



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
Germany: PPI YoY	Jul	1.60%	3.00%
UK: Rightmove House Prices YoY	Aug	N/A	1.40%
Thailand: GDP YoY	1Q18	4.40%	4.80%
Eurozone: Construction Output YoY	Jun	N/A	1.80%
Taiwan: Export Orders YoY	Jul	2.10%	- 0.10%

Source: Bloomberg

## II. Macro News

- **Malaysian Central Bank Revises Forex Admin Rules for Exporters.** Malaysia's central bank on Friday announced foreign-exchange administration rules aimed at providing businesses with greater flexibility. Exporters will be able to automatically place foreign-currency export proceeds in foreign-currency accounts upon establishing their 6-mo. obligations with onshore banks. [Bloomberg]
- **Argentine Central Bank Agrees \$4b FX Swap With PBOC.** The central bank of Argentina closed the second stage of the currency swap with China's PBOC, according to local media El Cronista and Ambito Financiero, citing central bank officials it didn't name. It is reported that the FX swap is for \$4bn. [Bloomberg]
- **Canada Jul CPI Hikes 3%, Strongest in 7 Yrs.** The Consumer Price Index (CPI) rose 3% year-over-year in July, accelerating from a 2.5% increase in June, Statistics Canada reported. The index marked the first rise to 3% since 2011, topping 2.5% in consensus. [AASocks]

## III. Industry News

- **Chinese Airlines' Margin Squeeze to Last on Weak Yuan, Oil Price.** Chinese airlines will see 1H profit probably fall to its lowest point in two years, as 2Q losses were compounded by a steep yuan depreciation on top of elevated fuel costs. A lack of fuel-hedging policies, high exposure to dollar-denominated costs will continue to undermine future earnings, depress margins and reverse the strong profitability of recent years. [Bloomberg]
- **BOJ May Allow Yield to Rise to Around 0.4%.** The Bank of Japan may allow long-term interest rates to rise to around 0.4% under the new guidance introduced last month, Reuters reports, citing an interview with former BOJ executive Hideo Hayakawa. [Bloomberg]
- **Solar-Panel Makers in Europe Press for Longer Tariffs on China.** European Union solar-panel producers are mounting a last-ditch push to maintain EU tariffs on imports from China, a step that would threaten to reignite trade tensions with Beijing. [Bloomberg]

## IV. Corporate News

- **China Biotech I-Mab Is Said to Target Up to \$500 Million in IPO.** Chinese drug developer I-Mab Biopharma Co. is poised to seek approval for a Hong Kong initial public offering that could raise as much as \$500 million. I-Mab aims to complete the share sale by the end of the year, they said. [Bloomberg]
- **Jeep China Dealers Seek Compensation for 'Unfair' Practices.** Fiat Chrysler Automobile NV's Jeep dealers in China are seeking compensation for what they allege are "unfair" sales practices that have caused each of them to record millions of yuan in losses over the past three years. [Bloomberg]

