

**IRAN SPORTS FOR A FIGHT OVER ITS NUCLEAR AMBITIONS;  
OIL PRICES RISE AS NIGERIAN MILITANTS THREATEN SUPPLIES;  
SCANDAL IN JAPAN DOGS INTERNATIONAL STOCK MARKETS; AND,  
STOCK PRICES SAG FROM THE WEIGHT OF INTERNATIONAL TENSIONS**

Iran was the principle topic for discussion, far and wide last Monday, as the country's intransigent stance with regard to restarting its nuclear research facilities, contrary to formal promises, made to the world body of the United Nations, continued to be of grave concern to most countries of the world, countries which are committed to stopping the spread of nuclear technology and the creation of weapons of mass destruction.

The United States (US) and the European Union (EU) were reported to be seeking the support of the People's Republic of China (PRC) and Russia in order for these political powerhouses to form a bloc, which could, then, in a concerted effort, persuade the United Nations's nuclear arm, The International Atomic Energy Agency (IAEA), to bring the matter of Iran to the attention of the UN's Security Council as a matter of urgency.

Iran, for its part, warned that such an act could well lead to disastrous consequences.

Mr Davoud Danesh-Jafari, the Economy Minister of Iran, said that should the UN impose sanctions on Iran, sanctions that could upset Iran's political and economic situation, oil prices could rise *'beyond levels that the West expects'*.

Iran is the world's fourth largest exporter of crude oil.

The PRC is reliant to some extent on Iranian oil exports while Russia is committed to the extent of \$US1 billion in the building Iran's first atomic reactor.

The United Kingdom, France and Germany have suggested calling for an emergency meeting of the IAEA in order to discuss the Iran situation.

The 3 countries are asking for the IAEA to meet on February 2–3, which is more than one month earlier than had been scheduled.

Meanwhile, in Nigeria, Royal Dutch Shell Oil reported that it had been forced to evacuate some 330 of its workers from 4 sites in the Niger Delta as gunboat attacks, orchestrated by The Movement for the Emancipation of the Niger Delta, were stepped up.

Nigeria, under normal conditions, exports about 2.60 million barrels of crude oil per day, making it the largest exporter of oil on the African Continent.

The Movement for the Emancipation of the Niger Delta has long held that the Government of Nigeria is corrupt and that the indigenous peoples of the Niger Delta are starving due to the fact that bigwigs in the Nigerian Government are skimming off the cream from oil revenues, leaving little for the people of the country.

In the US, all markets were closed for a national holiday.

In Europe, trading was quiet because investors in this part of the world determined to wait in order to see which way the wind would blow on Wall Street when it opened for business on Tuesday.

However, every key index of the major European bourses managed fractional gains.

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

Amsterdam's AEX Index	Plus	0.14 percent
Great Britain's FTSE 100 Index	Plus	0.51 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.57 percent
France's CAC 40 Index	Plus	0.11 percent
Switzerland's Swiss Market Index	Plus	0.66 percent
Italy's MIBTEL Index	Closed	

#### News Wise

- The United Kingdom fund manager, **Schroders**, lost nearly 50 percent of the assets of its mutual fund, based in the PRC. This fund is a joint venture with Bank of Communications. In the 3 months, ended December 31, 2005, the assets of this mutual fund had been whittled down from 4.90 billion renminbi (about \$HK4.71 billion) to about 2.50 billion renminbi (about \$HK2.40 billion).

In Asia, indices of major stock markets started to fall, but the pace of the falls appeared to be hotting up.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the premier equity market lost ground for the first time in 10 trading sessions.

The Hang Seng Index, the key gauge to trading in blue chips, listed on the Main Board of The Stock Exchange of Hongkong Ltd, shed about 0.07 percent of its value, ending the day at 15,777.72 points.

The Total Turnover was about \$HK27.42 billion.

Gaining counters outran losing ones by the ratio of about 1.19:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.08 percent to \$HK131.30 per share
PetroChina Company Ltd (Code: 857)	Up 4.32 percent to \$HK7.25 per share
China Construction Bank Corporation (Code: 939)	Up 0.84 percent to \$HK3.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.76 percent to \$HK78.85 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.13 percent to \$HK39.10 per share
CNOOC Ltd (Code: 883)	Up 0.83 percent to \$HK6.05 per share

China Life Insurance Company Ltd (Code: 2628)      Down 1.32 percent to \$HK7.50 per share

Bank of Communications Company Ltd (Code: 3328)      Up 1.79 percent to \$HK4.275 per share

China Telecom Corporation Ltd (Code: 728)      Up 0.81 percent to \$HK3.10 per share

China Petroleum and Chemical Corporation (Code: 386)      Down 1.18 percent to \$HK4.20 per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
Asia Resources Holdings Ltd	899		10.08	1.16
Asia Standard Hotel Group Ltd	292	20.69		0.175
Beijing Capital Land Ltd	2868	11.71		3.10
China Resources Land Ltd	1109	11.45		3.65
China Ting Group Holdings Ltd	3398	14.46		2.375
CITIC Resources Holdings Ltd	1205	20.95		1.27
Crocodile Garments Ltd	122	15.69		0.59
Daisho Microline Holdings Ltd	567	20.00		0.96
Earnest Investments Holdings Ltd	339	12.50		0.018
Frasers Property (China) Ltd	535	10.71		0.155
Heritage International Holdings Ltd	412		10.71	0.025
Interchina Holdings Company Ltd	202	10.00		0.022
Mingyuan Medicare Development Company Ltd	233	12.00		0.56
Morning Star Resources Ltd	542		10.34	0.052
Peaktop International Holdings Ltd	925		13.95	0.111
REXCAPITAL Financial Holdings Ltd	555		21.25	0.063

Shenzhen High-Tech Holdings Ltd	106	14.81		0.031
Shougang Concord Century Holdings Ltd	103	22.35		0.52
South China Brokerage Company Ltd	619	10.11		0.098
Takson Holdings Ltd	918		10.00	0.09
Tidetime Sun (Group) Ltd	307		13.38	0.123
Wah Nam International Holdings Ltd	159	22.31		0.148
Wah Yuen Holdings Ltd	2349	12.57		0.188
Water Oasis Group Ltd	1161	25.00		0.45
Wing On Travel (Holdings) Ltd	1189	10.77		0.72
Wing Shan International Ltd	570	14.00		0.285

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, however, investors were treated to something that had not happened for many a moon: The Growth Enterprise Index rose by a whopping 6.06 percent to hit 1,126.47 points by the close of trading.

The Total Turnover rose to about \$HK417.54 million.

The ratio of gainers to losers was about 1.46:One.

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

China LotSynergy Holdings Ltd (Code: 8161) Up 21 percent to \$HK3.80 per share

TOM Online Incorporated (Code: 8282) Up 21 percent to \$HK2.45 per share

B and B Group Holdings Ltd (Code: 8156) Up 5 percent to \$HK2.40 per share

Techpacific Capital Ltd (Code: 8088) Unchanged at 75 cents per share

Chinasoft International Ltd (Code: 8216) Up 14 percent to \$HK1.00 per share

The GEM's biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Aptus Holdings Ltd	8212	17.69		1.53

B M Intelligence International Ltd	8158	12.00		0.028
China Advance Holdings Ltd	8117		10.00	0.45
China LotSynergy Holdings Ltd	8161	20.63		3.80
Chinasoft International Ltd	8216	13.64		1.00
Eco-Tek Holdings Ltd	8169	11.11		0.20
Everpride Biopharmaceutical Company Ltd	8019		16.67	0.04
FX Creations International Holdings Ltd	8136		15.38	0.11
Global Digital Creations Holdings Ltd	8271		11.43	0.155
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		13.76	0.163
MP Logistics International Holdings Ltd	8239		18.75	0.065
Neolink Cyber Technology (Holding) Ltd	8116	14.12		0.097
New Universe International Group Ltd	8068		18.18	0.018
Stockmartnet Holdings Ltd	8123	14.29		0.04
TOM Online Incorporated	8282	20.99		2.45
Vodatel Networks Holdings Ltd	8033		26.67	0.11

In Japan, investors were treated to a rude awakening as the indices of the premier equity market of the country fell in quick succession.

