



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Money Supply M1/M2 YoY	Nov	3.0% / 8.0%	2.7% / 8.0%
US: CPI / Core CPI YoY	Nov	2.2% / 2.2%	2.5% / 2.1%
US: Real Average Weekly Earnings YoY	Nov	N/A	0.9%
Japan: Core Machine Orders YoY / MoM	Oct	N/A	-7.0% / -18.3%
Australia: Westpac Consumer Confidence	Dec	N/A	104.30

Source: Bloomberg

II. Macro News

- **U.S., China Kick Off a New Round of Trade Talks.** The U.S. and China started the latest round of trade talks with a phone call involving Treasury Secretary Steven Mnuchin, U.S. Trade Representative Robert Lighthizer and Chinese Vice Premier Liu He. [WSJ]
- **Eurozone ZEW Indicator of Economic Sentiment Edges Up to -21 in Dec.** ZEW reported that the ZEW indicator of economic sentiment rose to -21 in December from the previous value of -22 while the indicator of existing economic situation slipped to 12.1 from previous value of 18.2. [AASocks]
- **Foreign trade to maintain growth pace in '19.** While China's customs data points to solid growth in imports and exports in the first 11 months of 2018, experts predicted a continuously narrowing surplus and a growing trade volume next year. China saw 11.1 percent yearly growth in goods trade in first 11 months of this year, with the value already exceeding the total foreign trade amount registered last year. [China Daily]

III. Industry News

- **New yuan loans rise in November.** China's new yuan-denominated loans stood at 1.25 trillion yuan in November, up from 697 billion yuan in October, central bank data showed Tuesday, Xinhua reported. The M2 rose 8% YoY to 181.32 trillion yuan at the end of last month, the PBOC said in a statement on its website. [The Standard]
- **China Nov M2 Supply Growth Flat at 8% YoY, In-line.** People's Bank of China announced that at the end of November 2018, the balance of M2 grew 8% yearly to RMB181.32 trillion, staying flat monthly but down 1.1 ppts yearly, conforming with market consensus. [AASocks]
- **Chinese SUV makers close the gap on international rivals.** Chinese SUV brands are in hot pursuit of their international rivals, according to a new industry report that suggests indigenous vehicles offer better value for money and are more in line with the needs of young Chinese drivers. [China Daily]

IV. Corporate News

- **Huawei and Skycom, the firm accused of breaching US sanctions in Sabrina Meng Wanzhou case, shared web domain.** Skycom Tech, the Hong Kong company at the centre of Huawei Technologies' alleged violation of US sanctions on Iran, shared the same email domain as the Chinese telecoms equipment giant, public records show. [SCMP]
- **Huawei, RoboSense join group pushing open-source autonomous driving technology.** Telecommunications equipment giant Huawei Technologies, its semiconductor subsidiary HiSilicon and RoboSense, a maker of lidar sensors used in driverless cars, have become the first Chinese companies to help establish an international non-profit group that supports open-source autonomous driving projects. [SCMP]

