

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Swift Global Payment CNY	May	N/A	1.66%
Germany: GfK Consumer Confidence	Jun	10.6	10.70
Germany: CPI YoY	Jun	2.20%	2.20%
Eurozone: Economic Confidence	Jun	112.10	112.50

Source: Bloomberg

## II. Macro News

- **China's industrial profits up 16.5% in Jan-May.** Profits of China's major industrial firms grew 16.5% in first five months of 2018, quickening from the 15% expansion for the Jan-Apr period. In May alone, combined profits at industrial companies each with annual revenue of more than 20mn yuan went up 21.1% YoY, according to the NBS. [China Daily]
- **U.S. Consumer Confidence Drops in June.** Americans view the economy with some of the highest levels of optimism in years, but their rosy outlook has dimmed as they look to the future. That note of caution pushed an index of consumer confidence to 126.4 in June from 128.8 a month earlier, the Conference Board said. [WSJ]
- **Trump Signals He Favors Less Confrontation With China on Tech.** President Donald Trump signaled he may take a less confrontational path toward curbing Chinese investments in sensitive American technologies, potentially relying on a U.S. committee that scrutinizes foreign acquisitions for national security risks. [Bloomberg]

## III. Industry News

- **Mainland extends zero tariffs on Hong Kong goods.** The Chinese mainland has extended zero tariffs to include four additional product categories of goods of Hong Kong origin, pursuant to the provisions of the Mainland and Hong Kong Closer Economic Partnership Arrangement and its supplementary agreements. [China Daily]
- **Nimble Chinese firms outgrow foreign rivals in world's second largest consumer market for sixth straight year.** Chinese companies' ability to rapidly respond to the fast-evolving consumer tastes has helped them to outgrow their rivals for a sixth year in a row in the world's second largest consumer market, according to a study released on Wednesday. [SCMP]
- **EU: May Start Tentative Protection Measures for Steel, Aluminium Trades from Mid-Jul.** As reported by Reuters, EU Trade Commissioner Cecilia Malmstrom said that the union may initiate measures by mid-July to curb steel imports. The EU launched an investigation on safeguard measures against US tariffs on steels and aluminium imports from late March. [AAStocks]

## IV. Corporate News

- **BYD battery plant feeds hunger for electric cars.** BYD is building what would become the world's largest vehicle-battery factory next year in an effort to increase capacity and help revive earnings growth. The plant will have an annual capacity of 24 gigawatt-hrs when it is fully in use in 2019, enough to equip 1.2mn BYD Tang electric cars, according to the company. [SCMP]
- **Audi makes first move in cars drive with SAIC.** Audi, Volkswagen's premium brand, has taken a crucial step to produce cars on the mainland with second partner SAIC Motor by taking a minority stake in SAIC VW, the joint venture between its German partner and China's largest carmaker. [SCMP]

