

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixing Manufacturing PMI	Aug	50.7	50.8
Japan: Capital Spending YoY	2Q18	7.90%	3.40%
Japan: Company Profits YoY	2Q18	N/A	0.20%
UK: Markit Manufacturing PMI	Aug	N/A	54.0
S. Korea: Nikkei Manufacturing PMI	Aug	N/A	48.3

Source: Bloomberg

II. Macro News

- **Japan's Industrial Output Drops Again as Global Demand Cools.** Factory output in Japan fell for a third-straight month in July despite expectations of an upturn, a soft outcome that points to weakness in the country's economic recovery and a possible loss of momentum in the global economy. [Bloomberg]
- **China's non-manufacturing sector expands faster in August.** China's non-manufacturing sector expanded at a faster pace in August, official data showed Friday. The purchasing managers' index for the sector came in at 54.2 in August, up from 54 in July, the National Bureau of Statistics said. [China Daily]
- **China, Japan agree to bolster economic ties.** China and Japan agreed on Friday to step up financial cooperation amid rising economic headwinds and market vulnerabilities due to trade friction from US President Donald Trump's protectionist measures, top officials from both sides said. [China Daily]

III. Industry News

- **China Plans Tax Cuts for Foreign Bond Investors to Aid Growth.** China will exempt foreign institutions from paying some taxes on interest gains in the onshore bond market as part of efforts to support the economy. The financial burden on businesses will also be cut by a total of 45bn yuan a year, according to a statement posted on the govt's website. [Bloomberg]
- **Argentine Central Bank Said to Push For More FX Intervention.** Argentina's central bank wanted to sell more dollars to help support the peso on Thursday but felt hamstrung by conditions set by the International Monetary Fund. The central bank board discussed boosting intervention in the FX market. [Bloomberg]
- **Turkey Cuts Taxes on Lira Deposits, Hikes Taxes on FX Deposits.** Turkey hikes tax on up to 6-month FX deposit accounts to 20% from 18%, raises tax on FX accounts with maturities of up to 1 year to 16% from 15%, according to decree published in official gazette. [Bloomberg]

IV. Corporate News

- **HNA's Debt Declines for First Time, Shrinking by \$8.3B.** Though HNA Group Co. managed to reduce one of China's biggest debt piles by selling off dozens of assets, it will probably need to get much slimmer before regaining the trust of investors. Total debt fell 9.5% to 541.6bn yuan at the end of June, down about \$8.3bn from a record set at the end of last year, according to figures derived from a half-year report dated Friday. [Bloomberg]
- **Meituan Said to Set Terms for Up To \$4.5 Billion Hong Kong IPO.** Meituan Dianping, a Chinese food delivery giant, plans to raise as much as \$4.5 billion in an initial public offering in Hong Kong. The company plans to sell shares between HK\$60 (\$7.64) and HK\$72 apiece. [Bloomberg]

- **China Chunlai Education Seeks Up to \$114m in Hong Kong IPO.** China Chunlai Education Group Co. offers 300m shares at HK\$2.08 to HK\$2.98 apiece in a Hong Kong initial public offering, according to a prospectus filed to the Hong Kong stock exchange. [Bloomberg]
- **Sunac Profit Surges on Acquisition Spree, China Property Boom.** Sunac China Holdings Ltd.'s three-year acquisition spree is paying off, with the developer's profit more than tripling. Net income surged to 6.36 billion yuan (\$930 million) in the six months ended June 30, from 1.64 billion yuan a year earlier. [Bloomberg]
- **Samsung Display Seeks to Sell Foldable Panels to China Cos.** Samsung Display seeks to supply foldable panels to Chinese smartphone makers and recently sent samples to Xiaomi and Oppo, S.Korea's Electronic Times reports. Samsung Display is also considering increasing foldable panel production by using its factory lines in S. Korea. [Bloomberg]
- **PetroChina beefs up oil and gas output goals as latest trade war tariffs target US energy shipments.** PetroChina has answered Chinese President Xi Jinping's call to enhance national energy security by setting medium term domestic oil and gas output growth goals. It is so searching for a solution to deal with Beijing's tariff on US natural gas. [SCMP]
- **China's ZTE gets operation back on track while global backlash mounts.** ZTE has said it expects to post a profit in the third quarter after reporting its worst-ever first-half loss, in what is the Chinese telecom giant's first step towards normality in the wake of a US ban that had shut down its operations for months. [SCMP]
- **Volkswagen's China JV launches auto plant in Tianjin.** Volkswagen's China joint venture with FAW Group Corp on Thursday launched an auto plant in North China's Tianjin municipality for production of Volkswagen and Audi brand series of automobiles. [China Daily]
- **SAIC on the march with 'smart management'.** SAIC Motor Corp showcased its manufacturing capacity in Lingang Area, where many high-end cars by the company come from. According to the director of the plan in Lingang, SAIC Motor is improving smart manufacturing by integrating human resources, cars, devices, components and parts. [China Daily]
- **China's ZTE Reports \$1.1 Billion Loss.** China's ZTE Corp. disclosed a loss of 7.8 billion yuan, about \$1.1 billion, during the first half of the year, after a ban on purchasing American supplies forced a life-threatening shutdown of the telecommunications giant. [WSJ]
- **Coca-Cola swallows up Costa coffee in £3.9b deal.** Coca-Cola is to plug a gap in its portfolio with the acquisition of the Costa coffee brand from British firm Whitbread for £3.9 billion in cash. The deal is expected to complete in the first half of 2019. [The Standard]
- **SMIC Adds Stake in JCET at About \$500M.** SMIC announced that the Company has, through its wholly-owned PRC subsidiary Siltech Semiconductor (Shanghai) Corporation Limited, completed a subscription for 34.6962 million shares in JCET in cash by way of private placement. [AASocks]
- **Fosun International Proposes Spin-off Listing of Fosun Tourism Group on Main Board.** Fosun International announced that it proposed to spin off and list Fosun Tourism Group on Main Board. Fosun Tourism Group submitted, through its joint sponsors, a listing application to the Stock Exchange. [AASocks]
- **Agile Group Buys Commercial & Residential Site in Tianjian with RMB780M.** Agile Group announced that it has purchased a land in Tianjian designated for commercial and residential use with a total consideration of RMB780mn. The total site area of the land is 46,000 sq.m. with estimated total gross floor area being 78,000 sq.m. and floor price being approximately RMB10,000/sq.m. [AASocks]
- **Ford Scraps Plan to Import China-Built Small Car Due to Tariffs.** Ford Motor Co. has ditched plans to import its Focus compact vehicle from China to the U.S., citing an expected hit from import tariffs the Trump administration put into effect in July. The U.S. auto maker had planned to begin shipping a new version of the Focus from China, starting in the second half of 2019. [WSJ]

