

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
UK: Jobless Claims Change	May	N/A	31.2k
UK: Average Weekly Earnings YoY	Apr	2.50%	2.60%
Japan: PPI YoY / MoM	May	2.10% / 0.20%	2.0% / 0.10%
Australia: NAB Business Confidence	May	N/A	10.0
India: Industrial Production YoY	Apr	5.90%	4.40%

Source: Bloomberg

## II. Macro News

- **U.K. Factory, Construction Data Cast Doubt Over Economy.** U.K. manufacturing output fell the most in 5 1/2 years in April and construction posted a smaller-than-expected gain, casting fresh doubt over the health of the economy. Factory production shrank 1.4 percent, the most since 2012, the Office for National Statistics said on Monday. [Bloomberg]
- **Fewer economists expect US Fed to have three more raise increases up its sleeve, survey finds.** The Federal Reserve won't steepen the path of interest-rate increases this year in the face of accelerating US growth, according to economists surveyed by Bloomberg. [SCMP]
- **New Italy Econ. Min.: No Plan to Leave Eurozone, Continues Debt Level Cut & Econ. Reform.** Italy's new Italian economy minister Giovanni Tria said in Corriere della Sera interview that the government has no plans to leave Eurozone. The focus will be put on cutting debt levels and boosting economic growth through investment and structural reforms. [AAStocks]

## III. Industry News

- **May Car Sales Volume Up 9.6% to 2.29 million Units.** As disclosed by the CAAM, the automobile sales volume in May was 2.29 million units, up 9.6% year on year, while 5M18 cumulative sales volume grew 5.7% year on year to 11.80 million units. [AAStocks]
- **Brazil's B3 Plans to Buy Small Stake in Argentina's BYMA.** B3 SA, the sole exchange operator in Brazil, plans to buy a share of Argentina's national bourse, its chief executive officer said, in the company's latest push across Latin America after taking minority ownership in exchanges from Mexico to Chile in recent years. [Bloomberg]
- **China's mobile phone shipments resume growth in May.** China's mobile phone shipments returned to growth in May, ending 14 straight months of decline. Altogether 37.8mn mobile phones were sold to dealers in the domestic market last month, up 1.2 percent year-on-year. [China Daily]

## IV. Corporate News

- **Standard Chartered says it will apply to operate a virtual bank in Hong Kong.** Hong Kong and London-listed Standard Chartered plans to apply for a virtual bank licence, making it the first traditional bank seeking a licence locally to operate purely online without physical branches. [SCMP]
- **Chinese pharmaceutical giant starts production in Ethiopia.** Chinese pharmaceutical giant, Sansheng Pharmaceuticals Plc, on Sunday inaugurated its production plant in Ethiopia amid the east African country's higher demand for import substitution in medicines. [China Daily]

