

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Existing Home Sales	Jun	5.48mn	5.43mn
Taiwan: Industrial Production YoY	Jun	4.75%	7.05%
Taiwan: Unemployment Rate	Jun	3.71%	3.69%
S. Korea: Exports / Imports YoY	Jul	N/A	-4.8%/13%

Source: Bloomberg

II. Macro News

- **China's central bank preparing further policy easing to counter credit squeeze.** China's central bank will use unconventional methods to support the ailing corporate bond market and guide financial relief to vulnerable areas of the economy, according to analysts. [AASocks]
- **UK 2Q Retail Sales Up 2.1% MoM, Strongest Growth in Over 14 Yrs.** Data from UK's Office for National Statistics reveal that, retail sales in the US advanced 2.1% month-on-month during the second quarter of this year, displaying the strongest growth since the first quarter of 2004. [AASocks]
- **Japan's Inflation Inches Higher Thanks to Energy Costs.** Japan's inflation picked up slightly in June, largely because of higher energy costs. There was little to suggest price gains will accelerate toward the 2% target anytime soon. Core consumer prices, which exclude fresh food, rose 0.8% in June from a year earlier (estimate 0.8 percent). [Bloomberg]

III. Industry News

- **Telecom merger to usher in 5G era.** A new Chinese telecommunication giant was unveiled on Friday after two major State-owned players merged to better prepare for opportunities brought by fifth-generation mobile communication technologies. China Information and Communication Technologies Group Corp was established after FiberHome Technologies Group and telecom equipment maker Datang Telecom Group merged. [China Daily]
- **Consumer spending records robust growth in H1.** China's consumer spending was robust in the first half year, contributing 78.5 percent to the country's economic growth, up 14.2 percentage points from a year earlier, official data showed. [China Daily]
- **China's exchange regulator says no capital outflows seen during recent bout of yuan weakness.** China's exchange regulator said there has been no evidence of stepped-up capital outflows during the recent bout of volatility in currency markets, indicating that underlying conditions are very different from other periods of turmoil in markets. [SCMP]

IV. Corporate News

- **Top Huawei executive calls for 'open-minded' US political leaders to ensure academic freedom.** A top Huawei executive has called on "open-minded" US politicians to safeguard academic freedom at the country's universities, in a rebuttal to calls by several members of Congress to investigate the company's research partnerships. [SCMP]
- **Britain says Huawei 'shortcomings' expose new telecom networks risks.** Technical and supply-chain issues with equipment made by Chinese firm Huawei have exposed Britain's telecom networks to new security risks, a government report said. [SCMP]

- **SoftBank fund seeks investment in Chinese AI giant SenseTime.** SoftBank Vision Fund, created by Japanese multinational conglomerate SoftBank Group Corp, is seeking to invest almost US\$1 billion in SenseTime Group as it seeks a stake in the world's most valuable artificial intelligence (AI) start-up. [SCMP]
- **UAE's Etihad Airways, Chinese company ink cooperation deal.** The United Arab Emirates (UAE) Etihad Aviation Group said Friday that it signed a memorandum of understanding (MoU) for cooperation with China's Jiangsu Provincial Overseas Cooperation and Investment Company. [China Daily]
- **Geely makes inroads into German electric vehicle market.** Chinese automotive group Geely has made an inroad into the European market after Germany's second-largest city, Hamburg, announced it will use the company's TX electric taxis as part of a groundbreaking new city shuttle service. [China Daily]
- **Tianjin vaccine maker eyes float.** CanSino Biologics, a Tianjin-based vaccine manufacturer, is reportedly seeking to raise up to HK\$1.17bn in a HK listing. The company is funded by Qiming Venture Partners which is founded by Nisa Leung whose family reportedly has a close relationship with HK chief executive Carrie Lam Cheng Yuet-ngor. [The Standard]
- **Bossini expects net loss of up to \$32m.** Bossini Int'l Holdings announced a profit warning. It is expected to record a net loss of up to HK\$32 million for the year ended June 30, due to loss on the appreciation of the yuan against the Hong Kong dollar and a fall in profit derived from the export franchising business. [The Standard]
- **China Electric Scooter Startup Niu Said to Plan \$300 Million IPO.** Niu, the Chinese company that sells so-called smart electric scooters in 27 countries, is pursuing an initial public offering that could raise about \$300 million. The startup, founded in 2014, is working with advisers on the potential IPO. [Bloomberg]
- **Fosun Is Said to Consider \$500 Million India IPO of Gland Pharma.** A unit of Fosun Int'l Ltd., the Chinese group backed by billionaire Guo Guangchang, is considering an IPO of Indian drugmaker Gland Pharma Ltd. Shanghai Fosun Pharmaceutical Group Co. is in preliminary talks with potential advisers about an Indian IPO for Gland. [Bloomberg]
- **China Resources Land Buys Hong Kong Site for HK\$5.93B.** China Resources Land bought the site at 39 Shouson Hill in Hong Kong Island's southside for HK\$5.93b, or HK\$85,800 per square foot, Hong Kong Economic Journal reports, citing data from Land Registry. [Bloomberg]
- **Congress, White House Reach Deal on ZTE Ban Removal.** As Bloomberg quoted from market sources, the Congress will agree on the agreement President Trump entered into with ZTE to lift the denial order. Accordingly, the consensus was reached on Thursday. [AASocks]
- **China Telecom Net Additions of 5.67M 4G Subscribers in Jun.** China Telecom published its key performance indicators for the month of June 2018. During the period, mobile subscribers increased by 5.49 million to 281.62 million users on a net basis. The net increase of 4G mobile subscribers equaled 5.67 million. [AASocks]
- **China Coal Expects Interim Net Profit to Add 38-54% YoY.** China Coal expected that the profit of the Group attributable to the equity holders of the Company for the six months ended 30 June 2018 will range from approximately RMB3.15 billion to RMB3.5 billion, representing a year-on-year increase of approximately 38% to 54%. [AASocks]
- **China Mobile Jun 4G New Customer Volume Accelerates to 5.006M.** China Mobile announced in June operation data that total number of mobile customers was 905.8 million. 676.8 million were 4G customers with 5.006 million as new customers, representing an acceleration from 2.505 million in May. [AASocks]
- **China Power Power Sales Up 11.7% YoY in 1H18 to 33.1M MWh.** China Power announced that the group's total electricity sold in the 1H of 2018 ballooned 11.66% YoY to 33.095mn MWh, of which coal-fired power sold advanced 17.2% year-on-year to 23.258 million MWh while hydropower sold slid 9.3% YoY to 8.25mn MWh. [AASocks]

