

**THE CHAIRMAN OF THE FED, DR BEN BERNANKE, CONFIRMS:
INTEREST RATES WILL CONTINUE TO RISE**

**Pressure Is Stepped Up On Iran:
Drop Nuclear Ambitions ... Or Else !**

Iran resumed uranium enrichment at its Natanz nuclear plant.

This action is the stepping-stone on the road to this fundamentalistic Islamic country, producing fuel for atomic reactors – or atomic bombs.

It was known as early as Saturday, February 11, 2006, that it was likely that Iran had defied the world body with its avowed intent to restart the programme of uranium enrichment and, by Monday, February 13, 2006, it had been confirmed.

And one had to ponder: Is this, also, Step One to World War III?

Iran's President Mahmoud Ahmadinejad has gone on record to state that Iran will never concede its right to nuclear ambitions.

While it was speculated that Iran was a long way off from being able to produce sufficient quantities of nuclear fuel to enable it to perfect the technology that would be required to produce bombs, the West has gone on record as saying that it would not wait until Iran was capable of developing weapons of mass destruction: It would stop the country in its tracks.

Iran has, repeatedly, stated that it only wants to perfect atomic energy for the generation of electricity, only.

For the majority of the members of the United Nations, however, this is sheer nonsense.

On Wall Street, last Monday, it was sellers, all the way.

By the close of trading on The New York Stock Exchange, last Monday, the Dow Jones Industrial Average was standing at 10,892.32 points, down 26.73 points, or about 0.24 percent, compared with the close of Friday, February 10, 2006.

Over on The NASDAQ, the loss was much more pronounced than that of The Dow as this market's Composite Index was knocked down to 2,239.81 points, a one-day fall of 22.07 points, equivalent to about 0.98 percent.

As with many parts of the world, Wall Street investors wanted to learn what the new Chairman of the US Federal Reserve, Dr Ben Bernanke, would tell the US Congress when he delivers The Fed's monetary policy report, the coming Wednesday.

In Europe, however, key indices of the most-important bourses rose, some very materially:

Amsterdam's AEX Index

Plus 0.70 percent

Great Britain's FTSE 100 Index	Plus	0.51 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.96 percent
France's CAC 40 Index	Plus	0.94 percent
Switzerland's Swiss Market Index	Plus	0.18 percent
Italy's MIBTEL Index	Plus	0.54 percent

Europe, also, was, among other things, interested to learn what the new Chairman of the US Federal Reserve would tell the US Congress in his maiden speech to the US Government's lawmakers in his new role as one of the most powerful financial gurus of the world.

The direction of US interest rates was that which every European banker wanted to know – and Dr Ben Bernanke was deemed to have the answer.

On The New York Mercantile Exchange (NYMEX), the last settlement for light sweet crude oil for delivery in March was \$US61.84 per barrel, down 60 cents (US) per barrel, or about 0.97 percent, compared with the last quote of Friday, February 10, 2006.

As for delivery in April, the last settlement for a barrel of light sweet crude oil was \$US62.31, down 55 cents (US), equivalent to about 0.87 percent on the last settlement of the previous Friday.

Key indices of the largest and most-important Asian equity markets fell, last Monday, for a number of reasons, Iran, being but one.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the 2 equity markets of the territory fell from the opening bells.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.74 percent of its value, falling back to 15,312.09 points.

The Total Turnover was about \$HK31.71 billion.

The ratio of losing counters to gaining ones was about 1.56:One.

The Ten Most Active counters were:

China Construction Bank Corporation (Code: 939)	Up 5.34 percent to \$HK3.45 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.57 percent to \$HK73.95 per share
HSBC Holdings plc (Code: 5)	Down 0.39 percent to \$HK127.80 per share
PetroChina Company Ltd (Code: 857)	Down 1.97 percent to \$HK7.45 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.24 percent to \$HK35.85 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.65 percent to \$HK76.55 per share

Cheung Kong (Holdings) Ltd (Code: 1)

Down 1.27 percent to \$HK77.80 per share

Bank of East Asia Ltd, The (Code: 23)

Up 3.24 percent to \$HK25.50 per share

BOC Hongkong (Holdings) Ltd (Code: 2388)

Up 0.33 percent to \$HK15.15 per share

China Life Insurance Company Ltd (Code: 2628)

Up 1.21 percent to \$HK8.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	989		10.29	0.305
Artfield Group Ltd	1229	18.00		0.59
Asia Orient Holdings Ltd	214		12.94	1.85
China Golden Development Holdings Ltd	162	10.64		0.52
Climax International Company Ltd	439		10.53	0.017
Fintronics Holdings Company Ltd	706	13.14		0.198
Garron International Ltd	1226		12.50	0.28
Golden Harvest Entertainment (Holdings) Ltd	1132		19.68	0.20
Heritage International Holdings Ltd	412		10.00	0.018
Huali Holdings (Group) Ltd	3366	11.05		1.91
New Focus Auto Tech Holdings Ltd	360	15.38		1.80
Paul Y. Engineering Group Ltd	577		11.32	0.94
REXCAPITAL International Holdings Ltd	155	12.45		0.28
Semtech International Holdings Ltd	724		12.71	1.03
Signal Media and Communications Holdings Ltd	2362	13.85		0.148
Sky Hawk Computer Group Holdings Ltd	1129		10.27	0.131

South East Group Ltd	726		14.71	0.058
Tidetime Sun (Group) Ltd	307		16.67	0.15
Wonson International Holdings Ltd	651		10.53	0.017
Xinyu Hengdeli Holdings Ltd	3389	10.26		3.225
Yorkey Optical International (Cayman) Ltd	2788	15.28		4.15
Zhong Hua International Holdings Ltd	1064	78.95		0.034

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index surrendered about 1.34 percent, falling back to 1,182.23 points.

The Total Turnover on this speculative market was about \$HK164.32 million.

Declining counters outpaced advancing ones by the ratio of about 1.71:One.

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

China.com Incorporated (Code: 8006) Up 7 percent to 65 cents per share

Yantai North Andre Juice Company Ltd (Code: 8259) Up 8 percent to 80 cents per share

China LotSynergy Holdings Ltd (Code: 8161) Down 5 percent to \$HK2.725 per share

TOM Online Incorporated (Code: 8282) Down 4 percent to \$HK2.00 per share

Town Health International Holdings Company Ltd (Code: 8138) Up 9 percent to 21 cents 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		19.35	0.10
China Photar Electronics Group Ltd	8220		11.11	0.40
Fast Systems Technology (Holdings) Ltd	8150		16.67	0.01
FlexSystem Holdings Ltd	8050		21.59	0.069

Glory Mark Hi-Tech (Holdings) Ltd	8159	10.95		0.233
Golding Soft Ltd	8190		22.22	0.014
Jiangsu Nandasoft Company Ltd	8045	11.80		0.18
KanHan Technologies Group Ltd	8175	19.79		0.115
Mobile Telecom Network (Holdings) Ltd	8266		17.86	0.115
Plasmagene Biosciences Ltd	8250		21.43	0.055
Satellite Devices Corporation	8172	27.27		0.028
Sau San Tong Holdings Ltd	8200		11.48	0.239
Stockmartnet Holdings Ltd	8123	22.22		0.044

Falling oil and base-metal prices pulled down key indices on equity markets in Japan, last Monday.

While the tensions in the Middle East continued, with Iran, having threatened to push up crude oil prices to record highs if the Security Council of the United Nations determined to impose economic sanctions on the country, this was somewhat overshadowed by the fact that the US inventories of oil were growing apace.

