

What's Hot Today:

► China Auto Sector - Government urges to end price wars

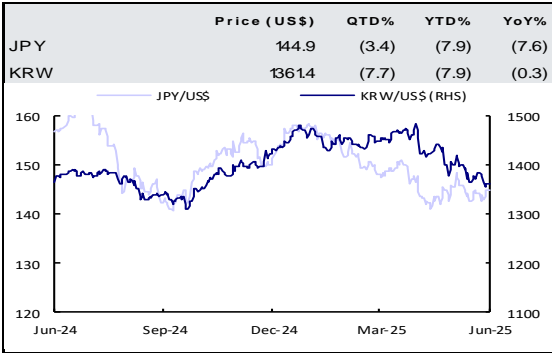
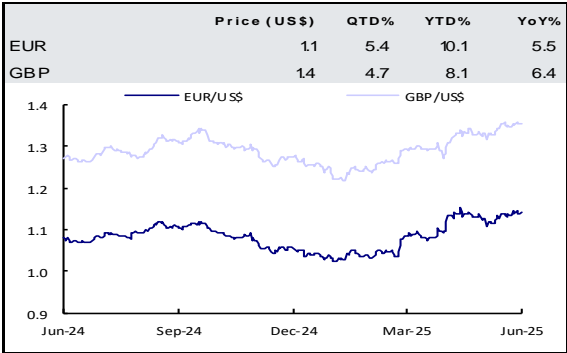
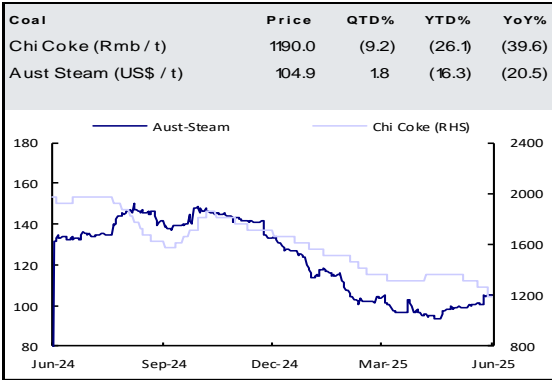
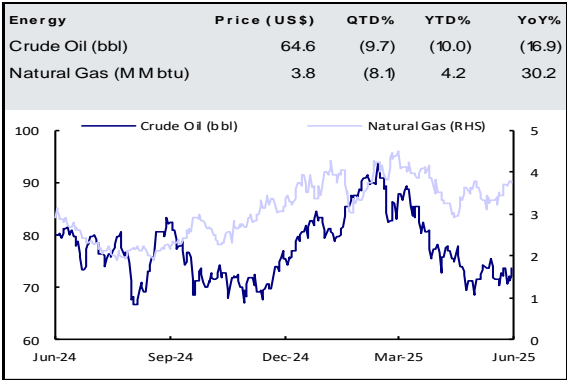
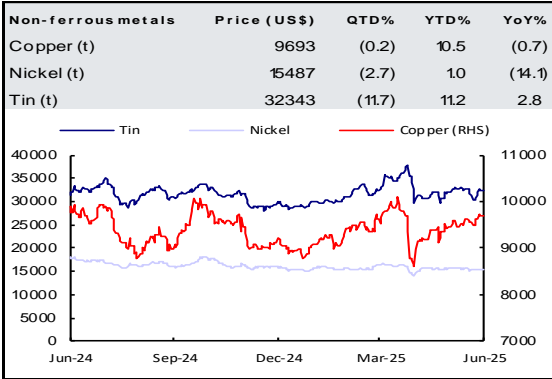
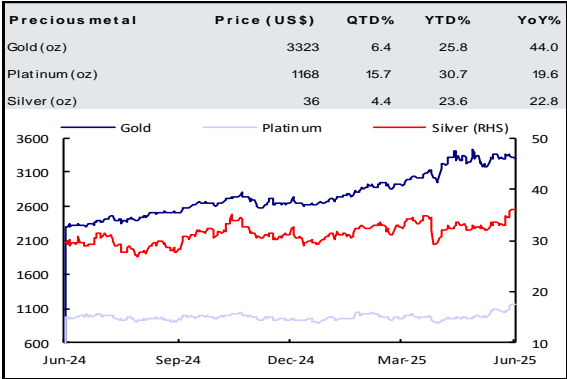
Event: Chinese regulators reacted with growing concern in the auto market, as China's Ministry of Industry and Information Technology (MIIT), the State Administration for Market Regulation (SAMR), and the National Development and Reform Commission (NDRC) hosted a meeting in Beijing with over a dozen leading EV makers, including BYD, Xiaomi, GWM and Geely Auto. The MIIT called for a halt to the aggressive price war and urged automakers to strengthen self-discipline. It is planning to intensify efforts to regulate the industry, including cooperating with other authorities on cracking down unfair competitions. This came after a new round of price cuts by BYD and other automakers, leading to a wave of retaliatory discounts.

Our view: We consider this should provide a short-term relief to the market. However, automakers may shift the battlefield to new launches. They could come up with upgrading models but without raising prices, offering more incentives and value-added services.

