

## Weekly look at Wall Street

## Deja vu for stocks

By Amy Baldwin  
The Associated Press

**N**EW YORK — After two months of spectacular gains followed by a week of sharp losses, Wall Street is suffering from a case of *deja vu*.

Amid negative earnings outlooks and concerns about a Chapter 11 filing for United Airlines, investors sold stocks off this past week, leaving some market watchers wondering if prices had gone too high too fast — and repeated a scenario seen during the summer.

"The market may go back down to test its lows," said Alan Ackerman, executive vice president of Fahnstock & Co.

The Dow Jones industrials broke an eight-week winning streak this past week and the broader market also finished lower, having risen for seven of the previous eight weeks.

"I think this was another bear market rally and investors are being taken on another ride to new lows," said Christopher Johnson, manager of quantitative analysis at Schaeffer's Investment Research in Cincinnati.

"What you saw this past week was the ugly fundamentals rearing their heads. ... Ugly fundamentals compared with where our expectations were going," Johnson added.

Indeed, just as investors were growing more confident believing that earnings and the economy were recovering and even strengthening, they were handed a series of disappointments including lackluster retail sales for November, profit warnings from Disney and Hewlett-Packard and the possibility of bankruptcy at United Airlines parent UAL Corp.

And, the Labor Department reported Friday that the nation's unemployment rate unexpectedly rose to 6.0 percent in November, the highest level in almost nine years. Analysts expected a slight

increase from the 5.7 percent in October.

"This is a real psychological blow," said Arthur Hogan, chief market analyst at Jefferies & Co. "We have been concerned that the economy is not stabilizing ... We have been able to fall back on the fact that the consumer is hanging in, but then we get shaky, at best, retail sales and a jump in unemployment."

The spate of bad news had analysts cautioning that the market could retreat back to the lows made in October when the Dow sank to a five-year low and the Nasdaq composite and Standard & Poor's 500 indexes sank to six-year lows.

"I don't think we saw the bottom in October. We still expect the market to break the October lows and go a bit further down," Johnson said.

He said sluggish retail sales are particularly unnerving because consumers — whose spending accounts for two-thirds of the economy — so far have been "the saving grace for the market."

Still, the past week saw some good news that might help the market.

For example, Intel issued an upbeat fourth-quarter revenue outlook and the Labor Department reported that productivity grew at an annual rate of 5.1 percent in the third quarter, faster than the government's previous estimate of 4 percent and better than the 4.5 percent rate analysts were expecting.

Another factor that could work in the market's favor, analysts said, is that the Bush administration is revamping its economic team. On Friday, Treasury Secretary Paul O'Neill and economic adviser Larry Lindsey resigned amid concerns about the flagging economy. The news allowed the market to recover from its concerns about unemployment and post a modest advance.

## Yukos aims at oil's top spot

By Vladimir Todres  
Bloomberg

**Y**ukos may overtake LUKoil as Russia's biggest oil producer if Yukos meets plans to boost oil production 19 percent in 2003.

Yukos said it plans to pump 83 million tons of oil next year, or 1.66 million barrels a day. Last month, LUKoil said it expects a 5.1 percent increase to 82 million tons of oil in 2003.

Yukos, which pumps every sixth barrel of Russian oil, has led Russia's drive to boost its share of the global crude market and regain the top spot it lost to Saudi Arabia after the Soviet Union collapsed. The company tapped Priobskoye, a new field in Siberia and invested in Western technology to revive production at old fields.

"There's no doubt they can deliver," said Adam Landes, a London-based analyst at Renaissance Capital brokerages. "They have invested a lot in tapping Priobskoye and in upgrading other fields. The only concern may be world oil prices — it may become not worthwhile to increase production."

The production increase, planned for next year, would follow this

FACT BOX			
YUKOS OIL COMPANY			
Web site: www.yukos.com, www.yukos.ru	CEO, Chairman of Management Committee: Mikhail Khodorovskiy		
RTS index: YUKO	Oil & Gas Reserves: 12.581 billion barrels		
A fully integrated oil-and-gas company headquartered in Moscow, Russia	Proven oil reserves: 4,490 trillion cubic feet		
• one of the world's largest non-state oil companies by reserves and market capitalization (17% of Russian oil production in 2001)	Most reserves located in Western Siberia, including one of Russia's largest oil fields, Priobskoye		
• one of Russia's largest refiners of gasoline, diesel fuel, aviation fuel, fuel oil, and lubricants	In Q1-Q3 2002:		
• the leader among Russian companies by oil production increase in 2001	Oil production: 50.4 million tons (368 mmbbls) — up 18%		
• one of the largest chains of branded filling stations in Russia — more than 1,200 nationwide	Average daily output: 1.3 million barrels		
	Oil export: 26.5 million tons (194 mmbbls) — up 24.6%		
	Oil refining: 23.4 million tons (170 mmbbls) — up 8.1%		
FINANCIAL RESULTS:			
	H1 2002	H1 2001	Change
Sales and Operating Revenues	mln \$ 4,571	4,934	-7.36%
Net Income	mln \$ 1,220	1,411	-13.54%
EPS	\$ 0.57	0.66	-13.64%
www.BusinessFinder.ru The largest Russian industry database online.			

year's 18 percent boost and a 17 percent increase in 2001.

