



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: retail sales / industrial production YoY	Nov	8.8% / 5.9%	8.6% / 5.9%
Germany: Markit Manufacturing PMI	Dec	N/A	51.8
Australia: CBA Manufacturing PMI	Dec	N/A	54.6
Argentina: National CPI YoY	Nov	N/A	45.9%
New Zealand: Business NZ Manufacturing Index	Nov	N/A	53.5

Source: Bloomberg

II. Macro News

- **China Meeting to Set 2019 Economic Polices Said to Start Dec. 19.** China's leaders will hold their annual economic policy-setting meeting from Dec. 19 to Dec. 21, according to people briefed on the plans. The annual gathering lays down priorities for economic policy for the coming year, though detailed targets aren't usually released until legislative meetings in March. [Bloomberg]
- **EU and Japan will establish world's biggest free-trade zone in 2019, in rebuke to 'tariff man' in Washington.** The European Union and Japan will launch the world's largest free-trade zone early next year after their economic partnership cleared a final hurdle on Wednesday. [SCMP]
- **Mainland, Macao further economic ties via CEPA deal.** The central gov. and Macao Special Administrative Region gov. signed the Trade in Goods Protocol of CEPA, finalizing 19 policy measures for mutually beneficial cooperation, during the first meeting of the Economic and Trade Cooperation Committee between the two on Dec 12 in Macao. [China Daily]

III. Industry News

- **China's 5G Rollout at Full Speed Despite Huawei's Tribulations.** China is set to accelerate its 5G network build out to attain nationwide scale, despite the ongoing U.S. investigation of its largest telecom-equipment provider Huawei. China allocated spectrum to its three mobile operators on Dec. 7, and will scale up 5G deployment in 2020, even as monetization opportunities now look scarce. [Bloomberg]
- **China Is Said to Slow Tech Ambitions as U.S. Signals Skepticism.** China is considering plans to delay some targets in its strategy to dominate high-end technologies as it tries to ease trade tensions with America that have roiled financial markets. Beijing may postpone some aspects of its ambitious industrial program by a decade to 2035. [Bloomberg]
- **China Said to Substitute New Program for 'Made in China 2025'.** The top planning agency and policy advisers in China are outlining a new program in substitute of the "Made in China 2025" initiative, hence pledging greater access for foreign firms, reported The Wall Street Journal. [AASocks]

IV. Corporate News

- **Huawei CFO's arrest in Canada claims a collateral damage as telecom giant freezes Japanese robot maker's contract.** Yaskawa Electric, which supplies industrial robots for Huawei's smartphone and telecom gear factories, saw all orders for its machines put on hold after the arrest, President Hiroshi Ogasawara said in an interview. [SCMP]
- **Investors give their collective cold shoulder to Hong Kong stock sale by Club Med's owner Fosun Tourism.** Fosun Tourism Group, which owns the Club Med resort chain, failed to sell less than half of the shares allocated for retail investors in its initial public offering, in yet another sign of weakening demand for new listings in Hong Kong. [SCMP]

