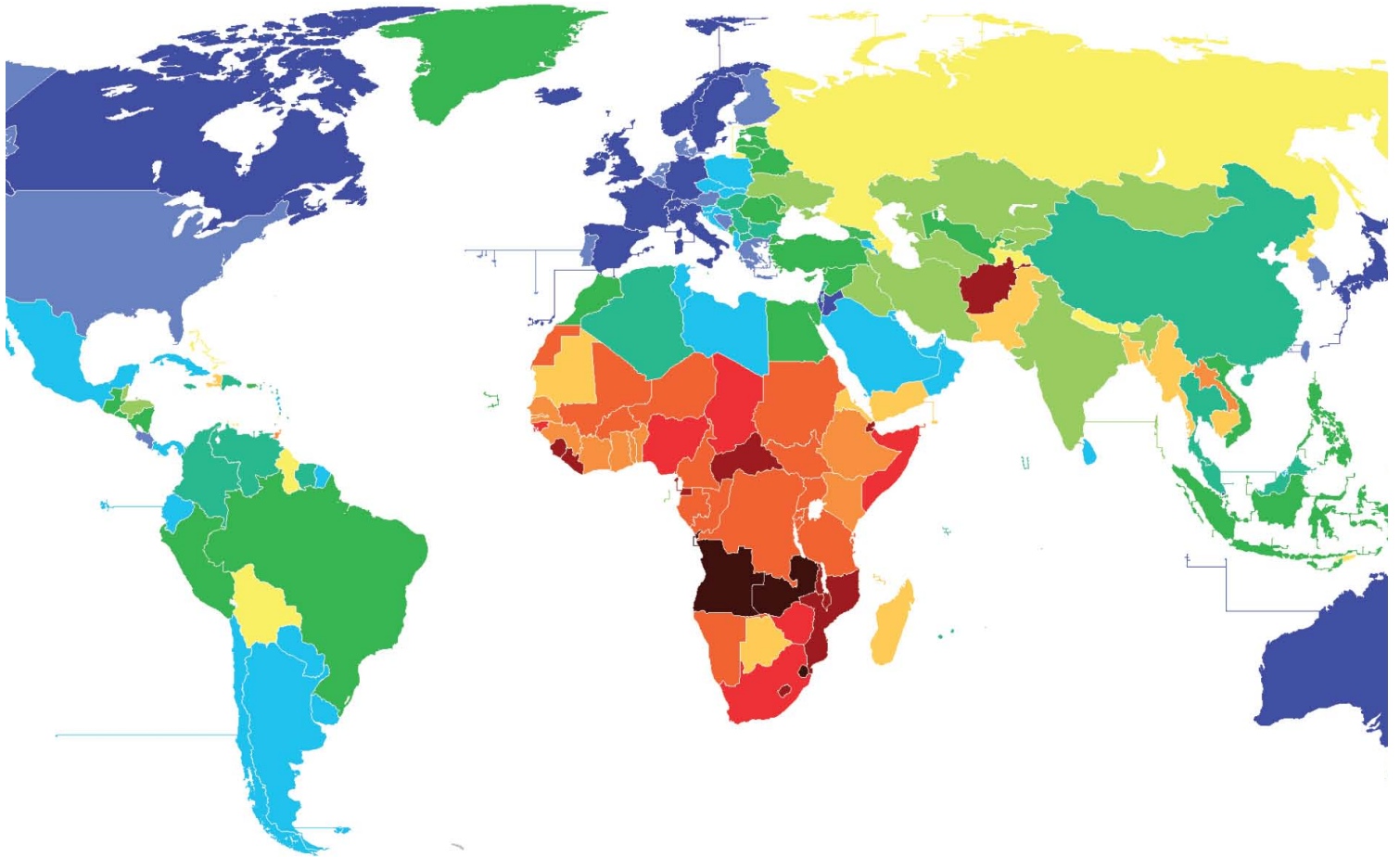


# UNDER THE MACROSCOPE



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W7**

**MALAYSIA RESERVES FALL BELOW US\$100B AS  
RINGGIT SLUMPS**

**1.7 MILLION PEOPLE PARTICIPATED IN SG50  
CELEBRATIONS OVER GOLDEN JUBILEE  
WEEKEND**

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# Headlines

## CHINA DEVALUES ITS CURRENCY AS WORRIES RISE ABOUT ECONOMIC SLOWDOWN

HONG KONG — As China contends with an economic slowdown and a stock market slump, the authorities on Tuesday sharply devalued the country's currency, the renminbi, a move that could raise geopolitical tensions and weigh on growth elsewhere.

