

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Foreign Reserves	May	N/A	USD3124.8bn
Japan: Leading Index CI	Apr	N/A	104.4
Germany: Factory Orders YoY	Apr	N/A	3.10%
UK: Halifax House Prices YoY	May	N/A	2.20%

Source: Bloomberg

II. Macro News

- **World Bank maintains global growth forecasts, warns of considerable downside risks.** The World Bank said the global economy would grow 3.1% in 2018 before slowing to 3% in 2019, unchanged from its previous forecasts in January. But it warned of a combination of considerable downside risks including escalating trade protectionism. [SCMP]
- **Trade in services grows at rapid rate.** China's trade in services jumped 11.9 percent year-on-year to 1.67 trillion yuan (\$261 billion) in the first four months of 2018, a record growth rate so far this year, the Ministry of Commerce said on Tuesday. [SCMP]
- **ECB's Praet Confirms June Meeting Pivotal as Inflation Picks Up.** European Central Bank chief economist Peter Praet confirmed that next week's policy meeting will be pivotal for reaching a decision on when to end the institution's bond-buying program. [Bloomberg]

III. Industry News

- **PBOC May Cut RRR, Raise MLF and Reverse Repo Yields.** The Chinese central bank may cut reserve requirement ratio for some banks to repay MLF and raise yields of reverse repo and MLFs in the near future, China Securities Journal reports, citing some analysts. [Bloomberg]
- **China Is Said to Plan Approval of 300 Billion Yuan in CDR Funds.** China may approve six mutual funds this week that could raise as much as 300 billion yuan (\$46.9 billion) in assets to purchase Chinese depository receipts, as it seeks to boost high-profile share listings on the domestic market. [Bloomberg]
- **PBOC Acts to Ease Liquidity Strains as Fed, Debt Curbs Take Hold.** China's central bank stepped up injections of cash to the financial system, as lenders face a seasonal liquidity squeeze complicated by an oncoming U.S. Federal Reserve rate hike. [Bloomberg]

IV. Corporate News

- **ZTE claws back bonuses, reprimands 35 staff over Iran sanctions breach to meet US pledge.** ZTE has sent out reprimand letters to 35 current and former employees involved in illegal sales to Iran and is seeking to claw back bonuses from those who have left the company. [SCMP]
- **Chinese diabetes drug maker Hua Medicine is second firm to seek Hong Kong IPO under new rules.** Chinese diabetes drugs developer Hua Medicine has become the second firm to apply to list in Hong Kong after the exchange changed its rules to allow biotechnology firms with no revenue to join as a way of attracting more listings. [SCMP]

