



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Official Manufacturing PMI	Aug	51.0	51.2
Japan: Jobless Rate	Jul	2.40%	2.40%
Japan: Industrial Production YoY	Jul	2.70%	- 0.90%
UK: GfK Consumer Confidence	Aug	- 10.0	- 10.0
India: GDP YoY	2Q18	N/A	7.70%

Source: Bloomberg

## II. Macro News

- **Trump Is Said to Back \$200B China Tariffs Next Week.** President Donald Trump wants to move ahead with a plan to impose tariffs on \$200bn in Chinese imports as soon as a public-comment period concludes next week. Companies and members of the public have until Sept. 6 to submit comments on the proposed duties, which cover everything from selfie sticks to semiconductors. The president plans to impose the tariffs once that deadline passes. [Bloomberg]
- **Argentina Peso Rout Worsens as Record Rate Hike Brings No Relief.** Argentina's currency crisis deepened on Thursday as an emergency interest-rate increase to 60% failed to stop jittery investors from pulling their money out of the country. The peso extended losses after the bank raised its benchmark measure by 15ppts to a global high. [Bloomberg]
- **U.S. GDP Growth Revised Up in Second Quarter.** U.S. Economic growth was stronger during the second quarter than earlier estimated, although growth in a key measure of U.S. corporate profits moderated from the first quarter. GDP rose at a 4.2% annual rate in the 2Q, adjusted for seasonality and inflation, the Commerce Department said. [WSJ]

## III. Industry News

- **IMF Mulls Argentina Request to Speed Up Payments as Peso Tumbles.** The International Monetary Fund said it will consider Argentina's request to speed up disbursements from a \$50 billion credit line as the government seeks to restore investor confidence. [Bloomberg]
- **Reform is gathering pace.** China's SOEs will deepen their reform for mixed ownership, State-owned Assets Supervision and Administration Commission said. SOEs will also strengthen pilot projects for setting up companies for investment and management of State capital, so as to enhance SOEs' vitality and performance, the commission said. [China Daily]
- **Sanya developers told to freeze sales prices for six months.** Sanya, China's southern tropical resort city, has introduced the country's harshest home price cap yet, asking developers to lower prices and freeze them for six months, under heightened pressure from Beijing. [SCMP]

## IV. Corporate News

- **China Conch Venture Offers HK\$3.15b of Convertible Bonds.** China Conch Venture Holdings offers HK\$3.15b of zero-coupon guaranteed convertible bonds due 2023, according to terms for the deal obtained by Bloomberg. Bonds offered with 40% to 45% conversion premium, 1.75% to 2.75% yield to put/maturity. [Bloomberg]
- **Vodafone Hutchison, TPG Telecom Merge Into \$8 Billion Entity.** Vodafone Hutchison Australia Pty. agreed to combine its unprofitable mobile-phone business with broadband provider TPG Telecom Ltd. to create a company worth as much as A\$10.9 billion (\$8 billion). [Bloomberg]

