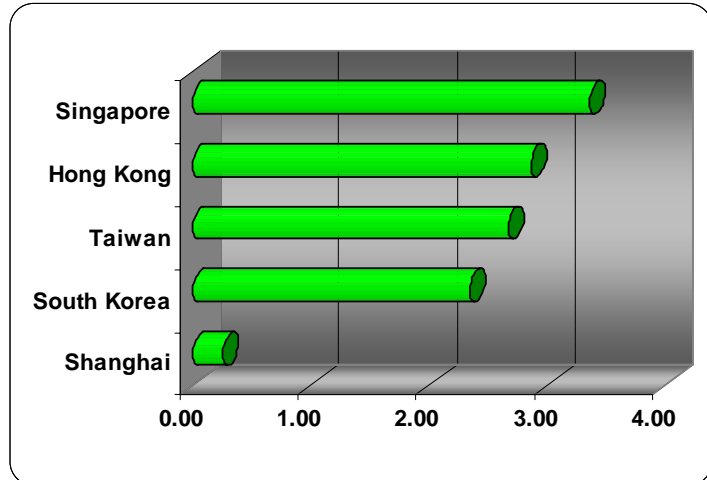


August 8, 2007

Economic Release	Date	Estimate
SGD - GDP (YoY)	Aug 9	8.0%
SGD - GDP (QoQ) Q2	Aug 9	12.4%

MARKET	Last	Intraday Trend
Currencies	Price	
USDCNY	7.5748	↑
EURCNY	10.45493	↑
CNYJPY	15.74537	↑
GBPCNY	15.41858	↑
USDHKD	7.82905	↓
USDSGD	1.5109	↓



Chinese Yuan Pares Back, Government Threatens With US Bonds

The Chinese yuan pared back against the US dollar, British pound and the Euro in the overnight session following a surprise announcement by Chinese officials. In response to recent US trade sanctions that have been levied on Chinese imported products, officials in Beijing have stated that any further coercion towards revaluation in the yuan currency would be met by potential selling in US Treasuries. Officials were referring to the \$900 billion in US Treasuries currently owned by the Chinese government through domestic reserves. Although the threat does have some merit, the likelihood may not be as forthcoming as an unloading of US assets would be far more detrimental to China and the global arena. As a result, many in the market are betting on more of US asset boycott, stalling any further purchases of US Treasuries in the near term. One thing the announcement does show, however, is the strong resolve officials have in moving the currency at their own pace. Ultimately, traders sided against recent speculation during the session, which hoped for near term changes for a more flexible foreign exchange rate regime. The Chinese yuan pared back to trade at 7.5748 against the US dollar, while lower at 10.45 against the Euro.

Consumer Price Expected To Accelerate According To Government

According to China's central bank, consumer inflation is expected to accelerate on food and labor costs to a 10-year high. This is in stark contrast to an over two and a half year high of 4.4 percent last reported for June. Noted in the bank's quarterly issued monetary policy report, expectations of price increases and higher energy costs have lifted the measure used to gauge the economy's rate of inflation. "The upward pressure on prices is growing and the inflation risk deserves our attention", stated officials at the People's Bank of China. As a result, expectations are growing that policy makers will need to revert to "new instruments" in helping to curb excess liquidity in the country. Incidentally, new ideas may be a welcomed necessity as the market has calmly passed aside three rate increases and six advances in the reserve requirement.

Singapore Estimated To Have Expanded In Second Quarter

Singapore's economy is expected to grow at the fastest pace in almost two years as the financial services industry has expanded, supporting increasing construction activity. For the annualized estimate, officials are looking for an impressive 12.4 percent rate of growth, compared to 8.5 percent in the first quarter. Real estate and construction activity have grown exponentially as economic expansion has fueled a record low in unemployment and wage increases, boosted by growth in the country's role as a major financial center. In the first five months of 2007 alone, approximately S\$7.6 billion worth in building contracts were awarded to companies with estimates expecting a rise to S\$22 billion at the year end. Ultimately, the improved figure should give a lift to the Singapore dollar which is currently trading lower at a 10-year low of 1.5109.

Regional Markets In The Positive

Stocks in Hong Kong climbed as the benchmark Hang Seng rose the most in almost three years. Sparked by profit taking and investment bargain hunting, equities were led higher adding 628.68 points or 2.9 percent to the index. The biggest advance since May 19, 2004, the index closed higher at 22,536.67. Leading the way for advancers were shares of HSBC. Previously pressured on US subprime exposure, shares of the bank were lifted by 1.2 percent to close at HK\$144.70. Comparatively, gains were additionally witnessed in Singapore's benchmark Straits Times. The Index advanced by an impressive 111.16 points to close at 3,413.17 as expectations are running high on tomorrow's gross domestic product report. In addition, better earnings from major lenders helped to prop up the bid tone.