

AROUND THE MARKETS

Weak dollar puts squeeze on vintners

By Robert Fenner

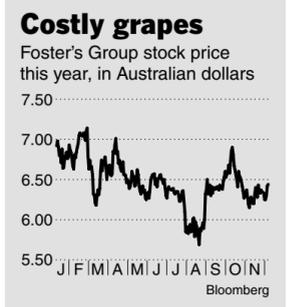
SYDNEY

Australian winemakers, riding 10 consecutive years of rising export sales, may lose their price advantage on the world market as the Australian dollar trades near a 23-year high and a record drought pushes up the cost of grapes.

Foster's and McGuigan Simeon Wines, the top two publicly traded winemakers in the country, are faced with either cutting profit margins to keep brands competitive or raising prices and risking a decline in their 10 percent share of global wine exports, according to Matt Hoult, an analyst at ABN AMRO Asset Management in Sydney.

"Consumers globally will turn to other makers as Australian wine becomes less competitive," Hoult said. "Right now Australian wine is straight-out noncompetitive. This will weigh on their shares for some time."

Shares in Foster's, the second-largest winemaker in the world



after Constellation Brands, have fallen 7.2 percent so far this year. McGuigan stock is down by half this year.

Just two of the 14 analysts tracked by Bloomberg who cover the industry have buy recommendations on Foster's, while 11 rate it a hold and one rate it sell. McGuigan has four buy ratings, one hold and one sell.

Foster's and McGuigan, which generate almost half their sales overseas, deal with an Australian currency that has gained about 11 percent against the U.S. dollar in the past three and a half months. It now trades at 87.99 U.S. cents.

The falling dollar and rising euro also stand to hurt exporters in France, Italy and Spain, the three biggest wine-producing nations, while benefiting U.S. wineries.

But vintners in Australia, the world's fourth-largest wine producer, are also being squeezed by the most severe drought in the country in a century.

The cost of grapes from the 2007 harvest rose 5 percent from the previous year, according to Australian Wine & Brandy, a government body that regulates the industry. Average prices per bottle rose 2 percent in 2007, the largest increase in eight years and the first since 2003.

Australia exports 53 percent of its wine production, the second-highest proportion of output among the top 12 producers in the world after Chile, according to the Australian Bureau of Statistics. France exports 33 percent of its wine, Italy and Spain about 29 percent and the United States 16 percent.

"The cycle is working against them at a time when there are a lot of stocks out there that don't have the cycle working against them," said Atul Lele at White Funds Management in Sydney, whose holdings include shares of Foster's. "Any move we make in our Foster's stake from here will be downward."

The 2008 harvest may be as low as 800,000 tons, about 43 percent less than the 2007 harvest of 1.4 million tons, according to the Winemakers' Federation of Australia.

As Foster's has to buy about half the grapes it uses to make Australian wine, the higher prices and increased scarcity will lead to higher costs and may even force the company to import supplies, Lele said.

Foster's began its wine expansion in 1996 as it sought to limit the impact of stalling beer sales by paying 482 million dollars for Mildara Blass. In 2001, it moved into California with the purchase of Beringer Wine Estates for 2 billion dollars, and in 2005 it paid 3.2 billion dollars for Southcorp, the maker of Lindemans, Rosemount and Penfolds Grange.

It is the profitability of the Australian beer industry, which has wider margins than rivals in Europe and North America, that keeps Hoult, of ABN AMRO, invested in Lion Nathan, the No. 2 brewer in Australia after Foster's, while avoiding other Australian winemakers.

With less than 10 percent of sales from wine, compared with 55 percent at Foster's and 100 percent for McGuigan, Lion Nathan's earnings risk from wine is limited, he said.

"If I could get Lion without their wine business, I would be very happy," Hoult said.

Bloomberg News

Dollar's fall hurts African cotton farms

By Rose Skelton and Kim-Mai Cutler

DAKAR, Senegal: The dollar's record plunge against the euro is adding to the hardships of African cotton growers like Farba Boiro, separating them from home and threatening their ability to continue farming in a region where a third of the population subsists on less than \$1 a day.

Boiro, a 30-year-old farmer from southern Senegal, could not afford to plant this year. With cotton selling for about 9 percent less than a decade ago, he spends nine months a year working at odd jobs in Dakar, the capital, or in Gambia. This year's slide in the dollar made even three months at home with his son and other relatives impossible.

"The money we get isn't enough to support my family," Boiro said, leaning against the wall of a tin building on the outskirts of Dakar, about 340 kilometers, or 210 miles, northwest of his village, Saré Ndiaye. "Some people end up with nothing at the end of the year."

Cotton from companies like Sofitex of Burkina Faso and Sodecoton of Cameroon is bought and sold on the world market in dollars. Farmers are paid in CFA francs, the currency — pegged to the euro — of 14 West and Central African countries. Compared with a year ago, the dollars their crops are sold for in world markets buy about 9 percent fewer CFA francs for food and shelter.

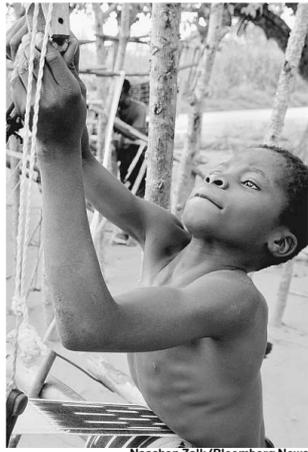
While cotton prices have risen about 13 percent this year, "the appreciation of the CFA franc has offset the benefits," said Stéphane Alby, an economist at BNP Paribas, a French bank. Most of the region's "cotton producers are now on the verge of operating at a loss and sinking into debt," Alby wrote in the October issue of *Conjoncture*, a bank publication. "Meanwhile, the main ginning and marketing companies have chalked up heavy losses over the last two seasons, of which a large part has been supported by the government."

Cotton accounts for 5 percent to 8 percent of gross domestic product across West Africa, according to the World Bank. Rural areas in the Sahel, the region that stretches across the continent from Senegal, Gambia and Guinea-Bissau, can be entirely dependent on cotton because few other crops grow there, said Terry Townsend, executive director of the International Cotton Advisory Committee, which is an association of cotton-producing and consuming countries and is based in Washington.

The countries that link themselves to the euro, in what is known as the franc zone, are mostly former French colonies, including Senegal, Ivory Coast and Burkina Faso, which were granted independence in 1960. Together, they are home to 115 million people.



Naashon Zalk/Bloomberg News



Naashon Zalk/Bloomberg News

Based on statistics for 8 of the 14 countries compiled by Unicef, the United Nations Children's Fund, at least 29 percent of the population existed on less than a dollar a day in the 1994-2004 period, the latest for which data were available.

