



I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Net Consumer Credit	Nov	1.0bn	0.90bn
China: Foreign Reserves	Dec	\$3070bn	\$3061.70bn
Germany: Markit Germany Services PMI	Dec F	52.5	52.5
Eurozone: Investec Composite PMI	Dec	N/A	56.6

Source: Bloomberg

II. Macro News

- **China, US set to join talks at WTO aimed at limiting government surveillance of private data.** China and the United States are to take part in groundbreaking talks on restricting government surveillance of private companies' e-commerce data. The proposed ruling, which has been in the works for some years, would make it illegal for governments to force companies to reveal proprietary secrets such as source codes and algorithms. [SCMP]
- **Iran to Double Down on Investment in Oil's Growth Engine India.** Iran will invest about 15 billion rupees to expand a refinery run by Chennai Petroleum Corp. in south India, the company's managing director said, amid U.S. sanctions on the Persian Gulf nation that have severely hit its oil exports. [Bloomberg]
- **Consumption to account for bigger share of nation's economy this year.** China will roll out measures in 2019 to boost retail sales of consumer goods, as consumption is predicted to play a greater role in the economy. It estimated that the country's retail sales would climb 9% YoY in 2019, contributing some 65% to overall economic expansion. [China Daily]

III. Industry News

- **PBOC Seeks to Boost Lending With More Banks Eligible for RRR Cut.** The People's Bank of China said it'll adjust the calculation of some banks' reserve ratios, a move aimed at boosting the impact of a previous easing step as the economy slows. Loans to small- and micro-sized enterprises with a credit line of less than 10mn yuan (\$1.46mn) will qualify for targeted reserve-requirement ratio cuts, up from the previous standard of 5mn yuan. [Bloomberg]
- **Wide-ranging tariff reductions offer opportunities to cut costs, ensure growth.** China's new tariff cuts covering a wide range of items from aircraft engines to sunglasses and whisky, which became effective on Jan 1, will help both global and home companies save operating costs and maintain robust growth, said experts and business executives. [China Daily]
- **SMEs raise 60 bln yuan on new third board in 2018.** China's small-and medium-sized enterprises (SMEs) raised 60 billion yuan (\$8.76 billion) on the country's "new third board" last year, according to the National Equities Exchange and Quotations. [China Daily]

IV. Corporate News

- **Apple Makes Rare Cut to Sales Guidance.** Apple Inc. slashed its quarterly revenue forecast for the first time in more than 15 years, an unprecedented move in the Tim Cook era that was prompted by a downturn in sales of iPhones in China. The surprise cut, issued Wed in a letter from the chief executive to investors, renews concerns about waning demand for Apple's marquee product, the iPhone, which makes up the vast share of its revenue. [WSJ]
- **Apple-related stocks hammered in China, Hong Kong markets after US smartphone giant cuts revenue outlook.** Hong Kong and Chinese stocks struggled for direction in early Thursday trading, with Apple suppliers hammered after the smartphone giant slashed revenue outlook based on weaker-than-expected iPhone sales in China. [SCMP]

