



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Nonfarm Productivity YoY	2Q18	2.50%	0.40%
US: unit Labor Costs YoY	2Q18	0.00%	2.90%
UK: CPI / Core CPI YoY	Jul	N/A	2.4%/1.9%
Indonesia: Exports / Imports YoY	Jul	15%/17%	11.47%/12.66%
Australia: Westpac Consumer Confidence	Aug	N/A	106.10

Source: Bloomberg

II. Macro News

- **China's Slower Credit Growth Underscores Worries Over Economy.** China's broadest measure of new credit slowed, underlining concerns about the economy that have prompted authorities to start doing more to support growth. Aggregate financing stood at 1.04tn yuan (\$151bn). [Bloomberg]
- **July FAI sees slight shrink.** China's July fixed asset investment cooled down a little while the private sector recovered as supply side reforms gathered pace, official data showed on Tuesday. FAI (in first seven months) went up 5.5% compared to the same period last year, 0.5ppt slower versus the first six months of 2018, data from the NSB showed. [China Daily]
- **China's industrial output up 6% in July.** China's industrial output expanded 6 percent year-on-year in July, official data showed Tuesday. In the first seven months of the year, industrial output increased 6.6 percent year-on-year, 0.1 percentage point lower from January-June period, according to the National Bureau of Statistics. [China Daily]

III. Industry News

- **China Banks Bad Loans Surge Most on Record Amid Deleveraging.** Chinese banks' bad loans increased by a record last quarter. Non-performing loans rose 183bn yuan (\$26.6bn) to hit 1.96tn yuan by end of June, the biggest quarterly jump in data going back more than a decade, the CBIR Commission said in a statement. [Bloomberg]
- **CN Banks Cut Co Bonds Held by Most in 17 mths.** Chinese commercial banks sharply reduced their holdings of corporate bonds in Jul in response to a heavy supply of local govt. paper. Holdings of commercial paper, medium-term notes and debentures tumbled 67bn yuan from Jun to 1.8tn yuan last month, biggest slump since Feb-17. [Bloomberg]
- **Chinese Banks End-Jun NPL Ratio Grows to 1.86%.** CBIRC announced that the non-performing loan ratio of commercial banks grew by 0.11 ppts from 1.75% in end-March to 1.86% in end June, leading the balance in June to approximately RMB1.96tn, up RMB182.9bn in March. [AASocks]

IV. Corporate News

- **Xiaomi creates new Poco brand to take on Samsung, Huawei in premium smartphone market.** Xiaomi, the world's fourth largest smartphone supplier, is set to introduce a separate mobile phone brand, Poco, to take on industry leaders Samsung Electronics and Huawei Technologies in the premium segment of the global Android handset market. [SCMP]
- **China Education Group Says Education Draft Rule Won't Affect Co.** China Education Group says China's draft legislation to amend rules governing private education is "beneficial and favorable" to the sector's development, according to statement to Hong Kong stock exchange. [Bloomberg]