The fixed exchange rate has created stability, curbed inflation and bolstered confidence among foreign investors, said Jean-Paul Azam, an economist at the University of Toulouse in France who has published books on the region. "For 30 years, the result has been strong growth and expansion in industry," Azam said. "Stability for these countries is more important than trying to acquire a little more competitiveness."

The link can also slow growth when the euro rises. The region, sub-Saharan Africa's fastest-growing area during the 1990s, has been its slowest-growing since 2004, according to the World Bank.

The CFA franc has followed the euro up about 57 percent against the dollar since President George W. Bush took office in January 2001.

The dollar's decline has been a boon to U.S. exporters and helped narrow the U.S. trade deficit 0.6 percent in September. For people in the poorest countries, a shift in the exchange rate can mean serious hardship, said Daniel Sumner, an economist at the University of California at Davis, who wrote a study on cotton subsidies for Oxfam America, an aid group in Boston.

Fifty dollars can be "enough to feed a child for a year," he said. "It's enough to pay the school fees for three to four children."

Payments to farmers from cotton



Rose Skelton/Bloomberg News

Farba Boiro, above center, could not afford to plant a cotton crop in Senegal this year and has been working odd jobs instead. Top left, cotton being sorted, and woven, top right, in Ivory Coast. Cotton is sold on world markets for dollars, but the farmers in 14 African countries are paid in a currency pegged to the euro. The dollar's plunge against the euro means that those farmers are earning about 9 percent less this year in their currency.

companies in West Africa have fallen an average 15 percent since 2004, according to data from the International Cotton Advisory Committee. Production in West and Central Africa may decline 21 percent this year, according to Dagrif, a French government-owned company in Paris that holds stakes in African, Asian and Latin American cotton producers.

In West Africa, the decline of the cotton industry may lead to mass migration, said Amadiatou Diallo, the executive director of the National Federation of Cotton Producers in Tambacounda, Senegal. "It's certain the consequences

on the younger generation will be seriously destabilizing," Diallo said. "People will turn to cultivating peanuts, or they will try to go overseas."

Several of Boiro's friends from his Peul ethnic clan have already abandoned family farms to try to raise a decent income elsewhere. Boiro said he never wants his son to be a farmer. "The life is too difficult," he said. "I prefer that he goes to Europe and becomes a footballer."

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Kim-Mai Cutler reported from London.

U.S. airlines preparing for tougher conditions

By Susanna Ray and Greg Bensinger

CHICAGO: Mounting concern over rising oil prices and a weakening U.S. economy caused Delta Air Lines to warn of a possible operating loss Tuesday, while Southwest Airlines said it would restrict capacity growth to prepare for tougher times.

Ed Bastian, chief financial officer of Delta, said at an airline conference in New York that Delta's fourth-quarter operating profit margin would probably be flat to minus 2 percent. Previously, the company had projected an operating margin of 3 percent to 5 percent for the quarter.

U.S. carriers are struggling with a 48 percent surge this year in the price of jet fuel. Delta, based in Atlanta, said it was seeking \$400 million in 2008 savings through measures including a partial hiring freeze, job cuts, reduced spending for marketing and installing lighter seats and winglets on some aircraft to improve fuel efficiency.

Delta is "continuing to guide costs down," apart from fuel, by "considerably" reducing domestic seating capacity, Bastian said. The carrier returned 13 leased planes from its U.S. fleet and will cancel contracts for the equivalent of another 10 next month, as well as of 35 regional jets. Delta's main fleet included 440 planes as of the end of September.

For next year, Delta now plans to cut U.S. seating capacity by 4 percent to 5 percent, while adding 15 percent to international flights, Bastian said. Expansion overseas, where routes command higher fares and face less low-cost competition, was part of Delta's strategy for exiting bankruptcy in April.

In late trading in New York, Delta's shares fell 84 cents, or 4.2 percent, to \$18.74. They earlier fell as much as 8.8 percent. Southwest's shares rose 12 cents to \$13.86.

Southwest, which also slowed its expansion plans in October and June, now will receive seven to nine new aircraft in 2008, down from an original plan for 34.

"We are concerned about growing evidence of slowing economic growth that would inevitably affect passenger demand, coupled with a surge in energy prices," Southwest's chief executive, Gary Kelly, said in a statement.

The discount carrier has made changes this year in its boarding policies, fares, Web site and advertising to lift sales of higher-priced tickets. Southwest's revenue in November rose about 3 percent.

Delta said fourth-quarter fuel costs may rise to \$2.60 a gallon, 9.2 percent higher than its previous estimate. The carrier paid \$1.73 a gallon at the beginning of the year.

Bloomberg News

A new low in Zimbabwe

By Brian Latham

JOHANNESBURG: The Zimbabwe currency slumped to four million to the dollar on the black market Tuesday on a shortage of Zimbabwe dollar notes.

"The rate went from 1.2 million Zimbabwe dollars to the U.S. on Friday to 4 million Zimbabwe dollars to the U.S. today," a currency trader, Nixon Gumbo, said in a telephone interview from the Road Port market in the capital, Harare, where many illegal money deals take place.

Banks in Zimbabwe ran short of local currency last month before the central bank was planning to print new notes and reduce denominations by removing three zeros. The central bank governor, Gideon Gono, said last week that the change of currency was "imminent" and would take place unannounced.

Zimbabwe is in its ninth successive year of economic recession following a land-seizure program implemented by President Robert Mugabe in 2000. The southern African nation has the world's fastest-shrinking peacetime economy and the highest inflation rate, estimated at 14,841 percent in October.

"People are sleeping outside banks

so they can be first in the queues in the morning," Gumbo said. "Many of them head straight for the Road Port and change Zimbabwe dollars into foreign currency, because many places will accept it, even if it's illegal."

Without cash, Zimbabweans will have a bleak December, Felix Gurumathunhu, who also trades currency on the black market, said in an interview from Harare.

"It's 4 million to 4.1 million to the U.S. today and probably 4.5 million by Friday," he said. "People want to go to South Africa to buy groceries because there's no money here and there is nothing to buy, either."

The U.S. currency has officially traded at 30,000 Zimbabwe dollars since Sept. 6, when the Zimbabwe currency was devalued by the central bank.

The country has suffered shortages of food, fuel and household appliances since Mugabe ordered all retailers, manufacturers and service industries to cut prices by half in June in a bid to curb inflation.

Central bank representatives declined Tuesday to comment on exchange rates on the black market.

Bloomberg News

Thyssen posts 33% profit rise

By Thom Rose and Mark Herlihy

FRANKFURT: ThyssenKrupp, the largest German steel maker, said Tuesday that full-year profit had risen 33 percent on higher prices and increased European demand. But the shares fell the most since February as earnings shrank in the final quarter.

Net income climbed to €4.30 a share in the year to Sept. 30, from €3.24 a year earlier, said the company, which is based in Düsseldorf. Pretax profit advanced to €3.33 billion, or \$4.9 billion, from €2.62 billion. The company did not provide full-year figures for overall net income. Sales rose 9.8 percent to €51.7 billion.