- **Chinese Huawei supplier will punish staff for buying Apple iPhone in show of support for troubled tech giant.** Menpad, a Shenzhen-based LCD display maker, said it will punish any employee that buys the popular American smartphone at any time in the next three years by fining them by an amount equivalent to its market price. [SCMP]
- **Time runs out for embattled Chinese tycoon Jia Yueting as court freezes his Faraday Future assets.** The Eastern Caribbean Supreme Court in the BVI last week ruled in favour of Jia's creditor, To-Win Capital, and allowed it to proceed with freezing his 33% stake in Faraday Future controlled through his nominees and various layers of offshore holding cos. [SCMP]
- **Top Apple Suppliers Post Solid Sales as iPhone Concerns Persist.** Apple Inc.'s two largest Asian suppliers unveiled decent jumps in monthly revenue. Taiwan Semiconductor Manufacturing Co. and Hon Hai Precision Industry Co. both posted a 5.6 percent rise in November sales, a solid figure given Apple suppliers around the globe have taken turns to cut back on output or revenue outlooks to reflect waning demand for the U.S. company's most important product. [Bloomberg]
- **HKEX Joint COO Roger Lee to Retire at End-Dec.** HKEX announced that Joint Chief Operating Officer and Head of Markets, Roger Lee, will retire at the end of December. Lee will also retire as Chief Executive of The Stock Exchange of Hong Kong Limited (SEHK) and Hong Kong Futures Exchange Limited (HKFE), effective on 1 January 2019. [AASocks]
- **Natural Food IH Priced at Lower Limit \$1.62.** Natural Food, to be listed on Main Board today (12 December), is priced at \$1.62, the lower limit of the offer price range \$1.62-2.1. Approximately 44% of over-subscription was recorded in Hong Kong public offering. One-lot (2,000 shares) success rate was 100%. [AASocks]
- **Per Energy Priced at \$0.68, Close to Lower Limit.** Per Energy, to be listed on Main Board today (12 December), is priced at \$0.68, close to the lower limit of the offer price range \$0.6-0.96. Approximately 7.51 times of over-subscription was recorded in public offering. One-lot (5,000 shares) success rate was only 30%. [AASocks]
- **HNA Seeks to Sell Tech Co. Pactera.** HNA Group has engaged Credit Suisse in selling its tech arm Pactera Technology, launching the sale process as soon as next year, Bloomberg citing sources familiar with the matter. Both private equity and tech firms would be enticed to partake in the disposal, report said. [AASocks]
- **BAIC revs up tech drive.** Beijing Automotive Industry Corp, one of China's five leading automakers by sales revenue, 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]
- **Chinese automaker Chang'an rolls into Argentina.** Chang'an made its official debut in Argentina on Monday, where it aims to capture a larger market share in the long term. The brand is partnering with Argentina's leading dealership Car One Group to venture into the local market with two SUV models known as CS15 and CS75. [China Daily]
- **Apple files appeal for injunction order.** Apple Inc said on Tuesday it has filed a request for reconsideration with a Chinese court that has granted Qualcomm Inc a preliminary injunction against the company. Apple said in a statement to China Daily the request for reconsideration is the first step in appealing the preliminary order, which banned the import and sale of several of its iPhone models in China. [China Daily]
- **Chinese court grants Qualcomm an injunction against Apple.** Qualcomm Inc on Monday said it had won a preliminary order from a Chinese court banning the importation and sale of several Apple Inc iPhone models in China that the court found violated two of Qualcomm's patents. [China Daily]
- **Huawei moves to allay UK security concerns.** Chinese telecommunications giant Huawei will commit \$2 billion to improve its mobile and internet network systems in the United Kingdom following a meeting with security officials, according to media reports. [China Daily]
- **Asian Development Bank pledges to raise its lending to Philippines.** The Asian Development Bank has committed to "more than double" its assistance to the Philippines, from around \$1.3 billion to \$2.5 billion in the coming years, ADB President Takehiko Nakao said. [China Daily]
- **Airbus, China Mobile to work on in-flight Wi-Fi.** The Shenzhen-based Airbus China Innovation Center has signed an agreement with China Mobile Intelligent Mobility Network Technology Co to co-develop in-flight Wi-Fi services, fueled by the growing demand for greater in-air connectivity. [China Daily]

