

THE YEAR OF THE DOG STARTS OFF WITH A WHIMPER AND A WHINE

Key Indices Of Major Stock Markets Lose Ground

As had been expected by most, right-minded economists, around the world, the last day of January saw the US Federal Reserve Board increase interest rates by another 25 basis points to 4.50 percent.

This is the official announcement of The Fed, following the conclusion of its Open Market Committee Meeting:

'The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 4-1/2 percent.'

'Although recent economic data have been uneven, the expansion in economic activity appears solid. Core inflation has stayed relatively low in recent months and longer-term inflation expectations remain contained. Nevertheless, possible increases in resource utilization as well as elevated energy prices have the potential to add to inflation pressures.'

'The Committee judges that some further policy firming may be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance. In any event, the Committee will respond to changes in economic prospects as needed to foster these objectives.'

The statement in respect of energy prices – '*elevated energy prices have the potential to add to inflation pressures*' – has to mean that the run of mini-interest-rate increases is far from being over and, as the price of crude oil rises closer to \$US80 per barrel, it appears likely that The Fed will take that action which it deems necessary to keep inflation in check in the US.

The January 31, 2006, meeting of The Fed was the last such meeting at which Dr Alan Greenspan presided as Chairman: He has been replaced by Dr Ben S. Bernanke as the 14th Chairman of The Fed.

Perhaps, more important and definitely potentially incendiary, internationally, was the decision of 5 Permanent Members of the Security Council of The United Nations (UN) – The European Union, Germany, France, Great Britain, and the United States of America, and tacitly endorsed by the People's Republic of China (PRC) and Russia – on the wording of a Resolution, which requests the International Atomic Energy Agency (IAEA) to refer Iran's recent actions to the full Security Council of the UN.

The IAEA, a branch of the UN, whose task includes, inter alia, dissuading governments of the world in the irresponsible and indiscriminate spread of nuclear power, now has the job of referring Iran, whose fundamentalistic Islamic Government is determined to advance its nuclear research facilities as well as restarting its uranium enrichment programme, to the UN's Security Council.

The West is afraid that Iran will develop nuclear weaponry, leading to weapons of mass destruction.

Iran has thumbed its nose at the West.

A number of permanent members of the UN wants to impose sanctions on Iran in order to bring it to heel: Iran is not going to be allowed to have nuclear capabilities in the opinion of the West's powerhouses.

Iran, for its part, has threatened to manipulate the price of crude oil on international markets as a retaliatory move against threats from those countries, which would try to deprive it of nuclear technology, which could be used to manufacture nuclear weapons in addition to the construction of nuclear-powered, electricity generating stations.

Meanwhile in the US, President George W. Bush, in his annual State of the Union diatribe, made oblique references to Iran by stating that the largest economy of the world must *'break this addiction (to oil) ... through technology ...'*

The President said that he was aiming at a 75-percent reduction in oil imports from the Middle East by the year 2025.

When being definitive about Iran, he was vehement and stated, categorically, that it was a country *'held hostage by a small clerical elite that is isolating and repressing the people ... the nations of the world must not permit the Iranian Regime to gain nuclear weapons.'*

In another interview with an international medium, President George W. Bush said that, in the event that Israel was under threat from Iran, *'you bet I would'* come to the aid of Israel, militarily.

Fighting words!

Meanwhile, on The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March dropped back by about 0.19 percent, compared with the last settlement on Tuesday, to \$US66.56.

For April delivery, the last settlement for a barrel of light sweet crude oil was \$US67.42, down about 0.13 percent on Tuesday's last quote.

On Wall Street, if anything, it could be said that the gains on the world's largest stock markets were partially due to a perceived call to rally round the flag in a patriotic gesture.

President George W. Bush had stated in his State-of-the-Union speech that the US must finish its job in Iraq and that the world must view The Land of The Free and The Home of The Brave as a nation whose word may be trusted.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 89.09 points, equivalent to about 0.82 percent, ending the trading session at 10,953.95 points.

