

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: FOMC Rate Decision	13-Jun	2.00%	1.75%
China: Retail Sales YoY	May	9.60%	9.40%
China: Industrial Production YoY	May	7.00%	7.00%
China: Fixed Asset Investment YTD YoY	May	7.00%	7.00%
Australia: Full / Part time Employment Change	May	N/A	32.7k / -10k

Source: Bloomberg

## II. Macro News

- **US Federal Reserve raises benchmark interest rate, sees possible acceleration in hikes.** The US Federal Reserve has raised its benchmark interest rate for the second time this year and signalled that it may step up its pace of rate increases because of solid economic growth and rising inflation. The Fed now foresees four rate hikes this year, up from the three it had previously forecast. [SCMP]
- **U.K. Inflation Stays Put as Fuel Prices Rise Most Since 2011.** The biggest increase in auto-fuel prices in more than seven years helped keep U.K. inflation from continuing its downward path last month. Consumer-price growth stayed at 2.4 percent in May, as forecast by both the Bank of England and economists surveyed by Bloomberg. [Bloomberg]
- **China Eases Curbs on Foreign Investors to Encourage Inflows.** China has made it easier for overseas investors to take their money out of the country, in a move that may in turn encourage increased foreign investment. A 20% limit on repatriating funds for companies in the QFII Investors program has been removed. [Bloomberg]

## III. Industry News

- **Hong Kong raises interest rate by 25 points, matching US Fed move as higher cost of money sets in.** Hong Kong's monetary authority raised the city's base lending rate by the second time this year, in lockstep with an overnight move by the US Federal Reserve to maintain stability in the local currency, as the trend of ever-rising cost of money becomes more apparent. [SCMP]
- **Kenya Considering Chinese Yuan as Reserve Currency.** Kenya is considering adopting the Chinese yuan as a reserve currency, Xinhua reported, citing Kenyan central bank Governor Patrick Njoroge. Bilateral trade and investment between Kenya and China have grown exponentially over the past decade and increased demand for the yuan by both Kenyan and Chinese traders, the state news agency reported. [Bloomberg]
- **China Imports Surge to Highest in More Than 3 Years.** China's imports of coal surged 106% w/w to 5.1m tons in week ended June 11, the highest level in at least three years, according to Global Ports data compiled by Bloomberg since February 2015. [Bloomberg]

## IV. Corporate News

- **Meituan Is Said to Plan a \$6 Billion IPO Filing This Month.** China's restaurant review and delivery giant Meituan Dianping plans to file for an IPO of about \$6bn in Hong Kong as soon as this month. The company is considering selling about 10% of the company, the minimum required under Hong Kong exchange rules, to avoid dilution. [Bloomberg]

