

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
Eurozone: Economic Confidence	Jul	N/A	112.30
Germany: CPI YoY	Jul	N/A	2.10%
Japan: Retail Trade YoY	Jun	N/A	0.60%
Brazil: Net Debt as % of GDP	Jun	N/A	51.3%
UK: Mortgage Approvals	Jun	N/A	64.5k

Source: Bloomberg

## II. Macro News

- **China's Economy Weakened Further in July, Early Indicators Show.** The earliest indicators for China's economy showed the pace of expansion slowing this month. "Domestic businesses were dented by tightening financing conditions, while trade conflict hits exports and hurts market sentiment," according to Bloomberg Economics. [Bloomberg]
- **ECB Puts Rate on Hold As Expected; No Rate Hike At Least by Summer Next Yr.** European Central Bank announced that it continued to maintain the key refinancing rate at 0% record low, and the overnight deposit rate and overnight lending rate remained unchanged at negative 0.4% and 0.25%, respectively, in line with market expectations. [AASocks]
- **US economic growth accelerates to 4.1pc in second quarter.** U.S. economic growth accelerated in the April-June quarter, growing at an annual rate of 4.1%. That was the fastest pace since 2014, driven by consumers who began spending their tax cuts and exporters who sought to get their products delivered ahead of retaliatory tariffs. [The Standard]

## III. Industry News

- **US House passes defence bill while keeping a wary eye on Chinese investments.** US House of Representatives on Thurs passed a US\$716b defence appropriations bill that includes language to tighten regulations on Chinese investments in the U.S. and prohibit the US govt. from buying products from major Chinese telecoms firms, incl. ZTE. [SCMP]
- **China industrial profits rise by 17pc in first half.** Profit growth of China's major industrial firms picked up in the first six months, official statistics showed today. Profits grew by 17.2 percent in January to June, quickening from the 16.5-percent expansion for January to May, according to the National Bureau of Statistics. [The Standard]
- **FAI scrutiny to be boosted.** The central govt. is planning to issue documents aimed at supervising all phases of fixed asset investment projects by local govts. The aim is to further contain risks from public-private-partnership projects and foster economic growth through high-quality investment projects, according to a senior official. [China Daily]

## IV. Corporate News

- **US co-working firm WeWork raises US\$500 million to push ahead with China expansion.** The China arm of US co-working space provider WeWork has raised US\$500 million from a group of Asian investors to push forward its expansion in the country, the company said. [SCMP]
- **HK tycoon Victor Li off to solid start as new boss as CKI reports rise in first-half profit.** Cheung Kong Infrastructure reported a rise in 1H profit thanks largely to overseas business acquisitions, handing new chairman Victor Li Tzar-kuoi a solid start after he took the reins in May of the business empire founded by his father Li Ka-shing. [SCMP]

