



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
Eurozone: CPI MoM	Dec	N/A	0.30%
Australia: Westpac Leading Index MoM	Nov	65.6%	65.6%
Japan: Tokyo Condominium Sales YoY	Nov	N/A	2.80%
New Zealand: Performance Services Index	Nov	N/A	55.4
UK: Rightmove House Prices YoY	Dec	N/A	-0.20%

Source: Bloomberg

II. Macro News

- **China's central bank keen to avoid 'irrational panic' despite economic slowdown.** China's central bank will continue to fine-tune its monetary policy in a timely manner to better offset the slowdown in the country's economy and look to maintain the stability of yuan exchange rate by closely monitoring cross-border capital flows to avoid "herd behaviour and irrational panic", People's Bank of China governor Yi Gang said. [SCMP]
- **China economy showing effects of trade war as growth slows again in Nov.** The Chinese economy weakened further in November, as the trade war with the United States continued to take a toll on growth, according to economic data released on Friday. The data suggest that fourth quarter growth will slow further from the decade-low GDP growth rate of 6.5% posted in the third quarter. [SCMP]
- **China Nov Total Retail Sales of Social Consumer Goods +8.1% YoY, Misses Forecast.** For Nov 2018, total retail sales of social consumer goods rose 8.1% YoY in a nominal term to nearly RMB3.53tn (up 5.8% in real term after deducting price factor), down 0.5ppts monthly and trailing the street consensus of jumping 8.8%, reported NBS. [AASocks]

III. Industry News

- **China rolling back tariffs on US car imports for three months.** China will temporarily roll back tariffs on US car imports, Beijing announced on Friday in its first concrete concession to the US since Chinese President Xi Jinping and his American counterpart Donald Trump agreed to a 90-day trade war truce in Buenos Aires on December 1. [AASocks]
- **China Steel Output Drops From Record as Slowdown Hits Prices.** China's steel output retreated to its weakest in seven months in November, as mills faced squeezed margins amid a demand slowdown that's set to test the industry into next year. Crude steel production came in at 77.62mn tons, the statistics bureau said. [Bloomberg]
- **CAAM Foresees Zero Growth in CN Auto Sales Next Yr.** China Association of Automobile Manufacturers laid out the forecast for Chinese auto market next year, cited Mainland media. It was expected that the car sales volume of China next year will stay flat against this year at 28 million vehicles, representing a zero growth. [AASocks]

IV. Corporate News

- **Xinyi Energy Said to Postpone Up to \$582M Hong Kong IPO.** Xinyi Energy Holdings Ltd., an owner and operator of solar farms in China, is postponing a Hong Kong IPO of as much as \$582mn. Xinyi Energy is postponing the deal amid a broad equity selloff in Hong Kong. The unit of Xinyi Solar Holdings Ltd. has no timetable for relaunching the deal. [Bloomberg]
- **Deutsche Telekom Re-Evaluates Buying After Huawei's Troubles.** Deutsche Telekom AG is re-evaluating its purchasing strategy amid growing security concerns surrounding Huawei Technologies Co., giving the first indication the German carrier may drop the Chinese company from its list of network suppliers. [Bloomberg]

