

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: New Home Sales	May	665k	662k
Germany: IFO Business Climate	Jun	101.8	102.2
Taiwan: Industrial Production YoY	May	5.80%	8.53%
Indonesia: Exports / Imports YoY	May	N/A	9.01% / 34.68%
Mexico: Retail Sales YoY	Apr	3.10%	1.20%

Source: Bloomberg

## II. Macro News

- **China to Unleash \$108bn in Reserves Cut for Some Banks.** China's central bank will cut the amount of cash some lenders must hold as reserves, unlocking about 700bn yuan (\$108bn) of liquidity, as it seeks to control leverage and support smaller companies. The required reserve ratio for some banks will drop by 0.5ppt, effective July 5. [Bloomberg]
- **Greece's Creditors Agree Landmark Debt Deal as Bailout Saga Ends.** Greece's euro-area creditors struck a landmark deal to ease repayment terms on some of the nation's loans in an effort to ease its mountain of debt and clear the way for it to exit the lifeline that's kept it afloat since 2010. [Bloomberg]
- **Hungary Boosts Budget Reserves on Yields, Other Global Risks.** Hungary is increasing fiscal reserves so it can prepare for increasing signs of a global economic crisis, Prime Minister Viktor Orban says. Int'l risks identified by government: higher interest rate environment, U.S.-European trade war, high public debt in some countries. [Bloomberg]

## III. Industry News

- **Big Banks Clear Fed's Stress Tests.** The Federal Reserve determined the largest U.S. banks were healthy enough to withstand a severe economic downturn and would continue lending during a crisis, as the industry posts record profits and prepares for a wave of regulatory relief. [Bloomberg]
- **Central Banks Go Separate Ways.** The Bank of England held its benchmark interest rate steady at 0.5%, but officials said they expect economic growth in the U.K. to pick up in the months ahead, setting the stage for a rise in borrowing costs this summer. In contrast, the Swiss National Bank kept its key policy rate in deeply negative territory and signaled no forthcoming changes despite signs of healthy economic activity and slowly rising inflation. [WSJ]
- **Global energy demand and oilfield investment to remain in growth cycle even as anti-globalisation push deepens.** International oil companies have little choice but to make long term investments to meet an expected 40 per cent rise in global energy demand by 2040, regardless of global trade frictions and supply challenges brought by US economic sanctions against Russia and Iran, according to BP chief executive Bob Dudley. [SCMP]

## IV. Corporate News

- **Steve Leung Design Group Ltd Announces Details of Proposed Listing on Main Board of SEHK.** Steve Leung Design Group Limited, an award-winning and internationally renowned interior design services and interior decorating & furnishing services provider headquartered in Hong Kong, announced the details of its proposed listing on the Main Board of The Stock Exchange of HK Ltd. [Bloomberg]

