

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Trade Balance	Apr	-USD51.5bn	-USD49.0bn
Japan: Labor Cash Earnings YoY	Apr	N/A	2.10%
Australia :GDP YoY	1Q18	N/A	2.40%
India: RBI Reverse Repo Rate	6-Jun	5.75%	5.75%

Source: Bloomberg

II. Macro News

- **U.S. and China Said to Be Trading Offers on Exports and ZTE.** China offered to boost purchases of American goods by about \$25 billion this year, while the U.S. is finishing a deal with ZTE Corp. that would allow the Chinese telecom-equipment maker to resume purchases from its American suppliers. [Bloomberg]
- **U.K. Services Bounce Back With Stronger-Than-Forecast Growth.** The U.K. services sector grew more than forecast in May as the economy continued to plot a modest recovery from the snow disruption of the first quarter. IHS Markit said Tuesday its PMI rose for a second month to 54 from 52.8. That beat the reading of 53 predicted in a Bloomberg survey. [Bloomberg]
- **Services PMI hits four-month high in May.** The Caixin services Purchasing Managers' Index reached a four-month high of 52.9 in May, indicating stable economy and strong corporate confidence in the world's second-largest economy. The composite PMI compiled by Caixin Media stood at 52.3 in May, unchanged from in April. [China Daily]

III. Industry News

- **China Weighs New High-Tech Stock Venue in Battle With Hong Kong.** China is expanding efforts to keep its most promising companies from going public in Hong Kong or the U.S., with officials studying a new trading venue in Shanghai that would have lower thresholds for biotechnology and high-tech firms. [Bloomberg]
- **Moody's raises view on China life insurers as regulatory tightening cuts risk.** Moody's Investors Service has raised its outlook on the life insurance industry in China, citing a lowering of risk due to Beijing's tightening regulation over the sector as well as steady economic growth that is fuelling demand for policies. It had lifted its outlook to "stable" from "negative". [SCMP]
- **U.K. Sells \$3.3 Billion RBS Stake, After Crisis-Era Bailout.** The British government sold a 2.5 billion pound (\$3.3 billion) stake in Royal Bank of Scotland Group Plc, reducing its majority holding a decade after it bailed out the lender during the financial crisis. [Bloomberg]

IV. Corporate News

- **Cathay Pacific CEO vows to close gender gap as flight director's departure means no women in HK airline's top deck.** Asked about the discrepancy, Cathay Pacific CEO Rupert Hogg acknowledged: "We are an all-male line-up and we hope that doesn't continue forever." He pledged to address the gender imbalance, adding: "Inclusion is really important, particularly from minority groups to feel they have a place in Cathay Pacific." [SCMP]
- **China probes dominant DRAM chip makers, Samsung Electronics, SK Hynix and Micron.** China has launched an investigation into Samsung Electronics Co, SK Hynix and Micron Technology, the three semiconductor makers who control the market for DRAM memory chips. [SCMP]