V. Overnight Market Recap

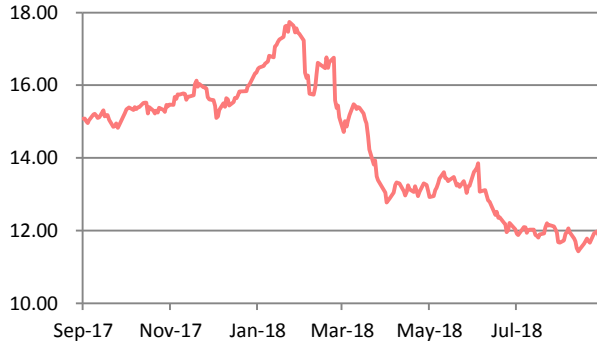
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,902	0.4	0.0	0.9	2.2	6.1	7.8	17.2	8.5
	Dow Jones	25,965	(22.1)	(0.1)	0.7	2.0	5.4	5.8	18.1	5.0
	Nasdaq Composite	8,110	21.2	0.3	2.1	3.8	7.3	11.7	26.0	17.5
	Russell 2000	1,741	8.4	0.5	0.9	4.0	5.6	13.5	23.1	13.4
	VIX Index	12.86	(0.7)	(5.0)	7.3	10.5	(4.5)	(34.4)	26.9	16.5
Europe Equity	Euro Stoxx 50	3,393	(38.1)	(1.1)	(1.0)	(2.6)	(1.8)	2.0	(1.5)	(3.2)
	DAX	12,364	(130.2)	(1.0)	(0.2)	(2.0)	(2.8)	3.8	1.8	(4.3)
	CAC	5,407	(71.2)	(1.3)	(0.5)	(1.3)	(1.1)	5.3	5.5	1.8
	FTSE 100	7,432	(83.6)	(1.1)	(1.7)	(3.0)	(3.5)	5.1	(0.1)	(3.3)
APAC Equity	HSI	27,889	(275.5)	(1.0)	0.8	0.8	(8.5)	(8.8)	(0.2)	(6.8)
	HSCEI	10,876	(92.0)	(0.8)	0.9	1.7	(9.5)	(10.9)	(3.6)	(7.1)
	HSI VIX	19.53	0.4	2.3	8.6	(3.2)	10.8	(23.0)	16.6	33.8
	CSI 300	3,335	(16.6)	(0.5)	0.3	0.6	(11.6)	(17.0)	(12.9)	(17.3)
	SH Composite	2,725	(12.5)	(0.5)	(0.2)	(0.6)	(11.4)	(16.3)	(19.1)	(17.6)
	SZ Composite	1,451	(15.8)	(1.1)	(0.6)	(2.3)	(16.9)	(20.4)	(25.8)	(23.6)
	Nikkei 225	22,865	(4.4)	(0.0)	1.2	1.5	3.1	7.9	16.1	0.4
Commodities (USD)	KOSPI	2,323	15.5	0.7	1.3	1.5	(4.8)	(3.3)	(1.5)	(5.9)
	Brent (Future)	77.64	(0.4)	(0.5)	2.1	4.6	0.1	18.0	48.2	16.1
	WTI (Future)	69.80	(0.5)	(0.6)	1.6	1.5	4.1	13.2	47.8	15.5
	Gold	1,204	3.6	0.3	(0.1)	(1.7)	(7.3)	(8.7)	(8.9)	(7.6)
	Copper (Future)	5,975	(91.0)	(1.5)	(0.2)	(5.2)	(12.8)	(13.8)	(12.0)	(17.6)
FX	Baltic Dry Index	1,579.00	(35.0)	(2.2)	(7.6)	(10.9)	36.6	30.8	33.5	15.6
	Dollar Index	95.14	0.4	0.4	(0.0)	0.6	1.2	5.0	2.7	3.3
	EUR	1.16	(0.0)	(0.6)	(0.2)	(0.8)	(0.8)	(4.9)	(2.6)	(3.4)
	JPY	111.03	0.1	0.0	(0.2)	0.7	(2.0)	(3.9)	(0.9)	1.5
	CNY	6.83	(0.0)	0.2	(0.3)	(0.2)	(6.2)	(7.3)	(3.5)	(4.8)
CDS	CNH	6.85	(0.0)	(0.3)	0.6	(0.6)	(6.4)	(7.5)	(3.6)	(4.8)
	ChinaGov CDS	#N/A N/A	2.2	3.8	1.5	(3.2)	5.6	4.8	2.8	17.9
	CDX Emerging Market	#N/A N/A	(0.2)	(0.2)	(1.2)	(2.6)	(2.7)	(4.7)	(2.3)	(4.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.09	(0.0)	(0.1)	2.1	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.63	(0.0)	(0.8)	2.6	2.6	2.5	2.2	1.3	1.9
	5-Year Treasury Yield	2.74	(0.0)	(0.4)	2.7	2.8	2.7	2.6	1.7	2.2
	10-Year Treasury Yield	2.86	0.0	0.2	2.8	2.9	2.9	2.9	2.2	2.4
	2-10 Spread	23.14	3.0	14.7	18.8	30.2	42.9	62.0	82.0	51.8
China rates	O/N China Repo Rate	#N/A N/A	0.1	3.1	2.4	1.9	2.8	2.8	2.5	3.0
	1-Week China Repo Rate	#N/A N/A	(0.1)	(4.6)	2.3	2.2	2.8	3.0	3.4	3.1
	O/N SHIBOR	#N/A N/A	0.0	1.4	2.4	1.8	2.8	2.8	2.8	2.8
	1-Week SHIBOR	#N/A N/A	(0.0)	(0.3)	2.6	2.5	2.9	2.9	2.9	3.0

