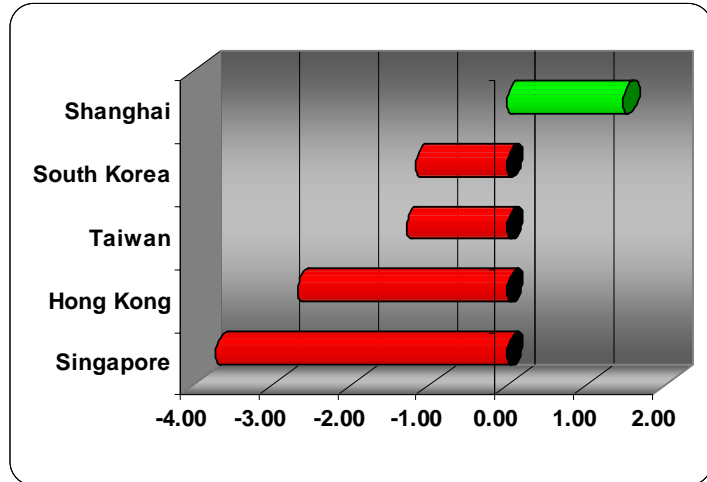


August 6, 2007

Economic Release	Date	Previous
HKD - Foreign Reserves	Aug 8	\$136.3B
SGD - Foreign Reserves	Aug 8	\$144.06B

MARKET	Last Price	Intraday Trend
Currencies		
USDCNY	7.5633	↓
EURCNY	10.45285	↑
CNYJPY	15.57984	↓
GBPCNY	15.369	↓
USDHKD	7.8291	↑
USDSGD	1.51425	↓



Chinese Yuan Strengthens, Shanghai Stock Markets Advance To New High

The Chinese yuan gained against the US dollar and British pound as both major currencies fell under increased selling pressure in the overnight session. In New York, the Chinese yuan was trading at 7.5633 against the US currency while rising against the Pound sterling at 15.3690. Subsequently, helping the underlying Chinese currency along were gains in Shanghai stock markets as benchmark indexes rose to record highs. Driven mainly by steel and other metal commodity producers, the Shanghai Composite advanced by 1.5 percent to a record of 4,628.11 as the smaller Shenzhen Composite additionally rocketed higher to 1,350.37, up 2 percent at the close. Leading advancers were shares in Wuhan Iron & Steel and Aluminum Corp of China, rising 8.1 and 10 percent respectively. Further gains are expected in the near term for both gauges as companies begin reporting first half earnings which are expected to shoot higher on account of accelerated expansion in the world's fastest growing economy. This would mean further returns on benchmark assets that have already risen by 60 percent since the beginning of the year, and supportive of strong demand for the yuan currency. Incidentally, the uptrend continues to be a result of investor disregard as the market sets aside monetary tightening policies attempted by the country's central bank.

Chinese Government To Invest In Domestic Banks

In a move to counter losses stemming from the earlier investment in Blackstone, Central Huijin Investment (the investment arm of the Chinese state) is expected to diversify funds through more domestic banks including Agricultural Bank of China and China Development Bank. Deemed somewhat safer than the criticized investment in the US based firm, the decision for domestic investment will be approximately \$60 billion with \$40 billion being allotted for Agricultural Bank of China. The last of the four biggest commercial lenders, Agricultural is hoping that the capital injection will allow it to clear up non-performing loans, which it possesses the most of compared to other lenders. Once the bank is able to improve its books to meet international standards, plans may be set for an initial public offering. In the case of China Development, officials are hoping that the injection will allow the lender to improve upon current infrastructure, helping it to become a fully operational commercial bank. Ultimately, plans are for both entities to become more globally recognized, competing for market share as previous competitors have done in the past year or so.

Asian Markets Pummeled on US Subprime and Banking Sector Woes

Unfortunately, compared to shares in Shanghai, stock in Singapore and Hong Kong markets were battered during the overnight session. Shares prices in Hong Kong were lower as traders pared back exposure to riskier assets leaving the Hang Seng down by over 600 points. Closing lower, the index lost 2.67 percent to close at 21,936.73. Sparking the selloff was last week's decline in US markets as subprime concerns continued to surface, adding to pressure on banking stocks. Subsequently, HSBC shares continued to remain down on its exposure to the subprime fiasco. Shares were lower for the large cap stock, down 1.46 percent at HK\$142. Comparatively, the Singapore stock market was the world's biggest mover as the benchmark index dipped the most in six years by 3.7 percent. The Straits Times Index closed lower by 127.05 points at 3,308.99. The biggest loss since the February 28th global stock market rout, the overall market plummeted as banking sector shares took the brunt of the force. Oversea-China, the number three ranked bank, dropped 5.2 percent on the day as DBS Group Holdings, the region's largest bank, declined by an impressive 4.6 percent to S\$20.90. Further declines can be expected as exposure to riskier assets is forecasted to continue in the coming week.