

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: New Home Prices MoM	Jun	N/A	0.80%
US: Industrial Production MoM	Jun	0.50%	- 0.10%
UK: Average Weekly Earnings 3M YoY	May	2.50%	2.50%
UK: Jobless Claims Monthly Change	Jun	N/A	- 7.70k
Italy: Industrial Sales YoY	May	N/A	4.00%

Source: Bloomberg

II. Macro News

- **Fed Sees Further Gradual Rate Hikes With Economy Close to Goals.** The Federal Reserve Board underscored its commitment to a gradual pace of interest-rate hikes in its semi-annual monetary policy report to Congress, which also addressed topics ranging from monetary policy rules to labor force participation. [Bloomberg]
- **IMF Says Bahrain Needs Comprehensive Package of Economic Reforms.** Bahrain needs a comprehensive package of reforms to reduce its fiscal deficits over the medium term, the IMF said, as the island kingdom seeks to secure crucial support from rich neighbors to avoid a currency devaluation. [Bloomberg]
- **6.8% GDP growth in H1 beats expectations.** China's GDP growth reached 6.8% YoY in the 1H of this year, beating general market expectations, according to a govt. report released on Monday. Analysts said the economy remains on track but will face more challenges in the second half. [China Daily]

III. Industry News

- **China Bars Foreign Companies, Other Securities From Stock Link.** Chinese investors will be barred from trading in shares of dozens of foreign companies and those with weighted-voting rights such as Xiaomi Corp. as regulators seek to shield retail investors using the nation's stock link with Hong Kong from less widely understood securities. [Bloomberg]
- **HKEX lays out plans after connect block.** HKEX will work closely with mainland regulators and strive to include new-economy cos to stock connects, hoping to confirm the timetable as soon as possible. The local bourse operator made the announcement after mainland stock exchanges said they would not expand their stock connect scheme with HK to foreign firms, companies with different voting right structures and so-called stapled securities. [The Standard]
- **China's fiscal revenue expands 10.6% in H1.** China's fiscal revenue climbed 10.6 percent year-on-year to 10.43 trillion yuan (\$1.56 trillion) in the first half this year, according to the Ministry of Finance. The growth retreated from the 12.2-percent gain registered for Jan-May, according to the ministry. [China Daily]

IV. Corporate News

- **China makes BMW the envy of foreign carmakers, giving it green light to raise its venture stake.** BMW has received the green light to raise its stake to 75% of its onshore venture, becoming the first foreign manufacturer to get a super majority control. [SCMP]
- **Hollywood studio STX poised to be first US firm to raise funds in HK with August IPO.** STX Productions LLC could go public in Hong Kong as early as August, according to the chief executive of one of its biggest investors, becoming the first US company to raise capital in the city under new fundraising regulations. [SCMP]

