

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: ADP Employment Change	Jun	185k	178k
Germany: Factory Orders MoM / YoY	May	N/A	-2.5% / -0.1%
Indonesia: Money Supply M2 / M1 YoY	May	N/A	7.4% / 10.2%
Thailand: Consumer Confidence	Jun	N/A	80.1
Malaysia: Exports / Imports YoY	May	N/A	14.0% / 9.1%

Source: Bloomberg

## II. Macro News

- **Think tank predicts lower second quarter growth in China.** China's economy is likely to have expanded by 6.7 percent year-on-year in the first half, slightly lower than the first quarter, a think tank said in a report, Xinhua reports. The Chinese economy registered a 6.8-percent growth in the first quarter, official data showed. [The Standard]
- **Higher India June Inflation to Mark an Inflection Point.** India's inflation likely rose further in June, as higher oil costs drove up gasoline prices and seasonal factors buoyed food prices. Bloomberg Economics estimates the consumer price index climbed 5.2% year on year in June, up from a 4.86% rise in May. [Bloomberg]
- **Malaysia welcomes more value-added Chinese investment.** Malaysia is open to more value-added investment from China. Ong Kian Ming, the newly sworn-in deputy minister of int'l trade and industry, cited the positive response to the recent opening of Alibaba Group's office in Malaysia as an example, saying that the investment is good for Malaysian and Chinese companies. [China Daily]

## III. Industry News

- **In Tariff Fight With Trump, China Scraps Plan to Strike First.** In response to the Trump administration's plan to impose tariffs on \$34bn of Chinese products starting 12:01 a.m. Eastern time Friday, China pledged to retaliate with levies of the same value at the same time. Wary of being seen as provoking the battle, the State Council, China's cabinet, issued a statement saying "China absolutely won't fire the first shot." [WSJ]
- **British Banks Face Potential Rise in Loan Insurance Claims.** U.K. banks face the prospect of having to put more money aside to compensate customers for improperly sold loan insurance after the Financial Conduct Authority proposed a changes in the way claims are handled. [Bloomberg]
- **Belgium expected to partner with Alibaba for trade platform.** Belgium is likely to join an emerging world trade arrangement initiated by Chinese e-commerce company Alibaba Group, as more countries strive to facilitate trade, especially among small and medium-sized enterprises. [China Daily]

## IV. Corporate News

- **Troubled HNA pledges luxury house on Hong Kong's Victoria Peak for loan as it tries to repay debts.** HNA Group, once China's most aggressive overseas buyer, is aiming to use a luxury house on Hong Kong's exclusive Victoria Peak as collateral for a loan to help pay off debts incurred during its global shopping spree. [SCMP]
- **Hong Kong's SFC orders bleeding Chinese health drinks maker Real to suspend trading.** The Securities and Futures Commission has ordered health drinks maker Real Nutriceutical Group to suspend its stocks from trading in Hong Kong on Wednesday morning, according to a company filing to the city's stock exchange. [SCMP]