- **Hua Medicine Seeks to Raise Up to \$124 Million in Hong Kong IPO.** Hua Medicine, the Chinese drug developer led by former Roche Holding AG scientist Chen Li, is seeking to raise as much as \$124 million in a Hong Kong initial public offering. [Bloomberg]
- **ICBC's Second-Quarter Profit Rises Fastest in Four Years.** Industrial & Commercial Bank of China Ltd., the world's largest lender by assets, posted its fastest profit growth since September 2014 as margins and asset quality improved. Net income in the quarter ended June rose 5.8% from a year earlier to 81.6bn yuan. [Bloomberg]
- **Samsonite Says Trade War Impacting Chinese Consumer Sentiment.** The world's top luggage maker, Samsonite Int'l SA, says the trade war between the U.S. and China is damping sentiment among Chinese consumers and will play into slower sales growth in its second-biggest market, in another sign of the fallout from the tit-for-tat tariffs. [Bloomberg]
- **GCL-Poly Wafer Sales Gain Can't Halt Profit Drop on Lower Prices.** A 14% gain in GCL-Poly Energy Holdings Ltd.'s solar wafer sales failed to overcome a rout in product prices, hurting earnings of the world's biggest maker of the material. It sold 12,098 megawatts of solar wafers in six months ended Jun-30, from 10,611 megawatts a year earlier. [Bloomberg]
- **Fosun Pharma Says Local Regulator Inspected Unit After Tip-Off.** Shanghai Fosun Pharmaceutical said Chongqing food and drug regulator has conducted an unannounced check at Chongqing Pharmaceutical Research Institute on Aug. 23 after receiving a letter alleging the unit of violating drug. [Bloomberg]
- **PetroChina gas flagship reports better-than-expected interim profit, eyes increased supply from Qatar.** Kunlun Energy, the listed natural gas distribution flagship of oil and gas giant PetroChina, will be able to offset the impact of a tariff imposed by China on US gas through additional procurement from Qatar, Australia and Russia, its chairman said. [SCMP]
- **Meituan Dianping Advances IPO to Next Fri, Valuation Over 100x PE.** Meituan Dianping will advance its listing and have its IPO next Friday (7 September) through 12 September, as reported by Chinese media. The expected listing date is 20 September, while the stock will be the second one to be listed in a WVR structure in Hong Kong. [AASocks]
- **Geely Reportedly Builds Plant for 250K Cars of Annual Output.** Geely Auto is building a new plant in Ningbo with an annual production of 250,000 larger car models, in order to bring the company to the sales target of over 2mn units by 2020, and promote the launch of the new brand Lynk & Co, Reuters reported. [AASocks]
- **Maanshan Iron Interim Net Profit Soars 1.1x YoY; DPS RMB0.05.** Maanshan Iron reported a net profit of RMB3.429bn, up 108.62% yearly. Basic EPS equaled RMB0.4452. The Board recommended 2018 interim cash dividend of RMB0.05/shr (tax included), and no capitalization of capital reserve will be conducted during the reporting period. [AASocks]
- **BYD Interim Net Profit Slips 72.2% to RMB479M.** BYD Co. announced the interim results ended June 2018. Turnover rose 19.1% YoY to RMB52.163bn, mainly fueled by automobile business growth. Yet, net profit fell 72.2% to RMB479mn owing to sliding subsidy and heightened financing cost. EPS equaled 13 fen. No dividend was declared. [AASocks]
- **Xiaomi Seeks to Lower US\$1B Loan Rate.** Xiaomi is seeking to lower the interest rate on the three-year US\$1 billion loans entered into in July 2017, as Reuters' Basis Point cited insiders. Accordingly, the company hopes to trim the rate by 60 bps to Libor + 155 bps, with the due date and other conditions kept unchanged. [AASocks]
- **China Gas Hldg, Cnooc Gas and Power Group Close Deal.** China Gas Holding said it entered into a strategic cooperation framework agreement with Cnooc Gas and Power Group Co. Ltd. Both parties agreed to cooperate in vehicle and vessel refilling projects, other downstream projects and intermodal transportation projects for LNG tank containers. [AASocks]
- **Legend net rises to \$2.8b yuan.** Legend Holdings recorded a 5% YoY rise in interim net profit to 2.83bn yuan (HK\$3.25 billion) for the first half of 2018. No interim dividend was declared. Revenue from its IT business, generated mainly by subsidiary Lenovo, was 143.88bn yuan, up 7%. [The Standard]
- **Fast-food chain Yum China rejects buyout offer from Hillhouse.** Fast-food chain operator Yum China Holdings Inc has rejected a \$17.6bn buyout offer from a consortium led by Chinese investment firm Hillhouse Capital Group, quashing what would have been one of Asia's biggest deals this year. [China Daily]

