

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixin Manufacturing PMI	Jul	51.0	51.0
US: ISM Manufacturing	Jul	59.2	60.2
S. Korea: Nikkei Manufacturing PMI	Jun	N/A	49.8
Indonesia: Nikkie Manufacturing PMI	Jun	N/A	50.3
India: RBI Reverse Repo Rate	1-Aug	6.25%	6.00%

Source: Bloomberg

## II. Macro News

- **China still focused on reducing debt, creating jobs despite trade row with U.S.** China will remain focused on reducing debt and creating jobs despite the “clear changes” in the external economic environment, the nation’s top decision making body said on Tuesday in what was most likely a reference to its ongoing trade dispute with the U.S. [SCMP]
- **China's manufacturing PMI edges down in July.** The purchasing managers' index for China's manufacturing sector came in at 51.2 this month, down from 51.5 in June, the National Bureau of Statistics said Tuesday. The PMI for non-manufacturing sector came in at 54 in July, down from 55 in June. [China Daily]
- **U.S.-Led Infrastructure Fund to Counter China in Indo-Pacific.** The U.S., Japan and Australia agreed to invest in infrastructure projects in the Indo-Pacific in a move that will be seen as a counter to China’s rising influence in a region that stretches from the east coast of Africa, through Australia to Hawaii in the Pacific Ocean. [Bloomberg]

## III. Industry News

- **China relaxes foreign stock investment rules to boost A-share market.** The Chinese authorities have proposed to loosen rules controlling foreign investments in the domestic A-share market, according to a draft published by the Ministry of Commerce on its website on Monday evening to solicit public opinions. [SCMP]
- **NYSE Is Said to Cut Chicago Exchange Jobs, CEO Kerin Departs.** The owner of the New York Stock Exchange fired about a dozen employees at the Chicago Stock Exchange after acquiring the business earlier this month. CEO John Kerin also left the Intercontinental Exchange Inc. division. [Bloomberg]
- **Treasury Sees Second-Half U.S. Borrowing at Most Since 2008.** The Treasury Dept. predicted the U.S. govt.’s borrowing needs in the 2H of this year will jump to the most since the financial crisis a decade ago. The dept. expects to issue \$329bn in net marketable debt from Jul through Sep, the fourth-largest total for that quarter on record and higher than the \$273bn estimated in Apr, Treasury said in a report. [Bloomberg]

## IV. Corporate News

- **China Tower’s retail shares only just sell out as biggest IPO of 2018 fails to woo the public.** China Tower has only just managed to sell all the shares available to the public in its HK IPO, according to people familiar with the deal. The tranche, worth HK\$3.4bn was only just oversubscribed, according to the people. [SCMP]
- **China’s Sinochem to float oil refining, storage unit in US\$2 billion Hong Kong IPO.** Sinochem Energy, China's largest commercial petroleum fuel storage company, aims to raise US\$2 billion via an initial public offering in Hong Kong, according to a source close to the deal. [SCMP]

