

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: USD Exports / Imports YoY	Jun	10.8% / 22.0%	12.6% / 26.0%
China: Trade Balance	Jun	USD27.3bn	USD24.9bn
US: U. of Mich. Sentiment	Jun	98.2	98.2
Germany: Wholesale Price Index YoY	Jun	N/A	2.90%
US: Import / Export Price Index YoY	Jun	N/A / 4.60%	4.90% / 4.30%

Source: Bloomberg

## II. Macro News

- **China Retaliation Said to Include Delaying Merger Approvals.** China is reviewing plans to retaliate against U.S. with additional measures as it doesn't import enough from the U.S. to match tariffs on a dollar for dollar basis, WSJ reports. Measures being rolled out include holding up licenses for U.S. firms, delaying approval of M&As involving U.S. cos and ramping up inspections of American products at borders. [Bloomberg]
- **ECB Prods Lenders on Bad Loan Pile With Bank-Tailored Guidelines.** The European Central Bank will give eurozone lenders another prod in efforts to tackle bad debt levels that it says are still "far too high" compared with other regions. The ECB will communicate its expectations to banks for the reserves they should hold against non-performing loans, which weigh on their profit and ability to lend. [Bloomberg]
- **China Jun FDI Up 5.8% YoY to US\$15.66B.** Ministry of Commerce announced that in 1H18, China's foreign direct investment (FDI) increased 1.1% yearly to RMB446.29 billion, equivalent to US\$68.32 billion, up 4.1% yearly. In June, China's FDI increased 0.3% yearly to RMB100.7 billion, equivalent to US\$15.66 billion, up 5.8% yearly. [AASocks]

## III. Industry News

- **UK Said Not to Fight for Full EU Entry for Finance Industry.** UK has already given up fighting for maintaining a full market entry into the EU for its financial services industry after Brexit and instead will try to push for a loosening of current EU regulations, FT reported. UK is said to look for a more flexible partnership relation with the EU. [AASocks]
- **Chemical Industry Sees Threat to U.S. Jobs in China Trade Spat.** Hundreds of thousands of jobs in the U.S. chemical industry are at risk as a new round of proposed tariffs against Chinese-made goods threatens to raise costs enough to change "the value proposition" of domestic manufacturing, a trade group warned. [AASocks]
- **Thai Junta Eyes Chinese Investment for \$51 Billion Spending Plan.** Thailand is seeking Chinese investment to help galvanize a five-year, 1.7 trillion baht (\$51 billion) development plan for its eastern seaboard to bolster the economy. [Bloomberg]

## IV. Corporate News

- **ZTE chief demands cost cuts but promises not to reduce salaries in short term as full lifting of US ban nears.** ZTE Corp will adopt stringent cost-cutting measures as part of efforts to get the business back on its feet but promised not to reduce the salary of its 80,000 employees in the short term, according to newly-appointed CEO Xu Ziyang. [SCMP]
- **Alibaba-backed internet car firm Banma sees 6mncars in China using its software by 2023.** Banma Technologies, the joint venture between Alibaba Group Holding and SAIC Motor to build internet-connected cars, plans to introduce new investors this year as it opens up the AliOS in-car operating system to developers and carmakers for R&D. [SCMP]

