

**HK and Regional Markets**

	Close (last trading day)	Up(down)%
HSI	27,506	(0.72)
HSCEI	10,502	(0.97)
SH Comp Index	2,892	(0.49)
SZ Comp index	9,041	(0.51)
DJIA	25,777	(0.39)
Nasdaq	7,751	(0.45)
S&P 500 Index	2,856	(0.28)
Nikkei 225	21,128	(0.73)
UK FTSE 100	7,334	0.07
Germany DAX	12,169	0.21
USD Index	98	0.05

**HSI Futures**

	Active contract
Close (last trading day)	27,423
Up (down)	(185)
Day High	27,673
Day Low	27,358
Settled volume	201,355

**Commodities**

	Price	Up(down)%
Gold (Comex)	1,273.40	(0.06)
Silver (Comex)	14.41	0.29
LME Copper 3M	5,928.00	(1.13)
LME Aluminum 3M	1,779.00	(0.95)
WTI Crude Oil	61.18	(0.39)
Brent Crude	70.72	(0.38)
Natural Gas	2.55	0.31
Heating Oil	199.20	0.04
Wheat (CBOT)	473.00	0.05
Corn (CBOT)	394.25	(0.06)

**Foreign Exchange**

	Price	Up(down)%
USD/CNY	6.94	(0.11)
USD/JPY	110.14	0.20
EUR/USD	1.11	(0.01)
GBP/USD	1.27	(0.11)
AUD/USD	0.69	(0.22)
USD/CAD	1.34	(0.10)
USD/SWF	1.01	0.05

**Fix Income**

	Price	Up(down)
3M HIBOR	2.02	0.00
3M CNH HIBOR	3.47	0.02
3M USD LIBOR	2.52	0.00
US30Y Treasury	2.80	(0.01)
US10Y Treasury	2.38	(0.01)
US2Y Treasury	2.22	(0.00)

**Market Outlook**

**HSI is expected to consolidate around 27,600 today.**

**Sino-US trade talks in a stalemate:** When US Treasury Secretary Mnuchin pointed out that the US and China continue to negotiate trade, but there is no plans to go to Beijing. The US still hopes to return to the negotiating table with China and that the leaders of the two countries may meet at the end of June. The American Chamber of Commerce conducted an investigation from May 16 to 20. Nearly 250 respondents surveyed, 74.9% said that Sino-US trade tariffs have a negative impact on their business (a decline in product demand, rising manufacturing costs, rise in the price of goods), which reflects the fact that the impact of the trade war has gradually been reflected to the economic level.

**US interest rate cuts increased this year:** According to CME "Federal Watch", the Fed's probability of maintaining interest rates at 2.25%-2.5% in June this year was 96.7%, and the probability of cutting interest rates by 25 basis points was 3.3%. In Sep, the probability of a 25 basis point rate cut is 32.6%. We believe that this is due to the uncertainty caused by the Sino-US trade war.

**Today's Focus Stock**

HK Stocks	Rating	Target	Price
<b>Sunny Optical (02382.HK)</b>	Buy	100.00	73.55
(1) Expect rebound on handset component sector upon Huawei reprieve			
(2) Strong shipment growth on lens and camera module in Apr			
(3) GP benefited from spec upgrade and optimized product structure			
<b>Galaxy Entertainment (00027.HK)</b>	Buy	60.00	48.25
(1) Mass business revenue in May expected to grow steadily			
(2) Promising mass business in May with 37% YoY growth of Golden Week visitors			
(3) Phases 3 & 4 and overseas projects to drive long-term growth			

A-share	Rating	Target	Price
<b>Yunda Corp. (002120.SZ)</b>	Buy	48.00	39.32
(1) The Company has a high industry ranking			
(2) The revenue of express business continues to grow			
(3) It divested the unprofitable business to strengthen the main industry			

**Sector and Company News**

**Kaisa Group (01638)** announced the issuance of USD400 mn senior notes with a rate of 11.5% per annum due 2023.

**TPV Technology (00903)** announced its results for 1Q2019. Its revenue dropped 8.6% YoY to USD2.046 bn. Its profit amounted to USD 4.72 mn compared with a loss of USD7.99 mn a year ago.

**UM Healthcare (02138)** released a positive profit alert. It is expected that the financial results of the Group for the year ended 31 March 2019 may record a significant increase of over 35% YoY in both revenue and profit after tax for the Period respectively.

**CNLP (01589)** proposed issue of HKD1.109 bn convertible bonds with a rate of 6.95% per annum due 2024 under specific mandate.

**GCL-poly Energy (03800)** and **GNL Newenergy (00451)** jointly announce that Suzhou GCL New Energy Investment Co., Ltd., an indirect subsidiary of GNE and GCL-Poly, entered into a series of seven equity transfer and joint venture agreements with Shanghai Rongyao New Energy Co., Ltd. and Nanjing GCL New Energy Development Co., Ltd., an indirect wholly owned subsidiary of GNE and an indirect subsidiary of GCL-Poly in relation to the sale of 70% of the equity interests in the Target Companies, together with 70% of the Shareholder's Loan, for an aggregate consideration of RMB1.741 bn in cash.



