



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Industry Profits YoY	Jul	N/A	40541
Germany: IFO Business Climate	Aug	101.80	101.70
Hong Kong: Exports/Imports YoY	Jul	6.0%/9.0%	3.3%/4.4%
Brazil: Foreign Direct Investments	Jul	USD4.0bn	USD6.533bn
Mexico: Trade Balance	Jul	- USD1.7bn	0.80%

Source: Bloomberg

II. Macro News

- **China responds in kind to new levies.** China imposed a 25 percent tariff on an additional \$16bn of imports from the United States in response to the latest US duties, leading to a total of \$50 billion worth of goods subject to tariffs from each side since early July as US President Donald Trump's administration continues to adopt unilateral trade policies. [China Daily]
- **China's consumer confidence remains high in Q2.** China's consumer confidence remained high in 2Q18. The country's Consumer Confidence Index released by Nielsen stood at 113 points in Q2, down two points from Q1 but still well above the baseline of 100 that demarcates between optimism and pessimism. [China Daily]
- **EU Agrees to Grant EUR18M Aid to Iran.** The European Union agreed to provide EUR18 million (USD20.6 million) aid for Iran to salvage the 2015 nuclear deal with the country. The union expressed it is willing to maintain the trade relationship with Iran. [AAStocks]

III. Industry News

- **Banks call for greater incentives.** Amid strong policy signals to pump more money to support small and medium-sized enterprises, banks are calling for more tolerance for bad loans and more incentives to increase banks' willingness to issue more credit to companies struggling to meet loan demand. [China Daily]
- **China Removes Foreign Ownership Limits in Banks, Asset Managers.** China removed limits on foreign holdings in domestic banks and asset management companies, one more step toward opening its \$40 trillion financial sector. Overseas financial institutions will now be treated the same as local companies, the China Banking and Insurance Regulatory Commission said in a statement. [Bloomberg]
- **China's automobile imports surge in July.** The value of vehicle and chassis imports rose 66.1% to 48.46bn yuan (\$7bn) last month, according to the General Administration of Customs. China imported 165,000 vehicles and chassis in July, surging 266.7% from June and up 50% YoY. [China Daily]

IV. Corporate News

- **Ping An Insurance aims to take its financial, health-care technologies into new Asian markets.** Ping An Insurance (Group) plans to expand into overseas markets and export its financial and health-care technologies to Asian countries in the next year, according to deputy chief executive Jessica Tan Sin-yin. [SCMP]
- **China oil giant CNOOC to lift output as trade war increases energy security worries.** CNOOC is targeting oil and gas output of 500 million barrels of oil equivalent in 2020, up 6.6 per cent from 469 million boe last year and above this year's target of 470 million to 480 million boe, it said after announcing a rise in first-half profit. [SCMP]

- **Alibaba steps up push into on-demand local services as overseas expansion intensifies.** Investments in Ele.me will expand the Shanghai-based subsidiary's business beyond transporting meals to consumers into other on-demand services. Analysts forecast strong long-term growth for Alibaba, thanks to the inclusion of food-delivery unit Ele.me to the company's core commerce business. [SCMP]
- **Alibaba accelerates into car spare parts sector.** Alibaba Group Holding Ltd is elbowing its way into the car spare parts and supply chain market by forming a new joint venture with a local firm that it hopes will become the "unicorn" of the country's emerging automotive aftermarket. [China Daily]
- **Baidu makes next fintech move.** Internet search giant Baidu Inc has obtained a license for third-party fund sales as part of its foray into internet finance. A subsidiary of Baidu gained approval to sell funds from the Beijing-based securities watchdog, according to a statement released on Wednesday night on the government agency's website. [China Daily]
- **Xiaomi reports positive quarterly results.** Xiaomi Corp reported better-than-expected quarterly results. Xiaomi posted second-quarter net profit of 2.1bn yuan (\$309.1mn), in its maiden financial report unveiled on the heels of its \$4.7bn HK listing. [China Daily]
- **China, Singapore eye closer links in tech, logistics sector.** Chinese and Singaporean companies will see closer cooperation in technology, logistics, and other areas, as the two countries scramble to build strong digital economies and smart cities, said a senior Singaporean government official. [China Daily]
- **Sinopec makes record profit.** China Petroleum & Chemical said its half-year earnings jumped to the highest level on record as refining profits climbed and a rebound in crude prices brought its oil and gas exploration unit closer to breaking even. Net income rose 51.8% YoY to 42.4bn yuan (HK\$48.90bn) in the first six months. [The Standard]
- **Brilliance Auto posts 3.5b yuan income.** Brilliance Auto said net profit jumped by 54.3% from a year earlier to 3.57bn yuan in the first six months. BMW Brilliance's contribution increased by 37.8%. The cost of sales fell by 21.7%. Selling expenses, as well as general and administrative expenses, dropped by 38.5%, and 50.9% respectively. [The Standard]
- **Datang Power Interim Net Profit RMB1.217 Billion, Up 35.4% Year on Year.** Datang Power announced interim results ended June 2018. Net profit amounted to RMB1.217 billion, up 35.4% year on year. EPS equaled 7.65 fen. No dividend was declared. [AASocks]
- **Brilliance China: Hard to Talk with BMW Now without Policy Details, Yet Cooperation Intention Unchanged.** Wu Xiao An, chairman of Brilliance China, said the intention of cooperation with BMW will certainly exceed 2022 when the national policy related to equity will be implemented, as the cooperation term lasts until 2028. [AASocks]
- **China Life 2Q VONB Picks Up.** China Life's 1H VONB was impacted by high interest rates and wealth management product yields, said Vice President Li Mingguang, furthering the company has already made business adjustment to expand the protection segment and business value. President Lin Dairen expected the VONB trend to pick up as the company posted growth in 2Q VONB YoY and QoQ. [AASocks]
- **R&F Properties Interim Core Profit Leaps 156% to RMB4.12B, DPS RMB0.4.** R&F Properties announced interim results ended June 2018. The turnover rose 67% year on year to RMB34.087 billion. Net profit amounted to RMB3.923 billion, up 63.3% yearly. EPS equaled RMB1.2174. DPS was RMB0.4 (HKD0.458223). [AASocks]
- **Huaneng Power Approved by CSRC to Issue Up to RMB25B Bonds.** Huaneng Power Approved announced that it recently received the 'Approval of Huaneng Power Int'l Co., Ltd. regarding public issuance of corporate bonds to qualified investors' issued by the CSRC. [AASocks]
- **China's Didi Halts Hitch Service After Second Woman Killed.** Didi Chuxing said it will suspend a carpool service and has removed two executives after a second female customer in 3 months was allegedly killed by a driver in China. Didi said it will halt its Hitch service starting Monday and reevaluate the carpool operation's business model. [Bloomberg]