On the premier stock market of the country, that of The Tokyo Stock Exchange, its TOPIX Average shed 2.54 percent, falling back to 1,618.01 points.

The ratio of losing counters to gaining ones was, exactly, 14:One.

The Nikkei-225 Stock Average, which is a much-narrower gauge to trading in blue chips, listed on the First Section of The Tokyo Stock Exchange, was forced to give up about 2.34 percent of its value as investors pushed it down to 15,877.66 yen.

News Wise

- Unconfirmed reports from sources, working at securities companies in Japan, indicated that **foreign buying** of Japanese equities was waning, appreciably;
- **McDonald's Holdings Company (Japan)** announced that its Group Net Profit Attributable to Shareholders for its 2005 Financial Year was about 60 million yen, down about 98.30 percent, Year-On-Year; and,
- **Household spending** in Japan continues to fall, according to The Ministry of Internal Affairs and Communications. In 2005, The Ministry said that the average expenditure by Japanese households was 300,903 yen per month, down about 0.70 percent, compared with the average household expenditure in 2004 after adjustments for price changes, etc.

This was how the situation looked at the close of trading at other equity markets of Asia, last Monday night:

The HKSAR	Minus 0.74 percent to 15,312.09
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Indonesia	Minus 0.06 percent to 1,252.40
Japan	TOPIX Average Minus 2.54 percent to 1,618.01 Nikkei-255 Stock Average Minus 2.34 percent to 15,877.66
Malaysia	Plus 0.27 percent to 922.77
The Philippines	Plus 0.11 percent to 2,087.64
Singapore	Plus 0.24 percent to 2,429.50
South Korea	Minus 1.08 percent to 1,320.79
Taiwan	Minus 0.49 percent to 6,562.29
Thailand	Closed

Tuesday

On the eve, so to speak, of the new Chairman of the US Federal Reserve, Dr Ben Bernanke, delivering his thoughts about the US economy to the US Congress, and with the US Commerce Department, delivering a bullish report about the US economy for the month of January, stock and share prices rose sharply on the world's largest equity markets.

Adding to those bullish factors was that the price of crude oil took quite a wallop on international commodity exchanges, last Tuesday.

From the US Commerce Department, it was reported that retail sales in The Land of The Free and The Home of The Brave rose, during the month of January, by about 2.30 percent, compared with January 2004.

It was the largest monthly improvement in more than 6 years, according to the statistics of the Commerce Department.

This report was the fillip that spurred on stock and share prices on The New York Stock Exchange and The NASDAQ.

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 2.27 percent, compared with Monday's last settlement, to \$US59.57.

For delivery in April, the last settlement for a barrel of light sweet crude oil was \$US61.03, down 2.05 percent, compared with the last settlement on Monday.

For Wall Street, cheaper oil translates into higher profits for corporate America.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 136.07 points, or about 1.25 percent, running back to 11,028.39 points.

On The NASDAQ, its Composite Index gained one percent, exactly, to end the trading day at 2,262.17 points.

In Europe, however, investors were in a cautious mood, awaiting the determinations of Dr Ben Bernanke.

Key indices of the most-important European bourses marked time, for the most part:

Amsterdam's AEX Index	Plus 0.12 percent
Great Britain's FTSE 100 Index	Minus 0.02 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.07 percent
France's CAC 40 Index	Plus 0.08 percent
Switzerland's Swiss Market Index	Minus 0.21 percent
Italy's MIBTEL Index	Minus 0.27 percent

News Wise

- **France Telecom** has announced that it would sack about 17,000 of its workers, internationally. The company is the owner of the premier mobile telecommunications company of France: Orange; and,
- Official German Government data indicates that the **economy stagnated** in the final quarter of 2005, ended December 31. On an annualised basis, output of the world's largest exporter was up about one percent, compared with the like period in 2004.

Things looked considerably better in Asia, last Tuesday, compared with Monday's gloom and doom, as optimism appeared to reign supreme throughout the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets made very useful gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.71 percent to 15,420.32 points on a Total Turnover of about \$HK33.44 billion.

Advancing counters outnumbered declining ones by the ratio of about 1.71:One.

The Ten Most Active counters were:

China Construction Bank Corporation (Code: 939)	Up 5.80 percent to \$HK3.65 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.68 percent to \$HK73.45 per share
HSBC Holdings plc (Code: 5)	Up 0.55 percent to \$HK128.50 per share
PetroChina Company Ltd (Code: 857)	Up 1.34 percent to \$HK7.55 per share
Bank of Communications Company Ltd (Code: 3328)	Up 7.91 percent to \$HK4.775 per share

BOC Hongkong (Holdings) Ltd (Code: 2388) Up 1.98 percent to \$HK15.45 per share

China Mobile (Hongkong) Ltd (Code: 941) Up 1.53 percent to \$HK36.40 per share

China Life Insurance Company Ltd (Code: 2628) Up 4.79 percent to \$HK8.75 per share

Dah Sing Banking Group Ltd (Code: 2356) Down 1.27 percent to \$HK15.55 per share

Hongkong Exchanges and Clearing Ltd (Code: 388) Up 2.58 percent to \$HK39.70 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)
Asia Zirconium Ltd	395	22.73		0.81
China Financial Industry Investment Fund Ltd	1227		11.76	0.09
Chinese People Gas Holdings Company Ltd	681	16.92		0.76
China Velocity Group Ltd	149	21.43		0.85
China Water Affairs Group Ltd	855	13.64		1.25
Ching Hing (Holdings) Ltd	692	12.50		0.09
Everest International Investments Ltd	204		27.27	0.024
Golden Dragon Group (Holdings) Ltd	329	13.40		0.55
Huali Holdings (Group) Ltd	3366	13.87		2.175
Kenford Group Holdings Ltd	464	15.38		0.375
Mitsumaru East Kit (Holdings) Ltd	2358	11.43		0.78
Neo-China Group (Holdings) Ltd	563		10.20	0.88
New Capital International Investment Ltd	1062	11.76		0.19
Pacific Plywood Holdings Ltd	767	12.00		0.028
Premium Land Ltd	164	21.67		0.365

Shanghai Zendai Property Ltd	755	11.39		0.176
Sky Hawk Computer Group Holdings Ltd	1129		14.50	0.112
Techwayson Holdings Ltd	2330		24.00	0.285
Tidetime Sun (Group) Ltd	307	13.33		0.17
UDL Holdings Ltd	620		12.50	0.035

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, while advancing counters were, almost, neck-to-neck with declining counters, The Growth Enterprise Index rose about 1.19 percent to hit 1,196.29 points by the close of the day.

The Total Turnover on this market was about \$HK180.33 million; the ratio of gainers to losers was about 1.07:One.

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

China LotSynergy Holdings Ltd (Code: 8161) Down 6 percent to \$HK2.55 per share

Golden Meditech Company Ltd (Code: 8180) Up 18 percent to \$HK2.45 per share

Wumart Stores Incorporated (Code: 8277) Unchanged at \$HK24.15 per share

TOM Online Incorporated (Code: 8282) Down 2 percent to \$HK1.96 per share

China.com Incorporated (Code: 8006) Up 3 percent to 67 cents per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Photar Electronics Group Ltd	8220	10.00		0.44
Everpride Biopharmaceutical Company Ltd	8019		10.71	0.05
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		18.03	0.25
FX Creations International Holdings Ltd	8136	13.82		0.14
Golden Meditech Company Ltd	8180	18.07		2.45
IIN International Ltd	8128	21.74		0.028

KanHan Technologies Group Ltd	8175	27.83		0.147
Milkyway Image Holdings Ltd	8130		23.53	0.026
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	25.00		0.14
Pan Sino International Holding Ltd	8260	15.69		0.295
Plasmagene Biosciences Ltd	8250	81.82		0.10
Stockmartnet Holdings Ltd	8123	11.36		0.049
T S Telecom Technologies Ltd	8003		26.83	0.03
Tai Shing International (Holdings) Ltd	8103		13.58	0.14
TeleEye Holdings Ltd	8051	20.48		0.10

In The Land of The Rising Sun, its 3 equity markets finished their respective trading sessions in the black after their morning sessions saw all of their key indices fall off by more than one percent, compared with their closes of Monday.

