

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Foreign Reserve	Jun	USD3103bn	USD3110.6bn
Taiwan: Exports / Imports YoY	Jun	11.4% / 16.9%	14.2% / 12.0%
Indonesia: Consumer Confidence Index	Jun	N/A	125.10
Eurozone: Sentix Investor Confidence	Jul	N/A	9.30
Mexico: CPI YoY	Jun	4.60%	4.51%

Source: Bloomberg

## II. Macro News

- **U.S.-China Trade War Begins.** The U.S. slapped levies on \$34bn of China's exports at midnight Thursday. In Beijing, a few minutes later, China's Commerce Ministry issued a statement, accusing the U.S. of "launching the largest trade war in economic history to date." In response, it said, China is "being forced to strike back as necessary." [WSJ]
- **Trump Eyes Even Higher Tariffs as China Trade War Escalates.** President Donald Trump threatened to impose tariffs on every single Chinese import into America as the world's two largest economies exchanged the first blows in a trade war that isn't set to end anytime soon. [Bloomberg]
- **U.S. Payrolls Rise 213,000; Wage Gains Slow, Unemployment Up.** U.S. hiring topped forecasts in June while unemployment rose from an 18-yr low and wage gains unexpectedly slowed. Nonfarm payrolls climbed 213,000 after an upwardly revised 244,000 advance, Labor Department figures showed Friday. [Bloomberg]

## III. Industry News

- **China Is Said to Weigh Further Cuts in Electric-Car Subsidy.** China is considering a further reduction in electric-vehicle subsidies next year as the government pushes automakers to innovate rather than rely on fiscal policy to spur demand for alternative-energy cars. [Bloomberg]
- **China 'green lights' proposal to allow foreign individual investors to trade A shares through domestic brokerages.** China's top securities regulator announced on Sunday that it plans to allow foreign individual investors to trade domestic A shares through local brokers, reflecting the latest step in widening foreign access to the country's US\$6.4tn stock market. [SCMP]
- **China's service trade maintains robust growth.** China's service trade maintained robust growth in the first five months of this year as the government has channeled more energy into opening the service sector. The Ministry of Commerce said the country's service trade rose 12% YoY to stand at 2.1tn yuan (\$320bn) in the Jan-May period. [China Daily]

## IV. Corporate News

- **Fosun unit Sisram Medical says China will be its largest market as demand for cosmetic laser surgery rises.** Israeli medical laser maker Sisram Medical, a unit of Chinese conglomerate Fosun International, said it expects China to overtake the United States as its biggest market in five years, thanks to rising demand for cosmetic treatments. [SCMP]
- **Xiaomi's Lei says Ma, Li investments show confidence in outlook.** Xiaomi Corp. said investments by billionaires such as Li Ka-shing, Jack Ma and Pony Ma are a mark of confidence they have in its management and workers. Chairman Lei Jun said Xiaomi will strive to move up one notch in rankings as the world's No 3 smartphone maker and to have overseas markets account for more than half its revenue. [SCMP]

