

---

## Report Content

- Major News impacting Markets
- Key International Events/Results
- Key Domestic Events/Results

## Major News impacting Markets

---

### **Dollar Pares Losses as Market Partly Corrects Confusion of Magnitude and Timing of Fed**

Comments underscoring the importance of acting preemptively by two Fed officials sent the dollar reeling and helped lift equities after the S&P fell to a two and a half week low. The decline in rates and the US shooting down of an Iranian drone in the Gulf helped spur gold to new six-year highs. There was some attempt to clarify the (NY Fed's) comments and the dollar has pared yesterday's losses. However, there has not been a return to the status quo ante. Asia Pacific equities rallied strongly, led the Nikkei's 2% gain. All the bourses in the region gained by India, which was suffered from continued foreign sales and the Asian Development Bank cutting its growth forecast. Europe's Dow Jones Stoxx 600 was flat coming into today and the 0.6% gain through late morning turnover offsets the losses over the past two sessions. US shares are also trading firmer. Benchmark 10-year yields are a bit softer, mostly following yesterday's move in the US. Gold is seeing its two-day, and roughly 2.8% rally retraced a bit, and oil is snapping a four-day and around 8.2% slide.

[Read More ...](#)

---

### **Taiwan's president is planning another stopover in the US. China will be infuriated**

Taiwan's president is expected to transit in the U.S. on Friday — for the second time in as many weeks — as she returns from visiting diplomatic allies in the Caribbean. The move is sure to make China angry. Her trip comes on the heels of the U.S. State Department approving a \$2.2 billion arms sale to Taiwan. China has threatened to impose sanctions on U.S. firms associated with the deal.

[Read More ...](#)

---

## More than 50 companies reportedly pull production out of China due to trade war

The pace of companies moving production out of China is accelerating as more than 50 multinationals from Apple to Nintendo to Dell are rushing to escape the punitive tariffs placed by the U.S., according to the Nikkei Asian review.

The trade war between the U.S. and China has dragged on for more than a year with 25% tariffs placed on \$200 billion of Chinese goods. President Donald Trump is still threatening to slap duties on another \$325 billion of goods. In wake of the intensifying battle, more and more companies announced plans or are considering shifting manufacturing from China.

[Read More ...](#)

## No stopping Vietnam's trade war juggernaut

Vietnam is flying high these days on nearly all metrics. Gross domestic product (GDP) is projected to grow 7%, foreign direct investment (FDI) is fast rising and a newly signed free trade agreement with Europe promises new privileged access to rich export markets.

The only fly in the anointment comes from across the ocean in Washington, the capital of its former battlefield adversary where the unpredictable US President Donald Trump is waging trade wars on various fronts.

[Read More ...](#)

## Taiwan to blacklist Chinese tech firms

Taiwan is taking cues from the US on how to clamp down on Huawei and other major electronics companies, with a blacklist of Chinese companies and products soon to be gazetted by the Executive Yuan.

The big names on the upcoming list include Huawei, ZTE, Xiaomi, Oppo and Zhejiang-based CCTV and surveillance system manufacturer Hikvision, whose overseas business has been weighed down by controversies and espionage accusations. As well, Taiwan's national security experts are understood to have also identified a number of tech startups and suppliers that may pose a significant threat to the island.

[Read More ...](#)

## Tensions rise as US destroys Iranian drone

Tensions in the Gulf region mounted Thursday as US President Donald Trump said an American naval vessel destroyed an Iranian drone that threatened the ship as it was entering the Strait of Hormuz.

It was the first US military engagement with Iran following a series of increasingly serious incidents.

Trump announced that the USS Boxer, an amphibious assault ship, "took defensive action" against the Iranian drone as it was "threatening the safety of the ship and the ship's crew."

[Read More ...](#)

## European Parliament blasts China over Hong Kong

The European Parliament on Thursday issued a joint motion calling for a resolution over Hong Kong's controversial extradition bill.