- **China Tower eyes \$10b HK offering.** China Tower Corp, a mobile communication infrastructure co. that runs almost all of the mainland's telecom towers, is aiming to raise up to \$10bn in its HK IPO. The plan, if it goes ahead, will make China Tower's float the world's largest since Chinese e-commerce giant Alibaba's \$25bn listing in 2014. [China Daily]
- **Daimler Shareholder Li's Chinese Business Boosts Earnings.** Geely Automobile, the tycoon's Chinese automaker, said net income in the first half probably rose c.50% as it sold more vehicles in the world's biggest automobile market. The gain was a "result of the increase in overall sales volume and the improvement in product mix," it said. [Bloomberg]
- **Cnooc Group to Sell 2,000 Tons LNG Via Shanghai Exchange Thurs.** LNG supplies will be delivered from Cnooc Group's Jinwan terminal in Zhuhai July 16-31, Shanghai Petroleum & Natural Gas exchange says in statement. LNG to be sold at minimum price of 3,950 yuan/ton. [Bloomberg]
- **Uniqlo Owner Fashions Success Abroad Despite Trade War Risks.** Fast Retailing Co.'s steady expansion in overseas markets is bearing fruit even in the face of risks from an escalating trade dispute. The Uniqlo operator drew on robust overseas sales and a successful early summer fashion line to help boost third-quarter results. Operating profit climbed to 68.4bn yen (\$609mn) in the three months ended May 31, according to a company statement Thursday. [Bloomberg]
- **JD Finance to Raise \$1.9 Billion From Chinese Financial Giants.** JD Finance is close to snagging 13 billion yuan (\$1.9 billion) of investment from several Chinese financial services giants, gaining a clutch of influential backers in its fight against Jack Ma's Ant Financial. [Bloomberg]
- **BMW Set to Become First to Go Above 50% of China Car Venture.** BMW AG stands to become the first foreign car manufacturer to own a majority in a Chinese joint venture, showing Beijing is following through on a pledge to increasingly open up the economy to global corporations. [Bloomberg]
- **Canada Pension, Longfor to Invest \$817M in China Rental Housing.** Canada Pension Plan Investment Board and Longfor Group Holdings Ltd to jointly invest in rental housing programs in China with initial targeted investment of ~\$817m, according to joint statement. [Bloomberg]
- **Thomas Cook Targets China With Plan for 15-Strong Hotel Chain.** Thomas Cook Group Plc plans to open as many as 15 own-brand hotels in China over the next five years as the U.K. tour operator targets the nation's \$761 billion tourism industry with partner Fosun International Ltd. [Bloomberg]
- **Sinopharm to Buy Medical Device Assets From Parent for 5.1B Yuan.** Sinopharm agreed to buy 60% of China National Scientific Instruments and Materials from ultimate controlling shareholder China National Pharmaceutical Group for 5.1b yuan, according to statement to Hong Kong stock exchange dated July 11. [Bloomberg]
- **China Fortune Land May Seek Further Cooperation With Ping An.** China Fortune Land may consider further cooperation with Ping An at appropriate time, taking advantage of its financial platforms, the Chinese developer says in emailed statement after announcing Ping An's investment. [Bloomberg]
- **Stella Holdings Expects 1H18 Total Revenue to Drop 3.1% YoY.** Stella Holdings made an announcement, expecting the unaudited consolidated revenue for the six months ended 30 June 2018 to be US\$738.1 million, down around 3.1% yearly. [AASocks]
- **China Tower to List in HK on 26 Jul, Then Return to A-shares.** As 21st Century Business Herald quoted from parties familiar with the matter, China Tower will be listed in Hong Kong on 26 July 2018. Then, it will have a further IPO in the A-share market. [AASocks]
- **China Resources Land Adds 11 Land Parcels in Jun, Involving About RMB11.9B.** China Resources Land announced that in June 2018, the Group acquired 11 land parcels in Nanjing, Zhengzhou, Foshan, Ningbo, Changzhou, Beijing, Chongqing, Changchun, Wenzhou, Shenyang and Dongguan with total GFA of approx.2.3126mn sqm. The attributable land premium payable by the Group in respect of the relevant land acquisition amounted to approx. RMB11.893bn. [AASocks]
- **Ford Sales Plummet in China, and New Tariff Hit Is Yet to Come.** Ford Motor Co. sales in China plunged 26% in the first half of 2018 compared with the same period last year, and there is little relief in sight as U.S.-China trade tensions worsen. [WSJ]

