

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: New Home Sales	Jun	670k	689k
Germany: IFO Business Climate	Jul	101.6	101.8
S. Korea: Consumer Confidence	Jul	N/A	105.5
Australia: CPI YoY	2Q18	2.20%	1.90%

Source: Bloomberg

## II. Macro News

- **Stable macro policies aim to boost demand.** China will continue with stable macro policies and adopt a combination of fiscal and financial measures in an effort to boost domestic demand and bolster support for the real economy, the State Council decided in an executive meeting chaired by Premier Li Keqiang. [Bloomberg]
- **Trump, Mexican Economy Minister Expect to See Progress in NAFTA Negotiations.** US President Donald Trump believes there will be progress in negotiations on North American Free Trade Agreement with Mexico, stating the two parties are going to discuss about something very encouraging and positive. Meanwhile, Mexico's economy minister Ildefonso Guajardo expressed that there will be a series of opportunities for the two countries to fix issues. [AASocks]
- **China's SOE profits grow at faster pace.** Profit growth in China's State-owned enterprises (SOEs) accelerated in the first half of the year, official data showed. Combined profits reached 1.72 trillion yuan (\$253 billion) for the January-June period, up 21.1 percent year-on-year, according to the Ministry of Finance. [China Daily]

## III. Industry News

- **China's 'Big Three' telecoms operators look to ring in changes with blockchain tech.** China's three major telecommunications network operators are joining forces in a project to boost their industry's operations with blockchain, accelerating the country's broader initiative to foster and lead the development of the technology behind cryptocurrencies. [SCMP]
- **Macau Casino Profits to Show Strength Despite China's Economy.** Earnings from Macau casino operators are expected to remain healthy for the 2Q, though concerns are increasing over a slowing China economy and a weaker showing by high-stakes gamblers. In the period, VIP revenue QoQ is estimated to have declined more than mass. [Bloomberg]
- **China officially greenlights virtual telecom operator businesses.** China has granted the official greenlight for virtual telecom operator businesses after piloting the practice for almost five years. The MIIT has issued official licenses to 15 private virtual telecoms to resell internet access, the ministry said in a statement. [China Daily]

## IV. Corporate News

- **China Tower plans to speed up 5G network construction without increasing spending.** Chinese telecoms infrastructure firm China Tower plans to speed up the construction of 5G networks and keep costs down by making use of electric power companies' transmission towers, as it seeks to appeal to investors ahead of its HK share offering. [SCMP]
- **Hope Education set to raise HK\$2.7b.** China-based Hope Education Group opened for subscription yesterday, pricing its public offer at HK\$1.92 per share. Based on HK\$1.92/shr the company would have a market cap of HK\$12.8bn. Hope Educations said it expects to receive net proceeds of HK\$2.73bn. [The Standard]