- **Qatar Airways takes 5pc stake in China Southern Airlines in sign that Beijing is encouraging more foreign investment.** The Doha-based carrier announced on Wednesday it had acquired certain A and H shares in China Southern Airlines for an undisclosed sum on December 28 last year, giving it a 5 per cent stake in the Guangzhou-based company and cementing its interests in the second biggest aviation market in the world. [SCMP]
- **Huawei founder stresses trustworthiness as top priority in letter to employees.** Huawei Technologies founder Ren Zhengfei has called for trustworthiness to be the top focus for the Chinese telecommunications equipment supplier as it battles to gain the confidence of governments and corporate clients worldwide to use its 5G products. [SCMP]
- **China's Zijin Mining to raise US\$1.2 billion through share issue to fund takeover of Nevsun Resources.** Zijin Mining Group said it plans to issue 8bn yuan (US\$1.16bn) worth of shares in Shanghai to finance the purchase of a Canadian mining company, the biggest overseas acquisition since the company went public in Hong Kong in 2003. [SCMP]
- **Chinese ride-hailing giant Didi Chuxing enters financial services amid profit push.** Didi Chuxing, China's largest ride-hailing platform operator, has launched nationwide financial services through its smartphone app, as the Beijing-based start-up looks to boost its profitability after years of losses. [SCMP]
- **Hong Kong tycoon's family backed biotech firm ditches the city for Nasdaq listing.** Stealth BioTherapeutics, a US-based mitochondrial diseases drug developer backed by Hong Kong property developer Hang Lung Group's Chan family, has ditched its listing plan in the city for a flotation in the disclosure-based Nasdaq market that has fewer time-consuming approval hurdles. [SCMP]
- **China Mobile jumps on digital bandwagon.** China Mobile Communications Group Co Ltd is ratcheting up efforts to tap into opportunities brought by the trend of building smart cities around the country. The Beijing-based company has inked a deal with Nokia Corp to strengthen cooperation in smart cities, smart transportation, video intelligence analysis and next-generation networks. [China Daily]
- **Microsoft Approved to Build Qatar Data Centre to Tap into Middle East.** Qatar's cabinet has approved Microsoft to establish a global data centre there, reported Qatar News Agency. Last year, Microsoft's cloud platform Azure announced to expand its business into the Middle East by setting up data centres in Qatar. [China Daily]
- **Baidu banking on tech for further gains.** Chinese internet search giant Baidu Inc has reported revenues exceeding 100bn yuan for last year, marking a milestone for the co's efforts to accelerate its business growth, and make breakthroughs and innovations, said Robin Li, chairman and CEO of Baidu, in an internal letter on Wednesday. " [China Daily]
- **Weimob Inc: to Raise Mkt Share by Vertical Acquisition among Industry.** Weimob Inc opted for Hong Kong for listing because market is sophisticated, while investors will have better understanding of WEIMOB's business, said the founder Sun Taoyong at a press conference. [AASocks]
- **Top Education Buys Back 400K Shrs, Involving HK\$127K.** Top Education nounced that the company has on 3 January repurchased 400,000 shares at HK\$0.315-0.325 each, involving HK\$127,300. The share buyback was funded from the company's existing available cash reserves and free cash flow. [AASocks]
- **Sino Biopharm Buys Back 8.125M Shares, Involving \$37.504 Million.** Sino Biopharm announced that it repurchased 8.125 million shares through the Stock Exchange today (3 January 2019) at prices of \$4.57-4.63 per share, involving \$37.5042 million. [AASocks]
- **Chinese Estates expects unrealized loss of HK\$3.1b.** Chinese Estates Holdings is expected to have an unrealized loss of HK\$3.1bn for the year ended December 31, following a 33 percent decline in investment gain from shares in China Evergrande to HK\$6.6bn from HK\$9.9bn compared with the previous year. [The Standard]
- **Shimao contracted sales climb 75pc.** Shimao Property reported its contracted sales for the year ended December 31, 2018 grew 75 percent year-on-year to 176.1bn yuan. Its contracted sold area increased 76 percent to 10.69 million square meters last year while the average selling price was 16,482 yuan per sq m. [The Standard]