- **Jiangxi Bank Says Hong Kong IPO Retail Portion Undersubscribed.** Jiangxi Bank's retail portion of its HK IPO was around 0.29x subscribed, according to statement in South China Morning Post. Jiangxi Bank priced its 1.17b IPO shares at HK\$6.39 apiece, slightly above the mid-point of its marketed range of HK\$5.94- HK\$6.66. [Bloomberg]
  - **Chalco Says Controlling Holder Plans to Boost Company's Stake.** Chalco's controlling holder Chinalco plans to buy 400m-1b yuan company's shares over the next 12 months via Shanghai stock exchange, according to a statement to the Shanghai bourse. [Bloomberg]
  - **Foxconn Chairman Sees Biggest Challenge in U.S.-China Trade War.** Terry Gou, the chairman of Apple Inc.'s main iPhone assembler, said the biggest challenge facing his Foxconn Technology Group is a trade war between the U.S. and China. Foxconn has a number of response plans to a trade war, Gou said, without elaborating. [Bloomberg]
  - **Tencent's Creating an Online Trading Platform for Chinese Bonds.** Tencent Holdings Ltd. is joining forces with a finance startup to create a system for over-the-counter bond deals, banking on its appeal to the army of traders that already rely on its popular messaging services. [Bloomberg]
  - **Airbus Warns U.K. Investment in Danger in No-Deal Brexit.** Airbus SE threatened to pull its U.K. investments if Britain walks away from the European Union without a deal, upping the stakes for Prime Minister Theresa May as she fights to deliver a Brexit that won't wreck the country's economy. [Bloomberg]
  - **Stockbrokers, banks jockey to win over retail investors as order taking for Xiaomi's blockbuster IPO gets underway.** Local stockbrokerages and banks are jockeying to attract business from retail investors seeking to get in on the share sale by smartphone maker Xiaomi this week, rolling out special discounts and fee waivers tied to the subscription drive for the US\$6.1bn IPO, the largest of its kind globally for two years. [SCMP]
  - **China Renaissance eyes USD800mn in HK flotation.** Investment bank China Renaissance Group aims to raise as much as USD800mn in an initial public offering in Hong Kong. The bank is targeting a valuation of between USD4 billion and USD5 billion. [SCMP]
  - **China's ZTE expected to take last step to lift ban, says official.** ZTE Corp is expected to deposit US\$400 million in an escrow account in a US bank in the "next couple of days," the last step the Chinese telecoms company must take before a ban on US suppliers can be lifted, a US Department of Commerce official said on Friday. [SCMP]
  - **Ctrip-backed travel agent Tongcheng-eLong to raise up to US\$1.5 b in Hong Kong stock sale.** Tongcheng-eLong Holdings, the online travel agent cobbled together last December through a merger, is planning to raise between US\$1 billion and US\$1.5 billion in a Hong Kong initial public offering, according to people familiar with the plan. [SCMP]
  - **Alipay extends reach to Japan's public transportation network.** Alipay is extending its reach to Japan's public transportation sector by testing a Quick Response Code-based payment system in the country. Alipay's parent Ant Financial Services confirmed on Friday that the team is conducting tests to ensure stability of the system. [China Daily]
  - **Evergrande, Suning Form JV to Develop Online, Offline Biz.** Suning.com announced that a wholly-owned subsidiary of the company established a JV with Evergrande with a registered capital of RMB20bn. The JV is primarily engaged in the development and operation of shopping mall for the online and offline integrated business of Suning.com to meet one-stop shopping and leisure experiences of users. [AASocks]
  - **China Mobile To Call off Roaming Data Fee in Mainland from 1 Jul.** China Mobile announced that it will cancel roaming data fee in Mainland China, effective 1 July 2018, with an aim to implement the national policy of "quicker and cheaper internet connection". [AASocks]
  - **Wilbur Ross: ZTE To Shut down if Found Violations Again.** The U.S. may allow ZTE to keep operating business in the country but the company will face shutdown if it is found any more violations, U.S. Commerce Secretary Wilbur Ross told Bloomberg. [AASocks]
- NWS Holdings Buys Ireland's SALI to Expand Fleet.** NWS Holdings announced that Goshawk Aviation Limited, a joint venture with Chow Tai Fook Enterprises Limited, entered into an agreement to acquire Sky Aviation Leasing International Limited with consideration undisclosed. [AASocks]

