion in the price of crude oil on the international marketplace.

Sheikh Ahmad al-Fahd al-Sabah was speaking ahead of the Cairo, Egypt, meeting of OPEC, scheduled for the following day.

So much for democratic principles and consensus determinations.

The price of crude oil on international markets rose in response to the pronouncements of Sheikh Ahmad al-Fahd al-Sabah.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for January 2005 delivery rose another 1.41 percent, the last settlement price, being \$US42.53 per barrel.

For February 2005 delivery, the price of light sweet crude oil was last settled at \$US42.97 per barrel, up 1.56 percent on Wednesday's last quoted price.

After a rather choppy trading session on The New York Stock Exchange, prices rose, but only fractionally, for the most part.

By the close of the day, the Dow Jones Industrial Average was standing at 10,552.82 points, up about 0.56 percent on Wednesday's close.

The Composite Index of The NASDAQ ended last Thursday's session at 2,129.01 points, up about 0.14 percent.

No great shakes!

But the worst was yet to come, no doubt: Friday would tell the tale, following the OPEC meeting in Egypt.

An early fall in prices on Wall Street set the stage of trading on key European bourses.

Every index of every major equity market suffered losses:

Amsterdam's AEX Index	Minus 0.92 percent
Great Britain's FTSE 100 Index	Minus 0.32 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.21 percent
France's CAC 40 Index	Minus 0.73 percent
Switzerland's Swiss Market Index	Minus 0.33 percent
Italy's MIBTEL Index	Minus 0.61 percent

The statements by Sheikh Ahmad al-Fahd al-Sabah were taken very seriously because, on Monday, the Kuwaiti Oil Minister had stated that he would favour a cut in OPEC oil exports of about 900,000 barrels per day.

News wise

- **General Motors** will sack 12,000 workers in its European division. The company announced that 10,000 jobs would be lost at Germany's Opel plant and 2,000 jobs would be lost at the company's plants in the United Kingdom, Belgium, Spain and Sweden; and,
- **The Bank of England** announced that, for the 4th consecutive month, interest rates would stay at 4.75 percent per annum.

On major equity markets in Asia, only 2 of their number managed to complete the day with positive figures.

On the Main Board of The Stock Exchange of Hongkong Ltd, with the resumption of trading in the shares of Lenovo Group Ltd (Code: 992, Main Board, The Stock Exchange of Hongkong Ltd), excitement ran high that the share price would fly to a record

level.

It did not happen: It was a non-starter.

The acquisition of IBM's personal computer hardware division was seen as being a millstone around the corporate neck of Lenovo Group. (Please see Wednesday's report)

The Hang Seng Index finished the day at 14,008.82 points, down about one tenth of a percentage point, compared with Wednesday's closing level.

The Total Turnover was about \$HK21.50 billion, while the ratio of losing counters to gaining ones was about 1.59:One.

The signs continued to be somewhat ominous for the immediate future of trading in stocks and shares, listed on the premier equity market of the HKSAR, especially with the meeting of OPEC, less than one day away.

The Ten Most Active counters were:

ZTE Corporation (Code: 763)	Unchanged at \$HK24.40 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK132.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.35 percent to \$HK70.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK73.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.33 percent to \$HK76.25 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK5.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.19 percent to \$HK25.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.00 percent to \$HK14.80 per share
Wharf (Holdings) Ltd, The (Code: 4)	Down 2.00 percent to \$HK26.90 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 1.08 percent to \$HK4.575 per share

The biggest Main Board movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	13.00		1.13
ABC Communications (Holdings) Ltd	30	21.82		0.67
Applied International Holdings Ltd	519		12.00	0.11
China National Resources Development Holdings Ltd	661	12.28		0.64
China Golden Development Holdings Ltd	162		11.63	0.38
Grandtop International Holdings Ltd	2309		28.57	0.50
Haywood Investments Ltd	905	26.09		0.058
Hon Po Group (Lobster King) Ltd	228	17.39		0.054
Lai Sun Development Company Ltd	488		14.06	0.165
Moiselle International Holdings Ltd	130	11.11		2.50
Oriental Explorer Holdings Ltd	430	15.56		0.052
Pyxis Group Ltd	516		10.87	0.041
Starlite Holdings Ltd	403	14.71		0.78
Sun Media Group Holdings Ltd	307	10.00		0.022
UDL Holdings Ltd	620		12.50	0.035
Veeko International Holdings Ltd	1173	10.39		0.425
Yanion International Holdings Ltd	82	12.50		0.63

Investors, locked into equities, listed on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, saw the lone index of this market make a gain of about one quarter of a percentage point, ending the day at 998.15 points.