- **Li & Fung fashion unit sells North American businesses for US\$1.4b to cut debt.** Global Brands Group, the fashion firm spun off from supply chain giant Li & Fung, will sell a significant part of its North American licensing business to Nasdaq-listed Differential Brands Group for US\$1.38 billion to cut debt. [SCMP]
- **China's Huawei is top sponsor of Australian politicians' overseas trips, think tank says.** Chinese telecommunications equipment maker Huawei Technologies Co Ltd is the biggest corporate sponsor of overseas travel for Australian politicians, according to an analysis of travel disclosure registers by an Australian think tank. [SCMP]
- **ChiNext board likely to banish Geeya Technology for inflating profit ahead of IPO.** The Shenzhen Stock Exchange has started delisting procedures against Geeya Technology after regulators found it had inflated sales and profits data in its initial public offering, according to a statement on the bourse's website. [SCMP]
- **China's Huarong to raise US\$1b in HK note sale after former boss' downfall.** China's state-owned asset manager Huarong aims to raise US\$1.1bn from the Hong Kong market in a public offering of notes, three months after its former head was taken away for investigation by the Communist Party's anti-graft authority, which put the firm's business under scrutiny. [SCMP]
- **China's Baidu Approves a Share Buyback of Up To \$1 Billion.** Chinese search giant Baidu Inc. has approved a plan to buy back as much as \$1 billion of its own shares over the next 12 months, a move that may help prop up its stock as global market volatility grows. [Bloomberg]
- **Want Want China Issues 500M Yuan Private Placement Notes.** The one-year notes carry a coupon rate of 5.4%, according to statement to Hong Kong stock exchange dated June 27. Proceeds to be used as working capital for some subsidiaries in China. [Bloomberg]
- **Alibaba Pulls Back in U.S. Amid Trump Crackdown on Chinese Investment.** Alibaba Group Holding Ltd. is scaling back its presence in Silicon Valley, a sign that the Trump administration's crackdown on Chinese investment in U.S. companies is casting a chill. [Bloomberg]
- **China Mobile marching forward on 5G.** China Mobile said on Wednesday it will establish a 5G fund to promote the development and maturity of fifth-generation mobile communication technology. The plan is part of the company's broader push to commercialize 5G in 2020. [China Daily]
- **Alibaba reaches top four in cloud computing, surpasses IBM.** Alibaba surpassed IBM to become the world's fourth-biggest provider of cloud infrastructure and related services in the first quarter, according to the latest report from Synergy Research Group. The top three on the list are Amazon, Microsoft and Google. [China Daily]
- **Baidu eyes return to A-share market via CDR issue.** US-listed Chinese internet search giant Baidu Inc said it is assessing the possibility of issuing Chinese Depositary Receipts to list in the domestic A-share market, according to documents submitted to the United States Securities and Exchange Commission. [China Daily]
- **Alibaba's Luohan think tank to examine consequences of technology.** Alibaba Group Holding Ltd has established a global think tank in a bid to discuss and address emerging socioeconomic issues resulting from technological breakthroughs. Luohan Academy drew in its first batch of 15 experts for its advisory committee, most of whom are world-leading economists, the company said. [China Daily]
- **Fusen Pharmaceutical to Start IPO; Entry Fee \$3,030.23.** Fusen Pharmaceutical will start IPO from 28 June through next Wednesday (4 July). Offer prices range \$2-3. Entry fee is \$3,030.23 with a board lot size of 1,000 shares. The shares are expected to be listed on Main Board on 11 July. [AASocks]
- **7Road Passes Listing Hearing, Plans to Raise Up to \$1.7 Billion.** According to market sources, the Chinese online game developer 7Road passed the listing hearing yesterday (27 June 2018). The company plans to raise \$1.0-1.7 billion. [AASocks]
- **Zhaogang.com Plans HK Listing with WVRs; RMB124M Loss in 2017.** Zhaogang.com, an iron and steel e-commerce platform in Mainland China, submitted a document to HKEX and planned to list with weighted voting rights. Last year, Zhaogang suffered RMB124mn loss, against RMB822mn loss in 2016. [AASocks]

