

IRAN AND SYRIA PACT FORMED TO FIGHT U.S. 'THREATS'
THE FED HINTS AT FURTHER INTEREST-RATE INCREASES

Crude oil prices nudged higher, last Monday, despite news from Saudi Arabia that the country intends to boost oil capacity to a level, which has not been seen since the 1970s, during that international energy crisis.

Saudi Arabia is the world's largest producer of crude oil.

Oil traders were not listening to the Saudi jargon, however: They had heard it, all, before.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil was settled at \$US47.44 per barrel for delivery in March.

That was an increase of 28 cents per barrel, compared with the previous close on Friday, February 11, 2005.

For April delivery, the price of light sweet crude oil came in at the last settlement price of \$US48.02 per barrel.

On the world's largest equity market, The New York Stock Exchange, the gauge of blue chips, the Dow Jones Industrial Average, dropped 6.25 points, or about 0.05 percent, falling back to 10,791.13 points.

Over on The NASDAQ, its Composite Index gained an equal amount as the loss of The Dow, 6.25 points, or about 0.30 percent, ending the trading day at 2,082.91 points.

There was little to stimulate trading on these 2 equity markets, and so they drifted for most of their respective trading days.

In Europe, the movements of key indices of the largest bourses were only fractional, with the key indices of Switzerland and Italy, not moving, at all.

Again, as far as investors were concerned, there was little to promote making any new commitments on the major stock markets of eurozone.

This was how the indices of the most-important, European stock exchanges ended their trading days, last Monday:

Amsterdam's AEX Index	Plus 0.20 percent
Great Britain's FTSE 100 Index	Minus 0.04 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.03 percent
France's CAC 40 Index	Minus 0.11 percent
Switzerland's Swiss Market Index	Unchanged
Italy's MIBTEL Index	Unchanged

In Asia, following the Chinese New Year holidays of the previous week – many equity markets were closed for the best part of the week, ended February 11 – investors rushed in, pushing up indices of favourite markets.

Every equity market in the most-populous part of the world scooted to higher levels.

In Japan, the key index of The Tokyo Stock Exchange rose to a 7-month high and, in Seoul, South Korea, its KOSPI Index shot up to a 5-year high.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets enjoyed very bullish sentiment from investors, who had money to spend on stocks and shares, following payment of Chinese New Year bonuses as well as year-end salaries/wages.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained 171.60 points, equivalent to about 1.24 percent, rising to 14,017.23 points.

The Total Turnover was about \$HK19.13 billion.

Gaining counters outnumbered losing ones by the ratio of 2.48:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 1.15 percent to \$HK132.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.07 percent to \$HK71.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.08 percent to \$HK73.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.41 percent to \$HK25.45 per share
PetroChina Company Ltd (Code: 857)	Up 2.81 percent to \$HK4.575 per share
A-Max Holdings Ltd (Code: 959)	Up 31.25 percent to \$HK1.89 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.20 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.69 percent to \$HK72.75 per share
CNOOC Ltd (Code: 883)	Up 3.14 percent to \$HK4.10 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Up 4.17 percent to \$HK1.75 per share

As for the biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	31.25		1.89
Anex International Holdings Ltd	723	15.79		0.11
Haywood Investments Ltd	905		20.00	0.04
Kwong Hing International Holdings (Bermuda) Ltd	1131		12.50	0.35
Mei Ah Entertainment Group Ltd	391		10.29	0.305
Oriental Explorer Holdings Ltd	430		14.29	0.042
Shougang Concord Grand (Group) Ltd	730	40.26		1.08
Shougang Concord International Enterprises Company Ltd	697	12.73		0.62
Sino Prosper Holdings Ltd	766	35.63		0.335
Sunny Global Holdings Ltd	1094		10.71	0.075
Universal Holdings Ltd	419	13.64		0.125
Wong's Kong King International (Holdings) Ltd	532	11.67		0.67
Zida Computer Technologies Ltd	859	11.79		0.275

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

However, on this market, the Total Turnover continued to be quite low, at about \$HK43.66 million.

The Growth Enterprise Index put on about 11.53 points, or about 1.16 percent, ending the day at 1,009.92 points.

Advancing counters outran declining ones by the ratio of about 1.30:One.

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

Golden Meditech Company Ltd (Code: 8180)	Up 3 percent to \$HK1.85 per share
China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Unchanged at 76 cents per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Down 3 percent to 92 cents per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 1 percent to \$HK1.56 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Unchanged at \$HK1.95 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B and S Entertainment Holdings Ltd	8167		13.43	0.058

Everpride Biopharmaceutical Company Ltd	8019		33.78	0.098
Global Digital Creations Holdings Ltd	8271	46.84		0.232
Innovis Holdings Ltd	8065	12.12		0.037
Medical China Ltd	8186		12.00	0.066
Qianlong Technology International Holdings Ltd	8015		10.53	0.34
Techpacific Capital Ltd	8088	29.09		0.071

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average gained 78.64 yen, equivalent to 0.68 percent, ending the day at 11,632.20 yen.

Gaining counters were ahead of losing ones by the ratio of about 1.63:One.