The central bank set the official value of the renminbi nearly 2 percent weaker against the dollar. The devaluation is the largest since China's modern exchange-rate system was introduced at the start of 1994.

China's abrupt devaluation is the clearest sign yet of mounting concern in Beijing that the country could fall short of its goal of roughly 7 percent economic growth this year. Growth is faltering despite heavy pressure on state-owned banks to lend money readily to companies willing to invest in new factories and equipment, and despite a stepped-up tempo of government spending on high-speed rail lines and other infrastructure projects.

A steep drop in the Shanghai and Shenzhen stock markets in late June and early July, only halted by aggressive government actions, appears to have dented consumer demand within China. The China Association of Automobile Manufacturers announced on Tuesday that nationwide car sales fell 7 percent last month compared with a year ago. Excluding months distorted by the timing of Chinese New Year, it was the steepest drop in sales since December 2008, at the depths of the global financial crisis.

China's devaluation represents a difficult dilemma for the Obama administration. The United States Treasury has tried to use quiet diplomacy in recent years to encourage China to free up its currency policies, while blocking efforts in Congress to punish China for major intervention in currency markets over the past decade to slow the rise of the renminbi. Many in Congress have long accused China of unfairly building up its manufacturing sector at the expense of American jobs by undervaluing the renminbi, and the Chinese devaluation could fan those criticisms.

In a seeming nod to such concerns, the central bank said that it would begin to use the market closing, not the previous morning's official setting, to calculate the

renminbi's official daily fixing against the dollar. But China's economic weakness now means that further opening up of the currency to market forces could mean a weaker renminbi, not a stronger one. That, in turn, would make Chinese goods even more competitive in the United States and Europe.

China's central bank "has finally thrown in the towel on supporting the renminbi," said Eswar S. Prasad, a professor of economics at Cornell University. At the same time, he added, easing its grip on the currency's value "has blunted criticism by combining the currency devaluation with a more market-determined exchange rate." The United States and institutions such as the International Monetary Fund have called on China to be more hands-off in managing the renminbi.

The Chinese currency has been a global point of contention for nearly a decade. China officially ended the renminbi's fixed peg to the dollar in 2005. Since then, it has risen in two long, slow climbs. The first was from July 2005 to August 2008, when it was interrupted by the global financial crisis. The renminbi then resumed its rise from June 2010 to early last year, when it dipped slightly, then stabilized.

The overall increase since 2005 has been more than 25 percent against the dollar. It has strengthened even more against other major currencies, like the euro and the yen.

But the Chinese currency is not freely tradable, and its movements are tightly controlled by the government.

Each morning in Shanghai, China's central bank sets a midpoint for the renminbi's value against the dollar and other major currencies. This can be as much as 2 percent higher or lower than the previous day's value, although the change is almost always a tiny fraction of 1 percent.

But on Tuesday, the central bank fixed the value of the renminbi at 6.2298 per dollar, down 1.9 percent from Monday's official fixing. In a statement on its website, the central bank said it was seeking "to perfect" the renminbi's exchange rate against the dollar.

The bank, the People's Bank of China, said it was reacting to trends in the market, where traders in recent months had been betting on a weaker renminbi. In trading in mainland China on Tuesday, the renminbi weakened further to close at 6.3231 per dollar, a drop of 1.8 percent from the close on Monday. By the end of the Asian business day, it had fallen even further in offshore trading to around 6.36 renminbi per dollar, a drop of about 2.7 percent, signaling overseas investors expected further weakening.

The move also jolted the currencies of countries that depend heavily on China as a market for exports. The Australian dollar fell 1.1 percent against the United States dollar on Tuesday, and the South Korean won declined 1.4 percent.

“While China’s policy makers have long suggested that foreign exchange reforms would happen, the abrupt nature of today’s announcement has injected considerable volatility into the renminbi and other Asian currencies,” analysts at HSBC wrote Tuesday in a research note.

The central bank also said it would seek to prevent what it described as “abnormal” capital flows. Weaker economic growth has prompted sizable outflows from China in recent months, which have most likely been exacerbated by the country’s stock market volatility. A falling renminbi generally increases the risk of more outflows.

While China grew at a 7 percent rate in the first half of the year, that was made possible mainly because of a boost from the financial services industry, which benefited from the country’s stock market boom. With the downturn in the nation’s markets over the past two months, growth is slowing more evidently.

