

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Industrial Profits YoY	May	N/A	21.90%
US: Durable Goods Orders MoM	May	-1.00%	-1.60%
US: Pending Home Sales YoY / MoM	May	N/A / 1.0%	-0.40% / -1.30%
UK: Nationwide house price index YoY	Jun	1.7%	2.4%
Brazil: Personal Loan Default Rate	May	N/A	5.10%

Source: Bloomberg

II. Macro News

- **Beijing tries to play down ‘Made in China 2025’ as Donald Trump escalates trade hostilities.** Beijing is attempting to play down “Made in China 2025” by ordering state media to minimise their coverage of the industrial modernisation programme, as US President Donald Trump makes it a focus of his trade battle with China. [SCMP]
- **China may be ‘deliberately weakening’ yuan to strengthen economy.** The yuan fell against the USD on Tuesday, extending its losing streak to nine days, and was 3% lower since June 13, when it stood at 6.2352 per USD. Its depreciation has led traders to speculate the PBOC China would like to see a weaker yuan as its trade tensions with the U.S. continue to mount. [SCMP]
- **China to cut tariffs on some goods from Asia-Pacific nations.** China will cut import tariffs on goods from certain Asia-Pacific countries, starting from July 1, according to the State Council. China will reduce the tariffs on soybean imported from India, South Korea, Bangladesh, Laos, and Sri Lanka from the current 3 percent to zero. [China Daily]

III. Industry News

- **China Policy Banks Said to Tighten Shanty-Town Loan Approvals.** China’s policy banks have tightened approvals on new lending for shanty-town redevelopment projects, according to people familiar with the matter, adding to drags on the housing market that are pulling down developers’ shares. [Bloomberg]
- **Chinese Airlines Become Collateral Damage in Trade War With U.S.** Chinese airlines ordered more than \$100bn of planes from Airbus SE and Boeing Co. in the past decade. Paying those bills is getting harder with the trade war pushing the local currency to its weakest level in six months. Air China Ltd., China Southern Airlines Co. and other carriers will need to pay more for new aircraft, which are always priced in dollars. [Bloomberg]
- **Subsidy cut to cool solar sector.** New rules to reduce national feed-in tariffs for the photovoltaic industry will stabilize China’s rapidly growing and overheating solar power sector, and make electricity cheaper for consumers in the long term, according to analysts. [China Daily]

IV. Corporate News

- **US senators negotiating with Trump on ZTE, may trade ‘infrastructure’ restrictions for lifting of ban.** US senators are working on a potential deal with President Donald Trump that would allow the ZTE Corp to stay in business through tighter restrictions on the use of its products on national security grounds. [SCMP]
- **US lawmakers call on Commerce Department to clarify how ZTE ban affects US companies buying its products.** A group of lawmakers behind a campaign to reinstate the US ban on ZTE Corp have called on the Commerce Department to clarify how the sanctions affect American companies using products made by the Chinese telecom giant. [SCMP]

- **HK Billionaire Richard Li Weighs Insurance IPO.** Hong Kong billionaire Richard Li is laying the groundwork for a potential IPO of his insurance company FWD Group after five years of building the business through acquisitions. The company, backed by Swiss Re AG, is weighing a listing that could take place as soon as the next couple years. [Bloomberg]
- **LG Display Set To Open China OLED Plant, Braces for Competition.** LG Display Co. is close to starting OLED production at a new factory in Guangzhou to sell more of the next-generation screens, even as Chinese rivals gear up to enter the market. [Bloomberg]
- **Victor Li Says CK Asset Won't Sell Hutchison House in H.K.** Victor Li, chairman of CK Hutchison and CK Asset, says Hutchison House in Hong Kong's Central would not be sold, Hong Kong Economic Times reports, citing Li. A consortium is seeking to buy the building for as much as HK\$35bn. [Bloomberg]
- **Audi acquires 1% stake in SAIC Volkswagen.** SAIC Motor announced Tuesday that Audi has acquired a 1% stake in SAIC Volkswagen which was previously held by Volkswagen AG. After Audi's acquisition, SAIC Motor will hold a 50% stake, Volkswagen AG 38%, Volkswagen China 10%, Audi and Skoda 1% each. [China Daily]
- **Unicom plans more cloud computing nodes.** China United Telecommunications Corp is building more cloud computing nodes, or connection points for data transmission, in Seoul, Tokyo, Taipei, Sydney and Ho Chi Minh City, as the mainland's second-largest telecom carrier by mobile subscribers scrambles to expand its overseas cloud coverage. [China Daily]
- **ABC establishes first branch in London.** Agricultural Bank of China launched a branch in London on Tuesday, becoming the seventh Chinese bank to do so. ABC's London branch offers wholesale financial services and products, such as renminbi products and financing support for cross-border trade and investment activities. [China Daily]
- **Evergrande injects \$853b into EV startup Faraday Future.** Evergrande Health Industry Group, the HK-listed unit of Xu Jiayin's Evergrande Group, acquired a controlling 45% stake in Faraday Future for HK\$6.75bn (\$853mn) through Hong Kong's Season Smart, the company said in a filing to the Hong Kong stock exchange. [China Daily]
- **China Unicom, JD Strike Strategic Cooperation for JD Convenience Stores.** China Unicom announced that it entered into a strategic cooperation agreement with JD for JD convenience stores. China Unicom will become the first mobile carrier partner of JD convenience stores and shelve various businesses on the supply chain system of JD convenience stores in form of commodity. [AASocks]
- **China Tower Seeking Listing Hearing This Week.** As IFR reported, China Tower Corporation Limited is in seek of listing hearing this week. The proceeds may reach US\$10 billion. The company submitted the IPO documents to HKEX 14 May. [AASocks]
- **Cosco Ship Int'l: More M&A Projects to Come This Yr.** Cosco Ship Int'l's Managing Director and Vice Chairman Zhu Jianhui stated that the company sees opportunities for merger and acquisition in the market. Apart from Jiangsu project announced in 1H18, there may be upcoming projects in next half year. [AASocks]
- **Xinyi Glass Senior Mgmt Buys Over 1.39M Shrs In Total.** Xinyi Glass announced that Chairman Lee Yin Yee, CEO Tung Ching Sai and Non-Executive Director Li Ching Wai purchased 1.392 million shares in aggregate on 22 June. [AASocks]
- **Li Zixue To Act as ZTE Chairman.** Li Zixue, party committee secretary of Xi'an Microelectronics, will act as the new chairman of ZTE (0763.HK), Mainland media cited people with the knowledge of the matter. [AASocks]
- **3HK, Alibaba tie up to build internet of things platforms for HK.** 3 Hong Kong has signed a deal to collaborate with Alibaba Group, to help create a new digital internet economy ecosystem for Hong Kong, which it said will promote Hong Kong's development as a smart city. [The Standard]

