

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Change in Nonfarm / Private Payrolls	Jun	198k / 188k	223k / 218k
US: Unemployment Rate	Jun	3.80%	3.80%
US: Average Hourly Earnings YoY / MoM	Jun	2.7% / 0.3%	2.7% / 0.3%
Japan: Labor Cash Earnings YoY	May	N/A	0.80%
Germany: Industrial Production YoY	May	N/A	2.00%

Source: Bloomberg

## II. Macro News

- **Fed Plans to Keep Hiking Gradually as Risks From Trade War Mount.** Federal Reserve officials said a “very strong” economy warranted continued increases in their benchmark policy rate while citing an escalating trade war and emerging-market turmoil as risks to growth. [Bloomberg]
- **Forecasts Show Global Growth Edging Off Elevated Highs.** Expectations on global growth remain elevated, but for some major economies the degree of elevation has started to come down a little. The consensus projection points to global growth for the year coming in at 3.8%, unchanged from 3.8% in 2017. [Bloomberg]
- **PBoC Implements Targeted RRR Cut, Expects to Release RMB700B Liquidity.** The PBoC officially implemented targeted RRR cut yesterday (5 July), which is expected to release RMB700bnn capital. The bank stated that the measure aims at further promoting marketized and legalized "debt for equity swap", in order to heighten the support to SMEs. [AASocks]

## III. Industry News

- **China's steel base to further slash capacity.** Hebei province is to continue huge capacity cuts in the next three years, according to a govt. plan announced on Wednesday. The province will slash capacity of steel and iron, coal, concrete, and coke by 40mn, 30mn, five million and 10mn tonnes respectively next three years, according to the plan. [China Daily]
- **South Korea May Force Sale of \$14 Billion in Samsung Shares.** More than 16 trillion won (\$14 billion) worth of shares in Samsung Electronics Co. are poised to flood South Korea’s stock market, as lawmakers and regulators seek to restrict the control that chaebol families exert over their business empires. [Bloomberg]
- **China Plans to Ban New Fossil Fuel-Powered Auto Companies.** China plans to ban setting up new independent fossil fuel-powered vehicle companies in the nation, NDRC says in draft rule of auto industry investment, seeking public opinion. China encourages fossil fuel-powered auto makers to increase investment in NEV products. [Bloomberg]

## IV. Corporate News

- **Xiaomi Says Hong Kong IPO Retail Portion 9.5X Subscribed.** Xiaomi’s Hong Kong IPO institutional offering was 1.1x subscribed, according to statement to Hong Kong stock exchange. Xiaomi and existing investors price 2.18b IPO shares at HK\$17 apiece. [Bloomberg]
- **China Bails Out Petrobras’ \$14 Billion Refinery Misadventure.** China National Petroleum Corp plans to help complete a refinery in Rio de Janeiro that already cost Brazil’s state-controlled oil company Petrobras \$14 billion before it was halted amid a widespread graft investigation. [Bloomberg]