- **Tencent to spin-off online music unit Tencent Music for US listing.** Tencent, the Chinese social media and gaming juggernaut, has proposed to spin-off its online music streaming business Tencent Music for a separate listing in the US, which could also profit Spotify, an investor in Tencent Music and its strategic partner in China. [SCMP]
- **Cosco Clears U.S. Hurdle on Orient Overseas Deal With Wharf Sale.** Cosco Shipping Holdings Co. pledged to sell a container terminal in California, helping allay concerns of U.S. regulators and clearing the way for its \$6.3 billion acquisition of Orient Overseas International Ltd. announced last year. [Bloomberg]
- **HNA Says Chairman Chen to Take Late Co-Chairman Wang's Duties.** HNA Group Co. said Chairman Chen Feng will assume the duties of former Co-Chairman Wang Jian, who died this week in an accident. The board is committed to the "orderly continuity of the company's strategy and operations, under the leadership of Chairman Chen Feng and Chief Executive Officer Adam Tan," it said in a statement Friday. [Bloomberg]
- **E-House (China) Seeks to Raise Up to \$727M in H.K. IPO.** E-House (China) Enterprise Holdings offers 322.8m shares at HK\$14.38–HK\$17.68 apiece in Hong Kong initial public offering, according to terms for the deal obtained by Bloomberg. Four cornerstone investors will invest \$274m, with Alibaba taking up \$50m worth of shares. [Bloomberg]
- **China's Top EV Maker Starts Battery-Swap Service to Lure Users.** Beijing Electric Vehicle Co., the Chinese electric-car maker preparing for a stock-market listing, is starting a battery-swap service to reduce customers' range anxiety and keep up with similar offerings from rivals. [Bloomberg]
- **Sunac China Says June Contracted Sales Rise 61% to 46b Yuan.** Sunac China Holdings says contracted sales area was about 3m square meters last month, according to a Hong Kong exchange filing. Average selling price 15,170 yuan per square meter. [Bloomberg]
- **China Grand, Affiliate Seeking to Buy U.K.'s Sinclair Pharma.** China Grand Enterprises Inc. and its affiliate Huadong Medicine Co. have made an approach to acquire Sinclair Pharma Plc, sending shares of the U.K. company soaring the most in almost eight years. [Bloomberg]
- **Cosco Shipping to Sell \$947 Million of Orient Overseas Shares.** Cosco Shipping Holding Co. plans to sell as much as HK\$7.43 billion (\$947 million) of shares in Orient Overseas International Ltd. as part of efforts by China's biggest container-shipping line to maintain the listing status of the rival it is acquiring. [Bloomberg]
- **CK Hutchison Among Buyers for HK\$7.43B OOIL Stake from Cosco.** CK Hutchison subsidiary Crest Apex is one of three buyers for total HK\$7.43b Orient Overseas Intl shares from Cosco Shipping, according to Cosco's filing to Hong Kong stock exchange and Bloomberg calculation. [Bloomberg]
- **Samsung Profit Falls Short of Estimates on Weak Phone Demand.** Samsung Electronics Co. posted earnings that fell short of estimates on weaker demand for smartphones. Operating income rose to 14.8trn won (\$13.2bn) in the three months ended June, according to preliminary results released. That compares with the 15.3trn-won average of analysts' estimates compiled by Bloomberg. [Bloomberg]
- **Ford, Lincoln to Maintain China Prices for Now Despite Trade War.** Ford Motor Co. said it will refrain from raising the prices of its cars imported into China for now, including its luxury marque Lincoln, as the Asian country prepares for a trade war with U.S. tariffs set to kick in soon. [Bloomberg]
- **ZTE Authorized Continued Operation of Existing Networks, Equipment etc.** ZTE announced that it received a limited authorization from the US BIS Office of Exporter Services on 2 July 2018, pursuant to which BIS granted a limited general authorization to engage only in the limited transactions. [AASocks]
- **GAC Group announced that June Production up 6.4%, Sales up 4.6%.** GAC Group announced that the automobile production volume in June was 195,300 units, up 6.4% year on year, while sales volume was 178,900 units, up 4.6% year on year. [AASocks]