V. Overnight Market Recap

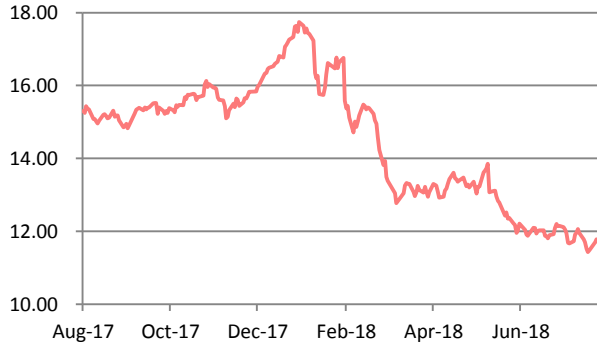
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,875	17.7	0.6	0.9	2.0	5.6	4.8	17.7	7.5
	Dow Jones	25,790	133.4	0.5	0.5	1.3	4.2	1.5	18.2	4.3
	Nasdaq Composite	7,946	67.5	0.9	1.7	2.7	6.9	8.4	26.8	15.1
	Russell 2000	1,726	8.6	0.5	1.9	3.7	6.1	12.3	25.3	12.4
	VIX Index	11.99	(0.4)	(3.4)	(5.1)	(8.0)	(9.3)	(35.5)	6.3	8.6
Europe Equity	Euro Stoxx 50	3,427	8.2	0.2	1.6	(2.8)	(2.5)	(0.9)	(0.3)	(2.2)
	DAX	12,395	28.9	0.2	1.5	(3.6)	(4.2)	(0.8)	1.9	(4.0)
	CAC	5,433	13.2	0.2	1.6	(1.4)	(2.0)	1.7	6.4	2.3
	FTSE 100	7,577	14.3	0.2	0.3	(1.6)	(2.0)	4.1	2.4	(1.4)
APAC Equity	HSI	27,672	(118.6)	(0.4)	1.7	(3.9)	(9.5)	(11.5)	(0.6)	(7.5)
	HSCEI	10,780	(34.9)	(0.3)	2.5	(2.4)	(10.5)	(14.8)	(4.5)	(7.9)
	HSI VIX	17.98	(0.6)	(3.0)	(12.2)	4.3	1.9	(19.3)	13.1	23.2
	CSI 300	3,325	5.3	0.2	3.0	(5.6)	(12.9)	(18.1)	(12.4)	(17.5)
	SH Composite	2,729	4.8	0.2	2.3	(5.0)	(13.1)	(17.1)	(18.1)	(17.5)
	SZ Composite	1,460	(3.4)	(0.2)	1.2	(8.7)	(19.3)	(19.3)	(23.5)	(23.1)
	Nikkei 225	22,602	191.0	0.9	1.5	(0.5)	0.7	0.9	16.2	(0.7)
Commodities (USD)	KOSPI	2,293	10.6	0.5	2.1	(0.1)	(6.8)	(6.6)	(3.6)	(7.1)
	Brent (Future)	75.82	1.1	1.5	5.6	1.8	(1.0)	13.5	44.3	13.1
	WTI (Future)	68.72	0.9	1.3	4.3	(0.0)	1.1	9.0	43.4	13.6
	Gold	1,205	19.8	1.7	1.8	(1.4)	(7.1)	(8.5)	(7.9)	(7.4)
	Copper (Future)	6,105	118.5	2.0	3.0	(3.0)	(11.3)	(14.0)	(8.8)	(15.8)
FX	Baltic Dry Index	1,697.00	(12.0)	(0.7)	(1.5)	1.3	57.6	42.8	40.4	24.2
	Dollar Index	95.15	(0.5)	(0.5)	(1.0)	0.5	0.9	5.2	2.5	3.2
	EUR	1.16	0.0	0.7	1.6	(0.2)	0.1	(4.9)	(2.9)	(3.1)
	JPY	111.24	(0.1)	(0.0)	0.7	(0.2)	(1.7)	(3.6)	(1.8)	1.3
	CNY	6.81	(0.1)	1.0	1.0	(0.3)	(6.3)	(7.3)	(2.2)	(4.5)
CDS	CNH	6.81	(0.1)	(1.3)	(0.5)	0.3	(5.9)	(7.0)	(2.7)	(4.2)
	ChinaGov CDS	58.17	(0.4)	(0.8)	(5.2)	2.3	6.3	4.8	1.4	16.1
	CDX Emerging Market	95.39	0.1	0.1	(0.1)	(1.9)	(1.9)	(3.8)	(0.8)	(3.7)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.09	0.0	0.6	2.0	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.62	0.0	0.2	2.6	2.7	2.5	2.2	1.3	1.9
	5-Year Treasury Yield	2.71	(0.0)	(0.4)	2.7	2.8	2.8	2.6	1.8	2.2
	10-Year Treasury Yield	2.81	(0.0)	(0.6)	2.8	3.0	2.9	2.9	2.2	2.4
	2-10 Spread	18.75	(1.8)	(8.9)	23.2	28.1	45.1	63.6	82.8	51.8
China rates	O/N China Repo Rate	2.37	(0.0)	(2.1)	2.7	2.0	2.5	2.6	2.5	3.0
	1-Week China Repo Rate	2.30	(0.3)	(12.2)	2.7	2.6	3.5	3.4	3.0	3.1
	O/N SHIBOR	2.39	(0.1)	(2.5)	2.6	2.3	2.5	2.6	2.9	2.8
	1-Week SHIBOR	2.61	(0.0)	(1.4)	2.7	2.7	2.8	2.9	2.9	3.0

