



## I. Major Economic Release

### Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: Monthly Budget Statement	Dec	-\$4.0bn	-\$204.bn
Eurozone: Current Account Balance	Nov	N/A	65.2M
Argentina: National CPI MoM	Dec	N/A	3.2%
China: Trade Balance	Dec	\$51.05bn	\$44.74bn

Source: Bloomberg

## II. Macro News

- **China's Liu Said to Visit U.S. on Jan. 30 to 31 for Trade Talks.** Chinese Vice Premier Liu He is set to visit Washington on January 30 and 31 for further trade talks, according to people familiar with the plans, signaling progress in efforts to tamp down the dispute. Liu would meet with U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin, according to the people. [Bloomberg]
- **China to Set Lower GDP Growth Target of 6%-6.5% in 2019.** China may keep 2019 budget deficit target below 3% GDP, Reuters reports citing unnamed sources. China to keep consumer inflation target at 3% in 2019. Also, China Is Said to Propose Wider 2019 Fiscal Deficit Amid Slowdown. [Bloomberg]
- **U.S. Consumer Prices Ticked Lower in December.** Tame inflation, low gas prices and rising wages are putting more dollars in the pockets of American workers, a positive sign for consumer spending headed into 2019. After adjusting for inflation, average hourly earnings rose a seasonally adjusted 1.1% in December from a year earlier, the strongest growth rate since September 2016, the Labor Department said Friday. [WSJ]

## III. Industry News

- **China to Promote Further VAT Cut in Manufacturing Sector.** The country will push forward further cut of value-added tax rate in manufacturing industry this year, Miao Wei, minister of industry and information technology, says in an interview with Chinese media including the Xinhua News Agency. [Bloomberg]
- **China Considers to Allow Listing of VIEs on New Tech Board.** China is considering to allow listing of variable-interest entities, or VIEs, on new technology board planned for Shanghai, Shanghai Securities News reports. China is also discussing whether to allow red chips, or overseas-incorporated Chinese companies, to list on the board. [Bloomberg]
- **Russia Buys Quarter of World Yuan Reserves in Shift From Dollar.** Russia's central bank dumped \$101bn in U.S. holdings from its huge reserves, shifting into euros and yuan last spring amid a new round of U.S. sanctions. The central bank moved the equivalent of \$44 billion each into the European and Chinese currencies in the second quarter, according to a report published by the Bank of Russia. [Bloomberg]

## IV. Corporate News

- **Huawei Fires Employee Arrested in Poland on China Spy Claim.** Huawei Technologies Co. fired Wang Weijing, an employee arrested in Poland this week on suspicion of spying for the Chinese government, saying he disgraced the company. [Bloomberg]
- **Tencent-Backed Weimob's H.K. IPO Retail Portion Under-Subscribed.** Weimob's Hong Kong IPO retail portion was 0.79x covered, according to statement to Hong Kong stock exchange. Weimob prices 301.7m shares at HK\$2.80 apiece. The company says to raise net HK\$755.7m. [Bloomberg]