- **China online education firm Hujiang files for Hong Kong share listing.** Hujiang Education & Technology (Shanghai) Corporation, one of China's largest web-based digital education firms, has applied for an IPO in Hong Kong, with one source familiar with the matter saying it aimed to raise between US\$250 and US\$300mn. [SCMP]
- **Bank of Jiujiang Prices H.K. IPO at Lower Half of Range.** Bank of Jiujiang is set to raise HK\$3.8b in its Hong Kong IPO after pricing it at HK\$10.6 apiece, the lower half the HK\$10.48-HK\$10.96 indicative range, IFR Asia reports, citing unidentified person with knowledge of the transaction. [Bloomberg]
- **Hujiang Files to Become Hong Kong's First Education Stock.** China's leading online education platform Hujiang Education & Technology has filed for an initial public offering in Hong Kong, which would make it the first education company to list in the special administrative region. [Bloomberg]
- **China Tower Is Said to Start Gauging Demand for Hong Kong IPO.** China Tower Corp., the state-owned wireless infrastructure operator, starts gauging investor demand for a proposed Hong Kong IPO. Pre-deal investor education started yesterday (4 July). [Bloomberg]
- **Baidu Unveils AI Chip as It Revs Up Self-Driving Bus Production.** Baidu Inc. has unveiled an artificial intelligence chip to run intensive computing in everything from datacenters to autonomous driving, as the Chinese search giant prepares to launch its first self-driving vehicles in Japan. [Bloomberg]
- **Beijing Capital Airport to Buy Parent's Assets for Max 4.5B Yuan.** Beijing Capital International Airport entered agreement to buy a car-parking building and related facilities located in Beijing Capital International Airport's Terminal 3 for a maximum of ~4.5b yuan, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Chinese Estates Reports HK\$5.9B Evergrande Stake Unrealized Loss.** Chinese Estates expects an unrealized loss on fair value change of c.HK\$5.9 billion on the Evergrande shares it held in 1H, according to statement to Hong Kong stock exchange. [Bloomberg]
- **China's Wanda to make 'Octonauts' films with Silvergate Media.** Wanda Kids, the Chinese conglomerate's entertainment division for children, is teaming up with British company Silvergate Media to produce two films of a hit animation for pre-school children, the "Octonauts," according to a report from the magazine *Variety*. [China Daily]
- **UK and Chinese firms set up \$15 billion tech fund.** Reuters reports that London-based Centricus Asset Management, Hong Kong-headquartered conglomerate China Merchants Group and Beijing-based fund manager SPF Group have come together to form the China New Era Technology Fund. [China Daily]
- **Alibaba, Tencent lead \$1.5b investment in media group CMC.** Chinese media and entertainment group CMC Inc. Tuesday said it had raised nearly 10 billion yuan (\$1.5 billion) from investors, including internet giants Alibaba and Tencent, and property developer China Vanke. [China Daily]
- **Baidu announces volume production of China's first fully autonomous bus.** Baidu announced Wed that it has begun volume production of China's first commercially deployed fully-autonomous bus. The latest version of Baidu's open autonomous driving platform, autonomous bus "Apolong" will take to roads in China and abroad, chairman and CEO Robin Li said. [China Daily]
- **Sany Int'l Controlling Shareholder Increases 10M Shares.** Sany International announced that the Company was informed by its controlling shareholder, Liang Wengen that Liang Wengen purchased 10 million ordinary shares in total from 25 June 2018 to 29 June 2018. [AASocks]
- **Kaisa Group Chairman Kwok Ying Shing Adds Stake with Nearly \$20M.** Kaisa Group announced that chairman and executive director Kwok Ying Shing purchased 6.216 million shares of the company on open market yesterday (3 July) through his wholly owned company at approximately \$19.954 million. [AASocks]

