

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
Germany: PPI YoY	Jun	2.90%	2.70%
Japan: National CPI YoY	Jun	0.80%	0.70%
S. Korea: PPI YoY	Jun	N/A	2.20%
New Zealand: Credit Card Spending YoY	Jun	N/A	3.70%
Thailand: Customs Exports / Imports YoY	Jun	N/A	11.4%/11.7%

Source: Bloomberg

II. Macro News

- **China Jun Forex Settlement Surplus US\$2B.** In June 2018, China's bank foreign exchange settlement amounted to nearly RMB1.06 trillion (equivalent to US\$164 billion), and foreign exchange selling nearly RMB1.05 trillion (equivalent to US\$162 billion), as revealed by State Administration for Foreign Exchange. [AASocks]
- **Fed's Beige Book Shows Mounting Tariff Concerns Among Businesses.** Manufacturers across the U.S. expressed concern about tariffs, with many reporting higher prices and supply-chain disruptions in the wake of new trade policies, according to a Federal Reserve report. [WSJ]
- **Tax Holiday Helps Curb Malaysia Inflation.** Thanks to a tax holiday, inflation in Malaysia slowed to the weakest pace since 2015 in June with consumer prices rising 0.8% YoY. The mild inflation could support most economists' predictions that the central bank will refrain from tightening monetary policy again this year after raising rates in January. [Bloomberg]

III. Industry News

- **Chinese banks see net forex purchase in H1.** Chinese commercial banks reported a net forex purchase in the 1H18, the forex regulator said. Chinese lenders bought \$928.2bn worth of foreign currencies and sold \$914.4bn from Jan-Jun, resulting in a net purchase of \$13.8bn, according the State Administration of Foreign Exchange. [China Daily]
- **China's Share Buyback Boom Aims to Rescue Sliding Equity Market.** More Chinese companies are pledging to buy back their shares as authorities seek to stem a \$2 trillion rout in the equity market. At least 109 firms have announced repurchase plans or bought back shares this year, according to data compiled by Bloomberg. [Bloomberg]
- **PBOC Sun Urges Loan Policy Tweaks to Offset Shadow Banking.** China's monetary policies should not be too tight as that will lead to rapid slowdown in economy and create new financial risks, Sun Guofeng, director of PBOC's finance research institute, says in an interview with China Business News. [Bloomberg]

IV. Corporate News

- **Carmaker BAIC Group reports robust growth.** Chinese car maker BAIC Group reported robust growth in the first half of this year, with its revenue rising 9.5 percent year-on-year, as well as net profit going up 17 percent. During the same period, the company delivered 1,203,000 vehicles, an increase of 7.6 percent from the previous year. [China Daily]
- **China Unicom enters S African market.** China Unicom has set up a branch in S.Africa, as part of its broader push to tap into opportunities in countries and regions involved in the Belt and Road Initiative. China Unicom (S.Africa) Operations (PTY) Ltd., located in Johannesburg, is the company's first operation center in the African continent. [China Daily]

- **China Telecom signs deal with Apple iCloud.** China Telecom has signed agreement with Apple's Chinese partner Guizhou-Cloud Big Data to become the first data storage service provider to local iCloud users in China. The deal could be one of the largest storage projects of cloud computing, according to China's YNET news website. [China Daily]
- **GAC plans Detroit R&D center.** Guangzhou Automobile Group Co Ltd. said it expects to create 62 jobs at a \$4.45 million research and development facility it is building in the Detroit suburb of Farmington Hills in the United States. GAC received a \$500,000 grant from the Michigan Strategic Fund in June to help build the center. [China Daily]
- **CGN completes acquisition of Europe's largest single-site onshore wind farm.** China General Nuclear Power Corporation has acquired 75% shares of a Swedish wind power project from Macquarie Group and GE. It is expected to be fully installed and operational by the end of 2019 with a capacity of 650,000 kilowatts. [China Daily]
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- **Commerzbank, ICBC Sign Memorandum over BRI Cooperation.** Commerzbank and ICBC announced that a memorandum was entered into between the two parties, regarding further cooperation and development potentials under the Belt-and-Road Initiative. [AASocks]
- **HSBC Holdings Buys Back 3.35 Million Shares at GBP23.85 Million.** HSBC Holdings announced that it repurchased 3.3483 million shares through the London Stock Exchange yesterday (18 July 2018), involving around GBP23.8473 million. [AASocks]
- **Geely Auto Buys Production Plants under Construction from Chairman.** Geely Auto announced that Zhejiang Jirun, an indirect 99% owned subsidiary of the Company, acquired three production plants under construction from Li Shu Fu, the controlling shareholder and chairman of the company, at a total cash consideration of approx. RMB3.174bn. [AASocks]
- **CNOOC Said to Push LNG Terminal Opening to 3rd Party.** CNOOC is going to push for opening LNG terminal to third parties this year via the processes laid out by SHPGX. According to the company, although natural gas sales in China has seen a rapid trend, the ability for storage and control is still insufficient. [AASocks]
- **FWD: To Mull Listing, Yet Without Timetable.** Ken Lau, MD, Greater China, and CEO, Hong Kong at FWD, said listing is one of the ways to raise money of a company, and hence the company will make such consideration upon market condition and need. Yet, Lau said no timetable and location is specified for the time being. [AASocks]
- **China Resources Power to Invest \$1.5B Offshore Wind Farm.** China Resources Power plans to invest 10bn yuan (\$1.5b) to build a 600-megawatt offshore wind farm in Shandong. The project will be constructed over 5 years and will have the capacity to generate 1.8bn kilowatt-hrs of electricity annually. [Bloomberg]
- **HNA Says China AgBank to Continue Supporting Its Development.** Zhou Mubing, chairman of Agricultural Bank of China, said the bank will continue supporting HNA's development, according to HNA's statement on website. Zhou also called for more communications between the two companies. [Bloomberg]
- **China Tower Reportedly Puts off Offering to Next Wed, Listing to Aug.** China Tower Corporation, held by three major telecoms in Mainland China, will postpone the public offering until next week, various local media cited sources. The offering is reportedly scheduled on 25-31 July, and listing on 8 August. [AASocks]
- **China Power Signs Over RMB32M EPC Contracting Agreement.** China Power announced that its wholly-owned subsidiary Yaomeng Power Plant entered into an EPC Contracting Agreement with Yuanda Waterworks, under which the total consideration payable by Yaomeng Power Plant amounted to RMB32.1127 million. [AASocks]
- **Angang Steel Buys Parent's Assets at RMB5.904B.** Angang Steel announced that the company acquired from the controlling shareholder, Angang Holding, the entire equity interest in Angang Chaoyang at a consideration of RMB5.904 billion (approx HK\$6.934bn). [AASocks]