- **Bojun Education Says H.K. IPO Retail Portion 238x Subscribed.** Due to over-subscription, Bojun Education raises Hong Kong's retail offer shares to 100mn from 20m under a claw-back rule, according to statement to Hong Kong stock exchange. Trading expected to begin July 31. [Bloomberg]
- **China Life Expects 1H Net Income to Rise 25-35% on Year.** The company expects 1H net income to increase by 3.06bn to 4.29b yuan vs. a year ago, according to statement to Shanghai Stock Exchange. The increase is combined result of lower insurance reserves caused by different assumptions used and the declines in the equity market. [Bloomberg]
- **China Railway Group Intends to Invest 100B Yuan in Guizhou.** The company intends to make the investment by 2020 in transportation infrastructure sector in Guizhou province, according to a statement to Shanghai stock exchange. The company signed framework pact for cooperation with Guizhou government. [Bloomberg]
- **Hillhouse, KKR Are Said to Weigh Deal for \$14 Billion Yum China.** Hillhouse Capital and KKR & Co. are among firms exploring a potential acquisition of Yum China Holdings Inc., the \$14 billion U.S.-listed operator of KFC and Pizza Hut brands on the mainland. [Bloomberg]
- **Melco Looking for Partnerships on Japan Casinos, CEO Ho Says.** The sheer magnitude of casino resort projects would require partnerships and local cooperation, Melco Resorts & Entertainment Ltd. CEO Lawrence Ho says in interview on Bloomberg TV. [Bloomberg]
- **JAL Says It's Considering Expanding Partnership W/ China Eastern.** Japan Airlines and China Eastern Airlines, which already operate code-share flights, are considering stepping up their relationship with coordinated flight schedules, JAL spokeswoman Satoko Matsuzaki says by phone. [Bloomberg]
- **Germany Buys Stake in Electric Grid Operator to Block Chinese.** Germany's state investment bank is purchasing a stake in one of the country's largest electric grid operators to block a Chinese company from buying the holding, citing national security concerns for stepping in. [Bloomberg]
- **Hope Education lines up deals.** Hope Education Group, which is set to debut this Friday, inclines to price at the top end of the price range at HK\$1.92 apiece, according to sources. The company offered 166mn shares at a price range of between HK\$1.52 per share and HK\$1.92 per share to raise up to HK\$3.21bn. [The Standard]
- **New growth engines drive the economy.** Anta Sports Products last year posted record annual profit for the third consecutive year. A large part of this came from online sales, with the company collaborating with leading e-commerce platforms such as Tmall and JD, in addition to its online flagship store. [China Daily]
- **Alibaba Cloud continues to invest in Malaysia.** Alibaba Cloud, the cloud computing arm of Alibaba Group, said Friday that it will continue to invest in Malaysia by setting up its first cloud-based Anti-DDoS Scrubbing Center in August. [China Daily]
- **China State Construction Corp Sets up JV to Invest in Chuzhou Project.** China State Construction Corp announced that on 27 July 2018, CSCICL, CSCIE and CCSEB entered into Cooperation Agreement, pursuant to which the parties agreed to form Chuzhou JV with Chuzhou Tongchuang for the purposes of investing into the Chuzhou Project; and regulate their respective rights and obligations in Chuzhou JV. [China Daily]
- **Jiangxi Copper Foresees 50%-80% Growth in Interim Profit.** Jiangxi Copper issued positive profit alert, expecting the net profit for the six months ended 30 June 2018 prepared in accordance with the PRC GAAP is expected to increase by RMB415 to 664mn, or 50 to 80% as compared with the corresponding period of the preceding year. [AASocks]
- **ZTE Swings to RMB5.4B Loss in 1Q.** ZTE announced that the Company prepared and disclosed the updated 2018 First Quarterly Report on the impact of denial order activated by the U.S. earlier. The company reported loss of RMB5.407 billion, against a net profit of RMB1.214bn in the same period of 2017. LPS equaled RMB1.29. [AASocks]
- **Meituan-Dianping Valuation Not Confirmed, vs Earlier Valuation Cut to US\$40 Billion.** Meituan-Dianping, a Chinese group buying and catering rating platform held by TENCENT as to 20%, has its valuation cut to US\$35-40 billion from US\$60 billion. [AASocks]