The motion, endorsed by 85 members of the parliament, condemned the constant and increasing interference by China in Hong Kong, as well as China's description of the 1984 Sino-British Joint Declaration as an invalid historic document.

[Read More ...](#)

## US demands Iran free seized ship, vows to protect Gulf oil lifeline

The US on Thursday demanded Iran immediately release a vessel it seized in the Gulf and a US military commander in the region said the US would work “aggressively” to ensure free passage of vessels through the vital waterway.

Responding to an announcement by Iran’s Revolutionary Guards that they had seized a foreign tanker smuggling fuel, the US State Department insisted Iran had to free the ship and its crew and stop harassing vessels in and around the Strait of Hormuz.

[Read More ...](#)

## South Korean envoy ‘thrilled’ over blossoming cultural ties with Saudi Arabia

South Korea’s ambassador to Saudi Arabia has spoken of his “thrill and excitement” over the “marvelous fruition” of cultural ties between the two countries.

Envoy Jo Byung-wook, recently seen on TV enthusiastically dancing and waving a light rod during a K-pop music concert in Jeddah, told Arab News that his country was looking forward to further enhancing Saudi-South Korean mutual understanding and connection of minds.

[Read More ...](#)

## ‘Huge increase’ in crude prices not expected: IEA executive director

The International Energy Agency (IEA) doesn’t expect oil prices to rise significantly because demand is slowing and there is a glut in global crude markets, its executive director said on Friday. “Prices are determined by the markets ... If we see the market today, we see that the demand is slowing down considerably,” said IEA’s Fatih Birol, in public comments made during a two-day energy conference in New Delhi.

[Read More ...](#)

## Sanctions, threats and oil: How close is Iran deal to collapsing?

The clock has begun ticking towards a crucial deadline for Europe to fulfil Iran's demands to deliver concrete financial incentives in order to stop the 2015 nuclear deal from falling apart.

But with the early-September date looming, the outlook for the landmark pact signed between Tehran and world powers is growing increasingly bleak.

[Read More ...](#)

## Uganda's gold boom leaves small-scale miners behind

Here lie some of the country's rich gold reserves, which are increasingly being explored by Ugandan and foreign companies alike. Uganda is not famed for its gold reserves. But since 2016, gold exports have rocketed in the East African country: According to official data, gold worth \$514m was shipped last year - over 50 times what it was exporting a decade ago. Yet Uganda is not producing more gold itself, raising questions about its source.

[Read More ...](#)

## Iran starting to brace for Trump re-election

As Iran weighs the merits of talks with the U.S. and tensions remain high in the Persian Gulf, the Islamic Republic's leadership is preparing for a second Donald Trump term and mindful of how two key countries fared in high-stakes negotiations with him: Mexico and North Korea.

[Read More ...](#)

## China sees robust trade with B&R countries in 2018

China's agricultural trade with the Belt and Road (B&R) countries totaled 77 billion U.S. dollars in 2018, according to the Ministry of Agriculture and Rural Affairs Friday. China has launched more than 650 agricultural investment projects in B&R countries, with an investment of 9.44 billion dollars, up 70 percent compared with five years ago, said Ma Hongtao, an official with the ministry, at a press conference.

[Read More ...](#)

## Philippine overall headline inflation slows to 3.0 pct in Q2

Year-on-year headline inflation fell to 3.0 percent in the second quarter of 2019 from 3.8 percent in the first quarter of 2019, the country's central bank said on Friday.

"This brought the average inflation for the first half of 2019 to about 3.4 percent year-on-year, which is within the national government's (NG) announced target range of 3.0 percent  $\pm$  1.0 percentage point (ppt) for the year," the Bangko Sentral ng Pilipinas (BSP) said in a statement.

[Read More ...](#)

## China's economic slowdown is real, but it's not just about tariffs

China's economic growth has slumped to its lowest level in nearly three decades, but the trade war with the United States isn't solely to blame. Gross domestic product growth dropped to 6.2% in the second quarter, the weakest since the government started publishing quarterly figures in 1992, the national statistics authority said this week.