ThyssenKrupp raised prices as European economic growth increased demand for steel used in construction and industrial goods. The collapse of the price of nickel, a key ingredient for stainless steel, by 50 percent from a record in May eroded the value of the company's inventories of the metal in the second half.

"Most of this profit comes from the first three quarters as the fourth quarter was a lot weaker due to the collapse in the nickel price and lower stainless-steel sales," said Michael Shillaker, an analyst at Credit Suisse Group in London. "Stainless will improve next year."

ThyssenKrupp shares fell €2.38, or 5.9 percent, to close at €37.74 in Frankfurt Stock Exchange.

The company said it expected sales to increase to €53 billion for the fiscal year ending in September 2008, while earnings before tax excluding one-time effects are projected at more than €3 billion.

"Sales and earnings reached new record levels," the executive board chairman, Ekkehard Schulz, said in the statement.

Jakob Schoechli, an analyst at Clariden Leu in Zurich, said: "What they've said on the outlook so far was very meager. The question is now, is this only the usual ThyssenKrupp or German cautiousness or are there real reasons behind it?"

Steel demand growth in the European Union is expected to slow to 2.8 percent next year, compared with an estimated 5.3 percent this year, the industry lobbying group Eurofer forecast in October. ThyssenKrupp generates more than 60 percent of its sales from the 27 countries of the European Union.

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VOLTA RIVER AUTHORITY
TENDER FOR SUPPLY OF VARIOUS TRANSMISSION MAINTENANCE EQUIPMENT/MATERIALS
INTERNATIONAL COMPETITIVE BIDDING

The Volta River Authority (VRA) of the Republic of Ghana invites sealed tenders from prospective bidders for the supply of various Transmission Maintenance materials (ICT No. SI2007/3).

Bidders can quote for any or all of the following lots as indicated below;

LOT	DESCRIPTION	TENDER SALE PRICE	TENDER SECURITY
LOT 1	Supply of 161kV Outdoor disconnect switch	US\$250.00	US\$10,000.00
LOT 2	Supply of various Transmission Line and Substation Connectors	US\$250.00	US\$2,500.00
LOT 3	Supply of Power Transformer Parts	US\$250.00	US\$2,500.00
LOT 4	Supply of Lightning Arresters	US\$250.00	US\$10,000.00

- Detailed specifications and quantities for the various lots are provided in the Bidding documents.
- Bidding is open to eligible private, public or government-owned legal entities.
- Bidding will be conducted through the International Competitive Tendering (ICT) procedures specified in the Public Procurement Act, 2003 (Act 663) of the Republic of Ghana.
- Bidding documents in English may be purchased from the **PROCUREMENT DEPARTMENT, VOLTA RIVER AUTHORITY, LOCATED 2 KILOMETERS OFF TEMA MOTORWAY ROUNDABOUT TO AFLAO ROAD, (CLOSE TO TEMA STEEL WORKS)**. The method of payment will be by cash or by certified cheque issued in the name of the Volta River Authority.
- Bids would be on sale between **0900 hrs to 1500 hrs local time** each working day from **December 3, 2007 – January 11, 2008**.
- Bidders shall submit with each lot, a **Tender Security** as stated above or its equivalent in Ghana cedi or a freely convertible currency, and in the form prescribed in the tender document.
- Completed Bids must be addressed to:

**THE DIRECTOR,
PROCUREMENT DEPARTMENT,
VOLTA RIVER AUTHORITY,
P.O. BOX MB 77,
ACCRA, GHANA**

and delivered to the **OFFICE OF THE DIRECTOR, ROOM # 001, PROCUREMENT DEPARTMENT, VOLTA RIVER AUTHORITY, LOCATED 2 KILOMETERS OFF TEMA MOTORWAY ROUNDABOUT TO AFLAO ROAD, (CLOSE TO TEMA STEEL WORKS) by 1200 noon local time on Friday January 18, 2008.**

Interested Bidders may also obtain information from the address above and on:
Telephone No: +233-21-665073, Fax: +233-21-668905

- Bidders may, if they so wish, be present at the public opening of the various Bids which would be held at the **Conference Room, Room # 002, Procurement Department, Tema Ghana** immediately after the close of bids on **Friday January 18, 2008.**

EUROPE

Nokia's dour outlook drags shares lower

By Sarah Jones

LONDON: European stocks declined for a second straight session on Tuesday, led by technology companies and carmakers, after Nokia said that mobile phone prices would drop and U.S. auto sales weakened.

Volkswagen and Bayerische Motoren Werke retreated. Royal Bank of Scotland Group led banks lower after Morgan Stanley forecast slowing earnings growth for British lenders.

The Dow Jones Stoxx 600 index lost 5.47 points to 3633.34, bringing its two-session decline to 1.9 percent, as all 18 industry groups dropped except chemical makers.

The Stoxx 50 decreased 46.93 points to 3,690.82, and the Euro Stoxx 50, a measure for the euro region, fell 32.57 points to 4,339.10.

"Nokia is a big bellwether for the sector and the broader market, so it will damp investor sentiment," said James Buckley, a London-based director at Baring Asset Management. "It appears we are seeing some profit taking in the shares."

The yen rose against the dollar after the U.S. Treasury secretary, Henry Paulson Jr., said he had no "silver bullet" to stop subprime-mortgage losses from spreading. The risk of European companies defaulting on their debt increased, according to traders of credit-default swaps.

National benchmarks declined in all 18 western European markets. The FTSE 100 sank 71.40 points to 6,315.20. The CAC 40 retreated 82.25 points to 5,547.21. The DAX slid 28.32 points to 7,808.94.

Alcatel and Ericsson fall

Nokia tumbled €1.21 to €26.37, the steepest drop since Oct. 20, 2005. The company predicted "some decline" in industry average selling prices. The shares have gained 25 percent in the past six months.

Alcatel-Lucent, the world's biggest telecommunications-equipment maker, retreated 13 cents to €5.28. Ericsson, the world's largest maker of wireless networks, also declined.

Sales in the U.S. auto industry fell 1.6 percent in November, the eighth monthly decline this year. General Motors, the world's biggest automaker, said it would trim production in North America after sales last month fell 11

percent. After the GM announcement, Volkswagen declined €3.24 to €158.26. BMW, the world's biggest luxury carmaker, fell 93 cents to €40.86.

Banking stocks fell sharply after Morgan Stanley said that earnings for the industry may have peaked because access to funding is getting more difficult.

Royal Bank of Scotland slumped 24.5 pence to 439.25 pence. Lloyds TSB Group, the largest provider of personal loans in Britain, declined 16.5 pence to 474.25 pence. HBOS, the biggest mortgage lender in Britain, retreated 28 pence to 772 pence.