## V. Overnight Market Recap

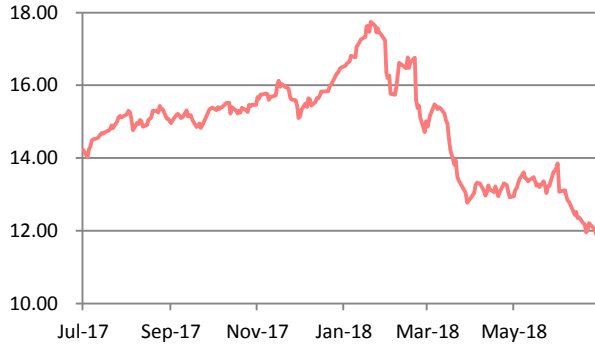
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,760	23.2	0.8	1.6	(0.7)	5.6	0.3	13.8	3.2
	Dow Jones	24,456	99.7	0.4	1.0	(3.4)	2.0	(3.7)	14.2	(1.1)
	Nasdaq Composite	7,688	102.0	1.3	2.5	0.6	10.6	7.3	25.0	11.4
	Russell 2000	1,694	14.6	0.9	3.0	1.3	11.9	8.6	19.7	10.3
	VIX Index	13.37	(1.6)	(10.7)	(20.7)	9.8	(38.6)	32.6	19.5	21.1
Europe Equity	Euro Stoxx 50	3,448	7.6	0.2	1.6	0.0	1.0	(4.8)	(0.4)	(1.6)
	DAX	12,496	31.9	0.3	1.5	(2.1)	1.9	(6.6)	0.9	(3.3)
	CAC	5,376	9.5	0.2	1.0	(1.4)	2.1	(2.7)	4.5	1.2
	FTSE 100	7,618	14.5	0.2	(0.3)	(0.8)	5.9	(1.5)	3.6	(0.9)
APAC Equity	HSI	28,316	133.5	0.5	(0.6)	(8.5)	(6.3)	(8.7)	11.7	(5.4)
	HSCEI	10,623	14.6	0.1	(2.3)	(12.7)	(12.0)	(13.3)	3.6	(9.3)
	HSI VIX	21.88	(1.9)	(8.1)	2.6	25.8	(5.4)	63.5	52.6	49.9
	CSI 300	3,365	22.7	0.7	(4.2)	(11.0)	(12.7)	(19.7)	(8.0)	(16.5)
	SH Composite	2,747	13.3	0.5	(3.5)	(10.4)	(12.5)	(19.5)	(14.6)	(16.9)
	SZ Composite	1,536	7.3	0.5	(4.5)	(12.3)	(16.2)	(21.3)	(19.9)	(19.1)
	Nikkei 225	21,788	241.2	1.1	(2.3)	(4.0)	0.5	(8.6)	9.3	(4.3)
Commodities (USD)	KOSPI	2,273	15.3	0.7	(2.3)	(7.3)	(7.0)	(9.5)	(4.5)	(7.9)
	Brent (Future)	77.11	(0.3)	(0.4)	(2.9)	2.3	14.9	14.0	60.3	15.3
	WTI (Future)	73.80	0.9	1.2	0.5	14.0	18.9	20.1	62.1	22.1
	Gold	1,255	(2.4)	(0.2)	0.2	(3.2)	(5.8)	(4.9)	2.5	(3.6)
	Copper (Future)	6,282	(63.0)	(1.0)	(5.2)	(13.0)	(7.2)	(11.8)	7.4	(13.3)
FX	Baltic Dry Index	1,612.00	45.0	2.9	16.4	15.9	69.3	15.6	96.1	18.0
	Dollar Index	93.96	(0.4)	(0.5)	(0.5)	0.4	4.3	2.2	(1.9)	2.0
	EUR	1.17	0.0	0.5	0.5	(0.2)	(4.4)	(1.8)	2.8	(2.2)
	JPY	110.47	(0.2)	(0.2)	(0.3)	(0.3)	(3.2)	2.4	2.5	2.0
	CNY	6.64	0.0	(0.1)	(0.3)	(3.8)	(5.1)	(2.2)	2.4	(2.0)
CDS	CNH	6.66	0.0	0.1	0.4	(4.3)	(5.3)	(2.5)	2.0	(2.2)
	ChinaGov CDS	72.60	0.9	1.2	7.3	31.4	16.3	60.2	0.0	44.9
	CDX Emerging Market	96.62	0.1	0.1	0.6	(0.1)	(1.5)	(2.9)	1.4	(2.5)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.94	(0.0)	(0.1)	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.54	(0.0)	(0.6)	2.5	2.5	2.3	2.0	1.4	1.9
	5-Year Treasury Yield	2.72	(0.0)	(0.4)	2.7	2.8	2.6	2.3	1.9	2.2
	10-Year Treasury Yield	2.82	(0.0)	(0.3)	2.9	2.9	2.8	2.5	2.4	2.4
	2-10 Spread	28.11	0.5	1.7	32.8	42.9	50.3	51.2	98.3	51.8
China rates	O/N China Repo Rate	1.90	(0.1)	(5.0)	2.2	2.5	2.5	2.4	2.8	3.0
	1-Week China Repo Rate	3.54	0.9	33.6	2.9	2.7	2.8	2.7	2.7	3.1
	O/N SHIBOR	1.97	(0.2)	(7.7)	2.6	2.6	2.5	2.5	2.5	2.8
	1-Week SHIBOR	2.59	(0.0)	(0.7)	2.9	2.8	2.8	2.7	2.8	3.0