- **Tencent, SPD Bank Cooperate in Digital Transformation.** Tencent entered into a comprehensive strategic cooperation agreement with SPD BANK. Both parties will deepen cooperation in fintech. Pursuant to the agreement, Tencent will facilitate SPD Bank in digital strategic transformation. [AASocks]
- **Geely Auto's Lynk & Co 2018 Sales Volume Likely to Beat Target 150,000.** Geely Auto has the confidence that Lynk & Co will likely beat the 150,000 unit sales target for FY18, in light of its strong order flow for 01 and 02 SUVs. [AASocks]
- **Baidu May Become 1st CDR PRC-Concept Stock.** Baidu, the technology giant is expected to become the first Chinese concept-stock who returns to A-share from Nasdaq through issue of CDR. [AASocks]
- **CNPC, Gazprom Sign Cooperation Agreement.** In Beijing, China National Petroleum Corporation chairman Wang Yilin had earlier met the president of Gazprom, a natural gas company in Russia. Both parties held talks in deepening cooperation and entered into a supplemental agreement to the cooperation agreement of mutual recognition of standards and conformity assessment results. [AASocks]
- **China Is Said to Plan Single National Oil, Gas Pipeline Company.** China is pushing ahead with a plan to merge pipeline assets from three major state-owned oil and gas cos into one company. CNPC, Sinopec and China National Offshore Oil will transfer pipeline assets and employees to the new company, provisionally named China Pipelines Corp., and will become shareholders of the new entity based on value of their pipeline assets. [Bloomberg]
- **HKEX Asks Huiyuan Juice to Conduct Investigation on Loans.** HKEX has imposed conditions for Huiyuan Juice to resume trading, company says in exchange filing, citing a letter it received on June 4 from the exchange. [Bloomberg]
- **Wuzhou Intl to Set Up Independent Committee to Probe Share Slump.** Wuzhou International to set up independent board committee, comprising all three independent non-executive directors, to investigate cause of its shares sliding 85% on May 25, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Wuxi Biologics Plans to Set Up Manufacturing Facility in U.S.** Wuxi Biologics plans to set up biologics clinical and commercial manufacturing facility in Worcester, Massachusetts; preliminary development plan of ~\$60m investment, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Chalco Signs Agreement With Guinea Govt on Boffa Bauxite Project.** Aluminum Corp. of China's Hong Kong unit signed agreement with Guinea government on Boffa bauxite project on June 8, according to a Shanghai stock exchange filing. [Bloomberg]
- **Xiaomi Is Said to Consider Seeking \$5 Billion From Sale of CDRs.** Xiaomi Corp. is considering raising about half of its proposed \$10 billion initial public offering from mainland Chinese investors. The company may seek about \$5bn from the sale of Chinese depositary receipts and a similar amount from selling shares in Hong Kong. [Bloomberg]
- **Xiaomi Unveils Big Loss as It Prepares to Hawk IPO to Investors.** Xiaomi Corp. revealed it lost more than \$1 billion in the first three months, as the Chinese smartphone maker prepares to persuade investors to buy into the largest initial public offering since 2014. [Bloomberg]
- **Swire Pacific Proposes to Privatize Haeco for HK\$72 Per Share.** Swire Pacific Ltd. proposes to buy remaining stake for HK\$3b. Proposal's conditions, including approval by holders representing voting rights of at least 75% of the shares Swire Pacific doesn't own, must be completed or waived by long stop date of Feb. 28, 2019. [Bloomberg]
- **Temasek, Others to Buy Hainan Airlines Stake for \$1.1 Billion.** Hainan Airlines Holding Co. plans to raise as much as 7 billion yuan (\$1.1 billion) by selling shares to investors, including an arm of Singapore state investment company Temasek Holdings Pte., as part of a restructuring planned by the unit of Chinese conglomerate HNA Group Co. [Bloomberg]
- **China Aoyuan Proposes Additional Issue of USD Senior Notes.** The company proposes to issue additional USD senior notes after it issued \$200m 7.5% senior notes due 2021 in May, it says in filing to Hong Kong stock exchange. Proceeds of new notes to be used for refinancing of existing debts and for general working capital. [Bloomberg]