By the end of the trading day on The Tokyo Stock Exchange, The TOPIX Average was standing at 1,635.24 points, up about 1.06 percent on Monday's closing level.

The ratio of gaining counters to losing ones was about 1.28:One.

The Nikkei-225 Stock Average recorded a gain of about 1.93 percent, hitting 16,184.87 yen at the close.

Trading appeared to be concentrated on blue chips, with motors, being very much in vogue due to the historic strong earnings' capabilities.

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

The HKSAR	Plus 0.71 percent to 15,420.32
Indonesia	Minus 1.76 percent to 1,230.38
Japan	TOPIX Average Plus 1.07 percent to 1,635.24 Nikkei-255 Stock Average Plus 1.93 percent to 16,184.87
Malaysia	Plus 0.30 percent to 925.51
The Philippines	Minus 0.85 percent to 2,069.89

Singapore	Plus 0.47 percent to 2,440.98
South Korea	Plus 0.56 percent to 1,328.21
Taiwan	Plus 0.77 percent to 6,612.97
Thailand	Minus 1.38 percent to 727.91

Wednesday

Prior to equity markets opening for business on Wall Street, last Wednesday, the US Federal Reserve released its findings in respect of industrial production and capacity utilisation.

It was not particularly good news: Indications were, The Fed pointed out, that the *'output of utilities'* in January was *'the largest monthly decline recorded in the thirty-four year history of the index.'*

At about the same time as The Fed released its report, in Washington D.C., the Chairman of The Fed, Dr Ben Bernanke, delivered his testimony to the Finance Services Committee of the US House of Representatives.

In a nutshell, Dr Ben Bernanke said that interest-rate increases would, most likely, continue in order to control inherent inflationary tendencies in the US economy, which was running at near full capacity.

He said, inter alia:

'The risk exists that, with aggregate demand exhibiting considerable momentum, output could overshoot its sustainable path, leading ultimately, in the absence of countervailing monetary policy, to further upward pressure on inflation.'

He went on to state that high-energy prices and the possibility of a slowdown in the US housing market were potential risks to the economy.

While Dr Ben Bernanke was explaining to the US Congress the thinking behind The Fed's Semi-Annual Monetary Policy, investors on Wall Street were cogitating over The Fed's release with regard to industrial production and capacity utilisation.

This is that report, minus the tables:

'INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

'Industrial production decreased 0.2 percent in January after upwardly revised gains of 0.9 percent in December and 1.1 percent in November. The output of utilities plummeted 10.1 percent in January as a result of the unseasonably warm temperatures. This drop is the largest monthly decline recorded in the thirty-four-year history of the index. Elsewhere, however, production expanded in January. Mining output climbed 1.7 percent, and manufacturing production rose 0.7 percent after increases of 0.5 percent in December and 0.7 percent in November; the gains in manufacturing in November and December have both been revised up 0.3 percentage point. At 110.3 percent of its 2002 average, overall industrial output in January was 3.1 percent above its January 2005 level. Because of the drop in utilities output, the rate of capacity utilization for total industry decreased 0.3 percentage point, to 80.9 percent, just below its 1972-2005 average. Capacity utilization in manufacturing moved up in January to 80.5 percent, a rate 0.7 percentage point above its 1972-2005 average ...

'Market Groups

'The output of consumer goods moved down 0.4 percent in January; a drop of 7.0 percent in the production of nondurable consumer energy goods more than accounted for the decline. The production of consumer durables increased 1.3 percent and was bolstered by jumps in the indexes for home electronics; appliances, furniture, and carpeting; and automotive products. The output of non-energy nondurable consumer goods advanced 0.6 percent. The indexes for paper products, chemical products, clothing, and foods and tobacco all moved up for the second month in a row.

'The production of business equipment rose 0.9 percent to a level that was 10.7 percent above its year-ago level. All of the major categories of business equipment contributed significantly to the overall increase; the largest increase, of 2.6 percent, was in transit equipment. After three months of increases, the index for defense and space equipment declined 0.7 percent and now stands nearly 8 percent above its year-ago level. Production of business supplies fell 1.4 percent, held down by a drop in commercial energy products; production of non-energy business supplies increased 0.8 percent. The index for construction supplies was unchanged for a second consecutive month after three months of large increases.

'The production of industrial materials inched down in January. A drop of 1.3 percent in the output of energy materials was mostly offset by a gain of 0.5 percent in the output of nondurable materials and an increase of 0.4 percent in durable materials; the indexes for equipment parts, consumer parts, chemicals, and textiles all rose.

'Industry Groups

'Manufacturing production increased 0.7 percent in January and was 4.5 percent higher than it was in January 2005. The factory operating rate, at 80.5 percent, was the highest since July 2000. The output of durable goods rose 0.7 percent; significant increases were registered in electrical equipment, appliances, and components; motor vehicles and parts; and miscellaneous manufacturing. Durable goods industries with decreases in output in January included wood products, machinery, and primary metals. The production of nondurable goods rose 0.7 percent. Industries with output gains of 1 percent or more were petroleum and coal products, textile and product mills, and chemicals. Food, beverage, and tobacco products; printing and support; and plastics and rubber products posted small gains. Paper was the only nondurable industry with decreased output; production in this industry reversed some of the previous month's gain. Production in the non-NAICS manufacturing industries (logging and publishing) rose 1.0 percent after a gain of 0.8 percent in December.

'Capacity utilization for industries in the crude stage of processing rose 1.6 percentage points, to 86.2 percent, a rate just 0.2 percentage point below its 1972-2005 average. For industries in the primary and semifinished stages, the utilization rate declined 1.5 percentage points, to 81.8 percent, as a result of the drop in utilities output. For finished goods producers, the utilization rate increased 0.5 percentage point, to 78.8 percent, a rate that is nearly 1 percentage point above its 1972-2005 average of 77.9 percent.'

Then, from the US Secretary of State, Ms Condoleezza Rice, came a bombshell as she accused the Government of Iran of being in *'open defiance'* of the United Nations.

In what may, in the fullness of time, be construed as the first shot across Iran's bows, the Secretary of State told the US Senate Foreign Relations Committee:

'They (Iran) have now crossed a point where they are in open defiance.'

On The New York Stock Exchange, disregarding the negative aspects of the US economy and looking only through rose-coloured glasses at certain statements of the Chairman of The Fed, plus the fact that crude oil prices were continuing to drift to lower levels, investors went on a mild buying spree.

By the close of the day, the Dow Jones Industrial Average was standing at 11,058.97 points, representing a gain of about 0.28 percent on Tuesday's closing level.

On the (tech-laden) NASDAQ, its Composite Index rose 0.63 percent to 2,276.43 points.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March was \$US57.65, down about 3.22 percent on the last quote on Tuesday.

For delivery in April, the last settlement was \$US59.25 per barrel, off about 2.92 percent on the last settlement of Tuesday night.

Across in Europe, key indices of the major bourses ended their respective trading sessions completely flat.