News wise

- **McDonald's Holdings Company (Japan)** announced that its Net Profit Attributable to Shareholders for the 2004 Financial Year, ended December 31, 2004 , was about 3.68 billion yen. It was the first black ink for this hamburger chain of restaurants for the previous 3 Financial Years. In the 2003-Year, the company posted a Loss Attributable to Shareholders of about 7.12 billion yen; and,
- **The Cabinet Office** of the Government of Japan announced that private sector machinery orders rose 4.40 percent during the 2004 Fiscal Year, compared with the 2003-Year. It was the 2nd year of increases for such orders.

In other Asian stock markets, this was how their indices fared, last Monday:

The HKSAR	Plus 1.24 percent to 14,017.23
Indonesia	Plus 0.47 percent to 1,050.73
Japan	Plus 0.68 percent to 11,632.20
Malaysia	Plus 0.59 percent to 920.31
The Philippines	Plus 1.12 percent to 2,084.50
Singapore	Plus 0.71 percent to 2,164.93
South Korea	Plus 1.85 percent to 964.79
Taiwan	Plus 1.29 percent to 6,112.40
Thailand	Plus 0.36 percent to 728.80

Tuesday

One of the big pieces of news, last Tuesday, was a report from the US Government's Department of Labour, which indicated that 'America Incorporated' had started rehiring in material numbers.

This is part of that which this department of Government released, last Tuesday morning:

'BUSINESS EMPLOYMENT DYNAMICS: SECOND QUARTER 2004

'From March to June 2004, the number of job gains from opening and expanding establishments was 7.9 million, and the number of job losses from closing and contracting establishments was 7.3 million ... During the second quarter of 2004, the continued rise in gross job gains and a drop in gross job losses led to the fourth consecutive quarterly net gain in private sector employment.

'Business Employment Dynamics statistics are derived from the Quarterly Census of Employment and Wages (QCEW), also known as the ES-202 program. Gross job gains are defined as increases in employment resulting from expansions of employment at existing establishments or from the opening of establishments. Gross job losses are defined as declines in employment at existing establishments or from the closing of establishments. The difference between the number of gross jobs gained and the number of gross jobs lost is the net change in employment.

Private Sector Gross Job Gains and Job Losses

'Opening and expanding private sector business establishments gained 7.9 million jobs, or 112,000 more than in the first quarter of 2004. Over the quarter, expanding establishments added 6.3 million jobs, while opening establishments added 1.6 million.

'Gross job losses totaled 7.3 million in the second quarter of 2004, down by 47,000 from the first quarter of 2004. Gross job losses continued the downward trend that started in the third quarter of 2001. In the second quarter of 2004, contracting establishments lost 5.7 million jobs, while closing establishments accounted for a loss of 1.5 million jobs.

'From March to June 2004, gross job gains represented 7.2 percent of private sector employment, unchanged from the previous quarter. Gross job losses were at 6.7 percent of private sector employment, a drop of 0.1 percentage point from the previous quarter. These gross job gain and loss statistics demonstrate that a sizable number of jobs appear and disappear in the relatively short time frame of one quarter ...'.

There were other US Government reports, last Tuesday, too, but none seemingly as promising, in terms of the growth of the US economy, as the one from The Labour Department.

Wall Street appeared to be in a somewhat happier mood, on learning of this report.

Investors in the US were, also, awaiting the testimony of the head of the US Federal Reserve, Dr Alan Greenspan, who was scheduled to report to Congress on Wednesday, Washington time, the following day.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 46.19 points, or about 0.43 percent, running back to 10,837.32 points.

NASDAQ's Composite Index chalked up a 0.30-percent gain, ending the day at 2,089.21 points.

On The New York Mercantile Exchange (NYMEX), the last settlement price of light sweet crude oil for delivery in March fell about 0.38 percent, compared with Monday's closing level, to \$US\$47.26 per barrel.

The price of light sweet crude oil for delivery in April dropped even further, falling back to \$US\$47.77 per barrel, off about 0.52 percent, compared with Monday's closing settlement price.

In Europe, it was another generally quiet trading day, but every index of every major bourse managed to make gains, albeit of a fractional nature.

News about the German economy was unsettling to many investors, however, (See News wise, below), but it was not enough to turn the direction of indices of the major equity markets of Europe.

Economic news from the US gave the equity markets of Europe a bit of a push, but only a bit, as the following **TARGET** list illustrates:

Amsterdam's AEX Index	Plus	0.54 percent
Great Britain's FTSE 100 Index	Plus	0.33 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.35 percent
France's CAC 40 Index	Plus	0.45 percent
Switzerland's Swiss Market Index	Plus	0.25 percent
Italy's MIBTEL Index	Plus	0.23 percent

News wise

- **Germany's economy** contracted by about 0.20 percent in the final quarter of 2004, according to The Federal Statistics Office. Throughout all of the 2004 Fiscal Year, the growth of Europe's largest single economy was put at about 1.60 percent. Germany appeared to have been courting recession in the final 3 months of 2004.

Asian equity markets were stronger, with a couple of exceptions.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a bit of a correction on the territory's 2 equity markets, following Monday's gains.

Investors of the HKSAR were well aware, last Tuesday, that Wednesday, Washington time, would bear witness to the Chairman of the US Federal Reserve Board, Dr Alan Greenspan, giving his testimony to the US House of Representatives.

