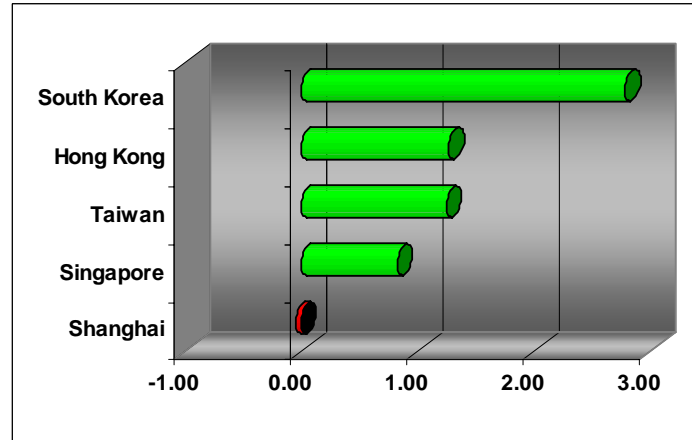


July 13, 2007

MARKET	Last Price	Intraday Trend
Currencies		
USDCNY	7.5725	↑
USDHKD	7.81905	↑
USDSGD	1.5148	↑

Economic Release	Date	Actual
SGD – Retail Sales (YoY)	July 13	1.5%
SGD – Retail Sales (MoM)	July 13	4%



Chinese Yuan Pulls Back In The Overnight, Remains Strong For The Week

The Chinese yuan had its strongest week since the end of the dollar link two years ago as economic data helped to boost speculation of potential near term flexibility in the currency. Notably, the country's trade surplus swelled by 87 percent to \$26.9 billion record for the month of June as the US trade deficit widened to \$20 billion from \$19.4 billion in the previous month. The most recent figure will contribute to already heightened tensions between the two nations, with sanction guidelines already taking place in the US. Ultimately, speculation will likely continue well into next week as the market awaits for another round of key data in regards to the Chinese economy. Slated for next week, the economic calendar includes gross domestic product, industrial production and retail sales figures. All three reports are expected to show further growth and potential for overheating in the world's fastest growing economy. As a result, the reality will likely call for further tightening measures by the country's central bank, helping to boost the underlying yuan.

Retail Sales In Singapore Rise Less Than Expected

Sales in the Singapore economy rose less than half the pace expected by consensus estimates. For the month of May, sales increased by 1.5 percent on the annualized comparison, higher than the 0.7 percent in April according to the Statistics Department. Although positive for the economy, sales were minimized by a slump in auto sales as higher prices in vehicle permits limited purchases. A measure to control the pace of pollution and congestion on roads, the government issues certificates of entitlement or COEs to potential and existing drivers. Notably, the price of these permits have risen by more than 70 percent in the beginning of this year. The increase in the prices limited sales of cars in the month, as the survey showed a 7 percent decline in automobile purchases. However, consumer spending remained healthy as department store sales advanced by 8.2 percent coupled with a 14.1 percent increase in apparel and footwear. The underlying gains in consumption will help to boost growth expectations heading into the second half of the year with estimates already showing the fastest pace of expansion in two years. Unfortunately, with the runup during the week, traders took profits on the underlying currency, taking the Sing dollar back against the US greenback at 1.5148.

China Stocks Receive A Downgrade

Stocks in the world's second best performing market received a downgraded rating from Morgan Stanley as concerns have surfaced over recent gains. As with any investment potential, analysts at the US investment bank cited recent stock price increases that have far outpaced earnings growth, cutting the recommended hold to "underweight" from "equal weight". Incidentally, the Morgan Stanley Capital International China Index has climbed an impressive 31 percent in the year, which includes Chinese stocks listed in Hong Kong.

Regional Stock Markets Skyrocket To Record Highs

Although Shanghai markets remained a relative non-story in the overnight session, it was the other regional stock markets that made headlines. Notably, the Hang Seng Index rocketed through the 23,000 figure, boosted by speculation in China Mobile Ltd. and China Life Insurance shares. Additionally, supportive were stock advances in Hong Kong & China Gas as the company's chairman boosted his ownership in the company. Shares of Hong Kong & China Gas soared 6.2 percent to close at HK\$18.96. All three advancers helped to keep yesterday's momentum going during today's session, allowing the overall index to close up for the session, higher by 290.27 points at 23,099.29. Comparatively, Singapore's Straits Times Index advanced to its own record, adding another 30 points to close at 3,654.61. Supportive of the day's rise were gains in shares of DBS Group Holdings. With speculation siding with a boost in lending, shares of DBS helped to underpin growth in banking sector stocks. Shares of DBS, the nation's largest bank, jumped 1.3 percent in the session to close at S\$23.90.