

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Money Supply M1 / M2 YoY	Jul	N/A	6.60%/8.00%
US: CPI / Core YoY	Jul	3.00%/2.30%	2.90%/2.30%
US: Real Average Weekly Earnings YoY	Jul	N/A	0.20%
Japan: GDP Deflator YoY	2Q18	-0.30%	0.50%
UK: GDP YoY / QoQ	2Q18	1.30%/0.40%	1.20%/0.20%

Source: Bloomberg

II. Macro News

- **U.S. to Slap Duties on \$16 Billion of China Goods on Aug. 23.** The U.S. said it will begin imposing 25% duties on an additional \$16bn in Chinese imports in two weeks. Customs will begin collecting the duties on 279 product lines, down from 284 items on the initial list, as of Aug. 23, the U.S. Trade Representative's Office said. [Bloomberg]
- **China sees current account deficit in H1.** China continued to see a current account deficit in the first half of 2018 mainly due to the strong domestic need for overseas services. The deficit in the current account stood at \$28.3bn in the January-June period, the State Administration of Foreign Exchange said in an online statement. [China Daily]
- **China Export Growth Remains Robust, Imports Jump Amid Trade War.** Exports rose 12.2 percent in July in dollar terms from a year earlier, the customs administration said Wednesday, faster than the forecast 10 percent. Imports climbed 27.3 percent, leaving a trade surplus of \$28 billion. [Bloomberg]

III. Industry News

- **China Foreign Exchange Reserves Rise Despite Weaker Yuan.** China's foreign currency holdings increased last month despite a weakening currency and worsening outlook for exports growth. Reserves rose \$5.82 billion to \$3.118 trillion in July, the People's Bank of China said. [Bloomberg]
- **China Is Said to Push Yuan Stability in Meeting With Big Banks.** The PBOC's recent efforts to support the yuan included a meeting Monday with the nation's biggest lenders where currency stability was emphasized. The PBOC urged the banks to prevent any "herd behavior" and momentum-chasing moves in the foreign-exchange market. [Bloomberg]
- **China Urges Local Govts to Ensure Stable Home Prices.** Chinese local governments will be held accountable for failure to reach property control target and prevent major volatility in real estate market, CCTV reports, citing a meeting held by Ministry of Housing and Urban-Rural Development in Shenyang city. [Bloomberg]

IV. Corporate News

- **China Tower: Values Intellectual Property, To Disclose upon Procedure.** In response to the alleged infringement, China Tower chairman Tong Jilu said after the listing ceremony that the company will make disclosures if necessary, stressing the company highly values and respects intellectual property. [AASocks]
- **Baidu puts up brave front as rival Google's China comeback looms.** Robin Li Yanhong, chairman and chief executive of Baidu, said the Chinese online search market leader is looking to beat Google in its return to China, despite increased speculation that the US tech giant could become a major internet player in the world's second largest economy. [SCMP]