- **Victor Li Puts His Stamp on Family Empire With \$9.8 Billion M&A.** Victor Li, who succeeded his famed father last month as head of the CK group of companies, began his tenure with a A\$13bn (\$9.8bn) bid for Australian gas pipeline operator APA Group Ltd., in what would be the Hong Kong-based conglomerate's biggest overseas acquisition. [Bloomberg]
- **Huiyuan Juice Cut by Moody's on Heightening Repayment Risks.** Chinese beverage producer's credit rating was downgraded three steps to Caa1 by Moody's on concern conditions imposed by the Hong Kong stock exchange will lengthen a share trading suspension and spark a liquidity crunch. [Bloomberg]
- **Australia Parries China Influence in Pacific With Subsea Cable.** Australia announced Wednesday it will help fund a new telecommunications cable stretching from Sydney to the Solomon Islands, squeezing out a bid by Huawei Technologies Co., as it tussles with China to retain its diplomatic influence in the South Pacific. [Bloomberg]
- **ZTE appoints team to replace board, fire senior executives.** A three-person team has been set up within ZTE Corp to oversee the implementation of its settlement with the US government. Among the team's key responsibilities: replacing the board of directors and firing the senior executives at the Chinese telecommunications equipment supplier. [SCMP]
- **Bad news for ZTE: US Senate plots to crush Trump's deal as Republican Senator Bob Corker rails against trade action.** A bipartisan group of US senators is trying to reverse the Trump administration deal that saved ZTE Corp from the brink of collapse, by using an amendment in the annual defence bill. [SCMP]
- **Volkswagen agrees to pay US\$1.2 billion fine for cheating on diesel emissions tests.** Volkswagen AG agreed to pay a €1 billion euro (US\$1.2 billion) fine imposed by German prosecutors, taking another step to move past its almost three-year-old diesel emissions scandal. [SCMP]
- **Caterpillar expects sustainable growth in Chinese market.** Caterpillar Inc, the world's largest heavy-duty equipment maker, expects its sales growth in China to "return" to normal in the second half of this year, compared to the robust growth it recorded in the first six months. [China Daily]
- **JD to set up unmanned vehicle unit in Changsha.** Chinese e-commerce giant JD will invest 2 billion yuan (\$312 million) over the next three years to establish the headquarters of its unmanned delivery vehicles in Changsha, capital of Hunan province. [China Daily]
- **Lenovo dials up domestic smartphone business.** Lenovo Group Ltd has integrated its smartphone business into its China regional group, as part of the tech heavyweight's broader push to refocus on its home country to revive its mobile business. [China Daily]
- **Haier gets Chinese regulator's approval to list in Germany.** China's top securities regulator approved Chinese white goods manufacturer Qingdao Haier Co for its application for an offshore listing on the D-Share Market in Germany, according a statement by the Frankfurt-based exchange. [China Daily]
- **HSBC Holdings Buys Back 1.74M Shrs at GBP12.75 Million.** HSBC Holdings announced that it repurchased approximately 1.7423 million shares through the London Stock Exchange yesterday (12 June), involving around GBP12.7514 million. [AASocks]
- **Xiaomi Valuation Up to \$733.2B, P/E Ratio Way Above Apple.** Xiaomi is expected to have IPO as soon as end-June. According to various investment banks, its valuation ranges US\$65-94 billion (approximately HK\$507.0-733.2 billion), equivalent to 2019E P/E ratio of around 27-34 times, a double of Apple's 14.5 times. [AASocks]
- **Skyworthdigital Intends to Bid for Industrial, Residential Land in Quanjiao County.** Skyworthdigital intends to submit a bid at the tender for possible acquisition of the land use right of parcels of industrial and residential land totaling c.106.7 hectares located at the Northern New-Development Area in the Quanjiao County of China. [AASocks]
- **Xinyi Glass Chairman Adds Stakes at \$2.7 Million.** Xinyi Glass announced that Chairman Lee Yin Yee purchased 254,000 shares at approximately \$2.7014 million in aggregate on 11 June. [AASocks]