V. Overnight Market Recap

				Performance (%)						
		Close	Net Chg	Chg (%)	1W	1M	3M	6M	1Y	YTD
US Equity	S&P 500	2,804	(11.1)	(0.4)	0.2	1.3	5.0	(0.2)	13.4	4.9
	Dow Jones	25,065	(134.8)	(0.5)	0.6	1.6	2.5	(3.9)	16.0	1.4
	Nasdaq Composite	7,825	(29.1)	(0.4)	0.0	0.6	9.5	6.7	22.5	13.4
	Russell 2000	1,701	9.4	0.6	0.7	(0.3)	8.8	6.5	18.0	10.8
	VIX Index	12.87	0.8	6.4	2.3	0.6	(23.8)	14.2	34.3	16.6
Europe Equity	Euro Stoxx 50	3,472	(13.4)	(0.4)	0.8	0.9	(0.6)	(4.9)	(0.8)	(0.9)
	DAX	12,686	(79.7)	(0.6)	1.5	(0.1)	1.2	(5.6)	1.9	(1.8)
	CAC	5,417	(30.4)	(0.6)	0.2	0.8	0.1	(2.0)	4.2	2.0
	FTSE 100	7,684	7.7	0.1	0.4	0.7	4.3	(0.6)	2.6	(0.0)
APAC Equity	HSI	28,011	(106.6)	(0.4)	(1.7)	(5.7)	(7.9)	(13.2)	4.8	(6.4)
	HSCEI	10,523	(55.2)	(0.5)	(2.1)	(8.5)	(12.7)	(20.2)	(3.0)	(10.1)
	HSI VIX	19.14	0.2	1.0	(0.5)	7.2	6.9	19.8	54.9	31.1
	CSI 300	3,428	(3.0)	(0.1)	(1.5)	(5.7)	(8.8)	(20.0)	(8.5)	(14.9)
	SH Composite	2,773	(14.7)	(0.5)	(2.3)	(4.9)	(9.7)	(20.5)	(14.6)	(16.2)
	SZ Composite	1,576	(12.5)	(0.8)	(1.4)	(2.3)	(11.4)	(18.0)	(14.7)	(17.0)
	Nikkei 225	22,765	(29.5)	(0.1)	3.8	0.9	2.7	(4.4)	13.0	(0.0)
KOSPI	2,282	(7.8)	(0.3)	(0.1)	(3.5)	(7.8)	(9.4)	(6.5)	(7.5)	
Commodities (USD)	Brent (Future)	72.58	(0.3)	(0.4)	(2.5)	(3.3)	(1.6)	5.8	46.0	8.5
	WTI (Future)	69.46	0.7	1.0	(1.2)	5.2	1.9	10.0	48.9	15.3
	Gold	1,223	(4.5)	(0.4)	(2.0)	(3.5)	(8.4)	(8.3)	(1.7)	(6.1)
	Copper (Future)	6,065	(85.0)	(1.4)	(2.6)	(11.3)	(13.2)	(13.9)	1.7	(16.3)
	Baltic Dry Index	1,688.00	(33.0)	(1.9)	3.4	22.9	31.8	50.0	75.1	23.6
FX	Dollar Index	95.16	0.1	0.1	0.4	0.0	5.3	5.0	0.9	3.3
	EUR	1.16	0.0	0.0	(0.3)	0.7	(5.2)	(5.0)	0.2	(2.9)
	JPY	112.47	(0.4)	(0.3)	(0.1)	(1.8)	(4.2)	(1.3)	(0.4)	0.3
	CNY	6.78	0.1	(0.8)	(1.6)	(4.3)	(7.3)	(5.5)	(0.3)	(4.0)
	CNH	6.79	0.0	0.7	1.5	(4.4)	(7.4)	(5.6)	(0.4)	(3.9)
CDS	ChinaGov CDS	64.62	0.4	0.6	(6.1)	12.2	9.8	27.9	(2.1)	29.0
	CDX Emerging Market	96.69	0.0	0.0	0.1	0.6	(1.5)	(2.7)	0.9	(2.4)

