

South Korea's total supply in manufacturing increased slightly in the second quarter from a year earlier on a rise in both production at home and imports, government data showed on Wednesday.

# China's investors being offered cheapest money in years

By just about any metric, the cost of money in China's financial markets is eye-catching low. Faced with a slowing economy and the risk of trade-war fallout, the People's Bank of China (PBoC) has turned on the liquidity taps. To borrow yuan overnight in the onshore market, the annualized charge is 1.58 percent, the least since 2015. For smaller banks needing to sell negotiable certificates of deposit, yields are at record-lows.

Currency forwards, interbank borrowing costs, government bonds and interest-rate swaps show a similar picture, according to Bloomberg.

There are signs that local traders are seizing on the funding, with the volume of overnight repurchase agreements rising to a record in July. And it's a great window for foreign investors to take hedged positions in Chinese bonds, said JPMorgan Asset Management. But with the yuan in the spotlight, Chinese officials now face a trade-off between keeping liquidity flush and helping to support one of the world's worst-performing currencies.

"Excessive domestic liquidity would lead to depreciation," said Ming Ming, Beijing-based head of fixed income research at Citic Securities Co.

"With China-US monetary policy divergence in the backdrop, the yuan could see more pressure in the future."

Funding costs for lenders have tumbled, as the PBoC keeps liquidity ample. The overnight Shanghai Offered Rate has dropped to lowest since August 2015, while the yield of three-month AAA-rated negotiable certificates of deposit — a lifeline for small and medium banks — has slid to the lowest level in nearly three years.

The yuan's swap points, an indicator of the currency's funding costs in onshore foreign-exchange market, are close to the lowest level in seven years. The cost to hedge exchange rate risk has "cheapened dramatically" for foreign investors, said Jason Pang, Hong Kong-based portfolio manager at JPMorgan Asset Management. Buying onshore Chinese sovereign bonds has become "more interesting" as it offers a similar yield to US Treasuries.

"As China eases monetary policy to support the



QILAI SHEN/BLOOMBERG

economy and combat the trade war, that's a more constructive backdrop for government bonds than the monetary policy tightening cycle currently underway in the US," he said.

Domestic investors are effectively adding leverage again to buy bonds, as cash becomes cheaper in the authorities' push to invigorate the economy. The change in investors' behavior has driven the volume of pledged overnight repo trading to a record high in July, while the overnight repo rate fell to the lowest level since August 2015.

The yield gap between government and AAA-rated corporate debt has narrowed to the lowest since November 2016, as a more accommodating monetary policy eases credit risk concerns, boosting appetite for riskier bonds again.

Yuan one-year interest rate swaps are trading near their lowest level since October 2016, signaling expectations that liquidity will remain ample for a while. However, the central bank's hands may be tied when it comes to any further easing ambitions, given the risk of placing further pressure on the yuan.

## Main Indices of TSE

Index	Value	Change	Percent
Total Index	131876.7	-2084.8	-1.58
Industry Index	121054.6	-2163.3	-1.78
Free Float Index	141995	534	0.37
First Market Index	95916.3	-1497.4	-1.56
Second Market Index	268520.0	-4298.3	-1.60

### Overall Index details on 20180808

First	133961.5	Change end of year(%)	702.04%
High	133714.4	Historical highest	89500.6 (20140105)
Low	131902.6	Historical lowest	100 (1369/1/6)
Close	131876.7	Base Value	100 (1369/1/6)
Change	2522.5		

### Industry Index details on 20180808

First	123217.9	Change end of year(%)	954.15%
Max Value	122906.3	Historical highest	75181.9 (20140105)
Max Value	100884.2	Historical lowest	1226.8 (1377/8/25)
Closing	121054.6	Base Value	
Closing	2306.2		

### Free Float Index details on 20180808

First	141461	Change end of year(%)	
Max Value	131802	Historical highest	105040 (20140105)
Max Value	117866	Historical lowest	
Closing	141995	Base Value	
Closing	3826		

### Main Board Index details on 20180808

First	97413.7	Change end of year(%)	895.67%
Max Value	97224.8	Historical highest	67441.4 (20140105)
Max Value	89686.6	Historical lowest	
Closing	95916.3	Base Value	4740.4 (1381/6/2)
Closing	2388.7		

### Secondary Index details on 20180808

First	272818.3	Change end of year(%)	1317.58%
Max Value	272673.6	Historical highest	181353 (20170522)
Max Value	241894.2	Historical lowest	
Closing	268520.0	Base Value	4740.4 (1381/6/2)
Closing	2235.2		

## International Announcement for Applicants Identification and Qualification Assessment of Financing and Completion Mianeh - Bostan Abad -Tabriz Railway Project in IRAN via DB+F Method



The Construction and Development of Transportation Infrastructures Company (CDTIC) invite all competent contractors and applicants to receive evaluation documents of Financing, Design and Built of Mianeh - Bostan Abad -Tabriz Railway Project.