On The Tokyo Stock Exchange, The TOPIX Average lost about 0.69 percent of its value, falling to 1,670.15 points.

The ratio of advancing counters to declining ones was about 1.15:One.

The Nikkei-225 Stock Average, a narrower gauge of the trades in blue chips, listed on the First Section of The Tokyo Stock Exchange, than is the TOPIX Average, gave up 1.14 percent of its value, dropping back to 16,268.03 yen.

The weakness of the US dollar vis-à-vis the Japanese yen was said to have been a contributory factor for the losses on Asia's largest equity market.

#### News Wise

- Sales at Tokyo **departmental stores** rose by about 2.10 percent in December, Year-On-Year, The Japan Department Stores Association reported.

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

The HKSAR	Minus 0.07 percent to 15,777.72
Indonesia	Minus 1.21 percent to 1,235.26
Japan	TOPIX Average Minus 0.69 percent to 1,670.15 Nikkei-255 Stock Average Minus 1.14 percent to 16,268.03
Malaysia	Minus 0.59 percent to 906.53
The Philippines	Minus 0.49 percent to 2,137.76
Singapore	Minus 0.19 percent to 2,401.20
South Korea	Plus 0.39 percent to 1,421.79
Taiwan	Plus 0.63 percent to 6,724.18
Thailand	Minus 0.49 percent to 752.00

## **Tuesday**

Russia declined to join the US-European bloc in order to exert pressure on the United Nations (UN) to take action against Iran in respect of that country's determination to restart its nuclear research programme. (Please see Monday's report)

The US and the European Union had sought the support of Russia and the People's Republic of China (PRC) in order to bring the matter of Iran's actions to the urgent attention of the International Atomic Energy Agency (IAEA).

Demands were being made for a meeting of the IAEA on February 1-2, one month earlier than the planned meeting of the UN's nuclear watchdog.

Russia's Foreign Minister, Mr Sergey Lavrov, maintained, last Tuesday, that there was, still, a compromise offer on the table whereby Iran could send its uranium to Russia for enrichment, thereby satisfying the concerns of most countries of the West.

However, Israel's Acting Prime Minister, Mr Ehud Olmert, maintained that Israel could not permit a country with hostile intentions to own weapons of mass destruction.

Mr Ehud Olmert told an Israeli delegation, headed for Moscow for talks:

*'I believe that there is a way to prevent non-conventional weapons (from) coming into the hands of those who pose a danger to the entire world.'*

Iran was sitting pat on its hand, holding crude oil as its trump card.

Meanwhile, in Nigeria, things were going from bad to worse.

The Movement for the Emancipation of the Niger Delta was promising more action on oil facilities at the West-African's oil-rich region of the Niger Delta, suggesting more aggressive tactics would be used, not just against oil workers, but to include their families, also.

The not-so-veiled threats of much higher crude oil prices, emanating from leading politicians of Iran, and the worsening situation in Nigeria caused a flurry of activity on international commodity exchanges, last Tuesday.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in February shot up about 3.74 percent to \$US66.31.

For delivery in March, the price of a barrel of light sweet crude oil was settled at \$US66.94, up about 3.65 percent on the last settlement of Friday, January 13, 2005.

Last Tuesday's prices for crude oil futures were at the highest levels since the middle of October 2005.

It was not good news for corporate America because such high-energy costs would, undoubtedly, cut into profit margins down the road.

On Wall Street, last Tuesday, which was the first day of equity trading, last week, share prices started to collapse on the back of the oil news, plus a handful of what was seen as disappointing corporate announcements from some of the 'darlings' of US equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 63.55 points, equivalent to about 0.58 percent, ending the first day of trading at 10,896.32 points.

On The NASDAQ, its Composite Index followed The Dow with a loss of 14.35 points, or about 0.62 percent, dropping back to 2,302.69 points.

Europe was, also, getting very cold feet – and this was noted as investors cleaned house, knocking down key indices of the most-important bourses of the region:

Amsterdam's AEX Index	Minus 0.78 percent
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Great Britain's FTSE 100 Index	Minus 0.71 percent
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Germany's Frankfurt XETRA DAX Index	Minus 0.98 percent
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France's CAC 40 Index	Minus 1.00 percent
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Switzerland's Swiss Market Index	Minus 0.58 percent
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Italy's MIBTEL Index	Closed
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Energy stocks in Europe responded to the statements of the Economy Minister of Iran (Please see Monday's report), but the gains in the energy sectors of European bourses were insufficient to stop the rout.

Last Tuesday, it appeared that European investors could be in for a rough ride over the coming weeks.

In Asia, confirmation that the Japanese regulatory authorities had raided the offices of one of the fastest-growing Internet companies of the country sent shivers down the backs of investors from Japan to India.

Some indices of Asian equity markets started to go into free-fall.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index surrendered about 1.28 percent of its value, ending the trading session at 15,576.20 points.

The Total Turnover rose to about \$HK35.33 billion, an increase of nearly 29 percent, compared with Monday's volume of activity.

(It is never a healthy sign when the volume of activity increases on a rapidly falling equity market)

The ratio of losing counters to gaining ones was about 3.21:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5) Down 0.99 percent to \$HK130.00 per share

PetroChina Company Ltd (Code: 857) Up 0.69 percent to \$HK7.30 per share

China Construction Bank Corporation (Code: 939) Down 1.67 percent to \$HK2.95 per share

Hutchison Whampoa Ltd (Code: 13) Unchanged at \$HK77.70 per share

China Mobile (Hongkong) Ltd (Code: 941) Down 2.81 percent to \$HK38.00 per share

CNOOC Ltd (Code: 883) Unchanged at \$HK6.05 per share

BOC Hongkong (Holdings) Ltd (Code: 2388) Down 1.59 percent to \$HK15.50 per share

China Life Insurance Company Ltd (Code: 2628) Down 1.33 percent to \$HK7.40 per share

Bank of Communications Company Ltd (Code: 3328) Down 4.09 percent to \$HK4.10 per share

Sun Hung Kai Properties Ltd (Code: 16) Down 0.55 percent to \$HK80.70 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104		11.67	0.53
Capital Estate Ltd	193		10.45	0.60
E. Bon Holdings Ltd	599	10.29		0.375
Earnest Investments Holdings Ltd	339		11.11	0.016



eForce Holdings Ltd	943	11.11		0.02
Great China Holdings Ltd	141		10.00	0.45
Joyce Boutique Holdings Ltd	647	10.64		0.52
Ju Teng International Holdings Ltd	3336	10.43		1.80
LERADO Group (Holding) Company Ltd	1225		10.34	0.52
Peaktap International Holdings Ltd	925	10.81		0.123
Peking Apparel International Group Ltd	761		11.86	0.26
Regent Pacific Group Ltd	575	13.11		0.233
Rontex International Holdings Ltd	1142		12.50	0.021
Shenzhen High-Tech Holdings Ltd	106		12.90	0.027
SIM Technology Group Ltd	2000	12.99		2.00
Sinopec Kantons Holdings Ltd	934	15.54		1.71
South East Group Ltd	726		19.17	0.055
Theme International Holdings Ltd	990	11.54		0.029
UDL Holdings Ltd	620	30.43		0.03
Victory Group Ltd	1139		11.11	0.61
Zida Computer Technologies Ltd	859		10.29	0.61

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index fell about 0.41 percent to 1,121.85 points on a Total Turnover of about \$HK199.78 million.