V. Overnight Market Recap

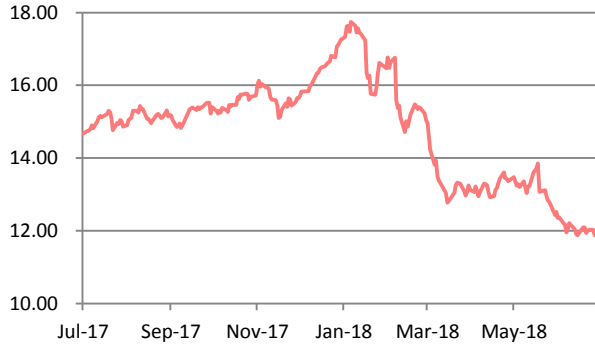
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,802	(2.7)	(0.1)	0.0	1.7	4.9	(1.3)	13.3	4.8
	Dow Jones	25,058	(6.4)	(0.0)	0.2	1.9	2.5	(4.4)	16.1	1.4
	Nasdaq Composite	7,820	(5.1)	(0.1)	(0.1)	1.7	9.7	4.8	22.4	13.3
	Russell 2000	1,697	(4.5)	(0.3)	0.6	0.7	8.6	5.3	18.2	10.5
	VIX Index	12.86	(0.0)	(0.1)	5.6	(6.6)	(21.3)	15.9	37.4	16.5
Europe Equity	Euro Stoxx 50	3,460	(11.6)	(0.3)	0.2	0.5	(1.5)	(5.8)	0.2	(1.3)
	DAX	12,561	(124.9)	(1.0)	0.2	(0.1)	(0.1)	(7.4)	2.6	(2.8)
	CAC	5,398	(18.8)	(0.3)	(0.6)	0.2	(0.7)	(2.5)	5.5	1.6
	FTSE 100	7,679	(5.2)	(0.1)	0.2	(0.0)	3.8	(0.7)	3.0	(0.1)
APAC Equity	HSI	28,224	213.6	0.8	(1.1)	(3.8)	(6.7)	(14.3)	5.7	(5.7)
	HSCEI	10,683	159.4	1.5	(0.6)	(5.8)	(11.0)	(20.8)	(1.0)	(8.8)
	HSI VIX	18.46	(0.7)	(3.6)	-	0.5	2.2	1.7	51.3	26.4
	CSI 300	3,493	64.6	1.9	0.0	(3.2)	(7.3)	(20.3)	(6.3)	(13.3)
	SH Composite	2,829	56.7	2.0	(0.1)	(2.1)	(7.8)	(20.2)	(12.6)	(14.5)
	SZ Composite	1,593	17.7	1.1	(0.7)	(0.3)	(9.7)	(18.3)	(13.7)	(16.1)
	Nikkei 225	22,698	(66.8)	(0.3)	2.3	0.8	2.8	(5.9)	12.9	(0.3)
KOSPI	2,289	6.9	0.3	(0.9)	(2.9)	(7.5)	(9.8)	(6.6)	(7.2)	
Commodities (USD)	Brent (Future)	73.07	0.5	0.7	(3.0)	(2.2)	(1.3)	6.5	48.2	9.3
	WTI (Future)	68.26	1.0	1.4	(0.8)	3.1	(0.2)	7.7	45.9	13.0
	Gold	1,230	6.6	0.5	(1.2)	(3.0)	(8.0)	(7.8)	(1.2)	(5.6)
	Copper (Future)	6,148	82.5	1.4	(1.4)	(9.2)	(12.1)	(12.7)	3.2	(15.2)
	Baltic Dry Index	1,689.00	32.0	1.9	1.4	26.0	29.3	46.0	72.9	23.6
FX	Dollar Index	94.48	(0.7)	(0.7)	(0.2)	(0.7)	4.6	4.3	0.2	2.6
	EUR	1.17	0.0	0.7	0.3	1.3	(4.6)	(4.4)	0.8	(2.3)
	JPY	111.41	(1.1)	(0.9)	(0.9)	(0.9)	(3.4)	(0.4)	0.4	1.1
	CNY	6.77	(0.0)	0.1	(1.2)	(4.4)	(7.0)	(5.4)	(0.1)	(3.9)
	CNH	6.78	(0.0)	(0.2)	1.0	(4.4)	(7.4)	(5.6)	(0.4)	(3.9)
CDS	ChinaGov CDS	63.97	(0.6)	(1.0)	(4.9)	10.0	5.6	26.6	(3.4)	27.7
	CDX Emerging Market	96.79	0.1	0.1	0.1	0.7	(1.4)	(2.6)	1.0	(2.3)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.97	(0.0)	(0.8)	2.0	1.9	1.8	1.4	1.2	1.4
	2-Year Treasury Yield	2.59	0.0	0.1	2.6	2.5	2.5	2.1	1.3	1.9
	5-Year Treasury Yield	2.76	0.0	1.1	2.7	2.8	2.8	2.4	1.8	2.2
	10-Year Treasury Yield	2.89	0.1	1.9	2.8	2.9	3.0	2.7	2.2	2.4
	2-10 Spread	29.79	5.3	21.5	24.5	35.6	49.9	59.0	89.3	51.8
China rates	O/N China Repo Rate	2.32	(0.1)	(3.3)	2.3	2.6	3.2	2.9	2.8	3.0
	1-Week China Repo Rate	2.30	(0.2)	(8.0)	2.7	2.8	3.4	3.2	3.4	3.1
	O/N SHIBOR	2.35	(0.1)	(2.9)	2.5	2.6	2.7	2.8	2.7	2.8
	1-Week SHIBOR	2.68	(0.0)	(0.3)	2.7	2.8	2.9	2.9	2.8	3.0