- **Tencent CEO Pony Ma tells staff that ‘responsibility’ was the main lesson learned from a tough year.** Senior management of Chinese tech giant Tencent have told employees that responsibility, respect and kindness were the main lessons of 2018, according to published accounts of a staff meeting held Wednesday. [SCMP]
- **Fosun Pharma Biotech Unit Submits Hong Kong Listing Application.** Biotech unit Shanghai Henlius submits application to Hong Kong Stock Exchange to list on the main board, according to joint statement from Fosun Pharma and Fosun Intl to stock exchange. [Bloomberg]
- **Shanghai Kindly Plans Spin-Off, H.K. Listing of Medical Unit.** Shanghai Kindly Enterprise Development plans to list medical equipment unit on Hong Kong Stock Exchange, according to a statement to Shanghai exchange. Statement didn't give details about scale of the planned Hong Kong share offer. [Bloomberg]
- **China Freezes Iran Gas Investment Amid U.S. Pressure.** State-owned China National Petroleum Corp. has suspended investment in Iran's South Pars natural gas project in response to U.S. pressure, Reuters reported. The freeze followed four rounds of talks in Beijing with U.S. officials, who urged the state-owned oil and gas giant not to extend financing to Iran, according to the report. [Bloomberg]
- **Germany Is Said to Intensify Deutsche Bank Plans With Merger.** The German govt is intensifying efforts to help fix Deutsche Bank AG, with officials studying ways to make it easier to merge with Commerzbank AG. The high-level discussions are looking at concrete ways the govt can assist in a potential combination of the country's two largest lenders. [Bloomberg]
- **Inside Huawei HQ: The Driving Force of China's Tech Aspirations.** The surprise arrest of Meng Wanzhou, chief financial officer of Huawei Technologies Co., has thrust the company into a political firestorm and deepened a core threat: that more and more countries will blacklist its switches, routers and phones out of growing concern that they could be hijacked by foreign spies. [Bloomberg]
- **SBI Says It Made An Error Allocating Shares in SoftBank IPO.** SBI Holdings Inc., one of the lead underwriters for SoftBank Group Corp.'s initial public offering of its domestic telecom unit, said it made an error allocating some of the 180 billion yen (\$1.6 billion) worth of shares it's selling to investors. [Bloomberg]
- **Apple iPhone Suppliers Are Said to Mull Move If Tariffs Hit 25%.** Apple Inc.'s suppliers will keep making iPhones in China if the U.S. imposes tariffs on the devices, unless those levies skyrocket. Suppliers figure they can keep production in China at a 10% tariff level but will consider shifting out of the country if the U.S. moves to 25 percent. [Bloomberg]
- **Air China Group Is Said to Have Held Talks to Buy HNA's Airlines.** HNA Group Co. held preliminary talks to sell its core airline assets to one of China's top state-run carriers, people familiar with the matter said, a sign little has been off the table as the sprawling conglomerate seeks to pay down its hefty debt load. [Bloomberg]
- **Xiaomi Appoints Wang Chuan President of Expanded China Division.** Wang, a senior vice president, takes charge of a newly integrated China region operation that will encompass sales and customer service, co. says. Wang Lingming, former director of sales and services, will become vice president of Xiaomi's international division. [Bloomberg]