				Value						
		Close	Net Chg	Chg (%)	1W	1M	3M	6M	1Y	YTD
US rates	3-Month Treasury Yield	1.98	(0.0)	(0.6)	2.0	1.9	1.8	1.4	1.1	1.4
	2-Year Treasury Yield	2.59	(0.0)	(0.7)	2.6	2.6	2.5	2.1	1.4	1.9
	5-Year Treasury Yield	2.73	(0.0)	(1.2)	2.7	2.8	2.8	2.4	1.8	2.2
	10-Year Treasury Yield	2.84	(0.0)	(1.1)	2.8	2.9	3.0	2.7	2.3	2.4
	2-10 Spread	24.52	(1.3)	(4.9)	24.5	36.9	49.9	59.0	90.3	51.8
China rates	O/N China Repo Rate	2.40	(0.1)	(4.0)	2.3	2.8	3.2	2.9	3.3	3.0
	1-Week China Repo Rate	2.50	(0.2)	(6.0)	2.7	2.8	3.4	3.2	3.4	3.1
	O/N SHIBOR	2.42	(0.1)	(4.3)	2.5	2.6	2.7	2.8	2.8	2.8
	1-Week SHIBOR	2.68	(0.0)	(0.7)	2.7	2.8	2.9	2.9	2.9	3.0

Source: Bloomberg

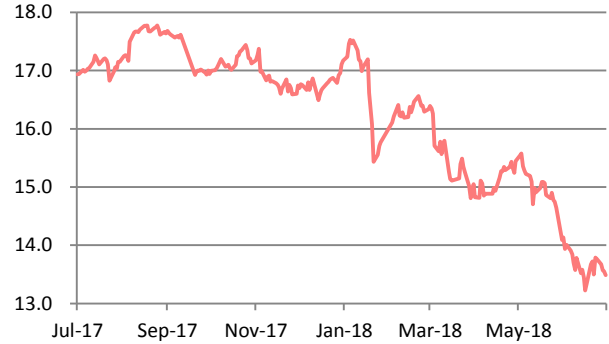
VI. Key Indicators

Hang Seng Index PE Ratio



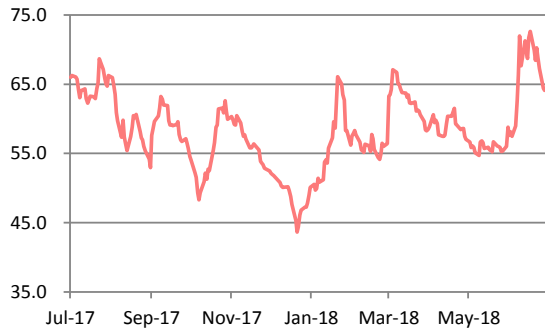
Source: Bloomberg

Shanghai Composite Index PE Ratio



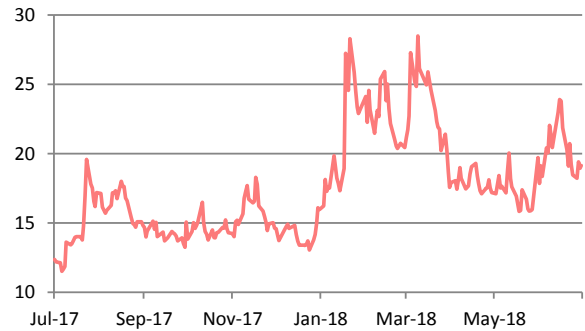
Source: Bloomberg

China 5Y CDS Index_USD



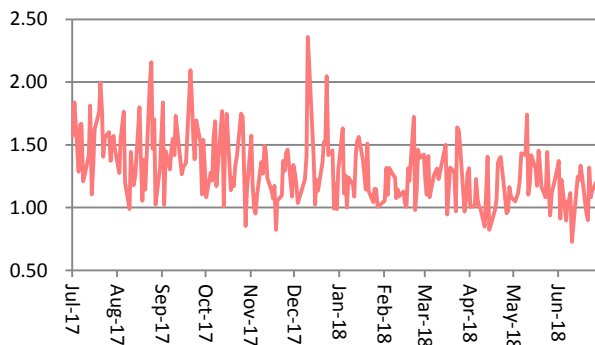
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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