- **China Mobile Buys 5% Stake in Travelsky Technology.** China Mobile unit signed agreement to buy 146.6m domestic shares of Travelsky Technology at HK\$15.58 per share from China Southern Air Holding, Securities Times reports, citing China Mobile. [Bloomberg]
- **Boeing's First China 737 Plant to Open in Shadow of Trade War.** Boeing Co. is poised to open its first 737 finishing plant in China, underscoring the company's commitment to the world's largest aircraft market amid simmering trade tension. The facility marks a rare industrial foray outside of the U.S. for Boeing and a joint venture with state-owned planemaker Commercial Aircraft Corp. of China Ltd. [Bloomberg]
- **Apple Says China iPhone Ban Would Force Settlement With Qualcomm.** Apple Inc. said a Chinese ban on the sale of some models of the iPhone will force it to settle a long and bitter licensing battle with Qualcomm Inc., according to a recent legal filing. [Bloomberg]
- **China Oceanwide to Issue HK\$600M 6.0% Convertible Notes Due 2023.** Initial conversion price is HK\$0.71/share, represents ~86.8% premium to last close, China Oceanwide Holdings says in Hong Kong stock exchange filing. The company plans to use proceeds for refinancing and general corporate purposes. [Bloomberg]
- **Luzhou Bank Raises About Net HK\$1.64B From Hong Kong IPO.** The bank offers 545.7m shares at HK\$3.18 apiece, it says in filing to Hong Kong exchange. Luzhou City Comm. Bank Offers IPO Shares at HK\$3.15- HK\$3.4 Each. [Bloomberg]
- **Huawei woes multiply as France risks becoming its next challenge in global 5G fight.** After the US, Japan, Australia and New Zealand banned the Chinese company's network infrastructure products and Germany intensifies scrutiny, France is now tipping into unfriendly territory for Huawei. The country will not ban the company. Instead, France is considering adding items to its "high-alert" list that tacitly targets Huawei. [SCMP]
- **Ford applauds China's move to suspend tariff hikes on US autos.** Ford on Friday welcomed China's announcement to suspend tariff hikes on US vehicles and auto parts, urging the two largest economies to open markets to each other. "As a leading exporter of vehicles from the US, we are very encouraged by China's announcement today to reduce tariffs on US produced vehicles to 15 percent," said Joe Hinrichs, Ford's executive vice president. [China Daily]
- **BMW launches online ride-hailing service in Sichuan.** ReachNow, the BMW-owned car-sharing service, launched a ride-hailing service in Chengdu, capital of Southwest China's Sichuan province, on Friday. Aiming at the huge high-end online car-hailing market, the company said a fleet of 200 BMW 5 Series models had hit the road in Chengdu at the preliminary stage, and half of the vehicles were plug-in hybrid ones. [China Daily]
- **Alibaba ramps up offline efforts to lure more shoppers.** Buoyed by the enthusiastic response to the Dec 12 shopping festival, e-commerce giant Alibaba Group has expanded the promotions to its newly formed local service entity—Koubei, a restaurant review and service app and its food catering arm Ele.me. [China Daily]
- **Qualcomm wants wider ban.** Qualcomm Inc has sought a court ban on the latest iPhones in China after securing a preliminary restriction on older models, as the US chip giant continued to step up the ante against the world's leading smartphone maker. [China Daily]