Soon after the figures were published, President Donald Trump tweeted this:

"The United States Tariffs are having a major effect on companies wanting to leave China for non-tariffed countries. Thousands of companies are leaving. This is why China wants to make a deal with the U.S., and wishes it had not broken the original deal in the first place."

[Read More ...](#)

## UK will plunge into recession if it leaves Europe without a Brexit deal

Leaving the European Union later this year without a Brexit deal would plunge the United Kingdom into recession.

The UK Office of Budget Responsibility (OBR) warned Thursday that "heightened uncertainty and declining confidence" would deter investment while higher trade barriers would slam exports.

"These push the economy into recession, with asset prices and the pound falling sharply," said the government's budget watchdog. UK stock markets would fall 5%, while the pound would plummet 10%. GDP would shrink by 2% by the end of 2020.

[Read More ...](#)

## Government seeks to tap foreign lenders for loans to its small firms

India's government is in talks with foreign lenders to provide as much as \$14.5 billion in credit to millions of its small firms, two officials said, in a sign the country's banking system may not be robust enough to do the job on its own. The government is in discussions with multiple foreign lenders, including Germany's state-owned development bank KfW Group, the World Bank and some Canadian institutions to extend lines of credit to small enterprises, one of the officials, who did not want to be identified, told Reuters.

KfW's India office confirmed the discussions, though the main focus was on credit lines to support small businesses' solar power generation. The talks were at an early stage, KfW said.

[Read More ...](#)

### Asia Gold: Consumers cash in on price rally, some switch to silver

Consumers in leading Asian hubs continued to sell off physical gold this week, with some switching their holdings to silver, after a jump in prices that also attracted interest from investors betting further gains. Global benchmark spot gold surpassed \$1,450 an ounce for the first time in more than six years on Friday.

“Demand has been muted, with most people selling off gold to take profit,” said Brian Lan, managing director at Singapore dealer GoldSilver Central.

[Read More ...](#)

### China will ease policy further, but saving big ammunition for potential shocks:

China is keeping all its economic policy tools within reach as the trade war with the United States gets longer and costlier, but still sees more aggressive action like interest rate cuts as a last resort should the dispute get uglier, policy sources say. Heading off a sharper economic slowdown remains Beijing’s top priority, though officials fear easing too much could fuel debt and financial risks, according to government advisers involved in internal policy discussions.

[Read More ...](#)

### U.S., China Trade Negotiators Talk for Second Time Since Truce

U.S. and Chinese senior officials spoke by phone this week, the second call since the late June summit at which the two sides agreed to a truce in their ongoing trade conflict.

U.S. Trade Representative Robert Lighthizer and U.S. Treasury Steven Mnuchin spoke to the Chinese side earlier, a USTR spokesman said. China’s Commerce Ministry said Vice Premier Liu He and Commerce Minister Zhong Shan were among those on the call. There were no details released from both sides on what was discussed.

[Read More ...](#)

### A \$150 Billion Exit From Stocks May Be a Good Thing in a Crisis

Bad news for equities now could prove to be a savior in any market correction later, according to strategists at Sanford C. Bernstein.

Investors have pulled \$150 billion from global equity funds this year and new stock issuance remains muted, with AB InBev shelving an initial public offering of its Asian operations just last week. Despite a stellar stock rally that’s added almost \$10 trillion in value this year, market participants remain cautious amid growth concerns as the U.S. and China dither on trade.

[Read More ...](#)

### CPSE ETF follow-on fund offer oversubscribed, investors put in bids worth Rs 25,000 cr so far

The sixth tranche of CPSE ETF has been subscribed over two times, with institutional and retail investors together putting in bids worth about Rs 25,000 crore so far. The government is looking to raise up to Rs 10,000 crore through the follow-on fund offer (FFO) of CPSE Exchange Traded Fund (ETF).

