

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: PPI Final Demand MoM	May	0.30%	0.10%
UK: CPI / Core YoY	May	2.40% / 2.10%	2.40% / 2.10%
UK: House Price Index YoY	Apr	N/A	4.20%
Australia: Westpac Consumer Confidence	Jun	N/A	101.8
Eurozone: Industrial Production YoY	Apr	2.50%	3.00%

Source: Bloomberg

## II. Macro News

- **Argentina Said Looking to Boost PBOC FX Swap by \$5b.** Argentina's central bank is said to be looking to increase its FX swap with China's PBOC by 30-50%. The bank is in talks to increase the swap. Central Bank president Federico Sturzenegger to travel to BIS meeting in Basel between Thursday and Friday, will meet PBOC head there. [Bloomberg]
- **Global GDP growth forecast at 3.2% in 2018 amid uncertainties.** The global economy is projected to carry forward its current momentum to generate a 3.2 percent growth rate in 2018, the Conference Board said in its latest Global Economic Outlook 2018. [China Daily]
- **China Credit Growth Slows As Debt Campaign Gains Traction.** China's broadest measure of new credit slumped in May as a campaign to rein in excess borrowing gained traction. Aggregate financing stood at 760.8bn yuan in May, the PBOC said Tuesday, versus an estimated 1.3 trillion yuan in a Bloomberg survey and 1.56tn yuan in April. [Bloomberg]

## III. Industry News

- **Central Bank confident of averting rate hike fallout.** The PBOC is now more confident about using flexible monetary policy tools to cope with an impending US funds rate hike later this week, without disturbing the predetermined financial deleveraging pace and interest rate reform, said economists. [China Daily]
- **China to Boost Dairy Industry Development, Ensure Quality.** China will strengthen supervision of baby formula products and support dairy companies to set up their own milk source bases, according to guidelines on the State Council website. China to encourage merger and acquisition of dairy firms and boost competitiveness. [Bloomberg]
- **HKEX, TOCOM Sign Cooperation MOU.** HKEX and Tokyo Commodity Exchange (TOCOM) signed a Memorandum of Understanding to further promote their cooperation through information exchanges, staff exchanges, product development and joint promotion. [AASocks]

## IV. Corporate News

- **ZTE to replace board, fire senior management under US settlement.** The entire boards of directors of ZTE Corp. and ZTE Kangxun will be replaced within 30 days of the agreement dated June 7, and all members of senior leadership at or above the senior vice-president level and employees responsible for the export violations will be terminated. [SCMP]
- **Xiaomi to step up global expansion pace after IPO.** Despite posting a more than \$1 billion loss in the first quarter of 2018, Xiaomi Corp said it plans to accelerate global expansion by using 40 percent of the capital that it will raise from the sale of China Depositary Receipts to boost its overseas presence. [China Daily]

