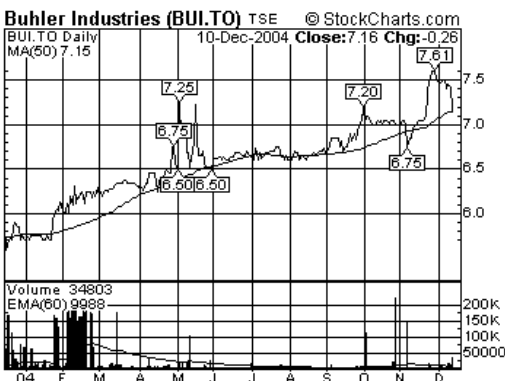




## Stock Focus

**Buhler Industries (BUI:TSX; \$7.16)** – Buhler released its FY04 results last Friday with results in line with our expectation. Revenues increased 13.8% y/y as increased tractor sales and strong US sales offset lower Canadian sales. Gross margins declined 8.7% y/y due to higher steel costs combined with 20% weakening of the US dollar. Due to the uncertainty of future steel prices and customer's reactions to further price increases, management has indicated that FY05 revenues and earnings are forecasted to be flat. Net profit gained 3.6% y/y, largely assisted by the \$2M gain from asset sales. For the 12<sup>th</sup> consecutive year, the company has increased its annual dividend, this year from \$0.13 to \$0.14 per share.



FYE Sep (\$M)	Actual			Forecast		Comment
	FY04	FY03	% chg	FY04	% chg	
Revenue	206.1	181.2	13.8%	204.9	0.6%	Tractor & US helped improve revenue
Gross profit	37.6	41.2	-8.7%	39.4	-4.6%	Increase in steel prices lowered margins
Net profit	12.0	11.6	3.6%	12.3	-2.0%	Boost from \$2M in asset sales
<b>EPS</b>	<b>0.50</b>	<b>0.51</b>	<b>-2.0%</b>	<b>0.51</b>	<b>-2.0%</b>	In line with expectations

## Market Focus

Dec 10 vs. Dec 09 close

INDEX	Close	Change	% Chg	YTD %
TSX SmallCap	602	-0.82	-0.1%	1.8%
TSX MidCap	620	-1.78	-0.3%	14.6%
TSX	8,965	-48.28	-0.5%	9.1%
DJIA	10,543	-9.60	-0.1%	0.9%
S&P500	1,188	-1.24	-0.1%	6.8%
Nasdaq	2,128	-0.94	0.0%	6.2%
TSX Venture	1,714	16.50	1.0%	-2.1%
MACRO	Close	Change	% Chg	
WTI Oil	\$40.71	(\$1.82)	-4.3%	\$USD
Henry Hub Gas	\$6.30	\$0.26	4.3%	\$USD
Gold	\$435.30	(\$1.90)	-0.4%	\$USD
Canadian \$	\$0.817	(\$0.002)	-0.3%	\$CDN

SMALL CAP INDEX ACTION				
Advancers	Symbol	Price	%Chg	
Ivanhoe Mines	IVN-T	\$ 8.75	6.6	
Agricore United	AU.LV-T	\$ 8.40	4.9	
Rio Narcea Gold Mines	RNG-T	\$ 2.47	4.7	
Vasogen Inc.	VAS-T	\$ 6.04	4.3	
Rothmans Inc.	ROC-T	\$ 37.10	3.8	
Decliners	Symbol	Price	%Chg	
CFM Corporation	CFM-T	\$ 1.91	(4.5)	
TLC Vision Corporation	TLC-T	\$ 12.68	(4.3)	
NovaGold Resources	NG-T	\$ 8.55	(4.3)	
Empire Company	EMP.NV.A	\$ 30.30	(3.8)	
Golden Star Resources	GSC-T	\$ 4.35	(3.3)	
Most Actives	Symbol	Price	%Chg	Vol (M)
Wheaton River Minerals	WRM-T	\$ 4.07	1.8	4.0
Bema Gold	BGO-T	\$ 3.80	(2.8)	1.7
Iamgold Corp.	IMG-T	\$ 8.05	1.4	1.2
Geac Computer Corporation	GAC-T	\$ 8.60	(1.2)	1.0
LionOre Mining International	LIM-T	\$ 6.38	(0.5)	0.9

## Macro Focus

**Oil price slips** (Globe and Mail) – Crude oil futures prices sagged Monday due to perceptions of a glut in the world market, despite OPEC's decision to cut back on production. Prices had rallied earlier in the day on concerns that the cut would leave the Asian market short. Analysts said OPEC's decision was sending mixed signals. An announcement by Saudi Arabia that Asia would most be affected by its decision to reduce output by 500,000 barrels a day led to some bullish sentiment.

But analysts said it would take weeks for the total OPEC cutback of 1 million barrels a day to be felt on world markets. Plenty of crude is still available in the pipeline because of OPEC overproduction in September and October after prices rocketed to record highs, they said. After climbing above \$41 (U.S.) a barrel in Asian trading, light, sweet crude for January delivery on the New York Mercantile Exchange was down 43 cents at \$40.28 per barrel in midday trading in Europe. On London's International Petroleum Exchange, January Brent futures were down 17 cents, at \$37.21, while the more active February contract fell by 26 cents to \$37.69 per barrel.

Prices are nearly \$15 per barrel cheaper than the all-time closing price of \$55.17 recorded twice in late October. "The market reacted to it (OPEC's announcement) by selling, prices fell as a result," said Victor Shum, oil analyst at Texas-based energy consultants Purvin & Gertz. "Some of the market participants feel that, given prices are still high, perhaps they don't believe there will be significant cutback in supply."

OPEC oil ministers agreed the cutbacks would take effect starting Jan. 1. But there was some confusion Monday after Kuwait's Sheik Ahmed Fahd Al Ahmed Al Sabah said reductions in output would start Monday, whereas OPEC president Purnomo Yusgiantoro said the production cut would take effect in January, as planned.

"There is still an oil oversupply of 1 million barrels a day this month, and this caused the drop in oil prices," said Mr. Purnomo, who also predicted demand would fall in the second quarter of 2005.

Analysts agreed it was too early to expect prices to rise as a result of the OPEC decision.

"The barrels we are seeing arriving in Rotterdam and to the Gulf coast were produced a month and a half ago," as OPEC overproduced to brake prices that rocketed before falling back almost 25 per cent, said Frederic Lasserre, head of commodities research for SG Securities. "What the market is still expecting short term is to see a stock build."