

## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: PPI Final Demand YoY	Nov	N/A	2.9%
Australia: NAB Business Confidence	Nov	N/A	4.00
Philippines: Exports / Imports YoY	Oct	N/A	-2.6% / 26.1%
Japan: Machine Tool Orders YoY	Nov	N/A	-0.70%
UK: Average Weekly Earnings YoY	Oct	N/A	-3.00%

Source: Bloomberg

## II. Macro News

- **China Factory Inflation Extends Slowdown Amid Weak Demand.** China's factory inflation slowed further amid weakening demand, and gains in the consumer price index moderated. The producer price index climbed 2.7 percent in November from a year earlier, the slowest pace in more than two years. [Bloomberg]
- **Japan Economy Shrinks Worse-Than-Expected 2.5% as Capex Tumbles.** Japan's gross domestic product shrank an annualized 2.5 percent in the three months through September, the largest contraction in more than four years, the Cabinet Office said Monday. [Bloomberg]
- **U.S. Hiring Slows as Wages Grow, Unemployment Holds at Multidecade Low.** U.S. employers slowed their hiring in November, but wage growth matched the highest rate in nearly a decade and unemployment held at its lowest level in nearly half a century, signs of an economy that could be losing some momentum at the end of a strong year. [WSJ]

## III. Industry News

- **New Rules on H.K. Dual-Class Shares in Link to Start Mid-2019.** Shanghai, Shenzhen and Hong Kong exchanges have agreed on a detailed plan for allowing Chinese investors to buy companies with weighted-voting rights through trading links, with new rules expected to be implemented mid-2019. [Bloomberg]
- **China Energy Giants Send Pipeline Merger Plan for Approval.** Nation's three biggest oil & gas companies, China National Petroleum Corp., China Petrochemical Corp. and China National Offshore Oil Corp, have submitted a plan to merge their pipelines to central govt for approval, Economic Observer newspaper reported. Plan includes operational details of national pipeline network as well as transfer of mineral rights. [Bloomberg]
- **China's Copper, Iron Ore Imports Slump as Economic Growth Slows.** Copper imports in November fell 3 percent on the year, the first such decline since December and flagged by a near halving in import premiums in recent months. Exports of steel also waned, as did purchases of its key ingredient, iron ore. [Bloomberg]

## IV. Corporate News

- **Japan latest country to exclude Huawei, ZTE from 5G roll-out over security concerns.** Japan decided on Monday to effectively exclude Chinese telecommunication equipment giants Huawei Technologies and ZTE from public procurement, the government said, widening the list of countries that have pushed back against the Chinese technology companies on security issues. [SCMP]
- **Hopewell privatisation plan gains support from its second largest shareholder.** Property tycoon Gordon Wu Ying-sheung's plan to privatise Hopewell Holdings has gained momentum after the company's second largest shareholder, Southeastern Asset Management, expressed support for the HK\$21.2bn (US\$2.71bn) delisting plan. [SCMP]