This is despite an all-out effort by the government to prop up share prices. The measures included extraordinary support from state-run banks, which in July made new loans worth 1.5 trillion renminbi, or about \$240 billion at the time, according to data released Tuesday. The last time Chinese banks approached that amount of lending was 2009, when Beijing was deploying 4 trillion renminbi in stimulus to stem the damage from the global financial crisis.

A depreciating renminbi also has implications for China’s pledges to open its economy and financial markets wider, including efforts in recent years to lift the currency’s global prominence.

The central bank has been lobbying the International Monetary Fund to include the renminbi among freely traded benchmarks like the dollar, euro and yen, so that other countries can include it as an official reserve currency.

While acknowledging these efforts, the fund issued a report last week saying that “significant work remains outstanding” before it could decide whether to include the renminbi as a global benchmark, adding that no changes were likely to be made before September of next year.

The fund also singled out China’s official daily fixing of the renminbi’s exchange rate, saying this “is not based on actual market trades.”

Tuesday's devaluation "is likely intended to improve the 'market-driven' quality" of the exchange rate to appeal to the I.M.F., Wang Tao, the chief China economist at UBS, wrote Tuesday in a research note.

"However, we think it unlikely that the Chinese government will let only market momentum drive the renminbi exchange rate from now on," Ms. Wang added, "as that can be quite destabilizing."

*By The New York Times*

# Environment

## **AFTER CECIL, SECOND LION POACHED BY FOREIGN TOURIST IN ZIMBABWE – PARKS SOURCE**

After the killing of Zimbabwe's best known lion, a second animal has been poached by a foreigner, a source said on Saturday as authorities banned big game hunting outside the park from which Cecil was lured to his death.

Reports that a brother of Cecil had been killed on Saturday were untrue, a field researcher said, but the news rekindled the fury of animal lovers that was sparked by American dentist Walter Palmer who admitted hunting down the lion on July 1.

A source at the national parks agency, who is not authorised to speak to the media, said a foreign hunter, whose nationality he did not disclose, killed the second lion illegally on July 3. The hunter had since left Zimbabwe, but police had recovered the lion's head and carcass.

The parks authority did not confirm the incident, but on Saturday it imposed an indefinite ban on hunting outside Zimbabwe's biggest park, from where Cecil had lived before being shot by a cross-bow and then a rifle last month.

"Hunting of lions, leopards and elephant in areas outside of Hwange National Park has been suspended with immediate effect," Edison Chidziya, Zimbabwe Parks and Wildlife Management Authority director general, said in a statement.

He added that a man from a private game park had been arrested on suspicion of breaching hunting rules, but the statement did not mention the death of a second lion.

Cecil's killing raised global awareness of big game hunting, a lucrative tourism draw for some African countries where hunters can pay tens of thousands of pounds to track and kill lions and other large animals.

A new wave of condemnation hit Twitter on Saturday after a group called the Zimbabwe Conservation Task Force posted on its Facebook page that Cecil's brother had been killed.

"It is with huge disgust and sadness that we have just been informed that Jericho, Cecil's brother has been killed at 4pm today. We are absolutely heart broken," the ZCTF posted on Facebook.

When contacted by Reuters, ZCTF head Johnny Rodrigues said: "I cannot speak to you today, please try tomorrow."

A field researcher for the Hwange Lion Research Project which is monitoring Cecil's pride, said data from a GPS tag on Jericho showed he was fine.

"He looks alive and well to me as far as I can tell on his movements. He looks like he has a female," Brent Stapelkamp told Reuters.

Hunting lions is legal in many countries in Africa where supporters say, if properly regulated, it can generate much needed revenue that can be used on conservation. For most Zimbabweans, struggling with unemployment of more than 80 percent, the global furore over Cecil is hard to comprehend.

A Zimbabwean court last week charged a professional hunter with failing to prevent Palmer from unlawfully killing Cecil. The game park owner where the lion was killed is expected to appear in court next week.

Palmer, who had paid guides for the hunt, said he believed the necessary permits had been in order, but Zimbabwe is seeking his extradition from the United States to be tried for poaching.

The head of Zimbabwe's Safari Operators Association, Emmanuel Fundira, said the new hunting restrictions would hit earnings from hunting, which generated \$45 million in 2014.

*By Reuters*

# Local

## 1.7 MILLION PEOPLE PARTICIPATED IN SG50 CELEBRATIONS OVER GOLDEN JUBILEE WEEKEND



*The crowd celebrating and waving banners at the National Day Parade on Aug 9, 2015*

SINGAPORE - Some 1.7 million people participated in the SG50 celebrations over the long weekend, said Education Minister Heng Swee Keat on Monday.