- **China Orders Tencent to Halt Monster Hunter Game Sales.** Tencent removed Monster Hunter: World from its PC-gaming platform WeGame on Monday after Chinese regulators canceled its operating license following complaints, Financial Times reports, citing the company. [Bloomberg]
- **Singapore-Based Parallel-Import Vehicle Seller Files H.K. IPO.** Guan Chao Holdings Ltd., which sells new parallel-import motor vehicles and pre-owned vehicles, files pre-listing documents with the HKEX, according to the filing. The company also provides vehicle financing services, provisions of vehicle insurance agency services. [Bloomberg]
- **Yuhua Education Says China Proposed Education Rule Isn't Law Yet.** China Yuhua Education says China's draft rule on private education "remains in draft form and is yet to be promulgated", according to statement to HK stock exchange. The company will continue to monitor developments and publish further announcements if necessary. [Bloomberg]
- **Maple Leaf Education Says Too Early to Tell Draft Rule Impact.** China Maple Leaf Education Systems says the draft rule "is published solely for the purpose of consultation and is not a binding law or regulation" in China, according to statement to Hong Kong stock exchange. [Bloomberg]
- **China Literature to Buy New Classics Media For Up to \$2.3B.** Consideration may be adjusted to a lower value if net profits fall below certain levels, China Literature says in stock exchange statement. Deal to be settled with cash and new shares. [Bloomberg]
- **Ping An, Octopus Mull JV for H.K. Virtual Bank License.** Ping An Insurance and Octopus are considering setting up a joint venture to apply for virtual bank license in Hong Kong, Ming Pao reports. Talks are in the early stage. Greenland Financial, unit of Chinese property developer Greenland, is also interested in applying for a license. [Bloomberg]
- **BYD wins more bids to supply electric vehicles to US.** Chinese electric automaker BYD has won the bids to supply vehicles to the US state of Georgia and Atlanta city, it said in a statement. BYD said it will supply Georgia's statewide contracts for public mass transit and transportation vehicles, specifically for battery-electric buses. [China Daily]
- **Alibaba eyes revamp in food sector.** Alibaba Group Hldg is looking to revamp the food sector by addressing the imbalance between supply and demand. Hema Fresh, its iconic fresh food chain, plans to open stores across all first and second-tier cities in China and aims to reach at least 300 million consumers. [China Daily]
- **Anta Sports reports 34pc profit increase.** Anta Sports Products yesterday reported an interim net profit of 1.94bn yuan, a 34% YoY increase, beating the upper end of analysts' estimates. Revenue grew 44.1% to 10.55bnn yuan, 10.9% above estimates, driven mainly by 64.6% growth in sales of apparel and 51.4% growth in sales of accessories. [The Standard]
- **Anta Sports 2Q Anta Branded Products Grow by Low Teens YoY.** Anta Sports announced that the retail sales (in terms of retail value) of Anta branded products for 2Q18 increased by low teens when compared to the same period of 2017, while other branded products increased by 90%-95% when compared to the same period of 2017. [AASocks]
- **China Literature Interim Net Profit RMB506M, Soaring 139%.** China Literature announced interim results ended Jun. It reported net profit of RMB506mn, up 138.6% YoY. EPS equaled 58 fen. No dividend was declared. Gross profit amounted to RMB1.196bn, up 24.4% YoY. GM hiked to 52.4% from 50%, mainly due to the changes in content costs and online reading platform distribution costs as the proportion of total revenues. [AASocks]
- **Sunny Optical Interim Net Profit Adds 1.8%; Nil Div.** Sunny Optical announced interim results ended Jun. It reported net profit of RMB1.18b, up 1.8% YoY. EPS equaled 108.03 fen. No dividend was declared. Gross profit was RMB2.32bn, up 12.1% YoY. GM was 19.4%, down c.1.2 ppts YoY, mainly due to lower GM on handset lens modules. [AASocks]
- **Bitmain eyeing US\$18b IPO in Hong Kong.** Mainland cryptocurrency mining company Bitmain Technologies is reportedly looking at an IPO in Hong Kong, possibly raising as much as US\$18bn, amid a number of mining investment scams. The firm is to submit its application next month with a market capitalization of US\$40bn to US\$50bn. [The Standard]