V. Overnight Market Recap

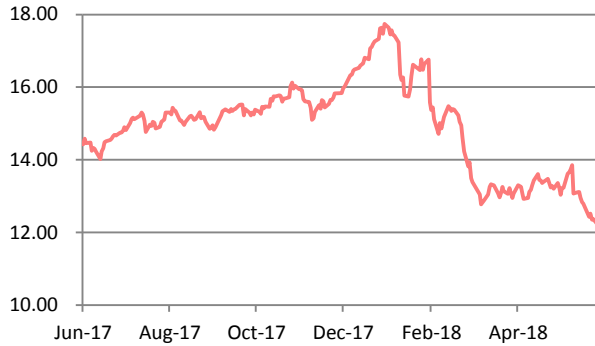
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,723	6.0	0.2	(1.4)	0.1	4.2	1.5	12.6	1.8
	Dow Jones	24,283	30.3	0.1	(1.7)	(1.9)	1.8	(2.0)	13.9	(1.8)
	Nasdaq Composite	7,562	29.6	0.4	(2.1)	1.7	7.9	9.0	23.0	9.5
	Russell 2000	1,669	11.0	0.7	(1.5)	2.6	10.2	8.1	18.9	8.7
	VIX Index	15.92	(1.4)	(8.1)	19.3	20.4	(29.2)	52.1	43.9	44.2
Europe Equity	Euro Stoxx 50	3,369	(0.5)	(0.0)	(1.9)	(4.2)	1.6	(5.1)	(4.8)	(3.9)
	DAX	12,234	(36.0)	(0.3)	(3.5)	(5.4)	2.2	(6.4)	(3.4)	(5.3)
	CAC	5,281	(2.6)	(0.0)	(2.0)	(4.7)	3.2	(1.6)	0.4	(0.6)
	FTSE 100	7,538	28.1	0.4	(0.9)	(2.5)	7.7	(1.1)	1.4	(1.9)
APAC Equity	HSI	28,881	(80.0)	(0.3)	(2.0)	(5.6)	(6.2)	(2.4)	11.8	(3.5)
	HSCEI	11,119	(90.0)	(0.8)	(3.3)	(7.7)	(9.6)	(4.3)	5.9	(5.0)
	HSI VIX	20.07	(0.4)	(1.8)	1.7	13.7	(19.3)	36.3	63.3	37.5
	CSI 300	3,531	(29.4)	(0.8)	(2.5)	(7.5)	(9.8)	(11.5)	(3.9)	(12.4)
	SH Composite	2,845	(14.8)	(0.5)	(2.2)	(9.4)	(10.2)	(13.2)	(10.9)	(14.0)
	SZ Composite	1,596	8.9	0.6	0.1	(11.8)	(12.8)	(15.0)	(15.9)	(16.0)
	Nikkei 225	22,342	3.9	0.0	0.3	(0.5)	4.8	(2.5)	10.5	(1.9)
Commodities (USD)	KOSPI	2,351	(7.0)	(0.3)	0.5	(4.5)	(4.1)	(3.5)	(1.7)	(4.7)
	Brent (Future)	76.31	1.6	2.1	1.6	(0.2)	8.8	13.9	66.5	14.1
	WTI (Future)	70.53	2.5	3.6	8.4	4.0	8.2	18.4	59.6	16.8
	Gold	1,259	(6.6)	(0.5)	(1.2)	(3.1)	(6.4)	(2.2)	0.9	(3.4)
	Copper (Future)	6,713	(42.0)	(0.6)	(1.9)	(2.5)	1.7	(5.8)	15.9	(7.4)
FX	Baltic Dry Index	1,333.00	(8.0)	(0.6)	(6.1)	23.8	19.3	(2.4)	47.6	(2.4)
	Dollar Index	94.68	0.4	0.4	(0.4)	0.4	6.3	1.5	(2.8)	2.8
	EUR	1.16	(0.0)	(0.5)	0.5	0.2	(6.1)	(2.0)	2.8	(2.9)
	JPY	110.06	0.3	0.3	-	(0.6)	(4.3)	2.9	2.0	2.3
	CNY	6.58	0.0	(0.6)	(1.4)	(2.7)	(4.7)	(0.5)	4.0	(1.1)
CDS	CNH	6.58	0.0	0.6	1.6	(2.9)	(4.9)	(0.5)	3.4	(1.1)
	ChinaGov CDS	62.57	3.6	6.1	6.4	14.4	(3.9)	23.2	(7.8)	24.9
	CDX Emerging Market	96.19	0.2	0.2	0.4	(1.1)	(1.9)	(2.9)	0.8	(2.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.92	0.0	1.7	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.53	-	0.0	2.6	2.5	2.3	1.9	1.4	1.9
	5-Year Treasury Yield	2.75	(0.0)	(0.2)	2.8	2.8	2.6	2.2	1.8	2.2
	10-Year Treasury Yield	2.88	(0.0)	(0.1)	2.9	2.9	2.8	2.4	2.2	2.4
	2-10 Spread	33.95	(0.6)	(1.7)	36.9	45.1	49.5	51.6	83.2	51.8
China rates	O/N China Repo Rate	2.40	(0.2)	(5.9)	2.8	2.5	2.6	3.2	2.6	3.0
	1-Week China Repo Rate	2.81	(0.7)	(20.6)	2.8	3.5	3.5	2.9	2.8	3.1
	O/N SHIBOR	2.52	(0.0)	(1.8)	2.6	2.5	2.6	2.7	2.6	2.8
	1-Week SHIBOR	2.83	0.0	0.2	2.8	2.8	2.9	2.9	2.9	3.0

