

# Norway Business Club

## Norwegian and Global Equity Markets: Heating Up

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Wednesday, April 26, 2006

# What was going on in the markets 3 years ago?

■ Commodities 

■ Bonds 

■ Equities 

■ Property 

# What's going on in the markets today (1)?

■ **Commodities** 

■ **Bonds** 

■ **Equities** 

■ **Property** 

# What's going on in the markets today (2)?

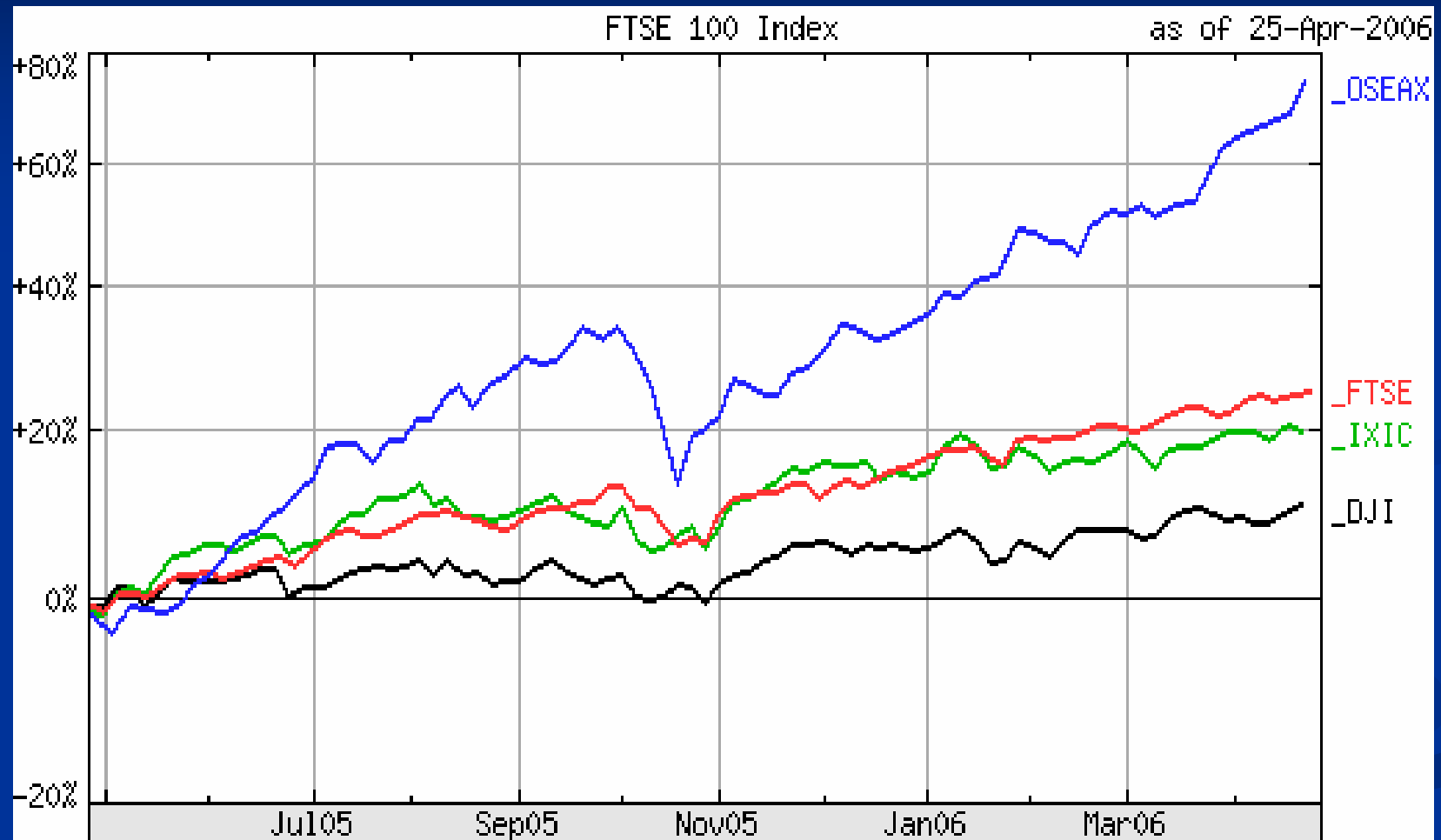
- **Brent Crude, copper & zinc hit record highs\*** (second stage of asset-backed investment)
- **Long-term bond yields hit year high\*** (Interest rates going up, bond prices falling): American 30-year long bond climbs 5%, 10-year to follow
- **Bank of China issues country's first dollar denominated certificates linked to gold price\*\***