- **Standard Chartered profit up 31 per cent in first half as turnaround under CEO Winters pays off.** Standard Chartered said on Tuesday that its first half earnings rose more than 31 per cent as chief executive William Winters looks to continue a turnaround at the bank. [SCMP]
- **Tahoe axes Beijing, Shanghai staff as cash-flow stress hits Chinese developers.** Tahoe Group is axing its staff in Beijing and Shanghai, according to employees and media reports, becoming the first major listed developer in China to do so as the property sector feels the pinch from liquidity stress. [SCMP]
- **Restaurant group to raise HK\$80m in GEM listing.** K Group Holdings, a restaurant group headquartered in Singapore opened for subscriptions for a listing on the Growth Enterprise Market, aiming to raise up to HK\$80mn. It set an indicative share price from HK\$0.5 to HK\$0.8/shr. Investor can trade one board lot of 5,000 shares. [The Standard]
- **Starbucks Is Said to Begin Coffee Delivery in China With Alibaba.** Starbucks Corp. will be joining forces with Alibaba Group Holding Ltd. to begin delivering its drinks and baked goods in China, according to people with knowledge of the plans, rolling out an effort to stave off competitors and turn around sales in the country. [Bloomberg]
- **Nissan Nears Decision on New China Assembly Plant, CEO Says.** Nissan Motor Co. may decide soon on building another factory in China as the company pursues a goal of expanding sales in the country by 1 million units by 2022, according to its CEO. [Bloomberg]
- **Victor Li to push ahead with Hutchison House redevelopment into 41-storey office tower starting next yr.** CK Asset Hldgs will redevelop the 23-storey Hutchison House office tower into a 41-storey office tower from next yr, reflecting the conglomerate's strategy to create extra value amid soaring land prices in the city's landmark business district. [SCMP]
- **Skyworth targets counterfeits on Pinduoduo platform.** Television manufacturer Skyworth Group Co Ltd has issued a statement demanding that online group discounter Pinduoduo Inc stop selling counterfeit versions of its products on the platform. The demand follows Pinduoduo's successful IPO on the Nasdaq stock exchange last week. [China Daily]
- **HKEX MSCI AxJ Futures Contract Allowed Sale in US.** HKEX announced that the US Commodities Futures Trading Commission has certified that effective 27 Jul-18, HK Exchanges and Clearing Limited's MSCI AC Asia ex Japan Net Total Return Index Futures contract meets certain requirements of the US Commodity Exchange Act. [AAStocks]
- **Lee & Man Interim Net Profit Up 35.9% to \$2.98B; DPS 20 Cents.** Lee & Man announced in interim results ended June 2018 that the net profit amounted to \$2.98bn, up 35.9% yearly. EPS equaled 66.52 cents. Interim dividend of 20 cents was declared, against 17 cents in the corresponding period of the previous year. [AAStocks]
- **HK Banks Form JV for Virtual Bank Licences.** Media broke news that BOC HK proposed a cooperation with JD Finance and Tencent for a tripartite alliance. The report said BOC HK had decided to apply for a virtual bank licence in June, whereas its parent Bank of China has been working with Tencent. Another report said Bank of East Asia is also planning to make a joint application with Airwallex, an operator of cross-border payment platform. [AAStocks]
- **Alibaba, JD Reportedly Shelve CDR Issue.** Alibaba and JD have shelved their plans of issuing CDRs, Wall Street Journal said. Sources said the regulatory authority is not that eager now in collecting the related document of such companies as officials are worried the feeble stock market of Shanghai cannot take such large-cap IPOs. [AAStocks]
- **Tencent, Samsung Tied up for AI Equipment Development.** Samsung Electronics will tie up with Tencent for AI-based equipment development with an attempt to hit back at Apple and Google, BusinessKorea reported. Samsung and Tencent had agreed a joint investment in AI Speakers and game development early this year and now entered the negotiation for real stuff, report cited sources from investment bank. [AAStocks]
- **China Minmetals: 1H Net Profit Over RMB10B.** In 1H18, China Minmetals registered stable growth in its operating scale with profit breaching RMB10 billion, as Xinhua News Agency known from China Minmetals. Meanwhile, the group's deleveraging was in steady progress and interest-bearing debts and production cost continued to improve. [AAStocks]