## V. Overnight Market Recap

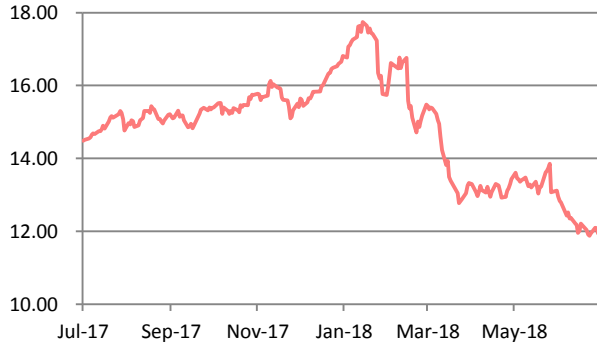
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,798	24.3	0.9	2.3	0.8	5.3	0.4	14.3	4.7
	Dow Jones	24,925	224.4	0.9	2.3	(1.1)	2.3	(3.4)	15.6	0.8
	Nasdaq Composite	7,824	107.3	1.4	3.1	1.7	10.1	7.8	24.7	13.3
	Russell 2000	1,690	6.6	0.4	0.6	0.8	9.1	6.2	18.6	10.1
	VIX Index	12.58	(1.1)	(7.7)	(16.0)	(2.8)	(27.7)	23.8	27.1	13.9
Europe Equity	Euro Stoxx 50	3,445	23.1	0.7	0.1	(1.0)	(0.1)	(4.6)	(2.3)	(1.7)
	DAX	12,493	75.8	0.6	0.2	(3.1)	0.4	(5.7)	(1.2)	(3.3)
	CAC	5,406	52.0	1.0	0.7	(0.9)	1.7	(2.0)	3.3	1.8
	FTSE 100	7,651	59.4	0.8	0.6	(0.7)	5.3	(1.6)	3.2	(0.5)
APAC Equity	HSI	28,481	169.1	0.6	1.1	(7.3)	(7.6)	(9.3)	8.1	(4.8)
	HSCEI	10,753	94.6	0.9	1.4	(10.7)	(12.3)	(13.8)	0.7	(8.2)
	HSI VIX	19.23	(1.5)	(7.2)	(19.2)	21.3	(4.9)	47.4	42.4	31.7
	CSI 300	3,481	73.5	2.2	4.1	(8.1)	(10.1)	(17.6)	(5.6)	(13.6)
	SH Composite	2,838	59.9	2.2	3.8	(7.0)	(10.2)	(17.2)	(11.8)	(14.2)
	SZ Composite	1,597	42.5	2.7	4.5	(7.8)	(12.9)	(18.0)	(15.4)	(15.9)
	Nikkei 225	22,188	255.8	1.2	3.0	(3.4)	1.9	(6.2)	10.4	(2.5)
Commodities (USD)	KOSPI	2,285	4.4	0.2	1.2	(7.4)	(6.9)	(8.5)	(5.2)	(7.4)
	Brent (Future)	74.45	1.1	1.4	(3.8)	(1.9)	3.4	6.6	55.9	11.3
	WTI (Future)	70.33	(0.1)	(0.1)	(3.6)	5.4	4.2	9.2	52.4	16.2
	Gold	1,247	5.4	0.4	(0.8)	(4.1)	(7.4)	(7.0)	2.3	(4.4)
	Copper (Future)	6,228	83.0	1.4	(1.8)	(13.8)	(8.7)	(12.4)	5.5	(14.1)
FX	Baltic Dry Index	1,586.00	31.0	2.0	(1.6)	13.0	56.4	24.0	78.6	16.1
	Dollar Index	94.83	0.1	0.1	0.5	1.1	5.7	4.2	(1.0)	2.9
	EUR	1.17	(0.0)	(0.0)	(0.2)	(1.1)	(5.4)	(4.9)	2.3	(2.8)
	JPY	112.55	0.5	0.5	1.7	(2.1)	(4.7)	(1.9)	0.5	0.0
	CNY	6.67	(0.0)	0.2	(0.5)	(4.0)	(5.6)	(3.0)	1.8	(2.4)
CDS	CNH	6.69	(0.0)	(0.4)	0.5	(4.4)	(6.1)	(3.8)	1.5	(2.5)
	ChinaGov CDS	68.82	(1.4)	(2.0)	(4.0)	23.2	13.6	45.6	3.0	37.4
	CDX Emerging Market	96.60	0.1	0.1	0.1	0.3	(1.6)	(3.0)	1.0	(2.5)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.96	0.0	0.4	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.59	0.0	0.3	2.5	2.6	2.4	2.0	1.4	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)	(0.1)	2.8	3.0	2.8	2.5	2.3	2.4
	2-10 Spread	25.54	(1.2)	(4.5)	28.1	39.7	46.6	54.6	97.7	51.8
China rates	O/N China Repo Rate	2.46	0.1	3.4	1.9	2.5	2.6	2.8	2.7	3.0
	1-Week China Repo Rate	2.50	(0.3)	(9.1)	3.5	2.8	2.7	3.1	3.1	3.1
	O/N SHIBOR	2.49	0.1	3.4	2.0	2.6	2.6	2.8	2.7	2.8
	1-Week SHIBOR	2.69	0.0	0.3	2.6	2.8	2.8	2.9	2.8	3.0

