

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Caixin PMI Services	May	52.9	52.9
US: ISM Non-Manufacturing Composite	May	57.5	56.8
Japan: Household Spending YoY	Apr	N/A	-0.70%
UK: BRC Sales Like-for-Like YoY	May	N/A	-4.20%

Source: Bloomberg

II. Macro News

- **Trade Tensions Intensify With Trump, Allies Set for Showdown.** China, while open to talks to resolve the dispute, is warning it will withdraw commitments it made on trade if the president carries out a separate threat to impose tariffs on the Asian country. While China doesn't want an escalation in trade tensions, it will defend its core interests, according to a commentary published Monday by the state-run Economic Daily. [Bloomberg]
- **China 2Q GDP Growth Seen at 6.7%-6.8%.** China still needs to be cautious on economic downward pressure in the second half, and full-year economic growth is expected to reach about 6.6%, Economic Information Daily says in a front-page commentary. [Bloomberg]
- **China Says Has Kept Normal Economic, Trade Exchanges With Iran.** China will continue to cooperate with Iran without violating international obligations, foreign ministry spokeswoman Hua Chunying says at regular briefing before Iran President Hassan Rouhani's visit to China this month. [Bloomberg]

III. Industry News

- **China Reigns in Solar Power Growth as Subsidy Bill Piles Up.** China outlined plans to cool the pace of solar powered capacity growth by halting approvals for some new projects and reducing subsidies as it seeks to optimize existing generation. [Bloomberg]
- **Hong Kong Is Prepared to Cope With Any Capital Outflows.** The Hong Kong Monetary Authority has been preparing banks and the city's financial system to cope with any capital outflows, Financial Secretary Paul Chan says to legislators. [China Daily]
- **Chinese Wind Power Operators Can Absorb Tariff Cuts, S&P Says.** Future Chinese wind tariffs are likely to decline to a level near the benchmark for coal-fired power after a reform of the bidding process, S&P Global Ratings says in statement. [Bloomberg]

IV. Corporate News

- **Xiaomi plans US\$3b CDRs in July blockbuster deal.** Xiaomi planned to raise up to 30 per cent of its blockbuster US\$10bn IPO by selling shares on the mainland while offering the remainder in Hong Kong. The company was previously expected to raise as much as US\$10bn by selling shares in Hong Kong only. [SCMP]
- **ZTE senior sales executive replaced as Communist Party secretary amid shake-up.** A demoted executive at ZTE has been replaced as Communist Party secretary at the firm, the latest in a series of personnel changes as the Chinese telecommunications company seeks to persuade the US to lift an export ban that has forced it to shut down major operations. [SCMP]