- **Alibaba Is Said to Discuss Joining Megvii Funding of Over \$500M.** The company is in discussions with potential backers including Alibaba and aims to close the round of financing this month, according to people familiar with the deal. [Bloomberg]
- **Junshi Bio Seeks Up to \$414 Million in Hong Kong IPO.** Shanghai Junshi Biosciences offers 158.9 million shares at HK\$19.38-HK\$20.38 each in Hong Kong initial public offering, according to terms for the deal obtained by Bloomberg. Seven cornerstone investors including LVC Funds and GIC subscribed to a total of \$242 million shares. [Bloomberg]
- **Standard Chartered Among Banks Mislead by Huawei Over Iran.** Standard Chartered and HSBC were among the institutions told by Huawei in recent years that it wasn't doing business in Iran through a Hong Kong-based co. named Skycom Tech, Wall Street Journal reports. [Bloomberg]
- **Canadian Telecoms Face \$1 Billion to Remove Huawei Tech.** Canada's Telus Corp. and BCE Inc. may face at least \$1 billion in costs if the country bans telecommunications equipment made by China's Huawei Technologies Co. from their next generation 5G mobile networks, The Globe and Mail reported. [Bloomberg]
- **Texhong Textile to Buy Hong Kong, China Assets for HK\$1.35B.** The company agreed to buy Winnitex Holdings and Zhejiang Qing Mao for combined HK\$1.35b, it says in filing to Hong Kong stock exchange. Its unit Texhong Winnitex also agreed to sell 20% of unit via new share issuance. [Bloomberg]
- **Deutsche Bank Reports Suspicious Tax Transactions.** Deutsche Bank has reported suspicious tax transactions to the German tax authorities that may have allowed clients to claim dividend tax credit on shares they did not own, the Financial Times reports. [Bloomberg]
- **COFCO to make product labels informative.** COFCO Fortune Food Sales and Distribution Co has said it will share with consumers detailed information about formulations, ingredients and nutrition value of its blended edible oil. "This is the first edible oil product in China to carry a label containing information like formula ratio and nutrient composition, said Wang Qingrong, GM of COFCO Fortune Food. [China Daily]
- **HK-listed Chinese steelmaker Tiangong confident of US anti-dumping duty repeal, shrugs off trade war.** Chinese maker of high-speed steel and cutting tools Tiangong International said on Saturday it would appeal against an anti-dumping duty imposed by the United States, as it moves to bolster its exports to America amid the US-China trade war. [SCMP]
- **Sands China: Xmas Hotel Performance This Yr Roughly Mirrors Last Yr.** Wong Ying Wai, President of Sands China Ltd., believed the opening of Hong Kong - Zhuhai - Macau Bridge has facilitated visits to Macau, particularly Hong Kong visitors, and hence magnified the visitor flow, reported Macao Daily News. [AASocks]
- **Tesla Interested in Buying Some GM Plants.** Tesla CEO Elon Musk declared that he is open to taking over some of General Motors's idled plants if the latter decides to sell so. General Motors announced last month the closure plan of five factories in North America next month. [AASocks]
- **Huawei: To Finish 5G Mutual Operation Test with 5 Chipmakers by End-Dec.** Yang Chaobin, President of Huawei 5G Product Line, said at a summit that the company is abundant in 5G patents, which make it one of the major contributors of 5G operation, Cailian Press reported. By the end of Dec, Huawei will complete mutual-operation trial with five chip manufacturers, added Yang. [AASocks]
- **Yuexiu Property Nov Contracted Sales Down 35%; 11M18 Sales Meet 85% FY Target.** Yuexiu Property announced that in November 2018, the value of the Company's contracted sales (including contracted sales by joint venture projects) amounted to approximately RMB2.583 billion, representing a year-on-year decrease of 35%. [AASocks]