## V. Overnight Market Recap

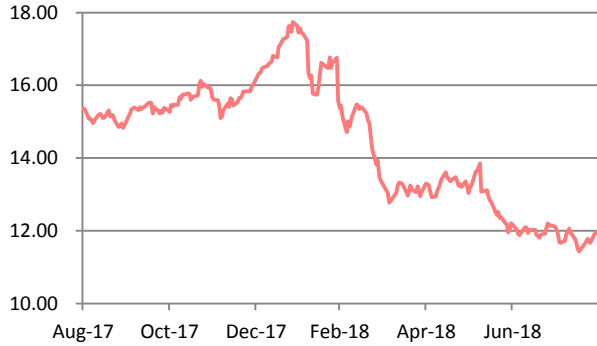
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,901	(12.9)	(0.4)	1.5	3.0	7.2	6.9	17.4	8.5
	Dow Jones	25,987	(137.7)	(0.5)	1.3	2.2	6.4	3.8	18.4	5.1
	Nasdaq Composite	8,088	(21.3)	(0.3)	2.7	5.4	8.7	11.2	25.8	17.2
	Russell 2000	1,732	(2.4)	(0.1)	0.9	3.7	6.0	14.5	23.3	12.8
	VIX Index	13.53	1.3	10.4	9.0	5.5	(12.3)	(31.8)	27.8	22.6
Europe Equity	Euro Stoxx 50	3,431	(25.1)	(0.7)	0.3	(2.7)	0.7	(0.2)	0.3	(2.1)
	DAX	12,494	(67.4)	(0.5)	1.0	(2.4)	(0.9)	0.5	3.6	(3.3)
	CAC	5,478	(23.3)	(0.4)	1.1	(0.6)	1.5	3.0	7.7	3.1
	FTSE 100	7,516	(47.2)	(0.6)	(0.8)	(3.0)	(2.1)	3.9	1.1	(2.2)
APAC Equity	HSI	28,164	(252.4)	(0.9)	1.3	(1.5)	(7.6)	(8.7)	0.7	(5.9)
	HSCEI	10,968	(115.5)	(1.0)	1.4	(0.5)	(8.4)	(11.4)	(2.9)	(6.3)
	HSI VIX	19.10	0.7	4.0	3.0	4.4	4.9	(17.4)	10.2	30.8
	CSI 300	3,351	(35.5)	(1.0)	0.9	(4.7)	(11.9)	(16.7)	(12.3)	(16.9)
	SH Composite	2,738	(31.6)	(1.1)	0.5	(4.8)	(11.6)	(16.0)	(18.5)	(17.2)
	SZ Composite	1,467	(22.1)	(1.5)	0.2	(6.9)	(17.0)	(19.0)	(24.6)	(22.8)
	Nikkei 225	22,870	21.3	0.1	2.1	1.4	3.0	3.6	16.4	0.5
Commodities (USD)	KOSPI	2,307	(1.7)	(0.1)	1.1	0.5	(4.8)	(4.9)	(2.4)	(6.5)
	Brent (Future)	77.77	0.6	0.8	4.1	3.7	0.3	18.2	52.9	16.3
	WTI (Future)	70.25	0.7	1.1	3.6	1.9	4.5	13.7	48.3	16.0
	Gold	1,200	(6.6)	(0.5)	1.2	(2.0)	(7.6)	(9.0)	(9.2)	(7.9)
	Copper (Future)	6,066	(20.0)	(0.3)	1.0	(2.9)	(11.3)	(12.5)	(10.4)	(16.3)
FX	Baltic Dry Index	1,661.00	(23.0)	(1.4)	(4.3)	(4.9)	52.4	39.3	40.3	21.6
	Dollar Index	94.72	0.1	0.1	(1.0)	0.4	0.7	4.5	2.0	2.8
	EUR	1.17	(0.0)	(0.3)	1.1	(0.2)	(0.3)	(4.4)	(2.1)	(2.8)
	JPY	110.98	(0.7)	(0.6)	(0.3)	0.7	(2.0)	(3.9)	(0.9)	1.5
	CNY	6.84	0.0	(0.3)	0.5	(0.4)	(6.2)	(7.5)	(3.7)	(4.9)
CDS	CNH	6.87	0.0	0.7	(0.4)	(0.9)	(6.6)	(7.8)	(3.9)	(5.1)
	ChinaGov CDS	56.86	0.9	1.6	(3.0)	(1.7)	0.5	2.7	0.7	13.5
	CDX Emerging Market	94.46	(0.7)	(0.7)	(0.8)	(2.7)	(2.4)	(4.6)	(2.0)	(4.7)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.10	(0.0)	(1.0)	2.1	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.65	(0.0)	(1.0)	2.6	2.7	2.5	2.2	1.3	1.9
	5-Year Treasury Yield	2.75	(0.0)	(1.2)	2.7	2.9	2.7	2.6	1.7	2.2
	10-Year Treasury Yield	2.86	(0.0)	(1.0)	2.8	3.0	2.9	2.9	2.1	2.4
	2-10 Spread	20.17	(0.3)	(1.4)	18.8	32.5	42.9	62.0	78.7	51.8
China rates	O/N China Repo Rate	2.15	(0.2)	(9.3)	2.4	2.0	2.8	2.8	2.9	3.0
	1-Week China Repo Rate	2.62	(0.0)	(0.4)	2.3	2.5	2.8	3.0	3.4	3.1
	O/N SHIBOR	2.28	(0.1)	(4.7)	2.4	2.0	2.8	2.8	2.8	2.8
	1-Week SHIBOR	2.64	(0.0)	(0.2)	2.6	2.6	2.9	2.9	2.9	3.0