- **Chinese Airlines Impose Fuel Surcharge for Domestic Flights.** Air China will charge 10 yuan per passenger for domestic flights starting Jun 5, according to statement on Air China website. Chinese airlines are allowed to add fuel surcharge to fares when jet fuel cost exceeds 5000 yuan/ton, according to a notice from Civil Aviation Administration. [Bloomberg]
- **China Railway Construction, HNA Seek Investment Cooperation.** China Railway Construction and HNA Group discussed cooperation on infrastructure construction, investment and property development, according to statement on China Railway Construction's website. [Bloomberg]
- **Shanghai Airport Counts On Duty-Free Shops for Valuation Premium.** Shanghai International Airport Co., the world's fourth-largest listed airport operator by market value, has seen its shares rally despite cooling passenger traffic growth. Now, its duty-free shops hold the key for investors to determine if the stock deserves a valuation premium. [Bloomberg]
- **Li Ka-shing's Company Eyes U.K. Cory Riverside.** Final-round offers for GBP1.5b Cory Riverside Energy that manages Thames rubbish barges are expected to be submitted by Monday, Sunday Times reports. Hong Kong billionaire Li is considering a bid through his CK Infrastructure. [Bloomberg]
- **China Aircraft Has Mandate to Order Up to 200 Planes This Year.** China Aircraft Leasing has a mandate to order as many as 200 aircraft this year and is looking at A320s and 737s, Mike Poon, CEO of the plane-leasing company, said in an interview in Sydney Monday. [Bloomberg]
- **Chinese company to invest \$1.3b in Peru's copper mine.** The Aluminum Corporation of China (Chinalco) on Friday announced plans to invest \$1.3bn to expand its operations at Peru's Toromocho copper mine. The decision aims to boost the company's capacity to produce and process fine copper. [China Daily]
- **FAW-Volkswagen launches advanced new Qingdao plant.** FAW-Volkswagen Automotive Co has inaugurated a new plant in Qingdao, East China's Shandong province, as one of the joint venture's latest efforts to charge ahead in the world's largest car market. [China Daily]
- **Cathay Pacific CEO Foresees Limited Impact from Rising Fuel Cost; Aiming for Profit Next.** Cathay Pacific CEO Rupert Hogg told CNBC that the overhang of rising fuel costs and trade wars have not dimmed the three-year plan of the company, and the company is aiming for profit from loss in 2019. [AAstocks]
- **Xiaomi Listing Hearing on Thu, IPO As Soon As End-Jun.** As reported by Hong Kong Economic Times, Xiaomi may have its listing hearing on Thursday and undergo IPO as soon as in end-June. The listing in shares may commence in early July. [AAstocks]
- **VCREDIT Holdings Applies for IPO in HK.** As revealed by market sources, VCredit Holdings, an independent online consumer finance service provider in China, applied for IPO in Hong Kong to raise US\$200 million (equivalent to HK\$1.559 billion). [AAstocks]
- **Foxconn Intends to Build New Plants in Egypt.** As reported by foreign media, Foxconn Group intends to set up new factories in Egypt to manufacture electric components for export. [AAstocks]
- **KWG Property announced May Pre-sales Value has Lifted 44.2 percent year on year.** KWG Property announced that for May 2018, the Group's pre-sales value amounted to RMB5.601 billion, representing a year-on-year increase of 44.2%. [AAstocks]
- **Top Education Exercises Over-allotment Option, Further Issues 75.12M Shrs.** Top Education announced that it allotted 75.12 million shares, representing around 12% in the offer shares for preliminary subscription under global offer, pursuant to the over-allotment option. [AAstocks]
- **Huifu to become first listed third-party firm in China.** Huifu Payment Limited will be listed in Hong Kong on June 15 after an IPO to raise about HK\$1.6bn, the company said. Huifu, which taps into digital payment opportunities in China's "cashless society," will become the country's first professional third-party firm to be listed on the capital market. [Shanghai Daily]