On The NASDAQ, its Composite Index rose 4.74 points, or about 0.21 percent, to 2,310.56 points.

There was a handful of companies, whose financial reports appeared to be mildly bullish, and the fractional drop in the price of crude oil on international commodity markets went a long way to fan some of the warm embers of Wall Street.

Europe followed Wall Street, with every key index of every major bourse, making material gains:

Amsterdam's AEX Index	Plus	1.15 percent
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Great Britain's FTSE 100 Index	Plus	0.71 percent
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Germany's Frankfurt XETRA DAX Index	Plus	0.92 percent
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France's CAC 40 Index	Plus	1.03 percent
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Switzerland's Swiss Market Index	Plus	0.31 percent
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Italy's MIBTEL Index

Plus 0.74 percent

Actually, there was little to promote Europe, but, with the world's largest equity markets rising, the opinion was that trend is, always, the investor's friend – so run with it!

In Asia, many people were still celebrating the (new) Lunar New Year, which is The Year of The Dog.

Things had not settled down from the 4-day holiday.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the 2 equity markets opened for the first time since Friday, January 27, 2006.

On the Main Board of The Stock Exchange of Hongkong Ltd, the key index of this equity market, The Hang Seng Index, shed about 0.07 percent of its value, ending the day at 15,742.30 points.

The Total Turnover was on the high side, at about \$HK34.27 billion.

Although The Hang Seng Index was in negative territory, gaining counters outnumbered losing ones by the ratio of about 1.29:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.77 percent to \$HK128.70 per share
PetroChina Company Ltd (Code: 857)	Up 3.31 percent to \$HK7.80 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.80 percent to \$HK38.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.83 percent to \$HK77.80 per share
CNOOC Ltd (Code: 883)	Up 3.82 percent to \$HK6.80 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 5.82 percent to \$HK5.00 per share
China Construction Bank Corporation (Code: 939)	Up 0.82 percent to \$HK3.075 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.85 percent to \$HK2.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.66 percent to \$HK82.70 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.94 percent to \$HK7.90 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Anex International Holdings Ltd	723	11.43		0.117
Arnhold Holdings Ltd	102	21.15		0.63
Asia Alliance Holdings Ltd	616	11.24		0.495
China Agrotech Holdings Ltd	1073	13.75		0.455
China Motion Telecom International Ltd	989	16.07		0.13
China Nan Feng Group Ltd	979		12.15	0.094
Chinese People Gas Holdings Company Ltd	681	16.67		0.56
China Resources Power Holdings Company Ltd	836	12.00		5.60
China Ting Group Holdings Ltd	3398	10.00		2.475
Far East Hotels and Entertainment Ltd	37	14.10		0.445
Far East Technology International Ltd	36	13.33		1.02
Far East Consortium International Ltd	35	15.79		3.30
Frasers Property (China) Ltd	535	27.59		0.185
Great China Holdings Ltd	141		10.64	0.42
Greater China Holdings Ltd	431	10.00		0.495
Landune International Ltd	245		11.54	0.092
MAE Holdings Ltd	851		12.50	0.07
Mascotte Holdings Ltd	136		12.08	0.211
Norstar Founders Group Ltd	2339	14.78		3.30
Ports Design Ltd	589	10.55		11.00
Sewco International Holdings Ltd	209		22.03	0.23
Shimao International Holdings Ltd	649	14.10		0.89
Signal Media and Communications Holdings Ltd	2362		21.05	0.165

Sino Gas Group Ltd	260	12.50		0.405
Sinochem Hongkong Holdings Ltd	297	11.24		1.88
Sinotrans Ltd	598	12.30		3.425
Victory Group Ltd	1139		12.72	0.151
Wonderful World Holdings Ltd	109		30.14	0.051
Yanion International Holdings Ltd	82	17.50		0.47
Yunnan Enterprises Holdings Ltd	455		16.44	0.305

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, rose about 1.04 percent to touch 1,168.56 points by the close of the day.

The Total Turnover on this speculative market was, however, only about \$HK176.90 million – which is hardly the stuff of which a bullish market is made.