The Total Turnover was about \$HK71.52 million.

Losing counters outmanoeuvred gaining ones by the ratio of about 1.78:One.

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

Jinheng Automotive Safety Technology Holdings Ltd (Code: 8293)	\$HK1.18 per share*
Golden Meditech Company Ltd (Code: 8180)	Down 1 percent to \$HK1.94 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 1 percent to \$HK1.99 per share
TOM Online Incorporated (Code: 8282)	Up 3 percent to \$HK1.47 per share

*This was a new issue, the shares of which were listed for the first time, last Thursday

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CCID Consulting Company Ltd	8235	12.00		0.224
ePRO Ltd	8086		22.22	0.014
Fast Systems Technology (Holdings) Ltd	8150	22.22		0.022
G.A. Holdings Ltd	8126	17.14		0.082
Grandy Corporation	8143		16.67	0.04
iSteelAsia Holdings Ltd	8080		22.92	0.037
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205		19.27	0.222
Longlife Group Holdings Ltd	8037		15.87	0.265
Prosperity International Holdings (Hongkong) Ltd	8139		11.11	0.048
Stockmartnet Holdings Ltd	8123	14.81		0.031
TeleEye Holdings Ltd	8051		10.19	0.097

In Japan, as **TARGET**'s analysts had well expected, prices of stocks and shares fell hard, last Thursday.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average dropped 164.74 yen, equivalent to about 1.51 percent, ending the trading day at about 10,776.63 yen.

Losing counters trounced gaining ones by the ratio of 4.68:One.

Japan was beset by a number of problems, both domestic and international, and the meeting of OPEC, scheduled for less than 24 later, plus the Open Market Committee Meeting of the US Federal Reserve Board, scheduled for the following Tuesday, were but 2 of the looming problems.

News wise

- Banks in Japan continue to lend less and less to customers, **The Bank of Japan** announced, last Thursday. According to the Central Bank, the average daily balance of money, lent by banks, fell about 3.30 percent in the month of November, compared with the like month in 2003. It was the 83rd consecutive month of contractions in lending in the country; and,
- The **Gross Domestic Product (GDP)** of Japan grew by about 0.20 percent, annualised, during the quarter, ended September 30, 2004, **The Cabinet Office** of the Japanese Government announced. That growth rate was a 33-percentile drop from original Government estimates. The revised GDP – the measure of the total value of goods and services, produced in a country over a period of time – suggested a real growth of about 0.10 percent on a quarterly basis. The figures suggest that the second largest economy of the world is not doing very well, at all, despite all the hype.

In other Asian equity markets, this was how those indices ended, last Thursday:

The HKSAR	Minus 0.10 percent to 14,008.82
Indonesia	Minus 1.58 percent to 963.80
Japan	Minus 1.51 percent to 10,776.63
Malaysia	Minus 0.81 percent to 894.98
The Philippines	Minus 0.42 percent to 1,793.68
Singapore	Minus 1.06 percent to 1,999.14
South Korea	Minus 1.20 percent to 861.31
Taiwan	Plus 0.36 percent to 5,913.97
Thailand	Plus 0.52 percent to 648.78

Friday

The **Organisation of Petroleum Exporting Countries (OPEC)** announced that it would cut back exports of its crude oil by about one million barrels per day.

The reason: OPEC wants higher prices for its oil.

Labelling the one million barrels as being 'excess supply', OPEC agreed to meet again on January 30, 2005, in order to decide whether or not further cuts in production and exports were necessary in order to increase the price of crude oil on international markets to what was considered by the 11-member cartel to be acceptable levels.

The cuts will be effective on or about January 14, 2005.

On learning of the decision of OPEC, the price of crude oil rose in electronic trading on The New York Mercantile Exchange (NYMEX), passed the \$US43 per-barrel mark, but subsequent selling pressure brought down the price, considerably.

By the time that NYMEX closed for the week, the price of light sweet crude oil for January 2005 delivery was settled at \$US40.71 per barrel, down 4.28 percent on Thursday's close.

As for delivery of light sweet crude oil in February 2005, the last settlement price was \$US41.36 per barrel, representing a fall of about 3.75 percent on the last settlement price of Thursday.

Inflationary fears were fanned, last Friday, following the release of statistics from The Bureau of Labour Statistics, a division of the US Government's Labour Department.

The release was made early last Friday with regard to the latest statistics in respect of the Producer Price Index.