A peak in borrowing costs

"Coupled with a slowing U.S. and U.K. economy, a turn in the credit cycle and pricking of the residential and commercial property bubbles mean 2007 is likely to represent peak cycle earnings for the U.K. banks," London-based analysts, led by Michael Helsby, wrote in a research note to clients published Monday.

The cost of borrowing in pounds for one month increased to a nine-year high, while the cost of borrowing in euros for three months climbed to the highest since Dec. 29, 2000, as banks sought financing through the end of the year amid the continuing credit squeeze.

Merrill Lynch cut its recommendation on the insurance industry to "neutral" from "overweight," saying the sector is unlikely to outperform in an environment of lower earnings forecasts and market volatility.

Allianz, the biggest insurer in Europe, retreated €1.45 to €137.50. AXA, the second-largest in the region, dropped 54 cents to €27.01.

Swiss Re fell 90 centimes to 81.90 francs after Merrill Lynch downgraded the insurance industry to "neutral" from "overweight."

Bulgari, one of the world's largest jewelers, fell 42 cents to €9.52 after Deutsche Bank lowered its price estimate to €9.40 from €10.50. Luxottica slid 52 cents to €21.61. Deutsche cut its price estimate on the shares of the world's biggest maker of eyeglasses to €28.30 from €30.

"Luxury-sector prospects have deteriorated and the industry organic growth rate is likely to slow from 13 percent in 2007," analysts at the bank wrote in a research note.

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GLOBAL STOCK MARKETS | Tuesday



UNITED STATES

Indexes can't find footing

By Michael Patterson

NEW YORK: U.S. stocks fell for a second consecutive session Tuesday after JPMorgan Chase said that deteriorating credit markets would reduce profits at the four biggest securities firms, while lower oil prices dimmed the earnings outlook for energy companies.

Goldman Sachs Group, Morgan Stanley, Merrill Lynch and Lehman Brothers Holdings declined after JPMorgan analysts said that the brokerages might write down more assets infected by subprime losses. Exxon Mobil and Chevron led energy companies to their first drop in five sessions after crude prices fell to a six-week low.

In afternoon trading, the S&P 500 lost 2.71 points to 1,469.71. The Dow Jones industrial average decreased 3.66 points to 13,310.91. The Nasdaq slid 1.37 points to 2,635.76. About three stocks fell for every two that rose on the New York Stock Exchange.

"We haven't found all the skeletons yet," said Rick Campagna at Provident

Investment Counsel in Pasadena, California. "Until credit loosens up you can't get a solid footing in the market."

Financial companies, which account for about one-fifth of the S&P 500's value, have tumbled 18 percent as a group this year as securities firms and banks announced more than \$60 billion of writedowns linked to subprime mortgage losses. The 93-member S&P 500 Financials Index still has gained 7.3 percent from its two-year low on Nov. 26 as traders increased bets the Federal Reserve will cut interest rates to keep the economy from contracting.

Financial companies also dropped after an analyst at Punk Ziegel, Richard Bow, reduced his rating on shares of Bear Stearns, Goldman and Lehman to "sell" from "market perform."

"What we've had really is a hysterical exit from the financial stocks," said Michael Metz, the New York-based chief investment strategist at Oppenheimer Holdings. "I think they still go lower."

Bloomberg News

ASIA

Asian stocks lose steam

By Chen Shiyin and Patrick Rial

SINGAPORE: Asian stocks fell Tuesday for the first time in four sessions on renewed concern that economic growth was slowing in the United States, the largest export market for the region.

Rio Tinto Group and Nippon Mining, the largest Japanese copper producer, slipped after a report showed that U.S. manufacturing had expanded in November at the slowest pace in 10 months, raising speculation that demand for raw-materials would wane. JFE Holdings led declines by steel makers.

"It's difficult to be bullish at the moment with the U.S. economy looking more like it's headed for a recession than a slowdown," said Toshio Konishi at Polar Capital Partners in Tokyo.

The MSCI Asia Pacific index lost 0.13 point to 162.15 in Tokyo, snapping a three-session, 3.6 percent rally. A measure of raw materials producers had one of the biggest drops among the benchmark's 10 industry groups.

The Nikkei 225 average in Tokyo lost 1 percent, falling 148.78 points to

15,480.19. About half of the main Asian stock indexes fell.

The CSI 300 index in China and the Hang Seng index in Hong Kong climbed as Ping An Insurance, which trades in both markets, won regulatory approval to invest more money abroad.

The MSCI Asia Pacific index is down 6.2 percent from its Nov. 1 record, amid speculation that rising losses tied to investments in U.S. subprime mortgages will slow U.S. growth.

Rio Tinto fell 3.80 Australian dollars to 143.10 dollars and BHP Billiton, the largest mining company, lost 10 cents to 43.10 dollars.

"Industrial production is going to be downgraded on a forecast decline in U.S. volumes, and our miners will be affected," said Tom Murphy at Deutsche Bank in Sydney. "The sector for us doesn't have the same upside as in recent years."

The MSCI Asia-Pacific Materials index lost 1.2 percent, after climbing 4.9 percent in the previous three days.

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Patrick Rial reported from Tokyo.

CURRENCIES

Carry trade unraveling as yen offers risk shelter

By Min Zeng

NEW YORK: The yen and the Swiss franc rose Tuesday against currencies from Brazil, Australia and South Africa as global credit market losses prompted investors to sell higher-yielding assets financed by borrowing in Japan and Switzerland.

The costs of short-term loans in the dollar, euro and pound increased as banks hoarded cash because of concern that losses stemming from U.S. subprime mortgages would spread.

The euro gained versus the dollar after a report showed that prices producers were paying in Europe was rising at the fastest pace this year.

"The stress in credit markets continues, and the turn of the year is going to be pretty tough," said Alan Ruskin, head of international currency strategy in North America at RBS Greenwich Capital Markets in Greenwich, Connecticut. "There is a lack of risk appetite in the markets," he added. "This boosted the yen and franc."

The dollar fell to ¥109.890 from ¥110.495 on Monday. The pound fell to \$2.0569 from \$2.0654. The dollar fell to 1.1171 Swiss francs from 1.1268 francs. The euro climbed to \$1.4764 from \$1.4667.

The euro could trade at \$1.47 by the end of the month and \$1.51 by the end of March, Ruskin said.

The Canadian dollar rose to \$1.0104 from \$1.0005, though the Bank of Canada cut its benchmark interest rate a quarter percent to 4.25 percent. It was the second central bank among

the Group of 7 nations to cut borrowing costs following two reductions from the U.S. Federal Reserve since September.

The euro rose the most in almost three weeks against the pound after factory-gate prices in the euro zone increased 3.3 percent from a year earlier in October, the most since December 2006. It reduced speculation that the European Central Bank needed to cut interest rates from 4 percent.