## V. Overnight Market Recap

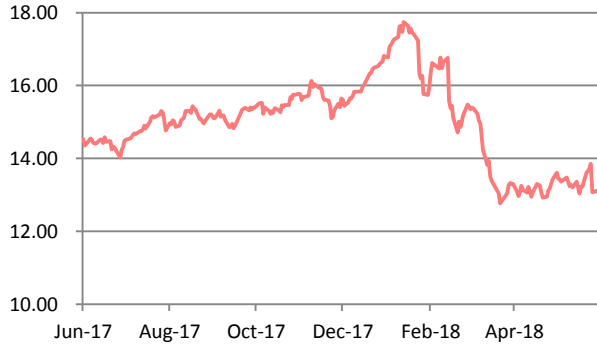
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,776	(11.2)	(0.4)	0.1	1.7	1.0	4.7	13.9	3.8
	Dow Jones	25,201	(119.5)	(0.5)	0.2	1.2	1.8	2.8	17.9	1.9
	Nasdaq Composite	7,696	(8.1)	(0.1)	0.1	3.8	2.7	12.2	24.2	11.5
	Russell 2000	1,677	(5.8)	(0.3)	0.0	4.8	5.8	11.3	18.3	9.2
	VIX Index	12.94	0.6	4.9	11.2	0.1	(24.9)	23.4	21.6	17.2
Europe Equity	Euro Stoxx 50	3,480	4.0	0.1	0.5	(2.4)	2.4	(2.9)	(2.2)	(0.7)
	DAX	12,891	48.3	0.4	0.5	(0.9)	5.5	(1.8)	1.0	(0.2)
	CAC	5,453	(0.6)	(0.0)	(0.1)	(1.6)	4.0	1.0	3.6	2.6
	FTSE 100	7,704	(0.1)	(0.0)	(0.1)	(0.3)	7.9	2.8	2.7	0.2
APAC Equity	HSI	30,725	(377.9)	(1.2)	(1.7)	(2.6)	(2.3)	5.3	18.7	2.7
	HSCEI	12,036	(170.9)	(1.4)	(2.0)	(4.1)	(5.1)	4.4	14.5	2.8
	HSI VIX	15.85	(0.2)	(1.1)	0.1	(9.3)	(22.2)	9.6	29.9	8.6
	CSI 300	3,788	(37.6)	(1.0)	(1.3)	(3.1)	(7.0)	(5.9)	7.2	(6.0)
	SH Composite	3,050	(30.0)	(1.0)	(2.1)	(3.9)	(7.3)	(7.4)	(2.6)	(7.8)
	SZ Composite	1,731	(27.7)	(1.6)	(2.7)	(5.0)	(7.8)	(9.6)	(6.5)	(8.8)
	Nikkei 225	22,966	88.0	0.4	1.5	0.4	5.5	1.2	15.5	0.9
Commodities (USD)	KOSPI	2,469	(1.3)	(0.1)	0.9	(0.4)	(1.0)	(0.5)	4.0	0.1
	Brent (Future)	76.74	0.9	1.1	1.8	(0.5)	18.7	22.9	57.5	14.8
	WTI (Future)	66.64	0.3	0.4	3.0	(6.1)	9.4	16.9	49.0	10.3
	Gold	1,299	3.3	0.3	0.2	(1.1)	(1.9)	3.7	3.1	(0.3)
	Copper (Future)	7,257	35.0	0.5	0.5	4.5	4.5	7.8	26.9	0.1
FX	Baltic Dry Index	1,390.00	3.0	0.2	3.7	(5.8)	18.9	(16.7)	60.7	1.8
	Dollar Index	93.54	(0.3)	(0.3)	(0.1)	1.0	4.2	(0.0)	(3.6)	1.5
	EUR	1.18	0.0	0.4	0.1	(1.0)	(4.6)	0.2	5.2	(1.7)
	JPY	110.34	(0.0)	(0.0)	0.2	(0.5)	(3.6)	2.0	(0.6)	2.2
	CNY	6.40	(0.0)	0.1	(0.1)	(0.9)	(1.2)	3.5	6.3	1.7
CDS	CNH	6.39	(0.0)	(0.3)	0.2	(0.8)	(1.3)	3.4	6.2	2.0
	ChinaGov CDS	55.86	(0.1)	(0.2)	0.6	(4.4)	1.7	4.6	(12.6)	11.5
	CDX Emerging Market	96.35	(0.0)	(0.0)	(0.5)	(1.2)	(2.9)	(2.5)	0.5	(2.8)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.92	0.0	0.3	1.9	1.9	1.8	1.3	1.0	1.4
	2-Year Treasury Yield	2.57	0.0	1.1	2.5	2.6	2.3	1.8	1.3	1.9
	5-Year Treasury Yield	2.83	0.0	0.7	2.8	2.9	2.6	2.1	1.7	2.2
	10-Year Treasury Yield	2.97	0.0	0.2	2.9	3.1	2.8	2.3	2.1	2.4
	2-10 Spread	39.68	(2.3)	(5.5)	42.9	49.6	54.1	53.4	79.1	51.8
China rates	O/N China Repo Rate	2.50	(0.1)	(4.2)	2.5	2.7	2.6	2.8	2.8	3.0
	1-Week China Repo Rate	2.80	0.1	3.7	2.7	3.3	3.0	3.3	3.2	3.1
	O/N SHIBOR	2.59	0.0	0.2	2.6	2.6	2.6	2.8	2.8	2.8
	1-Week SHIBOR	2.80	0.0	0.4	2.8	2.8	2.9	2.9	2.9	3.0