"I am very pleased with the huge turnout," said Mr Heng, who chairs the SG50 Steering Committee that oversees all the golden jubilee celebrations.

Mr Heng added that a factor that contributed to the turnout was the extra SG50 public holiday.

The long weekend signalled to Singaporeans that this National Day is a special one and allowed the organisers of various SG50 events to spread out the activities over several days, said Mr Heng at the sidelines of a community event at Tampines.

The early announcement of the one additional public holiday also helped Singaporeans plan for the weekend, said Mr Heng.

In March, the government made a surprise announcement by declaring Aug 7, a Friday, a public holiday, turning the weekend into a four-day break for Singaporeans.

When President Tony Tan Keng Yam declared the public holiday, he said that he had hope that Singaporeans would use the time to take part in the many activities lined up and "come together to commemorate this special milestone year in our history".

Mr Heng said that the entire event has been a success.



Many of Singapore's biggest attractions were open for free, or had a discounted entry price. These included the ArtScience Museum, the Science Centre, public swimming pools and gyms across the island.

But the free attractions also attracted huge crowds, with snaking queues of people lining up to get in.

"I am very heartened by the tremendous show of love for our country," he said of the Singaporeans who participated in the various activities over the weekend.

*By The Straits Times*

# Economics

## MALAYSIA RESERVES FALL BELOW US\$100B AS RINGGIT SLUMPS



*Photo: Bloomberg*

Malaysia's international reserves have fallen significantly below the US\$100 billion threshold as the central bank struggles to slow declines in Asia's worst-performing currency in the face of a protracted political crisis.

Currency reserves fell to US\$96.7 billion as of July 31, Bank Negara Malaysia (BNM) said on Friday, from US\$100.5 billion on July 15.

The reserves, now at their lowest since September 2010, have declined US\$10 billion since the end of May and US\$20 billion this year.

Bank Negara has been selling dollars and buying ringgit since June in an attempt to stem the currency's slide, traders said, but the ringgit has still lost about 11 per cent of its value against the US dollar this year.

It fell 0.5 per cent on Friday to 3.922 to the dollar as traders braced for the official reserve data.

In a statement, Bank Negara said the reserve position "is sufficient to finance 7.6 months of retained imports and is 1.1 times the short-term external debt."

Corruption allegations swirling around Prime Minister Najib Razak and increasing budget strains caused by weaker commodity prices have pushed the ringgit to its lowest levels in nearly 17 years.

At the same time, the dollar has relentlessly firmed against many emerging market currencies on expectations the Federal Reserve could raise interest rates in September.

Julia Goh, economist at United Overseas Bank in Malaysia, said the reserves' decline to below \$100 billion was largely expected due to BNM's efforts to "smoothen out extensive volatility".

She said that given the bearish outlook for commodities, "it looks like we're going to see further pressure on the ringgit in the near-term."

Jeff Ng, economist at Standard Chartered in Singapore, agreed the ringgit is likely to keep weakening, partly because of dollar strength, adding "All Southeast Asian currencies are doing badly."

Foreign investors hold nearly half of Malaysia's government bonds, and higher US interest rates could prompt them to shift funds back to US assets, putting further pressure on the ringgit.

A deteriorating trade balance as a result of the collapse in global oil prices, and therefore the price of the liquefied natural gas that Malaysia exports, have also contributed to the ringgit's decline.

Mr Najib recently sacked his deputy in a cabinet reshuffle, and replaced the attorney general, amid graft allegations over debt-laden state investment fund 1MDB.

The ringgit has sunk to its lowest levels since the 1997/1998 Asian financial crisis, when the government pegged the currency at a rate of 3.8 to the dollar. The peg remained in place until 2005.

The normally stable Malaysian bond markets have seen some sporadic selling, with 10-year yields up 25 basis points in two weeks.

"I won't say there is panic now but we are quite close," Amy Yuan Zhuang, a senior analyst at Nordea Markets in Singapore, said prior to announcement of end-July reserves. "The falling FX reserves could be a sign that BNM is trying to limit the ringgit's losses," she said, adding that meant investors could not exclude the possibility of some form of capital controls being imposed.

In a note prior to the release, Societe Generale said that if reserves fall toward US\$90 billion, BNM is "likely to 'let it go'." Societe Generale revised its ringgit forecast for the third quarter to 4.1000 from 3.8000.