The statements by The Fed's Chairman did little to allay the fears of investors in this part of the world, especially in view of the drag on key indices as crude oil prices continued to fall to lower levels.

This was how the key European indices ended up, last Wednesday night:

Amsterdam's AEX Index	Plus 0.11 percent
Great Britain's FTSE 100 Index	Minus 0.01 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.06 percent
France's CAC 40 Index	Minus 0.54 percent
Switzerland's Swiss Market Index	Minus 0.78 percent
Italy's MIBTEL Index	Plus 0.13 percent

News Wise

- **Unemployment** in the United Kingdom has risen to 5.10 percent, The Office of National Statistics announced. For the quarter, ended December 31, 2005, the number of people, pounding the streets of the UK, looking for work, rose to about 1.54 million. The final 2005-quarter's statistic represents a 6.25-percentile increase over the quarter, ended September 30, 2005.

Equity markets of Asia were relatively quiet, last Wednesday, as investors determined to wait it out in order to learn what the Chairman of The Fed would tell the American people in his first formal address to the US Government since taking office about a fortnight earlier.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading was spirited, but key indices hardly moved, during the entire trading day, as buyers and sellers were just about even.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index ended the day at 15,423.26 points, representing a gain of just 0.02 percent over the close of Tuesday.

The Total Turnover was about \$HK36.63 billion, with the ratio of losing counters to gaining ones, being about 1.10:One.

The Ten Most Actives were:

China Construction Bank Corporation (Code: 939) Up 0.68 percent to \$HK3.675 per share

HSBC Holdings plc (Code: 5)	Up 0.08 percent to \$HK128.60 per share
China Life Insurance Company Ltd (Code: 2628)	Down 3.43 percent to \$HK8.45 per share
Bank of Communications Company Ltd (3328)	Down 1.57 percent to \$HK4.70 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.29 percent to \$HK15.65 per share
PetroChina Company Ltd (Code: 857)	Down 0.66 percent to \$HK7.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.27 percent to \$HK73.65 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK36.40 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.60 percent to \$HK4.775 per share
CNOOC Ltd (Code: 883)	Down 1.53 percent to \$HK6.45 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)
Benefun International Holdings Ltd	1130		14.06	0.055
China Financial Industry Investment Fund Ltd	1227	17.78		0.106
China Water Affairs Group Ltd	855	11.20		1.39
Dan Form Holdings Company Ltd	271	23.75		0.495
ENM Holdings Ltd	128	93.55		0.90
Genesis Energy Holdings Ltd	702	12.50		0.072
Haywood Investments Ltd	905		12.12	0.058
IDT International Ltd	167		12.33	0.64
Imagi International Holdings Ltd	585	13.79		3.30
Jiaoda Kunji High-Tech Company Ltd	300	16.28		2.00

Karl Thomson Holdings Ltd	7	80.20		1.82
Mei Ah Entertainment Group Ltd	391		10.00	0.243
Northern International Holdings Ltd	736	26.53		0.31
Pyxis Group Ltd	516	10.20		0.108
Shanghai Allied Cement Ltd	1060	11.11		0.22
Shanghai Zendai Property Ltd	755	15.91		0.204
Sino Prosper Holdings Ltd	766		11.02	1.13
Skyworth Digital Holdings Ltd	751		14.49	1.18
United Power Investment Ltd	674	26.61		0.295
Victory Group Ltd	1139	16.15		0.151
Wing Hong (Holdings) Ltd	745		13.33	0.039
Wonson International Holdings Ltd	651		11.11	0.016
Zhong Hua International Holdings Ltd	1064		12.90	0.027
Zhongda International Holdings Ltd	909		12.28	0.20
Zhongtian International Ltd	2379		11.76	0.45

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index declined by about 0.36 percent to 1,192.02 points on a Total Turnover of about \$HK177.87 million.

The ratio of gaining counters to losing ones on this speculative market was about 1.05:One.

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

China LotSynergy Holdings Ltd (Code: 8161) Up 3 percent to \$HK2.625 per share

TOM Online Incorporated (Code: 8282) Down 2 percent to \$HK1.93 per share

Tong Ren Tang Technologies Company Ltd (Code: 8069) Up 1 percent to \$HK15.65 per share

Zhengzhou Gas Company Ltd (Code: 8069) Down 2 percent to 82 cents per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210		22.22	0.07
Computech Holdings Ltd	8081	12.50		0.045
FlexSystem Holdings Ltd	8050		20.00	0.052
Global Link Communications Holdings Ltd	8060	20.00		0.048
IIN International Ltd	8128	10.71		0.031
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205		24.81	0.10
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		11.76	0.15
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		14.29	0.12
Mobile Telecom Network (Holdings) Ltd	8266		13.04	0.10
North Asia Strategic Holdings Ltd	8080	14.86		0.85
Pan Sino International Holding Ltd	8260	15.25		0.34
Plasmagene Biosciences Ltd	8250		25.00	0.075
ProSticks International Holdings Ltd	8055		10.53	0.017
Rojam Entertainment Holdings Ltd	8075		18.75	0.325
Stockmartnet Holdings Ltd	8123	22.45		0.06
T S Telecom Technologies Ltd	8003	16.67		0.035

In Japan, investors feared for the worst when Dr Ben Bernanke delivered his testimony to the US Government, especially as, once again, there were definitive signs that foreign investment in stocks and shares, listed on the country's 3 equity markets, was waning.

On The Tokyo Stock Exchange, its TOPIX Average lost 0.67 percent of its value, exactly, falling back to

1,624.28 points.

The ratio of declining counters to advancing ones was about 1.61:One.

The Nikkei-225 Stock Average, on the other hand, which is a narrower gauge of trading in blue chips, listed on The First Section of The Tokyo Stock Exchange, shed 1.56 percent, coming to rest at 15,932.83 yen by the close of the day.

Trading was thin for the most part.

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

The HKSAR	Plus 0.02 percent to 15,423.26
Indonesia	Plus 0.53 percent to 1,236.94
Japan	TOPIX Average Minus 0.67 percent to 1,624.28 Nikkei-255 Stock Average Minus 1.56 percent to 15,932.83
Malaysia	Plus 0.18 percent to 927.17
The Philippines	Plus 0.20 percent to 2,074.09
Singapore	Minus 0.69 percent to 2,424.17
South Korea	Minus 1.83 percent to 1,303.84
Taiwan	Minus 0.22 percent to 6,598.49
Thailand	Minus 0.30 percent to 725.73

Thursday

France threw down a gauntlet at the feet of the Government of Iran, last Thursday, accusing it, outright, of (a) being a liar and (b) planning to produce atomic bombs and, by extension, planning to manufacture other weapons of mass destruction.

Mr Phillippe Douste-Blazy, Foreign Minister of France, during a television interview, said:

'No civilian nuclear programme can explain the Iranian nuclear programme. It is a clandestine military nuclear programme. The international community (the United Nations) has sent a very firm message in telling the Iranians to return to reason and suspend all nuclear activity and the enrichment and conversion of uranium. But they are not listening to us ...

'Now, it is up to the Security Council (of the United Nations) to say what it will do, what

means it will use to stop, to manage, to halt this terrible crisis of nuclear proliferation, caused by Iran.'

Mr Phillippe Douste-Blazy's statements were the second such frontal attack against the Iranian Government in 2 days from very senior government officials of the West. (Please see Wednesday's report)

Countering the statements of the French Foreign Minister, Iran's negotiator to the United Nations, Mr Ali Larijani, said:

'We want civilian nuclear energy. We don't want the bomb!'