- **Tencent Holdings plans expansion into online education in China.** Tencent Holdings is now aiming to expand its online education segment, hoping to ride the wave of the country's fast growing online tutoring market. These courses include live tutoring services, short-video and micro courses for reading and writing as well as special courses in literature which are designed to make the learning process more interesting. [Bloomberg]
- **Xiaomi CEO Looks Past Selloff to 5G-Led China Smartphone Revival.** Xiaomi Corp.'s billionaire co-founder, shrugging aside a selloff that's wiped \$6bn off its market value in just three days, expects the advent of next-generation wireless to energize demand for its smartphones. [Bloomberg]
- **Alibaba launches 'A100' initiative to drive its evolution into a global enterprise tech provider.** Alibaba Group Holding on Friday launched a new strategic partnership programme that aims to accelerate the Chinese e-commerce giant's transformation into an integrated technology provider to companies around the world. [SCMP]
- **Geely Group denies cutting stake in Daimler AG.** Geely Group denies a report saying the company cut a 5.4% stake in Daimler AG on Jan 11, the Tencent-backed news portal qq.com reported. A Bloomberg report said the Geely Group had cut its 9.7% stake in Daimler AG by more than half after less than a year after the company made what was the biggest overseas acquisition by a Chinese automaker. [China Daily]
- **Geely recalls vehicles for defective fuel pumps.** Geely Holding Group has applied to recall 89,657 vehicles due to defective fuel pumps, the country's market regulator has said. ZGH and Zhejiang Haoqing Automobile Manufacture Co., a unit of ZGH, have decided to recall a total of 42,216 vehicles of Geely Vision and GC7 models manufactured between Oct 7, 2010, and July 7, 2012. [China Daily]
- **Apple cuts some iPhone prices to retain edge.** Apple Inc has slashed the price of some its iPhone models by up to about 800 yuan (\$118) for its channel partners in China after the United States tech giant lowered its revenue forecast partly due to a weak performance in the country. [China Daily]
- **Lenovo takes top spot in PC market.** Chinese PC maker Lenovo took the crown in the global PC market in 2018, followed by HP and Dell, according to data from consultancy Gartner. Lenovo held an 22.5% share of the global PC market, with shipments of 58.467mn units in 2018. The figures were higher than 2017's 20.8% and 54.669 units. [China Daily]
- **Xiaomi to invest over 10 Billion yuan in AI, IoT over next five years.** Chinese tech giant Xiaomi plans to invest over 10bn yuan in artificial intelligence and the Internet of Things over the next five years, the CEO announced Friday. The company's growth strategy for the near future will focus on smartphones as well as AI and IoT technologies and applications, said Lei Jun, Xiaomi founder and president. [China Daily]
- **China Suntien power generation rises 5pc in 4Q 2018.** China Suntien Green Energy announced that total power generation for the 2018 fourth quarter amounted to 2.33mn MWh, representing an increase of 5.08% YoY. In particular, the gross wind power generation was 2.23mn MWh, representing an increase of 4.45% from 2017, while the solar power generation spiked 67.63% to 36,790.34 MWh. [The Standard]
- **ICBC Mulls Capital Injection of USD1B into ICBC Asia.** ICBC announced that the Bank considered a capital injection of USD1bn into ICBC Asia. The purpose of the capital injection is to comply with the regulatory requirements in respect of capital adequacy and to improve the market position and competitiveness of the Bank in Hong Kong. [AASocks]
- **Sinotrans Ship Scheme of Arrangement for Privatization Approved by High Court.** Sinotrans Ship announced that the Scheme of Arrangement for privatization was sanctioned without modification by the High Court. The capital reduction of the Company provided for by the Scheme of Arrangement was also confirmed by the High Court as well. The listing of the Shares on the Hong Kong Stock Exchange is expected to be withdrawn on 14 Jan 2019. [AASocks]
- **Cathay in talks to help keep rival airline afloat.** Hong Kong Airlines is in talks for assistance from several groups, incl. Cathay Pacific Airways, according to mainland media. HNA Group has set up a task force that will look into the carrier forging an alliance with int'l airlines. Network coordination and equity cooperation are among key areas that are being looked into and will serve as basis for HNA's decision on whether to enter into any int'l alliance. [The Standard]