- **Solar giant GCL to sell 51pc of unit for US\$1.9bn.** GCL Poly Energy has agreed to sell just over half of its principal subsidiary for up to 12.75bn yuan to shore up its finances, as the industry braces for its biggest challenge in years after Beijing made a major cut back on the pace of expansion and subsidy support for solar farms. [SCMP]
- **Asia's largest Reit will buy back 80mn shares after assets generate strong rental income.** The Link Real Estate Investment Trust, Asia's largest, said on Wednesday that it would buy back 80mn units worth about HK\$5.8bn as it invests some of the HK\$23bn made from the divestment of some of its properties last year and stronger rental income from its portfolio. [SCMP]
- **Lenovo launches flagship smartphones below US\$200 for a turnaround destiny in China.** Lenovo has launched a new series of low-priced smartphones to lead the sales revival in its home market, the world's largest and most competitive for intelligent mobile devices. [SCMP]
- **Tencent's Ma unveils WeChat travel plan for China, Greater Bay Area.** Tencent Holdings is working with the Chinese government to create an electronic pass system that smooths travel between Hong Kong, Macau and the southern province of Guangdong. [SCMP]
- **Alibaba's Cainiao to Lead \$1.5B Investment in H.K. Logistics Hub.** Cainiao Network, the logistics arm of Alibaba Group, will lead a joint venture to invest c.\$1.5b to build digital logistics center at Hong Kong International Airport, according to company statement. [Bloomberg]
- **Shanghai Electric Plans to Buy 51% of GCL-Poly Energy Univ.** Shanghai Electric entered into the framework agreement to buy 51% stake in Jiangsu Zhongneng Polysilicon Technology Development, company says in Hong Kong stock exchange filing. [Bloomberg]
- **BHP Is Said to Get Shale Bids Valuing Unit Up to \$9bn.** BHP Billiton Ltd. has received first-round bids for its U.S. shale portfolio from oil majors including BP Plc and Chevron Corp., valuing the unit at \$7bn to \$9bn. BHP expects to receive about \$10bn or more as bidding for the entire unit proceeds to a second round and as much as \$13bn if it sells the assets piecemeal. [Bloomberg]
- **SFC, Abu Dhabi Sign Fintech Cooperation Agreement.** The Securities and Futures Commission (SFC) has entered into a cooperation agreement with the Abu Dhabi Global Market Financial Services Regulatory Authority to establish a framework for cooperation on financial technology. [AASocks]
- **Huawei inches closer to Apple in smartphone shipments.** Huawei Technologies Co Ltd said on Wednesday that it will ship nearly 200mn units of smartphones this year, close to its arch rival Apple's 200 to 210mn annual shipments. Yu Chengdong, CEO of Huawei's consumer business group, said "We will ship about 200mn units of smartphones this year, up from 153mn units last year, thanks to the growing popularity overseas." [China Daily]
- **Air China, Air Canada sign joint venture agreement.** Air China and Air Canada signed a JV agreement on Wednesday in Beijing, which will enable the two aviation groups to offer better customer services, including optimizing flight schedules, improving lounge services and promoting joint sales. [China Daily]
- **Airline passengers face return of surcharges.** Air China Ltd and China Eastern Airlines Corp Ltd announced that from June 5 onwards, they will charge 10 yuan per passenger for domestic routes of any distance. Children, toddlers and military personnel with disabilities will be exempt from the charge, according to the companies' statements.[China Daily]
- **Tesla Plans to Set New Plant in Shanghai.** Robin Ren, Tesla's Head of Worldwide Sales, revealed at a shareholder meeting on Tuesday that the company plans to build its first oversea factory in Shanghai. The new plant will produce batteries and assemble vehicles in the same place, according to the CEO and Chairman Elon Musk. [China Daily]
- **GM accelerates new energy vehicle expansion in China.** World's leading auto maker General Motors Co. will introduce 20 new electrified vehicles into Chinese market by 2023, according to statement on its official website Wed. That's on top of the 10 electrified vehicles GM and its Chinese joint ventures have already planned for 2016 through 2020. [China Daily]

