

Nancy has Landed in Taiwan: Here Are All The Latest Taiwan Headlines

By [Zero Hedge](#)

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With Nancy Pelosi’s plane supposedly just an hour or so away from landing in Taiwan...

09-0540 [#SPAR19](#) is over Indonesia, heading toward east and tracked by 300k users.

05-0730 [#SPAR20](#) is on ground at SZB airport (Kuala Lumpur). <https://t.co/bgOOx4RZYu> pic.twitter.com/zWyVUKHjtF

— Flightradar24 (@flightradar24) [August 2, 2022](#)

... below we have compiled all the latest rapidly moving news on the fluid situation, courtesy of Newsquawk

- Several Chinese warplanes flew close to the median line of the Taiwan Strait on Tuesday morning and several Chinese warships have stayed close to the median line of the Taiwan Strait since Monday, according to a source briefed on the matter cited by Reuters. It was also reported that Taiwan’s Defence Ministry reinforced its combat alertness level from Tuesday morning to Thursday noon, according to the official Central News Agency citing sources.
- Global Times’ Hu Xijin says “Based on what I know, in response to Pelosi’s possible visit to Taiwan, Beijing has formulated a series of countermeasures, including military actions.”
- China’s Foreign Ministry says their position on US House Speaker Pelosi’s potential Taiwan visit is clear, will take all necessary measures to preserve interests.
- The plane (SPAR19) likely carrying the delegation of US House Speaker Pelosi is in the air, having departed Kuala Lumpur. It is taking a route around the Philippines to Taiwan. Sources suggest this is designed to minimize the security

risks, according to CNN's Rogin. *Follows FlightRadar24 [showing the craft in-flight earlier](#), no confirmation that Pelosi is onboard or as to its destination/flight path.*

- SET News expects US House Speaker Pelosi in Taipei at 21:30 local time (14:30BST/09:30EDT).
- "Both of aircraft carriers of the PLA Navy have reportedly moved out from their homeports respectively amid Pelosi's possible visit to the island of Taiwan, which media reported could happen Tuesday evening.", according to Global Times.
- Xiamen Air in East China's Fujian Province announced on Tuesday the adjustment of some of its flights due to flow control, via Global Times. Geographically, the Fujian province is in close proximity to Taiwan
- PLA's Eastern Theater Command conducts live-fire drills in East China Sea, practicing subjects such as air defense, anti-reconnaissance, missile defense, and long-range sea strikes, via CCTV.
- The PLA could send warplanes across the median line that divides the Taiwan Strait if US House Speaker Nancy Pelosi visits the democratic island, and analysts say it could start happening more regularly, [SCMP reports](#)

Separately, Global Times' outspoken former editor in chief, Hu Xijin tweeted on Tuesday

"Based on what I know: in response to Pelosi's possible visit to Taiwan, Beijing has formulated a series of countermeasures, including military actions.",

whilst several Chinese warplanes reportedly flew close to the median line of the Taiwan Strait (see figure below) on Tuesday morning and several Chinese warships have stayed close to the median line of the Taiwan Strait since Monday, according to a Reuters source briefed on the matter. Further reports also highlighted that the Chinese military will hold exercises in the South China Sea from August 2-6 and a warning was issued - with entry to an area in the sea prohibited due to military exercises from Tuesday to Saturday, according to Global Times.

SCMP highlights some potential military options the PLA can take:

- Sending warplanes to Taiwan Air Defense Identification Zone (ADIZ)
- Flying across the median line - a buffer zone the US established in 1954 which China denies (see figure below) - and/or flying over Taiwan.
- Deploying warships in waters near Taiwan.
- Conducting missile tests in waters near Taiwan.

Economic: SGH Macro Advisors, citing their sources, suggest that 'Beijing has floated economic retaliation against the United States as well', which if realised, would be an "unexpected and major wildcard for markets" as participants focus on military responses. The desk suggests export restrictions of "daily necessities" to the US could be targeted in a bid to directly influence supply and thus exacerbate inflation at a time of elevated prices and slowing growth.

Market Impact

- **STOCKS:** Chinese and Taiwanese stocks took a hit during Tuesday's session, with downbeat sentiment observed across European cash and US futures. Economic retaliation from Beijing will likely keep stocks under pressure. It's also worth

being aware of the Chinese giants listed in the US – such as Alibaba, and Tencent, whilst Taiwanese contract chip manufacturer TSMC is also watched amid the Co's over-50% market share in the chip production sector – any hindrances in operations could be bearish for chip supply.