## V. Overnight Market Recap

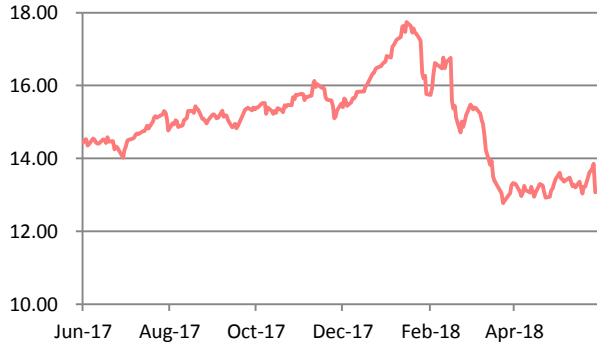
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,782	3.0	0.1	1.3	2.0	(0.0)	4.4	14.5	4.1
	Dow Jones	25,322	5.8	0.0	2.0	2.0	0.6	3.3	19.2	2.4
	Nasdaq Composite	7,660	14.4	0.2	0.7	3.5	0.9	11.6	24.0	11.0
	Russell 2000	1,675	2.2	0.1	1.3	4.2	4.6	10.5	18.0	9.1
	VIX Index	12.35	0.2	1.4	(3.1)	(2.4)	(21.7)	24.5	7.8	11.9
Europe Equity	Euro Stoxx 50	3,480	32.9	1.0	0.3	(2.4)	1.5	(3.3)	(1.8)	(0.7)
	DAX	12,843	76.4	0.6	0.6	(1.2)	3.4	(2.6)	1.2	(0.6)
	CAC	5,474	23.7	0.4	0.0	(1.2)	3.7	0.9	4.5	3.0
	FTSE 100	7,737	56.4	0.7	(0.0)	0.2	7.2	3.2	3.0	0.6
APAC Equity	HSI	31,064	105.5	0.3	0.2	(0.2)	(1.7)	7.9	20.8	3.8
	HSCEI	12,172	6.2	0.1	(0.6)	(1.4)	(4.1)	7.6	16.1	4.0
	HSI VIX	16.72	(0.7)	(3.9)	(1.3)	(2.3)	(20.4)	8.2	34.3	14.5
	CSI 300	3,780	0.4	0.0	(0.7)	(2.4)	(8.4)	(5.9)	5.8	(6.2)
	SH Composite	3,053	(14.4)	(0.5)	(1.2)	(3.5)	(8.2)	(7.0)	(2.8)	(7.7)
	SZ Composite	1,741	(10.2)	(0.6)	(0.4)	(4.6)	(8.8)	(8.4)	(5.2)	(8.3)
	Nikkei 225	22,804	109.5	0.5	1.5	0.2	4.5	(0.3)	14.5	0.2
Commodities (USD)	KOSPI	2,470	18.6	0.8	1.3	(0.3)	(0.6)	0.4	4.8	0.1
	Brent (Future)	76.46	-	-	1.6	(0.9)	16.8	18.2	58.8	14.3
	WTI (Future)	66.10	0.4	0.6	2.1	(6.4)	7.8	15.8	43.5	9.5
	Gold	1,300	2.3	0.2	0.7	(1.1)	(1.9)	4.3	2.5	(0.3)
	Copper (Future)	7,255	(57.0)	(0.8)	4.0	4.5	4.2	8.8	25.0	0.1
FX	Baltic Dry Index	1,391.00	(4.0)	(0.3)	16.6	(5.5)	16.7	(20.2)	59.9	1.8
	Dollar Index	93.61	0.1	0.1	(0.5)	1.2	3.9	(0.3)	(3.8)	1.6
	EUR	1.18	0.0	0.1	0.7	(1.3)	(4.5)	0.3	5.1	(1.9)
	JPY	110.03	0.5	0.4	0.2	(0.6)	(3.5)	2.9	(0.3)	2.2
	CNY	6.40	(0.0)	0.1	0.1	(1.1)	(1.1)	3.4	6.2	1.6
CDS	CNH	6.40	(0.0)	(0.0)	(0.1)	(1.0)	(1.2)	3.5	6.2	1.8
	ChinaGov CDS	56.36	(0.6)	(1.1)	0.3	(3.6)	3.6	4.6	(18.8)	12.5
	CDX Emerging Market	96.61	(0.1)	(0.1)	(0.3)	(0.9)	(2.8)	(0.4)	1.0	(2.5)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.90	(0.0)	(0.5)	1.9	1.9	1.7	1.3	1.0	1.4
	2-Year Treasury Yield	2.52	0.0	0.9	2.5	2.5	2.3	1.8	1.4	1.9
	5-Year Treasury Yield	2.80	0.0	0.4	2.8	2.8	2.6	2.2	1.8	2.2
	10-Year Treasury Yield	2.95	0.0	0.2	2.9	3.0	2.8	2.4	2.2	2.4
	2-10 Spread	42.73	(1.7)	(3.8)	43.2	42.8	58.5	57.0	85.5	51.8
China rates	O/N China Repo Rate	2.57	0.0	0.8	2.6	2.5	2.1	2.6	2.8	3.0
	1-Week China Repo Rate	2.90	0.3	9.4	2.7	2.7	3.5	2.9	3.4	3.1
	O/N SHIBOR	2.57	0.0	0.4	2.6	2.5	2.6	2.7	2.8	2.8
	1-Week SHIBOR	2.78	0.0	0.1	2.8	2.7	2.9	2.8	2.9	3.0