Source: Bloomberg

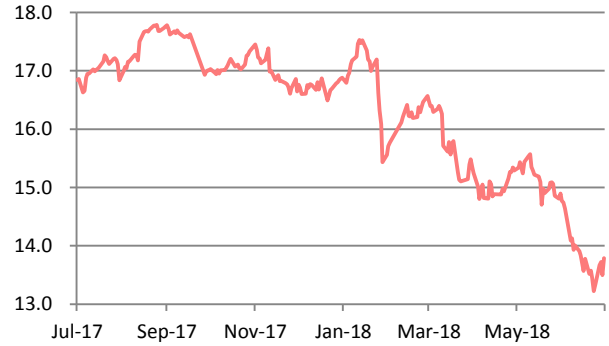
## VI. Key Indicators

**Hang Seng Index PE Ratio**



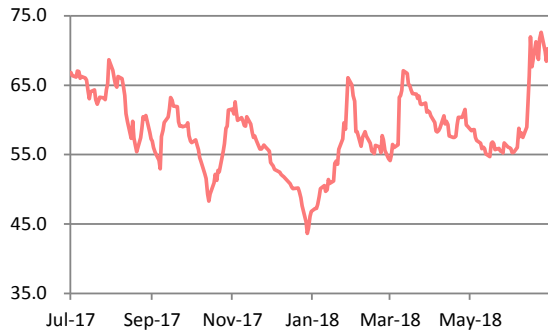
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



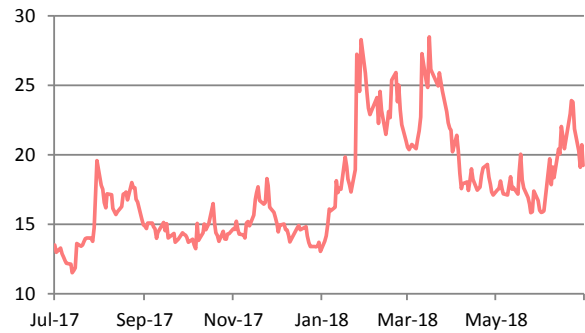
Source: Bloomberg

**China 5Y CDS Index\_USD**



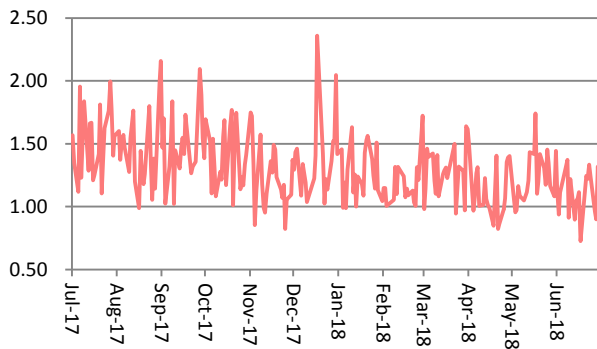
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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