## V. Overnight Market Recap

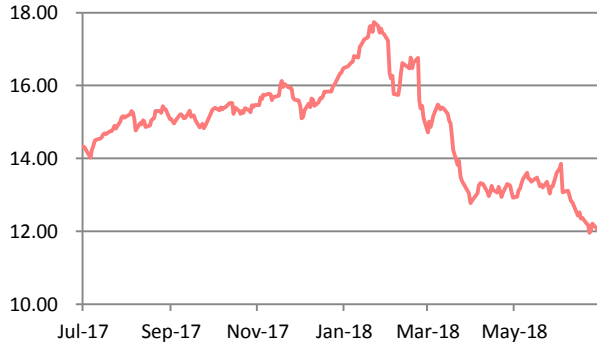
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,713	(13.5)	(0.5)	(0.4)	(1.2)	2.6	(0.4)	11.7	1.5
	Dow Jones	24,175	(132.4)	(0.5)	(0.4)	(2.6)	(0.4)	(3.6)	12.5	(2.2)
	Nasdaq Composite	7,503	(65.0)	(0.9)	(0.8)	(1.4)	6.5	6.0	22.8	8.7
	Russell 2000	1,660	5.3	0.3	(0.5)	0.4	8.4	6.7	16.4	8.1
	VIX Index	16.14	0.5	3.5	1.4	26.7	(19.5)	75.1	43.9	46.2
Europe Equity	Euro Stoxx 50	3,412	5.7	0.2	0.4	(1.3)	(0.5)	(5.4)	(1.9)	(2.6)
	DAX	12,318	(31.5)	(0.3)	(0.3)	(3.7)	0.1	(7.5)	(1.1)	(4.6)
	CAC	5,321	3.7	0.1	(0.1)	(2.6)	0.8	(2.7)	2.7	0.1
	FTSE 100	7,573	(20.2)	(0.3)	(0.6)	(1.5)	5.2	(2.0)	2.8	(1.5)
APAC Equity	HSI	28,242	(303.9)	(1.1)	(2.2)	(9.2)	(4.3)	(8.3)	10.7	(5.6)
	HSCEI	10,713	(159.6)	(1.5)	(3.7)	(12.6)	(9.7)	(12.3)	3.2	(8.5)
	HSI VIX	23.91	0.9	4.1	19.1	45.4	(7.7)	78.6	76.1	63.8
	CSI 300	3,364	(45.5)	(1.3)	(2.8)	(12.5)	(12.7)	(18.7)	(8.1)	(16.6)
	SH Composite	2,759	(27.8)	(1.0)	(1.9)	(11.4)	(11.9)	(18.7)	(14.0)	(16.6)
	SZ Composite	1,563	(31.2)	(2.0)	(0.8)	(12.1)	(14.7)	(19.5)	(18.3)	(17.7)
	Nikkei 225	21,717	(68.5)	(0.3)	(2.5)	(3.6)	0.3	(8.4)	8.1	(4.6)
KOSPI	2,265	(7.3)	(0.3)	(3.3)	(7.7)	(7.1)	(9.3)	(5.1)	(8.2)	
Commodities (USD)	Brent (Future)	78.24	0.5	0.6	0.8	3.9	15.0	14.9	57.7	17.0
	WTI (Future)	74.14	0.2	0.3	5.1	13.2	16.7	20.7	64.3	22.7
	Gold	1,255	2.3	0.2	0.2	(3.0)	(5.2)	(4.7)	2.4	(3.5)
	Copper (Future)	6,386	(105.0)	(1.6)	(4.6)	(8.4)	(5.0)	(11.2)	8.4	(11.9)
	Baltic Dry Index	1,476.00	54.0	3.8	12.8	18.2	54.9	7.7	74.3	8.1
FX	Dollar Index	94.53	(0.1)	(0.1)	(0.8)	0.5	4.9	2.9	(1.8)	2.6
	EUR	1.17	(0.0)	(0.0)	0.9	(0.5)	(4.7)	(3.1)	2.7	(2.9)
	JPY	110.49	(0.1)	(0.1)	0.2	(0.6)	(2.8)	2.3	2.5	2.0
	CNY	6.63	(0.0)	0.2	(0.4)	(3.4)	(5.0)	(2.1)	2.5	(1.9)
	CNH	6.64	(0.0)	(0.3)	0.4	(3.7)	(5.2)	(2.4)	2.4	(1.9)
CDS	ChinaGov CDS	68.70	(1.0)	(1.5)	3.5	23.7	10.3	44.1	(2.8)	37.2
	CDX Emerging Market	96.15	0.2	0.2	(0.1)	(0.8)	(2.3)	(3.3)	0.9	(3.0)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.96	-	-	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.52	-	-	2.5	2.5	2.3	2.0	1.4	1.9
	5-Year Treasury Yield	2.72	-	-	2.7	2.8	2.6	2.3	1.9	2.2
	10-Year Treasury Yield	2.83	-	-	2.8	2.9	2.8	2.5	2.3	2.4
	2-10 Spread	30.26	0.2	0.6	32.2	43.2	52.5	49.7	91.7	51.8
China rates	O/N China Repo Rate	2.10	(0.2)	(9.5)	2.2	2.6	2.5	2.4	2.5	3.0
	1-Week China Repo Rate	2.30	(0.2)	(8.0)	3.2	2.7	2.8	2.7	2.7	3.1
	O/N SHIBOR	2.20	(0.2)	(9.1)	2.3	2.6	2.5	2.5	2.6	2.8
	1-Week SHIBOR	2.66	(0.1)	(2.1)	2.8	2.8	2.8	2.8	2.8	3.0