This is part of that which this important department of Government released:

'The Producer Price Index for Finished Goods advanced 0.5 percent in November, seasonally adjusted. This increase followed a 1.7-percent gain in October and a 0.1-percent rise in September. At the earlier stages of processing, the index for intermediate goods went up 0.8 percent, compared with a 0.9-percent rise in October, while prices for crude goods jumped 8.7 percent in November, after moving up 4.3 percent in the previous month ...

'Among finished goods, the rate of increase in the index for finished energy goods slowed from 6.8 percent in October to 1.8 percent in November. Prices for finished consumer foods moved up 0.4 percent, following a 1.6-percent gain in the preceding month. The index for finished goods other than foods and energy increased 0.2 percent in November, following a 0.3-percent rise in the prior month.

'Before seasonal adjustment, the Producer Price Index for Finished Goods inched down 0.1 percent in November to 151.7 (1982=100). From November 2003 to November 2004, prices for finished goods increased 5.0 percent. Over the same period, the finished energy goods index rose 19.8 percent, prices for finished goods other than foods and energy went up 1.9 percent, and the index for finished consumer foods advanced 2.9 percent. Prices for intermediate goods rose 9.8 percent for the 12 months ended November 2004, while the crude goods index jumped 25.5 percent.

'Finished goods

'Prices for finished energy goods rose at a 1.8-percent rate in November, compared with a 6.8-percent rate of increase in the prior month. The majority of this deceleration was due to a downturn in the gasoline index, which fell 0.7 percent after jumping 17.3 percent in October. Prices for home heating oil and diesel fuel also decreased, following gains a month earlier. The indexes for residential electric power and liquefied petroleum gas advanced less than they did in the prior month. By contrast, residential natural gas prices moved up 6.2 percent in November, after climbing 1.0 percent in the previous month. The index for lubricating and similar oils also rose more than it did in October ...'.

The decision by OPEC, followed by the release of the Producer Price Index, tended to take the wind out of the sails of equity markets in the US.

With the US Federal Reserve Board, due to convene its Open Market Committee Meeting, the following Tuesday, the signs pointed to higher interest rates in the months to come.

On The New York Stock Exchange, the Dow Jones Industrial Average fell 9.60 points, equivalent to about 0.09 percent, ending the week at 10,543.23 points.

Over on The NASDAQ, its Composite Index dropped just 0.94 points, or about 0.04 percent, running back to 2,128.07 points.

Investors of the world's largest equity markets were more than a little confused, considering all of the mixed signals that they were receiving.

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

The Dow Jones Industrial Average	Minus 0.46 percent
The Composite Index of The NASDAQ	Minus 0.93 percent

In Europe, a firmer US dollar and gains by select energy companies resulted in eurozone equity markets, seeing their indices rise.

(Europe had not been apprised of the Producer Price Index, during trading hours)

But higher oil prices, which must, eventually, filter through to equity markets, is never good for the industrialised countries of the world.

This was how indices of major European bourses closed, last Friday:

Amsterdam's AEX Index	Plus 0.49 percent
Great Britain's FTSE 100 Index	Plus 0.11 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.58 percent
France's CAC 40 Index	Plus 0.55 percent
Switzerland's Swiss Market Index	Plus 0.46 percent
Italy's MIBTEL Index	Plus 0.58 percent

Asian markets had well expected that OPEC would '*do its thing*' because Kuwait's Oil Minister had let the cat out of the bag even before OPEC had convened its Cairo meeting. (Please see Thursday's report)

The Total Turnover on the Main Board of The Stock Exchange of Hongkong Ltd fell to about \$HK17.53 billion, last Friday, as the Hang Seng Index dropped back to 13,901.81 points, a fall of about 0.76 percent, compared with Thursday's close.

Losing counters outnumbered gaining ones by the ratio of about 3.37:One.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) have been inundated with new IPOs (Initial Public Offerings) of late and it was strongly suggested that a great deal of money had been tied up in applications for shares of these new IPOs.

The Ten Most Active counters, last Friday, were:

HSBC Holdings plc (Code: 5)	Down 0.75 percent to \$HK131.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.41 percent to \$HK69.75 per share
China Life Insurance Company Ltd (Code: 2628)	Down 5.08 percent to \$HK5.60 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.01 percent to \$HK14.65 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.68 percent to \$HK72.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.58 percent to \$HK25.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.98 percent to \$HK75.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.20 percent to \$HK4.10 per share
A-Max Holdings Ltd (Code: 959)	Up 30.97 percent to \$HK1.48 per share
ZTE Corporation (Code: 763)	Down 1.43 percent to \$HK24.05 per share

