

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
UK: Bank of England Bank Rate	21-Jun	N/A	0.50%
UK: BOE Asset Purchase Target	Jun	N/A	GBP435bn
Taiwan: Exports Orders YoY	May	N/A	9.80%
S. Korea: PPI YoY	May	N/A	1.60%
Thailand: Customs Exports / Imports YoY	May	9.90% / 15.35%	12.34% / 20.36%

Source: Bloomberg

II. Macro News

- **Trade Brawls Get World's Top Central Bankers Worried for Growth.** The world's most-powerful central bankers warned that escalating international trade tensions have started damaging confidence among companies, threatening the global economic expansion. [Bloomberg]
- **European chamber warns China may lose appeal for investors if it doesn't act.** EU business group's members worry about market access and uneven treatment, and half say they fear regulatory hurdles could get worse. Without "meaningful" efforts to open up and level the playing field, China will lose its appeal as a top investment destination for foreign firms and its hi-tech ambitions could also be held back, the EU Chamber of Commerce in China said. [SCMP]
- **U.S. Housing Starts Rebound in May.** U.S. housing starts rebounded last month to the highest level since 2007, driven by a construction rebound in parts of the country that have lagged for much of the economic recovery as well as a lingering apartment boom. [WSJ]

III. Industry News

- **Trade war turbulence hammers yuan and stocks.** The People's Bank of China set the daily midpoint of the yuan 0.54% lower yesterday, signaling further downward pressure on the currency after it ended at a five-month low on Tuesday. Traders said the yuan would continue to weaken amid worries of a growing trade war between China and U.S. [SCMP]
- **Draghi Says ECB Could Restart Bond Buying-Program If Required.** European Central Bank President Mario Draghi signaled that the bank could delay plans announced just last week to end its giant bond-buying program, underlining policy makers' caution in phasing out easy money as the region's economy slows and faces new risks. [WSJ]
- **Policymakers wary of external shocks.** China is preparing comprehensive monetary policy tools to maintain reasonable and stable liquidity, central bank governor Yi Gang said. "We will keep the proper strength and pace for structural deleveraging and facilitate stable and healthy economic growth, avoiding systemic financial risks," Yi said. [China Daily]

IV. Corporate News

- **Xiaomi pushes ahead with Hong Kong IPO amid standoff with China regulator.** Chinese smartphone maker Xiaomi aims to raise as much as US\$6.1 billion from its Hong Kong shares listing next month after shelving a plan to sell Chinese depositary receipts on the mainland. [SCMP]
- **China seeking jetliners as French PM prepares to head to Beijing.** Industry sources say the government-owned China Eastern Airlines has called for bids on 150 aircraft as Airbus seeks to revive a stalled plane deal with China, industry sources said. The Airbus talks come as French Prime Minister Edouard Philippe prepares to embark on an official trip to Beijing this weekend and as the U.S. threatens to impose new tariffs on Chinese goods. [SCMP]

