GS Asian ADR Morning Snapshot

28 July 2026 | 6:36 PM China Standard Time


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BEST ADR FLOWS YESTERDAY:

ASIA: BEKE, BZ, DIDIY, KT, NIO, YMM, ZTO
EUROPE: FER, QGEN

STOCK/SECTOR NEWS:

Asian Semis: A selloff in semis deepened Tuesday, as signs of China's progress in advanced chipmaking weighed on global rivals and concern mounted over the sustainability of the artificial AI spending boom. A report that a Chinese state-backed company has begun mass producing immersion deep ultraviolet lithography machines fueled fears of rising competition that could flood worldwide capacity. https://blinks.bloomberg.com/news/stories/TIVGSKKJH6V7

Chinese Robotics: DexForce is considering an IPO in Hong Kong, as the Chinese robot maker seeks to tap into investor enthusiasm for the sector. Robotics companies in China are rushing to go public and raise funds for developing technology that can be deployed at scale in factories and other workplaces. https://blinks.bloomberg.com/news/stories/THW8FCKK3NY8

ATHM: *Pre-mkt +0.03%.* Announced a $400M ADS buyback program to run for 12 months. The company plans to fund repurchases from its existing cash balance. https://blinks.bloomberg.com/news/stories/TIVP21GF4NPC

BABA: *Pre-mkt -0.49%.* Alibaba Cloud's enterprise-level large model platform Bailian announced that the official API for Moonshot AI's flagship model Kimi K3 has officially launched on the Bailian's model square and the Qwen AI platform's model marketplace. https://blinks.bloomberg.com/news/stories/TIV8QXCHKJCY

BIDU: *Pre-mkt -1.48%.* Lyft and Baidu said they have begun testing the Chinese company's sixthgeneration Apollo Go robotaxis within the borough of Brent in London. The companies expect the service to open to the public in 2027. https://blinks.bloomberg.com/news/stories/TIV0ZPKIUPSB

EARNINGS THIS WEEK:

Tue
Wed EDU, SIMO, SKHY, UMC
Thu MFG, PKX, TAK, TAL
Fri

FOREIGN FLOWS:

China Southbound Connect sold $318M, Taiwan foreigners sold $2.7bln, Korean foreigners sold $3.3bln.

REGIONAL SUMMARY (Data sourced from Bloomberg):

Overview: Asian equities finished mostly lower, as a broad AI-driven selloff hammered semi related stocks across the region. Concerns over the sustainability of AI infrastructure spending, intensifying competition from Chinese chipmakers, and surging costs to insure Nvidia's debt against default drove the rout. Korea suffered its fourth-largest decline on record, triggering multiple circuit breakers. Taiwan and Japan also fell sharply on chip weakness. Mainland China was dragged lower by semis. Hong Kong bucked the trend, with software names outperforming as the chip selloff was seen as a potential tailwind for the beaten-down software sector. Australia reversed an intraday decline to close higher after RBA Governor Michele Bullock's remarks prompted traders to pare back rate-hike bets. India was a relative outperformer, closing slightly lower as IT software exporters gained.

China: CSI300 -2.83%, SHCOMP -1.16% - Chip and Industrial Stocks Weigh; Software Outperforms

Mainland Chinese equities declined, with the CSI300 dropping to its lowest closing level since July 20. The SHCOMP also fell, Cambricon Technologies (688256 CH) -9.1% contributing the most to the index decline, while Cabio Biotech Wuhan (688089 CH) -20%. Of 2,224 shares, 1,148 fell and 1,006 rose; 2 of 5 sectors were lower, led by industrials. Software names outperformed as the global chip selloff was seen as a potential tailwind for the sector. CMXT (688825 CH) -4.1% held most of it's first day gains despite the global semi selloff.

Hong Kong: HSI +0.41% - NetEase Leads; Index Rises to Highest Since June 3

The Hang Seng rose for a second consecutive session, its highest closing level sinc NetEase (9999 HK) +4.5% contributed the most to the index gain and had the larg move. Of 93 HSI constituents, 56 rose and 32 fell; all sectors were higher, led by co industry stocks. Hong Kong's outperformance stood in contrast to the broader reg as software and internet names provided a buffer against chip-related weakness. Laopu Gold (6181 HK) -23.8% on weak 1H sales guidance. Southbound was a net seller for a fourth consecutive session.

Japan: NKY -3.95%, TPX -2.52% - Chip Selloff Drives Nikkei to Lowest Since May 22; Banks Also Weigh

Japanese equities fell sharply, with the Nikkei dropping to its lowest level since May 22, driven by a broad selloff in semis and equipment names. The Topix closed lower, with Topix bank stocks declining more than the main index despite no clear trigger from the rates market. The session was characterized by panic selling ahead of August, historically the weakest month on average for Asian equities. Kioxia (285A JP) -18.3% leading declines on the Nikkei, while Tokyo Electron (8035 JP) -11% and SK Hynix-linked names were among the hardest hit. Eight Nikkei stocks set record highs, including Nichirei (2871 JP) +3.9%, Japan Tobacco (2914 JP) +1.8%, and KDDI (9433 JP) +1.4%, with Consumer Staples and Financials posting the most new highs.