"Inflationary pressures are mounting in the euro area, which means the ECB isn't in a position to cut rates at all," said Paul Robinson, a currency strategist at Barclays Capital in London and a former Bank of England economist.

The yen and franc rose as risk aversion pushed investors to pare the so-called carry trades.

In carry trades, investors get funds in a country with low borrowing costs and invest in one with higher interest rates, earning the difference between the two.

The Bank of Japan's benchmark rate is 0.5 percent, the lowest among industrialized nations, compared with 8.25 percent in New Zealand. The Swiss rate is 2.75 percent.

"Subprime concerns are back at the top of the list, and that's leading to heightened risk aversion and the unwinding of carry trades," said Audrey Childe-Freeman, an economist at CIBC World Markets in London. "The market is in a very hesitant and cautious mood."

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CURRENCY RATES Tuesday, Dec. 4

	One \$	One €	100 ¥	One £	One S Franc	One DKrone	One SKrona	One Can\$	One Ruble
Britain	0.4858	0.7166	0.4431	—	0.4344	0.0961	0.0762	0.4808	0.0199
Canada	1.0104	1.4912	0.9212	2.0789	0.9044	0.20	0.1587	—	0.0414
Denmark	5.0586	7.4569	4.6073	10.4307	4.5248	—	0.7916	5.0333	0.2067
Euro Zone	0.6784	—	0.618	1.3988	0.6068	0.1341	0.1062	0.675	0.0278
Japan	110.40	161.72	—	227.835	97.74	21.6850	17.14	110.235	4.52
Russia	24.4733	35.8925	22.204	50.5325	21.7174	4.8153	3.8121	24.3758	—
Sweden	6.4354	9.4261	5.8458	13.3191	5.6963	1.2605	—	6.4306	0.2647
Switzerland	1.1181	1.6497	1.0193	2.3012	—	0.2212	0.1754	1.1006	0.0457
U.S.	—	1.4764	0.91	2.057	0.8951	0.198	0.1574	0.9879	0.041

Late local rates except Canada at noon and U.S. at 2 P.M. Interbank rates excluding commissions

	\$1	€1	¥1	£1	S1	€1	¥1	£1
Argentina peso	3.136	4.629	6.651	—	3.842	5.669	7.995	—
Australian dollar	1.145	1.698	2.355	—	1.145	1.698	2.355	—
Brazilian real	1.809	2.668	3.718	—	0.274	0.405	0.564	—
Bulgarian lev	1.326	1.956	2.727	—	0.474	0.700	0.976	—
Chilean peso	596.00	747.04	1041.0	—	1.512	2.232	3.111	—
Chinese yuan	7.406	10.934	15.237	—	2.339	3.453	4.812	—
Czech koruna	17.850	26.350	36.728	—	3.344	4.937	6.880	—
Egyptian pound	171.43	253.10	352.67	—	10.881	15.665	22.387	—
Hungarian forint	10.598	15.647	21.895	—	1.310	1.934	2.695	—
Indian rupee	7.791	11.503	16.030	—	118.93	175.58	244.67	—
Indonesian rupiah	171.43	253.10	352.67	—	5.490	8.106	11.293	—
Israeli shekel	—	—	—	—	—	—	—	—
Kenyan shilling	—	—	—	—	63.590	94.413	131.57	—
Kuwaiti dinar	—	—	—	—	0.274	0.405	0.564	—
Latvian lat	—	—	—	—	0.474	0.700	0.976	—
Lithuanian litas	—	—	—	—	2.339	3.453	4.812	—
Malaysian ringgit	—	—	—	—	3.344	4.937	6.880	—
Mexican peso	—	—	—	—	10.881	15.665	22.387	—
N. Zealand \$	—	—	—	—	1.310	1.934	2.695	—
Nigerian naira	—	—	—	—	118.93	175.58	244.67	—
Norwegian krone	—	—	—	—	5.490	8.106	11.293	—
Pakistani rupee	—	—	—	—	61.350	90.575	126.22	—
Philippine peso	—	—	—	—	42.240	62.361	86.902	—
Polish zloty	—	—	—	—	2.447	3.613	5.034	—
Romanian lei	—	—	—	—	2.416	3.566	4.970	—
Russian rouble	—	—	—	—	1.590	1.077	0.773	—
Saudi riyal	—	—	—	—	3.745	5.529	7.705	—
Singapore S\$	—	—	—	—	1.446	2.135	2.975	—
Slovak koruna	—	—	—	—	22.572	33.325	46.440	—
Slovenian tolar	—	—	—	—	6.813	10.058	14.016	—
Sth African rand	—	—	—	—	925	1,356	1,904	—
Taiwan dollar	—	—	—	—	32.307	47.697	66.466	—
Thai baht	—	—	—	—	30.450	45.029	62.749	—
Turkish lira	—	—	—	—	1.184	1.748	2.436	—
UAE dirham	—	—	—	—	3.672	5.420	7.554	—
Venezuel bolivar	—	—	—	—	2.147	3.170	4.418	—

SOURCES: Bloomberg, UBS, WM Company

COMMODITIES

Cocoa rises as officials begin strike in Ivory Coast

By Pauline Bax

JOHANNESBURG: Cocoa officials in Ivory Coast, the world's biggest producer of the beans, began a 48-hour strike Tuesday to demand better working conditions.

The officials are from the state-run Bourse du Café et du Cacao, which registers exports of cocoa, said Marc Bozou, a spokesman.

Workers at other cocoa industry organizations, including the Farmers' Development Fund and the Control and Regulatory Fund, are also striking, he said from Abidjan. No one was available to comment at those two agencies. The strike has not so far affected shipments, some exporters said earlier Tuesday.

Ivory Coast, which produces 40 percent of the world's cocoa, began harvesting its main crop in October. Farmers have also threatened twice since September to stage protests over a lack of government funding and low prices. The nation's chief prosecutor began an investigation last month into alleged corruption and fraud among industry organizations.

Cocoa for March delivery, the most actively traded contract on London's Liffe exchange, rose £20 to £1,017, or \$2,100, a metric ton.

The London-based International Cocoa Organization on Friday said that global consumption surpassed supplies by 242,000 metric tons in the season that ended in September.

Cocoa harvests are being damaged by disease and adverse weather. So-called black pod fungus is damaging beans, analysts have said. Dry weather and winds have damaged crops in West Africa, which accounts for 70 percent of the global crop.

Crude oil fell more than \$1 a barrel in New York after an OPEC delegate said the group would discuss a production increase at its meeting scheduled

for Wednesday.

The Organization of Petroleum Exporting Countries, which supplies more than 40 percent of the world's oil, will meet in Abu Dhabi to decide on output for early 2008. An increase would help prevent accusations that the group is doing nothing to ease high prices, said the official, who declined to be identified.

Crude oil for January delivery fell



Workers loading bags of cocoa in a producing area north of Abidjan, Ivory Coast. Officials at several cocoa agencies are striking to protest their working conditions.