His report was widely expected to suggest The Fed's near-term policy in respect of interest rates in The Land of The Free and The Home of The Brave.

Many investors, from New York to Tokyo, were awaiting this important report before making any fresh commitments on equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 0.15 percent of its value, falling to 13,995.83 points.

The Total Turnover fell to about \$HK15.41 billion, while the ratio of declining counters to gaining ones was about 1.29:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK132.50 per share
PetroChina Company Ltd (Code: 857)	Up 1.09 percent to \$HK4.625 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.20 percent to \$HK25.40 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK71.00 per share
A-Max Holdings Ltd (Code: 959)	Down 11.11 percent to \$HK1.68 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK72.75 per share
CNOOC Ltd (Code: 883)	Up 1.83 percent to \$HK4.175 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.56 percent to \$HK3.25 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.93 percent to \$HK106.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.34 percent to \$HK73.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959		11.11	1.68
C.P. Pokphand Company Ltd	43	20.31		0.385
China Aerospace International Holdings Ltd	31	12.79		0.485
Compass Pacific Holdings Ltd	1188	10.00		0.275
Computer and Technologies Holdings Ltd	46	13.40		1.10
Founder Holdings Ltd	418	11.86		0.66
G-Prop (Holdings) Ltd	286	19.05		0.375
Haywood Investments Ltd	905	10.00		0.044
Karl Thomson Holdings Ltd	7	15.00		0.46
Medtech Group Company Ltd	1031		11.59	0.305
Nanjing Panda Electronics Company Ltd	553	10.62		1.25
Orient Power Holdings Ltd	615	12.00		0.56
Pak Tak International Ltd	2668	31.11		0.59
Playmates Holdings Ltd	635	10.47		1.90
renren Holdings Ltd	59	11.11		0.02
Same Time Holdings Ltd	451	10.07		4.10
Shougang Concord Grand (Group) Ltd	730		13.89	0.93
Shougang Concord International Enterprises Company Ltd	697	11.29		0.69
Shun Cheong Holdings Ltd	650	16.00		0.29
South Sea Holding Company Ltd	680	10.20		0.054
Stone Group Holdings Ltd	409	10.53		0.63
TOM Group Ltd	2383	10.56		1.57
Universal Holdings Ltd	419	16.80		0.146
Zida Computer Technologies Ltd	859		10.91	0.245

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the gains continued to mount, however, unlike the Main Board's mild correction.

The Growth Enterprise Index rose 0.34 percent to end the trading session at 1,013.35 points on a Total Turnover of about \$HK45.64 million.

Gaining counters were ahead of losing ones by the ratio of 1.41:One.

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

TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.30 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at 92 cents per share
Kingdee International Software Group Company Ltd (Code: 8133)	Down 1 percent to \$HK1.93 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2 percent to \$HK1.27 per share

The GEM's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Aptus Holdings Ltd	8212	21.84		0.53
Armitage Technologies Holding Ltd	8213	18.18		0.039
G.A. Holdings Ltd	8126	36.36		0.075
Golding Soft Ltd	8190		29.17	0.017
Leadership Publishing Group Ltd	8010	29.03		0.04
M Channel Corporation Ltd	8036	12.00		0.028
Rojam Entertainment Holdings Ltd	8075	64.00		0.164
Vertex Communications and Technology Group Ltd	8228	18.00		0.118

In Japan, things were especially quiet on the country's 3 equity markets.

On The Tokyo Stock Exchange, which is the premier market of The Land of The Rising Sun, The Nikkei-225 Stock Average gained 14.29 yen, or about 0.12 percent, ending the day at 11,646.49 yen.

Declining counters outnumbered gaining ones by the ratio of 1.44:One.

News wise

- Non-residents of Japan bought 14.99 billion-yen worth of stocks and bonds, net of sales, in Japan in 2004, according to statistics, compiled by **The Finance Ministry**; and,
- **Japan's Current Account Surplus** for 2004 rose to a record level of 18.59 trillion yen, an increase, Year-on-Year, of about 17.90 percent, The Finance Ministry said.

In other Asian equity markets, this was how their respective indices closed, last Tuesday:

The HKSAR	Minus 0.15 percent to 13,995.83
Indonesia	Plus 1.57 percent to 1,067.20
Japan	Plus 0.12 percent to 11,646.49
Malaysia	Plus 0.15 percent to 921.71
The Philippines	Plus 0.27 percent to 2,090.10
Singapore	Minus 0.07 percent to 2,163.39
South Korea	Plus 0.42 percent to 968.88
Taiwan	Plus 0.16 percent to 6,112.39
Thailand	Plus 1.11 percent to 736.91

Wednesday

There was, certainly, no shortage of economic news in the US, last Wednesday, but, perhaps, more important than the US economy and matters, which affect it, directly or indirectly, was a new genre, added to the painting of the international landscape.

That was a political report, later confirmed, which did not sit well with observers of international events and many hard-nosed investors, because of its possible innuendos, which could lead to jingoism, resulting in bellicose repercussions in the months to come.

The Islamic fundamentalist Government of Iran came out, promising to defend Syria against '*challenges and threats*' from the US Government.