\*Source: The Economist, April 15 – 21. "Flashback"

\*\*Source: The Mogambo Guru, April 19, 2006

<http://www.safehaven.com/showarticle.cfm?id=4993>

# 12 Months of Global Growth



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# *Time In The Market, Not Timing\**

31/12/87 . 31/8/02 3706 Trading Days.

- ! If You Stayed Fully Invested + 10.1% pa
- ! If You Missed The 10 Best Days + 7.2% pa
- ! Or The 20 Best Days + 5.0% pa
- ! Or The 30 Best Days + 3.25% pa
- ! Or The 40 Best Days + 1.6% pa

\*Source: Fidelity Investments and Justin Urquhart Stewart: Proshare presentation: "The Hungry Bear", 23/03/03  
Based on FTSE Allshare Index Income Reinvested

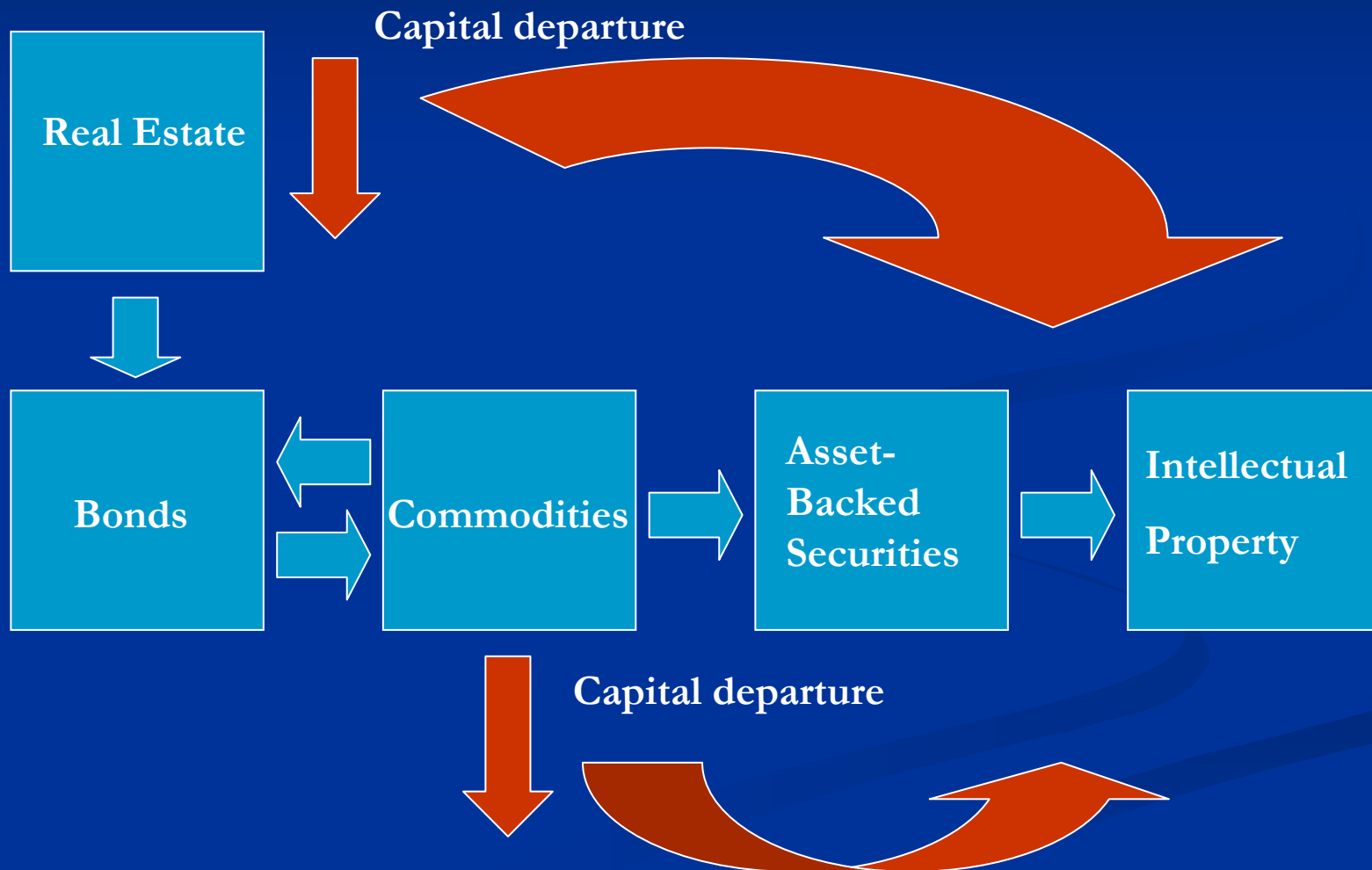
