

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
U.S.: Existing Home Sales	May	5.56mn	5.46mn
Germany: PPI YoY	May	N/A	2.00%
Argentina: GDP YoY	1Q18	N/A	3.90%
Russia: Real Wages YoY	May	7.50%	7.80%
Hong Kong: Composite Interest Rate	May	N/A	0.40%

Source: Bloomberg

## II. Macro News

- **Beijing outgunned on tariffs, but it can still hurt US firms.** Beijing yesterday said it would use “quantitative and qualitative” measures to hit back at US President Donald Trump’s act of “blackmail” in threatening to impose tariffs on USD200bn worth of Chinese products. [SCMP]
- **PBOC Seeks to Calm Markets Amid Trade Conflict, Weaker Economy.** The People’s Bank of China is using both money and words to try to ease market concerns about escalating trade tensions and the weakening economy. The central bank injected another 200bn yuan (\$31bn) into the economy via its medium-term lending facility on Tuesday. [Bloomberg]
- **Economic Confidence Rises Among Lower-Income Americans.** Economic confidence among lower-income Americans has taken a recent leap. In the University of Michigan’s consumer-sentiment index, confidence among households in the bottom third income tier has risen 11.4 points since February, an IHS Markit analysis of sentiment figures shows. [WSJ]

## III. Industry News

- **PBOC to Use Tools ‘Comprehensively’ as Trade War Sparks Sell-Off.** China’s central bank called for investors to remain calm and pledged to use monetary policy “comprehensively,” after an escalation of the stand-off with U.S. sent the nation’s benchmark stock index plunging. [Bloomberg]
- **China to remove barriers on energy, transport sectors.** China has completed the revision of new negative list for market access of foreign investment and will make it public soon, China Securities Journal reported. Restrictions on energy, resources, infrastructure, transportation, commerce circulation, and professional services will be removed or loosened in the upcoming list. [The Standard]
- **Five mega public floats forecast for HK in second half.** At least five IPOs with each raising up to HK\$10bn are expected in the second half. Deloitte estimates that the will be from sectors including financial services, technology and consumer businesses as well as 10 “unicorns.” Deloitte forecasts that 180 IPOs will raise between HK\$160bn and HK\$190bn in the whole year. [The Standard]

## IV. Corporate News

- **ZTE shares hit two-year low as US Senate backs bill to restore penalties.** ZTE Corp shares dived yesterday after American lawmakers approved a bill to restore severe penalties on the company, potentially upending a deal struck with US President Donald Trump to end a seven-year trade ban and allowing it to get back in business. [SCMP]
- **Hong Kong’s Cathay Pacific Airways fears US-China trade war will hurt vital cargo business.** As a global trade war beckons, Hong Kong’s flagship carrier Cathay Pacific Airways has for the first time voiced concern over the possible impact of the increasingly likely US-China tariff dispute on its profitable cargo business. [SCMP]