\$1.51 to \$87.80 a barrel on the New York Mercantile Exchange. Futures reached \$99.29 on Nov. 21, the highest since trading began in 1983. Prices are up 40 percent from a year ago.

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	Unit	Deliv.	Latest	Chge	Op. Int.
U.S.					
Corn	cts/bu	Mar 08	413	+9%	546,482
Soybeans	cts/bu	Jan 08	1093	+14%	253,775
Wheat	cts/bu	Mar 08	895	+18%	205,402
Sugarworld 11	cts/lb	Mar 08	9.77	+06	431,725
Gold	\$/tr oz	Feb 08	804.50	+9.80	250,365
Federal funds	points	Jan 08	95.880	+0.30	132,506
2-yr Treasury	points	Dec 07	105.10	+0.33	214,938
5-yr Treasury	points	Mar 08	110.22	+0.3	1,621,101
10-yr Treasury	points	Mar 08	114.00	+0.35	2,147,301
US T-bonds	points	Mar 08	118.04	+0.3	915,420
Eurodollars	points	Mar 08	95.815	+0.15	1,529,712
Euro	\$/€	Dec 07	1.4765	+0.0089	202,723
Yen	\$/¥100	Dec 07	91.31	+0.0064	165,513
Light sw. crude	\$/bbl	Jan 08	87.80	-1.51	338,720
Natural gas	\$/m Btus	Jan 08			

MOVERS

Dell plans buyback after profit disappoints

By Melita Marie Garza

NEW YORK: Dell, one of the largest makers of personal computers, said Tuesday it would resume its stock buyback program with a \$10 billion share repurchase, the first since it restated four years of earnings.

The announcement came before Dell, based in Round Rock, Texas, held its annual meeting Tuesday where the company founder, Michael Dell, faced shareholders for the first time since re-taking the post of chief executive in January. The buybacks will begin this week, the company said.

Dell is working with retailers including Wal-Mart Stores to regain the market lead lost to Hewlett-Packard last year. After climbing as much as 22 percent this year on the Nasdaq, the shares suffered their worst decline since 2000 last week after third-quarter profit fell short of analyst estimates.

"This is a significant event, especially for a company that's lost about 25 percent of its market value since October," said David Garrity, director of research at Dinosaur Securities in New York.

Dell climbed 4 cents to \$23.90 in Nasdaq trading.

The third-quarter earnings report broke a two-quarter streak of topping analysts' predictions and signaled that Dell's comeback may take longer than expected. While total revenue rose, U.S. consumer sales shrank 6 percent.

At Tuesday's meeting, Michael Dell emphasized the 27 percent jump in profit, "the fastest growth we've had in four quarters." Sales in Brazil, Russia, India and China jumped 32 percent, he said.

Merck 2008 forecast menaced by generics

NEW YORK: Merck forecast 2008 earnings Tuesday that may miss analysts' estimates as generic competition threatens sales.

Profit excluding one-time items will be \$3.28 to \$3.38 a share next year, the drug company, based in Whitehouse Station, New Jersey, said. The median forecast of 20 analysts in a Bloomberg survey was \$3.36 a share.

Merck said it expected to lose as much as \$2 billion in annual revenue this year as cheaper generic copies of its osteoporosis drug Fosamax become available. Merck shares have gained 35



Ryanair taking a hit on Aer Lingus stake

Ryanair, the biggest European discount airline, said Tuesday it would record a writedown of €90 million, or \$132 million, against its stake in Aer Lingus after a decline in the share price. Ryanair failed in a bid to acquire the smaller airline.

percent this year on the New York stock exchange, helped by sales of the cervical cancer vaccine Gardasil and the diabetes pill Januvia. The company cut 6,000 jobs.

Merck made no change in its forecast for 2007 earnings of \$3.08 to \$3.14 a share, one-time costs excluded. Among the charges were \$670 million to resolve U.S. and state investigations of past marketing practices involving Medicaid, the U.S. health care plan for the poor. Also included was \$4.8 billion, announced last month, for settlement of lawsuits over the withdrawn painkiller Vioxx.

"I'm not exactly sure we know how good we are yet," the Merck chief executive, Richard Clark, said during a conference call with analysts. "We are conservative. I want to make sure we don't over promise."

Merck shares rose 9 cents to \$58.86 in New York Stock Exchange afternoon trading. — Shannon Pettypiece

Tesco revenue climbs on sales and growth

LONDON: Tesco, the largest British retailer, said Tuesday that third-quarter revenue climbed 12 percent as Britons bought more fresh and organic produce and the company added supermarkets in Eastern Europe and Asia.

Sales at British stores open at least a year rose 4.1 percent excluding gasoline in the 13 weeks ended Nov. 24, the Cheshunt, England-based company said. Sales outside Britain gained 21 percent at constant exchange rates.

Tesco and most British retail stocks

fell Tuesday on concern that consumers may spend less at Christmas. The Tesco chief executive, Terry Leahy, said sales of non-food goods like clothing are growing more slowly, although the company still expects "good" levels of spending.

Tesco shares fell 3.5 pence, or 0.7 percent, to close at 484.25 pence in London.

The FTSE 350 general retailers index declined 2.4 percent, with 18 of the 20 members falling more than 1 percent. Tesco stock has climbed 20 percent this year. — Amy Wilson

Takeover put in doubt in South Korea

SEOUL: Hanarotelecom, one of the largest South Korean providers of high-speed Internet access, said its biggest shareholder had not signed a contract to sell its stake, casting doubt on a \$1.18 billion takeover of the company by SK Telecom.

The selling group, led by American International Group and Newbridge Capital, said an agreement had not been sealed "at the moment," Hanaro said, based in Seoul, in a regulatory filing Monday.

Hanaro's statement contradicts SK Telecom's announcement Monday that it would buy control of Hanaro for 1.09 trillion won, or \$1.18 billion. The purchase would enable SK Telecom to challenge KT Corp.'s dominance of the South Korean broadband market.

Spokesman for AIG and TPG, the parent company of Newbridge, could not be reached for comment. — William Sim

OMV sues Mol in bid to vote on a buyout

VIENNA: OMV, the Austrian oil producer trying to buy Mol, the Hungarian refiner, sued Mol on Tuesday to force it to drop measures that are hampering the proposed takeover.

OMV, based in Vienna, is taking legal action because Mol failed to propose abolishing a company statute that limits shareholder voting rights to 10 percent, the OMV chief executive, Wolfgang Rutenstorfer, said during a conference call. OMV's 20 percent stake makes it Mol's biggest shareholder. Rutenstorfer said the restriction violated Hungarian law. — Matthias Wabl

Selling stock, TomTom sees own shares drop

AMSTERDAM: Shares of TomTom, the world's largest maker of car-navigation equipment, fell Tuesday by the most in a month in Amsterdam after it sold shares to finance the planned takeover of Tele Atlas.