- **MTR Corp slammed for repeated failure to report shoddy rail link work.** The MTR Corporation's repeated failure to notify the HK govt. of substandard work on the HK\$97.1bn Sha Tin-Central rail link was "totally unacceptable", the Highways Department said as it expressed "deep regret" over the transport operator's attitude. [SCMP]
- **US Education Secretary Betsy DeVos 'must investigate Huawei's influence on American universities'.** The White House and US Congress are at odds over whether to save Chinese telecoms giant ZTE, which has been accused of threatening national security. But that is not the only Chinese company in lawmakers' sights. [SCMP]
- **Xiaomi Starts Taking Orders for the World's Biggest IPO for Two Years.** Xiaomi Corp. started taking orders for the world's biggest IPO in nearly two years, aiming to raise as much as \$6.1bn in Hong Kong. The Chinese smartphone maker and existing investors are offering 2.18 billion shares at HK\$17 to HK\$22 apiece. [Bloomberg]
- **VCredit Says to Raise Net HK\$1.19B From Hong Kong IPO.** VCredit Holdings prices 68.6m IPO shares at HK\$20.0 apiece, according to statement published in South China Morning Post, the low end of its marketed range. Shares were offered at HK\$20.0-HK\$23.0 each. Trading expected to begin June 21. [Bloomberg]
- **Noble Group Paves Way for Debt Deal as Goldilocks Backs Plan.** Embattled commodity trader Noble Group Ltd. reached a deal with dissident shareholder Goldilocks Investment Co. over its planned \$3.5 billion debt restructuring, agreeing to boost the holding in the new company that stock investors stand to get. [Bloomberg]
- **Two China Biotech Firms Attract \$4 Billion in Health-Care Boom.** China Biologic Products Holdings Inc. is considering an offer by shareholder CITIC Capital Holdings to pay about \$3.5bn for all stock it doesn't already own. WuXi Biologics Cayman Inc. said its controlling shareholder is offering to sell a stake in the company for about \$505mn. [Bloomberg]
- **Shanghai Industrial to Invest in China Isotope's Hong Kong IPO.** Shanghai Industrial Holdings unit signs an agreement to invest up to 430m yuan in China Isotope & Radiation Corporation's Hong Kong IPO, company says in stock exchange filing. [Bloomberg]
- **Cnooc, Husky Sign Production Deals for South China Sea Blocks.** Cnooc signs production sharing agreements for block 22/11 and 23/07 in Beibu Gulf, according to release posted on CNOOC Nexen website. Cnooc has right to participate in as much as 51% of participating interest in any commercial discoveries. [Bloomberg]
- **ZTE Still Talking with US DoC for US\$400M Escrow Agreement.** ZTE is still negotiating with the US Dept. of Commerce for the US\$400mn escrow agreement, Reuters cited sources. US officials stressed that their move is part of normal process, adding the US will not withdraw the sales ban on ZTE until the company reaches the agreement. [AASocks]
- **HSBC Holdings Issues US\$3B Notes due 2029.** HSBC Holdings announced that it issued US\$3 billion 4.583% Fixed Rate/Floating Rate Senior Unsecured Notes due 2029. The Notes will be listed on the New York Stock Exchange. [AASocks]
- **China Mobile 4G Net Addition 2.505 Million in May.** China Mobile announced that the number of 4G customers delivered a net addition of 2.505 million in May, compared to reduction of 2.427 million in April. 4G clients added to 671.823 million. [AASocks]
- **China Unicom May 4G Net Addition Decelerates to 2.07 Million.** China Unicom announced that in May, the aggregate number of 4G subscribers reached 200 million, with net addition of 2.07 million over the previous month, decelerating from 4.062 million in the previous month. [AASocks]
- **Future Land Chairman Adds 500,000 Shares on Mkt.** Future Land announced that Wang Zhenhua, the chairman of the Company, acquired 500,000 ordinary shares of the Company at an average price of approximately HK\$7.226 each Share on June 19, 2018. [AASocks]