Advancing counters outnumbered declining ones by the ratio of about 1.97:One.

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

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131	12.50		0.09
China Chief Cable TV Group Ltd	8153	11.11		1.10
Computech Holdings Ltd	8081		11.11	0.04
Eco-Tek Holdings Ltd	8169	14.00		0.285
Global Link Communications Holdings Ltd	8060		26.53	0.036
Golden Meditech Company Ltd	8180		12.20	1.80
Innovis Holdings Ltd	8065	33.33		0.04
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205		11.76	0.15
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		11.11	0.16

Ko Yo Ecological Agrotech (Group) Ltd	8042	15.91		0.51
T S Telecom Technologies Ltd	8003	14.29		0.04
Tiger Tech Holdings Ltd	8046		21.43	0.022
Vodatel Networks Holdings Ltd	8033		10.38	0.095

In Japan, whether or not the decision of the US Federal Reserve Board to increase interest rates in the US by 25 basis points or whether or not the address by US President George W. Bush rattled investors of the second-largest economy of the world, one may never know, but what was known by the end of last Wednesday's trading day was that the 3 equity markets of the country had had their respective balloons pierced by a number of quite sharp investors' pins.

For the first trading day in 7 trading days, key indices fell on equity markets of The Land of The Rising Sun.

On The Tokyo Stock Exchange, which is the premier stock market of the country, its TOPIX Average lost about 0.97 percent of its value, ending the day at 1,694.24 points.

Declining counters outnumbered advancing ones by the ratio of 2.93:One, exactly.

The Nikkei-225 Stock Average, which is the much-narrower gauge of trading in blue chips, listed on the First Section of The Tokyo Stock Exchange, compared with The TOPIX Average, that is, fell about 1.02 percent to 16,480.09 yen.

News Wise

- **Industrial production** in Japan rose an unadjusted 1.30 percent in 2005, Year-On-Year, The Ministry of Economy, Trade and Industry announced;
- **Fuji Photo Film Company** announced that it would be sacking about 5,000 of its workers. Fuji Photo Film is the world's second-largest producer of film;
- **Canon Incorporated** said that its Net Profit Attributable to Shareholders rose 12 percent to a record level of 384.10 billion yen in its 2005 Financial Year, compared with the 2004-Year; and,
- Japan's second-largest domestic carrier, **All Nippon Airways Company** (ANA), announced that its Group Operating Profit for the first 9 months of 2005 rose about 11 percent, Year-On-Year.

This was how those Asian equity markets that were open, last Wednesday, fared on the first day of trading in The Year of The Dog:

The HKSAR	Minus 0.07 percent to 15,742.30
Indonesia	Plus 0.68 percent to 1,240.70
Japan	TOPIX Average Minus 0.97 percent to 1,694.24 Nikkei-255 Stock Average Minus 1.02 percent to 16,480.09

Malaysia	Closed
The Philippines	Minus 0.09 percent to 2,143.52
Singapore	Plus 0.82 percent to 2,431.74
South Korea	Minus 1.70 percent to 1,375.97
Taiwan	Closed
Thailand	Minus 0.30 percent to 760.36

Thursday

Mr Mohamed el-Baradei, who heads the United Nations's International Atomic Energy Agency (IAEA), warned that the situation in respect of Iran and that country's determination to restart its nuclear research facilities had reached a critical phase.

Mr Mohamed el-Baradei made this statement from Vienna, Austria, where he and his Board were studying a draft resolution, submitted by 5 Permanent Member countries of the Security Council of the United Nations (UN), which want Iran referred to the Security Council with a view, possibly, to imposing sanctions on the intransigent Islamic country.

The draft resolution reads:

'We call on Iran to understand that the board lacks confidence in its intentions in seeking to develop a fissile material production capacity against the background of Iran's record on safeguards.'

TARGET's translation of the above:

'We don't trust you or your intentions, which you have not, honestly, espoused.'

The situation had taken another step up the ladder, leading to a call by the most-powerful members of the Security Council to impose economic sanctions on Iran.