- **Vaccine Scandal Wipes \$1.7B Off Drugmaker.** The co. at the epicenter of a vaccine scandal has seen 11bn yuan (\$1.7bn) wiped off its shares after they tumbled almost 50% in six days. Changsheng Bio-Technology Co. faces a govt. probe after it was found to have faked data for its rabies vaccine and sold low-quality products for use in infants. [Bloomberg]
- **China Vaccine Scandal Heats Up as Police Detain Firm's Chairman.** Changsheng Bio-Technology Co.'s chairman, Gao Junfang, and three other executives won't be able to perform their duties as they were taken away by police over suspected crimes related to the vaccine case, the company said in a filing on Tuesday. [Bloomberg]
- **Alibaba's Ele.me Will Spend \$443M Fighting Meituan.** Alibaba Group Holding Ltd.'s food delivery platform Ele.me plans to spend 3bn yuan (\$443m) this quarter trying to wrest customers from Meituan Dianping. Ele.me wants to command over half of all food delivery transactions in China over the short-to-medium-term, according to its CEO. [Bloomberg]
- **BMW Wanting Bigger Say in China Leaves Partner Under Pressure.** Downward pressure on the shares of BMW AG's Chinese partner may not be over as investors gauge the impact of the German luxury-car maker potentially gaining a bigger stake in the companies' joint venture. [Bloomberg]
- **Sunac China Plans to Sell USD Senior Notes.** Aggregate principal amount, price and interest rate will be determined through book building, Sunac China says in Hong Kong stock exchange filing. The company plans to use proceeds for refinancing existing debts. [Bloomberg]
- **Volvo Cars IPO Said to Draw Lower Valuations in Initial Feedback.** Initial investor feedback has valued Volvo Cars far below owner Zhejiang Geely Holding Group Co.'s top-end estimates for a potential listing. Institutional investors have indicated the Swedish carmaker is worth about \$12bn to \$18bn in early meetings to discuss an IPO. [Bloomberg]
- **JA Solar Seeks Backdoor China Listing After U.S. Retreating.** JA Solar Holdings Co., which last week delisted its American depository receipts, plans to sell all its shares to Shenzhen-listed Qinhuangdao Tianye Tolian Heavy Industry Co. as the Chinese panel maker seeks a backdoor listing in China. [Bloomberg]
- **Alibaba, Tencent eye WPP stake.** Alibaba Group Holding Ltd and Tencent Holdings Ltd, the two biggest names in China's technology industry, are in talks to buy a stake in the roughly \$2.5 billion Chinese operations of London-based WPP Plc, Sky News reported over the weekend. [China Daily]
- **China Coal Lifts 1H18 Profit Growth Estimate to 50%-71%.** China Coal revised the profit alert, expecting the profit for the six months ended June 2018 to grow 50%-71% yearly, as compared with the previous projection for 38%-54% growth, to RMB854 million-1.204 billion. [AASocks]
- **Geely May Put off Volvo Cars' Listing Plan.** The valuation of Zhejiang Geely's Volvo Cars is not up to standard, meaning Zhejiang Geely may postpone the listing plan for Volvo Cars in Hong Kong and Sweden previously scheduled this fall, Bloomberg reported. [AASocks]
- **China Vanke Seizes Residential Land in Shanghai at RMB2.95B.** China Vanke won the bid of a land lot No. 33-01 on the north side of Zhangze Avenue, a large community in Xujing North, Qingpu District, Shanghai at RMB2.95 billion. [AASocks]
- **Minmetals Land Buys Changsha Residential/ Commercial Site at Over RMB1.3 Billion.** Minmetals Land announced that it purchased a residential and commercial site, in a gross floor area of 87,000 sqm, in Changsha at RMB1.313 billion on Monday (23 July). [AASocks]
- **Sd-gold Applies for HK Listing Again.** Sd-gold has filed an application for being listed in Hong Kong again. The company has tried to apply to be listed on the Main Board this January. According to IPO documents, total reserve of the company as at March 31st 2018 equaled to around 10.901 million oz. [AASocks]
- **Hubei, Zhejiang Geely Sign Series of Cooperation Deals.** Zhejiang Geely Holding Group, Hubei Yangtze River Economic Belt Industry Fund Management Ltd, Wuhan Municipal Government and Jingzhou Municipal Government entered into cooperation agreements. [AASocks]

