



Australia China Business Council  
澳大利亚中国工商业委员会

# CHINA IN TOUCH

A newsletter for Northern Territory branch members

Northern Territory Branch  
July 14, 2009

## Vice President's observations

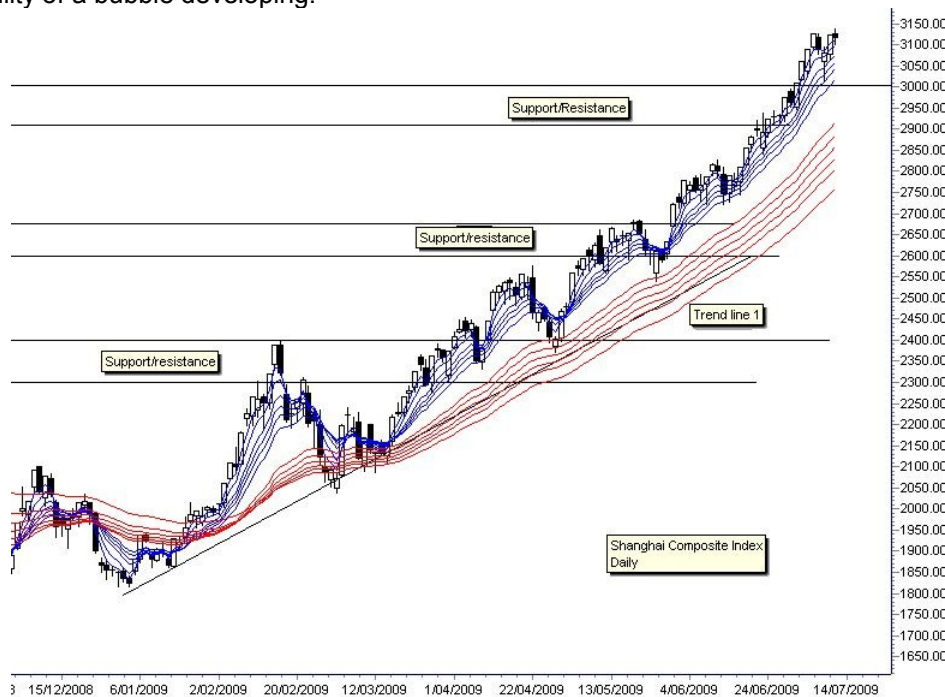
The Chinese and the US economies have developed divergent paths. One is a strong vigorous bamboo shoot whilst the other shows green shoots which some people are now describing as withered or yellow shoots. Its an issue I discussed last week on CNBC Asia television with US fund managers and Asia analysts. China GDP due out this week is expected to show a 7.8% annual growth and some analysts are questioning whether this is sustainable. We start with current China market analysis and conclude with US market analysis. The first extract is from my weekly column in the Beijing financial weekly, Hong Zhou Kan, and the second extract is from my weekly Monday column in the Shanghai Security News daily paper.

### CHINA MARKET

China markets are focussed on the potential end of a prolonged uptrend. The very rapid rise in the Shanghai Index above 3000 was an inevitable invitation to a pullback and retest of the 3000 support level.

The key question is to decide if the pullback is the collapse of a bubble, a major change in trend direction or a temporary retreat in a well established uptrend. The answer has a significant impact on Hong Kong and Taiwan markets which have been increasingly linked to the Chinese recovery. Chart analysis provides the tools to help answer the questions more accurately than the mixed bag of delayed fundamental information that comes out of China in Government reports and anecdotal evidence. The market moves 3 to 6 months ahead of the confirming fundamental information.

The market has avoided a bubble situation. The index has clustered near the upper edges of the short term GMMA and the pullback has tested the lower edge of the short term GMMA. The pullback has restored the normal degree of separation in the short term GMMA. This reduces the probability of a bubble developing.