The ratio of falling counters to rising ones was 1.40:One, exactly.

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

Aptus Holdings Ltd (Code: 8212)

Up 3 percent to \$HK1.58 per share

Wumart Stores Incorporated (Code: 8277)

Down 3 percent to \$HK15.85 per  
share

Phoenix Satellite Television Holdings Ltd (Code: Up 14 percent to \$HK1.16 per share

8002)

TOM Online Incorporated (Code: 8282)

Down 7 percent to \$HK2.275 per share

B and B Group Holdings Ltd (Code: 8156)

Up 1 percent to \$HK2.425 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		14.55	0.188
CCID Consulting Company Ltd	8235		12.00	0.088
Everpride Biopharmaceutical Company Ltd	8019	22.50		0.049
Innovis Holdings Ltd	8065	10.87		0.051
Linefan Technology Holdings Ltd	8166		19.35	0.05
MP Logistics International Holdings Ltd	8239	23.08		0.08
Neolink Cyber Technology (Holding) Ltd	8116		20.62	0.077
Phoenix Satellite Television Holdings Ltd	8002	13.73		1.16
Sys Solutions Holdings Ltd	8182		13.16	0.033

On The Tokyo Stock Exchange, it was gloom and doom for investors.

Livedoor Company, a popular Internet company and one of the fastest-growing companies of its ilk in the country, started an in-house investigation into allegations by the regulatory authorities of Japan that there had been violations of Japan's security laws.

The offices of the company had been raided on Monday and Tuesday as well as the house of the President.

Livedoor's shares were untraded, last Tuesday, with sell orders at 596 yen per share, down 14.40 percent, compared with the closing level on Monday.

The situation at Livedoor just about set the pace for trading on Asia's largest equity market ... and for most other equity markets of the region, too.

The TOPIX Average, a key '*barometer*' of trading in blue chips, listed on the First Section of The Tokyo Stock Exchange, lost 2.31 percent to fall back to 1,631.61 points.

The ratio of losing counters to gaining ones was wide, at about 14.05:One.

The Nikkei-225 Stock Average followed suit with a loss of about 2.84 percent as investors pushed it down to 15,805.95 yen.

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

The HKSAR	Minus 1.28 percent to 15,576.20
Indonesia	Minus 1.81 percent to 1,212.87
Japan	TOPIX Average Minus 2.31 percent to 1,631.61 Nikkei-255 Stock Average Minus 2.84 percent to 15,805.95
Malaysia	Plus 0.11 percent to 907.52
The Philippines	Plus 0.77 percent to 2,154.30
Singapore	Minus 1.01 percent to 2,376.96
South Korea	Minus 2.27 percent to 1,389.58
Taiwan	Minus 0.20 percent to 6,711.04
Thailand	Minus 0.17 percent to 750.73

### Wednesday

The tenacity of the European powers to try to prevent Iran from obtaining nuclear technology hotted up, last Wednesday, as France, Great Britain and Germany circulated a draft resolution, damning the actions of the fundamentalistic Islamic country of Iran.

The draft resolution seeks the **I**nternational **A**tom**I**c **E**nergy **A**gency (IAEA) to convene a meeting on February 1-2 and, then, to refer the matter to the Security Council of the United Nations for immediate action.

Europe appeared to be determined to press ahead with its demands that Iran should be shut out of the international nuclear club.

Iran's Supreme Leader Ayatollah Ali Khamenei was reported to have stated on television in Teheran that nuclear weapons are contrary to the teachings of the Q'ran.

He, also, said:

*'The Islamic Republic, based on its principles, without being scared of the fuss created, will continue on its path of scientific developments and the world cannot influence the Iranian nation's will.'*

And, in oil-rich Nigeria, things were, also, hotting up.

The Movement for the Emancipation of the Niger Delta announced that it would be stepping up its attacks

on foreign-owned oil installations in the country.

The militants, as the Government of Nigeria has labelled The Movement, were holding 4 hostages, as at last Wednesday night.

If Iran should decide to stop its crude oil exports and if Nigeria were to be prevented from exporting its crude oil, it would mean that, internationally, exports in excess of 5 million barrels of crude oil would be halted, per day.

That is equal to about 25 percent of the present level, produced by the members of The Organisation of Petroleum Exporting Countries (OPEC).

From the point of view of many analysts, last Wednesday, the resultant brouhaha strongly suggested that the price of crude oil was quite likely to rush up toward the \$US80 per barrel level within a very short space of time.

In the US, The Federal Reserve Board brought out its findings in respect of industrial production and capacity utilisation for the month of December.

This is the gist of that report:

### **'INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION**

*'Industrial production increased 0.6 percent in December after gains of 0.8 percent in November and 1.0 percent in October. For the fourth quarter as a whole, industrial production increased 3.8 percent at an annual rate. Manufacturing output rose 0.2 percent in December but was held back by a decrease of 2.8 percent in the production of motor vehicles and parts. The output of utilities climbed 2.7 percent; the output at mines advanced 2.5 percent and was spurred in part by the continued recovery of energy-related industries that were affected by the recent hurricanes. Over the twelve months of 2005, total industrial production increased 2.8 percent, to 109.8 percent of its 2002 average, while total industrial capacity rose 1.7 percent. The rate of capacity utilization in December, at 80.7 percent, stood 1.0 percentage point above its year-earlier level and was 0.3 percentage point below its 1972-2004 average ...*

### **'Market Groups**

*'The output of consumer goods rose 0.2 percent in December and was up 1.3 percent from its year-earlier level. In December, the index for consumer nondurables climbed 0.9 percent, and both the energy and the non-energy components of the index advanced. Among non-energy nondurables, the index for foods and tobacco rose 1.1 percent, and the production of clothing increased 1.9 percent; these gains more than offset a second consecutive monthly decline in the index for paper products. The output of consumer durables fell 1.6 percent, and declines occurred in the indexes for automotive products; appliances, furniture, and carpeting; and miscellaneous goods.*

*'The production of business equipment increased 0.5 percent and was about 10 percent above its year-earlier level. The gains in this category were largely driven by an increase of 1.7 percent in the index for information processing equipment. The indexes for transit equipment and for industrial and other equipment were little changed. The production of defense and space equipment continued to rise, and reached a level 9.7 percent higher than it was a year earlier. The index for construction supplies, which had surged over the past few months, fell back. The output of business supplies moved up 0.5 percent to stand 2.9 percent above its year-earlier level.*

*'The production of materials increased 1.2 percent in December. The index for energy materials climbed sharply in November and December as the energy sector's recovery from the recent storms continued. In addition, relatively colder temperatures in December led to an increase in electricity generation. Within the durable materials component, a drop of 1.1 percent in the output of consumer parts partially offset gains in the production indexes for equipment parts and for other durable materials. Within the nondurable category, the output of both paper and textile materials decreased. However,*

*the output of chemical materials continued to recover from the hurricanes and posted an increase of 2.4 percent.*

