

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: CPI / PPI YoY	Jun	1.9% / 4.4%	1.8% / 4.1%
US: NFIB Small Business Confidence	Jun	105.5	107.8
UK: Industrial Production YoY	May	2.10%	1.80%
UK: NIESR GDP Estimate QoQ	2Q18	N/A	0.20%
Australia: NAB Business Confidence	Jun	N/A	6.00

Source: Bloomberg

II. Macro News

- **PRC Jun Forex Reserves 2-month Downtrend Ends, Up US\$1.51B MoM.** The PBoC announced that the foreign currency reserves in June amounted to US\$3,112.129 billion, up US\$1.506 billion monthly, which registered an end to its two-month downtrend. [AASocks]
- **BOE on Course for August Rate Hike Despite U.K. Data Shakeup.** Bank of England policy makers are adjusting to an upheaval at the statistical office at the very point when they need as much clarity as possible to help decide whether to raise interest rates next month. [Bloomberg]
- **China Encourages Imports From Anywhere But U.S. in Tariff War.** China told companies to boost imports of goods from soybeans to seafood and automobiles from countries other than the U.S. after trade tensions between the world's two biggest economies escalated into a tariff war last week. [Bloomberg]

III. Industry News

- **Shanghai exchange says beaten-down stocks are worth buying after entering bear market.** The Shanghai Stock Exchange said equities were worth investing in now, on the back of lower valuations against major global peers, continuing corporate earnings growth and record values of share buy-backs from publicly traded companies. [SCMP]
- **Brexit Deals Blow to Financial Sector as U.K. Investments Slide.** Britain's financial-services industry is battling a drop in foreign investment while some of its European counterparts enjoy big gains, according to a new study that displays the starkest indication yet of Brexit's impact on the sector. [Bloomberg]
- **China Is Said to Reimburse Tariffs for State Reserve Soybeans.** China will reimburse the buyer for the cost of the 25 percent tariff on soybean imports from the U.S. if the cargoes are for state reserves. State reserve buyers will pay the additional tariff before it's later reimbursed by the government. [Bloomberg]

IV. Corporate News

- **Xiaomi sputters in Hong Kong debut as trade war snares test case of city's listing reform.** Xiaomi sputtered during its trading debut on the city's exchange when investors spooked by the US-China trade war refrained from buying its shares. Share price fell by as much as 5.9% in an advancing market to HK\$16, before recovering to end their first trading day at HK\$16.80. [SCMP]
- **Huawei wins A\$136m 4G telecoms rail contract in spite of security concerns from some Australian lawmakers.** Huawei Technologies has scored an A\$136mn (US\$101mn) contract to build and maintain the digital radio systems that deliver voice and data services across Perth's rail network, in spite of security concerns raise by some Australian lawmakers. [SCMP]

- **Chinese real estate services company E-House seeks up to US\$727 million in Hong Kong IPO.** E-House (China) Enterprise Holdings, one of the country's biggest real estate services firms, is seeking up to US\$727 million in its initial public offering in Hong Kong after delisting from New York two years ago. [SCMP]
- **Ant Financial sees huge growth for cashless payments in South America, Africa.** Ant Financial Services, China's largest online payment operator, sees mobile wallet applications becoming the next big technology trend in the emerging markets of South America and Africa. [SCMP]
- **Chinese AI firm Xiaoi sees profits and sales doubling on surging demand, plans IPO.** Shanghai Xiaoi Robot Technology sees profit and revenue more than doubling this year due to strong demand for artificial intelligence technologies, and is planning an initial public share offering for next year as it looks to further expand. [SCMP]
- **Chinese luxury retailer Secoo drives expansion via US\$175m deal with JD.com, L Catterton.** Chinese online luxury fashion retailer Secoo Holding is looking to ramp up its international business expansion after landing a US\$175 million investment from e-commerce giant JD.com and private equity firm L Catterton Asia. [SCMP]
- **HNA's HKICIM Expects 1H Net to Rise Significantly vs Yr Earlier.** Hong Kong International Construction Investment Management Group expects 1H net to be at least HK\$800m, a "significant" increase as compared with year earlier, according to statement to Hong Kong stock exchange. [Bloomberg]
- **China Re to Buy 6.5% Stake in Great Wall Asset for 5B Yuan.** China Reinsurance unit China Property and Casualty Reinsurance agreed to purchase 1.87b shares, or 3.64% of China Great Wall Asset Management for 2.8b yuan, according to statement to Hong Kong stock exchange. [Bloomberg]
- **Alibaba in Talks With BT for Cloud Partnership in Europe Push.** Alibaba Group Holding Ltd. is in talks with BT Group Plc about a cloud services partnership as the Chinese internet giant challenges Amazon.com Inc.'s dominance in Europe. An agreement between Alibaba and the IT consulting unit of Britain's former phone monopoly could be similar to Alibaba's existing arrangement with Vodafone Group Plc in Germany. [Bloomberg]
- **World's Largest Mobile Phone Factory Set to Open in India.** Samsung Electronics Co. said it is opening the world's largest mobile phone manufacturing facility on the outskirts of the Indian capital, as smartphone demand surges. The new Samsung factory will have the capacity to fabricate 120mn smartphones per year, and make everything from low-end smartphones that cost under \$100 to the company's flagship S9 model, according to the company. [Bloomberg]
- **BASF Unveils Plans for Huge \$10 Billion China Chemical Plant.** BASF SE plans to spend as much as \$10 billion on a second chemical complex in China, its largest expansion project yet that highlights the Asian nation's steps to open more industries to foreign investment. [Bloomberg]
- **CIC overseas earnings at record high in 2017.** China's sovereign wealth fund announced on Monday it posted a net profit of \$103.62 billion as of Dec 31, 2017, up by 37.55 percent year-on-year. The net return on its overseas investment hit a record high of 17.59 percent last year, compared with 6.22 percent in 2016. [China Daily]
- **China's CGN denies eyeing stake in UK nuclear stations.** China General Nuclear Power Corp, denied it is in an early stage to buy a big minority stake in Britain's fleet of nuclear power stations. The company hasn't conducted related work yet, Huang Xiaofei, spokesperson for the company, told China Daily on Monday. [China Daily]
- **Xiaomi-W To Be Included in Hang Seng Composite Index from 23 Jul.** Hang Seng Indexes Company announced that Xiaomi-W meets the Fast Entry Rule of the Hang Seng Composite Index. Constituent changes will be made to relevant indexes after market close on 20 July 2018. All changes will come into effect on 23 July 2018. [AASocks]
- **Geely Auto's Total Sales Jump 45% in Jun.** Geely Automobile announced that its total sales in June 2018 amounted to 128,400 units, representing an approximately 45% jump from the sales figure for same period in last year. During the period, shipment grew around 150% year-on-year. [AASocks]

