

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Conf. Board Consumer Confidence	May	130.5	129.2
China: Manufacturing PMI	May	49.9	50.1
U.K.: Nationwide House PX NAS YoY	May	1.2%	0.9%
Germany: Unemployment Claims Rate SA	May	4.9%	4.9%
Eurozone: Consumer Confidence	May	96	96

Source: Bloomberg

II. Macro News

- **Xi Seeks Global Tech Cooperation After U.S. Blocks Huawei.** Countries should cooperate in developing the Internet, big data and artificial intelligence, China President Xi Jinping said in a letter to the China International Big Data Industry Expo that started Sunday in the southwestern city of Guiyang, Xinhua reports. [Bloomberg]
- **UK Mar Conference Board LEI Drifts 0.5% Lower, Setting New Lows.** In March, the UK's Leading Economic Index (LEI) declined for eight months in a row, as revealed by data from Conference Board. On a monthly basis, the decrease of LEI slightly broadened to 0.5% to 93.6, setting all-time lows. [AASocks]
- **PBOC to Axe RRR for County-level Rural Commercial Banks to 8% by 3 Phases.** PBOC decided to lower the RRR for rural commercial banks operating in counties to the same level for rural credit cooperatives by three phases: cutting the RRR for these banks by 1ppt each on May15th and June 7th, and eventually lowering such RRR to 8% on July15th. [AASocks]

III. Industry News

- **IMF Says U.S. Paying China Tariff Costs, Contradicting Trump.** Companies in the U.S. are paying almost all the costs from Donald Trump's tariffs on Chinese imports, IMF researchers said in findings that contradict the president's assertions that China is footing the bill. [Bloomberg]
- **China Sets Stricter Rules for Fast-Approval Bond Sale Regions.** China has set stricter rules for regions that allow companies to speed up the approval of their corporate bond sales, according to a State Council Information Office statement, citing an NDRC official. [Bloomberg]
- **China to Cut Extra Import Duty on Brazil Sugar by May '20.** Nations reach an agreement to avoid advancing a tariff dispute to the World Trade Organization, Brazilian sugar-industry group Unica says in a statement. China agreed to remove additional duties imposed in May 2017, Unica says. [Bloomberg]

IV. Corporate News

- **Donald Trump opens door to including Huawei in China trade deal.** Donald Trump said that Huawei was "very dangerous" but could still be "included" in a trade deal with Beijing, as the US President announced a \$16bn bailout package for farmers hit by escalating tariffs. [FT]
- **Huawei ready for 'worst-case scenario'.** As Huawei Technologies Co faces arguably its biggest challenge in its 30-year-plus history, the company's 74-year-old founder Ren Zhengfei wants to show the world that Huawei is prepared for a worst-case scenario. [China Daily]