# Compound Interest\*

The Value of £100 Invested in 1945 (FTSE Allshare).

- With Dividends Reinvested ..£ 65,440
- Without Dividends ..... £ 4,904

\*Source: Fidelity Investments and Justin Urquhart Stewart: Proshare presentation: "The Hungry Bear", 23/03/03

# Capital Channels



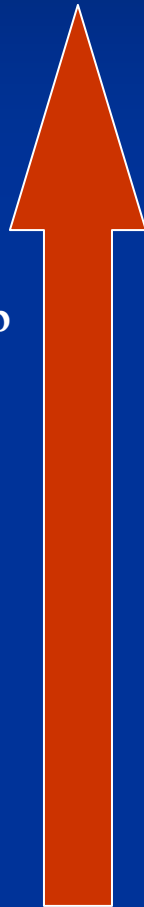
# Oil Price & Fuel Innovation\*

- Long-term benchmark of commodity prices has gone from \$20 per barrel to over \$30.

\$70 & Up

\$30 - \$70

\$20 - \$30



- Methane Hydrates
- Hydrogen
- Plug-In Hybrids
- Oil Shale
- Natural Gas
- Coal To Liquid
- Biodiesel
- Ethanol
- Ultradeep offshore wells
- Gas To Liquid
- Tar sands
- Digital Oil Fields

