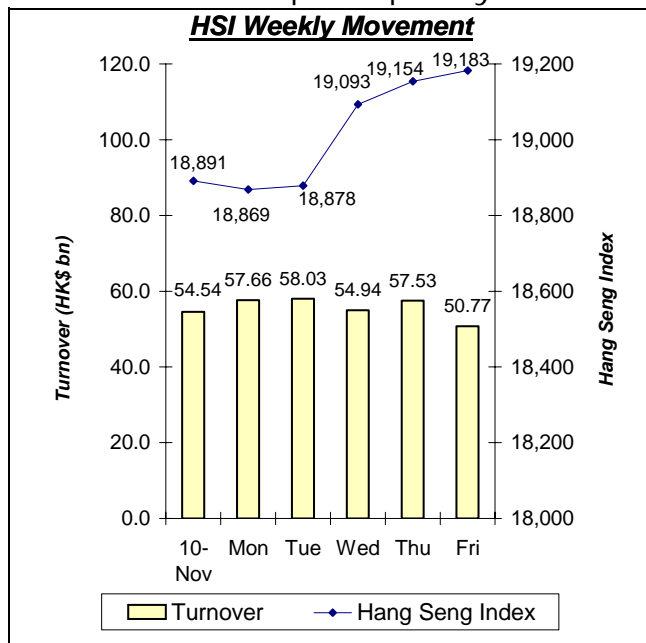


Ample liquidity drove the HSI to fresh record high



Weekly Market Statistics				
Week ended	17/11/2006	10/11/2006	Change	%
Hang Seng Index	19,183	18,891	+292	+1.5%
HS Red Chip Index	3,139	3,048	+91	+3.0%
HS China Enterprises Index	8,321	7,915	+407	+5.1%
HS Composite Index	2,589	2,525	+63	+2.5%
HS HK Composite Index	2,382	2,371	+11	+0.5%
HS Mainland Composite Index	2,888	2,757	+131	+4.7%
S&P/HKEx GEM Index	1,139	1,153	-14	-1.2%
Avg Daily Turnover (HK\$ bn)	55.8	48.0	+8	+16.2%
Sectoral Indices				
Finance	31,747	31,779	-33	-0.1%
Utilities	33,731	33,580	+150	+0.4%
Properties	21,845	21,925	-80	-0.4%
Comm & Ind	10,115	9,800	+315	+3.2%

Review & Outlook of Market Performance

The local bourse started off this week's trades in a mild tone as a spate of fund-raising activities clouded the sentiment. Nevertheless, market regained momentum as investors chased China-related stocks on optimism that the robust growth of the mainland economy could be sustainable. Easing concerns of an interest-rate increase following a notable drop in the core US producer price index also buoyed the market sentiment. Over the week, the benchmark index gained 292 points or 1.5% to close at 19,183. Trading was hectic this week, with average daily turnover reaching HK\$55.8 billion.

BEA was in the spotlight following the announcement by China on Wednesday of the new rules governing the mainland operations of foreign banks as the country fully opens up its banking market to foreign competitions in line with its commitments to its WTO membership. BEA, which has one of the strongest footholds among the foreign banks on the Mainland, saw its share price surge 13.6% w-o-w to HK\$42.30. On the other hand, HSBC (HK\$147.20, -2.3%) was the underperformer among the blue chips this week after its US operations reported a set of disappointing third-quarter results on higher provision for credit losses.

Mainland financial stocks extended their uptrend on speculation of further yuan-currency appreciation. In fact, the new Hang Seng China H-Financials Index, to be launched on 27th November, drew keen buying into the eight inaugural constituents. In particular, China Construction Bank (HK\$4.06, +10.9%) and Bank of China (HK\$3.78, +10.9%) both leapt more than 10% over the week. Sinopec (HK\$5.82, +3.0%) also caught investors' attention this week after the HSI Services announced its inclusion, along with Bank of China, in the HSI effective 4th December. Amid continued expectations on further yuan-currency appreciation, the H-share index ended the week up 5.1% w-o-w at 8,321.

During the week, the HKSAR Government said the jobless rate for the August-October period eased to 4.5%, the lowest since 2Q 2001, from 4.7% for the July-September period, showing the city's economy remained in a solid state. Looking forward, market sentiment should remain strong while investors await a slew of upcoming IPOs, including China Communications Construction and China Communications Services, later this month and next month. The HSI is expected to trade above 19,000 in the near term.

