

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Aggregate Financing	Jun	RMB1315bn	RMB760.8bn
US: CPI YoY	Jun	2.90%	2.80%
US: Real Average Weekly Earnings YoY	Jun	N/A	0.30%
India: CPI YoY	Jun	N/A	4.87%
Malaysia: Industrial Production YoY	May	3.40%	4.60%

Source: Bloomberg

II. Macro News

- **China Vows Retaliation for Latest US Tariff Threat.** China slammed the U.S. threat to expand tariff hikes to imports including apples, fish sticks and French doors as a "totally unacceptable" escalation of their trade battle and vowed Wednesday to protect its "core interests." [Bloomberg]
- **Malaysia Keeps Interest Rate Steady to Support Economic Overhaul.** Malaysia's central bank left its benchmark interest rate unchanged in the first policy meeting under a new governor, providing support to an economy that Prime Minister Mahathir Mohamad is trying to revamp. [Bloomberg]
- **China Denies That Pakistan Asked for More Loans to Avoid IMF.** China denied that Pakistan has sought more loans to stabilize its finances in a bid to avoid requesting an International Monetary Fund bailout and risk the cancellation of key infrastructure deals. [Bloomberg]

III. Industry News

- **Indonesia Reviewing Chinese Steel Imports as Trade War Escalates.** Indonesia is reviewing imports of steel from China as it looks to protect its economy from an escalating trade war between the Trump administration and Beijing. "The govt. is reviewing the main commodities that are imported but at the moment the key issue is steel," Industry Minister Airlangga Hartarto said Wednesday. [Bloomberg]
- **China Jun Car Sales 2.27 Million Units, Up 4.8% YoY.** China's auto sales elevated 4.8% year on year to 2.27 million units in June due to sustained demand growth, according to the data of China Association of Automobile Manufacturers. [AAStocks]
- **Shanghai to hold global conference on AI in Sept.** Shanghai will hold the 2018 World Artificial Intelligence Conference in September, part of the city's effort to boost an industry that is projected to generate over 100 billion yuan (\$15.1 billion) in two to three years. [China Daily]

IV. Corporate News

- **ZTE clears another hurdle with escrow agreement, ban still in place.** ZTE Corp has signed an agreement with the US that will allow the Chinese telecommunications company to deposit US\$400 million in an escrow account, the final step required before the US Commerce Department lifts a crippling ban of nearly three months. [SCMP]
- **China Eastern Plans \$2.2 Billion Share Sale to Fund Aircraft.** China Eastern Airlines Corp., one of the nation's top three carriers, is raising as much as \$2.2 billion from a sale of shares to help fund purchases of aircraft and engines as the company expands its fleet to meet surging demand for air travel. [Bloomberg]

- **Shanghai United Imaging Is Said to Weigh Bid for Supersonic.** Shanghai United Imaging Healthcare Co. is considering making an offer to buy French medical device maker Supersonic Imagine SA. Supersonic is working with Lazard Ltd. to explore options including a sale after receiving takeover interest. [Bloomberg]
- **China Biologic Is Said to Be Approached by PE Firms.** China Biologic is seeing interest from several healthcare-focused PE funds that may partner with the company's management team to rival Citic Capital's unsolicited offer, dealReporter said. [Bloomberg]
- **Tesla to Build Auto Factory in Shanghai.** Tesla Inc. will build a factory in Shanghai, the city govt. said, a move expected to boost sales in the world's largest auto market but that comes as U.S. companies face pressure to keep jobs at home. The electric-car maker will set up and own the plant that is expected to produce 500,000 vehicles a year sometime next decade, the Shanghai authorities said. [WSJ]
- **Battery maker to set up unit in Germany.** Contemporary Amperex Technology Ltd will invest 240mn euros on a production base in central Germany, as part of efforts to expand its presence in Europe. The Ningde, Fujian province-based company that makes batteries for electric vehicles said the new factory will be built in two phases and start operations in 2021, with an annual output capacity of 14 gigawatt-hours. [China Daily]
- **Bytedance Said to Have HK IPO Plan with Valuation Over US\$45B.** Beijing Bytedance Technology, an operator of Toutiao and Douyin, is pondering an IPO in Hong Kong, and its valuation may exceed US\$45 billion, Wall Street Journal cited people with the knowledge of the matter today, after the company had denied such plan on Tuesday. [AAStocks]
- **Geely Auto Expects Interim Profit to Grow 50%.** Geely Auto delivered a positive profit alert, expecting to record 50% year-on-year growth in the net profit for the six months ended June 2018, as compared with RMB4.34 billion for the corresponding period of last year. [AAStocks]
- **Ascletris Pharma Listing Hearing Cleared; May Become 1st Biotech Firm under New Rules.** Ascletris Pharma has passed the listing hearing, and may become the first biotech company listed in Hong Kong without reporting profit under the new listing rules, as revealed by the Stock Exchange. [AAStocks]
- **BYD Company Sets up JV to Tap into US Electric Bus Rental Biz.** BYD Company set up a JV with the US financial firm Generate Capital, Bloomberg reported, to provide electric bus rental services to American cities, schools and enterprises. Generate Capital will splash US\$200mn to buy electric buses manufactured by BYD Company for rental purposes. [AAStocks]
- **ZTE New President Internal Letter: Dawn Is Coming.** Xu Ziyang, the new president of ZTE, delivered an internal letter to the 80,000 staff members, stating that the company can see the coming dawn despite the undissolved denial order. The board will lead all of its staff to a bright future by focusing on compliance system construction, business development and value creation for customers. [AAStocks]
- **China Motor Bus To Pay 2nd Interim Div \$0.3.** China Motor Bus announced that the board of directors has resolved to pay a second interim dividend of \$0.3/shr for the year ended 30-Jun 2018, payable on 18-Sep 2018 to shareholders whose names appear on the Company's Register of Members at the close of business on 8 Aug, 2018. [AAStocks]
- **China Telecom Appoints Executive Vice Presidents.** China Telecom (00728 HK) announced that Zhang Zhiyong and Liu Guiqing have been appointed as Executive Vice Presidents of the Company with effect from 10 July 2018. [AAStocks]
- **Datang Renewable (01798.HK) 2Q Power Generation 4,586,700 MWh, Up 16.5% YoY.** Datang Renewable announced that 2Q18 power generation on consolidated basis amounted to 4,586,700 MWh, representing a year on year increase of 16.49%. [AAStocks]
- **China Merchant Mobilises US\$8M to Buy 0.8% Stake in Autonomous Driving Biz.** China Merchants announced that it has agreed to contribute capital of US\$8mn to Pony AI, a R&D company that focuses on technology solutions for autonomous driving, and will obtain not less than 0.8% shareholding in Pony AI upon completion of the capital raising. [AAStocks]