V. Overnight Market Recap

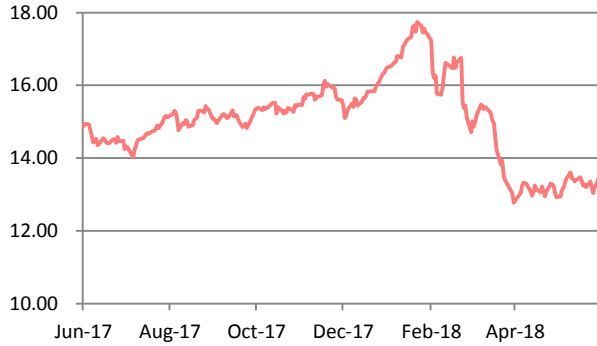
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,747	12.3	0.4	0.9	3.1	1.0	4.5	12.8	2.7
	Dow Jones	24,814	178.5	0.7	0.2	2.3	(0.2)	2.6	17.1	0.4
	Nasdaq Composite	7,606	52.1	0.7	2.3	5.5	3.8	12.5	20.8	10.2
	Russell 2000	1,653	5.4	0.3	1.6	5.6	6.9	9.0	18.4	7.7
	VIX Index	12.74	(0.7)	(5.3)	(3.6)	(13.7)	(32.0)	12.4	26.5	15.4
Europe Equity	Euro Stoxx 50	3,470	16.0	0.5	(0.4)	(2.3)	3.4	(2.8)	(3.1)	(1.0)
	DAX	12,771	46.5	0.4	(0.7)	(0.4)	5.6	(2.1)	(0.4)	(1.1)
	CAC	5,473	7.4	0.1	(0.7)	(0.8)	5.9	1.8	3.1	3.0
	FTSE 100	7,741	39.5	0.5	0.1	2.3	8.8	5.6	2.9	0.7
APAC Equity	HSI	30,998	505.1	1.7	0.7	3.6	3.7	7.5	19.9	3.6
	HSCEI	12,250	229.5	1.9	1.1	3.0	2.1	6.7	15.6	4.6
	HSI VIX	16.94	(0.7)	(3.9)	(1.3)	(11.1)	(34.7)	2.2	42.4	16.0
	CSI 300	3,808	37.0	1.0	(0.7)	0.9	(5.2)	(5.8)	9.8	(5.5)
	SH Composite	3,091	16.1	0.5	(1.4)	0.0	(5.1)	(6.4)	(0.0)	(6.5)
	SZ Composite	1,748	1.6	0.1	(3.2)	(2.3)	(4.5)	(6.4)	(2.9)	(8.0)
	Nikkei 225	22,476	304.6	1.4	(0.0)	0.0	6.8	(0.6)	11.4	(1.3)
KOSPI	2,448	8.8	0.4	(1.3)	(0.6)	3.1	(2.5)	3.3	(0.8)	
Commodities (USD)	Brent (Future)	75.29	(1.5)	(2.0)	(0.0)	0.6	17.0	20.6	50.7	12.6
	WTI (Future)	64.75	(1.1)	(1.6)	(4.6)	(6.8)	3.9	12.8	37.1	7.6
	Gold	1,292	(1.4)	(0.1)	(0.5)	(1.7)	(2.1)	2.1	1.0	(0.8)
	Copper (Future)	6,896	44.0	0.6	0.2	2.2	(0.4)	0.9	21.0	(4.8)
	Baltic Dry Index	1,156.00	66.0	6.1	7.3	(16.5)	(4.2)	(30.4)	39.3	(15.4)
FX	Dollar Index	94.04	(0.1)	(0.1)	(0.4)	1.6	4.6	0.9	(2.8)	2.1
	EUR	1.17	0.0	0.3	0.6	(1.9)	(5.2)	(1.1)	4.0	(2.5)
	JPY	109.82	0.3	0.3	0.4	(0.7)	(3.3)	2.5	0.5	2.6
	CNY	6.41	(0.0)	0.2	(0.1)	(0.7)	(0.9)	3.3	6.2	1.5
	CNH	6.41	(0.0)	(0.1)	0.1	(0.7)	(1.1)	3.3	5.9	1.7
CDS	ChinaGov CDS	55.92	0.2	0.3	2.2	(7.4)	(0.4)	0.2	(25.4)	11.6
	CDX Emerging Market	96.88	0.1	0.1	(0.4)	(0.6)	(2.3)	0.4	1.1	(2.2)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.90	(0.0)	(0.1)	1.9	1.8	1.7	1.3	1.0	1.4
	2-Year Treasury Yield	2.52	0.0	1.8	2.3	2.5	2.2	1.8	1.3	1.9
	5-Year Treasury Yield	2.79	0.0	1.7	2.6	2.8	2.7	2.1	1.7	2.2
	10-Year Treasury Yield	2.94	0.0	1.4	2.8	2.9	2.9	2.4	2.2	2.4
	2-10 Spread	42.22	(0.6)	(1.5)	45.8	44.7	63.2	52.8	87.6	51.8
China rates	O/N China Repo Rate	2.57	(0.2)	(8.2)	2.8	2.5	2.6	2.5	2.9	3.0
	1-Week China Repo Rate	2.75	(0.0)	(1.8)	2.9	2.7	2.8	2.8	3.4	3.1
	O/N SHIBOR	2.60	(0.2)	(7.2)	2.7	2.6	2.6	2.6	2.8	2.8
	1-Week SHIBOR	2.82	(0.1)	(2.7)	2.8	2.8	2.9	2.8	2.9	3.0