- **Huawei Pushes to Upset Samsung in South Korea's 5G Network Race.** Huawei Technologies Co., the Chinese company slammed in the U.S. Congress as a security threat, is in the running to supply equipment to all three of South Korea's national mobile carriers. At stake: initial contracts that could be worth 10tn won (\$9bn). [Bloomberg]
- **Air France Merging Accords With China Southern, Xiamen, KLM.** Air France-KLM says Air France, KLM Royal Dutch Airlines, China Southern Airlines and Xiamen Airlines are merging their existing joint venture agreements. [Bloomberg]
- **IBM Seeks \$167 Million From Groupon in E-Commerce Patent Suit.** Groupon Inc. built its online coupon business on the back of International Business Machines Corp.'s e-commerce inventions without permission, lawyers for IBM said at the start of a federal trial seeking damages for patent infringement. [Bloomberg]
- **China Willing to Invest \$3 Billion in Nigeria Oil and Gas Sector.** China's national offshore oil company Cnooc Ltd. is ready to invest \$3 billion in Nigeria's oil and gas sector, Nigerian National Petroleum Corp. said. China National Offshore Oil Corp.'s has already invested more than \$14 billion in Nigeria, the NNPC said in a statement on its website. [Bloomberg]
- **Airbus Is Said to Near \$29B Jet Sales to Asian Carriers.** Airbus SE is said to close in on \$29bn of deals with Asian carriers who are expanding their fleet because of surging travel demand in the region. Airbus is closing in on a blockbuster agreement to sell \$23bn worth of aircraft to AirAsia Group Bhd., the continent's biggest budget carrier. [Bloomberg]
- **Anbang Is Said to Consider Sale of Chinese Health Insurer Hexie.** Anbang Insurance Group Co. is weighing a sale of its Hexie Health Insurance Co. unit as the troubled Chinese firm reviews its assets for possible divestment. The insurer is in discussions with financial advisers about a possible disposal of the unit after receiving interest. [Bloomberg]
- **Hope Education Starts Gauging Demand for HK IPO.** Hope Education Group has started pre-deal investor education for a planned HK IPO. Proceeds will be used to buy additional schools in China and overseas, establish new schools or expand existing ones, repay debt and for working capital and general corporate purposes. [Bloomberg]
- **BYD Asks Police to Investigate Person Impersonating Employee.** BYD Co. asked the police to investigate a person who allegedly posed as an employee and signed unauthorized marketing contracts in the company's name. BYD said the person's actions have damaged its reputation and harmed related parties. [Bloomberg]
- **Didi Is Said to Weigh Spinoff of Car Services Arm.** Didi is considering spinning off its car services arm in preparation for the listing plan, Caijing reports. Didi's car services arm is planning to raise \$1b-\$1.5b, and SoftBank is among potential investors; details have yet to be finalized. [Bloomberg]
- **ICBC lists largest-ever green bond on London Stock Exchange.** The Industrial and Commercial Bank of China has listed a \$1.58 billion equivalent green bond on the London Stock Exchange, which is being used to finance environmentally sustainable assets. [China Daily]
- **Audi delivers 300,000 vehicles in China in 1H of year.** Audi registered strong sales in the Chinese market in the first six months of this year, the Sino-German JV FAW-Volkswagen announced. Audi sold more than 305,500 vehicles in China in 1H18, with YoY growth of 20.5%, while total sales of Volkswagen cars topped 955,800, up 9.6% YoY. [China Daily]
- **ZTE vows to clear production backlog.** ZTE has sent out notices to its partners and suppliers stating its determination to clear up a production backlog, mainland media reported. ZTE wrote it would process projects "order by order" and will actively participate in events with partners including technology sharing sessions and products testings. [The Standard]
- **HSBC Hldgs Shuts Australia Financial Advice Biz.** As reported by media, HSBC Holdings is withdrawing its retail financial advice division from Australia, while the number of staff members affected remains undisclosed. According to HSBC Holdings spokesperson, their quitting is due to the small business scale and the lack of growth potential. [AASocks]
- **ZTE Confirms Being Removed from US Denied Persons List.** ZTE announced that pursuant to an order issued on 13 July 2018 (U.S. time), BIS terminated the 15 April 2018 Denial Order and removed ZTE from the Denied Persons List, effective immediately. [AASocks]
- **Ping An 1H18 Gross Premium Up 19.6% YoY.** Ping An announced that, in the first half of 2018, life insurance gross premium surged 21.2% year-on-year to RMB274.53 billion. Total gross premium income ballooned 19.6% to RMB408 billion. [AASocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,798	(2.9)	(0.1)	0.5	0.7	3.4	(0.1)	13.8	4.7
	Dow Jones	25,064	45.0	0.2	1.2	(0.1)	1.1	(4.0)	15.9	1.4
	Nasdaq Composite	7,806	(20.3)	(0.3)	0.6	0.8	7.2	7.0	23.6	13.1
	Russell 2000	1,679	(8.5)	(0.5)	(1.5)	(0.3)	6.3	5.8	17.2	9.3
	VIX Index	12.83	0.7	5.3	1.1	7.1	(15.9)	7.7	30.7	16.2
Europe Equity	Euro Stoxx 50	3,449	(5.5)	(0.2)	(0.3)	(1.6)	(0.8)	(4.5)	(1.9)	(1.6)
	DAX	12,561	20.3	0.2	0.1	(3.5)	(0.2)	(4.7)	(0.2)	(2.8)
	CAC	5,409	(19.8)	(0.4)	0.2	(1.7)	1.0	(1.5)	3.4	1.8
	FTSE 100	7,600	(61.4)	(0.8)	(1.1)	(0.4)	5.2	(1.6)	2.7	(1.1)
APAC Equity	HSI	28,540	14.2	0.0	(0.5)	(5.8)	(5.1)	(10.8)	7.8	(4.6)
	HSCEI	10,704	(42.2)	(0.4)	(0.6)	(9.8)	(10.1)	(16.8)	(0.7)	(8.6)
	HSI VIX	18.23	(0.2)	(1.2)	(10.2)	14.2	(10.2)	21.5	37.1	24.9
	CSI 300	3,472	(20.6)	(0.6)	0.4	(7.5)	(7.4)	(18.3)	(5.2)	(13.9)
	SH Composite	2,814	(17.1)	(0.6)	(0.0)	(6.9)	(8.2)	(18.3)	(11.4)	(14.9)
	SZ Composite	1,603	(1.6)	(0.1)	1.8	(5.2)	(10.2)	(16.6)	(11.0)	(15.6)
	Nikkei 225	22,597	409.4	1.9	3.7	(1.1)	3.5	(5.7)	12.3	(0.7)
KOSPI	2,302	(8.9)	(0.4)	0.7	(4.5)	(6.4)	(8.7)	(5.3)	(7.0)	
Commodities (USD)	Brent (Future)	71.84	(3.5)	(4.6)	(8.0)	(1.8)	0.8	4.0	49.0	7.9
	WTI (Future)	68.06	(3.0)	(4.2)	(7.8)	4.7	2.4	6.5	48.0	12.7
	Gold	1,241	(3.4)	(0.3)	(1.3)	(3.0)	(7.9)	(6.5)	0.5	(4.8)
	Copper (Future)	6,192	(45.0)	(0.7)	(3.1)	(11.8)	(10.4)	(12.5)	4.5	(14.6)
	Baltic Dry Index	1,666.00	34.0	2.1	3.5	15.3	58.4	43.1	82.7	22.0
FX	Dollar Index	94.51	(0.2)	(0.2)	0.5	(0.3)	5.6	4.4	(0.6)	2.6
	EUR	1.17	0.0	0.2	(0.3)	0.8	(5.3)	(3.9)	2.0	(2.4)
	JPY	112.29	(0.1)	(0.1)	1.3	(1.7)	(4.8)	(1.0)	0.2	0.2
	CNY	6.69	(0.0)	0.0	(1.1)	(3.8)	(6.2)	(3.7)	1.2	(2.8)
	CNH	6.70	(0.0)	(0.1)	1.2	(3.7)	(6.2)	(4.0)	1.0	(2.8)
CDS	ChinaGov CDS	64.42	(2.8)	(4.2)	(7.8)	15.0	8.0	36.3	(2.6)	28.6
	CDX Emerging Market	96.67	(0.1)	(0.1)	(0.2)	0.9	(1.6)	(2.9)	1.0	(2.5)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.98	0.0	0.5	2.0	1.9	1.8	1.4	1.0	1.4
	2-Year Treasury Yield	2.60	0.0	0.7	2.6	2.5	2.4	2.0	1.4	1.9
	5-Year Treasury Yield	2.75	0.0	1.0	2.7	2.8	2.7	2.4	1.9	2.2
	10-Year Treasury Yield	2.86	0.0	1.1	2.8	2.9	2.8	2.5	2.3	2.4
	2-10 Spread	25.95	1.4	5.9	27.8	37.1	43.0	51.9	95.4	51.8
China rates	O/N China Repo Rate	2.57	0.2	10.3	2.2	2.6	2.7	2.8	2.7	3.0
	1-Week China Repo Rate	2.57	(0.1)	(3.0)	2.6	2.8	3.5	3.4	3.4	3.1
	O/N SHIBOR	2.56	0.1	3.1	2.3	2.6	2.7	2.8	2.6	2.8
	1-Week SHIBOR	2.70	0.0	0.5	2.7	2.8	2.8	2.9	2.8	3.0

