

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: FX Net Settlement on behalf of clients	May	N/A	USD92.4bn
US: Housing Starts	May	1312k	1287k
New Zealand: Westpac Consumer Confidence	2Q18	N/A	111.2
Australia: House Price Index YoY	1Q18	2.10%	5.00%
Hong Kong: Unemployment Rate	May	2.80%	2.80%

Source: Bloomberg

II. Macro News

- **Trump Targets \$200B in Chinese Imports as Spat Grows.** President Donald Trump is threatening to slap tariffs on another \$200bn in Chinese imports as trade tensions between the world's two largest economies reach new heights. Trump said in a White House statement Monday evening that he had instructed the U.S. Trade Representative's office to identify \$200bn in imports from the Asian nation for additional tariffs of 10 percent. [Bloomberg]
- **Prompt tariff response vowed.** China said on Friday that it will take "immediate" tariff measures of "equal scale and strength" in response to the decision of the US government to impose tariffs on about \$50 billion of Chinese goods. The MOC also reiterated that all economic and trade outcomes of previous talks will not take effect. [China Daily]
- **ECB Keeps Rate Unchanged as Expected; QE To End at End-Yr.** European Central Bank announced it maintained key refinancing interest rate at record low of 0%; overnight deposit rates and overnight loan rates at negative 0.4% and 0.25% unchanged. Meanwhile, the ECB said QE will be dismantled at the end of Dec. [AASocks]

III. Industry News

- **China's fiscal revenue up 9.7% in May.** China's fiscal revenue rose 9.7 percent year-on-year to 1.76 trillion yuan (\$275 billion) in May, official data showed. The growth retreated from the 11-percent gain in April, according to the Ministry of Finance website. [China Daily]
- **China Is Said to Speed Up Coal Import Clearances for Power Use.** China has sped up customs clearances at some ports in at least 5 provinces for coal supplies destined for power producers. Some restrictions on coal imports will be eased, especially for supply to power plants in the lead-up to summer, a peak demand season for electricity. [Bloomberg]
- **China Issues Renewable Energy Subsidy Approvals for c.56GW.** China approves subsidies for c.56GW of renewable energy projects, according to MOF website. Xinyi Solar, GCL New Energy, Beijing Jingneng Clean Energy, Huaneng, Longyuan, State Power Investment, China Resources Power, China Three Gorges are among developers that will receive subsidies. [Bloomberg]

IV. Corporate News

- **High-speed rail builder China Railway swaps out debt for US\$1.8bn in fresh cash.** China Railway Group has won fresh funding of 11.6bn yuan (US\$1.8bn) by swapping debt into equity under a government-backed initiative to help state firms cut debt. [SCMP]
- **Hong Kong tycoon Victor Li uses cash from sale of The Center to buy London office tower for £1bn.** Victor Li Tzar-kuoi has bought a grade-A office tower in London for £1bn (US\$1.3bn) as he embarks on an acquisition spree for overseas assets after taking control of Hong Kong conglomerate CK Group from his billionaire father Li Ka-shing. [SCMP]