- **Xi Jinping's favourite baozi shop gets a financial lifeline from Fosun, eyes a stock market listing.** A Chinese state-owned dumpling store chain made famous after receiving President Xi's surprise visit in 2013, announced it has raised investment from a key subsidiary of Fosun Int'l and two other investment parties, paving the way for a listing. [SCMP]
- **Cathay Pacific's Surprise Loss Shows Turnaround Won't Be Easy.** More passengers, higher ticket prices and a cargo rebound couldn't save Cathay Pacific Airways Ltd. from slumping into yet another loss. The carrier reported a net loss of HK\$263mn for six months through June. Cathay Pacific and Cathay Dragon paid 32% more for fuel. [Bloomberg]
- **Hong Kong's MTR Chief to Leave on Subway's Platform Probe.** Hong Kong's rail operator MTR Corp. restructured its top management, including replacing the chief executive officer, as an ongoing probe into the construction of a subway line raised concerns over safety. [Bloomberg]
- **HKEX Reports 20 Percent Drop in First-Half Commodities Earnings.** Hong Kong Exchanges and Clearing's 1H commodities earnings decline amid lower trading fee income on LME, higher costs, the company says in a statement on Wednesday. [Bloomberg]
- **Company in Vaccine Scandal Violated Rules Since 2014.** A State Council investigation found that since April 2014, Changsheng Bio-technology Co. "seriously violated" drug standards in producing a rabies vaccine. Expired materials were used for some batches, while some production dates marked on products were false. [Bloomberg]
- **CNPC to Raise Gas Prices as Much as 40% This Winter.** China National Petroleum Corp. sets out new pricing strategy for winter gas supply between November and March that proposes to raise prices by as much as 40% for some users, Energy Observer reports on WeChat account, citing unidentified sources. [Bloomberg]
- **China Shanshui Aims to End Disputes, Revive Operations.** Convertible bond issue, outlined this week, is part of a plan to end a myriad of business and legal problems caused by failure to keep minimum required public shareholding and factory disruption since early 2015, Chairman Chang Zhangli says by phone. [Bloomberg]
- **China Mobile First Half Net Income 3.5% Above Estimates.** China Mobile reported net income for the first half that was 3.5% above the average analyst estimate. 1H net income 65.6bn yuan, estimate 63.40bn yuan. 1H operating revenue 391.83 billion yuan, estimate 384.94bn yuan. [Bloomberg]
- **China Banks Are Said in Talks to Fund Tesla's Shanghai Factory.** Some of China's largest banks are in talks with the Shanghai govt. to offer syndicated loans to partially finance the construction of Tesla's car factory near the city. At least four lenders have begun the appraisal process on the loans, while some banks have already signed confidentiality agreements with the Shanghai government and Tesla and are in advanced negotiations. [Bloomberg]
- **HSBC Says Iain Mackay to Retire as Finance Director Dec. 31.** Ewen Stevenson will be appointed as finance director on Jan. 1, 2019, according to statement to Hong Kong stock exchange. June 25, HSBC Hires RBS's Stevenson to Become the New Finance Chief. [Bloomberg]
- **Evergrande July Contract Sales 40.7B Yuan.** January-July contract sales totaled 344.8b yuan, according to statement to Hong Kong stock exchange. July 2017 contract sales amounted to 44.2b yuan. Evergrande Expects 1H Net From Core Business to More Than Double. [Bloomberg]
- **Powerlong Proposes Additional Issue of USD Notes Due 2020.** Proposed issue to be consolidated and form a single series with \$300m 5.95% senior notes due 2020, according to statement to Hong Kong stock exchange. Proceeds to be used for refinancing existing debts. [Bloomberg]
- **Bytedance plans IPO next year, report says.** Beijing Bytedance Technology Co Ltd. is considering an IPO next year, Financial Times reported. Bytedance, best known for its mobile news aggregator Jinri Toutiao, which translates into "Today's Headlines", and short video app Douyin, each of which boasted over 100mn daily active users, is one of China's hottest tech startups. [China Daily]