V. Overnight Market Recap

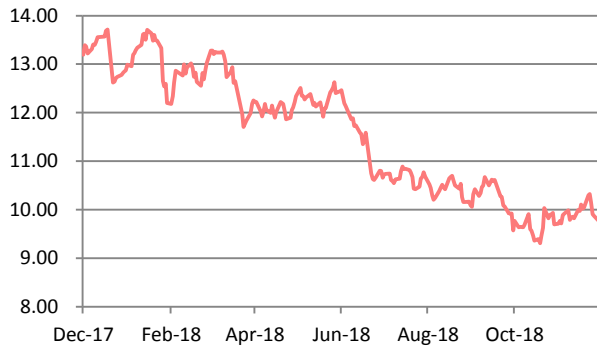
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,637	(0.9)	(0.0)	(5.5)	(3.3)	(8.7)	(5.4)	(1.0)	(1.4)
	Dow Jones	24,370	(53.0)	(0.2)	(5.6)	(4.0)	(6.3)	(3.8)	(0.5)	(1.4)
	Nasdaq Composite	7,032	11.3	0.2	(5.5)	(2.3)	(11.6)	(8.7)	2.5	1.9
	Russell 2000	1,440	(3.0)	(0.2)	(7.0)	(5.2)	(16.1)	(14.4)	(5.0)	(6.2)
	VIX Index	21.76	(0.9)	(3.9)	4.9	25.3	65.6	76.3	119.4	97.1
Europe Equity	Euro Stoxx 50	3,055	38.3	1.3	(4.2)	(4.3)	(8.2)	(12.1)	(15.1)	(12.8)
	DAX	10,781	158.4	1.5	(4.9)	(4.8)	(10.4)	(16.1)	(18.2)	(16.5)
	CAC	4,806	63.8	1.3	(4.1)	(5.0)	(9.9)	(11.9)	(11.4)	(9.5)
	FTSE 100	6,807	85.4	1.3	(3.1)	(3.5)	(6.9)	(11.6)	(9.2)	(11.5)
APAC Equity	HSI	25,772	19.3	0.1	(5.5)	0.5	(2.2)	(17.1)	(10.5)	(13.9)
	HSCEI	10,245	(28.2)	(0.3)	(6.1)	(1.9)	0.1	(16.1)	(9.4)	(12.5)
	HSI VIX	22.64	(1.5)	(6.2)	13.5	(3.3)	7.3	41.3	46.4	55.1
	CSI 300	3,160	15.1	0.5	(3.3)	(1.4)	(1.3)	(17.4)	(21.3)	(21.6)
	SH Composite	2,594	9.5	0.4	(2.7)	(1.4)	(2.3)	(15.8)	(20.9)	(21.6)
	SZ Composite	1,344	11.4	0.9	(3.1)	(1.3)	(4.3)	(23.6)	(29.3)	(29.2)
	Nikkei 225	21,148	(71.5)	(0.3)	(4.0)	(5.0)	(6.4)	(7.6)	(7.5)	(7.1)
KOSPI	2,053	(0.8)	(0.0)	(2.9)	(1.3)	(10.1)	(16.8)	(16.6)	(16.8)	
Commodities (USD)	Brent (Future)	60.20	0.2	0.4	(3.0)	(14.2)	(23.9)	(21.3)	(6.9)	(10.0)
	WTI (Future)	51.65	0.7	1.3	(3.0)	(13.3)	(26.2)	(21.7)	(9.1)	(14.0)
	Gold	1,243	(1.2)	(0.1)	0.4	3.6	3.1	(4.1)	(0.1)	(4.6)
	Copper (Future)	6,089	(56.0)	(0.9)	(3.3)	0.5	3.0	(16.7)	(7.3)	(16.0)
	Baltic Dry Index	1,385.00	13.0	0.9	12.0	20.7	(3.8)	(0.1)	(19.8)	1.4
FX	Dollar Index	97.39	0.2	0.2	0.4	0.5	2.2	4.0	3.8	5.7
	EUR	1.13	(0.0)	(0.3)	(0.2)	0.9	(2.6)	(3.6)	(3.6)	(5.7)
	JPY	113.38	0.1	0.0	0.5	0.4	(1.9)	(2.7)	0.1	(0.6)
	CNY	6.90	(0.0)	0.2	(0.9)	0.9	(0.4)	(7.2)	(4.1)	(5.7)
	CNH	6.91	(0.0)	(0.1)	0.8	1.0	(0.8)	(7.1)	(3.9)	(5.5)
CDS	ChinaGov CDS	69.20	(1.9)	(2.6)	6.0	7.6	19.7	23.6	28.5	38.2
	CDX Emerging Market	95.30	0.1	0.1	0.1	(0.6)	0.5	(1.1)	(1.7)	(3.8)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.39	0.0	0.6	2.4	2.3	2.1	1.9	1.3	1.4
	2-Year Treasury Yield	2.76	0.0	1.3	2.8	2.9	2.7	2.6	1.8	1.9
	5-Year Treasury Yield	2.74	0.0	1.0	2.8	3.0	2.9	2.8	2.2	2.2
	10-Year Treasury Yield	2.88	0.0	0.8	2.9	3.2	3.0	3.0	2.4	2.4
	2-10 Spread	11.29	(1.5)	(11.8)	11.7	25.4	21.0	39.7	57.0	51.8
China rates	O/N China Repo Rate	2.45	0.0	0.4	2.2	2.3	2.4	2.5	2.6	3.0
	1-Week China Repo Rate	2.58	(0.1)	(2.6)	2.1	2.6	2.5	2.8	2.9	3.1
	O/N SHIBOR	2.46	0.0	0.4	2.3	2.3	2.6	2.6	2.7	2.8
	1-Week SHIBOR	2.62	0.0	0.3	2.6	2.6	2.7	2.8	2.8	3.0