- **Fosun Gets Approval to Spin Off Tourism Unit Including Club Med.** Fosun International Ltd. received approval from the Hong Kong stock exchange to spin off its tourism and hotels unit that includes Club Med SAS, as the Chinese conglomerate seeks to expand its travel business globally. [Bloomberg]
- **PetroChina Closes Hohhot Refinery for 56-Day Planned Maintenance.** PetroChina has shut all units at plant in Northeast China from July 1, according to newsletter posted on parent CNPC's website. Work to last till Aug. 25. The has a CDU with capacity of 5m tons/year. [Bloomberg]
- **Wuzhou Intl Says Event Default Triggers 1B Yuan Repayment Notice.** The company notes that an event of default has occurred and received notices from its creditors demanding early repayment for ~1b yuan, Wuzhou Intl says in Hong Kong stock exchange filing. [Bloomberg]
- **China Isotope Says Hong Kong IPO Retail Portion 35 Times Covered.** Due to oversubscription, China Isotope & Radiation boosts Hong Kong retail offer shares to 24m from 8m under a claw-back mechanism, according to statement published in South China Morning Post. [Bloomberg]
- **Fosun Intl to Buy Online Dating Services Co.** From Guo Guangchang. Shanghai Fosun Venture Capital Management, an indirect wholly-owned subsidiary of Fosun Int'l, agreed to buy Yuanhong Investment and creditor's rights for a loan from Chairman Guo Guangchang for 4b yuan, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Xiaomi Eligible for Short Selling on July 9 Trading Debut.** Xiaomi shares will be included in HKEX's designated securities eligible for short selling on July 9, subject to their listing on that date, according to a statement on HKEX's website. [Bloomberg]
- **Evergrande Bought Back 18.5M Shares for HK\$381.3M July 4.** Evergrande paid HK\$19.44-HK\$20.80 apiece for the shares, representing 0.14% of issued share capital, according to statement to Hong Kong stock exchange dated July 4. [Bloomberg]
- **HNA's CWT Intl to Sell Singapore Warehouse Properties for S\$730M.** CWT International agreed to sell warehouse properties in Singapore to HSBC Institutional Trust Services (Singapore) Ltd. for S\$730m, according to statement to Hong Kong stock exchange. [Bloomberg]
- **IBM Lands \$740 Million Deal to Supply Data Security to Australia.** International Business Machines Corp. has secured a A\$1bn (\$740mnn) agreement to become a central technology partner of the Australian government over the next five years. [Bloomberg]
- **Temasek, RRJ Are Said to Invest \$1 Billion for Gategroup Stake.** Temasek Holdings Pte and RRJ Capital will together invest about \$1bn in a Swiss airline caterer owned by HNA Group Co. The two firms subscribed to a 5yr, mandatory exchangeable bond that will convert into a 49% stake in Gategroup Hldg AG, according to a statement. [Bloomberg]
- **MSCI: Xiaomi-W Not Meet Index Inclusion Criteria.** Xiaomi-W, the first company to be listed in Hong Kong with weighted voting rights (WVRs), schedules flotation next Monday (9 July). Yet, MSCI said Xiaomi does not meet the criteria to be included in MSCI benchmark index due to its WVR structure. [AASocks]
- **New ZTE boss picked, reports say.** ZTE has reportedly picked Xu Ziyang, president of its telecom cloud and core network product line, as the group's new chief executive. In the meantime, Li Ying, currently a VP in the finance department, will head the chief financial officer, according to media reports, citing people close to the matter. [The Standard]
- **Country Garden quells rumors.** Country Garden has denied market talk that the company will stop developing projects in third-, fourth- and fifth-tier cities on the mainland. Certain mainland media cited unknown sources, as claiming that the developer will pull out from development projects where it has minority stakes. [The Standard]
- **TV brand TCL bets big on soccer success.** TCL Corp said it will speed up its expansion in Russia, eyeing the huge potential from the world's largest country by land area as it hosts the 2018 FIFA World Cup. "Overall TV sales in Russia will reach more than 6mn units this year. Russian consumers pay special attention to the technology of products, especially QLED technology," said Wang Cheng, senior VP of TCL Corp and CEO of TCL Multimedia. [China Daily]