But few people of the Western World were listening to the utterances of Iran because history has proved its innate propensity to be duplicitous.

On another front, The Bureau of Labour Statistics, which is a branch of The (US Government's) Department of Labour, brought out its statistics in respect of US import and export price indices for the month of January 2006.

The statistics indicated that the higher price of energy was having a detrimental effect on the US economy.

(Please see the comments of Dr Ben Bernanke in Wednesday's report)

This is the gist of that which this important branch of the US Government released, at about 0830 hours, Washington D.C. time, last Thursday:

'U.S. IMPORT AND EXPORT PRICE INDEXES

- JANUARY 2006 -

'The U.S. Import Price Index rose 1.3 percent in January. The increase followed declines of 1.8 percent and 0.1 percent in November and December, and was primarily led by an increase in petroleum prices. Export prices advanced 0.7 percent in January after a modest 0.1 percent rise the previous month...

'Import Goods

'The 1.3 percent advance in import prices was the largest monthly increase since a 2.1 percent jump in September. Petroleum prices rose 6.4 percent in January, reversing the trend over the past three months when the index declined 12.3 percent. Despite decreasing over the last three months of 2005, petroleum prices increased 48.3 percent for the January 2005-2006 period. The price index for nonpetroleum imports increased for the second consecutive month in January, rising 0.2 percent following a 0.1 percent uptick in December. Prices for nonpetroleum imports advanced 2.4 percent for the year ended in January, while overall import prices rose 8.8 percent over the same period.

'A 0.9 percent advance in nonpetroleum industrial supplies and materials prices was the largest contributor to the January increase in nonpetroleum prices. Higher prices for metals, chemicals, and building materials all factored into the January increase in prices for nonpetroleum industrial supplies and materials, which rose 12.4 percent over the past year. The price indexes for foods, feeds, and beverages and for consumer goods also rose in January, increasing 1.2 percent and 0.2 percent, respectively. Both indexes increased over the past 12 months; foods, feeds, and beverages prices rose 6.9 percent, while consumer goods prices were virtually unchanged, ticking up 0.1 percent.

'In contrast prices for capital goods and for automotive vehicles declined in January, each falling 0.1 percent. Prices for capital goods decreased 1.6 percent, however, over the past year, and continued to be led down by lower computer prices. Automotive vehicle prices rose for the year ended in January, increasing 0.3 percent.

'Export Goods

'Export prices rose 0.7 percent in January as 0.7 percent increases for both agricultural prices and for nonagricultural prices contributed to the increase. The

advance in agricultural prices followed declines in three of the previous four months and was led by higher prices for corn and soybeans. Agricultural prices rose 4.7 percent over the past year. Prices for nonagricultural exports increased 2.4 percent over the past 12 months, while overall export prices rose 2.7 percent for the same period.

'Nonagricultural industrial supplies and materials prices advanced 1.8 percent in January, continuing the upward trend for this index. In January, higher prices for fuel, metals, and chemicals all contributed to the increase. For the year, the index rose 8.5 percent.

'All of the major finished goods areas also factored into the January increase in export prices. The price index for capital goods, which makes up about 40.6 percent of exports, increased 0.2 percent for the month, but declined 0.6 percent over the past 12 months. Prices for consumer goods and for automotive vehicles increased 0.5 percent and 0.2 percent, respectively, in January. Over the past year, consumer goods prices advanced 0.7 percent and automotive vehicles rose 1.0 percent ...'.

On Wall Street, last Thursday, both of the world's largest equity markets registered gains by the close of the day, but the gains were both less than one percent, each.

On The New York Stock Exchange, the Dow Jones Industrial Average closed at 11,120.68 points, representing a one-day improvement of about 0.56 percent.

Over on The NASDAQ, its Composite Index rose about 0.80 percent to end the trading session at 2,294.63 points.

A couple of blue chips reported earnings, which were in line with previous predictions, and it was said that that was one of the main reasons for the these 2 equity markets to continue to make gains.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March was \$US58.46, up 1.41 percent on Wednesday's last settlement.

As for delivery in April, the last settlement for a barrel of light sweet crude oil was \$US60.13, representing a one-day rise of about 1.49 percent.

In Europe, it was a decidedly bullish day for investors, locked into stocks and shares, quoted on bourses in this part of the world.

Following the utterances of the Chairman of the US Federal Reserve on Wednesday, and in view of the fact that Wall Street determined that, generally, that which Dr Ben Bernanke had said was positive of the US economy, investors ploughed into some of the old-time favourites of Europe, with banks and telecommunication companies, being the objects of adoration of certain camps.

Every key index of every major bourse rose to near 54-month highs:

Amsterdam's AEX Index	Plus	0.23 percent
Great Britain's FTSE 100 Index	Plus	0.64 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.43 percent
France's CAC 40 Index	Plus	0.79 percent
Switzerland's Swiss Market Index	Plus	1.12 percent
Italy's MIBTEL Index	Plus	0.61 percent

Asian equity markets appeared to be much more positive, last Thursday, with many of the most-important ones, making what may be considered reasonable gains, albeit of a fractional nature.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading was sluggish as investors mulled over the statements of the Chairman of the US Federal Reserve, Dr Ben Bernanke, and other data, flowing from various branches of the US Government.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.18 percent as investors nudged it to 15,450.88 points.

The Total Turnover was about \$HK31.83 billion, while the ratio of declining counters to advancing ones was about 1.33:One.

The Ten Most Actives were:

China Construction Bank Corporation (Code: 939) Down 3.40 percent to \$HK3.55 per share

Chinese Estates Holdings Ltd (Code: 127) Down 8.29 percent to \$HK8.30 per share

HSBC Holdings plc (Code: 5) Unchanged at \$HK128.60 per share

PetroChina Company Ltd (Code: 857) Down 2.67 percent to \$HK7.30 per share

Sun Hung Kai Properties Ltd (Code: 16) Up 0.97 percent to \$HK77.70 per share

Hutchison Whampoa Ltd (Code: 13) Unchanged at \$HK73.65 per share

China Life Insurance Company Ltd (Code: 2628) Down 1.78 percent to \$HK8.30 per share

CNOOC Ltd (Code: 883) Down 2.33 percent to \$HK6.30 per share

Bank of Communications Company Ltd (Code: 3328) Down 1.60 percent to \$HK4.625 per share

China Mobile (Hongkong) Ltd (Code: 941) Up 0.55 percent to \$HK36.60 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Force Oil and Grains Industrial Holdings Company Ltd	1194	13.43		0.38
China Merchants DiChain (Asia) Ltd	632		10.71	0.025
Chinese People Gas Holdings Company Ltd	681		13.16	0.66

China Water Affairs Group Ltd	855		20.14	1.11
Earnest Investments Holdings Ltd	339	14.29		0.80
ENM Holdings Ltd	128		10.00	0.81
FU JI Food and Catering Services Holdings Ltd	1175	18.40		17.05
Graneagle Holdings Ltd	147	11.76		0.38
K and P International Holdings Ltd	675		10.00	0.225
Kenford Group Holdings Ltd	464		10.81	0.33
MACRO-LINK International Holdings Ltd	472	10.00		0.22
Ming Fung Jewellery Group Ltd	860	10.11		0.49
Nan Hai Corporation Ltd	680	25.64		0.049
New Capital International Investment Ltd	1062	10.58		0.23
See Corporation Ltd	491	21.21		0.08
Signal Media and Communications Holdings Ltd	2362	11.43		0.156
Sino Gas Group Ltd	260	15.28		0.415
Techwayson Holdings Ltd	2330	20.69		0.35
Uni-Bio Science Group Ltd	690	32.73		0.73
Wai Yuen Tong Medicine Holdings Ltd	897	10.59		0.188
Winfoong International Ltd	63	10.42		0.53

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it was a completely different story to that, being told on the Main Board.