TomTom dropped €3.68, or 5.9 percent, to €59. The stock has gained 80 percent this year.

TomTom sold 8.16 million shares at €56 each, raising €457 million, or \$675 million, to refinance some of the debt it arranged for the takeover of Tele Atlas, a maker of digital maps. TomTom announced the offering Monday and said it planned to sell as much as €500 million of shares. — Marcel van de Hoef

Bloomberg News

SHAKERS

Ex-chief of IMF joins Lazard as an adviser

NEW YORK: Lazard, the merger advisory firm run by Bruce Wasserstein, said Tuesday that it had hired Rodrigo de Rato, the former managing director of the International Monetary Fund, to advise global clients worldwide on corporate finance and help set the firm's strategy.

De Rato, 58, will start on Feb. 1 as a senior managing director of investment banking, Lazard said. De Rato, who also served as Spain's finance minister, will be based in Madrid and London.

"He brings a wealth of economic knowledge and relationships in both the private and public sector," said Steven Golub, Lazard's vice chairman. "That macroeconomic slant to the position will be very useful."

Lazard, which is based in New York, said in October that third-quarter earnings more than doubled to a record. The firm has been making acquisitions and hiring senior bankers while bigger rivals including Citigroup shed jobs this year.

Lazard ranks 13th this year among advisers on announced takeovers involving European companies, down from 11th in 2006, according to data compiled by Bloomberg.

"We continue to have a big backlog of announced transactions," Golub said. "The velocity of business is quite good in Europe."

De Rato was managing director of the IMF from June 2004 until Oct. 31 of this year.

He was previously Spain's vice president for economic affairs and minister of economy, a position he had held since 1996, and was a member of the Spanish Parliament from 1982 to 2004. — Christine Harper

Prokhorov own the biggest Russian gold producer, Polyus Gold; Suleiman Kerimov controls Polymetal; Viktor Vekselberg owns Zoloto Kamchatki; and Mikhail Fridman set up a gold unit this year. Oleg Deripaska's Basic Element owns gold companies in Mongolia.

"A lot of these guys made money in oil and gas" and are seeking resources that aren't dominated by the state, said Cary Pinkowski, director of Centrasia Mining, which develops gold and nickel assets in northwest Russia.

The value of gold has risen for a seventh consecutive year. — Yuriy Humber

Merrill Lynch names chief finance officer

NEW YORK: Merrill Lynch, the U.S. brokerage firm that removed its chief executive after posting record losses, has hired Nelson Chai from NYSE Euronext to succeed Jeff Edwards as chief financial officer.

Chai, 42, will take over next Monday, Merrill Lynch, based in New York, said late Monday. He was chief finance officer of NYSE under John Thain, who was chief executive before starting as Merrill's chief on Monday.

Edwards, 46, was promoted into the job in 2005 by the chief executive at

the time, E. Stanley O'Neal. O'Neal was removed by the board on Oct. 30 after the collapse of the subprime mortgage market led to a \$2.24 billion third-quarter loss, six times what the firm had forecast three weeks earlier.

The quick choice of an outsider to oversee finances may reassure investors, said David Hendler, an analyst at CreditSights. He said the firm needed "a fresh pair of eyes on internal workings and more credibility with the analyst community." — Bradley Keoun

Chairman to set leave ArcelorMittal in May

LONDON: ArcelorMittal, the world's biggest steel company, announced Tuesday that Joseph Kirsch would retire as chairman at the next annual general meeting on May 13.

"He has played a very important role, overseeing the company during the critical integration phase," said ArcelorMittal's chief executive, Lakshmi Mittal. "As Joseph approaches his 75th birthday, he has decided that this is the right time for him to step down."

Mittal will be the new chairman and continue as chief executive, the company said. — Mark Herlihy

Bloomberg News

INVESTING

Trying to shed light on murky market

By Caroline Salas

NEW YORK: A fast-growing industry that includes names like Moody's and Deloitte & Touche is trying to shine a light on the world's most opaque markets.

The inability to value properly the estimated \$2 trillion in asset-backed debt outstanding with their own models has led to more than \$66 billion in losses for banks and brokerages and the removals of the chief executives of Merrill Lynch and Citigroup.

Among those working on a solution is Richard Field, a day trader in Needham, Massachusetts, who said his patent for tracking medical invoices could be adapted to mortgage interest payments, helping banks better value securities derived from home loans and other receivables. The accounting firm Deloitte & Touche said it was developing computer models that would do the same thing.

For Wall Street, the choices are either

working with people like Field to come up with a solution or having a solution imposed on them by regulators, according to Arthur Levitt Jr., a former chairman of the U.S. Securities and Exchange Commission. To regain investors' confidence, "we cannot ignore the need to be transparent at all levels," he said last month at an industry conference.

Mark Amberson at the Russell Investment Group, said, "The market should demand transparency." Amberson runs the Russell Money Fund and buys asset-backed commercial paper. "I wouldn't loan my brother money if he hands me a bag and says 'Don't look in there, but trust me, it's really valuable.'"

Unlike the corporate bond market, which gained price transparency in 2002 when the SEC required dealers to report their trades on a computer system called Trace, the asset-backed debt market has no centralized network for disclosing prices.

To value their debt, investors and Wall Street firms rely on their own software, models bought ready-made from vendors like Moody's and quotes from brokers.

The wide variety of valuation methods and the complexity of the asset-backed securities make it impossible to come up with consistent valuations. Mortgage bonds are composed of thousands of loans. Collateralized debt obligations, or CDOs, go a step further, repackaging the bonds, as well as other debt like loans, into securities with varying credit ratings and yields. CDOs can even be made up of other CDOs.

As much as \$2 billion a year could be made by someone with a model that ac-

curately valued asset-backed securities, according to Sylvain Raynes, a principal at R&R Consulting in New York and co-author of "The Analysis of Structured Securities."

Dan Fuss, vice chairman of the investment firm Loomis Sayles, has not found an adequate system to value CDOs so he refused to include them among the \$22 billion of securities he manages. "It's like teenagers: You sort of know what's going on, but not really," Fuss said. "We spent a fortune on software, \$75,000 a month. And what do we end up with? A bunch of ZIP codes," he said, referring to postal codes in the United States.

Last week, E*Trade Financial, the online bank and brokerage, sold asset-backed debt that it had valued Sept. 30 at \$3 billion for \$800 million, or 27 cents on the dollar, to a hedge fund, Citadel Investment Group. Less than a month earlier, Citigroup increased its loss estimates on mortgage-backed securities and loans to \$17 billion from \$6 billion. The chief executive, Charles Prince 3rd, stepped down in November.