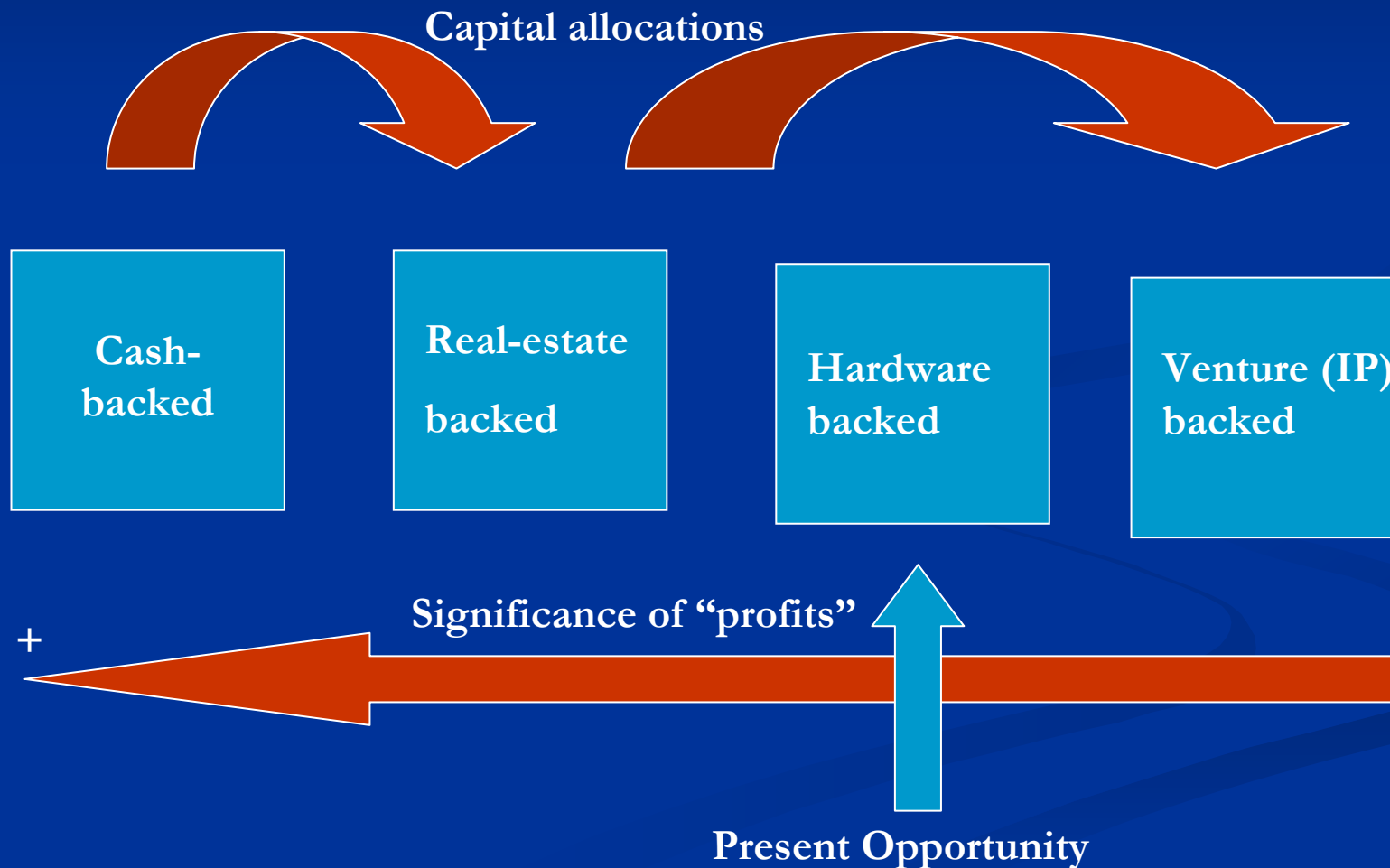
\*Source: Wired, December 2005: Why \$5 Gas Is Good For America

# Oslo: So where next?

- **Bullish analysts** forecast 2000 - 3500 cap before retreat (though most acknowledge potential “correction” to 1000)
- **Bearish analysts** forecast 600 cap, retreat, then growth until 1000



# Investment Evolution



# Factors For Consideration

- Organic growth is stronger than artificial growth through M&A
- Uni-branded growth is stronger than multi-branded growth
- Diversified dependence is stronger than unique dependence
- Certain industry sectors have higher valuations than others

# Seven Checks For P&D\*

- Check The *Chart*
- Check The *Volume*
- Check The *News*
- Check *Sector Strength*
- Does the stock get “*Analytical Coverage*”?
- Check the *Company’s Website*
- Order an *Investment Pack*

\*Source: Barry Ritholtz, “Seven Steps For Handling Stock Tips” 24/04/06

<http://www.thestreet.com/university/personalfinance/10280539.html>

# Stock Picks for 2006

- TIVO (NASDAQ): \$8.54, Mkt Cap: \$727 mm
- SUNW (NASDAQ): \$5, Mkt Cap: \$17.3 bn
- ORKLA (OB): 347 NOK, Mkt Cap: \$55 bn
- FAST (OB): 22 NOK, Mkt Cap: c. \$900 mm
- VICORP (OFEX): 118p, Mkt Cap: \$16.7 mm