- *FX*: Desks note of potential haven flows into the Buck amid Pelosi's risky trip, with ING warning of potential shockwaves across FX markets: "The dollar, the yen (which may break below 130.00 already today) and CHF should be the main beneficiaries, while CNY and China-sensitive currencies (along with high-beta currencies in general) could come under pressure. Here, AUD and NZD appear mostly vulnerable in G10", ING says.
- *BONDS*: Haven bids in the fixed income space have been clear, with the upside continuing in Europe's Tuesday trade. It's also worth noting that reports last week suggested that Mainland China has reduced its holding of US debt, with the total dropping under the USD 1tn mark for the first time in 12 years, with analysts in China suggesting US Treasuries themselves are risk assets.

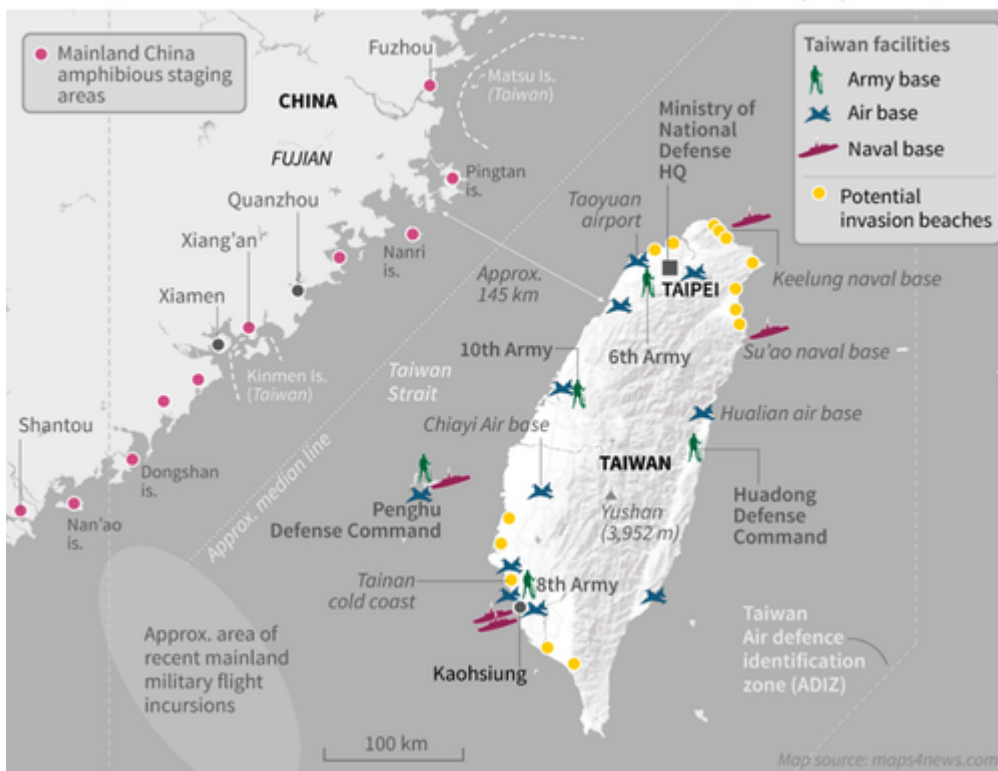
Here are some market-related quotes:

- "The relationship between the US and China was just about to enter into a period of review, with a move from the US to reduce China tariffs" – Ikuo Mitsui, Aizawa Securities.
- "I do expect a negative feedback loop into China-related equities especially those related to the semiconductor and technology sectors as Pelosi's potential visit to Taiwan is likely to harden the current frosty US-China tech war," said Kelvin Wong, analyst at CMC Markets
- "There is no way people will want to put on risk right now with this potential boiling point. The potential ramifications of Pelosi's planned visit are huge." Neil Campling, Mirabaud Securities.

MAP: Military facilities and strategic security locations in Taiwan, and mainland China's amphibious staging areas, via AFP.

Sizing up Taiwan

Many analysts believe that despite the huge discrepancy between the two sides, Taiwan's geography, terrain and US support mean China would find a full-scale invasion of the island extremely hard going and costly



Sources: Ministry of National Defense, ROC/militaryfactory.com/globalsecurity.org/Ian Easton -- The Chinese Invasion Threat



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