In 1939, England and France entered a treaty with Poland, known as the Anglo-French-Polish Coalition, and so, when Germany, in the early hours of September 1, 1939, attacked Poland, it led to England and France, declaring war on Germany on September 3, 1939.

Last Wednesday, Iran's Vice President Mohammad Reza Aref, following a meeting with the Prime Minister of Syria, Mr Naji al-Otari, announced:

'We (Iran) are ready to help Syria on all grounds to confront threats (from the US).'

Iran is not just sabre rattling: History has proved this fact. It is not in the character of this Muslim country.

On the US economic front, the Chairman of the US Federal Reserve, Dr Alan Greenspan, delivered his testimony to the US Senate Banking Committee.

It was tantamount to a very clear message to economists that more interest rates were in the making.

There were no definitive statements from the world's most-celebrated economist with regard to interest rates, being raised in the months ahead, but it was very clear that The Fed is watching the situation in the US, very carefully, and watching, also, for any signs of the economy, starting to overheat.

Generally, that which Dr Alan Greenspan uttered to the US Congress in respect of the economy of the world only superpower was bullish.

The US Federal Reserve, also, announced its finding in respect of the growth of industrial production in the country.

It released, inter alia, the following:

'INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

'Industrial production was unchanged in January after a gain of 0.7 percent in December. At 117.7 percent of its 1997 average, overall industrial output in January was 3.9 percent above its January 2004 level. The rate of capacity utilization for total industry edged down 0.1 percentage point, to 79.0 percent, in January, a rate 2 percentage points below its 1972-2004 average of 81.0 percent. Manufacturing production rose 0.4 percent after a similarly sized increase in December; the gain in December has been revised down 0.3 percentage point. The output of utilities dropped 3.0 percent in January, as temperatures were relatively warm, and mining output decreased 0.3 percent....

'Market Groups

'The output of consumer goods moved down 0.4 percent in January. The production of consumer durables declined 1.1 percent and was held down by a drop in the output of consumer light trucks and a decline of 1.2 percent for appliances, furniture, and carpeting. The volatile index for consumer home electronics nearly reversed its sharp declines in November and December but remained 5-3/4 percent below its year-earlier level. The production of consumer nondurables edged down 0.1 percent, as a 3.1 percent drop in consumer energy products was mostly offset by a gain of 0.6 percent in the output of non-energy goods. Among non-energy goods, the indexes for foods and tobacco, chemical products, and paper products all increased, while the index for clothing declined 1.3 percent.

'The production of business equipment rose 1.1 percent to a level that was nearly 10 percent higher than its year-ago level. The categories of business equipment that contributed significantly to the overall increase in January included industrial and other equipment, which rose 1.4 percent, and information processing equipment, which increased 1.2 percent. The contribution from the index for transit equipment was somewhat smaller, as a jump in the output of medium and heavy trucks was largely offset by a contraction in the output of light vehicles for business. The production of defense and space equipment, which rose more slowly in the second half of 2004 than it did earlier in the year, was unchanged. The indexes for construction supplies and business supplies both edged up in January after larger gains in December.

'The production of industrial materials was unchanged. A pullback in the output of energy materials was offset by a gain of 0.8 percent in the output of nondurable materials and an increase of 0.3 percent in durable materials; the indexes for equipment parts, basic metals, and miscellaneous durable materials all rose.

'Industry Groups

'Manufacturing production increased 0.4 percent in January and was 5.2 percent higher than it was in January 2004. The factory operating rate, at 78.0 percent, was the highest since December 2000 but was still 1.8 percentage points below its 1972-2004 average. The output of durable goods rose 0.3 percent, with significant increases in the machinery, wood products, computer and electronic products, and miscellaneous manufacturing industries. Durable goods industries with declining output included transportation equipment, in which lower motor vehicle assemblies accounted for much of the weakness, and nonmetallic mineral products, in which the

largest decline was in cement and concrete product. The production of nondurable goods rose 0.5 percent. Industries with output gains of 1 percent or more were textile and product mills, paper, and chemicals. Food, beverage, and tobacco products and the printing and support industry registered smaller gains. Nondurable industries with declining output included apparel and leather, which retreated after having risen in the previous two months, petroleum and coal products, and plastics and rubber products. Production in the non-NAICS manufacturing industries (logging and publishing) jumped 1.5 percent after a gain of 1.2 percent in December.

‘Capacity utilization for industries in the crude stage of processing rose 0.1 percentage point, to 86.8 percent, despite a contraction in coal mining and crude oil extraction. The operating rate for industries in the primary and semifinished stages declined 0.3 percentage point, to 80.1 percent, largely because of the drop in utilities output. The utilization rate for finished goods producers increased 0.3 percentage point, to 76.2 percent, a rate that is 1.7 percentage points below its 1972-2004 average of 77.9 percent.’