V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,448	(62.1)	(2.5)	(0.8)	(9.3)	(15.6)	(9.8)	(10.1)	(2.4)
	Dow Jones	22,686	(660.0)	(2.8)	(0.8)	(9.4)	(14.8)	(6.2)	(9.5)	(2.7)
	Nasdaq Composite	6,464	(202.4)	(3.0)	(1.4)	(9.7)	(18.0)	(13.9)	(8.7)	(2.6)
	Russell 2000	1,331	(25.1)	(1.8)	0.1	(10.1)	(19.2)	(19.8)	(14.5)	(1.3)
	VIX Index	25.45	2.2	9.6	(16.3)	22.7	79.0	57.7	176.0	0.1
Europe Equity	Euro Stoxx 50	2,955	(38.5)	(1.3)	(0.6)	(7.4)	(12.5)	(13.4)	(17.2)	(1.6)
	DAX	10,417	(163.5)	(1.5)	(1.8)	(8.1)	(14.9)	(15.4)	(20.9)	(1.3)
	CAC	4,611	(77.9)	(1.7)	(0.3)	(8.0)	(14.8)	(13.3)	(14.8)	(2.5)
	FTSE 100	6,693	(41.6)	(0.6)	0.1	(4.7)	(9.8)	(11.6)	(13.0)	(0.5)
APAC Equity	HSI	25,064	(66.0)	(0.3)	(2.3)	(8.1)	(5.9)	(11.3)	(18.5)	(3.0)
	HSCEI	9,835	1.8	0.0	(2.3)	(9.8)	(6.8)	(8.2)	(19.4)	(2.9)
	HSI VIX	25.17	(1.8)	(6.5)	1.1	26.2	21.5	5.3	83.9	0.6
	CSI 300	2,965	(4.7)	(0.2)	(1.7)	(9.3)	(13.8)	(11.9)	(28.2)	(1.5)
	SH Composite	2,464	(0.9)	(0.0)	(1.6)	(7.6)	(12.7)	(10.7)	(27.2)	(1.2)
	SZ Composite	1,246	(10.0)	(0.8)	(3.0)	(10.2)	(13.5)	(20.3)	(35.8)	(1.7)
	Nikkei 225	20,015	(62.9)	(0.3)	(1.9)	(13.7)	(20.0)	(13.5)	(15.3)	(3.6)
Commodities (USD)	KOSPI	1,994	(16.3)	(0.8)	(3.0)	(5.9)	(12.5)	(12.2)	(19.4)	(2.5)
	Brent (Future)	55.95	1.0	1.9	2.7	(9.3)	(35.2)	(28.0)	(17.5)	4.0
	WTI (Future)	47.09	0.6	1.2	1.9	(11.9)	(36.9)	(36.7)	(24.3)	3.3
	Gold	1,294	9.7	0.8	1.5	4.7	8.1	3.4	(1.9)	1.1
	Copper (Future)	5,736	(106.0)	(1.8)	(3.7)	(8.9)	(8.5)	(11.6)	(19.7)	(3.8)
FX	Baltic Dry Index	1,282.00	11.0	0.9	(7.0)	3.6	(17.5)	(18.2)	(4.4)	0.9
	Dollar Index	96.31	(0.5)	(0.5)	(0.2)	(0.8)	0.5	1.7	4.7	0.0
	EUR	1.14	0.0	0.4	(0.3)	0.5	(0.9)	(2.2)	(5.5)	(0.5)
	JPY	107.68	(1.2)	(1.1)	(3.0)	4.8	5.8	2.7	4.8	1.9
	CNY	6.87	0.0	(0.1)	(0.1)	0.2	(0.0)	(3.3)	(5.4)	0.1
CDS	CNH	6.88	0.0	0.1	0.1	(0.4)	0.3	(3.4)	(5.6)	(0.1)
	ChinaGov CDS	71.41	1.0	1.5	2.0	7.7	25.9	2.4	43.8	6.8
	CDX Emerging Market	95.27	(0.0)	(0.0)	0.2	(0.2)	(0.4)	(0.9)	(4.1)	0.0

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.40	(0.0)	(0.4)	2.4	2.4	2.2	1.9	1.4	2.4
	2-Year Treasury Yield	2.38	(0.1)	(3.6)	2.5	2.8	2.9	2.5	2.0	2.5
	5-Year Treasury Yield	2.36	(0.1)	(4.1)	2.6	2.8	3.1	2.7	2.3	2.5
	10-Year Treasury Yield	2.55	(0.1)	(2.6)	2.7	2.9	3.2	2.8	2.5	2.7
	2-10 Spread	17.29	2.4	16.2	19.8	11.7	34.4	28.1	49.7	19.2
China rates	O/N China Repo Rate	1.89	(0.3)	(14.1)	1.0	2.2	2.8	1.9	2.4	1.0
	1-Week China Repo Rate	2.00	0.2	11.1	3.5	2.1	2.9	3.5	2.7	3.5
	O/N SHIBOR	1.97	(0.3)	(14.4)	1.5	2.3	2.7	2.0	2.5	2.6
	1-Week SHIBOR	2.55	(0.1)	(3.3)	2.7	2.6	2.8	2.6	2.8	2.9