- **Link Reit Sells 12 Properties for \$12B, Net Gain Around \$2.79B.** Link Reit announced that it has entered into 12 property disposal agreements with a consortium led by Gaw Capital Partners for a total consideration of \$12.01 billion. The completion date is 13 March 2019. [AASocks]
- **Huakang Biomed Wishes GM to Remain Sturdy.** Huakang Biomed CFO Poon Lai Yin Michael said yesterday on company's debut on GEM that gross margin of the company has been sturdy in last three years, while envisioning the figure to keep the steady trend in future amid influence of labor cost and regulations. [AASocks]
- **PetroChina Halts Iran Natural Gas Project Investment.** PetroChina paused investments in Iranian South Pars natural gas project to cope with American pressure and ease China-US trade tension, Reuters quoting from three company executives. PetroChina made such decision after four rounds of negotiation. [AASocks]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,651	(0.5)	(0.0)	(1.7)	(1.9)	(8.8)	(4.7)	(0.1)	(0.9)
	Dow Jones	24,597	70.1	0.3	(1.4)	(1.9)	(6.0)	(2.3)	0.4	(0.5)
	Nasdaq Composite	7,070	(28.0)	(0.4)	(1.6)	(0.9)	(11.7)	(8.9)	3.1	2.4
	Russell 2000	1,433	(22.6)	(1.6)	(3.0)	(4.6)	(16.8)	(15.0)	(4.9)	(6.7)
	VIX Index	20.65	(0.8)	(3.8)	(2.5)	(2.8)	71.1	70.4	96.9	87.0
Europe Equity	Euro Stoxx 50	3,112	4.2	0.1	2.2	(2.9)	(7.0)	(11.8)	(12.5)	(11.2)
	DAX	10,925	(4.7)	(0.0)	1.1	(4.3)	(9.9)	(16.7)	(16.4)	(15.4)
	CAC	4,897	(12.5)	(0.3)	2.4	(3.4)	(8.5)	(11.4)	(8.6)	(7.8)
	FTSE 100	6,878	(2.7)	(0.0)	2.6	(2.2)	(5.8)	(11.4)	(7.7)	(10.5)
APAC Equity	HSI	26,524	337.6	1.3	1.4	3.4	(2.8)	(12.9)	(9.1)	(11.3)
	HSCEI	10,557	139.7	1.3	0.7	1.5	(0.2)	(11.7)	(8.5)	(9.8)
	HSI VIX	21.58	(0.6)	(2.5)	(8.1)	(11.5)	13.6	35.9	49.2	47.8
	CSI 300	3,220	49.1	1.5	1.2	0.5	(0.7)	(14.7)	(20.0)	(20.1)
	SH Composite	2,634	31.9	1.2	1.1	0.1	(1.8)	(13.5)	(20.0)	(20.4)
	SZ Composite	1,361	14.9	1.1	0.8	(1.3)	(3.0)	(21.0)	(28.9)	(28.3)
	Nikkei 225	21,816	213.4	1.0	1.5	(0.5)	(5.9)	(4.4)	(4.2)	(4.5)
Commodities (USD)	KOSPI	2,096	13.0	0.6	1.3	0.5	(10.4)	(14.3)	(15.9)	(15.8)
	Brent (Future)	61.45	1.3	2.2	2.3	(6.1)	(21.4)	(19.9)	(1.6)	(8.1)
	WTI (Future)	52.58	1.4	2.8	2.1	(6.2)	(23.5)	(21.1)	(7.5)	(12.6)
	Gold	1,242	(3.7)	(0.3)	0.3	2.6	4.0	(4.6)	(0.8)	(4.6)
	Copper (Future)	6,155	15.0	0.2	1.4	1.4	2.0	(15.2)	(8.5)	(15.1)
FX	Baltic Dry Index	1,353.00	(11.0)	(0.8)	1.0	34.1	(1.0)	(5.6)	(18.9)	(1.0)
	Dollar Index	97.06	0.0	0.0	0.3	(0.2)	2.7	3.8	3.9	5.4
	EUR	1.14	(0.0)	(0.1)	(0.1)	0.5	(2.3)	(1.8)	(3.5)	(5.3)
	JPY	113.63	0.3	0.3	0.8	0.1	(1.3)	(2.5)	(1.0)	(0.7)
	CNY	6.88	0.0	(0.0)	0.0	1.1	(0.5)	(7.0)	(3.8)	(5.4)
CDS	CNH	6.88	0.0	0.1	(0.0)	0.9	(0.1)	(6.7)	(4.0)	(5.3)
	ChinaGov CDS	63.76	(2.7)	(4.1)	(4.7)	(2.2)	14.4	14.1	18.9	27.3
	CDX Emerging Market	95.66	0.2	0.2	0.5	0.1	0.3	(0.7)	(3.2)	(3.5)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.41	(0.0)	(0.4)	2.4	2.4	2.1	1.9	1.3	1.4
	2-Year Treasury Yield	2.76	(0.0)	(0.4)	2.7	2.9	2.8	2.5	1.8	1.9
	5-Year Treasury Yield	2.75	(0.0)	(0.5)	2.7	3.0	2.9	2.8	2.1	2.2
	10-Year Treasury Yield	2.91	0.0	0.1	2.8	3.1	3.0	2.9	2.3	2.4
	2-10 Spread	14.70	1.2	8.7	13.2	25.5	21.4	37.1	53.4	51.8
China rates	O/N China Repo Rate	2.55	0.1	5.8	2.4	2.3	2.5	2.6	2.8	3.0
	1-Week China Repo Rate	2.65	0.3	12.8	2.6	2.3	2.6	2.8	3.3	3.1
	O/N SHIBOR	2.52	0.1	3.9	2.4	2.3	2.5	2.6	2.8	2.8
	1-Week SHIBOR	2.64	0.0	0.4	2.6	2.6	2.6	2.8	2.9	3.0

