



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: MBA Mortgage Applications	Jan 4	N/A	-8.5%
Eurozone: Manufacturing production MoM	Nov	N/A	0.4%
Germany: Current Account Balance	Nov	N/A	15.9bn
China: PPI YoY	Dec	1.6%	2.7%

Source: Bloomberg

## II. Macro News

- **China to achieve 6.5% growth target, NBS says.** China is expected to attain its economic growth target of 6.5% with the economic aggregate reaching 90tn yuan in 2018, said Ning Jizhe, head of the National Bureau of Statistics. China's economic aggregate surpassed 82tn yuan in 2017, and is expected to hit 90 trillion yuan in 2018, an increase of 8 trillion yuan, and the increment accounts for nearly one third of global growth, according to Ning. [China Daily]
- **BOJ's Supply-Demand Gauge Suggests Softer Inflationary Pressure.** The BOJ said demand exceeded supply in the third quarter of 2018 by 1.2 percent of gross domestic product, down from a revised 1.6 percent reading in the previous quarter. [Bloomberg]
- **U.S. Service-Sector Growth Slowed in December.** The pace of growth across most of the U.S. economy slowed by more than expected in December, although activity continued to expand at a healthy rate. The Institute for Supply Management said its nonmanufacturing purchasing managers index fell to 57.6 in Dec from 60.7 in Nov. [WSJ]

## III. Industry News

- **China buys more US soybeans as officials meet for trade talks in Beijing.** Chinese importers made their third large soybean purchase from the U.S. in the last month on Monday, as officials from both countries meet this week for the first face-to-face talks since agreeing to a 90-day trade war truce on Dec 1, two traders with knowledge of the deals said. [SCMP]
- **World Bank President Jim Yong Kim unexpectedly resigns amid differences with Trump administration.** World Bank Group President Jim Yong Kim unexpectedly resigned on Monday, more than 3 yrs before his term ends in 2022, amid differences with the Trump administration over climate change and the need for more development resources. [SCMP]
- **China Adds to Gold Reserves for First Time Since October 2016.** After a hiatus of more than two years, China is adding to its gold reserves again. The PBOC increased holdings to 59.56 million ounces by the end of December, or about 1,853 metric tons, from 59.24 million ounces previously, according to data on the central bank's website. [Bloomberg]

## IV. Corporate News

- **CNPC Makes New Oil and Gas Discovery in Xinjiang's Junggar Basin.** China National Petroleum Corp. says unit discovered high volumes of oil and gas flow at Gaotan No. 1 well in Xinjiang's Junggar basin on Jan. 6, according to statement on Tuesday. [Bloomberg]
- **China's Cofco Shuts Argentina Edible-Oil Plant on Trade, Economy.** Cofco Corp. has shuttered a plant in Argentina for refining soybean and sunflower oil as an economic crisis and the U.S.-China trade war take their toll. The Legitimo plant in Lanus, Buenos Aires, which made edible oils, closed after "a significant reduction in local demand, unfavorable market conditions and rising idle capacity," China's top food company said in a statement. [Bloomberg]