The most important analysis tools for identifying a major trend change are divergence patterns and chart patterns. The most reliable analysis tool for the Shanghai market is the Relative Strength Indicator (RSI) divergence. This develops when the trend line placed on the RSI moves in the opposite direction to the trend line placed on the Shanghai index. Currently the trend lines both move in the same direction and this is a trend continuation confirmation signal. This suggests there is a low probability of a major change in the direction of the trend.

The behaviour of the index suggests the current market activity is a temporary retreat in the environment of a strong and stable uptrend. The strength of the uptrend is confirmed by the long term GMMA. The lower edge of the long term GMMA is higher than the historical support level near 2700. It is also near to the value of the up trend line. The upper edge of the long term GMMA is near the historical support level of 2900. This combination of support features confirms strong support for any market retreat below 3000. They show a high probability of a rebound and a continuation of the established uptrend.

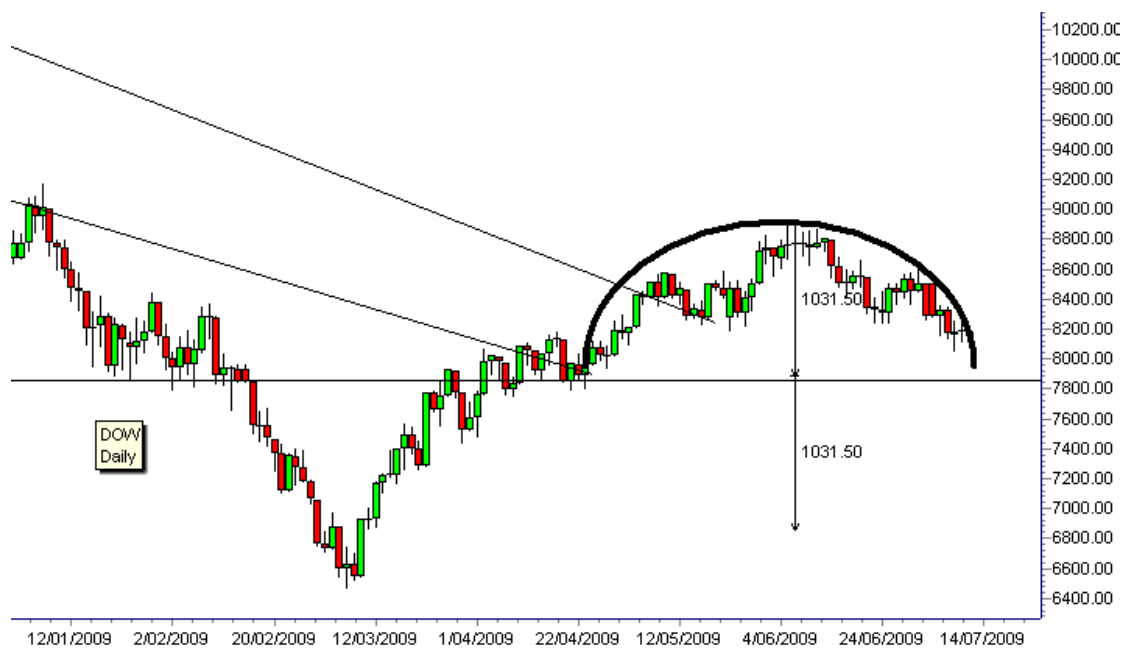
The 3000 level is a strong historical support and resistance level so the market may develop into a sideways pattern and a broad trading band in the 2900 to 3000 area. This sideways movement will add more stability to the up trend.

Increased trend stability and durability will have a positive impact on the greater China markets. Traders can use this pause as a buying opportunity to add to positions as price declines are more likely to be a temporary retreat rather than a trend change.

## US MARKET

The key development in the American DOW Index is the development of a rounding top pattern. The rounding top pattern is a reliable indicator of a significant trend change. This rounding top pattern is shaped like an umbrella. The upper edge of the pattern is located near 8900 and the support level is near 7800. The distance between support and the peak is measured. This value is projected downwards below the support level to give a potential downside target. This is located near 6800.