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US & Regional Markets Weekly Update

Date	US Dow Jones	US NASDAQ	JAPAN Nikkei Avg	SINGAPORE STI	MALAYSIA KLSE Index	BANGKOK SET Index	TAIPEI Weighted Index
Week to							
17th November	12,305.82*	2,449.06*	16,091.73	2,813.18	1,040.79	733.92	7,259.54
10th November	12,108.43	2,389.72	16,112.43	2,745.31	1,022.30	740.42	7,174.20
Change	+197.39	+59.34	-20.70	+67.87	+18.49	-6.50	+85.34
%	+1.6%	+2.5%	-0.1%	+2.5%	+1.8%	-0.9%	+1.2%

Remark (*): closing as of 16th November 2006

Major Changes in Index Constituent Stocks (Week ended 17th November 2006)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @17/11/06	W-O-W Change		Remarks / Comments
		HK\$	Absolute	%	
The Bank of East Asia	0023	HK\$42.30	+HK\$5.05	+13.6%	The bank was seen as one of the major beneficiaries from the new rules governing the mainland operations of foreign banks.
Cathay Pacific	0293	HK\$18.98	+HK\$1.80	+10.5%	Falling oil prices propelled the shares of the city's flagship carrier over the week.
Li & Fung	0494	HK\$23.90	+HK\$3.45	+16.9%	The exporter shot up 16.9% this week on the better-than-expected quarterly results posted by US retailers Wal-Mart Stores and Target Corp as well as potential acquisition talks.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @17/11/06	W-O-W Change		Remarks / Comments
		HK\$	Absolute	%	
ZTE	0763	HK\$36.70	+HK\$4.45	+13.8%	The telecom-equipment maker was fuelled by hopes that mainland's 3G mobile services will be launched next year.
China Life Insurance	2628	HK\$18.44	+HK\$1.32	+7.7%	Investors cheered the top life insurer's acquisition of a 20% stake in Guangdong Development Bank.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @17/11/06	W-O-W Change		Remarks / Comments
		HK\$	Absolute	%	
China Merchants Holdings (International)	0144	HK\$26.35	+HK\$1.70	+6.9%	The company said it would buy port and related assets in Shenzhen from its parent to strengthen its foothold in the southern China city.

Summary of US Economic News

Indicator	Change/Index	Comments
Business inventory – September 2006	+0.4% m-o-m	Business inventories rose a less-than-expected 0.4% in September, following a 0.6% increase in August.
Producer price index – October 2006	-1.6% m-o-m	The overall PPI fell a larger-than-expected 1.6% in October, matching a record fall in October 2001 and following a 1.3% drop in September. Excluding food and energy costs, the core PPI plunged 0.9%, the largest fall since a 1.2% drop in August 1993, following a 0.6% rise in September.
Retail sales – October 2006	-0.2% m-o-m	Retail sales fell a less-than-expected 0.2% in October, following a revised 0.8% decline in September, primarily due to a 6% drop in spending at gas stations compared to September.
Consumer price index – October 2006	-0.5% m-o-m	Led by a drop in gasoline prices, the overall CPI sank a larger-than-expected 0.5% in October, matching the 0.5% fall in September. Stripping out the volatile food and energy prices, the core CPI edged up 0.1%, following a 0.2% rise in September.
Initial jobless claims – week ended 11 th November 2006	-2,000	The number of US workers signing up for unemployment benefits edged down by 2,000 last week to a seasonally-adjusted 308,000, showing steady labour market conditions.
Industrial production – October 2006	+0.2% m-o-m	Industrial production rose a less-than-expected 0.2% in October after a 0.6% drop in the prior month.

Forthcoming Important Announcements / Events

20 th November 2006 (Monday)	HK	:	GOME Electrical Appliances (0493) – Q3 2006 results City Telecom (1137) – FY2005/06 final results
	US	:	Leading indicators – October 2006 Campbell Soup Co – Q1 2006/07 results Lowe's Cos Inc – Q3 2006 results Nordstrom Inc – Q3 2006 results
21 st November 2006 (Tuesday)	HK	:	Consumer price index – October 2006 GDP – Q3 2006 Gold Peak Industries (0040) – FY2006/07 interim results Tse Sui Luen Jewellery (0417) – FY2006/07 interim results The Link REIT (0823) – FY2006/07 interim results Lee & Man Paper – FY2006/07 interim results
	US	:	Deere & Co – Q4 2006 results
22 nd November 2006 (Wednesday)	HK	:	VTech (0303) – FY2006/07 interim results Tencent (0700) – Q3 2006 results
	US	:	Initial jobless claims – week ended 18 th November 2006 Juniper Networks Inc – Q3 2006 results
23 rd November 2006 (Thursday)	HK	:	No important announcement / event
	US	:	No important announcement / event
24 th November 2006 (Friday)	HK	:	No important announcement / event
	US	:	No important announcement / event

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