Source: Bloomberg

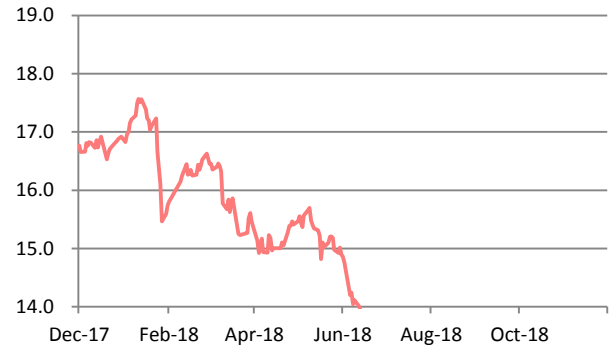
VI. Key Indicators

Hang Seng Index PE Ratio



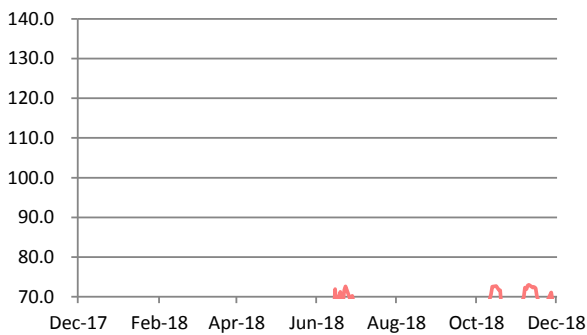
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Shanghai Composite Index PE Ratio



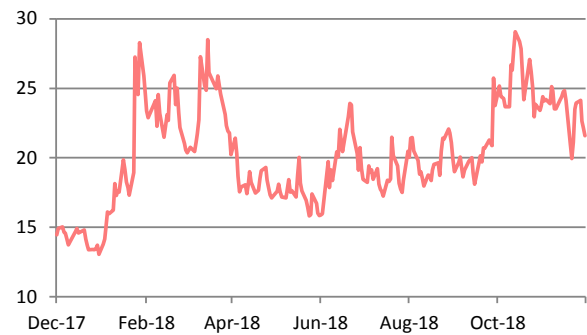
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China 5Y CDS Index_USD



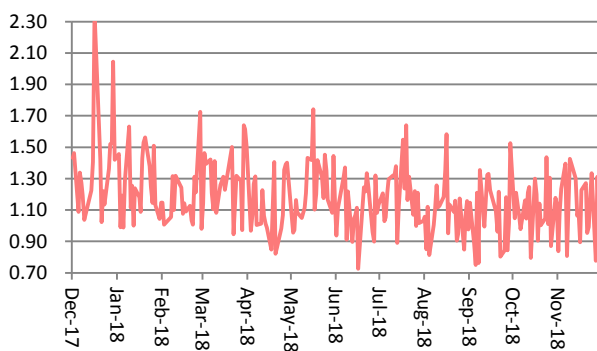
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Hang Seng Index VIX



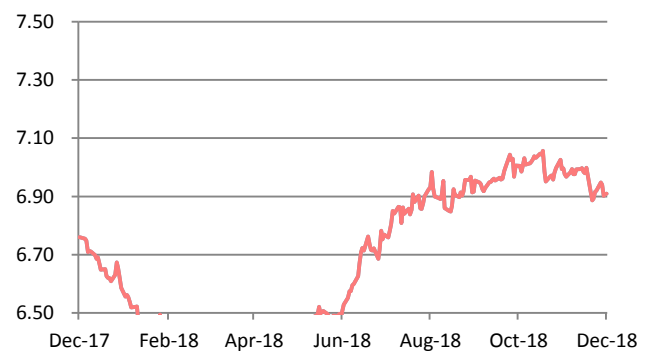
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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