## V. Overnight Market Recap

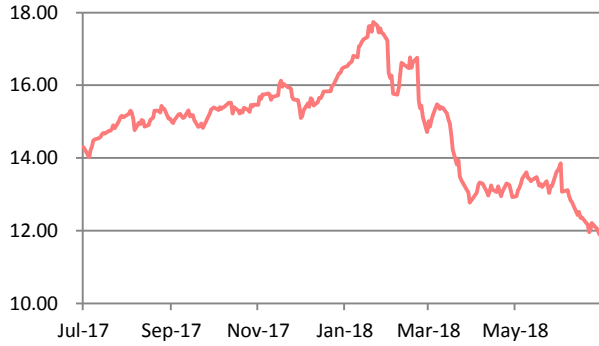
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,737	23.4	0.9	1.4	(1.3)	5.1	(0.2)	13.6	2.4
	Dow Jones	24,357	181.9	0.8	1.0	(3.1)	1.8	(3.7)	14.2	(1.5)
	Nasdaq Composite	7,586	83.8	1.1	1.9	(1.3)	9.7	6.3	24.6	9.9
	Russell 2000	1,679	19.1	1.1	2.4	0.2	11.0	7.7	19.9	9.4
	VIX Index	14.97	(1.2)	(7.2)	(16.4)	28.6	(30.3)	62.4	19.4	35.6
Europe Equity	Euro Stoxx 50	3,441	28.9	0.8	2.2	(0.6)	1.0	(4.6)	(0.6)	(1.8)
	DAX	12,464	146.7	1.2	2.4	(2.9)	1.8	(6.4)	0.7	(3.5)
	CAC	5,366	45.8	0.9	1.7	(1.7)	2.1	(1.9)	4.2	1.0
	FTSE 100	7,603	30.1	0.4	(0.2)	(1.4)	5.8	(1.6)	3.6	(1.1)
APAC Equity	HSI	28,182	(59.6)	(0.2)	(0.6)	(9.8)	(5.6)	(8.5)	10.7	(5.8)
	HSCEI	10,608	(104.6)	(1.0)	(2.5)	(13.6)	(11.4)	(13.1)	2.5	(9.4)
	HSI VIX	23.80	(0.1)	(0.5)	8.0	50.3	(3.2)	77.7	74.2	63.0
	CSI 300	3,342	(21.3)	(0.6)	(2.4)	(12.9)	(13.3)	(19.2)	(8.7)	(17.1)
	SH Composite	2,734	(25.2)	(0.9)	(1.9)	(12.2)	(12.7)	(19.4)	(14.9)	(17.3)
	SZ Composite	1,529	(34.3)	(2.2)	(1.8)	(14.1)	(16.5)	(21.3)	(20.2)	(19.5)
	Nikkei 225	21,547	(170.1)	(0.8)	(3.3)	(4.8)	(0.1)	(9.1)	7.8	(5.4)
Commodities (USD)	KOSPI	2,258	(7.9)	(0.4)	(2.5)	(8.0)	(7.1)	(9.6)	(5.5)	(8.5)
	Brent (Future)	77.39	(0.9)	(1.1)	(0.6)	2.7	13.3	14.4	61.9	15.7
	WTI (Future)	72.94	(1.2)	(1.6)	0.3	12.9	17.8	19.0	60.6	21.0
	Gold	1,258	2.9	0.2	0.8	(3.0)	(5.6)	(4.7)	2.7	(3.5)
	Copper (Future)	6,386	(105.0)	(1.6)	(4.6)	(8.4)	(5.0)	(11.2)	8.4	(11.9)
FX	Baltic Dry Index	1,567.00	91.0	6.2	17.9	25.5	64.4	14.3	85.0	14.7
	Dollar Index	94.40	(0.1)	(0.1)	(1.0)	0.6	4.3	2.7	(2.0)	2.5
	EUR	1.17	0.0	0.3	1.1	(0.7)	(4.8)	(2.3)	2.3	(2.6)
	JPY	110.64	0.2	0.1	0.1	(0.4)	(3.4)	2.2	2.3	1.8
	CNY	6.64	0.0	(0.1)	(0.2)	(3.5)	(5.0)	(2.2)	2.5	(2.0)
CDS	CNH	6.66	0.0	0.2	0.3	(4.2)	(5.2)	(2.4)	2.2	(2.1)
	ChinaGov CDS	71.71	3.0	4.4	(0.4)	29.1	15.3	58.3	1.8	43.2
	CDX Emerging Market	96.51	0.4	0.4	0.6	(0.4)	(1.8)	(3.0)	1.5	(2.6)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.94	(0.0)	(0.9)	1.9	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.55	0.0	1.0	2.5	2.5	2.3	2.0	1.4	1.9
	5-Year Treasury Yield	2.73	0.0	0.3	2.7	2.8	2.6	2.3	1.9	2.2
	10-Year Treasury Yield	2.83	(0.0)	(0.1)	2.9	3.0	2.8	2.5	2.4	2.4
	2-10 Spread	27.64	(2.6)	(8.7)	32.8	45.2	50.3	51.2	96.7	51.8
China rates	O/N China Repo Rate	2.00	(0.1)	(4.8)	2.2	2.5	2.5	2.4	2.5	3.0
	1-Week China Repo Rate	2.65	0.4	15.2	2.9	2.7	2.8	2.7	2.7	3.1
	O/N SHIBOR	2.13	(0.1)	(3.0)	2.6	2.6	2.5	2.5	2.5	2.8
	1-Week SHIBOR	2.61	(0.1)	(2.1)	2.9	2.8	2.8	2.7	2.8	3.0