The Growth Enterprise Index lost about 0.81 percent of its value, falling back to 1,182.43 points on a Turnover of about \$HK200.16 million.

The ratio of gainers to losers was about 1.05:One.

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

China LotSynergy Holdings Ltd (Code: 8161)

Down 13 percent to \$HK2.275 per share

Wumart Stores Incorporated (Code: 8277)

Unchanged at \$HK23.95 per share

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Up 6 percent to \$HK16.60 per share

TOM Online Incorporated (Code: 8282)

Up 3 percent to \$HK1.98 per share

Golden Meditech Company Ltd (Code: 8180)

Up 1 percent to \$HK2.475 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China LotSynergy Holdings Ltd	8161		13.33	2.275
Computech Holdings Ltd	8081	11.11		0.05
Everpride Biopharmaceutical Company Ltd	8019	10.00		0.055
Fast Systems Technology (Holdings) Ltd	8150	80.00		0.018
FlexSystem Holdings Ltd	8050	21.15		0.063
Global Link Communications Holdings Ltd	8060		16.67	0.04
Global Solution Engineering Ltd	8192	11.11		0.02
Inno-Tech Holdings Ltd	8394		10.40	0.112
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205	20.00		0.12
Kanstar Environmental Paper Products Holdings Ltd	8011	15.38		0.45
PINE Technology Holdings Ltd	8013		16.67	0.25
Stockmartnet Holdings Ltd	8123	15.00		0.069
Timeless Software Ltd	8028	29.21		0.115
Value Convergence Holdings Ltd	8101	10.77		0.72

In Japan, the consensus was that the gist of the statements of Dr Ben Bernanke was positive and, as such, it was time to load up on stocks and shares.

Helping this sentiment was that the price of crude oil on international markets was continuing to fall – which is good for the corporate Bottom Line, of course.

On The Tokyo Stock Exchange, there was a mild rally as investors went shopping for blue chips with good earnings' records.

The TOPIX Average rose 0.44 percent to 1,631.39 points, while The Nikkei-225 Stock Average put on 0.70 percent to end the day at 16,043.67 yen.

However, despite the key indices, being in the black by the close of the day, losing counters outpaced gaining ones by the ratio of about 1.76:One.

This was how the key indices of other Asian equity markets fared, last Thursday:

The HKSAR	Plus 0.18 percent to 15,450.88
Indonesia	Plus 0.08 percent to 1,237.87
Japan	TOPIX Average Plus 0.44 percent to 1,631.39 Nikkei-255 Stock Average Plus 0.70 percent to 16,043.67
Malaysia	Plus 0.10 percent to 928.10
The Philippines	Plus 0.11 percent to 2,076.42
Singapore	Plus 0.43 percent to 2,434.66
South Korea	Plus 0.80 percent to 1,314.32
Taiwan	Plus 1.29 percent to 6,683.93
Thailand	Plus 1.30 percent to 735.16

Friday

Before Wall Street opened for business, last Friday, The Bureau of Labour Statistics of the US Department of Labour reported its findings in respect of Producer Prices for January 2006.

They were up again, seasonally adjusted, following an increase in December.

This is the complete report, minus the tables:

'Producer Price Indexes -- January 2006

'The Producer Price Index for Finished Goods rose 0.3 percent in January, seasonally adjusted ... This increase followed a 0.6-percent advance in December

and a 0.4-percent decline in November. At the earlier stages of processing, prices for intermediate goods moved up 1.2 percent, compared with a 0.1-percent rise in the prior month. The crude goods index decreased 0.5 percent, after falling 2.3 percent in December....

'Among finished goods, prices for energy goods were unchanged in January, following a 2.0-percent rise in the prior month. The rate of increase in the finished consumer foods index slowed from 0.8 percent in December to 0.2 percent in January. By contrast, prices for finished goods other than foods and energy went up 0.4 percent, after edging up 0.1 percent in the preceding month.'

'Before seasonal adjustment, the Producer Price Index for Finished Goods increased 0.8 percent in January to 160.0 (1982 = 100). From January 2005 to January 2006, prices for finished goods rose 5.7 percent. Over the same period, the index for finished energy goods jumped 25.0 percent, prices for finished goods other than foods and energy moved up 1.5 percent, and the finished consumer foods index advanced 1.9 percent. For the 12 months ended January 2006, intermediate goods prices increased 9.3 percent, while the index for crude goods rose 23.6 percent.'

'Finished goods

'Finished energy goods prices were unchanged in January, following a 2.0-percent advance in December. The gasoline index turned down 3.5 percent, following a 7.2-percent gain in the previous month. Prices for liquefied petroleum gas, home heating oil, and diesel fuel also declined, after rising in December. Alternatively, the residential electric power index increased 3.0 percent in January, following a 0.2-percent rise a month earlier. Prices for residential natural gas turned up, after declining in the preceding month...'

'The index for finished consumer foods increased 0.2 percent in January, following a 0.8-percent gain in the previous month. Leading this deceleration, the fresh and dry vegetables index rose 5.9 percent, after surging 21.7 percent in December. Prices for beef and veal also advanced less than they had in the preceding month. The indexes for fresh fruits and melons, finfish and shellfish, dairy products, and processed turkeys turned down in January, while prices for processed young chickens fell more than they had in the prior month. By contrast, the soft drinks index went up 1.0 percent in January, compared with a 0.2-percent decline in the preceding month. Prices for shortening and cooking oils also turned up, and the processed fruits and vegetables index rose more than it had in December.'

'Prices for finished consumer goods other than foods and energy advanced 0.4 percent in January, after rising 0.2 percent in the previous month. The light motor trucks index went up 0.7 percent, following a 0.7-percent drop in the prior month. Prices for passenger cars, sanitary papers and health products, sporting and athletic goods, and alcoholic beverages also turned up in January, while the book publishing index increased more than it had a month earlier. Alternatively, newspaper circulation prices declined 0.3 percent, after rising 1.4 percent in December. The indexes for tires and for women's, girls', and infants' apparel also turned down in January, and prices for cigarettes decreased, following no change in the preceding month.'

'The index for capital equipment rose 0.3 percent in January, after edging up 0.1 percent in the prior month. Prices for passenger cars climbed 1.1 percent, compared with a 0.1-percent decline in December. The indexes for light motor trucks and for tools, dies, jigs, fixtures, and industrial molds also increased, after falling in the previous month. Prices for civilian aircraft, construction machinery and equipment, and commercial furniture advanced at quicker rates than they had in the preceding month. By contrast, communication and related equipment prices inched down 0.1 percent in January, following a 0.6-percent increase in the previous month. The indexes for integrating and measuring instruments and for industrial material handling equipment also fell, after rising in December.'

'Intermediate goods

'The Producer Price Index for Intermediate Materials, Supplies, and Components increased 1.2 percent in January, following a 0.1-percent gain in December. Prices for intermediate energy goods rose in January, after falling in the prior month. The materials for nondurable manufacturing index moved up, following no change in December, while prices for materials and components for construction increased more in January than they had a month earlier. The index for intermediate foods and feeds turned up, after declining in the previous month. By contrast, prices for materials for durable manufacturing rose less in January than in the preceding month. The index for intermediate goods other than foods and energy climbed 1.0 percent, following a 0.3-percent advance in December.'