- **Chinese online construction and interior design firm Qeeka to raise up to US\$278mn in Hong Kong IPO.** Qeeka Hong (Cayman), China's largest online construction and interior design company, has applied to list on the main board of the Hong Kong stock exchange, with the aim of raising up to HK\$2.18bn (US\$278mn) in an initial public offering. [SCMP]
- **China's Huawei rebuts Australian security concerns amid Sino-Canberra tensions.** Chinese telecoms equipment maker Huawei Technologies refuted Australian claims it poses a security risk, calling the criticism "ill-informed" in an open letter on Monday that threatens to inflame already heightened Sino-Canberra tensions. [SCMP]
- **Geely completes deal to buy 14.9 per cent stake in AB Volvo.** China's Geely Holding has assumed ownership of a 14.9 per cent voting stake in Swedish truck maker AB Volvo, a disclosure notice showed on Monday, completing a deal which has been pending since December. [SCMP]
- **China's cash-rich property developers go rural for opportunities and political currency.** China's cash-rich property developers are beginning to sing to Chinese President Xi Jinping's tune of investing in the country's vast countryside and agriculture sector. Country Garden, Vanke and Evergrande have announced expansion plans in the countryside, which are unlikely to yield quick returns. [SCMP]
- **Xiaomi Postpones China CDR Review, to List in H.K. First.** Xiaomi Corp. will issue CDR in China in due course after Hong Kong listing, China Securities Regulatory Commission says in a statement. CSRC respects Xiaomi's decision, will cancel listing review previously scheduled for June 19. [Bloomberg]
- **Greenland HK Plans to Sell USD Bonds to Refinance Offshore Debt.** Principal amount, interest and maturity haven't been determined, Greenland Hong Kong says in stock exchange filing. The company plans to use proceeds to refinance offshore debt and for general corporate purposes. [Bloomberg]
- **Xiaomi CDR Said to Be Delayed Amid Valuation Dispute.** Xiaomi has lowered its likely valuation to \$55b-\$70bn following decision to delay CDR offering until after Hong Kong IPO, Reuters reports. Delay was triggered by a dispute between Xiaomi and regulators over its CDR valuation. [Bloomberg]
- **Xinyi Solar Submits Application to HKEX to Spin off Subsidiary.** Xinyi Solar submitted listing application of unit Xinyi Energy on the Hong Kong stock exchange, according to filing dated June 19. Proposed spinoff is to be conducted by way of global offering. [Bloomberg]
- **Altyn Bank develops after acquisition by CITIC.** Kazakhstan-based JSC Altyn Bank elected its new board of directors and discussed development plans during a recent meeting in Alma-Ata, after China CITIC Bank Corp Ltd acquired a 50.1 percent stake in Altyn. [China Daily]
- **State Grid ready to diversify operations overseas.** Beijing-based State Grid Corp of China is keeping an eye on the markets in Central and Eastern Europe, with a view to transferring existing assets as well as investment opportunities in new energy in the region. [China Daily]
- **Xiaomi Valuation Trimmed to US\$55-70B.** Xiaomi lowered the valuation to US\$55-70 billion, way below the US\$100 billion rumored earlier, as well as the lower end US\$70 billion guided by Xiaomi and its consultants as informal reference, Reuters cited people with the knowledge of the matter. [AAStocks]
- **Xinyi Glass Chairman, CEO Add 1.31M Shares, 1M Shares.** Xinyi Glass announced that Chairman Lee Yin Yee and CEO Tung Ching Sai purchased 1.31 million shares and 1 million shares at average prices of \$9.6836 and \$9.7338 per share on 14 June. [AAStocks]
- **Jia.com Plans for HK Listing, Raising Max. Approx. US\$278M.** Baidu's investee, Jia.com, is seeking listing in Hong Kong and planning to issue 242 million shares at \$6.8-9 each, raising up to approximately US\$278 million, Bloomberg reported. The company plans to initiate public offering from 27 June and listing on 5 July. [AAStocks]
- **Cathay Pacific passengers drop for second month.** Passengers flown by Cathay Pacific Airways and Cathay Dragon in May fell by 0.8% YoY, to 2.82mn, amid capacity increases, the group said. In May, the passenger load factor dropped by 2.2ppts to 82%, while capacity, measured in available seat kilometers, increased by 2.9%. [The Standard]