## V. Overnight Market Recap

	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,596	(0.4)	(0.0)	2.5	(0.1)	(6.2)	(7.3)	(6.8)	3.6
	Dow Jones	23,996	(6.0)	(0.0)	2.4	(0.4)	(5.3)	(4.1)	(7.0)	2.9
	Nasdaq Composite	6,971	(14.6)	(0.2)	3.5	0.9	(7.0)	(10.9)	(4.0)	5.1
	Russell 2000	1,447	2.0	0.1	4.8	2.6	(6.4)	(14.2)	(9.1)	7.3
	VIX Index	18.19	(1.3)	(6.7)	(14.9)	(15.9)	(14.6)	49.3	79.0	(28.4)
Europe Equity	Euro Stoxx 50	3,070	(5.7)	(0.2)	0.9	(0.7)	(3.9)	(11.1)	(15.0)	2.3
	DAX	10,887	(34.1)	(0.3)	1.1	0.2	(5.5)	(13.2)	(17.8)	3.1
	CAC	4,781	(24.3)	(0.5)	0.9	(1.5)	(6.2)	(11.9)	(13.3)	1.1
	FTSE 100	6,918	(24.7)	(0.4)	1.2	1.1	(1.1)	(9.7)	(11.1)	2.8
APAC Equity	HSI	26,667	145.8	0.5	4.1	2.2	3.4	(6.5)	(15.1)	3.2
	HSCEI	10,455	60.4	0.6	4.2	0.9	1.5	(2.7)	(16.2)	3.3
	HSI VIX	19.64	(0.8)	(3.9)	(14.5)	(10.3)	(17.3)	6.4	50.5	(21.5)
	CSI 300	3,095	22.1	0.7	1.9	(2.2)	(2.4)	(11.4)	(26.8)	2.8
	SH Composite	2,554	18.7	0.7	1.5	(1.5)	(2.0)	(9.8)	(25.5)	2.4
	SZ Composite	1,313	9.9	0.8	2.6	(1.1)	1.3	(18.1)	(32.6)	3.6
	Nikkei 225	20,360	195.9	1.0	4.1	(4.7)	(10.3)	(9.9)	(13.9)	1.7
Commodities (USD)	KOSPI	2,076	12.3	0.6	3.3	0.2	(4.1)	(10.3)	(17.0)	1.6
	Brent (Future)	60.48	(1.2)	(2.0)	6.0	0.7	(24.5)	(19.4)	(13.1)	12.9
	WTI (Future)	51.59	(1.0)	(1.9)	7.6	1.2	(27.4)	(27.0)	(19.4)	14.1
	Gold	1,290	3.6	0.3	0.3	4.1	5.1	4.0	(3.7)	0.6
	Copper (Future)	5,942	12.0	0.2	0.4	(3.7)	(4.8)	(3.3)	(16.8)	(0.4)
FX	Baltic Dry Index	1,169.00	(20.0)	(1.7)	(6.3)	(16.6)	(26.0)	(29.8)	(8.6)	(8.0)
	Dollar Index	95.67	0.1	0.1	(0.5)	(1.8)	0.5	1.0	5.1	(0.5)
	EUR	1.15	(0.0)	(0.3)	0.7	1.4	(1.0)	(2.1)	(6.5)	-
	JPY	108.48	0.1	0.0	(0.0)	4.6	3.1	3.6	1.9	1.2
	CNY	6.76	(0.0)	0.4	1.6	2.0	1.9	(1.2)	(3.8)	1.7
CDS	CNH	6.76	(0.0)	(0.5)	(1.5)	2.1	2.4	(0.9)	(4.9)	1.6
	ChinaGov CDS	62.44	(2.1)	(3.3)	(10.7)	(4.0)	(4.9)	(7.2)	32.1	(6.6)
	CDX Emerging Market	95.78	(0.2)	(0.2)	0.1	0.1	0.5	(1.0)	(3.8)	0.6

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.41	(0.0)	(0.3)	2.4	2.4	2.3	2.0	1.4	2.4
	2-Year Treasury Yield	2.54	(0.0)	(1.3)	2.5	2.7	2.9	2.6	2.0	2.5
	5-Year Treasury Yield	2.53	(0.0)	(1.5)	2.5	2.7	3.0	2.8	2.3	2.5
	10-Year Treasury Yield	2.70	(0.0)	(1.5)	2.7	2.9	3.2	2.9	2.5	2.7
	2-10 Spread	15.58	(0.9)	(5.3)	15.1	15.4	29.7	26.0	54.6	19.2
China rates	O/N China Repo Rate	1.70	(0.0)	(2.3)	1.4	2.6	2.4	2.6	2.8	1.0
	1-Week China Repo Rate	1.80	(0.7)	(27.4)	2.0	2.7	2.4	2.6	3.1	3.5
	O/N SHIBOR	1.71	(0.0)	(2.0)	1.4	2.7	2.4	2.6	2.8	2.6
	1-Week SHIBOR	2.56	(0.0)	(1.2)	2.5	2.7	2.6	2.7	2.9	2.9