## V. Overnight Market Recap

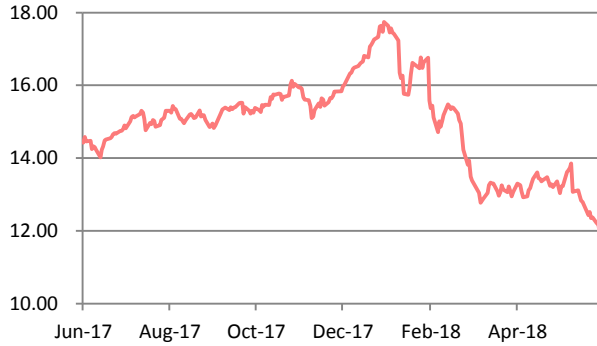
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,700	(23.4)	(0.9)	(2.4)	(0.8)	3.6	0.4	10.6	1.0
	Dow Jones	24,118	(165.5)	(0.7)	(2.2)	(2.6)	1.1	(2.9)	12.4	(2.4)
	Nasdaq Composite	7,445	(116.5)	(1.5)	(4.3)	0.2	7.1	7.1	19.4	7.8
	Russell 2000	1,640	(28.1)	(1.7)	(3.9)	0.8	8.4	5.9	15.1	6.8
	VIX Index	17.91	2.0	12.5	40.0	35.5	(21.7)	75.9	78.6	62.2
Europe Equity	Euro Stoxx 50	3,397	28.4	0.8	(1.2)	(2.5)	2.0	(3.6)	(3.9)	(3.0)
	DAX	12,349	114.3	0.9	(2.7)	(4.0)	3.4	(4.9)	(2.4)	(4.4)
	CAC	5,327	45.9	0.9	(0.8)	(3.3)	3.8	(0.2)	1.4	0.3
	FTSE 100	7,622	83.8	1.1	(0.1)	(1.4)	8.2	(0.0)	3.2	(0.9)
APAC Equity	HSI	28,356	(525.1)	(1.8)	(4.5)	(7.9)	(5.6)	(5.0)	10.4	(5.2)
	HSCEI	10,879	(239.7)	(2.2)	(5.4)	(10.2)	(9.3)	(6.9)	4.5	(7.1)
	HSI VIX	22.04	2.0	9.8	23.4	28.4	(22.6)	47.7	70.7	51.0
	CSI 300	3,459	(71.8)	(2.0)	(4.8)	(9.8)	(10.0)	(13.9)	(5.1)	(14.2)
	SH Composite	2,813	(31.3)	(1.1)	(3.5)	(10.3)	(9.9)	(14.7)	(11.3)	(14.9)
	SZ Composite	1,576	(20.6)	(1.3)	(2.3)	(12.8)	(13.1)	(16.5)	(16.3)	(17.0)
	Nikkei 225	22,272	(70.2)	(0.3)	(1.3)	(0.9)	5.9	(2.2)	10.6	(2.2)
Commodities (USD)	KOSPI	2,342	(8.9)	(0.4)	(0.9)	(5.5)	(3.2)	(5.1)	(1.7)	(5.1)
	Brent (Future)	77.62	1.3	1.7	3.9	1.5	10.7	16.8	66.4	16.1
	WTI (Future)	72.76	2.2	3.2	9.9	6.6	12.4	20.9	61.7	19.7
	Gold	1,252	(6.7)	(0.5)	(1.2)	(3.6)	(5.5)	(3.3)	0.3	(3.9)
	Copper (Future)	6,693	(20.5)	(0.3)	(1.2)	(2.8)	0.7	(7.6)	14.2	(7.7)
FX	Baltic Dry Index	1,323.00	(10.0)	(0.8)	(3.6)	22.8	22.5	(3.1)	42.4	(3.1)
	Dollar Index	95.29	0.6	0.7	0.2	1.1	6.6	2.4	(1.1)	3.4
	EUR	1.16	(0.0)	(0.8)	(0.2)	(0.6)	(6.1)	(3.2)	1.6	(3.7)
	JPY	110.26	0.2	0.2	(0.1)	(0.8)	(3.1)	2.4	1.9	2.2
	CNY	6.61	0.0	(0.4)	(2.0)	(3.2)	(4.9)	(0.8)	3.1	(1.5)
CDS	CNH	6.62	0.0	0.5	2.1	(3.4)	(5.1)	(1.4)	2.8	(1.6)
	ChinaGov CDS	66.40	3.8	6.1	15.3	21.4	2.2	31.9	(5.0)	32.6
	CDX Emerging Market	95.94	(0.3)	(0.3)	(0.2)	(1.4)	(2.3)	(3.2)	0.4	(3.2)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.92	0.0	0.1	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.50	(0.0)	(1.1)	2.5	2.3	2.3	1.9	1.4	1.9
	5-Year Treasury Yield	2.70	(0.1)	(1.9)	2.8	2.6	2.6	2.2	1.8	2.2
	10-Year Treasury Yield	2.83	(0.1)	(1.8)	2.9	2.8	2.7	2.4	2.2	2.4
	2-10 Spread	31.95	(2.0)	(5.9)	35.6	45.8	46.9	51.9	87.1	51.8
China rates	O/N China Repo Rate	2.30	(0.1)	(4.2)	2.6	2.8	2.6	3.0	2.5	3.0
	1-Week China Repo Rate	4.00	1.2	42.3	2.8	2.9	2.9	6.0	2.8	3.1
	O/N SHIBOR	2.45	(0.1)	(2.9)	2.6	2.7	2.6	2.7	2.6	2.8
	1-Week SHIBOR	2.83	0.0	0.1	2.8	2.8	2.9	2.9	2.9	3.0

