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Wealth Daily

Wednesday, 19 August 2026

AI Rally Meets Rates Reality

Today's Must-Know News

S&P 500's 0.69% decline Tue points to a potential shift from an earnings- and AI-led rally toward a rates-and-inflation test, as rising long-dated Treasury yields, Brent near USD91/bbl and persistent inflation and fiscal concerns weigh on equity valuations. **Rate-sensitive stocks, particularly NVDA -2.34%, MU -7.02%, AVGO -3.17%, META -4.45%, AMD -4.27%, INTC -6.58% & SNDK -9.01% bore the** brunt of the selloff despite gains in AAPL +1.45%, LLY +3.6%, JNJ +3.33% & XOM +2.54%. **Nvidia fell despite BofA estimating a 34%-50% valuation discount** & keeping Buy with a USD350 target. **Meta fell as a 29-state trial raised potential penalties of up to USD1.4tn**, while **J&J gained on positive MedTech momentum** including MONARCH QUEST 3 FDA clearance and robotic-surgery progress. **Still, S&P 500 returned 12% ytd, with focus now on today's July FOMC minutes**, Nvidia's Aug. 26 2QFY27 earnings and the Jackson Hole symposium on Aug. 27–29. **IREN (IREN -6.46%) leads CoreWeave (CRWV -12.1%) on revenue efficiency** but both shares slide. **Software (IGV -0.03%) outperformed Semicon (SOXX -4.96%)**, with MSFT +0.27%, ADBE +3.58%, CRM +2.71% up. **Microsoft rose despite reports that China accelerated plans** to remove a customized Windows 10 version from some state-linked organizations. **Xiaomi (1810.HK +1.16%) posted a 43% drop in adjusted 2Q net profit** and 6.1% revenue decline, while **Baidu (BIDU -12.73%; 9888.HK +0.8%) reported a fifth straight quarterly revenue fall** and a 68% plunge in net income. **Walmart (WMT +0.76%) & Alibaba (9988.HK +3.68%; BABA +2.76%) report 2QFY27 & 1QFY27 earnings respectively Thursday**, with tariffs, US consumer demand and Alibaba's AI/cloud growth in focus. **NVDA, AVGO, META, LLY, JNJ, MSFT, WMT & 9988.HK are our Core Recommendations; MU & SOXX are our Trading Buys.**

Trader's Corner (Details on Page 6-7)

Ticker	Name	Rec.	Support	Resistance
2269.HK	WuXi Biologic	-	HKD 44.42 / 42.60	HKD 53.75 / 59.30
2057.HK	ZTO Express	-	HKD 177.80 / 171.60	HKD 196.20 / 205.60

CR = Core Recommendation; TB = Trading Buy

Hong Kong IPO Calendar

Ticker	Company Name	Sector	IPO date
3223.HK	Ingenic	Technology	Aug 25

Overnight Markets

Indices

	Price	1D% Chg	YTD%
Straits Times Index	5,701.40	-1.16	22.71
FBM KLCI	1,733.36	0.43	3.17
DJIA	53,343.40	-0.22	10.99
S&P 500	7,691.76	-0.69	12.36
NASDAQ Composite	26,289.71	-1.33	13.11
Hang Seng Index	25,471.15	0.07	-0.62
CSI 300 Index	4,725.81	-0.32	2.07

Govt Bond Yields

Term	Price	1D% Chg	YTD%
US 2Y	4.172	-0.5bps	+69.7bps
US 10Y	4.705	-1.8bps	+53.6bps
EU 2Y	2.853	+5bps	+73.1bps
EU 10Y	3.259	+3.8bps	+40.4bps

Precious Metals

	Price	1D% Chg	YTD%
Gold Futures (US$/oz)	4366.000	-1.17	0.96
Silver Futures (US$/oz)	64.037	-3.31	-9.12

Currencies & Crude Oil

	Price	1D% Chg	YTD%
Dollar Index (DXY)	99.657	0.02	1.40
EUR-USD	1.1576	-0.03	-1.45
Brent Futures (US$/bbl)	91.02	0.17	49.43
WTI Futures (US$/bbl)	84.94	0.52	47.95