V. Overnight Market Recap

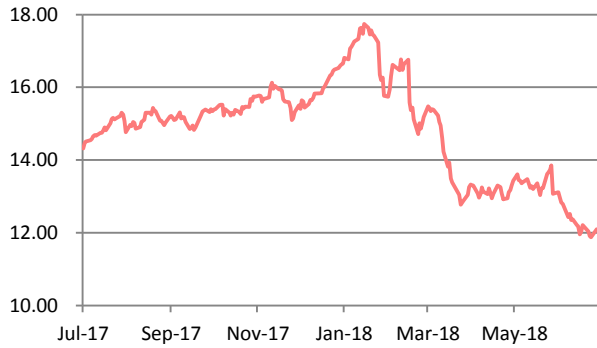
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,774	(19.8)	(0.7)	2.2	(0.5)	4.1	(0.4)	13.5	3.8
	Dow Jones	24,700	(219.2)	(0.9)	2.2	(2.4)	0.9	(4.3)	14.7	(0.1)
	Nasdaq Composite	7,717	(42.6)	(0.5)	2.9	0.2	8.1	6.3	23.2	11.8
	Russell 2000	1,684	(12.0)	(0.7)	1.4	0.1	8.1	5.8	18.2	9.6
	VIX Index	13.63	1.0	7.8	(15.6)	10.5	(26.3)	34.2	32.3	23.5
Europe Equity	Euro Stoxx 50	3,422	(51.0)	(1.5)	0.3	(1.5)	(0.6)	(5.3)	(2.6)	(2.3)
	DAX	12,417	(192.7)	(1.5)	0.8	(3.3)	0.0	(6.3)	(1.7)	(3.9)
	CAC	5,354	(80.4)	(1.5)	0.6	(1.8)	0.8	(3.0)	2.5	0.8
	FTSE 100	7,592	(100.1)	(1.3)	0.2	(1.5)	4.6	(2.4)	2.4	(1.2)
APAC Equity	HSI	28,312	(370.6)	(1.3)	0.2	(9.0)	(8.2)	(9.9)	8.7	(5.4)
	HSCEI	10,658	(166.7)	(1.5)	(0.5)	(12.7)	(13.3)	(14.5)	1.3	(9.0)
	HSI VIX	20.73	1.6	8.5	(13.3)	29.4	(4.8)	58.9	48.4	42.0
	CSI 300	3,408	(60.0)	(1.7)	1.3	(10.9)	(12.6)	(19.3)	(6.9)	(15.5)
	SH Composite	2,778	(49.9)	(1.8)	0.7	(9.8)	(12.7)	(19.0)	(13.1)	(16.0)
	SZ Composite	1,555	(31.2)	(2.0)	(0.5)	(11.6)	(15.5)	(20.2)	(17.7)	(18.1)
	Nikkei 225	21,932	(264.7)	(1.2)	1.0	(4.1)	1.3	(7.3)	9.1	(3.7)
KOSPI	2,281	(13.5)	(0.6)	0.7	(7.6)	(6.6)	(8.6)	(4.6)	(7.6)	
Commodities (USD)	Brent (Future)	73.40	(5.5)	(6.9)	(6.2)	(4.0)	1.9	6.0	54.5	9.8
	WTI (Future)	70.38	(3.7)	(5.0)	(5.1)	6.3	5.2	9.7	55.1	16.8
	Gold	1,242	(13.6)	(1.1)	(1.0)	(4.1)	(6.9)	(7.1)	1.8	(4.6)
	Copper (Future)	6,145	(187.5)	(3.0)	(3.8)	(15.3)	(11.6)	(13.9)	4.6	(15.2)
	Baltic Dry Index	1,555.00	(54.0)	(3.4)	(0.8)	11.9	56.6	21.6	81.0	13.8
FX	Dollar Index	94.72	0.6	0.6	0.2	1.2	5.8	3.1	(1.0)	2.8
	EUR	1.17	(0.0)	(0.6)	0.2	(0.6)	(5.3)	(4.3)	2.3	(2.7)
	JPY	112.01	1.0	0.9	1.4	(1.4)	(4.1)	(0.8)	1.1	0.7
	CNY	6.68	0.0	(0.7)	(0.7)	(4.2)	(6.2)	(2.6)	1.8	(2.6)
	CNH	6.72	0.1	1.1	1.2	(4.8)	(6.7)	(3.9)	0.9	(3.1)
CDS	ChinaGov CDS	70.23	1.8	2.6	2.2	25.5	14.9	50.1	2.5	40.2
	CDX Emerging Market	96.47	(0.4)	(0.4)	0.3	0.1	(1.7)	(3.1)	0.9	(2.7)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.95	(0.0)	(0.8)	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.58	0.0	0.3	2.6	2.5	2.3	2.0	1.3	1.9
	5-Year Treasury Yield	2.75	0.0	0.1	2.7	2.8	2.7	2.3	1.9	2.2
	10-Year Treasury Yield	2.85	-	(0.0)	2.8	3.0	2.8	2.5	2.3	2.4
	2-10 Spread	26.74	(1.0)	(3.6)	27.6	42.0	48.6	55.6	97.1	51.8
China rates	O/N China Repo Rate	2.38	0.2	8.2	2.0	2.6	2.6	2.8	2.7	3.0
	1-Week China Repo Rate	2.75	0.1	4.2	2.7	2.7	2.6	3.2	2.8	3.1
	O/N SHIBOR	2.41	0.1	4.2	2.1	2.6	2.6	2.8	2.6	2.8
	1-Week SHIBOR	2.68	0.0	0.8	2.6	2.8	2.8	2.8	2.8	3.0