Source: Bloomberg

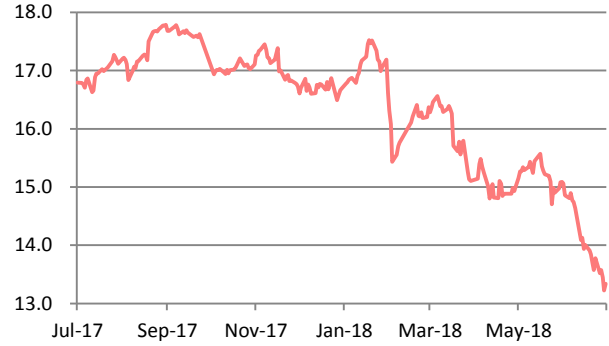
## VI. Key Indicators

**Hang Seng Index PE Ratio**



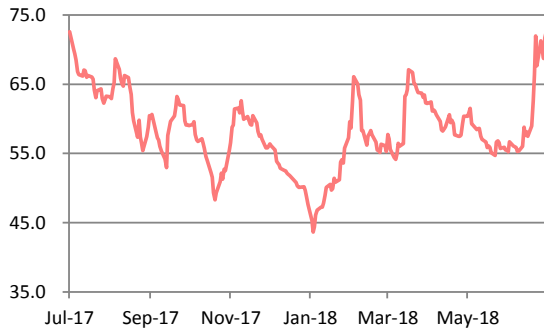
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



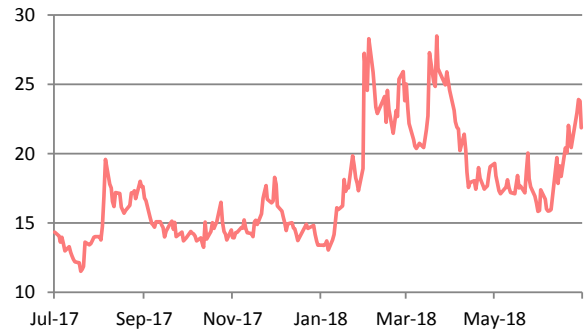
Source: Bloomberg

**China 5Y CDS Index\_USD**



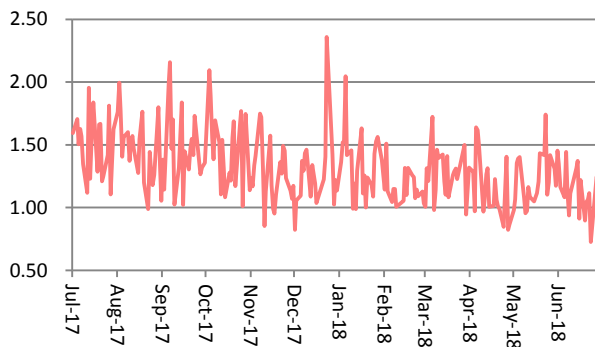
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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