Source: Bloomberg

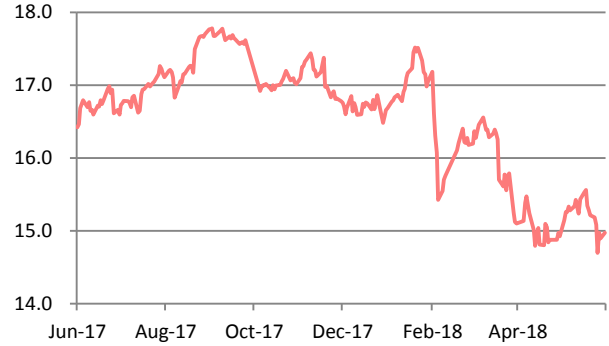
VI. Key Indicators

Hang Seng Index PE Ratio



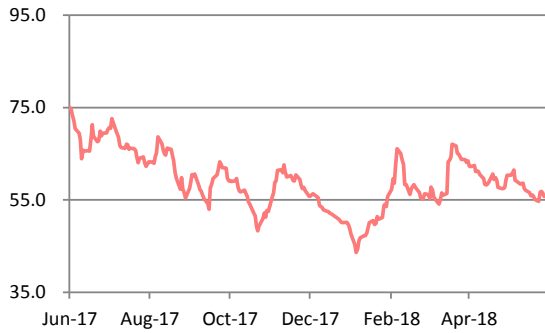
Source: Bloomberg

Shanghai Composite Index PE Ratio



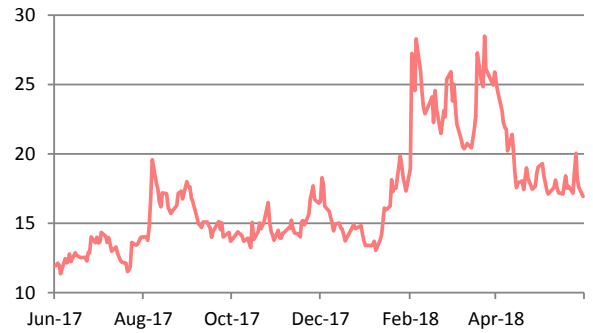
Source: Bloomberg

China 5Y CDS Index_USD



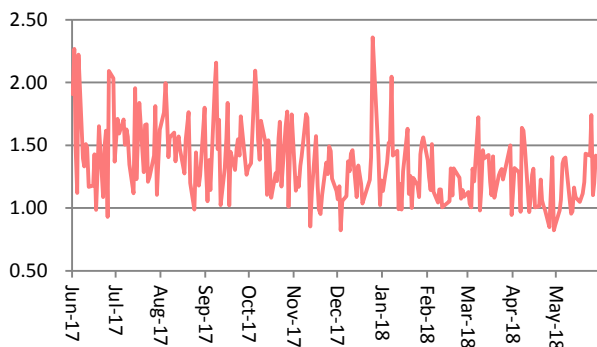
Source: Bloomberg

Hang Seng Index VIX



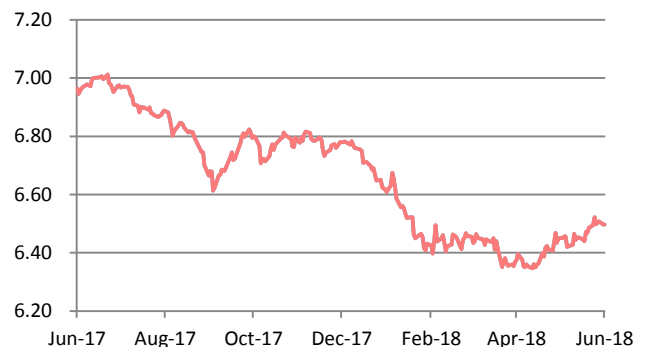
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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