V. Overnight Market Recap

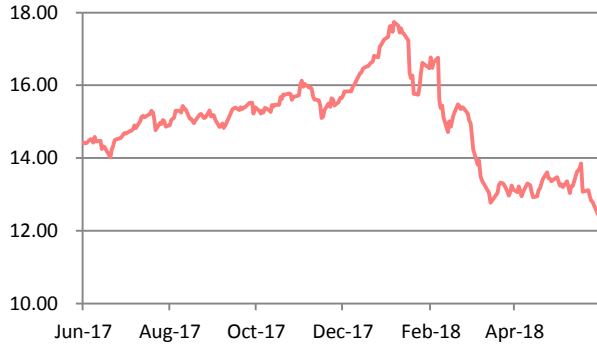
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,767	4.7	0.2	(0.3)	1.3	2.0	3.1	13.6	3.5
	Dow Jones	24,658	(42.4)	(0.2)	(2.2)	(1.4)	(0.1)	(0.5)	15.2	(0.2)
	Nasdaq Composite	7,782	55.9	0.7	1.1	5.2	5.9	11.7	24.8	12.7
	Russell 2000	1,707	13.5	0.8	1.8	4.2	8.1	10.3	22.0	11.2
	VIX Index	12.79	(0.6)	(4.2)	(1.2)	(2.2)	(28.4)	33.0	19.0	15.9
Europe Equity	Euro Stoxx 50	3,440	4.3	0.1	(1.1)	(3.7)	1.1	(3.7)	(3.2)	(1.8)
	DAX	12,695	17.2	0.1	(1.5)	(2.9)	3.1	(3.2)	(0.6)	(1.7)
	CAC	5,372	(18.3)	(0.3)	(1.5)	(4.7)	2.5	(0.3)	1.9	1.1
	FTSE 100	7,627	23.6	0.3	(1.0)	(2.9)	8.4	0.3	2.4	(0.8)
APAC Equity	HSI	29,696	228.0	0.8	(4.5)	(4.9)	(5.5)	1.1	15.6	(0.7)
	HSCEI	11,506	13.0	0.1	(5.7)	(6.8)	(8.1)	(0.8)	10.7	(1.7)
	HSI VIX	17.86	(1.9)	(9.5)	11.5	4.4	(17.8)	26.0	41.4	22.3
	CSI 300	3,635	14.3	0.4	(5.0)	(7.3)	(10.5)	(10.6)	1.3	(9.8)
	SH Composite	2,916	7.9	0.3	(5.3)	(9.3)	(11.1)	(11.6)	(7.6)	(11.8)
	SZ Composite	1,613	18.6	1.2	(8.3)	(12.7)	(13.2)	(15.4)	(14.6)	(15.1)
	Nikkei 225	22,555	277.0	1.2	(1.8)	(1.9)	5.5	(1.4)	12.0	(0.9)
KOSPI	2,364	23.8	1.0	(4.3)	(4.1)	(4.9)	(2.7)	0.3	(4.2)	
Commodities (USD)	Brent (Future)	74.74	(0.3)	(0.5)	(2.6)	(4.8)	10.9	15.8	62.4	11.8
	WTI (Future)	65.71	1.2	1.8	(0.6)	(9.4)	0.4	12.2	53.9	8.3
	Gold	1,268	(6.8)	(0.5)	(2.4)	(1.8)	(4.7)	0.2	1.8	(2.6)
	Copper (Future)	6,773	(67.0)	(1.0)	(6.7)	(1.2)	0.3	(3.8)	19.7	(6.5)
	Baltic Dry Index	1,419.00	(23.0)	(1.6)	1.1	14.5	27.0	(0.8)	68.1	3.9
FX	Dollar Index	95.12	0.1	0.1	1.7	1.6	5.3	1.9	(2.7)	3.3
	EUR	1.16	(0.0)	(0.2)	(1.9)	(1.8)	(6.2)	(2.5)	3.7	(3.6)
	JPY	110.36	0.3	0.3	0.0	0.6	(3.9)	2.7	0.9	2.1
	CNY	6.47	(0.0)	0.2	(1.2)	(1.4)	(2.2)	1.6	5.5	0.5
	CNH	6.48	0.0	0.1	1.4	(1.9)	(2.7)	1.3	5.4	0.5
CDS	ChinaGov CDS	57.61	(1.2)	(2.0)	3.1	1.7	(9.3)	10.8	(15.7)	15.0
	CDX Emerging Market	96.10	0.2	0.2	(0.3)	(1.0)	(2.1)	(3.0)	0.8	(3.0)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.92	(0.0)	(0.0)	1.9	1.9	1.7	1.3	1.0	1.4
	2-Year Treasury Yield	2.57	0.0	0.8	2.6	2.6	2.3	1.9	1.3	1.9
	5-Year Treasury Yield	2.81	0.0	1.4	2.8	2.9	2.6	2.2	1.8	2.2
	10-Year Treasury Yield	2.94	0.0	1.5	2.9	3.1	2.8	2.5	2.2	2.4
	2-10 Spread	36.90	2.0	5.6	37.0	49.0	54.2	60.1	81.1	51.8
China rates	O/N China Repo Rate	2.81	0.4	17.1	2.6	2.5	2.5	2.6	2.7	3.0
	1-Week China Repo Rate	2.82	(0.2)	(5.1)	2.3	2.7	2.8	2.8	3.4	3.1
	O/N SHIBOR	2.62	0.0	1.1	2.6	2.5	2.5	2.7	2.9	2.8
	1-Week SHIBOR	2.82	0.0	0.5	2.8	2.8	2.9	2.9	2.9	3.0