Looking ahead, near-term sales are likely to be fluctuating as the halt to price wars may affect some discount-driven demand and the industry enters the slow-season. Moreover, it is expected that future new model launches may see aggressive pricing. As such, leaders with broader models to cater for different demands and being cost effective are expected to benefit, for instance BYD (1211 HK, HK\$403.00, HK\$494bn). For the premium market, we like Xiaomi (1810 HK, HK\$53.10, HK\$1.4tn) due to its highly competitive and blockbuster models as well as its strong cost control capability. Xiaomi's auto business is expected to breakeven or even bwcome profitable within this year. (Ensley LIU)

China & HK Indices		CLOSE	1D	YTD		
HSI		23,792	-0.5%	18.6%		
HSCBI		8,629	-0.6%	18.4%		
HSCCI		4,050	0.3%	7.1%		
CSI300		3,873	-0.1%	-1.5%		
Shanghai A		3,548	0.0%	-4.2%		
Shanghai B		256	-1.6%	-4.2%		
Shenzhen A		2,100	-0.1%	2.6%		
Shenzhen B		1,193	0.1%	-1.6%		
Key Int'l Indices		CLOSE	1D	YTD		
Dow Jones		42,762	1.0%	0.5%		
S&P 500		6,000	1.0%	2.0%		
Nasdaq		19,529	1.2%	1.1%		
NIKKEI Index		38,086	0.9%	-4.5%		
FTSE Index		8,837	0.3%	8.1%		
CAC Index		7,804	0.2%	5.7%		
DAX Index		24,304	-0.1%	22.1%		
Commodities		CLOSE	1D	YTD		
GOLD	(US\$/oz.)	3,310	-1.3%	26.1%		
STEEL	(US\$/oz.)	1,958	0.9%	9.6%		
SILVER	(US\$/oz.)	35	0.9%	24.6%		
CRUDE OIL	(US\$/bbl)	64	1.9%	-10.0%		
COPPER	(US\$/oz.)	9,693	0.7%	10.5%		
ALUMINIUM	(US\$/oz.)	2,450	-1.3%	-4.0%		
PLATINUM	(US\$/oz)	1,168	2.5%	28.6%		
ZINC	(US\$/oz.)	2,666	-1.3%	-10.5%		
WHEAT	(US\$/bu)	554	1.7%	0.2%		
CORN	(US\$/bu)	442	0.7%	-5.7%		
SUGAR	(US\$/lb)	N/A	N/A			
SOYBEAN	(US\$/bu)	1,057	0.5%	2.0%		
PVC	(US\$/t.)	N/A	N/A	-5.4%		
CRB		300	1.5%	3.0%		
BDI				63.8%		
Exchange Rates						
	USD	HKD	EUR	JPY	CHF	RMB
USD		7.847	0.878	144.850	0.822	7.193
HKD	0.127		0.112	18.460	10.480	0.916
EUR	1.140	8.943		165.060	1.067	8.197
JPY	0.007	5.417	0.606		0.568	0.050
CHF	1.216	9.543	1.067	176.232		8.751
RMB	0.139	1.091	0.122	20.140	0.114	
Market Sentiment			CURRENT		5D	
CDS Monitor - USD SR 5Y						
Greece				N/A		N/A
Ireland				83		-2.4%
Italy				139		-0.6%
Portugal				207		-0.0%
Spain				108		0.3%
VIX				16		-9.7%
Source: Bloomberg						

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Wholesale Inventories	MoM		9-Jun-25
CPI	MoM		11-Jun-25
Initial Jobless Claims	WoW		12-Jun-25
PPI	MoM		12-Jun-25
Business Inventories	MoM		17-Jun-25
Retail Sales	MoM		17-Jun-25
Industrial Production	MoM		17-Jun-25
Housing Starts / Building Permits	MoM		18-Jun-25
Existing Home Sales	MoM		23-Jun-25
Consumer Confidence	MoM		24-Jun-25
New home Sales	MoM		25-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		9-Jun-25
Trade Balance	MoM		9-Jun-25
PPI	MoM		9-Jun-25
CPI	MoM		9-Jun-25
Retail Sales	MoM		16-Jun-25
Industrial Production	MoM		16-Jun-25
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Producer Prices Index	QoQ		12-Jun-25
Industrial Production	QoQ		12-Jun-25
Unemployment Rate	MoM		17-Jun-25
CPI	MoM		20-Jun-25
Trade Balance	MoM		26-Jun-25
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
GDP	QoQ		31-Jul-25
Composite Interest Rate	MoM		

Kingsway Research Team

Analyst
Howard Wong
Ensley Liu

Email
Howard.wong@sunwahkingsway.com
Ensley.liu@sunwahkingsway.com

Phone No.
(852) 2283 7307
(852) 2283 7618

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KFS and/or its affiliates beneficially own shares of Xiaomi Corporation (1810.HK).

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Head Office

Hong Kong
Kingsway Financial Services Group Limited
7/F, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Tel: 852-2283-7000
Fax: 852-2877-2665

Guangdong
廣東新華滙富商業保理有限公司
2701, Dongshan Plaza,
69 Xianlie Middle Road, Yuexiu District
Guangzhou, 510095

Affiliated & Overseas Offices

Vietnam
Sunwah Kingsway Vietnam Services Limited
Representative Office
Sunwah Tower, Mezzanine Floor
115 Nguyen Hue
District 1
Ho Chi Minh City
Vietnam