- **ZTE to Resume Trading After Reaching Settlement With U.S.** China's ZTE Corp. will resume trading Wednesday after reaching a sweeping settlement agreement with the U.S. Commerce Department, even as the American Senate moves to impose its own penalties on the telecommunications-equipment maker. [Bloomberg]
- **ZTE Corp Is Said to Obtain Waiver on \$450m Loan.** ZTE Corp. has received a waiver from its lenders for a \$450m loan, helping the company to avoid a default. ZTE has obtained majority consent from lenders to waive a clause on its 4Y term loan, which states that an event of default would occur if trading in its shares on the HK and or the Shenzhen Stock Exchange is suspended for more than 14 straight trading days, or if the listing is terminated. [Bloomberg]
- **China Resources Cement Seeks Up to \$551m in Placement.** China Resources Cement is offering 450m shares at HK\$9.3 to HK\$9.6 apiece in a top-up placement, according to terms for the deal obtained by Bloomberg. Proceeds to be used to develop prefabricated construction and aggregate businesses, repay debt and as general working capital. [Bloomberg]
- **Jiangxi Copper to Bid For Subsidiary Stake Held by Bank of China.** Jiangxi Copper plans to bid for 11% stake in JCC Finance Co. Ltd. held by Bank of China Group Investment Ltd., according to statement to Hong Kong stock exchange. [Bloomberg]
- **CSRC Approves Qingdao Haier to Sell up to 460M Shares Overseas.** Qingdao Haier is approved to list on D-share market of China Europe International Exchange after completing the share issuance, according to filing to Shanghai Stock Exchange. [Bloomberg]
- **Jiangxi Bank Offers 1.17B H.K. IPO Shares at Up to HK\$6.66 Each.** Jiangxi Bank offers 1.17b shares at HK\$5.94- HK\$6.66 apiece for its Hong Kong initial public offering, according to statement published in South China Morning Post. Trading expected to begin June 26. [Bloomberg]
- **Swire Properties Nears Sale of Hong Kong Towers for HK\$15B.** Swire Properties is in advanced talks to sell its holdings in two commercial buildings in Hong Kong's Taikoo Shing for HK\$15b to an unidentified Chinese buyer, Hong Kong Economic Times reports. [Bloomberg]
- **Moody's places Kangde Xin's Ba3 ratings on review for downgrade.** Moody's Investors Service has placed on review for downgrade Kangde Xin Composite Material Group Co., Ltd. (KDX)'s Ba3 corporate family rating, and Top Wise Excellence Enterprise Co., Ltd's backed Ba3 senior unsecured bond rating. [Bloomberg]
- **Dongfeng Group May PV Production & Sales Volume Up 7.38% & 2.47% YoY.** Dongfeng Group announced that the production and sales volume of passenger vehicles in May 2018 were 219,300 and 211,500, up 7.38% and 2.47% yearly, respectively. [AASocks]
- **Xiaomi CDR Application Gets 1st Written Feedback from CSRC.** Xiaomi received the first written feedback from China Securities Regulatory Commission yesterday (12 June) for its application of public issuance and listing of CDRs, as revealed by the official website of CSRC. [AASocks]
- **China Life, Tencent Sign Strategic Cooperation Agreement.** China Life Insurance entered into a strategic cooperation agreement with Tencent. They aim to provide faster, better and more comprehensive products and services to customers on the ride of strong-strong collaboration in operation mode, technology R&D, market exploration and user services etc. [AASocks]
- **Lee & Man Paper Shares Transferred among Shareholders.** Lee & Man Paper announced that on 12 June 2018, Gold Best transferred 1.076 billion shares of the company to Lee Man Chun Raymond; 954 million shares to Lee Man Bun; and 507 million shares to Lee Wan Keung. The said shares were transferred for no consideration as gift. [AASocks]
- **Xiaomi To Have Public Offering on 25 Jun Earliest.** Xiaomi will start public offering as soon as 25-28 June, and flotation on 9 and 10 July respectively in Mainland China and Hong Kong, Hong Kong Economic Journal cited sources. Another plan for public offering will be postponed to 29 June-5 July and listing on 16 and 17 July respectively in Mainland China and Hong Kong. [AASocks]