- **Beijing Benz to Start NEV Production in October.** Beijing Benz Automotive is expected to start new energy vehicle production in its new plant in Shunyi district in October 2019, Beijing Daily reports. [Bloomberg]
- **Apple Supplier Skyworks Cuts Sales and Profit Forecasts.** Skyworks Solutions Inc., a key Apple Inc. supplier, cut sales and profit forecasts late Tuesday. Fiscal first-quarter revenue will be about \$970 million, down from prior guidance of between \$1 billion and \$1.02 billion. [Bloomberg]
- **IBM Sees Revenue From Quantum Computing in as Soon as Two Years.** International Business Machines Corp. took another step toward bringing the world of quantum computing to commercial applications, and Chief Executive Officer Ginni Rometty sees real results coming as soon as 2021. [Bloomberg]
- **Evergrande Targets Lowest Rise in Home Sales Since at Least 2015.** China Evergrande Group has set its annual sales-growth target for 2019 at the lowest in at least five years amid a slowing residential market. The group is targeting 600bn yuan (\$88bn) in contracted sales this year, the builder said in a Hong Kong stock exchange filing [Bloomberg]
- **VW Predicts Rising China Sales, Bucking a Shrinking Market.** Volkswagen AG said it'll boost sales in China this year by adding new models that'll help avoid downward pull of a market that's expected to see its first annual decline in at least two decades. [Bloomberg]
- **Temasek Said to Weigh Options for Stake in Retailer A.S. Watson.** Temasek Holdings Pte is exploring options for its stake in global retailer A.S. Watson Group, including a partial sale. Temasek is working with an adviser to consider possibilities for its 25% holding in A.S. Watson after receiving some preliminary interest. [Bloomberg]
- **SoftBank Is Said to Plan Smaller \$2 Billion Investment in WeWork.** SoftBank Group Corp. has decided against taking a controlling stake in real estate company WeWork Cos. and is instead planning to make a smaller \$2 billion investment. [Bloomberg]
- **China property giant Evergrande Group reports slower sales growth in 2018.** Real estate conglomerate China Evergrande Group saw its sales growth moderate in 2018 as the country's property market continued to stabilize. The company's sales on contracts reached 551.3bn yuan (\$80.5bn) last year, according to a company statement. That was a 10.1-percent increase from 501bn yuan in 2017 when sales posted a YoY growth of 34.2%. [China Daily]
- **Samsung Echoes Apple's Gloomy Outlook as Tech Woes Get Worse.** Samsung Electronics Co. expects its fourth-quarter operating profit will decline 29%, surprise guidance that fell far below analysts' estimates, in the latest sign of challenges hitting the tech industry. [WSJ]
- **Great Wall Motor 2018 Sales Volume Down 1.6%, Output Up 1.2%.** Great Wall Motor announced that for the year of 2018, the sales volume dropped 1.6% yearly to 1.053 million units, whereas production volume rose 1.17% yearly to 1.0532 million units. [AASocks]
- **Samsung Electronics QoQ Operating Profit Down 29% YoY, Misses.** Samsung Electronics unveiled its preliminary 4Q18 results, where operating profit receded 28.7% yearly to KRW10.8 trillion (US\$9.81 billion). Such profit dropped for the first time over the past two years, hence trailing consensus of KRW13.2 trillion (US\$12 billion). [AASocks]
- **Alibaba Develops 3D Athlete Tracking with Intel; to Launch Smart Voice Assistant for BMW Cars.** Alibaba announced two partnership projects at the 2019 US Consumer Electronics Show, including the development of 3D athlete tracking system supported by artificial intelligence with Intel. [AASocks]
- **Li Ka-shing, Victor Li Raise Stake in CK Asset with \$166M.** Li Ka-shing and Chairman of CK ASSET ictor Li purchased a total of 2.986 million shares of the company via Li Ka Shing Foundation with around \$166 million during 2-3 January, Stock Exchange data revealed. [AASocks]
- **CapitaLand Buys HNA's Pufa Tower with RMB2.75B.** Singaporean property developer CapitaLand announced the formation of a joint venture with AEW, the American real estate private equity firm, to acquire 70% land area of Pufa Tower in Shanghai's Lujiazui from HNA Group. Such deal will involve RMB2.75bn. [AASocks]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,574	24.7	1.0	2.7	(2.2)	(10.6)	(7.5)	(6.4)	2.7
	Dow Jones	23,787	256.1	1.1	2.0	(2.5)	(10.0)	(4.0)	(6.3)	2.0
	Nasdaq Composite	6,897	73.5	1.1	3.9	(1.0)	(10.9)	(11.1)	(3.7)	3.9
	Russell 2000	1,427	21.2	1.5	5.8	(1.5)	(12.0)	(16.3)	(8.6)	5.8
	VIX Index	20.47	(0.9)	(4.3)	(19.5)	(11.9)	28.3	61.3	103.1	(19.5)
Europe Equity	Euro Stoxx 50	3,055	21.3	0.7	1.8	(0.1)	(8.0)	(11.7)	(15.7)	1.8
	DAX	10,804	56.2	0.5	2.3	0.1	(9.8)	(13.9)	(19.3)	2.3
	CAC	4,773	54.1	1.1	0.9	(0.8)	(10.3)	(11.6)	(13.6)	0.9
	FTSE 100	6,862	50.7	0.7	2.0	1.2	(5.2)	(10.7)	(11.2)	2.0
APAC Equity	HSI	25,875	39.8	0.2	0.1	(0.7)	(1.1)	(9.8)	(16.6)	0.1
	HSCEI	10,134	9.9	0.1	0.1	(2.3)	(2.8)	(5.9)	(17.3)	0.1
	HSI VIX	21.11	(1.1)	(4.8)	(15.7)	(11.8)	0.2	4.0	57.8	(15.7)
	CSI 300	3,048	(6.6)	(0.2)	1.2	(4.2)	(7.3)	(11.9)	(27.3)	1.2
	SH Composite	2,526	(6.6)	(0.3)	1.3	(3.0)	(7.1)	(10.3)	(26.0)	1.3
	SZ Composite	1,300	(1.5)	(0.1)	2.5	(3.8)	(6.2)	(17.4)	(33.4)	2.5
	Nikkei 225	20,204	165.1	0.8	4.5	(6.0)	(13.2)	(7.6)	(14.6)	1.8
KOSPI	2,025	(11.8)	(0.6)	(0.8)	(1.4)	(9.2)	(10.5)	(18.5)	0.3	
Commodities (USD)	Brent (Future)	58.72	1.4	2.4	9.1	(4.2)	(30.5)	(24.3)	(14.1)	9.9
	WTI (Future)	49.78	1.3	2.6	9.6	(4.4)	(32.9)	(31.9)	(20.1)	10.7
	Gold	1,285	(3.8)	(0.3)	0.2	3.3	8.1	2.2	(2.1)	0.2
	Copper (Future)	5,906	(17.0)	(0.3)	(1.0)	(3.9)	(4.4)	(6.0)	(17.1)	(1.0)
	Baltic Dry Index	1,247.00	(13.0)	(1.0)	(1.9)	(9.1)	(17.0)	(22.5)	(10.6)	(1.9)
FX	Dollar Index	95.90	0.2	0.3	(0.2)	(0.8)	0.1	1.8	3.5	(0.4)
	EUR	1.14	(0.0)	(0.3)	(0.2)	0.9	(0.3)	(2.5)	(4.0)	(0.1)
	JPY	108.75	0.0	0.0	(0.9)	4.2	3.9	2.0	3.6	0.9
	CNY	6.85	0.0	(0.0)	0.4	0.9	1.1	(3.5)	(5.2)	0.4
	CNH	6.85	0.0	0.1	(0.3)	0.9	1.0	(3.3)	(4.6)	0.3
CDS	ChinaGov CDS	62.46	(2.2)	(3.3)	(3.3)	(12.0)	(3.0)	(10.5)	38.0	(6.4)
	CDX Emerging Market	95.87	(0.1)	(0.1)	0.7	0.7	0.9	(1.0)	(3.6)	0.7