#### **'Industry Groups**

*'Manufacturing production rose 0.2 percent in December, and the factory operating rate remained at 79.6 percent, which is 1.3 percentage points above its year-earlier level and 0.2 percentage point below its 1972-2004 average. The production of durable goods edged down 0.1 percent. The largest decline within this category was in the output of motor vehicles and parts, which fell 2.8 percent, although the indexes for wood products and nonmetallic mineral products also decreased more than 2 percent. The largest increase in the production of durable goods was in the computer and electronic products industry; gains also occurred in the indexes for aerospace and miscellaneous transportation equipment, primary metal, furniture and related products, and machinery. The production of nondurable goods rose 0.5 percent and included output gains of 1 percent or more for apparel and leather; food, beverage, and tobacco; and chemicals. The production of paper and products and of textile and product mills both decreased; the index for petroleum and coal products also fell back. Production in non-NAICS manufacturing (logging and publishing) decreased 0.1 percent.*

*'The output of mines rose 2.5 percent in December after having jumped 4.7 percent in November, and the operating rate in mining moved up 2.1 percentage points, to 84.7 percent. Nevertheless, the production index for this industry stands 5.6 percent below its year-earlier level. In December, oil and gas extraction once again moved up but remained more than 6 percent below its level preceding Hurricane Katrina. Utilities output increased 2.7 percent; gains in both the electric and natural gas components contributed to the rise. The operating rate at utilities climbed to 88.1 percent.*

*'By stage of process, capacity utilization for industries in the crude stage of processing climbed 2.2 percentage points, to 84.1 percent, but the rate was still about 4 percentage points below its average rate in the first half of the year. Capacity utilization rates for industries in the primary and semifinished stages and for finished goods producers changed little; both rates now stand just above their respective long-run averages...'*

Then, just prior to Wall Street, opening for business, The Bureau of Labour Statistics of the US Labour Department announced its findings in respect of the Consumer Price Index for December 2005.

The following is that which The Bureau released, at 8:30 am, minus the tables:

#### **'CONSUMER PRICE INDEX: DECEMBER 2005**

*'The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.4 percent in December, before seasonal adjustment .... The December level of 196.8 (1982-84=100) was 3.4 percent higher than in December 2004.*

*'The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) decreased 0.5 percent in December, prior to seasonal adjustment. The December level of 192.5 was 3.5 percent higher than in December 2004.*

*'The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) decreased 0.3 percent in December on a not seasonally adjusted basis. The December level of 114.0 (December 1999=100) was 2.8 percent higher than in December 2004.*

#### **'CPI for All Urban Consumers (CPI-U)**

*'On a seasonally adjusted basis, the CPI-U decreased for the second consecutive month--down 0.1 percent in December--again reflecting a large decline in energy prices. The index for energy declined 2.2 percent in December, its third consecutive monthly decrease. Within energy, the index for petroleum-based energy declined 2.7 percent and the index for energy services fell 1.7 percent. The index for food rose 0.2 percent in December, following increases of 0.3 percent in*

*each of the preceding three months. The index for all items less food and energy rose 0.2 percent in December, the same as in each of the preceding two months, after registering increases of 0.1 percent in each of the prior five months. Shelter costs rose 0.3 percent in December and accounted for about 70 percent of the advance in the index for all items less food and energy ...*

*'Consumer prices declined at a seasonally adjusted annual rate (SAAR) of 1.6 percent in the fourth quarter of 2005. This followed increases in the first three quarters at annual rates of 4.3, 1.9, and 9.4 percent, respectively. For the 12 month period ended in December, the CPI rose 3.4 percent. This compares with an increase of 3.3 percent in 2004. In 2005, the index for energy rose 17.1 percent, following a 16.6 percent increase in 2004, and accounted for about 40 percent of the overall advance in the CPI-U. While the increases in the overall energy indexes for 2004 and 2005 were similar, the composition was different. Petroleum based energy accounted for nearly 80 percent of the 2004 increase, but just over half of the 2005 increase in the energy component. The food index, which rose 2.7 percent in 2004, increased 2.3 percent in 2005. The index for food at home rose 1.7 percent in 2005, following a 2.4 percent increase in 2004. Smaller increases in the indexes for fruits and vegetables and for dairy products were largely responsible for the moderation.*

*'Excluding food and energy, the CPI-U advanced at a 2.8 percent SAAR in the fourth quarter, following increases at rates of 3.3, 1.2, and 1.4 percent in the first three quarters of 2005. The 2.2 percent advance for all of 2005 was the same as in 2004. Even within the index for all items less food and energy, price movements of the major groups were similar in the two years. The larger increase in the housing group and the smaller advance in the transportation component in 2005 were largely attributable to the relative movements of the energy components within the groups during the two years. Household fuels rose 18.0 percent in 2005 after advancing 8.4 percent in 2004, while motor fuels rose 16.2 percent after increasing 26.1 percent in 2004. The annual rates for selected groups for the last eight years are shown below ...*

*'The food and beverages index rose 0.1 percent in December. The index for food at home also advanced 0.1 percent after registering increases of 0.3 percent in each of the preceding three months. The index for fruits and vegetables increased 0.9 percent in December. Increases in the indexes for fresh vegetables and for processed fruits and vegetables--up 2.8 and 1.7 percent, respectively -- more than offset a 1.4 percent decrease in the index for fresh fruits. (Prior to seasonal adjustment, fresh fruit prices rose 0.5 percent.) The index for other food at home increased 0.3 percent, reflecting a 1.0 percent increase in the sugar and sweets component. Partially offsetting these increases were declines in the indexes for cereal and bakery products, for dairy products, and for nonalcoholic beverages--down 0.2, 0.3, and 0.5 percent, respectively. The index for meats, poultry, fish and eggs was unchanged in December. A 1.2 percent increase in beef prices was offset by declines in prices for poultry, for pork, and for other meats. During the 12 month period ended in December 2005, prices for beef and poultry increased 2.2 and 0.3 percent, respectively, while pork prices declined 0.1 percent. In 2005 each of the six major grocery store food groups registered an increase in prices, with the index for nonalcoholic beverages the largest at 3.5 percent and the index for fruits and vegetables the smallest at 0.6 percent. The other two components of the food and beverages index -- food away from home and alcoholic beverages -- increased 0.2 and declined 0.4 percent, respectively, in December and rose 3.2 and 1.3 percent in 2005.*

*'The index for housing increased 0.1 percent in December. Increases in the indexes for shelter and for household furnishings and operations -- up 0.3 and 0.5 percent, respectively -- more than offset a 1.4 percent drop in the index for fuels and utilities. The index for fuel oil declined for the third consecutive month -- down 2.5 percent in December -- but advanced 27.2 percent during the last 12 months. In December, the indexes for natural gas and for electricity declined 3.5 and 0.6 percent, respectively. During the 12 month period ended in December, however, charges for natural gas and for electricity rose 30.2 and 10.7 percent. Within shelter, the indexes for owners' equivalent rent and for rent rose 0.3 and 0.1*

percent, respectively, and the index for lodging away from home rose 0.9 percent. (Prior to seasonal adjustment, the index for lodging away from home declined 1.9 percent.) During the 12 month period ended in December, the indexes for lodging away from home, for rent, and for owners' equivalent rent, rose 3.5, 3.1, and 2.5 percent, respectively. The index for household furnishings and operations rose 0.7 percent during the last 12 months, following an increase of 0.6 percent in all of 2004.

'The index for apparel declined 0.3 percent in December. (Prior to seasonal adjustment, apparel prices fell 3.3 percent, largely as a result of pre-holiday discounting.) During the 12 month period ended in December, apparel prices declined 1.1 percent, their eighth consecutive annual decline. Prices for men's, for boys', and for girls' apparel each were lower than 12 months earlier, but prices for women's clothing rose slightly in 2005.