- **Lenovo Group Invests US\$300M in Building SZ Smart Factory.** Lenovo Group announced its plan to build a US\$300-million smart factory in Shenzhen, forming an iron triangle with the Wuhan plant and Hefei plant. The construction is expected to last for 2-3 years. [AASocks]
- **CNOOC Appomattox Field in US Gulf of Mexico Starts Production.** CNOOC announced that the Appomattox Field in the US Gulf of Mexico has commenced production ahead of schedule. Appomattox is the first commercial discovery now brought into production in the deep-water Gulf of Mexico Norphlet formation and has an expected peak production of about 175,000 barrels of oil equivalent per day. [AASocks]
- **HSBC Holdings Declares 1st Interim Div for 2019 at US\$8.3022/Shr.** HSBC Holdings declared the first interim dividend for 2019. The dividend is payable in cash with a scrip dividend alternative. The market value for the issue of new shares under the scrip dividend alternative is US\$8.3022, or £6.5516. [AASocks]
- **China Mobile: No Security Issues in Long-term Tie with Huawei; Closely Watches Development.** 5G commercial trial use has been initiated in 17 cities in Mainland China, said China Mobile Chairman Yang Jie. The company will render services to the public with reference to the 5G licencing time of the govt, Yang said. [AASocks]
- **Xinyi Energy H.K. IPO Retail Portion 'Slightly Over-Subscribed'.** Xinyi Energy's Hong Kong IPO retail portion was 1.07x covered, according to Hong Kong stock exchange filing. Institutional portion has been "moderately over-subscribed". Xinyi Energy prices 1.88b shares at HK\$1.94 each. The company to raise net HK\$3.53b in Hong Kong IPO. Trading expected to begin May 28. [Bloomberg]
- **Billionaire Huawei Founder Defiant in Face of Existential Threat.** Huawei Technologies Co. founder Ren Zhengfei struck a defiant tone in the face of U.S. sanctions that threaten his co's very survival. He conceded that Trump administration export curbs will cut into a two-year lead Huawei had painstakingly built over rivals like Ericsson AB and Nokia Oyj. But the co will either ramp up its own chip supply or find alternatives to keep its edge in smartphones and 5G. [Bloomberg]
- **Microsoft Pulls Huawei Products From One of Its Cloud Server Catalogs.** Microsoft Corp. has removed Huawei Technologies Co. from one of its websites offering cloud gear, a week after the U.S. government blacklisted the Chinese company. [Bloomberg]
- **Tencent Leads \$250 Million Round in Chinese Travel Site Mafengwo.** Tencent Holdings Ltd. is leading a \$250 million investment in Chinese travel site Mafengwo, expanding its footprint in a fast-growing online travel and content sphere. [Bloomberg]
- **Frontage Raises \$205m in Hong Kong IPO Priced at Top End.** Contract medical researcher Frontage Holdings Corp. raises \$205m after pricing its Hong Kong initial public offering at top end of a marketed range, according to terms of the deal obtained by Bloomberg. The company sold 501.9m shares at HK\$3.2 apiece. [Bloomberg]
- **Huawei, ZTE Would Be Banned From 5G Networks in U.S. Under Bill.** Bipartisan group of U.S. senators proposes legislation that would ban 5G networks from using equipment or services from China-based Huawei and ZTE. [Bloomberg]
- **China's GAC Motor Postpones U.S. Launch Over Trade War.** GAC Motor has postponed its entrance into the U.S. market because of the trade war, CNBC reports, citing Hebin Zeng, president of international at GAC. Guangzhou Auto Says It Has No Clear Timetable for Entering U.S. [Bloomberg]
- **Citic, Baidu Are Said to Seek Up to \$1 Billion for Online Bank.** A fintech joint venture between China CITIC Bank Corp. and Baidu Inc. is seeking as much as 7 billion yuan (\$1 billion) in a private funding round. aiBank, the digital bank operation, is aiming to complete the financing in the coming months. [Bloomberg]
- **China Mobile Says It Expects 5G Investment to Peak 2020-2022.** China's largest mobile phone carrier expects regulators to issue 5G license this year, Yang Jie, China Mobile chairman, tells shareholders in Hong Kong on Wednesday. The carrier will closely monitor developments related to equipment maker Huawei. [Bloomberg]

