



I. Major Economic Release

Upcoming Economic Release

| Economic Indicator | Period | Market Survey | Prior Period |
|--|--------|---------------|--------------|
| China: Money Supply M1/M2 YoY | Nov | 2.8%/8.0% | 2.7%/8.0% |
| US: JOLTS Job Openings | Nov | N/A | 7009 |
| Germany: Trade Balance | Oct | N/A % | EUR18.3bn |
| UK: Industrial Production YoY / MoM | Oct | N/A | 0%/0% |
| Netherland: Manufacturing Production YoY / MoM | Oct | N/A | 2.9%/0.7% |

Source: Bloomberg

II. Macro News

- **China's CPI up 2.2%, PPI up 2.7% in November.** China's consumer price index, a main gauge of inflation, rose 2.2 percent year on year in November, down from 2.5 percent in October, the National Bureau of Statistics said Sunday. Food prices climbed 2.5 percent year on year, contributing to a 0.49-percentage-point increase of the overall CPI growth, the bureau said. [China Daily]
- **Fed Weighs Wait-and-See Approach on Future Rate Increases.** Federal Reserve officials are considering whether to signal a new wait-and-see approach after a likely interest-rate increase at their meeting in December, which could slow down the pace of rate increases next year. [WSJ]
- **Japan's Household Spending Falls as Wage Gains Remain Subdued.** Household spending fell 0.3% YoY, the seventh decline this year, the ministry of internal affairs said. The median estimate was for a rise of 1%. Labor cash earnings rose 1.5% YoY, versus an estimate of 1%, the labor ministry reported. [Bloomberg]

III. Industry News

- **China 3 Telecom Cos. Won Low-Band 5G Spectrum Licenses.** China Telecom will get 100 MHz of spectrum in 3400MHz-3500MHz band, Renmin Youdian newspaper reports. China Mobile obtained 5G license in 2515MHz-2675MHz,4800MHz-4900MHz band. China Unicom got 100MHz of spectrum in 3500MHz-3600MHz band. [Bloomberg]
- **China to Allow Automakers to Manufacture Cars for Others.** China will encourage collaboration on R&D and capacity between automakers, according to new rules posted by China Ministry of Industry and Information Technology. China to encourage technology innovation by vehicle makers. Rules effective from June 1, 2019. [Bloomberg]
- **U.S. Trade Gap Widens to 10-Yr High Amid China Dispute.** U.S. trade deficit widened in Oct to the highest in a decade, underscoring the negative fallout from the tariff war with China. The gap increased 1.7% to \$55.5bn, as America's exports were little changed, while imports climbed to the highest level ever, Commerce Dept showed. [Bloomberg]

IV. Corporate News

- **Huawei Says U.S. Pressure Won't Change Ties with Suppliers.** Huawei Technologies has "very little" information regarding U.S. accusations against its CFO Meng Wanzhou, Sina reports, citing the co.'s letter to its global supply-chain partners. [Bloomberg]
- **Xinyi Energy Seeks Up to \$582M in Hong Kong IPO.** Xinyi Energy offers 1.88b shares at HK\$1.89-HK\$2.42 apiece in Hong Kong initial public offering, according to terms for the deal obtained by Bloomberg. Pricing expected Dec. 13. Trading expected to begin Dec. 21. [Bloomberg]