*By The Business Times*

# Science and Technology

## GENES INFLUENCE ACADEMIC ABILITY ACROSS ALL SUBJECTS, LATEST STUDY SHOWS

**Around 60% of differences in GCSE results can be explained by genetic factors, with the same genes responsible for maths, science and the humanities.**

You may feel you are just not a maths person, or that you have a special gift for languages, but scientists have shown that the genes influencing numerical skills are the same ones that determine abilities in reading, arts and humanities.

The study suggests that if you have an academic Achilles heel, environmental factors such as a teaching are more likely to be to blame.

The findings add to growing evidence that school performance has a large heritable component, with around 60% of the differences in pupil's GCSE results being explained by genetic factors.

Although scientists are yet to pinpoint specific genes, the latest work, published in the journal *Scientific Reports*, suggests that the same ones are involved across subjects.

Robert Plomin, a professor of genetics at King's College London and the study's senior author, said: "We found that academic achievement in English, mathematics, science, humanities, second languages and art were all affected by the same genes. People may think that they're good at one subject and bad at another, but in reality most people are strikingly consistent."

In the future, if specific genes were identified, nursery children could be screened to help target those who are likely to require more help learning basic skills such as reading and arithmetic, Plomin added.

The researchers analysed genetic data and GCSE scores from 12,500 twins, about half of whom were identical.

Results in all subjects, including maths, science, art and humanities, were highly heritable, with genes explaining a bigger proportion of the differences between

children (54-65%) than environmental factors, such as school and family combined (14-21%), which were shared by the twins.

Comparing the outcomes for identical twins with fraternal twins allows scientists to investigate the extent to which genetics influence a person's life. Identical twins share 100% of their genes, whereas fraternal twins share on average only half of the genes that differ between people.

So if genetics were a significant factor governing GCSE results, the differences between fraternal twins' performances would be expected to be consistently greater than those between identical twins – and this is what the scientists saw.

When the scientists factored in IQ scores, they found that intelligence appeared to account for slightly less than half of the genetic component, suggesting that other heritable traits – curiosity, determination and memory, perhaps – play a significant role.

Kaili Rimfeld, who led the study and is also at King's College London, said: "There's a general academic achievement factor. Children who do well in one subject tend to better in another subject and that is largely for genetic reasons."

Plomin said that while talking about genetics and education was no longer the taboo that it was twenty years ago, education professionals were slow to adapt teaching methods in the face of new scientific findings. "It's a problem with evidence," he said. "Thirty years ago medicine wasn't particularly evidence-based. I think education is fundamentally not based on evidence. What programme has been rolled out that has been based on evidence? We ought to hold educationalists to the same standards of evidence as medicine."

However, other scientists cautioned that it was too early to take the latest findings and apply them in schools. John Hardy, professor of neuroscience at University College London, said: "Twin studies are a mainstay of behavioural genetics, but they make a simple assumption that is unlikely to be true - that is that we treat identical twins the same as we treat non-identical twins. These results are interesting, therefore, but by no means definitive and it would be unwise to make educational decisions based on these data."

*By The Guardian*

# Arts

## CELEBRATING SINGAPORE IN FIVE WORDS

How would you describe life in Singapore in just five words?

That's the challenge set by popular Singapore blogger Lee Kin Mun (popularly known as @mrbrown) via the #5wordssingaporestories hashtag; just in time for the nation's golden jubilee on 9 August.

Posted on Monday morning (3 August) on Twitter, Lee first made a quip on the Singapore-style proposal in five words: "Flat's here. We can marry."

The hashtag quickly went viral and netizens then chipped in their pithy phrases on everyday life. Topics spanned from train disruptions and Singlish emails to other recognisably local habits, as Singaporeans shared their best tongue-in-cheek takes on life in Singapore.

Here are (some of the) funniest responses so far.

### 1. The marriage proposal



### 2. The work email



### 3. The excuse to be late



**Yue Jie**  
@yuejie1994



Follow

Eh, MRT breakdown again ah?  
[#5WordSingaporeStories](#)

### 4. The Singaporean lunch habit



**Ian**  
@IanLeong93



Follow

Got tissue paper? Chope seats  
[#5WordSingaporeStories](#)

### 5. Celebrating the nation's favourite hobby



**결혜**  
@kyelhye



Follow

See queue must join queue  
[#5WordSingaporeStories](#)

### 6. The Singapore school stress



**FUS ROALD DAHL!**  
@keeweeeee



Follow

PSLE, O-Level, A-Level / Poly, Uni  
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By Yahoo



# UNDER THE MACROSCOPE

Under the Macroscopic is a weekly summary of what's happening around the world and what's worth pondering. Stay on top of international and local news with this bulletin produced by the Raffles Economics and Current Affairs Society