- **HNA's HKICIM to Subscribe HK\$800M Conv. Bonds From H.K. Airlines.** HNA unit Hong Kong International Construction Investment Management Group agreed to subscribe HK\$800m 3-year convertible bonds from Hong Kong Airlines Ltd.'s unit, according to statement to Hong Kong stock exchange. [Bloomberg]
- **ZTE Penalties Sought in Senate May Set Up Showdown With Trump.** Republican senators pushing to keep stiff sanctions on China's ZTE Corp. dug in for a potential showdown with the White House as some of their colleagues said they'd try to negotiate a way out with President Donald Trump. [Bloomberg]
- **Chinese Uber Rival Didi Expands Global Push With Australia Entry.** Chinese ride-sharing service Didi Chuxing is launching in Australia as the Uber Technologies Inc. rival pushes ahead with its international expansion plans. [Bloomberg]
- **Qualcomm's NXP Deal Approved by Chinese Regulators.** Qualcomm Inc.'s \$43bn acquisition of NXP Semiconductors NV has been approved by Chinese regulators, South China Morning Post reported. The decision by China's MOC will allow the transaction to be completed ahead of a July deadline set by NXP, which said it would abandon the deal if it wasn't approved by then. [Bloomberg]
- **JD.com looking at high-speed maglev delivery network.** JD.com is looking at developing magnetic levitation, or maglev, technology as part of its future plans to build smart logistics networks. JD.com has signed a cooperation agreement with Magplane Technology Inc., a maglev developer from the US, to jointly develop the technology for use in logistics and warehousing. [China Daily]
- **Google to invest \$550m in JD.** JD and US tech giant Google Inc announced on Monday that Google will invest \$550mn in cash in JD, as part of a strategic partnership. The two companies plan to collaborate on a range of strategic initiatives, including the joint development of retail solutions in a number of regions around the world, including Southeast Asia, the United States and Europe. [China Daily]
- **BYD Company Completes RMB2B Short-term Financing Bond Issue; Interest Rate Equals 5.8%.** BYD Company announced that it has completed issuing the second tranche of short-term financing bonds in 2018 with issuance amount totalling RMB2 billion. The bond has a term of 270 days with an interest rate of 5.8%. [AASocks]
- **Tsingtao Brewery Signs Strategic Cooperation Framework with Fosun Intl.** Fosun International announced that it has entered into a strategic cooperation framework agreement with its major shareholder Fosun Int'l pursuant to which the latter will actively work for the collaboration between its hotel and beverage businesses and the company. [AASocks]
- **Yanzhou Coal Clarifies: Yancoal Australia Board Yet to Make Decision on HK Dual Primary Listing.** Yanzhou Coal made an announcement to clarify that Yancoal Australia has not made any decision to pursue the dual primary listing in Hong Kong at this time and emphasized that there is no certainty that such an initiative may proceed. [AASocks]
- **Xiaomi CDR Accounts for At Least 7% Total Share Capital after Issue, IPO from 25 Jun.** The CSRC updated Xiaomi's prospectus. The CDR to be issued will account for no less than 7% of the total share capital after issuance of CDR and Hong Kong stocks. Xiaomi, to be listed in Hong Kong in weighted voting rights, will start IPO from 25 June. [AASocks]
- **Sands China Ltd.: Decent Hotel Booking for Upcoming Long Weekend Holidays.** Long weekend holidays for Dragon Boat Festival is approaching. Wong Ying Wai, President of Sands China Ltd., said the group always registers commendable business performance during long holidays with promising hotel reservations ahead of upcoming holidays, Macao Daily News reported. [AASocks]
- **XTEP Int'l Clarifies: GMT Report Allegations False, Misleading.** XTEP Int'l clarified for the allegations of the report issued by GMT Research Limited. The company stated that all the allegations implicating corporate frauds on the part of the Company in the Report are false, groundless and misleading. [AASocks]
- **Li Ning: Biz Mgmt Strict; Strives to Get Jobs Done.** A number of Chinese sportswear companies have been recently blasted by short seller for fraud accounts. Li Ning Chairman and Acting CEO Li Ning said the company has been making disclosures in accordance with market regulations with stringent business management, considering getting own jobs done is most important. [AASocks]