## V. Overnight Market Recap

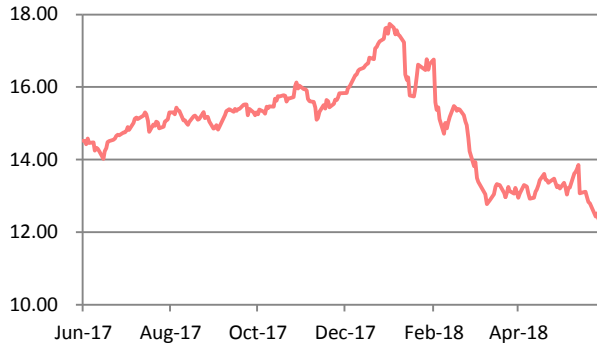
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,755	5.1	0.2	(0.9)	1.2	6.4	2.7	13.0	3.0
	Dow Jones	24,581	119.2	0.5	(2.0)	(0.7)	4.5	(0.7)	14.9	(0.6)
	Nasdaq Composite	7,693	(20.1)	(0.3)	(0.7)	3.5	10.0	10.5	22.8	11.4
	Russell 2000	1,686	(3.4)	(0.2)	0.1	3.6	11.6	9.2	19.1	9.8
	VIX Index	13.77	(0.9)	(5.9)	14.9	4.2	(44.6)	39.1	37.4	24.7
Europe Equity	Euro Stoxx 50	3,442	38.1	1.1	(1.8)	(2.1)	4.4	(3.1)	(2.9)	(1.8)
	DAX	12,580	67.8	0.5	(3.3)	(2.8)	5.8	(3.8)	(1.2)	(2.6)
	CAC	5,387	71.4	1.3	(2.1)	(2.8)	5.7	0.4	2.3	1.4
	FTSE 100	7,682	125.8	1.7	0.6	(0.6)	11.0	1.2	3.5	(0.1)
APAC Equity	HSI	29,339	42.7	0.1	(3.6)	(4.1)	(3.2)	(0.8)	14.3	(1.9)
	HSCEI	11,340	(24.8)	(0.2)	(5.1)	(5.9)	(6.5)	(2.7)	8.7	(3.2)
	HSI VIX	18.36	(0.8)	(4.0)	15.6	4.0	(32.7)	33.6	46.6	25.8
	CSI 300	3,609	15.9	0.4	(4.4)	(5.4)	(7.6)	(10.7)	(0.4)	(10.5)
	SH Composite	2,890	14.0	0.5	(5.1)	(8.0)	(8.3)	(11.9)	(8.5)	(12.6)
	SZ Composite	1,597	19.1	1.2	(7.2)	(11.7)	(9.6)	(15.2)	(14.6)	(15.9)
	Nikkei 225	22,517	(176.2)	(0.8)	(1.5)	0.3	9.2	(1.8)	11.8	(1.1)
KOSPI	2,357	19.4	0.8	(2.0)	(4.2)	(2.5)	(3.4)	(0.9)	(4.5)	
Commodities (USD)	Brent (Future)	75.55	2.5	3.4	2.9	(5.1)	9.6	15.8	67.1	13.0
	WTI (Future)	68.58	3.0	4.6	5.4	(4.9)	6.7	17.3	60.5	13.5
	Gold	1,271	3.4	0.3	(0.7)	(1.6)	(4.4)	(0.3)	1.6	(2.5)
	Copper (Future)	6,789	3.0	0.0	(3.3)	(2.7)	1.4	(4.7)	18.2	(6.3)
	Baltic Dry Index	1,341.00	(6.0)	(0.4)	(7.2)	24.5	19.5	(1.8)	54.1	(1.8)
FX	Dollar Index	94.52	(0.3)	(0.4)	(0.3)	1.0	5.2	1.3	(3.1)	2.6
	EUR	1.17	0.0	0.4	0.4	(1.1)	(5.3)	(1.8)	4.5	(2.9)
	JPY	109.97	(0.0)	(0.0)	(0.6)	0.8	(4.3)	3.0	1.2	2.5
	CNY	6.51	0.0	(0.2)	(1.0)	(2.1)	(2.6)	1.1	5.1	0.0
	CNH	6.51	0.0	0.1	1.1	(2.4)	(2.6)	0.9	5.0	0.1
CDS	ChinaGov CDS	57.48	(0.7)	(1.2)	3.9	2.9	(13.8)	11.0	(15.0)	14.8
	CDX Emerging Market	96.27	0.1	0.1	0.1	(1.0)	(1.9)	(2.8)	0.7	(2.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.91	(0.0)	(1.1)	1.9	1.9	1.7	1.3	1.0	1.4
	2-Year Treasury Yield	2.54	0.0	0.2	2.5	2.5	2.3	1.9	1.3	1.9
	5-Year Treasury Yield	2.77	-	-	2.8	2.8	2.6	2.2	1.8	2.2
	10-Year Treasury Yield	2.89	(0.0)	(0.1)	2.9	2.9	2.8	2.5	2.1	2.4
	2-10 Spread	34.95	(0.6)	(1.7)	37.1	45.1	55.6	58.8	79.8	51.8
China rates	O/N China Repo Rate	2.00	(0.6)	(22.2)	2.6	2.5	2.6	2.5	2.8	3.0
	1-Week China Repo Rate	2.86	0.1	3.2	2.8	2.9	2.7	2.8	2.8	3.1
	O/N SHIBOR	2.59	(0.0)	(0.3)	2.6	2.5	2.5	2.6	2.8	2.8
	1-Week SHIBOR	2.82	(0.0)	(0.2)	2.8	2.8	2.8	2.9	2.9	3.0