V. Overnight Market Recap

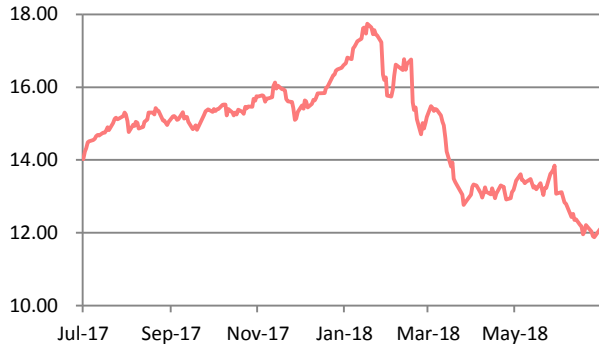
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,784	24.4	0.9	2.4	0.2	4.8	1.3	14.7	4.1
	Dow Jones	24,777	320.1	1.3	2.1	(2.1)	1.5	(2.3)	15.7	0.2
	Nasdaq Composite	7,756	67.8	0.9	3.3	1.4	9.3	8.4	25.6	12.4
	Russell 2000	1,705	10.5	0.6	3.7	1.9	10.4	9.3	21.0	11.0
	VIX Index	12.69	(0.7)	(5.1)	(21.1)	4.2	(38.0)	29.2	14.2	14.9
Europe Equity	Euro Stoxx 50	3,460	12.0	0.3	2.6	0.4	0.6	(4.1)	(0.5)	(1.2)
	DAX	12,544	47.7	0.4	2.5	(1.7)	1.2	(5.6)	0.8	(2.9)
	CAC	5,398	22.3	0.4	2.3	(1.0)	1.7	(1.9)	4.5	1.6
	FTSE 100	7,688	70.3	0.9	1.9	0.1	5.8	(0.8)	4.3	0.0
APAC Equity	HSI	28,689	372.9	1.3	(0.9)	(7.3)	(6.6)	(7.7)	12.5	(4.1)
	HSCEI	10,768	145.7	1.4	(2.8)	(11.5)	(12.6)	(12.4)	5.4	(8.0)
	HSI VIX	20.30	(1.6)	(7.2)	(0.7)	16.7	(9.0)	51.0	44.5	39.0
	CSI 300	3,459	94.1	2.8	1.5	(8.5)	(11.9)	(17.8)	(5.3)	(14.2)
	SH Composite	2,815	67.9	2.5	1.4	(8.2)	(11.8)	(17.7)	(12.4)	(14.9)
	SZ Composite	1,575	38.6	2.5	(0.5)	(10.1)	(14.5)	(19.1)	(17.4)	(17.1)
	Nikkei 225	22,052	264.0	1.2	1.1	(2.1)	2.0	(6.6)	10.7	(2.4)
Commodities (USD)	KOSPI	2,286	12.9	0.6	0.6	(6.2)	(6.1)	(8.0)	(3.4)	(6.8)
	Brent (Future)	78.07	1.0	1.2	1.0	2.3	10.1	13.1	66.9	17.0
	WTI (Future)	73.85	0.1	0.1	(0.4)	12.5	12.9	16.3	66.5	22.4
	Gold	1,258	2.2	0.2	1.3	(3.2)	(6.1)	(4.4)	3.6	(3.4)
	Copper (Future)	6,390	108.0	1.7	(2.0)	(12.6)	(6.4)	(10.0)	9.6	(11.8)
FX	Baltic Dry Index	1,622.00	10.0	0.6	14.1	16.6	66.5	18.7	97.8	18.7
	Dollar Index	94.08	0.1	0.1	(0.8)	0.5	5.0	1.8	(2.1)	2.1
	EUR	1.18	0.0	0.0	1.0	(0.2)	(4.8)	(1.6)	3.1	(2.1)
	JPY	110.85	0.4	0.3	(0.1)	(0.8)	(3.4)	0.4	2.8	1.6
	CNY	6.62	(0.0)	0.4	0.8	(3.2)	(4.7)	(1.3)	2.8	(1.7)
CDS	CNH	6.62	(0.0)	(0.6)	(1.0)	(3.2)	(5.0)	(1.3)	3.0	(1.4)
	ChinaGov CDS	69.89	(2.7)	(3.7)	(1.9)	24.6	11.9	60.1	(0.3)	39.5
	CDX Emerging Market	96.86	0.2	0.2	0.9	0.3	(1.3)	(2.6)	1.5	(2.3)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.95	0.0	0.5	2.0	1.9	1.7	1.4	1.0	1.4
	2-Year Treasury Yield	2.56	0.0	0.9	2.5	2.5	2.3	2.0	1.4	1.9
	5-Year Treasury Yield	2.75	0.0	1.1	2.7	2.8	2.6	2.3	1.9	2.2
	10-Year Treasury Yield	2.86	0.0	1.2	2.8	2.9	2.8	2.6	2.4	2.4
	2-10 Spread	29.54	1.4	5.1	30.1	44.4	49.0	58.1	98.6	51.8
China rates	O/N China Repo Rate	1.95	0.1	2.6	2.3	2.6	2.3	2.5	2.7	3.0
	1-Week China Repo Rate	2.57	(1.0)	(27.4)	2.5	2.7	2.7	3.1	2.8	3.1
	O/N SHIBOR	1.99	0.0	1.2	2.4	2.6	2.6	2.5	2.5	2.8
	1-Week SHIBOR	2.60	0.0	0.5	2.7	2.8	2.8	2.7	2.8	3.0