## V. Overnight Market Recap

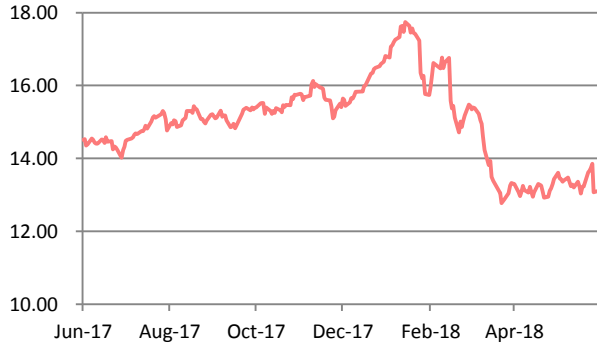
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,787	4.9	0.2	1.4	2.2	0.8	4.7	14.2	4.2
	Dow Jones	25,321	(1.6)	(0.0)	2.1	2.0	1.3	3.0	18.7	2.4
	Nasdaq Composite	7,704	43.9	0.6	0.9	4.1	2.6	12.0	23.8	11.6
	Russell 2000	1,682	7.6	0.5	1.1	4.7	5.7	10.4	18.0	9.6
	VIX Index	12.34	(0.0)	(0.1)	(0.5)	(2.5)	(24.5)	21.2	18.4	11.8
Europe Equity	Euro Stoxx 50	3,476	(4.6)	(0.1)	0.5	(2.5)	2.3	(3.0)	(2.3)	(0.8)
	DAX	12,842	(0.6)	(0.0)	0.4	(1.2)	5.1	(2.2)	0.6	(0.6)
	CAC	5,453	(20.5)	(0.4)	(0.1)	(1.6)	4.0	1.0	3.6	2.7
	FTSE 100	7,704	(33.6)	(0.4)	0.2	(0.3)	7.9	2.8	2.7	0.2
APAC Equity	HSI	31,103	39.4	0.1	0.0	(0.1)	(1.6)	6.4	20.3	4.0
	HSCEI	12,207	34.5	0.3	(0.4)	(1.1)	(4.2)	6.0	16.0	4.2
	HSI VIX	16.02	(0.7)	(4.2)	(2.6)	(6.4)	(22.1)	6.6	31.7	9.7
	CSI 300	3,826	46.0	1.2	(0.5)	(1.2)	(6.5)	(5.5)	6.8	(5.1)
	SH Composite	3,080	27.0	0.8	(1.1)	(2.7)	(7.0)	(6.8)	(2.3)	(7.0)
	SZ Composite	1,759	18.0	0.9	(1.0)	(3.7)	(7.2)	(8.2)	(5.4)	(7.5)
	Nikkei 225	22,878	74.3	0.3	1.5	0.5	4.1	0.5	15.0	0.5
Commodities (USD)	KOSPI	2,469	(1.3)	(0.1)	0.9	(0.4)	(1.0)	(0.5)	4.0	0.1
	Brent (Future)	75.88	(0.6)	(0.8)	0.7	(1.6)	16.8	19.8	57.1	13.5
	WTI (Future)	66.36	0.3	0.4	1.3	(6.8)	8.5	16.4	41.8	9.0
	Gold	1,296	(4.5)	(0.3)	(0.0)	(1.3)	(2.3)	3.2	2.3	(0.5)
	Copper (Future)	7,222	(33.0)	(0.5)	1.7	4.0	4.5	8.4	25.1	(0.3)
FX	Baltic Dry Index	1,387.00	(4.0)	(0.3)	11.0	(5.8)	17.6	(19.8)	59.4	1.5
	Dollar Index	93.82	0.2	0.2	(0.1)	1.4	4.4	(0.3)	(3.4)	1.8
	EUR	1.17	(0.0)	(0.3)	0.2	(1.5)	(5.2)	(0.7)	4.8	(2.1)
	JPY	110.37	0.3	0.3	0.5	(0.7)	(3.5)	1.9	(0.3)	2.0
	CNY	6.40	0.0	(0.0)	0.1	(1.0)	(1.1)	3.4	6.2	1.6
CDS	CNH	6.41	0.0	0.1	0.1	(1.1)	(1.3)	3.2	5.9	1.7
	ChinaGov CDS	55.97	(0.1)	(0.2)	0.8	(4.2)	3.4	4.4	(17.7)	11.7
	CDX Emerging Market	96.37	(0.2)	(0.2)	(0.5)	(1.2)	(3.0)	(2.5)	0.6	(2.8)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.92	0.0	1.0	1.9	1.9	1.7	1.3	1.0	1.4
	2-Year Treasury Yield	2.54	0.0	0.7	2.5	2.5	2.3	1.8	1.4	1.9
	5-Year Treasury Yield	2.81	0.0	0.5	2.8	2.9	2.6	2.1	1.8	2.2
	10-Year Treasury Yield	2.96	0.0	0.3	3.0	3.0	2.8	2.3	2.2	2.4
	2-10 Spread	42.01	(0.7)	(1.7)	45.2	45.3	55.5	56.4	84.4	51.8
China rates	O/N China Repo Rate	2.61	0.0	1.6	2.5	2.6	2.5	2.8	2.8	3.0
	1-Week China Repo Rate	2.70	(0.2)	(6.9)	2.7	3.1	3.2	3.0	3.3	3.1
	O/N SHIBOR	2.58	0.0	0.4	2.6	2.6	2.6	2.8	2.8	2.8
	1-Week SHIBOR	2.79	0.0	0.5	2.8	2.7	2.9	2.9	2.9	3.0

