

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Industrial Profits YoY	Jun	N/A	21.10%
Japan: Retail Sales YoY	Jun	N/A	-1.60%
Singapore: Retail Sales YoY	Jun	N/A	-0.40%
Russia: Key Rate	27-Jul	7.25%	7.25%

Source: Bloomberg

II. Macro News

- **Trump administration plans to send billions in emergency aid to US farmers affected by tariffs.** The US government will provide up to \$12 billion in aid to American farmers hurt by the retaliatory tariffs imposed by trading partners, US Agriculture Secretary Sonny Perdue announced. [SCMP]
- **Australia's Inflation Remains Subdued, Signaling Rates on Hold.** Australia's inflation remained subdued in the three months through June, suggesting the central bank's interest-rate pause will extend into a third year. The key annual core measure, trimmed-mean inflation, came in at 1.9% and has now undershot the central bank's target for 2-1/2 years, a govt. report showed. [Bloomberg]
- **Economists See China Growth Holding Up in Face of Trump Standoff.** China's economic expansion will maintain its expected course this year, even in the face of an escalating trade war with the U.S., according to economists surveyed by Bloomberg. China will grow by 6.6% this year, according to the median of 62 estimates in a poll conducted July 16-24. That's even a slight improvement from the outlook the previous month, which saw 6.5% growth. [Bloomberg]

III. Industry News

- **China Said to Ease Bank Capital Rule to Free Up More Lending.** China took another step to ease the pressure from its deleveraging campaign, as authorities try to mitigate increasing risks to the economy from the trade war with the U.S. The PBOC told some banks on Wed. that a specific capital requirement will be eased to support lending. [Bloomberg]
- **BRICS bank approves \$600m in loans for infrastructure, sustainable projects.** The New Development Bank, set up by BRICS member states, has approved two loans of \$600 million in total for sustainable infrastructure projects, one each in China and South Africa. The loan was approved before the 10th BRICS Summit in Johannesburg. [China Daily]
- **China Pledges \$14.7 Billion in Investments to South Africa.** China pledged to invest \$14.7 billion in South Africa and grant loans to its state power utility and logistics company as the two nations seek to strengthen economic ties and increase trade. [Bloomberg]

IV. Corporate News

- **Huawei to raise minimum annual R&D spending to at least US\$15 billion.** Huawei Technologies said on Thursday its annual research and development (R&D) spending will be increased to between US\$15 billion and US\$20 billion, as the company races to become a global leader in 5G technology. [SCMP]
- **Chinese biotech firm Asclepis Pharma 'raises US\$400m in HK float'.** Chinese firm Asclepis Pharma raised US\$400 million after pricing its IPO in the middle of an indicative range, the first such listing in the city under rules designed to attract early-stage biotechnology companies. [SCMP]