'The index for intermediate energy goods increased 1.9 percent in January, after decreasing 0.5 percent in December. Prices for industrial natural gas jumped 5.7 percent, following a 4.1-percent drop in the prior month. The indexes for industrial electric power, jet fuel, and commercial natural gas also turned up in January, after declining a month earlier. Prices for commercial electric power advanced at faster rates than they had in December, while the index for natural gas to electric utilities fell less than it had in the previous month. Alternatively, gasoline prices moved down 3.5 percent in January, following a 7.2-percent rise in December. The indexes for liquefied petroleum gas, diesel fuel, and home heating oil also turned down, after climbing in the preceding month.'

'Prices for materials for nondurable manufacturing, which were unchanged in December, increased 1.9 percent in January. The index for primary basic organic chemicals surged 10.4 percent, following a 1.9-percent decrease in December. Prices for gray fabrics, inedible fats and oils, paper, and paperboard also moved up in January, after falling a month earlier. The index for basic inorganic chemicals advanced at a quicker rate than it had in December, while prices for plastic resins and materials declined less than in the prior month. By contrast, prices for fertilizer materials decreased 1.9 percent in January, after falling 0.1 percent in December. The index for intermediate basic organic chemicals rose less than in the previous month.'

'The index for materials and components for construction increased 1.0 percent in January, after climbing 0.6 percent in December. The majority of this acceleration is attributable to prices for concrete products, which rose 1.9 percent following a 0.3-percent decline in the prior month. The indexes for softwood lumber, wiring devices, asphalt felts and coatings, and cement advanced at faster rates in January than they had a month earlier. Prices for treated wood and mineral wool for structural insulation turned up, after falling in December. Conversely, the index for nonferrous wire and cable moved down 0.3 percent in January, following a 4.5-percent jump in the preceding month. Prices for fabricated structural metal products and millwork rose less than they had in the previous month.'

'The index for intermediate foods and feeds increased 0.9 percent in January, after inching down 0.1 percent in December. Prices for prepared animal feeds advanced 2.5 percent, compared with a 0.4-percent gain in the prior month. The indexes for confectionery materials, refined sugar and byproducts, and dry milk products also increased at quicker rates in January than they had a month earlier. Prices for shortening and cooking oils and for pork turned up, after retreating in December, while the index for fluid milk products declined at a slower rate than it had in the preceding month. By contrast, the index for natural, processed, and imitation cheese decreased, following a rise in December. The index for beef and veal increased less in January than it had a month earlier, while prices for processed young chickens fell more than in the preceding month.'

'The materials for durable manufacturing index advanced 1.0 percent in January, after rising 1.5 percent in December. Prices for primary aluminum (except extrusion billet) increased 3.3 percent, compared with a 10.6-percent surge in the previous month. The indexes for copper cathode and refined copper, copper and brass mill shapes, aluminum mill shapes, and building paper and board also rose less in January than a month earlier. Prices for steel mill products turned down, following December gains. Conversely, the softwood lumber index climbed 4.9 percent in January, after increasing 1.6 percent in the preceding month. Prices for cement and

prepared paint also moved up at faster rates than they had in the prior month.

'Crude goods

'The Producer Price Index for Crude Materials for Further Processing declined 0.5 percent in January, following a 2.3-percent fall in December. In January, decreasing prices for crude foodstuffs and feedstuffs and basic industrial materials outweighed rising prices for crude energy materials.

'The crude foodstuffs and feedstuffs index fell 3.0 percent in January, after advancing 2.5 percent in December. Prices for slaughter cattle moved down 2.1 percent, following a 4.1-percent rise in the prior month. The indexes for slaughter hogs, soybeans, and slaughter turkeys also turned down in January. Prices for corn and for fresh and dry vegetables grew at slower rates than they had in the preceding month. By contrast, prices for slaughter broilers and fryers declined 2.7 percent, following a 6.2-percent decrease in December. The wheat index also decreased at a slower rate than it had in the previous month. Prices for fluid milk were unchanged, after moving down in December. The index for raw cane sugar and byproducts rose more than a month earlier.

'Prices for basic industrial materials edged down 0.1 percent in January, following a 0.5-percent increase in December. The iron and steel scrap index fell 8.4 percent in January, following a 1.4-percent drop in the preceding month. Prices for phosphates and pulpwood also decreased more than they had in December. The index for nonferrous metal ores increased at a slower rate, compared with the previous month. Conversely, the nonferrous scrap index advanced 6.8 percent in January, after rising 0.2 percent in December. The index for construction sand, gravel, and crushed stone also rose more than it had in December. Prices for wastepaper, iron ore, hides and skins, and raw cotton also turned up in January. The index for hardwood logs, bolts, and timber fell less than in the previous month.

'The crude energy materials index increased 0.6 percent in January, subsequent to a 5.4-percent decline in December. Prices for coal rose 10.1 percent, after showing no change in the previous month. The natural gas index fell 1.4 percent in January, after decreasing 11.4 percent in the prior month. Conversely, prices for crude petroleum gained 2.6 percent in January, following a 7.9-percent advance in December.

'Net output price indexes for mining, manufacturing, and services industries

'Mining. The Producer Price Index for the Net Output of Total Mining Industries declined 0.2 percent in January, following a 2.9-percent drop in the prior month. (Net output price indexes are not seasonally adjusted.) Price decreases received by the industries for natural gas liquid extraction and for oil and gas operations support activities outweighed rising prices received by the industries for crude petroleum and natural gas extraction, oil and gas well drilling, bituminous coal underground mining, copper ore and nickel ore mining, and bituminous coal and lignite surface mining. In January, the Producer Price Index for the Net Output of Total Mining Industries was 237.7 (December 1984 = 100), 45.6 percent above its year-ago level.

'Manufacturing. The Producer Price Index for the Net Output of Total Manufacturing Industries advanced 0.9 percent in January, following a 0.1-percent gain in the previous month. Prices received by manufacturers of petroleum and coal products rose 3.2 percent, after falling 0.4 percent in December. The industry group indexes for transportation equipment, beverages and tobacco, and plastics and rubber products also turned up in January, after declining a month earlier. Prices received by manufacturers of chemicals, nonmetallic mineral products, and machinery advanced more than they had in December. By contrast, the industry group index for primary metal manufacturing increased 0.9 percent, after rising 1.4 percent in the previous month. In January, the Producer Price Index for the Net Output of Total Manufacturing Industries was 154.1 (December 1984 = 100), 5.4 percent above its year-ago level.

'Services. Among services industries in January, prices received by the scheduled

passenger air transportation industry advanced 3.0 percent, after falling 3.2 percent in the prior month. The industry indexes for offices of lawyers; investment banking and securities dealing; saving institutions; long-distance, general freight trucking (less than truckload); and hotels and motels (excluding casinos) also turned up, following declines in December. Prices received by the United States Postal Service increased in January, after remaining unchanged a month earlier. The indexes for direct health and medical insurance carriers, general medical and surgical hospitals, commercial banking, and couriers rose more than in the previous month. By contrast, the industry index for temporary help services declined 1.2 percent in January, following a 1.0-percent increase a month earlier.'

On Wall Street, with the approach of a long weekend (Monday, February 20, 2006, was a national holiday in the US), investors were more eager to finalise plans for the 3-day holiday than to consider, trying to take action on a terribly lacklustre equity market.

On The New York Stock Exchange, the Dow Jones Industrial Average dipped 5.36 points, or about 0.05 percent, to end the week at 11,115.32 points.

On The NASDAQ, its Composite Index shed about 0.53 percent of its value, falling back to 2,282.36 points.