V. Overnight Market Recap

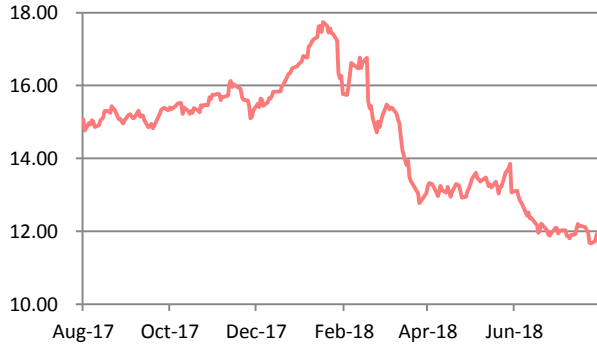
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,854	(4.1)	(0.1)	0.9	2.1	4.8	8.9	17.0	6.7
	Dow Jones	25,509	(74.5)	(0.3)	0.7	2.4	3.1	5.4	16.8	3.2
	Nasdaq Composite	7,892	3.5	0.0	1.1	1.7	6.6	14.8	26.9	14.3
	Russell 2000	1,691	4.0	0.2	0.5	(0.3)	5.4	14.4	23.2	10.1
	VIX Index	11.27	0.4	3.9	(7.5)	(10.8)	(14.8)	(61.2)	(29.7)	2.1
Europe Equity	Euro Stoxx 50	3,494	0.5	0.0	0.7	0.6	(2.1)	5.1	1.8	(0.3)
	DAX	12,676	42.6	0.3	1.0	0.5	(2.7)	4.7	5.5	(1.9)
	CAC	5,502	0.4	0.0	0.8	1.2	(0.8)	8.3	7.6	3.6
	FTSE 100	7,742	(34.9)	(0.4)	2.2	0.6	0.5	9.2	4.8	0.7
APAC Equity	HSI	28,607	248.2	0.9	3.2	(0.3)	(7.1)	(3.1)	4.2	(4.4)
	HSCEI	11,020	118.8	1.1	2.7	1.8	(9.9)	(7.4)	2.2	(5.9)
	HSI VIX	17.50	(0.3)	(1.4)	(18.6)	(8.4)	1.0	(38.1)	3.5	19.9
	CSI 300	3,398	83.0	2.5	0.8	(2.0)	(12.7)	(11.5)	(8.6)	(15.7)
	SH Composite	2,794	50.3	1.8	1.0	(1.2)	(12.0)	(10.7)	(14.3)	(15.5)
	SZ Composite	1,506	38.9	2.7	(0.4)	(5.1)	(18.4)	(10.3)	(19.6)	(20.7)
	Nikkei 225	22,598	(45.9)	(0.2)	0.4	1.8	0.4	5.7	14.5	(0.7)
KOSPI	2,304	2.3	0.1	1.5	0.4	(6.5)	(2.5)	(2.4)	(6.6)	
Commodities (USD)	Brent (Future)	72.07	(0.2)	(0.3)	(1.9)	(7.7)	(6.7)	14.8	36.8	7.8
	WTI (Future)	66.81	(0.1)	(0.2)	(3.1)	(10.0)	(6.6)	12.6	37.2	10.4
	Gold	1,212	(1.4)	(0.1)	0.4	(3.5)	(8.3)	(8.4)	(5.8)	(7.0)
	Copper (Future)	6,225	52.0	0.8	1.4	(2.6)	(8.6)	(7.8)	(3.6)	(14.1)
	Baltic Dry Index	1,704.00	(28.0)	(1.6)	(3.0)	9.6	17.3	51.5	56.0	24.7
FX	Dollar Index	95.50	0.4	0.4	0.4	1.5	2.6	5.6	2.1	3.7
	EUR	1.15	(0.0)	(0.7)	(0.5)	(1.9)	(3.3)	(6.3)	(2.2)	(4.1)
	JPY	111.08	0.1	0.1	(0.5)	(0.1)	(1.6)	(2.2)	(1.8)	1.4
	CNY	6.82	(0.0)	0.2	0.3	(3.0)	(6.7)	(7.6)	(2.2)	(4.6)
	CNH	6.85	0.0	0.3	(0.5)	(2.9)	(7.6)	(7.6)	(2.6)	(4.9)
CDS	ChinaGov CDS	58.90	(0.8)	(1.4)	(3.5)	(14.0)	(0.6)	(9.4)	(9.6)	17.6
	CDX Emerging Market	96.48	(0.3)	(0.3)	(0.4)	(0.4)	(1.2)	(2.2)	0.6	(2.6)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.04	(0.0)	(0.3)	2.0	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.65	(0.0)	(0.8)	2.6	2.6	2.5	2.1	1.3	1.9
	5-Year Treasury Yield	2.81	(0.0)	(0.8)	2.8	2.8	2.8	2.5	1.8	2.2
	10-Year Treasury Yield	2.93	(0.0)	(1.2)	2.9	2.8	3.0	2.9	2.2	2.4
	2-10 Spread	27.65	(1.2)	(4.1)	30.2	26.7	42.8	77.4	86.7	51.8
China rates	O/N China Repo Rate	1.62	0.2	13.3	1.9	2.4	2.5	2.6	2.8	3.0
	1-Week China Repo Rate	2.40	0.2	9.1	2.2	2.8	2.7	2.6	2.9	3.1
	O/N SHIBOR	1.62	0.2	14.1	1.8	2.4	2.5	2.6	2.8	2.8
	1-Week SHIBOR	2.45	0.1	4.5	2.5	2.7	2.7	2.9	2.9	3.0