- **China Tower gets lukewarm response from retail investors.** China Tower saw a lackluster response from retail investors on the second day of its US\$8.7bn Hong Kong initial public offering, as potential buyers took a cautious approach owing to market volatility and global trade tensions. [SCMP]
- **Huawei leads Chinese smartphone sales in second quarter, while Xiaomi has a tougher time.** Huawei Technologies continued its leadership of China's smartphone market in the latest quarter while Xiaomi was the worst performer among top Chinese vendors, according to a report from international research firm Canalys. [SCMP]
- **China Is Said to Approve IPO That May Be ChiNext's Biggest Ever.** China's securities regulator has approved the IPO of a Shenzhen-based maker of medical equipment. Shenzhen Mindray Bio-Medical Electronics Co. aims to raise about 6.34bn yuan (\$930mn). That would top Contemporary Amperex Technology Co.'s 5.46bn yuan float in June. [Bloomberg]
- **Alipay, Tenpay to Fork Out Fines for Sketchy Forex Practices.** China's foreign exchange regulator has fined the firms behind the country's two biggest payment platforms, Alipay and Tenpay, for irregularities in cross-border transactions. [Bloomberg]
- **Sinopec to Supply China VI Fuel at Yangzi Refinery From Aug. 1.** Plant in east China started trial production of China VI spec. standard fuel on July 20, according to newsletter posted on co.'s website. Refinery will start supplying diesel and gasoline of such quality from Aug. 1. [Bloomberg]
- **Fosun Is Said to Weigh Takeover of \$10 Billion-Insurer Ageas.** Fosun International Ltd. is considering an offer for all or parts of Belgian insurer Ageas in what could be the Chinese conglomerate's boldest move to expand its international footprint. [Bloomberg]
- **Sinopec expects 27b yuan profit.** Sinopec expects first half net profit increase by 50% from a year ago to 27.10bn yuan (HK\$31.29bn). Following a rise in international oil prices in the first half of 2018, Sinopec's upstream business went up "significantly," it said in a filing to the stock exchange of Hong Kong. [The Standard]
- **Chinese automaker rolls first car off production line from S. Africa plant.** BAIC on Tuesday rolled the first car off production line in its South African plant. The plant is a JV between BAIC and South Africa's state-owned Industrial Development Corp., with planned investment of \$800mn and expectation to build 50k cars annually. [China Daily]
- **JD acquires 30% stake in Allianz Insurance for \$71m.** China Banking and Insurance Regulatory Commission gave green light to China's e-commerce giant JD to invest 483 million yuan (\$71.12 million) into Allianz China General Insurance Company Ltd for a 30 percent stake in the company on July 24. [China Daily]
- **Sands China Ltd. 2Q US GAAP Adjusted Property EBITDA Grows 25%.** On a US GAAP basis, the adjusted property EBITDA added 25% to US\$750mn. The company experienced strong growth in both the VIP and mass table game segments, enabling it to grow its market share of gaming revenue both YoY and sequentially. [AASocks]
- **HOPE Education International Placing Over-Subscribed by Several Times.** As reported by market sources, HOPE EDU (1765.HK) recorded several times of over-subscription at nearly the upper limit of the offer price range in the international placing. The company plans to list on 3 August. [AASocks]
- **CNPC Intends to Invest Over RMB150B in Xinjiang in 3 Yrs.** As CNPC quoted from the Chairman Wang Yilin, the group plans to invest over RMB150 billion in Xinjiang three years after the National 13th Five-Year Plan, in order to push the ongoing steady growth of gas-and-oil volume at above 50 million tonnes. [AASocks]
- **Tencent Pumps Fund in Indian Budget Hotel Chain 'Oyo Rooms'.** Tencent is in talks on a US\$300-500 million investment in Oyo Rooms, a budget hotel chain in India, The Times of India cited sources. If succeeded, the valuation of Oyo Rooms will reach US\$2 billion. [AASocks]
- **Bocom Int'l Expects Interim Profit to Double Up.** Bocom International delivered a profit alert, suggesting over 100% yearly growth in profit for the six months ended June 2018, mainly owing to the significant increase in fair value during the period. [AASocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,837	(8.6)	(0.3)	1.2	5.1	6.3	(1.2)	14.6	6.1
	Dow Jones	25,527	113.0	0.4	1.8	5.8	5.0	(4.1)	17.1	3.3
	Nasdaq Composite	7,852	(80.1)	(1.0)	0.3	5.5	10.3	4.6	23.0	13.7
	Russell 2000	1,695	10.2	0.6	(0.3)	3.3	8.9	5.4	18.3	10.4
	VIX Index	12.14	(0.2)	(1.2)	(5.7)	(32.2)	(21.2)	9.6	20.1	10.0
Europe Equity	Euro Stoxx 50	3,509	40.8	1.2	1.1	3.3	(0.3)	(3.8)	0.5	0.2
	DAX	12,809	229.9	1.8	1.0	3.7	1.8	(4.0)	4.9	(0.8)
	CAC	5,481	54.1	1.0	1.2	2.9	(0.0)	(0.9)	5.7	3.2
	FTSE 100	7,663	4.9	0.1	(0.3)	0.5	2.1	(0.0)	3.0	(0.3)
APAC Equity	HSI	28,781	(139.8)	(0.5)	2.7	1.5	(5.0)	(13.2)	6.1	(3.8)
	HSCEI	11,021	(52.8)	(0.5)	4.7	1.3	(8.7)	(19.7)	1.5	(5.9)
	HSI VIX	17.60	(0.1)	(0.7)	(8.0)	(20.1)	(3.5)	0.4	48.3	20.5
	CSI 300	3,536	(41.5)	(1.2)	3.1	2.2	(5.9)	(19.3)	(4.7)	(12.3)
	SH Composite	2,882	(21.4)	(0.7)	4.0	2.5	(6.5)	(19.0)	(11.3)	(12.8)
	SZ Composite	1,610	(15.0)	(0.9)	2.2	2.2	(9.4)	(17.5)	(13.7)	(15.2)
	Nikkei 225	22,587	(27.4)	(0.1)	(0.8)	1.4	0.5	(4.4)	12.5	(0.8)
Commodities (USD)	KOSPI	2,289	16.0	0.7	0.3	(2.3)	(8.2)	(11.1)	(6.3)	(7.2)
	Brent (Future)	74.54	0.6	0.8	2.7	(2.3)	(0.3)	5.7	46.2	11.5
	WTI (Future)	69.61	0.3	0.5	0.2	(4.4)	2.1	5.1	41.8	15.1
	Gold	1,223	(8.9)	(0.7)	(0.0)	(2.3)	(7.6)	(8.7)	(2.8)	(6.1)
	Copper (Future)	6,291	1.0	0.0	3.7	(6.3)	(9.7)	(11.2)	(0.6)	(13.2)
FX	Baltic Dry Index	1,772.00	(2.0)	(0.1)	6.9	35.4	30.2	45.4	88.1	29.7
	Dollar Index	94.79	0.6	0.6	(0.4)	0.1	3.5	6.4	1.2	2.9
	EUR	1.16	(0.0)	(0.7)	0.0	0.7	(4.0)	(6.0)	(0.3)	(3.0)
	JPY	111.23	0.3	0.2	(1.1)	(0.9)	(2.0)	(2.0)	0.0	1.3
	CNY	6.79	0.0	(0.3)	(0.3)	(3.1)	(6.7)	(6.8)	(0.6)	(4.2)
CDS	CNH	6.83	0.1	1.0	0.5	(3.1)	(7.5)	(7.2)	(1.2)	(4.6)
	ChinaGov CDS	57.84	(2.6)	(4.3)	(10.5)	(12.9)	0.2	12.9	(8.2)	15.5
	CDX Emerging Market	97.17	0.1	0.1	0.5	1.3	(1.0)	(2.1)	1.4	(1.9)