- **Fosun Tourism May Have More Spin-off Plans in Future.** Fosun Tourism, a spin-off from Fosun Int'l, is listed on Main Board on Friday (14 Dec). Guo Guangchang, Chairman of Fosun Int'l, said he's confident of the future development of the subsidiary, and used "fire in winter" as the metaphor of Fosun Tourism's sdebit. As to whether more spin-off listing plans will come in future, Guo did not rule out the possibility but did not mention of any specific timetable. [AASocks]
- **Vanke Property forecasts rise in earnings.** Vanke Property (Overseas) said that based on the preliminary review of the unaudited consolidated management accounts for the 11 months ended November 30, the group is expected to record a 300 percent increase in profit for the year ending December 31, 2018. This increase is mainly contributed by the significant increase in the share of profit of an associate. [The Standard]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,600	(50.6)	(1.9)	(1.3)	(5.0)	(10.0)	(6.5)	(2.8)	(2.8)
	Dow Jones	24,101	(496.9)	(2.0)	(1.2)	(5.2)	(7.5)	(3.9)	(2.2)	(2.5)
	Nasdaq Composite	6,911	(159.7)	(2.3)	(0.8)	(4.7)	(12.5)	(10.8)	(0.4)	0.1
	Russell 2000	1,411	(21.9)	(1.5)	(2.6)	(7.6)	(17.2)	(16.2)	(7.8)	(8.1)
	VIX Index	21.63	1.0	4.7	(6.9)	19.2	58.1	80.6	129.6	95.9
Europe Equity	Euro Stoxx 50	3,093	(19.6)	(0.6)	1.1	(2.8)	(7.6)	(11.8)	(13.1)	(11.7)
	DAX	10,866	(58.9)	(0.5)	0.7	(4.2)	(10.2)	(16.5)	(17.1)	(15.9)
	CAC	4,854	(43.2)	(0.9)	0.8	(3.4)	(9.3)	(11.8)	(9.3)	(8.6)
	FTSE 100	6,845	(32.3)	(0.5)	1.0	(2.4)	(6.3)	(10.3)	(8.6)	(11.0)
APAC Equity	HSI	26,095	(429.6)	(1.6)	0.1	(0.3)	(3.1)	(13.9)	(9.5)	(12.8)
	HSCEI	10,359	(197.4)	(1.9)	(0.1)	(2.1)	(1.0)	(12.7)	(8.9)	(11.5)
	HSI VIX	21.90	0.3	1.5	(8.5)	(9.5)	11.4	37.1	46.7	50.0
	CSI 300	3,166	(53.8)	(1.7)	(0.5)	(2.8)	(1.2)	(15.7)	(20.5)	(21.5)
	SH Composite	2,594	(40.3)	(1.5)	(0.5)	(3.2)	(2.2)	(14.2)	(20.6)	(21.6)
	SZ Composite	1,327	(33.5)	(2.5)	(1.7)	(5.9)	(3.9)	(21.5)	(30.2)	(30.1)
	Nikkei 225	21,375	(441.4)	(2.0)	(1.4)	(0.7)	(6.8)	(5.8)	(4.5)	(5.4)
	KOSPI	2,069	(26.2)	(1.3)	(0.3)	(1.2)	(10.3)	(14.1)	(16.8)	(16.3)
Commodities (USD)	Brent (Future)	60.28	(1.2)	(1.9)	(2.3)	(9.4)	(22.5)	(17.7)	(4.4)	(9.6)
	WTI (Future)	51.20	(1.4)	(2.6)	(2.7)	(8.9)	(25.4)	(21.0)	(10.3)	(14.9)
	Gold	1,239	(3.0)	(0.2)	(0.8)	1.0	2.9	(3.3)	(2.1)	(5.1)
	Copper (Future)	6,132	(23.5)	(0.4)	(0.2)	0.7	2.7	(14.6)	(9.7)	(15.4)
	Baltic Dry Index	1,401.00	36.0	2.6	1.2	35.9	3.2	(3.0)	(13.5)	2.6
FX	Dollar Index	97.44	0.4	0.4	1.0	1.0	3.1	2.8	3.7	5.8
	EUR	1.13	(0.0)	(0.5)	(0.6)	(1.3)	(3.2)	(2.7)	(4.0)	(5.8)
	JPY	113.39	(0.2)	(0.2)	0.6	(0.8)	(1.4)	(2.5)	(0.8)	(0.7)
	CNY	6.91	0.0	(0.4)	(0.5)	0.6	(0.6)	(7.3)	(4.3)	(5.8)
	CNH	6.90	0.0	0.4	0.3	0.4	(0.5)	(6.5)	(4.3)	(5.6)
CDS	ChinaGov CDS	65.84	(0.6)	(0.9)	(6.4)	(2.7)	18.7	17.5	25.3	31.4
	CDX Emerging Market	95.62	(0.0)	(0.0)	0.3	0.2	0.1	(0.2)	(3.4)	(3.5)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.41	0.0	0.1	2.4	2.3	2.1	1.9	1.3	1.4
	2-Year Treasury Yield	2.73	(0.0)	(1.0)	2.7	2.8	2.8	2.5	1.8	1.9
	5-Year Treasury Yield	2.73	(0.0)	(0.9)	2.7	2.9	2.9	2.8	2.2	2.2
	10-Year Treasury Yield	2.89	(0.0)	(0.8)	2.9	3.1	3.0	2.9	2.4	2.4
	2-10 Spread	15.44	0.7	5.0	12.8	25.9	20.7	36.3	51.3	51.8
China rates	O/N China Repo Rate	2.60	0.1	2.0	2.4	2.3	2.5	2.6	2.7	3.0
	1-Week China Repo Rate	2.66	0.0	0.4	2.7	2.7	2.6	2.8	2.9	3.1
	O/N SHIBOR	2.66	0.1	5.4	2.5	2.3	2.5	2.6	2.7	2.8
	1-Week SHIBOR	2.68	0.0	1.8	2.6	2.6	2.6	2.8	2.9	3.0