- **ICBC, Bank of China Are Said to Be Interested in NordLB.** Several Chinese banks are interested in acquiring stakes in NordLB, German business magazine WirtschaftsWoche reports, citing unidentified insiders. Germany's NordLB Said to Plan Sale of \$2.3Billion of Bad Loans. [Bloomberg]
- **The Makers of iPhones and Laptops Are Prepping for a Trade War.** From iPhones to computers, the manufacturing powerhouses behind much of the world's electronics are preparing to move chunks of production away from China and toward such locales as Eastern Europe, Mexico and Southeast Asia. Foxconn Technology Group Chairman Terry Gou started the ball rolling when he opened a \$10bn display plant in the heart of America. [Bloomberg]
- **Google CEO Is Said to Tell Staff China Plans Are Exploratory.** Google Chief Executive Officer Sundar Pichai told employees at a meeting that plans to re-enter China with a search engine are "exploratory" and in "early stages," addressing a topic that has exploded with controversy. [Bloomberg]
- **Foxconn plans semiconductor operations in China's Greater Bay Area.** Foxconn Technology Group plans to establish semiconductor-related operations in Zhuhai under a pact it signed. The company will develop semiconductor design services, and semiconductor equipment and chip design in the city, according to the Zhuhai govt's website. [SCMP]
- **Embattled Shanshui Cement strives to set house in order as HK exchange's delisting deadline looms.** The new board of the embattled China Shanshui Cement Group is racing against a tight deadline to prevent the company from being delisted after a botched hostile takeover attempt by a rival three years ago that led to a trading suspension. [SCMP]
- **JD.com losses surge on soaring spending and investment.** JD.com Inc. posted a blowout loss due to increased spending and said investments in technology and logistics could affect profit forecasts for the rest of the year amid rising competition in China's e-commerce market. [SCMP]
- **Ping An uses advanced tech to reduce risk.** Utilizing advanced technologies is strengthening Ping An Bank Co Ltd's ability to deal with non-performing assets, amid a shift toward retail banking that could raise its bad loan risks. In the first half of 2018, the Shenzhen, Guangdong province-based bank recovered approx.. 12.33bn yuan (\$1.79bn) in nonperforming assets, surging 180.1% YoY, according to its 2018 interim results. [China Daily]
- **China Shenhua Commercial Coal Production Up 6% in Jul; Coal Sales Up 1.7%.** China Shenhua announced that commercial coal production and coal sales hiked 6% and 1.7% year-on-year respectively in July to 24.7mn tons and 35mn tons. Total power generation and and total power output dispatch climbed 7.4% and 7.8% YoY respectively to 28.19bn kWh and 26.46bn kwh. [AASocks]
- **CRRC Times Electric Interim Net Profit RMB1.04B, Down 7.2%.** CRRC Times Electric Co. Ltd. announced interim results ended June 2018. Net profit amounted to RMB1.04 billion, down 7.2% year-on-year. EPS equaled RMB0.88. No dividend was declared. [AASocks]
- **Cathay Pacific Airways Passenger Turnover Up 1.1% in Jul; Cargo Turnover Up 2.9%.** Cathay Pacific announced that Cathay Pacific and Cathay Dragon carried a total of nearly 3.153 million passengers in July - an increase of 1.1% compared to July 2017. The passenger load factor eased slightly to 86.7%, while capacity, measured in available seat kilometres, increased by 2.8%. [AASocks]
- **Geely's Volvo Cars Plans to List in Sweden First by Yr-end.** Volvo Cars, a subsidiary of Zhejiang Geely Automobile, will go on with its listing plan within this year, Financial Times said. Volvo will float on Stockholm Stock Exchange first, before choosing one of the Asian financial hubs for second listing. Hong Kong may be its listing destination. [AASocks]
- **CGN Mining Expects Interim Net Profit to Grow YoY.** CGN Mining issued positive profit alert, expecting to record an increase in net profit for the six months ended 30 June 2018 as compared to the corresponding period in 2017. [AASocks]
- **China Res Beer Interim NP RMB1.5B, Up 28.9%; Div RMB0.09.** China Resources Beer announced interim result ended Jun-18. Turnover rose 11.4% YoY to RMB17.565bn. Net profit reached RMB1.508bn, up 28.9% YoY. EPS was RMB0.46. An interim dividend of RMB0.09 was declared vs. RMB0.07 in corresponding period of previous year. [AASocks]