On Wall Street, last Thursday, Iran was the furthest thing in the minds of the gurus of the largest equity markets of the world.

More to the point was that one corporate *'darling'* after another was tripping over its financial bootlaces.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 101.97 points, equivalent to about 0.93 percent, ending the hectic trading day at 10,851.98 points.

Over on The NASDAQ, its Composite Index surrendered 28.99 points, or about 1.25 percent, falling back to 2,281.57 points.

Of the 30 constituent stocks of The Dow, only 3 of their number ended in the black.

Throughout last Thursday's trading day, Wall Street investors were hit with one seemingly poor result from a stalwart company after another.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March was \$US64.68, down 2.82 percent on the last quote of Wednesday.

As for April delivery, the last settlement for a barrel of light sweet crude oil was \$US65.49, a fall of about 2.86 percent, compared with the last settlement of Wednesday.

In Europe, investors became very jittery on seeing what was transpiring on Wall Street.

As a result, key indices of major European bourses gave up material ground as the following **TARGET** () list illustrates:

Amsterdam's AEX Index	Minus 1.16 percent
Great Britain's FTSE 100 Index	Minus 0.93 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.34 percent
France's CAC 40 Index	Minus 1.43 percent
Switzerland's Swiss Market Index	Minus 0.46 percent
Italy's MIBTEL Index	Minus 1.04 percent

In addition to the threat that the game might well be up on Wall Street, European investors were a little put off by statements from the European Central Bank (ECB).

The ECB decided to leave interest rates at 2.25 percent per annum, but it was clear that they would not stay at that level for long.

Mr Jean-Claude Trichet, the President of the ECB, warned that, come the March meeting, the ECB might well shift interest rates up a notch or more because eurozone inflation was above that which the ECB determines is a safe measure of growth of the economy – 2.20 percent.

In Asia, while the 3 equity markets of Japan recovered their losses of Wednesday, other stock markets vacillated for most of the day.

The signs seemed ominous: More losses were likely in the short term.

There was, also, the fact that many people in Asia continued to stay away from their offices, last Thursday, determining to make the entire week a holiday.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors chased the more-speculative issues, leaving some of the bluest of the blue chips on the sidelines.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index gave up about 0.32 percent of its value, edging back to 15,691.69 points.

The Total Turnover was about \$HK33.00 billion, while the ratio of declining counters to advancing ones was about 1.38:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.16 percent to \$HK128.90 per share
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PetroChina Company Ltd (Code: 857)	Down 1.92 percent to \$HK7.65 per share
China Construction Bank Corporation (Code: 939)	Unchanged at \$HK3.075 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.58 percent to \$HK77.35 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.13 percent to \$HK37.95 per share
China Telecom Corporation Ltd (Code: 728)	Up 2.54 percent to \$HK3.025 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 4.50 percent to \$HK4.775 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.27 percent to \$HK8.00 per share
CNOOC Ltd (Code: 883)	Down 2.21 percent to \$HK6.65 per share
Techtronic Industries Company Ltd (Code: 669)	Down 1.06 percent to \$HK14.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anex International Holdings Ltd	723	17.95		0.138
China Gas Holdings Ltd	384	12.26		1.74
China Resources Power Holdings Company Ltd	836		11.16	4.975
China Velocity Group Ltd	149		15.58	0.65
Daisho Microline Holdings Ltd	567		11.43	0.62
Deson Development International Holdings Ltd	262	15.38		0.30
eForce Holdings Ltd	943		13.64	0.019
Garron International Ltd	1226	15.79		0.33
Graneagle Holdings Ltd	147		17.11	0.315
Haier Electronics Group Company Ltd	1169	12.83		0.255

Hualing Holdings Ltd	382	10.77		0.144
Mei Ah Entertainment Group Ltd	391	18.75		0.285
Northern International Holdings Ltd	736	17.79		0.245
Peace Mark (Holdings) Ltd	304	10.61		3.65
Premium Land Ltd	164		12.28	0.25
Sincere Watch (Hongkong) Ltd	444	13.25		0.94
South East Group Ltd	726		10.45	0.06
Tysan Holdings Ltd	687	28.33		0.385
VST Holdings Ltd	856		13.33	0.52
Wealthmark International (Holdings) Ltd	39	16.00		0.58
Zida Computer Technologies Ltd	859		13.70	0.63

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, investors were out in force, pushing up The Growth Enterprise Index by about 2.65 percent to end the day at 1,199.54 points.