## V. Overnight Market Recap

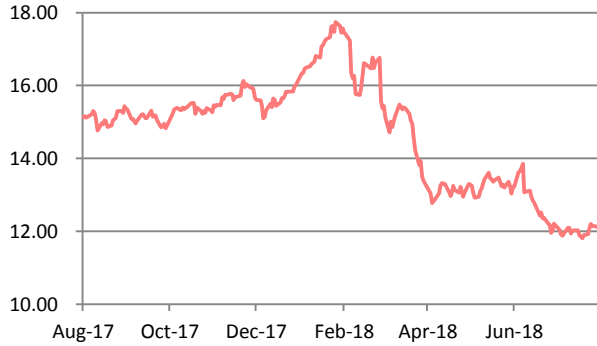
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,816	13.7	0.5	(0.1)	3.6	6.1	(0.2)	13.7	5.3
	Dow Jones	25,415	108.4	0.4	0.7	4.7	5.5	(2.9)	15.7	2.8
	Nasdaq Composite	7,672	41.8	0.5	(2.2)	2.2	7.6	3.9	20.6	11.1
	Russell 2000	1,671	17.7	1.1	(0.6)	1.7	7.8	5.8	17.0	8.8
	VIX Index	12.83	(1.4)	(10.0)	3.4	(20.3)	(17.2)	(4.8)	27.2	16.2
Europe Equity	Euro Stoxx 50	3,525	13.2	0.4	1.2	3.8	(0.3)	(1.4)	1.4	0.6
	DAX	12,806	7.3	0.1	0.9	4.1	1.5	(1.5)	4.5	(0.9)
	CAC	5,511	20.1	0.4	1.4	3.5	(0.2)	1.0	7.5	3.7
	FTSE 100	7,749	47.9	0.6	0.5	1.5	3.0	3.4	4.4	0.8
APAC Equity	HSI	28,583	(150.1)	(0.5)	(0.3)	(1.3)	(7.2)	(12.4)	3.8	(4.5)
	HSCEI	11,025	(21.6)	(0.2)	0.5	(0.4)	(10.6)	(17.9)	0.0	(5.8)
	HSI VIX	18.29	(0.1)	(0.5)	1.0	(10.6)	4.7	2.4	35.5	25.3
	CSI 300	3,518	2.6	0.1	(1.8)	0.2	(6.4)	(17.2)	(6.7)	(12.7)
	SH Composite	2,876	7.4	0.3	(1.0)	1.0	(6.7)	(16.6)	(12.6)	(13.0)
	SZ Composite	1,576	(0.4)	(0.0)	(3.0)	(1.9)	(11.2)	(13.4)	(16.3)	(17.0)
	Nikkei 225	22,554	8.9	0.0	0.2	1.1	0.2	(4.0)	12.8	(0.9)
KOSPI	2,295	1.8	0.1	0.7	(1.3)	(8.8)	(10.6)	(5.3)	(7.0)	
Commodities (USD)	Brent (Future)	74.21	(0.7)	(1.0)	1.1	(6.6)	(1.3)	7.5	40.9	11.0
	WTI (Future)	68.76	(1.4)	(2.0)	0.4	(7.8)	1.7	4.0	39.1	13.2
	Gold	1,224	2.7	0.2	(0.0)	(1.4)	(6.1)	(9.2)	(3.5)	(6.0)
	Copper (Future)	6,300	50.0	0.8	0.1	(4.9)	(7.4)	(11.5)	(1.1)	(13.1)
	Baltic Dry Index	1,703.00	27.0	1.6	(4.0)	23.0	28.3	52.9	76.5	24.7
FX	Dollar Index	94.55	0.2	0.2	(0.1)	0.1	3.0	6.1	1.8	2.6
	EUR	1.17	(0.0)	(0.1)	0.0	0.4	(2.5)	(6.6)	(0.9)	(2.6)
	JPY	111.86	0.8	0.7	0.6	(0.8)	(1.7)	(2.1)	(1.2)	0.8
	CNY	6.82	0.0	(0.0)	(0.4)	(2.2)	(7.1)	(7.7)	(1.3)	(4.5)
	CNH	6.81	(0.0)	(0.3)	(0.1)	(2.0)	(7.1)	(7.8)	(1.4)	(4.6)
CDS	ChinaGov CDS	57.83	0.2	0.3	(6.8)	(18.8)	0.6	7.9	(8.1)	15.5
	CDX Emerging Market	97.03	(0.1)	(0.1)	0.3	1.1	(0.9)	(2.3)	1.1	(2.1)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.02	0.0	2.0	2.0	1.9	1.8	1.5	1.1	1.4
	2-Year Treasury Yield	2.67	0.0	0.3	2.7	2.5	2.5	2.1	1.3	1.9
	5-Year Treasury Yield	2.85	(0.0)	(0.1)	2.8	2.8	2.8	2.5	1.8	2.2
	10-Year Treasury Yield	2.96	(0.0)	(0.4)	3.0	2.9	3.0	2.7	2.3	2.4
	2-10 Spread	28.63	(2.1)	(6.9)	30.1	31.9	47.6	56.0	90.6	51.8
China rates	O/N China Repo Rate	2.04	(0.1)	(6.0)	2.3	2.4	2.7	2.6	3.3	3.0
	1-Week China Repo Rate	2.62	0.3	13.9	2.3	2.4	3.0	3.2	2.8	3.1
	O/N SHIBOR	2.07	(0.1)	(6.0)	2.3	2.5	2.7	2.6	2.8	2.8
	1-Week SHIBOR	2.65	(0.0)	(0.1)	2.7	2.8	2.9	2.8	2.9	3.0

