



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Swift Global Payment CNY	Jul	N/A	1.81%
US: PCE Deflator YoY	Jul	2.30%	2.20%
Japan: Retail Trade YoY	Jul	1.20%	1.80%
Germany: CPI YoY	Aug	2.00%	2.00%
New Zealand: ANZ Business Confidence	Aug	N/A	-44.9

Source: Bloomberg

II. Macro News

- **Bank of Thailand Governor Says No 'Imminent' Need to Hike Rates.** Thailand's central bank is under no immediate pressure to raise interest rates like emerging-market peers elsewhere given the nation's solid buffers and relatively strong currency, Governor Veerathai Santiprabhob said. [Bloomberg]
- **U.K. and EU Drop October Deadline for Brexit Deal.** The U.K. and the European Union still say in public they want a Brexit deal wrapped up in the next seven weeks. Behind the scenes, though, senior officials on both sides admit this is unlikely. They now aim to finalize divorce terms by the middle of November at the latest. [Bloomberg]
- **Summit to bolster China-Africa ties.** China will continue to deepen mutually beneficial economic and trade cooperation with Africa, and help the continent foster new drivers of organic growth, the MOC said on Tuesday. China will announce a set of new measures to further deepen economic and trade ties with Africa at the upcoming Beijing Summit of Forum on China-Africa Cooperation on Sept 3 and 4. [China Daily]

III. Industry News

- **China's Big Banks Report Earnings Growth, Boosted by Margins.** China's biggest banks posted stable earnings growth in the second quarter, boosted by tighter liquidity even as the broader sector struggled with government policies. Profits at four of the five largest lenders rose at least 5 percent in the three months through June. [Bloomberg]
- **Iron Ore Investors Push Into China's Futures as Dalian Opens Up.** China's top iron ore derivatives exchange says its move to open up yuan-priced contracts to overseas investors is beginning to pay off as more than 50 foreign companies have started to trade the commodity, helping local futures prices better reflect global supply and demand. [Bloomberg]
- **Finance minister outlines plans for control of local debt.** China will tighten control on local government debt, especially to curb risks arising from "hidden debt", to maintain financial stability, Finance Minister Liu Kun said on Tuesday. The country will push forward the local gov't debt swap program - a way to repay the outstanding debt using money collected through issuing bonds. [China Daily]

IV. Corporate News

- **Chinese State Rail Operator Forms Cargo Venture With SF Holding.** China Railway Corp. formed a cargo venture with SF Holding Co. as part of the nation's efforts to draw in private enterprises to bolster state firms' competitiveness. Cargo subsidiary China Railway Express Co. will hold a 55% stake, while SF will own rest of the venture, the national railway operator said Wednesday. SF and China Railway won't own shares in each other. [Bloomberg]

- **BRICS Bank Targets First Dollar Bond Issuance Next Year.** The infrastructure lender backed by the BRICS group of nations is planning its first dollar bond issuance in 2019 to boost its ability to extend loans to member countries. The New Development Bank backed by Brazil, Russia, India, China and South Africa is looking at issuing \$1 billion of dollar-dominated bonds next year. [Bloomberg]
- **China Southern Profit Slides Most in Two Years on Yuan, Fuel.** China Southern Airlines Co. reported the biggest decline in semi-annual profit in more than two years as a rally in crude oil prices and a weaker local currency weighed on its first-half earnings. [Bloomberg]
- **Tencent-Backed China EV Maker NIO Seeks \$1.3 Billion in U.S. IPO.** NIO Inc., the Chinese electric car maker backed by technology giant Tencent Holdings Ltd., is seeking as much as \$1.3 billion in its planned U.S. initial public offering as it gears up to take on the likes of Tesla Inc. [Bloomberg]
- **Ronshine China Proposes Additional Issue of USD Notes Due 2021.** Proposed additional issue to be consolidated and form a single series with \$650m 8.25% senior notes due 2021, according to statement to Hong Kong stock exchange. Proceeds to be used for refinancing existing debts. [Bloomberg]
- **Trade war won't stop China's Fosun hunting overseas deals, says chairman Guo Guangchang.** Acquisitive Chinese conglomerate Fosun International will continue its hunt for deals in the US, Europe and Africa to expand its global footprint despite the US-China trade war, its chairman said on Wednesday. [SCMP]
- **Huawei appeals to Federal Trade Commission after government action to limit access to US market.** Huawei Technologies has appealed to the US Federal Trade Commission for a hearing into its restricted business opportunities, saying it has been unfairly targeted by the US government over national security concerns. [SCMP]
- **Sinopec posts record profit on crude rebound.** China Petroleum and Chemical Corp, the world's largest refiner by capacity, reported its best half-yearly profits since listing 18 years ago, on better refining profits and a rebound in crude oil prices. Operating profit for the first six months of the year stood at 67.9bn yuan, up 51.3% YoY. [China Daily]
- **China Construction Bank records 6.08% rise in net profit.** China Construction Bank Corporation announced on Tuesday its net profit grew by 6.08% YoY in 1H18. Meanwhile, its non-performing loan balance was 198.75bn yuan, and NPL ratio dropped by 1 basis point from end of last year to 1.48%. [China Daily]
- **Agricultural Bank of China reports 6.63% rise in net profit.** Agricultural Bank of China Ltd recorded a 6.63% YoY growth in net profit attributable to equity holders in 1H18. Net interest income of the bank increased by 10.65% to 233.83bn yuan YoY during the six months ended June 30. Its net interest margin rose 11 basis points to 2.35%. [China Daily]
- **Fosun wins approval to acquire FFT.** Fosun International Ltd won regulatory approval from the European Commission on Monday to acquire a German automated and flexible production systems maker, paving the way for the Chinese conglomerate to tap into the intelligent manufacturing sector. [China Daily]
- **Foxconn, US companies launch US\$100m start-ups fund.** Foxconn Technology Group will partner with three major US midwestern companies to create a US\$100 million fund to help launch technology start-ups around the world, the companies announced Tuesday. [The Standard]
- **China Tower Invests in Laos Communication Base Facilities, Construction.** China Tower announced that it entered into an agreement in Vientiane, Laos with Lao Government and a Lao market consulting company to jointly contribute for the establishment of Southeast Asia Tower Corporation. [AAStocks]
- **ZTE: Key Operations Fully Resumed, To Broaden Chip R&D, Tie-u.** ZTE has major operations fully resumed now, and R&D works are in rapid recovery too, Securities Times cited the Chairman Li Zixue as saying, adding all 5G network tests have caught up with the national requirement. [AAStocks]
- **China Communications Construction Interim Net Profit Up 4.9% to RMB8.257B.** China Communications Construction announced the interim results ended June 2018. Operating revenue increased 16.1% yearly to RMB207.586 billion. Net profit grew 4.9% to RMB8.257 billion. EPS equaled 46 fen. No dividend was declared. [AAStocks]