Source: Bloomberg

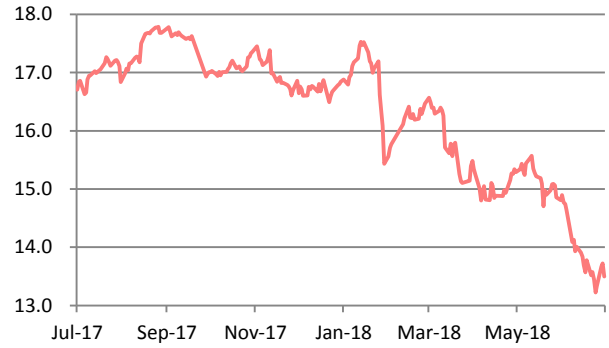
VI. Key Indicators

Hang Seng Index PE Ratio



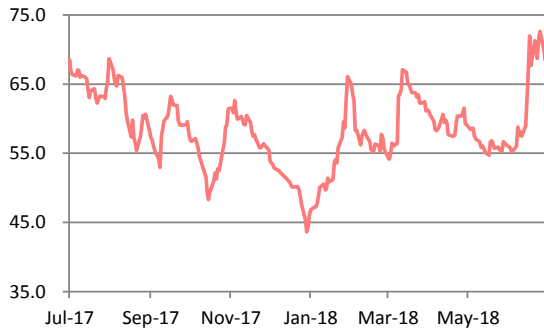
Source: Bloomberg

Shanghai Composite Index PE Ratio



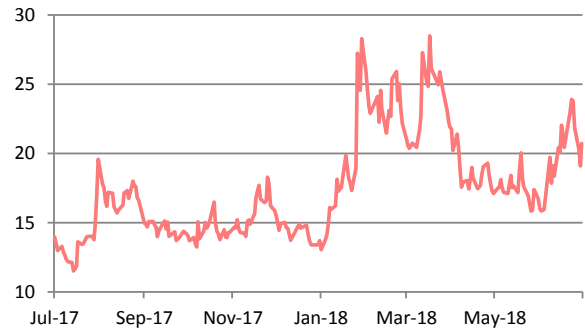
Source: Bloomberg

China 5Y CDS Index_USD



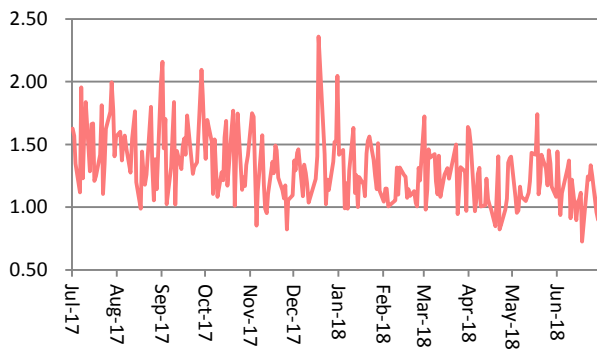
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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