V. Overnight Market Recap

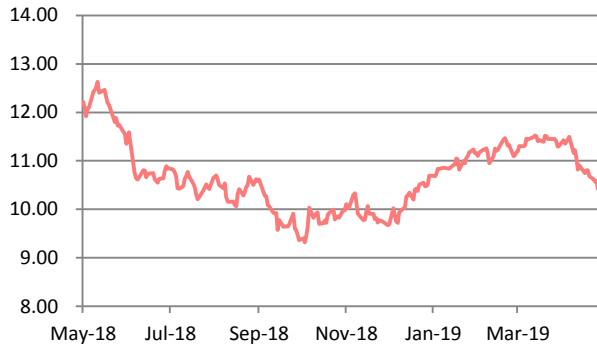
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,826	3.8	0.1	(1.2)	(3.9)	1.2	5.4	3.8	12.7
	Dow Jones	25,586	95.2	0.4	(0.7)	(3.6)	(1.5)	3.4	3.4	9.7
	Nasdaq Composite	7,637	8.7	0.1	(2.3)	(6.1)	1.1	7.8	2.7	15.1
	Russell 2000	1,514	12.7	0.8	(1.4)	(4.9)	(4.2)	1.4	(6.9)	12.3
	VIX Index	15.85	(1.1)	(6.3)	(0.7)	24.5	7.8	(16.7)	19.9	(37.6)
Europe Equity	Euro Stoxx 50	3,351	23.5	0.7	(2.2)	(4.3)	2.1	5.8	(4.7)	11.6
	DAX	12,011	58.6	0.5	(1.9)	(2.5)	4.6	6.2	(7.2)	13.8
	CAC	5,317	35.1	0.7	(2.2)	(4.5)	1.7	6.7	(4.1)	12.4
	FTSE 100	7,278	46.7	0.6	(1.0)	(2.0)	2.4	3.7	(5.9)	8.2
APAC Equity	HSI	27,354	86.8	0.3	(1.6)	(7.6)	(4.9)	3.9	(10.6)	5.8
	HSCEI	10,446	44.4	0.4	(1.8)	(9.3)	(8.8)	(0.7)	(13.3)	3.2
	HSI VIX	19.11	(0.6)	(2.9)	1.6	29.6	(3.6)	(21.6)	8.3	(23.7)
	CSI 300	3,594	9.9	0.3	(0.7)	(7.6)	(2.3)	14.6	(5.8)	19.4
	SH Composite	2,853	0.5	0.0	(0.6)	(7.6)	(3.4)	10.8	(9.2)	14.4
	SZ Composite	1,496	(7.3)	(0.5)	(1.7)	(10.2)	(2.9)	11.9	(17.3)	18.0
	Nikkei 225	21,117	(33.9)	(0.2)	(0.6)	(4.9)	(1.8)	(3.5)	(5.7)	5.8
Commodities (USD)	KOSPI	2,045	(14.3)	(0.7)	(0.5)	(6.0)	(8.3)	(2.4)	(16.8)	0.4
	Brent (Future)	68.69	0.9	1.4	(4.9)	(4.6)	3.7	14.3	(9.9)	28.0
	WTI (Future)	58.63	0.7	1.2	(6.6)	(7.4)	2.9	13.7	(13.7)	29.0
	Gold	1,285	1.5	0.1	0.6	0.5	(2.5)	5.9	(0.9)	0.3
	Copper (Future)	5,955	29.0	0.5	(1.7)	(7.6)	(8.1)	(4.1)	(13.4)	(0.2)
FX	Baltic Dry Index	1,066.00	(2.0)	(0.2)	2.5	19.9	63.7	(20.4)	(1.0)	(16.1)
	Dollar Index	97.61	(0.2)	(0.3)	(0.4)	(0.4)	1.5	0.2	3.5	1.4
	EUR	1.12	0.0	0.2	0.4	0.2	(1.4)	(0.7)	(3.6)	(2.2)
	JPY	109.31	(0.3)	(0.3)	(0.7)	2.0	1.4	4.0	(0.0)	0.2
	CNY	6.90	(0.0)	0.1	0.3	(2.3)	(3.0)	0.9	(7.1)	(0.2)
CDS	CNH	6.92	(0.0)	(0.1)	(0.5)	(2.4)	(3.2)	0.7	(7.4)	(0.5)
	ChinaGov CDS	52.54	0.3	0.6	6.8	25.9	6.5	(27.4)	(4.0)	(21.4)
	CDX Emerging Market	95.13	0.1	0.1	(0.0)	(0.5)	(2.1)	0.4	(2.2)	(0.1)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.34	(0.0)	(0.6)	2.4	2.4	2.4	2.4	1.9	2.4
	2-Year Treasury Yield	2.16	0.0	0.8	2.2	2.3	2.5	2.8	2.5	2.5
	5-Year Treasury Yield	2.12	0.0	0.3	2.2	2.3	2.5	2.9	2.8	2.5
	10-Year Treasury Yield	2.32	0.0	0.1	2.4	2.5	2.7	3.1	2.9	2.7
	2-10 Spread	15.40	(1.4)	(8.5)	19.3	21.4	15.5	21.9	45.1	19.2
China rates	O/N China Repo Rate	2.80	0.6	27.3	2.6	2.5	2.7	2.5	2.5	1.0
	1-Week China Repo Rate	2.65	0.1	3.9	2.8	2.7	2.6	2.3	2.9	3.5
	O/N SHIBOR	2.34	(0.2)	(9.4)	2.6	2.5	2.6	2.5	2.5	2.6
	1-Week SHIBOR	2.59	(0.1)	(2.1)	2.7	2.7	2.7	2.6	2.8	2.9