V. Overnight Market Recap

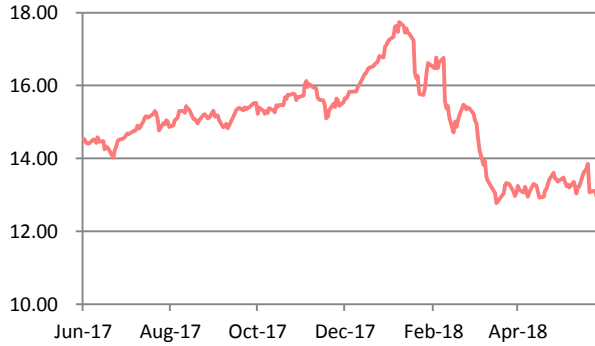
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,780	(2.8)	(0.1)	0.0	2.5	1.0	3.3	14.2	4.0
	Dow Jones	25,090	(84.8)	(0.3)	(0.9)	1.5	0.6	1.2	17.3	1.5
	Nasdaq Composite	7,746	(14.7)	(0.2)	1.3	5.3	3.5	10.7	25.9	12.2
	Russell 2000	1,684	(0.8)	(0.0)	0.7	3.5	6.2	8.7	19.7	9.7
	VIX Index	11.98	0.9	7.4	4.2	(4.1)	(18.5)	35.0	24.0	16.6
Europe Equity	Euro Stoxx 50	3,505	(13.3)	(0.4)	0.3	(2.1)	2.8	(2.5)	(1.9)	(0.3)
	DAX	13,011	(73.6)	(0.6)	0.7	(0.5)	5.9	(1.4)	1.3	0.1
	CAC	5,502	(24.1)	(0.4)	0.1	(1.2)	4.5	1.5	4.1	3.1
	FTSE 100	7,634	11.1	0.1	(1.2)	(1.0)	7.1	2.0	1.9	(0.6)
APAC Equity	HSI	30,309	(130.7)	(0.4)	(2.1)	(2.4)	(3.8)	4.3	18.3	1.3
	HSCEI	11,870	(80.5)	(0.7)	(2.4)	(3.9)	(6.3)	4.0	14.3	1.4
	HSI VIX	15.97	0.1	0.6	(8.2)	(7.1)	(23.0)	6.3	30.6	9.4
	CSI 300	3,753	(19.9)	(0.5)	(0.7)	(3.8)	(7.5)	(5.8)	6.7	(6.9)
	SH Composite	3,022	(22.3)	(0.7)	(1.5)	(5.4)	(7.6)	(7.5)	(3.2)	(8.6)
	SZ Composite	1,692	(30.2)	(1.8)	(3.4)	(7.5)	(9.2)	(10.5)	(9.3)	(10.9)
	Nikkei 225	22,680	113.1	0.5	0.7	(1.1)	4.6	(1.0)	13.7	(0.4)
Commodities (USD)	KOSPI	2,376	(19.4)	(0.8)	(2.7)	(3.4)	(4.7)	(4.3)	0.6	(3.7)
	Brent (Future)	73.44	(2.5)	(3.3)	(4.0)	(5.9)	11.6	16.5	56.0	10.5
	WTI (Future)	65.06	(1.8)	(2.7)	(1.0)	(9.2)	3.8	13.2	44.7	7.1
	Gold	1,279	(23.3)	(1.8)	(1.5)	(0.8)	(2.6)	1.6	3.1	(1.6)
	Copper (Future)	7,020	(157.0)	(2.2)	(4.0)	3.1	1.4	1.9	24.0	(3.1)
FX	Baltic Dry Index	1,445.00	12.0	0.8	3.9	13.5	26.4	(9.0)	69.8	5.8
	Dollar Index	94.79	(0.1)	(0.1)	1.3	1.4	5.2	1.3	(2.3)	3.0
	EUR	1.16	0.0	0.4	(1.4)	(1.5)	(6.0)	(1.6)	4.0	(3.4)
	JPY	110.66	0.0	0.0	1.0	0.2	(4.0)	1.8	0.9	2.0
	CNY	6.44	0.0	(0.6)	(0.5)	(1.0)	(1.8)	2.6	5.7	1.1
CDS	CNH	6.44	0.0	0.3	0.6	(1.4)	(2.1)	2.4	5.8	1.0
	ChinaGov CDS	56.05	0.0	0.0	(2.5)	(1.8)	(0.6)	6.7	(14.7)	11.9
	CDX Emerging Market	96.03	0.0	0.0	(0.5)	(0.8)	(3.0)	(3.0)	0.4	(3.1)

