

Forex & Commodity Morning Express

22 February, 2008 8:00

Major currencies daily ranges (previous day)

CCY	Last	High	Low	Close	Yr-High	Yr-Low
EUR/USD	1.4812	1.4837	1.4702	1.4807	1.4952	1.4366
GBP/USD	1.9637	1.9643	1.9405	1.9627	1.9958	1.9338
USD/JPY	107.41	108.33	107.13	107.3	112.05	104.98
USD/CHF	1.0904	1.1032	1.0865	1.0898	1.1335	1.0734
AUD/USD	0.9191	0.9208	0.9164	0.9189	0.9237	0.8513
NZD/USD	0.8003	0.8017	0.7968	0.7999	0.8022	0.7388
USD/CAD	1.0114	1.0141	1.0065	1.0111	1.0378	0.9843
USD/HKD	7.7987	7.8015	7.7975	7.7975	7.8161	7.7937

Commodities	High	Low	Close
NY Oil (Future)	100.33	96.87	98.23
Gold (Spot)	953.91	938.27	946.10

Upcoming Indicator	Forecast	Last
CA Retail Sales mom (Dec)	0.70%	0.70%

Market Review

UK retail sales surge in January

1) UK retail sales +0.8% mom and +5.6% yoy, beat market expectation of +0.2% mom and +4.7% yoy. The monthly rate rise was the highest since Feb 2007 and four times the rate predicted as consumer demand is holding up. GBP rallied to 1.9643 after the figure as the market player are expecting that Bank of England will wait before cutting interest rates again.

2) US Philly Index sank to a new low of -24.0 in February, much worse than expectations of -11.0 versus -20.9 previously in January. However, the most trouble thing is the expectation on coming 6-month manufacturing index collapsed from +5.2 to -16.9, the lowest reading since 1990. It reflected the fact that economic environments are deteriorating and the manufacturers lost confidence on the future business environments. EUR advanced to 1.4837 as US economic recession fear heightened. On top of that, gold made record high to USD 953.91 per oz amid weakening USD and high crude oil.

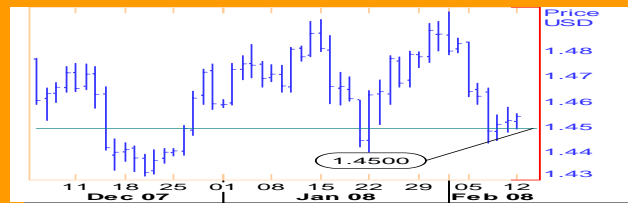
US manufacturers' confidence slumped

Trading Ideas

EUR/USD **Expected range** **1.4650 - 1.4950**

Stay long EUR/USD at 1.4500, take profit at 1.4900 and stop loss at 1.4300

EUR/USD Daily



Maxi

AUD/USD **Strike: 0.9000 (Maxi Put)**

Hawkish RBA Feb minutes stated that they have considered 50 bps hike in rate rather than only 25bps to curb increasing price pressure and cool down overheating economy. AUD will be benefited in this tightening bias on monetary policy.

GBP/USD **Strike: 1.9800 (Maxi Call)**

UK nationalized fifth largest mortgage bank Northern Rock put extra pressure in GBP, in addition to poor UK housing market. Furthermore rate cut expectations by BoE keeps GBP well offering on top. GBP will drag further.

USD/CAD **Strike: 0.9950 (Maxi call)**

Recent economic figures showed that Canadian economy turns negative due to US economic slowdown. BoC Governor said further monetary stimulus needed to boost the down turning economy, market investors believe that faster pace of cut will come soon.

Please turn to the next page and read the disclaimer of this document

Source: Reuters, Bloomberg

Issued by Hang Seng Investment Services Limited, a wholly-owned subsidiary of Hang Seng Bank



Hang Seng Investment

Disclaimer

This document has been issued by Hang Seng Investment Services Limited ("HSIS") and the information herein is based on sources believed to be reliable and the opinions contained herein are for reference only. This document is not and should not be considered as an offer or solicitation to deal in any of the investments mentioned herein. Re-distribution in whole or in part of this document by any means is strictly prohibited. In particular, neither this document nor any copy hereof may be taken or transmitted into Japan, Canada or the United States or distributed, directly or indirectly, into the United States or to any U.S. person (within the meaning of Regulation S under the U.S. Securities Act of 1933) or any persons situate in Mainland China (but not including people in Hong Kong, Macau and Taiwan).

The information contained in this document may be indicative only and has not been independently verified and no guarantee, representation, warranty or undertaking, express or implied is made as to the fairness, accuracy, completeness or correctness of any information or projections contained in this document or the basis upon which any such projections have been based and no responsibility or liability is accepted in relation to the use of or reliance on any information or projections whatsoever contained in this document. Expressions of opinion are those of HSIS/the analyst(s) who wrote this document only and are subject to change without notice. Investors must make their own assessment of the relevance, accuracy and adequacy of the information and opinions contained in this document and make such independent investigations as they may consider necessary or appropriate for the purpose of such assessment. All such information, projections and opinions are subject to change without notice.

HSIS discloses that it has no interest in the securities of the companies discussed in this document or member companies within the same group of such companies as at the date of issuance of this document. The affiliates of HSIS and/or their officers, directors and employees may trade for their own account in, may have underwritten, or may have a position in, all or any of the securities or investments mentioned in this document. Brokerage or fees may be earned by the affiliates of HSIS in respect of any business transacted by them in all or any of the securities or investments referred to in this document.

The investments mentioned, discussed or recommended (as the case may be) in this document may not be suitable for all investors. Investors must make investment decisions based on their own investment objectives, financial position and particular needs and consult their own professional advisers where necessary. This document is not intended to provide professional advice and should not be relied upon in that regard.

Investment involves risk. Investors should note that value of investments can go down as well as up and past performance is not necessarily indicative of future performance. Foreign securities carry additional risks not generally associated with securities in the domestic market, including but not limited to adverse changes in currency rate, foreign laws and regulations. This document does not purport to identify all the risks that may be involved in the securities or investments referred to in this document.

The research analyst(s) who prepared this document certifies(y) that the views expressed herein accurately reflect the research analyst's(s') personal views about the company(ies) or products covered therein and that no part of his/her/their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this document.

(HSIS 05/07)