## V. Overnight Market Recap

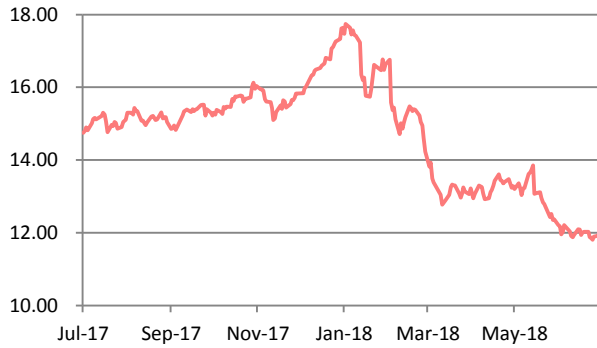
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,820	13.4	0.5	0.4	3.8	6.9	(0.7)	13.9	5.5
	Dow Jones	25,242	197.7	0.8	0.5	4.1	4.8	(4.4)	16.8	2.1
	Nasdaq Composite	7,841	(1.1)	(0.0)	(0.2)	4.1	12.0	5.8	22.3	13.6
	Russell 2000	1,680	(18.2)	(1.1)	(0.4)	1.4	8.4	4.9	15.8	9.4
	VIX Index	12.41	(0.2)	(1.7)	2.9	(28.4)	(30.4)	7.2	31.6	12.4
Europe Equity	Euro Stoxx 50	3,483	29.3	0.8	0.7	3.4	(0.1)	(4.0)	0.3	(0.6)
	DAX	12,689	140.8	1.1	0.2	3.4	2.2	(4.6)	3.5	(1.8)
	CAC	5,434	55.9	1.0	0.2	2.8	0.4	(0.9)	5.3	2.3
	FTSE 100	7,709	53.3	0.7	1.1	2.7	4.5	1.2	3.7	0.3
APAC Equity	HSI	28,663	406.5	1.4	1.7	(1.0)	(5.5)	(12.2)	6.7	(4.2)
	HSCEI	10,974	242.6	2.3	3.6	(2.1)	(9.3)	(18.0)	1.8	(6.3)
	HSI VIX	18.10	(1.1)	(5.8)	(6.8)	(11.4)	(0.3)	2.8	57.3	24.0
	CSI 300	3,582	56.0	1.6	3.8	0.6	(6.5)	(17.9)	(3.7)	(11.1)
	SH Composite	2,906	46.0	1.6	3.8	0.5	(6.8)	(18.1)	(10.4)	(12.1)
	SZ Composite	1,626	24.1	1.5	1.6	1.8	(10.1)	(16.8)	(12.0)	(14.4)
	Nikkei 225	22,510	113.5	0.5	(0.8)	0.8	1.3	(4.9)	12.8	(1.1)
KOSPI	2,280	10.9	0.5	(0.8)	(3.3)	(6.9)	(11.0)	(6.5)	(7.6)	
Commodities (USD)	Brent (Future)	73.44	0.4	0.5	1.8	(2.8)	(0.6)	4.1	51.1	9.8
	WTI (Future)	68.52	0.6	0.9	0.7	0.9	1.0	4.9	43.5	13.7
	Gold	1,225	0.0	0.0	(0.3)	(3.2)	(7.4)	(9.1)	(2.0)	(5.9)
	Copper (Future)	6,295	165.0	2.7	2.3	(7.3)	(10.2)	(12.0)	4.4	(13.1)
	Baltic Dry Index	1,718.00	29.0	1.7	(0.2)	28.9	24.9	41.2	75.3	25.8
FX	Dollar Index	94.61	(0.0)	(0.0)	(0.4)	0.1	4.2	6.1	0.7	2.7
	EUR	1.17	(0.0)	(0.0)	0.2	(0.2)	(3.9)	(5.7)	0.3	(2.7)
	JPY	111.20	(0.2)	(0.1)	(1.5)	(1.3)	(1.6)	(1.6)	0.6	1.3
	CNY	6.79	(0.0)	0.1	(1.3)	(3.7)	(7.2)	(6.4)	(0.6)	(4.2)
	CNH	6.81	0.0	0.1	1.3	(3.9)	(7.2)	(7.1)	(0.7)	(4.3)
CDS	ChinaGov CDS	62.02	(1.5)	(2.3)	(3.2)	5.1	3.7	20.6	(5.6)	23.8
	CDX Emerging Market	96.78	(0.1)	(0.1)	0.1	0.8	(1.3)	(2.6)	1.1	(2.3)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.98	0.0	1.5	2.0	1.9	1.8	1.4	1.2	1.4
	2-Year Treasury Yield	2.63	0.0	0.2	2.6	2.5	2.5	2.1	1.4	1.9
	5-Year Treasury Yield	2.82	0.0	0.1	2.8	2.8	2.8	2.4	1.9	2.2
	10-Year Treasury Yield	2.95	(0.0)	(0.2)	2.9	2.9	3.0	2.6	2.3	2.4
	2-10 Spread	31.13	(1.0)	(3.1)	25.8	34.5	53.6	56.6	94.1	51.8
China rates	O/N China Repo Rate	2.34	(0.0)	(0.4)	2.5	2.6	3.0	2.6	2.7	3.0
	1-Week China Repo Rate	2.45	(0.3)	(9.3)	2.7	3.5	3.5	3.2	2.9	3.1
	O/N SHIBOR	2.35	(0.0)	(0.4)	2.5	2.6	2.7	2.6	2.7	2.8
	1-Week SHIBOR	2.66	(0.0)	(0.1)	2.7	2.8	2.9	2.8	2.8	3.0