Source: Bloomberg

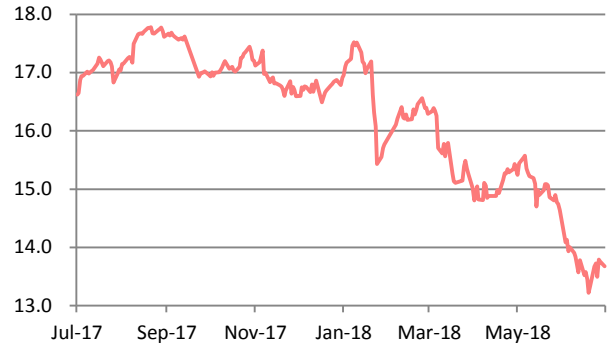
VI. Key Indicators

Hang Seng Index PE Ratio



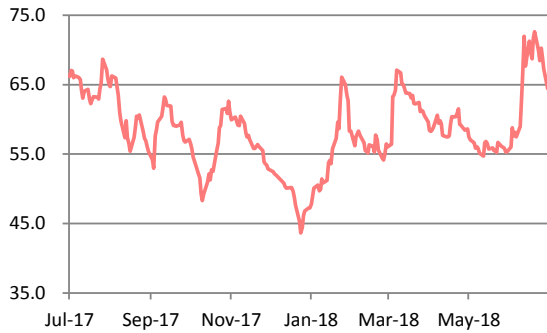
Source: Bloomberg

Shanghai Composite Index PE Ratio



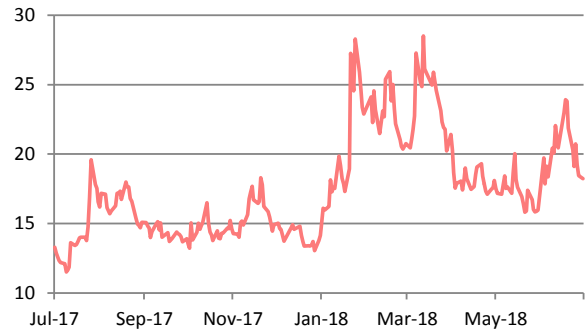
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China 5Y CDS Index_USD



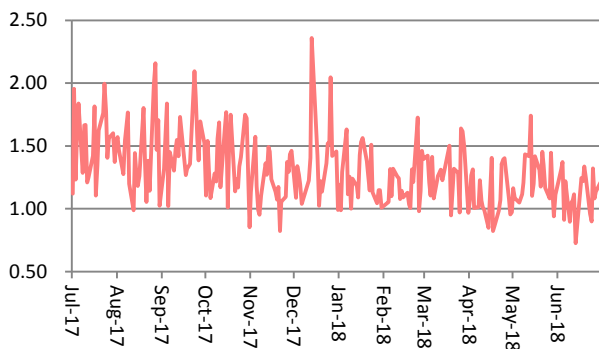
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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