## V. Overnight Market Recap

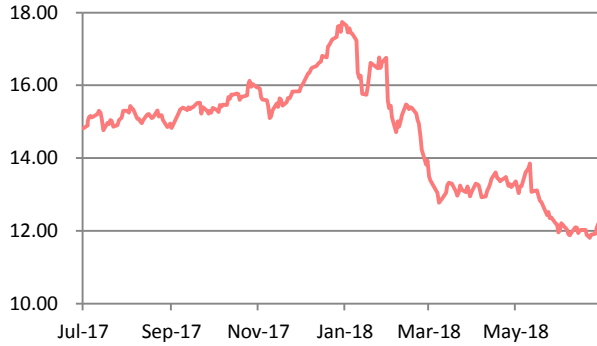
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,819	(18.6)	(0.7)	0.6	3.7	6.4	(0.1)	14.0	5.4
	Dow Jones	25,451	(76.0)	(0.3)	1.6	4.9	5.3	(2.4)	16.6	3.0
	Nasdaq Composite	7,737	(114.8)	(1.5)	(1.1)	3.0	9.5	4.5	21.4	12.1
	Russell 2000	1,663	(32.0)	(1.9)	(2.0)	1.2	7.9	5.1	16.4	8.3
	VIX Index	13.03	0.9	7.3	1.3	(19.0)	(18.2)	(11.9)	26.6	18.0
Europe Equity	Euro Stoxx 50	3,527	17.9	0.5	1.9	3.9	(0.3)	(2.2)	1.7	0.7
	DAX	12,860	51.2	0.4	2.4	4.5	2.0	(2.6)	5.7	(0.4)
	CAC	5,512	31.2	0.6	2.1	3.5	(0.2)	0.7	7.4	3.7
	FTSE 100	7,701	38.1	0.5	0.3	0.8	2.6	1.5	4.5	0.2
APAC Equity	HSI	28,804	23.1	0.1	2.1	(0.5)	(6.5)	(11.7)	6.8	(3.7)
	HSCEI	11,047	26.1	0.2	3.4	(0.2)	(10.4)	(17.5)	2.7	(5.7)
	HSI VIX	17.24	(0.4)	(2.0)	(6.6)	(15.7)	(1.3)	(10.0)	26.5	18.1
	CSI 300	3,521	(15.0)	(0.4)	0.8	0.3	(6.3)	(17.3)	(5.4)	(12.6)
	SH Composite	2,874	(8.6)	0.2	1.6	2.7	(6.8)	(17.6)	(11.7)	(12.7)
	SZ Composite	1,599	(10.6)	(0.0)	0.4	2.1	(10.0)	(16.3)	(14.4)	(15.3)
	Nikkei 225	22,713	125.9	0.6	0.1	1.8	1.1	(2.5)	13.8	(0.2)
Commodities (USD)	KOSPI	2,295	5.9	0.3	0.3	(1.3)	(8.8)	(10.6)	(4.4)	(7.0)
	Brent (Future)	74.29	(0.3)	(0.3)	1.7	(6.5)	(1.1)	7.7	41.5	11.1
	WTI (Future)	68.69	(0.9)	(1.3)	(2.5)	(7.0)	0.6	6.9	38.7	14.1
	Gold	1,224	1.5	0.1	(0.4)	(1.5)	(7.0)	(8.6)	(3.7)	(6.1)
	Copper (Future)	6,297	6.0	0.1	2.4	(5.9)	(7.4)	(11.1)	(0.5)	(13.1)
FX	Baltic Dry Index	1,676.00	(32.0)	(1.9)	(2.4)	21.0	25.0	40.7	79.6	22.7
	Dollar Index	94.67	(0.1)	(0.1)	0.2	0.2	3.1	6.2	1.5	2.8
	EUR	1.17	0.0	0.1	(0.6)	0.2	(3.5)	(6.0)	(1.5)	(2.9)
	JPY	111.05	(0.2)	(0.2)	(0.3)	(0.1)	(1.5)	(2.0)	(0.6)	1.6
	CNY	6.81	0.0	(0.3)	(0.6)	(3.0)	(7.1)	(6.9)	(1.0)	(4.5)
CDS	CNH	6.82	(0.0)	(0.1)	0.5	(2.1)	(7.5)	(7.3)	(1.5)	(4.6)
	ChinaGov CDS	56.85	(1.0)	(1.7)	(11.1)	(20.2)	(1.1)	5.8	(11.6)	13.5
	CDX Emerging Market	97.23	0.1	0.1	0.5	1.3	(0.8)	(2.0)	1.2	(1.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.98	(0.0)	(0.0)	2.0	1.9	1.8	1.4	1.1	1.4
	2-Year Treasury Yield	2.67	(0.0)	(0.5)	2.6	2.5	2.5	2.1	1.3	1.9
	5-Year Treasury Yield	2.84	(0.0)	(0.7)	2.8	2.7	2.8	2.5	1.8	2.2
	10-Year Treasury Yield	2.95	(0.0)	(0.7)	3.0	2.9	3.0	2.7	2.3	2.4
	2-10 Spread	28.08	(1.0)	(3.5)	32.1	32.8	46.1	57.3	93.8	51.8
China rates	O/N China Repo Rate	2.00	(0.3)	(14.2)	2.4	2.2	2.3	2.3	2.9	3.0
	1-Week China Repo Rate	2.55	(0.1)	(1.9)	2.7	2.9	3.0	3.0	2.8	3.1
	O/N SHIBOR	2.28	(0.0)	(1.6)	2.4	2.6	2.8	2.6	2.8	2.8
	1-Week SHIBOR	2.65	(0.0)	(0.2)	2.7	2.9	3.0	2.8	2.9	3.0