Source: Bloomberg

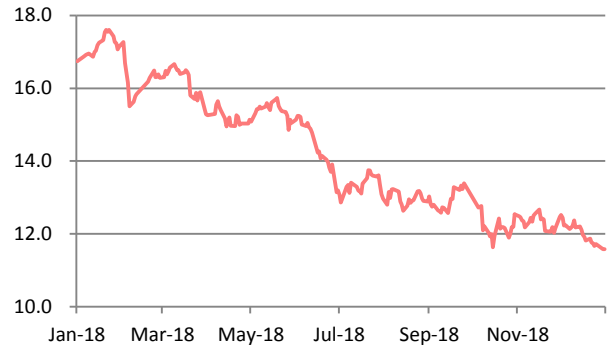
VI. Key Indicators

Hang Seng Index PE Ratio



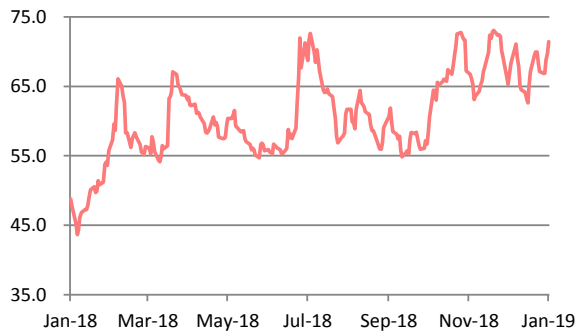
Source: Bloomberg

Shanghai Composite Index PE Ratio



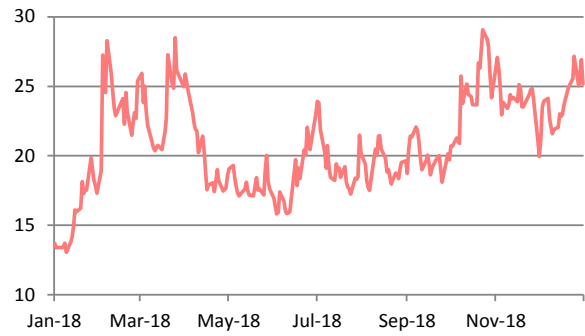
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China 5Y CDS Index_USD



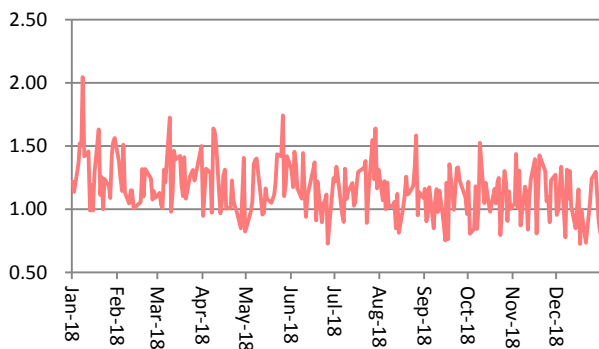
Source: Bloomberg

Hang Seng Index VIX



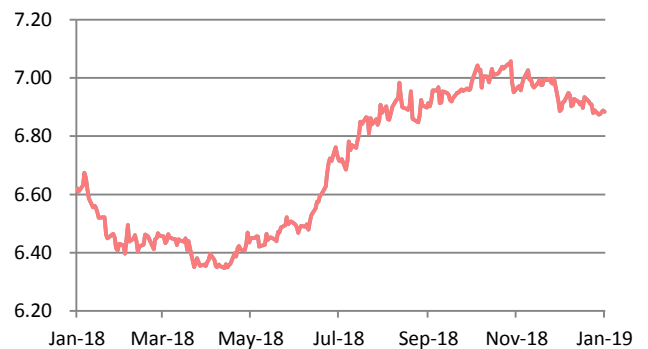
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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