Source: Bloomberg

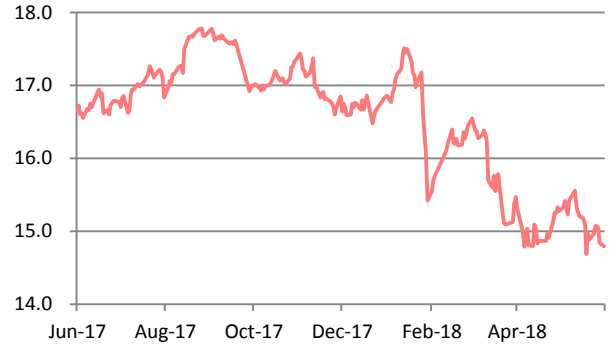
## VI. Key Indicators

**Hang Seng Index PE Ratio**



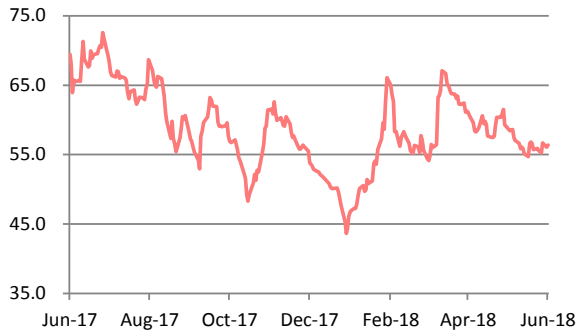
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



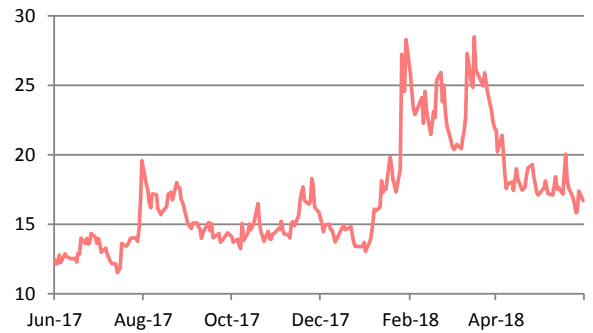
Source: Bloomberg

**China 5Y CDS Index\_USD**



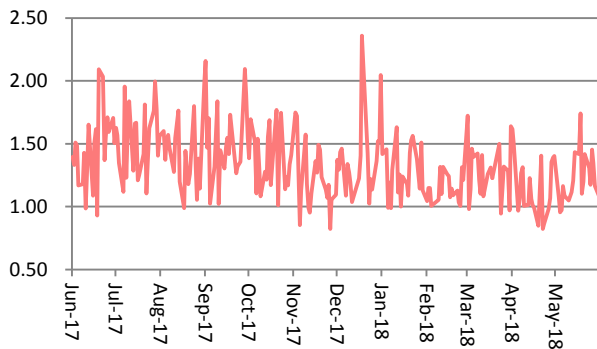
Source: Bloomberg

**Hang Seng Index VIX**



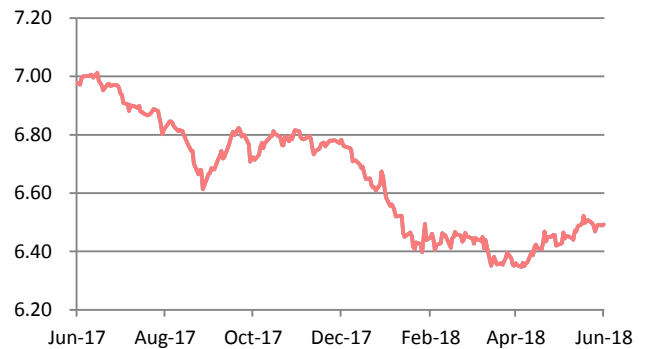
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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