Source: Bloomberg

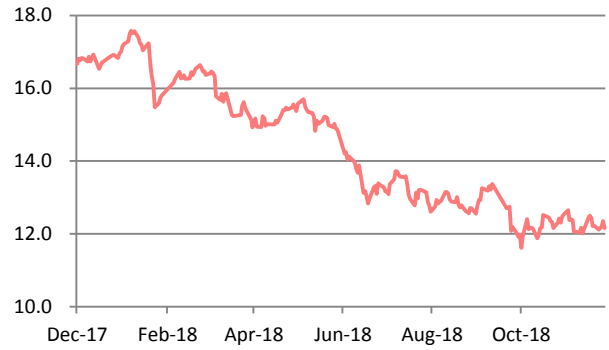
VI. Key Indicators

Hang Seng Index PE Ratio



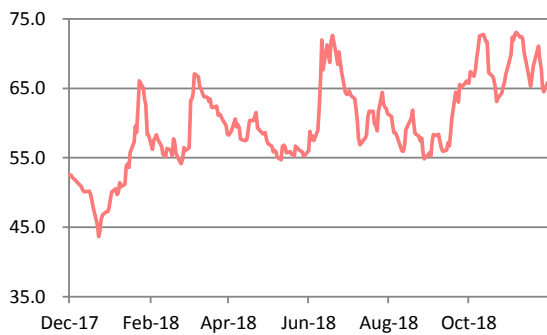
Source: Bloomberg

Shanghai Composite Index PE Ratio



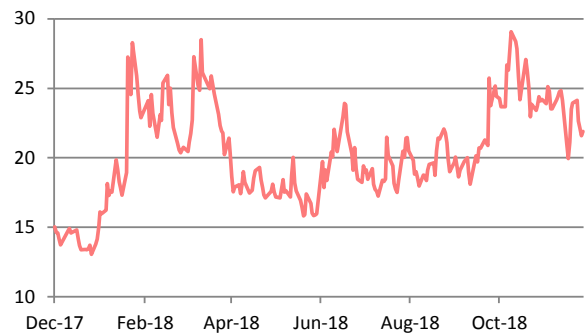
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China 5Y CDS Index_USD



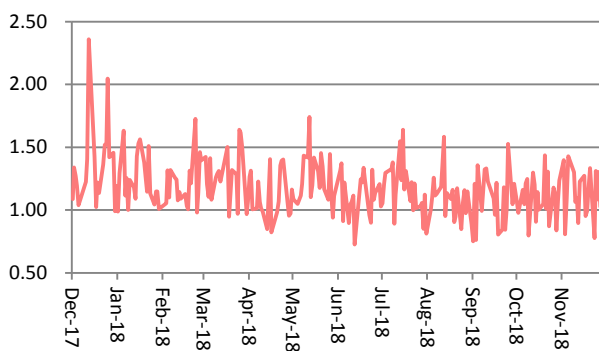
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Hang Seng Index VIX



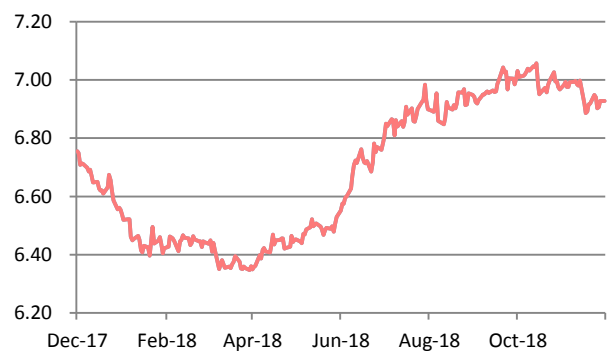
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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