	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	1.1	1.4
	2-Year Treasury Yield	2.68	0.0	0.5	2.6	2.5	2.5	2.1	1.4	1.9
	5-Year Treasury Yield	2.86	0.0	0.4	2.8	2.7	2.8	2.5	1.9	2.2
	10-Year Treasury Yield	2.98	0.0	0.1	2.9	2.8	3.0	2.7	2.3	2.4
	2-10 Spread	29.09	(1.0)	(3.4)	29.8	32.0	47.1	54.0	94.5	51.8
China rates	O/N China Repo Rate	2.33	-	-	2.3	2.3	2.9	2.4	3.1	3.0
	1-Week China Repo Rate	2.60	0.3	11.6	2.3	4.0	3.0	3.4	3.4	3.1
	O/N SHIBOR	2.32	(0.0)	(1.2)	2.3	2.4	2.9	2.6	2.8	2.8
	1-Week SHIBOR	2.66	(0.0)	(0.3)	2.7	2.8	3.0	2.8	2.9	3.0

Source: Bloomberg

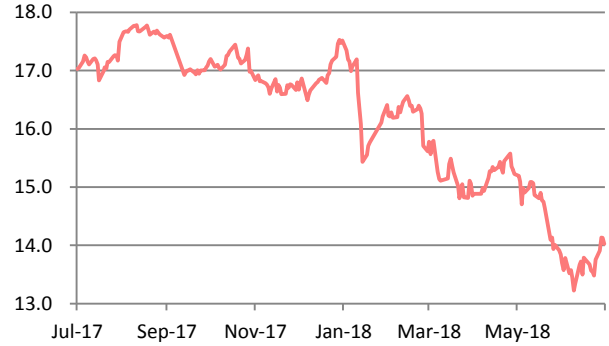
VI. Key Indicators

Hang Seng Index PE Ratio



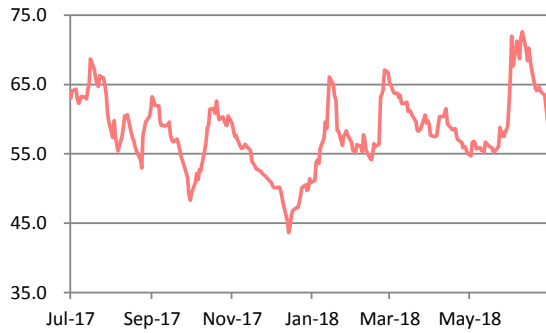
Source: Bloomberg

Shanghai Composite Index PE Ratio



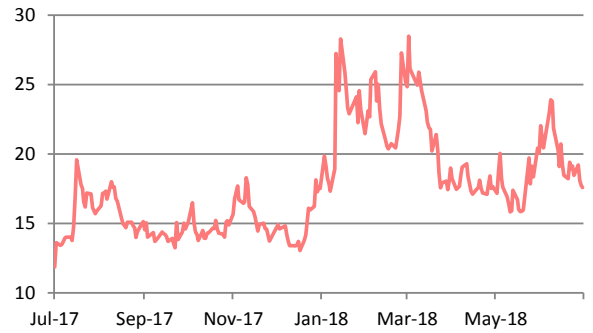
Source: Bloomberg

China 5Y CDS Index_USD



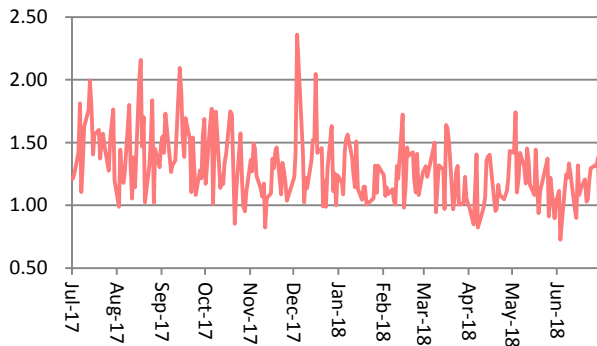
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