The Main Board's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	30.97		1.48
Anex International Holdings Ltd	723		14.81	0.092
Century Legend (Holdings) Ltd	79	17.09		0.185
Cheung Tai Hong Holdings Ltd	199	21.05		0.46
Chevalier International Holdings Ltd	25	11.63		7.20
China Elegance (Holdings) Ltd	476		18.18	0.072
China Golden Development Holdings Ltd	162	10.53		0.42
Fulbond Holdings Ltd	1041	11.11		0.02
Get Nice Holdings Ltd	64	23.48		1.63

Grandtop International Holdings Ltd	2309	22.00		0.61
Hongkong Catering Management Ltd	668		11.11	1.20
Hon Po Group (Lobster King) Ltd	228		11.11	0.048
Kwong Hing International Holdings (Bermuda) Ltd	1131	12.68		0.40
Lai Sun Development Company Ltd	488		10.30	0.148
Magnum International Holdings Ltd	305		10.45	0.06
Mei Ah Entertainment Group Ltd	391	16.13		0.36
Nam Fong International Holdings Ltd	1176		16.00	0.021
Northern International Holdings Ltd	736	18.18		0.026
Sino Prosper Holdings Ltd	766	10.00		0.44
Sky Hawk Computer Group Holdings Ltd	1129		14.17	0.103
Starbow Holdings Ltd	397		14.81	0.046
Texhong Textile Group Ltd	2678		17.86	0.92
UDL Holdings Ltd	620		14.29	0.03
Wai Yuen Tong Medicine Holdings Ltd	897		11.49	0.077
Wonson International Holdings Ltd	651		20.00	0.016

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index lost about 0.57 percent of its value, ending the week at 992.43 points.

The Total Turnover of this speculative market was about \$HK93.80 million.

The ratio of losing counters to gaining ones was about 1.57:One.

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

Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.94 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 7 percent to \$HK1.12 per share
Wumart Stores Incorporated (Code: 8277)	Down 2 percent to \$HK13.00 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Unchanged at \$HK1.99 per share
TOM Online Incorporated (Code: 8282)	Down 4 percent to \$HK1.41 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Armitage Technologies Holding Ltd	8213		33.33	0.024
Global Link Communications Holdings Ltd	8060		30.00	0.028
Grandy Corporation	8143	10.00		0.044
iSteelAsia Holdings Ltd	8080	18.92		0.044
Jiangsu Nandasoft Company Ltd	8045	11.11		0.30
Jinheng Automotive Safety Technology Holdings Ltd	8293		10.17	1.06
Kinetana International Biotech Pharma Ltd	8031		11.11	0.04
Leadership Publishing Group Ltd	8010	25.00		0.04
Medical China Ltd	8186		11.11	0.088
T S Telecom Technologies Ltd	8003		16.67	0.05
Vertex Communications and Technology Group Ltd	8228		11.61	0.137

The tally for the week for the 2 equity markets of the HKSAR was:

The Hang Seng Index	Minus 2.18 percent
The Growth Enterprise Index	Minus 1.46 percent

In advance of the OPEC meeting, trading was subdued on Japan's 3 equity markets, last Friday.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost 19.83 yen, equivalent to about 0.18 percent, ending the week's activities at 10,756.80 yen.

The ratio of losing counters to gaining ones was about 1.22:One.

The statistics in respect of the growth (or the lack of it) in the Gross Domestic Product of Japan had dented expectations of many investors in The Land of The Rising Sun.

And there was, still, the matter of the following Tuesday's Open Market Committee Meeting of the US Federal Reserve Board, at which time, it was well expected that there would be an increase in interest rates of at least 25 basis points.

News wise

- The **current account surplus** for Japan grew by about 7.40 percent in October, Year-on-Year, The Finance Ministry announced. It was the 16th consecutive month of increases.

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

The Nikkei-225 Stock Average Minus 2.05 percent

And this was how other Asian equity markets closed the week of December 10, 2004:

The HKSAR	Minus 0.764 percent to 13,901.81
Indonesia	Minus 1.93 percent to 945.23
Japan	Minus 0.18 percent to 10,756.80
Malaysia	Minus 0.08 percent to 894.23
The Philippines	Minus 2.24 percent to 1,753.47
Singapore	Plus 0.86 percent to 2,016.33
South Korea	Minus 1.91 percent to 844.85
Taiwan	Minus 0.04 percent to 5,911.63
Thailand	Closed

SUBSCRIBERS: PLEASE NOTE

This will be the last stock market report for 2004.
The next stock market report will be published on January 10, 2005.
The economics division of **TARGET** takes this opportunity to wish all Subscribers:

MERRY CHRISTMAS

AND A

PROSPEROUS 2005

-- END --

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.

 [Site Meter](#)