Then, from The Bureau of Labour Statistics, a branch of The Labour Department of the US Government, came the following news:

‘EXTENDED MASS LAYOFFS IN THE FOURTH QUARTER OF 2004
AND ANNUAL AVERAGES FOR 2004

‘In the fourth quarter of 2004, 1,295 mass layoff actions were taken by employers that resulted in the separation of 236,637 workers from their jobs for at least 31 day ... Both the total number of layoff events and the number of separations were sharply lower than in October-December 2003, with separations at its lowest level for any fourth quarter since the program began in 1995. The declines over the year were most notable in food and beverage stores, administrative and support services, heavy and civil engineering construction, and transportation equipment manufacturing. Extended mass layoffs that involve the movement of work within the same company or to a different company, domestically or outside the U.S., occurred in about 11 percent of the nonseasonal layoff events and accounted for about 14 percent of the worker separations in nonseasonal events. Forty-eight percent of the employers anticipating a recall expected to extend the offer to all laid-off workers, the highest proportion for a fourth quarter since 2000.’

One did not have to be an economist to appreciate that, in the 4th quarter of 2004, things had been on the mend in the US Wall Street, however, was not impressed.

On The New York Stock Exchange, the Dow Jones Industrial Average shed 2.44 points, or about 0.02 percent, to hit 10,834.88 points by the close of the day.

On The NASDAQ, its Composite Index shed just 1.78 points, equivalent to about 0.09 percent, ending the trading session at 2,087.43 points.

Investors on the world’s largest equity markets were concerned, to some extent, about the Syria-Iran pact and the fact that oil prices had rebounded, rather violently, last Wednesday.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in March was settled by the close of the day at \$US48.33 per barrel, an increase of about 2.26 percent on Tuesday’s closing level.

For April delivery, the price of light sweet crude oil rose 2.28 percent, hitting \$US48.88 per barrel before the traders went home.

The increase in the price of crude oil was due in part to a statement, emanating from the offices of OPEC – The Organisation of Petroleum Exporting Countries – which stated that demand for the black ooze was bound to gain momentum in the months to come.

In its monthly oil market report, OPEC forecast an increase of about 110,000 barrels per day due to the world’s economic strength.

OPEC, also, said that it expected below-average output from non-OPEC producers.

In Europe, news of the pact between Iran and Syria was regarded with foreboding.

Europe has seen where such coalitions can lead, having experienced the devastation of 2 world wars at its doorstep.

Every index of every major European bourse fell, last Wednesday:

Amsterdam’s AEX Index	Minus 0.34 percent
Great Britain’s FTSE 100 Index	Minus 0.11 percent
Germany’s Frankfurt XETRA DAX Index	Minus 0.75 percent

France's CAC 40 Index	Minus 0.53 percent
Switzerland's Swiss Market Index	Minus 0.85 percent
Italy's MIBTEL Index	Minus 0.66 percent

Europe did not know, to any great extent, that which Dr Alan Greenspan would say to the Congress of the US because of the time differential between Europe and the US, but it did know what was happening on the oil markets of the world and it did know about the political alliance between the Muslim countries of Syria and Iran.

And that was enough.

Asian equity markets were mixed.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors' eyes were glued on the US with speculation rife as to what Dr Alan Greenspan would tell the world when he spoke to the US Congress in Washington D.C.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the gauge to trading in blue chips, put on 0.14 percent, rising to 14,015.49 point in lacklustre trading conditions.

The Total Turnover was about \$HK17.10 billion.

In spite of the key index of this market, being in the black, losing counters outnumbered gaining ones by the ratio of about 1.18:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.38 percent to \$HK133.00 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK71.00 per share
PetroChina Company Ltd (Code: 857)	Down 0.54 percent to \$HK4.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.20 percent to \$HK25.35 per share
CNOOC Ltd (Code: 883)	Down 0.60 percent to \$HK4.15 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK72.75 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.25 per share
Hang Seng Bank Ltd (Code: 11)	Unchanged at \$HK106.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK73.50 per share
China Telecom Corporation Ltd (Code: 728)	Down 1.64 percent to \$HK3.00 per share

The Main Board's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Carry Wealth Holdings Ltd	643	11.43		0.39
China National Resources Development Holdings Ltd	661	14.75		0.70
Chi Cheung Investment Company Ltd	112	46.51		3.15
China Agrotech Holdings Ltd	1073	11.34		0.54
Fortuna International Holdings Ltd	530		16.67	0.035
HKC International Holdings Ltd	248	12.00		0.28
Oriental Explorer Holdings Ltd	430	11.90		0.047
Pak Tak International Ltd	2668		15.25	0.50
Techwayson Holdings Ltd	2330	36.92		0.89
USI Holdings Ltd	369	18.42		2.25
Zida Computer Technologies Ltd	859	10.20		0.27

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors pushed down the lone index of this speculative equity market by about 0.51 percent to 1,008.21 points.

The Total Turnover was about \$HK43.43 million, while the ratio of losing counters to gaining ones was 1.38:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Down 2 percent to 90 cents per share
Golden Meditech Company Ltd (Code: 8180)	Down 2 percent to \$HK1.76 per share

Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)
 Kingdee International Software Group Company Ltd (Code: 8133)
 TOM Online Incorporated (Code: 8282)

Unchanged at 33 cents per share
 Down 1 percent to \$HK1.91 per share
 Down 3 percent to \$HK1.26 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B and S Entertainment Holdings Ltd	8167		16.67	0.05
Shanxi Changcheng Microlight Equipment Company Ltd	8286	52.17		0.35
ePRO Ltd	8086		18.75	0.013
Innovis Holdings Ltd	8065	13.89		0.041
ITE (Holdings) Ltd	8092	21.62		0.045
Q9 Technology Holdings Ltd	8129		16.67	0.03
Rojam Entertainment Holdings Ltd	8075	12.80		0.185
Xteam Software International Ltd	8178	11.65		0.115

Japan's 3 equity markets continued to be very uninteresting, following another dull trading session.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost 44.81 yen, equivalent to about 0.38 percent, falling back to 11,601.68 yen.