What surprised some US investors was that the price of crude oil on international commodity exchanges rather suddenly rose, sharply.

The tally for the biggest equity markets in the world was:

The Dow Jones Industrial Average	Plus	1.80 percent
The Composite Index of The NASDAQ	Plus	0.91 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March was \$US59.88, up about 2.43 percent on the final trade of Thursday.

As for April delivery, the last settlement for a barrel of light sweet crude oil was \$US61.29, representing an increase on Thursday's last settlement of about 1.93 percent.

There appeared to be no particular reason for the price of crude oil to rise as suddenly as it did, last Friday, although there were vague reports that the Nigerian situation was acting up again.

In Europe, investors continued to be upbeat as to near-term prospects for stocks and shares.

Some of the indices of key European bourses hit new 54-month highs:

Amsterdam's AEX Index	Plus	0.42 percent
Great Britain's FTSE 100 Index	Plus	0.29 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.10 percent
France's CAC 40 Index	Plus	0.54 percent
Switzerland's Swiss Market Index	Plus	0.06 percent
Italy's MIBTEL Index	Plus	0.49 percent

Helping prices on European bourses was the fact that oil prices had rebounded, sharply on international commodity exchanges, with European investors, chasing energy counters for scrip.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), while trading was relatively quiet on the Main Board of The Stock Exchange of Hongkong Ltd, on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was something of a panic by certain shareholders to unload certain shares.

The Hang Seng Index, which is the key index of the Main Board, rose about 0.16 percent, ending the week's trading at 15,475.69 points.

The Total Turnover dipped to about \$HK25.45 billion, while the ratio of losing counters to gaining ones was about 1.04:One.

The Ten Most Actives were:

China Construction Bank Corporation (Code: 939)	Up 0.70 percent to \$HK3.575 per share
HSBC Holdings plc (Code: 5)	Up 0.47 percent to \$HK129.20 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.20 percent to \$HK73.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.14 percent to \$HK36.55 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.77 percent to \$HK78.30 per share
PetroChina Company Ltd (Code: 857)	Up 0.68 percent to \$HK7.35 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.81 percent to \$HK8.45 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.06 percent to \$HK78.90 per share
CNOOC Ltd (Code: 883)	Unchanged at \$HK6.30 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 0.32 percent to \$HK15.55 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)
BEP International Holdings Ltd	2326		11.11	0.16
Celestial Asia Securities Holdings Ltd	1049		10.26	0.35
China Fair Land Holdings Ltd	169		13.04	0.40
China Force Oil and Grains Industrial Holdings Company Ltd	1194	18.42		0.45

China Water Affairs Group Ltd	855		16.22	0.93
Guangzhou Shipyard International Company Ltd	317	13.33		2.55
Heritage International Holdings Ltd	412		11.76	0.015
Imagi International Holdings Ltd	585	23.40		4.35
Karl Thomson Holdings Ltd	7		11.90	1.48
MAE Holdings Ltd	2935		14.71	0.58
Man Yue International Holdings Ltd	894	11.54		2.175
New Capital International Investment Ltd	1062	13.04		0.26
Northern International Holdings Ltd	736		10.45	0.30
Oriental Explorer Holdings Ltd	430	13.64		0.05
Peking Apparel International Group Ltd	761	20.31		0.385
Pico Far East Holdings Ltd	752	10.91		3.05
Premium Land Ltd	164	10.53		0.42
Prosperity Investment Holdings Ltd	310	17.39		0.135
Rontex International Holdings Ltd	1142	25.93		0.034
Sky Hawk Computer Group Holdings Ltd	1129	10.71		0.124
VST Holdings Ltd	856	32.26		0.82
Wah Nam International Holdings Ltd	159		16.00	0.126
Wanji Pharmaceutical Holdings Ltd	835	24.58		0.147

On The GEM, its Growth Enterprise Index lost about 2.04 percent, falling back to 1,158.37 points.

The Total Turnover on this speculative market was about \$HK238.04 million.

Declining counters nudged out advancing ones by the narrow margin of about 1.03:One.

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

China LotSynergy Holdings Ltd (Code: 8161)

Down 13 percent to \$HK1.98 per share

Wumart Stores Incorporated (Code: 8277)

Down 2 percent to \$HK23.45 per share

Tong Ren Tang Technologies Company Ltd (Code: 8069) Up 2 percent to \$HK17.00 per share

B and B Group Holdings Ltd (Code: 8156)

Down 5 percent to \$HK2.35 per share

Yantai North Andre Juice Company Ltd (Code: 8259)

Down 3 percent to 77 cents per share

The GEM's biggest movers of last Friday included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China LotSynergy Holdings Ltd	8161		12.97	1.98
Computech Holdings Ltd	8081		10.00	0.045
Fast Systems Technology (Holdings) Ltd	8150		16.67	0.015
FlexSystem Holdings Ltd	8050	17.46		0.074
Global Link Communications Holdings Ltd	8060	20.00		0.048
IIN International Ltd	8128		20.00	0.024
Innovis Holdings Ltd	8065	10.53		0.042
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205	16.67		0.14
Northeast Tiger Pharmaceutical Company Ltd	8197	17.74		0.073
PINE Technology Holdings Ltd	8013	12.00		0.28
Value Convergence Holdings Ltd	8101	16.67		0.84

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

The Hang Seng Index	Plus	0.32 percent
The Growth Enterprise Index	Minus	3.33 percent

As had been '*smelt*', earlier in the week, foreign buyers were exiting Japanese equity markets in droves.

Confirmation had been received from a number of quarters, last Friday, especially in the real-estate sector of the economy.

The selling pressure, mainly brought about by foreign investors, pulled down key indices on the country's 3 equity market, and, especially, on the real-estate sector of the markets, which saw its index drop by about

5.40 percent.

The selling pressure was despite a glowing report from the Japanese Government in respect of the economy of the second-largest economy of the world (Please see [News Wise](#), below)

On The Tokyo Stock Exchange, its TOPIX Average shed about 1.60 percent of its value, falling back to 1,605.33 points.

The ratio of losing counters to gaining ones was pronounced at about 7.53:One.

The Nikkei-225 Stock Average lost about 2.06 percent, ending the trading day at 15,713.45 yen.

New Wise

- **The Cabinet Office** of the Japanese Government announced that the economy of the country accelerated in the final months of 2005 at its fastest pace, in fact, since 1991. For the quarter, ended December 31, 2005, the Gross Domestic Product rose by about 4.20 percent, Year-On-Year; and,
- **Rakuten Incorporated**, the on-line shopping mall operator, reported a Net Profit Attributable to Shareholders for calendar 2005 of about 19.45 billion yen. That result compared with a Net Loss Attributable to Shareholders of about 14.27 billion yen for the previous year.

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

The TOPIX Average	Minus 3.31 percent
The Nikkei-225 Stock Average	Minus 3.35 percent

And this was how the indices of other Asian equity markets ended the week of February 17, 2006:

The HKSAR	Plus 0.16 percent to 15,475.69
Indonesia	Plus 0.45 percent to 1,243.48
Japan	TOPIX Average Minus 1.60 percent to 1,605.33 Nikkei-255 Stock Average Minus 2.05 percent to 15,713.45
Malaysia	Minus 0.17 percent to 926.47
The Philippines	Plus 1.24 percent to 2,102.16
Singapore	Minus 0.13 percent to 2,431.34
South Korea	Plus 1.40 percent to 1,332.73
Taiwan	Minus 0.15 percent to 6,673.75

Thailand	Plus 0.57 percent to 739.35
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