V. Overnight Market Recap

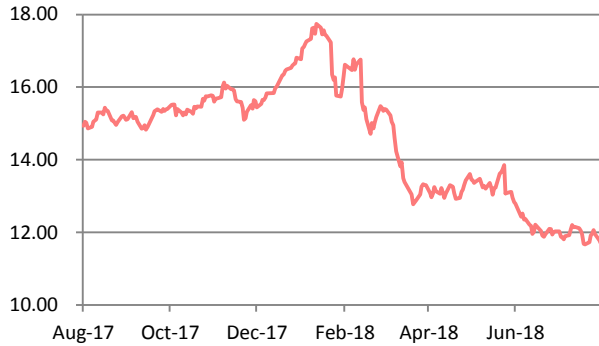
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,840	18.0	0.6	(0.6)	1.4	4.7	4.0	15.2	6.2
	Dow Jones	25,300	112.2	0.4	(1.3)	1.1	2.4	0.4	15.0	2.3
	Nasdaq Composite	7,871	51.2	0.7	(0.2)	0.6	7.1	8.5	24.3	14.0
	Russell 2000	1,693	17.3	1.0	0.3	0.3	5.8	10.1	22.4	10.2
	VIX Index	13.31	(1.5)	(9.9)	21.8	9.3	(9.0)	(30.4)	10.5	20.6
Europe Equity	Euro Stoxx 50	3,409	(0.2)	(0.0)	(2.7)	(1.3)	(4.3)	0.6	(1.5)	(2.7)
	DAX	12,359	0.1	0.0	(2.3)	(1.5)	(4.7)	0.1	1.5	(4.3)
	CAC	5,403	(8.9)	(0.2)	(2.1)	(0.5)	(2.7)	3.5	5.1	1.7
	FTSE 100	7,612	(30.8)	(0.4)	(1.4)	(0.7)	(1.4)	5.2	3.1	(1.0)
APAC Equity	HSI	27,753	(183.6)	(0.7)	(1.8)	(2.7)	(10.9)	(10.8)	2.1	(7.2)
	HSCEI	10,744	(22.2)	(0.2)	(1.1)	(0.0)	(13.6)	(14.3)	0.1	(8.2)
	HSI VIX	20.04	(0.4)	(2.1)	10.4	8.6	14.1	(12.5)	14.3	37.3
	CSI 300	3,373	(17.4)	(0.5)	0.1	(3.4)	(14.0)	(15.0)	(9.0)	(16.3)
	SH Composite	2,781	(4.9)	(0.2)	0.1	(1.8)	(12.9)	(13.1)	(14.5)	(15.9)
	SZ Composite	1,514	(6.8)	(0.4)	1.3	(5.6)	(17.7)	(13.0)	(19.8)	(20.3)
	Nikkei 225	22,356	498.7	2.3	(1.4)	(1.1)	(2.0)	4.2	13.2	(1.8)
KOSPI	2,259	10.5	0.5	(1.8)	(2.2)	(8.1)	(6.7)	(3.2)	(8.5)	
Commodities (USD)	Brent (Future)	72.46	(0.2)	(0.2)	(2.9)	(3.8)	(7.4)	12.6	42.8	8.4
	WTI (Future)	67.04	(0.2)	(0.2)	(3.1)	(6.0)	(6.4)	8.8	40.4	10.5
	Gold	1,194	0.6	0.0	(1.4)	(3.7)	(7.4)	(11.8)	(6.1)	(8.3)
	Copper (Future)	6,044	(109.5)	(1.8)	(2.1)	(3.1)	(12.2)	(15.6)	(5.5)	(16.6)
	Baltic Dry Index	1,709.00	18.0	1.1	(1.3)	2.6	16.4	56.9	46.2	25.1
FX	Dollar Index	96.73	0.3	0.4	1.6	2.2	4.5	8.5	3.6	5.0
	EUR	1.13	(0.0)	(0.6)	(2.2)	(3.1)	(4.1)	(9.3)	(3.3)	(5.5)
	JPY	111.15	0.5	0.4	(0.2)	1.0	(0.8)	(4.6)	(0.5)	1.3
	CNY	6.88	(0.0)	0.1	(0.8)	(2.8)	(7.9)	(7.9)	(3.1)	(5.5)
	CNH	6.90	0.0	0.0	1.2	(2.8)	(7.7)	(8.9)	(2.9)	(5.5)
CDS	ChinaGov CDS	62.67	(1.7)	(2.7)	4.6	(2.7)	7.0	7.5	(4.8)	25.1
	CDX Emerging Market	95.50	0.6	0.7	(1.4)	(1.2)	(1.8)	(3.5)	(0.6)	(3.6)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.07	0.0	1.4	2.0	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.64	0.0	0.9	2.7	2.6	2.6	2.2	1.3	1.9
	5-Year Treasury Yield	2.77	0.0	0.8	2.8	2.8	2.9	2.6	1.8	2.2
	10-Year Treasury Yield	2.90	0.0	0.7	3.0	2.9	3.1	2.9	2.3	2.4
	2-10 Spread	25.74	(0.5)	(1.8)	28.8	26.0	50.7	73.4	92.0	51.8
China rates	O/N China Repo Rate	2.35	0.3	11.9	1.4	2.6	2.5	2.4	2.8	3.0
	1-Week China Repo Rate	2.40	(0.1)	(3.6)	2.2	2.6	3.1	2.4	3.4	3.1
	O/N SHIBOR	2.33	0.2	10.2	1.4	2.6	2.8	2.7	2.8	2.8
	1-Week SHIBOR	2.59	0.1	3.9	2.3	2.7	2.8	2.9	2.9	3.0

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



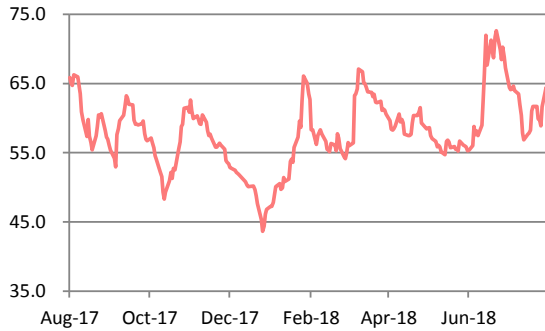
Source: Bloomberg

Shanghai Composite Index PE Ratio



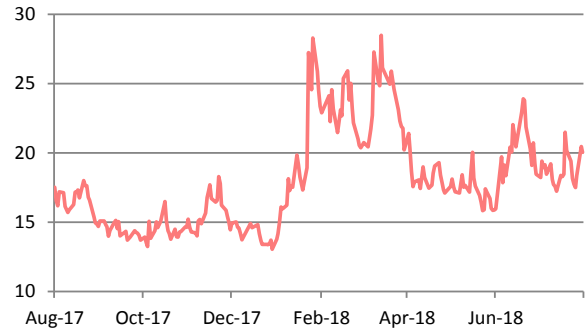
Source: Bloomberg

China 5Y CDS Index_USD



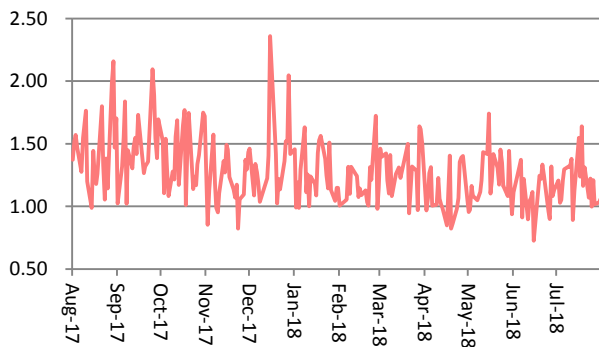
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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