Source: Bloomberg

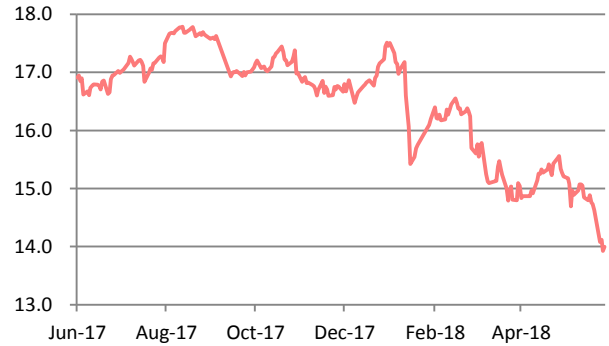
## VI. Key Indicators

**Hang Seng Index PE Ratio**



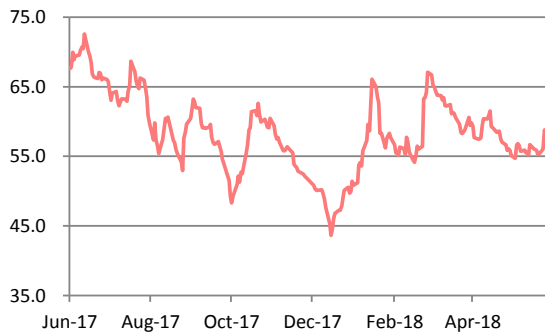
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



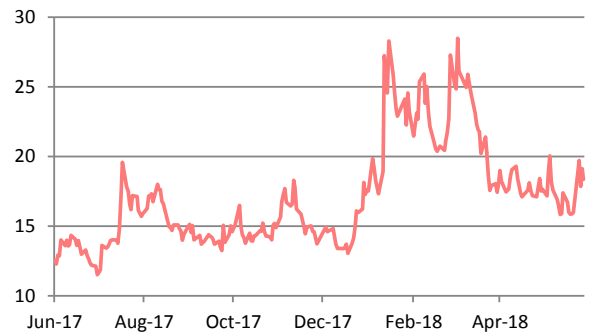
Source: Bloomberg

**China 5Y CDS Index\_USD**



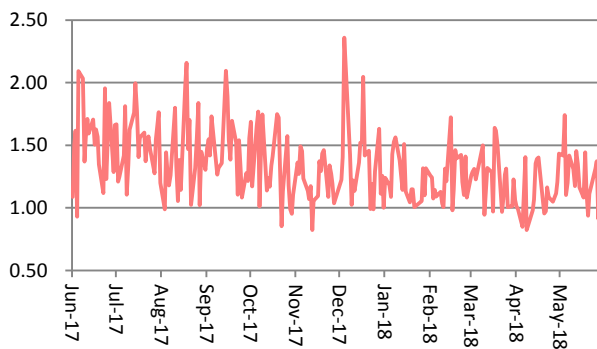
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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