'The transportation index decreased 0.8 percent in December, largely reflecting a 2.6 percent drop in the index for gasoline. Gasoline prices declined for the third consecutive month – down 6.2 percent in December – and have fallen 25.1 percent from their peak level reached in September. As of December, however, gasoline prices were 16.1 percent higher than their level a year ago. The index for new vehicles decreased for the second consecutive month – down 0.1 percent in December. (As of December, about 70 percent of the new vehicle sample was represented by 2006 models.

'The 2006 models will continue to be phased in, with appropriate adjustments for quality change, over the next several months as they replace old models at dealerships.) New vehicle prices were 0.4 percent lower than in December 2004. The index for used cars and trucks also decreased 0.1 percent in December, but this index has risen 1.4 percent in the last 12 months. The index for public transportation declined 0.9 percent in December, reflecting a 2.9 percent drop in airline fares. Despite registering declines in four of the last five months, airline fares increased 6.4 percent in 2005, their first annual advance since a 5.9 percent increase in 2000.

'Medical care costs rose 0.1 percent in December. The index for medical care commodities – prescription drugs, nonprescription drugs, and medical supplies – increased 0.2 percent. The index for medical care services rose 0.1 percent in December. The index for professional services rose 0.1 percent while the index for hospital and related services decreased 0.1 percent. (Prior to seasonal adjustment, the index for hospital and related services increased less than 0.1 percent.) In the 12 months ended in December 2005, the index for medical care rose 4.3 percent after increasing 4.2 percent in 2004. The index for prescription drugs rose 4.4 percent during the 12 months ended in December, following increases of 3.5 percent in 2004 and 2.5 percent in 2003. Charges for hospital and related services increased 5.1 percent in the 12 month period ended in December 2005, following a 5.2 percent rise in 2004.

'The index for recreation was unchanged in December. Price increases for cable and satellite television and radio service, for pets, pet products and services, and for admissions to movies, theaters, concerts, and sporting events were largely offset by decreases in the indexes for toys, for sporting goods, for photography, and for recreational books. During the 12 months ended in December, the indexes for cable and satellite services and for admissions increased 3.3 and 3.5 percent, respectively, accounting for over 95 percent of the advance in the recreation index in 2005.

'The index for education and communication rose 0.3 percent in December. Educational costs increased 0.5 percent, while communication costs declined 0.1 percent. During the 12 months ended in December, educational costs rose 6.1 percent, largely as a result of a 6.6 percent rise in the index for college tuition and fees. The index for communication declined 1.3 percent during the last 12 months, reflecting declines in prices for land-line long distance telephone services, for wireless telephone services, and for personal computers and peripheral equipment – down 1.7, 1.5, and 15.8 percent, respectively.

*Partially offsetting these declines was a 3.3 percent increase in land-line local telephone service charges.*

*'The index for other goods and services increased 0.5 percent in December to a level 3.1 percent higher than in December 2004. The index for tobacco and smoking products rose 0.4 percent in December and 5.8 percent during the last 12 months ...*

*'CPI for Urban Wage Earners and Clerical Workers (CPI-W)*

*'On a seasonally adjusted basis, the CPI for Urban Wage Earners and Clerical Workers decreased 0.1 percent in December...'*

On Wall Street, it was not the Iran issue or the Nigerian threat that was of concern to investors, but fears that corporate America might well be in for a rough ride before the year was out.

Also, the sell-off on Japanese equity markets was taking its toll of investor confidence on US stock markets. (Please see below)

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.38 percent of its value, falling back to 10,854.86 points.

Over on The NASDAQ, its Composite Index surrendered about one percent, dropping back to 2,279.64 points.

Intel Corporation, the world's largest manufacturer of computer chips, shed about 11.50 percent of its market capitalisation and caused the biggest pull on The Dow.

Intel announced, on Tuesday night, what were considered to be disappointing financial results and, also, Management intimated that the 2006-year might not be the best year in its history.

That was enough for most investors.

The Intel disappointment rubbed off onto other hi-tech and Internet stocks and shares.

On The New York Mercantile Exchange (NYMEX), contrary to the expectations of many of the experts, the price of crude oil did not rise, last Wednesday.

For delivery in February, the last settlement for a barrel of light sweet crude oil came in at \$US65.73, down about 0.87 percent, compared with the last settlement of Tuesday.

For March delivery, the last settlement was \$US66.25 per barrel of light sweet crude oil, that price, being down about one percent on the day.

In Europe, the fallout in Japan with regard to the investigation into the Internet company, Livedoor Company, and the fact that there was investors' blood on the floor of The Tokyo Stock Exchange, last Wednesday, caused a ripple effect throughout most European bourses.

Many investors took fright at the fast erosion of share prices on Asia's largest equity market. (Please see below)

Initially, indices fell more than one percent on the equity markets of London, England, Paris, France, and Frankfurt, Germany.

Anything, even remotely, connected with the Internet, was the target for selling by European investors.

This was how the key indices of European bourses ended their respective trading days:

Amsterdam's AEX Index

Minus 0.86 percent



Great Britain's FTSE 100 Index	Minus 0.50 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.16 percent
France's CAC 40 Index	Minus 0.72 percent
Switzerland's Swiss Market Index	Minus 0.66 percent
Italy's MIBTEL Index	Closed

### News Wise

- 1.53 million people are out of work in the **United Kingdom (UK)**, The Office of National Statistics said, last Wednesday. It was a 3-year high. In the 3 months, ended November 30, 2005, there was an increase of about 111,000 people, who had joined the dole queue for UK Government handouts. That rise was the largest in the past 12 years and caused the **unemployment rate** to hit 5 percent; and,
- **High Street sales** fell disastrously in the week, ended Sunday, January 15, 2006, according to the UK research group, Football. Compared with the same week of 2005, there had been a 5-percent fall in retail sales.

Asia did not get off unscathed, last Wednesday, as the potential scandal, surrounding Livedoor, hit share prices of all of the major stock markets.

The allegations, being made against Livedoor, included accounting and securities fraud.

That, coupled with the potential for more problems on some of the major oil markets of the world, took the steam out of many investors' ardour.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors, locked into stocks and shares, listed on the Main Board of The Stock Exchange of Hongkong Ltd, saw key indices fall, quickly at the opening, while, on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, indices refused to fall.

The Hang Seng Index, which is the key index of the Main Board, fell 0.61 percent, exactly, to 15,481.21 points on a Total Turnover of about \$HK33.09 billion.