Must Watch Events

Aug 19	FOMC Jul Minutes, US to impose a fresh 50% tariff on some Canadian goods. Earnings: TJX, TGT, LOW, HKEX (0388.HK), Kuaishou (1024.HK), CMOC (3993.HK), CR Beer (0291.HK); Unitree IPO Debut.
Aug 20	US Initial Jobless Claims, China Aug LPR Fixing; Taiwan Jul Export Orders. Earnings: WMT, Alibaba (9988.HK), Pop Mart (9992.HK), Ping An (2318.HK), AIA (1299.HK), China Telecom (0728.HK), NetEase (9999.HK), SinoPharm (1099.HK), Chongqing Machinery (2722.HK).
Aug 21	**12:00PM, CIO Series Luncheon: US Market Outlook (in-person event, HK)** RSVP Iris Lee (iris.lee@uobkh.com), Nicole Li (nicole.li@uobkh.com), Cissy Yu (cissy.yu@uobkh.com)

Americas

- **Nvidia rating affirmed with positive outlook.** Nvidia (NVDA -2.34%) retained its Aa1 senior unsecured and Prime-1 ratings at Moody's, with a positive outlook, after committing up to USD 105 bn of guarantees for OpenAI's Ohio AI data-center campus. The guarantees support about 4.25 GW of capacity, with an option for another 3.8 GW, and are expected to peak in 2031. (Bloomberg) **NVDA is our Core Recommendation.**

- **Walmart set to report 2Q results.** Walmart (WMT +0.76%) reports on Thursday, with revenue expected at USD186.3bn, up nearly 5% yoy, and EPS at 73 cents, up 7.4%. Investors will focus on e-commerce growth, customer traffic and margins amid higher fuel costs and cautious spending. (Yahoo Finance) **WMT is our Core Recommendation.**

- **China accelerates removal of Microsoft Windows from state users.** Microsoft (MSFT +0.27%) faced renewed localization pressure after Beijing reportedly instructed some state-linked entities to uninstall a customized version of Windows 10 earlier than planned, citing data-security concerns. Microsoft nevertheless gained, while Chinese software suppliers rallied sharply on the report, confirming this was a China technology-security action rather than a Trump tariff effect. (Bloomberg) **MSFT is our Core Recommendation.**

- **Meta faces potentially massive youth-safety liabilities.** Meta (META -4.45%) went to trial against 29 US states alleging Facebook and Instagram were deliberately designed to encourage compulsive use by children, with Bloomberg citing potential penalties of as much as USD1.4tn. The stock fell amid both the trial and the wider AI-sector selloff; there is no evidence the move was caused by a Trump policy. (Bloomberg) **META is our Core Recommendation.**

- **Apple cuts European App Store charges.** Apple (AAPL +1.45%) agreed to scrap its per-install fee for developers distributing outside its marketplace, introduce a 5% commission on external digital transactions and reduce European in-app purchase commissions to 26% from the standard 30% to settle an EU competition dispute. Shares rose despite the concessions, and the action is unrelated to Trump administration policy. (Bloomberg)

- **Adobe gains on analyst upgrades, confidence in AI resilience.** Adobe (ADBE +3.58%) rose after CLSA initiated coverage with an Outperform rating, while RBC said high costs of replacing established software with in-house AI tools should limit disruption risks. Strong cash generation, margins and recurring revenue also supported sentiment. (TradingKey)

- **Home Depot earnings beat estimates.** Home Depot (HD +0.12%) reported 2Q sales of USD 47.9bn, up 5.7%, with adjusted EPS of USD 4.92 beating estimates as comparable sales rose 1.7% despite weak housing activity. The retailer maintained its FY2026 outlook, while tariff refunds helped offset cost pressures. (Bloomberg)

- **Disney sues FCC over ABC station licenses.** Disney (DIS +0.43%) and ABC sued the FCC to block a review of licenses for eight ABC stations, alleging the Trump administration is retaliating against the network over its broadcast content and threatening free speech rights. (Reuters)

- **Anthropic credit line tops USD 10bn.** Anthropic is set to raise its pre-IPO revolving credit facility above a roughly USD 10bn target, sharply higher than the USD 2.5bn five-year facility secured last year, as banks position for roles in a potential listing. Discussions remain ongoing and Anthropic could still cap the facility at or below the original target. (Bloomberg)