The pattern is confirmed in two steps. The first pattern confirmation develops when the DOW Index is not able to move above the value of the curved downtrend line. This is currently near 8300.



The second pattern confirmation comes when the DOW index closes below the support level at 7800. When these conditions develop there is a high probability to market will continue to fall and reach the target low near 6800.

The DOW Index also has developed a small head and shoulder chart pattern. The left shoulder is created by the rally in 2009 May. The head is created by the rally in 2009 June. The right shoulder is created by the current rally. Currently this chart pattern is not completely developed. There is enough information to estimate the head and shoulder downside target projection. This is located near 7300.

The rounding top and the potential for the head and shoulder pattern development both confirm the high probability of a continuation of the downtrend in the DOW index. The suggested target for the market fall is between 6800 and 7300.

Many Western analysts are blinkered by the belief that economic recovery is entirely or largely dependent upon the US and they ignore the market reality shown by the Shanghai market index activity.

## Events calendar

**ACBC branch members meeting**— usually second Thursday in the month. All meetings are open to all members of the ACBC, not just the committee members. Most matters discussed at the meeting are passed by general agreement. All members are encouraged to contribute ideas to the discussions.

## Members and associates China News

### CHINESE CULTURE AND LANGUAGE COURSE – **ONLY FOUR PLACES REMAINING**

This course will be held on Tuesday August 11, 9:15am to 5:00 pm, conference room, Department of Regional Development, Primary Industry, Fisheries and Resources.

There are a limited number of places remaining. Cost will vary depending on the number of participants, but at this stage we see a maximum cost of \$363 and a minimum cost of \$290 per person if all 20 positions are filled.

Please email [support@guppytraders.com](mailto:support@guppytraders.com) to register your confirmed attendance. Entire course delivery is from an Adelaide based certified trainer from CLCA.

The first half day is **CHINESE CULTURAL AWARENESS**

This includes

Similarities and differences in the Greater China Region (China, Taiwan and Hong Kong)

*Pronunciation of Chinese names*

- Method to pronounce Chinese names correctly
- Business card etiquette

Understanding the Chinese hierarchy

Chinese communication styles

Marketing material

'Face'

'Guanxi' (networking/relationships)

- What is guanxi?
- How to build and maintain guanxi

Meetings

Hosting Chinese delegations or visiting China

The second section is a 2 hour session **CHINESE COMMUNICATION STYLES OUTLINE**

This includes

Communicating in a 'circle' model rather than in a 'straight-line' model

Expressing personal opinions in a group environment

What is group culture and how is it different to team culture?

Understanding the non-verbal messages and hidden messages

Different understanding of 'time' and 'deadline'

Does 'yes' mean yes and 'no' mean no?

Showing constraint and respect in the hierarchical society

Dealing with tough questions and conflicts

General etiquette including handshakes and email communications

## CHINA BUSINESS BRIEFINGS 2009 –

### CHINA MARKET AND ECONOMIC OUTLOOK, Wednesday July 29, 5 p, to 6 pm

This is a top-up briefing and progress report following the November 2008 Business Briefing session. Presented by Daryl Guppy it will include market analysis and outlook for China, the US, commodities and currencies. Many of the price and market targets suggested in the November briefing have been achieved.

Please contact **Jennifer Xi** on [jxi@selectindustrial.com.au](mailto:jxi@selectindustrial.com.au) or mob: 0412 048 144 to register your interest. This briefing is free for ACBC members. There is a small charge for non-ACBC members but this will be refunded if they join the ACBC during the briefing.

The Business Briefings will continue in 2009 and be provided free of charge for members only.