The Total Turnover on this speculative market was about \$HK277.79 million.

The ratio of gaining counters to losing ones was about 2.08:One.

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

Phoenix Satellite Television Holdings Ltd (Code: 8002) Up 4 percent to \$HK1.14 per share

Convenience Retail Asia Ltd (Code: 8052) Up 1 percent to \$HK2.65 per share

Golden Meditech Company Ltd (Code: 8180) Up 3 percent to \$HK1.86 per share

China LotSynergy Holdings Ltd (Code: 8161) Unchanged at \$HK3.425 per share

Wumart Stores Incorporated (Code: 8277) Up 17 percent to \$HK20.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Argos Enterprise (Holdings) Ltd	8022		14.39	0.119
Chinainfo Holdings Ltd	8206	34.69		0.33
Essex Bio-Technology Ltd	8151	10.71		0.155
FlexSystem Holdings Ltd	8050	24.19		0.077
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		23.75	0.244
Global Link Communications Holdings Ltd	8060	11.11		0.04
iMerchants Ltd	8009	15.00		0.115
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205		13.33	0.13
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	12.50		0.18
KanHan Technologies Group Ltd	8175		12.20	0.072
Ko Yo Ecological Agrotech (Group) Ltd	8042		10.78	0.455
Milkyway Image Holdings Ltd	8130		25.71	0.026
MP Logistics International Holdings Ltd	8239	50.00		0.12
Sino Stride Technology (Holdings) Ltd	8177	10.34		0.32
Wumart Stores Incorporated	8277	17.25		20.05

In Japan, the country's 3 equity markets recovered from the drubbing of Wednesday ... and then some.

On The Tokyo Stock Exchange, its TOPIX Average gained 0.99 percent, running back to 1,711.02 points.

The ratio of advancing counters to declining ones was about 2.30:One.

The Nikkei-225 Stock Average rose 1.40 percent to 16,710.55 yen.

The Nikkei-225 Stock Average's close of last Thursday was at its highest level in more than 5 years.

News Wise

- **Kao Corporation**, a household products manufacturer, known especially for its soap products, has, now, picked up 86 percent of the Issued and Fully Paid-Up Share Capital of **Kanebo Cosmetics Incorporated** from The Industrial Revitalisation Corporation of Japan. Kanebo Cosmetics found itself in financial trouble, some time ago, requiring Japanese Government assistance, which came in the shape of The Industrial Revitalisation Corporation of Japan, which managed the affairs of the

insolvent cosmetics company, Japan's second largest in its field; and,

- **Sharp Corporation** announced that its Net Profit Attributable to Shareholders rose 26 percent, Year-On-Year, during the quarter, ended December 31, 2005. The Net Profit recorded was 26.26 billion yen.

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

The HKSAR	Minus 0.32 percent to 15,691.69
Indonesia	Plus 0.22 percent to 1,243.39
Japan	TOPIX Average Plus 0.99 percent to 1,711.02 Nikkei-255 Stock Average Plus 1.40 percent to 16,710.55
Malaysia	Closed
The Philippines	Plus 0.74 percent to 2,159.37
Singapore	Plus 0.40 percent to 2,441.39
South Korea	Minus 0.11 percent to 1,374.44
Taiwan	Closed
Thailand	Minus 2.08 percent to 744.54

Friday

Prior to Wall Street, opening for business, last Friday, Ms Kathleen P. Utgoff, The Commissioner of The Bureau of Labour Statistics, delivered a report to the Joint Economic Committee of The Congress of the United States of America.