Source: Bloomberg

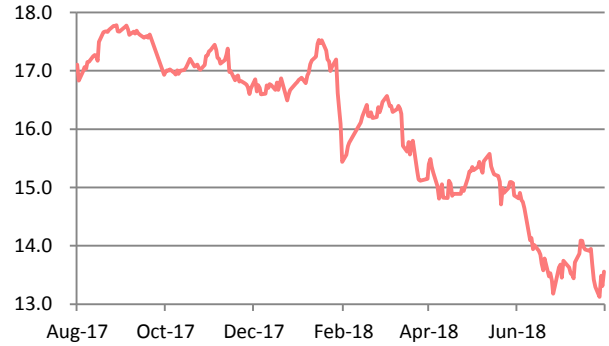
VI. Key Indicators

Hang Seng Index PE Ratio



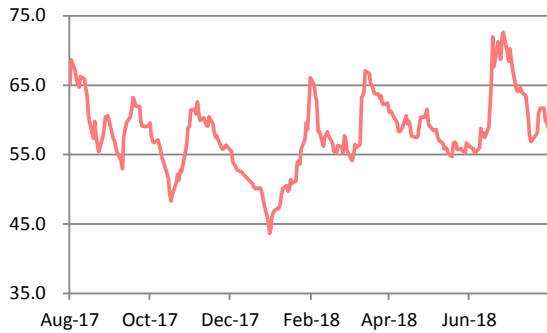
Source: Bloomberg

Shanghai Composite Index PE Ratio



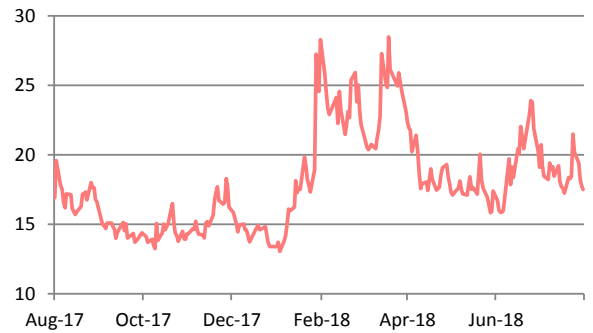
Source: Bloomberg

China 5Y CDS Index_USD



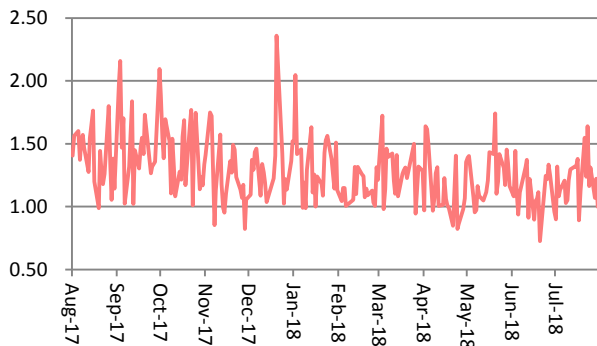
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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