Up coming topics include:

- Understanding expectations from business partners
- Marketing campaigns in China
- China market and economic outlook
- Creating and using business cards in China
- Working with media in China – building face

For more information, or requests for specific briefing topics, please contact [Lisa.Mutch@nt.gov.au](mailto:Lisa.Mutch@nt.gov.au)

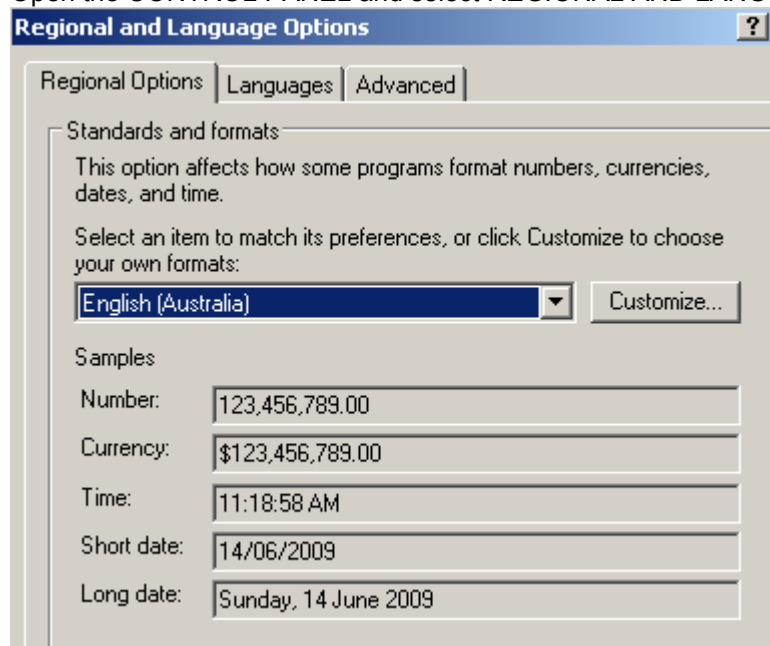
## China tips- INSTALLING CHINESE ON YOUR COMPUTER

Do you get some email that looks like this? - Ãÿ±%µÁπ§. It should look like this 重要提醒: 小心银行划走你的定期储蓄 . Not being able to read an email or document sent to you by Chinese colleagues or friends is frustrating. In time, you may also want to reply in Chinese as well. Typing **Ni Hao! Qing Jian Fu Jian** (Hello. Please see attached) in pinyin is OK for very basic communication, but it looks better as 你好! 请见附件。

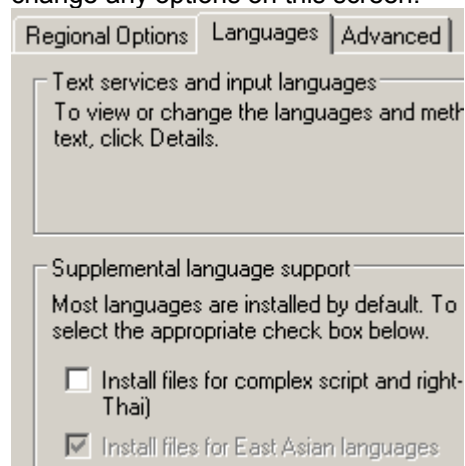
With Windows XP and VISTA it is now an easy process to set up you computer so you can read Chinese characters and type Chinese characters. Of course, understanding what is written Chinese characters is not something that can be easily solved by computer and in some future articles we will look at some of the software that is available.

When your new computer arrives it is set up for Australia and Australian language usage. It will not recognise character sets, such as Chinese, that have been created using Unicode. The solution comes from the CONTROL PANEL.