Source: Bloomberg

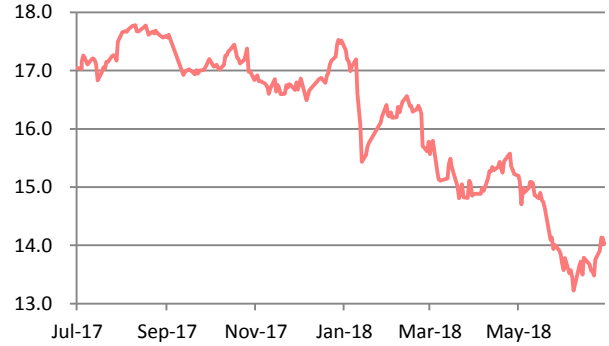
## VI. Key Indicators

**Hang Seng Index PE Ratio**



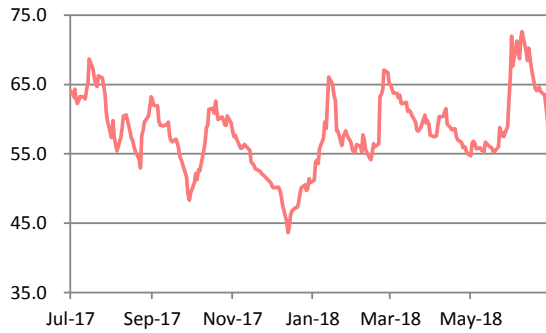
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



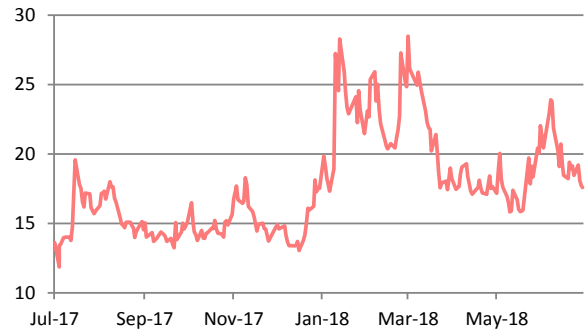
Source: Bloomberg

**China 5Y CDS Index\_USD**



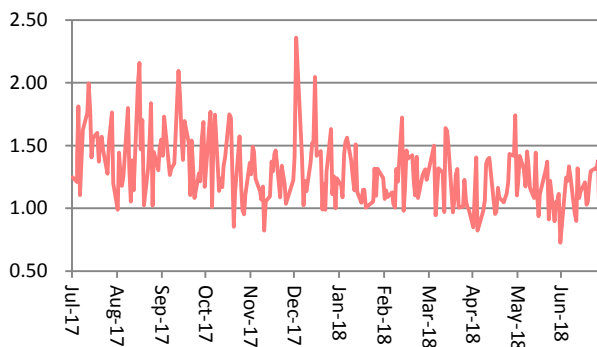
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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