Source: Bloomberg

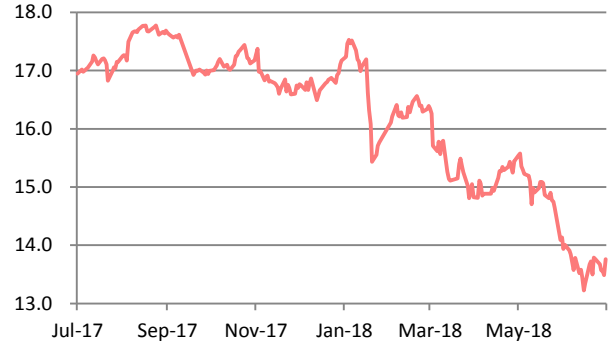
VI. Key Indicators

Hang Seng Index PE Ratio



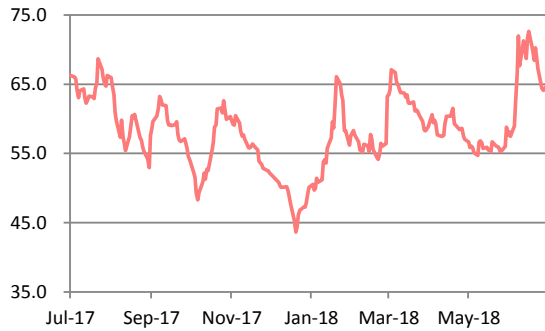
Source: Bloomberg

Shanghai Composite Index PE Ratio



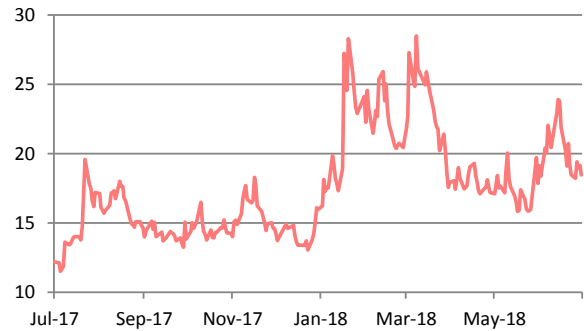
Source: Bloomberg

China 5Y CDS Index_USD



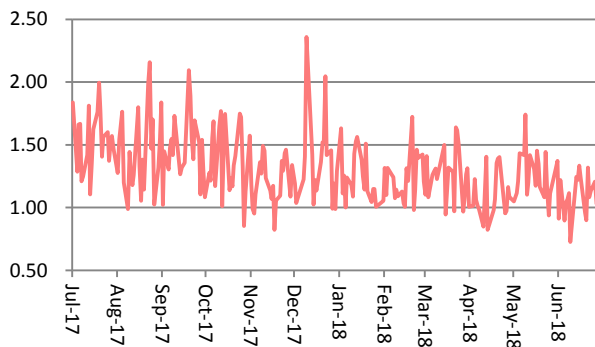
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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