- **U.S. Said to Be Finalizing Deal to Help Revive China's ZTE.** The Trump administration is putting the finishing touches on a deal with ZTE Corp. that would allow the Chinese telecom-equipment maker to resume purchases from its American suppliers. [Bloomberg]
- **Tencent Adds Helsinki Services to WeChat App for the Chinese.** Tencent Holdings Ltd. is working with the City of Helsinki and mobility app Whim to offer Chinese travelers visiting the Finnish capital local transport tickets and payment functions within the WeChat mobile app. [Bloomberg]
- **China Energy Is Said to Be Working on Korea Bond Repayment Plan.** China Energy Reserve & Chemicals Group Co. told its bondholders in South Korea that the company will come up with a plan by the end of this month to repay that debt, after a default on separate securities sparked concern. [Bloomberg]
- **StanChart Is Said to Plot Asia Hubs in Singapore, Hong Kong.** Standard Chartered Plc plans to create two new hubs for its Asian operations in Singapore and Hong Kong to simplify the emerging market lender's extensive network and reduce costs. [Bloomberg]
- **Industrial Bank to Offer 30B Yuan Financing for China Hongqiao.** Industrial Bank will support business development and upgrading of China Hongqiao Group under a cooperation agreement signed Tuesday, according to statement from the bank. [Bloomberg]
- **Sharp to Buy Toshiba's Personal Computer Business, License Brand.** Sharp Corp., controlled by Foxconn Technology Group, plans to buy Toshiba Corp.'s personal-computer business as its Taiwanese parent seeks to expand beyond contract manufacturing and build a brand of its own. [Bloomberg]
- **China Asks LG Display for OLED Technology Transfer.** Chinese government demanded LG Display transfer technology to make OLEDs in return for approving LG's construction of plant in Guangzhou, China, Korea Economic Daily says. [Bloomberg]
- **Evergrande Buys Hong Kong Site From New World Dev.** Evergrande has bought an industrial building in Cheung Sha Wan that has been allowed for residential redevelopment from New World Development at an undisclosed amount, Ming Pao newspaper reports. [Bloomberg]
- **MyRepublic Considers Hong Kong Listing as Early as December 2019.** Singapore-based Internet provider MyRepublic Group Ltd. is weighing an initial public offering in Hong Kong as early as December 2019 to fund expansion of its cloud-based broadband and mobile platform. [Bloomberg]
- **China's Flag Carrier Resumes Pyongyang Flights as Pressure Eases.** Air China is to resume regular flights between Beijing and Pyongyang after a six-month hiatus, in the latest sign that the "maximum pressure" campaign on North Korea may be easing. [Bloomberg]
- **GM Steps Up China EV Plans, Pledging 20 Models by 2023.** General Motors Co. joined a group of global automakers accelerating plans for China's growing electric-car market, pledging to introduce 20 new-energy vehicle models in the country by 2023. [Bloomberg]
- **Cash-strapped Chery to sell controlling stake.** Chery Automobile Co has decided to trade its controlling stake for at least 20bn yuan as part of efforts to reboot itself in an increasingly competitive Chinese market. The proposal was unanimously approved at its workers' meeting on Tues because of a "pay rise promise" and hopes of a turn in the company's fortunes for the better. [China Daily]
- **Want Want China Annual Net Profit RMB3.116B; Final, Special Div Total US2.15 Cents.** Want Want China announced the unaudited results for the twelve months ended March. It reported a net profit of RMB3.116bn, down 6.6% YoY, with an EPS of 24.93 fen. A final dividend and special dividend of US0.9 cents and US1.25 cents were declared. [AASocks]
- **China Rail Cons, HNA Talk on Airport Construction, Property Dev.** China Railway Construction announced that VP Li Ning had a meeting with HNA Group's Vice Chairman Lu Ying and other mgmt. Their discussion focused on in-depth cooperation in sectors like infrastructure building, capital operation and real property development. [AASocks]