## V. Overnight Market Recap

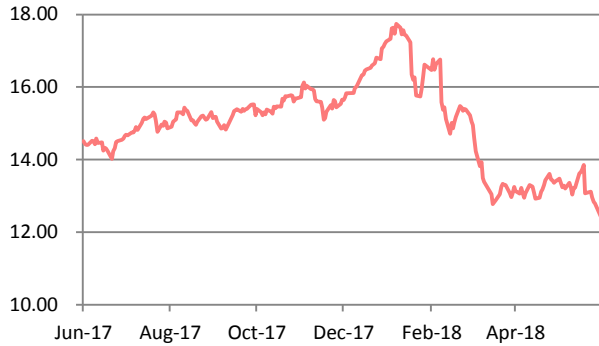
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,763	(11.2)	(0.4)	(0.9)	1.8	1.7	3.1	13.4	3.3
	Dow Jones	24,700	(287.3)	(1.1)	(2.5)	(0.1)	(0.1)	(0.1)	15.1	(0.1)
	Nasdaq Composite	7,726	(21.4)	(0.3)	0.3	5.0	4.9	11.0	24.8	11.9
	Russell 2000	1,693	1.0	0.1	0.7	4.1	7.8	10.0	20.7	10.3
	VIX Index	13.35	1.0	8.4	8.2	(0.5)	(26.6)	37.3	22.9	20.9
Europe Equity	Euro Stoxx 50	3,435	(31.4)	(0.9)	(1.2)	(3.9)	0.7	(3.3)	(3.5)	(2.0)
	DAX	12,678	(156.1)	(1.2)	(1.3)	(3.1)	3.0	(3.0)	(1.1)	(1.9)
	CAC	5,391	(59.9)	(1.1)	(1.2)	(4.0)	2.6	0.7	1.8	1.5
	FTSE 100	7,604	(27.5)	(0.4)	(1.3)	(2.2)	7.7	1.0	1.8	(1.1)
APAC Equity	HSI	29,468	(841.3)	(2.8)	(5.1)	(5.1)	(6.6)	0.8	14.0	(1.5)
	HSCEI	11,493	(377.4)	(3.2)	(5.6)	(7.0)	(8.8)	(0.1)	9.8	(1.8)
	HSI VIX	19.73	3.8	23.5	18.0	14.8	(6.7)	35.2	55.7	35.1
	CSI 300	3,621	(132.3)	(3.5)	(4.2)	(7.2)	(11.2)	(10.2)	2.1	(10.2)
	SH Composite	2,908	(114.1)	(3.8)	(4.7)	(8.9)	(11.6)	(11.6)	(7.4)	(12.1)
	SZ Composite	1,594	(97.6)	(5.8)	(8.5)	(12.8)	(14.9)	(15.7)	(15.2)	(16.1)
	Nikkei 225	22,278	(401.9)	(1.8)	(2.6)	(2.8)	4.2	(2.7)	10.1	(2.1)
KOSPI	2,340	(36.1)	(1.5)	(5.3)	(4.9)	(5.9)	(5.3)	(1.2)	(5.2)	
Commodities (USD)	Brent (Future)	75.08	(0.3)	(0.4)	(1.1)	(4.4)	13.7	17.7	60.1	12.3
	WTI (Future)	65.07	(0.8)	(1.2)	(1.9)	(8.7)	2.7	12.1	50.6	7.8
	Gold	1,275	(3.7)	(0.3)	(1.6)	(1.4)	(2.8)	0.8	2.6	(2.1)
	Copper (Future)	6,840	(124.0)	(1.8)	(5.3)	(0.2)	(0.2)	(1.5)	19.5	(5.6)
	Baltic Dry Index	1,442.00	(3.0)	(0.2)	3.7	13.3	28.5	(2.3)	70.2	5.6
FX	Dollar Index	95.01	0.3	0.3	1.3	1.5	5.8	1.7	(2.6)	3.1
	EUR	1.16	(0.0)	(0.3)	(1.3)	(1.7)	(5.3)	(2.4)	4.1	(3.5)
	JPY	110.06	(0.5)	(0.4)	(0.3)	0.9	(3.2)	3.1	1.3	2.4
	CNY	6.49	0.0	(0.7)	(1.3)	(1.6)	(2.4)	1.8	5.2	0.3
	CNH	6.48	0.0	0.3	1.1	(1.8)	(2.2)	1.4	5.4	0.6
CDS	ChinaGov CDS	57.89	2.8	5.0	5.1	2.2	(8.5)	11.0	(11.7)	15.6
	CDX Emerging Market	95.85	0.0	0.0	(0.5)	(1.2)	(2.2)	(3.2)	0.5	(3.3)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.92	0.0	0.2	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.55	(0.0)	(0.2)	2.6	2.6	2.3	1.9	1.3	1.9
	5-Year Treasury Yield	2.77	(0.0)	(0.7)	2.8	2.9	2.7	2.2	1.8	2.2
	10-Year Treasury Yield	2.90	(0.0)	(0.7)	3.0	3.1	2.9	2.5	2.2	2.4
	2-10 Spread	34.95	(1.4)	(3.8)	39.7	49.0	57.5	63.6	80.8	51.8
China rates	O/N China Repo Rate	2.40	(0.2)	(6.6)	2.5	2.5	2.5	2.8	2.9	3.0
	1-Week China Repo Rate	2.97	0.2	7.6	2.8	2.8	2.8	2.7	3.4	3.1
	O/N SHIBOR	2.59	(0.0)	(0.1)	2.6	2.5	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