## V. Overnight Market Recap

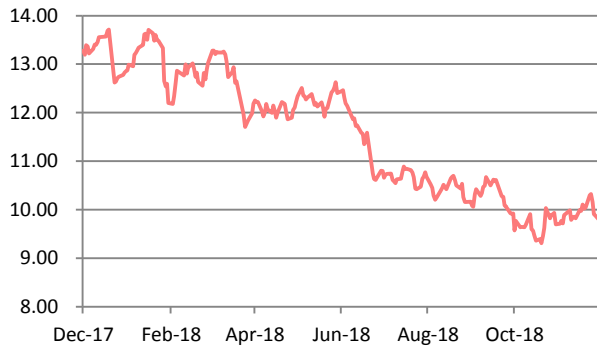
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,638	4.6	0.2	(4.4)	(5.2)	(8.7)	(5.2)	(0.8)	(1.3)
	Dow Jones	24,423	34.3	0.1	(4.4)	(6.0)	(6.0)	(3.6)	0.2	(1.2)
	Nasdaq Composite	7,021	51.3	0.7	(4.2)	(5.2)	(11.9)	(8.3)	2.1	1.7
	Russell 2000	1,443	(5.0)	(0.3)	(5.9)	(6.9)	(16.0)	(13.8)	(5.0)	(6.0)
	VIX Index	22.64	(0.6)	(2.5)	37.7	30.4	71.3	83.3	142.4	105.1
Europe Equity	Euro Stoxx 50	3,017	(41.5)	(1.4)	(6.2)	(6.6)	(8.9)	(13.3)	(15.8)	(13.9)
	DAX	10,622	(166.0)	(1.5)	(7.4)	(7.9)	(11.3)	(17.3)	(19.1)	(17.8)
	CAC	4,742	(70.8)	(1.5)	(6.2)	(7.1)	(10.2)	(13.4)	(12.0)	(10.7)
	FTSE 100	6,722	(56.6)	(0.8)	(4.8)	(5.4)	(7.6)	(13.1)	(9.8)	(12.6)
APAC Equity	HSI	25,752	(311.4)	(1.2)	(5.3)	0.6	(2.5)	(17.1)	(11.1)	(13.9)
	HSCEI	10,273	(96.2)	(0.9)	(5.6)	(1.5)	(0.6)	(15.6)	(10.1)	(12.3)
	HSI VIX	24.14	0.2	0.9	14.8	1.2	10.8	44.4	52.2	65.3
	CSI 300	3,145	(36.8)	(1.2)	(3.6)	(0.7)	(2.5)	(16.8)	(22.7)	(22.0)
	SH Composite	2,585	(21.3)	(0.8)	(2.6)	(0.5)	(3.0)	(15.3)	(22.2)	(21.8)
	SZ Composite	1,333	(18.2)	(1.3)	(3.5)	0.3	(5.5)	(23.5)	(30.6)	(29.8)
	Nikkei 225	21,220	(459.2)	(2.1)	(6.0)	(4.6)	(6.4)	(6.9)	(7.5)	(6.8)
Commodities (USD)	KOSPI	2,054	(22.0)	(1.1)	(3.7)	(1.5)	(10.0)	(16.9)	(16.9)	(16.8)
	Brent (Future)	59.97	(1.7)	(2.8)	(2.8)	(14.5)	(22.5)	(21.6)	(5.4)	(10.3)
	WTI (Future)	51.00	(1.6)	(3.1)	(3.7)	(15.3)	(26.4)	(22.9)	(12.1)	(15.6)
	Gold	1,244	(4.9)	(0.4)	1.1	3.7	3.8	(4.3)	0.2	(4.5)
	Copper (Future)	6,145	75.0	1.2	(0.9)	(0.1)	3.6	(16.2)	(6.4)	(15.2)
FX	Baltic Dry Index	1,372.00	33.0	2.5	14.0	19.6	(7.4)	(1.4)	(19.4)	0.4
	Dollar Index	97.22	0.7	0.7	0.2	0.3	2.2	3.9	3.5	5.5
	EUR	1.14	(0.0)	(0.2)	0.0	1.2	(2.1)	(3.6)	(3.5)	(5.4)
	JPY	113.33	0.6	0.6	(0.3)	0.6	(1.4)	(2.8)	0.4	(0.4)
	CNY	6.91	0.0	(0.5)	(0.4)	0.8	(0.8)	(7.4)	(4.2)	(5.9)
CDS	CNH	6.91	0.0	0.4	0.6	0.7	(0.6)	(7.5)	(4.2)	(5.8)
	ChinaGov CDS	71.07	2.1	3.1	7.2	10.5	23.7	26.7	28.0	41.9
	CDX Emerging Market	95.22	(0.1)	(0.1)	(0.3)	(0.7)	0.7	(1.4)	(1.3)	(3.9)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.37	(0.0)	(0.5)	2.4	2.3	2.1	1.9	1.3	1.4
	2-Year Treasury Yield	2.73	0.0	0.7	2.8	2.9	2.7	2.5	1.8	1.9
	5-Year Treasury Yield	2.71	0.0	0.9	2.8	3.0	2.9	2.8	2.2	2.2
	10-Year Treasury Yield	2.86	0.0	0.4	2.9	3.2	3.0	3.0	2.4	2.4
	2-10 Spread	12.80	(0.4)	(3.1)	11.7	25.4	22.8	42.0	56.6	51.8
China rates	O/N China Repo Rate	2.44	0.0	0.4	2.0	2.1	2.1	2.6	2.7	3.0
	1-Week China Repo Rate	2.65	0.1	3.9	2.4	2.6	2.7	2.7	3.4	3.1
	O/N SHIBOR	2.45	0.0	1.5	2.4	2.0	2.6	2.6	2.7	2.8
	1-Week SHIBOR	2.62	0.0	0.2	2.6	2.6	2.7	2.8	2.8	3.0