V. Overnight Market Recap

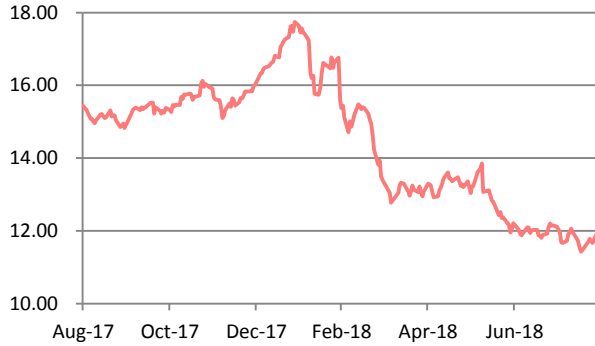
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,914	16.5	0.6	1.8	4.0	7.0	7.4	18.6	9.0
	Dow Jones	26,125	60.6	0.2	1.5	3.2	5.9	4.4	19.3	5.7
	Nasdaq Composite	8,110	79.6	1.0	2.8	6.3	8.7	11.5	27.3	17.5
	Russell 2000	1,735	6.3	0.4	0.7	4.9	5.3	14.7	24.7	13.0
	VIX Index	12.25	(0.3)	(2.0)	-	(14.1)	(18.0)	(38.3)	9.2	11.0
Europe Equity	Euro Stoxx 50	3,456	8.6	0.2	1.1	(1.6)	0.4	0.5	1.5	(1.4)
	DAX	12,562	34.3	0.3	1.4	(1.8)	(1.7)	1.0	4.7	(2.8)
	CAC	5,501	16.3	0.3	1.5	0.2	1.4	3.4	8.8	3.6
	FTSE 100	7,563	(54.0)	(0.7)	(0.0)	(1.8)	(1.6)	4.6	2.7	(1.6)
APAC Equity	HSI	28,416	64.8	0.2	1.8	(1.1)	(5.5)	(7.9)	1.1	(5.0)
	HSCEI	11,083	(14.5)	(0.1)	2.1	0.3	(5.8)	(10.5)	(2.6)	(5.3)
	HSI VIX	18.37	(0.3)	(1.8)	(3.3)	(0.1)	(8.3)	(20.5)	6.9	25.8
	CSI 300	3,387	(13.6)	(0.4)	2.4	(3.7)	(9.0)	(15.8)	(11.7)	(16.0)
	SH Composite	2,769	(8.7)	(0.3)	2.0	(3.5)	(8.9)	(15.0)	(17.7)	(16.3)
	SZ Composite	1,489	(8.4)	(0.6)	2.4	(5.5)	(14.2)	(17.8)	(23.2)	(21.6)
	Nikkei 225	22,848	34.8	0.2	2.2	1.3	3.8	3.5	17.1	0.4
Commodities (USD)	KOSPI	2,309	5.9	0.3	1.6	0.7	(4.2)	(4.9)	(2.7)	(6.4)
	Brent (Future)	77.14	1.2	1.6	3.2	3.8	2.3	17.3	48.3	15.4
	WTI (Future)	69.51	1.0	1.4	2.4	(0.7)	2.1	13.0	51.6	15.3
	Gold	1,207	5.6	0.5	0.9	(1.2)	(7.2)	(8.4)	(7.7)	(7.3)
	Copper (Future)	6,086	(61.0)	(1.0)	0.7	(3.4)	(11.3)	(12.2)	(10.4)	(16.0)
FX	Baltic Dry Index	1,684.00	(13.0)	(0.8)	(3.0)	(1.1)	61.6	41.3	42.6	23.3
	Dollar Index	94.60	(0.1)	(0.1)	(0.6)	(0.1)	(0.2)	4.4	2.5	2.7
	EUR	1.17	0.0	0.1	1.0	0.0	0.4	(4.0)	(1.5)	(2.5)
	JPY	111.68	0.5	0.4	1.0	(0.6)	(2.5)	(4.5)	(1.3)	0.9
	CNY	6.82	0.0	(0.3)	0.3	(0.1)	(5.9)	(7.2)	(3.3)	(4.6)
CDS	CNH	6.82	0.0	0.3	(0.4)	0.1	(6.1)	(7.2)	(3.2)	(4.5)
	ChinaGov CDS	55.95	(0.0)	(0.0)	(4.6)	(2.9)	(1.6)	1.0	(2.5)	11.7
	CDX Emerging Market	95.12	(0.3)	(0.3)	(0.5)	(2.1)	(2.0)	(4.0)	(1.2)	(4.0)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.12	0.0	0.4	2.1	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.68	0.0	0.4	2.6	2.7	2.4	2.2	1.3	1.9
	5-Year Treasury Yield	2.78	0.0	0.3	2.7	2.8	2.7	2.6	1.7	2.2
	10-Year Treasury Yield	2.88	0.0	0.1	2.8	3.0	2.9	2.8	2.1	2.4
	2-10 Spread	20.45	(0.6)	(3.1)	20.6	28.6	42.7	59.4	80.2	51.8
China rates	O/N China Repo Rate	2.37	(0.0)	(1.2)	2.4	2.0	3.4	2.7	2.6	3.0
	1-Week China Repo Rate	2.63	0.1	4.0	2.6	2.6	4.9	3.2	2.9	3.1
	O/N SHIBOR	2.39	(0.0)	(1.5)	2.5	2.1	2.8	2.7	2.9	2.8
	1-Week SHIBOR	2.65	(0.0)	(0.0)	2.6	2.6	2.9	2.9	2.9	3.0