The ratio of losing counters to gaining ones was wide, at about 2.72:One.

There were a number of very valid reasons for the equity markets of the second largest economy of the world to start to slide.

To begin with, in the quarter, ended December 31, 2004, the **Gross Domestic Product (GDP)** of Japan fell by about 0.10 percent, according to the Japanese Government's statistics.

It was the 3rd consecutive quarter of negative growth in the economy.

It is widely accepted in Japan that 2 consecutive quarters of negative growth is indicative of an economy, having slid into economic recession.

(In Europe and the US, the definition of an economy, having slipped into recession, is when there is conclusive evidence of 3 consecutive quarters of negative growth in the GDP.)

Japan is suffering from a slowdown in exports, as well as a fall in consumer spending, according to The Government's Cabinet Office.

News wise

- There were 1,039 **corporate bankruptcies** in January. That was a fall of 13.80 percent, Year-on-Year. It was the 25th consecutive month of declines in the rate of corporate bankruptcies.

In other Asian equity markets, this was how their indices closed, last Wednesday:

The HKSAR	Plus 0.14 percent to 14,015.49
Indonesia	Plus 0.59 percent to 1,073.45
Japan	Minus 0.38 percent to 11,601.68
Malaysia	Minus 0.25 percent to 919.43
The Philippines	Minus 0.56 percent to 2,078.48
Singapore	Minus 0.38 percent to 2,155.10
South Korea	Plus 0.28 percent to 971.56
Taiwan	Plus 0.34 percent to 6,143.49
Thailand	Plus 0.33 percent to 739.37

Thursday

The US Government started to turn the thumbscrews on Syria, last Thursday, with the Secretary of State, Ms Condoleezza Rice, telling the US Senate that she had withdrawn the US Ambassador to Syria in order to send a strong signal of her Government's displeasure.

Ambassador Margaret Scobey has been recalled from Damascus, the Capital City of Syria; and, there is no date set for her return.

There are strong suggestions that Syria had, directly or indirectly, been responsible for the assassination in Lebanon on Monday, February 14, 2005, of that country's former Prime Minister, Mr Rafik Hariri.

Syria is known to have been, and, probably, still is, a refuge for some of the world's most-wanted terrorists. (Please see Wednesday's report)

It has become a way station for Muslim terrorists on their way to Iraq where more than 100,000 Iraqi civilians have been slaughtered by these people, who are intent on causing chaos in the fledgling democracy.

Wall Street investors and fund managers are watching the situation in the Middle East, very carefully, but of more immediate concern is the direction of interest rates in the US.

In his second day of giving testimony to the US Congress, Dr Alan Greenspan, the Chairman of the US Federal Reserve, again suggested that interest rates in the US were low.

On The New York Stock Exchange, the Dow Jones Industrial Average, in response, no doubt, to the good doctor's remarks, fell about 0.74 percent to 10,754.26 points.

On The NASDAQ, its Composite Index dropped even further than The Dow, losing a full 1.25 percent of its value to end the session at 2,061.34 points.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in March slipped 1.63 percent from Wednesday's last settlement price to end the trading session at \$US47.54 per barrel.

As for delivery in April, the price of light sweet crude oil dropped 1.35 percent to \$US48.22 per barrel.

The falls in the price of light sweet crude oil followed a favourable report in respect of the US stockpiles of crude oil.

In Europe, indices of major bourses were flat – in the extreme.

The remarks of Dr Alan Greenspan had an immediate effect on equity markets in this part of the world, as the following **TARGET** list of the 6 major stock markets illustrates:

Amsterdam's AEX Index	Plus 0.39 percent
Great Britain's FTSE 100 Index	Plus 0.08 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.02 percent
France's CAC 40 Index	Minus 0.08 percent
Switzerland's Swiss Market Index	Unchanged
Italy's MIBTEL Index	Unchanged

News wise

- Higher oil prices have cut a swath through the profits of **Air France KLM**, during the 3rd quarter of the airline's Fiscal Year, ended December 31, 2004. Operating Profit came in at 29 million euros, down from 153 million euros for the like period in 2003. Net Income, boosted considerably by one-off gains, was about 61 million euros, which was a flat result, Year-on-Year.

In Asia, with the exception of the stock market of Taiwan, equity markets, by and large, marked time.

The remarks of Dr Alan Greenspan had a very telling effect on investor sentiment throughout the most-populous part of the world.

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) went along with the Asian flow.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index fell 0.34 percent to end the trading day at 13,967.82 points.

The start of the market saw investors clearly devoid of much interest in trading in stocks and shares; and, that set the pace for the entire trading day.

The Total Turnover was about \$HK15.33 billion.

Losing counters were way ahead of gaining ones by the ratio of about 1.52:One.