Focus stocks									
Stock No.	Stock Name	Price	TP (HKD)	Chg%	Stock No.	Stock Name	Price	TP (RMB)	Chg%
<b>HK Stocks</b>					<b>A-share</b>				
5.HK	HSBC HOLDINGS PL	65.15	72.60	11.4%	000333.CH	MIDEA GROUP CO-A	51.41	63.00	22.5%
6.HK	POWER ASSETS	53.95	60.00	11.2%	000858.CH	WULIANGYE YIBI-A	103.31	105.00	1.6%
16.HK	SHK PPT	133.90	154.00	15.0%	000977.CH	INSPUR ELECTRO-A	25.78	36.00	39.6%
27.HK	GALAXY ENTERTAIN	47.75	60.00	25.7%	001979.CH	CHINA MERCHANT-A	21.60	24.00	11.1%
268.HK	KINGDEE INTL SFT	8.75	10.00	14.3%	002013.CH	AVIC ELECTROME-A	7.17	9.80	36.7%
288.HK	WH GROUP LTD	7.71	9.00	16.7%	002120.CH	YUNDA HOLDING -A	39.32	48.00	22.1%
388.HK	HKEX	246.00	300.00	22.0%	002405.CH	NAVINFO CO LTD-A	22.44	30.00	33.7%
552.HK	CHINA COMM SER-H	5.82	7.60	30.6%	002415.CH	HANGZHOU HIKVI-A	26.07	46.00	76.4%
700.HK	TENCENT	335.00	440.00	31.3%	002456.CH	OFILM GROUP CO-A	8.25	16.00	93.9%
763.HK	ZTE-H	20.20	28.00	38.6%	002460.CH	GANFENG LITHI-A	23.96	36.00	50.3%
778.HK	FORTUNE REIT	10.82	11.00	1.7%	300750.CH	CONTEMPORARY A-A	69.37	95.00	36.9%
788.HK	CHINA TOWER CO-H	1.79	2.40	34.1%	600004.CH	GUANGZHOU BAIY-A	16.69	16.00	-4.1%
823.HK	LINK REIT	97.25	98.00	0.8%	600009.CH	SHANG INTL AIR-A	70.01	70.00	0.0%
883.HK	CNOOC	13.30	16.00	20.3%	600011.CH	HUANENG POWER-A	6.16	8.50	38.0%
941.HK	CHINA MOBILE	71.60	92.00	28.5%	600019.CH	BAOSHAN IRON &-A	6.66	8.20	23.1%
992.HK	LENOVO GROUP	5.91	8.00	35.4%	600048.CH	POLY DEVELOPME-A	12.74	20.00	57.0%
1038.HK	CKI HOLDINGS	61.30	76.00	24.0%	600271.CH	AISINO CORP-A	23.43	32.00	36.6%
1088.HK	CHINA SHENHUA-H	16.30	20.00	22.7%	600276.CH	JIANGSU HENGRU-A	61.06	80.00	31.0%
1093.HK	CSPC PHARMACEUTI	13.60	16.00	17.6%	600323.CH	GRANDBLUE ENV-A	15.05	19.30	28.2%
1109.HK	CHINA RES LAND	31.50	40.00	27.0%	600426.CH	SHANDONG HUALU-A	15.10	18.50	22.5%
1113.HK	CK ASSET HOLDING	58.65	76.00	29.6%	600487.CH	HENGTONG OPTIC-A	16.20	27.00	66.7%
1211.HK	BYD CO LTD-H	46.50	60.00	29.0%	600491.CH	LONG YUAN CONS-A	6.74	8.60	27.6%
1299.HK	AIA	75.80	91.00	20.1%	600516.CH	FANGDA CARBON-A	18.03	30.00	66.4%
1810.HK	XIAOMI CORP-B	10.06	12.00	19.3%	600588.CH	YONYOU NETWORK-A	24.29	38.50	58.5%
2313.HK	SHENZHOU INTL GP	95.45	110.00	15.2%	600600.CH	TSINGTAO BREW-A	50.85	47.00	-7.6%
2319.HK	MENGNUI DAIRY	29.05	33.00	13.6%	600803.CH	ENN ECOLOGICAL-A	10.47	15.00	43.3%
2382.HK	SUNNY OPTICAL	72.00	100.00	38.9%	601318.CH	PING AN INSURA-A	77.64	97.00	24.9%
6823.HK	HKT-SS	12.00	13.10	9.2%	601688.CH	HUATAI SECURIT-A	18.42	25.00	35.7%
6869.HK	YOFC-H	17.00	21.00	23.5%	601888.CH	CHINA INTERNAT-A	76.97	80.00	3.9%
2020.HK	ANTA SPORTS PROD	49.70	58.00	16.7%	603019.CH	DAWNING INFORM-A	42.55	53.60	26.0%
<b>US Stocks</b>									
GOOGL.US	ALPHABET INC-A	1155.85	1347.37	16.6%					
FB.US	FACEBOOK INC-A	185.32	185.83	0.3%					
MSFT.US	MICROSOFT CORP	127.67	125.14	-2.0%					
AMZN.US	AMAZON.COM INC	1859.68	2147.95	15.5%					
NFLX.US	NETFLIX INC	359.73	396.7	10.3%					
BABA.US	ALIBABA GRP-ADR	158.83	201.62	26.9%					
TSLA.US	TESLA INC	192.73	328.4	70.4%					



## Source

Bloomberg, Company data, annual report, News

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