



AMG Weekly Market Update

26th July, 2010

Sweetening up RMB for offshore markets

Last month, Chinese government resumed the floatation of RMB. In hindsight, it seems not only a move to proceed with the exchange rate reign enhancement. It is also an important step to push forward with the internationalization of RMB.

Lately, the central government took more steps to help RMB become a more widely accepted currency. Firstly, it has affirmed Hong Kong's status as the offshore center for RMB. At the same time, restriction on cross border remittance of trade related funds by enterprise is relaxed. Under the new rules, enterprise can move trade related fund freely in and out of China without quota limit. Thus, using RMB for trade pricing and settlement becomes more flexible. Besides, "Mini QFII", a new channel for repatriation of RMB from overseas back to China for investment is being discussed. With "Mini QFII", overseas holders of RMB will have more investment opportunities.

So, holding RMB shall be more attractive as the new initiatives allow more freedom for overseas holders of RMB and open up more investment opportunities for them. And Hong Kong, as the offshore center for RMB is expected to benefit from more capital inflow and our financial and banking industry shall gain from the new market opportunities in RMB related products.

Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
Hong Kong	Unemployment rate	%	Jun 2010	4.6%	4.6%
Hong Kong	CPI	Yoy change	Jun 2010	2.8%	2.5%
US	Leading indicators	Mom change	Jun 2010	-0.2	0.4%
US	Existing home sales	Annualized rate	Jun 2010	5.37M	5.66M
UK	GDP	Qoq change (annualized)	Q2 2010	1.1%	0.3%
Singapore	CPI	Yoy change	Jun 2010	2.7%	3.2%
Taiwan	Industrial production	Yoy change	Jun 2010	24.3%	30.7%
Taiwan	Unemployment rate	%	Jun 2010	5.2%	5.2%
Malaysia	CPI	Yoy change	Jun 2010	1.7%	1.6%

* All figures and information are collected from Census and Statistics Department of Hong Kong, www.bloomberg.com, National Statistics Office of UK, Statistics Singapore, National Statistics (R.O.C) Taiwan, Department of Statistics Malaysia.



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