Source: Bloomberg

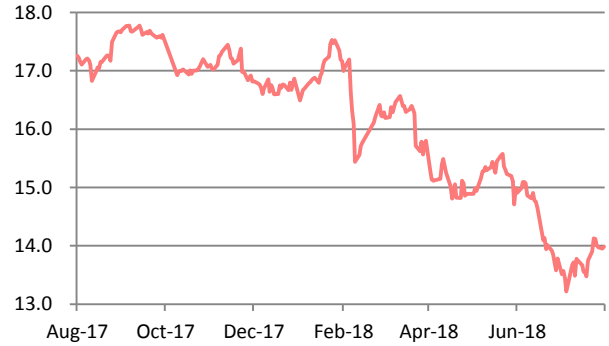
## VI. Key Indicators

**Hang Seng Index PE Ratio**



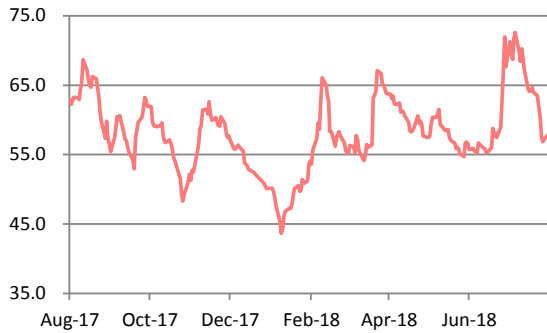
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



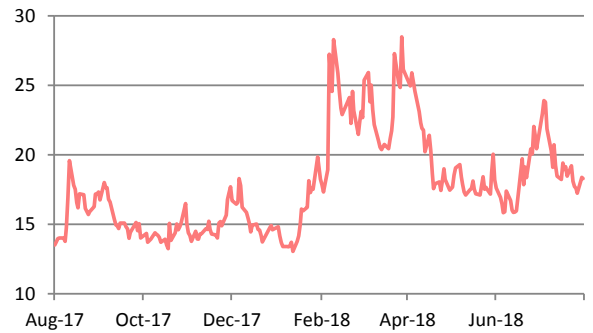
Source: Bloomberg

**China 5Y CDS Index\_USD**



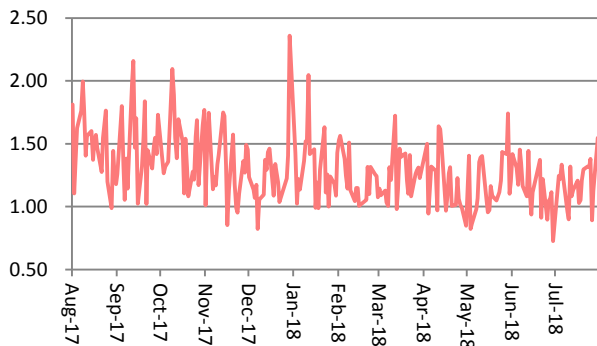
Source: Bloomberg

**Hang Seng Index VIX**



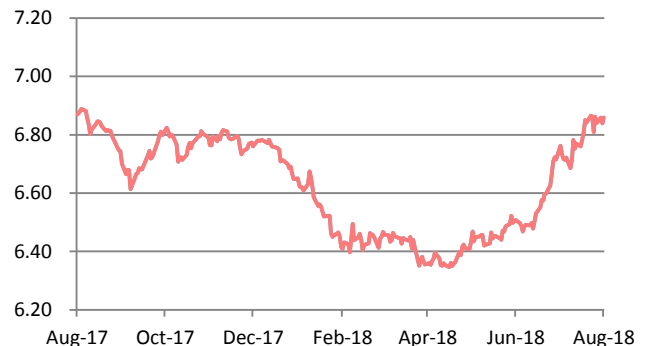
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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