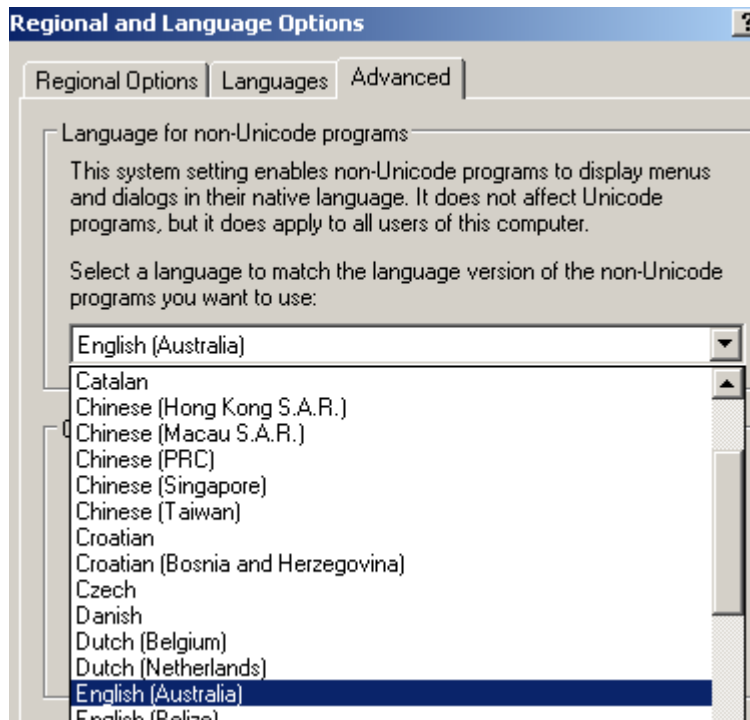
Open the CONTROL PANEL and select REGIONAL AND LANGUAGE OPTIONS.



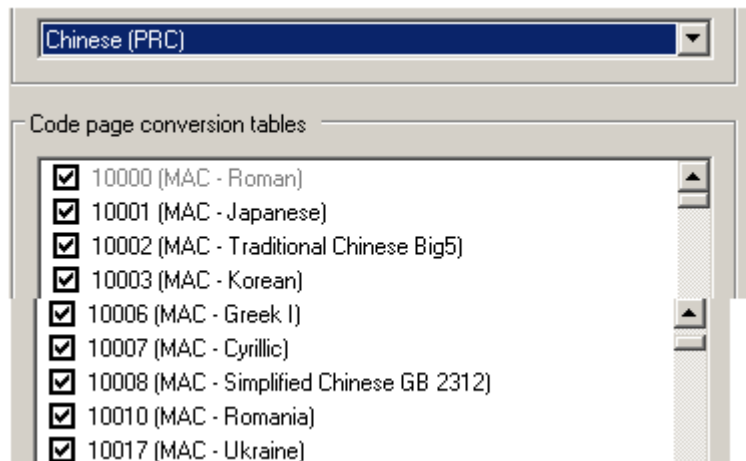
The REGIONAL OPTIONS tab should look something like the screen shot above. Do not change any options on this screen.



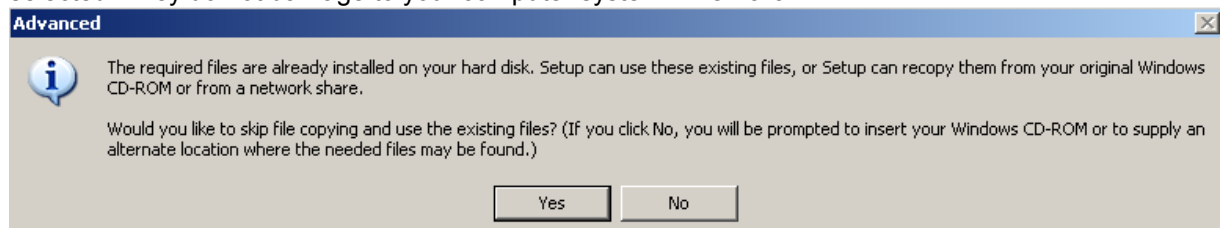
Under the LANGUAGES tab you need to check the INSTALL FILE FOR EAST ASIAN LANGUAGES. If this is greyed out as shown in this screen shot then you can move to the next step. In most recent computers 2 to 3 years old this option may appear as shown in this screen shot . If the check box is white then you will have to check it and install these files. These files are stored on the original XP or Vista system disk, or the backup system disks that are supplied with your computer if XP or Vista was pre-installed.