V. Overnight Market Recap

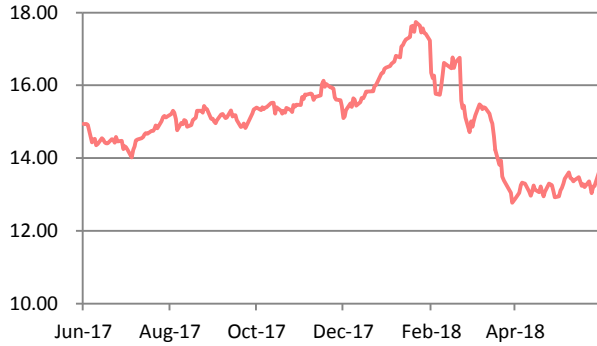
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,749	1.9	0.1	2.2	3.2	0.8	4.5	13.2	2.8
	Dow Jones	24,800	(13.7)	(0.1)	1.8	2.2	(0.3)	2.7	17.3	0.3
	Nasdaq Composite	7,638	31.4	0.4	3.3	5.9	3.6	12.7	21.7	10.6
	Russell 2000	1,665	11.3	0.7	2.5	6.3	6.6	10.3	19.3	8.4
	VIX Index	12.40	(0.3)	(2.7)	(27.1)	(16.0)	(32.5)	12.5	18.7	12.3
Europe Equity	Euro Stoxx 50	3,457	(12.8)	(0.4)	0.8	(2.6)	2.9	(2.9)	(2.7)	(1.3)
	DAX	12,787	16.4	0.1	1.0	(0.3)	5.6	(1.6)	0.8	(1.0)
	CAC	5,461	(12.0)	(0.2)	0.4	(1.0)	5.6	1.6	3.6	2.8
	FTSE 100	7,687	(54.5)	(0.7)	0.7	1.6	7.6	4.6	2.2	(0.0)
APAC Equity	HSI	31,093	95.5	0.3	2.0	3.9	1.9	10.2	19.6	3.9
	HSCEI	12,259	9.7	0.1	2.5	3.1	(0.4)	9.8	15.6	4.7
	HSI VIX	16.44	(0.5)	(3.0)	(12.3)	(13.7)	(31.0)	(10.2)	37.2	12.6
	CSI 300	3,845	37.7	1.0	1.1	1.9	(5.4)	(4.2)	10.1	(4.6)
	SH Composite	3,114	23.0	0.7	(0.2)	0.7	(5.3)	(5.5)	0.4	(5.8)
	SZ Composite	1,778	29.8	1.7	(0.5)	(0.6)	(4.0)	(5.4)	(1.8)	(6.4)
	Nikkei 225	22,540	63.6	0.3	0.8	0.3	5.2	1.6	12.8	(1.0)
KOSPI	2,454	6.0	0.3	(0.1)	(0.3)	1.8	(0.8)	3.6	(0.6)	
Commodities (USD)	Brent (Future)	75.38	0.1	0.1	(0.0)	0.7	15.0	19.9	52.4	12.7
	WTI (Future)	65.52	0.8	1.2	(1.8)	(6.1)	4.6	17.0	35.9	8.4
	Gold	1,296	4.4	0.3	(0.2)	(1.3)	(2.8)	2.7	0.2	(0.4)
	Copper (Future)	6,975	79.0	1.1	1.3	2.2	1.1	2.2	23.1	(3.8)
	Baltic Dry Index	1,193.00	37.0	3.2	12.9	(13.8)	(1.4)	(28.4)	45.3	(12.7)
FX	Dollar Index	93.88	(0.2)	(0.2)	(1.0)	1.4	4.2	0.5	(3.0)	1.9
	EUR	1.17	0.0	0.2	1.5	(1.7)	(5.5)	(0.7)	3.9	(2.4)
	JPY	109.79	(0.0)	(0.0)	0.9	(0.7)	(3.4)	2.2	(0.4)	2.6
	CNY	6.41	(0.0)	0.0	0.2	(0.6)	(0.9)	3.3	6.2	1.6
	CNH	6.40	(0.0)	(0.1)	(0.4)	(0.5)	(1.3)	3.5	5.7	1.9
CDS	ChinaGov CDS	55.52	(0.4)	(0.7)	(2.0)	(8.1)	0.4	(1.0)	(25.5)	10.8
	CDX Emerging Market	96.88	(0.0)	(0.0)	(0.0)	(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	1.93	0.0	1.6	1.9	1.8	1.7	1.3	1.0	1.4
	2-Year Treasury Yield	2.49	(0.0)	(1.0)	2.4	2.5	2.3	1.8	1.3	1.9
	5-Year Treasury Yield	2.77	(0.0)	(0.9)	2.7	2.8	2.6	2.1	1.7	2.2
	10-Year Treasury Yield	2.93	(0.0)	(0.5)	2.9	2.9	2.9	2.3	2.1	2.4
	2-10 Spread	43.19	1.0	2.3	43.9	44.9	62.9	52.8	84.7	51.8
China rates	O/N China Repo Rate	2.55	(0.0)	(0.8)	2.9	2.6	2.6	2.6	2.9	3.0
	1-Week China Repo Rate	2.70	(0.0)	(1.8)	3.0	2.5	2.8	2.9	3.4	3.1
	O/N SHIBOR	2.58	(0.0)	(0.6)	2.9	2.6	2.6	2.6	2.8	2.8
	1-Week SHIBOR	2.80	(0.0)	(0.6)	2.9	2.8	2.9	2.8	2.9	3.0