Source: Bloomberg

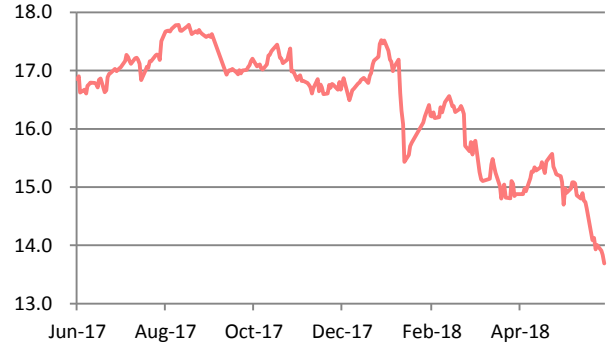
## VI. Key Indicators

**Hang Seng Index PE Ratio**



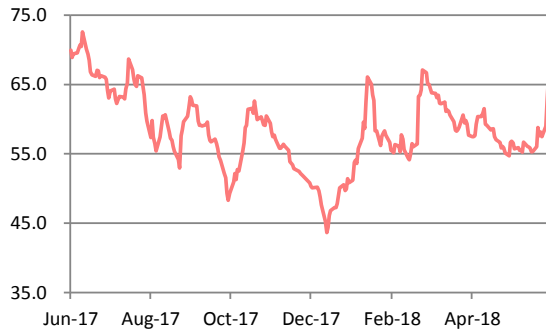
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



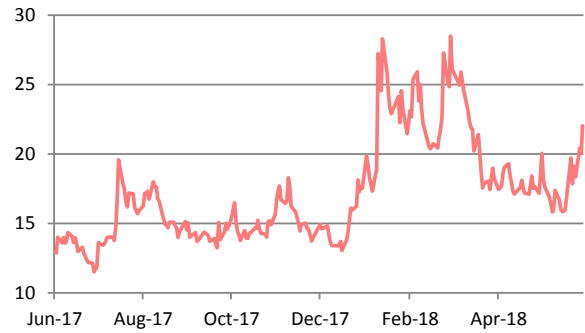
Source: Bloomberg

**China 5Y CDS Index\_USD**



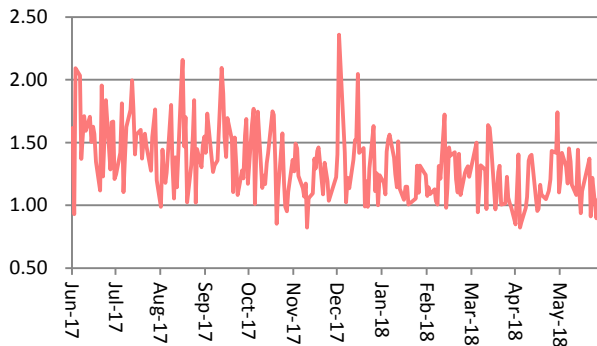
Source: Bloomberg

**Hang Seng Index VIX**



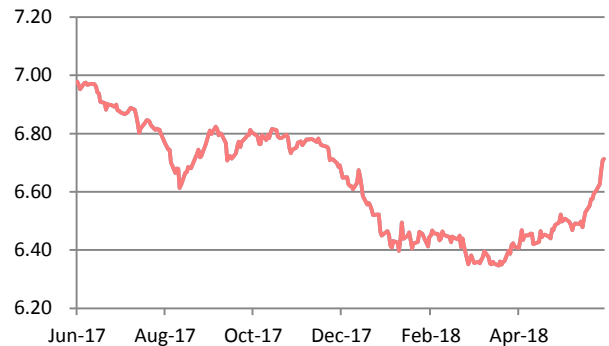
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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