

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixin Manufacturing PMI	May	51.2	51.1
US: Change in Nonfarm Payrolls	May	190k	164k
US: Unemployment Rate	May	3.90%	3.90%
US: Average Hourly Earnings YoY / MoM	May	2.60% / 0.2%	2.60% / 0.1%
US: ISM Manufacturing	May	58.1	57.3

Source: Bloomberg

II. Macro News

- **China Cuts Tariffs Ahead of U.S. Commerce Secretary's Visit to Beijing.** China announced Thursday evening that it would cut tariffs sharply on July 1 for an eclectic array of imported goods, the latest in a series of moves by Beijing to dismantle steep trade barriers at a time of rising frictions with the United States. [Bloomberg]
- **China's Factory Gauge Beats Estimates on Global Trade Resilience.** China's official factory gauge rose more than estimated as export orders accelerated. The manufacturing purchasing managers index rose to 51.9 in May, exceeding all forecasts in Bloomberg's survey of economists, who projected the gauge to remain unchanged at 51.4. [Bloomberg]
- **Euro-Area Inflation Picks Up to Fastest in More Than a Year.** Euro-area inflation hit the fastest pace in more than year, some good news for European Central Bank officials debating the future policy path just as turmoil in Italy revives memories of the debt crisis. [Bloomberg]

III. Industry News

- **Charles Li: to Introduce SH & SZ-HK Stock Connect Real-name System at End-Sep, Preparation in Progress.** HKEX's Chief Executive Charles Li stated after the opening ceremony of MSCI that the real-name system of Shanghai and Shenzhen Stock Connect is in progress. He said everything is going fine at this moment and believed that the policy will be launched in late September. [AASocks]
- **China to Ease Foreign Investment Curbs on Energy, Logistics.** China will ease restrictions on foreign investments in more sectors including infrastructure and transportation by announcing an investment negative list before June 30, Commerce Ministry spokesman Gao Feng says at a briefing. [Bloomberg]
- **Tariffs to fall on home appliances, cosmetics.** The State Council decided on Wed to further cut tariffs on number of imported goods starting July 1. The decision, at an executive meeting presided over by Premier Li, was described as continuing the country's opening-up to benefit domestic consumers and boost industrial transformation. [China Daily]

IV. Corporate News

- **China's CNPC Aims to Produce 20 Bcm of Shale Gas by 2025.** China National Petroleum Corp. plans to produce 20 billion cubic meters of shale gas by 2025, co.'s official newspaper China Petroleum Daily reports, citing Chairman Wang Yilin, who visited Sichuan and Chongqing shale gas fields from May 28 to May 30. [Bloomberg]
- **PetroChina Pipelines Worth HK\$4.20/Share If Spun-off.** Pipelines currently account for 30% of PetroChina's book value and industry reform in China could help crystallize this value, Bernstein analysts Neil Beveridge and Jimmy Zheng wrote in emailed note Thursday. [Bloomberg]