Source: Bloomberg

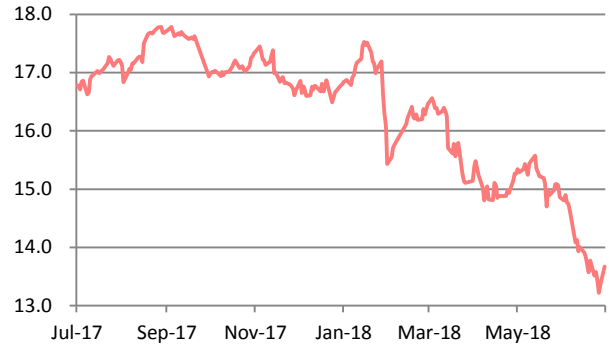
VI. Key Indicators

Hang Seng Index PE Ratio



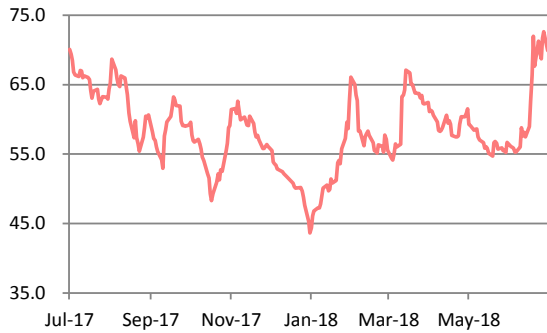
Source: Bloomberg

Shanghai Composite Index PE Ratio



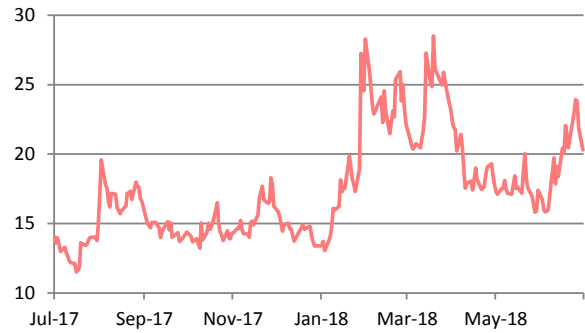
Source: Bloomberg

China 5Y CDS Index_USD



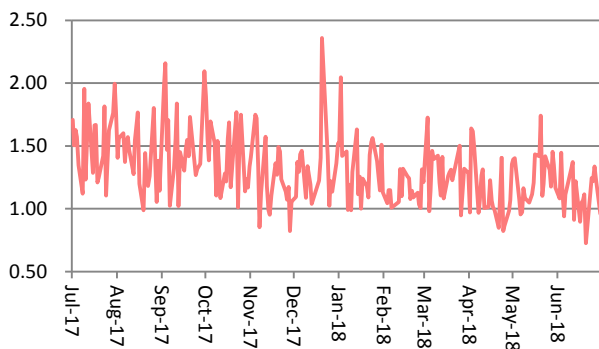
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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