The ratio of declining counters to advancing ones was about 1.20:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.62 percent to \$HK129.20 per share
PetroChina Company Ltd (Code: 857)	Up 1.37 percent to \$HK7.40 per share
China Construction Bank Corporation (Code: 939)	Unchanged at \$HK2.95 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.11 percent to \$HK37.20 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.51 percent to \$HK78.10 per share

China Life Insurance Company Ltd (Code: 2628) Up 2.03 percent to \$HK7.55 per share

Bank of Communications Company Ltd (Code: 3328) Up 1.22 percent to \$HK4.15 per share

CNOOC Ltd (Code: 883) Up 1.65 percent to \$HK6.15 per share

BOC Hongkong (Holdings) Ltd (Code: 2388) Unchanged at \$HK15.50 per share

Cheung Kong (Holdings) Ltd (Code: 1) Up 0.12 percent to \$HK82.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Build King Holdings Ltd	240	10.24		0.14
Century Legend (Holdings) Ltd	79	15.00		0.115
China Elegance (Holdings) Ltd	476		11.86	0.052
China Golden Development Holdings Ltd	162		10.00	0.18
China Motion Telecom International Ltd	989	14.00		0.114
eForce Holdings Ltd	943	15.00		0.023
Fintronics Holdings Company Ltd	706	11.36		0.147
Fortuna International Holdings Ltd	530	10.00		0.011
Greater China Holdings Ltd	431		14.63	0.35
Linfair Holdings Ltd	462		14.46	0.71
New Capital International Investment Ltd	1062		11.24	0.15
Peking Apparel International Group Ltd	761	15.38		0.30
Rontex International Holdings Ltd	1142	14.29		0.024
Shun Ho Resources Holdings Ltd	253	10.00		0.55
Solartech International Holdings Ltd	1166	16.18		0.28

South East Group Ltd	726	27.27		0.07
Takson Holdings Ltd	918	11.11		0.10
UDL Holdings Ltd	620	16.67		0.035
VST Holdings Ltd	856	22.08		0.47
Willie International Holdings Ltd	273	24.53		0.33

On The GEM, its Growth Enterprise Index rose about 1.44 percent to 1,137.99 points on a Total Turnover of about \$HK949.58 million.

The GEM's volume of activity, being about 375 percent greater than Tuesday's, was due to trading in just one counter, that of China LotSynergy Holdings Ltd (Code: 8161).

Trading in the shares of this company accounted for about 92 percent of the entire volume of activity of the day. (Please see 5, most-actives, below)

Although The Growth Enterprise Index was, firmly, in positive territory, losing counters outnumbered gaining ones by the ratio of about 1.39:One.

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

China LotSynergy Holdings Ltd (Code: 8161) Up 5 percent to \$HK4.00 per share

TOM Online Incorporated (Code: 8282) Down 2 percent to \$HK2.225 per share

B and B Group Holdings Ltd (Code: 8156) Down 1 percent to \$HK2.40 per share

Phoenix Satellite Television Holdings Ltd (Code: 8002) Up 2 percent to \$HK1.18 per share

Golden Meditech Company Ltd (Code: 8180) Up 5 percent to \$HK1.95 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	17.02		0.22
Aptus Holdings Ltd	8212	11.39		1.76
Global Link Communications Holdings Ltd	8060		10.71	0.05
Golding Soft Ltd	8190	46.67		0.022

Global Solution Engineering Ltd	8192		13.04	0.02
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	13.50		0.185
Sys Solutions Holdings Ltd	8182	12.12		0.037
Tianjin TEDA Biomedical Engineering Company Ltd	8189	10.00		0.11

On the premier equity market of Asia, The Tokyo Stock Exchange, the situation was likened to that of a disaster area as the administration of the market had to admit that it was unable to keep pace with the flood of sell orders.

The Tokyo Stock Exchange had to close 20 minutes earlier than usual as a result of the administration's incompetence and the inability of its computer system to handle the volume of transactions in a timely fashion.

Technology counters were hit from the opening of this market as reports from a number of US-based, hi-tech companies suggested that life in 2006 was not going to be all beer and skittles in The Land of The Free and The Home of The Brave.

Then, there was the oil situation and the likelihood that energy prices would rise much higher before they fell back, materially, again.

That situation was highly indicative of inflation in The Land of The Rising Sun.

Hi-tech counters on The Tokyo Stock Exchange took the brunt of the selling pressure for the entire shortened trading day.

The allegations, surrounding Livedoor Company, continued to make the rounds as the regulatory authorities continued their investigation with a great deal of zeal, it appeared to the Board of Directors of this Internet company.

For the second consecutive day, trading in the shares of Livedoor was halted as the price fell the daily limit of 100 yen to 496 yen per share.

By the close of the very hectic (and shortened) trading session, The TOPIX Average was standing at 1,574.67 points, down about 3.49 percent on Tuesday's closing level.

The ratio of losing counters to gaining ones was 18.96:One.

The Nikkei-225 Stock Average lost about 2.94 percent of its value, falling back to 15,341.18 yen.

#### News Wise

- **Wholesale prices** in Japan rose 1.70 percent in 2005, compared with 2004, The Bank of Japan announced. The increase was the second consecutive year of wholesale price rises; and, the 2005-year's level marked the biggest increase since 1989. The Bank of Japan put down the rise to the higher costs of imported oil.

And this was how the key indices of other Asian equity markets ended up, last Wednesday night:

The HKSAR	Minus 0.61 percent to 15,481.21
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Indonesia	Minus 1.62 percent to 1,193.20
Japan	TOPIX Average Minus 3.49 percent to 1,574.67 Nikkei-255 Stock Average Minus 2.94 percent to 15,341.18
Malaysia	Minus 0.68 percent to 901.32
The Philippines	Minus 1.34 percent to 2,125.45
Singapore	Minus 0.74 percent to 2,359.30
South Korea	Minus 2.64 percent to 1,352.91
Taiwan	Minus 3.16 percent to 6,498.92
Thailand	Minus 1.91 percent to 736.40

### **Thursday**

It was official: The United Nations's nuclear monitoring organisation, The **I**nternational **A**tomtic **E**nergy Agency (IAEA), is to hold what must be considered an emergency meeting on February 2, 2006, one month earlier than had been previously been scheduled by the IAEA.

The meeting had been requested by Great Britain, Germany and France, the foreign ministers of which have refused to waste any more time in what they consider to be fruitless talks with officials of the Government of Iran.

Last Wednesday, it appeared that the Government of Iran had intimated that it would be willing to sit down with France to discuss the matter of Iran's nuclear ambitions.

France dismissed the 'offer', completely out of hand.

The time had come for action not talk from a country whose word was not to be trusted in the opinion of many member countries of the United Nations.

The US Government, also, agreed with France, with an official spokesman for the Bush Administration, stating that the world's patience with Iran had worn thin.

Mr Scott McClellan said, inter alia:

*'I think we're long passed the point of talk. We expect action from the regime in Iran. And the only action they have shown has run contrary to the demands of the international community.'*

The President of Iran, Mr Mahmoud Ahmadinejad, for his part, said, inter alia:

*‘There is no problem. They (the Western powers of the world) are trying their best and we cannot prevent others from making such efforts. It is wrong for some to believe that world organisations are their own tools and they can exert pressure on others by making use of such tools ... The Europeans and the Americans should discard their arrogant position and instead adopt a rational stance on global developments. They should offer reasons for their actions.’*

Also, in the news, last Thursday, was a new tape from Osama bin Laden.

The tape, the authenticity of which had been confirmed by the US Government’s top intelligence technicians at the Central Intelligence Agency (CIA), who confirmed that the orator on the tape was, in fact, that of Osama bin Laden, who stated that al Qaeda was planning more attacks on US soil.

At first, Wall Street reacted to the tape, negatively, with share prices, starting to drift down, but it only lasted for a very short period of time.

By the close of trading on The New York Stock Exchange, the Dow Jones Industrial Average was standing at 10,880.71 points, up about 0.24 percent on Wednesday’s closing level.

Over on The NASDAQ, its Composite Index gained about 0.97 percent to close out the day at 2,301.81 points.

The US equity markets appeared to be quickly putting behind them the Livedoor Company scandal, the investigations of which were continuing apace in Japan.

On The New York Mercantile Exchange (NYMEX), the price of crude oil rose rather materially.

For delivery in February, the last settlement for a barrel of light sweet crude oil was \$US66.83, up about 1.67 percent on Wednesday’s last quote.

For March delivery, the last settlement was \$US67.19 for a barrel of light sweet crude oil, that price, being about 1.42 percent higher than the last settlement of Wednesday.