Source: Bloomberg

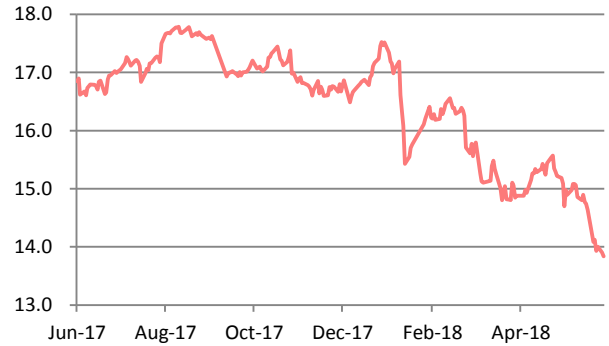
VI. Key Indicators

Hang Seng Index PE Ratio



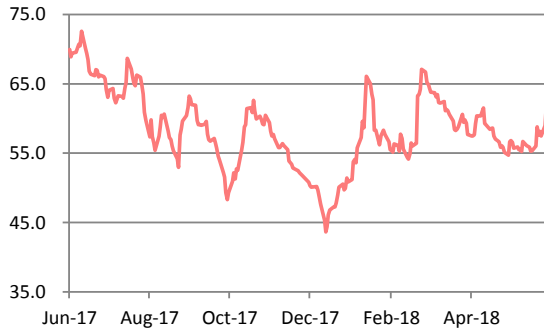
Source: Bloomberg

Shanghai Composite Index PE Ratio



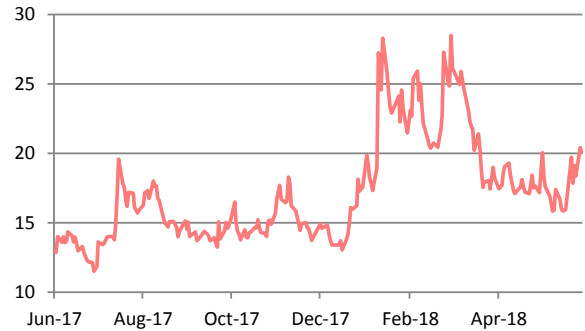
Source: Bloomberg

China 5Y CDS Index_USD



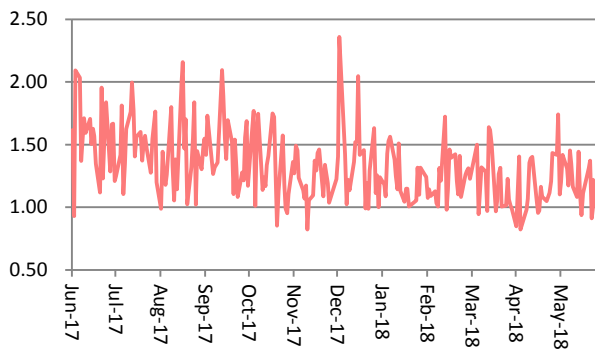
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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