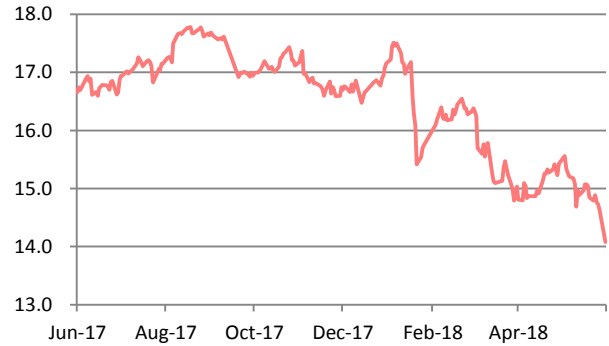
## VI. Key Indicators

**Hang Seng Index PE Ratio**



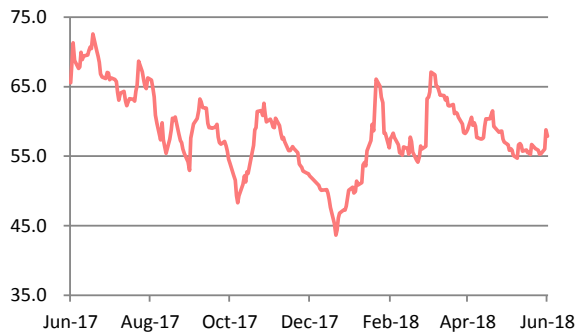
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



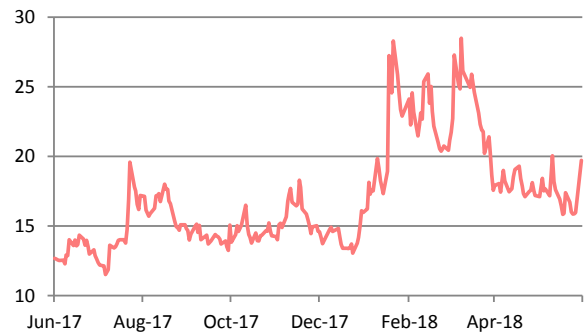
Source: Bloomberg

**China 5Y CDS Index\_USD**



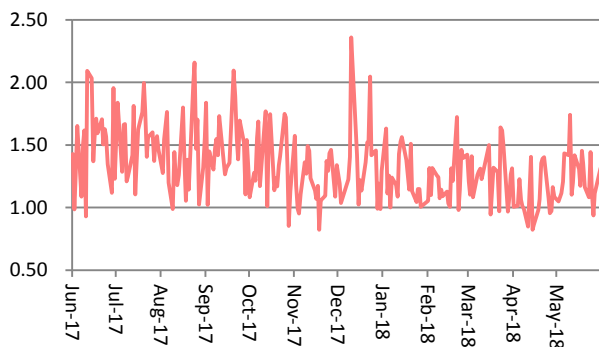
Source: Bloomberg

**Hang Seng Index VIX**



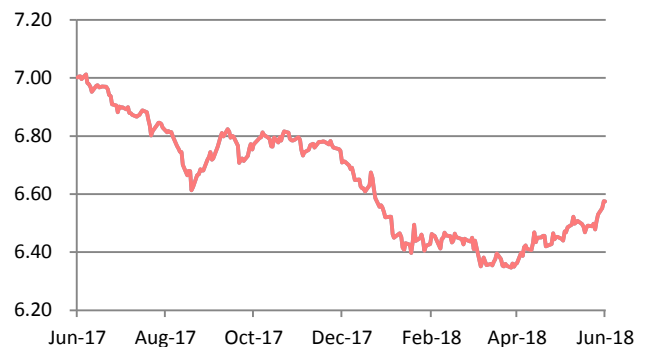
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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