Source: Bloomberg

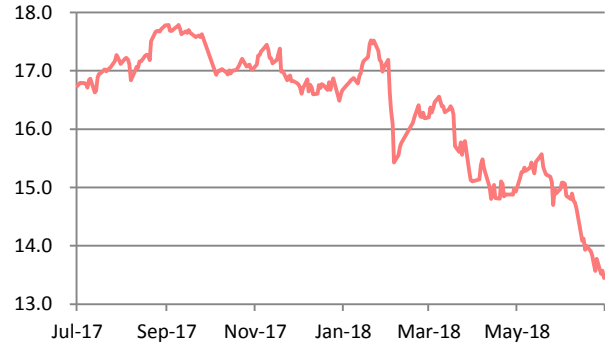
## VI. Key Indicators

**Hang Seng Index PE Ratio**



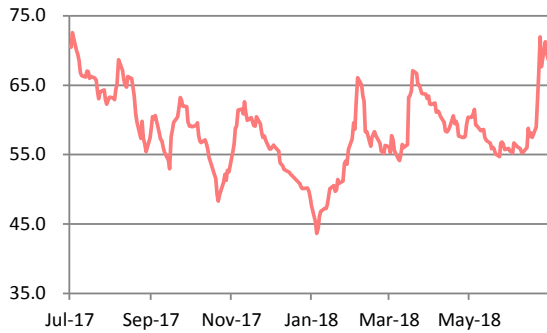
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



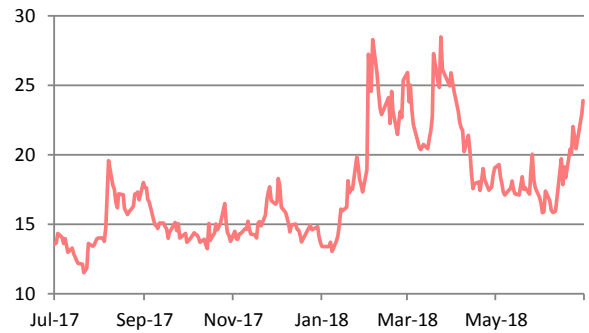
Source: Bloomberg

**China 5Y CDS Index\_USD**



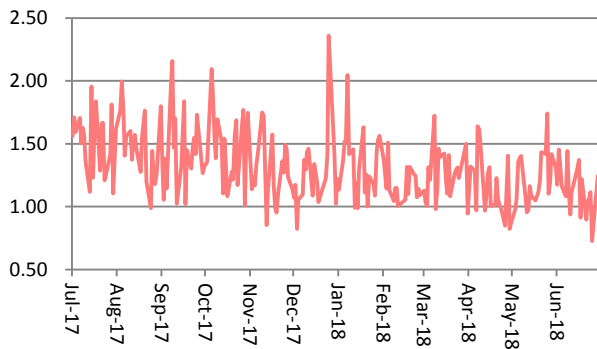
Source: Bloomberg

**Hang Seng Index VIX**



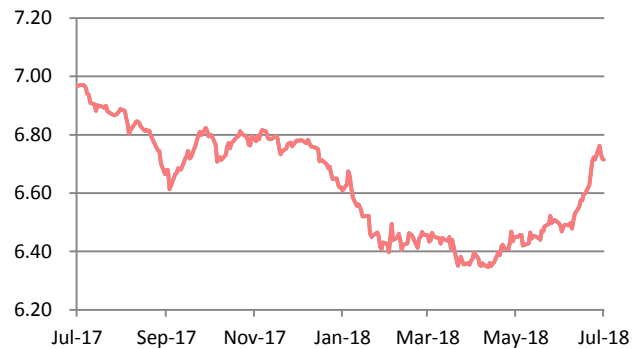
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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