The Ten Most Active counters were:

Hutchison Whampoa Ltd (Code: 13)	Down 1.06 percent to \$HK70.25 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK133.00 per share
PetroChina Company Ltd (Code: 857)	Up 1.09 percent to \$HK4.65 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.69 percent to \$HK72.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.79 percent to \$HK25.15 per share
A-Max Holdings Ltd (Code: 959)	Up 3.75 percent to \$HK1.66 per share
Huaneng Power International Incorporated (Code: 902)	Down 1.75 percent to \$HK5.60 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.34 percent to \$HK73.25 per share
China Netcom Group Corporation (Hongkong) Ltd (Code: 906)	Up 0.44 percent to \$HK11.35 per share
CNOOC Ltd (Code: 883)	Up 1.81 percent to \$HK4.225 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Dickson Group Holdings Ltd	313	17.95		0.046
Earnest Investments Holdings Ltd	339		22.58	0.024
Emperor Entertainment Hotel Ltd	296	13.29		1.79
Everbest Century Holdings Ltd	578	10.71		0.31
Ezcom Holdings Ltd	312	14.45		0.198
Fortuna International Holdings Ltd	530	25.71		0.044
Great China Holdings Ltd	141	17.02		0.55
Hi Sun Group Ltd	818	15.94		0.40
Joyce Boutique Holdings Ltd	647	11.11		0.55
K. Wah Construction Materials Ltd	27	13.87		7.80
MAE Holdings Ltd	851	11.76		0.019
Massive Resources International Corporation Ltd	70	13.04		0.026
New Spring Holdings Ltd	690	20.00		0.60
Oriental Explorer Holdings Ltd	430		10.64	0.042
Pak Tak International Ltd	2668		10.00	0.45
Poly Investments Holdings Ltd	263		10.20	0.176
Riche Multi-Media Holdings Ltd	764	10.71		0.31
Techwayson Holdings Ltd	2330		31.46	0.61
United Power Investment Ltd	674	13.11		0.345

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the trading situation was very similar to that of the Main Board.

The Growth Enterprise Index dropped about 0.40 percent to 1,004.22 points on a Total Turnover of about \$HK67.80 million.

The ratio of losing counters to gaining ones was 1.06:One.

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

China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Unchanged at 75 cents per share
Golden Meditech Company Ltd (Code: 8180)	Down 1 percent to \$HK1.75 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Down 2 percent to \$HK1.88 per share
Convenience Retail Asia Ltd (Code: 8052)	Down 2 percent to \$HK2.90 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 1 percent to 91 cents per share

The GEM's biggest movers of the day were reserved for the following 4 counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AGL MediaTech Holdings Ltd	8192	28.00		0.064
Mobile Telecom Network (Holdings) Ltd	8266		11.43	0.248

Techpacific Capital Ltd	8088	11.84		0.085
Xteam Software International Ltd	8178	13.04		0.13

Japanese investors were treated to another dull trading session on The Tokyo Stock Exchange where a key index, The Nikkei-225 Stock Average lost 18.96 yen, or about 0.16 percent, falling to 11,582.72 yen.

The ratio of losers to gainers was 1.32:One.

There was some talk of buying from foreign interests from the Middle East, especially, but the turnover did not suggest that there was any material buying power – from anywhere.

In other Asian markets, this was how their respective indices fared, last Thursday:

The HKSAR	Minus 0.34 percent to 13,967.82
Indonesia	Plus 0.89 percent to 1,082.98
Japan	Minus 0.16 percent to 11,582.72
Malaysia	Minus 0.74 percent to 912.62
The Philippines	Plus 0.89 percent to 2,096.99
Singapore	Plus 0.42 percent to 2,164.20
South Korea	Plus 0.10 percent to 972.56
Taiwan	Minus 1.16 percent to 6,072.16
Thailand	Minus 0.63 percent to 734.68

Friday

Good economic news can be bad news for Wall Street.

This was made abundantly clear last Friday with the release from The Bureau of Labour Statistics, a branch of the US Government's Labour Department, of the latest producer prices or, if you will, the wholesale prices, paid at the producer level in the US.

What was indicated was that inflation was on the rise in the US.

Excluding food and energy, US producer prices rose at their fastest pace of the past 6 years in January.

Wall Street took careful note of the statistics.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.29 percent to end the week's trading at 10,785.22 points.

On The NASDAQ, its Composite Index lost about 0.13 percent of its value, ending the day at 2,058.62 points.

The tally for the week for the 2 largest equity markets on earth was:

The Dow Jones Industrial Average	Plus 0.11 percent
The NASDAQ's Composite Index	Minus 0.87 percent

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in March rose about 1.70 percent to \$US48.35 per barrel.

For delivery in April, the price of light sweet crude oil put on 1.64 percent, ending trading for the week at \$US49.01 per barrel.

But the bad news for consumers of energy was good news for investors, locked into equities in Europe, especially so for investors, holding onto energy and energy related stocks and shares.

Heavyweight oil companies, whose shares are listed on European bourses, boosted those equity markets on which their shares are quoted, since profits for these companies are going through the roof.