	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	2.55	(0.0)	(0.6)	2.5	2.5	2.3	1.8	1.3	1.9
	5-Year Treasury Yield	2.80	(0.0)	(0.3)	2.8	2.9	2.7	2.2	1.7	2.2
	10-Year Treasury Yield	2.92	(0.0)	(0.5)	3.0	3.1	2.9	2.4	2.2	2.4
	2-10 Spread	37.13	0.2	0.5	42.7	50.5	54.4	56.2	83.4	51.8
China rates	O/N China Repo Rate	2.57	(0.0)	(0.8)	2.6	2.5	2.5	2.7	2.9	3.0
	1-Week China Repo Rate	2.76	0.5	20.0	2.9	2.7	2.9	3.5	2.8	3.1
	O/N SHIBOR	2.59	0.0	0.0	2.6	2.6	2.6	2.7	2.9	2.8
	1-Week SHIBOR	2.81	0.0	0.0	2.8	2.8	2.9	2.9	2.9	3.0

Source: Bloomberg

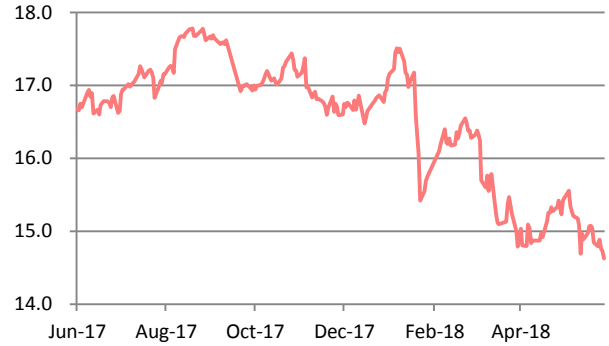
VI. Key Indicators

Hang Seng Index PE Ratio



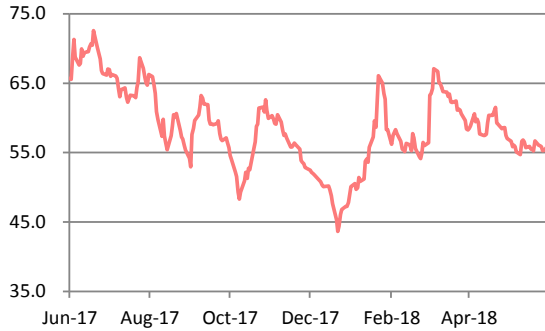
Source: Bloomberg

Shanghai Composite Index PE Ratio



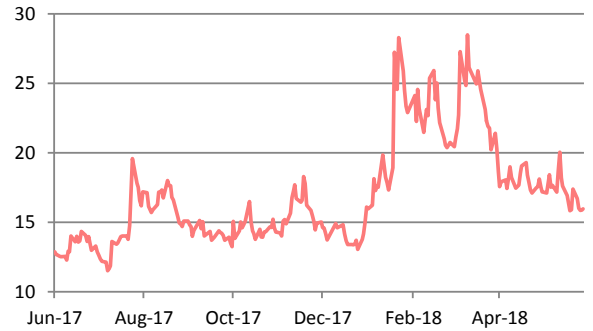
Source: Bloomberg

China 5Y CDS Index_USD



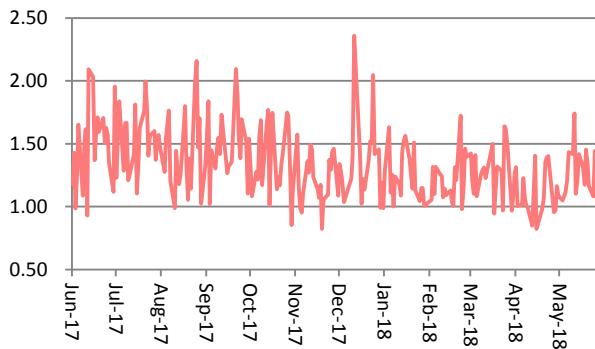
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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