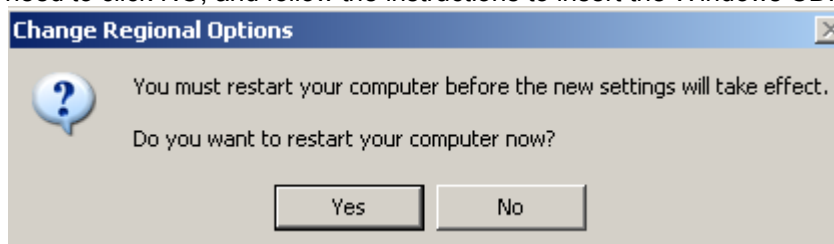
The ADVANCED tab is where all the hard work is done. Scroll up the list until you find CHINESE (PRC). Highlight this choice.



Because you have selected the INSTALL FILE FOR EAST ASIAN LANGUAGES in the previous step you should find many of the language options already checked. Just scan through the list to make sure any language choice with CHINESE is selected. Leave the other default choices selected. They do not damage to your computer system. Then click APPLY



This rather daunting message will appear. If you have done a full windows system install these files will already be on your computer. This is usually the case with most computers these days. Simply click YES and the files will automatically install. If a full windows install has not been done then you will need to click NO, and follow the instructions to insert the Windows CD.



To complete the installation of the files you will need to restart the computer. This will make no difference to the way your computer operates normally. This process simply places a language bar at the bottom task bar of your screen. This allows you to select which language you want to work with.

There are two very important warnings. If your advanced language setting is set to CHINESE (PRC) then it does effect the way the date is displayed in some programs. I use a software programme to collect stock exchange price data. If I have the language setting as CHINESE (PRC) then the stock data file is corrupted because it requires the date to be set in Australian date format.

The second warning is when you come to install new software. If CHINESE(PRC) is selected then the installation menu dialogues may appear in Chinese or as 中文. The solution is simple to both these warnings. Prior to installing new software, go back into REGIONAL LANGUAGE SETTINGS and select ENGLISH (AUSTRALIA) and restart your computer.



Once your computer has restarted you will observe a new language bar in your task bar. By default it will be set to EN. In this mode your computer will display and read Chinese characters in email, in any Word document or spreadsheet, and in most other programs. You only need to select Chinese when you want to type in Chinese characters.

In the next newsletter we will show how to use this new functionality to write documents and email replies in Chinese characters.

From Daryl Guppy

Do you have a travel tip, or observations or China related information or experience you want to share with members. Please email us details at [china@guppytraders.com](mailto:china@guppytraders.com)

## China Language Notes

Where is the washroom. (It is considered impolite to ask for the toilet.)

**Xi shou jian zai na er.**

洗手间在哪儿?

I need help.

**Wo xu yao bang zhu**

我需要帮助

Please speak English

**Qing jiang ying wen**

请讲江英文

Please speak slowly

**Qing shuo man yi dian**

请说慢一点

## China News reports that did not make it into the local media.

### RMB trade settlement allowed in Hong Kong

China approved the use of the renminbi for trade settlement in Hong Kong in the latest step toward internationalizing the Chinese currency, the Wall Street Journal reported. The deal, signed Monday by the People's Bank of China (PBoC) and the Hong Kong Monetary Authority, will allow Hong Kong firms to use the Chinese currency to settle trades with Chinese firms in the cities of Shenzhen, Guangzhou, Shanghai, Dongguan and Zhuhai. Analysts described the move as a significant milestone, but said that the immediate impact of the deal would be marginal. Speaking in Hong Kong, PBoC governor Zhou Xiaochuan also said China's economic growth could meet or surpass the government's growth target of 8% this year.