Source: Bloomberg

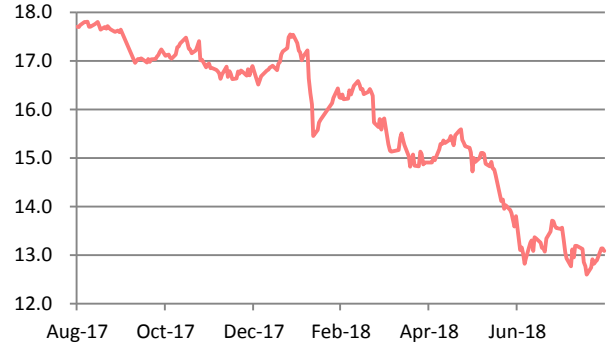
VI. Key Indicators

Hang Seng Index PE Ratio



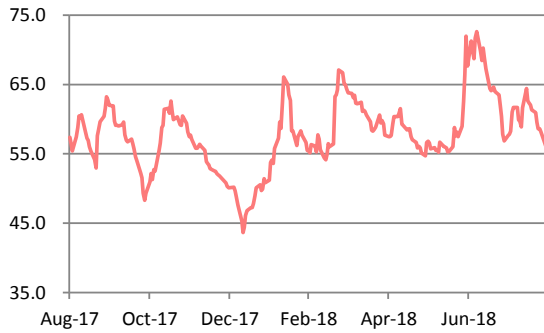
Source: Bloomberg

Shanghai Composite Index PE Ratio



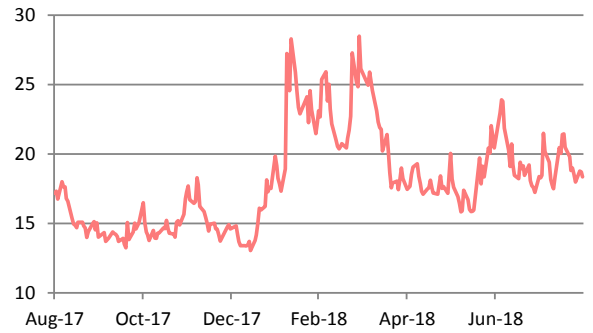
Source: Bloomberg

China 5Y CDS Index_USD



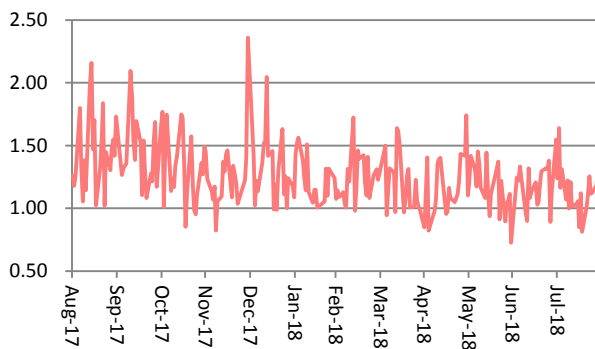
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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