Yukos plans to export 1.05 million barrels of crude oil a day next year, a 41 percent increase from this year's 745,000 barrels a day, it said in an e-mailed statement. It will keep exports of oil products at this year's level of 10.2 million tons.

The company plans to increase spending on exploration and development of oil fields and oil refining in 2003 by 36 percent to \$1.76 billion. This plan

doesn't take into account possible acquisitions, the company said.

Of the total investment, \$1.44 billion will be spent on exploration and production and \$256 million will be invested in refining and marketing. Yukos also plans to more than double gas production to 5.6 billion cubic meters.

"Increased investments in exploration and production in 2003 are expected to be primarily related to the company's continued development of gas assets," Yukos said. ■

## Russia says debt reserve on target

Reuters

**R**ussia's financial reserve — money put aside to help service foreign debt repayments in 2003 — is on course to reach its targeted level, news agencies quoted Finance Minister Alexei Kudrin as saying Friday.

Russia's debt repayments will reach a peak next year when some \$17 billion

is to be repaid. At the beginning of October, the reserve, which is derived from the country's budget surplus, privatization revenues and balances on budget accounts, was 96.4 billion rubles (\$3.03 billion). The target is 197.5 billion rubles, to be reached around the end of this year.

The remainder of the money will come from funds allocated in the

2003 budget. "Given the fulfillment of the budget, proceeds from privatization and funds which will come in at the start of next year, the financial reserve will be in line with the planned volume," Interfax quoted Kudrin as saying.

State coffers will also get more than \$775 million from last week's sale of 5.9 percent of LUKoil. ■



## Firm plans large coal investment

**T**he Ruskyy Ugol (Russian Coal) holding plans to invest up to \$30 million in coal companies Rostovugol and Gukovugol and the Obukhovskaya coal mine in 2003, Mezhprombank Vice President Yelena Lutsenko has said. Mezhprombank is a co-founder of Ruskyy Ugol.

Speaking at a news conference in the southern city of Rostov-on-Don Thursday, Lutsenko said the funds would be invested through the regional Southern Coal managing company, which will be a Ruskyy Ugol affiliate and will incorporate Rostovugol, Gukovugol and Obukhovskaya.

Ruskyy Ugol General Director Vadim Varshavsky said the managing company is already operational but will start working full swing in the first quarter of 2003.

Rostovugol is part of Ruskyy Ugol, while 40.85 percent of Gukovugol is controlled by the holding through the Ugolinvest company. ■

## Itera eased

**G**as giant Gazprom late Thursday lifted all restrictions imposed on Russia-based international gas trader Itera concerning gas transportation to C.I.S. countries, Gazprom's press service reported.

Gazprom had reduced natural gas supplies to Ukraine via Itera by an additional 15 percent as of Nov. 29, bringing the total reduction to 65 percent of its total prior to Nov. 25. The decision to reduce gas supplies was a result of Itera's debt for Gazprom's services in transporting and storing natural gas supplies destined for Ukraine. ■

## Ural plant to supply Iraq trucks

**R**ussia's Ural Automobile Plant plans to supply 2,000 trucks to Iraq in 2003, Ruspromavto General Director Dmitry Strezhnev said Friday.

The Ural Automobile Plant was formed in 2001 and uses the facilities of a pre-existing Ural auto plant, UralAZ.

The plant is Russia's leading producer of all-terrain trucks. ■

## Sibneft shines on RTS

Reuters

**R**ussia's fifth biggest oil producer, Sibneft, blazed a trail on an otherwise lackluster day Friday due to growing expectations it will win the auction for a chunk of state-owned Slavneft, traders said.

The benchmark RTS index edged up 0.48 percent to close at 349.52 on small turnover of \$11.5 million.

The Reuters index of the rouble based MICEX rose 0.61 percent to 1,580.04 at 1500 GMT on meager volume of 1.7 billion rubles. The Reuters-MICEX composite had risen 0.48 percent 886.03 to by the same time.

Sibneft closed up 5.93 percent at \$1.965.

"Sibneft is up because people are now realizing that the chances of it not winning the Slavneft auction are small," said Michael Sito at Troika Dialog.

Russia will sell 75 percent of Slavneft on Dec 18 at a starting price of \$1.7 billion. Russia's largest oil producer, LUKoil on Thursday said it would not bid for the company.

Traders said the RTS is seeking impetus at the important psychological barrier of 350.

"Does it break through decisively or fall?" said Nick Mokhoff, a trader at Brunswick UBS Warburg.

"Today was a little disappointing because the news flow was so good. We had the S&P upgrade and the reserve news," he said.

Standard & Poor's rating agency raised Russia's long-term foreign currency rating one notch on Thursday to BB from BB-minus, two notches below investment grade.

The country's Finance Minister, Alexei Kudrin, said on Friday its financial reserves — money put aside to service the 2003 foreign debt peak — will achieve the originally targeted volume in 2002.

Sito said the S&P upgrade had been expected and added that investors had hoped for an even bigger upgrade.

LUKoil closed down 0.31 percent at \$15.90, while No. 2 oil producer Yukos rose 0.23 percent to \$8.76.

Market benchmark UES ended up 0.47 percent at \$0.128. ■