### **PBoC announces cross-border settlement pilot**

The People's Bank of China (PBoC) released detailed rules of a pilot scheme to allow companies to settle their cross-border trades in renminbi and give them tax rebates, the South China Morning Post reported. Under the scheme, qualified firms in Shanghai and four cities in Guangdong province could settle trades in renminbi with their trading partners in Hong Kong, Macau and the 10 ASEAN countries. The program is a move to promote the wider use of the currency. Although the PBoC has not said how many companies will be qualified in the first round of approvals, media reports have suggested that about 440 firms will be included.

### **Xinhua to launch TV program in Europe**

State-run news agency Xinhua will launch a television program in supermarkets and outside Chinese embassies in Europe to bring Beijing's view of the world to a Western audience, the Financial Times reported. Beijing will offer US\$4.4 billion to US\$6.6 billion to media groups to carry the programming on supermarket screens in Brussels and other European cities. The agency also started offering Chinese-language TV services on social networking site Kaixin001 this month. The Xinhua TV offering is part of a larger move by Beijing that has also included overseas circulation for China Daily and an English-language edition of the Global Times newspaper.

### **CIC to take 17% stake in Teck Resources**

China Investment Corp (CIC) will spend US\$1.5 billion for a 17.2% stake in Canadian mining and processing company Teck Resources through a private placement, FinanceAsia reported. Teck is Canada's largest diversified mining, mineral processing and metallurgical company with interests in 15 mines in Canada, the US, Chile and Peru, as well as exploration activities on four continents. The company is a major player in the production of copper, metallurgical coal and zinc. CIC will acquire 101.3 million class B shares in Teck, which provides the sovereign wealth fund with a 6.7% voting share in the company but no board representation. CIC will hold the shares for at least one year, and is only allowed to purchase additional shares in order to prevent dilution of its existing stake. CIC has also committed not to sell its shares to other mining firms or to Teck's significant customers.

### **Fiat, Guangzhou Auto to form JV**

Italian carmaker Fiat and Guangzhou Automobile Group announced Monday that they will create a joint venture to produce economy cars for the Chinese market, Dow Jones reported. The new venture will give Fiat the mainland presence it has long been seeking. Starting in May 2011, the JV will produce 140,000 cars per year, Fiat said, and may increase production up to 250,000 units. The acquisition is part of a larger expansion strategy executed by Fiat, which recently took a 20% stake in troubled US car manufacturer Chrysler. Guangzhou Automotive Group's Vice Chairman and President Zeng Qinghong said Fiat's technology in the economy car segment makes it an attractive partner. He also said that the new joint venture won't harm its existing cooperation with Japanese firms Honda and Toyota.

### **China on course to become world's largest auto market**

Chinese auto sales increased at the quickest rate this year in June, putting the country on course to top the US as the world's largest auto market, the Wall Street Journal reported, citing figures released by the China Association of Automobile Manufacturers. Sales rose 36.5% year-on-year in June to 1.4 million units, the fourth month in a row that volumes have topped 1.1 million units. Meanwhile, US car and light truck sales dropped 28% year-on-year to 860,000. New car and truck sales in China are expected to top 11 million units in 2009 - up 17.3% on the previous year - with US sales likely to come in at just 9.69 million units. The jump in Chinese auto sales is attributed in a large part to government subsidies and tax breaks on the purchase of smaller vehicles. The 38% increase in first-half sales posted by General Motors was largely due to the strong performance of its joint venture that manufactures small commercial vehicles. However, demand for luxury car brands is also improving with BMW seeing sales growth of 46% in June.

### **China to build \$17.6b wind power farm**

China will build a US\$17.6 billion wind power farm in Gansu province, Reuters reported. State media said the project will begin construction in two weeks, and will ultimately generate 20 gigawatts (GW) of power, prompting some to refer to the project as the "Three Gorges Dam on land." The project will be constructed in Jiuquan city, which officials estimate could support up to 40 GW of wind power farms. Beijing's total wind power target for 2020 is 100 GW, so the project in Jiuquan, if successful, would mark significant progress toward accomplishment of that goal, and toward China's larger goal of increasing its usage of renewable energy sources to 15% by 2020. Xiao Ziniu, director of the National Climate Center, told state media that China's onshore wind power potential has been estimated at 700 GW to 1,200 GW with another 250 GW of potential offshore wind power capacity.