- **Samsonite CEO Resigns as Short-Seller Jolts Luggage Maker.** Samsonite International SA's chief executive officer, Ramesh Tainwala, stepped down after a short-seller's concerns about accounting practices and corporate governance rattled investors of the world's largest branded-luggage maker. [Bloomberg]
- **ZTE Is Said to Replace Top Exec as China Seeks to Lift U.S. Ban.** ZTE Corp has replaced one of its most powerful executives in a move that may signal efforts to placate American demands. Tian Dongfang, a ZTE non-executive director who's also chief of a think-tank under the China Aerospace Science and Technology Corp., has already assumed the role of party secretary. [Bloomberg]
- **Lifestyle Intl Says MSCI Index Inclusion May Lead to Share Surge.** The company considers inclusion in MSCI Hong Kong Small Cap Index, effective after close of trading on Thursday, could be the reason for last minute surge in price and trading volume, Lifestyle International says in Hong Kong stock exchange filing. [Bloomberg]
- **Ant Is Said to Lift Funding to Over \$12 Billion Via Yuan Round.** Jack Ma's Ant Financial is raising its fundraising target to more than \$12 billion by bringing in existing Chinese shareholders in a yuan-denominated financing round. [Bloomberg]
- **ZTE Culled From List of Chinese Stocks to Be Admitted to MSCI.** ZTE Corp., the Chinese telecommunications- equipment maker at the heart of a trade spat with the U.S., has had its yuan-denominated shares cut from a list being added to MSCI Inc.'s global benchmarks. [Bloomberg]
- **Huifu Payment Draws UnionPay to \$244M Hong Kong IPO.** Huifu Payment Ltd. offers 225.3m shares at HK\$6.50 to HK\$8.50 apiece in its Hong Kong initial public offering, according to terms for the deal obtained by Bloomberg. The company plans to price offering June 6, begin trading June 15. [Bloomberg]
- **China's BYD to build 2nd monorail in Philippines.** China's electric vehicle maker BYD inked a deal on Wednesday with the local government of Bataan province to build a monorail transit system in this northern Philippine city northwest of Manila. [China Daily]
- **Alibaba investing to boost logistics capacity.** Alibaba Group Holding Ltd and its logistics arm Cainiao Network Technology Co Ltd are leading a \$1.38 billion investment in Chinese courier ZTO Express Inc, to further boost the group's logistics capability for its New Retail concept in the highly competitive domestic market. [China Daily]
- **Huawei techno truck shows off 5G hardware.** Chinese telecom giant Huawei showcased its latest 5G technologies to British government officials and telecom industry partners on a purpose-built truck parked at South London's Oval cricket ground on Wednesday. [China Daily]
- **Ping An Sets RMB150B Development Fund in Qianhai.** Ping An announced that it entered into a strategic cooperation framework agreement with the Shenzhen Municipal People's Government. Ping An will establish a development fund, in an amount of RMB150bn, in Qianhai, Shenzhen, which is mainly used for investment in major infrastructures. [AAStocks]
- **Lei Jun: Report Says Xiaomi 1Q Global Sales Volume Up 87.8% YoY.** At a product launch event, Lei Jun, Xiaomi's Founder, Chairman and Chief Executive Officer, said global sales volume of Xiaomi shot up 87.8% yearly in 1Q18, according to the research report of IDC and Canalys. [AAStocks]
- **PICC Group Issues 10-yr Fixed Rate Bonds.** PICC Group announced it obtained the approval from the China Banking and Insurance Regulatory Commission for the issue of 10-year fixed-rate capital supplementary bonds, in an amount of not exceeding RMB18 billion. [AAStocks]
- **CNOOC: to Disclose Oversea M&A When Necessary.** CNOOC's Chairman Yang Hua said that all directors of the company are excellent. Yang furthered that he will disclose whether to expand oversea merger and acquisition, when necessary, to the public. [AAStocks]