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



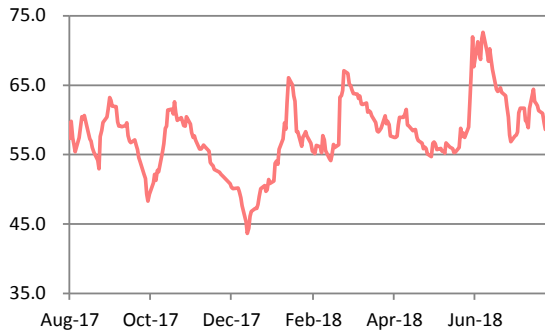
Source: Bloomberg

Shanghai Composite Index PE Ratio



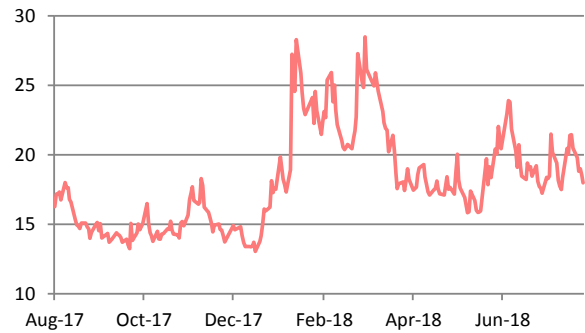
Source: Bloomberg

China 5Y CDS Index_USD



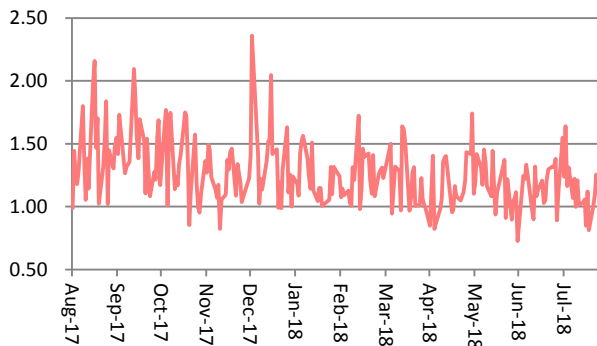
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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