[Read More ...](#)

### RIL Q1 revenues rise 21% to ₹1.61 trillion on boost from Jio, retail

Oil-to-telecom behemoth Reliance Industries Ltd(RIL) reported a consolidated net profit of ₹10,104 crore for the period ended 30 June, 2019 a rise of 6.82% from ₹9,459 for the same quarter last year. The consolidated revenue from operations grew 21.25% to ₹1.61 trillion

during the quarter as against ₹1.33 trillion for the same period a year ago.

[Read More ...](#)

### Small-cap misery seen ending in India, thanks to RBI rate cuts

With borrowing costs tumbling thanks to Reserve Bank of India's (RBI) interest-rate cuts -- and more such reductions anticipated -- the cheaper valuations of stocks that have been laggards during India's rally may lure buyers. Also set to help, in Shah's narrative: the Modi administration's bigger-than-expected capital infusion in state-run banks, and a pick-up in monsoon rains that will aid agriculture. A rebound in small and mid-size enterprises may emerge by the festival season starting in two months, when consumer spending often picks up.

[Read More ...](#)

### Govt may seek up to \$14.5-bn credit from foreign lenders for MSMEs: Report

The government is in talks with foreign lenders to provide as much as \$14.5 billion in credit to millions of its small firms, two officials said, in a sign the country's banking system may not be robust enough to do the job on its own.

The government is in discussions with multiple foreign lenders, including Germany's state-owned development bank KfW Group, the World Bank and some Canadian institutions to extend lines of credit to small enterprises,

[Read More ...](#)

### Nifty Auto hits three-year low. Analysts see more pain ahead

Falling sales, patchy monsoon thus far that may further have a bearing on demand going ahead and the overall slowdown in the economy has made analysts cautious on the consumption segment, especially the automobiles. And if reports are to be believed, the recovery in the auto segment is still far away.

[Read More ...](#)

### FPIs may set up SPVs in Mauritius, Singapore to avoid surcharge hike

Foreign portfolio investors (FPIs) are exploring options to route their investment through corporate structures in countries such as Mauritius, Singapore, France, and the Netherlands to bypass the additional surcharge levied in the Union Budget.

The government on Thursday ruled out a rollback of the "super-rich" tax on FPIs organised as trusts or association of persons. This could affect 40-50 per cent of the FPIs. "FPIs are looking at forming special purpose vehicles (SPVs) in regions such as the Mauritius, Singapore, the Netherlands, and France for investing in India.

[Read More ...](#)

### Expect a '10% correction in the next three months', warns Morgan Stanley's chief investment officer

As much of the U.S. gets ready to face a heatwave, the appetite is just as sizzling for stocks after Fed Vice Chairman Richard Clarida and New York Fed President John Williams revved up market expectations about rate cuts. Despite some backpedaling on those comments, there's still plenty of enthusiasm out there for equities.

[Read More ...](#)

### Fed's wisest strategy is to cut interest rates at first sign of

Given that its benchmark interest rate is so close to zero, the most effective strategy for the Federal Reserve is to cut rates at the first sign of trouble, said New York Fed President John Williams on Thursday.

### economic distress, Williams says

“When you have only so much stimulus at your disposal, it pays to act quickly to lower rates at the first sign of economic distress,” Williams said in a speech at a research conference in New York. Investors saw Williams’ comments as endorsing a half-point rate cut at the central bank’s next policy meeting on July 30-31.

[Read More ...](#)

### Chinese Conglomerate’s Debt Crisis Deepens; Bonds Plunge

A large Chinese conglomerate fell deeper into a debt crisis, after it said it won’t repay \$500 million in U.S. dollar bonds coming due next month. Cash-strapped China Minsheng Investment Group said on Friday it will not be able to repay the principal amount or interest on the three-year bonds that mature on Aug. 2, marking one of the largest Chinese defaults on a U.S. dollar bond this year. The unrated bonds, which carry a 3.8% coupon, were issued by an offshore subsidiary called Boom Up Investments. On Friday, they lost nearly a third of their value to trade at 50 cents on the dollar, according to a Hong Kong-based trader, indicating a very high likelihood of default.