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



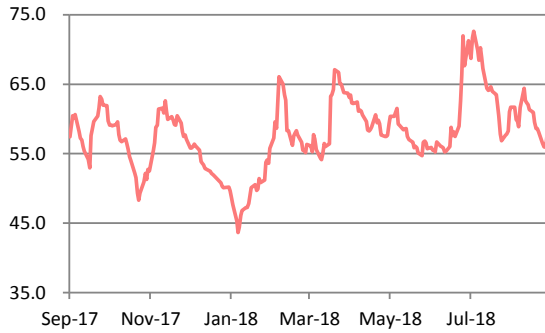
Source: Bloomberg

Shanghai Composite Index PE Ratio



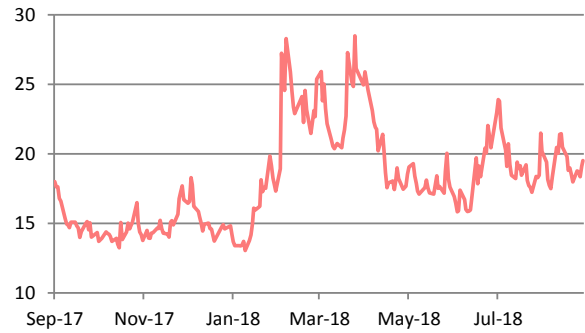
Source: Bloomberg

China 5Y CDS Index_USD



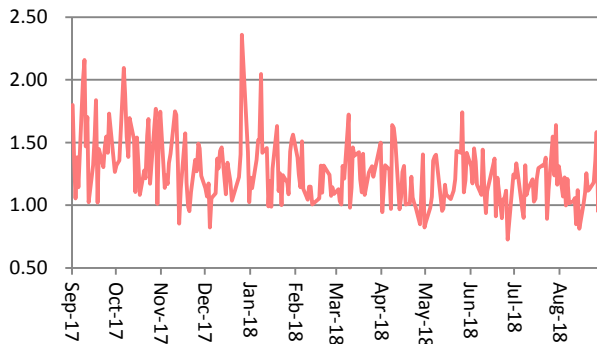
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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