- **Anta-Led Consortium Is Said to Near Deal to Acquire Amer Sports.** A consortium led by China's Anta Sports Products Ltd. is nearing an agreement to buy Finland's Amer Sports Oyj, owner of brands including Wilson tennis rackets. Companies are negotiating final details of a transaction, people familiar with the matter said. [Bloomberg]
- **OPEC Talks End Without Oil-Cuts Deal as Russia Holds Back.** OPEC ended talks without a deal on oil production cuts for the first time in nearly five years as Russia flexed its muscles by so far refusing to commit to the big output curb that Saudi Arabia is demanding. [Bloomberg]
- **China Southern Air Says Major Holder Plans Ownership Reform.** China Southern Air Holding is planning to diversify its shareholding structure, China Southern Airlines says in a statement to Shanghai Stock Exchange. Details are still under discussion and will require regulatory approval. [Bloomberg]
- **Ikea Parent Builds \$1.2 Billion China Mall in Biggest Investment.** Ingka Holding BV, parent of the world's largest home-furnishings retailer Ikea, has started construction on a \$1.2 billion shopping mall in Shanghai that the company says is its single biggest investment. [Bloomberg]
- **Uber Files Confidentially for IPO.** Uber Technologies Inc. filed documents confidentially with regulators for an IPO, said a person familiar with the matter. The offering could be the largest IPO next year and one of the five biggest of all time. Bankers have told Uber that the company could be worth \$120bn on the public markets. [Bloomberg]
- **Germany Willing to Merge Deutsche Bank, Commerzbank, Focus Says.** The German finance ministry is willing to "orchestrate" a merger between Deutsche Bank AG and Commerzbank AG, according to Focus magazine. Various scenarios have been discussed, including one in which the German state would become Deutsche Bank's largest shareholder for about five years before merging the two banks, Focus reported. [Bloomberg]
- **Alibaba boosting sales with offline discounts.** One month after pampering online bargain hunters via the Singles Day shopping gala, e-commerce giant Alibaba Group is now providing customers with a wide array of offline discounts through its newly-formed local services entity. [China Daily]
- **BAIC ups next-gen tech drive.** Beijing Automotive Industry Corp is adopting more digital technologies and forming partnerships with companies in other sectors to upgrade its product range, amid the wider industry shift toward developing intelligent connected vehicles. [China Daily]
- **Huawei's suppliers unharmed by CFO's arrest, analyst says.** The "unreasonable" treatment of Huawei Technologies Co by the United States won't harm the company's partnerships with suppliers, as a robust domestic market and its technological competitiveness will help it overcome challenges, an industry analyst said on Friday. [China Daily]
- **Huawei Pledges Nearly GBP1.6B for Equipment Upgrade to Meet UK Requirement.** Huawei agreed to splash GBP1.57 billion for equipment upgrade in order to meet the UK requirement and address numerous security problems found in the equipment made by the company as cited in the government report, Reuters cited sources. [AASocks]
- **Anta Sports, Tencent Buy out Amer Sports with 39% Premium.** Anta Sports announced that the Company, FV Fund and Tencent formed an Investor Consortium for purposes of the voluntary recommended public cash Tender Offer for all the issued and outstanding shares in Amer Sports made by the Offeror. [AASocks]
- **Greatwall Motor Nov Sales Up 1.1% YoY.** Greatwall Motor announced that the sales volume in November 2018 approximated 132,500 units, up 1.09% yearly. The total sales volume in January-November was 919,200 units, down 2.68% yearly. [AASocks]
- **China Longyuan Nov Power Generation Down 10% to 4,170,000 MWh.** China Longyuan announced that the power generation of the group for November 2018 on a consolidated basis amounted to 4,170,400 MWh, representing a decrease of 9.97% compared with the corresponding period of 2017. [AASocks]
- **Geely Acknowledges Hard Time for Auto Mkt; Not Intend to Lower Target.** Geely Auto admitted that it has been a hard time for the automobile industry this year but it does not intend to lower its sales target, nor has it make a decision to adjust its target of selling 2 million vehicles next year. [AASocks]

