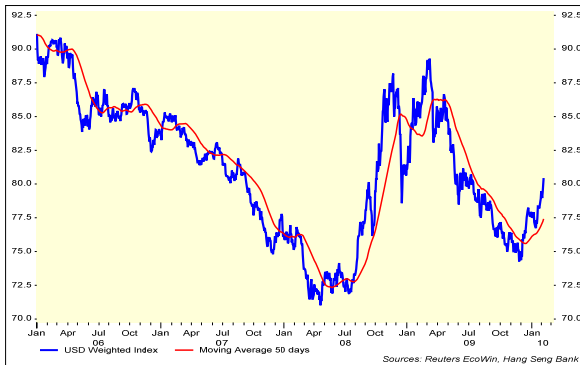


Daily Commentary on FOREX

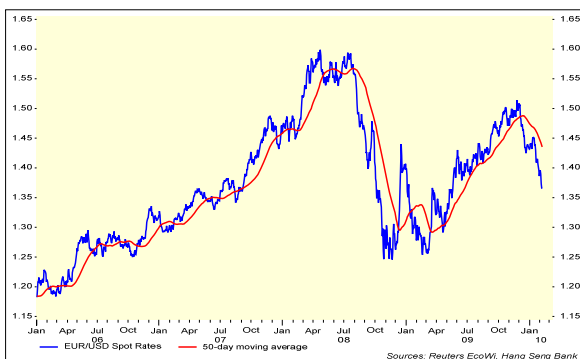
Treasury Division

9 Feb 2010

The Dollar Index Daily Chart



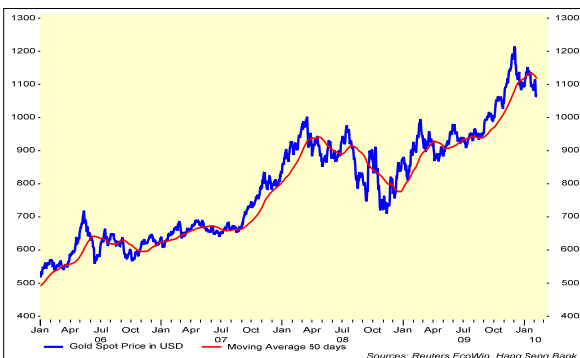
EUR/USD Daily Chart



USD/JPY Daily Chart



XAU/USD Daily Chart



US Dollar

US dollar was little changed against other majors but market remained concerned about the sovereign debt problems in Europe. Officials from the European countries vowed over the weekend's G7 meeting to hold Greece to its cost-cutting programme, but investors were still disappointed as there was no coordinated governmental response. Investor sentiment was also undermined by warnings by a Greece public sector union that there could be further strikes to protest against austerity measures. Rising sovereign risk concerns kept risk appetite low, putting equities and high yielding currencies on the defensive. The euro hovered near eight-month lows of 1.3680, and the Australian dollar near four-month lows of 0.8680, versus the greenback. With no major economic reports due for release, market focus will remain on Europe as investors wait for European leaders to take further steps to address the continent's debt crisis.

EUR/USD

The euro remained weak, moving in a narrow range against the dollar, although European stock markets stabilized. The meeting of G7 finance ministers over the weekend failed to restore confidence on European debt problems, and investors were still concerned about the fiscal sustainability of peripheral eurozone economies, particularly Greece, Portugal, and Spain. Late in New York, the euro traded at 1.3678/88 against the dollar. It has declined about 10% from its peak of above 1.51 seen in last November.

USD/JPY

The dollar and Japanese yen stayed in favour, as the mounting worries of the sovereign debt crisis in Europe and their resolution prompted investors to look to safe-havens. The Dow closed below 10,000 the first time since November and corporate bond spreads rose at the fastest pace in more than two months. The greenback was little changed versus yen, trading in a narrow range of 89.16 to 89.56 before closing at 89.25/35. Traders are likely to stay highly cautious ahead of Fed Chairman Bernanke's testimony before the House Financial Services Committee.

Spot Gold

Gold stayed in a narrow range in overnight's trade after few days' volatile movements. Spot prices fluctuated in the range of USD1,062.00 to USD1,073.90 per ounce. At New York close, the precious metal finished at USD1,066.40/1,067.40. Meanwhile, noncommercial net long position of gold fell for the third week in a row. Technically speaking, the yellow metal remains vulnerable to further declines to the USD1,020/30 area if key support of USD1,060 fails to hold.



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Hang Seng Financial Bulletin

8 Feb 2010 Closing

	High	Low	Close	Previous
EUR/USD	1.3713	1.3622	1.3678/88	1.3618/28
USD/YEN	89.56	89.16	89.25/35	89.15/25
GBP/USD	1.5658	1.5537	1.5622/32	1.5589/99
USD/CHF	1.0770	1.0686	1.0707/17	1.0748/58
AUD/USD	0.8708	0.8644	0.8679/89	0.8610/20
NZD/USD	0.6920	0.6854	0.6862/72	0.6834/44
USD/CAD	1.0728	1.0659	1.0708/18	1.0738/48
EUR/YEN	122.77	121.58	122.14/24	121.47/57
EUR/GBP	0.8797	0.8735	0.8751/60	0.8731/40
Gold (in USD)	1,073.90	1,062.00	1,066.40/1,067.40	1,057.20/1,058.40
Silver (in USD)	15.31	14.93	14.97/15.02	15.14/15.19

(All currency rates listed above are not necessarily equivalent to actual market trading prices.)

Source: Hang Seng Bank, Bloomberg L.P.

(%)	HIBOR	USD LIBOR
O/N	0.03	0.17
1-month	0.07	0.23
3-month	0.13	0.25
6-month	0.25	0.39
1-year	0.54	0.84

Source: Reuters

US Treasury Yield (%)		
3-month	0.09	--
2-year	0.76	--
5-year	2.23	--
10-year	3.56	-0.01
30-year	4.50	-0.02

Source: Bloomberg L.P., New York Close

International Interest Rates (%)			
HK Discount Window Base Rate	0.50	Japanese Overnight Call Rate	0.10
US Fed Funds Target Rate	0-0.25	Canadian Overnight Rate Target	0.25
British Repo Rate	0.50	Australian Cash Rate	3.75
Euro Refinancing Rate	1.00	New Zealand Cash Rate	2.50

Source: Central Bank Data

Today's Global Economic Calendar			
HK Time	Events/Releases	Forecast	Prior
23:00	US Wholesale Inventories (MoM) (Dec)	+0.5%	+1.5%

Source: Bloomberg L.P.

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