Taiwan: TWSE -4.65% - TSMC and Chip Names Lead Broad Decline; Panic Selling Noted

The TAIEX saw a sharp decline, as semis were hit by the global AI-spending concern selloff. TSMC (2330 TT) -3% outperformed the rest of the large cap names, with many such as Delta (2308 TT) -10%, MediaTek (2454 TT) -9.9%, Yageo (2327 TT) -9.9%, and Unimicron (3037 TT) -9.9% closing limit down. Momentum sectors took a major hit, with memory the worst performer. Some pointed to the swift opening decline in Taiwanese stocks was consistent with panic selling, as investors moved to lock in gains or minimize losses ahead of August.

Korea: KOSPI -10.84% - Historic Chip Rout Triggers Circuit Breakers; Worst July on Record Pace

The KOSPI suffered a near-historic collapse, its fourth largest single-day decline on record, as a chip-driven selloff spread across sectors and forced multiple trading halts. The Korea Exchange triggered a circuit breaker halting cash trading for 20 minutes after the KOSPI dropped 8%; it was the eighth circuit breaker of the year. Program trades were also suspended as futures plunged. The selloff was led by semis, with SEC (005930 KS) -13.4% and SK Hynix (000660 KS) -14.7% on AI spending concerns, rising competition from Chinese chipmakers and continued weakness in global semis. Dip buyers were notably absent despite the sharp correction. The KOSPI is -28% so far in July; if those losses hold, it would mark the index's worst monthly performance on record.

Australia: AS51 +0.61% - RBA Governor's Remarks Erase Losses; Financials Lead

The ASX reversed an intraday decline to close at its highest level since June 17, after RBA Governor Michele Bullock said there are signs the economy is cooling as anticipated, though she stopped short of clearly signaling that further rate hikes are unnecessary, prompting traders to pare back hawkish bets. Tomorrow’s 2Q CPI report will be key to the near-term rates outlook.

Financials led the market higher, with 9 of 11 sectors gaining; 118 of 200 shares rose while 77 fell. Commonwealth Bank (CBA AU) +1.5% contributed the most to the index gain, while Viva Energy (VEA AU) +8.6% had the largest individual increase at +8.6%.

India: NIFTY -0.04% - IT Sector Outperforms; Equities Steady Amid Regional Rout
Indian equities were a notable regional outperformer, as the global semi selloff was seen as supportive of a potential recovery in the beaten-down Indian IT sector. The NIFTY IT Index +3.28% saw its third consecutive session of gains, on pace for its biggest monthly outperformance over global chipmakers on record. HDFC Bank -0.6% weighed on the headline index, while data center-linked infrastructure names sold off in sympathy with the global chip rout.

MORNING HEADLINES:

(CH) China Draws Lines on US Tariffs, AI Ahead of Xi-Trump Summit
(CH) US Probes Chinese Factories in Vietnam, Stoking New Tariff Fears
(CH) China LNG Imports Set to Climb for Third Month
(HK) Hong Kong Stocks Benefit From Taking the Hits Earlier This Year
(JP) Japan Stocks Fall as Chipmakers Hit by Nvidia, China Concern
(JP) Yen Stays Weaker Than 163 Per Dollar; Bonds Steady: Inside Japan
(JP) Powerful Quake Hits Southwestern Japan, Injuring at Least 50
(JP) Japan’s Katayama Shares Takaichi Goal to Spur Growth Via Tax Cut
(JP) JAPAN INSIGHT: BOJ Hikes Are About Timing, Not Taming Inflation
(TW) Nvidia Staff Detained by Taiwan in China Chip Smuggling Case
(TW) Taiwan Five-Year Yield Jumps to Highest Since 2008 on Rate Bets
(SK) Korean Markets Hit by Turmoil as Chip Rout Forces Trading Halts
(SK) How South Korea's Leveraged ETF Gambit Backfired
(AU) RBA’s Bullock Says Economy Cooling, Unsure Rates High Enough
(AU) Aussie Retreats After Bullock Speech: Inside Australia/NZ
(AU) Australia to Study First New Oil Refinery Since the Sixties
(IN) Nifty Index Little Changed; Hindustan Unilever Leads Decline
(IN) Rupee Gains on RBI Intervention, Lower Oil: Inside India
(IN) India June Industrial Production Rises 7.3% YoY vs BBGe +6%
(IN) Inside Modi’s Decision to Cave to India ‘Cockroach’ Protests
(IN) Modi’s Retreat Gives Opening to India’s Battered Opposition