### 1 The Subject of Announcement:

Identification and qualification assessment of applicants for financing and completion of Mianeh - Bostan Abad -Tabriz Railway Project via DB + F method

### 2 The Initial and Base Amount of the Project.

The initial and base amount of this project is estimated approximately at 11,100. Billion Rials (Based on the Iranian Schedule of Price year 1397 - March 2017), including with the regional, overhead, workshop's equip and dismantling, and engineering services coefficients.

### 3 The Financing Method.

Financing method is DB+F and at least 85% of the contract amount must be provided by the bidders (Financiers). Sovereign Guarantee provides by Construction and Development of Transportation Infrastructures Company.

### 4 The Rules and Regulations.

Provide the employer's financing proposal approval is mandatory for all applicants, along with documentation and observance of the laws and regulations of the Islamic Republic of Iran, including the law of the maximum use of production and service capabilities and providing the demands of the country and reinforcing them.

### 5 The Employer Authority.

The employer (CDTIC) has full authority

and right to suspend or change the process of assigning the project unidirectional, or to accept or refuse any or all bids, and receipt and completion of all the documentation of this announcement, will not create any obligation for the Construction and Development of Transportation Infrastructures Company to invite applicants or transfer the project to applicants.

### 6 Employer's Consultant and Documents Receipt Address.

Applicants by presenting valid credentials, can refer to Hexa Consulting Engineers Company (Employer's Consultant) from the date 2018 Aug 8<sup>th</sup> for 20 days after with reference to the postal address: No. 20, Khadri St., Shojaa Square, Post Code: 1585893631, Tehran, IRAN. To get more information you can contact with Hexa Consulting Engineers Company's Tel: +9821-41662000 and Fax: +9821-41662000.

### 7 Completed Documents' Delivery Date and Address.

The completed documents must be delivered to the Employer's Contract Affairs and Technical Assessment office maximum until the date: 2018 Sept 15<sup>th</sup>, at the address: No.3, West Arash Blvd., Farid Afshar St., Vahid Dastgerdi (Zafar) St., North Moddares Highway, Tehran, IRAN.

Ministry of Road & Urban Development  
The Construction and Development of Transportation Infrastructures Company  
and Technical Assessment Contract Affairs

## RBI will need to tighten monetary policy to counter inflation: IMF

Reserve Bank of India (RBI) will need to gradually tighten monetary policy further due to rising inflation, driven mainly by higher oil prices and a falling rupee, the International Monetary Fund said on Wednesday.

India's central bank raised the repo rate for the second straight meeting last week by 25 basis points to 6.5 percent, while warning about the inflationary pressures, Reuters wrote.

The average inflation is likely to rise to 5.2 percent in 2018-19 from a 17-year low of 3.6 percent in the previous fiscal year, the IMF said.

It said inflationary pressures were also exerted by a pick up in domestic demand and recent hike in procurement prices of major crops by the government, as it seeks to win support from farmers ahead of national elections next year.

India's annual consumer inflation hit five percent in June, staying above the RBI's medium-term four percent target for an eighth consecutive month.

"The RBI will need to gradually tighten policy further, in response to inflationary pressures, which will help to build monetary credibility," the IMF said in its annual report.

The current account deficit is forecast to widen to 2.6 percent of gross domestic product in 2018-19, from 1.9 percent in the previous year, due to higher oil prices and strong demand for imports.

The IMF projected global crude oil prices to average \$72 a barrel in 2018-19, up from \$62 in its earlier forecast.

The report welcomed economic reforms undertaken by prime Minister Narendra Modi's government, such as the introduction of a nationwide Goods and Services Tax (GST) and moves to allow more foreign investment in new sectors.

The report, prepared after consultations with government officials, also warned that India was at risk of a shortfall in tax revenue this year due to continued problems with implementation of GST and a delay in financial sector reforms.

It also forecast India's economy could grow at 7.3 percent in the current fiscal year and 7.5 percent in 2019-20.

Ranil Salgado, IMF mission chief for India said the economy was gaining momentum and the government should reinvest reform efforts to accelerate growth and create more jobs.

"This is critical in a country, where per capita income is about \$2,000, still well below that of other large emerging economies."

As one of the world's fastest-growing economies — accounting for about 15 percent of global growth — Indian economy has helped lift millions out of poverty, the report said.

## Major Currencies

Currency	To USD	Currency	To USD
Turkish Lira	0.1900	Japanese 100 Yen	0.8989
Euro	1.1620	Chinese Yuan	0.1464
British Pound	1.2953	UAE Dirham	0.2722
Australian Dollar	0.7428	Kuwaiti Dinar	3.2973
Canadian Dollar	0.7659	Iraqi 100 Dinar	0.0840

## Major Commodities

Crude Oil	\$69.26	Silver	\$15.43
Gold	\$1221.20	Platinum	\$831.70
Copper	\$2.76	Wheat	\$573.50