Source: Bloomberg

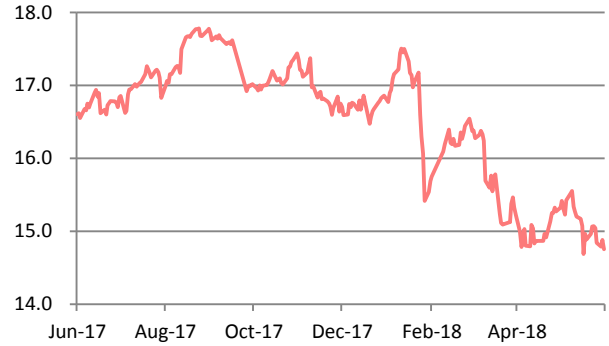
## VI. Key Indicators

**Hang Seng Index PE Ratio**



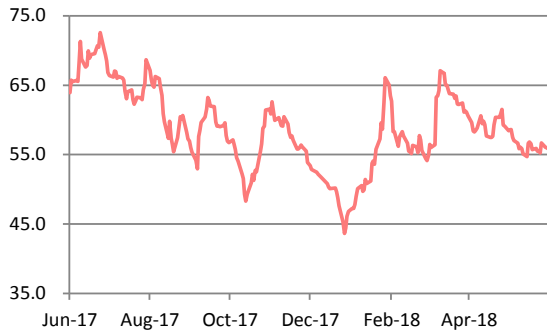
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



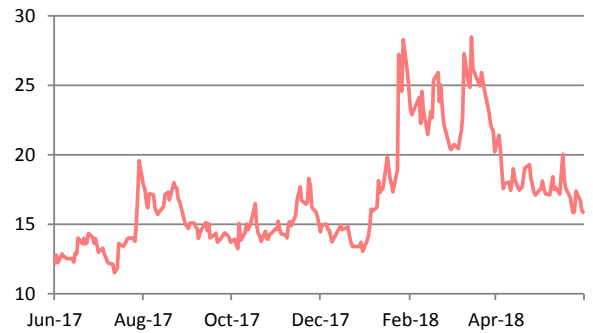
Source: Bloomberg

**China 5Y CDS Index\_USD**



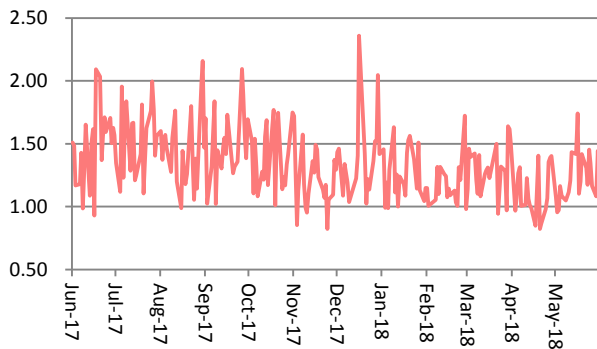
Source: Bloomberg

**Hang Seng Index VIX**



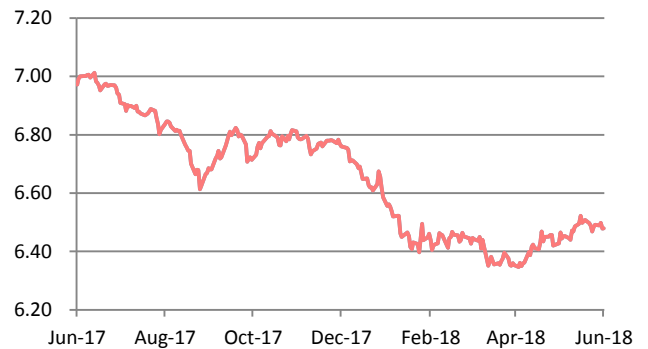
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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