V. Overnight Market Recap

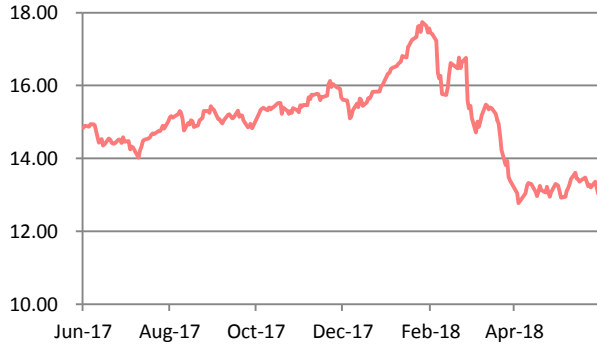
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,705	(18.7)	(0.7)	(1.0)	1.9	1.0	2.4	11.3	1.2
	Dow Jones	24,416	(251.9)	(1.0)	(1.9)	1.3	(0.8)	0.8	15.5	(1.2)
	Nasdaq Composite	7,442	(20.3)	(0.3)	0.2	4.4	3.6	8.7	19.1	7.8
	Russell 2000	1,634	(14.4)	(0.9)	0.4	5.4	8.4	6.3	17.0	6.4
	VIX Index	15.43	0.5	3.3	22.7	(0.4)	(31.3)	35.0	56.0	39.8
Europe Equity	Euro Stoxx 50	3,407	(34.5)	(1.0)	(3.3)	(3.7)	0.2	(3.4)	(4.5)	(2.8)
	DAX	12,605	(178.9)	(1.4)	(1.9)	(0.1)	3.4	(2.0)	(0.5)	(2.4)
	CAC	5,398	(29.0)	(0.5)	(2.7)	(2.2)	2.6	1.5	1.5	1.6
	FTSE 100	7,678	(11.4)	(0.1)	(1.4)	2.1	7.0	5.2	1.8	(0.1)
APAC Equity	HSI	30,469	411.8	1.4	(0.9)	(1.1)	(1.9)	4.8	18.1	1.8
	HSCEI	11,978	209.1	1.8	(1.4)	(2.9)	(3.6)	4.6	12.8	2.3
	HSI VIX	18.20	(1.8)	(9.2)	3.8	4.2	(19.8)	8.9	56.6	24.7
	CSI 300	3,802	79.0	2.1	(0.6)	1.2	(6.1)	(4.9)	8.7	(5.7)
	SH Composite	3,095	54.0	1.8	(1.9)	0.4	(5.4)	(6.7)	(0.2)	(6.4)
	SZ Composite	1,768	31.2	1.8	(3.3)	(0.5)	(3.6)	(7.8)	(0.3)	(6.9)
	Nikkei 225	22,202	183.3	0.8	(1.1)	(1.4)	2.2	(2.7)	11.8	(2.5)
Commodities (USD)	KOSPI	2,423	14.0	0.6	(1.7)	(3.7)	(0.2)	(2.1)	3.3	(1.8)
	Brent (Future)	77.56	0.1	0.1	(1.5)	3.2	17.9	22.0	54.2	16.0
	WTI (Future)	67.04	(1.2)	(1.7)	(6.7)	(0.2)	10.0	15.0	38.8	11.1
	Gold	1,299	(2.9)	(0.2)	(0.5)	(0.3)	(1.3)	1.5	2.6	(0.3)
	Copper (Future)	6,852	12.0	0.2	(0.2)	0.7	(1.1)	1.3	20.6	(5.5)
FX	Baltic Dry Index	1,042.00	(15.0)	(1.4)	(10.3)	(21.5)	(12.9)	(35.9)	22.6	(23.7)
	Dollar Index	93.98	(0.1)	(0.1)	0.2	2.3	3.7	1.0	(3.0)	2.0
	EUR	1.17	0.0	0.2	(0.2)	(2.5)	(4.6)	(1.7)	4.3	(2.5)
	JPY	108.82	(0.1)	(0.1)	(0.4)	1.0	(2.3)	3.1	2.4	3.6
	CNY	6.41	(0.0)	0.1	(0.5)	(1.2)	(1.2)	3.1	6.4	1.5
CDS	CNH	6.41	0.0	0.1	0.5	(1.1)	(0.9)	3.0	5.4	1.7
	ChinaGov CDS	56.56	(0.3)	(0.5)	1.3	(1.6)	2.6	(0.9)	(25.5)	12.9
	CDX Emerging Market	96.83	(0.2)	(0.2)	(0.5)	(1.1)	(2.0)	0.6	1.2	(2.3)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.89	(0.0)	(0.9)	1.9	1.8	1.6	1.3	1.0	1.4
	2-Year Treasury Yield	2.43	0.0	0.7	2.5	2.5	2.2	1.8	1.3	1.9
	5-Year Treasury Yield	2.70	0.0	0.6	2.8	2.8	2.6	2.1	1.8	2.2
	10-Year Treasury Yield	2.86	0.0	0.1	2.9	3.0	2.9	2.4	2.2	2.4
	2-10 Spread	42.71	(1.2)	(2.8)	45.1	47.6	62.0	58.3	91.8	51.8
China rates	O/N China Repo Rate	3.39	0.5	17.3	2.5	2.7	2.8	2.6	2.8	3.0
	1-Week China Repo Rate	4.90	2.0	66.1	2.9	3.0	3.0	3.1	3.1	3.1
	O/N SHIBOR	2.83	(0.1)	(1.8)	2.5	2.7	2.8	2.6	2.7	2.8
	1-Week SHIBOR	2.90	0.0	0.1	2.8	2.9	2.9	2.9	2.9	3.0