Source: Bloomberg

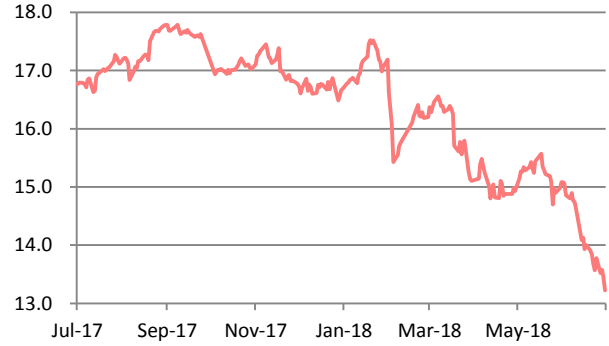
## VI. Key Indicators

**Hang Seng Index PE Ratio**



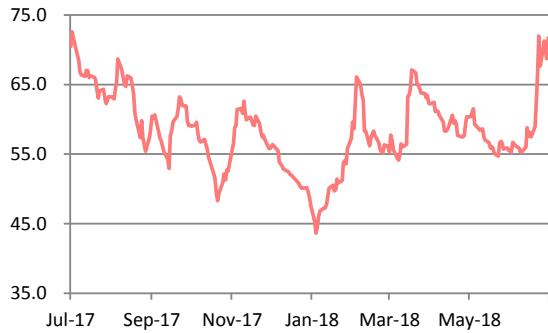
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



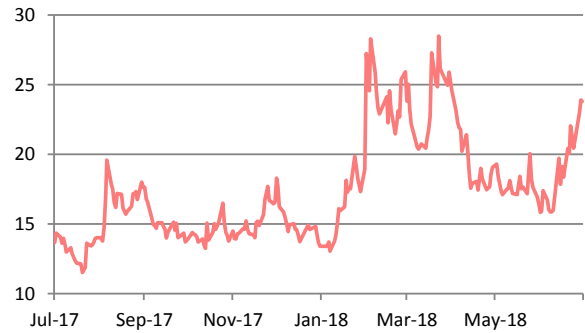
Source: Bloomberg

**China 5Y CDS Index\_USD**



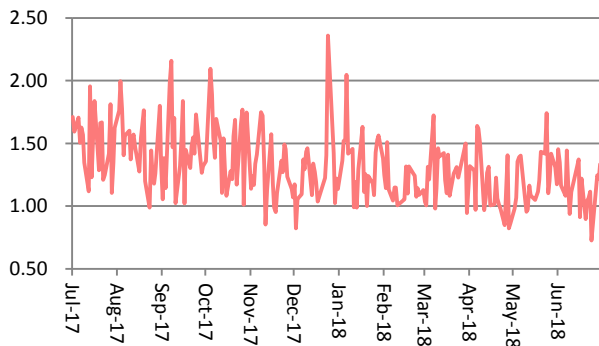
Source: Bloomberg

**Hang Seng Index VIX**



Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

## Research

**LIU Taisheng, Steven**  
Head of Research & TMT  
(852) 3465 5652  
stevenliu@csci.hk

**CHAN Ka Yeung, Duncan**  
Commodity  
(852) 3465 5654  
duncanchan@csci.hk

**TIAN Yang**  
Automotive  
(852) 3465 5775  
tianyong@csci.hk

**YAO Xue, Snowy**  
Power & Coal  
(852) 3465 5675  
snowyyao@csci.hk

**SHEN Xiangfei, Thomas**  
Technology Hardware  
(852) 3465 8689  
thomasshen@csci.hk

**XU Qiwen**  
Consumer Discretionary  
(852) 3465 8690  
xuqiwen@csci.hk

## Institutional Sales & Trading

**XIANG Xinrong, Ron**  
Head of IST  
(852) 3465 5633  
ronxiang@csci.hk

**HO Wen Hao, Jack**  
(852) 3465 5685  
jackho@csci.hk

**WANG Zhuo, Gary**  
(852) 3465 8655  
wangzhuo@csci.hk

**LEE Ying Ju, Rose**  
(852) 3465 5707  
roselee@csci.hk

**XIA Tian**  
(852) 3465 5670  
xiatian@csci.hk

**XU Xiaowei, Vincent**  
(852) 3465 5795  
vincentxu@csci.hk

**CHAU Manying, Angel**  
(852) 3465 5781  
angelchau@csci.hk

**LIU Honglin, Charlene**  
(852) 3465 8686  
charleneliu@csci.hk

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### China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495