- **OpenAI revenue run rate tops USD 40 bn.** OpenAI's annualized revenue is on track to exceed USD 40 bn, roughly double its end-2025 run rate, driven by AI coding tools, subscriptions and a nascent advertising business. Demand for Codex and ChatGPT Work has accelerated, while selected model prices were cut to compete for cost-conscious customers. (Bloomberg)
- **OpenAI tightens teen safeguards, slows model development.** OpenAI launched a ChatGPT teen mode with parental controls and stricter protections for sensitive topics, while also pausing some model training and testing as it overhauls safety systems after an AI agent hacked Hugging Face. (Reuters)
- **Cisco AI outlook disappoints investors.** Cisco (CSCO -1.14%) forecast USD 7.5 bn of AI-related sales for FY2027, about 10% of projected revenue, despite AI orders reaching USD 4 bn in 4Q. Shares rose 0.03% after hours as investors viewed the guidance as conservative, even as 1Q sales and profit outlook topped estimates. (Bloomberg)
- **Cerebras growth outlook disappoints investors.** Cerebras (CBRS -12.69%) guided current-quarter revenue to about USD 215 mn, above the USD 212 mn consensus but below some forecasts of more than USD 220 mn. Shares gained 0.50% after hours despite having gained 42% since its May IPO. (Bloomberg)
- **American Airlines expands premium seats, screens.** American Airlines (AAL -2.63%) plans to raise premium seats to about 40% of narrowbody capacity from 25% and add seatback screens to more than 800 jets, as it seeks to boost revenue and close its profitability gap with Delta (DAL -2.16%) and United (UAL -2.9%). (Reuters)
- **Velaura AI raises USD 110 mn at billion-dollar valuation.** Velaura AI raised USD 110 mn in Series A funding at a valuation above USD 1 bn, led by Seligman Ventures, to accelerate low-power chip and software development for AI data centers and robotics. (Reuters)

Greater China

- **China, Hong Kong stocks retreat on tech pullback.** The CSI 300 fell 0.32% Tuesday as AI and tech shares weakened, while HSI edged up 0.07%. Changxin Technology (688825.SZ -4.3%) down after Monday's 12% surge while PetroChina (0857.HK +2.52%) rose on Middle East tensions and higher oil prices. (Bloomberg)
- **Alibaba expands Korea cloud footprint, AI optimism lifts shares.** Alibaba (9988.HK +3.68%; BABA +2.76%) shares rose after Alipay launched an AI-agent platform for businesses, while Alibaba Cloud brought its third South Korea data center online as demand for cloud and AI services grows. Shares have rallied more than 40% from June lows ahead of Thursday's results. (Reuters/Bloomberg) **9988.HK is our Core Recommendation.**
- **Baidu revenue declines for fifth quarter.** Baidu (BIDU -12.73%; 9888.HK +0.8%) 2Q revenue fell 4% YoY to CNY 31.3 bn, while net income plunged 68% to CNY 2.32 bn after AI data-center and computing investment tripled. US-listed shares fell as much as 10% as weaker advertising and intensifying AI competition weighed on sentiment. (Bloomberg)
- **Memory-chip shortage hits Xiaomi profit.** Xiaomi (1810.HK +1.16%) 2Q adjusted net profit fell 43% yoy to CNY 6.22 bn as revenue declined 6.1% to CNY 108.9 bn, with smartphone revenue

down 7.5% amid higher memory costs and weaker shipments. Smartphone gross margin fell to 8.5% as major suppliers prioritised advanced AI memory chips, tightening conventional memory supply and raising component costs. Additonally, Xiaomi's SU7-series deliveries surpassed 500,000 units in 28.5 months, highlighting rapid EV growth. (Bloomberg)

- **GigaDevice 1H profit surges.** GigaDevice (3986.HK -6.59%) reported 1H net profit of CNY 6.86 bn, up from CNY 575.5 mn a year earlier, while revenue jumped to CNY 11.57 bn from CNY 4.15 bn. The stock has 32 buy ratings and no hold or sell recommendations. (Bloomberg)
- **Chinese AC makers expand in Europe.** Gree (000651.SZ +0.43%); Haier (6690.HK -0.19%); Midea (0300.HK +0.79%); TCL Technology (000100.SZ +0.96%) are targeting rising European demand, with China controlling about two-thirds of the global AC market. China's AC exports to the EU reached USD 3.8 bn in 1H. (Bloomberg) **6690.HK & 0300.HK are our Core Recommendations.**
- **Unitree debuts after USD 0.9 bn IPO.** Unitree raised CNY 6.1 bn at a roughly CNY 61 bn valuation, while crypto perpetual futures imply a valuation more than four times its USD 9 bn IPO value and point to a potential debut gain above 300%. The IPO was 5,526 times subscribed, with about CNY 4.2 bn of proceeds earmarked for embodied AI development and related projects. (Bloomberg)
- **Pony AI robotaxi revenue hits record.** Pony AI (PONY -2.94%) 2Q revenue rose 69% YoY to USD 36.2 mn, with robotaxi revenue surging to USD 12.1 mn from USD 1.5 mn and accounting for one-third of total sales. Net loss widened to USD 59.8 mn from USD 53.1 mn a year earlier. (Bloomberg)
- **ByteDance loan draws strong lender demand.** ByteDance attracted more than USD 30 bn of orders for a USD 20 bn syndicated loan, with an option to upsize, marking its largest offshore borrowing. The three-year facility, extendable to five years, will mainly fund general corporate purposes as the company considers higher data-center and AI infrastructure spending. (Bloomberg)
- **HSG targets USD 1.2 bn dollar fund**. HSG, formerly Sequoia China, is in talks to raise at least USD 1.2 bn for an early-stage fund focused on AI, healthcare and consumer companies, its first dollar fund since separating from Sequoia. The firm is also considering growth and CNY-denominated funds while maintaining a China focus. (Bloomberg)