For hard-nosed economists, that which this good lady stated could never be considered bullish of the economy of the US, but some people viewed it as such in spite of the fact that the largest economy of the world is not creating sufficient new jobs in industry, when factoring in school leavers, entering the workforce, and considering that her address to Congress smacked, very much, of being inflationary.

And that means that, at the next Open Market Committee Meeting of The Federal Reserve Board, there is likely to be another 25, basis-point increase in The Fed Funds' Rate.

This is the full text of Ms Kathleen P. Utgoff's Statement to Congress:

'Mr. Chairman and Members of the Committee:

'I appreciate this opportunity to comment on the labor market data we released this morning.

'Nonfarm payroll employment increased by 193,000 in January, and the unemployment rate fell to 4.7 percent. Payroll employment was up by 140,000 in December and by 354,000 in November (as revised). Over the year, payroll employment increased by 2.1 million. In January, employment growth occurred in construction, mining, and in several service-providing industries.

'Employment in construction rose by 46,000 over the month and by 345,000 over the year. Above-average temperatures in most of the country may have contributed to fewer seasonal layoffs than usual in January.

'Manufacturing employment was little changed in January. A few manufacturing industries have shown small job gains in recent months, including wood products, fabricated metals, and electrical equipment.

'Mining added 6,000 jobs in January. Since its most recent low in April 2003, mining employment has increased by 91,000.

'In the service-providing sector, employment growth continued in health care over the month. Jobs were added in doctors' offices, hospitals, and nursing and residential care facilities.

'In January, employment in food services and drinking places grew by 31,000. Over the year, this industry has added 214,000 jobs.

'Employment in professional and business services was up by 24,000 in January, following 2 months of unusually large gains that totaled 138,000. In January, accounting services lost jobs, while employment trended up in computer systems design and in management and consulting services.

'In January, financial activities added 21,000 jobs. Wholesale trade employment was up by 15,000, while retail employment was little changed.

'Average hourly earnings for production or nonsupervisory workers on private nonfarm payrolls rose by 7 cents in January to \$16.41. Over the year, average hourly earnings grew by 3.3 percent.

'The establishment survey data released today reflect the incorporation of annual benchmark revisions and updated seasonal adjustment factors. Each year, we anchor our sample-based survey estimates to full universe counts of employment, derived principally from administrative records of the unemployment insurance tax system.

'The benchmark revision decreased the level of nonfarm payroll employment in March 2005 by 158,000 (not seasonally adjusted), or about one-tenth of one percent. Over the past decade, benchmark revisions have averaged plus or minus two-tenths of one percent. The seasonally adjusted establishment survey data from January 2001 forward have been revised to incorporate updated seasonal adjustment factors.

'Turning now to the measures from our household survey, the unemployment rate declined to 4.7 percent in January, and the number of unemployed persons fell to 7.0 million. The number of long-term unemployed persons – those unemployed for 27 weeks or more – declined to 1.2 million in January. They constituted 16.3 percent of all unemployed persons, down from 21.0 percent a year earlier. The number of discouraged workers fell over the year to 396,000 (not seasonally adjusted). Discouraged workers are those persons outside the labor force who had stopped looking for work because they believed their job search efforts would be unsuccessful.

'With today's release, we again report on the labor force status of survey

respondents who evacuated from their homes due to Hurricane Katrina. The data are derived from a special set of questions that have been included in the household survey since October to identify and gather information from evacuees. The estimates do not account for all persons who evacuated from their homes due to Hurricane Katrina. We do not gather information on those evacuees who remain outside the scope of the survey, such as those currently living in hotels or shelters.

‘The January data indicate that there were about 1.2 million persons age 16 and over who evacuated from their August residence due to Hurricane Katrina. By January, about one-half of evacuees had returned to the homes they vacated in August. Among Katrina evacuees in January, 56.8 percent were in the labor force, and their unemployment rate was 14.7 percent. Unemployment rates were much lower for those evacuees who had returned home than for those evacuees who had not. The January unemployment rate for those who had returned was 2.9 percent; it was 26.3 percent for those who had not yet returned to their residences.