Source: Bloomberg

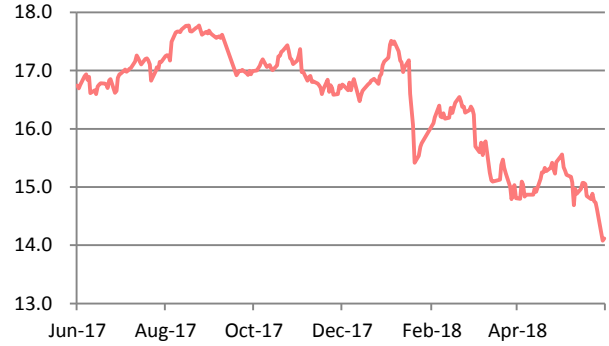
VI. Key Indicators

Hang Seng Index PE Ratio



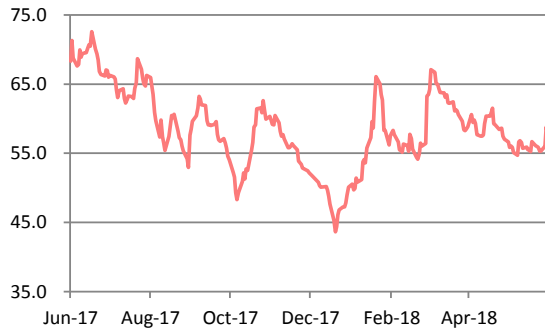
Source: Bloomberg

Shanghai Composite Index PE Ratio



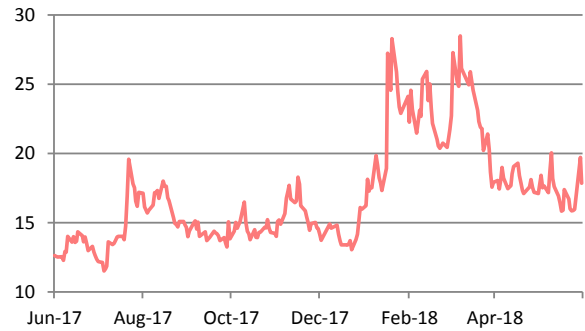
Source: Bloomberg

China 5Y CDS Index_USD



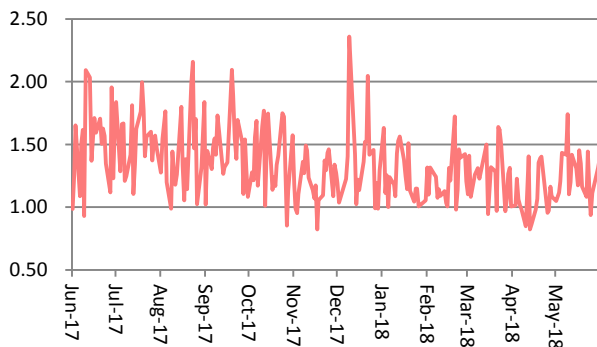
Source: Bloomberg

Hang Seng Index VIX



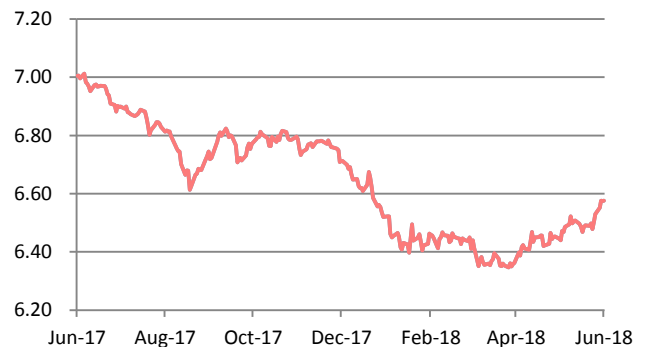
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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