## V. Overnight Market Recap

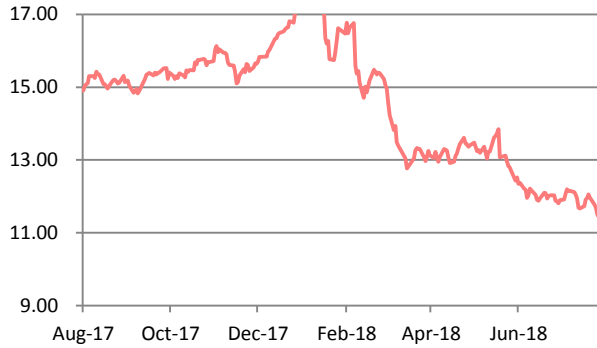
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,850	9.4	0.3	0.6	1.7	5.1	4.9	17.5	6.6
	Dow Jones	25,669	110.6	0.4	1.4	2.4	3.9	2.8	18.4	3.8
	Nasdaq Composite	7,816	9.8	0.1	(0.3)	(0.0)	6.3	8.0	25.7	13.2
	Russell 2000	1,693	7.2	0.4	0.4	(0.2)	4.1	10.7	24.7	10.3
	VIX Index	12.64	(0.8)	(6.0)	(4.0)	(1.7)	(5.8)	(38.6)	(11.4)	14.5
Europe Equity	Euro Stoxx 50	3,373	(4.6)	(0.1)	(1.6)	(2.5)	(5.6)	(1.8)	(2.1)	(3.7)
	DAX	12,211	(26.6)	(0.2)	(1.7)	(2.8)	(6.6)	(2.2)	0.4	(5.5)
	CAC	5,345	(4.1)	(0.1)	(1.3)	(1.0)	(4.8)	1.0	4.5	0.6
	FTSE 100	7,559	2.2	0.0	(1.4)	(1.6)	(2.8)	4.3	3.2	(1.7)
APAC Equity	HSI	27,213	113.4	0.4	(4.1)	(3.6)	(12.4)	(11.9)	0.6	(9.0)
	HSCEI	10,514	34.2	0.3	(3.9)	(1.6)	(14.9)	(15.2)	(1.7)	(10.2)
	HSI VIX	20.49	(1.0)	(4.5)	11.5	11.0	19.2	(15.0)	19.2	40.3
	CSI 300	3,230	(47.1)	(1.4)	(5.2)	(7.5)	(17.3)	(18.6)	(13.3)	(19.9)
	SH Composite	2,669	(36.2)	(1.3)	(4.5)	(5.7)	(16.4)	(16.6)	(18.3)	(19.3)
	SZ Composite	1,442	(24.7)	(1.7)	(4.9)	(9.5)	(21.1)	(17.1)	(24.2)	(24.1)
	Nikkei 225	22,270	78.3	0.4	(0.1)	(1.9)	(2.9)	1.6	14.4	(2.2)
KOSPI	2,247	6.3	0.3	(2.5)	(1.5)	(8.4)	(6.7)	(4.4)	(8.6)	
Commodities (USD)	Brent (Future)	71.83	0.4	0.6	(1.4)	(1.7)	(8.5)	10.0	36.2	7.4
	WTI (Future)	65.91	0.5	0.7	(2.5)	(6.5)	(7.6)	6.4	35.7	9.0
	Gold	1,184	10.1	0.9	(2.2)	(3.7)	(8.4)	(10.9)	(8.4)	(9.1)
	Copper (Future)	5,926	(12.0)	(0.2)	(4.3)	(3.7)	(13.9)	(18.1)	(8.7)	(18.2)
	Baltic Dry Index	1,723.00	3.0	0.2	0.8	2.0	35.3	54.3	36.7	26.1
FX	Dollar Index	96.10	(0.5)	(0.6)	(0.3)	1.7	2.7	7.1	2.9	4.3
	EUR	1.14	0.0	0.5	0.2	(2.4)	(3.0)	(7.3)	(3.2)	(4.7)
	JPY	110.50	(0.4)	(0.4)	(0.3)	0.9	0.6	(2.8)	(1.3)	2.0
	CNY	6.88	(0.0)	0.1	(0.4)	(2.5)	(7.4)	(7.8)	(2.9)	(5.4)
	CNH	6.84	(0.0)	(0.4)	(0.5)	(0.9)	(7.1)	(7.4)	(2.5)	(4.8)
CDS	ChinaGov CDS	61.30	(0.7)	(1.1)	(0.5)	(5.1)	8.3	9.0	(7.1)	22.4
	CDX Emerging Market	95.47	(0.1)	(0.1)	(0.3)	(1.3)	(1.6)	(3.7)	(0.5)	(3.7)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.03	(0.0)	(0.6)	2.0	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.61	(0.0)	(0.4)	2.6	2.6	2.6	2.2	1.3	1.9
	5-Year Treasury Yield	2.74	-	(0.0)	2.7	2.8	2.9	2.6	1.8	2.2
	10-Year Treasury Yield	2.86	(0.0)	(0.2)	2.9	2.9	3.1	2.9	2.2	2.4
	2-10 Spread	25.25	0.7	2.9	26.2	29.8	49.0	68.1	88.4	51.8
China rates	O/N China Repo Rate	2.58	0.1	2.8	2.1	2.3	2.5	2.4	2.8	3.0
	1-Week China Repo Rate	2.63	0.0	1.2	2.5	2.3	2.8	2.4	3.0	3.1
	O/N SHIBOR	2.58	0.1	2.7	2.1	2.3	2.5	2.7	2.8	2.8
	1-Week SHIBOR	2.65	0.0	0.5	2.5	2.7	2.8	2.9	2.9	3.0