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.44	0.0	1.4	2.4	2.4	2.3	2.0	1.4	2.4
	2-Year Treasury Yield	2.59	0.0	1.8	2.5	2.7	2.8	2.6	2.0	2.5
	5-Year Treasury Yield	2.58	0.0	1.7	2.5	2.7	3.0	2.8	2.3	2.5
	10-Year Treasury Yield	2.73	0.0	1.2	2.6	2.9	3.2	2.8	2.6	2.7
	2-10 Spread	13.84	(1.3)	(8.6)	14.9	12.8	31.7	26.7	58.1	19.2
China rates	O/N China Repo Rate	1.55	-	-	2.2	2.4	2.4	2.4	2.5	1.0
	1-Week China Repo Rate	2.65	0.2	7.5	1.8	2.7	2.5	2.8	3.1	3.5
	O/N SHIBOR	1.41	(0.0)	(2.3)	2.3	2.5	2.4	2.4	2.5	2.6
	1-Week SHIBOR	2.37	(0.1)	(4.2)	2.6	2.6	2.6	2.7	2.7	2.9

Source: Bloomberg

## VI. Key Indicators

**Hang Seng Index PE Ratio**



Source: Bloomberg

**Shanghai Composite Index PE Ratio**



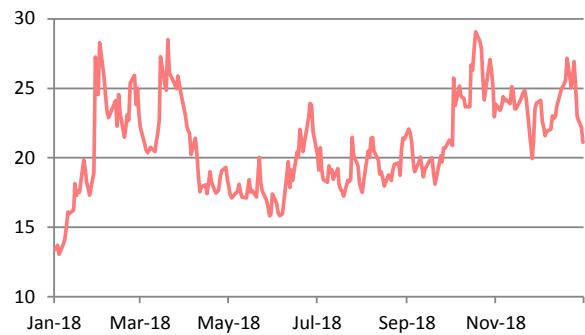
Source: Bloomberg

**China 5Y CDS Index\_USD**



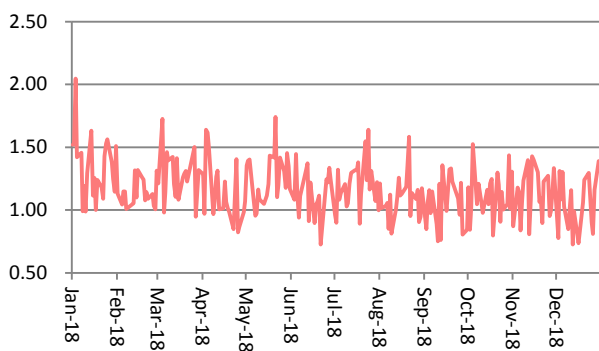
Source: Bloomberg

**Hang Seng Index VIX**



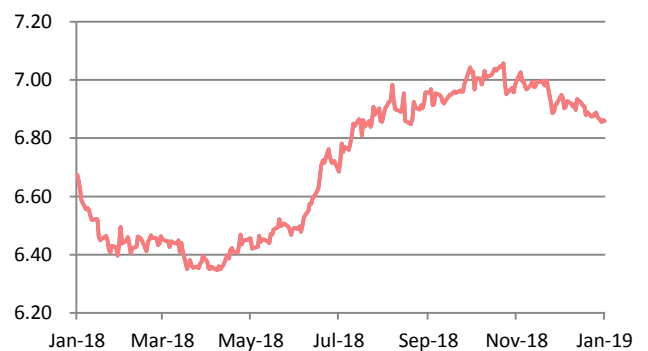
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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