Source: Bloomberg

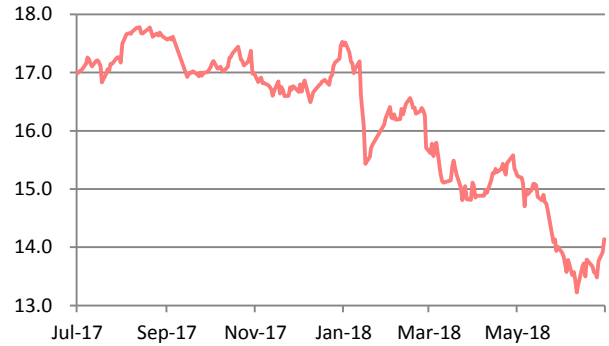
## VI. Key Indicators

**Hang Seng Index PE Ratio**



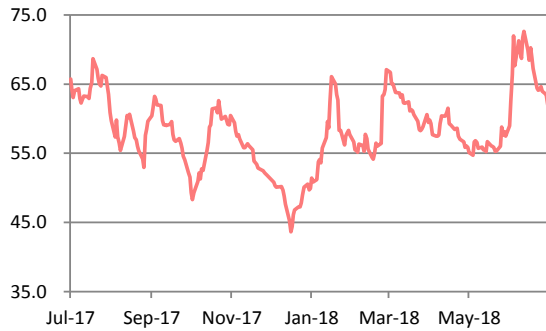
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



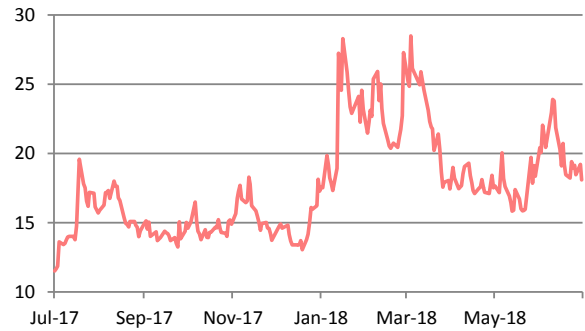
Source: Bloomberg

**China 5Y CDS Index\_USD**



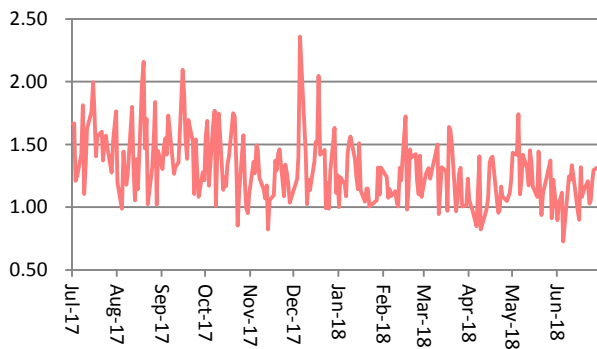
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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