Research

LIU Taisheng, Steven
Head of Research & TMT
(852) 3465 5652
stevenliu@csci.hk

CHAN Ka Yeung, Duncan
Commodity
(852) 3465 5654
duncanchan@csci.hk

TIAN Yang
Automotive
(852) 3465 5775
tianyong@csci.hk

YAO Xue, Snowy
Power & Coal
(852) 3465 5675
snowyyao@csci.hk

SHEN Xiangfei, Thomas
Technology Hardware
(852) 3465 8689
thomasshen@csci.hk

XU Qiwen
Consumer Discretionary
(852) 3465 8690
xuqiwen@csci.hk

Institutional Sales & Trading

XIANG Xinrong, Ron
Head of IST
(852) 3465 5633
ronxiang@csci.hk

HO Wen Hao, Jack
(852) 3465 5685
jackho@csci.hk

WANG Zhuo, Gary
(852) 3465 8655
wangzhuo@csci.hk

LEE Ying Ju, Rose
(852) 3465 5707
roselee@csci.hk

XIA Tian
(852) 3465 5670
xiatian@csci.hk

XU Xiaowei, Vincent
(852) 3465 5795
vincentxu@csci.hk

CHAU Manying, Angel
(852) 3465 5781
angelchau@csci.hk

LIU Honglin, Charlene
(852) 3465 8686
charleneliu@csci.hk

Disclosure of Interests

As of the date of this report,

1. The research analysts primarily responsible for the preparation of all or part of this report hereby certify that:
 - (i) the views expressed in this research report accurately reflect the personal views of each such analyst about the subject securities and issuers; and
 - (ii) no part of the analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.
2. The research analysts primarily responsible for the preparation of all or part of this report, or his/her associate(s), do not have any interest (including any direct or indirect ownership of securities, arrangement for financial accommodation or serving as an officer) in any company mentioned in this report,
3. This report has been produced in its entirety by China Securities (International) Brokerage Company Limited ("China Securities (International)") (CE Number: BAU373, regulated by the Securities and Futures Commission in Hong Kong)
4. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities have no financial interest, in aggregate, equal to or more than 1% of the market capitalization in the stocks reviewed in this report.
5. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may receive compensation from or mandates for investment banking services in the past 12 months from listed corporations whose stocks are being reviewed by China Securities (International) in this report.
6. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities do not have any individual employed by or associated with them serving as an officer of a listed corporation whose stocks are being reviewed by China Securities (International) in this report.
7. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may act as the market makers in the stocks reviewed by China Securities (International) in this report.

Disclaimer

This report is for information purposes only and should not be construed as an offer to sell or to solicitation of an offer to buy or sell any securities in any jurisdiction. The securities referred to in this research report to in this research report may not be eligible for sale in some jurisdictions. This information contained in this report has been compiled by China Securities (International) from sources that it believes to be reliable and the opinions, analysis, forecasts, projections and expectations contained in this report are based on such information and are expressions of belief only and no representation, warranty or guarantee is made or given by China Securities (International) or any its accuracy or completeness. All opinions and estimates expressed in this report are (unless otherwise indicated) entirely those of China Securities (International) as of the date of this report only and are subject to change without notice. Such opinions and estimates may be different from or contrary to the opinions presented by the other business departments, units or affiliates of China Securities (International), as different assumptions and standards, different views and analytical methods may be adopted in the preparation of such other materials, and China Securities (International) is under no obligation to bring such other materials to the attention of any recipient of this report. Neither China Securities (International) nor its holding companies and affiliates accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report or otherwise arising in connection therewith.

Any investment referred to herein may involve significant risk, may be illiquid and may not be suitable for all investors. The value of or income from any investment referred to herein may fluctuate and be affected by changes in exchange rates. Past performance is not indicative of future results. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors are expected to make their own investment decision without relying on this publication. Before entering into any transactions in any securities referred to in this research report investor should consider their own individual investment objectives and financial situation and seek professional financial, tax and legal advice, as necessary.

This report is strictly confidential to the recipient. It is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this report in other jurisdictions may be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions.

China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495