Source: Bloomberg

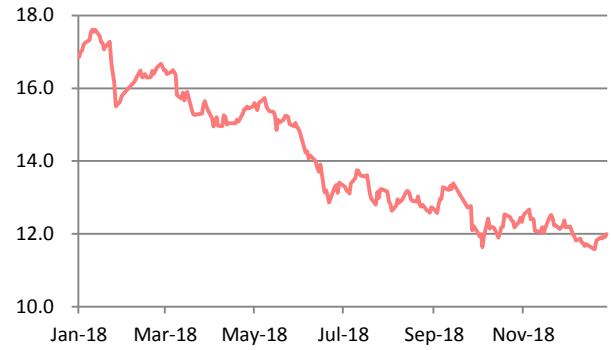
## VI. Key Indicators

**Hang Seng Index PE Ratio**



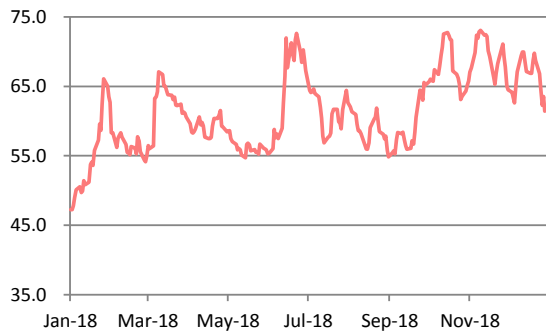
Source: Bloomberg

**Shanghai Composite Index PE Ratio**



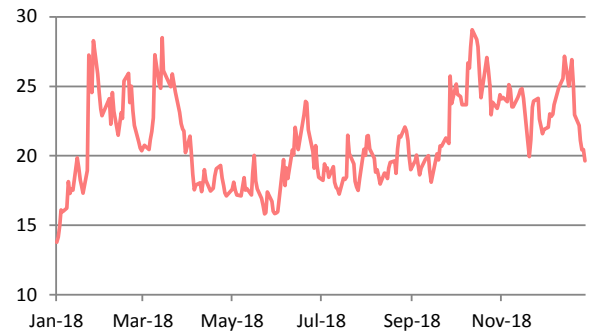
Source: Bloomberg

**China 5Y CDS Index\_USD**



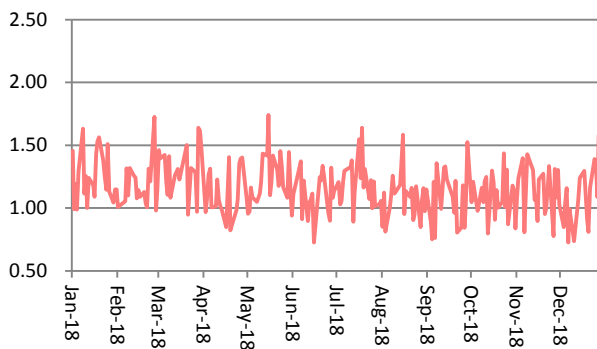
Source: Bloomberg

**Hang Seng Index VIX**



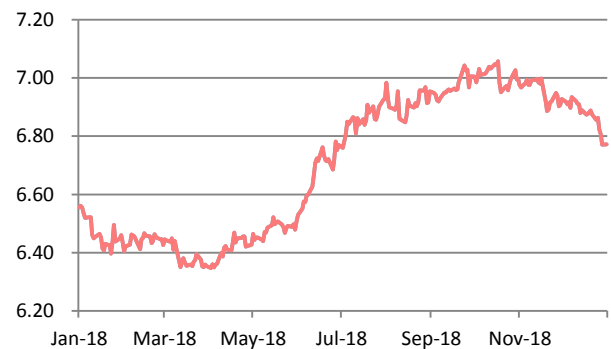
Source: Bloomberg

**Hang Seng Index Put Call Volume Ratio**



Source: Bloomberg

**USDCNH 1Y Forward**



Source: Bloomberg

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