Merrill's inability to value CDOs forced it to increase its write-downs by almost \$3 billion. In October, the firm announced a \$5 billion charge for mortgages, asset-backed securities and loans for leveraged buyouts. The chief executive, E. Stanley O'Neal, increased the expense to \$8.4 billion on Oct. 24. He was removed six days later.

Field, the day trader, said he had a model that would enable investors to monitor on a daily basis the performance of the individual loans backing asset-backed debt. Field would also



Chris Kleponis/Bloomberg

Arthur Levitt Jr., a former securities regulator, said that if Wall Street did not come up with a solution for valuing asset-backed securities, regulators would.

standardize information from issuers to make it easier for investors to compare the quality of different securities.

Field was issued a patent in 2000 for a computerized system that would help health-care providers sell their patient claims in the asset-backed commercial paper market. "When I look at the entire structured finance industry today, I think you can describe it in three words: complicated, opaque and illiquid," said Field, whose firm TYI, stands for trust your input. "When you give people the information on the underlying performance of the collateral, then they can come to their own conclusions."

Field is working with Deloitte to exploit its reporting systems, like a program called CDO Suite that is used by trustees to monitor the collateral backing the securities.

"He has a unique take on how he would present the information," said Mark Scherer, a principal in Deloitte's securitization group in New York. "The real issue is how do you make deals that aren't consistent and issuers' products that aren't consistent."

Moody's, which has been criticized by lawmakers for failing to identify the risk of bonds backed by subprime loans, said last month that it was starting a service to help investors value CDOs. The model combines tools and software to analyze collateral and cash flow that it already offered piecemeal.

"One of the things we tried to do was to ensure that it was easily understood, that it was transparent," said Roger Stein, managing director for structured finance at Moody's. "Many people in the marketplace have talked about analytic black boxes. We've tried to design a glass box."

Bloomberg News

FUNDS

Calpine shareholders may lose everything

By Bill Rochelle and Christopher Scinta

NEW YORK: A ruling awaited in a U.S. Bankruptcy Court might leave nothing for shareholders of Calpine, including the California Public Employees' Retirement System, in their struggle with the energy company Hess and other creditors, which are owed at least \$20.7 billion.

Judge Burton Lifland of U.S. Bankruptcy Court in New York will decide on the winners when he determines the value of Calpine, a power generation company, before it emerges, reorganized, from bankruptcy in January. Calpine will pay its debts with shares, based on the decision, ignoring whatever price the market puts on the equity later.

"Whatever Judge Lifland says is going to be the economic reality," said Elizabeth Warren, a Harvard professor at Harvard specializing in bankruptcy law. "There is a very high likelihood that whatever Judge Lifland rules will be the final statement from any court in the U.S."

Lifland's decision after a trial this month will make the difference between equity holders' being wiped out or receiving as much as \$11.46 apiece for their 482.2 million existing shares, a difference of more than \$5 billion. The shares have not been higher than \$10 since May 2002 and have not closed above \$4 since the bankruptcy filing two years ago.

Satellite Fund Management is the largest shareholder in Calpine, which is based in San Jose, California, with

26.7 million shares, according to regulatory filings. The California employees' pension system, called Calpers, owned 2.76 million Calpine shares as of Sept. 30.

On the creditor side, Harbinger Capital Partners, of New York, owns \$1.6 billion in claims against Calpine and expects to own at least 18 percent of the new shares, according to court papers.

Calpine dropped money-losing projects after its December 2005 filing under Chapter 11 of the U.S. Bankruptcy Code. The company's financial adviser, Miller Buckfire, estimates it will distribute \$19.35 billion in stock and \$1.5 billion in cash to creditors.

Under Calpine's highest estimates of claims against it, the distribution would equal 97 cents on the dollar for unsecured creditors, including post-filing interest, Calpine's lawyer, Richard Cieri of Kirkland & Ellis, said last week. In this case, stockholders would get nothing.

Unsecured creditors, who by law must be paid in full before stockholders get any return, say Calpine's figure is about \$3.1 billion too high, according to their value expert, Barry Ridings of Lazard.

Michael Stamer, a lawyer for the creditors' committee jointly led by SPO Partners and Hess, declined to comment.

Shareholders and their adviser, Perella Weinberg Partners, argue that Calpine's estimate is \$4.9 billion too low and more shares than necessary will go to pay debts, leaving them with nothing.

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What's Calpine worth?

Calpine's shareholders will have to wait for a U.S. Bankruptcy Court judge's decision on the value of the company in January to see what they might receive, if anything, after creditors are paid with new shares issued based on the judge's ruling.

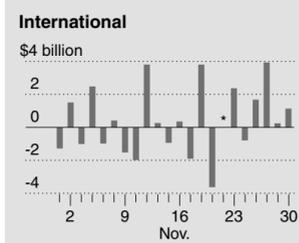
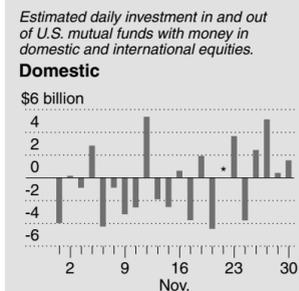
Estimate by (Investment Bank)	Creditors (Lazard Freres)	Calpine (Miller Buckfire)	Shareholders (Perella Weinberg)
Company value	\$17.8 billion	\$20.9 billion	\$25.8 billion
Shareholders would receive:			
High creditor claims of \$21.7 billion	nothing	nothing	\$7.92 per share
Low creditor claims of \$20.7 billion	nothing	41 cents per share	\$11.46 per share

Source: U.S. Bankruptcy Court documents

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U.S. fund flows

In the four trading days that ended Friday, U.S. equity funds posted an inflow of \$5.8 billion, while global funds posted an inflow of \$6.2 billion, according to TrimTabs.



*Holiday Source: www.TrimTabs.com Bloomberg

Leading mutual funds

Best performers, with assets totaling more than \$100 million, during the week ended Nov. 26.

Offshore funds	Return over			Assets, in millions
	One week	This year	Past 12 months	
Superfund Q-AG	5.2%	9.8%	20.7%	\$116.8
ING (L) Protected OF Dis 2013	4.5	16.5	16.2	173.1
EasyETF GSAL EUR	4.0	11.4	11.3	117.4
Goldman Sachs Cnd En Idx Dt H	3.8	46.4	41.3	249.5
Fortis L Commodity World C	3.7	28.3	25.5	382.3

U.S. funds	One week	This year	Past 12 months	Assets, in millions
ProShares UltSh Rsl 2000	3.6%	n.a.	n.a.	\$205.9
ProFunds UltSh SmCap Inv	3.5	7.0%	8.6%	150.9
iShares S&P Commodity Idx	3.2	33.4	30.1	221.2
Oppenheimer Cmty St TRV	2.9	31.2	27.2	309.2
Oppenheimer Com Stgy TR/C	2.9	29.5	25.5	153.0

Source: Morningstar

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