Source: Bloomberg

VI. Key Indicators

Hang Seng Index PE Ratio



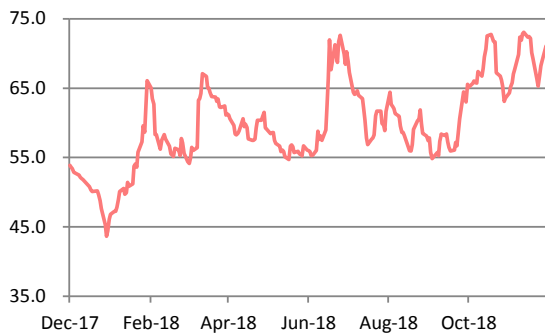
Source: Bloomberg

Shanghai Composite Index PE Ratio



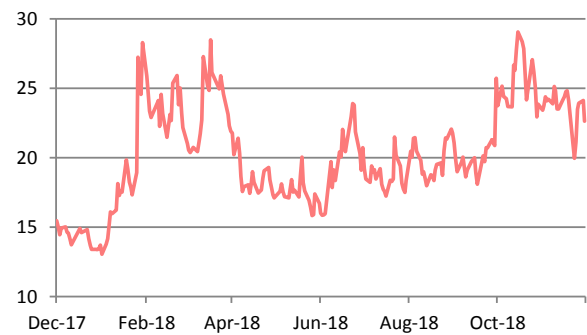
Source: Bloomberg

China 5Y CDS Index_USD



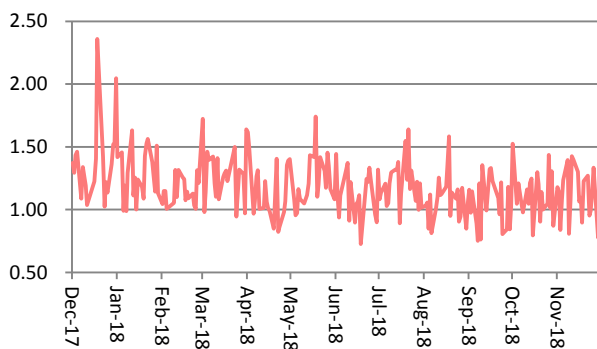
Source: Bloomberg

Hang Seng Index VIX



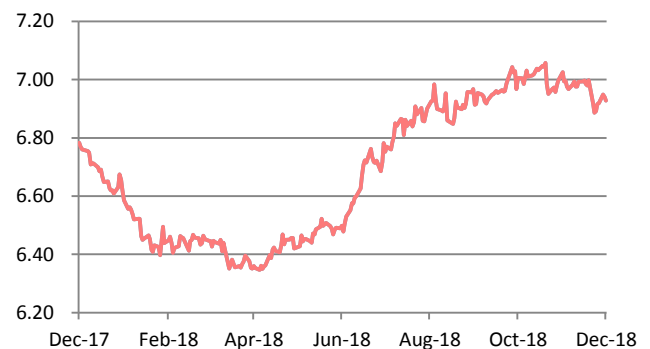
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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