[Read More ...](#)

### Signs Of Bullish Life In The Brazilian Real

President Bolsonaro made a pledge on the campaign trail. South America’s leading economy. Brazil offers lots of opportunities if they get their act together. The real has been creeping higher. Brazilian stocks have taken off on the upside.

[Read More ...](#)

### Corporate Yields Are Heading South In The Euro Land

Some of the euro area’s junk-rated corporate debt is now trading at negative yields, and over 15% of near-junk debt is also charging the lenders to provide cash to financially weaker companies. All in 51 percent of all European Government bonds are trading at negative yields, and just over 30 percent of all investment grade corporate bond issued in the euro. Meanwhile, Greek Government bonds auction this week went into a massive demand overdrive.

[Read More ...](#)

### The Fed Is A Wonderful Distraction, And The Data Never Lies

The Trade Dispute will probably get much worse. The data is pointing to a steeper decline than previously thought. Lower rates will increase debt, inequality, and not help underlying problem. Earnings will likely be a catalyst for significant decline in equity prices.

[Read More ...](#)

## International Events

Date	Time	Currency	Data	Forecast	Previous
22-Jul	8:30pm	JPY	BOJ Gov Kuroda Speaks		
TueJul 23	4:00am	AUD	RBA Assist Gov Kent Speaks		

WedJul 24	4:15am	NZD	Trade Balance		264M
	12:45pm	EUR	French Flash Services PMI		52.9
		EUR	French Flash Manufacturing PMI		51.9
	1:00pm	EUR	German Flash Manufacturing PMI		45
		EUR	German Flash Services PMI		55.8
	1:30pm	EUR	Flash Manufacturing PMI		47.6
		EUR	Flash Services PMI		53.6
	7:15pm	USD	Flash Manufacturing PMI		50.6
ThuJul 25	8:35am	AUD	RBA Gov Lowe Speaks		
	12:30pm	EUR	Spanish Unemployment Rate		14.70%
	1:30pm	EUR	German Ifo Business Climate		97.4
	5:15pm	EUR	Main Refinancing Rate	0.00%	0.00%
		EUR	Monetary Policy Statement		
	6:00pm	EUR	ECB Press Conference		
		USD	Core Durable Goods Orders m/m		0.40%
		USD	Durable Goods Orders m/m		-1.30%
FriJul 26	6:00pm	USD	Advance GDP q/q		3.10%
		USD	Advance GDP Price Index q/q		0.90%

## Domestic Event

Friday July 19 2019		Actual	Previous	Consensus	Forecast	
05:00 PM	IN Deposit Growth YoY JUL/05		10%			
05:00 PM	IN Foreign Exchange Reserves JUL/12		\$429.91B			
05:00 PM	IN Bank Loan Growth YoY JUL/05		12%			
Friday July 26 2019		Actual	Previous	Consensus	Forecast	
05:00 PM	IN Foreign Exchange Reserves JUL/19					
Wednesday July 31 2019		Actual	Previous	Consensus	Forecast	
05:00 PM	IN Infrastructure Output YoY JUN		5.1%		4.4%	
05:00 PM	IN Government Budget Value JUN		INR-3662B		INR-4469B	
Thursday August 01 2019		Actual	Previous	Consensus	Forecast	
10:30 AM	IN Markit Manufacturing PMI JUL		52.1		52.7	
Friday August 02 2019		Actual	Previous	Consensus	Forecast	
05:00 PM	IN Deposit Growth YoY JUL/19					
05:00 PM	IN Foreign Exchange Reserves JUL/26					

**Disclaimer::**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions –including those involving futures, options, another derivative products as well as non-investment grade securities – involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt PACE or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold PACE or any of its affiliates or employees responsible for any such misuse and further agrees to hold PACE or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.