Source: Bloomberg

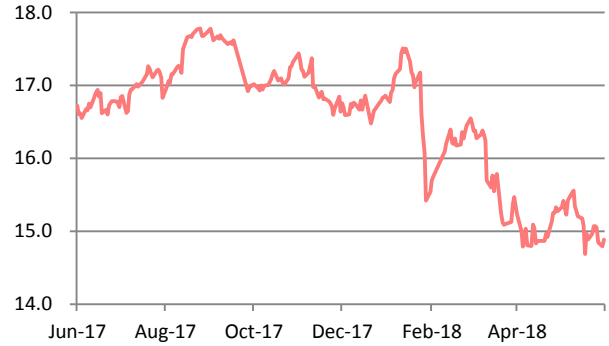
## VI. Key Indicators

**Hang Seng Index PE Ratio**



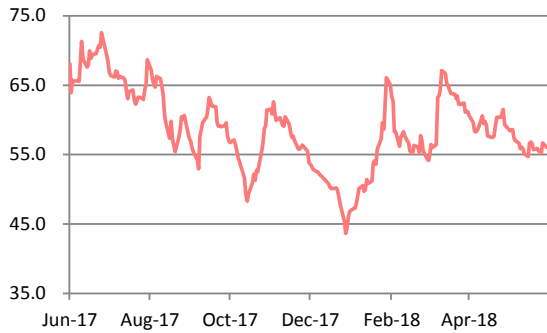
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



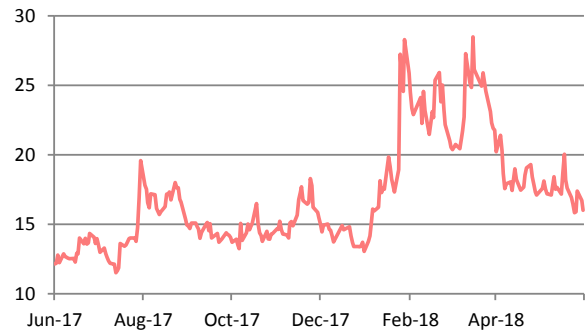
Source: Bloomberg

**China 5Y CDS Index\_USD**



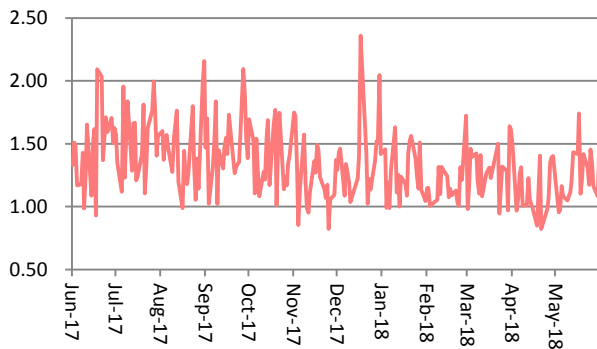
Source: Bloomberg

**Hang Seng Index VIX**



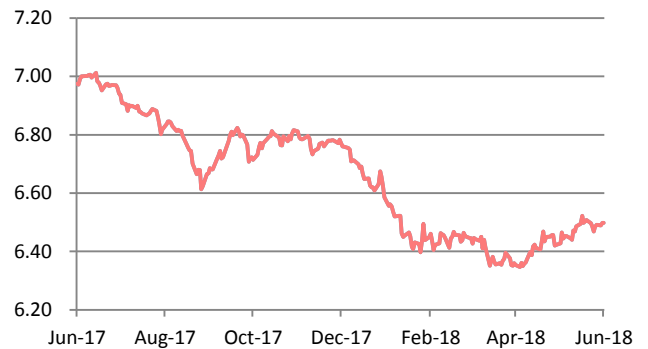
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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