In Europe, due in large part to rapid gains in the prices of essential metals, it tended to push share prices back up, smothering part of the losses of Wednesday.

The prices of copper, zinc and aluminium hit record levels on international commodity exchanges, last Thursday, while the price of crude oil also showed promise to make gains in early trading.

European bourses are studded with energy and mining companies so that these counters made some of the biggest upward movements, last Thursday.

This was how the key indices of the largest European bourses closed, last Thursday:

Amsterdam’s AEX Index	Plus	0.43 percent
Great Britain’s FTSE 100 Index	Plus	0.40 percent
Germany’s Frankfurt XETRA DAX Index	Plus	0.63 percent
France’s CAC 40 Index	Plus	0.87 percent
Switzerland’s Swiss Market Index	Plus	0.29 percent
Italy’s MIBTEL Index	Closed	

In Asia, there was a great deal of toing and froing on major equity markets and, by the close of the day, key

indices were in the black, once again.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investor sentiment appeared to be much improved, compared with the situation that persisted throughout most of Wednesday.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index rose about 1.22 percent to 15,670.42 points on a Total Turnover of about \$HK32.01 billion.

Advancing counters beat off declining ones by the ratio of about 4.32:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.77 percent to \$HK130.20 per share
China Construction Bank Corporation (Code: 939)	Up 2.54 percent to \$HK3.025 per share
PetroChina Company Ltd (Code: 857)	Up 0.68 percent to \$HK7.45 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.66 percent to \$HK79.40 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 4.17 percent to \$HK4.375 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.02 percent to \$HK39.75 per share
Bank of Communications Company Ltd (Code: 3328)	Up 4.82 percent to \$HK4.35 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.65 percent to \$HK7.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.15 percent to \$HK83.45 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.83 percent to \$HK3.025 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beauforte Investors Corporation Ltd	21	12.68		0.40
CASIL Telecommunications Holdings Ltd	1185	10.53		0.315
Chengdu PUTIAN Telecommunications Cable Company Ltd	1202	10.98		0.91
China Resources Land Ltd	1109	10.71		3.875

Chongqing Iron and Steel Company Ltd	1053	10.99		2.525
E. Bon Holdings Ltd	599	16.67		0.455
eForce Holdings Ltd	943		13.04	0.02
Fintronics Holdings Company Ltd	706	19.73		0.176
First Tractor Company Ltd	38	17.80		1.39
Founder Holdings Ltd	418	15.58		0.445
Grand Field Group Holdings Ltd	115	10.39		0.085
Greater China Holdings Ltd	431	11.43		0.39
Guangdong Tannery Ltd	1058	11.11		0.20
Guangnan (Holdings) Ltd	1203	13.77		1.57
Hongkong Building and Loan Agency Ltd, The	145	19.72		1.70
Jolimark Holdings Ltd	2028	12.90		1.05
LERADO Group (Holding) Company Ltd	1225	18.87		0.63
Linfair Holdings Ltd	462	16.90		0.83
Mingyuan Medicare Development Company Ltd	233	13.56		0.67
Northeast Electric Development Company Ltd	42	12.70		0.71
ONFEM Holdings Ltd	230	14.12		0.485
Peace Mark (Holdings) Ltd	304	12.50		3.60
Premium Land Ltd	164	12.78		0.203
Shanghai Real Estate Ltd	1207	14.29		1.28
Sunway International Holdings Ltd	58	11.11		0.26
Technology Venture Holdings Ltd	61	11.88		0.113
Wonderful World Holdings Ltd	109	10.45		0.074



Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it was another day of price improvements as The Growth Enterprise Index rose another 0.45 percent to 1,143.09 points.

The Total Turnover on this very speculative market was about \$HK201.77 million, with about 39 percent of that volume of activity, being the result of trading in the shares of China LotSynergy Holdings Ltd (Code: 8161).

The ratio of gaining counters to losing ones was about 1.11:One.

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

China LotSynergy Holdings Ltd (Code: 8161)      Down 3 percent to \$HK3.875 per share

TOM Online Incorporated (Code: 8282)              Up 1 percent to \$HK2.25 per share

B and B Group Holdings Ltd (Code: 8156)              Up 5 percent to \$HK2.525 per share

Enric Energy Equipment Holdings Ltd (Code: 8289) Up 10 percent to \$HK2.925 per share

Zhengzhou Gas Company Ltd (Code: 8099)              Up 8 percent to 81 cents per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
Enric Energy Equipment Holdings Ltd	8289	10.38		2.925
Golding Soft Ltd	8190		27.27	0.016
Global Solution Engineering Ltd	8192	15.00		0.023
iMerchants Ltd	9009		12.28	0.10
Neolink Cyber Technology (Holding) Ltd	8116	10.00		0.077
Proactive Technology Holdings Ltd	8089	11.63		0.048
Recruit Holdings Ltd	8073	11.43		0.78
T S Telecom Technologies Ltd	8003	29.03		0.04

In The Land of The Rising Sun, there was a resurgence of buying activity on the country's 3 equity markets.

Much of buying, however, may well have been short-covering, following the rout of Wednesday.

On The Tokyo Stock Exchange, The TOPIX Average rose 2.90 percent to end the full trading day

(Wednesday's trading session was cut short by about 20 minutes because the Administration of The Tokyo Stock Exchange was unable to cope with the flood of buying and selling orders) at 1,620.29 points.

The ratio of gaining counters to losing ones was about 11.65:One.

The Nikkei-225 Stock Average rose 2.31 percent to end the trading day at 15,696.28 yen.

Investors on this market still smarted from the events, surrounding Livedoor Company.

The Chief Executive of an investment company, involved intimately in many of Livedoor's business transactions, died in Okinawa, after slashing his wrists.

The Code of Bushido still lives on in Japan.

This was how key indices of other Asian equity markets ended up, last Thursday:

The HKSAR	Plus 1.22 percent to 15,670.42
Indonesia	Plus 3.09 percent to 1,230.06
Japan	TOPIX Average Plus 2.90 percent to 1,620.29 Nikkei-255 Stock Average Plus 2.31 percent to 15,696.28
Malaysia	Plus 0.15 percent to 902.70
The Philippines	Minus 0.77 percent to 2,109.08
Singapore	Plus 0.81 percent to 2,378.52
South Korea	Plus 0.57 percent to 1,360.64
Taiwan	Plus 0.21 percent to 6,512.29
Thailand	Plus 1.17 percent to 744.98

## **Friday**

There was more than a bit of a meltdown on US equity markets, last Friday, as news circulated that (a) The Movement for the Emancipation of the Niger Delta was, clearly, in earnest about its threats to prevent the Government of Nigeria from exporting a great deal of its crude oil (b) it was confirmed that the Government of Iran was moving out its foreign-exchange reserves from Europe in anticipation of the United Nations (UN), imposing sanctions on the country and (c) oil prices shot up on international commodity exchanges.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in February was \$US68.35, an increase of 2.27 percent, compared with Thursday's closing level.

(Last Friday was the last day of trading for February delivery)

As for March delivery, the last settlement was \$US68.48 per barrel of light sweet crude oil, a price which represented an increase of about 1.92 percent, compared with Thursday's last settlement.

The fast rise in the price of crude oil was due in large part to fears that Iran, the world's fourth-largest exporter of oil, might retaliate if the UN imposes sanctions on the country by curtailing its oil exports.

In Nigeria, The Movement for the Emancipation of the Niger Delta renewed its threats to attack any and all oil installations in the country in order to bring the Nigerian Government to heel.