This was how the indices of major European equity markets fared, last Friday:

Amsterdam's AEX Index	Plus 0.39 percent
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Great Britain's FTSE 100 Index	Unchanged
Germany's Frankfurt XETRA DAX Index	Minus 0.23 percent
France's CAC 40 Index	Plus 0.58 percent
Switzerland's Swiss Market Index	Plus 0.45 percent
Italy's MIBTEL Index	Minus 0.57 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets tacked on fractional gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.86 percent to end the week at 14,087.87 points.

The Total Turnover was about \$HK17.17 billion, while the ratio of gaining counters to losing ones was about 1.79:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.38 percent to \$HK133.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.07 percent to \$HK71.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.38 percent to \$HK73.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.05 percent to \$HK74.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.19 percent to \$HK25.45 per share
K. Wah Construction Materials Ltd (Code: 27)	Up 1.92 percent to \$HK7.95 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.68 percent to \$HK14.75 per share
China Netcom Group Corporation (Hongkong) Ltd (Code: 906)	Unchanged at \$HK11.35 per share
PetroChina Company Ltd (Code: 857)	Down 0.54 percent to \$HK4.625 per share
CNOOC Ltd (Code: 883)	Up 1.18 percent to \$HK4.275 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anex International Holdings Ltd	723	12.24		0.11
Asia Alliance Holdings Ltd	616	11.54		0.116
Asia Standard Hotel Group Ltd	292	10.61		0.365
Chi Cheung Investment Company Ltd	112	35.29		4.60
Dickson Group Holdings Ltd	313	26.09		0.058
Emperor Entertainment Hotel Ltd	296	11.73		2.00
Far East Hotels and Entertainment Ltd	37	18.37		0.58
Far East Technology International Ltd	2959	16.79		1.60
G-Prop (Holdings) Ltd	286	12.33		0.41
Greater China Holdings Ltd	431	11.11		0.40
Hua Lien International (Holding) Company Ltd	969		10.34	0.26
Multifield International Holdings Ltd	898	13.46		0.118
Oriental Explorer Holdings Ltd	430	11.90		0.047
REXCAPITAL Financial Holdings Ltd	555	11.90		0.047
REXCAPITAL International Holdings Ltd	155	12.86		0.158
Ruili Holdings Ltd	491	12.50		0.36
Paul Y. Engineering Group Ltd	577	20.20		1.19
South Sea Petroleum Holdings Ltd	76	11.39		0.44
Sunlink International Holdings Ltd	2336	13.33		0.085
Tack Hsin Holdings Ltd	611	22.89		0.51
Wo Kee Hong (Holdings) Ltd	720	11.36		0.049

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose about 0.34 percent to 1,007.64 points on a Total Turnover of about \$HK48.86 million.

But, on this market, losing counters outpaced gaining ones by the ratio of about 1.18:One.

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

Golden Meditech Company Ltd (Code: 8180)	Up 1 percent to \$HK1.76 per share
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Phoenix Satellite Television Holdings Ltd (Code: 8002)

Convenience Retail Asia Ltd (Code: 8052)

Kingdee International Software Group Company Ltd (Code: 8133)

Panva Gas Holdings Ltd (Code: 8132)

Up 1 percent to \$HK1.61 per share

Unchanged at \$HK2.90 per share

Down 2 percent to \$HK1.84 per share

Unchanged at \$HK3.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		11.48	0.27
Argos Enterprise (Holdings) Ltd	8022	13.45		0.135
B and S Entertainment Holdings Ltd	8167	18.00		0.059
CyberM International (Holdings) Ltd	8017		12.50	0.056
ePRO Ltd	8086	23.08		0.016
Grandy Corporation	8143		11.11	0.032
KanHan Technologies Group Ltd	8175		14.81	0.046
New Chinese Medicine Holdings Ltd	8085	25.00		0.03
New Universe International Group Ltd	8068		10.81	0.033
Soluteck Holdings Ltd	8111		11.29	0.055
T S Telecom Technologies Ltd	8003	13.46		0.059
Tai Shing International (Holdings) Ltd	8103		10.00	0.27

For the week, the tally for the 2 equity markets of the HKSAR was:

The Hang Seng Index Plus 1.75 percent

The Growth Enterprise Index Plus 0.93 percent

On the premier equity market of Japan, The Tokyo Stock Exchange, The Nikkei-225 Stock Average loaded up the last day of trading of the week with a 77.40-yen gain, ending the week at 11,660.12 yen.

Advancing counters outnumbered declining counters by the ratio of about 1.13:One.

For this stock market, last Friday's closing level was at its highest point in the previous 7 months.

The tally for the week for The Tokyo Stock Exchange was:

The Nikkei-225 Stock Average Plus 0.92 percent

And, on other Asian stock markets, this was how their respective indices closed, last Friday:

The HKSAR	Plus 0.86 percent to 14,087.87
Indonesia	Plus 0.88 percent to 1,092.50
Japan	Plus 0.67 percent to 11,660.12
Malaysia	Minus 0.53 percent to 907.75
The Philippines	Minus 0.53 percent to 2,085.93
Singapore	Plus 0.22 percent to 2,168.86
South Korea	Plus 1.19 percent to 984.10
Taiwan	Plus 0.71 percent to 6,115.43
Thailand	Plus 0.38 percent to 737.50

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