V. Overnight Market Recap

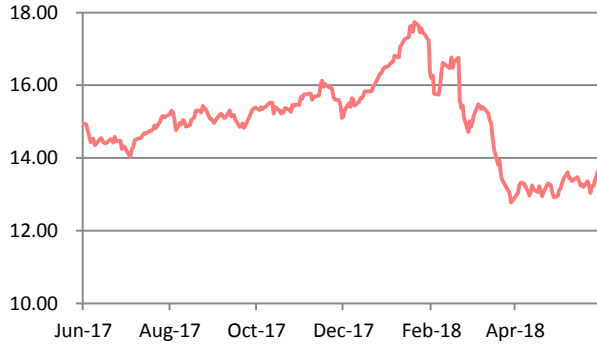
				Performance (%)						
	Close	Net Chg	Chg (%)	1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,772	23.6	0.9	1.8	3.7	1.7	5.1	13.9	3.7
	Dow Jones	25,146	346.4	1.4	1.9	3.2	1.4	3.9	18.8	1.7
	Nasdaq Composite	7,689	51.4	0.7	3.0	5.8	4.0	12.9	22.1	11.4
	Russell 2000	1,676	11.3	0.7	1.7	6.1	6.4	10.2	20.0	9.1
	VIX Index	11.64	(0.8)	(6.1)	(22.1)	(21.1)	(34.5)	14.6	12.0	5.4
Europe Equity	Euro Stoxx 50	3,461	4.0	0.1	0.6	(2.9)	2.5	(3.1)	(2.5)	(1.2)
	DAX	12,830	42.9	0.3	0.4	(0.9)	4.8	(1.6)	1.2	(0.7)
	CAC	5,458	(3.4)	(0.1)	0.6	(1.3)	5.2	1.4	3.6	2.7
	FTSE 100	7,712	25.6	0.3	0.3	1.9	7.7	5.3	3.1	0.3
APAC Equity	HSI	31,259	165.7	0.5	4.0	4.2	3.5	10.4	20.3	4.5
	HSCEI	12,284	24.3	0.2	4.4	2.7	0.8	10.2	15.8	4.9
	HSI VIX	15.83	(0.6)	(3.7)	(21.0)	(18.0)	(36.7)	(11.0)	30.6	8.4
	CSI 300	3,837	(8.0)	(0.2)	3.1	0.1	(4.9)	(3.4)	8.6	(4.8)
	SH Composite	3,115	1.0	0.0	2.4	(0.7)	(4.8)	(4.8)	(0.8)	(5.8)
	SZ Composite	1,779	1.4	0.1	2.5	(2.4)	(3.2)	(4.8)	(3.9)	(6.3)
	Nikkei 225	22,626	86.2	0.4	2.8	0.7	6.5	0.6	13.2	(0.6)
KOSPI	2,454	6.0	0.3	(0.1)	(0.3)	1.8	(0.8)	3.6	(0.6)	
Commodities (USD)	Brent (Future)	75.36	(0.0)	(0.0)	(2.8)	0.7	14.5	23.1	50.4	12.7
	WTI (Future)	64.73	(0.8)	(1.2)	(5.1)	(7.8)	6.7	15.0	42.7	7.9
	Gold	1,296	-	-	(0.4)	(1.3)	(2.1)	4.0	0.8	(0.4)
	Copper (Future)	7,220	121.0	1.7	5.6	5.8	3.1	10.2	28.6	(0.4)
	Baltic Dry Index	1,249.00	56.0	4.7	19.9	(9.8)	4.9	(25.6)	52.1	(8.6)
FX	Dollar Index	93.61	(0.3)	(0.3)	(0.5)	1.1	4.5	0.0	(3.1)	1.6
	EUR	1.18	0.0	0.5	0.9	(1.2)	(5.1)	0.1	4.6	(1.9)
	JPY	110.18	0.4	0.4	1.2	(1.0)	(3.7)	2.7	(0.3)	2.3
	CNY	6.39	(0.0)	0.3	0.5	(0.3)	(1.2)	3.5	6.4	1.9
	CNH	6.38	(0.0)	(0.3)	(0.4)	(0.3)	(0.9)	3.8	6.2	2.1
CDS	ChinaGov CDS	55.55	0.0	0.1	(2.3)	(8.0)	(3.8)	(1.5)	(24.2)	10.9
	CDX Emerging Market	96.85	(0.0)	(0.0)	(0.2)	(0.6)	(2.3)	0.4	1.2	(2.3)

				Value						
	Close	Net Chg	Chg (%)	1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.93	(0.0)	(0.0)	1.9	1.9	1.7	1.3	1.0	1.4
	2-Year Treasury Yield	2.52	0.0	1.0	2.4	2.5	2.2	1.8	1.3	1.9
	5-Year Treasury Yield	2.81	0.0	1.5	2.7	2.8	2.6	2.1	1.7	2.2
	10-Year Treasury Yield	2.97	0.0	1.5	2.9	3.0	2.9	2.4	2.2	2.4
	2-10 Spread	45.15	2.0	4.5	42.7	46.2	60.3	55.7	85.9	51.8
China rates	O/N China Repo Rate	2.53	(0.0)	(0.8)	3.4	2.5	2.8	2.6	2.6	3.0
	1-Week China Repo Rate	2.72	0.0	0.7	4.9	2.5	2.8	2.8	3.4	3.1
	O/N SHIBOR	2.56	(0.0)	(0.9)	2.8	2.6	2.6	2.6	2.8	2.8
	1-Week SHIBOR	2.79	(0.0)	(0.4)	2.9	2.8	2.9	2.8	2.9	3.0

