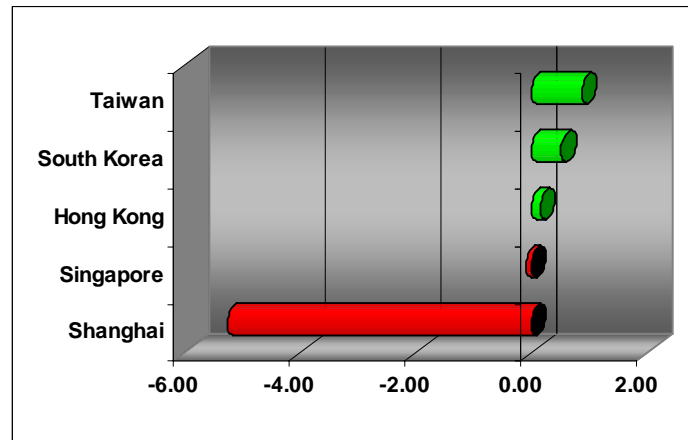


July 5, 2007

MARKET	Last Price	Intraday Trend
Currencies		
USDCNY	7.598	↑
USDHKD	7.81625	↑
USDSGD	1.51885	↓

Economic Release	Date	Previous
SGD – Foreign Reserves	July 6	\$140.9 B
HKD – Foreign Reserves	July 9	\$136.2B



### Chinese Yuan Pares Back On Rising Concern Of Two Way Flow

For the second straight session, the Chinese yuan pared previous gains as market concern emerged over the possible two way trade of the underlying currency. Although currencies already trade in a two way fashion, reality is harsher when it comes to the yuan. Previously traders sided with the idea that mass speculation would keep the currency pair in a one way direction. However, now government officials may be cracking down illegally obtained money used for market investing, another method of keeping highly speculative appreciation at bay. According to officials at China's State Administration of Foreign Exchange office, enforcement is expected to be heightened in efforts to crack down on bank loans that have widely been misappropriated and used to invest in the market. Not only would efforts be made to stop the practice, setting a precedent, the policy will also help to calm waters as the so called "hot money" leaves the market. Nonetheless, the yuan remains relatively strong against the US dollar, trading at 7.5980 heading into the New York close. Incidentally, one survey that seemed to be widely dismissed by the market was China's business climate survey for the second quarter. According to the National Bureau of Statistics report, business climate remains buoyant in the world's fastest growing economy as the index printed a 146 figure. Compared to 139.7 in the previous three month session, the recent report shows vast improvement tin manufacturing and mining as retail trade and transport subsectors showed stagnation.

### China Stock Markets Plummet On Share Sale Concern

In the overnight, China's stock markets plummeted on fear that recent plans by companies to list on the mainland may dampen the bullish effects that have been taken advantage of in the past year. Following a stellar 2006, stock markets continue to advance higher, rising approximately 70 percent since the beginning of the year. However, increases in the offerings available to investors may dampen the overall effects, leaving gains lessened by stocks already in play. As a result, China Petroleum & Chemical Corp. and Baoshan Iron & Steel led decliners on the day with China Petroleum shares retreating 7.2 percent to close at 12.33. Baoshan Iron also declined, falling 5.8j percent to 10.74. Ultimately, both bearish players were able to suppress the overall market, leaving the CSI 300 benchmark little reprieve during the losing session. The index plummeted 206.15 points or 5.5 percent, closing at 3,537.44.

### Regional Markets Mixed, Affected By China Plunge

No economic data helped the focus to remain on the regional stock markets, especially with the move in Shanghai. Singapore markets fell in sync with Chinese stocks, led by developer stocks. Sparking the bearish undertones was announcements by the government stating a promise that land would be made more available by the government in efforts to calm rapidly rising rent. Combined with profit taking attitude, development stocks like CapitalLand Ltd. suffered, falling 1.3 percent to S\$7.90 in the overnight. City Developments also declined, slipping 1.2 percent to S\$8.45. As a result, the Straits Time index was able to make any positive headway, ending down 3.17 points at 3,551.68. Hong Kong, however, was higher in the overnight after retreating considerably against the record close just a few sessions ago. Boosting shares in Hong Kong were companies like China Construction Bank Corp. as investors bet on the likelihood that interest will be heightened on an offering. Hong Kong Exchanges & Clearing also led advancers, climbing 1.7 percent to HK\$127.60. Ultimately, being one of two major exchanges to finish higher, the Hang Seng index gained 34.44 points to close at 22,252.99.