Source: Bloomberg

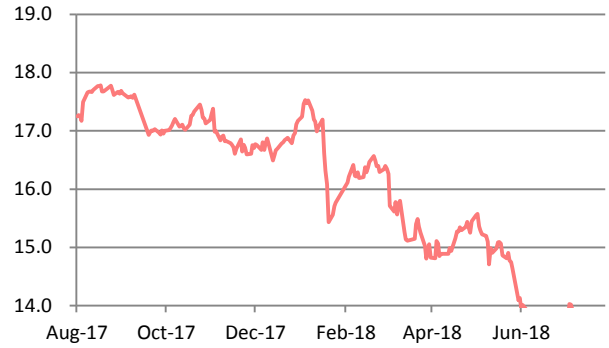
## VI. Key Indicators

**Hang Seng Index PE Ratio**



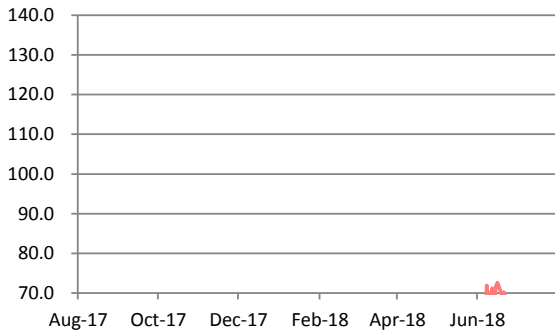
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



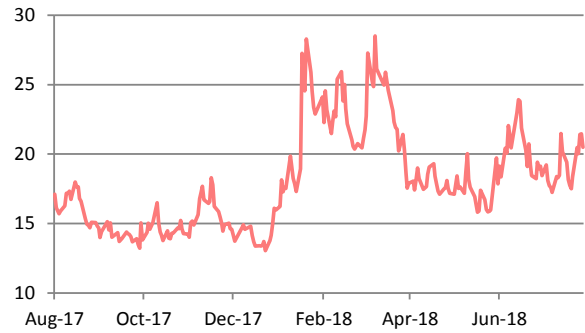
Source: Bloomberg

**China 5Y CDS Index\_USD**



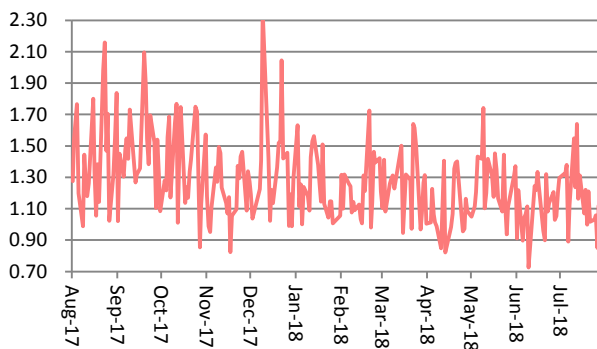
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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