Source: Bloomberg

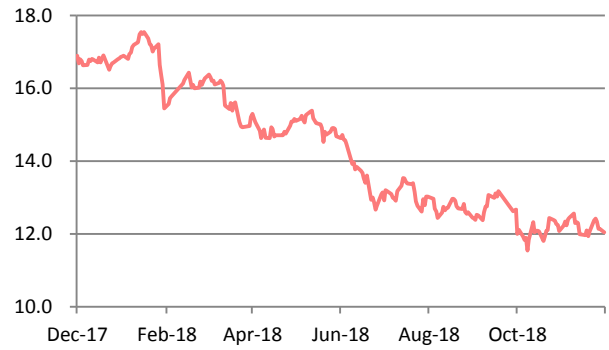
## VI. Key Indicators

**Hang Seng Index PE Ratio**



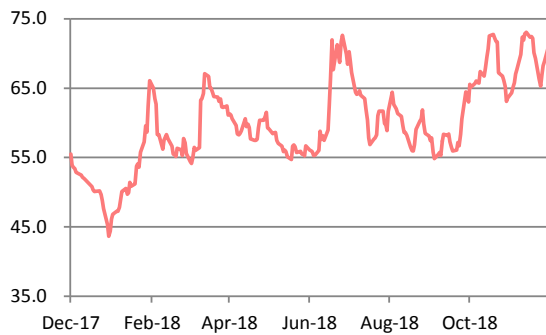
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



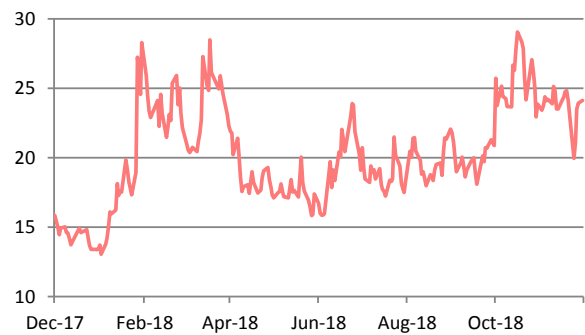
Source: Bloomberg

**China 5Y CDS Index\_USD**



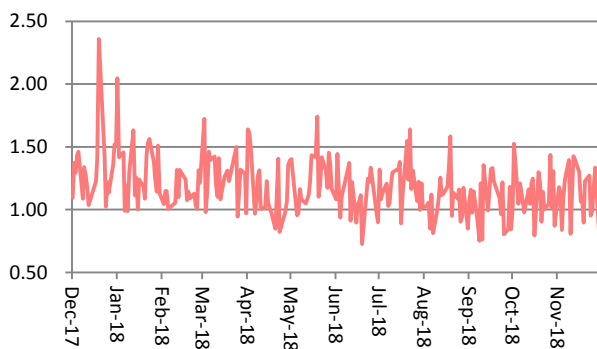
Source: Bloomberg

**Hang Seng Index VIX**



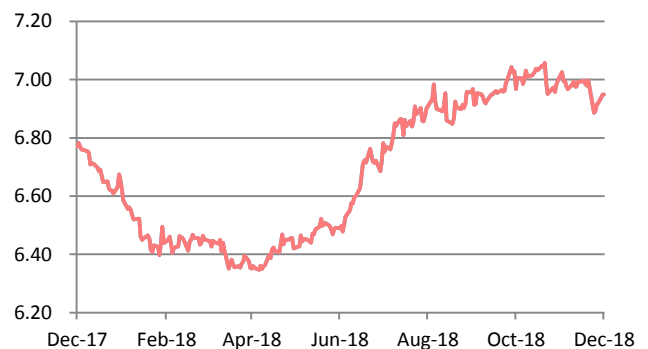
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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