As at last Friday, about 220,000 barrels of crude oil were not being pumped in the Niger Delta.

Nigeria is the world's eighth-largest exporter of oil.

The situation was looking extremely serious and this was indicated on Wall Street as stock prices fell in quick succession.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 1.96 percent of its value, falling back to 10,667.39 points.

The NASDAQ's Composite Index shed 2.35 percent of its value to end the week at 2,247.70 points.

For The Dow, last Friday's loss was the biggest, single day's fall since March 2003 and wiped out, completely, the gains, posted since the beginning of this year.

As for the Composite Index of The NASDAQ, its loss of last Friday was the largest single day's fall since September 2003.

Still overhanging Wall Street were disappointing earnings' reports and various interpretations of the gist of the latest missive from Osama bin Laden, the latter, being the topic of conversation on every US and Canadian television station for the entire day, last Friday.

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

The Dow Jones Industrial Average	Minus 2.67 percent
The NASDAQ's Composite Index	Minus 2.99 percent

In Europe, every key index of every major European bourse fell as heavy sell orders flooded exchange floors.

The Iran situation and the obvious suggestion of a disruption in supplies of crude oil were just too much for European investors.

This was how the key indices of major European bourses fared, last Friday:

Amsterdam's AEX Index	Minus 1.01 percent
Great Britain's FTSE 100 Index	Minus 0.36 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.50 percent
France's CAC 40 Index	Minus 0.84 percent

Switzerland's Swiss Market Index                      Minus 0.64 percent

Italy's MIBTEL Index                                      Closed

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), with the approach of the long, Chinese New Year holidays (all markets will be closed from Saturday, January 28, through to Tuesday, February 1), investors appeared to be more concerned about the coming festivities rather than buying and selling equities on stock markets.

In the PRC, proper, many factories and companies will close down for most of the entire month of February so that things in the Middle Kingdom will almost come to a standstill.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shed 0.05 percent, ending the choppy trading week at 15,662.08 points.

However, at the close of the morning session, at 12:30 pm, the Hang Seng Index was standing at 15,576.68 points, down 93.74 points, or a loss of about 0.60 percent, compared with Thursday's closing level.

The afternoon session had seen a fair share of short-covering to be sure.

The Total Turnover was about \$HK33.53 billion.

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

The Ten Most Active counters were:

China Construction Bank Corporation (Code: 939)	Unchanged at \$HK3.025 per share
PetroChina Company Ltd (Code: 857)	Up 0.67 percent to \$HK7.50 per share
HSBC Holdings plc (Code: 5)	Down 0.23 percent to \$HK129.90 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.01 percent to \$HK78.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.40 percent to \$HK38.10 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.28 percent to \$HK15.45 per share
CNOOC Ltd (Code: 883)	Up 1.61 percent to \$HK6.30 per share
Bank of Communications Company Ltd (Code: 3328)	Down 1.15 percent to \$HK4.30 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.94 percent to \$HK7.60 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.86 percent to \$HK4.50 per share

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

<b>Name of Company</b>	<b>Code</b>	<b>Increase (%)</b>	<b>Decrease (%)</b>	<b>Closing Price (\$HK)</b>
China Merchants China Direct Investments Ltd	133	16.20		5.20
China Velocity Group Ltd	149	10.00		0.77
Fintronics Holdings Company Ltd	706	15.91		0.204
Fortune Telecom Holdings Ltd	110		12.90	0.54
Haywood Investments Ltd	905		14.71	0.058
ITC Corporation Ltd	372	10.71		0.62
K.P.I. Company Ltd	605	10.34		0.128
Landune International Ltd	245		11.82	0.097
Macau Success Ltd	487	20.00		0.72
Multifield International Holdings Ltd	898	16.36		0.128
Premium Land Ltd	164	15.27		0.234
REXCAPITAL Financial Holdings Ltd	555		16.67	0.05
Rontex International Holdings Ltd	1142		12.50	0.021
Simsen International Corporation Ltd	993	55.96		0.17
Sing Tao News Corporation Ltd	1105	12.20		0.46
Tidetime Sun (Group) Ltd	307		10.71	0.125
Victory Group Ltd	1139		11.88	0.141
Wonson International Holdings Ltd	651		17.65	0.028

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

The Growth Enterprise Index ended the week at 1,142.60 points, down about 0.04 percent on Thursday's closing level on a Total Turnover of about \$HK152.11 million.

Gaining counters outbid losing ones by the ratio of about 1.10:One.

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

China LotSynergy Holdings Ltd (Code: 8161)      Down 3 percent to \$HK3.75 per share

B and B Group Holdings Ltd (Code: 8156)      Up 5 percent to \$HK2.65 per share

Zhengzhou Gas Company Ltd (Code: 8099)      Unchanged at 81 cents per share

Techpacific Capital Ltd (Code: 8088)      Down 1 percent to 79 cents per share

Tong Ren Tang Technologies Company Ltd (Code: 8069) Up 5 percent to \$HK14.70 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Chief Cable TV Group Ltd	8153	10.75		1.03
Computech Holdings Ltd	8081		14.00	0.043
CyberM International (Holdings) Ltd	8017	10.00		0.385
ePRO Ltd	8086		14.29	0.12
Global Solution Engineering Ltd	8192		13.04	0.02
iMerchants Ltd	8009	10.00		0.11
Neolink Cyber Technology (Holding) Ltd	8116		12.99	0.067
Q9 Technology Holdings Ltd	8129	11.11		0.02
SYSCAN Technology Holdings Ltd	8083	10.29		0.075
T S Telecom Technologies Ltd	8003		15.00	0.034
Vodatel Networks Holdings Ltd	8033		20.00	0.08
Shandong Weigao Group Medical Polymer Company Ltd	8199	10.11		2.45
Zhejiang Yonglong Enterprises Company Ltd	8211	10.62		0.125

For the week, ended January 20, 2006, the tally for the second-largest equity market of Asia was:

The Hang Seng Index	Minus 0.80 percent
The Growth Enterprise Index	Plus 7.58 percent

Trading in stocks and shares on Japan's 3 equity markets, last Friday, was subdued, relative to the pandemonium of Wednesday's and Thursday's markets.

The TOPIX Average gained 0.02 percent, ending the trading session at 1,624.39 points.

The ratio of losing counters to gaining ones was about 1.55:One.

The Nikkei-225 Stock Average also rose, but only by 0.003 percent, to end the week at 15,696.96 yen.

For the week, the tally for Asia's most-important equity market was:

The TOPIX Average	Minus 3.41 percent
The Nikkei-225 Stock Average	Minus 4.61 percent

### News Wise

- **Corporate failures** in Japan numbered 12,998 filings in 2005, according to Government statistics. It was the first time in 14 years that these statistics had dipped below 13,000 filings. The 2005-year's figures for corporate failures were a decline of about 4.90 percent, compared with the 2004-year.

And this was how the key indices of other Asian equity markets ended the week of January 20, 2006:

The HKSAR	Minus 0.05 percent to 15,662.08
Indonesia	Minus 0.58 percent to 1,222.89
Japan	TOPIX Average Plus 0.25 percent to 1,624.39 Nikkei-255 Stock Average Plus 0.003 percent to 15,696.69
Malaysia	Plus 0.30 percent to 905.41
The Philippines	Minus 0.03 percent to 2,108.25
Singapore	Plus 0.43 percent to 2,388.91
South Korea	Minus 2.63 percent to 1,324.78
Taiwan	Minus 0.39 percent to 6,486.63
Thailand	Plus 0.36 percent to 747.70

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