V. Overnight Market Recap

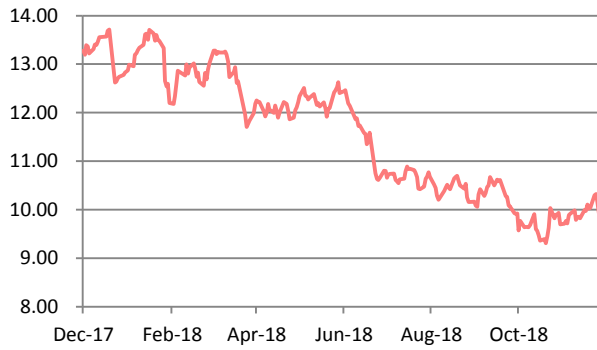
| | Close | Net Chg | Chg (%) | Performance (%) | | | | | | |
|-------------------|---------------------|----------|---------|-----------------|-------|--------|--------|--------|--------|--------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US Equity | S&P 500 | 2,633 | (62.9) | (2.3) | (3.8) | (5.3) | (8.5) | (5.3) | (0.7) | (1.5) |
| | Dow Jones | 24,389 | (558.7) | (2.2) | (3.7) | (6.2) | (5.7) | (3.7) | 0.2 | (1.3) |
| | Nasdaq Composite | 6,969 | (219.0) | (3.0) | (4.2) | (5.9) | (12.1) | (8.8) | 1.9 | 1.0 |
| | Russell 2000 | 1,448 | (29.3) | (2.0) | (5.1) | (6.5) | (15.7) | (13.4) | (4.8) | (5.7) |
| | VIX Index | 23.23 | 2.0 | 9.6 | 28.6 | 33.8 | 64.1 | 90.7 | 142.5 | 110.4 |
| Europe Equity | Euro Stoxx 50 | 3,059 | 12.6 | 0.4 | (3.6) | (5.3) | (7.6) | (11.3) | (14.8) | (12.7) |
| | DAX | 10,788 | (22.9) | (0.2) | (4.2) | (6.4) | (10.0) | (15.5) | (18.0) | (16.5) |
| | CAC | 4,813 | 32.7 | 0.7 | (3.8) | (5.7) | (8.7) | (11.7) | (10.9) | (9.4) |
| | FTSE 100 | 6,778 | 74.1 | 1.1 | (2.9) | (4.6) | (6.9) | (11.8) | (8.3) | (11.8) |
| APAC Equity | HSI | 26,064 | (92.6) | (0.4) | (1.7) | 1.8 | (2.1) | (15.8) | (9.0) | (12.9) |
| | HSCEI | 10,369 | (111.3) | (1.1) | (2.4) | (0.6) | (0.6) | (14.8) | (8.2) | (11.4) |
| | HSI VIX | 23.93 | 0.4 | 1.9 | (0.9) | 0.3 | 8.4 | 37.6 | 47.4 | 63.9 |
| | CSI 300 | 3,182 | (0.1) | (0.0) | 0.3 | 0.4 | (1.5) | (15.8) | (20.5) | (21.1) |
| | SH Composite | 2,606 | 0.7 | (0.6) | 0.7 | (0.4) | (2.4) | (15.0) | (20.8) | (19.9) |
| | SZ Composite | 1,351 | (0.1) | (0.5) | 1.0 | 2.6 | (4.0) | (22.9) | (28.6) | (27.3) |
| | Nikkei 225 | 21,679 | 177.1 | 0.8 | (3.0) | (2.6) | (3.1) | (4.5) | (5.0) | (4.8) |
| KOSPI | 2,076 | 7.1 | 0.3 | (1.0) | (0.5) | (9.3) | (15.3) | (15.8) | (15.9) | |
| Commodities (USD) | Brent (Future) | 61.67 | 1.6 | 2.7 | 5.0 | (11.7) | (19.9) | (19.0) | (2.3) | (7.4) |
| | WTI (Future) | 52.61 | 1.1 | 2.2 | 3.3 | (12.7) | (22.2) | (20.1) | (8.4) | (13.0) |
| | Gold | 1,249 | 11.5 | 0.9 | 2.4 | 4.1 | 4.5 | (3.9) | 0.6 | (4.1) |
| | Copper (Future) | 6,145 | 75.0 | 1.2 | (0.9) | (0.1) | 3.6 | (16.2) | (6.4) | (15.2) |
| | Baltic Dry Index | 1,372.00 | 33.0 | 2.5 | 14.0 | 19.6 | (7.4) | (1.4) | (19.4) | 0.4 |
| FX | Dollar Index | 96.51 | (0.3) | (0.3) | (0.8) | (0.3) | 1.6 | 3.3 | 2.9 | 4.9 |
| | EUR | 1.14 | 0.0 | 0.0 | 0.6 | 1.7 | (1.6) | (3.2) | (3.1) | (5.0) |
| | JPY | 112.69 | 0.0 | 0.0 | (0.8) | 1.2 | (1.2) | (2.2) | 1.0 | 0.2 |
| | CNY | 6.87 | (0.0) | 0.1 | 1.3 | 0.7 | (0.4) | (7.0) | (3.7) | (5.3) |
| | CNH | 6.89 | 0.0 | 0.1 | (0.9) | 1.0 | (0.4) | (7.2) | (4.0) | (5.6) |
| CDS | ChinaGov CDS | 68.92 | 0.7 | 1.0 | (0.5) | 7.2 | 18.6 | 22.9 | 24.2 | 37.6 |
| | CDX Emerging Market | 95.29 | 0.1 | 0.1 | 0.0 | (0.6) | 0.7 | (1.3) | (1.2) | (3.8) |