‘To summarize the labor market data for January, payroll employment rose by 193,000, and the unemployment rate declined to 4.7 percent.’

On Wall Street, opinions appeared to be divided as to whether or not The Labour Department’s release should be viewed as being positive or negative.

The negatives, eventually, won the day – and key indices on the world’s largest equity markets headed south.

On The New York Stock Exchange, the Dow Jones Industrial Average lost another 58.36 points, equivalent to about 0.54 percent, ending the week at 10,793.62 points.

On The NASDAQ, its Composite Index surrendered 18.99 points, or about 0.83 percent, dropping back to 2,262.58 points.

The tally for the week for the world’s largest stock markets was:

The Dow Jones Industrial Average	Minus 1.04 percent
The NASDAQ ‘s Composite Index	Minus 1.81 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March was \$US65.37, an increase of about 1.07 percent on the last settlement on Thursday.

As for April delivery, the last settlement for a barrel of light sweet crude oil was \$HK66.22, up about 1.11 percent on the final transaction on Thursday.

In Europe, for entirely different reasons, key indices of major European bourses rose, some very materially:

Amsterdam’s AEX Index	Plus 0.19 percent
Great Britain’s FTSE 100 Index	Plus 0.20 percent
Germany’s Frankfurt XETRA DAX Index	Plus 0.13 percent
France’s CAC 40 Index	Plus 0.19 percent
Switzerland’s Swiss Market Index	Plus 0.35 percent

Italy's MIBTEL Index

Minus 0.06 percent

Many European bourses are inundated with energy counters and the profits, being announced by many of these counters, is unreal, as one company after another announces record earnings and, of course, record dividend payouts.

Investors expect even more to come.

News Wise

- The number of people in the United Kingdom who, in 2005, openly, admitted that they were unable to pay their bills as they fell due and, as a result, **filed for bankruptcy**, was 70,000 individuals, according to statistics, released by The Department of Trade and Industry. It was the first time since the 1990s that the figures had been this high. As for corporate failures, in the third quarter of 2005, The Department said that there were a total of 3,187 companies/firms which went into liquidation, representing an increase of about 8.50 percent, compared with the like period in 2004.

Asian equity markets saw most of their key indices fall, last Friday, due in large part to what was taking place on Wall Street and strong suggestions that Europe would see higher interest rates in the month of March (Please see Thursday's report).

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

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index lose about 1.67 percent of its value, dropping back to 15,429.73 points.

The Total Turnover continued to be relatively high, at about \$HK32.13 billion.

The ratio of losing counters to gaining ones, however, was wide, at about 3.79:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.70 percent to \$HK128.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.64 percent to \$HK36.95 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.94 percent to \$HK75.85 per share
PetroChina Company Ltd (Code: 857)	Down 2.61 percent to \$HK7.45 per share
China Construction Bank Corporation (Code: 939)	Down 0.81 percent to \$HK3.05 per share
CNOOC Ltd (Code: 883)	Down 3.76 percent to \$HK6.40 per share
China Telecom Corporation Ltd (Code: 728)	Down 0.38 percent to \$HK3.00 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 4.71 percent to \$HK4.55 per share
China Life Insurance Company Ltd (Code: 2628)	Down 3.13 percent to \$HK7.75 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	616	14.58		0.55
China Golden Development Holdings Ltd	162	21.05		0.23
eForce Holdings Ltd	943	10.53		0.021
Everest International Investments Ltd	204	20.00		0.03
Extrawell Pharmaceutical Holdings Ltd	858	14.58		0.22
Fulbond Holdings Ltd	1041		13.33	0.013
Garron International Ltd	1226		18.18	0.27
Golden Dragon Group (Holdings) Ltd	329	11.76		0.38
GOME Electrical Appliances Holding Ltd	493	21.49		7.35
Imagi International Holdings Ltd	585	11.73		2.00
Inner Mongolia Development (Holdings) Ltd	279	22.00		0.244
Multifield International Holdings Ltd	898		12.50	0.112
Sewco International Holdings Ltd	209		10.26	0.21
Sinopec Kantons Holdings Ltd	934	10.06		1.97
Skyworth Digital Holdings Ltd	751	16.67		1.33
Techwayson Holdings Ltd	2330		14.29	0.36
Tidetime Sun (Group) Ltd	307	12.70		0.142
Wah Nam International Holdings Ltd	159		15.63	0.135
Wasion Meters Group Ltd	3393	18.50		2.05

Wealthmark International (Holdings) Ltd	39		13.79	0.50
Yanion International Holdings Ltd	82		13.27	0.425

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, gave up about 1.20 percent of its value, ending the day at 1,185.20 points.