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## MEMBER PROFILES - AMETS - Australian Mining & Exploration Title Services



AMETS - Australian Mining & Exploration Title Services, represented by Leanne Morley, Owner/Manager.

AMETS – Australian Mining and Exploration Titles Services specialises in exploration and mining title services for companies throughout Australia. Their main office is based in Darwin, NT with another in Tamworth, NSW. Their team has in excess of 31 years experience in the field of title management. AMETS operate with the highest of integrity and always in the best interests of their clients.

AMETS assist companies from the application stage, right through to ensuring the validity of titles is maintained, by carrying out all legislative requirements.

Have your member profile included in the newsletter. Send details to [china@guppytraders.com](mailto:china@guppytraders.com)

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## FORWARD THE NEWSLETTER TO A FRIEND

NEWSLETTER CONTRIBUTIONS ARE WELCOME. Keep other members informed about China experiences. Please email notes or comments to [china@guppytraders.com](mailto:china@guppytraders.com). Please use email header ACBC NOTE. Information received up to the day prior to publication will be included.

*NOTE. The views of contributors are their own and do not necessarily reflect the views of the ACBC NT or the ACBC. Content is copyright and cannot be used without permission.*



Australia China Business Council  
澳大利亚中国工商业委员会

## Northern Territory

### MEMBERSHIP APPLICATION (2 pages)

Please complete this Membership Form with your details if you are applying to join the Australia China Business Council for the first time. Please see over for additional details

#### BASIC DETAILS

Company Name	
Company name in Chinese	
Industry sector	
Branch membership	<b>NT Branch</b>
Member Type - This is based on the annual turnover (See page 2 for details).	
Company email address	
Company web site http://	
Date of application	

#### PERSONAL DETAILS

Title	
First name	
Last name	
Job title	
Personal email address	

#### CONTACT DETAILS

Company phone	
Company fax	
Direct phone	
Direct fax	
Mobile phone	

#### LOCATION DETAILS

Street address	
City	
State	<b>Northern Territory</b>
Post code	
Postal address	
Country	<b>Australia</b>

#### PAYMENT METHOD

Cheque	Please post to: GPO Box 2769, Darwin NT 0801
Cash Deposit	ANZ Darwin, BSB: 015901, A/C: 487 379 699
Credit Card	Card type / VISA / Mastercard
Card number	
Name on card	
Expiry date	
Amount paid (See member type)	\$

PLEASE RETURN COMPLETED FORM TO ACBC NT GPO BOX 2769, Darwin NT 0801  
Or Email: [acbcnt@acbc.com.au](mailto:acbcnt@acbc.com.au)

Membership

AUD

GST

TOTAL

<b>NT Government Departments</b>	550.00	55.00	605.00
<b>Companies</b>			
Annual turnover:			
More than \$ 50 million *	1,500.00	150.00	1,650.00
\$ 15 million to \$ 50 million	825.00	82.50	907.50
\$ 5 million to \$ 15 million	550.00	55.00	605.00
Less than \$ 5 million	300.00	30.00	330.00
<b>Individual membership</b>	300.00	30.00	330.00
<b>Associate membership ** (non-voting)</b>	200.00	20.00	220.00
<b>Student member (non-voting)</b>	60.00	6.00	66.00

\* Companies with turnovers greater than \$50m are entitled to nominate a representative from each of the other states in which they have a business presence. For additional nominees, please provide contact details on a separate sheet, giving title, given name, surname, postal and street address, telephone and facsimile numbers, and email address.

\*\* Associate members are academics or retired business people

Thank you for joining Australia China Business Council NT Branch!