| | Close | Net Chg | Chg (%) | Value | | | | | | |
|-------------|------------------------|---------|---------|-------|------|------|------|------|------|------|
| | | | | 1W | 1M | 3M | 6M | 1Y | YTD | |
| US rates | 3-Month Treasury Yield | 2.39 | (0.0) | (0.7) | 2.3 | 2.3 | 2.1 | 1.9 | 1.3 | 1.4 |
| | 2-Year Treasury Yield | 2.71 | (0.0) | (1.8) | 2.8 | 2.9 | 2.7 | 2.5 | 1.8 | 1.9 |
| | 5-Year Treasury Yield | 2.69 | (0.1) | (2.3) | 2.8 | 3.0 | 2.8 | 2.8 | 2.1 | 2.2 |
| | 10-Year Treasury Yield | 2.85 | (0.1) | (1.7) | 3.0 | 3.2 | 2.9 | 3.0 | 2.4 | 2.4 |
| | 2-10 Spread | 13.21 | (0.1) | (1.0) | 14.7 | 25.4 | 21.7 | 42.7 | 57.7 | 51.8 |
| China rates | O/N China Repo Rate | 2.43 | 0.0 | 1.3 | 2.0 | 2.1 | 2.6 | 2.6 | 2.6 | 3.0 |
| | 1-Week China Repo Rate | 2.55 | 0.0 | 2.0 | 2.2 | 2.6 | 2.6 | 2.9 | 3.1 | 3.1 |
| | O/N SHIBOR | 2.42 | (0.0) | (0.1) | 2.5 | 2.0 | 2.6 | 2.6 | 2.6 | 2.8 |
| | 1-Week SHIBOR | 2.61 | 0.0 | 0.4 | 2.6 | 2.6 | 2.7 | 2.8 | 2.8 | 3.0 |

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



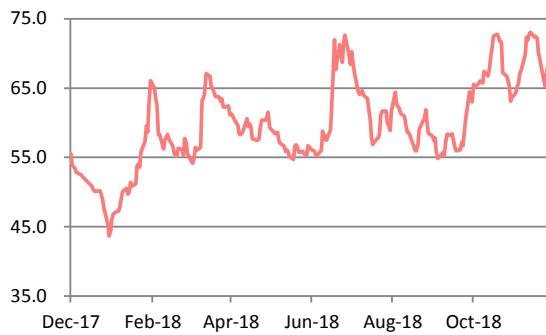
Source: Bloomberg

Shanghai Composite Index PE Ratio



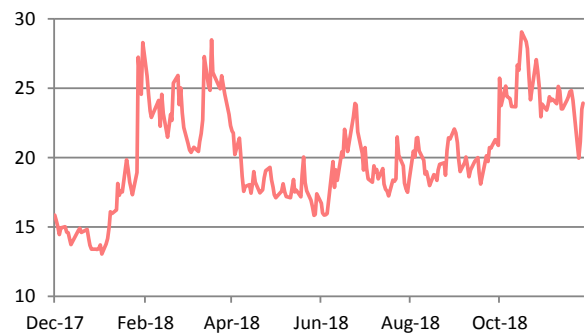
Source: Bloomberg

China 5Y CDS Index_USD



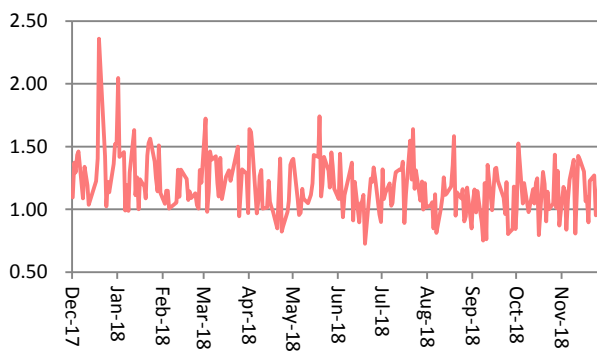
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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