Source: Bloomberg

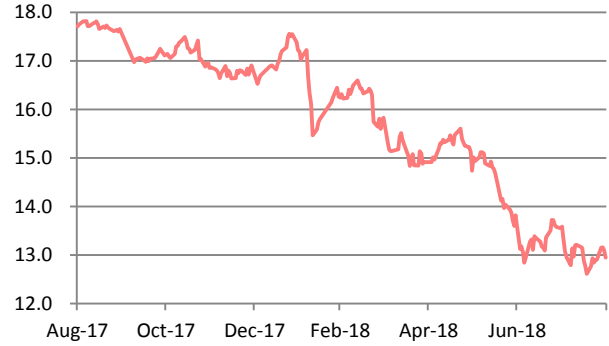
## VI. Key Indicators

**Hang Seng Index PE Ratio**



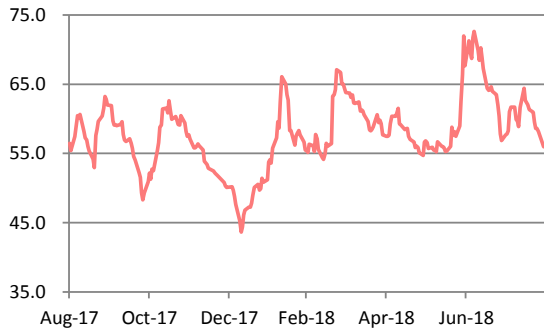
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



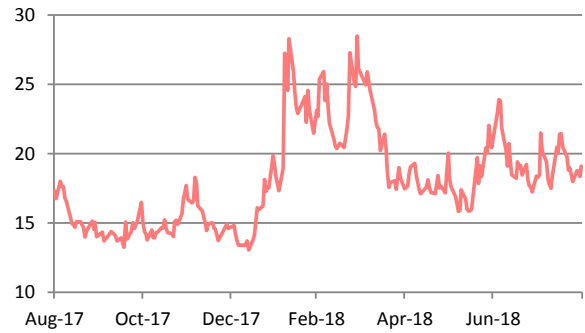
Source: Bloomberg

**China 5Y CDS Index\_USD**



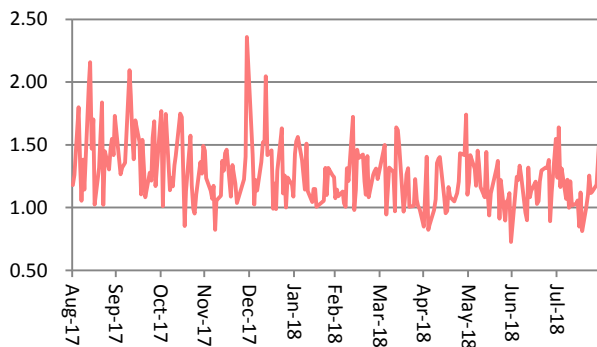
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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