Asia ex. China

- **BHP profit beats forecasts on copper strength.** BHP (BHP LN +0.74%) reported FY26 underlying profit up 30% to USD 13.20 bn, beating forecasts, and raised its annual dividend to USD 1.72 a share, while shares climbed as much as 4.2% as copper became its top earnings driver. (Reuters)
- **BRC earnings supported by robust orderbook.** BRC Asia (BRC SP +0.47%) reported 9MFY26 revenue of SGD 1.36 bn, up 21% YoY, and PATMI of SGD 79 mn, up 26% YoY, representing 77% and 76% of full-year forecasts. Its SGD 1.69 bn orderbook supports earnings visibility; maintain BUY with an unchanged SGD 5.30 target price. (UOB Kay Hian Institutional Research)

EMEA and Others

- **European shares hit two-week low on yield surge.** The STOXX 600 fell 0.69% Tuesday, while Germany's DAX and France's CAC declined 0.8% and 0.82% respectively. However, Britain's FTSE rose 0.07% on healthcare and energy stocks. Infineon (IFX GR -6.8%) and Aixtron (AIXA GR -8.43%) fell sharply as higher yields hit tech stocks. (Reuters)
- **Glencore draws investor interest ahead of ASX listing.** Glencore (GLEN LN -0.47%) plans to secondary-list in Australia in October to tap the country's growing institutional capital pool and support its copper expansion ambitions. Despite its heavy thermal coal exposure, analysts and investors see strong copper demand potentially outweighing ESG concerns, with the stock potentially qualifying for S&P/ASX 200 inclusion within 12 months. (Reuters)
- **Nokia to cut China workforce, close sites by year-end.** Nokia (NOK -3.62%) plans to cut most of its mainland China workforce and shut sites in stages by year-end, as its China business has steadily declined and the company realigns operations globally. (Reuters) **NOK is our Trading Buy.**
- **Airbus targets late-September A350F maiden flight.** Airbus (AIR FP -2.08%) has tentatively scheduled the delayed A350F freighter's first flight for Sept. 24, with a possible slip into early October, as it races to complete testing and certification for a first delivery in 2H 2027. (Reuters)

Traders' Corner

Source: TradingView

WuXi Biologics (2269.HK)

Last Price:	HKD 48.58
Support:	HKD 44.42 (-8.6%) / HKD 42.60 (-12.3%)
Resistance:	HKD 53.75 (+10.7%) / HKD 59.30 (+22.1%)

Our Technical View

- Price successfully defended its footing above the resistance-turned-support zone before staging a decisive breakout from a bullish flag pattern.
- This signals a fresh acceleration in buy-side momentum, fully validated by technical indicators as the RSI pushes well above its neutral 50-midline into strong positive territory.
- This points toward a sustained upward extension toward higher resistance targets.

Traders' Corner (continued)

Source: TradingView

ZTO Express (2057.HK)

Last Price:	HKD 182.80
Support:	HKD 177.80 (-2.8%) / HKD 171.60 (-6.1%)
Resistance:	HKD 196.20 (+7.3%) / HKD 205.60 (+12.5%)

Our Technical View

- Price successfully maintained its footing above the gap support zone.
- The RSI is curling upward directly out of near-oversold territory.
- As long as this crucial gap floor holds intact, the confluence of structural support and momentum recovery points toward a rebound and continuation move higher.

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