Source: Bloomberg

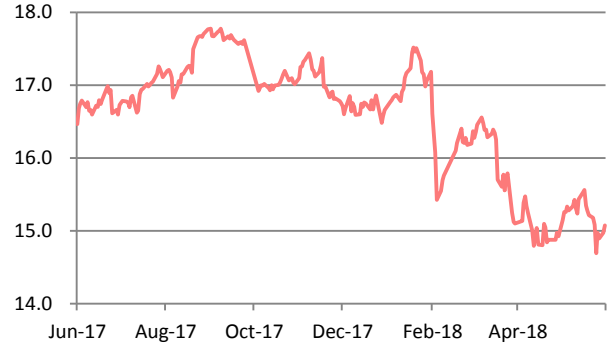
VI. Key Indicators

Hang Seng Index PE Ratio



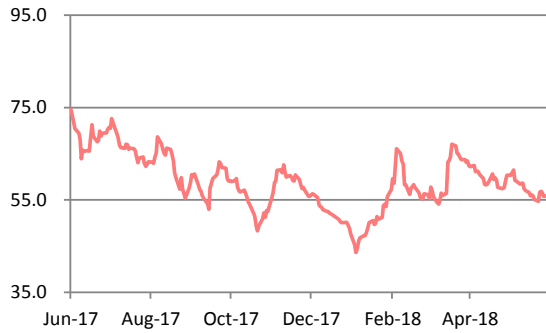
Source: Bloomberg

Shanghai Composite Index PE Ratio



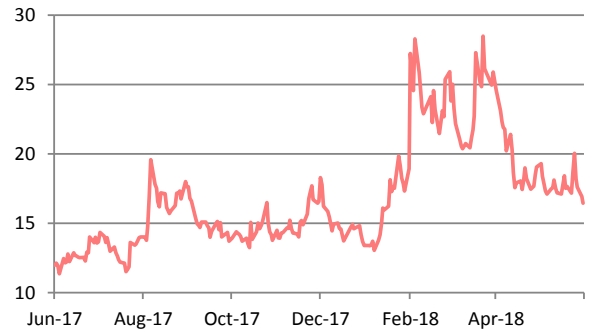
Source: Bloomberg

China 5Y CDS Index_USD



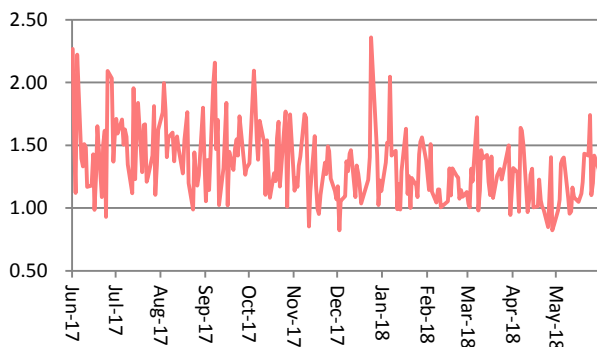
Source: Bloomberg

Hang Seng Index VIX



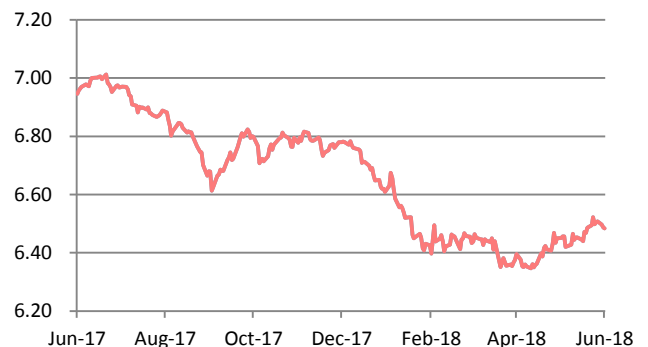
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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