Source: Bloomberg

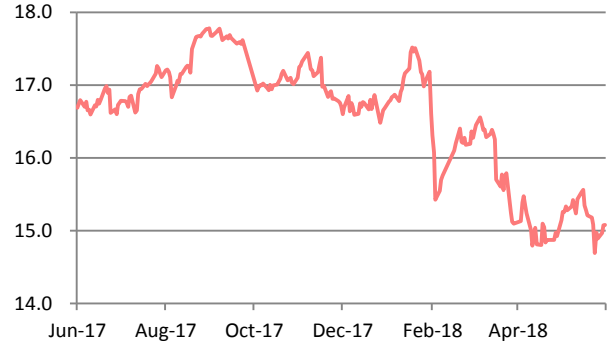
VI. Key Indicators

Hang Seng Index PE Ratio



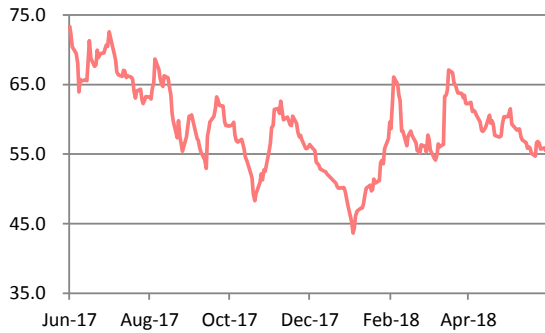
Source: Bloomberg

Shanghai Composite Index PE Ratio



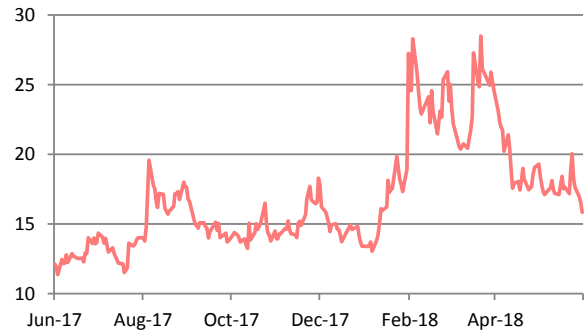
Source: Bloomberg

China 5Y CDS Index_USD



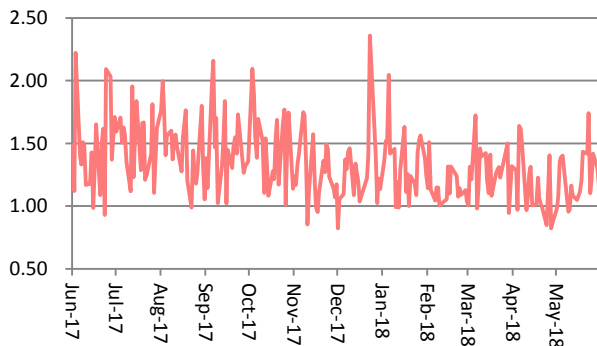
Source: Bloomberg

Hang Seng Index VIX



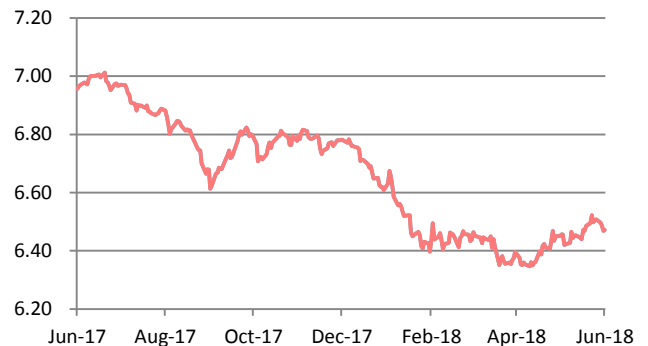
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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