The Total Turnover on this speculative market was about \$HK182.31 million.

In spite of The Growth Enterprise Index, falling back a material amount, gaining counters continued to outnumber losing ones by the ratio of about 1.15:One.

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

China LotSynergy Holdings Ltd (Code: 8161) Down 5 percent to \$HK3.25 per share

Golden Meditech Company Ltd (Code: 8180) Up 7 percent to \$HK1.99 per share

Wumart Stores Incorporated (Code: 8277) Down 3 percent to \$HK19.50 per share

B and B Group Holdings Ltd (Code: 8156) Down 4 percent to \$HK2.75 per share

Phoenix Satellite Television Holdings Ltd (Code: 8002) Unchanged at \$HK1.14 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022	10.08		0.131
China Chief Cable TV Group Ltd	8153		13.64	0.95
FlexSystem Holdings Ltd	8050	11.69		0.086
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	84.43		0.45
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		28.57	0.10
MP Logistics International Holdings Ltd	8239		29.17	0.085
Northeast Tiger Pharmaceutical Company Ltd	8197	13.95		0.049

PINE Technology Holdings Ltd	8013	28.82		0.219
Rojam Entertainment Holdings Ltd	8075	24.66		0.455

The tally for the first 3 days of trading in stocks and shares in the HKSAR in The Year of The Dog was:

The Hang Seng Index	Minus 2.05 percent
The Growth Enterprise Index	Plus 2.48 percent

On the 3 stock markets of Japan, trading was relatively quiet, relative, that is, to Wednesday's and Thursday's trading scene.

On The Tokyo Stock Exchange, The TOPIX Average ended the last day of trading for the week at 1,707.96 points, representing a one-day fall of about 0.18 percent.

The ratio of declining counters to advancing ones was about 1.26:One.

The Nikkei-225 Stock Average shed about 0.30 percent of its value, dropping back to 16,659.64 yen.

News Wise

- **Matsushita Electric Industrial Company**, the maker of Panasonic and National brands of home-electronics, has announced that its Net Profit Attributable to Shareholders for the third quarter of 2005, ended December 31, 2005, was about 49.30 billion yen. This result, Year-On-Year, was an increase of about 39 percent; and,
- **Nissan Motor Company** said that its Net Profit Attributable to Shareholders for the first 9 months of its Fiscal Year, ending June 30, 2006, was about 365.69 billion yen, down about 2 percent, compared with the like 9 months in the previous Year. Nissan is the second largest producer of motor vehicles in Japan and is owned as to 44 percent by Renault of France.

For The Tokyo Stock Exchange, the tally for the 3 trading days to last Friday was:

The TOPIX Average	Minus 0.16 percent
The Nikkei-225 Stock Average	Plus 0.06 percent

And this was how the other Asian equity market (which were open, that is) fared last Friday:

The HKSAR	Minus 1.67 percent to 15,429.73
Indonesia	Plus 0.05 percent to 1,244.13
Japan	TOPIX Average Minus 0.18 percent to 1,707.96 Nikkei-255 Stock Average Minus 0.30 percent to 16,659.64
Malaysia	Plus 1.51 percent to 927.85
The Philippines	Minus 0.95 percent to 2,138.71

Singapore	Minus 0.39 percent to 2,431.72
South Korea	Minus 2.97 percent to 1,333.50
Taiwan	Plus 0.95 percent to 6,594.60
Thailand	Plus 0.34 percent to 747.09

-- E N D --

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