Source: Bloomberg

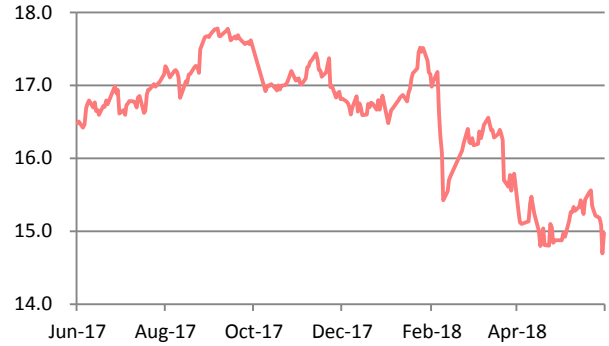
VI. Key Indicators

Hang Seng Index PE Ratio



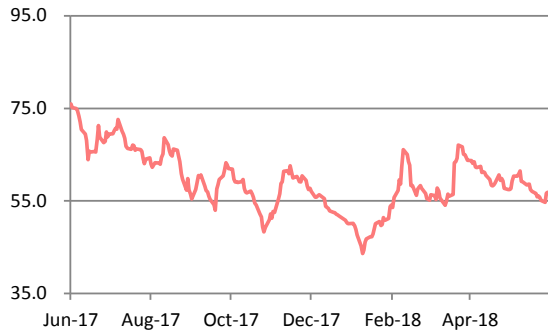
Source: Bloomberg

Shanghai Composite Index PE Ratio



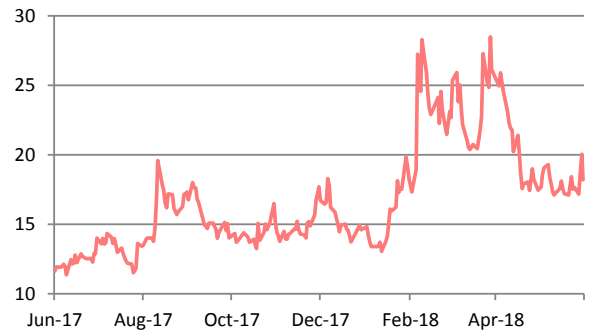
Source: Bloomberg

China 5Y CDS Index_USD



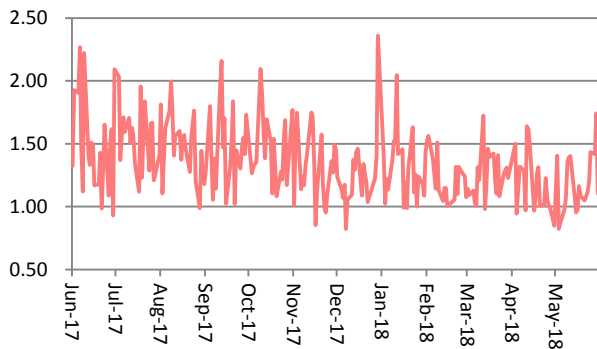
Source: Bloomberg

Hang Seng Index VIX



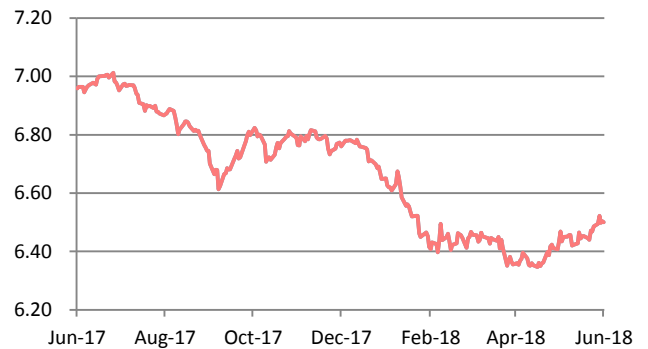
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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