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



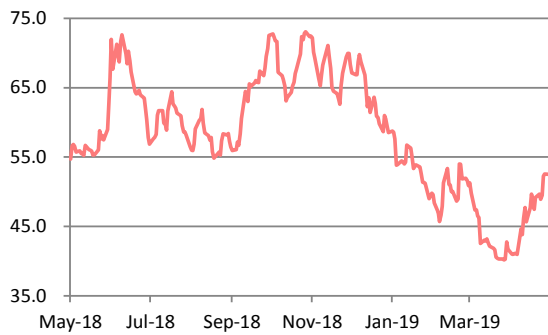
Source: Bloomberg

Shanghai Composite Index PE Ratio



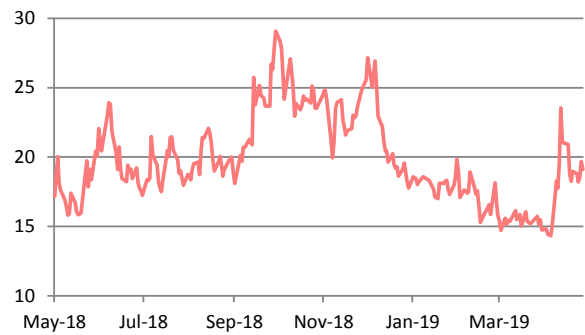
Source: Bloomberg

China 5Y CDS Index_USD



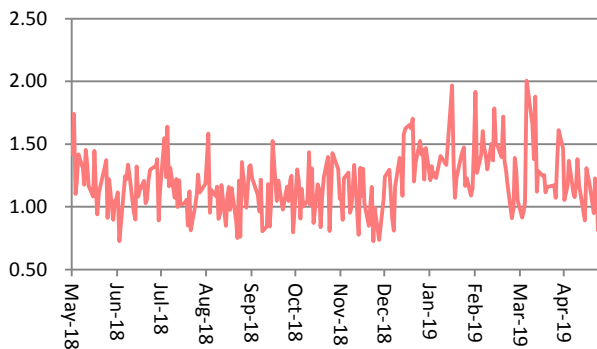
Source: Bloomberg

Hang Seng Index VIX



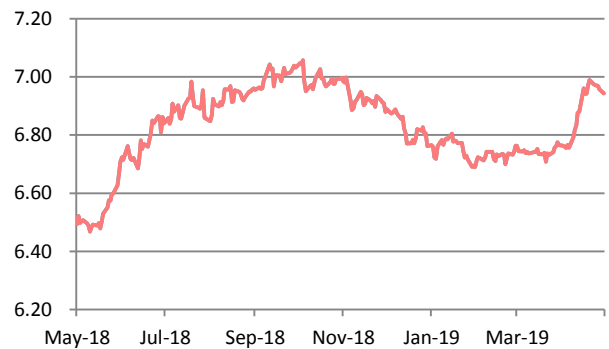
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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